



Department of Labor and Employment
National Wages and Productivity Commission
Regional Tripartite Wages and Productivity Boards



Be in the KNOW...

Two-Tiered Wage System

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Voluntary Productivity-Based Pay Scheme (Tier 2)

The voluntary productivity based pay (tier 2) is a **strategy** towards tightening the link between productivity or performance and compensation resulting in greater flexibility in pay. It aims to encourage workers and enterprises to pursue higher levels of productivity as viable and sustainable source of higher real incomes for workers and higher revenues and profits for enterprises. This shall be implemented through a labor management mechanism such as the productivity committee or any similar body. Worker representation in these committees is important in ensuring fair and reasonable setting of performance criteria, standards, targets and sharing scheme, among others

Productivity-Based Pay Advisory



The RTWPBs issues advisories on productivity incentive pay schemes as reference of workers and enterprises in the implementation of productivity improvement and gainsharing programs. The advisories are based on guidelines issued by the NWPC.

The RTWPBs identify priority or growth industries including its supply chain, as the subject of their advisory. Its (advisory) crafting, issuance and advocacy are done with the industry players. To intensify its promotion, the advisories shall form part of the voluntary codes of good practice concerned Regional Industry Tripartite Councils (RITCs) in line with the envisioned industry self-regulation.

Compliance

The effectiveness of minimum wage policies depends, not only on the amount and coverage, but also on how well these standards are enforced. The enforcement of labor standards, including minimum wages, is the responsibility of the DOLE-Regional Offices (ROs) through its labor law compliance system (inspectorate program). The DOL-ROs implement a set of procedures to monitor compliance through the provision of technical assistance/advice and conduct of

