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## Delta gave its employees 2 months of extra pay. Here's why that's good business

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Delta Air Lines had a very good year last year. Instead of just verbally thanking its employees for the company's strong performance, it announced it would pay them \$1.6 billion in profit-sharing bonuses.

That means every eligible employee will receive a check next month for 16.6% of their annual salary, which is the equivalent of an additional two months' pay.

"Delta would be nothing without our 90,000 people. They deserve all the credit," Delta CEO Ed Bastian said on LinkedIn.

The profit payout to employees for 2019 is a record amount. It is also the sixth year in a row that the company has paid out more than \$1 billion to workers, a Delta spokesperson said. The profit-sharing plan started in 2012 following Delta's merger with Northwest.

The company's profit-sharing bonus is on top of all the other financial benefits it normally provides employees, such as bonus programs for rank-and-file workers, according to the spokesperson.

Full-time and part-time workers, whether or not they're unionized, will be getting checks. The only people excluded from the profit-sharing plan are the company's officers, directors and general managers, although they will be paid their own performance-based bonuses.

Delta's employee payout is good business, said Joseph Blasi, director of the Institute for the Study of Employee Ownership and Profit Sharing at Rutgers University.

"Research shows that cash profit-sharing plans, combined with a supportive corporate culture that encourages employees to offer suggestions and participate in solving company problems, can reduce turnover and improve corporate performance and personal motivation."

Direct cash payments are not the only way companies can share profits with workers. Some make profit-sharing contributions to workers' retirement accounts or pay them in stock.

Profit sharing is one way to demonstrate what a corporation's purpose is: to serve all stakeholders, including employees.

"For years I would get beaten up by Wall Street. They thought the profits were theirs. ... [But] Wall Street has actually come full circle and they realize Delta is the most awarded airline because of its employees. And they're happy we're making certain that our employees know that," Ed Bastian said at a local chamber of commerce event in Marietta, Georgia, last week.

Such high payouts are not the norm, however.

According to a 2018 survey conducted by the University of Chicago, 38% of adult US workers said they receive cash profit-sharing, but the median amount reported was just \$2,000, or 5% of pay.

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