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LABOUR COST/ EMPLOYEE COST

Q.NO.1:- Write short note on labour cost and the steps required/techniques for its controlling.

Ans:-

Labour Cost and controlling:

- ✓ labour is another important element of cost and for overall cost control and cost reduction, labour cost is of paramount importance. However, for control and reduction of labor cost, it is essential to compute the labor cost in a scientific manner.
- ✓ There should be a comprehensive study of all related aspects of labor cost and then only computation and control over the same will be possible.
- ✓ Attention should also be paid to the productivity aspect. Low productivity results in higher labour cost per unit while higher productivity will reduce the labor cost per unit.

Steps for controlling and reducing the labour cost.

i. Labour Budget
ii. Labour Standards
iii. Labour Performance Report.
iv. Incentive Schemes
v. Labor Cost Accounting.
vi. Assessment of manpower requirement.
vii. Time and Motion study.
viii. Time keeping and Time booking
ix. Idle time analysis and control.
x. Overtime analysis and control.
xi. Control over labour turnover.
xii. Job evaluation and marit rating.

Q.NO.2:- What is Time keeping? What are its objectives?

Ans:

Meaning:

Time Keeping means keeping a record of the total time spent by a worker inside a factory. For example, if a worker enter the factory at 9.00 AM and leaves by 6.00 PM, the total time spent by him for 9 hours inside the factory, is ascertained from Time keeping records.

Objectives:

i. **Payroll:** Employees payrolls are prepared based on of time keeping records e.g. attendance registers.
ii. **Ascertainment & control of labour cost:** From payrolls , total labour cost can be ascertained. It is further classified into direct and indirect in order to facilitate control.
iii. **Calculation of overtime :** Overtime entitlement of workers is calculated on the basis of total time spent, and the excess time over and above regular working hours.
iv. **Calculation of idle time:** Difference between total time spent (as per time keeping records) and toal productive time (as per time booking records) constitutes idle time.
v. **Statutory compliance:** Registers and records relating to time keeping are required to be maintained under labour laws like Factories act, etc.

Q.NO.3:- What are the various methods of Time –Keeping?

Ans:-

i. **Attendance Register:** An attendance register is kept at the factory gate or in each department for workers engaged therein. The Register shows – name of worker, his employee name, department, time of arrival, time of departure and overtime etc.
ii. **Metal Disc method:-** each worker is allotted a metal disc bearing his identification number. These discs are placed on a board at the gate. Upon arrival, the worker removes his token /disc and hangs it in the board. The timekeeper records the attendance immediately after the scheduled time, on the basis of the tokens in the box. Latecomers are required to hand over their token personally to the Timekeeper, to record the exact time of arrival.
iii. **Time Recording clock:-**Each worker is given a Time Card which is valid for a particular duration, e.g. one

week. Time Cards are serially arranged in a tray near the factory gate. At the time of entry , the worker picks up his Time card and puts it in the Time recording clock. The time of arrival is printed against the particular date. The same process of recoding time is adopted for recording time of departure for lunch, leaving the factory at the end of the day.

iv. Dial Time Recorder:- The dial time Recorder is a machine, which has a dial around the clock. This dial has a number of holes and each hole bears a number , each corresponding to the identification number of workers. There is one redial arm at eh centre of the dial. Upon arrival , the worker presses the redial arm after placing it at the hole of his number. The time will be automatically recorded.

Q.NO.4:- What are the features of a good Time –keeping system?

Ans:-

i. Cover all workers regardless of time based or piece rate payment, to ensure uniformity and discipline.
ii. Record time of arrival and time of departure of workers clearly.
iii. Preferably be mechanical so as to avoid disputes as to the exact time of arrival and departure.
iv. Simple smooth and quick to avoid unnecessary and long queues for recording time at the factory gate.
v. Record late arrivals, early leaving, overtime etc. and promptly report them to management.
vi. Be supervised by a responsible officer.
vii. Be cost effective.

Q.NO.5:-What is Time booking? What are its objectives?

Ans:-

Meaning:

Time –Booking means analysis /charging/booking the total time spent on various jobs , day by day and person by person e.g. if a worker spends 9 hours inside the factory, the total time of 9 hours spent may be analysed as 4 hours on Job A, 3 hours on job B, 1 hour on Job C, 1 hour as Normal idle time. This is generally based on Time cards or job cards.

Objectives:

i. Cost ascertainment:-Cost of each job can be ascertained from the time spent on it by the workers.
ii. Cost Control:- Time Booking ensures that the time paid for , is properly utilized on different jobs.
iii. Idle time calculation:- Difference between total time spent (as per Time keeping records) and total productive time (as per Time Booking Records) constitutes Idle time.
iv. OH Distribution:- POH are absorbed either as percentage of direct labour cost or at a rate per labour hour.

Q.NO.6 : What do you mean by Labour Turnover? How is it measured? What are the causes of Labour Turnover? What are costs involved in Labour Turnover?

Ans:-

Meaning:

- Labor turnover can be defined as, a change in the labour force as compared to the total labor force. Labor turnover is prevalent in every industry, however, the proportion of the same changes from industry to industry.
- Labour turnover should not be very high as it will result into double loss to the organisation, the first one is that an experienced employee will be lost and secondly new person who is replacing the old one, may not have same qualifications and experience and till he is accustomed to the new job, his productivity is bound to be low. Similarly suitable training will have to be given to him in order to acquaint him with the environment, which will also result in additional expenditure.
- Due to above reasons, every organisation tries to minimize the labor turnover.
- However, some proportion of labor turnover is actually necessary, as it will bring in fresh ideas in the organisation.
- If labor turnover is reduced to zero, it will indicate that the employees do not have any opportunity outside and hence they are surviving. Therefore some degree of labor turnover is always desirable.

Measurement :

This is necessary for having an idea about the turnover in the organisation and also to compare the labor turnover of the previous period with the current one.

Additions Method:	Separations Method:
Under this method, number of employees added during a particular period is taken into consideration for computing the labor turnover. Labor Turnover = Number of additions/Average number of workers during the period x 100	In this method, instead of taking the number of employees added, number of employees left during the period is taken into consideration. Labor Turnover = Number of separations/Average number of workers during the period x 100
Replacement Method:	**Flux Method:**
In this method neither the additions nor the separations are taken into consideration. The number of employees replaced is taken into consideration for computing the labor turnover. Labour Turnover = Number of replacements/Average number of workers during the period x100	Under this method labor turnover is computed by taking into consideration the additions as well as separations. The turnover can also be computed by taking replacements and separations also. Computation is done as per the following methods. Labor Turnover = ½ [Number of additions + Number of separations] /Average number of workers during the period x 100,

Causes :

Avoidable Causes:	Unavoidable Causes
• Dissatisfaction with the job • Dissatisfaction with the working hours • Dissatisfaction with the working environment. • Relationship with colleagues. • Relationship with the superiors like supervisors • Dissatisfaction with monetary and non monetary incentives • Other reasons such as lack of facilities like insurance, absence of promotion chances, lack of proper training etc.	• Personal betterment • Retirement • Death • Illness or accident • Change in locality • Termination • Marriage • Other reasons like lack of residential facilities, family commitments, attitude etc.

Costs Involved

Preventive Costs:-	Replacement Costs:
It is always better to prevent the labor turnover rather than taking action after it has taken place. The costs incurred for preventing the labor turnover are known as preventive costs. These costs are as follows. ✓ Cost of personnel administration which includes expenditure incurred in maintaining good relationships between the management and the workers. ✓ Cost of medical services incurred for improvement in medical facilities and also for motivating the employees. ✓ Expenditure incurred on welfare measures like sports facilities, transport, housing, cultural activities, canteens etc. ✓ Certain schemes like pension, gratuity schemes and other post retirement benefits.	These costs are incurred for removing the effect of the labor turnover and include the following costs. ✓ Cost of recruitment and training of new workers ✓ Loss of output due to delay in recruiting new workers ✓ Loss due to inefficiency of new workers. ✓ Cost of increased spoilage ✓ Cost of tool and machine breakage

Q.NO.7:-Discuss the effects of High and Low Labour Turnover. Why is Low T/O preferred?

Ans:-

The effect of high and low Labour Turnover is summarized below –

High Labour Turnover	Low Labour Turnover
❖ Increase in cost of selection, recruitment and training.	❖ Low cost of selection, recruitment and

❖ Increase in material wastage, tool breakage and chances of breakdown of machinery at the shop –floor level, ❖ Increase in the number of accidents, ❖ Disruption of regular flow and production schedule. ❖ Loss of customers and their brand loyalty due to non-supply of the finished goods, or sub – standard production of finished goods.	training. ❖ Minimum material wastage, tool breakage and breakdown of machines. ❖ Reduction in number of accidents ❖ Achievement of production targets, ❖ No loss of customers due to timely and prompt supply of quality finished goods.

Thus, High labour turnover causes increase in the cost of production /process/ service, leading to reduced profits. Hence, it becomes necessary to keep the labour turnover at a low level.

Q.NO.8:- what are the steps to minimize Labour Turnover?

Ans:-

i. **Exit Interview :-** Exit interview with each outgoing employee to ascertain the reasons for his leaving the firm.

ii. **Job Analysis and evaluation:-** Should be carried out even before recruitment to ascertain the requirements of each job.

iii. **Scientific system of recruitment:-** Scientific system of recruitment ,placement and promotion , by fitting the right person in the right job.

iv. **Use of committee:-** Comprising of members from management and workers , to handle issue concerning workers grievance, requirements, etc.

Q.NO.9:- What is idle time ? Explain the causes leading to idle time.

Ans:-

Meaning:

Idle time = Unproductive time, i.e. time during which worker is not engaged in production , but paid for. So, Idle time = Total time (as per Time keeping Records) Less Productive Time (as per time Booking Records).

Causes

Normal causes	Abnormal causes
i. Time taken by workers to reach the production department from the factory main gate. ii. Time lost between the finish of one job and starting of next job. iii. Time spent to overcome fatigue and tiredness. iv. Time spent on worker's personal needs like taking lunch , tea etc. v. Time required to set up machinery , receipt of materials, initial processing of materials etc.	i. Machine break down , power failure, equipment no-availability etc. ii. Non- availability of raw materials or tools. iii. Waiting time for jobs due to defective planning. iv. Strikes , lock outs poor supervision , fire, floods, accidents etc.

Q.NO.10:-How is idle time treated in cost accounts?

Ans:-

Particulars	Normal Idle time	Abnormal idle time
Meaning	It refers to the idle time inherent. In every work situation. It is estimated in advance.	It refers to the idle time over and 90above normal idle time. Abnormal idle time = Actual less Normal.
Nature	It is unavoidable and cannot be eliminated totally.	It is avoidable . It is further sub-classified into – (i) Controllable , and (ii) Non-controllable.
Treatment	Cost of normal idle time is treated as a regular part of cost of production . It is treated – (a) either as direct wages by inflating the wage rate (for direct workers) or (b) as production Overhead (for indirect workers)	Cost of abnormal idle time constitutes a loss, which should be debited to costing profit and loss account. If it is controllable , the responsibility should be fixed on the person in default.

Focus	In the long run , normal idle time may be reduced through improved technologies , methods and procedures.	Controllable idle time should be eliminated through proper managerial action.

Q.NO.11:- What is overtime premium ? what are the causes of overtime? How it is treated in cost accounts? What are the measures for controlling overtime premium?

Ans:-

Meaning

Work beyond normal working hours is called overtime work. Under the Factories act, 1948, a worker is eligible for overtime premium , if he works for more than 9 hours in a day or more than 48 hours in a week.

Significance

Overtime , if worked occasionally , indicates that the firm is operating at its optimum capacity. It is considered as a healthy indicator. But persistent overtime signify the following-

i. **Understaffing:-** Labour force employed is less than those required for meeting production schedule.
ii. **Limited production facilities:-** Machinery is inadequate to meet production targets within normal time.
iii. **Labour inefficiency:-** Postponement of wok to overtime , in order to claim overtime wages.

Causes of Overtime:

i. Genuine labour shortage, which leads to the firm being understaffing.
ii. Pressure of urgent delivery by a customer.
iii. Making up shortfall in production targets , due to some fault of management , or uncontrollable factors, etc.
iv. Increase in production targets than budgeted , to meet rise in market demand.

Treatment

Situation	Accounting Treatment of Overtime premium
Due to genuine labour shortage	Treated as Regular cost of production, as direct labour by inflating wage rate.
At cutomer's desire	Charge to the job directly.
Irregular overtime to meet production requirements due to unexpected developments.	Charged to job –treated as Factory overheads.
Due to fault of a particular department, e.g. non-availability of material during normal time.	Charged to the department in default, in order to fix responsibility and prevent recurrence.
Due to abnormal reasons, like strike.	Charge to costing profit and loss account

Measures for controlling Overtime

i. **Proper supervision:-** Work done during normal hours should be monitored carefully . This will ensure that there is no spillover from normal time to overtime, when the output can be achieved in regular time itself.
ii. **Sanction:-** Overtime work should have the prior sanction of the competent authority. The reasons justifying the overtime should be specified and considered acceptable.
iii. **Efficiency comparison:-** Overtime efficiency should be compared with regular time efficiency . If the overtime efficiency is very low, it may not be worthwhile to work overtime.
iv. **Periodical Reporting:-**Report on overtime work , output achieved , efficiency , reasons for overtime work etc. should be sent periodically to top management for review and action.
v. **Restriction on overtime:-** Sometimes, an upper limit may be fixed on overtime for each category of workers , e.g. maximum 15 hours of overtime per month per worker.

Q.NO.12:- Explain the different wage payment methods under Time rate system.

Ans:-

(I)Time Rate at Ordinary Levels:

Under this method, rate of payment of wages per hour is fixed and payment is made accordingly on the basis of time worked irrespective of the output produced.
overtime is paid as per the statutory provisions.

Applicability

i. Where the work requires high skill and quality is more important than the quantity.
ii. Where the output/services is not quantifiable, i.e. where the output/services cannot be measured.
iii. Where the work done by one person is dependent upon other person, in other words where a individual worker has no control over the work.
iv. Where the speed of production is governed by time in process or speed of a machine.
v. Where the workers are learners or inexperienced.
vi. Where continuous supervision is not possible.

Advantages

i. The main advantage of this method is that the worker is assured of minimum income irrespective of the output produced.
ii. He can focus on quality as there is no monetary incentive for producing more output.

Disadvantages

i. It does not offer any incentive to the efficient workers. Efficient and inefficient workers are paid at the same rate of wages and hence there is a possibility that even an efficient worker may become inefficient due to lack of incentive.

(II)Time Rate at High Wage Levels:

This system is a variation of time rate at ordinary levels in the sense that in this system, workers are paid at time rate but the rate is much higher than that is normally paid in the industry or area.
In this method, the workers are paid according to the time taken and overtime is not normally allowed.
This method offers a very strong incentive to workers and it can attract talented workers in the industry.
However, care should be taken that productivity also increases, otherwise the cost will go on increasing.

(III)Graduated Time Rate:

Under this method payment is made at time rate, which varies according to personal qualities of the workers.
The rate also changes with the official cost of living index. Thus this method is suitable for both employer and employees.

Q.NO.13:- Explain various wage payment methods under Piece Rate.

Ans:-

Piece Rate Method:

This method is also called as payment by results where the workers are paid as per the production achieved by them.
If a worker produces higher output, he can earn higher wages.

(I)Straight Piece Rate:

In this method, rate per unit is fixed and the worker is paid according to this rate.
This method thus offers a very strong incentive to the workers and is particularly suitable where the work is repetitive.

Benefits

i. The method is simple and provides a very strong incentive to the workers by linking the monetary reward directly to the results.
ii. Productivity can be increased substantially if the rate of pay includes a really adequate incentive.
iii. Higher productivity will result in lowering the cost per unit.

Limitation

i. If a worker is not able to work efficiently due to reasons beyond his control, he will be penalized in the form of lower wages.

(II)Differential Piece Rates:

- Under these methods, the rate per standard hour of production is increased as the output level rises.
- The increase in rates may be proportionate to the increase in output or proportionately more or less than that as may be decided.
- In other words, a worker is paid higher wages for higher productivity as an incentive.
- The rate per unit will be higher in this case as compared to the rate paid to a worker with lower productivity.
- For deciding the efficiency, comparison is made between the standard production and actual production of the worker.
- If the actual production is more, the worker qualifies for higher rate of wages.
- The differential piece rates methods will be useful when the production is of repetitive type, methods of

production are standardized and the output can be identified with individual workers.

Q.NO.14:- Explain different types of differential Piece rate system.

Ans:-

(1) Taylor's Differential Piece Rate System:

- According to him, there are only two classes of workers, efficient and inefficient. While efficient workers should be encouraged to the maximum possible extent, the inefficient workers should be penalized.
- In order to do this, he has suggested two rates for the two classes of workers.
- According to Taylor,
  - if the workers are efficient, paid @ 120% of the normal piece rate and
  - if they are inefficient, they should be paid @ 80% of the normal piece rate.
- For measuring efficiency, each worker will be given a standard production quantity to be produced in the time allowed for the same and the actual production produced should be compared with the same. If a worker exceeds the standard, he will be regarded as efficient while if he fails to do so, he will be regarded as inefficient.

Merits/benefits:

i. There is a very strong incentive to the workers, which helps to achieve higher productivity.
ii. Due to the incentive, best workers are attracted to the company.
iii. This method is quite simple and hence easy to understand.

Limitations:

i. Slow workers and beginners are penalized severely. Similarly workers get penalized for reasons beyond their control, e.g. medical reasons, accidents etc. Therefore it is said that there is no human element in this system.
ii. In an anxiety to produce more, quality may be neglected in order to achieve higher quantity of production.

(2) Merrick Differential Piece Rate System:

- Merrick's system is modification of Taylor's system and is comparatively less harsh on the workers. The scale of remunerations is as follows.

Production	Rates of Payment
Up to 83.33%	Normal piece rate
83.33% to 100%	110% of ordinary piece rate
Above 100%	120% of ordinary piece rate

- It is particularly useful to beginners and also offers an incentive who have potential of higher productivity.

(3) Gantt Task Bonus Plan:

- In this method, there is a combination of time rate, bonus and piece rate plan.
- The remuneration is computed as shown below.

Production	Payment
Production below standard	Guaranteed time rate
Production at standard	Bonus of 20% [normally] of time rate
Production above standard	120% of piece rate for the entire output.

- This method assures minimum wages even too less efficient workers and hence is a preferred method of payment of wages. It also offers reasonably good incentive to efficient workers.
- Main limitation is that the method is complicated to understand by the workers and hence may create confusion amongst them.

Q.NO.15:- Write a short note on Emerson's Efficiency system of wage payment.

Ans:-

Emerson's efficiency system recognizes workers efficiency levels, and also guarantees them their time-based wages. Wages payable to workers is computed as under-

Percentage of efficiency	Piece Rate
Less than 66.67%	Guaranteed Time rate (Hours worked x Rate per hour)
Above 66.67 % upto 100%	Time Rate + Increasing Bonus based on actual efficiency, from .01% to a maximum bonus of 20% on Time Rate.
Above 100%	120% of Time Rate + 1% increase for every 1% increase in output beyond 100%.

Advantages

i. It encourages the slow worker to do little better than before, than under differential piece Rate system.
ii. Workers are assured of their time-based wages.

Disadvantages

i. It does not set a high degree of average performance as 2/3rd efficiency is rewarded with time wages.

Q.NO.16:-Explain in brief , the following.
Halsey Premium Plan
Halsey-Weir Premium Plan
Rowan Plan
Barth Variable Sharing Plan

Ans:-.

Halsey Premium Plan:

- This plan was introduced by F.A. Halsey, an American engineer.
- In this plan, bonus is paid on the basis of time saved. Standard time is fixed for a job and if the actual time taken is less than the same, the worker becomes eligible for bonus.
- However bonus is paid equal to wages of 50% of the time saved.
- A worker is assured of time wages if he takes longer time than the allowed time.
- The formula for computing the total wages is as follows.
  Total Earnings = H x R + 50% [S – H] R
  Where, H = Hours worked, R = Rate per hour, S = Standard time

Halsey – Weir Plan:

- Under this method, there is only one difference as compared to the Halsey Plan and that is instead of 50% bonus for the time saved, it is 331/3rd % of the time saved.
- Accordingly the formula for this method is modified as follows.
  Total Earnings = H x R + 33 1/3 % [S – H] R
  H = Hours worked. R = Rate per hour. S = Standard time

Rowan Plan

- This premium bonus plan was introduced by Mr. James Rowan.
- It is similar to that of Halsey plan in respect of time saved, but bonus hours are calculated as the proportion of the time taken which the time saved bears to the time allowed and they are paid for at time rate. The formula for computation of total earnings is as follows.
  Total Earnings = H x R + [S – H]/S x H x R
  (Where H = Hours worked, R = Rate per hour, S = Standard time,)

Barth Variable Sharing Plan:

- In this system, the total earnings are calculated as follows:
  Total Earnings = Rate per hour x / Standard hours X Actual hours worked

Q.NO.17:- What is Group Bonus? What are its objectives ?

Ans:

Meaning

- Many times output of individuals cannot be measured. Similarly, the output of individual is dependent on the performance of the group.
- In such cases, rather than implementing individual bonus systems, group bonus system is implemented.
- The total amount of bonus, which is determined according to productivity, can then be shared equally or in agreed proportion between the group members.

Objects

i. Creation of team spirit.
ii. Elimination of excessive waste of materials and time.
iii. Recognition of group efforts.
iv. Improving productivity

Q.NO.18:- What do you mean by Job Evaluation? What are its Objects? Explain the methods of Job Evaluation.

Ans:-

Meaning:-

- **Job evaluation is a technique of analysis and assessment of jobs to determine their relative value within the firm. It is necessary for the management of any organization to establish proper wage and salary structure for various jobs. For doing this in a scientific manner, it is necessary to determine the relative value of jobs and hence a job evaluation is done. Job Evaluation provides a rational and equitable basis for differential salaries and wages for different classes of workers.**

Objects:-

i. **It helps in developing a systematic and rational wage structure as well as job structure.**
ii. **Job evaluation aims at removing the controversies and disputes relating to salary between the employers and employees. Thus the employees and also the employer remain satisfied.**
iii. **Another important objective of job evaluation is to bring fairness and stability in the wage and salary structure so as to ensure full cooperation of workers in implementing various policies of the employers.**
iv. **Job evaluation discloses characteristics and conditions relating to different jobs. This is very useful at the time of recruiting of workers as only suitable workers can be recruited. This avoids square pegs in round holes.**

Methods

i. **Point Ranking Method: In this method each job is analyzed in terms of various job factors or characteristics. The characteristics are skills required, efforts involved, working conditions, hazards, responsibility and so on. In other words the job factors are the requirements needed for performing the job effectively. Each job factor is given weightage or points depending upon its value for the job.**
ii. **Ranking Method: In this method, jobs are ranked in order of importance on the basis of skills required, experience requirements, working conditions etc. Jobs are rearranged in an order, which can be either from the lowest to the highest or in the reverse. Wage scales are determined in terms of ranks.**
iii. **Grading Method: This method is an improvement over the ranking method. Under this method, each job is analyzed in terms of a predetermined grade and then assigned a grade or class. Grades are established after making an investigation of job factors, such as complexity in the job, supervision, responsibility, education etc.**

Q.NO.19:- What do you mean by Merit Rating? What are its objects? Distinguish between Job Evaluation and Merit Rating.

Ans:-

Meaning:-

Merit rating is the comparative evaluation and analysis of individual merits of the employees in order to plan and implement rational promotional policies in the organization.

Objects

i. **To evaluate the merit of an employee for the purpose of promotion, increment, reward and other benefits.**
ii. **To establish and develop a wage system and incentive scheme.**
iii. **To determine the suitability of an employee for a particular job.**
iv. **To analyze the merits or limitations of a worker and help him to develop his capability and competence for a job.**
v. **To examine characteristics like cooperation, quality of work done, attendance and regularity, education, skill, experience, character and integrity and initiative.**

Difference Between Merit Rating and Job Evaluation:

Job Evaluation	Merit Rating
Job evaluation is the assessment of the relative worth of jobs within a business enterprise.	Merit rating is the assessment of the employees with respect to a job.
Job evaluation helps in establishing a rational wage and salary structure	Merit rating helps in fixing fair wages for each worker in terms of his competence and performance.
Job evaluation brings uniformity in wages and	merit rating aims at providing a fair rate of pay for

salaries.	different workers on the basis of their performance.

Q.NO.21:-Write a short on Time and Motion Study:

Ans:-

Meaning:-

- Time study determines the time to be spent on the job. (i.e. standard time)
- Standard time is the time that should be taken for completing a particular job under standard or normal working conditions. For fixation of standard time, motion study is necessary. Thus, the motion study precedes the time study.
- The study of time and motion is essential for designing an incentive system.
- Motion study means dividing the job into fundamental elements or basic operations of the job or process and studying them in detail to eliminate the unnecessary elements or motions. After investigation all movements in a job, process or operation, the motion study aims at finding out the most scientific and systematic way of performing the job.
- After eliminating unnecessary motions, the time that should be taken to perform these motions is decided with the help of a stop-watch. In the time so fixed, some allowance is added in the same for normal idle time, which is due to fatigue, change of job, change of tools, preventive maintenance of machines and so on. Thus standard time for a job or process is arrived at.

Objectives/advantages/significance of Time and Motion study

i. Eliminating unnecessary motions, thereby reducing inefficiency
ii. Improving methods, procedures, techniques, and processes relating to a job.
iii. Effective utilization of men, material, machines and time.
iv. Improving working environment, layout and design of plant and equipment.
v. Helps in assessment of labor
vi. Helps in designing incentive system as many of the incentive systems are based on standard time.
vii. Preparation of labor budget
viii. Proper planning of production for preparation of production budget
ix. Helps in improving labor productivity by designing best method for performing a job or process.
x. Improvement of work methods.

Q.NO.20:-What are the principles of good system of wages and incentives/remuneration?

Ans:-

i. **Guarantee:** It should provide guaranteed wage on time basis.
ii. **Achievable standards:** It should lay down standards that are capable of being achieved even by average employees. The workers concerned may be consulted when determining standards.
iii. **Effort linked:-** It should be linked with the effort involved in the job. If the work is of repetitive type, the entire benefit of time saved should be available to the worker.
iv. **Non-restrictive:-** It should be unrestricted as to the amount of earnings. No limit should be placed on the amount of additional earnings that can be earned by workers.
v. **Stability:-** It should be reasonable and stable. It should not be withdrawn during recission times as a means of wage.
vi. **Fairness:-** It should be just and fair to both employees and employers.
vii. **Responsibility:-** It should help fix responsibility for defectives or inefficiency.
viii. **Economical:-** It should be economical to operate and should not entail heavy administrative costs.