

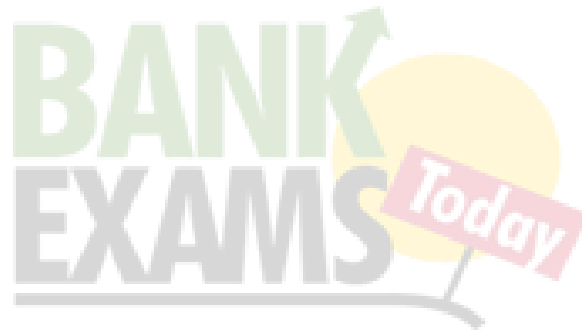
SEBI Grade A: Daily Live Quiz

Labour Cost

By Ramandeep Singh

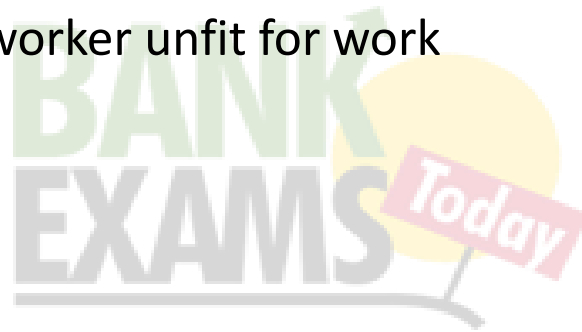
Q.1. Labour turnover means:

- (a) Turnover generated by labour
- (b) Rate of change in composition of labour force during a specified period
- (c) Either of the above
- (d) Both of the above



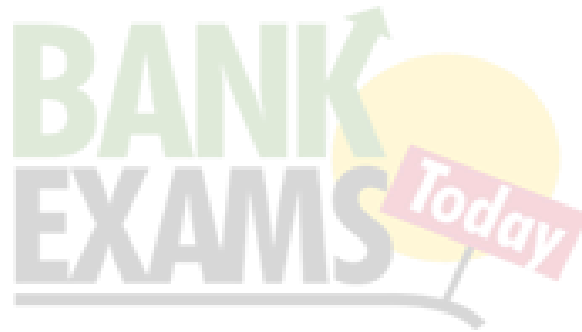
Q.2. Which of the following is not an avoidable cause of labour turnover:

- (a) Dissatisfaction with Job
- (b) Lack of training facilities
- (c) Low wages and allowances
- (d) Disability, making a worker unfit for work



Q.3. Calculate workers left and discharged from the following: Labour turnover rates are 20%, 10% and 6% respectively under Flux method, Replacement method and Separation method. No. of workers replaced during the quarter is 80.

- (a) 112
- (b) 80
- (c) 48
- (d) 64



1. Calculating Labour Turnover by Separation Method

- Under the Separation Method, the relationship between the number of workers separated or left from the organization and average number of workers of the organization in the period is expressed in terms of percentage.
- A worker may be left or separated from the organization due to surplus workers, poor working conditions and wages, less chance for promotion and the like.

The following formula is used to measure the labour turnover by Separation method.

- **Labour Turnover** = $\frac{\text{No. of workers left or separated during a period}}{\text{Average number of workers on role during that period}} \times 100$
- **Average No.of. Workers** = $\frac{(\text{No. of workers at the beginning of the period} + \text{No. of workers at the end of the period})}{2}$

2. Calculating Labour Turnover by Replacement Method

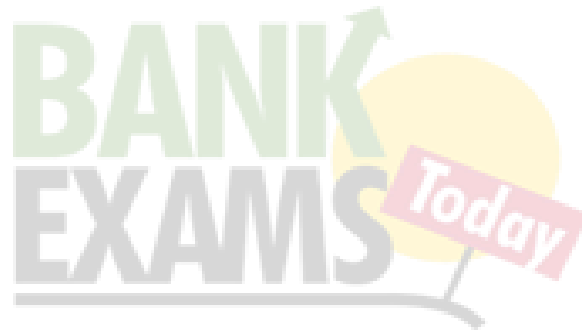
- There is no need of replacement if the surplus workers left from the organization. The workers whose services are required by the organization are to be replaced by new appointments if they leave.
- Hence, the relationship between the number of workers replaced and average number of workers of the organization in a period is expressed in terms of percentage under the replacement method.
- Generally, the replacement of labour is followed by the organization if skilled labourers are left from the organization. The following formula is used to measure the labour turnover by replacement method.
 - **Labour Turnover** = No. of workers replaced during a period / Average number of workers on role during that period x 100

3. Calculating Labour Turnover by Flux Method

- This is the combination of separation method and replacement method. Both separation and replacement are taken into consideration to calculate labour turnover in Flux method.
- Hence, the relationship between both separation and replacement of labour force of the organization in a period and average number of workers on roll during that period is expressed in terms of percentage. The following formula is used to calculate labour turnover by flux method.
 - Labour Turnover = (No. of workers separated in a period + No. of workers replaced in the same period) / Average number of workers on role during that period x100

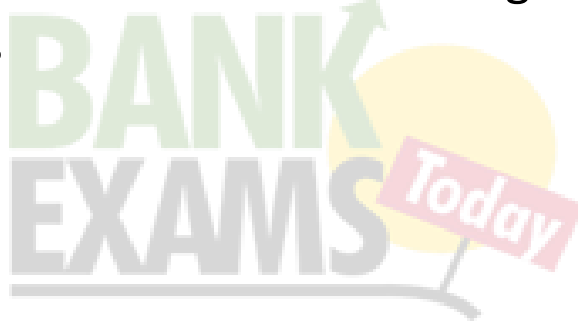
Ques 4. Which of the following study is used to eliminate the wastefulness due to unnecessary motions ?

- a) Motion study
- b) Method Study
- c) Time Study
- d) Fatigue Study



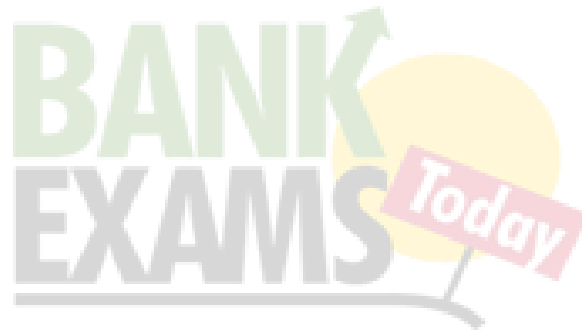
Motion study

- **Motion study** is a systematic way of determining the best method of doing the work by scrutinizing the **motions** made by the worker or the machine. As per Gilbreath it is the science of eliminating the wastefulness due to unnecessary **motions**.



Ques 5. Which of the following is a device to measure the worth of individual workers :

- a) Job evaluation
- b) Merit rating
- c) Method study
- d) Fatigue study



Job Evaluation

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 is a technique of analysis and assessment of jobs to determine their relative value within the firm.

Steps for Job Evaluation:

- Identify and isolate component tasks in a job
- Examine how tasks are performed
- Examine why tasks are performed i.e. skills required
- Identify the main duties performed
- Note the prevailing working conditions
- Identify what job demands from the person who is doing it

Merit Rating

- Merit rating is a device to measure the worth of individual workers.
- While Job Evaluation measures the job, “Merit Rating” measures the Individual workers.
- Main objective of merit rating is to reward employee on the basis of efficiency and merit. Merit rating brings out the comparative worth of workers.

