

In this session today we are going to discuss about labor incentive

schemes. The outline for the today's presentation is to

understand the concept of incentive schemes. Then to know

the essentials of successful incentive scheme, then to

Understand the different types of individual incentive

schemes. After going through this module, the learner

should understand the concept of incentive schemes, and then

he should be in a position to explain the

individual incentive schemes.

Incentive schemes are

basically the plans which which the company may introduce to

motivate workers so that they can work more and they can get

higher wages. So the basic purpose of incentive scheme is

to motivate workers to produce more and to earn higher wage at the

same time, the unit cost of production can also be

minimized. Incentive schemes aim to ensure greater output.

By controlling labor costs, and also try to reduce the cost of

production, so basically they are the rewards given to worker.

Depending on the performance of the labor. In incentive plan

or Standard Time is fixed for the completion of a specific job

and the worker is paid for the time taken by him to complete

the job and paid at an hourly rate. Plus he will

be given. Bonus for the time saved by him.

Essentials of successful

incentive plans. First point, the plan should be simple

and it should be easily understood by all the workers.

Second point, the plan should appear reasonable to both

employer and employee's Third Point incentive plan should be

based upon the standard of performance fourth point. Once the

standard is said, it should not be changed unless the method

changes. 5th point workers should be motivated to earn money to make

plan more successful.

Next, the system should result in increased production and

lower cost of production.

Seven point indirect workers should also be covered in

the incentive plans.

Next, important types of incentive plans so the

following other important types of incentive plans.

Halsey premium plan, Rowan plan, Emerson

Efficiency plan or empiric plan, Bedaux point premium

Plan ,barth plan.

Halsey premium plan the principle of also plan is that

the worker receives a fixed proportion of anytime which he

saves by completing the job in less than the allowed time. So under this plan or Standard Time for doing its job or operation is fixed and the worker is given wages for the actual time receives to complete the job and he will be given bonus which is usually 1/2 of the wages of their time saved. So normally in this plan. The workers workers actual performance, actual performance will be compared with the Standard Time an he will be paid more if he is giving more output.

Within the time, so accordingly the bonus will be fixed. So if there is no saving in the Standard Time, then the worker will be only paid his normal piece rate.

So the formula to calculate the total earnings of the worker under this plan is equal to $T \times R + \frac{1}{2}(S-T)R$. That is the formula.

Next Rowan plan this plan is similar to Halsey plan. So here also Standard Time is fixed and the worker will be paid bonus if he is saving their time and he's giving the same production.

So the main difference between the Halsey plan and Rowan plan is the calculation of bonus. So here the formula for calculation of bonus is different. So the formula is $\frac{S-T}{S} \times T \times R$
The total earnings of the worker

will be calculated as.

$$T \times R + S - T/S \times T \times R$$

Next Emerson efficiency plan. under Emerson

Efficiency plan Standard Time for a job is set and the

the efficiency of the worker will be determined. Now how the

efficiency will be calculated? So efficiency will be calculated

taking into consideration time. Take time, take on and the

Standard Time. So the formula to calculate efficiencies time

taken divided by Standard Time. So under this plan 3 rates,

three rates wage rates are used so if the worker is giving a efficiency of

67%, then the worker is paid at time rate. if the efficiency of the worker falls

will between 67% to 100% then 20% of the bonus will

be paid to him, then next if the efficiencies above 100% then

they will be paid at normal time rate plus he will

be paid bonus at 1% added for additional 1% of efficiency. So

that is with respect to Emerson

efficiency plan. Next is **Bedaux** Premium point

scheme. So under under Bedaux premium point scheme,

worker worker will be rewarded on the basis of

the points he's saving while doing the work, so here standard production per hour

will be determined and each minute of

Standard Time is called a bedaux point, it is considered as a unit of measurement. So if the actual

time is more than the StandardTime, the worker is paid on

hourly basis if the worker gives more production

IF worker is giving more production then he will be given

a bonus of 75%.

More will be given to him next. Thus, under this plan, hourly

rate plus 75% of the points if multiply by one sixth of the hourly

rate is the earnings of the worker. Next plan Barth plan.

so under this plan wages are not guaranteed and this plan is

usually suitable for beginners and learners. So the earnings

earnings of the worker will be calculated by using the formula

that is. By multiplying rate per hour by the geometric mean of

standard hours multiply by actual hours work. This is the

formula OK which you can see on

the PPT. These are my references which I used for

making this presentation.