

THE MINISTRY OF LABOR,
WAR INVALIDS AND SOCIAL AFFAIRS

No: 14/2003/TT-BLDTBXH

SOCIALIST REPUBLIC OF VIET NAM

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Ha Noi , Day 30 month 05 year 2003

CIRCULAR No. 14/2003/TT-BLDTBXH OF MAY 30, 2003 GUIDING THE IMPLEMENTATION OF A NUMBER OF ARTICLES OF DECREE No. 114/2002/ND-CP OF DECEMBER 31, 2002 ON WAGES OF LABORERS WORKING IN FOREIGN-INVESTED ENTERPRISES AND FOREIGN OR INTERNATIONAL AGENCIES AND ORGANIZATIONS IN VIETNAM

In furtherance of the Government's Decree No. 114/2002/ND-CP of December 31, 2002 detailing and guiding the implementation of a number of articles of the Labor Code on wages, after consulting with the concerned ministries and branches, the Ministry of Labor, War Invalids and Social Affairs hereby provides guidance on wages of laborers working in foreign-invested enterprises and foreign or international agencies and organizations in Vietnam as follows:

I. SUBJECTS AND SCOPE OF APPLICATION

The subjects and scope of application of wages under the provisions of this Circular are laborers working according to the labor contract regime in the following organizations:

1. Enterprises established and operating under the Law on Foreign Investment in Vietnam;
2. Joint-venture banks with foreign partners, branches of joint-venture banks with foreign partners, joint-venture credit institutions, credit institutions with 100% foreign capital operating in Vietnam;
3. Foreign contractors (principal contractors and subcontractors) undertaking contracts for projects in Vietnam;
4. Foreign diplomatic missions, consulates, representation agencies of international organizations within the United Nations system, regional and sub-regional organizations which employ laborers, unless otherwise provided for by the international agreements which the Socialist Republic of Vietnam has signed or acceded to;
5. Representative offices of foreign news agencies, press, radio and television stations;
6. Representative offices and project offices of foreign non-governmental organizations;
7. Offices of foreign projects, branches of foreign companies, representative offices of foreign economic, trade, financial, banking, insurance, scientific-technical, cultural, educational, medical and legal consultancy organizations; branches of foreign lawyers' organizations licensed to operate in Vietnam;
8. Foreigners or overseas Vietnamese residing in Vietnam and hiring laborers.

(Enterprises, agencies, units, organizations and individuals mentioned above are hereinafter referred to as enterprises and agencies for short).

II. MINIMUM WAGE LEVELS

The minimum wage level specified in Article 4 of Decree No. 114/2002/ND-CP for laborers doing the simplest jobs (untrained) under normal working conditions in enterprises and agencies is prescribed below:

1. The currently prescribed minimum wage level payable in Vietnam dong under Decision No. 708/1999/QĐ-BLĐTBXH of June 15, 1999 of the Minister of Labor, War Invalids and Social Affairs shall continue to be applied to foreign-invested enterprises and business cooperation contract parties as follows:

a/ Not lower than VND 626,000/month, applicable to enterprises based in urban districts of Hanoi city and Ho Chi Minh city;

b/ Not lower than VND 556,000/month, applicable to enterprises based in rural districts of Hanoi city and Ho Chi Minh city; urban districts of Hai Phong city, Bien Hoa city and Vung Tau city;

c/ Not lower than VND 487,000/month, applicable to enterprises based in other districts, provinces and cities;

d/ For a number of enterprises based in difficulty-hit areas or areas with poor infrastructures (outside the areas specified at Items a and b above) which need to apply a lower minimum wage level (between VND 417,000/month and under VND 487,000/month), the presidents of the provincial/municipal People's Committees shall consider and decide to permit them to apply such wage level within a certain period.

2. The current minimum wage level prescribed in Decision No. 385/LĐTBXH-QĐ of April 1, 1996 of the Minister of Labor, War Invalids and Social Affairs shall continue to be applied to foreign agencies and organizations and international organizations in Vietnam.

3. On the basis of their productivity, production and business efficiency, enterprises and agencies shall be entitled to decide on a minimum wage level higher than the minimum wage levels prescribed by the State at Points 1 and 2 above, for use as a basis for payment of wages to laborers.

III. WAGE SCALE, PAYROLL AND ALLOWANCES

1. The wage scale and payroll under Clauses 1 and 3, Article 5 of Decree No. 114/2002/ND-CP are specified as follows:

a/ Enterprises and agencies shall have to formulate their own wage scales and payrolls, technical criteria and grades of workers, titles and professional qualifications of employees, for use as a basis for signing labor contracts and collective labor agreements, determining the wage funds, paying wages and settling other regimes for laborers.

The formulation of wage scales and payrolls must comply with the principles specified in Clause 1, Article 5 of Decree No. 114/2002/ND-CP; enterprises and agencies shall select the methods described in Appendix No. 1 to this Circular or apply other methods as appropriate to formulate their wage scales and payrolls.

b/ When formulating and issuing their wage scales and payrolls, enterprises and agencies must refer to the opinions of the grassroots trade union executive committees or provisional executive committees and publicize them within the enterprises and agencies before application.

c/ Enterprises and agencies must register the system of wage scales and payrolls with the agencies performing the State management over labor in the provinces or centrally run cities where they are headquartered within one month after such wage scales and payrolls are publicized for application. A dossier of registration consists of a written request for registration, enclosed with the system of wage scales and payrolls already formulated.

2. Wage allowances:

Apart from formulating the wage scales and payrolls as prescribed above, enterprises and agencies may prescribe various wage allowances or apply the wage allowance regime stipulated by the Government for State enterprises for payment to laborers.

IV. LABOR NORMS

The labor norms under Clauses 2 and 3, Article 5 of Decree No. 114/2002/ND-CP are specified as follows:

1. Enterprises and agencies shall have to formulate a system of labor norms so as to determine their labor plans, organize and employ laborers and pay wages to laborers. The formulation of labor norms must comply with the principles specified in Clause 2, Article 5 of Decree No. 114/2002/ND-CP.

2. Labor norms shall be formulated as follows:

a/ Enterprises or agencies shall set up Labor Norm Councils to organize the formulation of labor norms or scrutinize, adjust and/or supplement the system of labor norms they are currently applying. Such a council is composed of the enterprise's or agency's director, several capable and professionally qualified members selected by the director, and a representative of the grassroots trade union executive committee or provisional executive committee.

b/ On the basis of their practical production and labor organization, enterprises or agencies shall select a method of formulating labor norms described in Appendix 2 to this Circular or apply other methods as appropriate but must abide by the above-mentioned principles.

c/ Annually, enterprises and agencies shall evaluate the realization of labor norms so as to amend and/or supplement them to suit their production and labor organization. If the realized labor norms are 5% lower or 15% higher than the assigned ones, enterprises and agencies must consider and adjust them suitably within three months.

3. When formulating, adjusting and supplementing labor norms, enterprises and agencies must refer to the opinions of the grassroots trade union executive committees or provisional executive committees and publicize them within the enterprises and agencies.

V. WAGE PAYMENT REGIME

1. Forms of payment:

The forms of wage payment under Article 7 of Decree No. 114/2002/ND-CP are specified as follows:

a/ Time-based wages (monthly, weekly, daily or hourly wages), applicable to managerial, professional and technical personnel; people working with technological chains, operating machinery and equipment and people performing jobs for which the payment of time-based wages proves more efficient than other forms of payment.

b/ Product-based wages, applicable to individual laborers or laborers' collectives, based on the volume and quality of products turned out against the assigned norms.

c/ Piecework wages, applicable to individual laborers or laborers' collectives, based on the volume and quality of work to be completed and the deadlines for completion.

Enterprises and agencies shall choose from the above-mentioned forms of wage payment a form suitable to work nature and production and business conditions, linking wages to work performance results so as to encourage laborers to raise their work efficiency and productivity. The selection or change of the forms of wage payment must be reflected in the labor contracts and collective labor agreements.

2. Overtime pay:

Overtime pay to laborers who work overtime under Clauses 1, 2 and 3, Article 10 of Decree No. 114/2002/ND-CP is specified as follows:

a/ For laborers enjoying time-based wages, if they work beyond the regular time, enterprises and agencies must pay them an overtime pay calculated as follows:

Overtime pay wage = Actually paid hourly x 150% or 200% or 300% x Number of overtime hours

in which:

- The actually paid hourly wage is determined on the basis of the wage actually paid for the month during which laborers work overtime (excluding overtime pay, additional wage paid for night work, bonuses and other incomes of non-wage nature) divided by the number of actual working hours in the month (excluding the overtime hours), which, however, must not exceed 208 hours for jobs performed in normal working conditions and environment, or 156 hours for jobs performed in extremely heavy, hazardous or dangerous working conditions. If wages are paid on a daily basis, the actually paid hourly wage is determined on the basis of the wage actually paid for such workday (excluding overtime pay, additional wage paid for night work, bonuses and other incomes of non-wage nature) divided by the number of actual working hours in the day (excluding the overtime hours), which, however, must not exceed 8 hours for jobs performed in normal working conditions and environment, or 6 hours for jobs performed in extremely heavy, hazardous or dangerous working conditions;

- The 150% level is applicable to overtime hours on weekdays;

- The 200% level is applicable to overtime hours at weekends prescribed in Article 72 of the Labor Code;

- The 300% level is applicable to overtime hours on paid festive days or holidays (this 300% level covers wage paid for fully paid leaves under Articles 73, 74, 75 and 78 of the Labor Code).

- The overtime is prescribed in the Government's Decree No. 109/2002/ND-CP of December 27, 2002 amending and supplementing a number of articles of the Government's Decree No. 195/CP of December 31, 1994 detailing and guiding the implementation of a number of articles of the Labor Code regarding working time and rest time.

Where laborers work overtime but are arranged rest time as compensation therefor, enterprises and agencies shall only have to pay a 50% difference of the actually paid hourly wage of the performed jobs, if laborers work overtime on weekdays; 100%, if laborers work overtime at weekends; 200%, if laborers work overtime on paid festive days or holidays.

Example 1. Mr. A (who works under normal working conditions for a number of actual working days being equal to the number of working days selected by his enterprise or agency, namely 24 days/month) receives his monthly wage and other income totaling VND 1,013,600 (including a bonus of VND 150,000, an additional pay of VND 57,600 for night work; mid-shift meal money of VND 180,000; and travel means support of VND 50,000):

- His actually paid monthly wage (consisting of wage and wage allowances) is:

$$\text{VND } 1,013,600 - (\text{VND } 150,000 + \text{VND } 57,600 + \text{VND } 180,000 + \text{VND } 50,000) = \text{VND } 576,000.$$

- The actually paid hourly wage is:

$$\text{VND } 576,000 : (24 \text{ days} \times 8 \text{ hours}) = \text{VND } 3,000.$$

- The pay per weekday overtime hour is:

$$\text{VND } 3,000 \times 150\% \times 1 \text{ hour} = \text{VND } 4,500.$$

If Mr. A is arranged rest time as compensation for overtime hours, his enterprise or agency shall only have to pay him the difference as compared to the wage paid for the job he is performing, which is VND 1,500 per hour (VND 4,500 - VND 3,000).

Example 2. With the actually paid hourly wage of Mr. A as in example 1, if he works overtime for one hour at weekends, he will be paid VND 6,000 (VND 3,000 x 200% x 1 hour). If Mr. A is arranged rest time as compensation for overtime work, his enterprise or agency shall only have to pay him the difference as compared to the wage paid for the job he is performing on weekdays, which is VND 3,000 per hour (VND 6,000 - VND 3,000).

Example 3. With the actually paid hourly wage of Mr. A as in example 1, if he works overtime for one hour on paid festive days or holidays, he will be paid VND 9,000 (VND 3,000 x 300% x 1 hour). If he is arranged rest time as compensation for overtime work, his enterprise or agency shall only have to pay him the difference as compared to the wage paid for the job he is performing on weekdays, which is VND 6,000 per hour (VND 9,000 - VND 3,000).

b/ For laborers receiving product-based wages, if, in addition to the regular time, their enterprises or agencies ask them to work overtime to make extra products, perform works beyond norms or arising jobs not yet included in the annual production and business plans, the wage paid for extra products made or jobs performed overtime shall be equal to 150% of the unit wage paid for products made in the regular working hours, if laborers work overtime on weekdays; 200%, if they work overtime at weekends; or 300%, if they work overtime on paid festive days or holidays.

Example 4. The unit wage paid for product B made during regular working time is VND 1,000/product. If enterprises or agencies request laborers to work beyond norms and outside regular working time, the unit wage paid for extra products is as follows:

- VND 1,500/product, if extra products are made on weekdays (VND 1,000 x 150%);
- VND 2,000/product, if extra products are made at weekends (VND 1,000 x 200%);
- VND 3,000/product, if extra products are made on paid festive days or holidays (VND 1,000 x 300%).

3. Wages paid for nightwork:

Wage paid to laborers for their nightwork under Clause 4, Article 10 of Decree No. 114/2002/ND-CP is specified as follows:

a/ For laborers enjoying time-based wages, if they work at night, their enterprises or agencies must pay nightwork wages calculated as follows:

Nightwork wage = Actually paid hourly wage x 130% x Number of nightwork hours

in which:

- The actually paid hourly wage is calculated under Item a, Point 2 above;
- The level of 130% covers the hourly wage actually paid for work performed during the daytime and 30% of the hourly wage actually paid for work performed during the nighttime;
- The nightwork time stipulated in Article 6 of the Government's Decree No. 195/CP of December 31, 1994 is determined as from 22 hrs of a day to 6 hrs of the following day, for the provinces and cities from Thua Thien - Hue northwards; from 21 hrs. of a day to 5 hrs of the following day, for the provinces and cities from Da Nang southwards;

Example 5. The actually paid hourly wage for daywork is VND 2,000. If laborers work at night, their hourly wage paid for night work is:

VND 2,000 x 130% x 1 hour = VND 2,600.

b/ For laborers enjoying product-based wages:

Unit wage paid for products made at night = Unit wage paid for products made during the regular working hours in daytime x 130%

Example 6. If the unit wage paid for product C made during regular working hours in daytime is VND 1,000, then the unit wage paid for such product made at night will be VND 1,300 (VND 1,000 x 130%) and wages will be paid on the basis of the quantity of products actually made at night.

c/ If laborers work overtime at night, their overtime pay shall be calculated for payment as follows:

- For laborers enjoying time-based wages:

Overtime nightwork pay = Actually paid hourly wage x 130% x 150% or 200% or 300% x Number of overtime nightwork hours

Example 7. Laborers are paid VND 2,600 for one hour of nightwork (example 5). If they work overtime in at night on weekdays, they will receive the hourly pay as follows:

VND 2,600 x 150% x 1 hour = VND 3,900.

- For laborers enjoying product-based wages:

Unit wage paid for extra products made at night = Unit wage paid for products made at night x 150% or 200% or 300%

Example 8. The unit wage paid for product C made at night is VND 1,300 (example 6). If extra products C are made at night on weekdays, the unit wage paid therefor is as follows:

VND 1,300 x 150% = VND 1,950.

d/ Wages paid for overtime work and nightwork specified at Points 2 and 3 above shall be paid from the annual wage funds included in the production and business plans. If there are work volumes arising outside the annual plans' wage funds and enterprises and agencies want them to be performed overtime or at night, wages paid for overtime and nightwork shall be supplemented to the enterprises' or agencies' wage funds and accounted into production costs or circulation charges.

The overtime pays equal to 150%, 200% or 300% and nighttime pays of 130% specified at Points 2 and 3 above are compulsory levels which enterprises and agencies must pay for overtime work and nightwork. However, the employers and employees may reach agreement on higher levels.

4. Wage grade-raising regime:

The wage grade-raising regime under Clause 2, Article 6 of Decree No. 114/2002/ND-CP is specified as follows:

a/ Annually, on the basis of their work demands and production and business situation, after referring to the opinions of the grassroots trade union executive committees or provisional executive committees, enterprises and agencies shall plan and organize the raising of wage grades for their laborers.

b/ Laborers who satisfy the following conditions shall be considered for annual wage-grade raising:

- Having worked in the enterprises or agencies for at least one year (full 12 months);
- Regularly fulfilling the assigned work both quantitatively and qualitatively according to the signed labor contracts;
- Not being subject to labor discipline as prescribed in the Labor Code and the labor regulations of their enterprises or agencies.

c/ The wage grade-raising regime for laborers must be reflected in labor contracts and collective labor agreements. Employers are encouraged to raise wage grades ahead of time for talented laborers who have made great contributions to raising the production and business efficiency of their enterprises or agencies.

5. Wage payment regulations:

Under Clause 4, Article 5 of Decree No. 114/2002/ND-CP, enterprises and agencies shall have to elaborate and promulgate their wage payment regulations, encouraging laborers to increase productivity, quality and efficiency and promoting their talents, ensuring harmony between the interests of enterprises or agencies and those of laborers.

VI. IMPLEMENTATION ORGANIZATION

1. Enterprises and agencies shall have to:

- Formulate and promulgate their systems of wage scales and payrolls for application in the enterprises or agencies and register them with the agencies performing the State management over labor in the provinces or centrally-run cities where they are headquartered. In case of amendments and/or supplements thereto, they must register such amendments and/or supplements;

- Formulate and promulgate wage-based allowances, the systems of labor norms, regulations on payment of wages, bonuses, technical criteria and grades of workers, titles and professional criteria of employees for application in enterprises and agencies.

For foreign or international agencies and organizations based in the Vietnamese territory, foreigners or overseas Vietnamese sojourning in Vietnam and hiring laborers, they may not necessarily formulate wage scales and payrolls or labor norms in strict accordance with the provisions in Sections III and IV above but may use them for reference purposes or formulate their own ones as appropriate;

- Scrutinize, amend and supplement their labor regulations, collective labor agreements and labor contracts to make them compliant with the above provisions.

- Publicize in a timely manner to laborers the State's policies and regimes on labor, wages, incomes; the enterprises' or agencies' regulations on wage scales and payrolls, wage allowances; technical criteria and grades of workers; titles and professional criteria of employees; labor norms; regulations on payment of wages and bonuses.

2. The provincial/municipal People's Committees shall direct the provincial/municipal Services of Labor, War Invalids and Social Affairs to:

- Guide enterprises and agencies under their management to implement the State's policies and regimes on labor, wages and incomes;

- Receive and record into monitoring books the written registrations of the systems of wage scales and payrolls of enterprises and agencies based in the localities under their management. Where the wage scales and/or payrolls formulated by enterprises or agencies fail to comply with the provisions in Article 5 of Decree No. 114/2002/ND-CP, within 15 days after receiving the written registrations, the provincial/municipal Services of Labor, War Invalids and Social Affairs must notify the enterprises or agencies thereof for revision.

- Supervise, inspect the implementation of the regimes and policies towards laborers in enterprises and agencies under their management.

VII. IMPLEMENTATION PROVISIONS

This Circular takes effect 15 days after its publication in the Official Gazette.

To repeal Circular No. 11/LDTBXH-TT of May 3, 1995 of the Ministry of Labor, War Invalids and Social Affairs, which guides the implementation of the Government's Decree No. 197/CP of December 31, 1994 on wages for Vietnamese laborers working in foreign-invested enterprises and foreign agencies and organizations or international organizations in Vietnam.

The Minister of Labor, War Invalids and Social Affairs

NGUYEN THI HANG

(This translation is for reference only)

Appendix 1

METHODS OF FORMULATING WAGE SCALES AND PAYROLLS

(Promulgated together with Circular No. 14/2003/TT-BLDTBXH of May 30, 2003 of the Ministry of Labor, War Invalids and Social Affairs)

On the basis of the principles for formulating wage scales and payrolls and the conditions on organization of their production and business as well as labor, enterprises and agencies shall formulate their wage scales and payrolls for managerial, professional and technical personnel and for laborers directly engaged in production and business activities in the following order:

1. Analyzing jobs

- Enumerating all duties of each job title currently used in the enterprise or agency;
- Collecting detailed information on each job so as to identify major and minor duties, relationships of each job title and determining professional requirements on educational levels, working experiences, knowledge, skills, health, necessary working conditions... of each job.

2. Assessing the value of jobs

On the basis of the job analysis, evaluating the value of jobs so as to identify similar jobs which can be arranged in groups as a basis for determining each group's wage scale and payroll. The evaluation of the value of jobs involves the following steps:

a/ Making a list of job elements and arranging them into major groups of:

- + Knowledge and skills;
- + Intellectual competence;
- + Physical strength and working intensity;
- + Environment;
- + Responsibilities.

In each group of job elements, enterprises and agencies shall specify component elements from low to high levels. Job elements shall serve as a basis for comparison between different jobs in enterprises or agencies.

b/ Selecting positions for evaluation: On the basis of the list of job elements, evaluating the value of job for each specific position in enterprises or agencies, and concurrently comparing the professional requirements between different positions.

c/ Evaluating and giving points to various levels of the elements so as to evaluate and giving points to different component elements of different levels, which shall serve as a basis for determining the point scale of elements suitable to each job.

d/ Balancing the point scale between the elements so as to evaluate the complexity or value of each element within the entirety of elements constituting each job, then readjusting the point scale in an appropriate manner.

3. Ranking jobs

After analyzing and evaluating the value of each job, grouping jobs with similar functions, knowledge and skill requirements. Each job group is regarded as a job rank depending on its importance. The order of job ranking shall involve the following steps:

- Arranging separate jobs into groups;
- Establishing different job ranks and criteria for job ranking;
- Prescribing a job rank for each job group.

4. Establishing the wage scale and payroll for each job rank

The wage scale and payroll of each job rank are determined in the following order:

a/ Identifying influential factors, including: wage competitiveness with other enterprises and agencies; law provisions, first of all making comparison with the State-prescribed minimum wage level; productivity; knowledge, skills and experiences or seniority of laborers in enterprises or agencies; existing incentives and bonuses...

b/ Establishing wage scales and payrolls: On the basis of the collected information and influential factors already examined, the wage scales and payrolls shall be established in the following order:

- Determining the number of wage ranks in enterprises or agencies by gathering information from the job-ranking stage.

- Determining the number of wage grades in each rank on the basis of the counting of advantage points based on the work performance results and considering the extent of complexity required for the wage scale and payroll.
- Deciding on the wage levels by rank and grade.

Appendix 2

METHODS OF FORMULATING LABOR NORMS

(Promulgated together with Circular No. 14/2003/TT-BLDTBXH of May 30, 2003 of the Ministry of Labor, War Invalids and Social Affairs)

On the basis of the principles for formulating labor norms and the conditions for organization of their production and business organization as well as labor, enterprises and agencies shall formulate specific labor norms by the following methods:

1. The analytical method: Labor norms are formulated by dividing the production process, the working process or working steps into component parts and studying the factors influencing the amounts of working time for performing such component parts. On this basis to determine

rational structures and levels for performing the working steps, perfecting the production organization and the labor organization, applying new scientific and technical advances as well as experiences of advanced producers. Depending on their production conditions, enterprises may formulate labor norms by the survey-analysis method, the calculation-analysis method or the typical-case comparison method, specifically:

- The survey-analysis method: Labor norms are formulated on the basis of survey documents (photos or timing) on working time. This method is usually applied to large-scale mass production or working steps of mass volume nature. This method of formulating labor norms involving the following steps:

- + Analyzing and studying the structure of working steps, determining the factors influencing the amounts of time for finishing working steps;

- + On the basis of the criteria or research and survey documents at the working places, determining the time amount of each component of working steps and the time amounts of laborers' working shifts (the time amounts for preparation, completion, operation, service, rest, essential needs....).

- + Using the calculation method to determine the time amounts and product volumes.

- The calculation-analysis method: Labor norms are formulated on the basis of documents on pre-set standards (time standard, quantitative standard...), applying mathematical methods and using formulas to calculate principal time amounts and other time amounts within the standards. This method is usually applied to mass production. The calculation-analysis method of formulating labor norms involves the following steps:

- + Analyzing the working steps which require norms into component parts in terms of labor as well as technology, jettisoning useless parts and replacing obsolete parts with advanced ones so as to achieve a rational structure of working steps.

- + Analyzing factors influencing the time amounts for finishing each part of working steps, serving as a basis for determining the required skills of laborers, needed machinery and tools, the optimal working regime and the most rational way of arranging working places.

- + Based on the technological processes and standards determining time amounts for each part of each working step. To sum up these time amounts so as to have the standard time amount for each working step.

- The typical-case comparison method: Labor norms are formulated on the basis of typical consumption levels. These typical levels are formulated by the survey-analysis method and scientifically grounded to represent job groups with identical technological characteristics or performing structures and processes of different sizes. This method is usually applied to small-scale or single-product production. The typical-case comparison method of formulating labor norms involves the following steps:

- + Analyzing and grouping the to be-performed working steps with relatively similar characteristics in terms of structure and technological process. Of each group, selecting out one or several typical working steps.

- + Formulating labor norms for typical working steps by the survey-analysis or calculation-analysis method.

+ Determining conversion co-efficient K_i for working steps in the group with the convention that: the efficient of typical working steps is 1 (i.e. $K_i = 1$), the coefficient of other working steps in the group shall be determined on the basis of analyzing the practical organization and technical conditions of each of such working steps, the factors influencing the time amounts need for finishing such working step and comparing them with those of typical working steps. If the organizational and technical conditions and the influential factors of these working steps are more favorable than those of the typical working steps, then $K_i < 1$; if similar, then $K_i = 1$; and if more difficult, then $K_i > 1$.

+ On the basis of the levels of typical working steps and conversion co-efficients K_i , determining labor norms for each working step in the group according to the following formula:

$$M_{tgi} = M_{tgl} \times K_i \text{ or } M_{sli} = M_{sll} : K_i$$

in which:

M_{tgi} is the time amount for each working step i in the group;

M_{tgl} is the time amount for the typical working step;

K_i is the conversion co-efficient for different working steps in the group;

M_{sli} is the level of product volume for each working step i in the group;

M_{sll} is the level of product volume for typical working steps.

2. The synthetic method: Labor norms are formulated on the basis of statistical documents on the actual time amounts needed for finishing working steps, accumulated experiences of people involved in formulating labor norms and opinions of experts.-