Incentive Scheme: Solution

Current situation:

Cost of direct labour = DLHs × Cost of DLH per hour
= 9,00 DLHs × RM12.00
= RM10,800

Cost per unit = Cost of direct labour ÷ Total units
= RM10,800 ÷ 1,000 units
= RM10.80
Labour Turnover Rate

- Labour turnover occurs when employees leave their job and have to be replaced.

- A measure of the rate at which employees are leaving and have to be replace.

\[
\text{Labour Turnover Rate} = \frac{\text{Number of employees leaving}}{\text{Average number of employees positions in the year}} \times 100\%
\]
Special Labor Cost Problems

- Shift premium
- Pensions
- Bonuses
- Vacation and Holiday pay