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.

- $$\frac{Number\ of\ employees\ leaving}{Avearage\ number\ of\ employees\ positions\ in\ the\ year} \times 100\%$$

Special Labor Cost Problems

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