Chapter 7

A productivity factor is greater than one is used when conditions are worse than average, and a productivity factor of less than one is used when conditions are better than average

An employee is paid a salary of $600 per week for a many hours as is needed to complete the work. During the 1st week, the employee works 50 hours. The employee’s base wage rate for the 1st week would be $12 ($600/50 hours) per hour, and the employer would need to pay the employee an overtime premium of $6 per hour (half of $12 per hour) for the 10 hours in excess of 40 hours, bringing the employee’s wage to $600 for the week.

Labor Burden

The wages paid to labor are known as the bare hourly wage rate or bare wage rate ( in the case of salaried employees). In addition to the bare hourly wage rate, the contractor incurs a number of costs associated with employing the labor that needs to be included in the labor rate. These costs are known as labor buren.