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Larson’s Laundry had the following results in 20x1 and 20x3;

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| --- | --- | --- |
|  | **20X1** | **20X3** |
| Pounds of laundry processed | 1,360,000 pounds | 1,525,000 pounds |
| Sales Revenue | $720,000 | $1,014,000 |
| Direct- Labor hours worked | 45,100 hours | 46,650 hours |
| Direct Labor cost | $316,00 | $408,000 |

The Laundry used the same facilities in 20X3 as in 20X1. During the past 3 years, however, the company put more effort into training its employees. The manager of Larson’s was curious about whether the training had increased labor productivity.

1. Compute a measure of labor productivity for 20X3 based entirely on physical measures. Do the same for 20X1. That is from the data given, choose measures of physical output and physical input, and use them to compare the physical productivity of labor in 20X3 with that in 20X1.
2. Compare a measure of labor productivity for 20X3 based entirely on financial measures. Do the same for 20X1. That is from the data given, choose measures of financial output and financial input, and use them to compare the financial productivity of labor in 20X3 with that in 20X1
3. Suppose the following productivity measure was used:

Productivity = Sales revenue /Direct-labor hours worked

Because of inflation, each 20X1 dollar is equivalent to 1.12 dollars in 20X3. Compute appropriate productivity numbers for comparing 20X3 productivity with 20X1 productivity.