Exercise

# Productivity

Consider the following scenario. Calculate both the Productivity Ratio and the Variable Cost Productivity Ratio.

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| **Category** | **Prior Year** | **Current Year** | **Adjustment Factor** |
| Domestic Sales | $253,870,155 | $271,012,291 | 1.017 |
| International Sales | $197,902,254 | $229,067,322 | 0.986 |
| Direct Material | $103,761,723 | $113,855,651 | 1.022 |
| Direct Labor | $82,345,609 | $86,521,561 | 1.017 |
| Variable Overhead | $1,253,009 | $1,371,889 | 1.04 |
| Administrative Expenses | $71,879,810 | $79,140,893 | 1.033 |
| Engineering Expenses | $62,366,766 | $76,779,715 | 1.012 |
| IT Expenses | $42,096,461 | $50,153,471 | 0.989 |
| All Other Expenses | $39,210,105 | $48,764,031 | 1.025 |