

B-22.06

Custom Clubs produces handmade golf clubs. The process is labor intensive. The speed at which a club can be built depends on the skill level of the individual worker. Management has established a standard of 2 labor hours per club. The standard wage rate is \$12 per hour. During a recent month, 2,500 custom clubs were produced. Management was pleased that only 4,900 labor hours were worked, however total wages amounted to \$63,700.

Compute the total variance for labor, and determine how much is related to rate and efficiency components.