

LESSON 8 - PRODUCTIVITY

VISUAL 8.1
PRODUCTIVITY DATA

Name of book company _____

	Sample	Round 1	Round 2	Round 3
1. Number of workers	4			
2. Wages (\$1 per worker)	\$4.00			
3. Rent for factory (desks)	\$2.00	\$2.00	\$2.00	\$2.00
4. Capital goods (number of pens)	1			
5. Investment in capital goods (\$0.50 per pen)	\$0.50			
6. Number of accepted books	4			
7. Cost of materials (\$0.25 per accepted book)	\$1.00			
8. Total cost of accepted books <i>Wages (line 2) + rent (line 3) + investment in capital goods (line 5) + materials cost (line 7)</i>	\$7.50			
9. Average cost per accepted book <i>Total cost (line 8) ÷ accepted books (line 6)</i>	\$1.88			
10. Productivity: output per worker in 3 minutes <i>Accepted books (line 6) ÷ number of workers (line 1)</i>	1			

Name: _____

Period: _____

Productivity activity discussion questions

- 1) What happened to your productivity between rounds 1-2? Between 2-3? What changed and more importantly why did this happen?
- 2) Did anything happen to the quality of books between rounds 1 and 3?
- 3) What if any effect did investing in additional capital goods (pens) in round 3 have on productivity?
- 4) What effect did increased productivity have on average cost (line 9)? Why is this important? (Explain thinking like a business owner)
- 5) What effect will increased productivity have on wages in the long run such as across several years?
- 6) What will happen if labor productivity increases in the overall economy?
- 7) What are the advantages and disadvantages of specialization and division of labor?
- 8) What other things could book companies have done to increase productivity?
- 9) What factors then should the company consider before investing in capital resources such as a paper cutter?
- 10) Why would it be important for an entire nation to increase productivity?
(GO BIG ON THIS ONE!!!)