Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**26. Productivity Mark: /19**

1. Calculate the productivity per worker per month of a factory making chairs if the company employs 108 staff and manufacture 45 639 chairs. /3 marks

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1. Following an extensive staff training programme, output rises by 8.6%. Calculate the change in productivity per worker per month. /5 marks

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1. In an effort to reduce costs, the company decides to make 17 workers redundant. If output per worker remains unchanged after the training programme, calculate the percentage change in the new level of total output for the firm. /5 marks

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1. Complete the table and on graph paper plot an average cost curve. Mark the point where the firm achieves maximum efficiency. /6 marks

|  |  |  |
| --- | --- | --- |
| **Output (Units)** | **Total Cost (£)** | **Average Cost (£)** |
| 0 | 200 |  |
| 50 | 230 |  |
| 100 | 290 |  |
| 150 | 335 |  |
| 200 | 360 |  |
| 250 | 380 |  |
| 300 | 400 |  |
| 350 | 480 |  |
| 400 | 600 |  |
| 450 | 750 |  |
| 500 | 1,000 |  |

Explain why average costs fall as output increases.