**Productivity**

**1. Fill in the missing words.**

1.1 Labour productivity measures output per \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. It is a measure of business \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1.2 Productivity is affected by the level of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in machinery and equipment, the amount and quality of staff training, and the level of employee \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1.3 If productivity rises when demand is unchanged, the likely consequence for staff is a programme of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1.4 The formula for calculating productivity is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. This shows output per worker. Number of staff employed

**HINT:** Use the following words to complete: ***efficiency, investment, motivation, output, redundancies/redeployment, worker***

**2. Calculations**

2a) Vartex employs 120 production staff. Their average earnings are £17,500 per year. This year’s output is expected to be 42,000 units.

i. Calculate labour productivity at Vartex \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. Calculate the labour cost per unit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2b) A benchmarking exercise has shown that Vartex’s most efficient competitor pays £21,000 per year to its 80 staff. The staff produces a total annual output of 48,000 units.

i. Calculate the competitor’s labour productivity \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ii. Calculate the labour costs per unit for the competitor \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

iii. Both firms price their goods at £59.00. Assuming there are no other costs, what profit per unit is made by each business?

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1. **Capital Productivity**

Write the formula for measuring capital productivity below

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ =

1. **Cause and Effect.**

Some of the following statements are causes and some are effects of low productivity at a business. Others are neither. Write a C or an E by the causes and effects of low productivity. Put an N by the others.

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| 1. High labour costs per unit
 | 6. Old machinery |
| 1. High automation
 | 7. Business is uncompetitive internationally |
| 1. Low profitability
 | 8. Poorly educated and trained workers |
| 1. Low morale among the workforce
 | 9. Prices may need to rise |
| 1. High levels of re-working
 | 10. Less labour required in the short term |

**5. Methods of improving productivity**

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| Make notes explaining the methods of improving productivity**:** |
| Why do businesses measure productivity? |
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**Past Paper Questions**







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Added Value Question







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