

Question 1 – Productivity

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Partial and total productivity—The average birdhouse is priced at \$40. Labor costs for a birdhouse average \$15 per birdhouse, material costs average \$4 per birdhouse, and overhead costs average \$5 per birdhouse. Don't forget to include units.

- Productivity in general is a measure of how many outputs are produced for how many inputs are used. The equation looks like this: $\text{Productivity} = \frac{\text{Outputs}}{\text{Inputs}}$.

1. What is labor productivity?

- Labor productivity is how much is produced for how many units of labor input. In this case, labor productivity is $\frac{\$40}{\$15} = 2.6\bar{6}\$/\$$

2. What is materials productivity

- Materials productivity is similar to labor productivity, but instead of labor being the input, raw materials are the input. In this case, materials productivity is $\frac{\$40}{\$4} = 10\$/\$$.

3. What is total productivity?

- Total productivity is when both labor and materials productivity are taken into consideration and is the result of outputs divided by all inputs. Like materials productivity, total productivity is usually measured in dollars output per dollars input. In this case, total productivity is $\frac{\$40}{\$15+\$4+\$5} = \frac{\$40}{\$24} = 1.6\bar{6}\$/\$$.