

$MP_L = 20 \text{ units}$

Price of output = \$30

$$MRP_L = MP_L \times \text{Price of output}$$

$$\text{MRP}_L = 20 \text{ units} \times \$30$$

Revenue generated by that worker: $MRP_L = \$600$

Hire this worker if the **revenue** s/he generates
exceeds the **wage: Price of Labor (P_L)**

Should this **worker** be hired?

Hire this worker if his/her $MRP_L > \text{Price of}$
 $\text{Labor } (P_L)$

If wage < \$600  Hire the worker

If wage $>$ \$600 \longrightarrow Do not hire the worker

Should this **worker** be hired?

$$MP_L = 20 \text{ units}$$

$$\text{Price of output} = \$30$$

$$MRP_L = MP_L \times \text{Price of output}$$

$$MRP_L = 20 \text{ units} \times \$30$$

$$\text{Revenue generated by that worker: } MRP_L = \$600$$

Hire this worker if the **revenue** s/he generates exceeds the **wage: Price of Labor (P_L)**

Hire this worker if his/her $MRP_L > \text{Price of Labor } (P_L)$

If wage < **\$600**



Hire the worker

If wage > **\$600**



Do not hire the worker

Should this machine be purchased?