Price of output = $30

How many workers should be hired?

L	Total Product
0	0
1	692
2	980
3	1200
4	1384
5	1550
6	1692

Marginal Product of L

692 - 0

980 - 692

1200 - 980

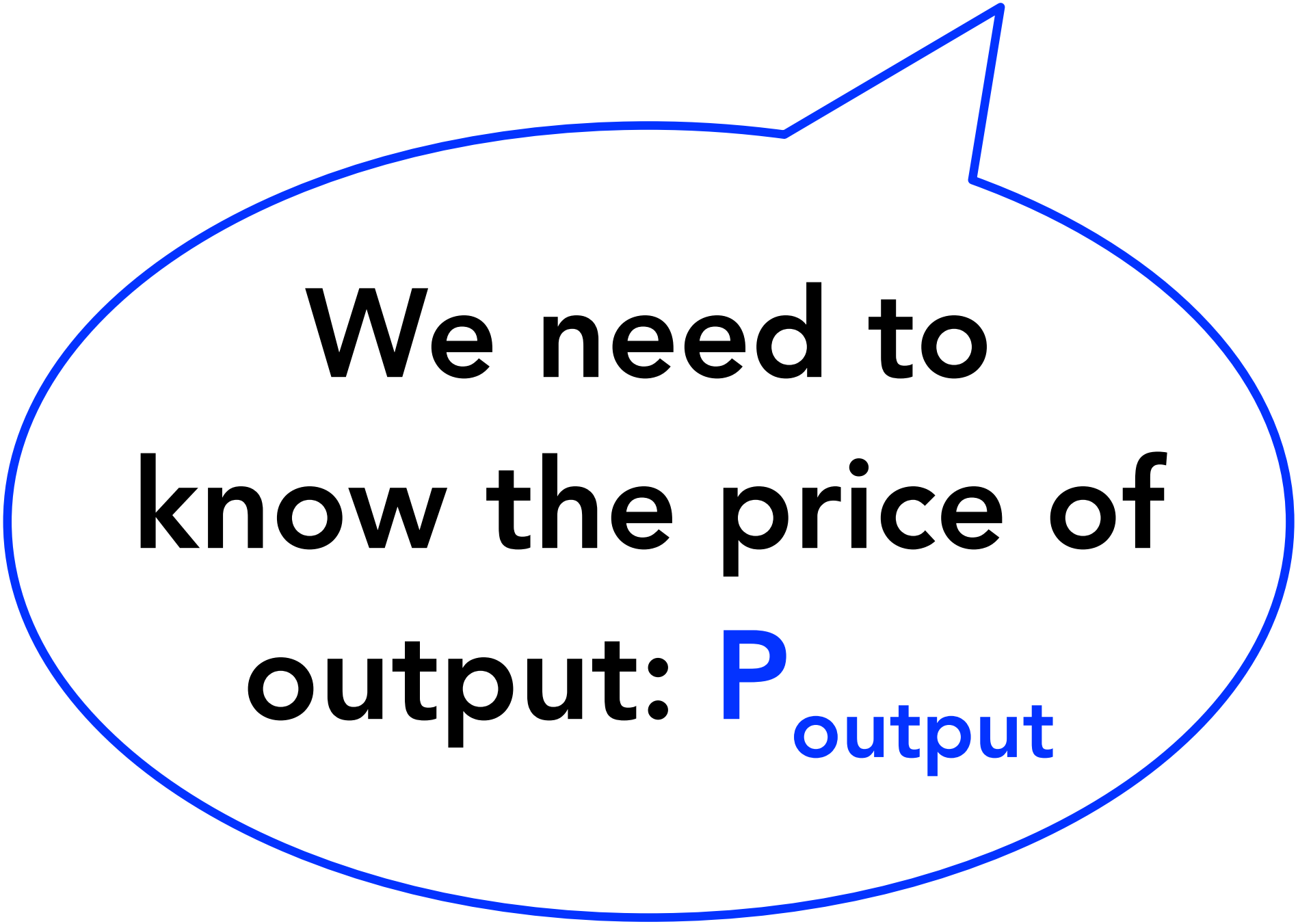
1384 - 1200

1550 - 1384

1692 - 1550

Marginal Product of L
692
288
220
184
166
142

First, calculate the MP_L


We need to
know the price of
output: P_{output}

$$MRP_L = MP_L \times P_{output}$$

Price of output is always given

Marginal Revenue Product

$MRP_L = MP_L \times P_{output}$

$= 692 \times \$30$

$= 288 \times \$30$

$= 220 \times \$30$

$= 184 \times \$30$

$= 166 \times \$30$

$= 142 \times \$30$


We need to calculate the MRP_L

Marginal Revenue Product
20,760
8,640
6,600
5,520
4,980
4,260


MP
L

MRP L

How many workers should be hired?

L	Total Product	MP_L	MRP_L
0	0		
1	692	692	20,760
2	980	288	8,640
3	1200	220	6,600
4	1384	184	5,520
5	1550	166	4,980
6	1692	142	4,260

Price of output = $30

L	MP_L	MRP_L
0		
1	692	20,760
2	288	8,640
3	220	6,600
4	184	5,520
5	166	4,980
6	142	4,260