Name _____ Date _____

Factors of Production and Labor Productivity

Directions: Classify the resources that businesses combine in production, and use the figures in the table to measure how productively their employees work. Some questions concern output per hour of work and others concern output per worker, so read each question carefully.

1. Rosa borrows $20,000 from a bank and uses the money to purchase a new commercial oven for her bakery. Which of these counts as physical capital in her business?

A. The $20,000 Rosa borrowed from the bank to finance the purchase

B. The cash collected in the bakery's register at closing time

C. The farmland where the bakery's wheat is cultivated

D. The new commercial oven Rosa uses to bake bread

2. Match each example to the factor of production it represents.

Write the letter of the matching answer on each line.

1. _____ A deposit of copper ore embedded inside a hillside
2. _____ The hours a nurse spends caring for hospital patients
3. _____ A delivery van a bakery uses to transport bread to grocery stores
4. _____ Launching a new repair business and risking one's own savings on it

A. Land

B. Labor

C. Entrepreneurship

D. Physical capital

3. Economists frequently compare labor productivity across different industries, countries and periods of time. Which description accurately explains what labor productivity measures?

A. How much output each worker, or each hour of work, produces on average

B. The total number of hours that all workers in an economy contribute

C. The amount of money a business deposits in its bank accounts

D. The total value of the natural resources a country controls

4. A factory keeps the same employees working the same number of hours each week. Which TWO changes would most likely increase its output per hour? Select 2.

☐ A. Spending additional money on advertising its products

☐ B. Depositing more cash in the factory's bank account

☐ C. Raising the price the factory charges for each item

☐ D. Training employees in a quicker, more accurate production method

☐ E. Installing faster machinery on its assembly line

Productivity at Kestrel Bakery

Base every answer in this set on the bakery table. The mixer installed in Week 2 remains in use during Week 3, and nothing else at the bakery changes except what the table shows.

Weekly output at Kestrel Bakery

Week	Bakers	Total hours worked	Loaves baked
Week 1	4	160	2,560
Week 2 (new mixer installed)	4	160	3,200
Week 3 (fifth baker hired)	5	200	3,800

5. Using the table, calculate Kestrel Bakery's output per hour of work in Week 1, measured in loaves.

_____ loaves per hour

6. By what percent did the bakery's output per hour of work increase from Week 1 to Week 2?

_____ percent

7. The same four bakers worked the same total of 160 hours in Week 1 and in Week 2. What best explains the increase in output per hour?

A. The bakery hired additional bakers to share the work in Week 2.

B. The new mixer provided each baker with more physical capital.

C. The bakers worked considerably longer hours in Week 2 than in Week 1.

D. The price of a loaf increased, so each hour of work became more valuable.

8. Calculate the bakery's average output per baker in Week 3, measured in loaves.

_____ loaves per baker

9. Compare the bakery's results in Week 3 with its results in Week 2. Which statement about the bakery's output is accurate?

A. Total loaves and loaves per hour of work remained the same.

B. Total loaves increased, but loaves per hour of work decreased.

C. Total loaves and loaves per hour of work both increased.

D. Total loaves decreased, but loaves per hour of work increased.

10. Why do economists pay such close attention to growth in labor productivity across an entire economy?

A. It reveals how much new money the government prints and circulates each year.

B. It measures how many people in the economy are employed or actively seeking work.

C. It matters only to companies that sell their goods to customers in other countries.

D. Greater output per hour lets an economy produce more for each person, which can raise living standards.