**Activity 2 – Calculate productivity**

**Labour productivity = Output (per period) / number of employees (per period)**

**Capital productivity = Output / capital employed**

1. Tom is the owner of a public limited company manufacturing shoes, named soles co. He employs 300 staff and last month they manufactured 4,750 shoes. He is struggling calculating the labour productivity and he needs your help. (2 marks)
2. Steven and Mary have recently joined a partnership. Steven manufactured light bulbs and Mary manufactured light fittings, they are both unsure about who has the most productive workforce. Steven has 475 workers and last month they manufactured 122, 550 light bulbs. Mary on the other hand has 560 workers and last month manufactured 223,060 light bulbs. Calculate who has the most productive workforce. (4 marks)
3. Joseph is the owner of a small factory and is struggling working out which one of his three machines is the most efficient. Machine 1 had an output last month of 1,300 units and capital employed is £4,090. Machine 2 had and output last month of 1,500 units and capital employed is £3,495. Finally Machine 3 had an output last month of 1,250 and has a capital employed of £3,444. Calculate which one of his machines is most productive. (4 marks)

**Activity 2 – Calculate productivity**

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1. Tom is the owner of a public limited company manufacturing shoes, named soles co. He employs 300 staff and last month they manufactured 4,750 shoes. He is struggling calculating the labour productivity and he needs your help. (2 marks)

**Labour productivity = Output (per period) / number of employees (per period)**

**Labour productivity = 4,750/300**

**Labour productivity = 15.83**

1. Steven and Mary have recently joined a partnership. Steven manufactured light bulbs and Mary manufactured light fittings, they are both unsure about who has the most productive workforce. Steven has 475 workers and last month they manufactured 122, 550 light bulbs. Mary on the other hand has 560 workers and last month manufactured 223,060 light bulbs. Calculate who has the most productive workforce. (4 marks)

**Labour productivity = Output (per period) / number of employees (per period)**

**Steven**

**Labour productivity = 122,550/ 475**

**Labour productivity = 236.94**

**Mary**

**Labour productivity = Output (per period) / number of employees (per period)**

**Labour productivity = 223,060/ 560**

**Labour productivity = 398.321**

**Mary best !**

1. Joseph is the owner of a small factory and is struggling working out which one of his three machines is the most efficient. Machine 1 had an output last month of 1,300 units and capital employed is £4,090. Machine 2 had and output last month of 1,500 units and capital employed is £3,495. Finally Machine 3 had an output last month of 1,250 and has a capital employed of £3,444. Calculate which one of his machines is most productive. (4 marks)

**Capital productivity = Output / capital employed**

**Machine 1**

**Capital productivity = 1,300/ 4,090**

**Capital productivity = 0.317**

**Machine 2**

**Capital productivity = 1,500/3,495**

**Capital productivity = 0.429**

**Machine 3**

**Capital productivity = 1,250/ 3,444**

**Capital productivity = 0.362**

**Machine 2 is the most productive**