







AQA Economics AS-level **Microeconomics**

Topic 3: Production Costs and Revenues

3.1 Production and productivity

Notes



-  Production converts inputs, such as the services of factors of production from capital and labour, into a final output. This will satisfy consumer needs and wants.
-  Productivity is calculated by output per worker per period of timer.
-  Being more productive means the same input, such as the number of workers, produces more output, over the same period of time.
-  Being less productive requires a larger input to produce the same quantity of output.
-  Productivity can be increased by training workers or using more advanced capital machinery.
-  Being more productive also lowers average costs per unit of output.

