**5.00 Understand Economics**

**NC CTE 5.05: Analyze cost/profit relationships to guide business decision making.**

**Explain the concept of productivity**

* + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** Amount and value of goods and services produced (outputs) from set amounts of resources (inputs).
* How productivity is measured
  + Number of products produced/Number of steps involved in producing them
    - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** per unit of **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** —is the fundamental determinant of the growth of a country’s material standard of living. The most commonly cited measures are output per worker and output per hour—measures of labor productivity. One cannot have sustained growth in output per person—the most general measure of a country’s material standard of living—without sustained growth in output per worker.
  + Dollar value of total sales/ Number of salespeople who make the sales
  + Dollar value of total sales/costs of making those sales

**Measuring Productivity Activities**

* **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** (GDP) - GDP is the highly used measurement to determine a country’s overall economic output. GDP is a country’s total dollar value of all final goods and services produced in one year.
* Major categories of GDP
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** spending
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** spending
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** spending
  + Exports**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** imports
* GDP per capita =\_\_\_\_\_\_\_\_\_**GDP**\_\_\_\_\_\_\_\_\_\_

Total Population

* + GDP per Capita is **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** per person earn

**Measuring Productivity Activities**

* Labor Activities
  + **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** includes the people of the labor force that are unemployed, are looking for work, willing to work, and unable to find work.
* Consumer Spending

Measurement of consumer spending:

* + - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** includes the total wages and salaries plus investment income and government payments to individuals.
    - **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** include the sales of goods and services purchased to indicate the spending patterns
* Investment Activities
  + Businesses use money deposited in **personal \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **accounts** to buy equipment

or products for their businesses. Savers **earn\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** on money used by companies and other individuals. The savings rate of a country is an important factor for economic growth.

* + Higher earnings for businesses increases their value, which causes a demand for people wanting to buy the **businesses \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**
  + The **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **market** make available for businesses and government to borrow money. Bondholders earn interest on money loaned to businesses and government.
* Borrowing Activities
  + Governments borrow money to finance projects like schools, public highways, and parks. If the government spend more money than it collects, then a budget **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** is resulted.
  + Companies may borrow money to start up or expand. Using borrowed fund efficiently can result in an increase in sales and profits.

**Explain the concept of productivity**

* **Describe factors that\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** **productivity**
  + Specialization/Division of labor (one **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** or task completed by one worker)
  + Increased capital (**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**) investment
  + Mass production (**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**)
  + Research and development (**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** production)
  + Working within government regulations
  + Training and education (**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** labor)
  + Communication
  + Participative decision making
  + Motivation (**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**)
  + Quality of work life
* **Describe factors that \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ productivity**
  + Lack of standardization (**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** quality control)
  + Lack of tools/equipment
  + Too many different products
  + Poor product/service design
  + Lack of communication
  + Poor planning (from **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** management)
  + Lack of worker knowledge and education (no**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** or experience)
  + Personality conflicts
  + Poor or unsafe working conditions
  + Unclear goals