GENERAL ECONOMIC ENGLISH — MOODLE COURSE MODULE

Week 05: Production, Costs and Productivity

Inputs, Fixed and Variable Costs, Revenue, and Profit Optimization

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1. Learning Outcomes & Objectives

By the end of this module, students will be able to:

- Identify the primary Factors of Production: Land, Labour, Capital, and Enterprise.
- Differentiate between Fixed Costs and Variable Costs.
- Calculate Total Cost, Total Revenue, Profit, and Productivity measures.

2. Main Academic Text & Core Concepts

Production is the economic process of transforming inputs—raw materials, human labor, physical capital, and managerial skill—into outputs of finished goods and services. The essential inputs are categorized into four Factors of Production: Land (natural resources), Labour (human effort), Capital (machinery and infrastructure), and Enterprise (entrepreneurial risk-taking and organization).

Firms incur costs during production. Fixed Costs (FC) are expenses that do not change with the level of output, such as factory rent, executive salaries, and insurance. Variable Costs (VC) change directly with output volume, such as raw material costs and direct manufacturing wages. Total Cost (TC) is the sum of Fixed and Variable Costs.

To evaluate business performance, managers monitor Revenue, Profit, and Productivity. Revenue is total earnings from sales (Quantity × Price). Profit is Total Revenue minus Total Costs. Productivity measures production efficiency, calculated as output per unit of input (e.g., output per worker per hour). High productivity enables firms to lower costs and boost competitiveness.

3. Key Terminology & Academic Definitions

Term	Part of Speech	Academic Definition & Context

Factors of Production	Noun	Inputs used to produce goods and services (Land, Labour, Capital, Enterprise).
Fixed Cost	Noun	Cost that remains constant regardless of output volume (e.g., rent).
Variable Cost	Noun	Cost that varies directly with the level of production output.
Total Revenue	Noun	Total money received from selling goods/services (Quantity × Price).
Profit	Noun	Financial gain calculated as Total Revenue minus Total Costs.
Productivity	Noun	The ratio of output produced per unit of productive input.
Efficiency	Noun	Achieving maximum output with minimum wasted effort or resource.

4. Language Focus: Passive Voice in Process Descriptions & Calculations

Passive Voice for Production Processes: Use passive voice when focusing on the action/product rather than the actor: 'Raw materials are converted into finished products.'

Sequencers for Processes: Use 'First', 'Next', 'Subsequently', 'Finally' to outline manufacturing steps.

Mathematical Expressions: Use formulas in text: 'Profit is calculated by subtracting total costs from total revenue.'

5. Moodle Entry Task (Warm-up Activity)

Classify the expenses as Fixed Cost (FC) or Variable Cost (VC):
1. Monthly office rent ➔(.....)
2. Raw aluminum used in manufacturing cars ➔(.....)

3. Annual fire insurance premium ➔(.....)

Answer Key & Feedback:
1. FC, 2. VC, 3. FC.

6. Moodle Exit Task & Comprehensive Evaluation

Problem Solving Task:
'Apex Manufacturing produces 1,000 units of electric bicycles per month. Monthly fixed rent is $20,000. Variable costs are $300 per bicycle. The selling price is $600 per bicycle.'

Task 1: Calculate Total Cost, Total Revenue, and Total Monthly Profit.
Task 2: Write 3 sentences describing how Apex can increase its overall profitability, using the Passive Voice (e.g., 'Costs can be reduced by...').

Feedback & Grading Criteria:
Total Cost = $20,000 + (1,000 × $300) = $320,000.
Total Revenue = 1,000 × $600 = $600,000.
Profit = $600,000 - $320,000 = $280,000.
Task 2 Rubric: Evaluated on calculation accuracy and correct passive voice construction.

7. Academic References & Reading Sources

Mascull, B. (2023). Business Vocabulary in Use: Intermediate (4th ed.). Cambridge University Press.