

IGCSE CIE

Economics MCQ

Firms and Production

(QP)

1.May 2024-11/12

A farmer introduces machinery to help workers at harvest time. The farmer also reduces the number of workers by 50%. As a result, the total harvest increases by 25%.

What has happened?

- A** Labour productivity has decreased and production has decreased.
- B** Labour productivity has decreased and production has increased.
- C** Labour productivity has increased and production has decreased.
- D** Labour productivity has increased and production has increased.

2.May 2024-13/11

A firm changes from producing individual pieces of wooden furniture by hand to a mechanised production process using the division of labour.

What is the most likely set of outcomes as a result?

	outcome 1	outcome 2	outcome 3
A	worker motivation will increase	average total cost will increase	total costs will increase
B	worker motivation will decrease	average total cost will increase	total costs will increase
C	worker motivation will decrease	average total cost will decrease	total costs will increase
D	worker motivation will decrease	average total cost will decrease	total costs will decrease

3.May 2024-13/15

A busy restaurant employs a large number of highly skilled chefs to individually prepare high quality meals.

What is an advantage to the restaurant of this type of production?

- A** A highly skilled chef is paid more than an unskilled cook.
- B** It is easier to prepare a wide variety of meals.
- C** It takes time to train a highly skilled chef.
- D** The quality of a meal varies according to which chef prepares it.

4.May 2023-11/16

The table shows the units of factors of production that a firm needs to employ for two different levels of output.

land	labour	capital	output
5	2	4	100
10	4	8	150

What is the firm experiencing?

- A** constant returns to scale
- B** diseconomies of scale
- C** external diseconomies of scale
- D** external economies of scale

5.May 2023-13/16

What is a reason why firms making similar products sometimes locate near each other?

- A** Competition is decreased.
- B** There are external economies of scale.
- C** There are internal economies of scale.
- D** Transport costs may be eliminated.

6.Oct 2022-11/14

A firm produces bicycles. It uses a combination of workers and machines. The table shows the output from different combinations of workers and machines.

Which combination shows the greatest labour productivity?

	workers	machines	output
A	4	5	17
B	8	5	32
C	10	5	45
D	20	5	76

7. Oct 2022-13/14

A firm provides a personal service to its customers. It prefers to remain labour-intensive rather than changing to more capital-intensive production.

Which aspect of remaining labour-intensive would support this choice?

- A** Customer satisfaction is higher.
- B** Production costs are higher.
- C** Production is less flexible.
- D** Quality of customer service is worse.

8. May 2022-11/13

The development of artificial intelligence in machines raises the productivity of capital.

What will be the effect of this?

- A** The costs of production will increase.
- B** The demand for capital will increase.
- C** The price of capital will fall.
- D** The supply of capital will decrease.

9. May 2022-12/12

Germany is considered a capital-intensive economy while Indonesia is considered a labour-intensive economy.

What does this mean about the economies of Germany and Indonesia?

- A** Capital is relatively cheaper than labour in Germany while labour is relatively cheaper than capital in Indonesia.
- B** Germany has many primary sector workers while Indonesia has many tertiary sector workers.
- C** Indonesia has a higher growth in its population size than Germany.
- D** Relatively more low-cost labour is available in Germany while capital is more efficient than labour in Indonesia.

10. Oct 2021-12/11

Which result of increased specialisation in a firm is an advantage for the firm, but a disadvantage for some of the workers in the firm?

- A** greater mechanisation
- B** higher labour productivity
- C** higher skill levels
- D** longer training times

11.Oct 2021-13/9

The table shows the output of cakes from four bakeries, **A–D**.

Which bakery has the highest labour productivity?

	labour (hours per day)	output (cakes per day)
A	10	40
B	40	640
C	50	750
D	100	500

12.Oct 2021-13/10

What is an advantage of labour-intensive production and what is an advantage of capital-intensive production?

	labour-intensive	capital-intensive
A	each item can be individually made	average costs of production are low
B	keeps unemployment down	fixed costs are high
C	workers have pride in the product	machinery may break down
D	workers have to work hard	there is a ready market for the product

13.May 2021-12/15

A private sector firm is the only supplier of rail services between two cities.

What will stop the firm charging very high ticket prices?

- A** barriers to entry into rail services
- B** competition from public road transport
- C** government policy encouraging monopoly power
- D** high costs of maintaining rail tracks