Production Function

A production function is relationship that specifies the maximum output attainable for a certain level of inputs. It is usually found in the field of economics (in particular, microeconomics). A production function is usually represented in an equation that looks like this:

$$Q = f(L, K, M)$$

$$Q = Output$$
$$L = Labor$$
$$K = Capital$$
$$M = Raw\ Materials$$

The above equation says that output is a function of labor, capital, and raw materials.

 A production function is defined for a given level of technology. If technology improves, a higher level of output should be attainable for any combination of inputs; and as a consequence, a new production will result.

(See: Cobb-Douglas Production Function)