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GCSE Business Studies

Ways to increase productivity & efficiency

There are several ways a business can try to improve efficiency levels.

Train the workforce

Training the workforce in order to give them more skills or knowledge is clearly a cost to firms. They will often have to pay experts to train employees and will also lose the productive time of employees whilst they are training.

However this increase in cost should be more than offset in the long term by improvements in the workers productivity levels. This is because training should enable workers to work more quickly and more accurately (produce better quality products).

Improve motivation

A better-motivated workforce will work harder and take pride in their work. This should increase the speed of production and also improve the quality of products that are being produced. There are many different financial (e.g. bonuses) and non-financial ways (e.g. empowerment) for businesses to motivate their workers.

More capital equipment

Investment into new, higher technological machinery can have a number of advantages.

- Longer hours can be worked
- Increased speed of production (machine can perform repetitive and complicated tasks more quickly)
- Increased accuracy and therefore less wastage

Use better quality raw materials

This can reduce the amount of time wasted on rejected or defective products. A business should ensure they find the supplier who can supply the best quality resources, but at a competitive price and also with reliable delivery.

Conclusion

Improvements in efficiency are not that easy to obtain. For instance managers may find workers resistant to changes such as introducing new machinery or new working practices. This is because workers fear that changes will lead to redundancies. It can also take a long time for any new strategies to feed through into the form of increased efficiency. In addition, there can be a conflict between productivity and quality. Increasing productivity by its nature implies increasing the speed of production, and if managers are not careful this can mean that workers focus solely on quantity and not the quality of their work.

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