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Should Your Business
Be Less Productive?**

Business Success will be Influenced by Other Factors

- Even increasing productivity will not guarantee business success.
- An unpopular product will not sell profitably, no matter whether it is made efficiently or not.

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Increased Wages

- More effort by workers to increase productivity may mean that employees demand higher wages.
- This in turn may mean higher unit costs for a business.
- If other costs accompany an increase in efficiency, the productivity gain will be less effective.

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Less Security for Workers

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- Workers and unions are fearful of dramatic improvements to labor productivity because if labor productivity raises by 20%, and sales stay the same, some workers may be out of a job.
- A worker will become less necessary or indispensable if his/her co-workers have also increased productivity.
- If sales do not rise also, some of the less productive workers may be made redundant.

The Difference between Efficiency and Effectiveness

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- Productivity will measure the difference.
- Efficiency is doing the thing right, effectiveness is doing the right thing.
- Efficiency in operations is only one aspect of efficiency - the business must be able to meet their customers' demands, profitably.

Loss of Staff for Businesses

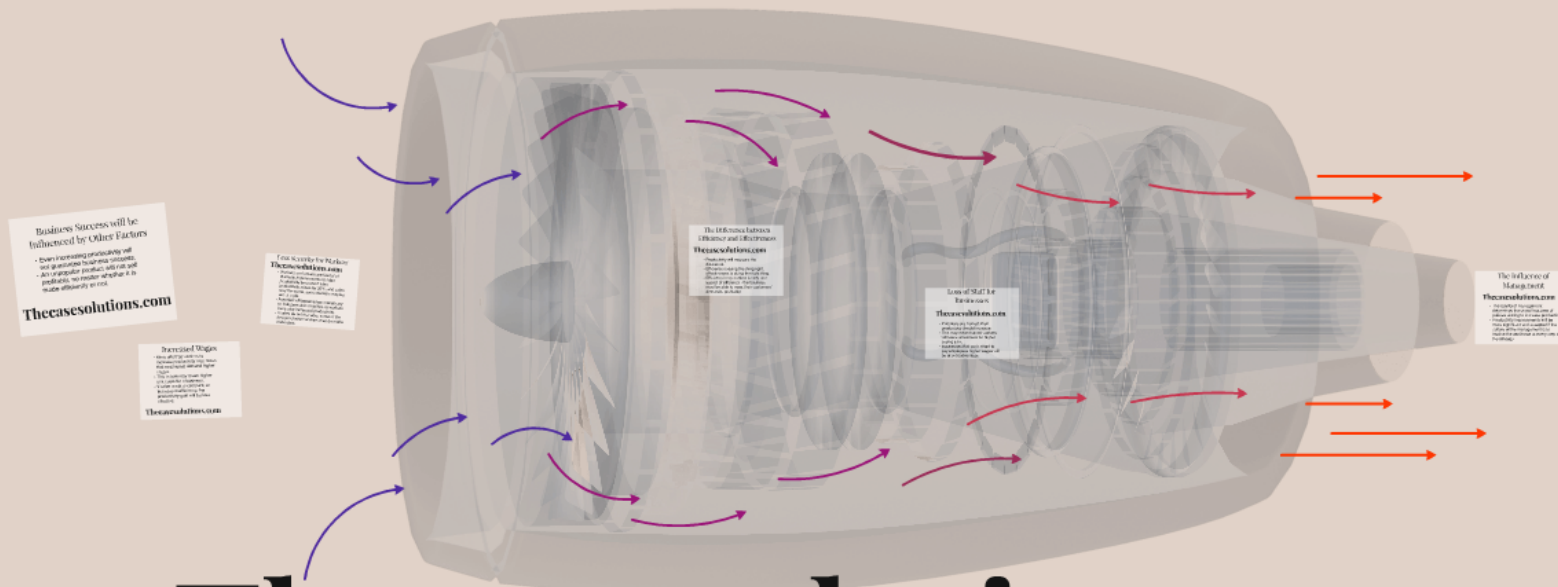
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- If workers are trained, their productivity should increase.
- This may mean trained workers will leave a business for higher-paying jobs.
- Businesses that can't afford to pay employees higher wages will be at a disadvantage.

The Influence of Management

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- The quality of management determines the overall success of policies aiming to increase productivity.
- Productivity improvements will be more significant and accepted if the culture of the management is to involve the workforce at every step of the strategy.



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