**2.4.1 Production, productivity and efficiency**

1. Using information from the table complete the diagram below to show your understanding of the term production. There should be one business term and one example in each box.

|  |  |
| --- | --- |
| Business term | Example |
| Added value | Pair of jeans |
| Output | Denim |
| Input | Sewing machine |
| Transformation process | Levi brand |

Input

Denim

Added value

Levi brand

Output

Pair of jeans

Transformation process

Sewing machine

1. Match each definition to the correct method of production.

|  |  |
| --- | --- |
| Method | Definition |
| Job | The production of one off items to meet the needs of each individual customer. |
| Batch | Identical items are produced in groups, each item passing through the production process at the same time. |
| Flow | Items move along the production line in a continuous process. |
| Cell | The production line is split into a series of self-contained units. |

1. Which one of the following is the best definition of productivity?
   1. ~~Quality of goods produced of the correct quality~~
   2. **Output per unit of input per period of time**
   3. ~~Output per worker~~
   4. ~~Efficient use of labour and capital to achieve output~~

Explanation:

Productivity is a measure of efficiency and therefore best defined as output per unit of input per period of time

1. Distinguish between labour and capital intensive.

Labour intensive is when an industry utilises a greater proportion of workers than machinery in the production process. Whereas a capital intensive industry is skewed towards the use of capital equipment rather than workers.