

Chapter 24

Production

There are a number of different ways that a business can organise how it produces its products. The method which the business operates will depend on many factors including cost, volume, quality and the skills of its workforce.

There are three types of production – ways of producing goods. These are:

Job production

Batch production

Flow or mass production

Job production

Single items, usually to the buyer's specification, are made using job production. This method produces unique products and they are made one at a time. Job production is labour-intensive and produced by skilled workers. Examples of goods made by job production are wedding dresses and tailor-made suits. Other, large-scale examples may include buildings, bridges and ships.

Job production results in high-quality products that are matched to customer needs. Employees producing goods using job production can be highly skilled and have interesting and challenging jobs. Design is flexible and can be adapted to customer needs. However, goods made using job production methods can take a long time to make compared to goods made using mass production. Prices of any goods produced are also likely to be a great deal higher, as skilled workers will command higher payments for their time and expertise.

Batch production

This is the method which involves manufacturing a limited number of identical products. At each stage of the production process work will be completed for the whole batch before the next stage is begun. A typical industry using batch production is baking. For example, stage one would involve mixing sufficient dough for 500 granary loaves. Stage two might require leaving the dough to rise for a period of time. Stage three would be to divide the dough into loaves, stage four to bake the loaves, stage five to slice the loaves and stage six would be the packaging. Batch production is also often used by potters and furniture manufacturers.

Batch production will have lower unit costs and higher output than job production. Employees are likely to be semi-skilled and there can be a reliance on capital investment. Batch production allows businesses to aim at niche markets, using the same assets or capital equipment to produce a range of goods. Time is lost when

machines have to be reset for new production and the business may not be equipped to deal with large scale orders. However, some economies of scale will be gained when compared with job production.

Flow or mass production

Flow production involves the production of products on production lines. There is a continuous process – the product flows from one stage of production to the next. This method allows identical products to be made in large volumes. The production process is broken down into a number of small, simple tasks enabling machines or robots to be utilised. The production of the products is much faster than job or batch production so a business can meet the demand of large quantities.

Workers, when used, can be unskilled or have skills limited to particular simple tasks. This can lower labour costs, although motivation can become difficult. There are often large amounts of capital investment involved through high set-up costs – production line machines/robotics can be very expensive. Also breakdowns and hold-ups can be very expensive. However, unit costs are low and businesses will benefit from economies of scale, thereby reducing costs. The products produced through flow production are identical and this method does not allow for a wide product range.

The type of production used will depend on a number of factors:

- the product being produced;
- the cost of labour;
- the cost of capital;
- the availability of money for investment;
- technology;
- the skills of labour;
- the size of the market;
- customer requirements.

Discussion themes

Explain the factors which determine which type of production is used in each clip.

Methods of production

Job production:

<https://www.youtube.com/watch?v=u2rujM6QKJ8>

Batch production:

<https://www.youtube.com/watch?v=XKGak-4yh-8>

Mass production:

<https://www.youtube.com/watch?v=VreG1iC65Lc>

Summarise the main points for each method of production.

'Flow production is always the best option for a business producing a high volume of products.' Discuss this statement.