

Factors Influencing Productivity

Productivity means the balance between all the factors of production. It ensures there is maximum output with minimum input. Productivity is the ratio of output to input.

Productivity = Output / Input

Productivity depends on a number of factors. These factors are as follows.

1. Productivity of production department: this can be achieved through proper production planning and control. The firm must install adequate machines and equipments. Research and Development, Quality Control, Quality Circles and location also contribute to the productivity of the production department.
2. Productivity of the Finance Department : The efficiency of the finance department can be achieved by obtaining funds from the right sources at lower costs. Proper management of fixed capital, working capital and credit is also required.
3. Productivity of Human Resource Department: These factors directly influence productivity of an organization. Factors like recruitment, selection, placement , compensation, etc contribute to the productivity of Human Resource Department.
4. Productivity of Marketing Department: When there is effective marketing, the performance of the organization will improve. Marketing factors include right design, right price, after – sale – service, etc.
5. General Factors : These factors contribute indirectly to the productivity of the firm.