

# PRODUCTIVITY MANAGEMENT FOR ORGANIZATIONAL PERFORMANCE

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## **Abstract:**

Productivity is a measure of output against a given input and as such with any amount of input there will be an output depending on the efficiency of the system. In business, the inputs that normally would be required to produce the desired products and service are men, machine, money and material(4Ms). Together they constitute the primary resources of the corporation to produce useful goods and services. And managing each one of them at optimum level of productivity will determine the organisational performance. As it is the people that operate machine and utilise capital to procure material and other assets to be converted to useful products and services, people are at the centre stage in the organisation for productivity improvement. Peoples' capability and skill will determine how effectively organisations' resources will be productively deployed to deliver improved performance. By optimising the resource utilisation, improving the business processes and by building appropriate culture, corporations can enhance productivity to stimulate innovation led growth to deliver organizational performance. This article examines the complexity of critical productivity in organization and explore its impact on the basic foundations that can lead to innovation and organisation's growth.

## **Key words:**

Productivity, Performance, Innovation, Efficiency, Effectiveness, Employee Engagement, Strategic Alignment, Agility, Adaptability and Optimisation

## **Introduction:**

Productivity level of a corporation is defined as the efficiency with which it utilises its valuable resources to achieve its goals. It includes the quality and quantity of the 4 Ms in the production process. Improving productivity is thus very critical to industry unit level competitiveness resulting into business performance. Productivity as such is the engine of overall organisational performance.

Maximizing productivity is crucial for organizations aiming to succeed in a competitive market. Increased productivity enables organizations to achieve more with fewer and lesser resources, leading to increased cost effectiveness and efficiencies. Technology and external environment play a great role in productivity performance.

Organizational culture has to be conducive for innovations happening routinely for competitive advantage by encouraging employees to experiment, take calculated and manageable risks, and think creatively. Efficiency creates an environment conducive to ideas and experimentation by streamlining workflows and minimizing bureaucratic hurdles. Additionally, efficient allocation of resources allows organizations to devote time and resources to innovation, drive continuous improvement, and stay ahead of general industry trends.

Artificial Intelligence (AI) holds a very high promise to influence productivity of businesses, societies and nations. AI assists Project Manager in terms of improved resource allocation taking a holistic perspective of the project and thereby preserves the scarce resources for the business and project sponsors. AI therefore, needs to be integrated into the workflow of business as well as projects. However, it has not yet percolated to small and medium size industries who contributes to over 60% of our GDP. Cost effectiveness and other issues like risks, ethics and social issues are still

serious concerns that need to be resolved.

### **Productivity For Corporation's Growth and Performance**

Increased productivity is the catalyst that leads to growth. By using resources more efficiently, companies can increase productivity, expand market reach and take advantage of new opportunities. Here's how productivity stimulates growth:

- **Increased Output:** Higher efficiency allows organizations to produce more products with the same level of input, thus increasing sales revenue and market share. This is especially important for SMEs that seek to expand their operations and enter new markets.
- **Cost Savings:** Greater efficiency often means cost savings as resources are used more efficiently. By reducing waste and improving quality, organizations can reduce production costs, increase revenue, and reinvest savings into growth.
- **Firm Level Competitiveness:** Increased efficiency allows the company to offer better products and services than its competitors, thus increasing the company's competitiveness. The competitive advantage allows the organization to attract customers, dominate the market, and outperform its competitors.
- **Agility and Adaptability:** Effective organizations can adapt to changing markets and benefit from change. By creating a culture of agility and innovation, companies can quickly respond to customer needs, seize the immediate opportunities and stay ahead of competition.

### **Driving Innovation Through Productivity**

Innovation is the lifeblood of organizational growth and product differentiation. Productivity plays an important role to creating the beneficial environment for innovation to thrive in the following ways:

- **Resource Allocation:** Productivity optimization frees up resources that can be devoted to research and development (R&D), testing, and exploring new ideas. This allows organizations to invest in innovation without disrupting their core operations
- **Cross-functional Collaboration:** By encouraging knowledge sharing and diversity of ideas, companies can encourage creativity and enable innovation.
- **Iterative Improvement:** Productivity is a continuous journey marked by iterative improvement and adaptation. Organizations that value products are key to a culture of experimenting, and learning from failure, an important factor that encourages innovation.
- **Customer-Centricity:** Focusing on productivity allows organizations to allocate resources to projects that will directly benefit customers. By understanding customer needs companies can design products, services and processes that will deliver greater value and increase customer satisfaction.

### **Organizational Structures and Productivity**

Corporations create and design different types of structure to make it more productive. We are familiar with traditional hierarchical structure, matrix structure and lean and flat organisation structure, all created to improve organisational performance. In essence, organisation structure is designed to make use of the resources to achieve the desired results. Organisation structure and people capability generally influence productivity through several operational criteria such as:

- **Operational Efficiency:** Allocate and effectively utilize human capital, and also technology and financial assets, to complete tasks and achieve goals within established time frame.
- **Process Optimization:** Streamline workflows and eliminate bottlenecks to enhance and boost the efficiency of operations. This includes identifying inefficiencies and implementing strategies to increase productivity at every level.
- **Employee Engagement:** Create a business support system that motivates and inspires employees and provides the tools and training necessary to achieve high performance. Engaged employees are more likely to contribute positively to business productivity.
- **Strategic Alignment:** Ensure organizational goals and individual efforts are aligned with each product category's goals. Results are best achieved when all actions are aimed at achieving the organization's mission and vision.

Increasing the organizational performance depends on the organisation structure and its ability to align all its components to improve the efficiencies of partial factors as well as Total Factor Productivity. Different aspects of the structure will contribute to the overall performance as discussed below.

1. **Clarity in Roles and Responsibilities:** A clear structure ensures that everyone understands their role, who reports to them, and what is expected of them. This transparency reduces confusion, reduces effort, and increases accountability, ultimately improving performance and productivity.
2. **Efficient Communication Channels:** A well-structured system encourages effective communication at all levels of the organization. Clear and open feedback and information channels facilitate collaboration, problem-solving, and decision-making to solve problems and captures opportunities faster.
3. **Alignment with Strategic Objectives:** Establishing organizational structures based on the company's business goals. It ensures that resources are allocated according to priorities, measures are implemented effectively and the organization is focused on achieving its long-term vision, so that performance continuously improve.
4. **Agility and Adaptability:** A flexible model allows the organization to quickly adapt to changes in business, customer needs and technology. By decentralizing decision-making and empowering frontline employees, organizations can more easily respond to emerging opportunities and threats and maintain a competitive advantage.
5. **Talent Development and Succession Planning:** Carefully designed structures provide opportunities for skills development and career advancement. A clearly defined development process, training programs and experience support employee growth and retention, and ensure regular employment of talented employees in jobs that support development.

In essence, an effective organizational structure acts as a catalyst for improving performance by enhancing clarity, communication, alignment with strategic goals, agility, and talent development.

#### **Frameworks for Enhancing Organizational Productivity**

There are many methods and techniques that can be used to increase efficiency in the basic business processes. Effective business processes are important to support productivity growth and improve organizational performance. Enterprise organizations use frameworks such as Lean Six Sigma, Agile methodologies, and Total Quality Management to develop best practices, standardize processes, and drive continuous improvement. These processes provide a way to increase productivity, identify inefficiencies, resolve negative issues, and improve performance in all areas of the business.

- **Lean Management:** Lean management is based on the principles of efficiency and waste reduction, focusing on increasing efficiency while reducing resources. By identifying and eliminating non-value-added activities, organizations can improve processes and increase efficiency.
- **Agile Methodology:** Agile methods were originally developed for software development and emphasize change, collaboration, and delivery. By breaking down tasks into smaller, manageable tasks and creating cohesive teams, organizations can become more efficient and flexible.
- **Total Quality Management (TQM):** TQM is total quality improvement that includes continuous monitoring, feedback and process improvement. Total Quality Management promotes a culture of excellence and productivity by emphasizing customer satisfaction and employee involvement.
- **Performance Management Systems:** Implementing performance management allows organizations to set clear goals, track progress, and provide feedback to employees. By aligning an individual's work with the organization's goals, the business can be efficient and profitable.
- **Employee Empowerment and Development:** Investing in employee training, development and support programs creates a skilled workforce that supports productivity and innovation. By providing employees with the tools, resources, and freedom to perform their duties, organizations can unleash their potential and achieve high levels of performance.
- **Kanban:** Originally from the Toyota Production System, Kanban visualizes work, limits work, and encourages continuous improvement. It provides transparency in work situations and helps teams identify conflicts and increase work efficiency.
- **OKRs (Objectives and Key Results):** Popularized by companies like Google, OKRs align individual and team goals with corporate goals. They demonstrate clarity, focus and accountability, encourage excellence and foster a culture of success.
- **Benchmarking:** Benchmarking operational parameters with top performer and also best in class will help in understanding the performance of the business.
- **Quality Management Tools:** Seven quality tools can help businesses to understand the productivity performance of various parameters.

#### **People Management for Improved Productivity for Organisational Performance**

In essence, the development of labour skills encompasses a diverse range of people, each contributing their unique talents and perspectives to create a richer and more dynamic workforce. In terms of developing professional skills, people from different backgrounds and interests have found their niche. Here are some types of people work for corporations:

1. **The Artisan:** These are very talented people, the hands of the creator. They enjoy using materials and turning them into something beautiful and functional. Whether woodworking, metalworking or textile crafts, craftsmen have a knack for precision and detail.
2. **The Analyst:** Working for an analyst is like solving a difficult problem. They are good at solving problems and optimizing processes to increase efficiency. Fields such as engineering prefer these individuals who can use critical

thinking to innovate and improve existing systems.

3. **The Caregiver:** Compassionate people with an interest in directly affecting the health of others tend to pursue careers in health care or social work. Their thoughts and passion make a huge difference in the lives of the people they help, fostering a sense of community and support.
4. **The Entrepreneur:** Visionaries see work as an opportunity for innovation and growth. They thrive in an environment where they can turn ideas into reality, take risks and seize opportunities for advancement. Their leadership and passion drive the business and inspire others to follow their business dreams.

In organizations we will have a mix of all these types of people but most important thing is that organisations need to identify them and constantly develop their skill level in the right direction and their numbers also have to be in right mix to accelerate organisational performance. We can use appropriate framework to determine organisational performance. Balanced Score Card (BSC) of Norton and Kaplan that provides feedback on internal business processes and external outcomes to continuously improve strategic performance and results would be a useful framework to be employed to determine organisational excellence.

### **Conclusion**

Organisation needs to develop right structure in the context of the optimum utilisation of resources to be efficient and productive, align each element to organisational performance and need to implement appropriate frameworks for success. Also only becoming efficient is not enough, it has to be effective which is a measure of outcome per unit of output. Productivity led performance can be achieved by improving resources utilisation, business processes and creating a culture of excellence leading to innovations to be more competitive to stimulate growth. Through the integration of ideas, employee collaboration, cocreation and leveraging a productive foundation, organizations can realize their potential and thrive in a competitive environment. As the business evolves and adapts to emerging challenges, manufacturing will continue to be the foundation of sustainable growth and competitive advantage. Finally, developing skills and capabilities of people to use technology and optimise resources can deliver organisational performance.