

Productivity

Another general lesson of the Newfoundland Study is the complexity and many-faceted set of factors that determine the productivity of business establishments which in turn is a crucial factor underlying their ability to create jobs that are economically viable in the long run. In the Study it was found that the productivity gaps were explained by many things -- by the climate, the technology used, the quality of management, and the location of the business, for example. But it has also become clear during the course of the Study that there is, right in Newfoundland, quite a lot of business practice that is better than average for any given industry as well as some which is worse. Improvements in learning, developing, educating and managing, etc, offers many opportunities for cost reduction and productivity improvement. It is possible to get good payoff from many of these developments. Productivity improvement seems not to be a matter of one or two big things but rather the cumulative effect of a large number of smaller things, many of which can be influenced in the right direction. In a very fundamental sense the productivity, standard of living, and the economic development which a region attains is determined by its own actions in its every day business of producing, distributing, providing services of both the government and non-government type. Perhaps most important in raising productivity is the organization of regional markets, the location of business establishments and the management of seasonality in such a way that individual establishments (both stores and factories) can take advantage of economies of scale and obtain a high rate of utilization of their capital and labour.