

Differences between Production and Operation Management

The difference between production and operation management, are presented hereunder:

1. Production Management can be defined as the administration of the set of activities concerning the creation of goods or transformation of raw material into finished goods. Conversely, Operations Management is used to mean that branch of management which deals with the administration both production of goods and provision of services to the customers.
2. In production management, the manager has to make decisions regarding the design, quality, quantity and cost of the product manufactured by the department. On the contrary, the scope of operations management is larger in comparison to the production management wherein the operations manager looks after the product design, quality, quantity, process design, location, manpower required, storing, maintenance, logistics, inventory management, waste management, etc.
3. Production Management can only be found in the firms where production of goods is undertaken. Unlike, one can find operations management in every organization, i.e. manufacturing concerns, service-oriented firms, banks, hospitals, agencies, etc.
4. The basic objective of production management is to provide the right quality goods in the right quantity at right time and best price. In contrast, operations management aims at making the best possible use of organization's resources, in order to fulfil the customer's wants.

Productivity

Productivity, in economics, measures output per unit of input, such as labor, capital or any other resource – and is typically calculated for the economy as a whole, as a ratio of [gross domestic product](#) (GDP) to hours worked. Labor productivity may be further broken down by sector to examine trends in labor growth, wage levels and technological improvement. Corporate profits and shareholder returns are directly linked to productivity growth.

At the corporate level, where productivity is a measure of the efficiency of a company's production process, it is calculated by measuring the number of units produced relative to employee labor hours or by measuring a company's [net sales](#) relative to employee labor hours.