

Division of Labor/Specialization

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The success of market economies such as the U.S. economy is based in large part on specialization and division of labor. Think about the products that you use or consume on a daily basis. How many of these products did you produce yourself? Probably none of them. Even if you did for example bake your own bread, did you grow the wheat and grind it into flour? Probably not. In our economy, people specialize in a few skills and then use the wages that they earn from those skills to purchase things from other specialists. Division of labor is the practice of letting workers focus on a particular aspect of production. The direct result of the division of labor is that workers can gain and take advantage of specialized skills. That means that workers become more productive at their jobs.

The classic example of division of labor is the Ford Motor Company's introduction of assembly line production in 1913. Rather than have a small team of workers work on one car from start to finish, each worker was assigned a specific task that they performed as the car slowly moved past them on the assembly line. This division of labor allowed workers to specialize in one portion the production process. Workers who were already good at welding could focus their efforts on welding. Other welders would become better welders through experience. Since the welders don't have to take time to change tools or equipment for another job, they can focus on their one task and be more productive. Ford's increase in productivity was dramatic. Cars that used to take 14 man hours to make, could now be made in as little as three hours.

Another great example of the benefits of specialization is in the field of medicine. If you or someone you know has a heart condition, you probably don't consult the family doctor. Chances are you would be referred to a cardiologist, a doctor who has specialized in treating heart problems. By specializing, the doctor can gain a much higher level of skill and knowledge in their field than a non-specialized doctor could. When everyone in an economy specializes, the entire economy grows.

