

Discuss to specialise  
in the production and  
essay



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Specialization refers to an individual, firm or nation that concentrate on producing a single good and service which they have an advantage.

This has many benefits as it allows expansion in output when countries produce what they have comparative advantage of. Countries can then exchange the surplus produced for other goods. This is because firms to achieve economies of scale as cost of production can be lowered. Workers may be more productive if they were to focus on producing one product. This would also allow workers to adopt specialist skills more quickly and save time as they do not need to move about or constantly change tasks.

An expansion in trade would allow countries to produce what they are best at hence would lead to a massive expansion in the world living standards. However, if a country does chooses to produce a single good, there are certain disadvantages. For example, the country may be dependent on the export revenue of that good alone which may be insufficient, or risky as it is vulnerable to changes in price. If consumer's demand of the good decreases due to change in taste or income, this may have a direct and major impact on the country's economy. Also, it is possible for worker's specialist skills and accumulated experience to become redundant alongside technological advancements or change in consumer preference.

This may cause unemployment or restricted job opportunities. Workers may face difficulties in looking for other jobs because their specialized skills makes them very hard to adapt to new conditions. Countries would also need to import goods from other countries. Also, excessive production of a good may cause resource depletion if a factor of production is exploited in the process.

Division of labour is the segregation of work into a series of tasks each performed by a worker. It allows workers to gain specialist skills quickly which enables workers to be more productive. The division of labour makes it cost effective to provide labour with specialist tools. As the market size can be enlarged, this enables firms to achieve economies of scale hence lowering cost of production. Workers do not have to constantly change tasks or move around which will save time.

However, the nature of the job can be boring or monotonous as the job is repetitive and workers may find the job to be unchallenging or uninteresting which may demotivate workers in the long run. As the job is unchallenging, it retards the creativity of the workers, leaving little room for self expression. This may be detrimental in industries where new, more innovative ideas are required to compete with other firms. Over dependence on one product is risky, as the product is vulnerable to price changes. A fall in demand can cause a fall in sale and a fall in profit in firms or high unemployment and low economic growth in nations. Countries that specializes in one product may see that their exchange rate have fallen due to decrease in balance of trade.