Additional case study: Facebook

Firms in India are losing productivity because of Facebook. Office staff are spending too long on the social networking site. According to The Associated Chambers of Commerce and Industry (Assocham) employees use Orkut, Facebook, Myspace, and Linkedin for "romancing" and other purposes. On average, employees spend an hour a day on sites like Facebook. This reduces productivity by 12.5%. Nearly half of office employees accessed Facebook during work time. Some 83% saw nothing wrong in surfing at work during office hours. In September 2009 Portsmouth City Council in England banned staff from accessing Facebook on its computers when it was discovered that they spent, on average, 400 hours on the site every month.

Question

1. What is meant by productivity?
2. Analyze the impact on a fall in productivity on costs.
3. Analyze the possible consequences for businesses in India of banning access to Facebook and other social networking sites.
4. Do you think access should be denied?