

1 Why businesses exist – Part 1

Name: _____ Class: _____ Date: _____

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)		
business	企业	_____	_____	_____
goods	商品	_____	_____	_____
services	服务	_____	_____	_____
need	需要	_____	_____	_____
want	欲望	_____	_____	_____
factors of production	生产要素	_____	_____	_____
land	土地	_____	_____	_____
labour	劳动力	_____	_____	_____
capital	资本	_____	_____	_____
enterprise	创业精神	_____	_____	_____
entrepreneur	企业家	_____	_____	_____
risk	风险	_____	_____	_____
scarce	稀缺	_____	_____	_____
Adding value	增值	_____	_____	_____
branding	品牌	_____	_____	_____

English	中文	Write it 3 times (English)		
sector	产业	_____	_____	_____
primary sector	第一产业	_____	_____	_____
raw materials	原材料	_____	_____	_____
secondary sector	第二产业	_____	_____	_____
tertiary sector	第三产业	_____	_____	_____
quaternary sector	第四产业	_____	_____	_____

Recall

You have bought things all your life. Bring this with you:

- A **business** 企业 makes things and sells them to people.
- You use **goods** 商品 (things you can touch) and **services** 服务 (useful actions) every day.
- Money is limited, so people choose carefully what to buy.

At AS we look more closely at what a business uses to produce, and how it makes a profit.

New ideas

■ 1 Needs, wants, and what a business does

- A **need** 需要 is something you must have to live — food, water, shelter.
- A **want** 欲望 is something you would like but can live without — a phone, a holiday.

A business meets these needs and wants by making goods and services and selling them.

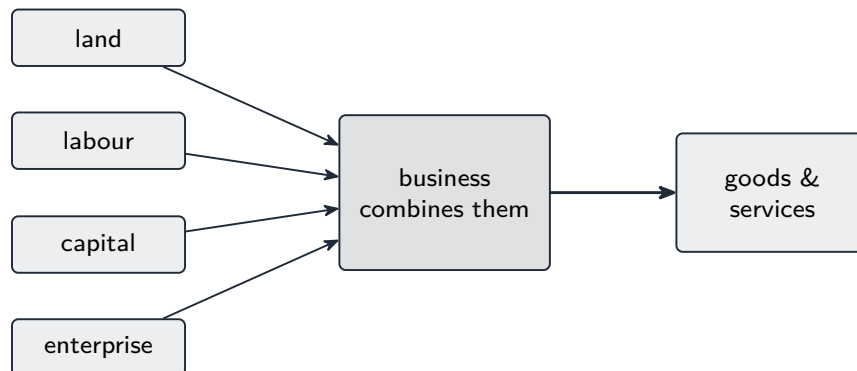
Micro-check. Is a warm coat a need or a want?

[1]

■ 2 The factors of production

To make anything, a business combines four **factors of production** 生产要素:

- **land** 土地 — natural resources such as soil, water and minerals;
- **labour** 劳动力 — the work done by people;
- **capital** 资本 — the machines, tools and buildings used to produce;
- **enterprise** 创业精神 — the skill of the **entrepreneur** 企业家, who brings the other three together and takes the **risk** 风险.



These resources are **scarce** 稀缺 — there are never enough for all our wants — so a business must use them carefully.

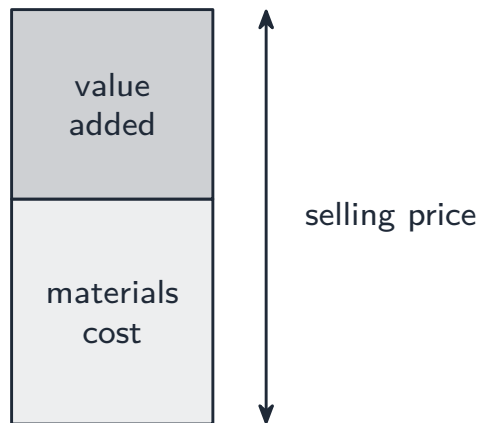
Micro-check. Which factor of production is a delivery van?

[1]

■ 3 Adding value

Adding value 增值 means selling a product for **more** than the cost of the materials bought to make it:

$$\text{value added} = \text{selling price} - \text{cost of bought-in materials}.$$



A firm can add value by **branding** 品牌, better quality, good design, or fast service.

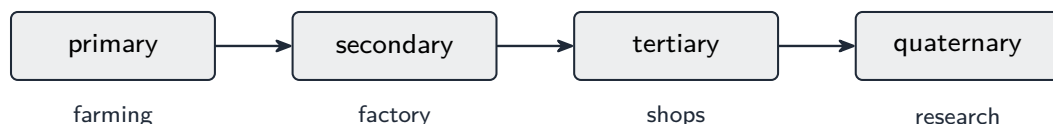
Worked example. A baker buys flour and other materials for \$0.40 and sells a loaf for \$1.50. The value added is $\$1.50 - \$0.40 = \$1.10$.

Micro-check. A maker buys parts for \$8 and sells the product for \$20. Find the value added. [1]

■ 4 Sectors of business activity

Every business works in one **sector** 产业:

- **primary sector** 第一产业 — takes **raw materials** 原材料 from nature (farming, mining, fishing);
- **secondary sector** 第二产业 — makes (manufactures) goods (a car factory, a baker);
- **tertiary sector** 第三产业 — provides services (shops, banks, transport);
- **quaternary sector** 第四产业 — knowledge and information services (research, IT).



As a country develops, it usually moves from mostly primary work towards more tertiary and quaternary work.

Micro-check. Which sector is a hairdresser in? [1]

Watch out: the entrepreneur provides *enterprise* (and takes the risk) — that is a separate factor from *labour*. And “value added” subtracts only the *bought-in materials*, not all the other costs (so it is not the same as profit).

Practice

1.1 State whether each is a **need** or a **want**: (a) clean water, (b) a games console. [2]

1.2 Name the **four** factors of production. [4]

1.3 State which factor of production each is: (a) a factory worker, (b) a coal deposit, (c) an oven. [3]

1.4 A shop buys a jacket for \$30 and sells it for \$75. Find the value added. [2]

1.5 State the sector of business activity for each: (a) a wheat farm, (b) a furniture factory, (c) a bus company. [3]

1.6 Explain why a business must use its resources carefully. [2]

1.7 Challenge. Two cafés each buy the coffee for a cup for \$0.30. One sells it for \$2,

the other for \$4 in a smart setting. Explain how the second café adds more value. [2]
