

Exercise walk-through

Factors of production ■ 1.3

eXercise

You must be able to

- name the four factors of production and their rewards
- explain specialisation and the division of labour, with advantages and disadvantages
- distinguish occupational from geographical mobility

Method — The four factors and the division of labour

Factor	Reward
land 土地	rent 地租
labour 劳动	wages 工资
capital 资本	interest 利息
enterprise 企业家才能	profit 利润

Method — The four factors and the division of labour

- **Division of labour** 劳动分工: splitting a job into small tasks → workers get faster → output per worker rises.
- **Mobility: occupational** 职业流动性 (move to a new *job*) and **geographical** 地理流动性 (move to a new *place*).

Answer shapes: AO1 + AO2 + AO3 (analysis) + AO4 (judgement, for evaluate questions).

Method — The four factors and the division of labour

Land
natural resources
earns rent

Labour
human work
earns wages

Capital
machines and tools
earns interest

Enterprise
risk-taking
earns profit

Method — The four factors and the division of labour



Capital (machines) plus the division of labour, each worker repeating one task

Practice 2.1 ■ 2 marks

State the reward earned by each factor of production.

Solution 2.1

Method: The four factors and the division of labour

Worked steps

land $\rightarrow$ rent; labour $\rightarrow$ wages; capital $\rightarrow$ interest; enterprise $\rightarrow$ profit (2 for all four; 1 for two or three).

Practice 2.2 ■ 2 marks

Define the term *division of labour*.

Solution 2.2

Method: The four factors and the division of labour

Worked steps

splitting a production process into separate small tasks, each done repeatedly by a different worker (2 for a clear definition; 1 for a partial idea).

Practice 2.3 ■ 2 marks

State the difference between occupational and geographical mobility.

Solution 2.3

Method: The four factors and the division of labour

Worked steps

occupational mobility is how easily a factor moves to a different job or use; geographical mobility is how easily it moves to a different place (2 for a clear difference; 1 for a partial idea).

Exam-style 3.1 ■ 1 mark

The reward to the factor *capital* is:

A rent

B wages

C interest

D profit

Solution 3.1

Method: The four factors and the division of labour

A rent

B wages

C interest



D profit

Worked steps

C. Capital earns interest.

Exam-style 3.2 ■ 6 marks

Explain two advantages to a firm of using the division of labour.

Solution 3.2

Method: The four factors and the division of labour

Worked steps

[6] For **each** of two advantages: AO1 1 + AO3 up to 2. Example chains — *faster work*: repeating one task → workers become skilled and quick → output per worker rises and unit costs fall. *Less wasted time*: no moving between jobs → more is produced in the same time. Maximum 3 per advantage.

Exam-style 3.3 ■ 8 marks

Discuss whether the division of labour always benefits workers.

Solution 3.3

Method: The four factors and the division of labour

Worked steps

[8] AO1/AO2/AO3 up to 5 + AO4 up to 3. **Benefits:** higher productivity and pay, and skills built up. **Costs:** boredom and low motivation from repetition, a narrow skill set, and vulnerability if one worker is absent. **Judgement:** it benefits workers when pay and variety are managed, but repetitive work can harm motivation — it depends on the job design and the workers.