

1.3 Factors of production

Name: _____ Class: _____ Date: _____

Total: 21 marks

KEY WORDS capital 资本 • enterprise 企业家才能 • labour 劳动 • rent 地租 • interest 利息

Objective

Build the skills to answer exam questions on **factors of production** 生产要素 — **land, labour, capital and enterprise** 土地、劳动、资本、企业家才能 and their rewards, **specialisation and the division of labour** 专业化与劳动分工, and factor **mobility** 流动性.

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

1 Worked examples

■ The four factors and the division of labour

Land natural resources <i>earns rent</i>	Labour human work <i>earns wages</i>	Capital machines and tools <i>earns interest</i>	Enterprise risk-taking <i>earns profit</i>
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The four factors of production and the reward each one earns



A car assembly line: capital 资本 + the division of labour 劳动分工

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

- **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).

2 Practice

2.1 State the reward earned by each factor of production. [2]

2.2 Define the term *division of labour*. [2]

2.3 State the difference between occupational and geographical mobility. [2]

3 Exam-style questions

3.1 The reward to the factor *capital* is: [1]

- **A** rent
- **B** wages
- **C** interest
- **D** profit

3.2 Explain two advantages to a firm of using the division of labour. [6]

3.3 Discuss whether the division of labour always benefits workers. [8]

Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

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

2.2 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).

2.3 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).

3.1 C. Capital earns interest.

3.2 [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.

3.3 [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.