IGCSE ECONOMICS • EXERCISE SHEET

1.2 Factors of production

Name: ____________ Class: ________ Date: __________ **Total: 17 marks**

KEY WORDS labour 劳动 • capital 资本 • land 土地 • factors of production 生产要素 • enterprise 企业家才能

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, their **rewards** 报酬, and their **mobility, quantity and quality** 流动性、数量、质量.

You must be able to:

- name the four factors and the reward each earns
- explain the mobility of a factor
- explain how the quantity and quality of factors can change

1 Worked examples

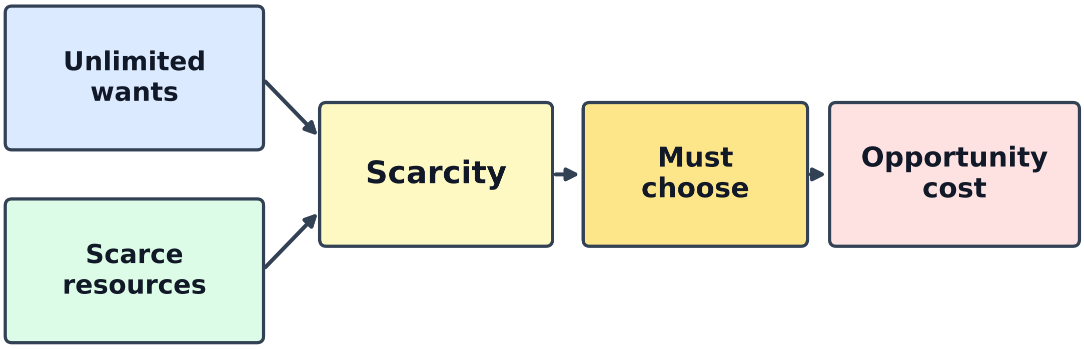
The four factors

Land	Labour	Capital	Enterprise
natural resources (fields, water, oil)	human work and effort	machines, tools, factories	organises the rest + takes the risk
→ Rent	→ Wages	→ Interest	→ Profit

Exam: name factor + reward together (land→rent, labour→wages, capital→interest, enterprise→profit)

Each factor earns income for being used

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



Exam: scarcity forces choice — opportunity cost is the next-best alternative forgone

The factors are themselves scarce — which is the root of the economic problem

- **Mobility** 流动性: how easily a factor moves to a new use (a multi-skilled worker is mobile; a fixed factory is not).
- **Quantity** and **quality** can change — training and technology raise quality, so each factor produces more.

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

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

2.2 Define the term *capital*. [2]

2.3 Define the term *mobility of labour*. [2]

3 Exam-style questions

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

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

3.2 Explain two ways the quality of the factor labour could be improved. [4]

3.3 Analyse why some workers are more occupationally mobile than others. [6]

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

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

2.2 the man-made things used to produce goods and services, such as machines, tools and factories (2 for a clear definition; 1 for a partial idea).

2.3 how easily a worker can move from one job or use to another (2 for a clear definition; 1 for a partial idea).

3.1 **D**. Enterprise earns profit.

3.2 *[4]* For **each** of two ways: K 1 + An 1 — e.g. *education and training* raise workers' skills → they produce more and better; *better healthcare* keeps workers fit → they work more productively.

3.3 *[6]* K/App/An — occupational mobility depends on a worker's skills: a worker with many transferable skills can move easily to a new job, while one with a single narrow skill cannot; training and qualifications raise mobility, but some jobs need specific skills or licences that take years to gain → so the more general and transferable a worker's skills, the more occupationally mobile they are.