

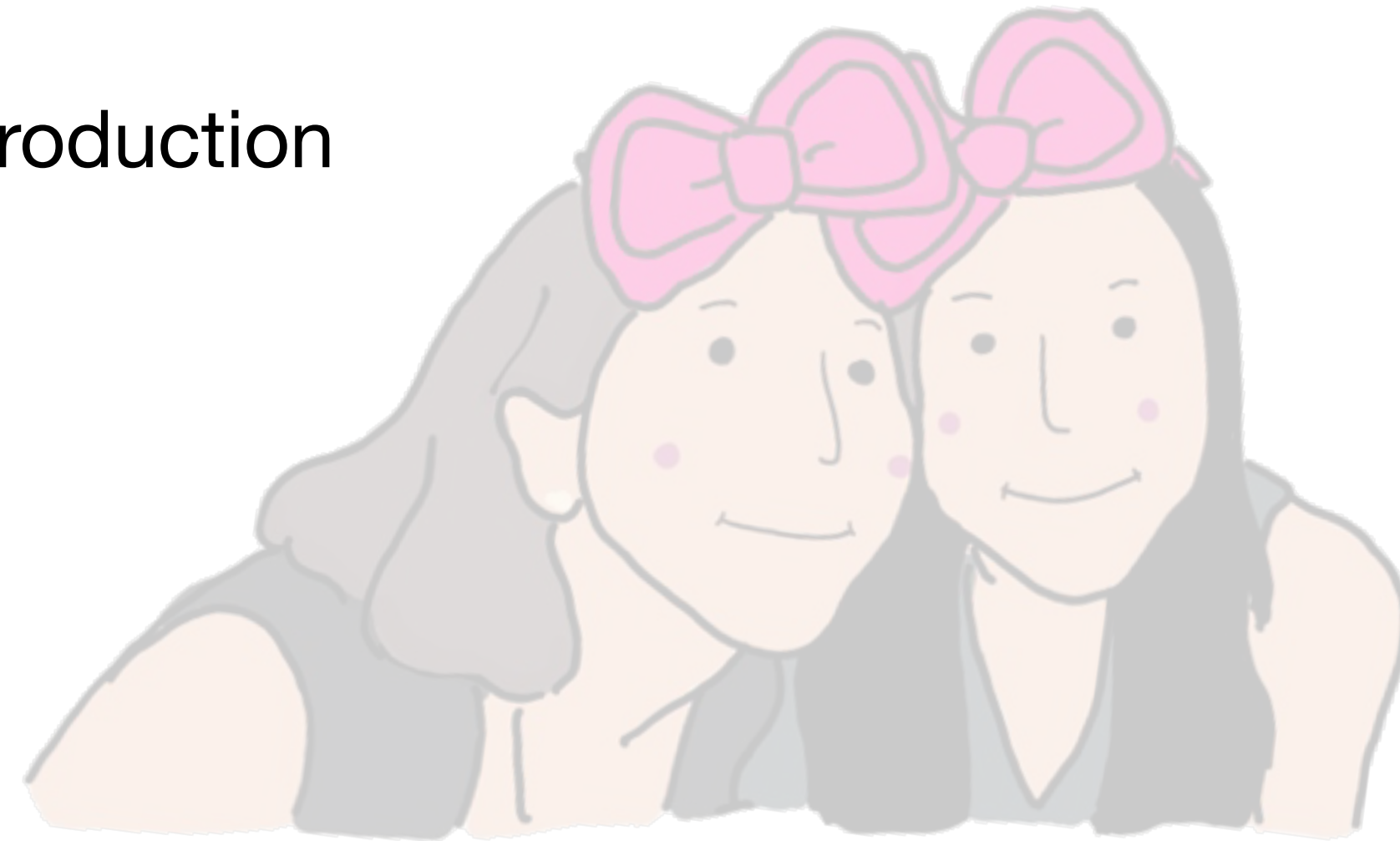


MICROECONOMICS - Factors of production

By Kru P'Eve and Kru P'Da Knockout.Economics

Overview

1. Identify and provide examples of land, labour, capital and enterprise and the rewards to the factors production
2. Mobility of the factors of production



1. Identify and provide examples of land, labour, capital and enterprise

Factors of production : Economic resources (limited supply) are used to produce goods and services.

LAND	LABOUR
<p>Definition : Natural resources including non-renewable and renewable resources.</p> <p>For example:</p> <p>Rewards :</p>	<p>Definition : Human inputs (both mental and physical effort) involved in producing goods and services.</p> <p>For example:</p> <p>Rewards :</p>
CAPITAL	ENTERPRISE
<p>Definition : Man-made resources used in production.</p> <p>For example:</p> <p>Rewards :</p>	<p>Definition : : An individual who takes uncertain risks, make decisions in a business and manage the other factors of production.</p> <p>For example:</p> <p>Rewards :</p>

2. Mobility of the factors of production

	Land	Labour	Capital	Enterprise
Occupational Mobility	Mobile	Vary	Vary	(Most) Mobile
	Eg. Land : farming Vs. building accommodation	<p><u>The reasons of occupational immobility :</u></p> <ul style="list-style-type: none"> • Lack of information • Lack of skills / qualifications 	<p>Eg. Office building (Accountancy firm Vs. Marketing firm)</p> <p>Or</p> <p>Eg. Copy Machines</p>	Entrepreneurs possess a variety of skills that can be applied in different industries.
Geographical Mobility	Immobile	Vary	Vary	(Most) Mobile
	It is not possible to move a part of land from Thailand to The UK.	<p><u>The reasons of geographical immobility :</u></p> <ul style="list-style-type: none"> •Differences in cost of living in different areas • Family ties • Lack of education • Restriction of the movement of labours 	<p>Eg. Coffee brewing machines</p> <p>Eg. A coal mine</p>	Entrepreneurs would like to expand business in another country.

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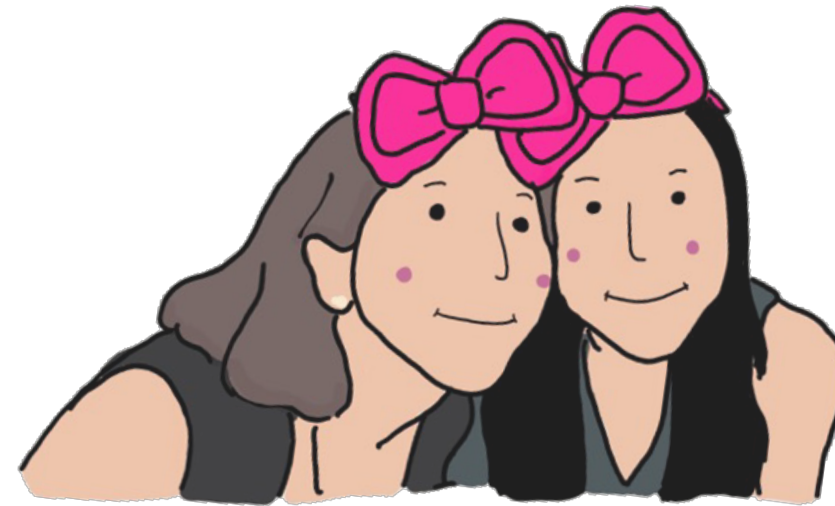
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MICROECONOMICS - Exercise - Factors of production

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Exercise: MCQ

1. In 2020, 1.5 billion barrels of natural gas and 50 billion barrels of oil were discovered in Dubai. Which factor of production has increased in Dubai due to this situation?

- A. Land
- B. Labour
- C. Capital
- D. Enterprise



Exercise: MCQ

2. Which statement about factors of production is correct?

- A. Profit is the reward for enterprise who taking uncertain risks.
- B. Land is only renewable resources.
- C. Wage is the reward for capital.
- D. Labour is output made by worker.

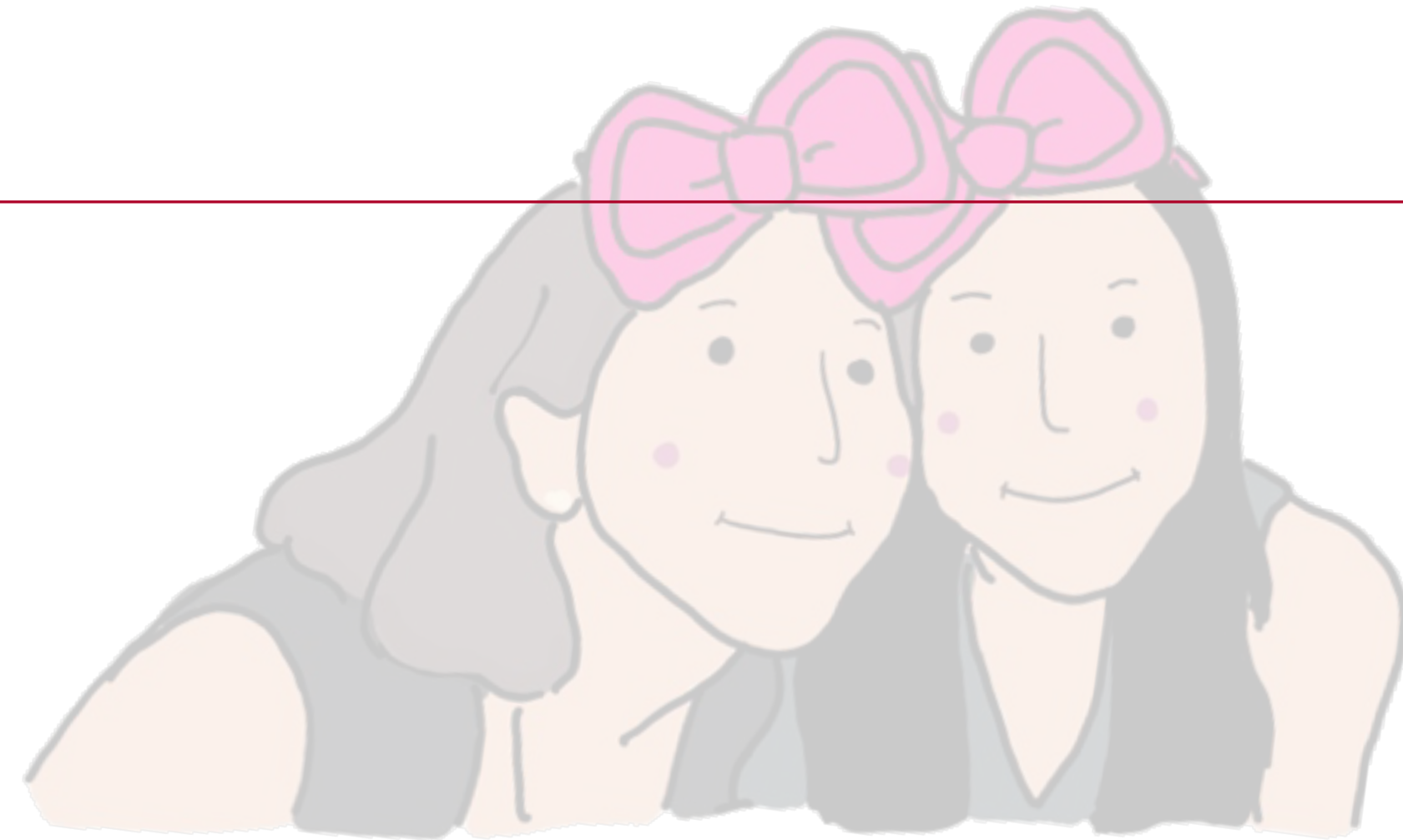


Exercise: Essay

1. Identify two factors of production involved in mining coal. (2 marks)

Command Word:

Identify: Name / Recognise

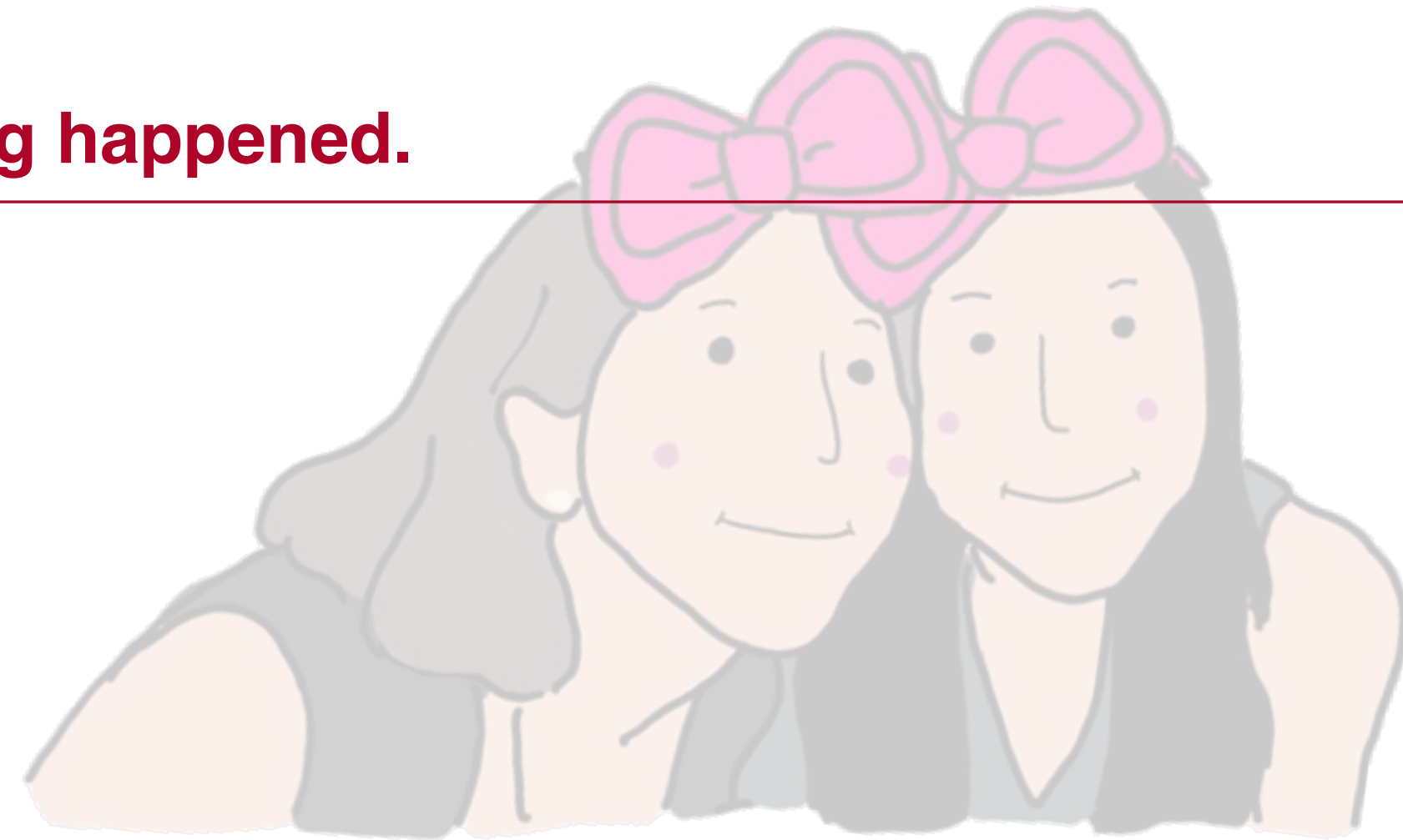


Exercise: Essay

2. Explain two differences between land and enterprise. (4 marks)

Command Word:

Explain : how or why something happened.



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