IGCSE ECONOMICS • EXERCISE SHEET

1.2 Factors of production

Name: ____________ Class: ________ Date: __________ **Total: 16 marks**

Objective

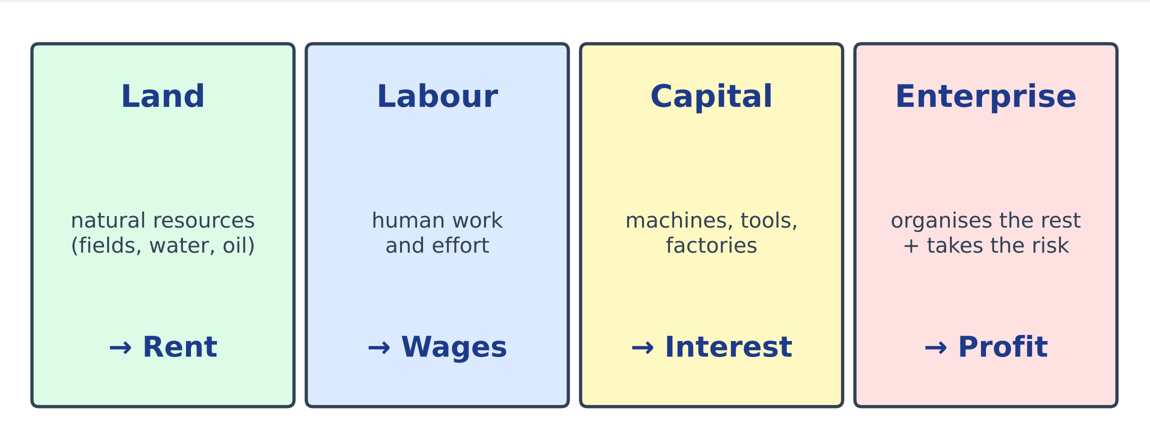
Build the skills to answer exam questions on **factors of production** 生产要素—**land, labour, capital and enterprise** 土地、劳动、资本、企业家才能, their **rewards** 报酬, and their **mobility, quantity and quality** 流动性、数量、质量.

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

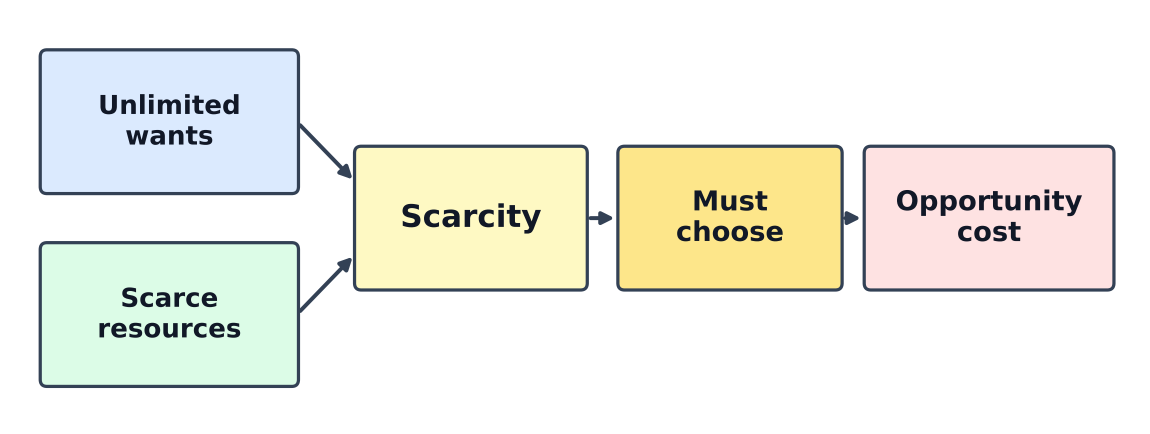
1 Worked examples

■ The four factors



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



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]

4 Go further

You are now ready for the real exam questions on this subtopic. Open the **1.2 Factors of production** past-paper sheet in the Library, or try these in **Practice mode**:

- 0455/11 J25 —Q2 (factors of production)
- 0455/21 J25 —Q3 (factor rewards, structured)
- 0455/22 M25 —Q3 (mobility / quality)

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.