1.1 Main Economic Groups and Factors of Production

Key Words

Land	The natural resources of an economy eg oil, copper, forests and fish
Labour	The factor of production that is concerned with the workforce in an economy.
Capital	The factor of production that relates to the human made aids to production. Examples include machinery, factory buildings and freight lorries.
Enterprise	The factor of production that involves taking a risk and organising the other three factors of production. Well known examples include Bill Gates (Microsoft) and Deborah Meaden (Dragon's Den)
Factors of production	The resources in an economy that can be used to make goods and services eg land, labour, capital and enterprise
Consumers	A person or organisation that directly uses a good or service
Producers	A person, company or country that makes, grows or supplies goods and/ or services
Government	A political authority that decides how a country is run and manages its operation.

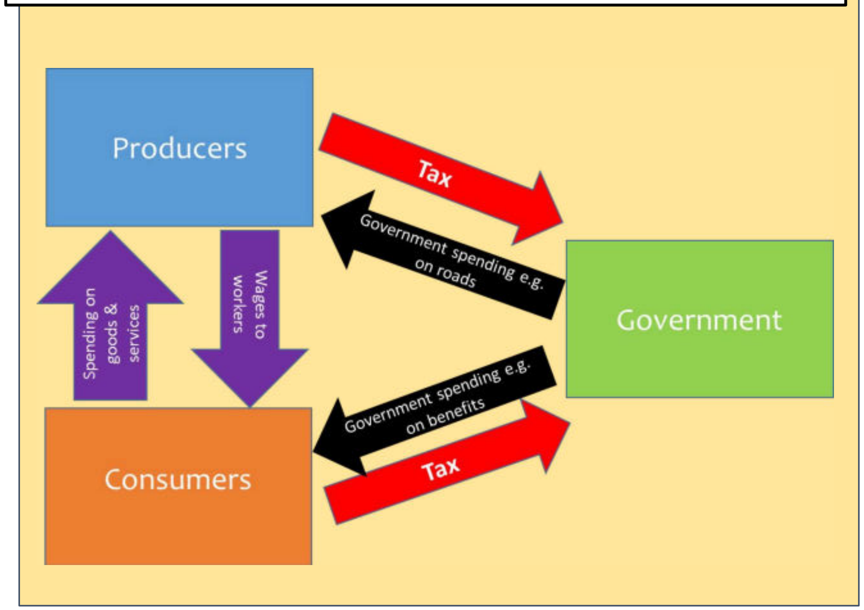
Main Economic Groups

Consumers are the buyers of goods and services. They create demand for goods and services. Through making choices consumers influence what, and how much, is produced.

Producers are the sellers of goods and services. They are influenced by how much profit they make. THey combine factors of production to make goods and services.

The government is a group of people who have the power to run a country. They spend money in a economy eg providing services such as education, healthcare, police and prisons. The government will provide some goods and services where they are considered important to society and that if they do not intervention may not be available to all in society

Interdependence between the Main Economic Groups



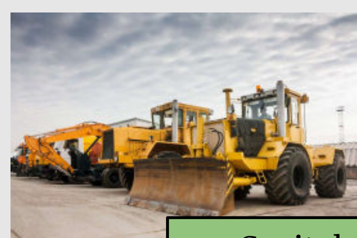
Combining the factors of production

The world only has limited resources and increasing requirements for them from a growing population. If these resources are used to produce one thing, they can't be combined in another way to produce something else. Advances in technology play a part in how factors of production are combined e.g use of capital overtakes the use of labour.

Factors of Production


Land


Labour


Capital


Enterprise

Quizizz

Podcast

Specification

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