



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



**GAUTENG**  
Community Education and Training  
**CET COLLEGE**





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Economics and Management Sciences: EMSC4

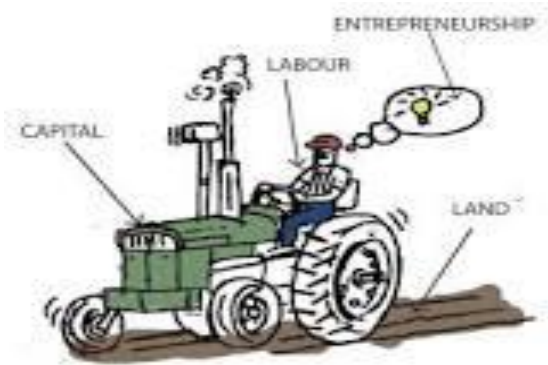
**LESSON 11**

**US 13998**

**There are 4 Factors of Production**

- > Capital  > Entrepreneur 
- > Land  > Labour 

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**FACTORS OF PRODUCTION AND PPF**

## Lesson 11

- 1.The concept of production is explained
- 2.Factors of production are discussed
- 3.An understanding of factors of production is demonstrated
- 4.The importance of production is discussed
- 5.The role of technology in production is debated

**Topic :Demonstrate an understanding of the factors of production**

Nb:At the end of this lesson you must be able to:

- \*Explain the concept production
- \*Discuss the factors of production
- \*Demonstrate an understanding of production process
- \*Discuss the importance of production
- \*Debate the role of technology in production

**1.Explain the concept production**

\*Production-is a process of changing raw materials into semi or finished goods suitable for human consumption.For example turning a cow skin to leather (semi finished), then turning leather into shoes,jackets etc (finished goods).

Nb: Production is not only about processing goods and services but it includes distributing goods and services to consumers or end users.

**2.Factors of production are discussed**

- \*Land /natural resources-all gifts that nature has presented to mankind e.g trees,water,animals ,land,gold etc.
- \*Labour-all physical and mental capacity needed to produce goods and services e.g miner, engineer, doctor etc.
- \*Capital-machinery or tools and money needed to start a business to produce goods and services e.g. money contributed by owners or machinery contributed for production to take place.
- \*Entrepreneurship-a person who sees opportunities where others don't and is willing to take a risk with the aim of making a profit e.g. business owners,company founders ,inventors etc

-Payments for factors of production

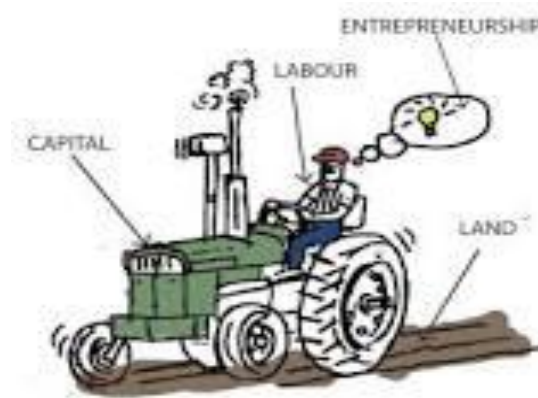
\*Land is remunerated by rent

\*Labour is remunerated by wages or salaries

\*Capital is remunerated by interest

\*Entrepreneurship is remunerated by profit

### **3. Demonstrate an understanding of factors of production practically**



This pictures practically demonstrate factors of production.

#### **4.The importance of production**

- \*Needs satisfaction-to satisfy human needs and wants.
- \*Create wealth-to improve the standard of living of citizens by creating economic opportunities.
- \*Self sufficiency-ability of individuals to take care of themselves.

#### **5.The role of technology in production**

<b>Positive role</b>	<b>Negative role</b>
*Increased productivity (mass production) *Cost effective *Minimize wastage	*Creates unemployment by replacing physical labour *Health hazards- pollution e.g air, water etc

## Activity 11

Read the case study below and answer the questions that follow.

The following are ingredients used by Mary the owner of a business called Mary's Bakery. To make 1 kilogram of Ginger biscuit that she sells for R5,50.

- Labour for mixing and baking 1 kg R2,90
- Packaging material per kg, R0,50
- Electricity per 1 kg, R0,35
- Rent for the building per week R200
- Rent for oven and other equipment per week R100.

1. Identify the four factors of production in this case study. (4)
  2. Name two remunerations for using any two factors of production. (2)
  3. Discuss two roles played by production in this case study. (4)
  4. Explain how does technology impact mass production. (3)
- Total (13)