




Edexcel (B) Economics A-level
**Theme 1: Markets, Consumers and
Firms**

1.2 Enterprise Business and the
Economy

1.2.3 Factors of production

Notes



-  Economic resources are the factors of production. These are land, labour, capital and enterprise.
-  Entrepreneurs bring together the factors of production (land, labour and capital) in order to make a profit.
-  The factors of production (CELL):

Factor	Description	Reward/Incentive
Capital	Physical: goods which can be used in the production process Fixed: Machines; buildings Working: finished or semi-finished consumer goods	Interest from the investment
Entrepreneurship	Managerial ability. The entrepreneur is someone who takes risks, innovates, and uses the factors of production. Resources are drawn together into the production process.	Profit- an incentive to take risks
Land	Natural resources such as oil, coal, wheat, water. It can also be the physical space for fixed capital.	Rent
Labour	Human capital, which is the workforce of the economy. This includes managers and employees.	Wages

