***SUBJECT: BUSINESS STUDIES***

***CLASS: JSS1***

***TOPIC: FACTORS OF PRODUCTION***

***Study this note and answer the following questions.***

Factors of production make operation of business to be effective because without them, production cannot take place. These factors are combined to make production possible. No business can exist without all of them. The factors of production are:

Land- Place of business

Labour- Man's effort

Capital- Money & equipment

Entrepreneur or organization- Organization

***LAND***: Land is a gift of nature. It does not only mean the surface of the earth but includes other gifts of nature that are used in production, e.g gold, tin ore, fertile land, forest, e.t.c. Land has economic value, a land owner can sell this land for money or build on it for rent. Farmers also use land to produce agricultural produce.

***Features of Land***

1) Land is a gift from God.

2) The price of land is not the same everywhere.

3) It cannot be moved from one place to another.

4) The quality or value of land is not the same everywhere. There are some parts that are more fertile than the others.

***Importance Of Land***

1, Land contains raw materials that are used in production.

2, It helps to generate income such as rent and royalty.

3, It is used for farming.

4, It is used for building houses.

***LABOUR***: Labour means man's effort towards production. This effort could be mental or physical. In fact, labour involves individuals who work to make sure that goods and services are produced.

***Features Of Labour***

1) Labour is mobile- People move from one place to another in search of job.

2) It costs money.

3) It is effort of man towards production.

4) Quality of labour can be improved through training.

***Importance Of Labour***

1, It provides a means of livelihood.

2, It creates career opportunities.

3, It gives room for mobility.

4, It helps in natural development.

***Types Of Labour***

1, Skilled Labour: People under here are trained. They go to school to acquire their skills.

2, Semi-skilled labour: These ones are trained but not as the skilled ones.

3, Unskilled labour: These are untrained people that do menial jobs.

***CAPITAL***: Capital is money used to set up a business. Capital also includes raw materials, property, machine, equipment, building needed to start a business. Capital plays a very important role in production. Without capital, other factors of production cannot be acquired.

***Features Of Capital***

1) Capital is man-made.

2) Capital is difficult to get.

3) Capital in form of money brings interest.

4) Capital can change its form, i.e, capital in form of money can change to land, building, raw materials, when one uses the money to buy them.

***Importance Of Capital***

1, It helps in the provision of materials.

2, It is used to acquire other factors.

3, It attracts investors to a business.

***ENTREPRENEUR/ORGANISATION:*** An entrepreneur is a person or organization that brings other factors of production together in order to produce goods and services. For production to take place, running of the business and organizing its activities are very essential and the entrepreneur does this. The entrepreneur bears the risk of the business because he risks his money to set up the business. So without his initiative to set up a business and his willingness to bear risk, there will be no production even in the presence of other factors.

***Features Of Entrepreneur***

1) He employs labour (people to work)

2) He determines what to produce.

3) He provides capital to run the business.

***Importance Of Entrepreneur***

1. The entrepreneur provides the capital and brings other factors together to achieve a common goal.

2. He bears the risk of the business.

3. He takes decisions on how to manage the business.

4. The business is carried out by him and those employed by him.

***Rewards For Factors Of Production***

Land------ Rent

Labour------- Salaries and Wages

Capital------ Interest

Entrepreneur------ Profit

***Assignment***

1a, List the factors you have studied.

b, Which of the factors is a gift of nature?

c, Which of the factors bears the risk of the business?

d, Which of the factors is used to acquire other factors of production?

2, Mention the rewards for each factor.

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