

Cambridge AS & A Level · Economics 9708 · Notes

Factors of production

AS

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What you need to know

By the end of this topic you should be able to:

1. **Describe the four factors of production and define each:** **land** (natural resources), **labour** (human effort, physical and mental), **capital** (goods made to help produce other goods) and **enterprise** (organising the other factors and taking the risk).
2. **Tell human capital from physical capital:** human capital is the skills, knowledge and qualities of workers; physical capital is the man-made equipment, machines and buildings used in production.
3. **Name the reward each factor earns:** land earns **rent**, labour earns **wages**, capital earns **interest** and enterprise earns **profit**.
4. **Explain division of labour and specialisation:** what they are, and their advantages and disadvantages for workers, firms and the economy.
5. **Explain the role of the entrepreneur in a modern economy:** bearing the **risk** and **organising** the other three factors of production.

Understand it

What a factor of production is

Every good or service is made with **resources**, which economists call **factors of production** (or inputs). There are four, and almost everything produced uses all four at once. A café needs a site (land), staff (labour), coffee machines and furniture (capital), and someone who decides to open it, puts in the money and runs it (enterprise).

Because the factors are limited, output is limited: this is scarcity, from the topic on scarcity, choice and opportunity cost. The **quantity** and the **quality** of the factors decide how much an economy can produce.

Land

Land is every **natural resource**: anything provided by nature, not made by people. It includes the surface of the earth used for farms and buildings, and also what lies beneath it and around it: rivers, lakes and the sea, the soil, the climate, sunlight and wind. A natural resource that has not yet been discovered is still land; it just has not been used.

- The **quantity** of land is largely fixed, although land can be reclaimed from the sea or lost to erosion and rising sea levels.
- Its **quality** can change: irrigation improves farmland, while pollution and over-use damage it.
- Anything **made by people** from natural resources, such as steel or cement, is no longer land: it has been produced.

Labour

Labour is the **human effort**, physical and mental, used in production: the work of a builder, a nurse, a teacher or a software designer. It is people's work, not people as such, and it does not include anything man-made.

- The **quantity** of labour depends on the size of the population of working age, how many of them want to work (the participation rate), the retirement age, migration and the hours worked.
- The **quality** of labour depends on education, training, skills, experience and health. That quality is called **human capital**.

Capital

Capital is a **man-made good used to produce other goods and services**: "a produced means of production". Examples are machines, tools, vehicles used by a business, factories, offices, roads, ports and computer systems.

- Capital is made **first** and is then used **later** to make more output. That is why buying new capital is called **investment**: resources are given up now to raise output in the future.
- **Money is not capital** in this sense. A bank loan, savings, shares and cash are **financial capital**: they pay for capital, but they are not themselves factors of production. The factor is what the money buys.
- Capital wears out (**depreciation**), so some investment only replaces old capital.

Human capital and physical capital

	Human capital	Physical capital
What it is	The skills, knowledge, experience, health and qualities of workers that make them productive	Man-made goods used in production: machines, tools, equipment, buildings, infrastructure
Which factor it belongs to	The quality of labour	The factor capital

	Human capital	Physical capital
How it increases	Education, training, apprenticeships, work experience, better healthcare	Investment: firms and governments buying or building new capital goods
How it decreases	Skilled workers emigrating, poor schooling, ill health, skills going out of date	Depreciation, damage, less investment, making capital goods dearer to buy or import
Example	A nurse learns to use a new scanner	The hospital buys the scanner

The two work together: a new machine raises output only if workers have the skills to use it. A policy can raise one and lower the other at the same time. For example, a government that spends more on training (human capital rises) and pays for it with a tax that makes machinery dearer (fewer machines are bought, so physical capital falls) changes them in opposite directions.

Enterprise and the entrepreneur

Enterprise is the factor supplied by an **entrepreneur**: the person who has a business idea, brings the other three factors together, and accepts the risk that it may fail. The entrepreneur has two roles in a modern economy.

- **Organising**: deciding what to produce and how, hiring labour, renting or buying land, buying capital, and combining them efficiently.
- **Risk-bearing**: paying for the factors **before** anything is sold, without knowing whether revenue will cover costs. **Taking risks is the one thing every entrepreneur must do**; other tasks, such as managing staff, can be paid for and passed to employees.

Enterprise is usually the factor that comes **first**: without someone deciding to start a business and organise it, the other factors are not brought together. Entrepreneurs also matter for **innovation**: they develop new products and methods, which raises the productive potential of the economy.

What encourages more enterprise is anything that makes risk-taking more likely to pay off or cheaper to try: cheaper finance, lower taxes on profit, strong demand from customers, less red tape, and training in how to run a business. Some people also start businesses because they cannot find a job.

Rewards to the factors of production

Each factor is paid for its use. The payment is its **reward** (its factor income).

Factor	Reward	Why that name
Land	Rent	The payment for the use of natural resources, such as a field or a site
Labour	Wages (and salaries)	The payment for work

Factor	Reward	Why that name
Capital	Interest	The return to those who provide capital (the cost of the funds used to buy it)
Enterprise	Profit	The reward for organising production and bearing risk

Profit is different from the other three. Rent, wages and interest are usually agreed **in advance** (in a lease, an employment contract or a loan). Profit is what is **left over** after the others have been paid:

$$\text{profit} = \text{total revenue} - (\text{rent} + \text{wages} + \text{interest} + \text{other costs}).$$

So profit is **uncertain** and can be negative (a loss): that is the risk the entrepreneur bears. Because every rise or fall in revenue falls on the leftover, profit changes much more, in percentage terms, than the other factor incomes. If a firm earns 1000 dollars and pays 700 dollars in rent, wages and interest, its profit is $1000 - 700 = 300$ dollars. If revenue falls by 10% to 900 dollars and the other payments stay the same, profit falls to 200 dollars: a fall of $\frac{100}{300} = 33\frac{1}{3}\%$.

Division of labour and specialisation

Specialisation means concentrating on producing a limited range of goods, or doing a narrow range of tasks. It happens at every level: a worker specialises in one task, a firm in one product, a region or a country in the goods it produces best (the country level is in the topic on international trade).

Division of labour is specialisation by workers **within a production process**: making a product is split into a series of separate tasks, and each worker does one (or a few) of them over and over. Instead of each worker building a whole car, one fits the wheels, one wires the lights, one paints.

Why it raises output (advantages)

- **Higher labour productivity** (output per worker). Workers get quicker at a task they repeat, and no time is lost moving between tasks and tools. This is the main advantage.
- **Lower average costs**: more output from the same workers and equipment spreads the costs over more units.
- **Use of specialised machinery**: once a job is split into simple steps, many steps can be done by machines, so division of labour goes with mechanisation and automation.
- **Workers can do what they are best at**, and training for one task is quicker and cheaper.
- **More consistent quality**: each step is done by someone practised at it.

What goes wrong (disadvantages)

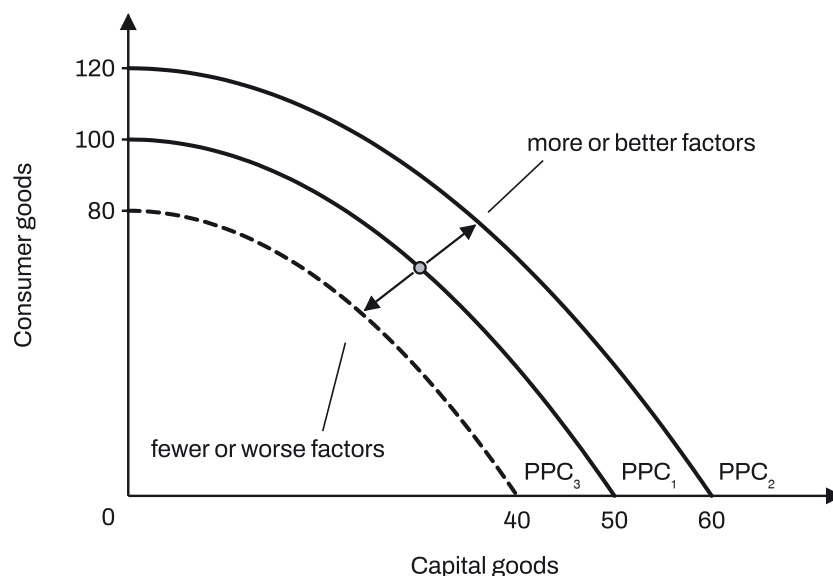
- **Boredom and lower motivation**: repeating one task all day is monotonous. Bored workers slow down, make more mistakes and are absent more often, so productivity can fall after a while.
- **Narrow skills**: a worker who knows one task is hard to move to another job, so if that task disappears (for example it is automated) they may become unemployed.
- **Interdependence**: if one stage stops (a strike, an absent worker, a broken machine), the whole line stops.

- **Standardised products:** a line built for one product is less flexible, so the range and variety of goods may be smaller.

When it works best. Division of labour pays off when a firm produces a **large, steady** output of a **standard** product: the market must be big enough and demand predictable enough to keep every specialised worker busy. Where customers want many different or made-to-order products in small numbers, workers with a **wide range of skills** are more useful, so there is less division of labour.

Factors of production and the production possibility curve

The production possibility curve (PPC) topic shows what changes in the factors do to an economy's productive capacity, which is exactly what essays on this topic ask about.



- An **increase in the quantity** of any factor (more workers, new land reclaimed, more capital from investment, more entrepreneurs) or an **increase in its quality** (better-trained workers, better technology, fertile land) shifts the PPC **outward**, from PPC_1 to PPC_2 : the economy can produce more of both goods. This is a rise in **potential output**, the basis of long-run economic growth.
- A **fall** in the quantity or quality of a factor (emigration of skilled workers, soil erosion, capital destroyed by a disaster) shifts it **inward**, to PPC_3 .
- When one factor rises and another falls, the **net** effect depends on which change is bigger.
- Putting **unemployed** factors to work does not shift the PPC: it moves the economy from a point inside the curve towards it.

Key facts and formulas

This topic has no formula list in the exam. "Learn it" means you must remember it.

Fact	Status
Land: natural resources (gifts of nature); reward rent	Learn it
Labour: human effort, physical and mental; reward wages	Learn it
Capital: man-made goods used to produce other goods; reward interest	Learn it
Enterprise: organising the other factors and bearing risk; reward profit	Learn it
Money, loans and shares are financial capital, not the factor capital	Learn it
Human capital: workers' skills, knowledge and qualities; physical capital: machines, equipment, buildings	Learn it
Profit = total revenue – all other costs, so it is the residual and the most variable reward	Learn it
Labour productivity = $\frac{\text{total output}}{\text{number of workers}}$	Learn it
Division of labour: a process is split into separate tasks, each done by different workers	Learn it
Division of labour works best with large output of a standard product and stable demand	Learn it
More or better factors shift the PPC outward; fewer or worse factors shift it inward	Learn it

How to do it

In the questions we have tagged for this topic (35 questions, 2021–2025), we counted only the parts about this topic: one part in each question, except November 2022 Paper 21 Q3, where both parts are about the factors, so 36 parts.

Question type	Questions
Multiple choice (concept)	30
Multiple choice (reading data)	1
Essay part (b), 12 marks	4
Essay part (a), 8 marks	1

1. Multiple choice (concept) (30 questions)

1. **Recall the definitions** of the four factors, the two kinds of capital, the four rewards and division of labour.
2. **Decide what the question asks:** which factor something is, which reward goes with which factor, an advantage or a disadvantage of division of labour, what the entrepreneur must do.
3. **Check each option against the definition**, word by word. Watch for "not", "least likely" and "most likely" in the stem.

Variations you will meet:

- **Division of labour and specialisation** (10 questions). Know the definition (a process split into separate tasks, each done by different workers), the main advantage (higher labour productivity, so lower average costs), the main disadvantages (monotony and lower motivation, narrow skills, interdependence, less variety) and when it works best (large, standardised output, stable demand). If the question asks what is **not** likely to result, pick the option that goes against the list; if it asks why productivity fell after a while, think about what repetition does to workers.
- **Which factor is it?** (8 questions). Classify each item: natural resource → land; human effort → labour; man-made aid to production → capital; organising and risk → enterprise. Money, loans, shares and bank accounts are **not** factors of production at all. Items that are processed or manufactured are capital, even if made from natural resources. When a firm switches to more machinery on bigger sites, its use of capital and land rises relative to labour.
- **Rewards to the factors** (4 questions). Rent, wages, interest, profit for land, labour, capital, enterprise. Profit is the reward for taking risks and organising, and it is the leftover, which is why it varies most.
- **The entrepreneur and enterprise** (3 questions). The essential role is **risk-taking**; enterprise is needed first to set up a business; conditions that raise expected profit or cut the cost of trying (cheap borrowing, low profit taxes, confident customers) encourage it.
- **Human capital, physical capital and the quality of factors** (3 questions). Education and training raise human capital; spending on machines raises physical capital; anything that makes machines dearer lowers it. A factor's **quality** is how productive each unit of it is.
- **Linked to other topics** (2 questions). Changing the amount of capital and premises needs the **long run** (see economic methodology). One process producing two products at once is **joint supply** (see the topic on supply).

2. Multiple choice (reading data) (1 question)

1. **Read the table's headings** and units: what each number is a percentage of.
2. **Compare like with like:** figures in the same units, for the same group and the same year.
3. **Check each option's claim against the figures** one by one, and choose the only one the table actually shows.

3. Essay part (b), 12 marks (4 questions)

These ask you to **assess** or **discuss** whether one factor of production (or a policy to increase it) is the best way to raise an economy's output or long-run growth, compared with another factor. They are **levels-marked**: Table A gives up to **8** marks for knowledge and analysis (AO1 + AO2: Level 3 is 6–8, Level 2 is 3–5, Level 1 is 1–2) and Table B up to **4** for evaluation (AO3: Level 2 is 3–4, with a justified conclusion; Level 1 is 1–2). A one-sided answer can reach only Level 2 in Table A and gets **no** evaluation marks.

Answer plan, about two sides of writing:

1. **Define** the factors named in the question and what the question is about: long-run growth is a rise in **potential** output, shown as an **outward shift of the PPC** (draw it), not a short-run rise in spending.
2. **Side one: the factor in the question**, two or three developed chains. For each: what the change is → why it raises productive capacity → the outward PPC shift. For labour: more workers (higher participation, later retirement, migration) → more output if the other factors are there to work with.
3. **Side two: the alternative**, two or three developed chains, with limits on side one. More labour may be hard to get, and adding workers to a fixed stock of capital and land adds less and less; raising **quality** (training, health) may do more; capital, enterprise or better use of land may raise output more.
4. **Evaluation**: what the answer depends on (the economy's current shortages, the time the policy takes, its cost and opportunity cost, whether the factors are complements).
5. **A justified conclusion** answering the exact question: say which is more effective **in what circumstances**, and why.

Variations you will meet:

- **Will supply-side policies succeed in raising the quantity and quality of a factor?** (2 questions) Side one: policies aimed at that factor, each as a chain, such as training and apprenticeships (better-skilled labour or entrepreneurs), deregulation and less red tape (cheaper and quicker to start a firm), start-up finance or loan schemes (more people can afford the risk) and lower taxes on profit (a bigger reward for risk). Side two: their limits: time lags before any effect, the cost to the government and its opportunity cost, uncertain take-up (people may not use the help), and a low success rate for new firms. Cover **both quantity and quality** of the factor named, and link every policy to that factor, not to supply-side policy in general.

For the Level 3 band, every point must be a chain (because... so... which means...), not a list. Examiners report that listing the four factors, or describing how to increase them, stays in Level 2.

4. Essay part (a), 8 marks (1 question)

A point-marked part (a), up to **3** marks for knowledge (AO1), **3** for analysis (AO2) and **2** for evaluation (AO3, one of them a justified conclusion), usually "with the help of a diagram, explain how the PPC is affected by a change in a factor".

1. **A labelled PPC diagram** (AO1): two named goods on the axes, both curves touching both axes, the shift arrowed.

2. **Define** the factors involved and what the PPC shows (maximum output with given resources and technology) (AO1).
3. **Explain each change separately** (AO2): a fall in quantity shifts the PPC inward; a rise in quality shifts it outward; say **why** (more or less can be produced with the factors available).
4. **Consider the net effect** (AO3): it depends on which change is larger; conclude with a reason.

Worked examples

Example 1

A farmer rents a field from a landowner, borrows from a bank to buy a tractor, employs two workers and keeps whatever is left after all the costs are paid.

Which income is correctly matched to the factor of production it rewards?

	the landowner's income	the bank's income	the workers' income	the farmer's income
A	rent	interest	wages	profit
B	rent	profit	wages	interest
C	interest	rent	wages	profit
D	profit	interest	rent	wages

[1]

The landowner supplies land, so earns rent; the bank provides the funds for the capital (the tractor), so earns interest; the workers supply labour and earn wages; the farmer organises the business and takes the risk, so keeps the profit. The answer is **A**. (1)

Example 2

A workshop employs 6 workers. When each worker made whole wooden doors, the workshop produced 12 doors a day. The owner splits the work into cutting, joining, sanding and painting, with each worker doing one task, and output rises to 18 doors a day.

By how much has labour productivity risen?

- **A** 6 doors per worker per day
- **B** 1 door per worker per day
- **C** 33%
- **D** 150%

[1]

Productivity is output per worker: before, $12 \div 6 = 2$ doors per worker; after, $18 \div 6 = 3$. The rise is 1 door per worker per day, which is $\frac{1}{2} = 50\%$. The answer is **B**. (1)

A is the rise in total output, not output per worker. C divides the rise by the new level ($6 \div 18$). D is the new output as a percentage of the old, not the rise.

Example 3

With the help of a diagram, explain how an economy's production possibility curve could be affected by an increase in its stock of capital but a loss of farmland to rising sea levels, and consider whether its productive capacity is likely to rise. [8]

Diagram: a PPC with "Capital goods" and "Consumer goods" on the axes, both curves touching both axes, the original curve PPC_1 , an outward shift to PPC_2 labelled "more capital", and an inward shift to PPC_3 labelled "loss of land". (AO1, 1)

A PPC shows the maximum combinations of two goods an economy can produce when it uses all its factors of production fully, with its current technology (AO1, 1). Capital is the man-made equipment and buildings used to produce other goods, and land is the natural resources, including farmland (AO1, 1).

An increase in the stock of capital, for example more machines and better transport links, means each worker can produce more, so the economy can produce more of both goods: the PPC shifts outward from PPC_1 to PPC_2 (AO2, 1). The loss of farmland reduces the quantity of land, a factor that is hard to replace, so less food and fewer raw materials can be produced even with full employment: the PPC shifts inward to PPC_3 (AO2, 1). The effect of losing land is likely to be largest on goods that use a lot of it, such as crops, so the curve may shift in more on that axis than on the other (AO2, 1).

Whether capacity rises depends on the size of each change: land lost to the sea is lost permanently, while new capital depreciates and must be replaced, but capital can be increased year after year by investment, and some of it (flood defences, irrigation) can make the remaining land more productive (AO3, 1).

So productive capacity is likely to rise overall for an economy that keeps investing, because the stock of capital can keep growing while the loss of land is limited to the land that floods; for a mainly farming economy that loses a large share of its land, the PPC could still shift inward (AO3, 1, justified conclusion).

Total: $3 + 3 + 2 = 8$.

Example 4

Assess whether increasing an economy's physical capital is a more effective way to raise its long-run productive potential than increasing its human capital. [12]

Introduction. Long-run productive potential is the maximum output an economy can produce with its factors of production, shown by the position of its PPC. Physical capital is the stock of man-made goods used in production, such as machinery, factories and roads; human capital is the skills, knowledge and health of the labour force, which decide the quality of labour. Raising either shifts the PPC outward.

The case for physical capital. Investment in new machinery raises output per worker directly: a farmer with a tractor can plough many times the area of one with hand tools, so the same labour force produces more. Because capital embodies new technology, investment is also how better methods enter the economy, which lowers average costs and lets firms compete abroad. Infrastructure such as ports and power supplies lets every firm produce and deliver more, so its effect spreads across the whole economy and the PPC shifts outward. Physical capital can also be added fairly quickly once the funds are found, for example by importing machines.

The case for human capital. Machines are useful only if workers can operate, maintain and improve them, so without the skills the new capital may stand idle or be misused. Education and training raise the productivity of every worker in every industry, and skills do not wear out as machines do; they tend to be passed on to other workers. Better-educated people are also more likely to become entrepreneurs and to create new products and methods, raising potential output further. Healthier workers are absent less and can work for more years.

Limits on each side. Physical capital depreciates, needs constant replacement investment, and has an opportunity cost in consumer goods given up today; adding more machines while skills stay low gives smaller and smaller gains. Human capital takes a long time to build (a school system takes years to affect the workforce), its results are uncertain, and skilled workers may emigrate, so the country pays for the training and another country gains the output.

(Table A: developed chains on both sides, accurate use of the PPC and the two types of capital: Level 3, 8 marks.)

Evaluation and conclusion. Which is more effective depends on what the economy is short of. A country with a well-educated workforce but old equipment will gain most from physical investment, and gain it quickly; a country with modern machines that few can use will gain most from training. The two are complements rather than rivals: each raises the return on the other. Over the long run, human capital is likely to be the more effective, because it lasts, it spreads across every industry and it is what allows an economy to use new capital well; but for a quick rise in capacity, physical capital is usually faster, so the best policy increases both.

(Table B: a developed, balanced judgement that answers the question and says what it depends on: Level 2, 4 marks.)

Total: $8 + 4 = 12$.

Common mistakes

- **Calling money capital.** A loan, savings or shares are financial capital; the factor capital is the machines and buildings the money buys.
- **Mixing up the rewards.** Capital earns interest and enterprise earns profit, not the other way round. Write the four pairs out until they are automatic.
- **Treating anything found in nature as always land.** Once natural materials have been processed or manufactured, they are capital.

- **Confusing division of labour with having skilled or expert workers.** The March 2025 report found many candidates did not understand the term: division of labour means narrow, specialised tasks, which suits mass production of a standard product. Workers with a wide range of skills suit made-to-order or varied products.
- **Describing the four factors instead of answering the question.** In the June 2023 essay on entrepreneurship, most answers described the factors or how to increase them, and rarely got past mid-Level 2. The question asked which way was **more effective**, so compare.
- **Writing about short-run growth from more spending** when the question is about **long-run** growth. Long-run growth comes from more or better factors, shown by an outward PPC shift, not from a rise in aggregate demand.
- **Covering only part of the question.** In November 2022 many answers discussed only the **quantity** of enterprise when the question asked about quantity **and quality**, or wrote about supply-side policies in general without linking them to the factor named.
- **Poor PPC diagrams:** axes labelled "P" and "Q", or "quantity of labour" and "quality of labour", curves not touching both axes, or a demand and supply diagram drawn instead.
- **Asserting instead of explaining.** Examiners repeatedly say points are stated, not explained. Each point needs a reason and a consequence.
- **Summary instead of evaluation.** Repeating your points is not a judgement; weigh them and say which matters more and why.

How to get the marks

- **Command words.** *Explain:* reasons linked by "because", "so", "which means". *Consider, assess, discuss:* explain both sides, then judge.
- **Part (a) (8 marks) is point-marked, 3 + 3 + 2.** An accurate diagram and definitions earn the knowledge marks; explaining each change on the diagram earns the analysis marks; "it depends on..." plus a justified conclusion earns the two evaluation marks.
- **Part (b) (12 marks) is levels-marked, 8 + 4.** For Level 3 in Table A you need detailed, accurate, developed analysis of **both** sides, focused on the question. For the top level in Table B you need a conclusion that answers the question and says why. A one-sided answer loses all 4 evaluation marks.
- **Use the exact terms:** land, labour, capital, enterprise; rent, wages, interest, profit; human capital, physical capital; productivity; potential output.
- **Link factors to the PPC** in any growth question: more or better factors → outward shift → higher potential output.
- **Use examples** even when the question does not ask for them: a relevant example (apprenticeships, a new port, a start-up loan scheme) shows application.
- **Multiple choice:** one mark each and no penalty for guessing, so answer every question; read for "not", "least likely" and "most likely" before checking the options.

Quick check

1. For a taxi company, which is the factor of production capital?
 - **A** the money in the company's bank account
 - **B** the company's cars
 - **C** the company's drivers
 - **D** the owner's decision to open a new office
2. Classify each as land, labour, capital or enterprise: (a) a river used to irrigate crops; (b) a delivery van; (c) the work of an accountant; (d) the software a bank uses to process payments; (e) a person risking her savings to launch a new product.
3. A café has total revenue of 800 thousand dollars. It pays wages of 420 thousand, rent of 120 thousand and interest of 60 thousand. (a) What is its profit, and what share of revenue is it? (b) Next year revenue falls by 10% and the other payments do not change. By what percentage does profit fall? (c) Use your answers to explain why profit varies more than the other factor rewards.
4. Five workers each build complete bicycles, and together they make 15 bicycles a day. After the work is divided into separate tasks, they make 24 a day. Each worker is paid 60 dollars a day. (a) By what percentage has output per worker risen? (b) What happens to the labour cost per bicycle?
5. Explain two disadvantages of division of labour for workers and one for the firm. **[4]**

Answers

1. **B.** The cars are man-made goods used to provide the service. A is financial capital, which pays for capital but is not a factor itself; C is labour; D is enterprise. (1)
2. (a) **Land:** a natural resource. (b) **Capital:** a man-made good used in production. (c) **Labour:** human effort (mental). (d) **Capital:** man-made and used to produce a service. (e) **Enterprise:** organising and bearing risk.
3. (a) Profit = $800 - (420 + 120 + 60) = 200$ thousand dollars, which is $\frac{200}{800} = 25\%$ of revenue. (b) Revenue falls to $800 \times 0.9 = 720$ thousand, so profit is $720 - 600 = 120$ thousand, a fall of $\frac{80}{200} = 40\%$, four times the 10% fall in revenue. (c) Wages, rent and interest are agreed in advance, so they stayed the same; profit is what is left over, so the whole fall in revenue came out of profit.
4. (a) Output per worker rises from $15 \div 5 = 3$ to $24 \div 5 = 4.8$ bicycles a day, a rise of $\frac{1.8}{3} = 60\%$. (b) The daily wage bill is $5 \times 60 = 300$ dollars, so labour cost per bicycle falls from $300 \div 15 = 20$ dollars to $300 \div 24 = 12.50$ dollars.
5. Workers: repeating one task is boring (1), which lowers motivation and job satisfaction (1); workers learn only a narrow skill (1), so if the task is automated they find it hard to get another job (1). Firm: the stages depend on each other (1), so an absent worker or a broken machine at one stage stops the whole line (1). Any two developed points reach the 4 marks.

Past questions to try

- **9708/11/M/J/24 Q3:** which item is least likely to count as land.
- **9708/12/O/N/24 Q3:** the factors of production involved when a firm expands.
- **9708/13/O/N/22 Q1:** which action would not raise the quality of a factor of production.
- **9708/11/O/N/21 Q3:** reading a table on access to training and finance for entrepreneurs.