

Land, Labour and Capital

Chapter 7: Factors of Production · Topic 1

Key Concept

Land refers to natural resources used in production, like soil, water, minerals, and forests, which provide raw materials for various goods.

Labour refers to the human effort, both physical and mental, that people contribute to producing goods and services, ranging from farming to skilled professional work.

Capital refers to man-made resources used in production, like machinery, tools, buildings, and money invested in a business to help create goods and services.

These three factors work together - for example, a farmer (labour) uses land (soil) and capital (a tractor) to grow and harvest crops efficiently.

Quick Revision Notes

- Land, labour and capital are factors of production.
- Land includes natural resources like soil and minerals.
- Labour is human effort, physical and mental.
- Labour ranges from farming to skilled professional work.
- Capital is man-made resources like machinery and tools.
- Capital also includes money invested in a business.
- These three factors work together in production.
- A farmer uses land, labour and capital together to grow crops.

Practice Questions

- 1 Give an example of land, labour and capital used together.
- 2 Discuss how a bakery uses these three factors.
- 3 Explain why capital is called a 'man-made' resource.
- 4 Research a business and identify its land, labour and capital.
- 5 Discuss why labour includes both physical and mental effort.
- 6 Create a diagram showing how these factors combine to produce a good.