

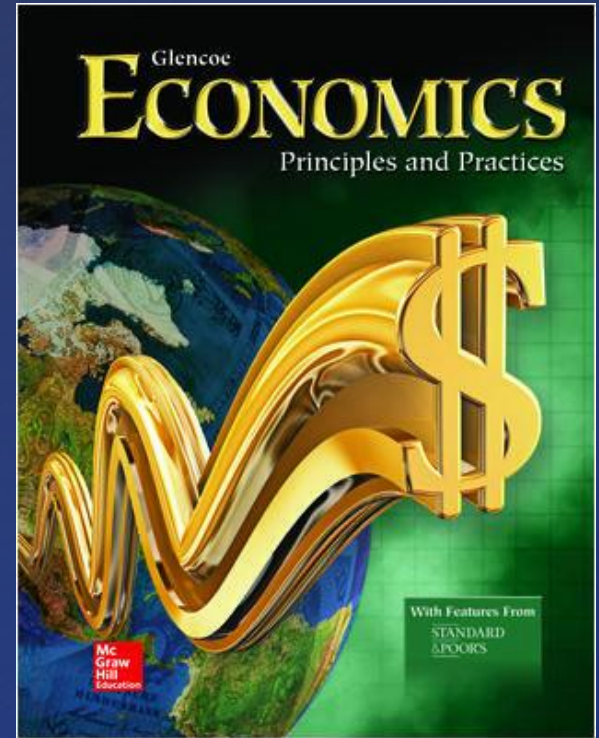
# Factors of Production

{ Intro to Economics

# Vocabulary for Unit 1 Section 1

Define in your own words and use the word in a sentence.

1. Good
2. Durable good
3. Utility
4. Consumers
5. Services



# I can identify:

& The **factors of production**

& The importance of **economics**

# What is economics?

Study of efforts to satisfy unlimited wants with **scarce** resources.

Studying **economics** makes us better decision makers.



# Basic questions of economics?

**What** to produce?

**How** to produce?

**For whom** to produce?





If you want to invest or open a business you need to look at the **factors of production.**



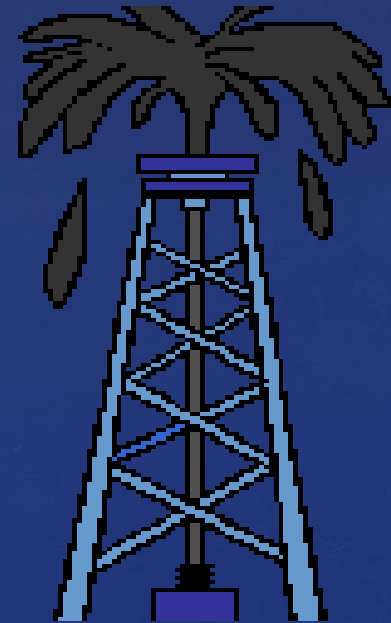
# Factors of Production

Resources required to produce the things we would like to have, they are **land**, **capitol**, **labor**, and **entrepreneurs**.



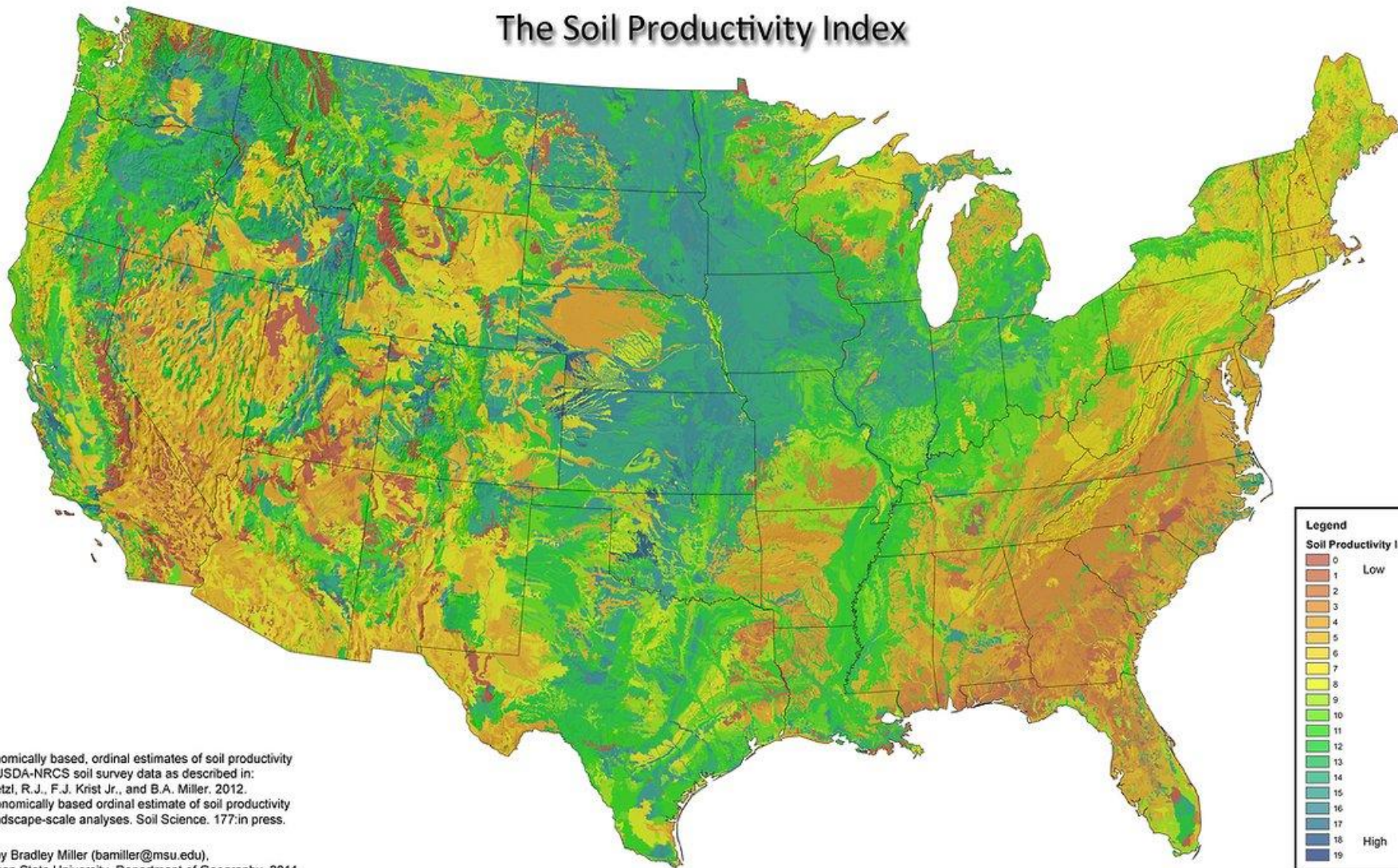
# Land

Or “**gifts of nature**” this includes livestock, mineral deposits, climate, and forests or fields.





# The Soil Productivity Index



Taxonomically based, ordinal estimates of soil productivity from USDA-NRCS soil survey data as described in: Schaezel, R.J., F.J. Krist Jr., and B.A. Miller, 2012. A taxonomically based ordinal estimate of soil productivity for landscape-scale analyses. *Soil Science*. 177:in press.

Map by Bradley Miller (bamiller@msu.edu), Michigan State University, Department of Geography, 2011.

# Capital or Capital Goods

Are tools, machinery, and factories used in production goods and services





# What are the capital goods needed to bake cupcakes?



# Labor

People with all their efforts, abilities  
and skills.



# LABOR

6 IN 10 HOME BUILDERS HAD TROUBLE ATTRACTING THE RIGHT WORKERS

# SHORTAGE

**82%**

of construction firms expect it will either become harder, or remain difficult to hire qualified workers in 2018



## Division of Labor

↳ Division of work into a number of separate tasks to be performed by workers. Same as **Specialization**.

## Human Capital

↳ Sum of peoples' skills, abilities, health and motivation.





# Entrepreneurs

A risk taker in search of profits

They are considered the **driving force** of economies because they start new businesses





# Identify:

What are the factors of production?

Why is the study of economics important?