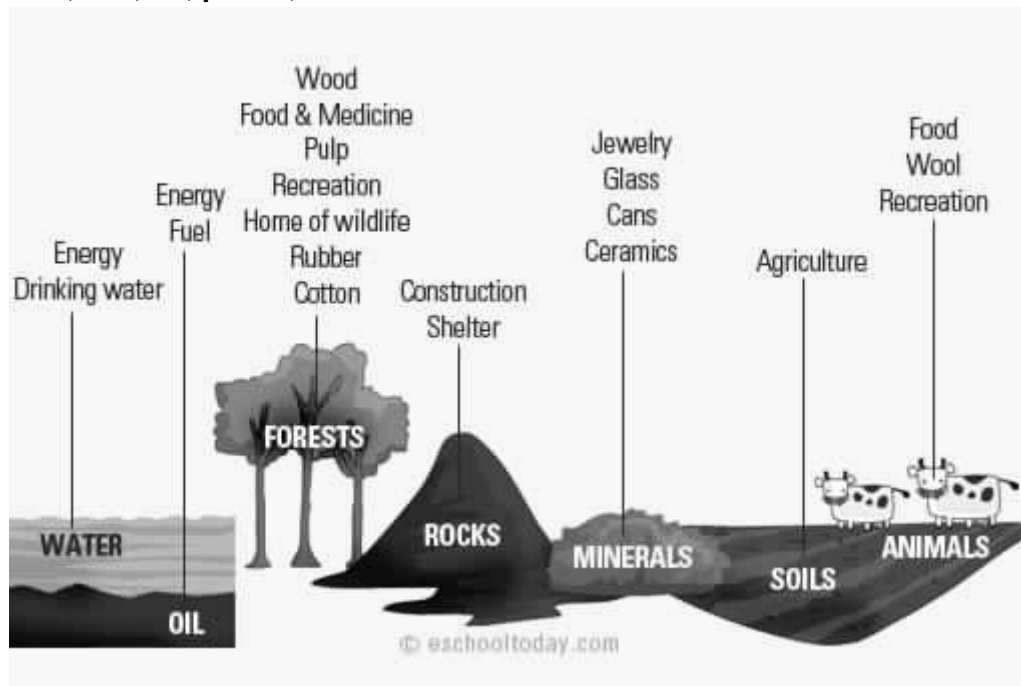


TOPIC: FACTORS OF PRODUCTION

1. NATURAL RESOURCES

By natural resources we understand all raw materials which nature provides and which can be used by man in order to produce useful goods. These gifts of nature are not made by man but without them goods cannot be produced.

Natural resources are either renewable (fish) or non-renewable (coal). Those who produce the supplies to meet the demand sometimes also harm the environment by pollution and the over exploitation of natural resources. Some businesses need more natural resources than other businesses. Examples of natural resources: **land, water, soil, air, plants, minerals and animals.**



2. LABOUR

The mental or physical effort used to produce goods or render a service. Labour is the work which man does. The business (employer) pays the workers/employees a salary or wage in exchange for their labour. The human resources are limited in numbers and skills.

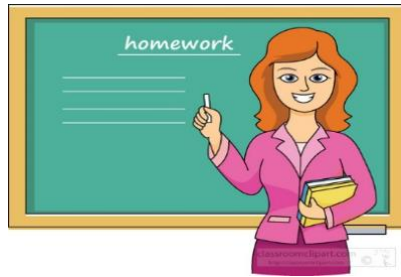
Unskilled labour

Jobs that can be done with very little or no training. These are usually very physical jobs like being a farm labourer.



Skilled labour

Jobs that need specialised training before you are allowed to do them for example a doctor or a lawyer.



Semi-skilled labour

Jobs that needs some training but not as much or as formalised as skilled labour. These are jobs like a mechanic.



The role of workers in the business:

Workers are valuable assets to a business without physical and mental labourers or workers, the factors of production would not come together to produce goods and services. The success of a business is dependent on the workers performances. Satisfied and motivated workers are more likely to be productive.

3. CAPITAL

Money raise to operate and expand the business.

Financial capital is the money that is used to generate income or invest in a business.

Borrowed capital (LOAN) – Money borrowed from friends, family or the bank. This money needs to be paid back, with interest.

Own capital – The owners own money that the owner has saved up or inherited and that the owner invested in the business.

Other forms of capital:

Capital also refers to machines, factories, roads, infrastructure, schools or office buildings which people have made in order to produce better goods and services, more efficiently.

Capital goods have the following features:

They can be used in the productions of other goods.

They are human made.

They are not used up immediately in the process of production, unlike raw materials.

They are stock items and their value can be calculated at the point of time.



4. ENTREPRENEURSHIP

An entrepreneur is someone in the community that identifies needs and wants and finds a way of using the other factors of production (natural resources, labour and capital) to provide for those needs and wants. Entrepreneurs take calculated risks and absorb the profits or the losses of their enterprises. Entrepreneurship is the human effort that takes on the risk of bringing labour, capital and natural resources together to produce goods and services.



Qualities of entrepreneurs:

- Hardworking
- Prepared to take risks
- Innovative
- Prepared to persevere
- Good with people
- Motivated
- Able to work on their own

5. FAIR LABOUR PRACTICES

Fair employment practices focus on good labour relations. Labour relations are the ways in which employers and employees relate to each other in the workplace.

Labour Relations Act (LRA)

Promotes social justice, peace and democracy in the workplace. This law protects workers and people looking for employment against unfair labour practices and allows workers to join trade unions.

Basic Conditions of Employment Act (BCEA)

The BCEA protects employees from exploitation by their employers by regulating working hours, leave, overtime, minimum wages and retrenchment.

Occupational Health and Safety Act (OHSA)

Specifies what safe and healthy workplaces are and how employers should make sure that their business do not damage their employees' health.

Compensation for Occupational Injuries and Diseases Act (COIDA)

COIDA specifies how employers should compensate employees and their families if employees get sick or injured or die while doing their jobs.

Commission for Conciliation, Mediation and Arbitration (CCMA)

The CCMA is an organisation that is independent of the government, any political party or organisation so that it can make unbiased judgements. Their role is to resolve labour disputes referred to it in terms of the Labour Relations Act. (The CCMA attempts to resolve conflict between an employer and employee).

6. REMUNERATION OF THE FACTORS OF PRODUCTION

Each factor of production is remunerated in a unique way.

Remuneration of labour

Salaries and wages is the remuneration for the use of labour.

Remunerations for the use of natural resources

Rent is the remuneration for the use of natural resources.

Remuneration for the use of capital

Interest is the remuneration for the use of capital.

Remuneration for Entrepreneurship

Profit is the remuneration for entrepreneurship.

TOPIC: FACTORS OF PRODUCTION – ACTIVITY

1. Name the four factors of production and their remuneration. [8]
2. Differentiate between skilled, semi-skilled and unskilled labour? [6]
3. Describe the functions of the Basic Conditions of Employment Act? [3]
4. Explain what the following abbreviations stand for?
 - 4.1. LRA [1]
 - 4.2. CCMA [1]
5. Define entrepreneurship. [2]
6. Name 3 qualities of an entrepreneur. [3]
7. Differentiate between **own capital** and **borrowed capital**. [4]
8. List **FOUR** examples of natural resources. [4]
9. Mention the remuneration of each of the following factors of production.
 - 9.1. Labour [1]
 - 9.2. Capital [1]
 - 9.3. Natural resources [1]
 - 9.4. Entrepreneurship [1]
10. Read the scenario and then answer the questions that follow.

Precious Ndaba works for a cleaning business owned by Ms Betty Zulu in the rural areas of KwaZulu Natal. She is a very hard worker, but has AIDS and is constantly ill during the winter months. Her immune system is not able to protect her from colds and flu and she has already used all her sick leave for the 36 months cycle. Her employer decided not to pay her for the four days sick leave she has taken the previous week, because it is four days more than the maximum sick leave that she is entitled to. She never brings a medical certificate as proof. Precious is very upset and does not know what to do.

- 10.1 Name the labour law that will give Precious information she needs to know about sick leave. [1]
- 10.2 Describe what the law say about medical certificates. [2]
- 10.3 Did the employer acted within the rules of the law? Explain your answer. [2]

11. Indicate whether the following descriptions refer to skilled, semi-skilled or unskilled labour.

11.1 Typist

11.2 Mechanic

11.3 Domestic worker

11.4 Factory cleaner

11.5 Nurse

11.6 Artisan in training

11.7 Lawyer

11.8 Teachers

[8]

12. Match the description in Column A with the word(s) in column B. write the correct answer next to the question number 12.1 – 12.8.

Column A	Column B
12.1 The remuneration for capital	A. Wages
12.2 The remuneration for land	B. Profit
12.3 The process transforming inputs into useable products that can satisfy a need.	C. Rent
12.4 The remuneration for labour.	D. Shares
12.5 The reward an entrepreneur receives for his hard work and the risk he is taking.	E. Interest
12.6 An example of inputs.	F. Factory building
12.7 An example of financial capital	G. Raw material
12.8 An example of real capital.	H. Production

13 Cut out pictures from old magazines and / or newspapers **OR** draw pictures that show the four factors of production. Divide one page in your workbook into the following sections. [8]

Natural resources	Labour
Capital	Entrepreneurship