

SMART EXAM RESOURCES
IGCSE ECONOMICS MCQ-PAPER-1
1 2.1-THE FACTORS OF PRODUCTION

1.2.1-Factors-of-Production

1.

Economists refer to factors of production.

Which is **not** a factor of production?

- A** the fields of a farm
- B** the machinery in a factory
- C** the shares of a company
- D** the staff in an office

2.

An increase in the number of manufacturing robots in the car manufacturing industry represents an increase in the quantity of which factor of production?

- A** capital
- B** enterprise
- C** labour
- D** land

3.

Each factor of production earns an income.

What correctly identifies the income for labour and capital?

	labour	capital
A	profit	interest
B	rent	profit
C	wages	profit
D	wages	interest

4.

A large supermarket applied to build on land which was in an area of natural beauty. The local government allowed the building, even though the natural beauty of the area would be lost, because many jobs would be created and much needed income would be brought to the local community.

Which economic ideas **cannot** be found in the above statement?

- A external cost and private enterprise
- B free market and the conservation of resources
- C opportunity cost and improved standards of living
- D public sector and external benefit

5.

A business person employs two people to make sandwiches to sell in a cafe.

As well as labour, which factors of production are involved in this activity?

- A capital, enterprise and land
- B capital and land only
- C capital and enterprise only
- D enterprise and land only

6.

Each of the factors of production earns an income.

What are the incomes for capital and enterprise?

	capital	enterprise
A	interest	profit
B	interest	wages
C	profit	interest
D	profit	rent

7.

What does an economist mean by the factor of production called *capital*?

- A** goods that can be used to produce other goods
- B** money used to start a business
- C** resources that cannot be replaced
- D** the profits of a company

8.

Which firm is likely to find it most difficult to expand the use of its main factor of production?

- A** a farm growing crops in extensive fields
- B** a technology firm dependent on risky innovations
- C** a textile firm making use of labour-intensive systems
- D** an engineering firm relying upon capital-intensive methods

9.

Which statement about factors of production is correct?

- A** The fruit picked from the tree is called land.
- B** The managers of a company are called enterprise.
- C** The money used to finance a project is called capital.
- D** The owner of a company is called labour.

10.

In a rural community of Southern Africa, women were responsible for planting and weeding crops by hand, while men used to control production and receive profits.

Which combination of factors of production was in operation?

	men	women
A	capital	land
B	enterprise	labour
C	labour	capital
D	land	enterprise

11.

The table shows the units of factors of production that a firm needs to employ for two different levels of output.

land	labour	capital	output
4	3	5	20
8	6	10	40

What is the firm experiencing?

- A constant returns to scale
- B economies of scale
- C external diseconomies of scale
- D external economies of scale

12.

Which is **not** a factor of production?

- A a farm
- B a farmer
- C a farmer's bank account
- D a second-hand tractor