IGCSE ECONOMICS · 1.2 BUSINESS ECONOMICS · CHAPTER 14 · PAPER 1

Factors of Production and Sectors of the Economy

Topic question sheet L14 | **Total: 30 marks** | **Time: 35 minutes** | **Student Book pp. 100–107**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 Which of the following businesses operates in the secondary sector? **(1)**

A Santander (a bank)
B Qatar Airways
C Ford Motor Company
D McDonald's

2 Which of the following is a factor of production? **(1)**

A Dental treatment
B Wages
C A birthday card
D Enterprise

3 Stocks of raw materials and components are examples of: **(1)**

A fixed capital
B working capital
C land
D enterprise

4 The decline of manufacturing in an economy is called: **(1)**

A de-industrialisation
B privatisation
C specialisation
D globalisation

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 Define the term **entrepreneur**. **(1)**

6 What is meant by **capital-intensive** production? **(2)**

7 Using the table, calculate the percentage point change in the share of employment in the tertiary sector between 1995 and 2024. **(2)**

8 Explain how training can increase the value of human capital. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Employment by sector in Vietnam

Vietnam has developed rapidly since the 1990s. Many foreign firms have built factories there to make clothing, shoes and electronics. Farm work has become more mechanised.

The table shows the share of employment in each sector.

Year	Primary	Secondary	Tertiary
1995	71%	11%	18%
2010	49%	21%	30%
2024	27%	33%	40%

Fictional figures based on real trends, written for this sheet.

9 With reference to the extract, analyse why the share of employment in Vietnam's primary sector has fallen. **(6)**

10 With reference to the extract, evaluate whether Vietnam should continue to rely on manufacturing for its growth. **(12)**

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Mark scheme: Factors of Production and Sectors of the Economy

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *Which of the following businesses operates in the secondary sector? (1 mark)*

Answer: C (Ford Motor Company). Car manufacturing is secondary.

2 *Which of the following is a factor of production? (1 mark)*

Answer: D (Enterprise). The four factors are land, labour, capital and enterprise.

3 *Stocks of raw materials and components are examples of: (1 mark)*

Answer: B (working capital). They are used up in production.

4 *The decline of manufacturing in an economy is called: (1 mark)*

Answer: A (de-industrialisation). Definition.

Section B

5 *Define the term entrepreneur. (1 mark)*

Someone who organises the other factors of production and risks their own money in a business (1).

6 *What is meant by capital-intensive production? (2 marks)*

Production that uses relatively more machinery/capital (1) than labour (1).

7 *Using the table, calculate the percentage point change in the share of employment in the tertiary sector between 1995 and 2024. (2 marks)*

Working: 40% − 18% (1).

Answer: +22 percentage points (1).

8 *Explain how training can increase the value of human capital. (3 marks)*

Point: training raises workers' skills and knowledge (1).

Development: so they can do tasks faster and better (1), making each worker more productive and valuable to the firm (1).

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Section C

9 *With reference to the extract, analyse why the share of employment in Vietnam's primary sector has fallen. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): as countries develop, labour moves to manufacturing and services; mechanisation.

Application (2): primary 71% → 27%; foreign factories making clothing, shoes, electronics; farm work mechanised.

Analysis (2): factory and service jobs pay more, attracting workers from farms; machines mean fewer farm workers are needed for the same output.

Knowledge 2 · Application 2 · Analysis 2.

10 *With reference to the extract, evaluate whether Vietnam should continue to rely on manufacturing for its growth. (12 marks · levels)*

For: secondary employment rose to 33%; factories bring jobs, exports, technology and higher wages; FDI.

Against: wages are rising so firms may move to cheaper countries; risk of de-industrialisation; reliance on foreign firms; services (40%) growing and may pay more; environmental costs.

Judgement: manufacturing is useful for now, but Vietnam should move to higher-value production and services as wages rise; depends on skills and investment in education.

Levels: L1 1–3 · L2 4–6 · L3 7–9 · L4 10–12 (balanced, well-developed arguments using the data throughout, and a justified conclusion that answers the question).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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