

Year 9

Commercial Studies

Week 3 - (7th to 11th June)

Additional Readings and Activities

Reading 1

Definition of Economics

Economics is the study of how people and societies around us make use of scarce (limited) resources to satisfy their needs and unlimited wants. Wants are insatiable, meaning people will never be satisfied with things they hold but want more things. Thus, limited resources in relation to unlimited wants.

The main economic problem is **scarcity of resources**. The resources are not enough to satisfy the wants of consumers, therefore, consumers need to make a choice by selecting between many economic options. Choice will always result in an opportunity cost. An opportunity cost is basically the next best alternative forgone.

Importance of making right choices

- Good choices are decisions that keep you heading in the direction in which you want to go.
- It is so important to understand that we are all making choices all the time, even when we chose not to choose we have still made a choice. It is our choices that determine our experiences. The choices we are making today will show up in our experiences in the future.
- The concept of **Opportunity Cost** helps us to choose the **best** possible option among all the available option

History of Economics

- Economics comes from a Greek word “Oi-konomia”. It means the “art of housekeeping” or household management.
- An economist named Adam Smith, wrote the book “The Wealth of Nations”. His book was published in the 18th century and reflected the subject of Economics.
- Adam Smith is known as the “Father of Economics”.

The reasons for studying Economics

- It helps us to understand why people around us behave the way they do
- It allows us as individuals to play a more active role in the workplace and the community
- It helps us to understand the actions of governments and business organizations.

Definition of resource management

Resource management is the process by which businesses acquires, allocates and manages their various resources effectively. Such as, individuals and their skills, finances, technology, materials, machinery and natural **resources** required for a project.

Roles of Economists in Society

An economist is an expert who studies the relationship between a society's resources and its production or output. Economists study societies ranging from small, local communities to entire nations and even the global economy. The role of economists is to research on issues such as:

- Effect of changes on tax rates.
- The relationship between interest rate and investment.
- Ways of reducing unemployment.
- Developing theories (ideas) and models that predict or explain behavior of individual and business.

Reading 2

Factors of Production: are inputs into production process that is used to produce goods and services. **Factors of Productions (FOP) are also called** Economics or Productive resources.

Four FOPs

1. Land (Natural Resources)
2. Labour (Man-made Resources)
3. Capital (Human Resources)
4. Entrepreneurship (Management Resources)

Factors Returns is the payments for factor of production. **Factor Returns** are also known as factor rewards.

For example:

Factors of Production	Factor Returns
1. Land	Rent
2. Labour	Wages and Salaries
3. Capital	Interest
4. Entrepreneurship	Profit

Activities

Monday's work

Part A: Multiple Choice Questions

1. Economics is the study of
 - A. how to invest successfully on the stock exchange.
 - B. how to allocate the society's scarce resources.
 - C. the culture and tradition of different countries.
 - D. how to start a small business.

2. Scarce resources implies that our resources are
 - A. available everywhere.
 - B. available at least cost.
 - C. abundant in supply.
 - D. limited in supply.

3. Labour as a factor of production includes
 - A. a professional rugby player.
 - B. a self-employed mechanic.
 - C. an amateur boxer.
 - D. business owner

Part B: Short Answers

- a. State two reasons why the study of economics is useful.

- b. Identify the four basic Economic Resources (Factors of Production).

Tuesday's work

Part A: Multiple Choice Questions

1. Scarcity in economics means
 - A. goods are expensive to buy.
 - B. people have no money to buy goods.
 - C. supply of goods is greater than the demand.
 - D. resources are not enough to satisfy the wants of the consumers

2. Which of the following is an economic problem?
 - A. Limited wants
 - B. Limited resources
 - C. Unlimited resources
 - D. Inexpensive resources

Part B: Short Answers

- a. Define the terms:
 - i. Choice
 - ii. Opportunity Cost

- b. What the Greek work "Oi-konomia" mean?

- c. State two roles of economists in the society.

Wednesday's work

Part A: Multiple Choice Question

1. Land is an example of
- A. human resources.
 - B. natural resources.
 - C. man-made resources.
 - D. management resources

Part B: Fill in the Table

- a. State the factor rewards for the factors of production listed below.

Economics Resources	Factor Rewards
a. Capital	
b. Labour	

Thursday's Work

Part A: Multiple Choice Questions

- 1) Which of the following is a factor of production?
- A. The taxes paid to the government
 - B. The payment of interest to a bank
 - C. The skills of the manager in a business
 - D. The profit declared by a company in its annual report
- 2) Which of the following factor income is a return on land?
- A. Interest
 - B. Profit
 - C. Wages
 - D. Rent

Part B: Short Answers

- a. Define Economics.
- b. Describe the importance of making the right choice in Economics.
- c. Define resource management.

Friday's Work

Part A: True and False

1. All factors of production are state owned in Fiji. _____
2. Entrepreneurs organise factors of production. _____
3. Money is a factor of production. _____
4. Labour refers to physical efforts only. _____
5. Land is natural and man made resource. _____
6. Land is fixed in quantity. _____

Paragraph Writing

Attempt all the paragraphs.

- a) "People always want more and more goods and services".

With reference to the statement above:

- Define the term scarcity.
- State the relationship between choice and opportunity cost.
- State two reasons for studying economics.

- b) "The most important feature of resources is their scarcity and diversity"

With reference to the above statement:

- Define Factors of Production.
- Identify two factors of production (FOP).
- State two factor returns for each FOP identified.