

**SANGAM SKM COLLEGE – NADI**  
**Lesson Notes-Week1**  
**YEAR 9**  
**Commercial studies**

**Strand:** Economics

**Learning outcome :** describe the term Economics ,state the reasons for studying economics identify the roles of economists in our society

**Notes**

**ECONOMICS**

- **DEFINITION: Economics** is the study of how individual and societies chooses to use scarce resources to satisfy their needs and unlimited human wants.
- **HISTORY:** Originated in the 18 Century with the publications of Adam Smith’s “The Wealth of Nations”. He is known as “the father of Economics”.
- **Economists** are experts in economics; **they study economics.**
- **ECONOMIC PROBLEM:** is the **scarcity of resources** i.e. resources are not enough to satisfy the wants of consumers. Whenever we make a **choice** it always results in **opportunity cost.**
  - **Opportunity Cost** is the next best alternative foregone.
  - **Choice:** is act of choosing or selecting between many economic variations or options.
- **WHY STUDY ECONOMICS?**
  - It helps us to understand why people around us behave the way they do.
  - It helps us in our careers.
  - It helps us to understand the actions of governments and business organizations.
- **ROLE OF ECONOMISTS**
  - They advise business and government on economic decisions.
  - They research on economic issues such as:
    - Effect of changes on tax rates.
    - The relationship between interest rate and investment
    - Ways of reducing unemployment
    - Developing theories and models that predict or explain behaviour of individual and business

**Student activity**

1. Describe the term ‘Economics’
2. State two reasons for studying economics.
3. Who is the father of economics?
4. What is the main economic problem that all societies faces?

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**Lesson Notes Week 2**

**YEAR 9**

**COMMERCIAL STUDIES**

STRAND	Economics
SUB-STRAND	Economic Resources
CONTENT LEARNING OUTCOME	Name and define the factors of production and explain the factor return for each factors of production.

**Economic Resources**

- Are input into production process that is used to produce goods and services.
- also known as **factors of production**
- Economic Resources are scarce, and we are faced with economic problems of :
  - i. **“What “goods and services to produce**
  - ii. **“How” to produce and**
  - iii. **“For whom” to produce.**
- To overcome this problem resource are allocated.

Basic Economic Resources (FOP)	Definition	Returns	Features
Land (Natural Resources)	Refers to all-natural resources found on earth, sea and minerals	Rent	-Fixed in supply -Immobile and non-renewable -Gift of nature (no cost in producing it)
Labor (Human resources)	Refers to all types of production work for which payment is made	Wages and Salaries	-Each is unique in appearance and abilities Labour is mobile Cannot be stored
Capital (Manmade resources)	Refers to manmade goods that are used in the production of goods and services	Interest	It is wealth (Assets used for production) Requires continuous maintenance and replacements due to wear and tear Originate from savings income not used in consumption
Entrepreneurship (Management Resources)	Refers to ability to make difficult and new decisions, risk taking, inventing new things.	Profit	Provides managerial skills Takes financial risks of uncertainties Managing and organising other FOP Innovator with creative talents and skills

**Activity**

1. Define factors of production?
2. What are the returns for capital, labour, entrepreneurship and land resources?

**SANGAM SKM COLLEGE – NADI**  
**Lesson Notes Week 3**  
**YEAR 9**  
**COMMERCIAL STUDIES**

(...Continue from week 2 notes)

**Important Terms:**

1. The **quality of labour** depends on intelligence on work culture, training and education level.
2. The **supply of labour** force depends on the size of working population.
3. **Specific/ skilled Labour:** This refers to highly trained people who are specialized in a specific work. E.g. heart surgery, pilot engineer, architect etc.
4. **Non-specific / Unskilled Labour:** This refers to unskilled (and semi – skilled workers) who have many alternative work or uses. They have minimum level of education E.g. Sales girl, Taxi driver.
5. **Capital Formation (or Capital Accumulations)** -Capital formation is investment. It refers to the process of adding to the net physical capital stock of an economy in an attempt to achieve greater total output. Savings is required in order to have investment.
6. **What Is Automation?** -The use of machines to do the work that previously was done by people (human) e.g. the use of robots which makes the production process self-regulator thus eliminating the use of labour..

**Advantages of Using Automation in Production of Goods and Services**

- increases production.
- flexible manufacturing system,
- Can perform repetitive task accuracy.
- also reduces the variable and average cost per unit termed as Economy of Scale.

**Disadvantages of Using Automation in Production of Goods and Services**

- it will result in redundancy of workers. Unemployment or loss of jobs.

\*\* The demand for these resources depends on the products that are expected to be made. This is called '**derived demand**'.

**Activity**

1. Who is an entrepreneur?
2. Another name for man-made resources is\_\_\_\_\_.