

Influence of the factors of production on the solutions in the world of business

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Анотація

В даній статті розглядаються найважливіші фактори виробництва, їх сутність та значимість для підприємництва. Аналізується вплив на економіку в умовах сучасного розвитку.

Ключові слова: земля, праця, капітал, підприємництво, соціальні і культурні цінності, державна політика, щастя.

Abstract

The most important factors of production, their essence and importance for the production are considered in this article. Their influence on the economy as a whole is analysed under conditions of modern development.

Keywords: land, labor, capital, entrepreneurship, social and cultural values, governmental policies, happiness.

Economic resources are the goods or services available to individuals and businesses used to produce valuable consumer products. The classic economic resources include land, labor and capital. Entrepreneurship is also considered an economic resource because individuals are responsible for creating businesses and moving economic resources in the business environment. These economic resources are also called the factors of production. The factors of production describe the function that each resource performs in the business environment.

Land is the economic resource encompassing natural resources found within a national economy. This resource includes timber, land, fisheries, farms and other similar natural resources. Land is usually a limited resource for many economies. Although some natural resources, such as timber, food and animals, are renewable, the physical land is usually a fixed resource. Nations must carefully use their land resource by creating a mix of natural and industrial uses. Using land for industrial purposes allows nations to improve the production processes for turning natural resources into consumer goods.

Labor represents the human capital available to transform raw or national resources into consumer goods. Human capital includes all individuals capable of working in the national economy and providing various services to other individuals or businesses. This factor of production is a flexible resource as workers can be allocated to different areas of the economy for producing consumer goods or services.

Capital has two economic definitions as a factor of production. Capital can represent the monetary resources companies use to purchase natural resources, land and other capital goods. Monetary resources flow through a national economy as individuals buy and sell resources to individuals and businesses.

Entrepreneurship is considered a factor of production because economic resources can exist in an economy and not be transformed into consumer goods. Entrepreneurs usually have an idea for creating a valuable good or service and assume the risk involved with transforming economic resources into consumer products. According to Business Dictionary, economic development means the "qualitative measure of progress in an economy." This progress is usually measured in terms of advancement in technology that improves comfort and productivity.

Social and cultural values affect economic development through attitude toward progress. Societies that value achievement, personal gain and accumulation of wealth and things generally, according to the University of Houston, realize a greater level of economic development faster than societies that discourage personal and group achievement.

Governmental policies affect economic development by providing a friendly environment for businesses to move into and operate with a community. According to the U.S. Department of Agriculture, policies key to this welcoming philosophy are the adequate funding of community infrastructure, such as public works projects, favorable business taxation laws and the availability of financing through bond initiatives.

Happiness is a factor affecting economic development, because it directly correlates to workplace productivity. Productive and successful businesses that provide an economy with its forward, developmental momentum are comprised of productive workers. Workers who are productive are so because they are happy people. It is suggested, however, that individualized happiness does not stem from the material, but from personal development and interpersonal relationships. Conversely, the result of success in these areas leads to the economic growth of the entire community.

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