Behind Every Repair

Trace the inputs behind a bicycle repair service

9-12.EC.4 "Describe the factors of production."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one passage detail that shows each factor of production, then write its factor name beside the detail. Use your marks to show how all four factors help the shop operate.

A Repair Shop on the Way Home

1 At a busy train station, a pop-up bicycle repair shop fixes flat tires for commuters. The owner rents a corner of a nearby lot where customers can roll their bikes up to a workbench. Economists call the site **land**, a factor of production that includes natural resources and usable space. The lot's location matters: passing cyclists can see the shop, and the work area gives mechanics room to move. Land does not mean only farmland. A business can use land without owning it, as this shop does when it pays rent for its space.

2 A repair stand, tire levers, air pump, and replacement tubes help the shop deliver its service. The reusable tools and equipment are **capital**, goods made to produce other goods or services. The new tubes, by contrast, are materials installed in customers' bikes, not reusable shop equipment. Two mechanics diagnose problems, replace tubes, and explain repairs to customers. Their time and effort are **labor**. Training helps them find a puncture quickly and avoid damaging a wheel. That training is human capital, knowledge and skills that increase the value of their labor. Neither tools nor training repairs a bike by itself.

3 The owner decides when to open, sets repair prices, and arranges the rented space, tools, supplies, and mechanics into one business. This organizing and risk-taking is **entrepreneurship**, another factor of production. Before a commuter pays for a repair, the owner may have to pay rent, buy supplies, and cover wages. If few riders stop, the owner could lose money. If enough riders buy repairs at prices that cover costs, the shop may earn a profit. Every repair depends on several inputs working together, but each factor makes a different contribution to the service customers receive.

2 ANSWER WITH EVIDENCE

Use the passage

1. Describe how land helps this shop provide repairs. Why does the location matter?

2. How do the shop's reusable tools serve as capital? How are they different from the new tubes?

3. What do the mechanics contribute as labor, and how does their training affect that contribution?

4. Describe two ways the owner provides entrepreneurship and one risk the owner takes.

3 YOUR TURN

Your own words

Invent a small business that does not repair bicycles. In four or five sentences, describe how land, capital, labor, and entrepreneurship each help it produce a good or service, and explain one risk the entrepreneur takes.

ANSWER KEY

Behind Every Repair

PART 1 · READ AND MARK

Underline one passage detail that shows each factor of production, then write its factor name beside the detail. Use your marks to show how all four factors help the shop operate. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Describe how land helps this shop provide repairs. Why does the location matter?	**The rented lot provides space for repairs. Its location lets passing cyclists see the shop.**
2	How do the shop's reusable tools serve as capital? How are they different from the new tubes?	**The tools are equipment used repeatedly to provide repairs. The new tubes are materials installed in customers' bikes.**
3	What do the mechanics contribute as labor, and how does their training affect that contribution?	**The mechanics contribute time and effort to diagnose and repair bikes. Training helps them work quickly and avoid damage.**
4	Describe two ways the owner provides entrepreneurship and one risk the owner takes.	**The owner organizes the shop's inputs and sets prices or hours. The owner risks losing money if sales do not cover costs.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

My smoothie stand rents a spot near a public pool, giving it space and access to customers. Its blenders and cooler are capital used to make and store drinks. Workers cut fruit, mix smoothies, and serve customers, providing labor. I act as the entrepreneur by arranging the location, equipment, and workers and setting prices. I risk losing money if smoothie sales do not cover rent, wages, and supplies.

Accept any accurate description of usable space or natural resources as land, reusable productive equipment as capital, workers' effort as labor, and organizing inputs while taking financial risk as entrepreneurship. The invented business must identify a distinct contribution from each factor and a plausible entrepreneurial risk.