

# *Chapter One*

# 1

## INTRODUCTION TO BUSINESS

### OBJECTIVES

In this chapter you will learn about:

- i. **What is a business?**
- ii. **Needs and wants**
- iii. **Goods and services**
- iv. **Scarcity of resources**
- v. **Factors of production**
- vi. **Opportunity cost**
- vii. **Trade**

# Introduction to Business



Figure 1.1

## Define Business

A business produces goods and services which are expected to fulfil human needs and wants.

### 1.1 Human Needs and Wants

People have different needs and wants. But what are needs? How are they different from wants?



Figure 1.2

Figure 1.3



Figure 1.4

## Human Needs

The 4 main basic needs for survival are;

**1. Food – to satisfy hunger**

## Human Wants

Rice, Burgers, Sandwiches



**2. Water – to quench thirst**

Soft drinks, Milk, Water



**3. Clothing – for warmth and protection**

Shirts, Trousers, Dresses



**4. Shelter – for protection from elements**

Houses, Apartments



Figure 1.5



You have now probably identified things that you want. However you still may want some more items but may not have enough money to buy them.

This is because our wants are unlimited but on the other hand, needs are limited.

Table 1.1

Needs	Wants
Needs are limited.	Wants are unlimited.
Needs are essential for living.	Wants are not essential for living.
Needs are common to all.	Wants differ from person to person.
Needs cannot be created by businesses.	Wants can be created by businesses.



Figure 1.6