



# What Are Businesses?

- Organisations that try to meet our **NEEDS** and **WANTS**, usually to make a profit

➤ **Needs** – Things that are essential to survive

- There are 5 basic needs:



Food



Clothing



Shelter



Water



Warmth

➤ **Wants** – Things we would like, but can survive without

- Our wants are unlimited, e.g. a holiday!





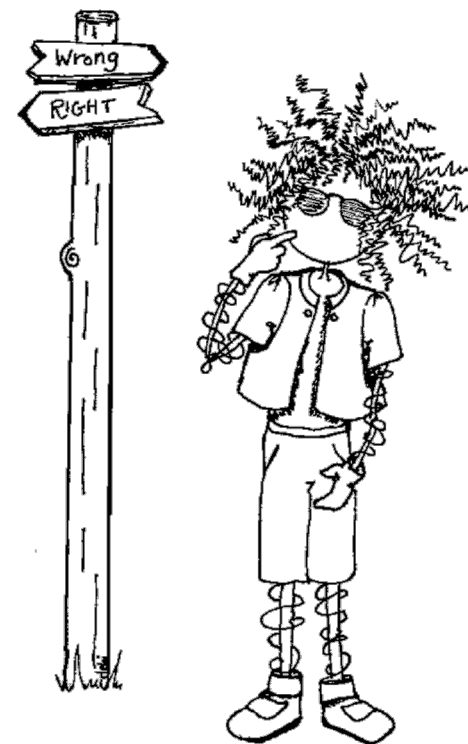
# The Problem!

- We want everything – but we cannot have everything!
- Why?
  - Because we do not have the resources
    - E.g. you may not have enough money for a new mobile phone!



- This means that we have to choose what we use our resources for!
- This is known as

“THE ECONOMIC PROBLEM”



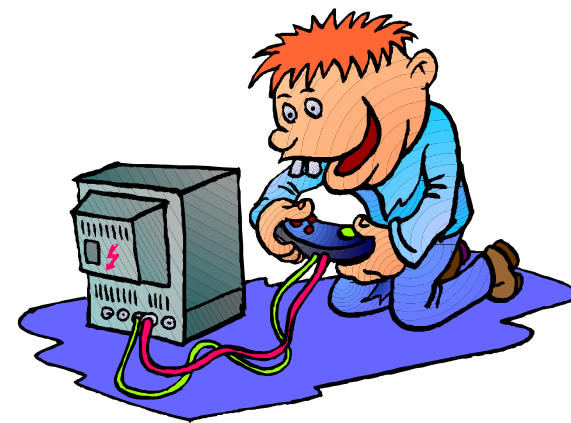


# The Cost!

- Unfortunately, every time we make a choice there is a cost!
- Why?
  - Because if we choose to do something, the cost is not being able to do something else!
    - E.g.



OR



This is called “**OPPORTUNITY COST**”