Machinery also helps all jobs and can be operated 24/7.

Absence of one worker may result in stopping the production process.

Why is business activity needed? (summary)

- Provides goods and services from limited amount of resources to satisfy our unlimited wants.
- Scarcity results from limited resources and unlimited wants.
- Choice is necessary for scarce resources. This leads to opportunity costs.
- Specialization is required to make the most out of resources.

Business activity:
- Combine factors of production to create goods and services.
- Goods and services satisfy people’s wants.
- Employs people and pays them wages so they can consume other products.

Business objectives:

Their aims can vary depending on their type of business or these can change depending on situations. The most common objectives are:

I. **Profit**: (main aim of private companies)
   - Profits are needed to:
     - Pay a return to the owner of the businesses for the capital invested and the risk taken.
     - Provide finance for further investment in the business.
     - Increase added value (value added is the difference between the selling price and the cost of materials of a product).

II. **Growth**: in size of the business
   - Reasons:
     - To make jobs more secured if the business grows larger.
     - To increase the salaries and the status of managers as the business expands.
     - To open up new possibilities and preventing the risks of the business by moving into new products and markets.
     - To obtain a higher market share.
     - To obtain cost advantages (economies of scale) from business expansion.

III. **Survival**: if a business does not survive, its owners lose everything. Therefore, businesses need to focus on this objective the most when they are:
   - Starting up a business.
   - Competing with other businesses.
   - In an economic recession.

IV. **Service to the community**: this is the primary goal for most government-owned businesses. They plan to produce essential products to everybody who need them.
   - Social enterprise - to provide jobs and support to the public.

V. **Market share**: the proportion of the total market share achieved by a business
   - Formula: Market share = (Company sales ÷ Total market sales) × 100