Chapter 1: Needs and Wants

Brady:
Need- Something necessary for survival
Want- A luxury that adds to your quality of life
Goods and Services provided by:
Cable installment companies, Lowes, Roofing companies
Agriculture- Farming
Industrial- Factories, assembly line work
Economic Resources:
- Natural resources: Come from the land
- Human resources: The individuals used to make a product
- Capital resources: Non natural resources (Factory’s, Machines, Money)
^ (Factors of Production)

Jack
Goods and services are to made to suit the needs of the public

3 Sectors of Technology:
- Agriculture
- Industrialization
- Service and Technology

GDP- Gross domestic product
GDP= The total dollar value of a country’s produced goods and services annually

CIA World Factbook
Agriculture 1.1%
Industry 19.5%
Services 79.4%
Private Sector: Private business owned by a person or group of people that is self-ran without government controlling it or taxes paying for it.

Oligopoly: Much like a monopoly where one firm dominates an industry, but its two or more firms dominating in an oligopoly.

Interstate: Business dealing involving companies in more than 1 state.

Intrastate: (Within state borders)

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Wal-Mart Video

Retailer (wal-mart) now has the power instead of the producer.

Connections:
- An interstate business
- Basically a monopoly
- Internal stakeholder meeting
- Wal-mart in the private sector
- Wal-Mart and China are a joint venture
- Balance of Trade
- Trade of Wal-Mart
- Multi-national corporation
- GDP
Sole Prop

- One person has control over business activity.
- Financed with personal funds.

Set-Up
- Unlimited Liability
- Single Taxation

Partnership

- All partners make decisions.
- Financed by investor
- Control based on investment of capital
Over time
Hours worked beyond the regular hours (40)
Paid at the rate of 1 and 1⁄2 times the regular rate of pay

Payroll: The financial record of employee compensation, deductions, and net pay
-Gross Pay - Deductions = ________ (Net pay)
-40 hours a week - full-time employee
-Benefits and taxes

Income taxes: employee tax, state, local; based on the amount of earnings and dependents

Social Security and Medicare: Employee and employer tax; FICA: Social Security (6.2%); Medicare (1.45%); Total (7.65%)

Unemployment taxes: employee tax; FUTA; amount based on firm’s total employee wages

Ways to prepare payroll

Payroll record
Used to track employee’s history
Includes current and year-to-date earnings, deductions, gross pay, net pay
Includes personal and individual tax information for each employee

Preparing paychecks
Earnings report/Paystub- Includes information for current pay period and year to date earnings and deductions
Gross pay - deductions = net pay
Productions Methods

- Job/Custom Production
  - Producing on specific type of product based on customers' needs (Architects)
  - Expensive due to specific wants. Motivated employees

- Batch Production
  - Creating similar products in quantities made from the same machinery

- Mass production
  - Producing a large quantity of identical goods at low costs.
  - Very cheap. Employees low wages. Lower quality

Importance of good quality

- Increasing customer awareness
- Government Legislature
- Increasing competition

CPI: Continuous process improvement

Lean production

- The process of streamlining operations and processes in order to reduce all forms of waste
- Should lead to reduce cost and increase quality