∞ 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 business.
- ❖ **Increase added value** (value added is the difference between the selling price and the cost of materials of a product).

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Page 2 of 3

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