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%

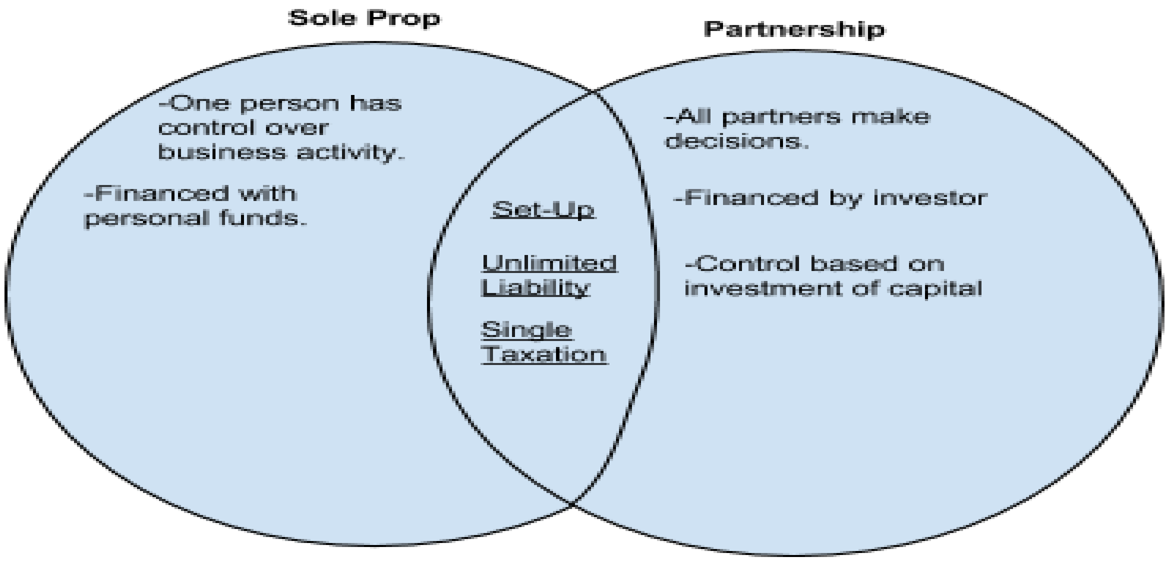
Private Sector- Private business owned by a person or group of people that is self ran without government controlling it or taxes paying for it.
Oligopoly- Much like a monopoly where one firm dominates an industry, but its two or more firms dominating in an oligopoly
Interstate- Business dealing involving companies in more that 1 state.
Intrastate- (Within state borders)

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 deficit
multi-national corporation
GDP


Sole Prop
Partnership
-One person has control over business activity.
-Financed with personal funds.
Set-Up
Unlimited Liability
Single Taxation
-All partners make decisions.
-Financed by investor
-Control based on investment of capital

-forecasting tool
-comparable to smaller businesses
-loans

Over time

Hours worked beyond the regular hours (40)
Paid at the rate of 1 and ½ 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

<u>Ways to prepare payroll</u>

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

Direct Deposit

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 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 improved quality