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PRESENTS

BUSINESS STUDIES

Topic 3: Satisfaction of Human Wants

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SATISFACTION OF HUMAN WANTS

Introduction

For us to lead our lives well, we require certain commodities and services. These goods and services satisfy our wants. Human wants can be referred to as the desires that human beings strive to satisfy by using goods and services. The satisfaction of these wants refers to the process of acquiring and using the required goods and services.

Characteristics of human wants

- a) **Insatiable** – human wants are endless (each cannot be satisfied once and for all) and they are also unlimited in number (satisfying one requires the other.)
- b) **Competitive** – the unlimited human wants are to be satisfied using limited human wants. This necessitates choice of the wants to satisfy and those to forego;
- c) **They are recurrent** – Satisfaction levels vary in time such that a need that has been fully satisfied in one point of time requires satisfaction in another point. Several hours after eating to the full, one feels hunger again.
- d) **Varied intensity and urgency** – the intensity of need is different for different people and also in different time, gender, age, season, location and culture.
- e) **Require resources** – it takes resources to satisfy human wants. Resources are always much less than the wants they need to satisfy;
- f) **Complimentary** – Satisfying some wants may create a need for another related want. For instance, acquiring a shoe may create a need for polish and socks, buying a car may require fuel.
- g) **Universal** – most human wants are common to all human wants, though in varying quantities and qualities;
- h) **Habitual** – Many consumers tend to develop a taste of commodities they use more frequently, especially certain brands and also certain addictive commodities.



Types of Human Wants

There are two main types – basic wants and secondary wants

a. Basic wants

These are the essential needs in life such that one cannot do without them. They include food, shelter and clothing. They are satisfied before the secondary wants. They have the following characteristics;

- ✓ One cannot do without them;
- ✓ They're felt needs;
- ✓ Cannot be postponed;
- ✓ They are satisfied before secondary wants.

b. Secondary wants

Secondary wants are requirements for comfortable and luxuriant live. Comforts provide good life, beyond mere survival. It includes such needs like Medicare, education and security. Luxuries include even much more flamboyant needs like a sleek car, a mansion, study abroad and such kinds of needs. At times some secondary want may be meant to save lives, for instance Medicare. In such circumstances, the needs become a basic want.

Goods and Services

These are also known as commodities. Goods comprise of tangible commodities while services are some desirable actions.

Characteristics of Goods

- a) **Tangible** – Can be touched and felt;
- b) **Can be seen** – Most of them, apart from gas, are visible;
- c) **Can change possession** – goods can change ownership from one person to another through a price or donation;
- d) **Can be stored** – all goods can be stored for future use. The length of storage depends on whether the goods are durable or perishable;
- e) **Can change in quality over time** – some goods depreciate while others such as land appreciate with time;



- f) **Their quality can be standardized** – through mechanization, production of goods can be automated and thereby their quality standardized. Standardization is enhanced by embarking on quality control procedures.

Characteristics of Services

- a) **Intangible** – services are immaterial, and hence cannot be touched or felt, but their effects can be felt;
- b) **Quality cannot be standardized** – services vary from one provider to the other, from time to time and also from place to place. So standardization is very difficult;
- c) **Cannot be seen** – they are immaterial and are therefore not visible;
- d) **Cannot be stored** – services are extremely perishable. They are consumed as they are provided. Hence they cannot be stored;
- e) **Inseparable from the provider** – services can therefore not be transferred from one person to another.

Economic Resources

Unlike free resources such as air, rain and sunshine, economic resources are scarce and therefore require effort or price to acquire. Nevertheless, at times free resources may be viewed as economic resources if they provide some economically valuable activities or commodities. E.g. fishing, solar power generation etc.

Characteristics of economic resources

- (a) **Scarce in supply** – the resources are limited while the wants to be satisfied by the resources are unlimited;
- (b) **Have money value** – each commodity has a value that can be used to change ownership from one person to another.
- (c) **Unevenly distributed** – they are more concentrated in some places than on others;
- (d) **Can change ownership** – their money value enables people to change the ownership of the commodities from one person to another;
- (e) **They have utility** – economic resources are useful in satisfying a want;



- (f) **Can be combined** – they can be put together to produce some different commodities, e.g. building materials like natural stone, cement, nails, iron sheet, tiles, wood, concrete, steel and glass can be combined into a building.
- (g) **They have alternative uses** – the owners have to choose the most appropriate use for a resource since it can be put into many different uses with different results;
- (h) **Can be complimentary** – some goods have utility only when used together, for instance car and petrol.

Classification of Economic Resources

a. Natural resources.

They are provided by nature and are therefore also known as gifts of nature. Man works on them to create goods and services. They include: minerals, forests, lakes, rivers, Climates Mountains, land and mountains.

For the natural resources to be beneficial, man must:

- ✓ Know that they exist;
- ✓ Use their knowledge to extract the resources from their natural setting;
- ✓ Use the extracted resources to produce goods and services that can satisfy their wants.

Knowledge therefore, is very crucial in the utilization for natural resources. It is at times even more beneficial than the resource endowment. Country whose citizens have the right skills have been known to import the resources, use theory knowledge to create goods and services and thereby end up benefiting from the countries that export the resources.

Goods produced from natural resources can be consumer goods like clothes, bread and ink or prouder goods like machinery, vehicles, trains, computers e.t.c.

b. Man – made resources.

These are producer goods produced from natural resources. They include tools, machines and commercial vehicles.



c. Human resources.

These are human beings involved in production activities through intelligence or physical effort. They include teachers, doctors, lawyers, engineers, manual laborers etc.

Renewable Resources and Non-renewable Resources

1. Renewable Resources

They include those resources whose production can be restored after use. Failure to restore can lead to depletion. They include wood, solar, fuel, H.E.P., wind power and soda ash.

2. Non-renewable Resources

Their supply cannot be replenished after use. They include such commodities like gold, building stone, gravel, iron, aluminum, gold, lead, natural gas, etc. These goods cannot be restored after they have been extracted and used.

Human wants are unlimited and varied in such measures as urgency, importance and intensity. They are satisfied through resources which are limited in nature. Therefore a choice has to be made based on the order of preference as to which wants to satisfy and which ones to forego. The second best alternative want foregone in order to satisfy the most preferred want is known as opportunity cost.

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