

Explain the nature of the basic economic problem facing society, and show how bus...

[Business](#), [Management](#)



Basic Economic Problem The basic economic problem in most of the societies is scar. Therefore, the objective of involving in economic activities is to ensure adequate production of goods and even services to satisfy human wants.

Inadequacy of the goods and services leads to development of choice concerning the decisions on what goods to produce. The primary economic problem is scarcity that leads to making of choices and business is the most fundamental problem solving tool of the problem.

Choice is one of the best strategies that firms can use in dealing with economic difficulties. Business activities aim in the provision of all economic problems though not exhaustively. The active operation of firms in the market ensures the provision of goods and services. The large firms with the capacity of operating as independent organizations make their own decisions on how to enter and exit markets. The firms have also developed efficient ways such as choice on how well to utilize the available resources for maximum gain. 1 Therefore, the firms have mechanisms for dealing with scarcity in the most productive way.

In conclusion, some of the economic problems can be dealt with through the increase of firms in the market. The coming up of firms have the potential to reduce the transaction costs thus making commodities readily available. The incorporation of some goods within organizations rather than as a whole in the markets leads to attaining favorable costs. 2 In addition, the use of new technologies makes a great contribution in the economic output of a country thus dealing with scarcity. 3

Reference List

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