BUSINESS/ECONOMICS · UNIT 9.01 · BUSINESS, ENTREPRENEURSHIP AND THE INDONESIAN ECONOMY

What Is a Business? Needs, Wants, and Value Creation

9.01.1 · Student Textbook · SMA Grade 9

STUDENT TEXTBOOK

Lesson 9.01.1 — What Is a Business? Needs, Wants, and Value Creation

Read this before the workbook. Quick Check answers are held by your teacher.

Business/Economics · Unit 9.01 — Business, Entrepreneurship and the Indonesian Economy
Lesson 9.01.1 — What Is a Business? Needs, Wants, and Value Creation
Level: SMA Grade 9 · Core lesson · Estimated reading time 18 minutes
Curriculum trace: Kurikulum Merdeka *Ekonomi/IPS* kelas IX — kebutuhan dan keinginan, pelaku kegiatan ekonomi. International benchmark: introductory business studies — the purpose of business and value creation.

Learning objectives

By the end of this lesson you will be able to:

1. **[CORE]** Define needs and wants, and reason about a need's urgency using IBLA's primary/secondary/tertiary classification.
2. **[CORE]** Explain business using the identify → create → exchange framework, as an introductory model for how businesses create and exchange value.
3. **[CORE]** Classify concrete goods, services and business actions against the needs/wants distinction and the identify-create-exchange framework.
4. **[CORE]** Compare a small, single-owner business and a large platform business, and show both fit the same identify-create-exchange framework at different scale.
5. **[EXTENSION]** Evaluate a marketing claim that presents a want as though it were a need, and defend the judgment with a reason.

1 · A cracked screen in a market lane

PAK BROTO'S PHONE-REPAIR KIOSK · A MARKET LANE, YOGYAKARTA

A narrow stall, one workbench, a glass display case of spare screens. Pak Broto fixes twelve to fifteen phones a day, mostly cracked screens and swollen batteries.

A student drops her phone. The screen shatters. She cannot call her parents, cannot check the class group, cannot use the calculator app before an exam. She walks to Pak Broto's kiosk. Forty minutes and Rp 150,000 later, she walks out with a working phone.

Nothing physical was scarce here in the way a harvest is scarce. Pak Broto did not grow anything. What he did was create value for a customer — turning a phone she could not use into one she could — and receive value in return. This is the essence of a **business**: it creates value for customers, and seeks to obtain value in return through exchange, whatever its size or the good it deals in.

Not every business fixes a "problem" in an obvious sense — a cinema, a music app, or a football club create value through enjoyment and experience rather than repair. What they share with Pak Broto's kiosk is the same underlying pattern, which this course will use as its main analytical tool for the rest of the unit:

Business (IBLA working definition) — an organization or activity that creates value for customers and seeks to obtain value in return through exchange. This is an introductory definition for the course, not the only way economists describe a business.

The IBLA framework for this course: identify → create → exchange. A business identifies something customers want, creates value that meets it, and exchanges the result for something of value in return. Use this three-step framework to analyze any business you meet in this course.

2 · Needs, wants, and the line between them

Not every problem a business solves is equally urgent. Economists sort what people seek into needs and wants, though — as this section shows — the line depends on context, not on a fixed list of goods.

A **need** is something necessary for survival or adequate functioning in a particular context: food, clean water, shelter, basic clothing, essential healthcare. A **want** is something a person would like to have, beyond what that context requires: a second pair of shoes, a concert ticket, a phone upgraded before the old one has failed.

Need — something necessary for survival or adequate functioning in a particular context. **Want** — something a person would like to have, beyond what that context requires.

To reason more precisely about needs, IBLA uses a three-tier classification: a **primary need** keeps a person alive (food, water, shelter); a **secondary need** supports a reasonable standard of functioning once survival is secured (basic clothing, primary education, essential transport to work or school); a **tertiary need** is further out still but can be genuinely urgent within a specific person's situation — a smartphone for a student who needs it for schoolwork sits here.

IBLA's need classification is a

The central idea to take from this section: **the same good can carry different economic significance depending on a person's circumstances and what they intend to use it for.** A screen repair is not a primary need — the student would have survived the day with a cracked screen — but it may be a genuine need if the phone is required for schoolwork and contact with family, and merely a want if it is not. Two students can face the same broken screen and reach different classifications, depending on what the phone is actually for. Classifying a case well means asking what the good is *for*, not how badly someone wants it, and being able to justify the reasoning — the exact tier matters less than the argument that gets you there.

teaching model, not a fixed economic law. The boundary between secondary and tertiary can depend on judgment and context — what matters most is the reasoning, not landing on one "correct" label.

3 · From problem to exchange: three steps

Pak Broto's kiosk, looked at closely, does three distinct things.

Identify. He notices, or already knows from experience, that cracked screens and dead batteries are a recurring, real problem for people in his market. He did not invent this problem — it already existed before he opened his kiosk.

Value creation — turning something less useful to a customer into something more useful to them.

Create. He turns a broken phone into a working one. This is **value creation**: taking something less useful to the customer — a phone she cannot use — and turning it into something more useful to her — a phone she can use again. Value creation does not require making a new physical object. A repair, a haircut, a tutoring session and a delivered parcel all create value without manufacturing anything from raw materials.

Exchange. The student hands over Rp 150,000; Pak Broto hands over the repaired phone. In a mutually beneficial voluntary exchange like this one, both parties expect to gain from the transaction — that expectation of gain is what makes a customer choose to return.

Identify → create → exchange is the framework this course uses to analyze every business, from a single kiosk to a national company. What changes between a kiosk and a company is not the framework — it is the scale.

4 · Worked example: classifying a case

Question. A neighbour's motorbike breaks down on the way to a job interview that starts in thirty minutes. A passer-by, Pak Anto, runs a small "ojek" (motorbike-taxi) stand nearby. The neighbour pays him Rp 15,000 for a ride straight to the interview. Classify the ride as a need or a want, and identify the three steps of Pak Anto's business in this transaction.

Step 1 — ask what the good is for. The ride is not required for the neighbour's bare survival, but missing the interview because of it would cost the neighbour a real chance at employment. The ride is required for adequate functioning in this specific situation.

Step 2 — classify using that answer. This makes the ride a secondary or tertiary need for the neighbour today, not a want — the neighbour is not choosing the ride for enjoyment or preference, but out of genuine necessity created by the breakdown.

Step 3 — identify the three steps of the business. Pak Anto did not need to be told the neighbour's exact problem in advance; motorbike-taxi stands exist because breakdowns, missed connections and time pressure are a recurring problem near this road (**identify**). He supplies a ride that gets the neighbour to the interview on time (**create** — turning "stranded, about to miss the interview" into "on time, interview intact"). The neighbour hands over Rp 15,000 and Pak Anto hands over the completed ride (**exchange**).

Step 4 — state what the classification means. Because the ride meets a genuine, situation-specific necessity rather than a preference, marking it a need (not a want) is the classification that best fits what the ride is actually *for* — even though an identical ride taken for sightseeing, with no interview at stake, would be a want.

5 · The same mechanism, two scales

Classifying a case has four steps: ask what the good is for, classify using that answer, name the identify/create/exchange steps, then state what the classification means for this specific situation — never classify from how the good is described by the person who wants it.

TOKOPEDIA · NATIONAL ONLINE MARKETPLACE

Millions of sellers list products; millions of buyers search, compare and pay through one platform.

Tokopedia does not repair a single phone. It identifies a different, much larger opportunity: buyers across Indonesia's islands cannot easily find and trust sellers they have never met, and sellers cannot easily reach buyers outside their own city. Tokopedia creates value by building a platform where a buyer in Ambon can search, compare prices, read reviews and pay securely for a product from a seller in Surabaya — something neither side could arrange alone. The exchange step still happens: the buyer pays, expecting the product to arrive as described, and the seller and platform both expect to gain from the transaction, just as Pak Broto and his customer do.

Pak Broto's kiosk and Tokopedia's platform run the same identify-create-exchange framework at very different scale — the number of customers reached, and the resources needed to reach them. Scale is not what makes something a business; the framework applies either way.

Scale — how many customers a business reaches and how many resources it needs to run its identify-create-exchange framework. Scale changes size and complexity, not the underlying pattern.

6 · Where students go wrong

> **Students often say:** "Tokopedia isn't a business the way a small kiosk is — it's a big company, and 'business' should mean something more personal."
>
> **Why this is wrong:** the identify-create-exchange framework does not disappear at scale; it is only harder to see because no single employee performs all three steps in front of you. Tokopedia's engineers, customer-service staff and logistics partners together identify, create and exchange, exactly as Pak Broto does alone.
>
> **The habit to build:** for any organisation, ask the same three questions — what does it identify, what value does it create, and what is exchanged for that value? If all three have answers, the framework applies, regardless of size.

7 · Why businesses exist at all

No single person is good at everything. Pak Broto could try to grow his own food, build his own house, and fix his own car — but he would do all three badly and have no time left to repair phones. Instead, he specializes in phone repair, and trades the money he earns for food, housing and transport that someone else specializes in providing. This is **specialization**: a person or business focuses on doing one thing well, and relies on exchange with others to get everything else it needs. Markets — the widely used arrangements through which buyers and sellers find each other — exist to make that exchange possible at scale, whether that market is a single market lane or a national platform like Tokopedia. Entrepreneurship is what decides *which* opportunity to specialize in, and takes on the risk of that choice. The rest of this unit builds on this single idea: businesses exist because specialization and exchange let people and societies produce more, and live better, than everyone trying to do everything alone.

8 · What you should now be able to do

- IBLA's working definition: a business creates value for customers and seeks to obtain value in return through exchange. We analyze businesses using the identify → create → exchange framework.
- A need is necessary for survival or adequate functioning in context; a want is not. IBLA's primary/secondary/tertiary tiers are a teaching model for reasoning about urgency, not a fixed economic law.
- The same good can carry different economic significance for different people, depending on their circumstances and what they intend to use it for.
- Value creation turns something less useful to a customer into something more useful to them, whether or not anything is physically manufactured.
- **[EXTENSION]** A marketing claim can present a want as though it were a need; judging the claim means asking whether survival or adequate functioning genuinely depends on the good.
- A kiosk and a national platform run the same identify-create-exchange framework at different scales — businesses exist because specialization and exchange let people produce more than they could alone.

Terms used in this lesson

Keep this page open while you work through the workbook.

Term	Meaning	Indonesian
Need	Something necessary for survival or adequate functioning in a particular context	kebutuhan
Want	Something a person would like to have, beyond what that context requires	keinginan
Primary need	A need required for bare survival	kebutuhan primer
Secondary need	A need supporting a reasonable standard of functioning once survival is secured	kebutuhan sekunder
Tertiary need	A need further from survival, but genuinely urgent within a specific person's context	kebutuhan tersier
Business (IBLA working definition)	An organization or activity that creates value for customers and seeks to obtain value in return through exchange	usaha / bisnis
Value creation	Turning something less useful to a customer into something more useful to them	penciptaan nilai
Identify-create-exchange framework	The three-step framework this course uses to analyze any business, regardless of size	kerangka identifikasi-penciptaan-pertukaran
Scale	The size at which a business runs its identify-create-exchange framework	skala usaha
Specialization	Focusing on doing one thing well and relying on exchange for everything else	spesialisasi

Quick Check

Answer in your notebook before starting the workbook. Answers and marking notes are in the Teacher Guide.

1. A family spends Rp 40,000 on rice and Rp 40,000 on a birthday cake in the same week. Classify each purchase as a need or a want, and justify each in one sentence.
2. Name the three steps of the identify-create-exchange framework, and give one sentence for what each step means.
3. Explain in one sentence why Tokopedia counts as a business even though no single Tokopedia employee repairs anything.
4. **[EXTENSION]** An advertisement says, "You *need* the new model — don't fall behind." Is this a need or a want? Give one reason.