Opportunity_Cost_vs_Trade_Offs.edited.docx

by

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Opportunity Cost vs. Trade-Offs

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Opportunity Cost vs. Trade-Offs

The expense of passing out another greatest alternative is recognized as opportunity cost. In other terms, it is the advantages that can be recognized if an alternative possibility is adopted (Hancock, 2018). People have to make decisions, and those decisions have consequences. Resources are frequently scarce in the economic world. Decisions are made in the face of ambiguity, and selecting one form of action or making one choice may limit a company's ability to choose a different path of action. The cost of a decision in terms of another best alternative forfeited is known as opportunity cost. For instance, the opportunity cost of not working an extra 10 hours per week, for instance, is the missed wages. There is a trade-off when having more of one item translates to having lesser of the other (Hancock, 2018). For example, if you do not undertake enough market surveys, your new product may fail. Another illustration is focusing on more essential quality requirements, which may result in increased quality assurance expenses. A trade-off is the plan of action forfeited to undertake the preferred alternative, whereas opportunity cost is the expense of choosing one plan of action and neglecting others.

References

Hancock. (2018, August 4). *Video 4 Opportunity Costs vs Trade-Offs* [Video]. YouTube. https://www.youtube.com/watch?v=Pa0VAmBXpGo&t=45s%29Please

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