

Lesson Plan —How Economic Decisions are Made

Course Title: Entrepreneurship

Session Title: How Economic Decisions are Made

Performance Objective:

- Upon completion of this lesson, the student will be able to describe four economic systems in the world and define the U.S. market economy.

Specific Objectives:

- Students will compare different types of economic systems.
- Students will describe the characteristics of the U.S. economy.
- Students will explain how scarcity affects economic decisions.
- Students will explain how business functions are used to satisfy consumers.

Preparation

TEKS Correlations:

This lesson, as published, correlates to the following TEKS. Any changes/alterations to the activities may result in the elimination of any or all of the TEKS listed.

- **124.12(c)(9)(A)**
identify economic wants and needs
- **124.12(c)(9)(B)**
use information about supply and demand to predict their influence on entrepreneurial activities
- **124.12(c)(9)(C)**
explain the role productivity plays in an economy
- **124.12(c)(9)(D)**
describe competition and its relationship to private enterprise and entrepreneurship
- **124.12(c)(9)(E)**
analyze competitive strengths and weaknesses of an entrepreneurial venture
- **124.12(c)(2)(A)**
explain the marketing concept
- **124.12(c)(2)(B)**
explain how each component of the marketing mix contributes to successful entrepreneurial ventures

Interdisciplinary Correlations:

English

110.42(b)(6)(A) – Vocabulary Development

...expand vocabulary through wide reading, listening, and discussing

110.42(b)(6)(B) – Vocabulary Development

... rely on context to determine meanings of words and phrases such as figurative language, idioms, multiple meaning words, and technical vocabulary

110.42(b)(7)(F) – Reading/comprehension

...identify main ideas and their supporting details

110.42(b)(7)(G) – Reading/comprehension

...summarize texts

110.42(b)(7)(J) – Reading/comprehension

...read silently with comprehension for a sustained period of time

Accommodations for Learning Differences:

It is important that lessons accommodate the needs of every learner. These lessons may be modified to accommodate your students with learning differences by referring to the files found on the [Special Populations page](#) of this website.

Teacher Preparation:

References:

1. Entrepreneurship Ideas in Action, Fourth Edition, Cynthia L. Greene, Southwestern Cengage
2. Making a Job: A Basic Guide to Entrepreneurship Readiness, Marilyn Kourilsky, Kauffman Foundation for Entrepreneurial Leadership.
3. USA Today and local newspapers

Instructional Aids:

1. “How Economic Decisions Are Made” PowerPoint Presentation
2. How Economic Decision Are Made Assignments Sheet
3. Opportunity Cost Poster Assignment #1
4. Opportunity Cost Poster Rubric
5. Written Report: U.S. Economic System Assignment #2
6. Written Report: U.S. Economic System Rubric
7. Oral Presentation: Competing to Win Assignment #3
8. Oral Presentation: Competing to Win Rubric
9. Internet

Materials Needed:

1. Construction paper
2. Scissors and glue
3. Poster board

Equipment Needed:

1. Computers for students to complete projects
2. Projector for PPT

Learner Preparation:

1. Ask students if they have ever had to choose one item over another. Ask them what influenced their decision. Introduce students to the concept of opportunity cost.
2. Students can talk in small groups about choices they have made and the opportunity costs of their choices.

Lesson Plan

Introduction (LSI Quadrant I):

1. Write command economy, market economy, traditional economy, and mixed economy on the board. Read characteristics of each economy and ask students to list the characteristic under the correct form of government.
2. Break the class into teams of two students. Each team must prepare a PowerPoint presentation that thoroughly explains the difference between command, market, traditional, and mixed economies. The PowerPoint presentations must give examples of countries for each economic category.
3. Tell students that you have the last four tickets to their favorite concert or championship sporting event. Ask how much they are willing to pay. As students begin to offer larger sums of money, introduce the concept of supply and demand- with high demand, prices go up.


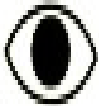
Important Terms for this Lesson:




- Capitalism - private ownership of resources by individuals rather than by the government
- Profit - difference between the revenues taken in by a business and the costs of operating the business
- Economic decision making - the process of choosing which needs and wants, among several, you will satisfy using the resources you have
- Scarcity - occurs when people's needs and wants are unlimited and the resources to produce the goods and services to meet those needs and wants are limited
- Opportunity cost - value of the next-best alternative; the one you pass up



Outline

Outline (LSI Quadrant II):




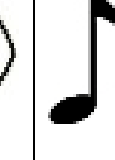



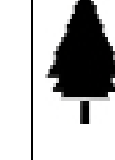

Instructors can use the PowerPoint presentation, slides, handouts, current events, the Internet, and note pages in conjunction with the following outline.

MI	Outline	Notes to Instructor
 	I. Economic Systems Answer A. What Goods and Services Will Be Produced B. How Will the Goods and Services Be Produced C. What Needs and Wants Will Be Satisfied with the Goods and Services Produced. D. Types of Economic Systems 1. Command economy a. Government determines what, how, and for whom products and services are produced b. Very little choice for consumers 2. Market economy a. About personal choice	Ask students to use the Internet to find a country for each form of economic system. Then share answers in class and write examples for each category on the board. Ask students how the U.S. economy has some mixed economy characteristics.

	<ul style="list-style-type: none"> b. Individuals and businesses decide what, how, and for whom goods and services are produced 3. Traditional economy <ul style="list-style-type: none"> a. Based on customs b. Less-developed countries c. Lack formal structure found in more advanced economic systems and have limited capital resources available to improve conditions 4. Mixed economy <ul style="list-style-type: none"> a. Elements of the command and market economies are combined 	<p>Answers include government involvement, taxes, and government programs.</p>
 	<p>II. The U.S. Economic System - Capitalism</p> <ul style="list-style-type: none"> A. Private Ownership of Property B. Freedom of Choice C. Profit D. Competition 	<p>Survey students to determine how many want to operate their own business in the future. Then ask students what motivates them in our economy to operate their own business.</p> <p>Ask students to select a specific type of business (restaurant, clothing store, hotel, etc.). Then ask students to list three competing businesses in each category. Ask students to explain how competition is good for consumers and the competing businesses.</p>
	<p>III. Economic Choices</p> <ul style="list-style-type: none"> A. Economic Decision Making - process of choosing which needs and wants, among several, you will satisfy using the resources you have B. Scarcity - Needs and wants are unlimited, 	<p>Ask students to outline a logical strategy for buying a new car. Students must list the steps in their selection</p>

	<p>and resources to produce the goods and services to meet those needs and wants are limited</p> <p>C. Opportunity Cost - the value of the next-best alternative (the one you pass up)</p>	<p>process.</p> <p>Ask students the last time that they experienced scarcity. How did they make their ultimate purchase decision?</p> <p>Ask students the opportunity cost of going to college. Then ask students the long-term advantage of completing college.</p>
 	<p>IV. Functions of Business</p> <p>A. Production - provide products or services to consumers and to earn a profit</p> <p>B. Marketing</p> <ol style="list-style-type: none"> 1. Product 2. Price 3. Distribution (Place) 4. Promotion <p>C. Management</p> <ol style="list-style-type: none"> 1. Developing, implementing, and evaluating plans and activities 2. Solving problems <p>D. Finance - determine capital needs</p>	<p>Ask students to select a business and define the product, price, distribution, and promotion used by the business.</p> <p>Each student has 3 minutes to explain the Functions of Business for their selected business.</p> <p>Ask students to list sources of start-up capital for a new business. Sources may include savings, money from family, venture capitalists, and loans. Then ask students to explain the advantages and disadvantages of each source of capital.</p>

Copy and paste Multiple Intelligences Graphic in appropriate place in left column.

								
Verbal Linguistic	Logical Mathematical	Visual Spatial	Musical Rhythmic	Bodily Kinesthetic	Intra-personal	Inter-personal	Naturalist	Existentialist

Application

Guided Practice (LSI Quadrant III): Using the PowerPoint presentation, the teacher will explain the four economic systems and basic economic concepts for the market economy. Students will take notes to gain a better understanding of different types of economic systems. After explaining the functions of business, students must describe the four function of business—production, marketing, management, and finance—for a sandwich shop. Students will demonstrate an understanding of how the functions work together to ensure a successful sandwich shop.

Independent Practice (LSI Quadrant III):

- Opportunity Cost Poster Assignment #1:**
Students will design a poster that demonstrates their knowledge of opportunity cost and scarcity. One side of the poster will show a good or service selected and the other side of the poster will show examples of opportunity costs related to the purchase decision. Opportunity costs for one year of college expenses may include an automobile, vacation, and new clothes. Students will present their poster in class. The poster must show 10 examples of purchases and related opportunity costs. The poster will be evaluated using the assigned rubric.
- Written Report Assignment #2:**
Students will prepare a report that explains the U.S. economic system. The report should compare the U.S. economic system to other economic systems. The report should give examples of real entrepreneurs and successful businesses in the U.S. economic system. The report will be evaluated using the assigned rubric.
- Product Competition Assignment #3:**
Divide the class into teams consisting of two students. Then assign teams the task of designing a product that will beat the competition. The teacher will give two teams the same product; those two teams will compete to find out which group comes up with the best idea. A class with 16 teams would require eight product ideas since two teams will be competing for each of the product ideas. Teams will present their products to class and the class will determine which competitor wins.

Summary

Review (LSI Quadrants I and IV):

Q: How does the type of economy affect the way the basic economic questions are

answered?

A: The type of economic system determines who makes the decisions about what is produced, how it is produced, and what needs and wants will be satisfied.

Q: What are the four basic principles of the U.S. economic system?

A: The four basic principles are private property, freedom of choice, profit, and competition.

Q: What factors affect economic choices?

A: Limited resources used to produce goods and services (scarcity) and choices made from available options (opportunity cost) affect decision making.

Q: What are the functions of business?

A: The functions of business are production, marketing, management, and finance.

WORD TOSS GAME

Write 15-20 economic concepts on pieces of scratch paper. Divide the class into teams consisting of two students. Toss one concept to each team. Each team must define the concept and present an example of the concept to the class.

Evaluation

Informal Assessment (LSI Quadrant III):

1. Instructor will observe students during Independent Practice.
2. Instructor will assist students as needed.

Formal Assessment (LSI Quadrant III, IV):

Rubrics will be used to evaluate assignments 1, 2, and 3 for Independent Practice (LSI Quadrant III)

Extension/Enrichment (LSI Quadrant IV):

1. Students define the functions of business for a business in their community.
2. Students prepare a "Freedom of Choice" poster that demonstrates economic choices in the U.S. economic systems. Examples may include different brands of jeans that sell for a wide array of prices, competing automobiles from different manufacturers, universities competing for students, and competing fast-food restaurants.

Entrepreneurship – How Economic Decisions Are Made Independent Practice Assignment Sheet

Opportunity Cost Poster Assignment #1:

Students will design a poster that demonstrates their knowledge of opportunity cost and scarcity. One side of the poster will show a good or service selected and the other side of the poster will show examples of opportunity costs related to the purchase decision. Opportunity costs for one year of college expenses may include an automobile, vacation, and new clothes. Students will present their poster in class. The poster must show 10 examples of purchases and related opportunity costs. The poster will be evaluated using a rubric.

Written Report Assignment #2:

Students will prepare a report that explains the U.S. economic system. The report should compare the U.S. economic system to other economic systems. The report should give examples of real entrepreneurs and successful businesses in the U.S. economic system. The report will be evaluated using a rubric.

Product Competition Assignment #3:

Divide the class into teams consisting of two students. Then assign teams the task of designing a product that will beat the competition. The teacher will give two teams the same product; those two teams will compete to find out which group comes up with the best idea. A class with 16 teams would require eight product ideas since two teams will be competing for each of the product ideas. Teams will present their products to class and the class will determine which competitor wins.

Entrepreneurship – How Economic Decisions Are Made Opportunity Cost Poster Rubric

Assignment #1

Student Name: _____

CATEGORY	20	15	10	5 or less
Content - Accuracy	At least 7 accurate facts are displayed on the poster.	5-6 accurate facts are displayed on the poster.	3-4 accurate facts are displayed on the poster.	Less than 3 accurate facts are displayed on the poster.
Graphics -Clarity	Graphics are all in focus and the content easily viewed and identified from 6 ft. away.	Most graphics are in focus and the content easily viewed and identified from 6 ft. away.	Most graphics are in focus and the content is easily viewed and identified from 4 ft. away.	Many graphics are not clear or are too small.
Graphics - Relevance	All graphics are related to the topic and make it easier to understand. All borrowed graphics have a source citation.	All graphics are related to the topic and most make it easier to understand. All borrowed graphics have a source citation.	All graphics relate to the topic. Most borrowed graphics have a source citation.	Graphics do not relate to the topic OR several borrowed graphics do not have a source citation.
Attractiveness	The poster is exceptionally attractive in terms of design, layout, and neatness.	The poster is attractive in terms of design, layout and neatness.	The poster is acceptably attractive though it may be a bit messy.	The poster is distractingly messy or very poorly designed. It is not attractive.
Required Elements	The poster includes all required elements as well as additional information.	All required elements are included on the poster.	All but 1 of the required elements are included on the poster.	Several required elements were missing.

Total Score _____
Maximum 100 Points

Entrepreneurship – How Economic Decisions Are Made Written Report: U.S. Economic System Report Rubric

Assignment #2

Student Name: _____

CATEGORY	20	15	10	5 or less
Amount of Information	All topics are addressed and all questions answered with at least 2 sentences about each.	All topics are addressed and most questions answered with at least 2 sentences about each.	All topics are addressed, and most questions answered with 1 sentence about each.	One or more topics were not addressed.
Quality of Information	Information clearly relates to the main topic. It includes several supporting details and/or examples.	Information clearly relates to the main topic. It provides 1-2 supporting details and/or examples.	Information clearly relates to the main topic. No details and/or examples are given.	Information has little or nothing to do with the main topic.
Organization	Information is very organized with well-constructed paragraphs and subheadings.	Information is organized with well-constructed paragraphs.	Information is organized, but paragraphs are not well-constructed.	The information appears to be disorganized. 8)
Sources	All sources (information and graphics) are accurately documented in the desired format.	All sources (information and graphics) are accurately documented, but a few are not in the desired format.	All sources (information and graphics) are accurately documented, but many are not in the desired format.	Some sources are not accurately documented.
Paragraph Construction	All paragraphs include introductory sentence, explanations or details, and concluding sentence.	Most paragraphs include introductory sentence, explanations or details, and concluding sentence.	Paragraphs included related information but were typically not constructed well.	Paragraphing structure was not clear and sentences were not typically related within the paragraphs.

Total Score _____
Maximum 100 Points

Entrepreneurship – How Economic Decisions Are Made Oral Presentation Rubric: Competing to Win Rubric

Assignment #3

Student Name: _____

CATEGORY	20	15	10	5 or less
Content	Shows a full understanding of the topic.	Shows a good understanding of the topic.	Shows a good understanding of parts of the topic.	Does not seem to understand the topic very well.
Speaks Clearly	Speaks clearly and distinctly all (100-95%) the time, and mispronounces no words.	Speaks clearly and distinctly all (100-95%) the time, but mispronounces one word.	Speaks clearly and distinctly most (94-85%) of the time. Mispronounces no more than one word.	Often mumbles or can not be understood OR mispronounces more than one word.
Enthusiasm	Facial expressions and body language generate a strong interest and enthusiasm about the topic in others.	Facial expressions and body language sometimes generate a strong interest and enthusiasm about the topic in others.	Facial expressions and body language are used to try to generate enthusiasm, but seem somewhat faked.	Very little use of facial expressions or body language. Did not generate much interest in topic being presented.
Preparedness	Student is completely prepared and has obviously rehearsed.	Student seems pretty prepared but might have needed a couple more rehearsals.	The student is somewhat prepared, but it is clear that rehearsal was lacking.	Student does not seem at all prepared to present.
Collaboration with Peers	Almost always listens to, shares with, and supports the efforts of others in the group. Tries to keep people working well together.	Usually listens to, shares with, and supports the efforts of others in the group. Does not cause "waves" in the group.	Often listens to, shares with, and supports the efforts of others in the group but sometimes is not a good team member.	Rarely listens to, shares with, and supports the efforts of others in the group. Often is not a good team member.

Total Score _____
Maximum 100 Points