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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | | |
| **Lesson Identification and TEKS Addressed** | | |
| **Career Cluster** | Business Management and Administration | |
| **Course Name** | Principles of Business, Marketing, and Finance | |
| **Lesson/Unit Title** | Supply and Demand in a Private Enterprise System | |
| **TEKS Student Expectations** | 130.132. (c) Knowledge and Skills  (2) The student describes the characteristics of business  (A) The student is expected to explain the principles of supply and demand  (4) The student differentiates between the types of economic systems with emphasis on the private enterprise system and the U.S. economy  (B) The student is expected to summarize the characteristics of the private enterprise system | |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | | |
| **Instructional Objectives** | Upon completion of this lesson, the student will explain the role of supply and demand in a private enterprise system.   * Identify the basic economic problem. * Describe how America’s private enterprise economy works. * Discuss how supply and demand affect prices of products and services. * Explain the difference between needs and wants. * Distinguish between goods and services. * Describe the economic resources. * Understand the basic economic problem. * Explain the steps in the decision-making process. | |
| **Rationale** | Students will learn about supply and demand in the free enterprise system. Students will research a newspaper article or business publication that illustrates the concept of unlimited wants/needs and limited resources, evaluate a business decision mentioned in a news report, and make recommendations to an entrepreneur as a business consultant. | |
| **Duration of Lesson** | Teacher’s Discretion | |
| **Word Wall/Key Vocabulary**  *(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | * scarcity-the result of unlimited wants and needs combined with limited resources * controlled economy-an economic system where the government attempts to own and control important resources and to make the decisions about what will be produced and consumed * free economy-an economic system in which resources are owned by individuals and decisions are made independently with no attempt at government regulation or control * mixed economy-an economic system in which some goods and services are provided by the government and some by private enterprise * private enterprise-an economic system based on independent decisions by businesses and consumers with only a limited government role regulating those relationships * profit motive-the use of resources toward the greatest profit for the producer regulating those relationships * value-an individual view of the worth of a product or service * demand-a relationship between the quantity of a product consumers are willing and able to purchase and the price * supply-a relationship between the quantity of a product that producers are willing able to provide and the price * economic decision-making-the process of choosing which wants, among several options, will be satisfied * tradeoff-what you make when you give something up to have something else * opportunity cost * needs-things that are required in order to live * wants-things that add comfort and pleasure to your life * goods-things you can see and touch; they are products you can purchase to meet your wants and needs * services—activities that are consumed at the same time they are produced * economic resources-the means through which goods and services are produced * demand curve-the relationship between price and the quantity demanded * law of demand-when prices increase, demand decreases * economic market-all of the consumers who will purchase a particular product or service * supply curve-graph of the relationship between price and quantity supplied | |
| **Materials/Specialized Equipment Needed** | * Construction Paper * Scissors and Glue * Poster Board * Newspapers * Computers for Students to Complete Projects * Projector for Students’ PPT * Wants and Needs Research Assignment #1 * Wants and Needs Research Assignment #1 Rubric * Rate that Business Decision Assignment #2 * Rate that Business Decision Assignment #2 Rubric * Consultant Assignment #3 * Consultant Assignment #3 Rubric * ECONOMIC RESOURCES Assignment * ECONOMIC RESOURCES Assignment Rubric * Internet | |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | Learner Preparation:   * Ask students to make a list of ten items that they purchase. Then ask students to categorize each item as a need or a want. List the approximate price for each item and then explain the role that demand has in determining the price. * Ask students to think of a game, clothing item, or other product that is highly demanded. What has happened to the price of the item in demand? * Tickets to the Super Bowl are limited and usually purchased well in advance of knowing which teams are playing for the championship. Ask students to use the Internet to research ticket prices for the Super Bowl. Then discuss how demand for a limited supply causes prices to rise.   Introduction:   * Ask students to write a paragraph explaining why consumers are so important in a market economy. Then explain how consumers in our economy determine what will be produced at what price by their demand for goods and services. * Ask students why a piece of pizza at a major college sporting event costs $5 when the entire pizza (8 slices) sells for $10 at the restaurant. Explain how a captive audience, limited supply, and high demand affect the price for a piece of pizza at the game. | |
| **Direct Instruction \*** | 1. Needs and Wants 2. Needs are Essential 3. Wants Add to the Quality of Life 4. Needs and Wants are Unlimited 5. Goods and service 6. Goods and Services for Businesses and Consumers 7. businesses need steel, plastic, gasoline, computers, and a constant supply of electricity, security for buildings and equipment, and accountants to maintain records and file tax returns 8. consumers buy watches, televisions, cell phones, and books 9. consumers go on vacations and take their car to the dealership for service 10. U.S. Economy 11. largest producer of goods and services in the world 12. Americans consume more than any other country 13. America has twice as many shopping malls as it does high schools 14. Americans use credit to buy now and pay later 15. high level of demand may stem from the quantity of goods and services available and the amount of money businesses spend to advertise 16. Economic Resources-means through which goods and services are produced (factors of production) 17. natural resources-raw materials 18. human resources-people who produce goods and services 19. Capital Resources-tools and equipment 20. Resources are Limited 21. The Basic Economic Problem 22. Scarcity-not having enough resources to satisfy every need 23. choices-made based on scarcity 24. economic decision-making-process of choosing which wants, among several options, will be satisfied 25. trade-off-when you give up something to have something else opportunity cost-the value of the next-best alternative that you did not choose 26. Who Makes the Decisions? 27. Questions Economies Must Answer 28. What goods and services will be produced? 29. How will the goods and services be produced? 30. For whom will the goods and services be produced? 31. Different Economies 32. Controlled economy-government answers the three economic questions and attempts to own and control important resources 33. Free economy (market economy) resources are owned by individuals rather than the government and the market provides answers to the three economic questions with no attempt at government regulation or control 34. Mixed economy-some goods and 35. services are provided by the government and some by private enterprise 36. America’s Private Enterprise Company 37. Based upon independent decisions by businesses and consumers with only a limited government role regulating those relationships 38. Characteristics of the Private Enterprise Economy 39. Profit motive- use of resources to obtain the greatest profit 40. Resources of production are owned and controlled by individual producers 41. Individual consumers make decisions about what will be purchased to satisfy needs 42. Consumers use value in deciding what to consume- individual view of the worth of a product or service 43. The government stays out of exchange activities between producers and consumers unless it is clear that individuals or society are harmed by the decisions 44. Consumers-individuals who purchase products and services to satisfy needs 45. Demand-a relationship between the quantity of a product consumers are willing and able to purchase and the price 46. Producers-businesses that use their resources to develop products and services 47. Supply-a relationship between the quantity of a product that producers are willing and able to provide and the price 48. Government-allows consumers and producers to make decisions without any interference 49. Microeconomics and Consumer Demand 50. Macroeconomics- studies the economic behavior and relationships of an entire society 51. Microeconomics examines relationships between individual consumers and producers 52. Factors Affecting Demand     1. strength of the need or want     2. available supply of products and services to satisfy needs     3. availability of alternative products that consumers believe will satisfy their needs     4. Demand Curves        * 1. the relationship between price and the quantity demanded          2. rising prices result in lower demand     5. Economic Market-all of the consumers who will purchase a particular product or service 53. Supplying the Product     * 1. possibility of profit       2. amount of competition       3. capability of developing and marketing products or services       4. economic resources       5. Supply Curve          + 1. graph of the relationship between price and quantity supplied            2. Law of Supply-when price of a product goes down, fewer products will be produced 54. Market Price-point where supply and demand for a product are equal 55. The Decision-Making Process 56. Define the problem. 57. Identify the choices. 58. Evaluate the advantages and disadvantage of each choice. 59. Choose one choice. 60. Act on your choice. 61. Review your decision. | Ask students to make a list of their current needs and a list of their current wants. Do they have enough financial resources to meet all of their needs and wants? Explain how individuals make choices about how to spend limited resources  With a greater number of shopping malls competing for consumer dollars, prices go down.  Popular events with limited capacity and highly-demanded limited edition products will demand high prices. The economy is similar to an auction where several bidders are competing to buy the same product, causing the price to go up.  Every economy has limited resources. Important decisions must be made about how to use the limited resources  The government is no different than individuals. We demand more than we can afford. Decisions that involve tradeoffs and opportunity costs will determine how limited resources are spent.  Each type of economy has a different plan for answering economic questions. Consumers are powerful in the market economy. Mixed economies involve private enterprise with some government involvement.  Money provides the incentive for individuals to work. The profit motive gives businesses the incentive to exist.  The amount of product or service supplied, depends upon consumer demand. Producers will use resources to make the products demanded by consumers.  Economics revolve around the law of supply and demand.  Prices have a definite impact on the amount supplied or demanded.  Profit is the incentive for businesses and entrepreneurs to produce products that they hope will sell.  Profit also brings more competition to the marketplace. Competition is good for consumers because it offers more choices. Competition causes businesses to be more efficient, lowers prices, and improves the quality of products.  Individuals and businesses use the decision-making process. Businesses use the process to determine what to produce to meet consumer needs. Individuals use the process to determine the most important needs and wants to purchase. |
| *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  None | |
| **Guided Practice \*** | Give students a list that contains the categories ofretail stores in sections C, D, and E. Then give students five minutes to write the name of a store for each category. This activity is a good ice breaker for the lesson about retailers.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  None | |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | * **Wants and Needs Research Assignment:** Ask students to locate an articlefrom a business publication or newspaper that illustrates the concepts of unlimited wants and needs and limited resources. Then ask students to write a two-paragraph summary of the article that incorporates key terms from this lesson. * **Rate that Business Decision Assignment:** Tell students to locate and read anews report describing a decision made by a business. Then students must describe what they believe could be the opportunity cost of their choice. Students must justify their answer. Students must write two paragraphs that explain their position. * **Consultant Assignment:** Ask students to play the role of a business consultant.Ask students to write a memo to an entrepreneur who is opening a new restaurant in the community. Students must explain the importance of supply and demand in determining the prices to charge at the restaurant. Students must also give the new business owner advice on how to avoid lower prices due to competition. Students must write a one-page paper to describe your advice to the entrepreneur.   *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  None | |
| **Lesson Closure** | 1. What are two things that are unlimited for consumers? 2. Needs and wants are unlimited for consumers. 3. Which economy is the largest producer of goods and services in the world? 4. The U.S. economy is the largest producer of goods and services in the world. 5. How does consumption in America compare to the rest of the world? 6. Americans consume more than any other country. 7. What are three categories of economic resources? 8. Three categories of economic resources include natural, human, and capital. 9. What is the basic economic problem? 10. The basic economic problem is scarcity. 11. What is a tradeoff? 12. Tradeoff is when you give up something to have something else. 13. What is an opportunity cost? 14. Opportunity cost is the value of the next-best alternative that you did not choose. 15. What are three questions each economy must answer? 16. Three questions include what goods and services will be produced, how will the goods and services be produced, and for whom will the goods and services be produced. 17. Which type of economy has the government answering the three economic questions? 18. The controlled economy allows the government to answer all three economic questions. 19. What is a driving force in the private enterprise economy? 20. The driving force in the private enterprise economy is the profit motive. 21. What factors affect the demand for a product: 22. Factors that affect demand include strength of the need or want, available supply of products and services to satisfy needs, and available alternative products that consumers believe will satisfy their needs. 23. What is an economic market? 24. Economic market is all of the consumers who will purchase a particular product or service. 25. What happens to the supply when the price for a product goes down? 26. When the price goes down, a smaller amount of the product will be supplied.   **ECONOMIC RESOURCES**  Ask students to list the three types of economic resources. Then students must choose a product and describe how each economic resource is needed and used in its production. Write a paragraph to explain the economic resources for your chosen product. | |
| **Summative / End of Lesson Assessment \*** | Assigned Rubrics will be used to assess assignments 1, 2, and 3 for Independent Practice.  *Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*  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. | |
| **References/Resources/**  **Teacher Preparation** | References:   * Intro to Business, Dlabay Burrow Klendl, South-Western Cengage Learning * Introduction to Business, Brown Clow, Glencoe McGraw-Hill * Marketing, Burrow, South-Western Cengage Learning * Online Resources: globaledge.msu.edu, worldnetdaily.com/news/article | |
| **Additional Required Components** | | |
| **English Language Proficiency Standards (ELPS) Strategies** |  | |
| **College and Career Readiness Connection[[1]](#footnote-1)** | 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  Mathematical Models with Applications  111.36(c)(1)(A) – Knowledge and Skills  …compare and analyze various methods for solving a real-life problem.  111.36(c)(1)(B) – Knowledge and Skills  …use multiple approaches (algebraic, graphical, and geometric methods) to solve problems from a variety of disciplines  111.36(c)(1)(C) – Knowledge and Skills  …select a method to solve a problem, defend the method, and justify the reasonableness of the results  111.36(c)(6)(A) – Knowledge and Skills  …analyze methods of payment available in retail purchases and compare relative advantages and disadvantages of each option.  111.36(c)(7)(A) – Knowledge and Skills  …analyze types of savings options involving simple and compound interest and compare relative advantages of these options. | |
| **Recommended Strategies** | | |
| **Reading Strategies** |  | |
| **Quotes** |  | |
| **Multimedia/Visual Strategy**  **Presentation Slides + One Additional Technology Connection** |  | |
| **Graphic Organizers/Handout** |  | |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** |  | |
| **Communication**  **90 Second Speech Topics** |  | |
| **Other Essential Lesson Components** | | |
| **Enrichment Activity**  (e.g., homework assignment) | * Ask students to conduct research about a country that has a different economic system than the United States. Then ask the student to prepare a report that explains the per capita income for the country, taxes, government involvement, and overall quality of life for the country. * Ask students to conduct research to determine currently one of the most financially successful businesses in the United States. Students must explain the goods and services offered by the business and the high demand from consumers. * Ask students to give an example when they had great incentive to work. What was the motive to put forth the effort and dedicated work effort? How is this example related to the profit motive for businesses? | |
| **Family/Community Connection** |  | |
| **CTSO connection(s)** | Business Professionals of America  Future Business Leaders of America | |
| **Service Learning Projects** |  | |
| **Lesson Notes** |  | |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)