

LESSON

3

Decision Making

Fitness Focus



EQUIPMENT AND GETTING READY!

Make transparencies of the Visuals.

- ✓ Visual 3.1, *Five-Step Decision-Making Model*
- ✓ Visual 3.2, *A Decision-Making Grid*
- ✓ Exercise 3.1, *Decision Making (Bringing Home the Gold Student Workouts)*
- ✓ Exercise 3.2, *Personal Decision Making (Bringing Home the Gold Student Workouts)*
- ✓ Exercise 3.3, *Buying a New P.C. (Bringing Home the Gold Student Workouts)*
- ✓ Family Activity 2, *How Can We Decide? (The Parents' Guide to Bringing Home the Gold)*

LESSON DESCRIPTION

In this lesson, students learn that we must make decisions because resources are limited and wants are unlimited. Students see that sound decision making involves identifying criteria and using those criteria to make decisions. Students use a decision-making grid to understand how such a grid can be used to choose a college. They then use a similar grid to decide what personal computer to buy.

This lesson is correlated with national standards for economics as well as the national guidelines for personal financial management as shown in Tables 1 and 2 in the front of the book.

PARENT CONNECTION

Family Activity Worksheet 2 in *The Parents' Guide* focuses on having the family use the decision-making grid for making a future decision. The family activity should be assigned after coverage in class as to how to use the decision-making grid. It would be beneficial to have students report on what the students and parents learned from using the grid.

The Parents' Guide is a tool for reinforcing and extending the instruction provided in the classroom. It includes:

1. Content background in the form of frequently asked questions.
2. Interesting activities that parents can do with their young adults.
3. An annotated listing of books and Internet resources related to each theme.



Workout

WARM-UP

Tell the students that a fundamental law of economics is that “there is no such thing as a free lunch.” Ask the students to speculate on why this might be true. Explain that this lesson focuses on the concept of scarcity and how we all have to make choices.

EXERCISE

- A.** Have the students read Exercise 3.1, *Decision Making in Student Workouts* and answer the questions about scarcity.
- B.** Go over the answers to the questions with the class. Be sure the students understand that because of scarcity, they must make sound decisions.
- 1. Why is there no such thing as a free lunch?** *(Because wants are unlimited and resources are scarce, we must make choices.)*
 - 2. Give some examples of natural resources, human resources, and capital resources.** *(Examples will vary. Examples of natural resources could include water, oil, minerals; examples of human resources include intelligence, physical strength, education, agility, compassion, sense of humor; capital resources include machinery, buildings, equipment.)*
 - 3. What is capital?** *(Goods used to produce other goods and services.)*
 - 4. Why do economists NOT view capital as money?** *(Money is used to make the exchange of goods and services easier. Printing more money would just increase prices, not provide people with more goods and services.)*
 - 5. What is an opportunity cost?** *(The next best alternative not chosen.)*
- C.** Display Visual 3.1, *Five-Step Decision-Making Model*. Explain the model as necessary.

Student Objectives

At the end of this lesson the student will be able to:

- ✓ Describe how scarcity affects economic choices.
- ✓ Describe and discuss the five-step decision-making model.
- ✓ Use the decision-making model and decision-making grid to make economic choices.

- D.** Display Visual 3.2, *A Decision-Making Grid*, and explain how a decision-making grid works. List the alternatives and criteria that students suggest. Evaluate the alternatives by using a -, +, or ++ to indicate how well an alternative meets a criterion. Then encourage students to recommend decisions, noting the trade-offs involved, and how criteria might be weighed differently by different individuals. You might use the grid to make some decisions such as:
- Spending or saving the income from a part-time job.
 - Buying a product such as a CD or clothing.
 - Deciding whether to study for a test or go to a movie.
- E.** Have the students read Exercise 3.2, *Personal Decision Making*, and fill in the decision-making grid. Review the pluses or minuses the students choose.
- F.** Discuss the answers (given on the next page).

Maria's Decision-Making Grid

What is the problem? *(Choosing the right college for Maria to attend.)*

ALTERNATIVES	CRITERIA			
	Low Cost	Quality Program	Personal Attention	Close to Home
State U	+	++	-	+
Local Community College	++	+	+	++
Private College	-	++	++	-

What choice do you recommend for Maria based on her criteria?
(To attend Local Community College for two years.)

- 1. Why is the decision making model important?** *(It helps a person make better decisions by evaluating the alternatives against the criteria.)*
- 2. Are there any additional criteria that Maria did not consider that you feel are important in choosing a college?** *(Possible answers include the social life, the number of friends who are students there, extracurricular activities, and safety of the campus.)*
- 3. Do you agree with Maria? Why or why not?** *(Answers will vary because students may not believe each criterion has equal weighting or importance.)*



COOL DOWN

A. Have the students use the decision making grid in Exercise 3.3 to make a decision about buying a personal computer. This exercise should be assigned as homework because students will have to visit stores or use the Internet. You may want to have the students complete this activity in groups or individually.

B. A variation of this activity is to bring advertisements for computers to class so students do not have to visit stores.

C. Another variation is to have the students use information from web sites of computer companies, such as Dell, Gateway, Compaq, and IBM to complete the grid.

Other Training Equipment

An annotated bibliography and Internet resource list are available on our web site, www.ncee.net, as well as in *The Parents' Guide to Bringing Home the Gold*.



Visual 3.1

Five-Step Decision-Making Model

Step 1. Define the Problem.

Step 2. List Your Alternatives.

Step 3. State Your Criteria.

Step 4. Evaluate Your Alternatives.

Step 5. Make a Decision.

Visual 3.2

A Decision-Making Grid

The Problem: _____

CRITERIA ALTERNATIVES				

The Decision: _____
