

In this lesson, students will learn about local businesses and how economic decisions impact their community.

## Supplies

- Scissors
- Copies of the handouts below

## Setup

- Make copies of the handouts needed for class.
- Contact local business owners to identify those willing to do an interview with students.

## Objectives

- Students will learn about local businesses.
- Students will learn how their buying decisions affect local businesses.
- Students will learn how local businesses impact their lives.

## Background

Economic decision-making plays a pivotal role in shaping the local economy of any region. The choices made by businesses, consumers, and government authorities collectively influence the flow of money, job opportunities, and overall prosperity within a community. For instance, when local businesses decide to expand, this can lead to job creation, increased demand for goods and services, and an overall boost to the area's economy. Similarly, if customers don't spend money locally, that can harm the economy causing people to lose jobs or businesses to close.

This economic pattern of growth and contraction was as true in the 1700s as it is today. During the fur trade, demand for beaver felt hats was high. This caused more people to go into the business of trapping beavers because there was much money to be made. When beaver felt hats went out of style, demand for the pelts fell forcing fur traders to find new ways to make a living. The same concept is true in our communities today. When consumers choose

to purchase goods and services from local providers, they contribute to the growth and sustainability of their community. If a consumer doesn't purchase goods and services locally, then businesses need to cut back on employees and services/goods offered or close.

## Activity

1. Start with questions about choices students make regarding where they spend their money and how they make those decisions.
  - a. Do you want to eat at the local café or go to Chick-fil-A (or another popular restaurant)?
  - b. At a restaurant, would you eat a locally sourced meal or choose one that isn't necessarily locally sourced?
  - c. Do you buy your favorite drink at the grocery or convenience store?
  - d. Do you buy the newest mobile phone or gaming system?
2. Lead a discussion about the choices they made above.
  - a. Why did they make these choices?
  - b. What factors influenced their decisions?
  - c. Why didn't everyone make the same decisions?
  - d. How do those decisions impact businesses?
3. Go through the flowchart titled "The Impact of Spending on the Economy." Explain that when we spend money, it can boost the economy and create new jobs. The opposite is also true.
4. Next tell the students that the buying decisions individuals make every day impact their community.
5. Hand out "The Impact of Economic Decisions" chart for students to refer to.
6. Then hand out the entities and arrows from the next two sheets in the lesson, and have students cut those out.
7. Inform students that they will put these entities

and arrows into a flowchart based on a story you read to them. The arrows represent the transfer of money.

8. Tell the students that their flowchart should reflect what you read them from the story. When the story mentions money being spent, the students should be adding arrows to the chart. Pause to give students time to do that. Read the following to the students:

*At the beginning of the season, the farmer buys seeds to plant for produce. The produce is grown and sold to the restaurant as ingredients to make into meals. The owner of the hardware store uses money from their store's profits to purchase a meal at the restaurant. The restaurant then pays the server that works for them. To work for the restaurant, the server needs to have a tidy uniform. The server goes to purchase new socks and shoes. The server uses a portion of their salary to buy socks at the local shoe store and shoes through Amazon. From the sale of the socks, the shoe store owner buys a meal at the restaurant.*

9. After students have completed their chart, you may want to re-read the story so students can check their work.
10. Discuss the flowchart they created.
  - a. What happens to the money spent in the community? (It continues to circulate among different businesses so long as people spend it locally.)
  - b. What happens to the money spent at Amazon? (It leaves the community.)
  - c. Is there a way to get the money that goes to Amazon back into the community? How? (Delivery drivers; local vendors can sell goods on Amazon.)
  - d. How can new money from outside the community be introduced into this cycle? (Visitors from out of town come in and buy from the restaurant, farmer, hardware store,

or other local businesses; businesses sell goods to individuals outside the community via the internet or by going to other communities.)

11. Students will interview business owners or managers in town. You can have them do this individually or in groups. A list of businesses may be created by the teacher, or the students could come up with the list on their own.
12. Have the students create questions for the interview. Some ideas or examples are below.
  - a. Why did you start this business?
  - b. How does your business serve the community?
  - c. How does your business benefit the community?
  - d. Is it important that local people use your business? Why?
  - e. What are some challenges of running a business?
  - f. What are some benefits of running a business?
  - g. What type of education or training did you need to run the business?
  - h. What are the most valuable skills for running a business?
13. You could use the next day's class period for the interview or assign it as homework.
14. Once the students have completed the interviews, have a [fishbowl discussion](#) about their findings and how the assignment impacted (or didn't impact) their buying decisions.

## Extension

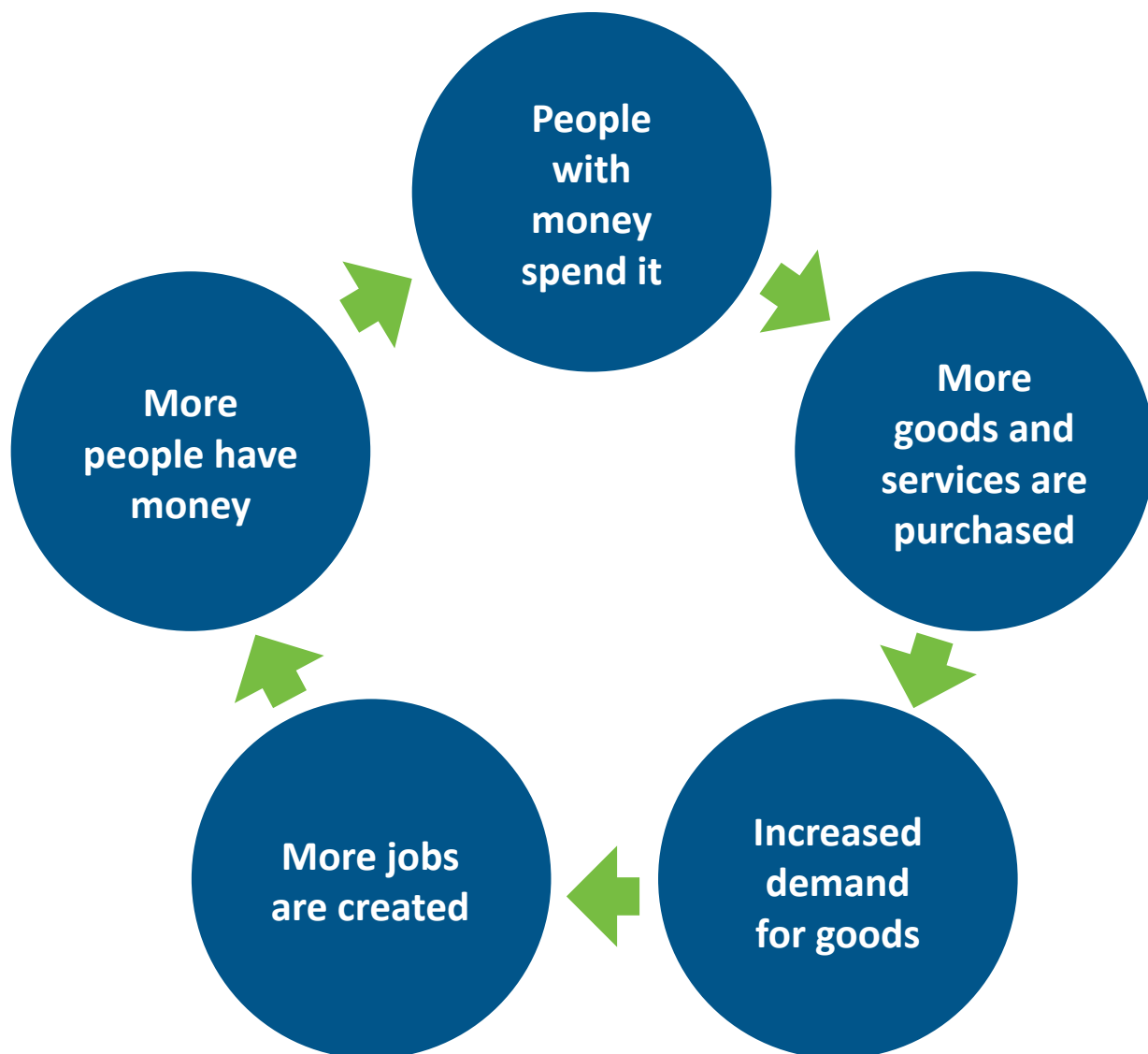
1. Survey community members about buying local goods and services. Do they want or try to spend their money locally? How do they make their buying choices?
2. Create a scavenger hunt of businesses in town to help students understand the variety and types of businesses in your community, especially businesses they may not realize are there. (Gather business cards; take pictures of "help wanted" signs; pick up a brochure; take pictures of the economic activity or business owner, etc.)

3. Have students research other businesses that used to be in town. This can be more about historical research or students could dig into why the businesses no longer exist. The [North Dakota State Archives](#) may have information on [local businesses](#) from the past.
4. Add dollar amounts to the story, and have the students estimate how much money stays in the community and how much leaves.

## Reflection questions

1. How do your personal buying decisions impact your community? The nation?
2. How do state or national economies impact the local community?
3. What can you do right now to improve your community's economy?

## The Impact of Spending on the Economy



## The Impact of Economic Decisions

Entity	Goods and Services	Costs	Profits
Farmer	Produce	Land, equipment	Sale of produce
Local restaurant owner	Meals, snacks, treats	Salaries, building lease, supplies (food, equipment, dishes)	Sale of meals, snacks, or treats
Amazon	Online shopping and delivery of almost anything	Delivery, producers, salaries	Sales of products from website
Shoe store owner	Shoes, socks, accessories	Materials to sell, salaries, building lease	Shoe, socks, or accessory sales
Server	Food delivery within the restaurant	Uniform, shoes, everyday living expenses	Salaries, building lease, supplies
Local hardware store	Tools, household goods, seeds	Wages, tips	Sales from the store

## Entities and Arrows

Farmer

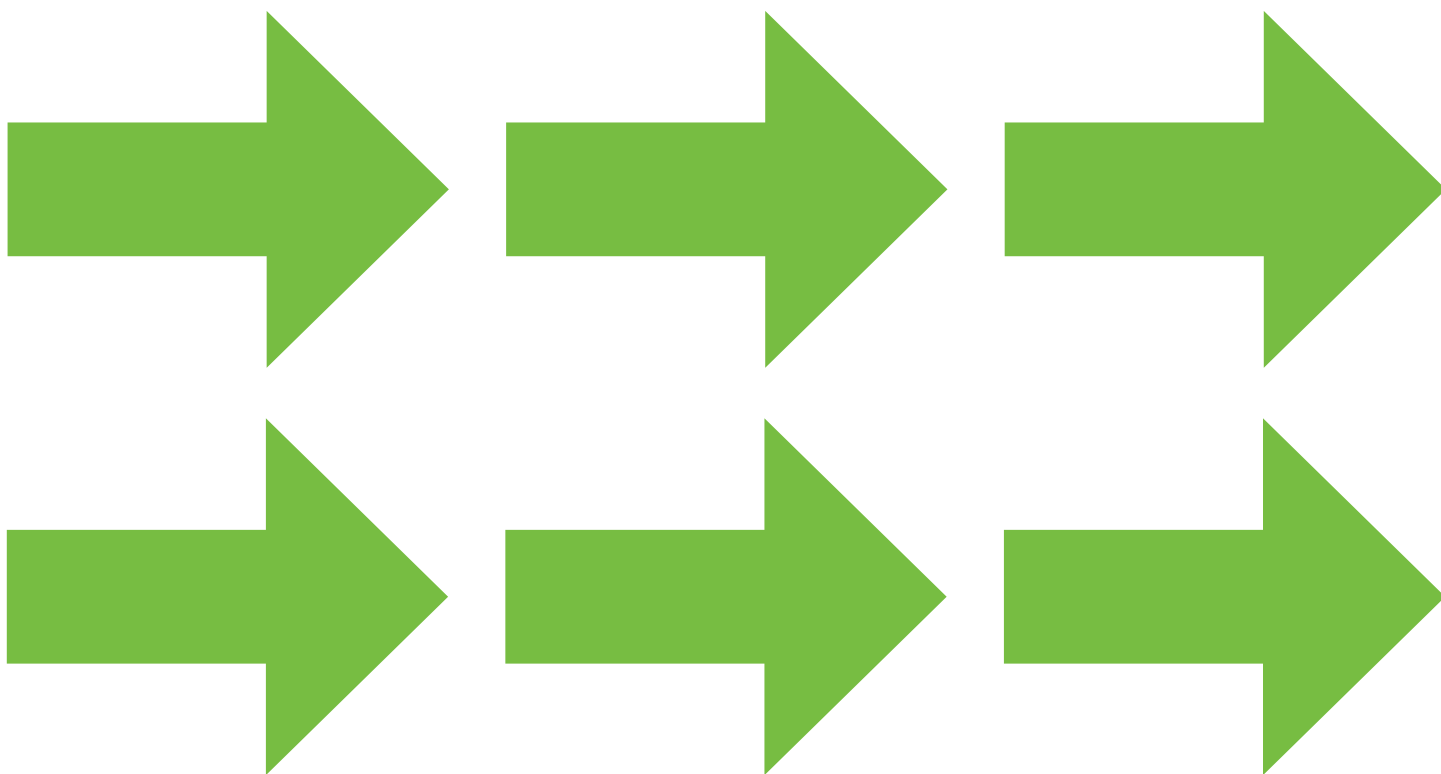
Amazon

Restaurant

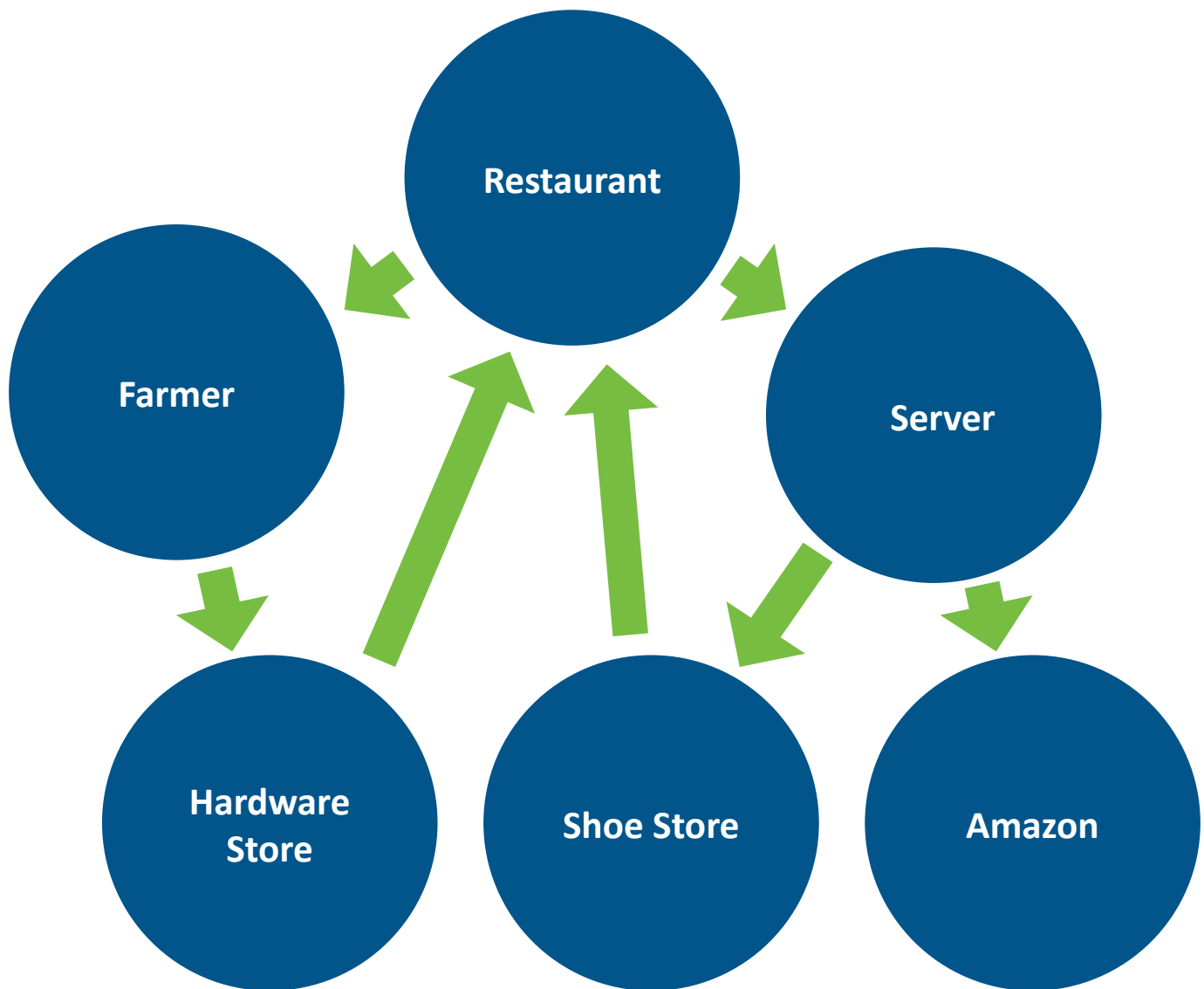
Shoe Store

Server

Hardware Store



## Answer sheet to flowchart from story:



## Answer sheet to flowchart with story details:

