

DECISIONS, DECISIONS

A video on the decision-making process.

Rationale

This video was developed to provide a resource on the decision-making process for teachers and students studying Economics. The accompanying activity sheet provides a link to the Achievement Standard Economics 1.6 Understand and use the consumer decision-making model (Level 1, Credits 2). It follows an individual going through the decision-making process in two different situations that will assist students to make the connection between theory and reality.

Suggestions for use

- Watch the video with the sound turned off and invite the students to contribute ideas to what is actually happening or make a list of major points made.
- Replay the video with the sound turned up and review what has happened.
- Complete the activity sheet and discuss the various aspects of the decision-making process.

Credits

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Use of this material

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DECISIONS, DECISIONS VIDEO

Activity Sheet

Watch the video and use your own knowledge to answer the questions in the spaces provided.

BUYING A BUSINESS

Step One Setting the goal

Step two Identify the obstacles.

(i) _____

(ii) _____

(iii) _____

(iv) _____

Step three Identify the options

(i) _____

(ii) _____

(iii) _____

Step four Evaluate the alternatives in terms of their benefits as well as their costs.

Option one Golf Driving Range

Costs _____

Benefits _____

Option two Deep-Sea Fishing Operation

Costs _____

Benefits _____

Option three Fast Food Business

Costs _____

Benefits _____

DECISIONS, DECISIONS VIDEO

Activity Sheet

Watch the video and use your own knowledge to answer the questions in the spaces provided.

BUYING A BUSINESS

Step One Setting the goal

Frank's goal is to buy and run an existing business because he is unhappy with his current occupation.

Step two Identify the obstacles.

- (iv) No business for sale or they are sold very quickly.
- (v) Some are unsuitable.
- (vi) Frank lacks the knowledge to run a particular business.
- (vii) Frank has a shortage of funds.
- (viii) Frank may be unable to find the time to pursue his goal or could be tied up in a contract and have difficulty getting out of it.

Step three Identify the options

- (i) Golf driving range.
- (ii) Fast food business.
- (iii) Deep sea fishing operation.

Step four Evaluate the alternatives in terms of their benefits as well as their costs.

Option one Golf driving range

Costs long hours involved, competition from new golf development next door,
most expensive option

Benefits enjoys golf, needs practice

Option two Deep sea fishing operation.

Costs boat needs repairs, highest running costs of all options, competition from
existing firms, need for a license to catch certain fish, weather may keep boat tied up.

Benefits enjoys fishing, experience in catching fish, can use boat for own
recreation.

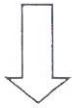
Option three Fast food business

Costs cart needs repairs, needs to take cooking lessons.

Benefits shorter hours of work, enjoys cooking, cheapest option of all.

Step five Rank the options

Most favoured option: Fast food business



Golf driving range

Least favoured option: Deep-sea fishing operation

Step six Choose best option (and give suitable reasons for your choice).

Frank's first choice is the fast food business because this option has greater benefits than the other alternatives and it also carries fewer costs.

Step seven Evaluate the consequences. (Including a critical analysis of the decision or the decision-making process).

Positive Consequences

Frank is now running a successful business and is able to start saving again. He is working outdoor doing a job he enjoys.

Negative consequences

He may have to work in unpleasant weather.

Frank will need to fix the food cart and take a few high school classes to improve his cooking skills. The opportunity cost is the golf driving range, as this was the second most preferred option foregone by his decision.

Critical analysis – was all the relevant information available to Frank when he made his decision, and do you consider his decision to be the right one?