

**Book 1**

**Year 10**



# **Business Studies**

**Economics**

# Business Studies

Year 10 Book One

Economics



GOVERNMENT OF SĀMOA  
MINISTRY OF EDUCATION, SPORTS AND CULTURE

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# INTRODUCTION

- Economics is about people and the choices they make.
- Economics is based upon facts concerning the activities of individuals and institutions in producing, exchanging and consuming goods and services.

## Key Points:

- Economics concerns all people.
- It is part of our everyday life.
- It deals with the major problem of “scarcity”.
- It drives us to make decisions.



## Unit 1: ECONOMIC SYSTEMS

### Aim

- From their study of Producers' Decisions students will understand the diversity and goals of producers.

### KEYWORDS

- Resources
- Specialisation
- Economics
- Intervention
- Guidance
- Profit
- Traditional economy
- Planned economy
- Market economy
- Mixed economy
- Producer
- Consumer
- Diversity

### Objectives

Students will investigate and develop their skills and understanding of different types of Economic Systems when they :

1. Identify and describe the features of the four different types of Economic Systems.
2. Describe the features of the economic system of Samoa.
3. Compare and contrast the economic system of Samoa to other nations.

### Introduction

An economic system provides a way of solving economic problems such as what building materials should be supplied and in what quantities, at what price should water be supplied, and how a producer uses skills and knowledge to provide a good or service. All societies are faced with the problem of choice - how to use limited resources to satisfy unlimited wants.

An economic system is a way a country organises its resources to solve the economic question of what to produce, how to produce, when to produce and for whom to produce.

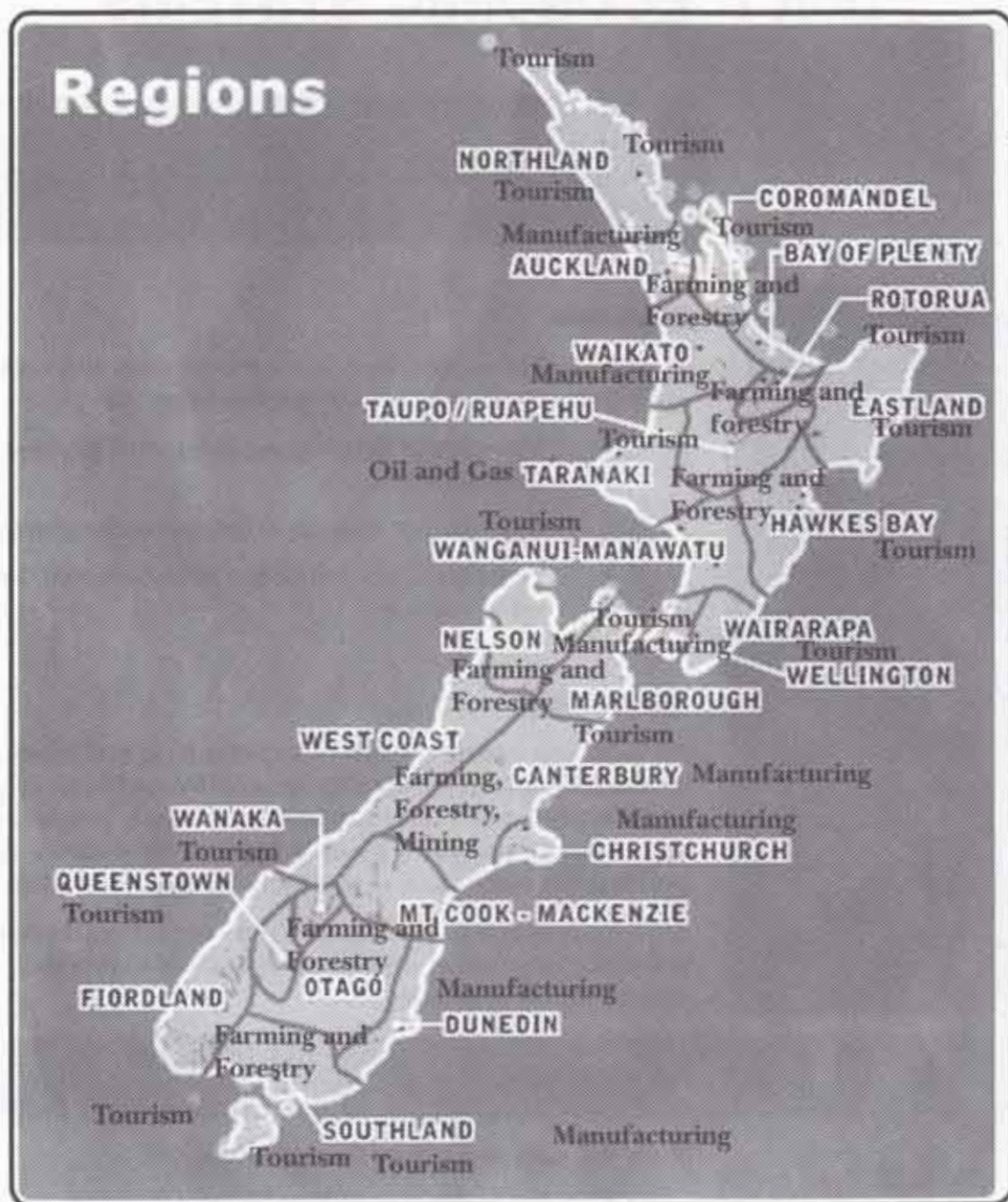
### ACTIVITY 1

### Resources

Study the map and answer the questions:

1. Study the map of New Zealand showing its natural resources.
2. Draw a sketch map of Samoa.
3. Show on the map of Samoa the regions mostly covered by natural resources e.g., forests, reserves, waterfalls etc.
4. Compare and contrast the two maps (Samoa and New Zealand) to complete the table following.
5. List the natural resources of both countries.
6. What conclusions can you draw from the table regarding the resource of both countries?

Natural Resources	Samoa	New Zealand



Features (characteristics) of different economies throughout the world all vary according to the way the following questions are answered.

1. How are economic decisions made (who make the decisions?)?
2. Who owns the resources?
3. What is produced?
4. How is it produced?
5. Has there been production specialisation?



## Economic Systems

It is important to remember that individual countries develop their economic system to help solve the problem of scarcity. The type of economic system depends on the resources the country has, its values and customs and its social and economic priorities. There are four distinct types of economic systems in the world (as shown in the table).

Study this table, and discuss the four types of economic systems.

Types of Economic system	What to produce	How to Produce	For whom
Traditional.	Goods for immediate use, basically for survival.	Based on traditions and customs e.g., the subsistence method of production and exchange.	Goods are distributed according to traditions and customs.
Planned.	Goods produced based on what the Government thinks is best for the nation.	Government plans how goods will be produced and in what quantities.	Goods are distributed according to what the government commands.
Market (Free enterprise).	Consumers' demand (what they want to buy) determines the goods produced.	Producers decide on the least costly or the most profitable method of production.	Goods are distributed to those who can pay for them.
Mixed.	Producers' and consumers' decisions determine production.	Producers decide according to market demand and prices.	Freedom of choice by consumers.

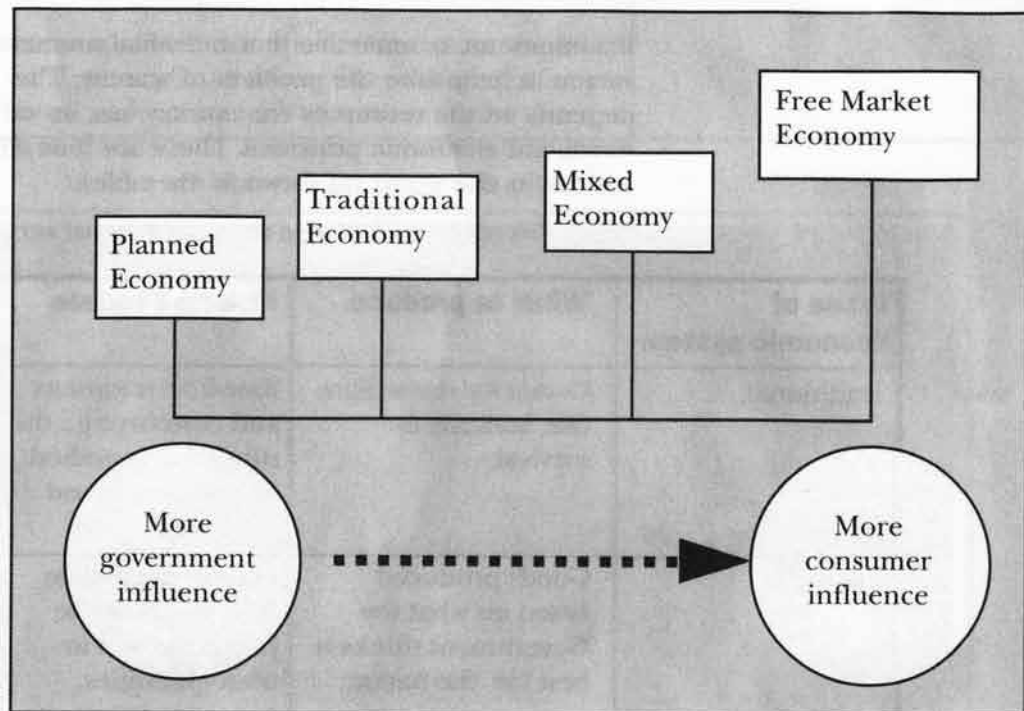
### ACTIVITY 2

### Types of Economic Systems

Match the generalisations in Column A to the type of economic systems in Column B.

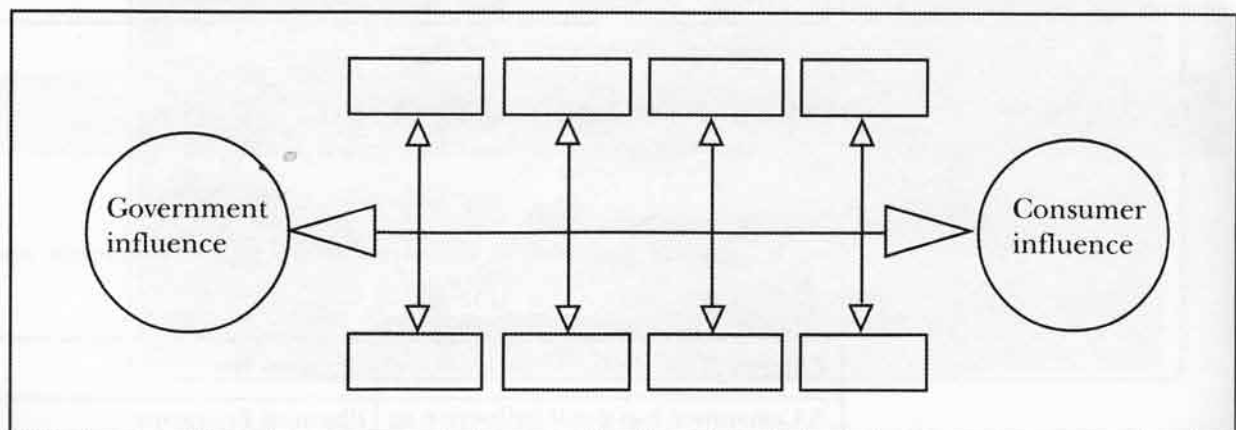
Column A	Column B
A Consumer has great influence in the economy.	Planned Economy.
A Consumer has a large say in the economy.	Traditional Economy.
A Consumer has only a small say in the economy.	Free market Economy.
A Consumer accepts the goods supplied to them.	Mixed Economy.

Use the following to complete Activity 3.



### ACTIVITY 3

Copy the diagram below into your books then fill in the gaps with the four types of economic systems and the related countries from the list that follows.

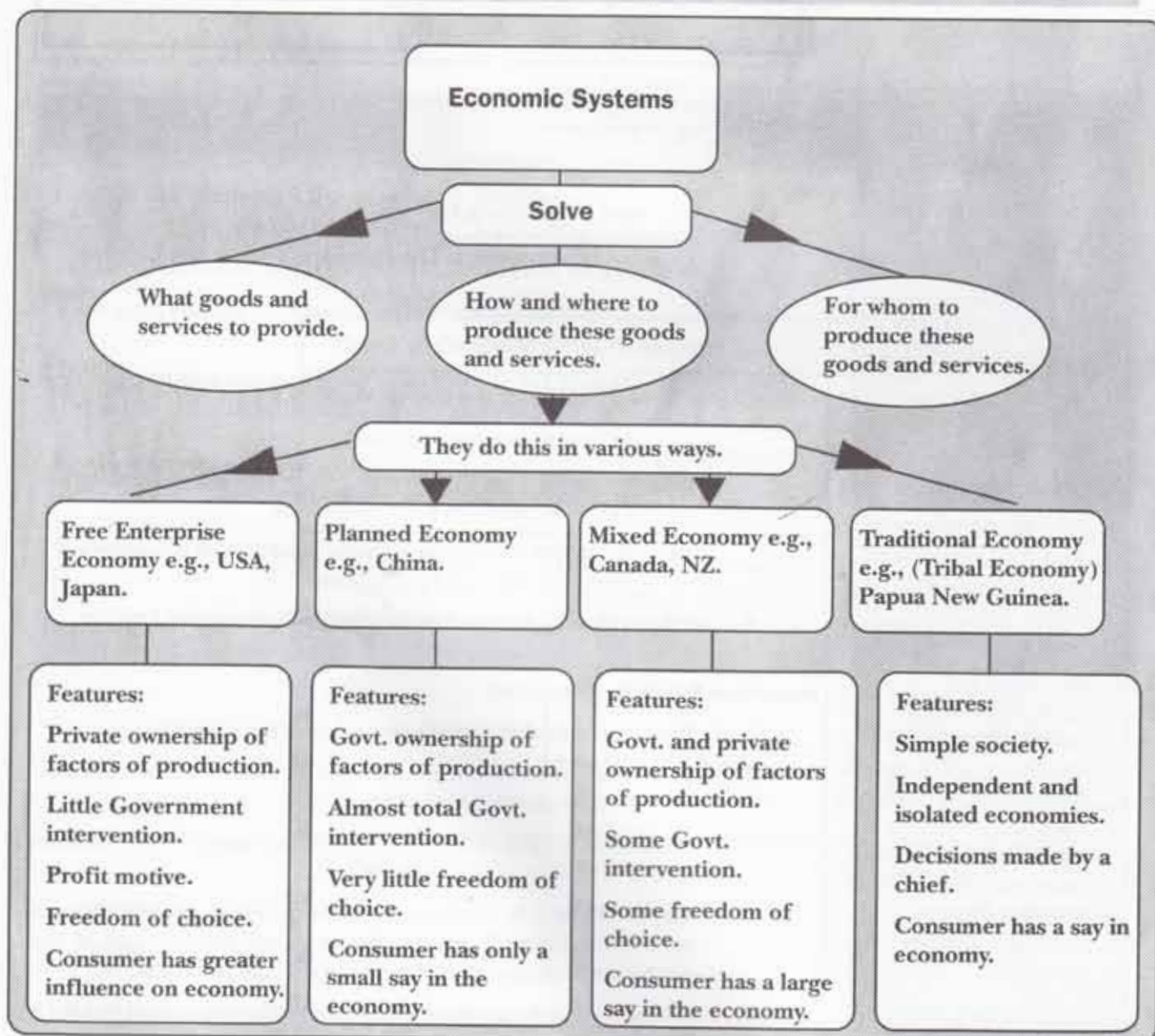


(Japan, China, Papua New Guinea (Tribal society), New Zealand).

2. Specify some other countries in the Pacific region which are appropriate for each system.

### DISCUSSION QUESTIONS (Answer these questions in your books).

1. What is an economic system?
2. Briefly explain what "Consumer Influence" means.
3. Why do countries have different economic systems?
4. What is the difference between a Planned Economy and a Free Market Economy?
5. Which type of economic system would you prefer?
6. Give reasons for your answers in question 5.





## ACTIVITY 4

## Features of the 4 types of Economic Systems

1. Discuss again with your teacher the four types of Economic Systems.
2. Discuss the features (characteristics) of each.
3. Copy and complete this table with the significant features of each system, using the previous illustration for guidance.

Economic System	Government Intervention	Freedom of Choice	Consumers' Influence

## ACTIVITY 5

## Selling a Product

## DISCUSSION QUESTIONS

*Groups to discuss and give answers to these questions.*

1. Explain why businesses stop producing a good or a service?
2. Explain what would happen if everyone in your school stopped buying exercise books and bought refill pads instead.
3. Can you think of other ways (apart from spending your income on goods and services) that a consumer can have influence in the economy of a country. (Teacher can help with this activity).

1. You want to go into a business to sell a product. You decide to conduct some market research to find out whether your product is wanted by consumers. The following actions can be taken:
  - (i) Decide what your new product will be and the price it could be produced at.
  - (ii) Make a list of things you need to know about consumers e.g., will they buy this product, at what price will they be willing to buy your product.
  - (iii) From your list in question (ii), design a questionnaire to circulate amongst your classmates.
  - (iv) From the answers to your questionnaire, is it worthwhile going ahead with your product?
2. Why is Market Research so important to business? Explain.

## Important Points to Remember:

1. Businesses produce goods and services for a profit.
2. Businesses need to know which goods and services consumers want so they can produce them.
3. Businesses do this by conducting market research on consumer wants.
4. Market Research needs to be carried out to ensure that the consumer actually wants the good or service and if the consumer is prepared to pay the price charged for it.
5. A business might produce a good that consumers want but if it is too expensive, consumers will not buy it.

## Summary

1. The four different types of Economic Systems are:
  - (i) Traditional Economy.
  - (ii) Planned Economy.
  - (iii) Market Economy (Free Enterprise).
  - (iv) Mixed Economy.
  
2. The features of the Economic System of Samoa are:
  - (i) Government and private ownership of factors of production.
  - (ii) Some Government intervention.
  - (iii) Some freedom of choice.
  - (iv) Consumer has a large say in the economy.
  
3. Although Samoa is a developing country compared to New Zealand, both are mixed economies.
4. Discuss the following table.

Name of Country	Compare	Contrast
1. New Zealand.	Mixed Economy. Social Welfare is important but decreasing government intervention.	Has more resources. Is able to solve most of its economic problems. Developed country.
2. Papua New Guinea (Tribal Society).	Decisions often made by independent Chiefs in the tribal areas.	Different economic systems. Independent and isolated.
3. Japan.	Government Intervention. Freedom of Choice.	Developed country. Private ownership of the factors of production.
4. Samoa.	(Discuss).	(Discuss).

## Review

From your understanding of Unit 1, clearly answer the following questions:

1. List four types of economic system.
2. What type of economic system does Samoa have?
3. What questions does an economic system try to solve?
4. Explain how the Samoan Economy has changed from a Traditional Economy to Mixed Economy.
5. What is the main economic problem that all economic systems are faced with?
6. Explain what these terms mean:  
**Planned Economy, Free Market, Economic System.**

## Unit 2: COMMUNITY ORGANISATIONS

### Aim

- From their study of Producers' Decisions students will understand the diversity and goals of producers.

### Objectives

Students will investigate and develop their skills and understanding of the structures and goals of community organisations when they:

- Describe the role that clubs and other community organisations play in satisfying the needs and wants of consumers.
- Describe the structure and procedures of clubs and other community organisations.
- Demonstrate the use of appropriate procedures to chair various types of meetings.



### Introduction- An Economic System

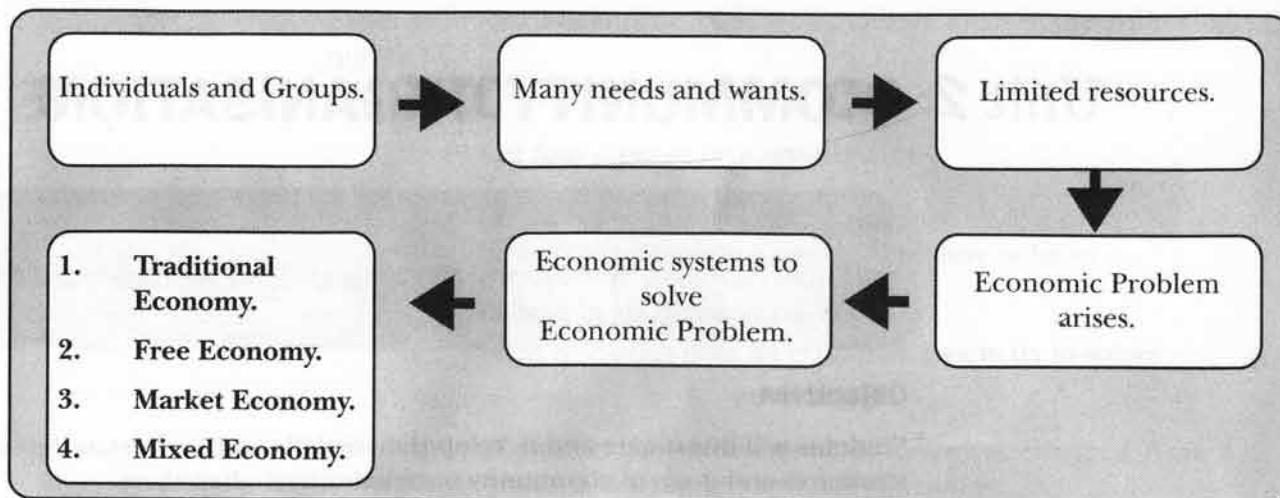
1. In all Economic Systems these activities are performed:
  - i. **Production** of goods and services to satisfy the needs and wants of all individuals and groups eg., households, businesses and government.
  - ii. **Distribution** of goods from the producer to the consumer e.g., wholesalers and retailers.
  - iii. **Exchange** of goods and services between traders and consumers e.g., A retailer sells goods to a person in exchange for money (the consumer buys goods and pays for them).
2. In an Economic System decisions are made on these three activities outlined above.
3. The consumer will decide what to buy and use.
4. The producer will produce what the consumers want to buy.
5. The producer needs resources like land, labour, capital and management to organise the production.
6. The consumers need income (money) to buy goods and services.
7. When producers don't have enough resources and when consumers don't have enough income to buy goods and services, the "economic problem" will arise.



## ACTIVITY 1

## Types of Economy

Study this the diagram below and answer the questions that follow.

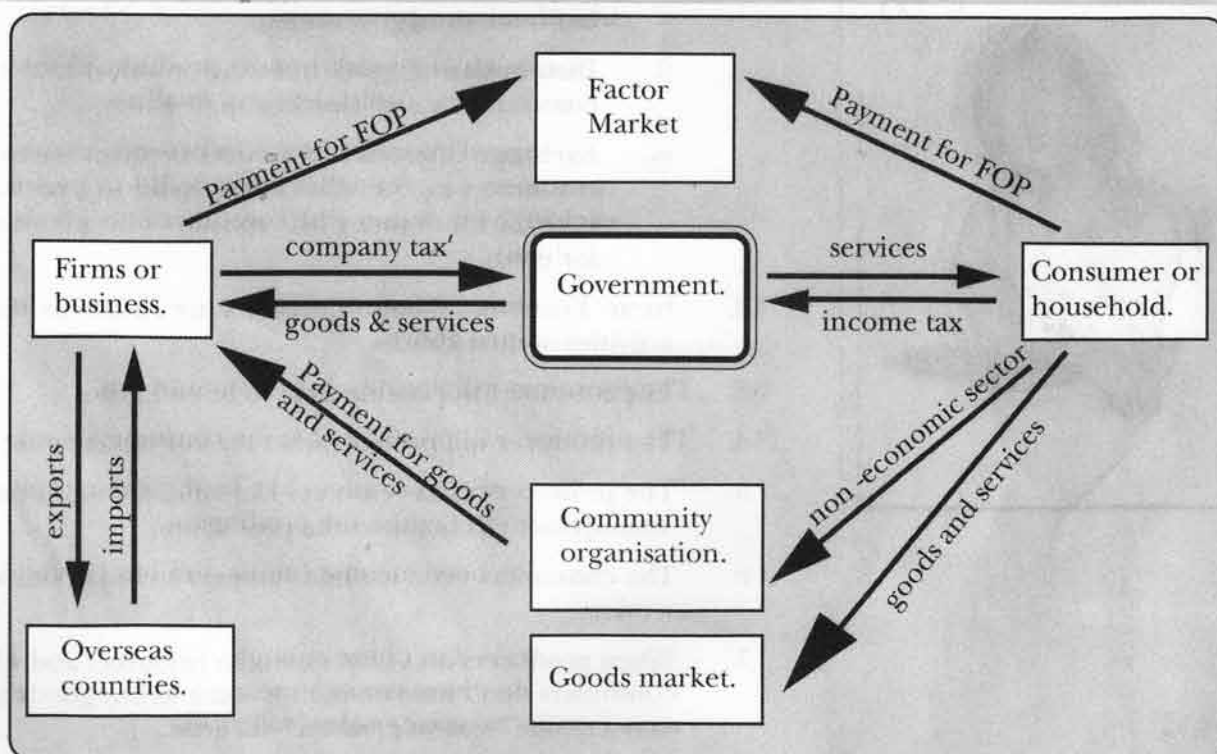


Questions:

1. Who is involved in the economy of the country?
2. What does an economy try to do?
3. What can be said about the quantity of available resources and the number of needs and wants?
4. What causes the “**economic problem**”? Explain.
5. What major activities does an economic system decide on?

Note: If you can not answer these questions your teacher will help you.

## A Mixed Economic System





Study the diagram above and choose the correct words from the list given to fill in the blank for each sentence.

1. The producers buy factors of productions (FOP) from the \_\_\_\_\_.
2. The FOP come from the \_\_\_\_\_.
3. The firms provide \_\_\_\_\_ to the household.
4. The household has to make \_\_\_\_\_.
5. The community organisations get \_\_\_\_\_ from the government.
6. Mapusaga o Aiga is an example of a \_\_\_\_\_.
7. An economy has trade with \_\_\_\_\_.
8. The consumers' spending provides revenue for the \_\_\_\_\_.
9. The producers supply the \_\_\_\_\_ with their products
10. Another name for productive resources is \_\_\_\_\_.

#### Word List

- |                       |                              |
|-----------------------|------------------------------|
| i. Firms              | vi.. Government Assistance   |
| ii. Consumers         | vii. Factors of production   |
| iii. Factor market    | viii. Community organisation |
| iv. Goods market      | ix. Overseas countries       |
| v. Goods and services | x. Payment                   |

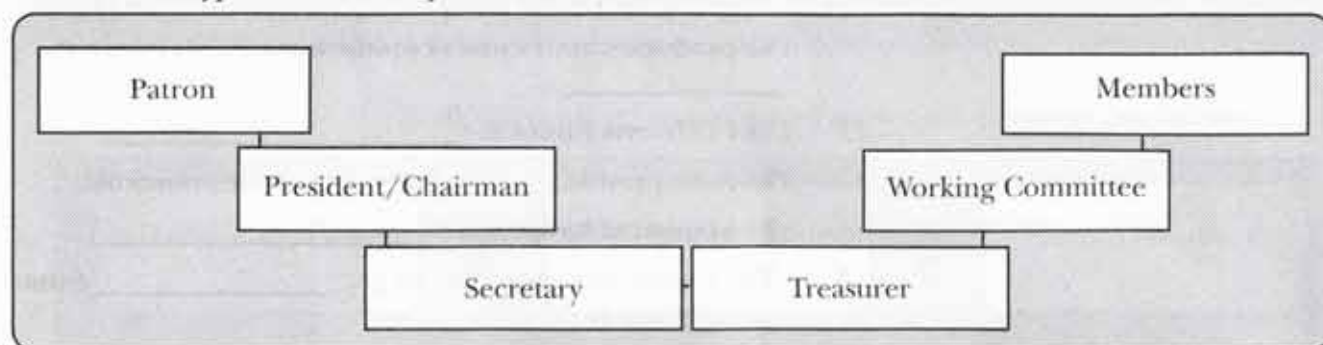
## Features of Clubs and Societies

### Features of Clubs and Societies

Some important qualities of clubs and societies (community organisations) include having:

1. A common aim or goal.
2. A place from which it operates.
3. A structure or a framework.
4. Rules and regulations.
5. Decisions made in a democratic way.
6. Every member with rights and responsibilities towards the club or society.
7. Clubs and societies helping meet those needs and wants not satisfied by businesses, governments and commercial organisations.

## Structure of a typical club/society.



## ACTIVITY 2

## Case Study

Keep in mind Clubs and Societies help meet our needs and wants which are not satisfied by other organisations in society.

Read this story and answer the question that follows.

I am Mulipola. I am thirty-five years old, and I am a member of an unbeatable rugby club. There are 55 members in our club. We meet every Thursday to prepare our programme for the week. Our main activity is to help the under-17 rugby players of our community develop their interests in rugby by providing them with the right skills to play this game.

We run a lot of fundraising activities to raise money to meet our expenses. Most of the time we run short of money and have to ask the government to help us. It is very encouraging that our government helps us through the Ministry of Youth, Sports and Culture. We usually receive \$2000 from the government which is only 25% of our total expenses. Additionally, the New Zealand and Australian High Commissioner, the Japanese Government and the Chinese Embassy all help us financially. The rest of our budget expenses come from our fundraising.

Each member of our club has to pay a yearly \$5 membership fee. The President, Secretary and Treasurer and Committee members all work for free. Our President, most of the time, meets our deficits in the budget. The matai of our village are very helpful. They allow us to use the village school playground for our Saturday games, and they give advice on matters on which we need their help.

We keep our rugby field in good condition. Somedays we all work together in cutting the grass and marking the field. We have three sets of rugby jerseys for the A grade, B grade, and C grade. On Saturday it is a beautiful sight to see the whole village come out and enjoy the rugby games. Actually these Saturday games bring us together and encourage our social life and community feeling.

I am very happy about the community organisations of our village and I wish every village in Samoa would follow our example to help satisfy community needs and wants.

**True and False**

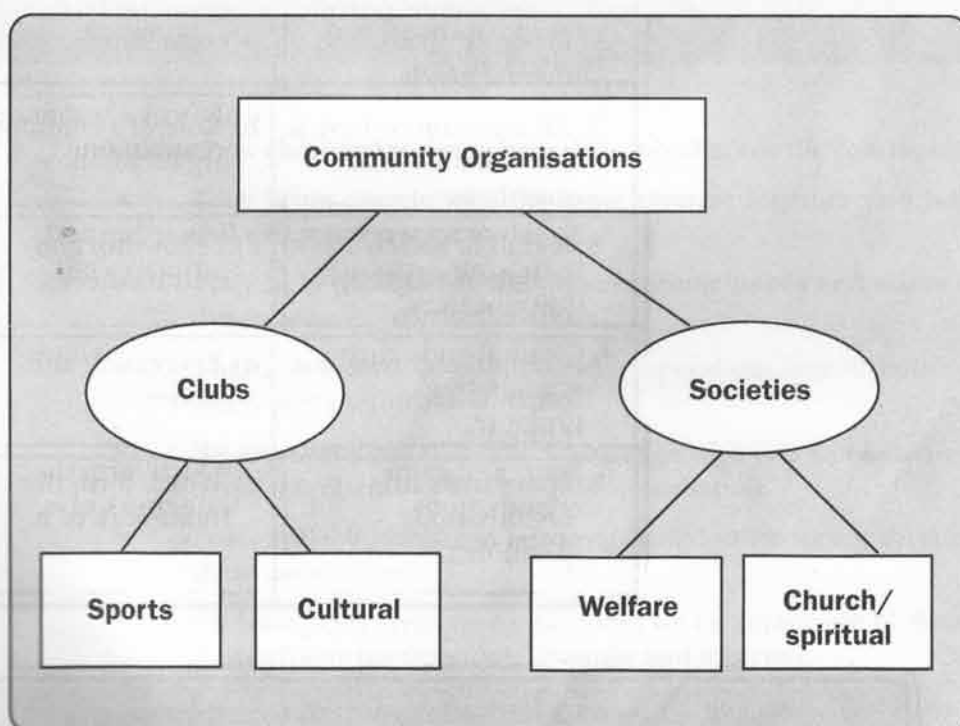
Write **True** if the statement is right and **False** if it is wrong.

1. Mulipola is a citizen of Samoa.
2. Mulipola has non-economic needs.
3. The subject of this story is a community organisation.
4. The rugby union or rugby club is an example of a community organisation.
5. Community organisations help satisfy our community needs and wants.
6. One example of meeting a community need is joining together in sports and games.
7. The structure of a community organisation comprises the President, Secretary, Treasurer and committee members.
8. Subscriptions are one way of collecting funds for the clubs.
9. There are many other ways of raising funds for a community organisation.
10. The village rugby club provides happiness only for the club members.

**ACTIVITY 3****KEY WORDS**

- Economic needs & wants
- Non-economic needs & wants
- Cater
- Common interest
- Club
- Society
- Structure
- Physical
- Spiritual
- Mental
- Cultural
- Recreational
- Fellowship
- Common Service
- Artistic
- Informal Education
- Charity
- Leisure

Study the diagram and answer the questions that follow:



In your work book write the right answer from (within) the brackets.

1. The above diagram illustrates (structures/functions) of community organisations.
2. The clubs provide for (cultural/religious) needs.
3. Societies work for the (cultural/welfare) needs and wants.
4. Clubs and societies are examples of (community/ national) organisations.
5. Clubs and societies help fulfill our (economic/social) needs.

We are consumers and producers. Our own interests can be catered for in e.g., sports clubs and culture clubs, whereas societies are groups of people who join together for spiritual or service activities, like churches or welfare groups e.g., Mapusaga o Aiga.

Clubs and societies help provide for our non-economic needs as mentioned above. These are non-material needs, whereas economic needs are mostly material. We have needs such as recreation, fellowship, community service, sport, religion, culture and informal education - which can be provided for by community organisations.

#### ACTIVITY 4

#### Matching

Match column A with column B.

Column A	Column B	Answer	
		Number	Letter
1. Community organisations provide for our spiritual and mental needs.	a) A feature of a community organisation.	1.	
2. All associations have a common aim and members.	b) Role of a community organisation.	2.	
3. A club or society has a well-defined group of office bearers.	c) Fellowship and spiritual needs.	3.	
4. Cultural and religious organisations promote...	d) Recreation and leisure.	4.	
5. Sport and game organisations promote...	e) Which form the framework of it.	5.	

People who have a similar interest can form their own clubs e.g., Rugby Union.



## ACTIVITY 5

There are many types and sizes of clubs.

From the list given, identify the clubs and societies in Samoa.

Rugby Union	Weight Watchers
Scouts and Girl Guides	Racing club
Young Farmers	Athletics
Golf Club	Aumaga
Play Centre	Aualuma
RSA	Church
Parent Teacher Association	Aero Club
Mapusaga Samoa	Kiriketi Samoa
Suicide Awareness	Society for the Blind
Cancer Society	Diabetes Association
Fautasi Race Club	Red Cross
Netball Association	Game Fishing
Body Building	Soccer Association
YMCA	Repertory
Divers Club	Hash Harriers
Yacht Club	Lions Club
Rotary Club	Consumer Protection
Greenpeace	Animal Protection

## ACTIVITY 6

Take your list from the Activity 5, and classify the organisations into small or big clubs.

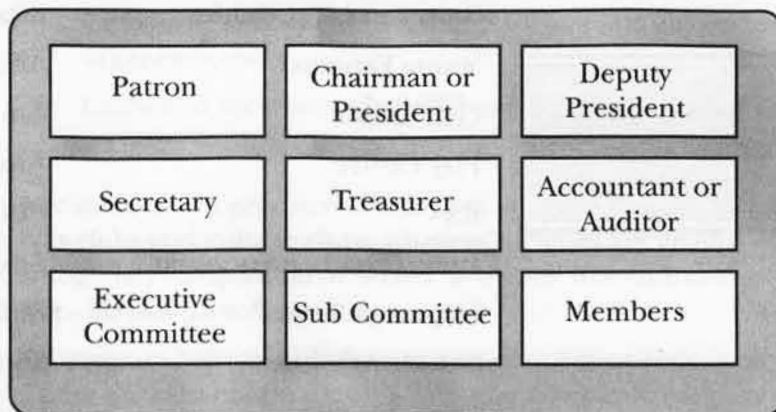
Think about how clubs and societies help their members or the community.

- They bring people with the same interest together and help make that interest grow.
- They help provide for the non-economic needs and wants of the society.
- They give a place or opportunity to spend our leisure time wisely and usefully.
- We can share our skills and knowledge with other people by being members of a community organisation.
- Peace and fellowship can be strengthened in the society through these associations.
- We have been given many gifts, and we can make use of them through our participation in clubs and societies.
- We can learn to help people in different ways through such organisations as Lions Club and Rotary Clubs.

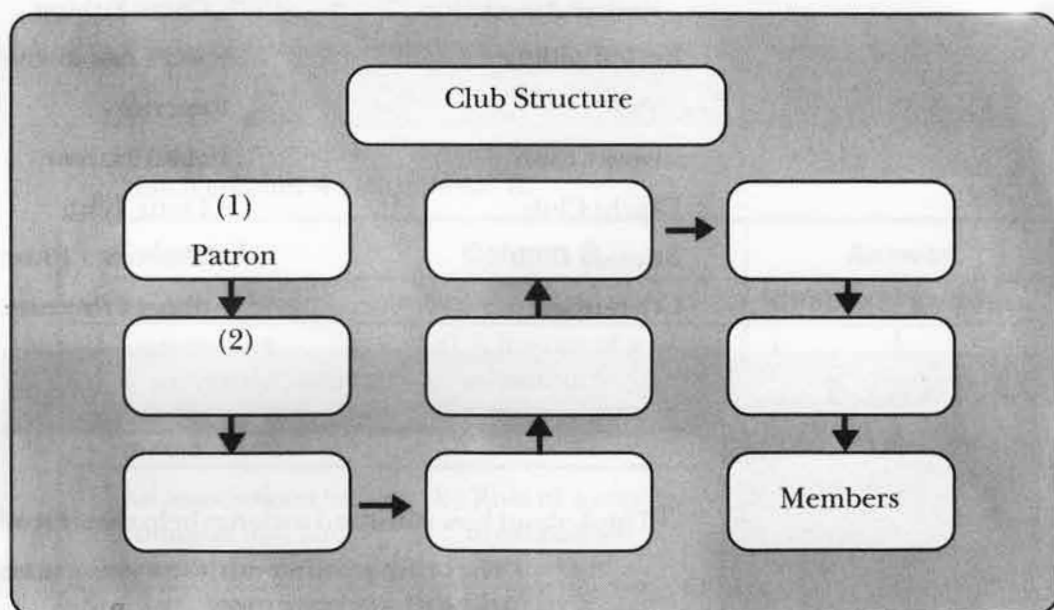


## ACTIVITY 7

There are nine (9) cards given to you. In your work book fit each of them in the right position in the large box diagram set out below. Make sure they follow a hierarchical structure.



Numbers 1 and 9 are already done for you.



## ACTIVITY 8

Define these terms from your own knowledge and by asking others.

1. Inaugural meeting.
2. Constitution.
3. Unanimously.
4. General Meeting.
5. Incorporated Society (Registered Society).
6. Committee Meeting.
7. Agenda.
8. Proxy.
9. Quorum.

## ACTIVITY 9

Study the notice and answer the following questions.

**Notice of Meeting and Agenda**

For the Scuba Diver's Club

Notice of Meeting: The next meeting of Committee members will be at the clubroom at 6pm on Monday, 15 October 2001.

Agenda: **Minutes of the last meeting held on 1st September 2001**

**Correspondence**

**Financial Reports**

**Special Business: Purchase of Diving Gear**

**General Business**

**Next Meeting**

Loimata

Secretary

10/9/2001

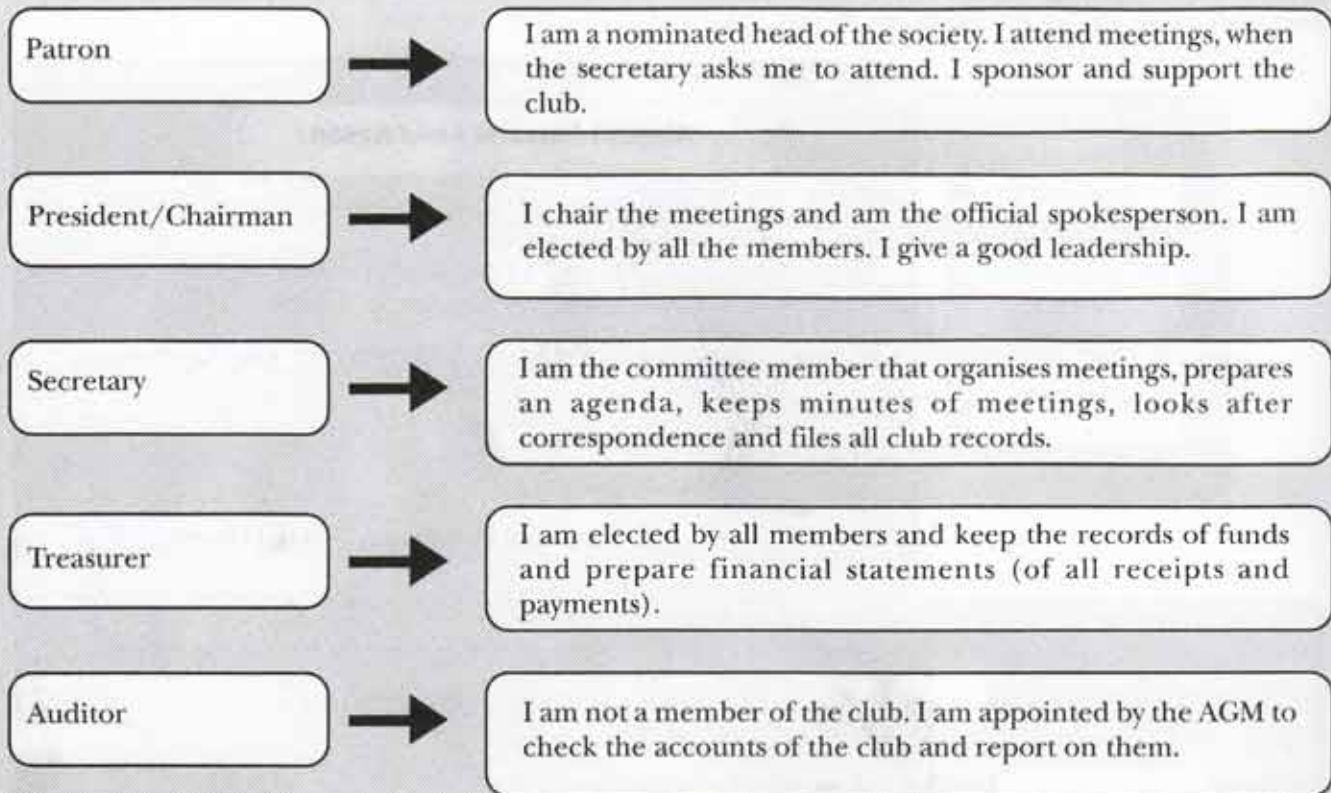
1. Who was the notice for ?
2. Who prepared the notice?
3. When was the notice prepared?

## ACTIVITY 10

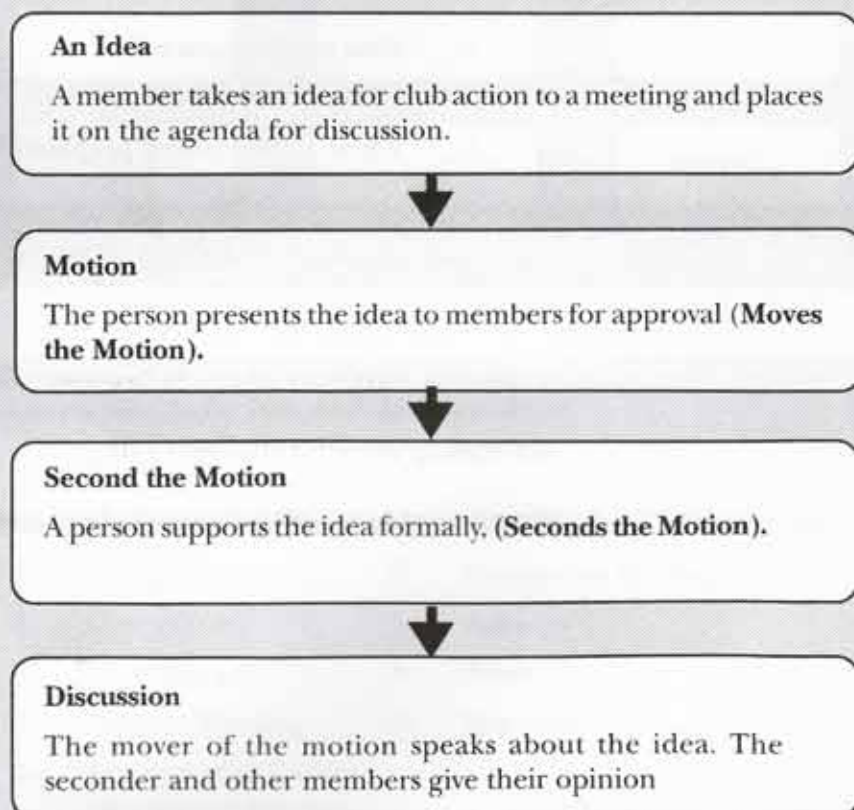
You are the secretary of the “**Cheers Art Club**”. Write a notice to hold a meeting on any date and place, where you want the members to discuss a fundraising event for your Arts Club.

**Watch carefully what the secretary says!**

## Roles and Procedures:



### The procedure for discussing ideas (or motions)





**Amendment**

An alternative or a little change in the wording of the motion can be proposed (and accepted or rejected).

**Closure**

A move to close the discussion on the motion.

**Right of Reply**

A summary given by the mover of the motion.

**Voted On**

**Carried:** Take action to do something as voted for.

**Lost:** Things stay as they are.

**Voting Alternatives**

1.	By Voice.
2.	Raising hands.
3.	Using ballot paper (e.g., secret ballot).
4.	Standing.

## Review

1. List the roles played by a club or society.
2. Write the names of ten (10) clubs and societies in Samoa and describe the purpose of each of them.
3. Write ten (10) rules of a club that you or a friend/family member belongs to.
4. What needs are satisfied by the club? Name them.
5. Describe the functions or roles of the following people:
  - President.
  - Secretary.
  - Treasurer.
  - Auditor.
6. Match the terms in column A with the definitions in column B.

Column A	Column B
1. Treasurer	A. Written record of activities at meetings.
2. Club	B. A proposal put forward at a meeting.
3. Secretary	C. A group formed for social or leisure activities.
4. Agenda	D. The club's leader and official spokesperson.
5. Minutes	E. Person elected to oversee club income and expenditure.
6. President	F. A group formed for spiritual or service activities.
7. Motion	G. Standing orders or rules.
8. Constitution	H. List of items to be discussed at the meeting.

7. Convert the following information into a line graph.

Years	1950	1960	1970	1980	1990
Number of Clubs in Samoa	5	10	20	50	110



## Unit 3: PRODUCTION OF GOODS AND SERVICES

### Aim

- From their study of Producer's decisions, students will understand the concepts related to making economic choices.

### KEY WORDS

- Production
- Tertiary production
- Capital
- Manufacture
- Primary production
- Secondary production
- Land
- Entrepreneurship
- Sole trader
- Labour
- Production
- Entrepreneur
- Tourism

### Objectives

Students will investigate and develop their skills and understanding of the production of goods and services when they:

1. Determine how the decision is made as to what and how goods are produced.
2. Identify the three stages of production - primary, secondary and tertiary.
3. Describe the chain of production.

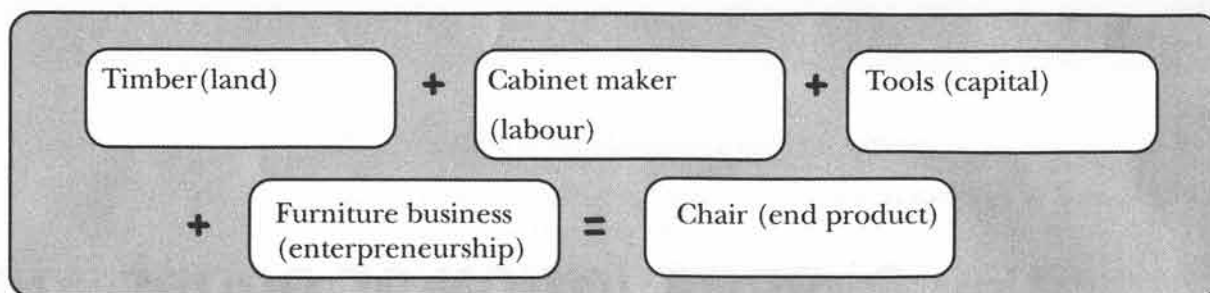
### Introduction

- Production is the making and selling of goods or services. Goods and services are designed to satisfy people's needs and wants.
- The purpose of production is to produce something to satisfy our needs and wants. Any activity which helps to satisfy needs and wants is productive, regardless of whether it involves the making of something tangible.

*For example:*

1. If you have a toothache you go to a dentist. Your want will be satisfied with dental treatment, even though nothing has been made. Your dentist is producing a service.
  2. If you want to have your hair cut you will probably go to a hair salon. The hairdresser will cut your hair; therefore she/he is producing a service. Your want will also be satisfied.
- Production comprises all those activities that provide goods and services to people who have a demand for these goods and services and the ability to pay.

You have learned earlier about the **Four Factors of Production**, i.e Land, Labour, Capital and Entrepreneurship. Producers combine these factors of production to make the goods and services needed to satisfy needs and wants. For example:



### Three Stages of Production.

1. Primary Production
2. Secondary Production
3. Tertiary Production

1. **Primary Production** - is harvesting or mining natural resources and producing unprocessed materials from land and from sea.

- (i) Land-food crops, cattle raising, poultry, piggeries, timber.
- (ii) Sea-fishing, shell collecting.

2. **Secondary Production** - converting or processing primary products into other products.

E.g.,        Log into timber.  
                  Pig into sausage.  
                  Flowers into necklace.

3. **Tertiary Production** - includes the distribution of the manufactured or processed (secondary) products to where they are needed or wanted. It is also known as **Service Industry**. E.g., Silver Transport at Vaitele, Food market, hairdresser, banks.



## ACTIVITY 1

## Stages of Production

## Part 1.

Form groups and from the following pictures write two or three sentences on why the resources are important.



1. cattle raising



2. food crops



3. fishing



4. poultry



5. timber



6. piggeries

**Part 2.**

In your work book match the following primary products with the secondary products.

- |                  |                     |
|------------------|---------------------|
| 1. coconut       | i. steak            |
| 2. tobacco leaf  | ii. bread           |
| 3. trees         | iii. ice-cream      |
| 4. passion fruit | iv. banana chips    |
| 5. cocoa bean    | v. fruit juice      |
| 6. banana        | vi. oil             |
| 7. sand          | vii. timber         |
| 8. cream, sugar  | viii. cocoa         |
| 9. flour, yeast  | ix. cigarettes      |
| 10. cattle       | x. copra            |
|                  | xi. building blocks |

**Part 3.**

Explain what Tertiary Production is and give at least five examples.

**ACTIVITY 4****Chain of Production**

Comment on the steps of production process from raw materials to finished goods using the following production sequence.

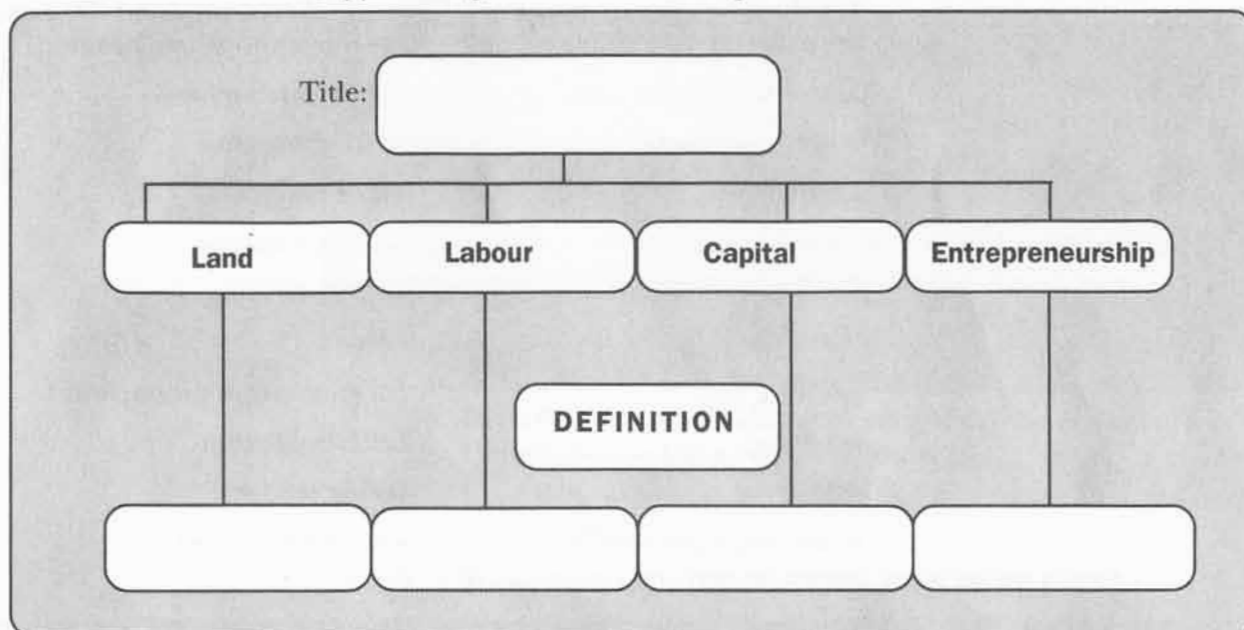
<b>tree</b>	
<b>logging</b>	
<b>timber</b>	
<b>shaping</b>	
<b>desk</b>	



## EXTRA ACTIVITY

## Recall Exercise

Copy the diagram and fill in the spaces.



Remember! Goods and services are produced because there is a demand for them. Resources found in our environment are scarce compared to our unlimited needs and wants. Production of goods and services makes an essential contribution to helping to meet these demands.

## ACTIVITY 1

## Sentence Completion

Copy and complete these sentences.

- The purpose of production is the satisfaction of \_\_\_\_\_ and \_\_\_\_\_.
- \_\_\_\_\_ production involves all those activities directly involved with the land and the sea.
- With \_\_\_\_\_ production, a product is usually \_\_\_\_\_ with raw materials provided by primary production.
- Tertiary industries are also known as \_\_\_\_\_ industries.
- The factors of production are land , \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
- The major productive activities in Samoa include agriculture, manufacturing, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

**ACTIVITY 2****Types of Production**

List three headings in your book: 'Primary,' 'Secondary,' and 'Tertiary.' Place the following economic activities under the appropriate heading.

cigarette manufacturer	selling video movies
building homes	making matches
making Pepsi	taxi driving
cattle raising	paint production
passion fruit juice production	poultry farming
hair salon	lawyer
planting taro	coconut cream production
teaching	brick production
fishing	selling sea food
delivering water supply	working in a hotel

**ACTIVITY 3****Production Resource**

- Which of the activities mentioned above are part of:
  - Primary production;
  - Secondary production;
  - Tertiary production?
- What does the box factory supply to the Production Marketing Division?
- Name two other materials (not shown) which are needed to make the boxes.
- Which natural resources are needed in order to produce the boxes and the taro?
- Who is distributing the taro?
- Where do consumers buy the taro ?
- Who pays the freight charge for the taro?
- How does the taro get to the retailer?
- What are the three steps involved in getting the taro to the retailer and consumer?
- Name other natural resources in Samoa that are involved in the three stages of production.

## ACTIVITY 4

## Graphs

Study the following chart and answer the questions that follow:

**Hellaby Samoa Ltd's Income from Exported Products.**

**Income in Years**

Products	1996	1997	1998	1999
	\$	\$	\$	\$
Sausages	137,805	112,992	125,687	95,054
Salted beef	828,545	773,430	1,038,731	999,030
Corned beef	1,920,084	2,547,802	2,240,738	2,396,549

- Draw line graphs showing the changes in income for each of Hellaby Samoa Ltd's exported products.
- Explain how income for each of these products changed over the years shown.
- What important changes appear to be taking place?
- Would it be beneficial for them to produce sausages next year?
- What goods should Hellaby Samoa produce?

## ACTIVITY 5

## Presentations

- Write a paragraph on each of the following:

- Fishing.
- Forestry.

Say how each benefits individual people and the Samoan economy.

- Imagine you are a worker at Aggie Grey's Hotel. Write a letter to a friend in Manono saying how you contribute to the tourism industry, and how you think your contribution is important to the economy of Samoa.
- Write a paragraph outlining the importance of tourism in Samoa, and how tourism has contributed to the economy.

## ACTIVITY 6

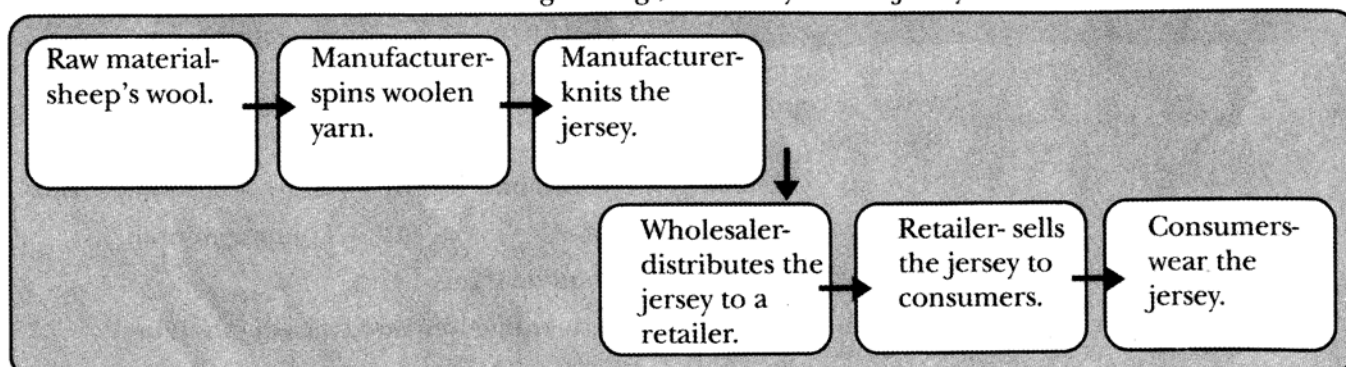
## Research and Report Writing

Write a report on a selected secondary industry using the following headings:

- Reasons for its location.
- Sources of raw materials.
- Sources of finance.
- Equipment used.
- Transportation and markets.
- Employees (number involved and types of jobs done).

## Summary

- The four factors of production (land, labour, capital, and entrepreneurship) are essential in the production of goods.
- The satisfaction of consumers' needs and wants are met through the process of production and supply.
- The signals about what goods should be produced often depend on the country's economic system (refer back to Unit 1).
- How much to produce depends on a consumer's needs and wants and the prices the consumers are prepared to pay.
- The 3 stages of production (the primary industry, the secondary industry, and the tertiary industry) are important in the development of goods.
- The primary industry involves gathering the raw materials, such as fish, forestry products, minerals, fruit, milk, wood, and meat (items found in nature or on different types of farms).
- Secondary industry, or the manufacturing sector, processes raw materials into finished goods for consumers. For example: the furniture maker takes the wood from the primary industry and produces a chair.
- In the tertiary sector wholesalers buy in bulk from the primary producers or manufacturers, and distribute the goods to the retailers who then market the goods. This sector also includes services such as finance, insurance, education and the production of intangible products.
- The chain of production and distribution shows the life of a good e.g., the life cycle of a jersey.





## Review

Write **True** if the statement is correct and write **False** if it is wrong.

1. Factors of Production are also known as resources.
2. Production of goods and services can be done without resources.
3. The three stages of production are Primary, Secondary, and Tertiary.
4. An example of Tertiary Production is fishing.
5. An example of Secondary Production is selling fish at the market.
6. An example of Secondary production is coconut oil manufacturing.
7. Labour is the least important factor of production.
8. An example of Primary Production is a wholesaler collecting eggs from the poultry farm.
9. An example of entrepreneurship is a sole trader.
10. Labour is the use of tools in a productive activity.

Briefly answer these questions.

- i. Name any three productive activities seen in your village or community.
- ii. Name the four factors of production.
- iii. Describe how the chain of production works.
- iv. Explain the importance of producing goods.
- v. Explain how services are part of production.

## Unit 4: PRODUCERS IN THE SAMOA ECONOMY

### Aim

- From their study of Producers' Decisions students will understand the concepts related to making economic decisions.

### KEY WORDS:

(Either you have learned or are going to learn).

- Primary
- Energy
- Secondary
- Banking
- Tertiary
- Marketing
- Local
- Strategies
- National products
- Location
- Handicrafts
- Transportation
- Raw materials
- Communication
- Market
- Advertising
- Warehousing
- Insurance
- Welding
- Lathing
- Turning

### Objectives

Students will investigate and develop their skill and understanding of producers in the Samoa Economy when they:

- Identify different local and national producers and determine factors that support them to operate, e.g., location, transport and other services.
- Interview two different producers to determine the marketing strategies they use to sell their products or services.

### Introduction

#### Recall information

1. We need goods and services to satisfy our needs and wants.
2. We need producers to supply us with goods and services.
3. Goods and services cannot be produced without resources.
4. The productive resources are also called factors of production.
5. The producers have to pay factor prices - rent, wages, interest - to the consumers, households or individuals who provide the factors of production.



## ACTIVITY 1

## Case Study

## Case Study:

Read the following story and answer the questions that follow:

Samuelu is a farmer from Lefaga, where he has a large coconut plantation. He has a friend, Ioane, who just returned from New Zealand with a lot of money and skills in welding and turning (or lathing).

One day they met and thought about starting a business of their own. Each one suggested a different business to start. After a long discussion Samuelu decided to start a copra drying business at Lefaga, and Ioane decided to try a small welding and lathing business in Apia.

Samuelu has his reasons for starting a copra business in Lefaga. He looks at his skills in that business, the amount of capital and labor involved, the availability of coconuts in that area, and the transportation facilities from Lefaga to Apia. He can take products to sell and get money immediately to invest more into his business and to meet all his expenses. He also considers the extra help that he can get from his family members i.e., his wife and children, to manage and run his business. For all these reasons he has decided to go on with the copra drying business at Lefaga.

Ioane has his own reasons to support his decision to start his business in Apia. He knows that there are many people in Apia that need the services of a welder. He can make beautiful gates, doors, windows and frames which they need, and he can charge good prices for them. He will have work all the time. He can usually find people like him in Apia to help him at times of need, but not in a village like Lefaga. His work needs iron, steel, copper, brass and welding rods, which he can find easily in Apia. Welding cannot be done without a good power supply. Electric power is readily available in Apia. Marketing, transportation, communication, banking, advertising, warehousing and insurance are important services needed in his business, and he can get these easily in Apia. He believes that he is right in his decision to establish his business in Apia.

**Remember!**  
Marketing is an important function in business. Marketing promotes sales. More sales means more profit. More profit usually results from better management.

Choose the right alternatives:

1. Which of these words (local/national) describe Samuelu and Ioane as producers.  
**Samuelu                      local/national**  
**Ioane                          local/national**
2. How would the materials that Samuelu will use in his business be described?  
**Primary/secondary**
3. Does Samuelu use more labour or capital in his business? Why?
4. How would you describe the materials that Ioane uses in his production?  
**Primary/Secondary**
5. Where does Samuelu get most of his resources from?  
**all over Samoa/from Lefaga.**
6. Where does Ioane get most of his workers?  
**all over Samoa/Lefaga**
7. What type of energy is used by Samuelu in his business?  
**Solar/electric**
8. Who do you think needs a lot of advertising to promote his business.  
**Samuelu/Ioane**
9. Who do you think must have more education, skill and experience in doing the job?  
**Samuelu/Ioane**
10. Who do you think may need more banking help?  
**Samuelu/Ioane**
11. Why do think Samuelu wants to start his business at Lefaga? Because of his consideration of:  
**Power/raw material**
12. Which one of the items below is more important for Ioane in starting his business in Apia?  
**Power/market**
13. Who has need of a better developed transportation system?  
**Samuelu/Ioane**
14. Who do think benefits more from his business being insured?  
**Samuelu/Ioane**
15. Whose business is more seasonal?  
**Samuelu/Ioane**



**Market:**

A situation or place where buyers and sellers meet and exchange goods or services for money.

**Tip:** Good management will try and improve the sales of their products or services through better marketing.

**ACTIVITY 2**

Prepare a list of questions that you plan to ask a producer to find out how he or she promotes sales of a product through marketing activities.

**ACTIVITY 3**

Study the interview carried out by a reporter with a very successful businessman in Apia. We use the letter 'R' for the reporter and 'M' for the manager.

- R - Good morning Sir, would you mind giving a little of your precious time for an interview?
- M - Oh, yes! I don't like people coming and reporting on our business to the public.
- R - Don't you know that people are very interested in buying your products.
- M - Thank you, Sir, for that information. We are on the right track. Consumer satisfaction is our aim.
- R - You have achieved that. Please, can you tell me what certain areas you look at, to promote your sales?
- M - To make things simple for you, we follow these steps in our production and marketing strategies.
1. Proper planning.
  2. Least cost production.
  3. Sensitive pricing policy.
  4. Promotion of sales through advertising.
  5. Problem solving, if any problems arise.
- R - I understand all these, they make your products more attractive to the consumers. Could you tell me something more about the point you make on consumer satisfaction?
- M - Our goal is to maintain the happiness of the consumers that use our products. In this case we look at the people who want to buy our product, their age, their lifestyle,

the places where they live, the time they want our products, the price that they can afford and the different methods of buying e.g., lay-by, hire-purchase, monthly credit, cash payment etc.

R - Earlier in our talk, you mentioned problem solving. What do you mean by problem solving?

M - That means we follow up our customers after the sale. If they have any complaints about the quantity or quality of our products, we settle the matter either by replacing the goods or by refunding the money. Once they know that they will always be treated well, they will come to us, and we will continue to have good sales.

R - Do you do a lot of advertising to strengthen the marketing of your products?

M - Yes we do. Our customers are part of our advertising policy. They do a lot of advertising for us because they advise other people to buy our products.

R - Do you get into a lot of competitive activities, e.g., non-price competition?

M - Our prices are always the lowest for similar products to ours in the market. We can produce goods at a cheaper cost, and therefore, sell cheaply. You are right, we do a lot of non-price competition through after-sale services like free transportation, free installation, free maintenance, longer term credits etc.

R - Thank you Sir, for giving me your valuable time. I hope to see you again sometime. Good bye.

Answer the questions based on the interview given above.

1. What is the company's marketing strategy?
2. What are the five factors that a producer such as the one interviewed, looks at to make his products attractive?
3. What do you mean by "**consumer satisfaction**"?
4. What is the result of creating greater consumer satisfaction?
5. The manager says 'our customers do a lot advertising for us'. Explain.
6. What is "**price competition**"?
7. Give two examples of "**non-price competition**":
8. What does "**after-sale services**" mean?
9. What kind of financial help does the manager give to his customers to promote sales?
10. In marketing what are the factors a supplier looks at to create consumer satisfaction.

**ACTIVITY 5****Role Play**

Two students are chosen to act as visitors to a business office. Another two are selected to act as a General Manager and a Sales Manager. Conduct a discussion in a form of a role-play. Each one of them must be well prepared to ask about the company's activities and its efforts to increase sales, and answer matters related to marketing.

**ACTIVITY 6****List Local and National Producers**

Make a list of local and national producers in Samoa that are known to you. (Head your list with 'local producers' and 'national producers').

Local Producers	National Producers
e.g., Handicrafts' making at Aleipata	Vailima Breweries

**ACTIVITY 7****True or False**

In your work books answer **True** or **False** to the following questions:

1. Producers can be local or national.
2. For any production the availability of raw materials is the only consideration.
3. Labour intensive production spends more on labour.
4. Capital intensive production invests more in capital.
5. Vailima Breweries is a labour intensive producer.
6. Markets, transport, power, raw materials are some of the factors to be considered in establishing an industry.
7. Insurance is a service industry.
8. Biscuit production is an example of tertiary industry.
9. An ice cream factory is an example of primary industry.
10. Transportation is a service industry.
11. Pricing and sales promotion policies can affect the customers.
12. It is not wise spending money on marketing promotions.
13. Good management leads to good marketing strategies.
14. Good marketing strategies result in increased sales.
15. Increased sales result in expanding the industry.

## Summary

1. Local producers and service organisations are people who produce goods and provide services within their community. For example: farmers at Aleipata, a Women's Committee, Youth Clubs, Rugby Clubs.
2. National producers are people, groups or organisations who produce goods and services for the wider public. For example Vailima Breweries, Tupua Tamasese National Hospital, Education Department, Polynesian Airlines, Shipping Corporation, Public Works, Electric Power Corporation.
3. Factors of production for both Local and National Producers are land, labour, capital and entrepreneurship.
4. Local Producers can sell their goods and services in front of their houses, or carry their wares around. For example: selling brooms, faapapa, Squeezer (tauaga), papaya, coconuts, sea goggles, sea slugs.
5. National Producers normally sell their products to consumers and other producers through wholesalers and retailers.



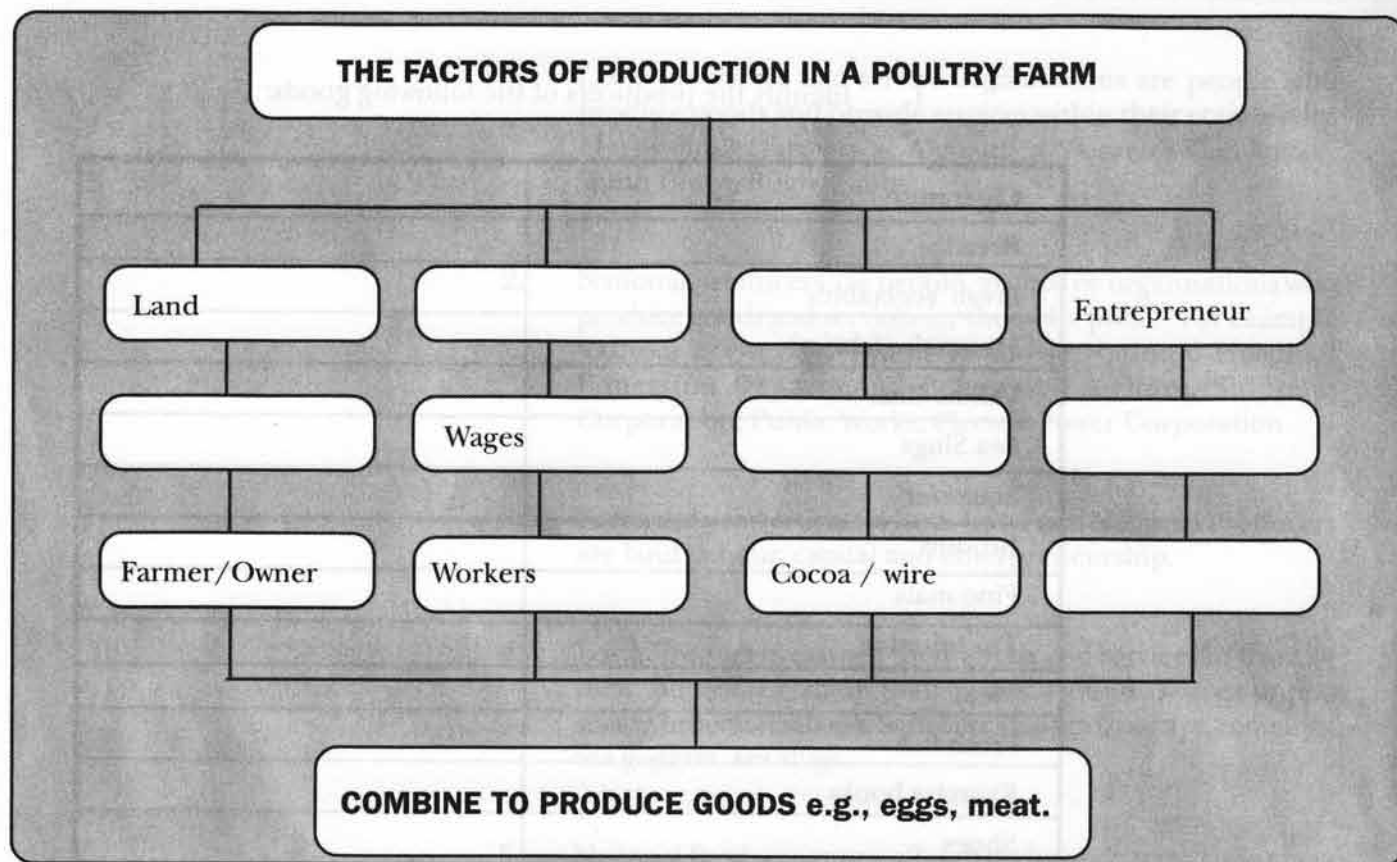
## Review

1. Identify the producers of the following goods:

Cigarettes	
Bread	
Fresh Vegetables	
Materials (fabrics)	
Valima Beer	
Sea Slugs	
Squeezer	
Brooms	
Fine mats	
Titi fulumoa	
Meat	
Fresh fish	
Exercise books	
Shoes	
Coconut ear-rings	
Pearl ear-rings	
Pots and pans	
Knives	
Furniture	
Chocolate	



2. Copy and complete the diagram below in your exercise book.



3. By looking at the pictures provided below, list the four factors of production.

Give an example for each factor. Name the product that is produced by the factories below.



## Unit 5: CONSUMERS EARNING INCOME

### Aim

- From their study of Consumers' Decisions students will understand the concepts related to making economic choices.

### Objectives

Students will investigate and develop their skills and understanding of how consumers earn their income when they:

- Describe the different sources and levels of income for individuals/households.
- Identify the different types of jobs in Samoa.
- Explain the importance that remittances from overseas have on household incomes.
- Describe how exchange rates can affect the spending power of individuals/households.

### Introduction

Working at a job is one way to obtain an income. Workers at different jobs gain different earnings (wages/salaries). A second method of receiving money is from remittances or gifts from family members or friends that live overseas. The way a family spends its money varies. Consumers have choices to make about which products they want or need to buy. Their choices might also be influenced by the strength or the weakness of the currency. This is because the spending power of money is affected by exchange rates.

Answer these questions.

1. What job does your father and/or mother do to earn your family income?
2. List other members of your family and their jobs.
3. List 20 types of jobs available in Samoa?
4. Does your family receive money from relatives overseas? If your answer is yes, indicate if the money is used in general consumption or is it devoted to special projects.

## ACTIVITY 1

## Exchange Rates

The following are recent foreign currency rates for the named countries. The rates, which are all related to the NZ\$, are subject to change without notice and may not apply to larger sums.

\$1 New Zealand	Sell	Buy
equals		
United States	.5340	.5445
Australia	.7203	.7298
Canada	.6186	.6303
Japan	66.04	67.91
Tonga	.7067	.7265
Western Samoa	1.2488	1.2770

Answer these questions.

1. What is an "exchange rate"?
2. What is the impact of changing exchange rates on consumers?
3. If you were exchanging \$100 New Zealand for Australian dollars, how many Australian dollars would you receive?

## ACTIVITY 2

## Case Study One - Rupi and her Job



Rupi graduated from the National University of Samoa with a degree in Commerce. She works as Senior Accountant for the Education Department in Apia. Her gross salary at present is \$13,000 a year (the money she earns before deductions). She pays a tax, called income tax, of about \$2,000 to the Government of Samoa, leaving her a net income of \$11,000 (about \$500 a fortnight). This salary is used to satisfy the needs and wants of Rupi's family.

## Questions.

1. Which University did Rupi graduated from?
2. What kind of degree did Rupi receive?
3. What position does Rupi have at the Education Department?
4. What was Rupi's yearly salary?
5. How much does she get as her gross salary?
6. Why did Rupi pay \$2000 to the Government?
7. What was her net income?



## ACTIVITY 3

## Case Study Two - The story of Ioane

Ioane is a student in Year 10 at St. Joseph's College, but he knows he will have to leave school and find a job because his father is sick. He is the oldest son in the family and he has many brothers and sisters. Ioane knows that if his father dies, he will need to have a job that pays a good wage to support the family. Ioane needs to make a wise decision. He could take a job at a bank as a messenger boy but the pay is small, and he knows it could take years before he could work his way up to a better paying position. Ioane also heard that he might have a chance to become an apprentice in Apia for one of the service businesses (such as electrical and plumbing companies). After asking and talking to many business owners, he was accepted as an apprentice at a plumbing service in town. He would work from 8:00 a.m to 4:00 p.m five days a week and would receive a wage of \$50.00 a fortnight to begin with. If he works hard and becomes a skilled plumber, he would become a permanent employee and earn a good salary.

## KEY WORDS

- Salary
- Gross salary
- Yearly salary
- Tax
- Income
- Net income
- Wage
- Messenger boy
- Apprentice

## Questions

1. What class was Ioane in at school?
2. Why does Ioane have to leave school early?
3. What decision did he make?
4. What was the first type of job Ioane considered?
5. Why did he change his mind about this kind of job?
6. What job did Ioane look at next?
7. Was he satisfied about this second job, and how much did he initially make?
8. How often was Ioane paid for his work as an apprentice plumber?
9. What is meant by "wages"?

## Types of Income

Today, the most common way people attempt to solve the problem of unsatisfied demand is by obtaining an income.

Income is money that a person or a household receives. It may be gained from working, from lending something and receiving interest, or by being transferred from (given by) someone else to the person or household.

## Types of income

### Income from work

Working is the most common way of earning an income. There are different types of income from work, such as a fee, commission, wages and salary.

## ACTIVITY 4

## Types of Income

1. Copy the table below into your exercise book.
2. Beside the table there is a list of words. Use those words to fill in the first column of the table based on the definitions given.
3. In the last column of the same table give two examples of jobs that pay this sort of income.

### WORDS FOR TABLE:

- Commission
- Wage
- Fee
- Salary

Type of Income	Definition	Examples
	Based on a rate per hour/week.	
	Usually calculated on a yearly basis but could be paid weekly or fortnightly.	
	Charge for a particular service provided by the income earner.	
	Payment for selling goods or services on behalf of someone else.	

### Income transferred from others

This is money that comes to you from other people or groups without you having to do anything in return. Following are a few examples:

- Remittances.
- Gifts.
- Gambling winnings (Lotto).
- Legacies (money left to you by someone after they die e.g., from life insurance).
- Cash prizes.
- Life assurance receipts.
- Accident compensation.

Most of these are not regular sources, and unless they were very large e.g., lottery winnings, it would be unwise to rely on them alone.

### Income from lending things

If you own something that other people want, you can charge them for the use of it and earn an income that way.

A few examples of this form of income are:

- Rent received, as a charge made for the use of land or property.
- Fees, as a charge for the services done for someone.
- Interest, as a charge for your money lent to the local savings bank.

### Sources of Income

There are six major sources from which a person may get the money she/he needs to provide the essentials for living. These six sources of income are:

1. Work.
2. Property/investments.
3. Welfare payments.
4. Loans.
5. Hobbies.
6. Pocket money.

Wages are mostly determined by the number of hours worked and are more likely to be paid to manual workers or workers doing a specific job. An example is a carpenter who makes \$15 an hour during a 40 hour work week.

Salaries, however, are stated on an annual basis, but the worker receives their pay perhaps fortnightly or monthly.

Demand, supply, an individual's skills and knowledge are all factors which help to determine wages or salaries.

## ACTIVITY 5

## Research

People will normally tell you how much they are paid if they are not identified by name in any report. When talking to working people make sure you tell them that they will only be identified as, say, "Worker A" "Worker B" and will not be identified by name.

1. Ask ten working people you know what their jobs are, and how much they get paid.
2. Ask them how often they get paid.
3. Work out how much they received a week, and a year.
4. Present your findings in the form of a report.

## ACTIVITY 6

## Remittances

Students should write a list of any activities that are supported by remittances received by their family e.g., buying a car.

## ACTIVITY 7

## True or False

Students are to answer **True** or **False** to the following in their work books.

1. There are many jobs available to the people of Western Samoa.
2. School leavers who don't have good exam results have many opportunities for good jobs.
3. A school leaver might find a job as a messenger person.
4. Becoming an apprentice can eventually lead to a good salaried job.
5. Ioane became an apprentice for an electrical company?
6. The more education you have the better your chances are for a better paying job?
7. Form Six graduates might have a hard time getting a job.
8. Technical Training Institute graduates have many skills.
9. Higher education means graduating from a University.
10. A C.P.A is one who has a higher education.
11. A doctor does not need a higher education in order to practice.
12. You seldom have to fill in an *application for employment* when applying for a job.
13. Your educational background is important to a company or person who is considering you for a job.
14. A company considering you for a job is not interested in what training you had.
15. A company or person looking for someone to fill a position is very interested in whether or not that person has been in trouble with the law.



## Summary

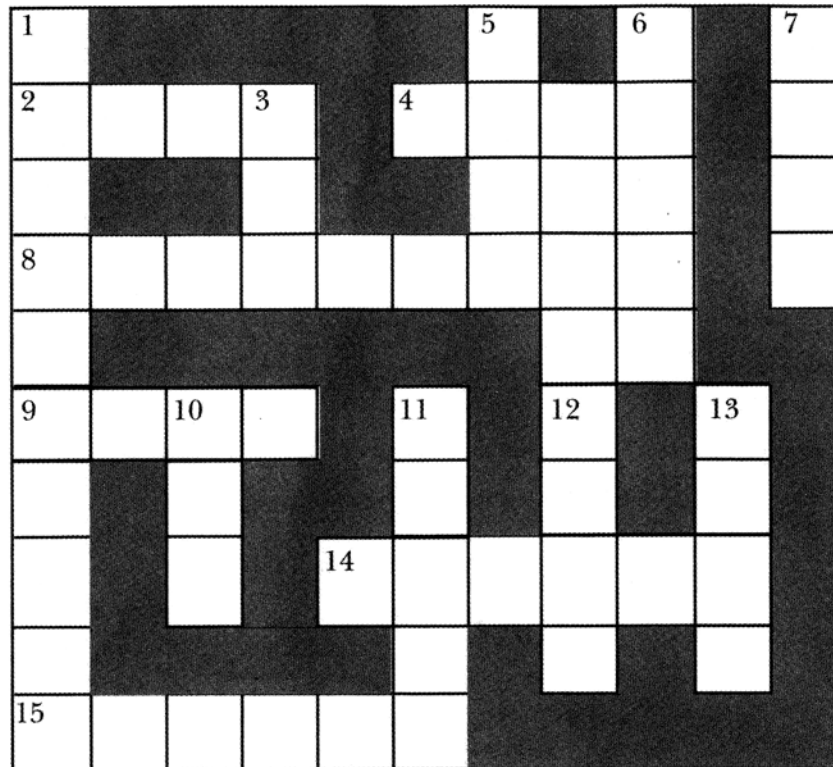
Income can be obtained from the following sources:

1. **Work**
  - Can be full-time or part-time.
  - Can be in the public or private sector.
  - Can be self-employed.
  - Can be for a wage or salary.
2. **Property and Investments**
  - By renting, leasing, or selling for a profit (capital gain).
  - Investors earn interest (income) from dividend payments.
3. **Welfare payments**
  - Allowances, pensions (old age, widow, single parent, invalid).
  - Benefits (sickness, unemployment).
4. **Loans**
  - Money borrowed from someone (usually a bank).
  - Most of the time, interest must be paid in addition to repayment of the amount borrowed.
5. **Hobbies**
  - A person can sell something they make (example: the women's committee can sell the falas they make).

An exchange rate is the rate at which one country's currency is exchanged for another country's currency.

## Review

The following crossword puzzle may be done as a group activity.



The following are clues to the crossword puzzle.

### Down

1. Working as a trainee with a man or company to learn a trade.
3. This happens when we don't earn money to buy food or when we don't produce enough food.
5. When we put part of our money in a bank we do this.
6. When we have students in a class we do this.
7. When we work for money we do this.
10. To stay alive we must be able to do this.
11. This is our reward for paid employment.
12. A place to buy goods.
13. Seven days equals this.

### Across

2. You get this for doing your work.
4. You get this for part-time work.
8. When you take a pay check in your hands you \_\_\_\_\_ it.
9. All the things we must have are called this (opposite of want).
14. A word for all the money that you have earned and received.
15. A company might do this for you if you have skill or knowledge.

## Unit 6: CONSUMER SPENDING

### Aim

- From their study of Consumers' Decisions students will understand the concepts related to making economic choices.

### Objectives

Students will investigate and develop their skills and understanding of how consumers spend their income when they :

- Utilise the decision-making process to arrive at different alternatives on how to spend or save income.
- Interpret documentation relevant to the earning and spending of income.
- Explain the reasons for the existence of taxation, and describe the different types of taxation used in Samoa.
- Construct a budget for an individual with different levels of income and sets of values.

Planning in order to use time wisely, is similar in many ways to planning in order to use money wisely. The main purpose in both is to spend wisely.

### Introduction

Everyone is a consumer. A consumer is someone who consumes or uses goods and services. They work in order to earn money to buy goods and services to satisfy their needs and wants.

### Questions.

1. What are "needs and wants"?
2. What do you call people who consume goods and services?
3. What must they have in order to satisfy their needs and wants?
4. What do these people do to enable them to purchase products?

**ACTIVITY 1****DISCUSSION QUESTIONS**

1. Think about the activities you do on a school day.
2. List these activities down noting their starting times and finishing times.
3. Calculate the total time you spend on all your activities.
4. Calculate the % (percentage) of time you spend on each activity.
5. Use a pie graph to show how you spent your time on this day.

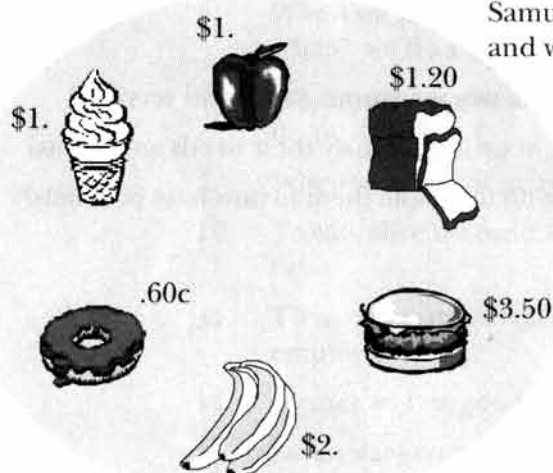
**Activities**

Answer these questions:

1. Which of your activities do you think are the most important? List in order of importance.
2. Which activities have taken the most time? Why?
3. Which activities took the least time? Why?
4. Which activities need more time?
5. How can you reorganise your schedule so that you give more time to the important activities?

**Students in a school doing an activity****ACTIVITY 2****What Shall I Buy?**

Samu was really hungry and he had \$5.00 note. He sat in a restaurant and was given a menu with only these foods shown.



1. List three combinations of food that Samu can buy with the \$5.
2. Rank the available choices in order of the most needed to least needed food.
3. Explain the reasons for your choice of the best combination.



## Budgeting

Samu spent his \$5.00 on the basis of his needs and wants. In the same way, the money we earn, which is our income, is spent on satisfying needs and wants. Our spending can be on fixed expenses or variable expenses but probably a mix of both. Fixed expenses are expenditure on those things which are really needed (necessities) such as food, rent or mortgages. Variable expenses are those which can be easily done without. e.g., buying cassettes, going to the movies, buying raffle tickets or Lotto tickets, etc.

Most people do not have any problems spending money. However, incomes are limited, so it is important to spend wisely.

To make the best use of your money, it is important to budget.

### A Budget

A budget is a plan of income and expenditure. This is very important for businesses and governments as well as individuals. Having a plan or budget helps you to gain optimal (best) satisfaction from your income.

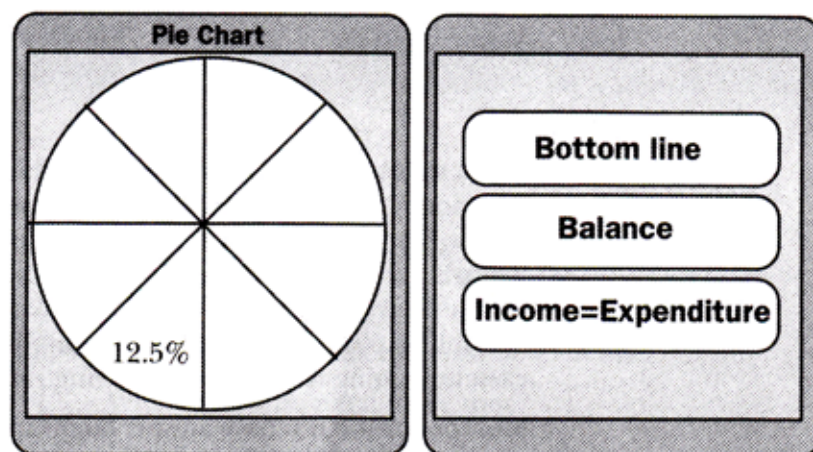
## ACTIVITY 3

### Talusa's Budget

Talusa has a family of ten. They include her parents, her grandmother and her 3 children, all in primary school. Her older brother and her two sisters are both in government colleges. The main source of income for the family is her salary, and she earns \$360 every fortnight. Their expenses are as follows:

a) food	\$ 80
b) faalavelave	\$100
c) church donations	\$ 80
d) pastor's visit	\$ 20
e) children	\$ 80

1. Calculate the percentage for each item of expenditure.
2. Use your answers in 1. to draw a pie graph for Talusa's family spending.
3. On what is the most money spent?
4. Where is it most needed?
5. Discuss what concerns you might have for Talusa's family as a result of analysing their spending.
6. Using the same income, construct a budget of how you think the money could be spent.
7. Calculate the percentages and draw a pie graph.
8. Compare and contrast the two pie graphs.



#### Facts to remember about Budgeting.

1. Makes you set priorities.
2. Helps you have a regular savings plan.
3. Maximises satisfaction from income by enabling you to buy goods and services to satisfy as many of your needs and wants as possible.
4. Helps you to make wise purchasing choices (buying wisely).
5. Keeps you out of debt (avoiding getting behind in payments for goods bought on credit).
6. Prevents you forgetting about irregular but necessary expenditure (e.g., life insurance).
7. Helps you balance income, savings and expenditure.

A budget must balance.

**Income = Expenditure + Savings.**

Budgets can be worked out for a year, a month, fortnightly, or weekly.

#### ACTIVITY 4

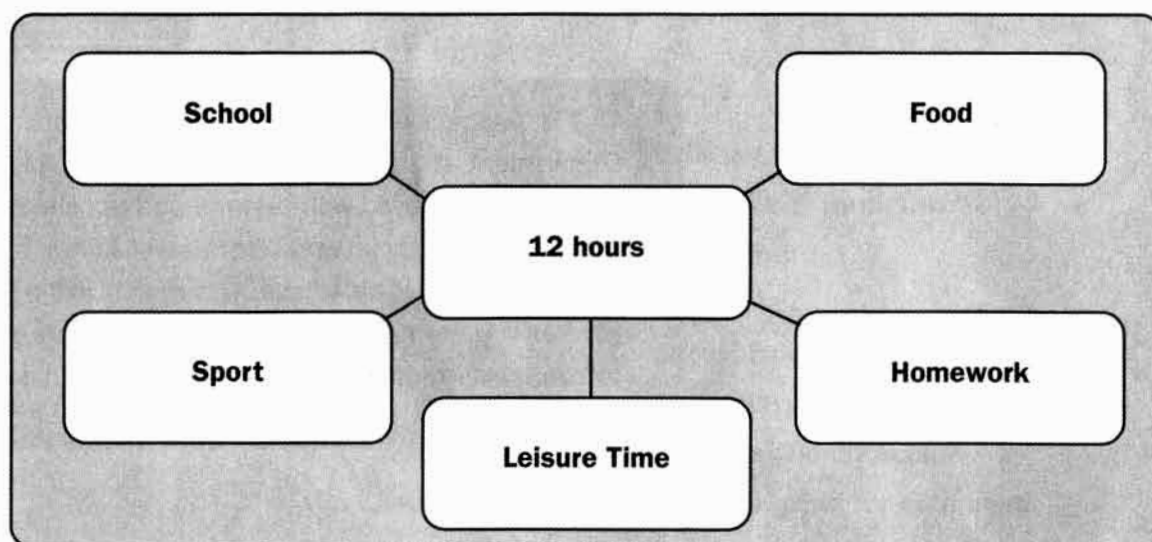
#### Sueni's Daily Plan

Sueni started his day at 8:00 a.m every morning and finished at 8:00 p.m, when he went to bed. He spent 12 hours each day excluding Saturday and Sunday. He was a student at Avele College. He played soccer for the Faatoia team. He collected firewood and prepared saka for his family's dinner, before he joined his friends at the Lotoosamasoni fall.

1. Draw a plan for Sueni, and show how he could spend his 12 hours.

## ACTIVITY 5

## Sueni's Activities



## KEY WORDS

- Savings
- Spending

1. How many hours does Sueni spend at school?
2. Which of his activities has taken most of Sueni's time?
3. Do you think it is a good practice for a student to spend time on sport? Explain why.
4. Show how Sueni can save some time from his activities. For what?

## How to prepare a Budget.

The four steps to consider are:

1. Income.
2. Expenditure.
3. Intended savings.
4. The Bottom Line or Balance.

**Bottom Line- Balance Income and Expenditure**



## ACTIVITY 6

## Case Study One

Study the document below, read the information that follows then answer the questions:

This is Tautua's payslip. He works for the Education Department at the CDU Malifa. He was born on the big island but he stayed with his wife and ten children in the city of Apia, so he can work. He is a well-known man for he is the high chief of his village. This man is like a priest who can tell you the history or gafas of your family, perhaps a fortune teller too. He is a man of honour and courage.

## PAYSリップ

## Govt of Western Samoa

408052 Tautua Siloi

51 MALIFA (APIA)

08/09/2001 23/08/1999 - 05/09/2001

NPF Number YMV793-04

A11.001 PSC A11/L11

\$15085

## Normal Pay

Ordinary	80.00	A11.001	580.19	TAX	31.44	565.92
				NPF	29.01	522.18
				WSLAC	125.86	2286.63
				NPFLN	60.00	1080.00

\*\*Annual Gross Pay 15084.99 \*\*

580.19		314.87	31.44	233.88 Bank
10668.42	225.00	4562.94	565.92	5539.56 ANZ 0001562345



**Remember!** Payslips are source documents for income earned.

1. Explain why Tautua needs his payslip?
2. What do these abbreviations stand for:-
  - a) NPF
  - b) WSLAC
  - c) NPFLN
  - d) PSC
  - e) ANZ Bank
3. How much money does he get in a year?
4. How much money does he receive fortnightly?
5. Where did he get his payslip from?
6. What does "gross pay" mean?
7. How much tax was deducted from his gross pay?
8. Where does the tax money go?
9. List what you think are Tautua's family needs?
10. Estimate how much he should spend for each need.
11. Identify values that he might need to consider?
12. Is he earning enough for the family? What about himself?
13. Does he have to earn more? Why or why not?

## Summary

- A budget is a plan of income and expenditure. Budgeting is very critical in order to gain optimal satisfaction from your income.
- It is necessary to partake (or participate) in a decision making process that helps you decide how you are going to spend your money (on which goods and services) and how much you are going to have left over to save.
- A payslip is a source document which can show a worker's wage, number of hours worked, annual gross pay, the different taxes that have been deducted, and the pay period.
- A budget must balance. Income must be equal to expenditure and savings.
- A tax is a financial contribution (usually taken away from the worker's income) levied by the government on income or spending.

## Review

1. Do a personal budget for three different working individuals, then compare and contrast all three budgets, and answer the following questions:
  - i. What were the various goods and services that your three people spent their money on?
  - ii. Rank the goods and services from least expensive to most expensive.
  - iii. What does each individual do with any extra money?

## Unit 7: **WAYS OF MAXIMISING AN INDIVIDUAL'S INCOME**

### Aim

- From their study of the Market students will understand the interaction of households and firms in the market.

### Objectives

Students will investigate and develop skills and understanding of ways of maximising an individual's income when they:

- Investigate the advantages and disadvantages of borrowing.
- Compare and contrast the costs of buying on credit and buying with cash.
- Identify the different markets where an individual can buy goods and services from e.g., local shops or supermarket, newspaper advertisement.

### KEY WORDS

- Income
- Maximise
- Borrowing
- Credit
- Supermarket
- Retailer
- Lending
- Commerce
- Advertise
- Market

### Introduction

1. Explain what you understand by the term "borrow".
2. Think about a time when you have borrowed something from a friend or family member.
  - What did you borrow?
  - How did you ask to borrow this item? (Samoan/English)
  - Did you return this item?
3. Discuss the concepts which explain fully the fa'asamoa tradition of borrowing.
4. Discuss how the traditional Samoan meaning of the word "borrow" is different to how it is used in Western cultures (palagi).



"Faamolemole pe i ai lava se tou masima sei faamasima ai lau meaai." (borrowing salt).

"Se malie le finagalo pe mata e mafai mai Sione, sei tolia ulu o le matou saka, leaga ua mai le tama o le aiga." (borrowing Sione's skills).

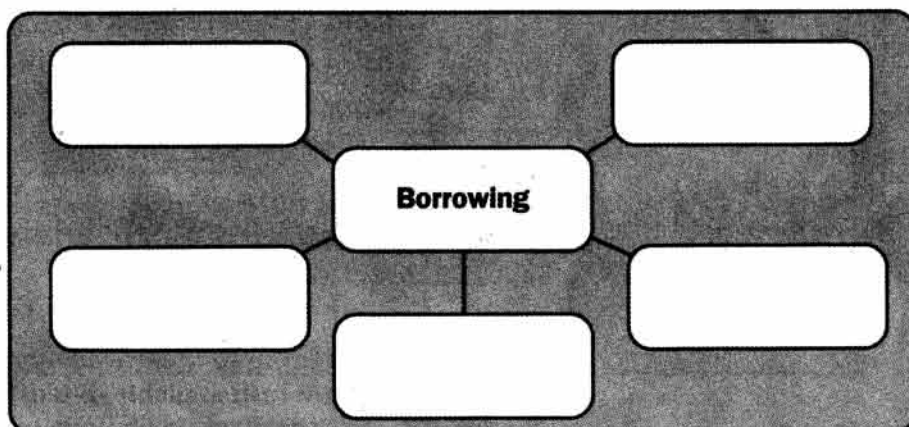
"Na ou sau fai mai lou tina, faamolemole pe le i ai lava sau lalaga sei fai ai lona faalavelave." (borrowing ietoga).

This is the language that people used in the olden days when they borrowed things. And as you notice they used the magic word "Faamolemole", which was the popular, powerful word to show humility, love, politeness, respect and asking for someone's kindness. These are the concepts underlined here at the heart of the faa-samoa. Although it is still used by our generations its value has become less important in terms of the business world.

## ACTIVITY 1

## Borrowing

1. Provide all the Samoan terms you think can explain the word borrowing.
2. Discuss what each word means in our culture.



**In Samoa**, when goods are borrowed, they are sometimes substituted with other goods e.g., a family borrows ietoga, and returns salted meat as a payment for its use. Sometimes goods that are borrowed are never returned or are substituted.

**ACTIVITY 2****Borrowing**

Borrowing salt	→	Borrowing goods
Borrowing Sione's skill	→	Borrowing service
Borrowing ietoga	→	Borrowing money or its replacement.

1. Discuss one of the three concepts of borrowing above.
2. Discuss the statement above in Activity 1-'**In Samoa**'. Give your opinion on this Samoan tradition.
3. Compare and contrast the meaning of the term "**borrow**" in Samoan culture and Western culture (palagi).

**Why Borrow?**

In Commerce, borrowing is taking or obtaining (being given) goods, money and services with payment being made for them at a later date. For example:

Sina went to the village shop nearby and asked if she could have 1lb of sugar and a tin of fish. She promised to pay for them on Wednesday when she got paid. This is called buying on credit or credit purchase, because she obtained goods and promised to pay for them at a later date.

**ACTIVITY 3****Some reasons for Borrowing**

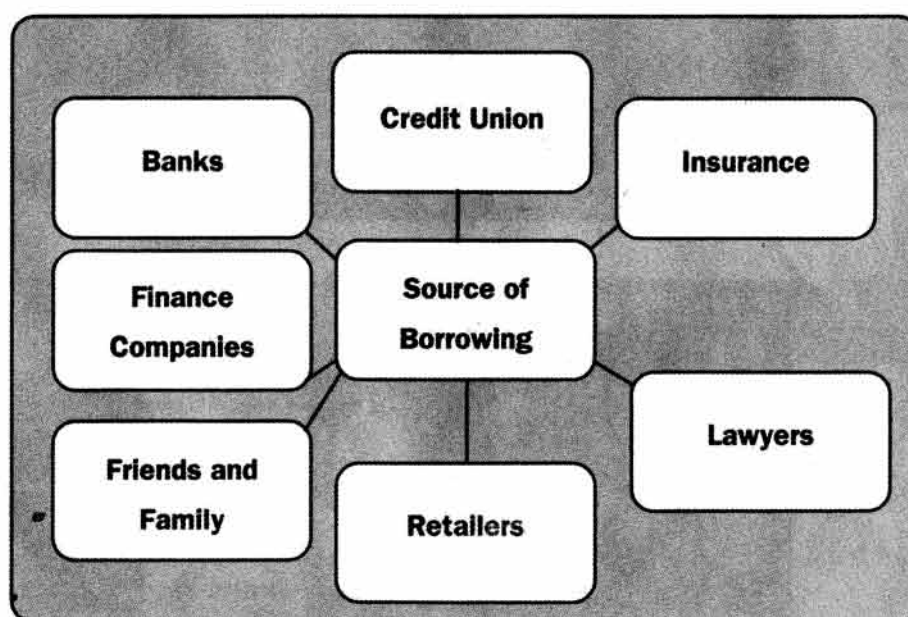
All people are different so their needs and wants are different. Sometimes people do not have cash available to satisfy their needs and wants, so they borrow cash to satisfy these needs and wants or buy on credit to do this.

In your work books give answers to the questions in the table on the next page.

People	Purpose for Borrowing money. (two for each person)	Source of Borrowing.	Do you think this will be repaid?
UPY Student .	1.To pay for her fees at NUS 2. _____	From Aunty in New Zealand.	No.
Male teacher with two young children.	1. _____ 2. _____		
Old woman living with her daughter.	1. _____ 2. _____		

**ACTIVITY 4****Where to borrow from**

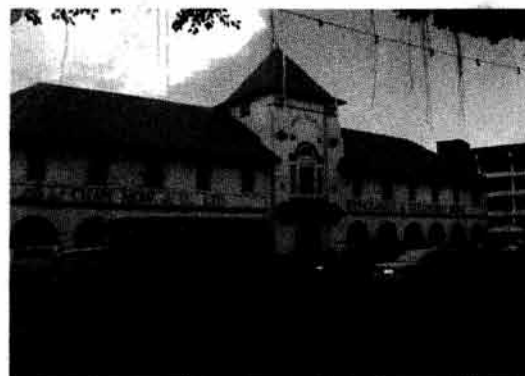
There are many sources of borrowing. Where to borrow from? Look at and study (analyse) the diagram below.



# ACTIVITY 9

## Markets

Different markets.





Select one of the following statements and write down your opinions.

1. Assume you are an owner of a small shop, and you want to advertise your goods, (any type of goods). Write an advertisement which will persuade people to come and buy your goods.
2. You are a car dealer and you advertise your cars either on a newspaper, or on the TV or over the radio.
3. You have seen a picture of a hawker or a pedlar selling goods in front of his/her house.
4. Although they are both retailers there are major differences between a supermarket and a local fruit and vegetables market.



## ACTIVITY 6

## True or False

Answer **True** or **False** to the following:

1. A pound of sugar can be bought from the supermarket.
2. The easiest way to buy a car is to go to the Prime Minister.
3. A supermarket is the place where all the goods we need to buy are found.
4. The new market at Fugalei is only for farmers.
5. If you want to buy a pair of shoes you go straight to the most expensive store.
6. Car dealers specialise in taxis only.
7. The PSC is only for Government servants.
8. Sometimes, small retail shops are more expensive than the supermarkets in town.
9. Newspaper advertising is very useful for people to advertise their goods and services.
10. Pedlars and Hawkers sell cheap goods.

## Summary

- Borrowing money rather than saving up for needs and wants means that:
  - You can pay for goods later.
  - You can have the goods immediately.
  - You can avoid price rises in the future.
  - You can afford the price of a good that would have taken too long to save up for.
- When you have borrowed you have obtained credit.
- There are advantages and disadvantages of borrowing.
- Credit involves paying interest.
- Types of credit from different organisations and firms include:

Banks	-	personal loans;
	-	overdraft;
	-	mortgage;
	-	term loan.
Finance Companies	-	hire purchase.
Large retail firms	-	shop credit.

## Review

1. Write brief definitions of the ten key words at the beginning of this topic.

## Unit 8: BUYING WISELY

### Aim

- From their study of the Market students will understand the interaction of households and firms in the market.

### KEY WORDS

- Expenditure
- Budget
- Variable expenses
- Saving
- Fixed Expenses
- Balance
- Income
- Essentials
- Non-essentials

### Objectives

The Students will investigate and develop skills and understanding of buying wisely when they:

- Recognize the advantages of budgeting.
- Identify the advantages of buying in bulk and when this is appropriate.
- Identify factors other than price which will influence the decision to buy goods and services.
- Recognize the value of conserving and recycling goods.

### Introduction

Have you ever noticed how your pocket money never seems to be enough? No matter what our income is, we could always use more. For most of us, income is our main resource, and with it we have to satisfy our needs and wants.

**What happens if we try to spend more money than we have?**

A “**budget**” is a plan for using income, a plan in which the raising of money (income) is considered as well as the spending (expenditure) of money – i.e. “**money in**” as well as “**money out**”.

The purpose of a budget is to obtain the maximum satisfaction from the use of our income by planning ahead and thinking out our priorities.

It assists us to save money for long term purposes.



**ACTIVITY 1****Quick Questions****How Good are you as a Money Manager?**

Give your answers in your work book.

- a. Do you plan ahead and decide what will be best way to use your money? **Yes/No**
- b. Do you know how much money you use each week?  
**Yes/No**
- c. Do you save money regularly for future use?  
**Yes/No**
- d. Do you plan before you buy and try to find items that suit your needs? **Yes/No**
- e. Do you compare prices, quality and value for most things you buy? **Yes/No**
- f. Do you always need to ask for extra money?  
**Yes/No**
- g. Do you usually have money on hand for unexpected events?  
**Yes/No**

Discuss with your teacher, your reasons for saying **Yes** and **No**.

**Budgets**

A plan of spending (expenditure) and saving is necessary. This kind of plan is called a budget. A budget is a good idea for most of us because:

It helps us satisfy as many needs and wants as possible.

It lets us save for future events and purchases.

If we have our money organised then we will have less to worry about.

It's a useful record, e.g., when filling out our tax return for the government.

**Elements of a budget**

All budgets show how our income should be divided up between spending and saving. The money set aside for spending is used to meet expenses. Expenses may be fixed or variable.

### Fixed expenses

Fixed expenses are those that we expect to have and must meet by allocating some of our resources (usually income) to them. They usually occur at regular intervals and we have a good idea of how much they are going to be. Some common fixed expenses might be insurance, rent, electricity, telephone, and car registration.

### Variable expenses

Variable expenses are those expenses that we can, if we wish, avoid incurring or we have some flexibility about how much we allocate for certain items. We cannot be sure about how much these expenses might be, or, they cannot be forecast. Variable expenses could include such things as doctor's bills, food, petrol, and entertainment.

### Savings

Quite simply, savings are what we call the money that we don't spend. It doesn't matter whether you:

- Bury your money in the garden.
- Deposit money in a bank.
- ... it is still called saving.

Saving can be useful too, because to get many things we would like to have like a new car, a colour television set or an overseas trip, we may have to save.

## ACTIVITY 2

## Comprehension

Complete the following sentences in your work book:

1. A \_\_\_\_\_ is a plan involving all income over a given period.
2. \_\_\_\_\_ is any part of our income that we do not spend on consumption.
3. We can only do two things with our income, we either \_\_\_\_\_ or \_\_\_\_\_ it.
4. Things we pay for regularly are called \_\_\_\_\_ expenses.
5. Money we receive is called \_\_\_\_\_ while money we pay is \_\_\_\_\_.
6. Sometimes, unexpected payments happen; these we call \_\_\_\_\_ expenses.
7. If our budget shows we are spending (and saving) as much as our income then it \_\_\_\_\_.

## Preparing a Budget

The easiest way to prepare a budget is to follow a number of steps:

1. Decide on whether your budget is to cover a week, a fortnight, a month or a year.
2. Write down your regular income for that period of time.
3. Write down your fixed expenses for that period of time.
4. Estimate (make a sensible guess about) your variable expenses for that period of time.
5. Add up your expenses.
6. Compare your income and your expenses.

Your income should be at least equal to the total of your expenses. Income and expenses should *balance*.

### A. A Budget where Income equals Expenditure.

Expenses	\$WS	Income	\$WS
Bus fares to town on Friday night.	1.60	Pocket Money.	3.00
Sweets and drinks bought from school canteen.	3.40	Car Wash money.	5.00
Admission to picture theatre.	2.00		
Admission to skating rink.	1.00		
<b>Total</b>	<b>\$8.00</b>	<b>Total</b>	<b>\$8.00</b>

If the total of your expenses is less than your income, you can then save some money. Your budget may then look like this:

### B. A Budget where Income equals Expenditure plus Saving

Expenses		Income	
Present for Mum's Birthday.	6.00	Pocket Money.	3.00
Paperback book.	4.50	Car Wash money.	5.00
Savings.	2.50	Lawn mowing money.	5.00
<b>Total</b>	<b>\$13.00</b>	<b>Total</b>	<b>\$13.00</b>

**C. A Budget where Income is less than Expenditure**

<b>Expenses</b>		<b>Income</b>	
Bus fare to town on Friday night	1.60	Pocket Money	3.00
Sweet and drinks bought at school canteen.	4.50	Car Wash money	5.00
Magazines	1.20		
Admission to Picture Theatre	2.00		
		<b>Does not balance!</b>	
<b>Total</b>	<b>\$9.00</b>	<b>Total</b>	<b>\$8.00</b>

**ACTIVITY 3****Matching Columns**

Write down each term and its correct definition.

Budget	a) Expenses that occur regularly that you expect to have.
Fixed Expenses	b) The spending of your disposal income.
Variable Expenses	c) A plan of how to allocate your disposable income.
Save	d) What you do with any part of your disposable income that you do not spend.
Expenditure	e) Expenses that occur irregularly or are not expected.



## ACTIVITY 4

## Fixed and Variable Expenses

Copy the diagram and tick the column that shows the correct category.

**Note:** More examples of Fixed and Variable expenses are to be added during the whole class discussion.

Type of Expense	Fixed	Variable
Food		
Petrol		
Rent		
Insurance		
Entertainment		
Telephone		
Bus Fares		
Holidays		
Magazines		
School Fees		
CD's		
Walkman		
McDonalds		
Nike Jacket		
Electricity		

## ACTIVITY 5

## Equation

Copy out the following diagram and fill the spaces using these labels:

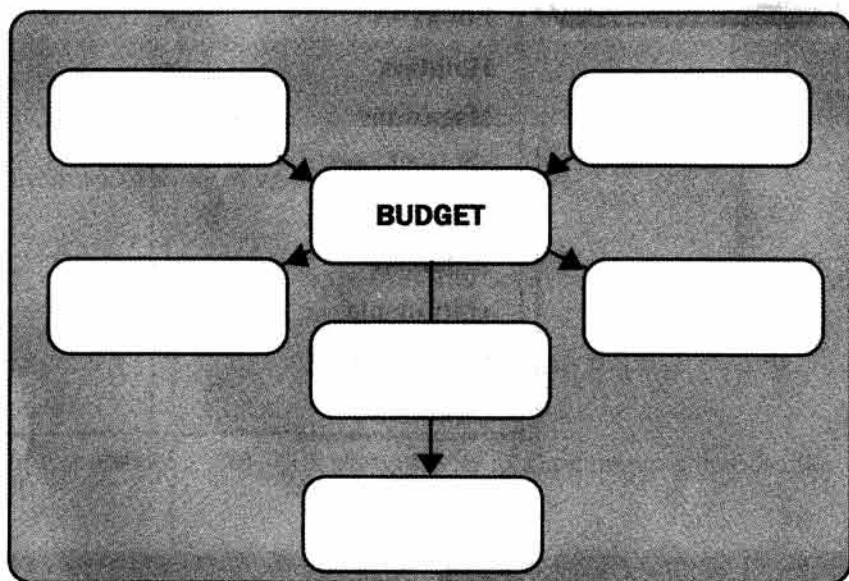
- Variable Expenses,
- Savings,
- Disposable Income,
- Fixed Expenses.

	=		+		+	
--	---	--	---	--	---	--

**ACTIVITY 6****Disposal of Income**

Copy out the following diagram and fill the spaces using these labels:

- **Earned Income,**
- **Unearned income,**
- **Fixed Expenses,**
- **Variable Expenses,**
- **Savings.**

**ACTIVITY 7****-Smith's Budget**

Using the information below, prepare a weekly budget for Mr. and Mrs. Smith and their three children.

"Income from Mr. Smith's job is \$209 net per week. Family benefit of \$6 per week for each child is received. They spend \$80 on food and clothing. They are also paying off a loan for their car at the rate of \$38 a week and a house mortgage of \$70 per week."

## ACTIVITY 8

## Word Finder

Find the hidden words.

F	A	M	I	L	Y	B	E	N	E	F	I	T	Z	P
I	A	O	L	U	X	U	R	I	E	S	N	A	N	O
X	B	R	Y	O	R	Q	J	I	H	G	S	Q	B	M
E	C	T	X	S	A	P	P	K	E	F	U	J	K	C
D	D	G	W	T	O	N	L	E	D	C	R	I	D	L
E	E	A	V	U	N	M	S	W	X	B	A	E	H	G
X	F	G	P	E	T	R	O	L	Y	A	N	I	F	L
P	G	E	S	T	I	M	A	T	E	Z	C	N	T	A
E	X	P	E	N	D	I	T	U	R	E	E	C	E	C
N	B	A	L	A	N	C	E	Y	U	T	S	O	G	I
S	H	I	J	K	L	M	N	R	E	N	T	M	D	D
E	A	R	N	I	N	G	S	O	P	Q	R	E	U	E
S	P	E	N	D	I	N	G	B	A	N	K	A	B	M

BUDGET	INCOME	FIXED EXPENSES	FAMILY
BENEFIT	MORTGAGE	INSURANCE	LUXURIES
SPENDING	ESTIMATE	EARNINGS	LOANS
RENT	MEDICAL	PETROL	BANK
BALANCE	EXPENDITURE		

## Bulk Buying

**Bulk Buying** means buying in large quantities. It is often cheaper to buy big sizes or quantities - but not always (oloa si'itia).

## ACTIVITY 9

## Buying Decisions- (1)

## Instructions

1. Read the information given above the chart on the following page about six different families.
2. Pretend each family asks you to go and buy some of each good using their house-keeping money.
3. Record in your work book what you consider would be the best choices (refer to chart).

**Information:**

**Family A:** Mr. and Mrs. Kupa, no children, both work, entertain regularly.

**Family B:** Mr. and Mrs. Johnson, two children, both parents work, like giving parties.

**Family C:** Mr. and Mrs. Hemi, seven children, both parents work.

**Family D:** Mr. and Mrs. Weedo, eight children, only Mrs. Weedo has a paid job.

**Family E:** Mr. Hardup, four children, solo parent on a benefit.

**Family F:** Mr. and Mrs. Talanoa, no family at home, elderly pensioners, no income other than the pension.

3. Briefly outline why you have made these decisions.

Goods	Price per litre/kg	Family A	Family B	Family C	Family D	Family E	Family F
Potatoes 1kg (loose)	.90						
5kg (bag)	3.60						
10kg (bag)	7.00						
25kg (bag)	9.00						
Sugar 1.5kg (bag)	1.30						
3kg (bag)	3.90						
18kg (bale)	20.00						
Cheese 500mg(block)	1.80						
1kg (block)	3.40						
2kg (block)	5.90						
Apple 1kg (loose)	1.20						
3kg (bag)	3.00						
5kg (bag)	4.50						
Wine 750ml(bottle)	12.00						
3 litre (carton)	4.50						
12 bottles(case)	13.00						
Detergent 1litre (bottle)	42.00						
2 litre (bottle)	1.90						
10 litre (can)	20.50						



## ACTIVITY 10

## Buying Decisions- (2)

**Group Activity:** Answer these questions:

1. Why might a case of wine be a good buy for Family A but not the 10 litre can of detergent?
2. Why is 500 grams of cheese not a good buy for Family C?
3. Why would it be unwise to spend Family D's money on:
  - (i) a case of wine.
  - (ii) 1 kg of apples.
  - (iii) a 10 litre can of detergent?
4. If 100 grams cost 24 sene, 150 grams cost 32 sene, 300 grams cost 62 sene and 500 grams costs 95 sene, which size is the best value for money?
5. If 400 grams cost \$2.20 and there is no quantity discount then what would 100 grams cost?
  - a) \$8.80.
  - b) \$.50 sene.
  - c) \$2.75.
  - d) \$ .55 sene.

## ACTIVITY 11

## Wise Buying

## 1. Impulse Buying

*Impulse buying* is where we buy without planning first. This usually happens when we see something that we like and feel that we must have it right away. We might not even need it. When we spend money this way, we might have to do without other things that we really need.

## 2. Buying Motives:

We choose to buy for several reasons:

- (i) **ADVERTISING** – We choose because we have heard of a certain item. We may feel that we know more about it rather than some other product.
- (ii) **COST** – Can we afford it? Sometimes a higher price means better quality. If it gives longer service, it may be worth the higher price.
- (iii) **FASHION** - Most of us like to look like other people. We like to wear or have what others have. We don't like to be too different.
- (iv) **HABIT** - We feel easy favouring or buying what we already know. We buy the same food and the same brands. If we are satisfied, should we change?

- (v) **VALUES** - We spend money on those things that are important to us. Some people would buy jewellery or clothes with their money. Other might spend it on the home or family. We use money in ways that give us the most satisfaction.

**ACTIVITY 12****Buying Decisions- (3)**

Let's look at a group of people who are buying some tee-shirts in a shop:

- Fuata'i bought the first tee-shirt he saw. He was in a hurry.
- Peka bought hers because it was the most expensive one there.
- Latu bought one because it was like the one her friend has.
- Auckland bought his because his mother said it would be easy to wash.
- Stefania bought a yellow one because the clerk told her she looked good in that colour.
- Faitotoa bought one she didn't like but she thought it would last a long time.

1. List each name and decide if their purchase decision was because of Advertising, Cost, Fashion or Values.
2. Can you think of other reasons that are not given above why people buy as they do?
3. Think back to a purchase you made recently. Why did you make it?

3. **Bargains, Discounts, Sales**

We get a bargain when we buy something for a lower cost than we expected. But don't be fooled by a lower price. It is no bargain if we do not need the product, or if it is of poor quality.

**Discount**

A *Discount* is a small amount taken off the price of some item. You may get a Discount if you buy several of the items.

**Sales**

A *Sale* means that goods are being sold at a Discount. When a store has a sale, it lowers the regular prices on the goods it sells. There are many reasons why a store has a sale. One reason is that the goods are not selling at the regular price. Or the store

is not selling enough of the goods. It may not be selling the goods fast enough. The store may need to get cash quickly. Sometimes a store has a sale because the goods will be out of style. The goods might spoil if kept much longer.

If you shop carefully, you can sometimes find good bargains at a sale.

### ACTIVITY 13

### A Sale



A store is having a Sale. Look at the illustration on the left and answer these questions.

1. What is on Sale?
2. We talked about why people buy things. What might be our *motives* for buying the \_\_\_\_\_ that is on Sale?
3. The store that is having a Sale is selling goods at a \_\_\_\_\_.
4. Give several reasons why the store might be having a Sale.
  - i.
  - ii.
  - iii.

#### 4. Consumer Protection

There are no laws in Samoa that protect the consumer. Therefore it is not illegal to mislead a person about the product he or she may buy. By that we mean that you cannot sue a person for the money you have lost.

That is why **"THE BUYER MUST BEWARE"** (Caveat Emptor).

To protect ourselves there are some things we can do before we buy.

- Ask others who have bought the product how they like it.
- Buy from a store of a person that you can rely on.
- Check the item carefully before you buy.
- Keep the warranty if the item has one.
- Check to see if the product has a guarantee.

#### 5. Advertising, Sales Methods

Most of the sales that are made owe much to *advertising*. Advertising means that we are being told about a product. A person advertises a product because it is hoped that we will be persuaded to buy it.

We see advertisements in the newspaper and magazines. We hear advertisements on the radio and see them on TV and in store windows. But be sure to think before you buy. While most advertising is fair and the claims made about the product are true, some advertisements may be misleading.

**ACTIVITY 14****Advertising**

Answer these questions:

1. In order to sell goods, stores advertise in several ways. What are they?
2. Have you heard products advertised over the radio or TV? Name an item that you have heard or seen being sold this way.
3. What attracts your attention to an advertisement?
4. Find an advertisement you think is misleading or unfair. Why do you think this?

**ACTIVITY 15****Reasons We Buy**

1. One reason we buy something is to be like other people. We like to have the latest\_\_\_\_\_.
2. Some goods can be heard being advertised over the \_\_\_\_\_.
3. The *reasons* we buy are called buying \_\_\_\_\_.
4. If a store has a \_\_\_\_\_, we hope we will be able to find a \_\_\_\_\_.
5. If we buy the same product again and again, we buy because of \_\_\_\_\_?
6. Things sold at a small amount off the normal price are sold at a\_\_\_\_\_.
7. We must consider the\_\_\_\_\_of an item to decide if we can afford it.
8. If we want to buy \_\_\_\_\_, we should spend \_\_\_\_\_, instead of\_\_\_\_\_.
9. If an advertisement is not true or if it is misleading, we would call it \_\_\_\_\_advertising.
10. One method used to advertised goods is to put a sign in the \_\_\_\_\_window.

## The Shop

### BUYER (A)

(i) How much is this bottle of milk?

(ii) I'll have one please....

(iii) ...and 3 loaves of bread 1lb butter; \$3.00 sugar, and a packet of MILO.

(iv) Can I have a shopping bag to take all these goods. Please!

(v) Sorry, I don't have a \$1.00. I should have brought a used one from home.

### SELLER (B)

(ii) \$2.50.

(ii) Ok! (Here you are).

(iii) Let me see!

3 loaves is \$3.60

1 lb butter is \$5.00

Milo is \$4.00

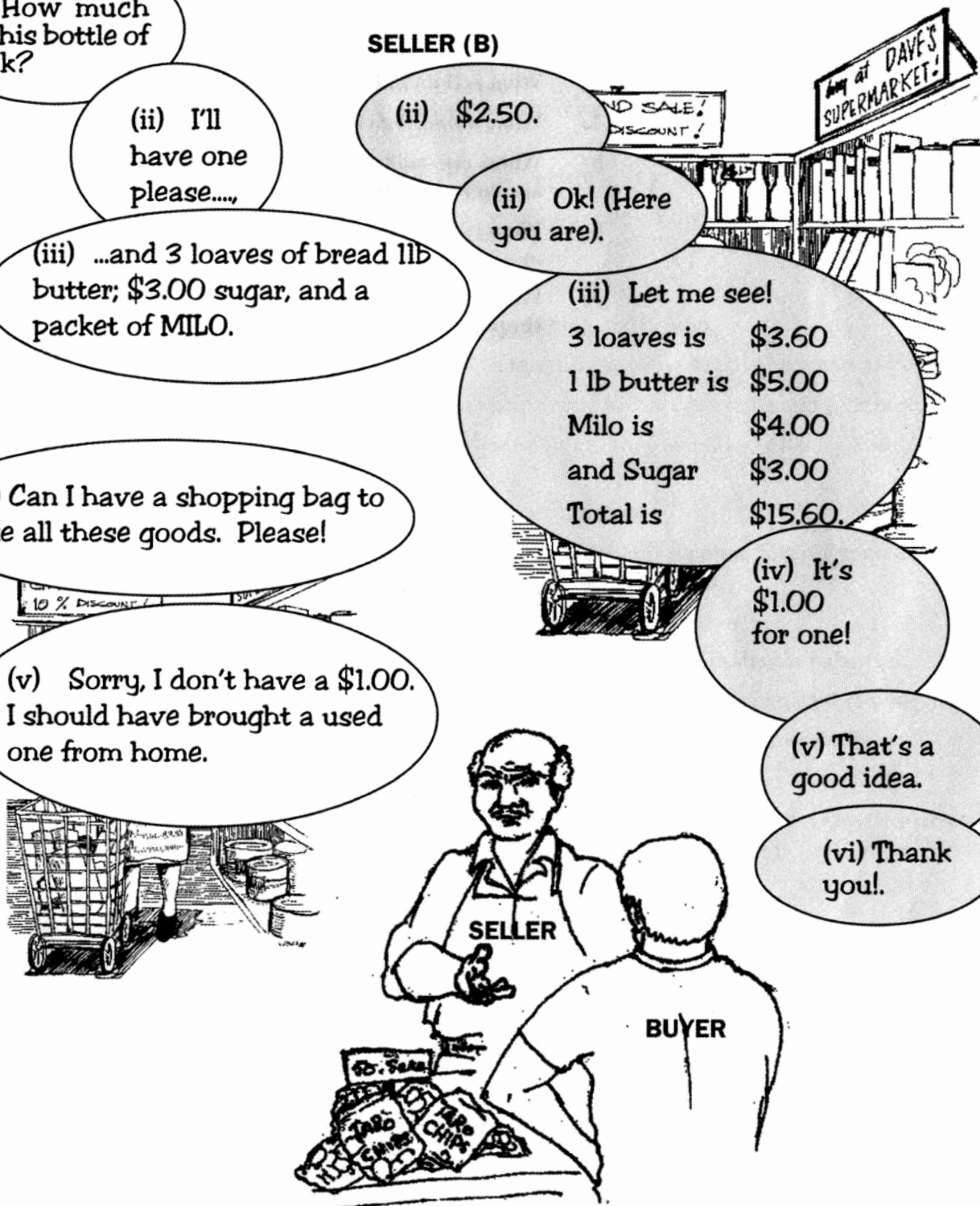
and Sugar \$3.00

Total is \$15.60.

(iv) It's \$1.00 for one!

(v) That's a good idea.

(vi) Thank you!.





**ACTIVITY 16****The Shop**

Answer these questions:

1. Who do you think the two people involved in the dialogue might be?
2. What is the total cost of all B's goods?
3. What is the total cost if B included the plastic shopping bag?
4. What would the cost be if B brought a used bag from home?
5. When the milk is finished, can the empty bottle be used for another purpose?
6. What type of relationship will be built up if B keeps on buying in A's shop?
7. What is the term used if a person always buys from the same shop?

## Summary

- Impulse Buying is when something is bought without planning first.
- The reasons we buy are called buying *motives*.
- We get a bargain when we buy something for a lower cost than we expected.
- “**The Buyer Must Beware**”. (Caveat Emptor).
- Things sold at small amount off the normal price are sold at a *discount*.

A budget is a *plan* for spending an income.

- i. It helps us to satisfy as many needs and wants as possible.
  - ii. It guides our saving for future events and purchases.
  - iii. If we organise our money wisely we will have less to worry about.
  - iv. It can be a useful record.
  - v. Elements of a budget are: **Income, Fixed Expenses, Variable Expenses, and Savings.**
- When **Income equals Expenses**, the budget is balanced.
  - If income exceeds expenses, money can be saved (Savings).
  - When expenses exceed income, there is a problem.
  - Bulk buying is buying in large quantities.
  - It is often cheaper to buy large quantities of a good (quantity discount).

## Review (1)

### *Group Competition – Shopping around.*

1. The class decides on a full list of groceries for a week for a family of two adults and two children. To make the task simpler leave out perishables like fruit, vegetables and meat where prices can depend on quality.



2. Divide into two groups. Each group takes the list and finds the cheapest possible prices for the groceries in the local shops. They keep a record of which shop they 'bought' each article in. Add up the total cost of the list of groceries.
3. The groups report back to the class. The winning group is the one that 'buys' the goods at the lowest total price.
4. Each student makes a summary which answers the following questions:
  - a) What was the total price of a week's groceries for a family of four in your area?
  - b) Was any shop much cheaper or dearer than the others?
  - c) What items varied a great deal in price?
  - d) What items were sold at the same price in all the shops surveyed?
  - e) Can you save much money on groceries by shopping around for bargains rather than buying all the goods at one shop?

## Review (2)

### Matching

Copy out List A. Beside each word or phrase in your list write the correct definition from those given in List B.

#### List A

- Let the buyer beware -
- Durable goods -
- Bulk buying -
- Guarantee -

#### List B

- Buying in large quantities.
- It promises to replace or repair goods which become faulty within a stated time.
- The Buyer should inspect a good for faults before buying it.
- Goods which can be used many times over.



<b>Advantage</b>	To benefit from something.
<b>Advertising</b>	Informing the public of a good or service's good points.
<b>Agenda</b>	A list of items to be discussed at a meeting.
<b>Alternatives</b>	Two possible choices; a possibility of one out of two things.
<b>Apprentice</b>	A person who is bound by an agreement to serve or work for another for a fixed period of time (usually for skill training).
<b>Auditor</b>	Accountant who does an independent check on financial records.
<b>Banking</b>	The business of a bank ( a financial institution).
<b>Bargain</b>	Negotiate for an agreeable price; purchasing something for a favourable price.
<b>Borrow</b>	Obtaining something and returning it later (by agreement).
<b>Budget</b>	A plan for spending within a set income.
<b>Bulk Buying</b>	Buy in large quantities.
<b>Capital</b>	Money or resources available to carry on or develop a business.
<b>Caveat emptor</b>	Let the buyer beware.
<b>Clubs</b>	Group that satisfies leisure and sporting needs and wants.
<b>Communication</b>	Interchange of thoughts, opinions, information, writing or signs.
<b>Compare</b>	Relating the differences and the similarities of things and ideas. The differences and similarities may be written down.
<b>Compensation</b>	Payment to make up for something lost or damaged.
<b>Conduct</b>	To lead or guide. Form of behaviour.
<b>Conserve</b>	To spare or save a used item to be used again later e.g., spring water plastic bottles.
<b>Consumer</b>	A person who buys finished goods and services to satisfy their needs and wants.
<b>Contrast</b>	Exploring the differences of a number (usually two) of things and ideas.
<b>Credit Union</b>	A financial organization for receiving and lending money, often related to an organisation or group of people e.g., teachers.
<b>Disadvantage</b>	An unfavorable condition.
<b>Discount</b>	Amount deducted from the total cost.
<b>Distribution</b>	Taking products (e.g., secondary manufactured products) to where they are needed.
<b>Diversity</b>	Differences.



<b>Documentation</b>	A written or printed piece of paper identifying information or evidence.
<b>Economic System</b>	The way a country organises and uses its resources.
<b>Economics</b>	The study of how people allocate (distribute) scarce resources.
<b>Energy</b>	Power. Vigorous activity.
<b>Entrepreneur</b>	Risk-taker, innovator, manager.
<b>Entrepreneurship</b>	Management skills usually associated with innovation and risk-taking.
<b>Exchange</b>	The buying and selling of goods and services. Transferring ownership.
<b>Expenditure</b>	The act of spending either by the use of cash or credit. The spending of money on goods and services.
<b>Finance companies</b>	Companies which raise funds from the public for the purpose of providing consumer and business loans.
<b>Fixed expenses</b>	Expenses that are not sensitive to changing quantities of purchases.
<b>Gross Salary</b>	Total amount of money earned before deductions (e.g., tax) are taken off.
<b>Guidance</b>	To give help or direction.
<b>Handicrafts</b>	Made by hand.
<b>Hawkers</b>	People who sell goods to their customers door-to-door or on the street.
<b>Hire-purchase</b>	A system by which an article becomes available for use by the hirer and is paid for over time. Ownership changes when the article is finally paid for.
<b>Household income</b>	Money received by a family.
<b>Household</b>	A number of people living in a house.
<b>Impulse Buying</b>	Unplanned purchases.
<b>Income</b>	An amount of money received for services and from investments.
<b>Income</b>	Money received from working or owning assets. Revenue (\$) received by an individual or business.
<b>Installation</b>	To fix in position for use.
<b>Insurance</b>	Business of insuring property and people against fire, death etc.
<b>Intervention</b>	The act of becoming involved with something.
<b>Investment</b>	Money deposited or spent with the idea of making a profit.
<b>Labour</b>	Factor of production involving human work and effort.
<b>Land</b>	Factor of production involving natural resources.

<b>Lathing</b>	Shaping wood, metal, etc with the use of machine (lathe).
<b>Lay-by</b>	A system of payment whereby a buyer pays a deposit on an article, which is reserved for him while he pays the balance in instalments.
<b>Local</b>	Within the immediate environment.
<b>Location</b>	A place of settlement or residence. A place where something happens.
<b>Manufacture</b>	To make finished goods or process raw materials or partly finished goods.
<b>Market economy</b>	Economy where resources are privately owned and where there is little Government intervention.
<b>Market</b>	Place where goods are sold/bought.
<b>Market</b>	The group of consumers to whom a business wishes to sell its products or services.
<b>Marketing</b>	The business of encouraging the purchase of goods by the consumer.
<b>Maximising</b>	To increase to the greatest possible amount.
<b>Members</b>	People who belong to a club or society.
<b>Mixed economy</b>	Economic system where government and private enterprise own or manage the factors of production and resources.
<b>National</b>	Maintained by a nation for the benefit of the country as a whole.
<b>Net income</b>	Total income less deductions.
<b>Patron</b>	Figurehead or benefactor of a club or society.
<b>Pedlars</b>	People who carry their goods to be sold to their customer.
<b>Planned economy</b>	Most resources owned by the State and most decisions are made and carried out by the State.
<b>Primary production</b>	Goods produced by a person or organisation working within the primary sector.
<b>Producer</b>	A person or firm that makes goods and or services.
<b>Production</b>	Making or altering a good or service.
<b>Production</b>	The process of converting raw or semi-finished materials into goods and services.
<b>Production</b>	The way in which goods are made.
<b>Products</b>	Something produced in nature or by manufacturing.
<b>Profit</b>	When revenue exceeds expenses.
<b>Quality</b>	How good something is.
<b>Quantity</b>	The number of items.
<b>Quorum</b>	The number of people who must be at a meeting

	before a binding decision can be made.
<b>Raw materials</b>	Goods or materials used as inputs in the manufacturing process.
<b>Recycled</b>	Prepare something to be reused (used again).
<b>Remittances</b>	The act of sending money or access to credit e.g., we receive remittances.
<b>Resources</b>	Factors of production which are available to use in the production of goods and services.
<b>Retailer</b>	Person who sells goods to consumers e.g., a clothing store.
<b>Saving</b>	Part of an income that consumers and producers do not spend.
<b>Schedule</b>	A list of items to do within a certain time.
<b>Secondary production</b>	Part of the economy that processes or manufactures goods.
<b>Secretary</b>	Elected club officer who looks after correspondence and prepares agendas.
<b>Societies</b>	Group that satisfies spiritual or service needs and wants.
<b>Sole trader</b>	A single owner who manages a small business.
<b>Specialisation</b>	To concentrate on the production of one job or task.
<b>Spending</b>	To pay out or dispose of money, wealth or resources.
<b>Strategies</b>	Course or courses of action that are planned to achieve a goal.
<b>Subscription</b>	Yearly fee payable for belonging to a club.
<b>Tax</b>	Money that must be paid to the Government to pay for government services e.g., VAGST, PAYE.
<b>Taxes</b>	A financial charge levied by the government on a person's (or company's) income or spending.
<b>Tertiary production</b>	The sector of the economy that provides services.
<b>Tourism</b>	The act of visiting other countries for recreational or cultural purposes (not business).
<b>Traditional economy</b>	An economic system characterised by self-sufficiency and independence (goods are often bartered).
<b>Transportation</b>	Means of carrying people or goods from one place to another.
<b>Treasurer</b>	Person elected to oversee club income and expenditure.
<b>Turning</b>	The process of shaping things on a lathe.
<b>Valuable</b>	Important or very useful.
<b>Variable expenses</b>	Expenses that change according to the level of sales or production.

<b>Wage</b>	An amount of income regularly (e.g., weekly) received or to pay for the work of temporary workers (compared with a salary which is normally expressed on a yearly basis).
<b>Warehouse</b>	A storehouse for goods which are being held for distribution.
<b>Welding</b>	Uniting by heating until fused together (metals or plastics).
<b>Welfare payments</b>	Payments to individuals (allowances) from the government for the elderly, sick etc.



