

# Circular Flow Model

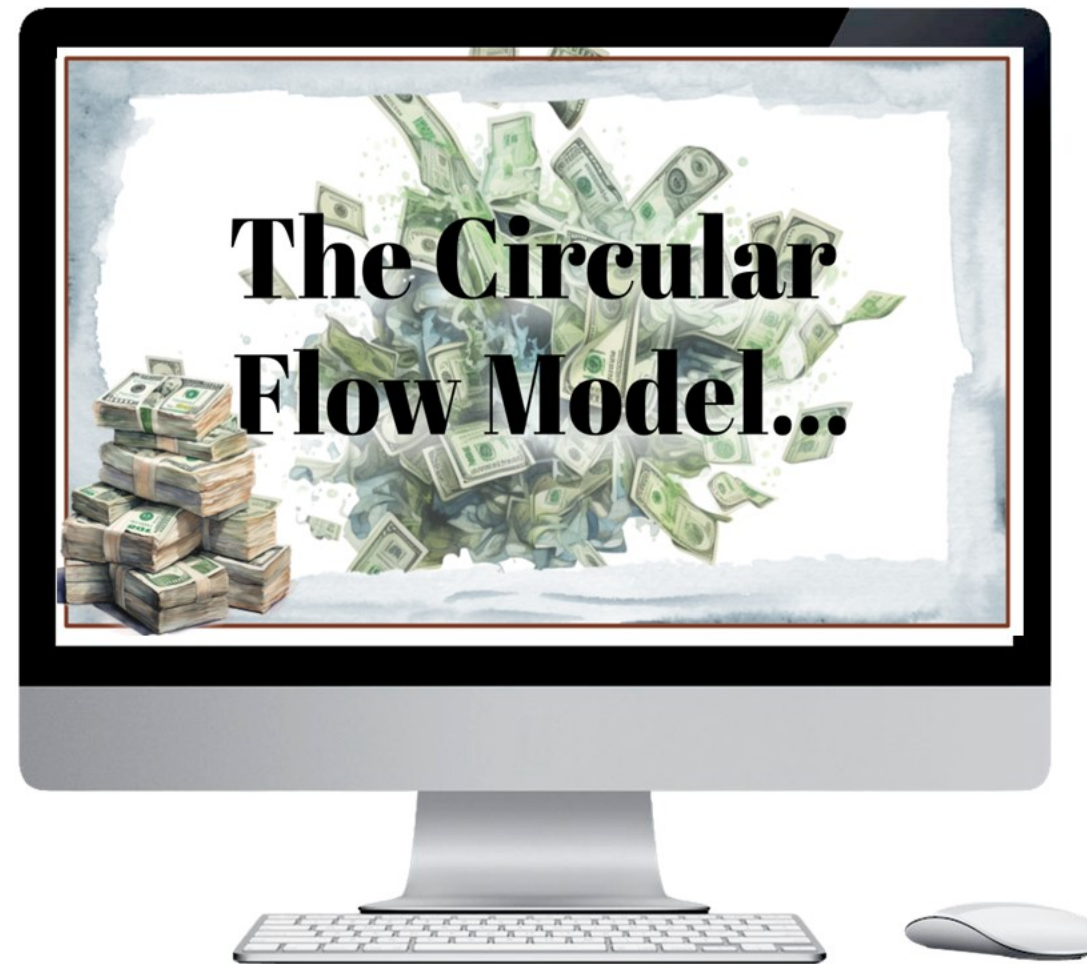
## AN ECONOMICS LESSON

**What is the Circular Flow Model?**

**Prompts  
Critical Thinking  
With Real-World  
Examples**

**A Google Slides file  
that easily converts  
to PowerPoint**

**NO PREP!  
SAVES YOU TIME!**



BUSINESS EDUCATION WITH *Denise Leigh*

# **NO PREP** Introductory Digital Activity

## What's included?

- ✔ **9-slides** Google Slides (easily converts to PowerPoint)
- ✔ Student-Friendly Instructions
- ✔ Real-World Business Example
- ✔ Critical Thinking Activities
- ✔ Reflection Prompts



**Great for In Person, Sub Day, or Virtual**

# The Circular Flow Model

## Learning Objectives:

- ✔ Identify the circular flow model and its key components.
- ✔ Analyze real-world examples, including buying pizza at a local pizza shop and the gaming industry's economic flow.
- ✔ Identify economic resources in real-life contexts.
- ✔ Explore how money, goods, and services flowthrough different sectors of the economy.

**No Prep for You!**

# An Example of the Types of Interactive Slides Included

Drag the items on the left over to the appropriate economic resource category...

## Economic Resources

Business Owner  
Office Worker  
WATER  
Business Owner  
Business Owner  
Business Owner  
Business Owner  
Business Owner

Human Resources  
Natural Resources  
Capital Resources  
Entrepreneurial Ability

The business owner and their know-how

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Students label a **simple circular flow diagram** for a pizza at a local pizza shop.

Students **drag and drop** the items in the margins to the appropriate category.

## Create Using the Circular Flow Diagram

### 3. Label a Simple Circular Flow Diagram

Complete the labels on the circular flow model as if you bought pizza from your favorite pizza place.

What did you purchase? What was your specific pizza order?

Who might be making the purchase and who will benefit from the pizza order? (who will eat it?)

What did you buy it from? What business?

What workers might be working there?  
-What equipment might be needed to bake the pizza?  
-What ingredients that came from the earth (natural resources) might be used to make your specific pizza order?  
-Who might own this pizza place?

Product Market  
Goods & Services (Products)

Resource/Factor Market  
Labor, Capital, Land (natural), Entrepreneurship

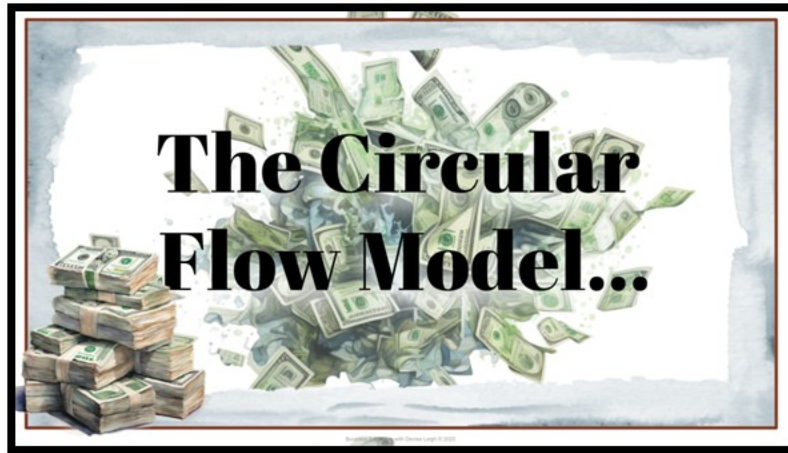
Businesses  
Produce and sell products to households and the government.

Households  
Provide and use resources to produce their household.

Circular Flow

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# 9 Slides included

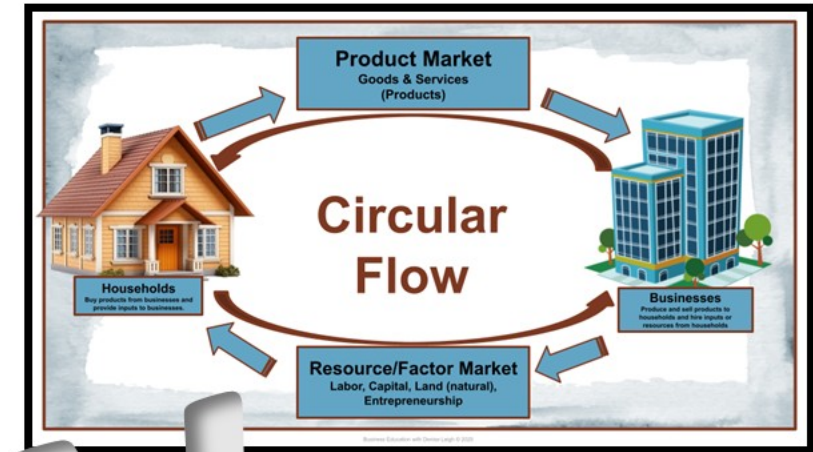


### Economic Decision Makers

- Households
- Firms (businesses)
- Governments
- The Rest of the World

### Macroeconomics

The study of how decision of individuals coordinated by markets in the entire economy join together to determine economy-wide aggregates like employment and growth.



### Economic Resources

Drag the items on the left over to the appropriate economic resource category...

<b>Land Resources</b> Natural Resources	<b>Capital Resources</b> Tools or equipment used to make money
<b>Labor Resources</b> Workers or employees	<b>Entrepreneurial Ability</b> The business owner and their know-how

### Example: The Circular Flow of a Gaming Economy

Imagine you're a teenager who loves video games, and you get your first part-time job at a local game store. Let's walk through the Circular Flow Model using your life:

- You = Household**
  - You are part of a household. In the circular flow, households provide labor (work) and buy things from businesses. You provide your time and effort to the game store. You check your bank account for your income for your household.
- Game Store = Business (Firm)**
  - The game store is a business (also called a firm). It pays you for your labor. It provides video games, consoles, and snacks to households to earn money.

### the Flow of Money

- You give your money to the game store to buy a new console or game cards.
- The game store gives your money back to the business. The business uses the money to pay workers (like you), rent, and buy more products.

### the Flow of Goods & Services

- The game store gives you games, accessories, or snacks in exchange for money.
- You give your labor (working at the register, stocking shelves, etc.).
- So goods and services flow one way, and money flows the other way.

### Apply What you Learned

- 1. Think of a Real Situation**  
Choose a real situation where you either earned money (like a part-time job, mowing lawns, etc.) or spent money (like buying clothes, snacks, game cards, etc.).
- 2. Identify the Roles in the Model**

Who is the household in your example?	
Who is the business (firm)?	
What labor or services were exchanged?	
What goods or services were bought?	
How did money flow between the household and the business?	

### Create Using the Circular Flow Diagram

#### 3. Label a Simple Circular Flow Diagram

Complete the labels on the circular flow model as if you bought pizza from your favorite pizza place.

What did you purchase? What was your specific pizza order?

Who might be making the purchase and who would be selling the pizza? (Who will sell it?)

Where did you buy it from? What business?

What services might be working there?  
What equipment might be needed to make the pizza?  
What ingredients that come from the earth (natural resources) might be used to make your specific pizza order?  
Who might own this pizza place?

#### 4. Short Reflection (2-4 sentences):

Write a short paragraph explaining:  
- Why it's important to understand how money and goods move in the economy.  
- How might learning about the circular flow model benefit you as a consumer?

Drag a red circle and place around each natural resource.  
Drag a green circle around the business or firm.  
Drag a yellow circle around the labor resource.  
Drag a blue circle around capital resources.  
Resize the circles as needed.

Drag the circles around them...resize when needed.

[CLICK HERE](#) –

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# Economics Unit

Includes Twelve (12) Lessons

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Personal Financial  
Literacy & Business  
classes

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that EASILY convert to  
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Personal Financial  
Literacy & Economics  
(PFL&E) classes

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**Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!**

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

