

Unit 3

Earning Income

Lesson 3B:

Entrepreneurship—Working for Yourself

Rule 3: Invest in Yourself.

The most important investment you will make in your life has nothing to do with buying a house, a share of stock, or even gold. The most important investment you can make is in yourself. You will most likely earn income by working for someone else or by running your own business. In either case, you will need education, training, skills, experience, determination, and a positive attitude on an ongoing basis to earn a good wage or make a good profit. Without first investing in yourself, your ability to earn income falls, making budgeting, saving, investing, and reaching financial goals far more difficult. These lessons look at the importance of building your human capital and explore personal attributes likely to affect the career you choose.

Lesson Description

Students are asked to volunteer for a potentially embarrassing task (which they ultimately do not have to perform) in return for a reward, which demonstrates a characteristic of entrepreneurs. They then take a personal assessment to discover other important characteristics of entrepreneurs and determine how entrepreneurial they are based on these characteristics.

Standards and Benchmarks (see page 73)

Grade Level

9-12

Concept

Entrepreneurs

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Compelling Question

What personal characteristics do entrepreneurs often have?

Objectives

Students will be able to

- define entrepreneurs and describe their role in the economy and
 - describe personal characteristics entrepreneurs are likely to possess.
-

Time Required

45 minutes

Materials

- Visual 3B.1: Scoring Your Personal Assessment
 - Visual 3B.2: Characteristics of Entrepreneurs
 - Visual 3B.3: What Does Your Score Indicate?
 - Handout 3B.1: My Personal Assessment, one copy for each student
 - Handout 3B.2: Assessment, one copy for each student
 - Container (e.g., hat or box) to hold slips of paper
 - About 10 folded slips of paper (blank)
 - Optional: small prizes (See Procedure Step 1)
-

Preparation

Place the folded slips of paper in the container.

Procedure

1. Show the container filled with slips of paper. Explain that each slip of paper describes an action that the person who draws the slip must perform in front of the class—some of the actions may be a bit embarrassing. Each volunteer who draws a slip and does what it says will receive a prize (e.g., extra credit points or a treat of some kind). In addition, they will be allowed to create a new slip with a new action to place in the hat.
 2. Ask for volunteers willing to select slips to come to the front of the class. (Usually there will be some, but certainly not all students. Should no one volunteer, increase the
-

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

prize.) Once the volunteers are assembled, tell the class they won't really be playing the game—you just wanted to see who would be willing. Reward each volunteer with the prize offered without having them draw any slips. Have them remain standing in front of the class.

3. Explain that **entrepreneurs** are individuals willing to take risks to develop new products and start new business. They recognize opportunities, enjoy working for themselves, and accept challenges. Discuss the following:
 - How were the volunteers like entrepreneurs? (*They were willing to take a risk, accept a challenge, and try something new.*)
 - What risk did they take? (*They had no idea what was written on the slips of paper. Acting something out in front of the class could have been embarrassing.*)
 - What was their potential reward? (*Extra credit points or whatever else was offered*)
 - Why are entrepreneurs important to the economy? (*When entrepreneurs develop new products and start new businesses, it results in new, innovative products for consumers to buy and the production of these products provides new job opportunities for workers. These products often increase productivity and contribute to economic growth.*)
4. Point out that all of the volunteers took the risk of embarrassing themselves either because they thought the reward was worth it and/or because they were intrigued by what they might have to do or excited to create a new slip of their own. Thank the volunteers and ask them to return to their seats.
5. Distribute a copy of *Handout 3B.1: My Personal Assessment* to each student. Instruct the students to complete the assessment by circling the answers that best describe how they feel. Explain that there are no right or wrong answers. Allow time for students to complete the assessment.
6. Display *Visual 3B.1: Scoring Your Personal Assessment*. Instruct the students to score each answer based on the points on the visual. For example, a "B" answer to question 1 would score 2 points. Write the scores for each question in the short blank next to the number. They are to calculate the total and write it at the top of the page. Allow time for students to calculate their scores.
7. Display *Visual 3B.2: Characteristics of Entrepreneurs*. Instruct the students to work independently or in groups to match each characteristic on the visual with the question on the assessment that addresses that characteristic. Write the characteristic in the long blank next to the score. Allow time for students to work and then review the answers (provided below).

Making Personal Finance Decisions

1. *Competitive*
2. *Desires achievement*
3. *Willing to work hard*
4. *Self-motivated*
5. *Willing and able to lead*
6. *Highly energetic*
7. *Positive attitude*
8. *Willing to take risks*
9. *Self-confident*
10. *Sociable*
11. *Creative*
12. *Doesn't fear failure*
13. *Able to plan and organize*
14. *Willing and able to make decisions*
15. *Willing and able to solve problems*
16. *Willing to persevere*
17. *Self-reliant*

8. Display *Visual 3B.3: What Does Your Score Indicate?* Explain that the higher the score, the more entrepreneurial traits they tend to have. Also point out that being an entrepreneur is not for everyone. People can be rewarded and satisfied as much or more by being successful managers or simply great employees.

Closure

9. Tell students that they can work for themselves or someone else. Either way they will need to develop skills and attitudes (i.e., human capital) to be successful.

Assessment

10. Distribute a copy of *Handout 3B:2: Assessment* to each student and allow time for students to work (or assign as homework).

Handout 3B:2: Assessment—Answer Key

Directions: Write a few paragraphs explaining the following:

- What is an entrepreneur, and why are entrepreneurs important to the economy?
- Are you interested in developing new products or starting a business?
- What do your assessment results suggest about whether you might enjoy being an entrepreneur?

Students should explain that entrepreneurs take risks to develop new products and start new businesses. They are important to the economy because the new products they develop and new businesses they start create new jobs—thus income—for people. Students should then reflect on their personal preference for entrepreneurship and their assessment results.

Making Personal Finance Decisions

Visual 3B.1: Scoring Your Personal Assessment

- | | |
|------------------------------------------------------------------|-------------------------------------------------------------------|
| 1. A. 3 points
B. 2 points
C. 1 point | 10. A. 3 points
B. 1 point
C. 2 points |
| 2. A. 1 point
B. 3 points
C. 2 points | 11. A. 3 points
B. 2 points
C. 1 point |
| 3. A. 2 points
B. 3 points
C. 1 point | 12. A. 1 point
B. 3 points
C. 2 points |
| 4. A. 2 points
B. 1 point
C. 3 points | 13. A. 1 point
B. 2 points
C. 3 points |
| 5. A. 1 point
B. 3 points
C. 2 points | 14. A. 3 points
B. 2 points
C. 1 point |
| 6. A. 3 points
B. 2 points
C. 1 point | 15. A. 1 point
B. 3 points
C. 2 points |
| 7. A. 3 points
B. 1 point
C. 2 points | 16. A. 2 points
B. 1 point
C. 3 points |
| 8. A. 3 points
B. 2 points
C. 1 point | 17. A. 3 points
B. 2 points
C. 1 point |
| 9. A. 1 point
B. 3 points
C. 2 points | |

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Visual 3B.2: Characteristics of Entrepreneurs

- Willing to take risks**
- Willing to work hard**
- Willing to persevere**
- Willing and able to lead**
- Willing and able to solve problems**
- Willing and able to make decisions**
- Able to plan and organize**
- Self-reliant**
- Self-confident**
- Self-motivated**
- Competitive**
- Creative**
- Positive attitude**
- Doesn't fear failure**
- Highly energetic**
- Sociable**
- Desires achievement**

Visual 3B.3: What Does Your Score Indicate?**17-28**

You would likely be most comfortable and productive in a position where you work for someone else and welcome being able to leave your work behind when you leave it each day.

29-39

If you desire to be an entrepreneur, there are some characteristics on which you will need to work; however, you would likely be very comfortable and productive as a manager or supervisor.

40-51

You have strong entrepreneurial tendencies and would likely be most comfortable pursuing your own interests or running your own business.

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Handout 3B.1: My Personal Assessment* (page 1 of 2)

Name: _____

Directions: Circle the letter of the sentence that best describes you. (The blanks will be filled in later).

Total Score _____

1. _____
 - A. I like playing and winning competitive games.
 - B. I like playing competitive games—win or lose.
 - C. I do not like playing competitive games.

2. _____
 - A. Being rich and/or famous is not that important to me.
 - B. I am making plans to be rich and/or famous.
 - C. I would like to be rich and/or famous.

3. _____
 - A. I will work hard if it will pay off for me right away.
 - B. I don't mind working hard even if the payoff is uncertain.
 - C. I do not like to work any harder than necessary.

4. _____
 - A. I like accomplishing goals others have set for me.
 - B. I am not goal-oriented and prefer to take things as they come.
 - C. I like setting and accomplishing my own goals.

5. _____
 - A. I like to follow the lead of others.
 - B. I like to take charge of things and can usually get others to follow.
 - C. I like to take charge of things but have trouble getting others to follow.

6. _____
 - A. I have a high level of energy and enthusiasm.
 - B. I am usually attentive and interested in things.
 - C. I am often tired and bored.

7. _____
 - A. I am optimistic about my future.
 - B. I am pessimistic about my future.
 - C. I have no strong feelings about my future.

8. _____
 - A. I like taking risks when there is a chance of big rewards.
 - B. I like to weigh the risk of things against the potential rewards.
 - C. I like sure things even though the rewards may be small.

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Handout 3B.1: My Personal Assessment* (page 2 of 2)

9. _____
- A. I feel somewhat powerless over my life.
 - B. I feel confident and in charge of my life.
 - C. I feel I can manage my life with some help from others.
10. _____
- A. I like and can get along with most people.
 - B. I feel people are often hard to get along with.
 - C. I like my friends but do not like meeting new people.
11. _____
- A. I like creating new things and ideas.
 - B. I sometimes like adapting and modifying old things to make them better.
 - C. I usually like leaving things pretty much as they are—"if it ain't broke, don't fix it."
12. _____
- A. I try to avoid making mistakes because of what others might think.
 - B. I am not afraid of making mistakes because I often learn a lot from them.
 - C. I prefer not to make mistakes because it sets me back.
13. _____
- A. I like to let things happen and then adjust accordingly.
 - B. I like when there is a plan, but I don't like doing the planning.
 - C. I like making a plan, following it, and adjusting it as is necessary.
14. _____
- A. I like to make decisions and am willing to accept the consequences.
 - B. I like time to make decisions so I can get other people's opinions.
 - C. I would rather have others make decisions and not be responsible.
15. _____
- A. I only like solving problems that have simple answers.
 - B. I see problems as opportunities for coming up with creative solutions.
 - C. I like solving problems using methods I have learned in the past.
16. _____
- A. I usually finish things I start.
 - B. I tend to give up on things that aren't working or become too difficult.
 - C. I will never give up accomplishing something that is important to me.
17. _____
- A. I have the skills and talent to do many things well.
 - B. I have the skills and talent to do some things.
 - C. I tend to rely on others to do a lot of things for me.

*Based on "Entrepreneurial Potential Self-Assessment" from the Business Development Bank of Canada; <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/business-assessments/pages/self-assessment-test-your-entrepreneurial-potential.aspx?page=1>.

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Handout 3B.2: Assessment

Name: _____

Directions: Write a few paragraphs explaining the following:

- What is an entrepreneur, and why are entrepreneurs important to the economy?
- Are you interested in developing new products or starting a business?
- What do your assessment results suggest about whether you might enjoy being an entrepreneur?

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Standards and Benchmarks

Voluntary National Content Standards in Economics

Standard 14: Entrepreneurship. Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

- **Benchmark: Grade 8**
 2. Entrepreneurs organize resources to produce goods and services because they expect to earn profits.
- **Benchmark: Grade 12**
 3. Productivity and efficiency gains that result from innovative practices of entrepreneurs foster long-term economic growth.

National Standards for Financial Literacy

Standard 1: Earning Income. Income for most people is determined by the market value of their labor, paid as wages and salaries. People can increase their income and job opportunities by choosing to acquire more education, work experience, and job skills. The decision to undertake an activity that increases income or job opportunities is affected by the expected benefits and costs of such an activity. Income also is obtained from other sources such as interest, rents, capital gains, dividends, and profits.

- **Benchmark: Grade 8**
 8. Entrepreneurs take the risk of starting a business because they expect to earn profits as their reward, despite the fact that many new businesses can and do fail. Some entrepreneurs gain satisfaction from working for themselves.

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis. Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes, provided the user credits the Minnesota Council on Economic Education.

Making Personal Finance Decisions

©2019, Minnesota Council on Economic Education. Developed in partnership with the Federal Reserve Bank of St. Louis.
Permission is granted to reprint or photocopy this lesson in its entirety for educational purposes,
provided the user credits the Minnesota Council on Economic Education.