

Economic and  
Management Sciences

**Unit 1**

**Circular Flow**

**Learner Activity  
Book**

# A CTIVITIES FOR THE CIRCULAR FLOW

## Content:

- Explaining the factors of production: Natural Resources, Labour, Capital and Entrepreneurship
- Illustrating the flow of goods and services, money and factors of production in the circular flow of a closed economy
- Explaining the role of households, businesses and government in the circular flow
- Describing participants' business opportunities towards sustainability: eco-efficiency, biomimicry, and service.

**Sustainability Link:** Business opportunities towards sustainability: eco-efficiency, biomimicry, and service.

## Important Words

Circular flow, Economy, Factor market, Product market, Businesses, Household, Biomimicry

## Aims and Objectives

By the end of the lesson learners will be able to:

- Define how standard of living is measured
- Differentiate between the different societies
- Have a better understanding of unemployment and suggesting how to reduce it

You will see these icons next to the activities. This is what the icons mean:



Activity



Group activity



Suggested assessment



Single learner activity

## Suggested Assessment Ratings

Rating code	Description of competence	Percentage
7	Outstanding achievement	80–100
6	Meritorious achievement	70–79
5	Substantial achievement	60–69
4	Adequate achievement	50–59
3	Moderate achievement	40–49
2	Elementary achievement	30–39
1	Not achieved	0–29

# ACTIVITY S

**Name of Learner/Group:**

**Grade:**

**Duration:**

**Start Date:**

**End Date:**



## Activity S



### Individual or group task

Study the diagram of the Circular Flow that your teacher gives you and answer the following questions that follow:

#### Questions:

- Mention the four factors of production?
- Who are the owners of the factors of production?
- Describe the role of the owners of the factors of production?
- Define the role of business firm?
- What is the product market? Give three examples of transactions you made this week in the product market?
- What is a factor market? Give an example of a transaction you or your family made this month in a factor market?
- Explain the relationship between the factor and product market?
- What determines the prices of land, labour, capital and entrepreneurship in a factor market in South Africa?
- Where do households get the money to buy goods and services in the product market?
- Where do business firms get the money to pay households for their land, labour, capital and entrepreneurship in factor markets?
- What is the government's role in the circular flow?

**MARKS WILL BE ALLOCATED BY YOUR TEACHER**

# ACTIVITY T

Name of Learner/Group:

Grade:

Duration:

Start Date:

End Date:

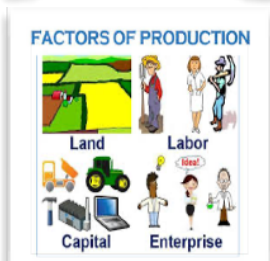
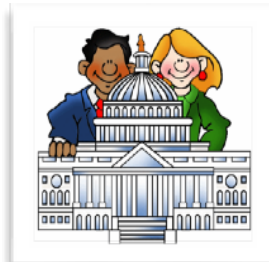


## Activity T



Individual or group task

Below are examples of words, phrases and pictures. Use them and add your own words, phrases and pictures and create a circular flow diagram.



GOVERNMENT	GOODS MARKET	HOUSEHOLDS	FACTOR MARKET
Factors of production	Factors of production	Wages, Interest, Rent & Profits	Businesses
Goods & services	Goods & services	Taxes	Taxes
Income	Income	Public Goods	Public goods
Spending	Spending	Spending	Spending





# ACTIVITY U

Name of Learner/Group:

Grade:

Duration:

Start Date:

End Date:

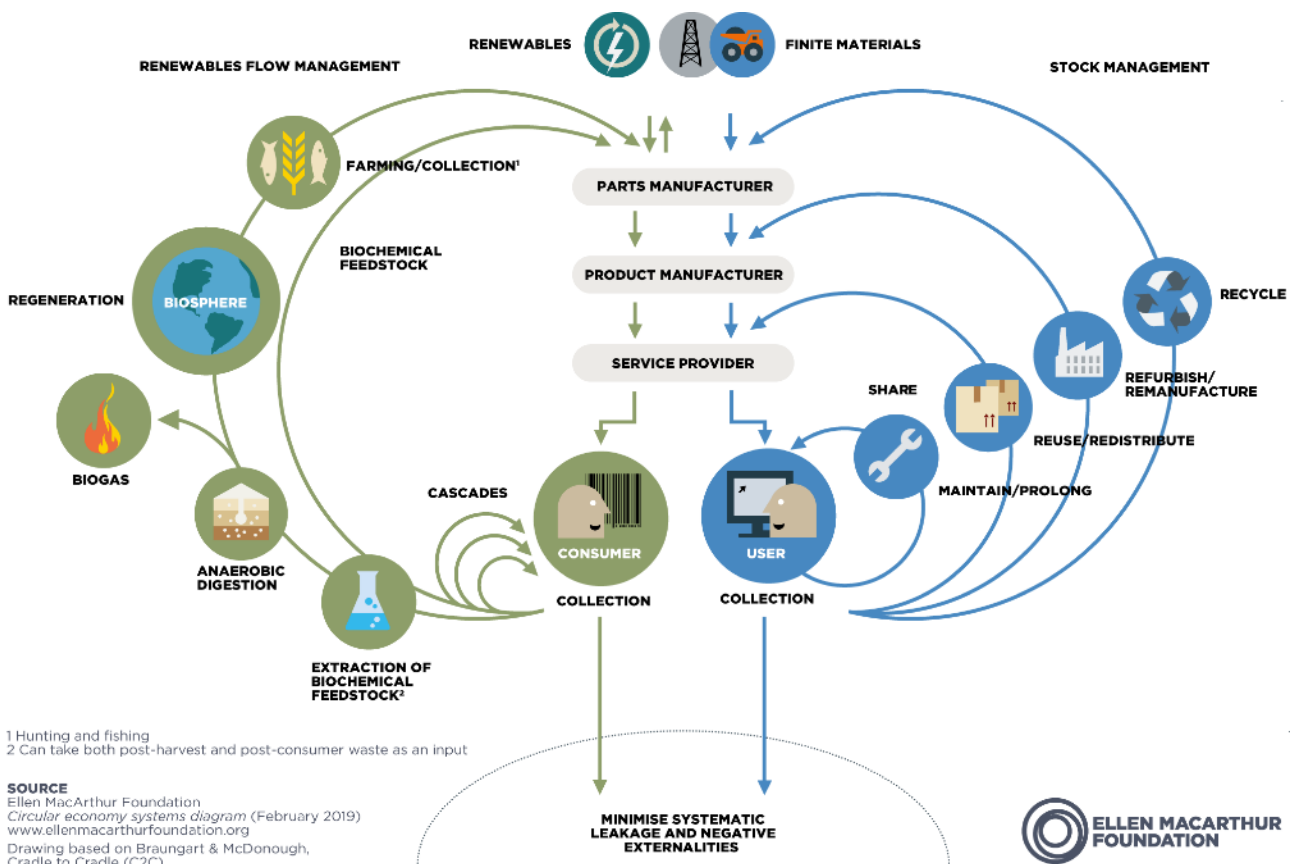


## Activity U



Individual or group task

Study the circular flow diagram below. Provide an explanation of the production process depicted in this circular flow and the role played by business, government and households in this circular flow. State the sustainable principles that must be applied by all participants.



<https://www.ellenmacarthurfoundation.org/explore/the-circular-economy-in-detail>

