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| **TEXAS CTE LESSON PLAN**  [www.txcte.org](http://www.txcte.org) | |
| **Lesson Identification and TEKS Addressed** | |
| **Career Cluster** | Business Management and Administration |
| **Course Name** | Global Business |
| **Lesson/Unit Title** | Theories of Global Trade and Investments |
| **TEKS Student Expectations** | **130.140 (c) Knowledge and Skills**  (2) The student analyzes the theories of global trade and investments:  (B) The student is expected to explain the advantages of specialization; and  (C) The student is expected to identify the concept of comparative advantage; and  (D) The student is expected to distinguish between portfolio investment and direct investment. |
| **Basic Direct Teach Lesson**  (Includes Special Education Modifications/Accommodations and  one English Language Proficiency Standards (ELPS) Strategy) | |
| **Instructional Objectives** | **Performance Objective**  Upon completion of this lesson, the student will be able to gain a basic understanding the theories of trade and investments that are outlined in the scope and sequence.  **Specific Objective**:   * Explain the advantages of specialization. * Identify the concept of comparative advantage. * Distinguish between foreign direct investment (FDI) and foreign portfolio investment (FPI). |
| **Rationale** | International business has grown substantially in the 21st century partly because of the reduction of governmental regulations of both trade and investment, and partly because doing business internationally has become easier due to technological developments which make global communication and transportation relatively quick and convenient. This lesson will explain the theories that increased trade and investments across national borders. |
| **Duration of Lesson** | 2 days |
| **Word Wall/Key Vocabulary**  *(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | **Terms:**   * **Specialization** – An agreement within a community, group, or organization under which the members most suited (by virtue of their natural aptitude, location, skill, or other qualification) for a specific activity or task, assume greater responsibility for its execution or performance. * **Comparative Advantage** – Occurs when a country specializes in the production of a good or service at which it is relatively more efficient. * **Absolute Advantage** – Exists when a country can produce a good or service at a lower cost than other countries. * **Portfolio Investment** – An investment in securities that is intended for financial gain only and does not create a lasting interest in or effective management control over an enterprise. * **Direct Investment** – An investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise. |
| **Materials/Specialized Equipment Needed** | **Instructional Aids:**   1. Access to YouTube 2. Access to businessdictionary.com 3. Textbook   **Materials needed:**   * Lesson 1.2 Formal Assessment * Lesson 1.2 Formal Assessment Key   **Equipment Needed**   1. Projection unit 2. Instructor computer 3. Internet access 4. Electronic system for taking notes |
| **Anticipatory Set**  (May include pre-assessment for prior knowledge) | **ASK**: Can you define international business?  **ASK**: Do you personally feel international business is important?  **ASK**: Do you feel the United States thinks international business is important?  **ASK**: Can you currently explain the USA’s position on global international business by identifyingways we encourage and discourage it?  **ASK**: Can you identify the advantages and problem areas for the United States firms wanting toenter global business?  **ASK**: Do you think international business is a good thing for you personally? How about for yourfamily? For your state? Why or why not?  **SAY**:Today we’re going to learn what international business is, determine if you think it’simportant, determine if our American government considers it important, and determine if it’s a good thing or bad thing for you personally, for your family, for your state, and for our country. |
| **Direct Instruction \*** | Instructors can use the slides, handouts and notes pages in conjunction with the following outline:   1. Introduction (Day 1)    1. Lesson objectives.    2. Need to Know Terms 2. Guided Instruction (Day 1)    1. Video explaining comparative advantage, absolute advantage, and specialization. The video is posted on YouTube and may require requested access.    2. Discussion questions.    3. Informal assessment on class participation/note taking. 3. Guided Instruction (Day 2)    1. Link to article explaining the difference between FDI and FPI. This article is one of many out there that discuss the two types of investments, so you may find others that work better.    2. Discussion questions.    3. Informal assessment on class participation/note taking. |
| **Guided Practice \*** | Instruction and discussion questions |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** |  |
| **Lesson Closure** | **Review**   * Can you explain the advantages of specialization? * Can you identify the concept of comparative advantage? * Can you make distinctions between an FDI (foreign direct investment) and an FPI (foreign portfolio investment)? |
| **Summative / End of Lesson Assessment \*** | Test – Theories of Global Trade and Investments  **Lesson 1.2 -Theories of Global Trade and Investments**  Formal Assessment  **Objective:** To determine your level of understanding of the advantages ofspecialization, the concept of comparative advantage and your ability to distinguish between direct investment and portfolio investment.  **Please answer the following questions (be specific and detailed)**.   1. What are some advantages of specialization? 2. What is the concept of comparative advantage? 3. Distinguish between a foreign direct investment (FDI) and a foreign portfolio investment (FPI). 4. What are three terms and their definitions, from each chapter (1-4) that you learned? |
| **References/Resources/**  **Teacher Preparation** | **References:**   * *International Business* (3E), Dlababy & Scott, Thompson Southwestern * <http://www.youtube.com/watch?v=38hvvAzgXZY> * <http://www.diffen.com/difference/FDI_vs_FPI> * [www.businessdictionary.com](http://www.businessdictionary.com/) |
| **Additional Required Components** | |
| **English Language Proficiency Standards (ELPS) Strategies** | **English-English I Knowledge and Skills**   * 110.31 (b) (1) Reading/Vocabulary Development. Students understand new vocabulary and use it when reading and writing. * 110.31 (b) (11) Reading/Comprehension of informational text/procedural texts. Students understand how to glean and use information in procedural texts and documents. |
| **College and Career Readiness Connection[[1]](#footnote-1)** |  |
| **Recommended Strategies** | |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy**  **Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** |  |
| **Writing Strategies**  **Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication**  **90 Second Speech Topics** |  |
| **Other Essential Lesson Components** | |
| **Enrichment Activity**  (e.g., homework assignment) | * Specialization   + Does the USA specialize in any goods/services? If yet, what?   + If you/your family comes from another country, does your home country specialize in any goods/services? If yes, what country and what are the goods/services? * Comparative Advantage vs Absolute Advantage   + Create a Venn diagram comparing and contrasting comparative advantage and absolute advantage * FDI and FPI   + Use the following website, <http://www.investopedia.com/tcas/International_Markets#axzzlwwIPGyXC> to find an article that addresses either and FDI, and FPI, or both and do an article review. |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of America  Future Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)