Lesson 5 – Post-Visit
Factors of Sports Production

Objective: Students will be able to:
• Identify the factors of production and give examples of factors of production in major league baseball.
• Define human capital as the sum of a person's productive knowledge, experience and training.
• Recognize the skills, knowledge, and training (human capital) people need for jobs in major league sports.

Time Required: 1 class period

Materials Needed:
- Printed copies of the Input Investment worksheet (included) for each student

Vocabulary:
Capital - Resources and goods made and used to produce other goods and services. Examples include buildings, machinery, tools and equipment
Factors of Production - Productive resources; what is required to produce the goods and services that people want; natural resources, human resources, capital goods
Human Capital - The health, education, experience, training, skills and values of people
Input – Another term for the Factors of Production: natural resources, human resources, and capital goods
Labor - The quantity and quality of human effort available to produce goods and services
Materials - Land, natural resources, or raw materials used to produce goods and services
Applicable Common Core State Standards:

CCSS.ELA-Literacy.W.9-10.7, W.11-12.7 Conduct short as well as more sustained research projects to answer a question (including a self-generated question) or solve a problem; narrow or broaden the inquiry when appropriate; synthesize multiple sources on the subject, demonstrating understanding of the subject under investigation.

CCSS.ELA-Literacy.W.9-10.8, W.11-12.8 Gather relevant information from multiple authoritative print and digital sources, using advanced searches effectively; assess the strengths and limitations of each source in terms of the task, purpose, and audience; integrate information into the text selectively to maintain the flow of ideas, avoiding plagiarism and overreliance on any one source and following a standard format for citation.

CCSS.ELA-Literacy.W.9-10.9, W.11-12.9 Draw evidence from literary or informational texts to support analysis, reflection, and research.
1. Open the lesson by discussing that economists sometimes talk about factors of production or inputs—labor, materials (land, natural resources, or raw materials), and capital. Here’s what that means in the business of baseball:

- **Labor** includes players, coaches, trainers, groundskeepers, and umpires or referees—all the people who make the games happen on the field.

- **Materials** include the land where a ballpark sits and the water and fertilizer that help keep the grass looking good.

- **Capital** is the actual ballpark structure, training equipment, and the “tools” of the game; it can be something as simple as a baseball bat or as complex as a high-definition scoreboard.

- **Human Capital** includes the special skills and talents an athlete possesses: a strong arm, quick reflexes, or the ability to make the right move under pressure. Teams invest in human capital when they do things to help players sharpen their skills. A major league team that supports a baseball academy for young players is investing in human capital. Players who work out during the off-season are investing in their own human capital.

2. Each Major League Baseball team uses labor, materials, capital, and human capital to produce a season’s worth of games. Team owners hope that investing their money in various inputs will not only result in wins, but also increase the overall value of their teams.
Activity

1. Give each student a copy of the Input Investment worksheet.

2. Have students read each scenario, and then identify which factors of production (materials, labor, capital, or human capital) were the focus of the individual or team’s investment.

Conclusion
Once students have completed the Input Investment worksheet, review the answers as a class. To broaden student understanding, have students look up reports on team investments for the most recent baseball season using ESPN, CBS Sports, and other internet resources. Have students make predictions about how different teams' investments will pay off this season. As a class, periodically check up on team standings to see if student predictions are correct.
Input Investment

Read each scenario, and then identify which factors of production (materials, labor, capital, and/or human capital) were the focus of each individual or team's investment.

1. In 1894, Ned Hanlon, manager of the Baltimore Orioles, redefined spring training. He brought his team to Macon, Georgia where he drilled his players for eight hours a day for eight weeks. His investment paid off. The Orioles went on to win the pennant in 1894, 1895, and 1896. The idea of using spring training to sharpen player skills caught on immediately.

Factors of Production: _____________________________

2. Despite a losing season in 2011, the Cincinnati Reds were able to boost fan attendance at Great American Ball Park by offering low-price tickets. However, cheap tickets may not keep the fans coming back in the long run. That’s why the Reds have poured $29 million, more than any team in baseball, into signing bonuses for international players during the past four years.

Factors of Production: _____________________________

3. Opened in 1912, Fenway Park is the oldest Major League ballpark still in use. At several different points over the last 100 years, Fenway came close to being torn down — most recently in 2002. However, the ownership group that took over the Boston Red Sox in that year was committed to the ballpark’s preservation. Millions of dollars later, the formerly run-down stadium has been renovated and remains both a fan favorite and one of the most popular tourist attractions in Boston.

Factors of Production: _____________________________

4. After he helped the St. Louis Cardinals win the World Series in 2011, slugger Albert Pujols was signed by the Los Angeles Angels of Anaheim to a 10-year, $240 million contract. The Angels hope that despite the slugger’s age (he is 32) he will continue to put up big numbers well into the future.

Factors of Production: _____________________________
5. Target Field, the new home of the Minnesota Twins, has proved to be a successful investment not only for the team, but for the city of Minneapolis as well. Built atop a former parking lot, the stadium has helped give its neighborhood new life. As fans continue to pack Target Field, surrounding property values have increased and new businesses have moved to the area.

Factors of Production: _____________________________

6. Before the opening of the 2012 season, the Texas Rangers acquired pitcher Yu Darvish from Japan’s Hokkaido Nippon Ham Fighters for a posting fee of $51.7 million and signed him to a six-year $60 million contract. The team has high expectations for Darvish – Upcoming seasons will show if the investment was worth it.

Factors of Production: _____________________________

7. Baseball players began experimenting with batting helmets as early as 1905. A variety of different types of helmets were tried, but it wasn’t until the early 1940s, when plastics were developed that batting helmets really began to take shape. In 1952, the Pittsburgh Pirates invested in the safety of their players as they became the first team to require all team members to wear batting helmets.

Factors of Production: _____________________________

8. Recently, player Carlos Beltran has worked to create and fund a baseball academy in his native Puerto Rico. The academy is meant to provide athletic training and a learning environment for talented young baseball players in 10th-12th grade. Based on his personal experience, Beltran’s goal is to see academy graduates learn English, improve their game, and be better prepared for U.S. colleges or pro ball.

Factors of Production: _____________________________

9. After steady attendance of at least 3 million fans during each of the past three seasons, the San Francisco Giants owners have been using revenue to boost payroll. The team re-signed two-time Cy Young award winner Tim Lincecum for two years at $40.5 million, and third baseman Pablo Sandoval to a three-year deal worth $17.15 million.

Factors of Production: _____________________________

10. The newly-renamed Miami Marlins moved into their new, $515 million ballpark in Little Havana for the 2012 season. The team’s owners hope that the proximity of the ballpark to its Latin fan base will help boost attendance and revenue.

Factors of Production: _____________________________
Input Investment Answer Key

1. Human Capital
2. Labor
3. Capital
4. Labor
5. Capital, Materials
6. Labor
7. Capital
8. Human Capital
9. Labor
10. Capital