



Economics and Management Sciences: EMSC4 LESSON 6

Unit Standard: 13995 – Identify institutional sources of contracts

At the end of the lesson, learners must be able to:

- Identify the different institutional sources of contracts
- Explain functions of different institutional sources of contracts
- Explain the role of each institutional source of contract in the society (social responsibility).

1. DIFFERENT INSTITUTIONAL SOURCES OF CONTRACTS IDENTIFIED

- **Financial institutions** - are banks e.g. Standard Bank, Nedbank, ABSA Bank, Capitec etc.
- **Insurance companies** - they are companies that sell insurance products e.g. life cover, educational cover to people e.g. Hollard, Old mutual, Assupol and others.
- **Retail stores**- are furniture, clothing and grocery stores etc. e.g. Pick 'n Pay, Shoprite, Edgars, Jet, etc
- **Firms/Companies** - Accerlor Mital, Nampak, Danone etc.
- **Educational institutions**- they are schools, universities and colleges Thokoza community learning centre, Wits University, University of Cape Town etc.

2. The functions of different institutions discussed

- **Financial institutions** - e.g. Bank it provides with services like home loans, car finance.
- **Insurance companies**-sells life covers, funeral covers, retirement covers, investment.
- **Retail stores**-they sell for cash or on credit (long term and short term credit) to customers.

- **Firms/Companies**-they help to improve the standard of living by employing people.
- **Educational institutions** - they offer different educational programmes to people who are interested into acquiring knowledge and skills to improve their lives.

3. THE ROLE OF EACH SOURCE OF CONTRACT IN SOCIETY IS EXPLAINED

3.1 Educational institutions

- Improve the skills levels of communities by issuing accredited qualifications
- Sponsoring community activities through bursaries and scholarships.
- Increase the level of literacy.
- Uplift the economy of the country.

3.2 Insurance companies

- They contribute a lot to general economic growth of the society.
- Contribute by partnering with government e.g. the outsourcing traffic management programme.

3.2 Firms/Companies

- Employ local community members.
- Assist in building structures needed like libraries.
- Make donations for social relief programme e.g. giving food parcels to people

3.3 Retail stores

- Improve the general standard of living by paying minimum wages as required by law.
- Employ and contribute to the money circulation in the local economy.
- Provide goods and services that are not harmful to consumers.

3.4 Financial institutions

- Act as intermediary by advising on financial products.
- Sponsorships, bursaries and donations.

Activity 6

1. Name any 3 institutional sources of contracts. (3)

2. Give three roles of educational institutions in a society. (3)

3. Explain one function of retail stores and one function of insurance companies.

(4)

Total (10)