



# EFFINGHAM SECONDARY SCHOOL

## ECONOMIC MANAGEMENT SCIENCE



### THE ECONOMY : MARKETS

GRADE 8

WORKGUIDE

#### MARKETS (Pg87 -92)

##### 1. DEFINITION

- A market is a situation where buyers and sellers of goods and services come into contact with one another so as to decide on the price and quantities of certain goods and services to be bought and sold.

##### 1.1 GOODS AND SERVICES MARKET

- Final goods and services are exchanged for money.

##### 1.1.1 Goods and services exchanged in the market place may include :

1. **Consumer goods** and services purchased by households.
2. **Capital goods** purchased by business.
3. Goods purchased by government and foreign sectors.

##### 1.1.2 Types of Markets for Goods and Services

1. **Manufacturers** – convert raw materials into finished and semi-finished goods to sell to wholesalers.
2. **Wholesalers** – eg. Makro, buy products in bulk, break them down into smaller quantities and sell them to retailers.
3. **Retailers** – eg. Pick n Pay, Spar, Edgars, buy products from wholesalers, break them down into individual quantities and sell them to consumers.
4. **Consumers** – sell their labour to businesses for wages and salaries which they use to buy goods and services.

##### 2. FACTOR MARKETS

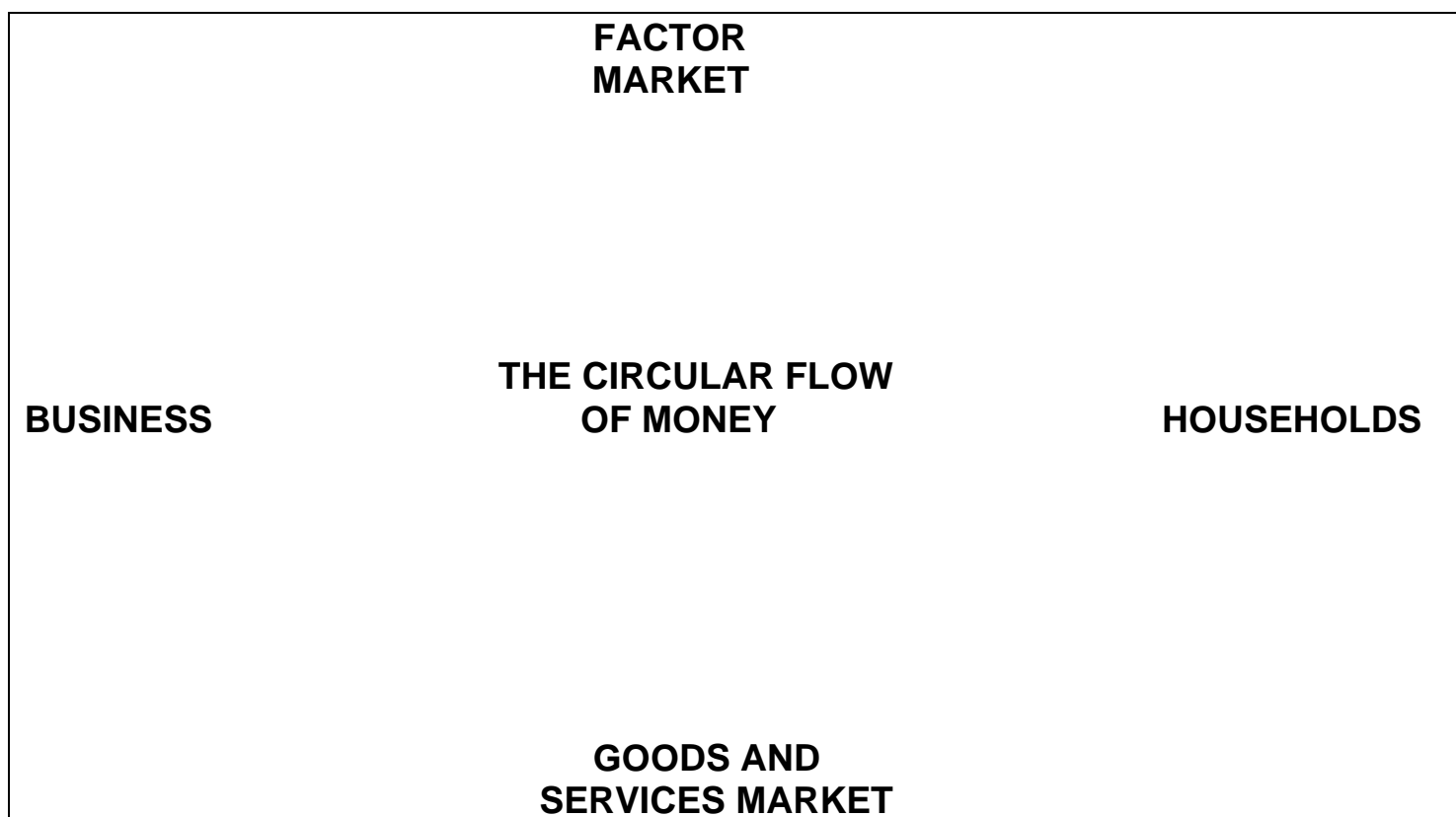
- Businesses use the four factors of production (land, labour, capital and entrepreneurship) from the factor market to convert input into output known as goods and services.
- These goods and services go on sale in the goods and services market.

##### 2.1 The factor market is made up of two other markets, namely the labour market and the financial market :

### 2.1.1 Labour market

- Labour and entrepreneurship (human resources) are provided by households in exchange for wages and profit.
- They use the wages and profit to buy goods and services on the goods and services market.
- There are labour laws in South Africa protecting the rights and responsibilities of workers.
- Labour laws ensure that employers treat their employees fairly by allowing their workers to earn an income in a safe and healthy work environment.

### 2.1.2 Complete the diagram below (refer to Pg 90)



#### The outer circle shows the flow of money:

- Business pay households for labour and entrepreneurial ability on the factor market.
- Households use this money to buy goods and services from the businesses in the goods and services market.

#### The inner circle shows the flow of goods and services :

- Factors of production are purchased by businesses in the factor market.
- Factors of production (inputs) are processed to become outputs (goods and services)
- These goods and services go on sale in the goods and services market.

### 2.1.1 Financial Market

- This market consists of financial institutions that provide financial services for their clients.
- **The main role** of financial markets is to transfer money from businesses that have a surplus to businesses that need money. Financial institutions include banks, building societies, insurance companies etc.
- Households and business who do not spend all their income but instead save some are called **savers**.
- Households and businesses that borrow money are called **borrowers**.
- Savers deposit their surplus money with financial institutions who then lend these funds to borrowers who apply for credit or a loan.

### ACTIVITIES

1. Activity 1 pg 88 (Week 3 Lesson 1)
2. Activity 2 pg 91 (Week 3 Lesson 2)

### ACTIVITY 3 (Week 3 Lesson 3)

**STUDY THE INFORMATION AND ANSWER THE QUESTIONS THAT FOLLOW:**

