



# ECON2044

## Labour Market Economics

Session 2, Special circumstance 2020

*Department of Economics*

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#### **Notice**

As part of [Phase 3 of our return to campus plan](#), most units will now run tutorials, seminars and other small group learning activities on campus for the second half-year, while keeping an online version available for those students unable to return or those who choose to continue their studies online.

To check the availability of face-to-face and online activities for your unit, please go to [timetable viewer](#). To check detailed information on unit assessments visit your unit's iLearn space or consult your unit convenor.

## General Information

Unit convenor and teaching staff

Unit Convenor

Craig MacMillan

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Consultation - Check iLearn

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Credit points

10

Prerequisites

50cp at 1000 level or above including ECON111 or ECON1020

Corequisites

Co-badged status

Unit description

This is a unit in the economics of the labour market. It deals with some of the most fascinating, important and vexed questions in economics. How do firms use their remuneration systems to motivate their employees to work hard? When and why do employers and employees want a 'long-term relationship'? What are deferred compensation systems? What are internal labour markets and why do some firms run them? Why do some firms structure executive salaries to mimic the monetary payoff structure of a sporting tournament? Is investing in a university degree a good idea? Why do firms invest in training their employees and who ultimately pays for this investment? Does asymmetric information lead to discrimination in the labour market? Is discrimination measurable? Has the demand for labour in recent years resulted in job polarisation; that is, in the creation of 'lovely' jobs and 'lousy' jobs?

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

**ULO1:** Demonstrate a solid understanding of labour market theory.

**ULO2:** Recognise how labour market theory aids decision-making by individuals, business and government.

**ULO3:** Communicate effectively on labour market issues.

**ULO4:** Identify and describe labour market theories and concepts.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<a href="#">Weekly tutorial worksheets</a>	40%	No	Weekly from week 3
<a href="#">Final exam online</a>	60%	No	University Examination Period

### Weekly tutorial worksheets

Assessment Type <sup>1</sup>: Problem set

Indicative Time on Task <sup>2</sup>: 20 hours

Due: **Weekly from week 3**

Weighting: **40%**

Worksheet questions will typically be based on previous lectures and associated readings and will attempt to reinforce that material as well as set students up to better understand the material on which it will build in subsequent lectures.

On successful completion you will be able to:

- Demonstrate a solid understanding of labour market theory.
- Recognise how labour market theory aids decision-making by individuals, business and government.
- Communicate effectively on labour market issues.
- Identify and describe labour market theories and concepts.

### Final exam online

Assessment Type <sup>1</sup>: Examination

Indicative Time on Task <sup>2</sup>: 40 hours

Due: **University Examination Period**

Weighting: **60%**

A two-hour open book exam will be held during the end of session formal exam period, and will

consist of essay style questions.

On successful completion you will be able to:

- Demonstrate a solid understanding of labour market theory.
- Recognise how labour market theory aids decision-making by individuals, business and government.
- Communicate effectively on labour market issues.
- Identify and describe labour market theories and concepts.

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<sup>1</sup> If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

<sup>2</sup> Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

## Delivery and Resources

### Classes

There will be one two-hour lecture each week, beginning in week one. There will be a one-hour tutorial each week, beginning in week two.

### Required and Recommended Texts and/or Materials

#### Recommended Text

The unit is based on the following textbook:

Kaufman, Bruce & Hotchkiss, Julie (2006) (7th ed) *The Economics of Labor Markets*, Mason (OH): South-Western (Thomson Learning).

Students **DO NOT** need to purchase this textbook. The sections from the textbook that are used in the unit are available to students via the econ2044 e-reserve folder.

#### Additional References

Productivity Commission (2015) *Workplace Relations Framework*, Final Report Volumes 1 & 2, Canberra. This is a very useful report because it situates the Australian labour market in its broader institutional and cultural context. Available as a free download from:

<https://www.pc.gov.au/inquiries/completed/workplace-relations/report>

Other references will be listed on the lecture slides on a weekly basis and where possible will be provided on the iLearn unit website or in econ244 e-reserve folder .

## Technology Used and Required

### Unit Web Page

The web page for this unit can be accessed via [ilearn.mq.edu.au](https://ilearn.mq.edu.au). *You should check this web page regularly.* The lecture recording and slides for each week will be available on the unit web page. The web page to post important notices from time to time.

## Teaching and Learning Strategy

This unit is taught as a mix of tutorials and lectures. The lectures are designed to provide the tools which can then be applied in tutorials.

- **Lectures – (2 hours each teaching week)**
- Lectures are intended to provide an overview of the key concepts explored in the unit. Students are expected to listen to all lectures and the read the relevant textbook chapters and other materials each lecture.
- **Tutorials – (1 hour each teaching week beginning in Week 2)**
- Tutorials constitute a critical learning experience of this unit and it is expected students will prepare for them and actively participate in them. Your tutor will help you to understand the tutorial material and can also give guidance on how to approach problems.
- **Independent learning**
- Econ2044 relies heavily on independent learning where students read the relevant chapters and papers, revise lecture notes and contribute to tutorial discussion.

**Zoom** may also used in this unit and students are required to be familiar with its use.

## Unit Schedule

Weeks	Lecture Topics & Key Dates
1	<p><b>LECTURE 1:</b></p> <p><b>INTRODUCTION TO THE STUDY OF LABOUR MARKETS</b></p> <p>Topics covered include; what is modern labour economics, schools of thought in labour economics, is labour fundamentally different from other commodities, labour market processes and labour market outcomes.</p>
2 & 3	<p><b>Tutorials begin in week 2 (relax, your tutor will lead the first tutorial)</b></p> <p><b>LECTURES 2 &amp; 3:</b></p> <p><b>LABOUR SUPPLY IN THE SHORT-RUN</b></p> <p>Topics covered include; the neoclassical theory of short-run labour supply, applications and evidence on the Australian labour supply,</p>

4 & 5	<p><b>LECTURES 4 &amp; 5:</b></p> <p><b>LABOUR DEMAND: SHORT RUN &amp; LONG RUN</b></p> <p>This topic presents and critically evaluates the neoclassical theory of labour demand in the short-run and long-run. Modified models of labour demand are also considered. The lecture also examines (i) the hypothesis that labour demand has become polarised, with growth occurring mainly at the top and bottom of the skill distribution and (ii) casual employment and gig/platform work.</p>
6 & 7	<p><b>LECTURES 6 &amp; 7</b></p> <p><b>HUMAN CAPITAL THEORY AND THE QUALITATIVE DIMENSION OF LABOUR SUPPLY</b></p> <p>This topic looks at the human capital account of investment in education and on-the-job training. It also explores the education/ earnings relationship from both an empirical and theoretical perspective. Finally, internships are examined in terms of whether they increase the employability of workers.</p>
<p><b>Mid session break - goes from 14 September to 25 September 2020</b></p>	
8	<p><b>LECTURE 8:</b></p> <p><b>THE DETERMINATION OF WAGES AND THE ECONOMICS OF THE MINIMUM WAGE.</b></p> <p>Examination will be made of the wage determination under perfect competition. The rationale and economic consequences of government determined minimum wages will also be explored. Finally, the different methods of setting pay in Australia will be examined.</p>
10	<p><b>LECTURE 9: There is no lecture or tutorial in week 9 due to the Labour Day Public Holiday on 5 October 2020</b></p> <p><b>LECTURE 10:</b></p> <p><b>EMPLOYEE MOTIVATION AND COMPENSATION. COMPENSATION IN EXECUTIVE LABOUR MARKETS (THE THEORY OF TOURNAMENTS)</b></p> <p>This topic looks at issues surrounding the control of worker effort via payment schemes and other mechanisms. More specifically, piece rates versus time rates, and the theory of deferred-payment schemes. These lectures also examine compensation in executive labour markets via Tournament Theory. Empirical evidence in relation to all these issues is discussed.</p>
11	<p><b>LECTURE 11:</b></p> <p><b>TRADE UNIONS</b></p> <p>This topic look examines different theories of trade union membership and behaviour, union membership and density, collective bargaining, industrial disputes and union wage effects.</p>
12	<p><b>LECTURE 12:</b></p> <p><b>OCCUPATIONAL WAGE DIFFERENTIALS: THEORY, APPLICATIONS AND EVIDENCE</b></p> <p>The classical and hedonic theories of compensating wage differentials will be presented and assessed. The hedonic theory will be applied to an examination of issues such as occupational health and safety, the growth of fringe benefits and the work/family-life balance debate. The lecture will also examine and appraise the empirical evidence relating to compensating wage differentials.</p>
13	<p><b>DISCRIMINATION IN THE LABOUR MARKET</b></p> <p>This lecture examines the causes and consequences of discrimination in the labour market. The measurement of discrimination in wages is outlined, as are recent trends in gender based wage discrimination.</p>

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** *The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.*)

Students seeking more policy resources can visit the [Student Policy Gateway \(https://students.mq.edu.au/support/study/student-policy-gateway\)](https://students.mq.edu.au/support/study/student-policy-gateway). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central \(https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central\)](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

If you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.

## Changes since First Published

Date	Description
19/07/2020	I simply changed the Unit Schedule and nothing else to correct some typos and adjust it for the public holiday in October.