

Tutorial letter 101/3/2013

Labour Economics 2

ECS2604

Semesters 1 & 2

Department of Economics

IMPORTANT INFORMATION

This tutorial letter contains important information
about your module.

BAR CODE

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1 INTRODUCTION

Dear Student

We are pleased to welcome you to this Labour Economics module and hope that you will find it both interesting and rewarding. We shall do our best to make your study of this module successful. You will be well on your way to success if you start studying early in the semester and resolve to do the assignments properly.

You will receive a number of tutorial letters during the semester. A tutorial letter is our way of communicating with you about teaching, learning and assessment.

1.1 Tutorial material

The Department of Despatch should supply you with the following study material for this module soon after registration:

- Tutorial Letter 101
- Tutorial Letter 301
- A study guide

Some of this study material may not have been available when you registered. Study material that was not available when you registered will be posted to you as soon as possible, but is also available on myUnisa.

Please note that the 200 series of tutorial letters (Tutorial Letters 201 and 202) contain the discussions of the assignments and will therefore only be available after the closing date of the specific assignment.

If you have access to the internet, you can view and download the study guides and tutorial letters for the modules for which you are registered on the university's online campus, *myUnisa*, (under the "*Official Study Material*" folder) at <http://my.unisa.ac.za>. Please note that you must be registered on *myUnisa* to be able to submit assignments, to have access to the library functions, download study material, "chat" to your lecturers or fellow students and participate in online discussion forums and get access to all sorts of learning resources.

This Tutorial Letter 101 contains important information about the scheme of work, resources and assignments for this module. We urge you to read it carefully and to keep it at hand when working through the study material, preparing the assignments, preparing for the examination and addressing questions to your lecturers.

You will also find the assignments, assessment criteria as well as instructions on the preparation and submission of the assignments in this tutorial letter. It also provides all the information you need with regard to the prescribed study material and other resources and how to obtain it. Please study this information carefully and make sure that you obtain the prescribed material as soon as possible.

We have also included certain general and administrative information about this module. Please study this section of the tutorial letter carefully.

Tutorial Letter 301 is a more general tutorial letter and contains more general information and contact details regarding all lecturers responsible for the various modules offered by the Department.

Right from the start we would like to point out that you must read all the tutorial letters you receive during the semester immediately and carefully, as they always contain important and, sometimes, urgent information.

We hope that you will enjoy this module and wish you all the best!

2 PURPOSE OF AND OUTCOMES FOR THE MODULE

2.1 Purpose

Labour economics will be useful to students who intend to follow a career (academic or otherwise), where knowledge of the following is needed:

- the characteristics and problems of the South African labour market
- the theoretical working and functioning of a labour market
- the operation of a labour market in practice
- the internal and external impact of the functioning of the South African labour market

2.2 Outcomes

The main outcomes of this module are the following:

- To analyse how the market forces of demand and supply determine labour market equilibrium and the equilibrium wage in different market structures.
- To discuss how wage determination takes place where imperfections in labour markets exist, for example, wage determination by collective bargaining and bargaining councils, as well as the setting of minimum wages by government.
- To demonstrate your understanding of the problems facing the South African labour market.
- To critically analyse and evaluate how internal and external factors (including increased trade liberalisation) impact on the functioning of the labour market.
- To demonstrate your understanding of how the labour market operates in practice.

More detailed module outcomes can be found at the beginning of each study unit in the study guide.

3 LECTURERS AND CONTACT DETAILS

3.1 Lecturers

We, the lecturers who are responsible for this module, are available to assist you with any enquiries concerning the prescribed content. You may contact us as follows:

Lecturer	Building & Office Number	Telephone Number	E-mail address
Mrs EJ du Toit	Club 1 Room 2-11	012 429-4841 <i>or</i> 012 433-4688	dtoitej@unisa.ac.za
Mrs MD Uys	Club 1 Room 1-07	012 429-4652 <i>or</i> 012 433-4702	uysmd@unisa.ac.za

You can also contact us by e-mail via *myUnisa*.

All queries that are not of a purely administrative nature **but are about the content of this module** should be directed to us. Please have your study material with you when you contact us.

3.2 Department

The Department of Economics has moved to Hazelwood. The physical address is Club 1 Building, Corner of Dely Road and Pinaster Avenue, Hazelwood, Pretoria.

You will find the department's contact details in Tutorial Letter 301. You can also contact the department's coordinator, Mr Themba Mzangwa at 012 433-4661 or 012 429-4350.

3.3 University

If you need to contact the university about **matters not related to the content of this module**, please consult the publication: *my Studies @ Unisa* which you received with your study material or visit Unisa website at <http://www.unisa.ac.za>. The brochure and the website contain information on how to contact the university (e.g. to whom you can write for different queries, important telephone and fax numbers, addresses and details of the times certain facilities are open).

Always have your student number at hand when you contact the university.

4 MODULE RELATED RESOURCES

4.1 Prescribed books

Your prescribed textbook for this module for this year is:

Barker, Frans. 2007. *The South African Labour Market: Theory and Practice*. 5th edition. Pretoria: Van Schaik

Please refer to the list of official booksellers and their addresses in the *my Studies @ Unisa* brochure.

Prescribed books can be obtained from the University's official booksellers. If you have difficulty in locating your book(s) at these booksellers, please contact the Prescribed Book Section at 012 429 4152 or e-mail yospresc@unisa.ac.za

5 STUDENT SUPPORT SERVICES FOR THE MODULE

For information on the various student support systems and services available at Unisa (e.g. student counselling, tutorial support programme and classes, language support), please consult the publication *my Studies @ Unisa* which you received with your study material.

5.1 Contact with fellow students: Study groups

It is advisable to have contact with fellow students. One way to do this is to form study groups. You can obtain the names of other students in your area who are registered for the same modules at the Department of Student Admission and Registration. For further information, please consult the *my Studies @ Unisa* brochure.

You can also form the study groups online via *myUnisa's* discussion forums, which are discussed below.

5.2 *myUnisa*

If you have access to a computer that is linked to the internet, you can quickly access resources and information at the university. The *myUnisa* learning management system is Unisa's online campus that will help you to communicate with your lecturers, with other students and with the administrative departments of Unisa – all through the computer and the internet.

To go to the *myUnisa* website, start at the main Unisa website, <http://www.unisa.ac.za>, and then click on the "Login to *myUnisa*" link on the right-hand side of the screen. This should take you to the *myUnisa* website. You can also go there directly by typing in <http://my.unisa.ac.za>.

Please consult the publication *my Studies @ Unisa* for more information on *myUnisa* to help you register online if you have not done so.

5.3 Tutorial support programme

Unisa offers tutor services for students as additional academic support at the various Unisa regional learning centres throughout the country.

A tutorial is an organised session where students and tutor(s) meet regularly at a common venue and at scheduled times to discuss course material. The main purpose of the tutorial services is to facilitate student learning by developing the student's independent learning skills and assisting students to become motivated and independent learners. Tutorials help the students to develop and enhance their learning experience and academic performance through interaction with the tutor and fellow students. Tutorials are not compulsory and willing students can receive tutorial support. **Interested students are advised to consult a learning centre closest to them to enrol for tutorials.** For further information on learning centres and tutorials consult the brochure *my Studies @ Unisa*.

Note that tutors are not necessarily available for all modules and/or at all learning centres. The Department of Economics has no means of providing you with any tutorial support if you did not follow the abovementioned steps.

6 MODULE SPECIFIC STUDY PLAN

6.1 Assignments and learning

Assignments are seen as part of the learning material for this module. As you do the assignment, study the texts, consult other resources, discuss the work with fellow students or tutors or do research, you are actively engaged in learning. Looking at the assessment criteria given for this module, the three assignments will help you to understand what is required of you more clearly.

If you have access to the internet, you can view and download the study guides and tutorial letters for the modules for which you are registered on the university's online campus, *myUnisa*, (under the "Official Study Material" folder) at <http://my.unisa.ac.za>.

6.2 General remarks

For enquiries about assignments (e.g. whether or not the **university has received** your assignment or the date on which an assignment was returned to you), see the contact details in section 3.3 above. **Please do not contact your lecturers, as they will not be able to help you.** You will also find contact information on *myUnisa* and in the brochure *my Studies @ Unisa*.

Use your *my Studies @ Unisa* brochure for general time management and planning skills.

6.3 Feedback on assignments

You will receive the correct answers automatically for multiple-choice questions. However, feedback on compulsory assignments **will be sent to all students registered for this module** in follow-up tutorial letters, and not only to those students who submitted the assignments. The tutorial letter numbers will be 201 and 202.

As soon as you have received the feedback, please check your answers. The assignments and the feedback on these assignments constitute an important part of your learning and should help you to be better prepared for the next assignment and the examination.

The commentary on the self-assessment assignment (Assignment 03) is included in this tutorial letter. This will enable you to mark your assignment as soon as you have completed it. **Do not submit the self-assessment assignment to Unisa for marking or re-marking.**

6.4 Learning strategy and proposed study programme

In this module, the emphasis is very much on the development of your understanding of what labour economics is all about. Therefore, you will be exposed to an overview of the South African labour market, its characteristics and problems, the theoretical working and functioning of the labour market, how the labour market operates in practice as well as the internal and external impact of the functioning of the South African labour market. It is important that you have a thorough understanding of the different building blocks of the working and functioning of the labour market so as to gain a comprehensive picture of how the labour market operates and its impact on the economy as a whole. Towards the end of the module, this picture will become clearer and logical.

Approach each study unit in the study guide as follows: First read the study unit outcomes which will help you to focus on the important aspects and issues in that unit. Work through each section of the study guide together with the relevant chapter in the textbook. Remember that the study guide serves to assist you to work through the contents of the text book. Make notes or summaries as you go along. At the end of every section or at end of a study unit, work through the activities provided in the study guide.

You will see that the activities test your understanding of the content and cover a range of the different type of questions that will be examined. You should also check your answers against the solutions provided. If you are not clear on certain concepts or theories, revise them before proceeding to the next study unit.

To help you to work on this module regularly and systematically, we provide a proposed study programme below and three assignments (see section 7.4 of this tutorial letter). The proposed study programme is based on the assumption that first-semester students will commence their studies before or during the last week of January and second-semester students before or during the third week of July. In each semester the period from the last day of registration to the start of the examination consists of only 15 weeks. Hence, it is critical that you should start working as soon as possible and continue to work regularly and systematically throughout the semester.

PROPOSED STUDY PROGRAMME: FIRST SEMESTER

STUDY WEEK	Week starting	STUDY UNIT or study instruction
1	28 January	1
2	04 February	2
3	11 February	3
4	18 February	4 Complete and submit compulsory Assignment 01. Closing date: 04 March 2013
5	25 February	5
6	04 March	6 Remember to submit Assignment 01 in time!
7	11 March	7
8	18 March	8 Complete and submit compulsory Assignment 02. Closing date: 03 April 2013
9	25 March	9
10	01 April	10 Remember to submit Assignment 02 in time!
11	08 April	11 Do the self-assessment Assignment 03 and evaluate yourself
12	15 April	Prepare for examination
13	22 April	Prepare for examination
14+	29 April	Prepare for examination

PROPOSED STUDY PROGRAMME: SECOND SEMESTER

STUDY WEEK	Week starting	STUDY UNIT or study instruction
1	15 July	1
2	22 July	2
3	29 July	3
4	05 August	4 Complete and submit compulsory Assignment 01. Closing date: 19 August 2013
5	12 August	5
6	19 August	6 Remember to submit Assignment 01 in time!
7	26 August	7
8	02 September	8 Complete and submit compulsory Assignment 02. Closing date: 18 September 2013
9	09 September	9
10	16 September	10 Remember to submit Assignment 02 in time!
11	23 September	11 Do the self-assessment Assignment 03 and evaluate yourself
12	30 September	Prepare for examination
13	07 October	Prepare for examination
14+	14 October	Prepare for examination

7 ASSESSMENT

7.1 Assessment plan

Assessment will be done by the module leader and, where applicable, the module team and/or the examiner(s). The names of examiners will also be indicated on examination question papers.

7.1.1 Assessment of assignments

Assessment criteria used for the assignments will be as follows: The multiple-choice questions in Assignments 01 and 02 will be marked electronically in accordance with 'mark-reading masters' provided to the Assignment Section by the module leader. One mark will be awarded for each correct answer. No marks will be deducted for incorrect answers.

Note that both assignments 01 and 02 are compulsory. The first assignment will contribute 40% and the second assignment 60% to the semester mark.

7.1.2 Assessment of examination

For general information and requirements as far as examinations are concerned, see the brochure *my Studies @ Unisa* which you received with your study material.

Please note that the applications for, and the administration of re-marks of examination scripts are handled solely by the Examinations department and not academic departments.

Examination admission

Please note that submission of Assignment 01 by the due date is compulsory to gain admission to the examination. The second assignment is also compulsory. These two assignments will contribute towards the semester and final marks.

How will this work in practice?

Semester mark

Your semester mark is based on your assignment marks. The two assignments that you submit during the semester contribute towards your semester mark. Different weights are allocated to the assignments. The first assignment contributes 40% and the second assignment 60% to your semester mark.

If an assignment is not submitted or submitted late (for whatever reason), zero marks are awarded for such assignment.

The examination mark

The percentage achieved in the examination is used in the calculation of your final mark.

Final mark

The weight of the assignments will be 10%, while the examination's weight is 90%.

Your final mark is calculated as follows:

Semester mark (out 100) x 10% + Examination mark (out 100) x 90%

For example:

Suppose your semester mark is 46% and you get 60% in the examination. Your final mark will be:

$$\begin{aligned} & (46 \times 10\%) + (60 \times 90\%) \\ &= (46 \times 0,1) + (60 \times 0,9) \\ &= 4,6 + 54 \\ &= 58,6\% \\ &= 59\% \text{ (rounded off)} \end{aligned}$$

If a student fails the examination with less than 40%, the semester mark will **NOT** be used to pass the student.

7.2 General assignment numbers

Assignments are numbered consecutively per module, starting from 01. In this module there are three assignments per semester, namely 01, 02 and 03.

7.2.1 Unique assignment numbers

In addition to the general assignment number (e.g. 01 or 02), each assignment must have its own unique assignment number (e.g. 102717). In this module assignments 01 and 02 consists of multiple-choice questions and therefore must be completed on a mark-reading sheet with an own unique assignment number. Assignments may also be submitted via *myUnisa*, using the correct unique assignment number.

7.2.2 Due dates of assignments

Please note that the due dates for the submission of assignments to Unisa are indicated in the proposed study programme as well.

The first ten questions of Assignment 01 are designed to obtain information required for the compilation of a student profile for this module. Your kind cooperation is requested, as this information assists the department in its ongoing efforts to ensure quality tuition. **Your marks for this assignment will be based ONLY on your answers to the remaining questions 1.11 to 1.20.**

SEMESTER 1: ASSIGNMENT SUBMISSION DATES

Assignment number	Unique number	Closing date	Contents of assignment
01	701903	04 March 2013	Study units 1 to 4
02	849467	03 April 2013	Study units 5 to 8

SEMESTER 2: ASSIGNMENT SUBMISSION DATES

Assignment number	Unique number	Closing date	Contents of assignment
01	871351	19 August 2013	Study units 1 to 4
02	848635	18 September 2013	Study units 5 to 8

7.3 Submission of assignments

You may submit assignments completed on mark-reading sheets **either** by post **or** Mobile MCQ submission **or** electronically via *myUnisa*. **Assignments may not be submitted by fax or e-mail.**

For detailed information on assignments, please refer to the *my Studies @ Unisa* brochure.

To submit an assignment via *myUnisa*:

- Go to *myUnisa*.
- Log in with your student number and password.
- Select the module.
- Click on "Assignments" in the menu on the left-hand side of the screen.
- Click on the assignment number you wish to submit.
- Follow the instructions on the screen.

7.4 Assignments

7.4.1 First semester assignments

**SEMESTER 1
ASSIGNMENT 01/2013**

CLOSING DATE: 04 March 2013

UNIQUE NUMBER: 701903

Study Guide: Study Units 1 – 4
Prescribed Book: Chapters 1 – 4

This assignment contributes 40% towards your semester mark.

Please ensure that this assignment reaches the University before the due date.

Answer all the questions on a mark-reading sheet or on *myUnisa*.

IMPORTANT! The first ten questions in this assignment are not of an academic nature and do not have "correct" answers. These ten questions, therefore, do not count any marks. Please choose your answers as honestly as possible.

Remember to use only an HB pencil if you answer the assignment on a mark-reading sheet.

1.1 Which **one** of the following is most true regarding your registration for ECS2604?

- [1] This is my first registration.
- [2] This is my second registration.
- [3] This is my third registration.
- [4] This is my fourth registration.
- [5] I have been registered more than four times.

1.2 In my matric results*

- [1] I passed Mathematics with an A-symbol.
- [2] I passed Mathematics with a B-symbol.
- [3] I passed Mathematics with a C-symbol.
- [4] I passed Mathematics with a D-symbol or lower.
- [5] I did not take Mathematics for matric.

1.3 In my matric results*

- [1] I passed English with an A-symbol.
- [2] I passed English with a B-symbol.
- [3] I passed English with a C-symbol.
- [4] I passed English with a D-symbol or lower.
- [5] I did not take English for matric.

* Students who do not have a South African matric should choose the option they think are most relevant to them.

1.4 How long after you registered did you receive your study material?

- [1] In less than a week.
- [2] Between one and two weeks.
- [3] Between two and three weeks.
- [4] More than three weeks.
- [5] To date I still have not received anything.

1.5 The section(s) of the study guide that I had to study to complete this assignment

- [1] helped me to work through the textbook systematically.
- [2] did not help me to understand the study material in the textbook better.
- [3] was totally irrelevant to the assignment questions.
- [4] I did not use the study guide at all although I have one.
- [5] I have not received a study guide.

1.6 Should tutor classes be available for ECS2604, will you attend it?

- [1] Yes.
- [2] No, I can cope on my own.
- [3] No, I have to work.
- [4] Depending on how far from where I live it will be available.
- [5] No, for any other reason.

1.7 Concerning the ECS2604 website on *myUnisa*

- [1] I am not aware of this website.
- [2] I am aware of this website, but have not visited it.
- [3] I visited this website once but did not find it helpful.
- [4] I visit this website regularly and find it helpful.
- [5] I visit this website only when I receive an announcement that there is something new.

1.8 Which **one** of the following describes your situation best?

- [1] I worked through the prescribed study material (chapters 1 – 4) before attempting this assignment.
- [2] I quickly glanced through the prescribed study material before attempting this assignment.
- [3] I did not study the prescribed study material before attempting the assignment, but looked for the answers in the study material.
- [4] I could answer the questions without referring to the study material.
- [5] I just chose my answers randomly.

1.9 Which **one** of the following best describes your access to SMS-messages?

- [1] I can receive SMS-messages on my own cellphone.
- [2] I can receive SMS-messages on the cellphone of someone who lives with me.
- [3] I can receive SMS-messages on the cellphone of someone I know but who does not live with me.
- [4] I cannot receive SMS-messages at all.

1.10 Which **one** of the following applies to you ?

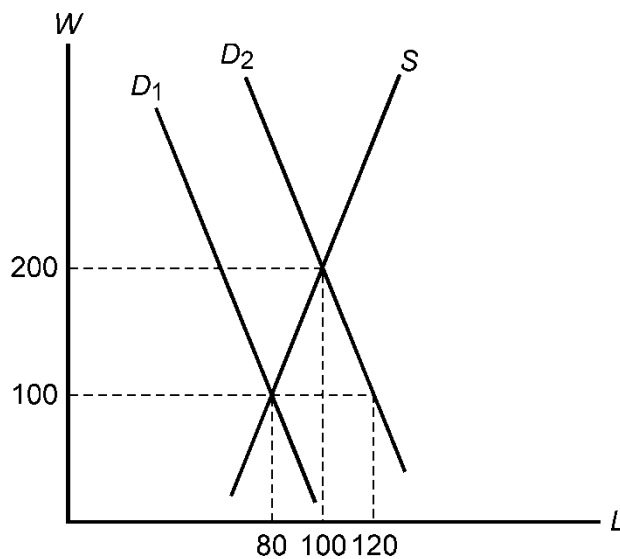
- [1] I have access to internet.
- [2] I have access to e-mail.
- [3] I have access to both internet and e-mail.
- [4] I do not have access to either internet or e-mail.

1.11 Which of the following statements are **true**?

- a. Labour market operations should increase employment, productivity and incomes.
- b. A perfectly competitive labour market is a theoretical norm against which the performance of the actual labour market can be measured.
- c. In a perfectly competitive labour market it is assumed that employers have full information on available jobs and wage rates.
- d. A function of the labour market is maximum output (production) and maximum income.
- e. An important characteristic of the South African labour market is high productivity.

- [1] a b c d
- [2] a b d
- [3] a c d e
- [4] c d e
- [5] c e

Question 1.12 is based on the following diagram which represents a graphical analysis of the labour market under perfect competition.



1.12 Which of the following statements are **true**?

- The labour demand curve will shift from D_1 to D_2 as a result of large immigration gains.
- Before the increase in demand, the equilibrium quantity of workers in the labour market was 80, but after the increase in demand a new equilibrium is established at 120 workers.
- If the wage rate is R200 per week, the quantity of labour demanded and supplied is 100 workers.
- At a wage rate of R200 per week, there will be no excess demand or excess supply of labour, but at a wage rate of R100 per week there can be an excess demand of labour of 40 workers.
- An increase in the wage rate will shift the demand curve from D_1 to D_2 .

- [1] a b c d
 [2] a b c
 [3] a c d e
 [4] c d e
 [5] c d

1.13 Which of the following is **true**?

- The labour force participation rate (LFPR) is the population of working age that furnishes their labour for the production of economic goods or services, whether employed or not.
- The natural rate of population increase is the difference between the total fertility rate and net migration.
- The determinants of high fertility rates are rural residency, poverty, improved primary health care and the provision of housing by the government.
- Where the fertility rate and the mortality rate are equal there is no increase or decrease in the population. This is the so-called "replacement level".
- The most tragic legacy of HIV/Aids will always be the decrease in the dependency ratio.

1.14 Which of the following statements are **true**?

- a. Emigration is caused by real wage differences between countries as well as the political uncertainty in South Africa.
- b. The system of migrant workers (namely temporary migrant workers and commuters) is an important characteristic of the South African labour market.
- c. The most serious loss that the country of origin suffers when skilled people emigrate is the so-called "brain drain", in other words the loss of earlier investment in education and training.
- d. Temporary migrant workers are workers who live in rural areas and commute to work in urban areas on a daily or weekly basis.

[1] a b c d

[2] a b c

[3] b c d

[4] b c

[5] a b

1.15 Which of the following statements are **true**?

- a. The budget constraint line shows the preferences of an individual to various combinations of income and leisure time.
- b. The individual's utility maximising point is a point where the budget line and the indifference curve are tangent to one another.
- c. The individual's utility maximising point is a point where the marginal cost is equal to the marginal revenue product.
- d. In the derivation of the labour supply curve, the substitution effect and the income effect play important roles.
- e. When adding all the individual backward-bending labour supply curves together, the market supply of labour will be obtained.

[1] a b c d e

[2] b c d

[3] d e

[4] b d e

[5] a b d e

1.16 Which of the following statements are **true**?

- a. The various sources of data being used to measure employment in the economy are the population census, the unemployment insurance fund method and Labour Force Surveys.
- b. The employment coefficient measures the sensitivity of changes in employment as a result of changes in economic growth.
- c. The labour absorption capacity of the economy refers to the number of new entrants to the labour market that finds employment in the formal and informal sectors of the economy.

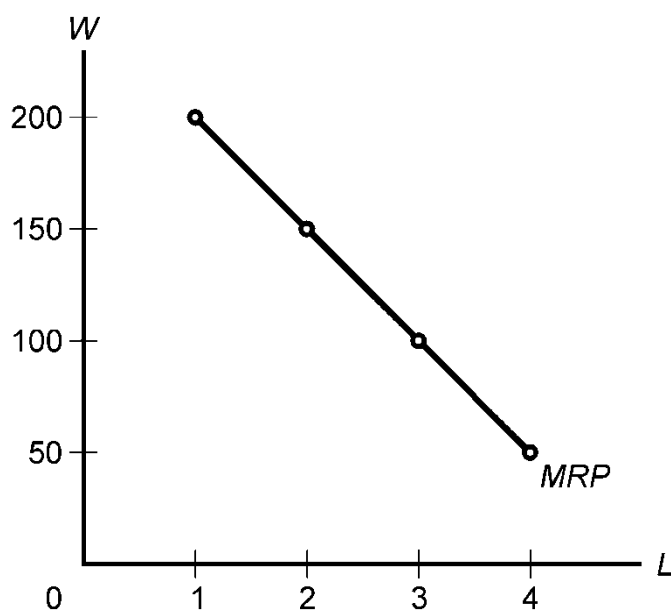
- d. High wage increases in South Africa have especially discouraged the use of unskilled and lower-skilled workers.
- e. Although informal sector activities in South Africa reduce the unemployment and poverty levels and assist to increase the standard of living of individuals, it should not be seen as the solution to the unemployment problem.

- [1] a b c d e
- [2] b c d
- [3] d e
- [4] a b d e
- [5] b d e

1.17 Which one of the following statements is **NOT true** regarding the derivation of the demand curve for labour in the short-run under perfect competition?

- [1] The total production curve has three distinct stages, namely stage 1 where the total production function initially increases, stage 2 where it increases at a decreasing rate and stage 3 where total production starts to decrease.
- [2] An individual firm operating in a perfectly competitive labour market is in equilibrium when the marginal revenue product (MRP) of labour is equal to the wage rate or marginal cost (MC).
- [3] The physical quantity produced multiplied by the price of labour is equal to marginal revenue product (MRP).
- [4] The MRP curve has a negative slope and is also the short-run demand curve for labour.
- [5] The long-run demand curve for labour is more elastic than the short-run demand curve for labour.

Question 1.18 is based on the following diagram.



1.18 Which of the following is **NOT true**?

- [1] If the wage rate is R100 the employer will employ 2 workers to maximise profitability, because the MRP of the second worker is equal to MC.
- [2] If the wage rate increases to R200, only one worker can be employed to maximise profits.
- [3] If the wage rate is R150, the employer will make more profits by employing more than two workers.
- [4] The negative slope of the MRP curve indicates that as each next worker is employed, his/her additional contribution to total production will be smaller than that of the previous worker.
- [5] Options [1] and [3].

1.19 The primary segment of the dual labour market is characterised by ...

- a. good working conditions.
- b. training and promotion.
- c. low skills levels of employees.
- d. unstable patterns of employment.
- e. severely restricted access.

- [1] a b e
- [2] b d e
- [3] a b
- [4] b c d
- [5] c d

1.20 Which of the following statements are **true**?

- a. The producer price index is used to measure the inflation for consumers.
- b. The effect of reduced working hours in terms of the Basic Conditions of Employment Act can lead to higher inflation and reduced international competitiveness.
- c. The Employment Equity Act provides for bargaining councils.
- d. A discriminating monopsonist will pay all the workers the same wage for doing the same job while a non-discriminating monopsonist will pay workers only their reservation wage.
- e. In the case of a non-discriminating monopsonist, the marginal cost (ie the cost to employ one more worker) represents the wage of the additional worker plus the cost of increasing the wages of all existing workers.

- [1] a c e
- [2] b d e
- [3] b e
- [4] a b c e
- [5] b d

**SEMESTER 1
ASSIGNMENT 02/2013**

CLOSING DATE: 03 April 2013

UNIQUE NUMBER: 849467

**Study Guide: Study Units 5 – 8
Prescribed Book: Chapters 5 – 8**

This assignment contributes 60% towards your semester mark.

Please ensure that this assignment reaches the University before the due date.

Answer all the questions on a mark-reading sheet or on *myUnisa*.

Remember to use only an HB pencil if you answer the assignment on a mark-reading sheet.

2.1 Which of the following is **true**?

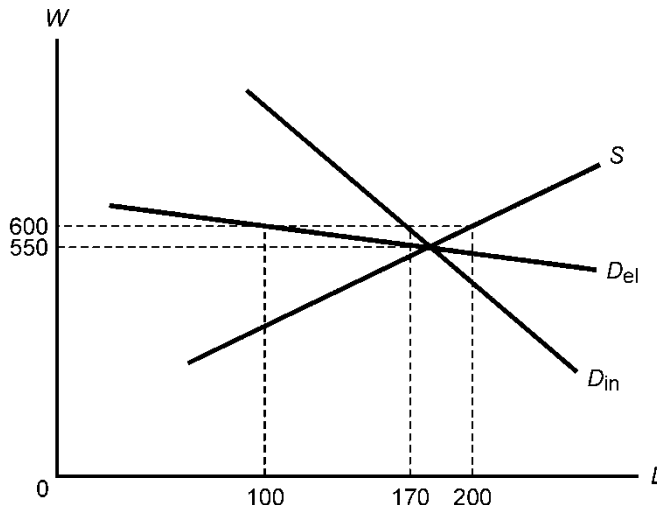
- [1] Collective bargaining between labour unions and employers can be regarded as one of the most important factors that impact on the free operation of market forces.
- [2] Where unions are absent or not strong enough to ensure proper collective bargaining, the government might intervene to set minimum wages.
- [3] Labour unions play an important role in preventing the exploitation of workers.
- [4] All of the above.
- [5] None of the above.

2.2 Which of the following statements are **true**?

- a. The four largest trade unions in South Africa (NUM, Nehawu, Sadtu and Numsa) are all affiliated to Cosatu.
- b. An important advantage of bargaining councils is that minimum conditions of employment are set by the intervention of government.
- c. Bargaining councils are a form of bilateral monopoly.
- d. Another advantage of bargaining councils is that agreements reached in them are extended to non-parties and have an impact especially on small enterprises.

- [1] a b c d
- [2] a c
- [3] b c d
- [4] a b c
- [5] b d

Question 2.3 is based on the following diagram.



2.3 Which of the following statements are **true**?

- a. The above diagram shows that the introduction of minimum wages can increase unemployment and the effect on unemployment depends on the elasticity of the demand for labour.
- b. If a minimum wage is introduced at a wage rate of R600, 100 workers will be unemployed if the demand for labour is relatively elastic.
- c. If a minimum wage is introduced at a wage rate of R600, 70 workers will be unemployed if the demand for labour is relatively inelastic.
- d. More workers will be unemployed if the demand for labour is more sensitive or responsive to wage changes.
- e. The imposition of a minimum wage below the equilibrium wage level of R550 will have no effect on employment.

- [1] a b c d e
- [2] a b c
- [3] a b d e
- [4] b c
- [5] b d

2.4 Which of the following is **NOT true**?

- [1] Labour productivity is defined as the number of units of output obtained from a unit of labour input.
- [2] The joint impact of wages and productivity is measured by a concept known as unit labour costs.
- [3] Productivity is equal to the quantity of input divided by the quantity of output.
- [4] The rapid increase in labour productivity in South Africa from the beginning of the 1990s can be partly ascribed to the increase in employment.
- [5] [3] and [4]

2.5 Which of the following statements are **true**?

- a. Multifactor productivity or total factor productivity takes account of both labour and capital inputs.
- b. The theory that higher wages can, under certain circumstances, result in at least an equivalent increase in productivity, is called the efficiency wage hypothesis.
- c. Working time flexibility can take various forms, such as overtime, flexitime, shift work or a shortened work-week.

[1] a b c

[2] a b

[3] a c

[4] b c

[5] Not [1], [2], [3] or [4]

2.6 Which of the following statements are **true**?

- a. Atypical employees always have a long-term relationship with their employer.
- b. Atypical employment reduces labour costs for an employer because fringe benefits are usually not provided. It also allows the employer more flexibility in the utilisation of labour.
- c. Atypical employees form part of the core workers of a company.
- d. An example of atypical employment is part-time and temporary workers.
- e. An advantage of atypical employment is that employment conditions are normally more favourable for such workers and that a company tends to spend large amounts of money on training these workers.

[1] a b c e

[2] a c d

[3] b d e

[4] b d

[5] Not [1], [2], [3] or [4]

2.7 Which of the following is **true**?

- [1] South Africa's competitive position internationally is weakened by factors such as the shortage of skilled labour, the outflow of skilled workers, high unemployment and poor human resource development.
- [2] The National Productivity Institute has indicated that unit labour costs in South Africa are decreasing much more rapidly than is the case with its major trading partners.
- [3] Countries' labour markets have mutually become closely linked due to the low mobility of both skilled and unskilled labour.
- [4] All of the above.
- [5] None of the above.

2.8 Which of the following is **true**?

- [1] According to the broad definition of unemployment an unemployed person is a person who is without work, is currently available for work and is seeking work or wanting to work.
- [2] Cyclical unemployment arises during inflationary periods when aggregate demand, and therefore, also the demand for labour, is low.
- [3] The major proportion of unemployment in South Africa is seasonal rather than cyclical.
- [4] [1] and [2]
- [5] Only [1]

2.9 Which of the following statements are **true**?

- a. A misallocation of labour resources, for example the underutilisation of skills, is an example of visible underemployment.
- b. The natural rate of unemployment exists where there is neither excess demand nor excess supply in the overall labour market. This rate can change over time.
- c. The unemployment figure for South Africa, and especially in rural areas, increases sharply when one uses the expanded definition instead of the strict definition of unemployment.
- d. The three broad approaches of measuring unemployment are the sample survey method, the population census method and the registration method.

- [1] a b c d
- [2] b c d
- [3] a b c
- [4] a b d
- [5] c d

2.10 Which of the following statements are **true**?

- a. According to the strict definition of unemployment, the highest unemployment rate is found among Africans, and especially African women.
- b. Discouraged work-seekers have taken active steps to search for employment or to start some form of self-employment.
- c. Statistics on registered unemployment are obtained from returns submitted on a monthly basis by the different placement centres of the Department of Labour.

- [1] a b c
- [2] a b
- [3] a c
- [4] b c
- [5] Not [1], [2], [3] or [4]

**SEMESTER 1
ASSIGNMENT 03/2013**

SELF-ASSESSMENT ASSIGNMENT

**Study Guide: Study Units 9 – 11
Prescribed Book: Chapters 9 – 11**

PLEASE DO NOT SUBMIT THIS ASSIGNMENT. Complete it by the date indicated in the study programme and mark it yourself by using the framework of answers provided after the question.

- 3.1 Give a complete discussion of the human capital theory as a possible explanation for higher earnings being associated with increased education and training, as well as investment in education and training being "profitable". Draw **two diagrams** to highlight your discussion. Also discuss the difference between the private and social rates of return to education and training. (13)
- 3.2 Define labour market discrimination and briefly discuss the various types of discrimination often found in labour markets. (7)
- 3.3 Discuss statistical discrimination as a theory to explain labour market discrimination. (5)

[25]

FRAMEWORK OF ANSWERS TO ASSIGNMENT 03

The following is not a model answer. It serves merely as a framework to guide you to answer the questions. You are supposed to do the assignment questions (where applicable) in essay format to practise your skills in the writing of essay-type questions.

Question 3.1

To answer this question you have to discuss section 9.2 on pages 206 to 208 of your textbook. You have to show figures 9.1 and 9.2. Make sure that you discuss the direct and indirect (opportunity cost) costs of education. Area 3 in the diagram (incremental earnings) is also termed the net return to education. Also make sure that you point out the difference between the private and social rates of return to education. In a question like this, figure 9.1 will count about 2 marks and figure 9.2 about 3 marks. The discussion of the question and the diagrams will therefore count 8 marks. (13)

Question 3.2

You will find the answer to this question in section 10.2, page 229 of your textbook. When you name and describe the four types of labour market discrimination, make sure that you also mention the two categories to which they belong, i.e. before-the-market discrimination and within-the-market discrimination. (7)

Question 3.3

See a discussion of statistical discrimination in section 10.3.2 on pages 231 to 232 of your textbook.

The following serves as additional information on the topic. Discrimination occurs because of imperfect information and a wrong perception of reality. An employer **thinks** that he can evaluate the actual productivity of a white male worker compared to a minority worker (in this case a black person or a female). In statistical discrimination the discrimination coefficient is equal to zero.

The employer discriminates against an individual belonging to a certain group because he believes the group to be less productive. The employer will employ white males because he is certain of their productivity. He tends to be less certain of the productivity of female and black workers. Race and gender therefore determine the production attributes of a worker.

Because personnel selection is expensive, the employer makes use of cheaper methods. He therefore selects staff according to education and skin colour. Employers believe that these are perfect determinants of productivity.

The individual is therefore discriminated against because **he belongs to a specific group which is perceived to be less productive.**

Most blacks will receive lower wages than their white male counterparts to compensate the employer for the risk that the black worker might not be as productive as the white worker. Employers tend to employ whites with above-average scores in a job application test and blacks with below-average test scores. This kind of discrimination however only has an effect on entry level wages, as the true productivity of workers normally becomes evident with tenure on the job.

(5)

[25]

*** * ***

7.4.2 Second semester assignments

**SEMESTER 2
ASSIGNMENT 01/2013**

CLOSING DATE: 19 August 2013

UNIQUE NUMBER: 871351

Study Guide: Study Units 1 – 4
Prescribed Book: Chapters 1 – 4

This assignment contributes 40% towards your semester mark.

Please ensure that this assignment reaches the University before the due date.

Answer all the questions on a mark-reading sheet or on *myUnisa*.

IMPORTANT! The first ten questions in this assignment are not of an academic nature and do not have "correct" answers. These ten questions, therefore, do not count any marks. Please choose your answers as honestly as possible.

Remember to use only an HB pencil if you answer the assignment on a mark-reading sheet.

1.1 Which **one** of the following is most true regarding your registration for ECS2604?

- [1] This is my first registration.
- [2] This is my second registration.
- [3] This is my third registration.
- [4] This is my fourth registration.
- [5] I have been registered more than four times.

1.2 In my matric results*

- [1] I passed Mathematics with an A-symbol.
- [2] I passed Mathematics with a B-symbol.
- [3] I passed Mathematics with a C-symbol.
- [4] I passed Mathematics with a D-symbol or lower.
- [5] I did not take Mathematics for matric.

1.3 In my matric results*

- [1] I passed English with an A-symbol.
- [2] I passed English with a B-symbol.
- [3] I passed English with a C-symbol.
- [4] I passed English with a D-symbol or lower.
- [5] I did not take English for matric.

* Students who do not have a South African matric should choose the option they think are most relevant to them.

1.4 How long after you registered did you receive your study material?

- [1] In less than a week.
- [2] Between one and two weeks.
- [3] Between two and three weeks.
- [4] More than three weeks.
- [5] To date I still have not received anything.

1.5 The section(s) of the study guide that I had to study to complete this assignment

- [1] helped me to work through the textbook systematically.
- [2] did not help me to understand the study material in the textbook better.
- [3] was totally irrelevant to the assignment questions.
- [4] I did not use the study guide at all although I have one.
- [5] I have not received a study guide.

1.6 Should tutor classes be available for ECS2604, will you attend it?

- [1] Yes.
- [2] No, I can cope on my own.
- [3] No, I have to work.
- [4] Depending on how far from where I live it will be available.
- [5] No, for any other reason.

1.7 Concerning the ECS2604 website on myUnisa

- [1] I am not aware of this website.
- [2] I am aware of this website, but have not visited it.
- [3] I visited this website once but did not find it helpful.
- [4] I visit this website regularly and find it helpful.
- [5] I visit this website only when I receive an announcement that there is something new.

1.8 Which **one** of the following describes your situation best?

- [1] I worked through the prescribed study material (chapters 1 – 4) before attempting this assignment.
- [2] I quickly glanced through the prescribed study material before attempting this assignment.
- [3] I did not study the prescribed study material before attempting the assignment, but looked for the answers in the study material.
- [4] I could answer the questions without referring to the study material.
- [5] I just chose my answers randomly.

1.9 Which **one** of the following best describes your access to SMS-messages?

- [1] I can receive SMS-messages on my own cellphone.
- [2] I can receive SMS-messages on the cellphone of someone who lives with me.
- [3] I can receive SMS-messages on the cellphone of someone I know but who does not live with me.
- [4] I cannot receive SMS-messages at all.

1.10 Which **one** of the following applies to you?

- [1] I have access to internet.
- [2] I have access to e-mail.
- [3] I have access to both internet and e-mail.
- [4] I do not have access to either internet or e-mail.

1.11 Which one of the following is **NOT** an assumption of a perfectly competitive labour market?

- [1] Workers' decisions to work or not to work is taken on the basis of wage rates, while employers always attempt to maximise their profits.
- [2] All workers have identical and comparable skills.
- [3] Workers and employers can influence the market wage.
- [4] Workers can easily move between positions within or between organisations or regions.
- [5] Workers and employers are entirely rational.

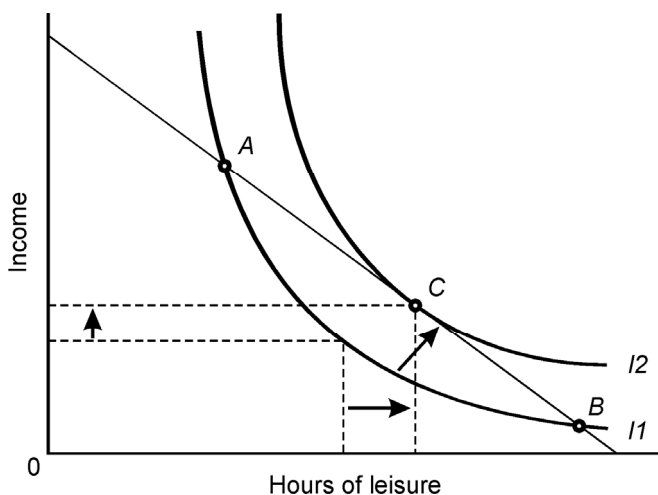
1.12 Which one of the following is **NOT** a demand factor of labour?

- [1] An increase in export orders.
- [2] A change in the price of a substitute factor of production.
- [3] New workers entering the labour market.
- [4] A change in the productivity of labour.
- [5] Trade liberalisation.

1.13 Which of the following is **NOT** true?

- [1] The total labour force or economically active population (EAP) consists of workers in the formal as well as the informal sectors, self-employed persons and employers, as well as unemployed persons.
- [2] The labour force participation rate (LFPR) is the percentage of the employed population of working age who furnish their labour for the production of economic goods and services.
- [3] The so-called discouraged work-seekers are those persons who are unemployed and want to work, but are not actively seeking employment.
- [4] The dependency ratio is the ratio of young people depending on other age groups for a living.
- [5] Population growth is a function of three demographic factors: fertility, mortality and migration.

Question 1.14 is based on the following diagram.



1.14 Which of the following statements are **true**?

- a. An indifference curve shows the preferences of an individual to various combinations of income and leisure time.
- b. Points A and C indicate different levels of satisfaction or utility for the specific individual.
- c. If I_1 applies, the individual is in equilibrium at either point A or point B.
- d. The indifference curve is convex to the origin, meaning that as the individual moves from point A to point B on curve I_1 , he/she becomes increasingly reluctant to give up income to enjoy more leisure.
- e. A workaholic's indifference curve is relatively inelastic, while a leisure lover's indifference curve is relatively elastic.

- [1] a b d
- [2] b d e
- [3] a b
- [4] b c d
- [5] c e

1.15 Which of the following statements are **true**?

- a. The demand for labour is a derived demand. In other words, it means that the demand for labour depends on the consumer demand for the specific product produced by that labour or for the service provided by that labour.
- b. There are various sources of employment data in South Africa like the population census, sample surveys among businesses and household surveys.
- c. The employment elasticity of economic growth indicates the sensitivity of employment to changes in the inflation rate.
- d. The labour absorption capacity of the economy can be defined as the percentage of new entrants to the labour force that find a job in the formal and informal sectors of the economy.
- e. Jobless growth means that even during periods of economic growth inflation increases.

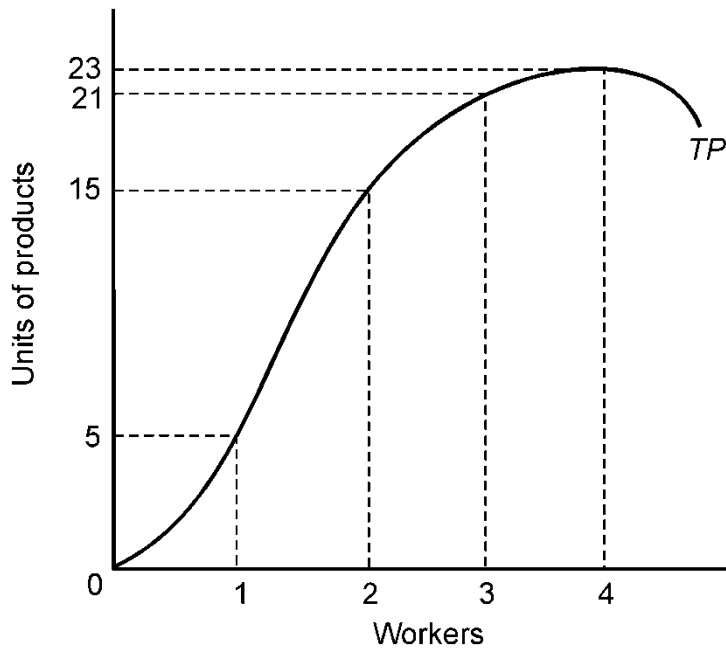
- [1] a b d
- [2] b d e
- [3] a b c
- [4] b c d
- [5] a b

1.16 Which of the following statements is/are **NOT** true?

- a. The capital to labour ratio is the ratio of the capital employed at any particular date to the number of workers at that date.
- b. High wage increases contributed to the reduced demand for labour in South Africa.
- c. The informal sector normally relies heavily on capital-intensive technology.
- d. The informal sector can be regarded as the statistically unrecorded part of the economic activity of a country and informal sector activities are normally individually or family owned.
- e. Informal sector activities will definitely solve the problem of poverty and low standards of living.

- [1] a b d
- [2] c e
- [3] a b c
- [4] Only e
- [5] Only c

Question 1.17 is based on the following diagram.



1.17 Which one of the following is **NOT** true about the demand for labour?

- [1] The above diagram represents the total production of an employer.
- [2] The law of diminishing marginal product applies to the above diagram.
- [3] The marginal product of labour can be derived from the above diagram and refers to the change in production associated with employing one additional unit of labour.
- [4] The long-run demand curve for labour can be derived from the above diagram.
- [5] The marginal revenue product (MRP) is equal to the marginal product (MP) multiplied by the price of the product.

1.18 Which of the following statements are **true** about the demand for labour?

- a. The long-run demand curve for labour is more inelastic than the short-run demand curve for labour.
- b. The firm's short-run demand for labour is indicated by the downward sloping MRP curve.
- c. An isoquant indicates the various combinations of labour and capital that can be used to produce different levels of production.
- d. Isoquants that lie further from the origin of a graph indicate higher levels of production (output).
- e. A firm's profit will be maximised where an isocost curve intersects an isoquant.

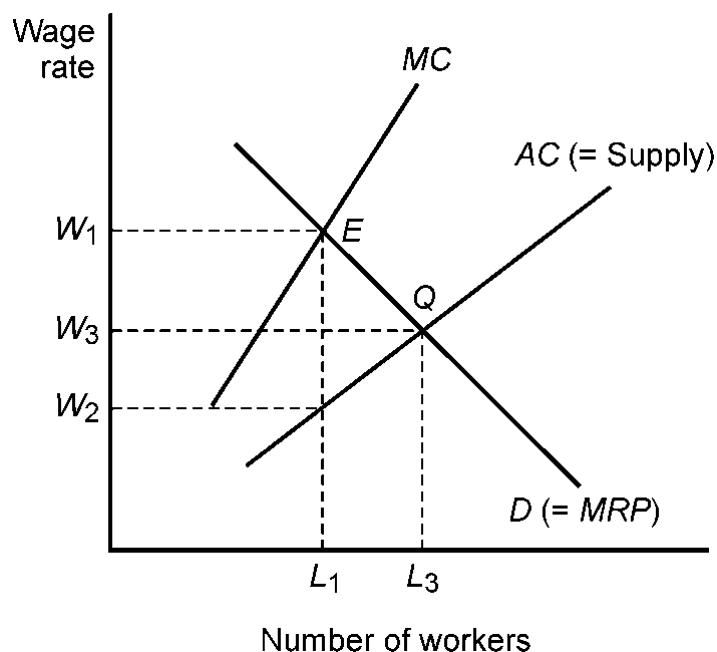
- [1] a b d
- [2] b d
- [3] c d e
- [4] b d e
- [5] a c e

1.19. Which of the following statements are **true**?

- The dual labour market consists of two parts, namely the primary segment and the secondary segment.
- The most important methods of determining wages are contracts of employment, collective bargaining, government regulation and methods that link wages to productivity or profitability.
- Non-wage labour costs refer to worker benefits such as overtime pay, housing and transport allowances and contributions to unemployment insurance, pension funds and medical insurance funds.
- Labour costs associated with the number of hours worked can be regarded as the fixed cost of labour.
- An incomes policy is a mechanism that can be used to reduce inflation while minimising the social effects of very restrictive monetary policies.

- [1] a b
 [2] b d e
 [3] c e
 [4] b d c
 [5] a b c e

Question 1.20 is based on the following diagram which refers to a non-discriminating monopsonist.



1.20. Which of the following statements are **true**?

- a. A non-discriminating monopsonist pays a worker only his/her reservation wage.
- b. A non-discriminating monopsonist is an employer who pays all his workers the same wage for doing the same job.
- c. In the above monopsony market both wages and employment are higher than would be the case for a perfectly competitive market.
- d. The profit maximising equilibrium point for a perfect competitor in the above diagram will be at point E. At this point L_1 workers will be employed at a wage rate of W_1 .
- e. A non-discriminating monopsonist will employ L_1 workers and the wage rate paid will be W_2 since this is the wage rate at which L_1 workers will be supplied.

[1] a c d e

[2] b c d

[3] b c d e

[4] a e

[5] b e

**SEMESTER 2
ASSIGNMENT 02/2013**

CLOSING DATE: 18 September 2013

UNIQUE NUMBER: 848635

**Study Guide: Study Units 5 – 8
Prescribed Book: Chapters 5 – 8**

This assignment contributes 60% towards your semester mark.

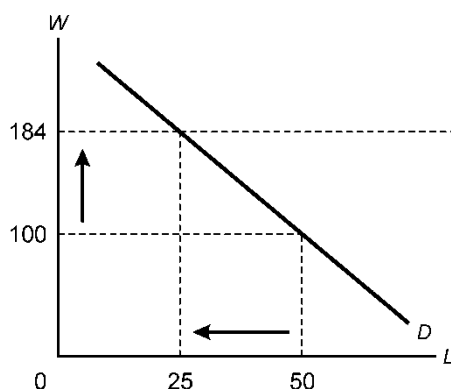
Please ensure that this assignment reaches the University before the due date.

Answer all the questions on a mark-reading sheet or on *myUnisa*.

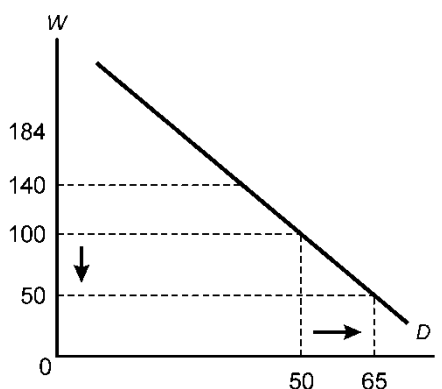
Remember to use only an HB pencil if you answer the assignment on a mark-reading sheet.

Question 2.1 is based on the following diagram.

(a) Unionised sector



(b) Non-unionised sector



2.1 Which of the following is **NOT true**?

- [1] The above diagrams indicate the influence of unions on wages.
- [2] In the unionised sector unions bid up wages from R100 to R184, but 25 less workers will be employed at the higher wage rate and will therefore be unemployed.
- [3] Instead of a union/non-union wage gap of R100, the union has caused a wage gap of R184 between the unionised and non-unionised sectors.

- [4] The lower employment in the unionised sector due to higher wages may lead to an oversupply of workers in the non-unionised sector, because those workers will look for work in the non-unionised sector of the market. This will lead to a decline in the wage rate from R100 to R50 in the non-unionised sector.
- [5] Because of lower wages in the non-unionised sector, the number of workers demanded increased by 15 workers.

2.2 Which of the following is **true**?

- [1] An individual employer and an individual employee have equal bargaining power.
- [2] The respective bargaining powers of the trade union and employer involved have no influence on the outcome of the collective bargaining process.
- [3] Trade unions have especially strong bargaining powers at their disposal during recessionary phases of the economy as well as during periods of high unemployment.
- [4] Trade union density is the proportion of the total labour force represented by unions.
- [5] An advantage of bargaining councils is that minimum conditions of employment are set with the intervention of government.

2.3 Which of the following statements are **true**?

Bargaining councils

- a. are permanent collective bargaining institutions.
- b. are established on a voluntary basis by employer and employee organisations in a specific industry.
- c. negotiate wages and other conditions of employment.
- d. cannot resolve disputes.

- [1] a b c d
- [2] a b c
- [3] a c
- [4] b c d
- [5] Not [1], [2], [3] or [4]

2.4 Which of the following statements are **true**?

- a. Minimum wages in South Africa are determined by a dual system, that is, by bargaining councils and sectoral determinations.
- b. An argument in favour of minimum wages is that it will create an inflationary effect.
- c. Increased costs resulting from minimum wages can be passed on to consumers in the form of price decreases.
- d. The main argument in favour of minimum wages is that it enables workers to maintain a certain minimum standard of living.

- [1] a b c d
- [2] a b c
- [3] b c d
- [4] c d
- [5] Not [1], [2], [3] or [4]

2.5 Which of the following statements are **true**?

- a. Productivity is a measure of output efficiency.
- b. The productivity definition takes account of the quality of the product produced or the service provided.
- c. Unit labour cost is the cost of labour to produce one unit of output.
- d. An increase in unit labour cost will have a positive effect on the cost of production and therefore on competitiveness.
- e. Bargaining councils and minimum wages increase wage inflexibility.

- [1] c e
- [2] b c e
- [3] a b c
- [4] b c d
- [5] Not [1], [2], [3] or [4]

2.6 Which of the following statements are **true**?

- a. Full-time employment is an example of atypical employment.
- b. Two advantages of atypical employment are reduced labour costs and more freedom and flexibility for the workers.
- c. A disadvantage of atypical employment is that employers are reluctant to train temporary workers.
- d. Working time flexibility can take various forms, such as overtime, flexitime, shift work or a shortened work-week.

- [1] a b c d
- [2] a b c
- [3] a c
- [4] a d
- [5] b c d

2.7 Which of the following statements are **true**?

- a. South Africa's competitive position internationally is strengthened by factors such as the shortage of skilled labour, the outflow of skilled workers, high unemployment and poor human resource development.
- b. Countries trade because they have an absolute or comparative disadvantage in the production of certain goods.
- c. Trade liberalisation has shifted production in favour of capital- and skills-intensive sectors to the detriment of labour-intensive ones, and thereby had a negative impact on the employment of unskilled labour.
- d. South Africa has a relatively open economy with regard to trade and the mobility of labour.

- [1] a b c d
- [2] c d
- [3] a c
- [4] b c
- [5] Not [1], [2], [3] or [4]

2.8 Which of the following statements is/are **true**?

- a. The unemployment rate is the number of unemployed persons divided by the total labour force.
- b. Frictional unemployment arises as a result of normal labour turnover that occurs in any dynamic economy and the time lags involved in the re-employment of labour.
- c. Visible underemployment means that persons voluntarily work less than normal hours and have no desire for full-time or additional work at all.
- d. The unemployment rate according to the expanded definition of unemployment is usually much lower than the unemployment rate according to the strict definition.

[1] a b c d

[2] b d

[3] c d

[4] Only b

[5] Not [1], [2], [3] or [4]

2.9 Which of the following statements is/are **true**?

- a. The consequences of unemployment will have no effect whatsoever on the prospects of a stable and successful democracy in South Africa.
- b. The Phillips curve indicates a trade-off between inflation and employment.
- c. The unemployment figure for South Africa, and especially in rural areas, increases sharply when one uses the expanded definition instead of the strict definition of unemployment.

[1] a b c

[2] a b

[3] Only c

[4] b c

[5] Not [1], [2], [3] or [4]

2.10 Which of the following statements are **true**?

- a. The Labour Force Survey (LFS) is a household survey that Statistics South Africa uses to determine various labour market characteristics, including unemployment.
- b. The availability of a strong skills base is an essential element of any strategy to relieve unemployment.
- c. In South Africa the Unemployment Insurance Fund (UIF) provides short-term relief to contributors when they become unemployed or are unable to work because of illness, maternity or the adoption of small children, and also provides relief to dependants of deceased contributors.

[1] a b c

[2] a b

[3] a c

[4] b c

[5] Not [1], [2], [3] or [4]

**SEMESTER 2
ASSIGNMENT 03/2013**

SELF-ASSESSMENT ASSIGNMENT

**Study Guide: Study Units 9 – 11
Prescribed Book: Chapters 9 – 11**

PLEASE DO NOT SUBMIT THIS ASSIGNMENT. Complete it by the date indicated in the study programme and mark it yourself by using the framework of answers provided after the question.

- 3.1 Give a complete discussion of the human capital theory as a possible explanation for higher earnings being associated with increased education and training, as well as investment in education and training being "profitable". Draw **two diagrams** to highlight your discussion. Also discuss the difference between the private and social rates of return to education and training. (13)
- 3.2 Define labour market discrimination and briefly discuss the various types of discrimination often found in labour markets. (7)
- 3.3 Discuss statistical discrimination as a theory to explain labour market discrimination. (5)

[25]

FRAMEWORK OF ANSWERS TO ASSIGNMENT 03

The following is not a model answer. It serves merely as a framework to guide you to answer the questions. You are supposed to do the assignment questions (where applicable) in essay format to practise your skills in the writing of essay-type questions.

Question 3.1

To answer this question you have to discuss section 9.2 on pages 206 to 208 of your textbook. You have to show figures 9.1 and 9.2. Make sure that you discuss the direct and indirect (opportunity cost) costs of education. Area 3 in the diagram (incremental earnings) is also termed the net return to education. Also make sure that you point out the difference between the private and social rates of return to education. In a question like this, figure 9.1 will count about 2 marks and figure 9.2 about 3 marks. The discussion of the question and the diagrams will therefore count 8 marks. (13)

Question 3.2

You will find the answer to this question in section 10.2, page 229 of your textbook. When you name and describe the four types of labour market discrimination, make sure that you also mention the two categories to which they belong, i.e. before-the-market discrimination and within-the-market discrimination. (7)

Question 3.3

See a discussion of statistical discrimination in section 10.3.2 on pages 231 to 232 of your textbook.

The following serves as additional information on the topic. Discrimination occurs because of imperfect information and a wrong perception of reality. An employer **thinks** that he can evaluate the actual productivity of a white male worker compared to a minority worker (in this case a black person or a female). In statistical discrimination the discrimination coefficient is equal to zero.

The employer discriminates against an individual belonging to a certain group because he believes the group to be less productive. The employer will employ white males because he is certain of their productivity. He tends to be less certain of the productivity of female and black workers. Race and gender therefore determine the production attributes of a worker.

Because personnel selection is expensive, the employer makes use of cheaper methods. He therefore selects staff according to education and skin colour. Employers believe that these are perfect determinants of productivity.

The individual is therefore discriminated against because **he belongs to a specific group which is perceived to be less productive.**

Most blacks will receive lower wages than their white male counterparts to compensate the employer for the risk that the black worker might not be as productive as the white worker. Employers tend to employ whites with above-average scores in a job application test and blacks with below-average test scores. This kind of discrimination however only has an effect on entry level wages, as the true productivity of workers normally becomes evident with tenure on the job.

(5)

[25]

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8 EXAMINATION

For general examination guidelines and examination preparation guidelines, please refer to the *my Studies @ Unisa* brochure.

8.1 Examination period

This module is offered in a semester period of approximately 15 weeks. This means that if you are registered for the first semester, you will write the examination in May/June 2013 and the supplementary examination will be written in October/November 2013. If you are registered for the second semester you will write the examination in October/November 2013 and the supplementary examination will be written in May/June 2014.

During the semester, the Examination Section will provide you with information regarding the examination in general, examination venues, examination dates and examination times.

8.2 Examination paper

The format of the examination paper is discussed in detail in Tutorial Letter 102 (which you will receive during the semester).

The structure of the examination paper is as follows:

It is a two-hour paper and consists of two sections (A and B) making up a total of 100 marks.

Section A consists of essay-type questions, shorter questions, definitions, explanations, diagrams that have to be drawn, etc and counts either 40 or 50 marks. You have to answer ALL the questions and therefore get NO CHOICE in this section.

Section B counts either 60 or 50 marks and consists of 30 or 25 multiple choice questions counting 2 marks each. Examples of multiple-choice questions appear throughout the study guide and the assignments.

A final mark (semester mark + examination mark), as explained in section 7.1.2 "*How will this work in practice*", of 50% is required to pass this module.

VERY IMPORTANT: All the study units in the study guide and their corresponding chapters in the textbook are prescribed for the examination.

8.3 Previous examination papers

A previous examination paper(s) will be made available to students on *myUnisa* under the "*Official Study Material*" folder. Should you make use of previous examination papers, we advise you not to focus on such old papers only as the content of modules and, therefore, examination papers may change from year to year. **The format of the paper, as well as the mark allocation, may also change from year to year. To concentrate only on previous examination papers will not guarantee a pass.** You must be able to answer questions on all the prescribed work and study outcomes.

8.4 Tutorial letter with information on the examination

To help you in your preparation for the examination, you will receive Tutorial Letter 102 that will explain the format of the examination paper, give you examples of questions that you may expect and set out clearly what material you have to study for examination purposes.

9 FREQUENTLY ASKED QUESTIONS

The *my Studies @ Unisa* brochure contains an A-Z guide of the most relevant study information.

10 ERRATA IN STUDY GUIDE

Study Guide p 22:

Last row under FURTHER READING MATTER: Insert website address

(website address: www.labour.gov.za)

Study Guide p 60:

Last row under FURTHER READING MATTER: Insert website addresses

....the home pages of:

The Department of Labour (www.labour.gov.za)

Cosatu (www.cosatu.org.za)

Fedusa (www.fedusa.org.za)

Study Guide p 84:

Last row under FURTHER READING MATTER: Insert website address

.....New Partnership for African Development (Nepad) (www.nepad.org).

Study Guide p 94:

Last row under FURTHER READING MATTER: Insert website addresses

.....Important websites to visit are the home pages of:

The Department of Labour (www.labour.gov.za)

Statistics South Africa (www.statssa.gov.za)

South African Reserve Bank (www.resbank.co.za)

Study Guide p 106:

Last row under FURTHER READING MATTER: Insert website address

.....Their website address is www.saga.org.za.

Study Guide p 131:

Last row under FURTHER READING MATTER: Insert website addresses

.....Important websites to visit are the home pages of:

the International Labour Organisation (www.ilo.org)

the National Economic Development and Labour Council (Nedlac) (www.nedlac.org.za)

the Commission for Conciliation, Mediation and Arbitration (CCMA) (www.ccma.org.za)