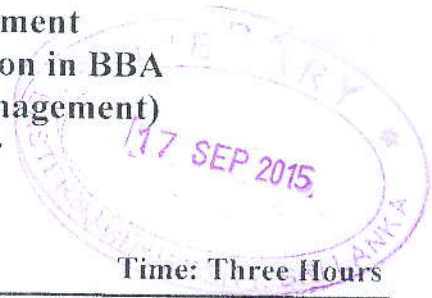


Eastern University, Sri Lanka
Faculty of Commerce and Management
Third Year Second Semester Examination in BBA
(Specialization in Human Resource Management)
2012/2013 (July, 2015)-Proper

ECN 3033: Labor Economics

Time: Three Hours

Answer all questions



1

- i. Define labor demand and supply. (03 Marks)
 - ii. Brief on the unique characteristics of labor market. (05 Marks)
 - iii. What is Marginal Revenue Product? Graphically show how short run labor demand curve is derived with Marginal Revenue Product. (06 Marks)
 - iv. Graphically explain how wage changes as a result of changes in labor supply. (06 Marks)
- (Total 20 Marks)**

2.

- i. Graphically explain the long run equilibrium level of employment (06 Marks)
 - ii. Explain the implication of elasticity of labor demand under the followings; (08 Marks)
 - a. Firm's wage bill
 - b. Availability of substitutions
 - c. Blue-collar and white-collar workers
 - d. Wage compromise
 - iii. Graphically show how the long-run labor demand is derived (06 Marks)
- (Total 20 Marks)**

3.

- i. Brief on how indifference curve can be used to explain income leisure choice of a labor. (06 Marks)
 - ii. Graphically show income and substitution effect under:
 - a. A wage change leading to increased hours of work
 - b. A wage change leading to decreased hours of work(08 Marks)
 - iii. Can labor supply curve always be positively sloped? Why? (06 Marks)
- (Total 20 Marks)**

- 4.
- i. What is human capital development? How does human capital development play vital role in economic development? (06 Marks)
 - ii. Distinguish between compound and discount factors. (04 Marks)
 - iii. Define Net present value and internal rate of return. (04 Marks)
 - iv. Explain how far cost benefit analysis is applicable on investment decision in human capital development (06 Marks)
- (Total 20 Marks)

- 5.
- i. What is labor union? Derive demand and supply functions for a labor union. (05 Marks)
 - ii. Briefly explain the costs and benefits of being a member of a labor union. (06 Marks)
 - iii. Brief on under which circumstances a labor union can supply its good services to the members. (05 Marks)
 - iv. Graphically explain the contract zone of bargaining process. (04 Marks)
- (Total 20 Marks)