



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**  
**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING**  
**DEPARTMENT OF ECONOMICS AND BUSINESS SCIENCES**

**EXAMINATION PAPER**

**COURSE CODE** : CEC 212  
**COURSE TITLE** : LABOR ECONOMICS  
**DURATION** : 3 Hours  
**LEVEL** : 1.2  
**DATE** :

30 NOV 2022

**SPECIAL REQUIREMENTS**

1. Present Value and Annuity Table,
2. Graph Paper
3. Use of non-programmable calculators

**INSTRUCTIONS TO CANDIDATES:**

4. No cell phones are allowed in the examination venue.
5. Answer any **FOUR (4)** questions.
6. The number of marks for each question or part question is shown in brackets [ ]
7. Show all your workings in order to gain full marks.
8. Begin each answer on a new page.
9. **DO NOT OPEN THIS PAPER UNTIL YOU ARE INSTRUCTED BY THE INVIGILATOR.**

### QUESTION ONE

Lately, the Zimbabwean media has been awash with news on labor problems and it was reported that, "There is accumulating evidence that unionized workers are more productive than nonunion workers and that unionization raises productivity in an establishment". As a fresh graduate with labor economics expertise, you are engaged to comment on this assertion highlighting the features of Zimbabwean market in terms of its performance and any suggested recommendations on manpower development.

[25 marks]

### QUESTION TWO

Compare and contrast (i) the Dual Labour Market Theory and (ii) Human Capital Theory and discuss their applicability in Zimbabwe's labour market. [25 marks]

### QUESTION THREE

Petty works at Zuva Petroleum but is considering quitting work and go to ZEGU for a two-year program, Masters of Business Administration (MBA). Her current job pays \$40000 per year (after taxes), but she could earn \$55000 per year (after taxes) if she had a master's degree in business administration. Tuition is \$10,000 per year, and the cost of an apartment near campus is equal to the \$10,000 per year she is currently paying. Petty's discount rate is 15% per year. She just turned 40 and plans to retire when she turns 65, whether or not she gets her MBA. Based on this information, should she go to school to earn her MBA? Explain carefully with aid of calculations. [25 marks]

### QUESTION FOUR

Using table below.

Number of workers employed	1	2	3	4	5	6
Total product (output per week)	10	22	36	44	50	50

- If the price of the product is \$20 per unit, given the information in the table, calculate the marginal physical product of labour and the marginal revenue product of labour. [15 marks]
- Assuming the producer is a profit maximiser, how many workers would be employed if the wage rate was \$160? [5 marks]
- How many would be employed if the wage rate fell to \$80? [5 marks]

### QUESTION FIVE

- a. Suppose that the supply curve for nurses is  $L_S = 30$ , and the demand curve for nurses is  $L_D = 150 - 20W$ , where  $L$  = the number of nurses and  $W$  = the hourly wage. Graph both the demand and supply curves. **[12 marks]**
- b. Now, suppose that the government imposes a tax of \$1 per hour per nurses on private clinics hiring nurses. Draw the new (after-tax) demand curve in terms of the nurse's wage. **[8 marks]**
- c. How will this tax affect the wage of nurses and the number employed as nurses? **[5 marks]**

**Present Value Table**

Present value of 1 i.e.  $(1 + r)^{-n}$ .

Where  $r$  = discount rate  
 $n$  = number of periods until payment

Periods (n)	Discount rate (r)										
	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	
1	0.990	0.980	0.971	0.962	0.952	0.943	0.935	0.926	0.917	0.909	1
2	0.980	0.961	0.943	0.925	0.907	0.890	0.873	0.857	0.842	0.826	2
3	0.971	0.942	0.915	0.889	0.864	0.840	0.816	0.794	0.772	0.751	3
4	0.961	0.924	0.888	0.855	0.823	0.792	0.763	0.735	0.708	0.683	4
5	0.951	0.906	0.863	0.822	0.784	0.747	0.713	0.681	0.650	0.621	5
6	0.942	0.888	0.837	0.790	0.746	0.705	0.666	0.630	0.596	0.564	6
7	0.933	0.871	0.813	0.760	0.711	0.665	0.623	0.583	0.547	0.513	7
8	0.923	0.853	0.789	0.731	0.677	0.627	0.582	0.540	0.502	0.467	8
9	0.914	0.837	0.766	0.703	0.645	0.592	0.544	0.500	0.460	0.424	9
10	0.905	0.820	0.744	0.676	0.614	0.558	0.508	0.463	0.422	0.386	10
11	0.896	0.804	0.722	0.650	0.585	0.527	0.475	0.429	0.388	0.350	11
12	0.887	0.788	0.701	0.625	0.557	0.497	0.444	0.397	0.356	0.319	12
13	0.879	0.773	0.681	0.601	0.530	0.469	0.415	0.368	0.326	0.290	13
14	0.870	0.758	0.661	0.577	0.505	0.442	0.388	0.340	0.299	0.263	14
15	0.861	0.743	0.642	0.555	0.481	0.417	0.362	0.315	0.275	0.239	15
(n)	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	
1	0.901	0.893	0.885	0.877	0.870	0.862	0.855	0.847	0.840	0.833	1
2	0.812	0.797	0.783	0.769	0.756	0.743	0.731	0.718	0.706	0.694	2
3	0.731	0.712	0.693	0.675	0.658	0.641	0.624	0.609	0.593	0.579	3
4	0.659	0.636	0.613	0.592	0.572	0.552	0.534	0.516	0.499	0.482	4
5	0.593	0.567	0.543	0.519	0.497	0.476	0.456	0.437	0.419	0.402	5
6	0.535	0.507	0.480	0.456	0.432	0.410	0.390	0.370	0.352	0.335	6
7	0.482	0.452	0.425	0.400	0.376	0.354	0.333	0.314	0.296	0.279	7
8	0.434	0.404	0.376	0.351	0.327	0.305	0.285	0.266	0.249	0.233	8
9	0.391	0.361	0.333	0.308	0.284	0.263	0.243	0.225	0.209	0.194	9
10	0.352	0.322	0.295	0.270	0.247	0.227	0.208	0.191	0.176	0.162	10
11	0.317	0.287	0.261	0.237	0.215	0.195	0.178	0.162	0.148	0.135	11
12	0.286	0.257	0.231	0.208	0.187	0.168	0.152	0.137	0.124	0.112	12
13	0.258	0.229	0.204	0.182	0.163	0.145	0.130	0.116	0.104	0.093	13
14	0.232	0.205	0.181	0.160	0.141	0.125	0.111	0.099	0.088	0.078	14
15	0.209	0.183	0.160	0.140	0.123	0.108	0.095	0.084	0.074	0.065	15

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