

ZIMBABWE  
UNIVERSITY



EZEKIEL GUTI

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FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS  
DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL  
MANAGEMENT

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**EXAMINATION PAPER**

**COURSE CODE** : CEC 212/202  
**COURSE TITLE** : LABOUR ECONOMICS  
**SPECIAL REQUIREMENTS** :  
**DURATION** : ( 3 Hours  
**LEVEL** : 2.1  
**DATE** : 14 JUN 2024

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue
2. Use of silent, non-programmable calculators is allowed
3. Answer ALL questions in both Section A and Section B.
4. Begin each question on a new page in section B.
5. The number of marks for each question or part question is shown in brackets [ ]

### 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

a. 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]

b. Assuming the producer is a profit maximiser, how many workers would be employed if the wage rate was \$160?

[5 marks]

c. 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]**