

MACQUARIE UNIVERSITY, SYDNEY
Division of Economic and Financial Studies
ECON240: Labour Market Economics
Unit Outline: Second Semester 2007
Convenor: Dr Michael Dobbie



You should read this unit outline carefully. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

The focus of this unit is upon the use of economic theory to analyse and evaluate the operation of labour markets. The various, often competing, explanations that have been proposed to explain labour market phenomena are stressed when appropriate. Topics covered will include; short and long run labour supply and demand, internal labour markets, personnel economics, the theory of compensating differentials, the employment relationship, the impact of employment protection legislation and minimum wage laws, unemployment and earnings distribution.

TEACHING STAFF

Dr Michael Dobbie, (Unit Convenor) Room E4A416, Phone 98508502, email mdobbie@efs.mq.edu.au

Mr Craig MacMillan, Room E4A427, Phone 98507290, email cmacmill@efs.mq.edu.au

UNIT WEB PAGE

The web page for this unit can be accessed via the Department of Economics Web Site. *You should check this web page regularly.* The lecture slides for each weeks lecture will be posted on the web page, before the lecture. You will find it useful to download the slides prior to the lecture, and bring to them to the lecture. We also use the web page to post important notices from time to time.

CLASSES

Lecture: Wednesday: 3PM to 5PM in E6A133

Tutorial: Wednesday 1PM in C5A313 or Wednesday 5PM in W6B320

LEARNING OUTCOMES

After successfully completing this unit, you will:

- be familiar with the key issues facing the Australian labour market
- be familiar with the main schools of thought in labour economics
- have a deeper understanding of economic theory
- be able to continue any future studies in economics, and labour market economics in particular, with increased confidence

All academic programs at Macquarie seek to develop students' generic skills in a range of areas. One aim of this unit is that you will develop your skills in literacy and numeracy; group-work and communication; problem solving and critical thinking; and creativity.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Recommended Text

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

The Co-op bookstore has this book and it is recommended that students purchase a copy.

Additional References

The following books are referred to in the readings accompanying the lecture and tutorial program. Also many of the following are alternative labour market textbooks which students may wish to consult for assistance in understanding the lecture material.

ACIRRT (1999) *Australia at Work: Just Managing?* Prentice Hall, Australia.

Norris, K., Kelly, R. and Giles, M. (2005) (6th ed) *The Economics of Australian Labour Markets*. Pearson, Australia.

Whitfield, K. & Ross, R. (1996)(2nd ed), *The Australian Labour Market*. Harper Educational, Australia.

Ehrenberg, R.G. & Smith, R.S. (1994)(5th ed). *Modern Labor Economics Theory and Policy*. HarperCollins College Publishers, New York.

Elliott, R. (1991), *Labor Economics: A Comparative Text*. McGraw Hill, London.

Lazear, E. (1998) *Personnel Economics for Managers*. Wiley, New York.

McConnell, C., Brue, S.L. & Macpherson, D. (1999) *Contemporary Labor Economics*. McGraw Hill, New York.

These references and all the others listed as lecture and tutorial readings are available in the Reserve section of the library. **Additional references may be recommended in lectures.**

ASSESSMENT AND ITS RELATION TO LEARNING OUTCOMES

Assessment will be based on the following **FOUR** activities. Students must satisfactorily complete **ALL** four activities to be eligible to pass this unit. **In particular, you MUST pass the final exam to be eligible to pass the unit.**

ACTIVITY 1: MULTIPLE CHOICE EXAM (10%)

The Exam will be held on **October 24** during the normal lecture time. The exam will include questions on all material covered in the unit (lectures, tutorials and readings) up to and including lecture 9 and tutorial 5.

ACTIVITY 2: ESSAY (15%)

One essay, not exceeding 1500 words in length should be submitted no later than **6.00pm** on **Wednesday October 17**. Essays are to be placed in the Econ240 box in ERIC. A photocopy of

your essay should be retained. A list of student identification numbers for all students from whom an essay has been received will be posted on the Econ240 web page within 48 hours of the submission date. You must check this list immediately. If your number is not on the list, but you have submitted an essay, contact Michael Dobbie immediately. If you do not follow this procedure then you cannot claim at the end of the year that your essay was submitted but not returned to you. The essay topic will be advised at the end of this document.

ACTIVITY 3: TUTORIAL PERFORMANCE (10%)

This aspect of the assessment is explained in more detail on page 10 of this document.

ACTIVITY 4: FINAL EXAMINATION (65%)

An end of unit two hour written examination to be taken during the end of year examination period. The examination will cover material drawn from all parts of the unit's subject matter.

TEACHING AND LEARNING STRATEGIES

Our role: In the 2-hour "lecture" class, we will present new material in the form of lectures. In the tutorial classes we will guide your attempts to discuss the material set down for discussion. We will answer your questions during and after lectures and tutorials. We will also answer questions during our consultation times and by e-mail.

Your role: We expect that you will attend all lectures and tutorials. We expect you to read all the material prescribed on the reading list. We expect you to read the material prescribed for tutorials, before the tutorial, and be prepared to participate actively in tutorial discussion. We also expect that you will make a good attempt at the essay and final exam.

EXAMINATIONS – GENERAL INFORMATION

The University Examination period for the second semester 2007 is from 14 November – 30 November.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available at <http://www.timetables.mq.edu.au/exam> in draft form approximately eight weeks before and in final form approximately four weeks before the commencement of the examinations.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about this is given at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>. If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

PLAGIARISM – IMPORTANT NOTES

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at:

<http://www.student.mq.edu.au/plagiarism/>.

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may

include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see

<http://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or
<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>. For students taking units in the Division of Economic and Financial Studies, ERIC is in E4B and contains a large amount of resources for your help.

Lecture/Tutorial/Assessment Schedule

Lecture No.	Date	Lecturer	Tutorial Number	Assessment Dates
1	August 1	Craig Macmillan		
2	August 8	Craig Macmillan	1	
3	August 15	Craig Macmillan	2	
4	August 22	Craig Macmillan		
5	August 29	Craig Macmillan	3	
6	September 5	Craig MacMillan	4	
7	September 12	Michael Dobbie		
	September 19	RECESS		
	September 26	RECESS		
8	October 3	Michael Dobbie		
9	October 10	Michael Dobbie	5	
10	October 17	Michael Dobbie		Essay Due
11	October 24	Michael Dobbie		Multiple Choice Exam
12	October 31	Michael Dobbie		
13	November 7	Craig MacMillan	6	

LECTURE 1:
INTRODUCTION TO THE STUDY OF LABOUR MARKETS

Topics covered include; what is modern labour economics, labour market processes, labour market outcomes, a brief statistical overview of the Australian labour market and different schools of thought in labour economics.

Readings:

Kaufman & Hotchkiss (hereafter K & H) Ch.1- Essential

Norris et al Ch 1

Whitfield & Ross Ch 1

Jacoby, S. M. (1990) "The New Institutionalism: What Can it learn from the Old?", *Industrial Relations*, 29(2), 316-340.

ACIRRT (1999) Ch 1 & 2

Garvey, G. T. (1994) "Why labour is not different?" *Agenda*, 1(1), pp 5-12

Boyer, G. R. & Smith, R. S. (2001) "The Development of the Neoclassical Tradition in Labor Economics" *Industrial and Labor Relations Review*, 54(2), 199-223.

Australian Bureau of Statistics (ABS) (2007) *2007 Labour Statistics in Brief Australia*. Catalogue no. 6104.0

ABS (2007) *Year Book Australia 2007*. Catalogue no. 1301.0

Norris, K. & Mclean, B. (2000) "How Long do Jobs Last in Australia", *Australian Bulletin of Labour*, 26(2), 97-106.

Rebitzer, J. B. (1993) "Radical Political Economy and the Economics of Labour Markets, *Journal of Economic Literature*, vol.XXXI(Sept.), 1394-1434.

Kerr, C. & Staudohar, P.D (eds) (1994) *Labor Economics and Industrial Relations: Markets and Institutions*. Cambridge M.A.: Harvard University Press. A good account of institutionalist thought.

O'Hara, P. A. (ed) (1999) *Encyclopedia of Political Economy* (2 Volumes). London: Routledge. This is a very readable encyclopedia that students should consult for good SHORT introductions to key labour market concepts – for example "labour markets and market power", "labour and labour power" and "institutions". [Located in the Reference section, level 2, HB61.E554].

Hodgson, G. M., Samuels, W. J., & Tool, M. R. (eds) (1994) *Elgar Companion to Institutional and Evolutionary Economics* (2 Volumes). Brookfield VT: Edward Elgar. This is also a good dictionary of economic terms from an institutional perspective. [HB99.5.E45]

Kasper, W. & Streit, M. E. (1998) *Institutional Economics*. Cheltenham (UK): Edward Elgar.

Kaufman, B.E. (1988) "The Postwar View of Labour Markets and Wage Determination" in Kaufman, B. E. (ed) *How Labour Markets Work: Reflections on Theory and Practice by John Dunlop, Clark Kerr, Richard Lester, and Lloyd Reynolds*. Massachusetts : Lexington Books.

LECTURE 2:
EMPLOYEE MOTIVATION AND COMPENSATION

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.

Readings:

K&H Ch 10

Norris et al pp 102-103.

- Paul Milgrom & John Roberts (1992) *Economics, Organization and Management*. Englewood Cliffs: Prentice Hall. Ch.12 &13.
 Ehrenberg & Smith Ch.11
 Lazear, E. P. (1998) *Personnel Economics for Managers*. New York: Wiley. Chs 5, 9 & 11
 Lazear, E. P (1999) "Personnel Economics: Past Lessons and Future Directions", *Journal of Labor Economics*, 17(2), 199-236.
 Lazear, E. P (2000a) "The Future of Personnel Economics", *Economic Journal*, 110(Nov.), F611-639.
 Lazear, E. P (2000b) "Performance Pay and Productivity", *American Economic Review*, 90(5),1346-61.
 Chang, C & Miller, P (1996) "Incentive Effects in the Australian Labour Market: An Application of the Lazear and Moore Model", *Australian Economic Papers*, (June), 114-127.
 Lazear, E. P. & Moore, R. L. (1984) "Incentives, Productivity and Labor Contracts", *Quarterly Journal of Economics*, (May), 275-296.
 Hutchens, R. (1987) "A Test of Lazear's Theory of Delayed Payment Contracts", *Journal of Labor Economics*, 5(4, part2), S153-S170.

LECTURES 3 & 4: **LABOUR SUPPLY IN THE SHORT-RUN**

Topics covered include; the neoclassical theory of labour supply, applications and criticisms of the theory and a look at the evidence on the Australian labour supply.

Readings:

- K&H Ch.2 & 3
 Norris et al Ch 2

LECTURE 5: **HUMAN CAPITAL THEORY AND THE QUALITATIVE DIMENSION OF LABOUR SUPPLY**

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.

Readings:

- K&H Ch.7
 Norris et al Ch 4
 Mincer, J. (1994) "Human Capital: A Review", in Kerr, C. & Staudohar, P.D (eds) *Labor Economics and Industrial Relations: Markets and Institutions*. Cambridge M.A.: Harvard University Press.
 Bowles, S. & Gintis, H. (2002) "Schooling in Capitalist America Revisited", *Sociology of Education*, 75 (Jan.), 1-18.

LECTURE 6: **LABOUR DEMAND: SHORT RUN & LONG RUN**

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. Finally, some of the empirical evidence on the demand for labour in Australia is looked at.

Readings:

K&H Ch.4 & 5
Norris et al Ch 3

LECTURE 7:

THE DETERMINATION OF WAGES AND MINIMUM WAGES

Examination will be made of the wage determination under competition, the law of one wage, minimum wages and their impact with a specific focus on Australia, and attributes of minimum wages.

References:

K & H CH 6.

Dowrick, S. and Quiggin, J. (2003), A survey of the literature on minimum wages, February 2003 [<http://ecocomm.anu.edu.au/people/info/dowrick/Minimum-Wage.pdf>]

Richard B. Freeman (1996) 'The Minimum Wage as a Redistributive Tool' *The Economic Journal*, 106 (May), 639-649.

Sue Richardson (1998) 'Who Gets Minimum Wages' *The Journal of Industrial Relations*, 40(4), 554-579.

LECTURE 8:

OCCUPATIONAL WAGE DIFFERENTIALS

Assessment will be made of compensating wage differentials and the hedonic theory of compensating wage differentials. Some empirical evidence on the issues will also be examined and appraised.

References:

K & H CH 8.

LECTURE 9:

TRADE UNIONS

Trade unions are one of the main institutional features of the labour market. This lecture examines a number of theories of trade unions and associated empirical evidence.

Readings:

K & H Ch11 and 12.

Norris et al CH 6

Hawke, A and Wooden, M. (1998), "The Changing Face of Industrial Relations in Australia", *Economic Record*, 74(224), pp74-88.

LECTURE 10:

UNEMPLOYMENT

Topics covered in this lecture include; macroeconomic versus microeconomic views on unemployment, the meaning and measurement of unemployment, the meaning and extent of hidden unemployment, the 'risk index' approach to unemployment. Throughout the lecture the Australian experience will be examined with reference to cross-sectional and time series data evidence.

Readings:

Norris et al Ch. 9

Borland, J. & Kennedy, S. (1998) 'Dimensions, Structure and History of Australian Unemployment', paper presented to the Conference on Unemployment and the Australian Labour Market, June 1998.

Le A, T. and Miller, P. (2000), 'Australia's Unemployment Problem', *Economic Record*, 76(232), pp 74-104.

Le A, T. and Miller, P. (2001), 'Is a Risk Index Approach to Unemployment Possible?', *Economic Record*, 77(236), pp 51-70 (not essential reading).

LECTURE: 11

- **The first half of this lecture will be given over to the multiple choice exam. The second half will involve a lecture on:**

DISCRIMINATION IN THE LABOUR MARKET

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.

Readings:

K & H Ch.9

Norris et al CH 7

Smith, S. (1994), *Labour Economics*, Routledge, Chapter 5.

LECTURE 12:

EARNINGS DISTRIBUTION

This lecture begins by distinguishing between the functional and personal distribution of income. The focus of the lecture is on the personal distribution of earnings; that is, on the part of income which is derived from labour market activity. Topics covered include; explaining the log-normal earnings distribution; recent Australian and international trends in earnings inequality; explanations for those trends. The subject matter of this lecture also helps to 'bring together' many of the issues discussed in this unit up to this point.

Readings:

Borland, J. (1999). "Earnings Inequality in Australia, Causes and Consequences", *Economic Record*, 75(229), pp177-202.

Gregory, R. (1993), 'Aspects of Australian and US Living Standards: The Disappointing Decades 1970-1990', *Economic Record*, Vol 69, pp61-76.

King, J., Rimmer, S. and Rimmer, R. (1992) 'The Law of the Shrinking Middle: Inequality of Earnings in Australia 1975-1989', *Scottish Journal of Political Economy*, Vol 39, pp391-412.

LECTURE 13:

INTERNAL LABOUR MARKETS

This lecture examines the concept of internal labour markets (ILM). Different ILM models are discussed as well as the different approaches to studying them.

Readings:

K&H pp 297-99 & 362 - 363

Norris et al Ch.5.

Osterman, P. & Burton, M. D. (2005) "Ports and Ladders: The Nature and Relevance of Internal Labour markets in a Changing World." In Ackroyd, S., Batt, R., Thompson, P. & Tolbert, P. S. (Eds) *The Oxford Handbook of Work and Organization*. Oxford : OUP, pp 425-45.

The tutorial program in Econ240 is an integral part of the unit. The structure of the tutorial program is intended to help with your understanding of labour economics, but to also provide an opportunity to develop your written and verbal communication skills. There are six tutorials in total. The first tutorial will be held in week two. During the first tutorial students will be placed into groups which will then be responsible for leading the discussion during the tutorial assigned to that group. Attendance at all tutorials after the first one is **COMPULSORY**. For each tutorial not attended, one mark will be deducted from your final marks in Econ240.

In addition students will be awarded a mark out of **TEN** depending on the quality of the written and verbal presentation during the tutorial to which they have been assigned in the first tutorial. The mark awarded will be a group mark that will apply to all members of the group. The group will be responsible for leading the discussion and will also be expected to hand in a single set of written answers to the questions being discussed during their assigned tutorial. As an additional incentive, **ONE QUESTION IN THE FINAL EXAM** will be drawn from material in the tutorial program.

Tutorial 1: (August 8)

What are the distinguishing or “unique” features of labour markets? Do you think that these features make labour different from other commodities? Do you think labour suffers from a bargaining disadvantage when negotiating the employment relationship? Why? Students are encouraged to construct their own logical arguments to justify their opinion.

Readings:

Kaufman & Hotchkiss (2006) Ch1.

Norris Ch 1

Whitfield. & Ross (1996) Ch1, pp 9-12.

Garvey, G. T. (1994) “Why labour is not different?” *Agenda*, 1(1), pp 5-12. (Important)

Tutorial 2: (August 15)

Read George Loewenstein and Nachum Sicherman (1991) “Do Workers Prefer Increasing Wage Profiles”, *Journal of Labor Economics*, vol. 9, no. 1, pp 67-84.

What is the purpose of the paper? Describe how the study was undertaken? What are the findings of the study? What is the significance of these findings for labour economics? What problems did you find with this study and how would you rectify them.

Tutorial 3: (August 29)

What is the reservation wage?

Define the labour force participation rate (LFPR). What has been happening to the LFPR of men and women overtime in the U.S. and Australia?

For both the U.S. and Australia what is the pattern of the male LFPR by **age** and how has it been changing overtime? What is the pattern for women and how has it changed overtime?

What is the behaviour of the LFPR over the business cycle in the U.S. and Australia? What is the discouraged worker effect and the added (or additional) worker effect?

For the above questions also mention any of the factors accounting for changes in the LFPR of men and women.

Readings

Kaufman & Hotchkiss Ch3

ABS (2005) Australian Labour Statistics, July, (cat. no. 6105.0) pp 10-18.

Norris et al pp 30-37.

Tutorial 4 (September 5)

All economists accept that there is a positive correlation between education and earnings. However, economists do not agree on why education leads to higher earnings. How does human capital theory explain the relationship between education and earnings? What is the screening hypothesis? Examine the empirical studies that have attempted to distinguish between the human capital and screening accounts of the education-earnings link? Describe the Marxian (radical) account provided by Bowles and Gintis of the education-earnings link. What evidence do they provide to support their interpretation?

Readings

Kaufman & Hotchkiss Ch 7, especially pp 351 – 354.

Norris Ch 4, especially pp 83–86.

Bowles, S. & Gintis, H. (2002) “Schooling in Capitalist America Revisited”, *Sociology of Education*, 75 (Jan.), 1-18.

Tutorial 5 (October 10)

Questions

1. (a) Who are the potential losers from a minimum wage increase?
(b) Under what conditions do minimum wage workers lose from minimum wage increases?
2. What are the main socio-demographic features of low wage workers in Australia? How do they differ from the general workforce?
3. What conditions are necessary for increases in minimum wages to benefit the lowest income households? Are these conditions satisfied in Australia?
4. Would a cut in minimum wages lead to a more equitable distribution of income in Australia?
5. Use your knowledge of economics to provide an assessment of the following proposition.
“Cutting the wages of high wage earners can lead to a more equitable distribution of income AND more employment of low wage workers.” Does this proposition make economic sense to you?
6. Freeman (1996) identifies four positive attributes of minimum wages as a redistributive tool. What are they?

Readings

K & H Ch 6, pp281-294.

Richard B. Freeman (1996) ‘The Minimum Wage as a Redistributive Tool’ *The Economic Journal*, 106 (May), 639-649.

Sue Richardson (1998) 'Who Gets Minimum Wages' *The Journal of Industrial Relations*, 40(4), 554-579.

Tutorial 6 (November 7)

Do the following questions from Kaufman and Hotchkiss (2006)

Page 441, Questions 1, 2, and 3.

Page 441, Questions 8, 9 and 10.

Page 503, Question 7

Essay Questions

You are required to submit an essay, no longer than 1500 words in length by 6pm October 17. You may choose either one of the following essay questions.

Question 1

Critically examine the arguments for and against the proposition that workers are at a bargaining disadvantage when negotiating with employers over wages and conditions. What are the public policy implications of this debate about labour's bargaining disadvantage?

Starting References:

Kaufman, B. E. (1989) "Labor's Inequality of Bargaining Power: Changes over Time and Implications for Public Policy", *Journal of Labor Research*, X(3), 285-98. (In ERIC)

Kaufman, B. E. (1991) "Labor's Inequality of Bargaining Power: Myth or Reality?", *Journal of Labor Research*, XII(2), 151-66. (In ERIC)

Reder, M. W. (1994) "On Labor's Bargaining Disadvantage", in Kerr, C. & Staudohar, P.D (eds) *Labor Economics and Industrial Relations: Markets and Institutions*. Cambridge M.A.: Harvard University Press. (In Library Reserve and ERIC)

Reynolds, M. O. (1991) "The Myth of Labor's Inequality of Bargaining Power", *Journal Labor Research*, XII(2), 167-83. (In ERIC)

Question 2

Part (a). Describe the tournament theory account of executive compensation. Your answer should include a discussion of the rationale behind the theory. It should also outline the key features of the theory and the light it sheds on aspects of executive labour markets.

Part (b). Critically discuss the empirical evidence relating to tournament theory.

You must do both parts of the question. Part (a) should account for about 50-60% of the word limit and part (b) about 40-50%.

Starting References:

Kaufman & Hotchkiss (2006), pp. 552-555

McConnell, Brue & Macpherson (2003) *Contemporary Labor Economics* 6th edn pp227-231.

Lazear (1998) *Personnel Economics for Managers*, Ch.9, pp.223-257.

Main, B.G.M, O'Reilly 111, C.A. & Wade, J. (1993) "Top Executive Pay: Tournament or Teamwork?", *Journal of Labor Economics*, 11(4), 606-628.

Eriksson, T. (1999) "Executive Compensation and Tournament Theory: Empirical Tests on Danish Data", *Journal of Labor Economics*, 17(2), 262-280.

Bognanno, M.L. (2001) "Corporate Tournaments", *Journal of Labor Economics*, 19(2), 290-315.

Drago, R. & Garvey, G.T.(1998) "Incentives for Helping on the Job: Theory and Evidence" *Journal of Labor Economics*, 16(1), 1-25.

POINTS TO REMEMBER:

Referencing

The essay must conform to an academically accepted system of referencing. Our preference is for you to use the "within text" system, also known as the "author-date" system. If you are in any doubt about how to write an essay that conforms to university standards the first port-of-call is ERIC which has copies of "**Essay Writing in Economics**" prepared by Prof. Rod O'Donnell for you to photocopy. You can also consult "**The Style Manual**" (PN147.S83) in the Reference section of the library.

In the evaluation of written work the following factors will be considered:

1. The standard displayed in English expression and sentence construction and the level attained in the written articulation of ideas.
2. The ability to exhibit critical analysis in the subject area.
3. The ability to develop ideas in a logical or sequential fashion.

DON'T CHEAT:

The essay must represent the student's own work. It is recognised that many of the points expressed in the essay will have been derived from books and articles and other publications. However, **students cannot simply directly copy from these or any other sources.** The points made must be explained in your own words. However, to reinforce ideas explained in their essay, students may use quotes that are correctly referenced.

The following statement relating to **collusion and plagiarism** has been prepared by the University.

"The integrity of learning and scholarship depends on a code of conduct governing good practice and acceptable academic behaviour. One of the most important elements of good practice involves acknowledging carefully the people whose ideas we have used, borrowed, or developed. All students and scholars are bound by these rules because all scholarly work depends in one way or another on the work of others.

Therefore, there is nothing wrong in using the work of others as a basis for your own work, nor is it evidence of inadequacy on your part, *provided you do not attempt to pass off someone else's work as your own.*

To maintain good academic practice, so that you may be given credit for your own efforts, and so that your own contribution can be properly appreciated and evaluated, you should acknowledge your sources and you should ALWAYS:

- (i) State clearly in the appropriate form where you found the material on which you have based your work.
- (ii) Acknowledge the people whose concepts, experiments, or results you have extracted, developed, or summarised, even if you put these ideas into your own words.
- (iii) Avoid excessive copying of passages by another author, even where the source is acknowledged. Find another form of words to show that you have thought about the material and understood it, but remember to state clearly where you found the ideas.

If you take and use the work of another person without clearly stating or acknowledging your source, you are falsely claiming that material as your own work and committing an act of *PLAGIARISM*. This is a very serious violation of good practice and an offence for which you will be penalised.

YOU WILL BE GUILTY OF PLAGIARISM if you do any of the following in an assignment, or in any piece of work which is to be assessed, *without clearly acknowledging your source(s) for each quotation or piece of borrowed material*:

- (a) Copy out part(s) of any document or audio-visual material, including computer-based material;
- (b) Use or extract someone else's concepts or experimental results or conclusions, even if you put them in your own words;
- (c) Copy out or take ideas from the work of another student, even if you put the borrowed material in your own words;
- (d) Submit substantially the same final version of any material as a fellow student. On occasions, you may be encouraged to prepare your work with someone else, but the final form of the assignment you hand in must be your own independent endeavour.”

The simplest way to avoid plagiarism is to be open about your sources. There is no academic demerit in this. Many of the ideas used in essays, articles and books inevitably build on the work of others, and it is only honest and courteous to acknowledge those to whom you are indebted.