

# ECON240 Labour Market Economics

Semester 2, 2009

*Department of Economics*

# ECON240

## LABOUR MARKET ECONOMICS

### MACQUARIE UNIVERSITY FACULTY OF BUSINESS AND ECONOMICS UNIT OUTLINE

**Second Semester - 2009**

**Unit convenor: Dr Stéphane Mahuteau**

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

#### INTRODUCTION

In this unit we focus on the use of Economic Theory to analyse how labour markets operate. Topics covered will include labour supply, demand, the theories of wage determination, personnel economics, effect of immigration on local labour market, the impact of active labour market policies on the level of unemployment, models of collective bargaining and the impact of Unions on wage and employment, impact of technological progress on job creation and destruction, earnings inequalities, information asymmetries on the labour market, etc. Data and empirical studies from Australia and other countries will be used to illustrate theories. Students will be introduced to techniques enabling them to test contrasting models of the labour market and government policy and critically assess results available in the literature.

This unit is worth three credit points.

**Prerequisites: (ECON110 and ECON111) or BBA103**

#### TEACHING STAFF

**Stéphane Mahuteau**

*Lecturer in Charge*

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#### CLASSES AND TUTORIALS

There is one two-hour lecture per week and a tutorial at the following time and place:

Lecture:	Wednesday	15 pm – 17 pm	E6A 133
Tutorial:	Wednesday	13 pm – 14 pm	C5A 313
Or	Wednesday	17 pm – 18 pm	W6B320

The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/>

*It is assumed that students will attend all lectures and tutorials. Students who miss classes put themselves at a significant disadvantage for several reasons, including:*

*(i) Not all the material in the text is covered in the unit, and not all the material in the unit is covered in the text. In some places the text deals with issues in greater depth than is necessary for the unit, and in other places it doesn't go far enough. The lectures contain all the unit material taught at the level required for the assessment tasks, and are your guide to the unit content.*

*(ii) The text is only a support for the students, lectures are not a repeat of the text, they extend beyond the scope of the text for some topics.*

*(iii) The approaches to some problems that are recommended by the lecturer are different to those in the text.*

*(iv) The lectures will include significant guidance about the style and content of the final exam and recommendations about study technique.*

*(v) It is difficult (and often impossible) for staff to provide meaningful assistance to students outside class times on topics for which they did not attend the relevant lectures and tutorials.*

## UNIT WEB PAGE

The web page for this unit can be accessed via **learn.mq.edu.au**. *You should check this web page regularly.* The lecture slides for each week's lecture will be posted on the web page. In order to maintain enough flexibility to the content of the lectures, some lecture notes may appear on the web page after the lecture.

We also use the web page to post important notices from time to time.

## TEXT

Recommended Text:

Kaufman, Bruce & Hotchkiss, Julie (2006) (7<sup>th</sup> 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) (6<sup>th</sup> ed) *The Economics of Australian Labour Markets*. Pearson, Australia.

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

Ehrenberg, R.G. & Smith, R.S. (1994)(5<sup>th</sup> 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 are available at the library. Other articles recommended as reading material for the lectures will generally be posted on the unit home page.

Material such as lecture slides, examples, and tutorial questions will be available on the unit home page.

Finally, the lecture notes will borrow extensively from a more technical textbook by Cahuc P. and Sylberberg, (1994), *Labor Economics*, MIT press. It is not necessary to purchase this book at this stage but students are welcome to borrow it from the library if they wish.

## LEARNING OUTCOMES

After successfully completing this unit, you will:

- be familiar with the key issues facing the labour market
- have a deeper understanding of economic theory
- be able to use economic theory to analyse labour market issues beyond the scope of the unit
- be able to critically evaluate academic research and studies dealing with Labour Economics, including having an understanding of the technical aspects of such studies
- 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.

## LEARNING AND TEACHING STRATEGY

*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.

## RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Assessment will be based on the following **THREE** activities. Students must satisfactorily complete **ALL THREE** 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 (20%)**

The Exam will be held on **September 9<sup>th</sup>** 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 5 and tutorial 2.

### **ACTIVITY 2: ESSAY (20%)**

One essay, not exceeding 1500 words in length should be submitted no later than **6.00pm on Wednesday October 14<sup>th</sup>**. 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 Stéphane Mahuteau 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 topics will be advised on the web page** of the unit within the first two weeks of lectures.

### **ACTIVITY 3: FINAL EXAMINATION (60%)**

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.

### **Requirements to Pass This Unit**

To pass ECON240, students must satisfy each of the following requirements:

- (1) An overall satisfactory performance in all assessment components;
- (2) **A pass in the final examination;** and
- (3) Submission of the assignment.

Under the current grading system, a **standardised numerical grade (SNG)** will be awarded together with a band grade HD, D, Cr, P, PC, or F.

It is important for students to note that the SNG is NOT the weighted aggregate of the raw marks for the above three assessment components. It is rather a detailed grade that is chosen from 0 to 100 based on other criteria as well as the raw marks. For instance, the SNG for a student who gains a raw aggregate mark of 55 but fails the final would be lower than 45 indicating that he/she fails the unit.

As such, a SNG of say 73 or 74 does **NOT** mean that the student's aggregate mark is one or two marks below the threshold for a D. It means that his/her work and performance in the unit is of predominantly good quality and did better than other students in the Cr band but not quite of superior quality needed for a D.

The University Examination period in Second Half Year 2009 is from November 18<sup>th</sup> to December 4<sup>th</sup> inclusive.

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

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 unavoidable disruption and the special consideration process is available at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>. All claims have to be substantiated by a signed **Professional Authority Form**, and if they are based on non-medical grounds, supporting documentation (such as statutory declarations by independent witnesses, police reports, or statements from sufficiently senior officials in the place of employment) must also be provided.

If accepted, in most cases, the students will be required to sit a supplementary examination on a date set by the Faculty. So, students who intend to be away must take account of this rule in scheduling any travel after lodging the request.

The format of the supplementary examination may be different from the usual examination. To prevent students from abusing this facility and to protect only the students with genuine reasons, **the result of supplementary examination will replace the result of the usual examination if a student sits a supplementary examination as well as the usual examination.** This implies that a student will fail the unit if he/she fails the supplementary examination regardless of his/her performance in the usual examination. If you believe this rule unfairly disadvantages you, contact the lecturer in charge before lodging the request form.

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, i.e. the final day of the official examination period.

## PLAGIARISM

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>.

The Faculty of Business and Economics offers additional support for its students such as EFS Resource and Information Centre commonly known as BESS, Peer Assisted Learning (PAL), etc... Details of these services can be accessed at <http://www.businessandconomics.mq.edu.au/current/undergraduate/bess>

## COURSE OUTLINE

Following is an indicative list of topics covered during the semester. These topics may be updated in order to cover some topics more in depth upon students' demand or in order to adapt the course content to the level of technical knowledge of the majority of students joining the unit.

### **Lecture 1: Introduction and Labour Supply**

In this lecture we introduce the subject, look at some key indicators of the Australian Labour market, and revise some important Economic Theory concepts that will be useful throughout the semester. We introduce the basic model of labour supply

Readings:

K & H, Chapter 1 and 2

### **Lecture 2: Models of Labour Supply**

In this lecture we build up on the basic models of labour supply and analyse some empirical aspects of labour supply.

Readings:

K & H, Chapter 2 and 3

Blundell R., MaCurdy T., (1999), "Labour Supply: A review of alternative approaches" in Ashenfelter, O., Card D. (eds.), *Handbook of Labor Economics*, vol 3a, Chap 27, Amsterdam: Elsevier/North-Holland.

Heckman J. (1993), "What has been learned about labor supply in the past twenty years?" *American Economic Review, Papers and Proceedings*, 83(2), pp.116-121.

### **Lecture 3: Education and Human Capital**

In this lecture we see how the theory of human capital explains the choice of how much education to get. We'll show that time spent on acquiring education can also serve as a signal to potential employers. We'll look at some empirical results estimating the returns to education

Readings:

K & H, Chapter 7

Card D., (1999), "The causal effect of education on earnings", in Ashenfelter, O., Card D. (eds.), *Handbook of Labor Economics*, vol 3a, Chap 27, Amsterdam: Elsevier/North-Holland.

Acemoglu D., Angrist J., (2000), "How large are human capital externalities? Evidence from compulsory schooling laws", *NBER Macroannual*, pp. 9-59.

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 4: Labour force participation and Job search**

In this lecture we investigate the behaviour of individuals who are looking for work. We see that the duration of unemployment depends on the reservation wage. We also show how unemployment benefits influence the duration of unemployment.

Readings:

K & H, Chapter 3, second part

Atkinson A., Mickelwright J., (1991), "Unemployment compensation and labour market transitions: A critical review", *Journal of Economic Literature*, 29, pp. 1679-1727.

Mortensen D., Pissarides C., (1999), "New development in models of search in the labor market", in *Handbook of Labor Economics*, vol 3b, Chap 39, Amsterdam: Elsevier/North-Holland.

### **Lecture 5 and 6: Labour Demand**

In this lecture we cover the following topics:

- how firms choose their factors of production in the short run and the long run
- substitution between labour and capital
- substitution between different types of labour



- trade-off between workers and hours
- estimates of the labour demand elasticities with respect to input costs

Readings:

K & H, Chapters 4 & 5 & 6

Abowd J., Kramarz F., (2003), “The costs of hiring and separations”, *Labour Economics*, vol. 10(5), pp. 499-530

Hamermesh D., (1995), “Labour demand and the source of adjustment costs”, *Economic Journal*, 105, pp. 620-634.

### **Lecture 7: Compensating wage differentials**

In this lecture we present the basic model of wage determination under competition. We show that in a situation of competition, the hedonic theory predicts that wage differentials compensate for the laboriousness or danger of tasks. We look at the consequences, in terms of wages, of the existence of barriers to entry and show that obstacles to perfect competition may give rise to wage discrimination among other things.

Readings:

K & H, Chapter 8 & 9

Brown C., (1980), “Equalizing differences in the labor market”, *Quarterly Journal of Economics*, 94, pp. 113-134.

Rosen S., (1986), “The theory of equalizing differences”, in *Handbook of Labor Economics*, vol 1, Chap 12, Amsterdam: Elsevier/North-Holland.

### **Lecture 8: Contracts, risk sharing and incentives**

In this lecture we investigate why firms and employees develop long run relationships. We explore the issues associated to information asymmetries between employer and employees and relate them to the existence of apparently non explained wage differentials among workers. We cover issues such as adverse selection and moral hazard and their consequences in terms of wages and labour contract in general. We develop theories of efficiency wages.

Readings;

K & H, Chapter 10

Macho-Stadler I., Peres-Castrillo D., (1997), *An introduction to the economics of information: Incentives and Contracts*, Oxford, UK: Oxford University Press.

Malcomson J., (1999), “Individual employment contracts”, in *Handbook of Labor Economics*, vol 3, Chap 35, Amsterdam: Elsevier/North-Holland.

Yellen J., (1994), “Efficiency wage model of unemployment”, *American Economic Review, Papers and Proceedings*, 74(2), pp.200-205.

Baker G., Gibbs M., Holmstrom B., (1994), “The internal Economics of the firm: Evidence from personnel data”, *Quarterly Journal of Economics*, 109, pp 881-919.

Mahuteau S., (2007), “A Model of Reciprocal Fairness: Application to the Labour Contract”, *International Journal of Economic Research* vol 4 no 2 pp. 201-235

## **Lecture 9: Employee motivation and compensation: Personnel Economics**

In this lecture, we go deeper inside the firms' wage and payment scheme policies and look at promotions as a means to elicit employees' continuing effort as well as differed payment schemes to limit turnover.

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.), pp.611-639.

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.

## **Lecture 10: Collective bargaining and 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

Booth A., (1995), *The Economics of the Trade Union*, Cambridge, UK: Cambridge University Press.

Lindbeck A., Snower D., (2001), "Insiders versus Outsiders", *Journal of Economic Perspectives*, 15, pp. 165-188.

## **Lecture 11: Job reallocation and unemployment**

In this lecture we look at job creation and destruction and worker flows. We introduce the Beveridge curve and discover its importance. We analyse the functioning of the labor market as a matching process between employers and employees.

Readings:

K & H, Chapter 13

Norris et al Ch. 9

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).

Davis S., Haltiwanger J., Schuch S., (1996), *Job creation and destruction*, Cambridge, Mass: MIT Press.

## **Lecture 12: Technological progress and inequalities**

In this lecture we observe the impact of technological progress on job creation and destruction. We also look at the consequences of immigration and explore the issue of wage inequality and unemployment.

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.

Mahuteau S., Junankar R., (2008), " Do migrants get good jobs in Australia? The role of ethnic networks in job search", with Raja Junankar, *The Economic Record*, vol 84 issue s1, pp.s115-s130

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.

Acemoglu D., (2002), 'Technical change, inequality and the labor market', *Journal of Economic Literature*, 40(1), pp. 7-72.

## **Lecture 13: Institutions and labour market performance.**

The content of this lecture may be adapted depending on the progress realized with the previous lectures, lecture 12 may have to be extended to a part of lecture 13.

In this lecture we look at various active labour market policies adopted in the OECD countries and we explore assessments of their efficiency.

Readings;

Grubb D., Martin J., (2001), "What works and for whom: A review of OECD countries' experiences with active labour market policies", *Swedish Economic Policy Review*, 8, pp 9-56.

Blanchard O., Wolfers J., (2000), "The role of Shocks and institutions in the rise of European unemployment: The aggregate evidence", *Economic Journal*, 110, suppl, pp.1-33

Blundell R., Costa Dias M., Meghir C., Van Reenen J., (2003), "Evaluating the employment impact of a mandatory job search assistance program", *IFS Working Paper W01/20*.

## COURSE DIARY

Week	Dates	Indicative topic of lecture	Tutorial
1	August 5	Introduction and labour supply	X
2	August 12	Models of labour supply	X
3	August 19	Education and Human Capital	X
4	August 26	Labour force participation and Job Search	Tut 1
5	September 2	Labour Demand	Tut 2
6	September 9 <b>MID-TERM EXAM</b>	Labour Demand 2	Tut 3
7	September 16	Compensating wage differentials	X
September 23 – September 30		<b>Mid-semester Break</b>	
8	October 7	Contracts, risk sharing and incentives	X
9	October 14 <b>ESSAY DUE</b>	Employee motivation and compensation: Personnel Economics	Tut 4
10	October 21	Collective bargaining and unions	Tut 5
11	October 28	Job reallocation and unemployment	X
12	November 4	Technological progress and inequalities	Tut 6
13	November 11	Institutions and Labour market performance	X

## TUTORIAL SCHEDULE

The first week of tutorial will be held on August the 26<sup>th</sup>. The tutorial questions and material will be available on the unit webpage. It is expected that the students will come to the tutorial prepared, having read the material and answered the tutorial questions in order to maximize participation in class.

## ESSAY

You are required to submit an essay, no longer than 1500 words in length by **6pm October 14<sup>th</sup>**.

**Several essay questions will be available on the unit webpage. You only need to pick one.**

You will be provided with a number of starting references for each question.

### POINTS TO REMEMBER:

- To write an acceptable essay YOU MUST read beyond the starting references. If you simply read and summarise the starting references you will not pass the essay. We do not expect you to read everything that has been written on your chosen topic. That would be unreasonable given the volume of literature that exists and the 1500 word limit we have set for your essay. However the quality of your essay will be directly

proportional to the research effort that you put into it. The more you read the clearer will be your own understanding of your chosen topic.

- 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.