

Labour economics

[Economics](#)



Because the coefficient is less than 1, the price elasticity is said to be inelastic. 3. We know that if the price of a product changes, we will see movement along the demand curve. Name and explain, using an example, three factors that can cause the demand curve for labor to shift. (3 marks)

Factors that cause the demand curve for labor to shift can be the income levels of consumers. When there is an increase in one's pay their confidence will rise which will allow them to want to spend more money.

The demand of goods and services increase because there is also an increase in their disposable income. Also when there is an increase in some consumers taste and preferences may change just like if there was a huge decline in the income (they would prefer to shop on the sale rack). If they do not make as much money as before the demand for that goods or service will decrease (shift to the left) while they look for substitutes (goods or services for a cheaper price).

For example, if Katherine gets laid off from work, instead of buying cleaning agents for their washroom at Shoppers Drug Mart where she normally shops, she would probably rather pick up two bottles of Pine Sol for a dollar each at Dollar. Also firms may decrease the hours for their employees or even lay employees off when there is a decline in demand for their goods or services. They would not hire additional workers because their revenue may not cover their additional cost. 4.

Briefly explain the difference between pay equity and employment equity. (2 marks) Pay Equity focuses on paying an employee for the value of their work without discriminating against the employees' sexual orientation. Whereas

employment equity lies under the Human Rights legislation, where one should not be discriminated by their sexual orientation, religion, age, race, and disability. This allows a firm's workplace environment to be more diverse and allowing everyone an equal opportunity when applying to work for one's company.