<u>**Economics**</u>
Unit 5 – The Market for Labor
EDLINE Test Study Guide

The Unit 5 test is a 25-question multiple-choice and will be taken on EDLINE. It is worth 50 points and will count as a Test grade. On the test, you will be required to do the following:

❑ Given a variety of scenarios, identify which of the following methods of earning pay is illustrated in the scenario:
  o **bonus**
  o **commission**
  o **piece-Rate**
  o **salary**
  o **wage**
❑ Given a scenario describing a base hourly wage, calculate how much would be paid per hour for **overtime**
❑ Identify whether or not the labor market works like any other market
❑ Given a scenario, identify the potential level of supply of labor based on the following factors influencing the supply of labor:
  o **required skill level**
  o **working conditions**
  o **location & cost of living**
❑ Identify why there tends to be fewer workers with a high level of productivity available for a given job
❑ Given a scenario, identify the potential level of demand for that labor based on the following factors influencing the demand for labor:
  o **overall demand for the worker's labor**
  o **productivity of worker**
❑ Identify how an employer will know if he/she has set a wage for a given opening too **high**
❑ Identify how an employer will know if he/she has set a wage for a given opening too **low**
❑ Identify the reasons the price of the output from an employer's business is a constraint on the pay he/she offers workers
❑ Identify examples of fringe benefits often given to employees by an employer
❑ Identify employer costs for employees that the employer must pay for each employee he/she has
❑ Identify the effects of a federal- or state-mandated minimum wage that is above market equilibrium for certain jobs
❑ Given a scenario, identify that the scenario illustrates **derived demand**
❑ Given a variety of scenarios, identify the effect of the following on **employee incomes**:
  o Change in **demand** for a business's product
  o Change in **supply** of a business's product
❑ Given a scenario, identify the steps someone can take to **increase their human capital**
❑ Given a scenario, identify that it illustrates **networking**