

## **ECON 5390 LABOR ECONOMICS**

Semester: Spring 2026  
Class time: Monday 3:00pm – 5:50pm  
Lecture room: Room 1, 31/F, Tower 1, Millennity  
Course homepage: <https://canvas.ust.hk/courses/68209>

Credits: 3  
Lecturer: Prof. S. F. Leung  
E-mail: [sfleung@ust.hk](mailto:sfleung@ust.hk)  
Tel: 2358-7618

### **OBJECTIVE**

This course presents a theoretical and empirical analysis of labor markets, utilizing primarily the tools developed in microeconomics and econometrics. We will investigate how wages are determined in various labor markets and study the effects of private and public policies on wages and unemployment. Issues about human capital and labor market discrimination will be studied. We will also examine how employers can design compensation packages, incentive contracts, and performance evaluations for their employees.

### **TEXTBOOKS**

#### **Required:**

Kenneth McLaughlin (2014): *Labor Economics: Principles in Practice*. Oxford.  
William Neilson (2015): *Personnel Economics*.

### **READINGS**

The CANVAS course homepage contains all the lecture notes, readings, and announcements.

### **INTENDED LEARNING OUTCOMES**

It is intended that, after completing this course, students will be able to:

On successful completion of the program, graduates will be able to:

1. Solve advanced economic models using mathematical methods related to static optimization.
2. Assess the underlying insights of these economic models.
3. Construct simple economic models using the above methods.
4. Explain firms' and individuals' behaviors in given economic and industry environments using an understanding of theories and knowledge from microeconomics.
5. Evaluate the implications of empirical data analysis using an understanding of theories and tools from empirical data analysis.

6. Explain and apply econometric principles.
7. Construct proper econometric models and use relevant software to conduct empirical analysis on given data.
8. Make predictions on economic and business outcomes based on results from empirical analysis.
9. Explain economic models and intuition to academic people using professional language in economics.
10. Present economic insights or their empirical findings to industry people using both economic and business languages.
11. Use various approaches including graphs, diagrams, figures, etc. to enrich their communication.

## TEACHING APPROACH

This course is delivered primarily through lectures and class discussion.

## CLASSROOM ETIQUETTE

Students are expected to attend class regularly and on time, and to participate actively in class discussion. Common-sense classroom etiquette, such as turning off or silencing mobile phones during class time, is expected.

## GRADING

**If you are absent for 5 or more classes, your grade will be F.**

The weights determining the course grade are as follows.

Class participation	10%
Four homework assignments (7% each)	28%
Final exam	62%

For the class participation, it will be measured by your (i) class attendance and (ii) performance in (a) class discussion and (b) problem sets. Simple problem sets will be handed out in class from time to time and grading will be largely based on effort rather than accuracy.

For the four homework assignments, you are allowed, and indeed encouraged, to discuss the problems with your classmates, but **you must write the answers all by yourself**. All parties involved in plagiarism will severely be punished. You are allowed to use generative artificial intelligence (AI) to aid you, but you must give proper credit for any use of generative AI in your homework. Late homework will not be accepted. Homework grading will be based on accuracy.

For the final exam, it will be a closed-book three-hour exam. No makeup exam will be given. Cheating in exam is strictly forbidden.

## GRADING RUBRICS

### *A Range: Excellent Performance*

Students demonstrate a strong grasp of course materials, effectively utilize tools introduced, excel in problem sets, and perform exceptionally on the midterm and exam. They display exceptional analytical skills, critical thinking, and effective class participation.

### *B Range: Good Performance*

Students exhibit a solid understanding of course materials, proficient use of tools introduced, and competent completion of problem sets. They perform reasonably well on the midterm and exam. They show commendable analytical skills, effective critical thinking, and class participation.

### *C Range: Satisfactory Performance*

Students demonstrate an adequate understanding of course materials, satisfactory use of tools introduced, and completion of problem sets. Their performances on the midterm and exam are fair. They display acceptable analytical skills and class participation.

### *D: Marginal Pass*

Students show limited understanding of course materials, inconsistent use of tools, and incomplete performance in problem sets. They perform poorly on the midterm and exam. Their class participation is minimal.

### *F: Fail*

Students display a lack of understanding of course materials, inadequate use of tools, and unsuccessful completion of problem sets. Their performances on the midterm and exam are disappointing. They show little to no participation in class discussions.

### *Policy on Re-grading*

In order to avoid problems associated with self-selection (grading mistakes can happen, but only the ones that reduce scores will be regraded), disputes on individual questions will result in re-grading of the entire exam by the instructor. The re-graded score will be final and it may be higher or lower than the original one. Requests for re-grading must be submitted in writing to the instructor within one week after the score is first published.

## ACADEMIC INTEGRITY AND HONESTY

The University is a community designed for scholarship — for learning, teaching and research. Academic integrity and honesty are critical values in upholding HKUST's reputation as a community of scholars and its claim to the "intellectual property" created by staff and students. All students who join HKUST are therefore committed to an Academic Honor Code.  
(<https://registry.hkust.edu.hk/resource-library/academic-integrity>)

What happens if you are caught cheating?

The Student Disciplinary Committee can take away your eligibility for a degree; suspend you from the University, or simply dismiss you from the University.  
(<https://registry.hkust.edu.hk/resource-library/what-happens-if-you-are-caught-cheating>)

## TEACHING ASSISTANT

Teaching assistant: Chris Cheung (E-mail: [chrischeung@ust.hk](mailto:chrischeung@ust.hk))  
Office hour: By appointment

## COURSE OUTLINE

The chapters below are those of Kenneth McLaughlin's (2014) draft textbook *Labor Economics: Principles in Practice*.

- Overview of the Labor Market (Chapter 1)
- The Demand for Labor (Chapter 4)
- The Supply of Labor (Chapter 3)
- Labor Market Equilibrium (Chapter 2)
- Compensating Wage Differentials (Chapter 5)
- Human Capital (Chapters 6 and 7)
- Labor Market Discrimination (Chapter 8)
- Human Resources and Personnel Economics (Chapter 11)