

ECON 4234

LABOR ECONOMICS AND HUMAN RESOURCES

Semester: Fall 2025

Class time: Wednesday and Friday 1:30pm – 2:50pm

Lecture room: LSK 1034

Office hours: By appointment

Course homepage: <https://canvas.ust.hk/courses/64943>

Credits: 4

Lecturer: Prof. S. F. Leung

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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

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, announcements, and homework assignments.

INTENDED LEARNING OUTCOMES

It is intended that, after completing this course, students will

1. critically evaluate practical economic models and exercise sound economic judgment in applying mathematical and economic principles to achieve justifiable solutions and making effective decisions supported by analytical and quantitative techniques.
2. communicate quantitative and economic concepts and methods effectively to a range of audiences, both in oral and written forms.
3. be effective users of information technology and use statistical and econometrics software to deal with databases in conducting empirical analysis in business applications.
4. understand the professional and ethical responsibility and have informed ethical thinking based on rigorous quantitative and economic analyses.

TEACHING APPROACH

This course is delivered primarily through lectures and tutorials. Students are expected to attend class and tutorial regularly and on time, and to participate actively in class/tutorial discussion. A considerable amount of time will be devoted to class and tutorial discussions as they play a major role in learning.

RECOMMENDED PREREQUISITES

Microeconomics (ECON 3113 or ECON 3014), Econometrics (ECON 3334)

HOMEWORK

There will be four homework assignments. You are allowed, and indeed encouraged, to discuss the homework with your classmates, but **you must write the answers by yourself**. All parties involved in plagiarism will severely be punished. Late homework will not be accepted.

GRADING

There will be a midterm exam and a final exam. No makeup exams will be given. The weights determining the course grade are as follows.

Class participation	4%
Tutorial participation	2%
Four homework assignments (4.5% each)	18%
Midterm (tentatively Nov 7, 2025)	20%
Final exam	56%

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>)

TEACHING ASSISTANT

Teaching assistant:	Mr. Chris Cheung (E-mail: chrischeung@ust.hk)
Tutorial hour:	Wednesday 6:00pm – 6:50pm
Tutorial room:	LSK 1011

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)