



आईएफटीएम विश्वविद्यालय, मुरादाबाद, उत्तर प्रदेश

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Labour Economics

Pooja Gupta

*Department of Economics School
of Social Sciences IFTM
University, Moradabad*

Meaning of Labour Economics

LABOUR is one of the primary factors of production other factors include. Labour, capital and entrepreneurship derived demand, these are input we derive. Note that labour is the collect name given to the productive service, embodied in human physical efforts, skill, intellectual power e.t.c.

There are different types of effort and skill content. This means that labour input is not homogeneous according to the principle of economics production. Resources are relatively scarce or limited this means that the desire of consumer, business and governmental unit for goods and services exceed our productive capacity. Since resources are scarce and the want unlimited, society is obliged to manage this resource efficiently. Labour economics therefore looks always labour as a resource could be efficiently utilized.

DEFINITION OF LABOUR ECONOMICS:

Labour economics is the branch of economics which studies the workings and outcomes of the market for labour services. Labour economics deals with the behavior of employers and employees to the pecuniary (wages, prices, profits) and non-pecuniary (working conditions, work environmental) aspects of the employment relationship. Firms operate in three markets as they pursue their objectives of profit maximization; the labour markets, the capital market and the product market.

It is the study of the labour force as an element in the process of production. Labour force comprises a part of the population which is employed or available for work. It also includes the unemployed who are seeking for employment. Labour economics is therefore the study of the factors affecting efficiency of workers, their development between different industries and occupations and the determination of their pay.

IMPORTANCE OF LABOUR ECONOMICS

- It helps economists to understand labour related problems .
- The study important in providing data for economic planning and policy.
- The study of labour economics helps us to understand the nature of the market in which labour services are bought and sold.

SCOPE OF LABOUR ECONOMICS

Labour economics is concerned with issues that affect or concern the labour force. Issues that concerns labour forces include;

- ❑ Labour mobility and migration
- ❑ Labour markets
- ❑ Supply of labour
- ❑ Unions and collective bargaining
- ❑ Work leisure decision
- ❑ Government and institutions
- ❑ Participation rates of Labour
- ❑ Wage structure
- ❑ Quality of labour
- ❑ Personal distribution of earning
- ❑ Labour productivity
- ❑ Wages and inflation
- ❑ Employment and unemployment

IMPORTANCE OF SOME OF THE SCOPES OF LABOUR ECONOMICS

1. Mobility of labour/worker mobility and Migration

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- **Geographical mobility of labour:** That is mobility of workers from one region, country and location to another.
- **Occupational mobility of labour:** it measures the extent to which workers change occupation or skills in response to differences on their wages or job availability.

- 2. Labour Market:-** It is the market in which wages and conditions of employment are determined. Remember that in the market system the forces of demand and supply determine commodity prices while in the labour market, what we talk about is service and the wages for l
- 3. Supply of Labour:-** number of hours of labour service that the working population is prepared to offer within a given period of time and at a given wage rate about services.
- 4. Union and Collective Bargaining:-** This is a negotiation and the agreement between the employer and the employee.

Thank you