**人力資源理論與應用**

Theory and Application of Human Resources

ECON4203

**Human Capital Exercise**

**May 2014**

1. **Multiple Choices( 50 Points)**

Please fill your answers in below blanks.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** |
| **B** | **D** | **D** | **E** | **D** | **B** | **E** | **B** | **C** | **B** |

1. Present value calculations allow one to determine

A. the return to an uncertain asset.

B. the present-day costs and/or benefits of various options.

C. the utility value of a particular option.

D. the social cost of financial calculations.

E. the real wage.

1. What does not enter into the present value calculation of a college degree?

A. The cost of college tuition.

B. The cost of books.

C. Wages of college graduates.

D. Lifetime wages of non-college graduates.

E. The value of one's scholarships.

1. What is the stopping rule for choosing one's years of schooling?

A. End one's schooling when the return from more schooling is zero.

B. End one's schooling when the cost of one more year of schooling is zero.

C. End one's schooling after college.

D. End one's schooling when the rate of return to one more year of schooling equals the worker's rate of discount.

E. End one's schooling when the worker's rate of discount equals zero.

1. Why might people choose to go to college?

A. Because a college education signals to firms that the worker is highly motivated.

B. Because a college education increases one's productivity, which will be rewarded in the labor market with higher wages.

C. Because someone enjoys the process of becoming educated.

D. Because one cannot find employment.

E. All of the above.

1. Human capital refers to

A. the amount of financial capital owned by firm owners.

B. the amount of financial capital owned by workers.

C. the amount of physical capital a firm owns (per worker it employs).

D. the unique set of abilities and skills embedded in workers.

E. the amount of physical capital produced by labor.

1. What is implied when the wage-schooling profile is drawn as a concave (i.e., increasing at a decreasing rate) function?

A. The marginal return to schooling increases as years of schooling increases.

B. The marginal return to schooling is positive but falling as years of schooling increases.

C. Average wages fall as years of schooling increases.

D. The cost of schooling increases, but at a decreasing rate.

E. The cost of schooling decreases, but at an increasing rate.

1. People decide how much schooling to receive based on:

A. Their discount rate.

B. The marginal rate of return to schooling.

C. The present value of expected future earnings.

D. Their ability to succeed in education programs.

E. All of the above factors influence how much schooling one receives.

1. Selection bias is a problem when trying to estimate the return to education in a standard human capital model. In this context, what does selection bias refer to?

A. Having a non-random data sample.

B. Workers self-select education levels and jobs based on their abilities and preferences.

C. Colleges select who they are willing to accept.

D. The wage-schooling locus does not have a constant slope.

E. The wage-schooling locus is estimated to have a negative slope.

1. Suppose Amy has 100 efficiency units of labor; Bill has 50 efficiency units of labor; and Chris has 20 efficiency units of labor. Which of the following is true?

A. A firm will always hire Amy over Chris, regardless of wages.

B. A firm will hire Amy if her wage is at least twice that of Bill's and at least five times that of Chris's.

C. A firm will hire Amy if her wage is at most double that of Bill's and at most five times that of Chris's.

D. A firm will never hire Bill.

E. A firm will never hire Chris.

1. If ability is positively related to schooling, then estimating the returns to education directly from the wage-schooling profile will likely

A. under-estimate the return to schooling.

B. over-estimate the return to schooling.

C. under-estimate the average wage.

D. over-estimate the average wage.

E. under-estimate the average discount rate.