

Definitions and Concepts for AQA Economics A-level

Paper 1: Microeconomics

Topic 6 – The Labour Market

Bilateral monopoly: Market in which there is a single seller and a single buyer.

Human capital: The economic value of an individual's skills, experience, training, etc.

Labour exploitation: Employers benefiting from treating employees unfairly.

Marginal physical product (MPP): Additional output each unit of labour can produce.

Marginal productivity theory: Theory stating demand for labour is derived from MRP.

Marginal revenue productivity (MRP): Additional revenue derived per extra unit of labour.

Monopsony power: The ability to set prices based on bargaining power.

National minimum wage (NMW): The legal minimum hourly wage set by the government. This is age dependent.

Negative discrimination: When employers undervalue the marginal revenue productivity of a worker.

Positive discrimination: When employers overvalue the marginal revenue productivity of a worker.

Trade union: Organisation within or outside a firm campaigning for the rights of the workers.

Trade union wage gap: The difference in wages between those in a trade union and those not in a trade union; an indicator of trade union power.

Wage differentials: Differences in wages of different groups of workers, or workers in the same occupation.

Wage discrimination: Paying an employee lower wages because of their race, gender, religion, disability, sexual orientation or some other 'protected characteristic'.

