

Solutions

2.1 Labour productivity=output/labour input. Initial productivity=240 items/30 worker-hours=8 items/worker-hour. Later productivity=300/30=10 items/worker-hour. Percentage change= $(10-8)/8 \times 100\% = 25\%$. Higher output per hour does not establish higher profit: training cost, wages, saleable quality, price and demand matter. Distinguish increased output from increased productivity and a private business from public ownership; either can face resource constraints. Authored points for method, application and relevant qualification.

3.1 Higher derived labour demand tends to raise wages; increased labour supply tends to lower them, other factors constant. Their combined wage effect is ambiguous without relative shifts. Employment may rise in the simple model. Explain timing, skills, working conditions and institutions before generalizing. Authored points for judgement, case-linked reasoning and justified qualification. Accept supported alternatives.