CHUKA   UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF COMMERCE

BCOM 352: LABOUR ECONOMICS

STREAMS: BCOM Y3S1

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 31/3/2021   **11.30 AM – 1.30 PM**

INSTRUCTIONS:
- Answer Question One (Compulsory) and any other Two.
- Do not write on the question paper

QUESTION ONE (COMPULSORY)

As a recently employed human resource economic advisor of the Public Service Board in your county, make a presentation to the board on the following.

a) Discuss the main characteristics of Labour Markets in Kenya.   [10 Marks]

b) Explain the various ways the board can improve labour productivity.   [10 Marks]

c) Suppose the worker's wage is initially Ksh.800 per hour and that worker works for 30 hours per week. The worker gets a rise to ksh.1200 per hour, and she decides to work for 40 hours per week.

(i) Calculate labour supply elasticity.   [4 Marks]

(ii) Outline the determinants of labour supply elasticity.   [6 Marks]

QUESTION TWO

(a) Discuss the main determinant of elasticity of demand for labour.   [10 Marks]

(b) Analyze the benefits and costs incurred by employees who join trade a union. [10 Marks]

QUESTION THREE

(a) Discuss the benefits that may accrue to a firm due to increase in its scale of production.

[10 Marks]

(b) Using diagrams, explain any three ways in which a trade union can attempt to increase the wage rate. [10 Marks]

QUESTION FOUR

(a) By outlining the conditions of perfectly competitive labour market, discuss what will happen if one firm decides to pay below the market wage rate and second firm pays above the market wage rate. [10 Marks]

(b) Explain any five forms of wage differentials found in developing countries. [10 Marks]

………………………………………………………………………………………………..