

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 352: LABOUR ECONOMICS

STREAMS: BCOM Y3S1 (ODEL)

TIME: 2 HOURS

DAY/DATE: MONDAY 29/03/2021

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- **Answer questions ONE (compulsory) and any other two. Don't write anything on this question paper.**

QUESTION ONE (COMPULSORY)

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

- (a) Discuss why the study of Labour economic is important. (10 marks)
- (b) Advice the Board on various ways it can improve labour productivity. (10 marks)
- (c) Discuss the main determinants of elasticity of demand for labour in county governments. (10 marks)

QUESTION TWO

- (a) Explain the reasons why mobility of labour across geographic regions is sometimes difficult. (10 marks)
- (b) Discuss the reasons why employees of public service sector join trade unions. (10 marks)

QUESTION THREE

- (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) Using diagrams, explain any three ways in which a trade union can attempt to increase the wage rate. (10 marks)

QUESTION FOUR

- (a) Discuss the external that may accrue to a firm due to increase in its scale of production. (10 marks)
- (b) Explain any five forms of wage differentials found in developing countries. (10 marks)
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