

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR IN ECONOMICS**

ECON 442: ECONOMICS OF EDUCATION

STREAMS: ECON

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 31/3/2021

11.30 AM – 1.30 PM

INSTRUCTIONS:

- Answer Question One (Compulsory) and any other Three Questions.
- Do not write on the question paper

QUESTION ONE

a) Define the following terms:

(i) Economics [1/2 Mark]

(ii) Economics of education [2 Marks]

(iii) Opportunity cost [1/2

Mark]

b) The government of Kenya has since 2002 put a lot efforts in providing education at subsidized or at no costs. However, the biggest challenge remains getting enough funding to guarantee the same.

(i) What is the rationale for funding in education. [1 Mark]

(ii) Discuss 3 sources of financing for education in Kenya. [6 Marks]

c) State the meaning of cost-benefit analysis, its purpose and application in economics of

education, and its problems. [10 Marks]

- d) “ Education is a major determinant of economic growth”. With clear illustrations, qualify this statement. [10

Marks]

QUESTION TWO

a) Discuss the key factors that any government must consider while allocating resources to education in order to attain education goals. [5 Marks]

b) Explain why education is considered as an industry. [5 Marks]

c) As our economies and societies have evolved from industrial to becoming knowledge based, education has become crucial for individual and social progress. Education systems are now more than ever required to provide high-quality education and competencies, in addition to new demands for well-being and values, to enable young generations to design and contribute to our fast-paced, global economy. But education policies may not reach the classroom, falling to achieve their intended outcomes, because of weak implementation process. What are key challenges facing the implementation of educational policy in Kenya. [10 Marks]

QUESTION THREE

a) “ Education exists because it provides utility”. Discuss this statement in light of investment and consumption elements of education. [8

Marks]

b) Discuss the link between education and unemployment in Kenya and why this is a major problem that faces the country’s economy today. [12

Marks]

QUESTION FOUR

a) Explain five factors that influence demand for education in Sub-Saharan Africa. [10 Marks]

b) Kenya continues to suffer greatly when it comes to the problem of brain drain. In this light:

(i) Explain the meaning of brain drain. [2 Marks]

(ii) Discuss 4 determinants of brain drain in developing countries. [8 Marks]

