

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 352: LABOUR ECONOMICS

STREAMS: BCOM Y3S1

TIME: 2 HOURS

DAY/DATE: FRIDAY 14/12/2018

11.30 A.M - 1.30 P.M.

INSTRUCTIONS

- Answer Question One (COMPULSORY) and any other Two Questions
- Do not write on the question paper

QUESTION ONE - (COMPULSORY)

Labour economics examines the organization, functioning and outcomes of labour markets; the decisions of prospective and present labour market participants; and the public policies relating to the employment and payment of labor resources. In view of this statement:

- (a) Explain the importance of studying Labour Economics. [8 Marks]
- (b) Discuss the main features of Labour Markets in Kenya. [8 Marks]
- (c) Describe the main determinants of elasticity of demand for labour. [8 Marks]
- (d) Highlight the various forms of unemployment in Kenya. [6 Marks]

QUESTION TWO

- (a) Discuss the factors that influence efficiency of labour. [8 Marks]
- (b) With the aid of well labeled diagrams, explain the law of diminishing returns to scale and highlight its main assumption. [12 Marks]

QUESTION THREE

- (a) Discuss the external economies of scale which may accrue to a firm due to the increase in its scale of production. [10 Marks]
- (b) Analyze the benefits and costs incurred by individuals who join trade unions. [10 Marks]

QUESTION FOUR

(a) By outlining the conditions of perfectly competitive labour market, explain with a diagram how wages are determined in such market. [12 Marks]

(b) Give ways of improving labour productivity. [8 Marks]

.....