

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: TUESDAY 06/08/2019

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 county, make a presentation to the board on the following.

- a) Discuss the main features of Labour Markets in Kenya (10 marks)
- b) Highlight the main determinants of elasticity of supply and demand for labour (10 marks)
- c) With the help of a suitable diagram, explain why the individual supply curve of labor is backward-bending (10 marks)

QUESTION TWO

- (a) Discuss the various ways you can improve labour productivity (10 marks)
- (b) Using diagrams, explain any three ways in which a trade union can attempt to increase the wage rate (10 marks)

QUESTION THREE

- (a) Elucidate the internal economies of scale which may accrue to a firm due to the increase in its scale of production (10 marks)
- (b) Discuss the causes of unemployment in developing countries (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) Analyze the benefits and costs incurred by individuals who join trade a union (10 marks)
