

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF

ECON 342: ECONOMICS OF LABOUR

STREAMS:

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 06/12/2017

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- Answer question ONE and any other TWO questions
- Do not write anything on the question paper

QUESTION ONE (COMPULSORY)

- (a) What is labour economics? Explain [4 marks]
- (b) When measured, poverty may be absolute or relative poverty. Distinguish. [4 marks]
- (c) Distinguish between the search unemployment and demand deficient unemployment. [8 marks]
- (d) Compare and contrast general and specific on-job training. [6 marks]
- (e) You are given the following information for a certain firm $Q = L^{3/5}K^{2/5}$

Required:

- (i) Calculate the units of labour (L) and capital (K) that minimizes the cost of producing Q. [6 marks]
- (ii) Calculate the minimum cost. [2 marks]

QUESTION TWO

- (a) There are complaints from many Kenya's that the current minimum wage is too low to enable employees to sustain their everyday life. Suppose you have been employed by the minister of labour to advise him on whether to increase the minimum wage or not. What would be your advice? Explain giving reasons. [10 marks]
- (b) How do we analyze labour economics? Explain. [10 marks]

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QUESTION THREE

- (a) The Internal Labour Markets display a number of distinguishing features from neo classical competitive model. Explain these features. [10marks]
- (b) The major function of a trade union is to negotiate wages on behalf of members. Explain the main ways through which trade union can raise wages. [10marks]

QUESTION FOUR

- (a) What are the main determinants of schooling? Explain. [4 marks]
 - (b) It is difficult to examine the status of health and labour supply in Africa due to a number of shortcomings. Explain these shortcomings. [6 marks]
 - (c) Explain the costs and benefits of the human Capital investment. [10 marks]
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