



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN EXAMINATION

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

BACHELOR OF COMMERCE AND BACHELOR OF ECONOMICS

COURSE CODE: BCB 308

COURSE TITLE: LABOUR ECONOMICS

**DATE: WEDNESDAY, 12TH JANUARY 2022 TIME: 12:00 -
2:00PM**

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION ONE AND ANY OTHER TWO

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over

QUESTION ONE

- i. Clearly discuss the process of wages determination taking into account the need and the challenges faced by Bungoma county Public service Board in determining the range of wages to pay to her staff recruited this financial year. (10 Marks)
- ii. Explain the conventional approaches of measuring human capital their respective demerits. (14 marks)
- iii. Distinguish between human capital and human development. (6 marks)

QUESTION TWO

- a). The Kenya union of Domestic, Hotels, Education Institutions, Hospitals and Allied workers (KUDHEIHA) is an umbrella Organization for workers in the domestic/household sector, hotels, education institutions, hospital and informal workers. In light of the activities for the union define a trade union, its functions and methods KUDHEIHA would use to achieve their objectives of increased wage and improved working conditions. (12 Marks)
- b). Are economies of high wages relevant in the present world. Discuss highlighting its merits and demerits (8 Marks)

QUESTION THREE

- a) Given the following total profit functions $\pi = -5Q^2 + 35Q - 70$. Determine that both the necessary and sufficient conclusions for profit maximization are satisfied. (3 Marks)
- b) Discuss any five monopolistic practices in wage determination. (7 Marks)
- c) Explain any two theories of wage determinations. (10 Marks)

QUESTION FOUR

- a) What do you understand by the term Labour (2mks)
- b) Highlights the characteristics of Labour (8mks)

- c) With the use of a diagram explain how wage rate is determined in a perfectly competitive Labour market (5 mks)
- d) Distinguish between human capital and human capital formation(5mks)

QUESTION FIVE

Kenya is faced with a great challenge of unemployment among the Youth that has resulted to a high level of insecurity both in urban and rural regions. In addressing this problem, the president commissioned a multi-agency taskforce comprising of experts from the ministry of Public Service Youth and Gender and National Treasury and Planning to look into the following problems;

- i. Examine any five types of unemployment faced by the Kenyan populace suggesting their possible solutions (8 Marks)
- ii. Explain how monetary and fiscal policy can be used solve the problem of unemployment (4 Marks)
- iii. Structural inflation is said to be one of the most deterrent of the forms of inflation to an economic growth. Clearly explain four structural rigidities that could contribute to this kind of inflation. (8 Marks)

