



(University of Choice)

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

SUPPLEMENTARY 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: TUESDAY, 26TH JULY 2022 TIME: 8:00 – 10:00AM

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

- (a) Labour demand is said to be derived demand, substantiate the above statement. (6 marks)
- (b) Supply curve of labour is backward bending. With the help of a diagram(s) derive labour supply curve and explain its shape. (10 marks)
- (c) Show the effect of trade union on wages rate and employment in a perfectly competitive labour market. (4 marks)
- d). Clearly discuss the process of wages determination taking into account the need and the challenges faced by Kakamega county Public service Board in determining the range of wages to pay to her staff recruited this financial year. (10 Marks)

QUESTION TWO

- a) The Main source of workforce in Masinde Muliro University of Science and Technology (MMUST) is the casual labour. As a Human resource Consultant advise MMUST HR department on piece rate method of wage determination and time rate method of wage determination addressing where and when to use them. (10 Marks)
- b) What are key factors that determine labour mobility in developing countries like Kenya (5 Marks)
- c) Distinguish the following Economic principles Marginal revenue product of labour (MRPL) and Labour force participation rate (5 Marks)

QUESTION THREE

- a) Discuss the human capital theory by outlaying its applicability and criticisms in Kenya. (12 marks)
- b) Briefly explain the criticisms levied against the theory of human capital. (8 marks)

QUESTION FOUR

Explain how the wage rate and employment rate are determined in the following labour market structures.

- (a) Perfectly Competitive (5 marks)
- (b) Monopoly (5 marks)
- (c) Monopsony (5 marks)
- (d) Bilateral monopoly (5 marks)

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 the ministry 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)

