



(University of Choice)

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

MAIN EXAMINATION

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

BACHELOR OF COMMERCE AND BACHELOR OF ECONOMICS

COURSE CODE: BCB 308

COURSE TITLE: LABOUR ECONOMICS

DATE: THURSDAY, 22ND/12/2022 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) Trade unions are regarded as key players in the labour market. Explain five ways in which their activities could affect a country's economy. (10 Marks)
- b) Computation of consumer price index is regarded as the basis for comparison of standards of living between various categories of individuals in a country, however, they are also regarded as unreliable. Citing relevant examples, explain five reasons why this is so. (10 Marks)
- c) Discuss four reasons as to why labour market is considered to be different from other forms of market. (10 Marks)

QUESTION TWO

- a) Explain five major roles that any Government is expected to play in a vibrant labour market (10 Marks)
- b) With relevant examples, identify five kinds of unemployment affecting the three East African Countries and suggest possible solutions for the same (10 Marks)

QUESTION THREE

- a) Explain the role of households in the dynamics of Kenyan labour market (10 Marks)
- b) Outline five major characteristics of labour as a factor of production (10 Marks)

QUESTION FOUR

- a) With the help of a well labelled diagram, identify the factors that would lead to a shift in demand for labour in the mining sector in Kenya (10 Marks)
- b) Explain the law of diminishing marginal returns in reference to labour bringing out clearly the concepts of Total Product, Average Product and Marginal Product of labour (10 Marks)

QUESTION FIVE

- a) Structural inflation is said to be caused by 'structural rigidities' in the economy. The Government of Kenya has appointed you to head a taskforce to address such rigidities. Come up with five major rigidities and suggest to the government solutions for the same. (10 Marks)
- b) Explain the meaning of elasticity of demand for labour (2 Marks)
- c) 'Demand for labour is always inelastic in the short run' Justify this statement with relevant examples (8 Marks)