



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCH 308

COURSE TITLE: LABOUR ECONOMICS

DATE: 13TH JANUARY 2015

TIME: 8.00-10.00 A.M

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

QUESTION ONE

- (a) Define labour economics and explain it as a “positive economics” (10 marks)
- (b) Define the following terms as used in labour economics
 - (i) Labour force (5 marks)
 - (ii) Full employment (5 marks)
 - (iii) Elasticity of demand for labour (5 marks)
- (c) Discuss the essentials of an employment contract (5 marks)

QUESTION TWO

- (a) Illustrate using a graph, the demand for labour in the long-run. (12 marks)
- (b) Suggest factors apart from gender discrimination that could explain wage differentials between men and women, which continue to exist today. (8 marks)

QUESTION THREE

- (a) Illustrate using an example, the labour supply model that incorporates household production (12 marks)
- (b) Explain the impact of a labour union on average worker wages. (8 marks)

QUESTION FOUR

- (a) Explain the various types of unemployment. (8 marks)
- (b) In constructing the market supply curve of labour, we hold constant all other variables that would affect the willingness of workers to supply labour. If any of these other variables change, the market supply curve will shift. Describe the important variables that cause the supply curve to shift (12 marks)

QUESTION FIVE

- (i) Define the term labour market. (3 marks)
- (ii) Describe how the labour market works (7 marks)
- (iii) The number and identities of people in each labour market category are always changing. Explain four market flows between labour market states. (10 marks)

END