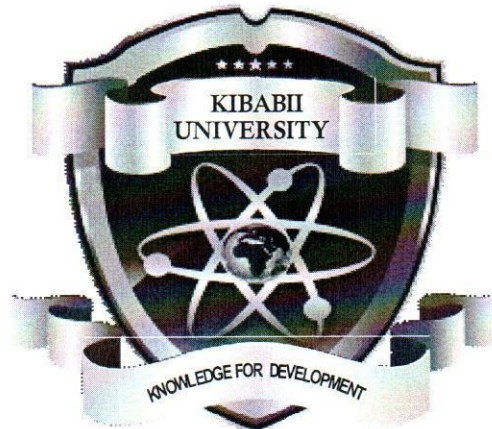


12

KIBABII UNIVERSITY



UNIVERSITY EXAMINATIONS

MAIN EXAMINATION

2021/2022 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCH 311

COURSE TITLE: LABOUR ECONOMICS

DATE: 24/01/2022

TIME: 9.00AM – 11.00AM

INSTRUCTIONS TO CANDIDATES

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO
QUESTIONS IN SECTION TWO**

Question One

- a) Describe mutually supportive redistributive policies that governments can adapt to reduce inequality. (8 marks)
- b) If the person didn't work but wanted to work and was looking for work they are classified as unemployed. What are the causes of unemployment in less developed countries? (7 marks)
- c) The extent that discrimination exists a country will not be allocating resources efficiently. Discuss bases of discrimination in today's modern organizations. (10 marks)
- d) Discuss the labour Problems in Kenya (5 marks)

Question Two

- a) Distinguish between the income effect and the substitution effect in labour economics. (8 marks)
- b) Economically the responsiveness of demand to change in rate is measured. Critically analyze factors affecting the wage elasticity of demand for labour. (12 marks)

Question Three

- a) The registrar of Trade Unions may decline to register a Trade Union if it has not met certain conditions. Examine the conditions that the union has to meet for it to be registered. (8 marks)
- b) Highlight conditions under which the law of variables proportions or diminishing returns hold good (12 marks)

Question Four

- a) Discuss the importance of collective bargaining process through which representatives of management and Trade Unions negotiate the terms and conditions of employment. (12 marks)
- (b) Describe the arguments against minimum wages (8 marks)

Question Five

- a) Briefly discuss the following (8 marks)
- i) Income effect
- ii) Substitution effect
- b) Differentiate between the formal and informal sector of the economy (12 marks)