The Co-operative University of Kenya

EXAMINATIONS FOR THE DEGREE IN BACHELORS OF COMMERCE

Main Exam   Time 2hrs

COURSE CODE: HBH 2401

COURSE TITLE: LABOUR ECONOMICS

1. There are various theories in the labour market. Explain at least four theories (8mrks)

b) Discuss causes of Shifts in the Market Labor Supply Curve (8mrks)

c) Suppose that the supply curve for school teachers is Ls=20,000 +350W and the demand curve for school teachers is Ld=100,000 −150W, where L=the number of teachers and W=the daily wage.
i. What are the equilibrium wage and employment level in this market? (4mrks)
ii. List the determinants of labour demand (4mrks)

d) Most developing economies have labour related problems, explain these problems (6mrks)

2 (a) In the labour market what are the Determining factors of a worker wage rate (10mmrks)
b) With illustration discuss the Short-Run vs. Long-Run Labor Supply (10mrks)

3. Define Marginal Revenue Product (MRP) (4mrks)
b) Discuss the Factors that determine the size and composition of labour force (10mrks)
c) Discuss the dual labour market theory and its implication on policy formulation (6mrks)

4. (a) Define Elasticity of labour demand and the factors that determine labour elasticity (10mrks)
b) With examples discuss the role of Monetary Policy in Solving Problem of Unemployment (10mrks)

5. Discuss the policy application of labour elasticity of demand and effect of minimum wage rates (10mrks)
b) With examples discuss compensating wage differentials (10mrks)