



GARISSA UNIVERSITY

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR TWO
FIRST SEMESTER EXAMINATION**

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BHR 204

COURSE TITLE: LABOUR ECONOMICS

EXAMINATION DURATION: 3 HOURS

DATE: 05/12/17

TIME: 09.00-12.00 PM

INSTRUCTION TO CANDIDATES

- The examination has SIX (6) questions
- Question ONE (1) is COMPULSORY
- Choose any other THREE (3) questions from the remaining FIVE (5) questions
- Use sketch diagrams to illustrate your answer whenever necessary
- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

This paper consists of TWO (2) printed pages

please turn over



QUESTION ONE (COMPULSORY)

- (a) Briefly explain the following terms
 - i. Public good [3 marks]
 - ii. National labour market [2 marks]
 - iii. Labour force participation rate [2 marks]
 - iv. Substitution effect [2 marks]
 - v. Economic rents [2 marks]
- (b) Differentiate between normative and positive economics [3 marks]
- (c) Differentiate between nominal and real wages [4 marks]
- (d) When is an individual likely to move from one job to another [4 marks]
- (e) Explain the types of costs associated with a college education [3 marks]

QUESTION TWO

- (a) Explain the costs included in hiring costs [6 marks]
- (b) Using a well-labeled diagram what will happen with demand for labour should wage rate increase [14 marks]

QUESTION THREE

- (a) Discuss the wage and employment determination under a monopsony market [8 marks]
- (b) Explain factors that lead to market failure [12 marks]

QUESTION FOUR

- (a) Discuss the determinants of worker mobility [10 marks]
- (b) Explain the causes of labour market discrimination [10 marks]

QUESTION FIVE

- (a) Explain the factors that affect human capital investment [8 marks]
- (b) Using a diagram, explain unemployment compensation and full disability [12 marks]

QUESTION SIX

- (a) Discuss the benefits associated with acquiring a college degree [12 marks]
- (b) Explain the reasons for the increase in female labour force participation rates [8 marks]

