KISII UNIVERSITY

UNIVERSITY EXAMINATIONS
FOURTH YEAR EXAMINATION FOR THE AWARD OF THE
DEGREE OF BACHELOR OF COMERCE/BUSINESS ADMINISTRATION
FIRST SEMESTER 2023/2024
[AUGUST-DECEMBER, 2023]

COOP 407: LABOUR ECONOMICS

STREAM: Y4 S1   **TIME: 2 HOURS**

DAY: MONDAY, 12.00 – 2.00 P.M.   **DATE: 27/11/2023**

INSTRUCTIONS

1.Do not write anything on this question paper.
2.Answer Questions ONE and any other THREE Questions

QUESTION ONE

  a. Discuss the following terms as used in labour economics
   i.   Labour Market   (2 marks)
   ii. Collective Bargaining Agreement   (2 marks)
   iii. Labour force   (2 marks)
   iv. Labour market discrimination   (2 marks)
   v.   Reservation wage   (2 marks)
  b. Discuss the four main factors that encourage the formation of labour unions   (8 Marks)
  c. Explain the meaning of the following statement. *"The demand for labour is derived demand"*   (5 marks)
  d. Briefly explain the *Labour Theory of Value*   (2 Marks)

QUESTION TWO

  a. Discuss the main uses of human capital under the following views:
   i.   The Becker's view   (2 marks)
   ii. The Gardener's view   (2 marks)
   iii. The Bowles-Gintis view's   (2 marks)
   iv. The Spence view's   (2 marks)

b. Discuss 3 main actors in the labour market clearly stating their roles (9marks)

QUESTION THREE

It is useful to think of the possible sources of human capital differences before discussing the incentives to invest in human capital. Discuss at least 5 such sources of human capital difference in light of Kenya's labour Market (15 Marks)

QUESTION FOUR

a) Briefly discuss the following theories as applied in labour economics:
   i.   Human Capital Theory (3 Marks)
   ii. The efficiency wage hypothesis (3 Marks)
b) Discuss 3 theories (or "micro-foundations") of why managers pay efficiency wages in Kenya (9 marks)

QUESTION FIVE

a. Explain 4 factors that may contribute to account for wage differentials across the labour markets (8 Marks)
b. Using clear examples discuss three factors that determine the productivity of labour as a factor of production (7 Marks)