



KENYATTA UNIVERSITY
UNIVERSITY EXAMINATIONS 2017/2018
DIGITAL SCHOOL OF VIRTUAL AND OPEN LEARNING
FIRST SEMESTER EXAMINATION FOR THE
DIPLOMA IN HUMAN RESOURCE MANAGEMENT

BHM 047: LABOUR ECONOMICS

DATE: Saturday, 16th December 2017

TIME: 8.00a.m-10.00a.m

INSTRUCTIONS: Answer Question ONE and any other two questions

Question One

- (a) Diagrammatically show the income and substitution effect for a wage increase on hours of work both for a normal and an inferior good (20marks)
- (b) What economic factors determine whether a person participate in the labour force? (10marks)

Question Two

- (a) 'In Kenya demand and supply of labour is a function of many factors'. Discuss(8marks)
- (b) 'Several distinctive characteristics of working population of any country like Kenya influences the levels of earnings and employment' Elucidate these characteristics (5marks)
- (c) Derive the demand curve for labour (7marks)

Question Three

Explain the causes of wage discrimination on the labor market (20marks)

Question Four

- (a) Why are some people paid higher wage rate than others (5marks)
- (b) Derive the labour supply curve and explain why its backward bending (10marks)
- (c) Discuss the importance of labour economics (5marks)