# MASENO UNIVERSITY

## UNIVERSITY EXAMINATIONS 2016/2017

THIRD YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF BACHELOR OF ARTS IN ECONOMICS WITH INFORMATION TECHNOLOGY

### CITY CAMPUS - REGULAR

### AEC 321: LABOUR ECONOMIC

Date: 5th December, 2016

Time: 9.00 - 12.00. noon

## INSTRUCTIONS:

- Answer question ONE and any other TWO questions.
- Question ONE carries 30 marks and the rest 20 marks each.

## SECTION A

Q1.(a) Explain the meaning of derived demand for labour          (4 marks)

(b) Explain mobility of labour          (2 marks)

(c) Critically discuss the imperfection of labour markets
in Kenya          (12 marks)

(d) Discuss the characteristics of labour that is offered in
various institutions in Kenya          (12 marks)

## SECTION B

Q2. (a) Suppose a firm has a monopsony in labour market. The
firm can hire labour at the wage rate w=10+4 and its marginal
revenue productivity function is given as MRP = 100-L

**Required:**
**Calculate:**

(i)      Quantity of labour and the wage rate to pay          (5 marks)

(ii)     Compare labour with wage employment levels that would
exist if perfect competition prevailed in the labour market     (15 marks)

(b) Discuss the factors that influence the demand for labour
in the industry of your own choice in Kenya          (10 marks)

Q3.(a) Discuss the factors that influence the supply of labour in
Kenya.          (12 marks)

(b) Critically explain the scope of labour economics          (8 marks)

Q4.(a) Differentiate between migration and mobility of labour          (6 marks)

(b) Discuss the causes of unemployment in Kenya          (14 marks)

Q5. Discuss the following in production process with the help graphs.

    (i)     Average product                      (6 marks)

    (ii)    Total product                          (8 marks)

    (iii)   Marginal product                   (8 marks)