



OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2020 /2021 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER REGULAR EXAMINATION

FOR THE DIPLOMA IN ECONOMICS

COURSE CODE: DECO 020

COURSE TITLE: LABOUR ECONOMICS

DATE: 20th JULY, 2021

TIME: 1:00-4:00 pm

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

REGULAR – MAIN EXAM
DECO 020: LABOUR ECONOMICS

STREAM: BA ECONOMICS

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.*
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.*
- iii. Do not write on the question paper.*

Question One (30 marks)

1. Define the following terms as used in the course:
 - a. Labour economics (3marks)
 - b. Collective bargaining (3marks)
 - c. Unemployment (2marks)
 - d. Underemployment (2 marks)
2. Clearly discuss any five factors that determine mobility of labour in Kenya (10marks)
3. Explain five reasons why occupational wage difference exists (10marks)

Question Two (20 marks)

Explain the following theories of wages

- i. Subsistence theory (10 marks)
- ii. Wage fund theory (10 marks)

Question Three (20 marks)

- i. Explain five factors that determine whether a person participate in the labour force (10marks)
- ii. Labour markets contains many complexities and imperfections. Explain main sources of labour market imperfections (10marks)

Question Four (20 marks)

- i. Define the term discrimination coefficient (5marks)
- ii. Discuss the implications of employer discrimination for employment decisions of the firm for the profitability of the firm (15marks)

Question Five

- i. Explain five types of unemployment experienced in Kenya (10 marks)
- ii. Suggest various ways in which current level of unemployment experienced in Kenya can be reduced (10 marks)