



**TECHNICAL UNIVERSITY OF MOMBASA**  
***School of Business***

DEPARTMENT OF BUSINESS ADMINISTRATION  
DEPARTMENT OF ACCOUNTING & FINANCE

UNIVERSITY EXAMINATIONS FOR DEGREE IN  
BACHELOR OF BUSINESS ADMINISTRATION  
BACHELOR OF COMMERCE

**BHR 4402: LABOUR ECONOMICS**

SPECIAL/SUPPLEMENTARY EXAMINATIONS

**SERIES: JUNE/JULY 2015**

**TIME: 2 HOURS**

**INSTRUCTIONS:**

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

***This paper consists of Two printed pages***

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**QUESTION 1 (Compulsory)**

- a) i) Outline labour economics. **(2 marks)**  
ii) Discuss the factors that influence the utilization of labour. **(8 marks)**
- b) Expenditure in Education and Training is treated as an investment in human capital. Discuss. **(10 marks)**
- c) With an aid of a simple indifference curve in across the work leisure preferences, explain circumstances that make some workers spend more time at work than others. **(10 marks)**

## **QUESTION 2**

- a) Explain the institutional factors that affect the utilization and pay of labours. **(10 marks)**
- b) Kenya introduced Free Primary Education in 2003. Explain the social justification of this move. **(10 marks)**

## **QUESTION 3**

- a) Kenya has been accused of being a salary paying nation. This is because of allocating over 13% of GDP to wage against the global standard of 7%. Explain the economic implication of this arrangement. **(10 marks)**
- b) Explain the factors that have led to the decline of labour union movement in the recent past. **(10 marks)**

## **QUESTION 4**

- a) Explain the effect of education and training on labour mobility. **(10 marks)**
- b) Discuss the factors that normally influence the level of pay of labour upwards in organizations. **(10 marks)**

## **QUESTION 5**

- a) Labour force. **(4 marks)**
- b) Marginal Productivity (MP) **(4 marks)**
- c) Human Capital Investment **(4 marks)**
- d) Outsourcing **(4 marks)**
- e) Labour market distribution **(4 marks)**