



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATION FOR:
BACHELOR OF BUSINESS ADMINISTRATION
BACHELOR OF COMMERCE
BHR 4402: LABOUR ECONOMICS
END OF SEMESTER EXAMINATION

SERIES: APRIL 2025

TIME: 2 HOURS

DATE: 30 Apr 2025

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other **TWO** questions.

Do not write on the question paper.

Question ONE

MC1. What is an example of occupational mobility of labor?

- A) Japanese car manufacturer locates in Kenya
- B) A nurse returns to work after her children have grown up
- C) A student takes an evening job in a restaurant
- D) Farm workers retrain as call center workers

MC2. If you hear a person saying "I lost my job because I was replaced by a machine" you should conclude that this person is unemployed.

- A) Cyclically
- B) Structurally
- C) Frictionally
- D) Seasonally

MC3. One way in which a government may seek to increase geographical mobility of labor is by:

- A) controlling firms locating in areas of low employment
- B) giving grants to firms moving into areas of high unemployment
- C) providing relocation expenses for workers
- D) subsidizing declining industries

MC4. There are actors who earn extremely high incomes. What best explains this?

- A) Acting is a popular career
- B) Actors have regular employment
- C) Actors work short hours
- D) Some actors have a unique talent

MC5. Which change would be most likely to cause the earnings of hotel managers in Kenya to rise more than the earnings of sugar cane workers in Kenya?

- A) a decrease in the number of tourists visiting [MauritiusKenya](#)
- B) a decrease in the supply of sugar cane workers in [MauritiusKenya](#)
- C) an increase in the price of sugar cane from [MauritiusKenya](#)
- D) an increase in the productivity of hotel managers in [MauritiusKenya](#)

MC6. Why might factory workers have higher wage rates than agricultural workers?

- A) Factory workers are in greater supply
- B) Factory workers face fewer risks of accidents
- C) Factory workers have cleaner working conditions
- D) Factory workers use more productive equipment

MC7. Which group should not be included in the measurement of unemployment?

- A) Redundant unskilled workers seeking alternative work
- B) Seasonal agricultural workers in out of season periods
- C) Students over 18 years continuing with full time education
- D) Those who have left school and cannot get a job.

MC8. A group of workers in a firm join a trade union. What would the union be expected to do?

- A) arrange for labor-saving technology to be introduced
- B) discuss safety issues in the workplace with the employer

- C) ensure job security by promoting the firm's products through advertising
- D) negotiate new contracts with major buyers of the firm's products

MC9. Cleaning the streets can be an unpleasant job, and yet in many countries, it is badly paid. What is likely to be the reason for this?

- A) There is a high degree of trade union membership among these workers
- B) There is a high supply of labor because the work is unskilled
- C) There is a high demand for staff in busy urban areas
- D) There is a long working year because there are few holidays

MC10. What is a function of a trade union?

- A) to negotiate workers' contracts
- B) to promote workers to more responsible jobs
- C) to recruit workers for the firm
- D) to supervise the workers in the firm

MC11. What is meant by 'real wages'?

- A) The marginal physical product of labour
- B) The opportunity cost of labour
- C) The purchasing power of money wages
- D) Wages net of tax

MC12 The labour force includes those people with a job and

- A) Those people who are looking for work
- B) Those people training for a job
- C) Those people who formerly worked and are now retired
- D) Homemakers

MC13 When workers are overqualified for their current jobs or can find work only part-time, we refer to this as

- A) Unemployed.
- B) Discouraged workers.
- C) Not in labor force.
- D) Underemployed.

MC14. A decline in fertility reduces the number of children at home, which lowers the value of adults' time at home. As a result, the

- A) demand for labor increases
- B) supply of labor increases
- C) demand for labor decreases
- D) supply of labor decreases

MC15. A firm currently pays its employees on an hourly basis. Even though the management acknowledges that its employees work to the best of their ability and could not work any harder, the firm decides to switch to a piece-rate system of remuneration whereby the wage paid to each employee depends on their level of output. Why might this new system of remuneration result in a significant improvement in labour productivity?

- A) It will dispense with the need for management to monitor the actions of its employees.
- B) It will increase the losses that workers will incur if they are dismissed for not working hard enough.
- C) It will lead to the recruitment and retention of more highly talented workers.
- D) It will strengthen the incentives for workers to increase their earnings.

(Total 30 marks)

Question TWO

- a) Define elasticity of labour supply. **(4 marks)**
- b) Explain determinants in a perfectly competitive market. **(8 marks)**
- c) Explain factors influencing individual pay rate among workers in an organization. **(8marks)**

QUESTION THREE

- a) Unemployment is a very serious problem faced by less developed countries. Discuss various factors which has led to increased unemployment level in developing economies. **(10marks)**
- b) Explain any **FIVE** ways of solving unemployment crisis in Kenya. **(10marks)**

Question FOUR

- a) Explain any **FIVE** roles of Central Organization of Trade Unions in the management of labor-related activities. **(10 marks)**
- b) Labor is mobile geographically, in that respect elaborate on FIVE factors hindering geographical mobility of labor. **(10 marks)**

Question FIVE

- a) Explain what factors shifts the labour **demand** curve. **(10 marks)**
- b) Explain what factors shifts the labour **supply** curve? **(10 marks)**