



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2018/2019 ACADEMIC YEAR
SECOND YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF SCIENCE IN HUMAN
RESOURCE MANAGEMENT**

COURSE CODE: BHR 2106

COURSE TITLE: LABOUR ECONOMICS

DATE: 5TH DECEMBER, 2018

TIME: 1100 - 1300 HRS

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

Question One

- a) A presidential hopeful is campaigning to raise unemployment compensation benefits and lower the unemployment rate. Comment on the compatibility of these goals. **(9marks)**
- b) Discuss the possible sources of human capital differences **(8marks)**
- c) Discuss the arguments in favour of minimum wage laws **(8marks)**

Question Two

- a) Recent empirical evidence suggests that unemployment workers' reservation wages decline as their spells of unemployment lengthen. That is, the longer they have been unemployed, the lower their reservation wages become. Explain why this might be true. **(8marks)**
- b) What are the factors affecting labor unions **(7marks)**

Question Three

- a) Explain why managers pay efficiency wages. **(8marks)**
- b) Discuss factors which influence the demand for college education. **(7marks)**

Question Four

- a) Like any other investment, an investment in human capital entails costs that are borne in the near term with expectation that benefits will accrue in the future. Generally speaking, we can divide the costs of adding to human capital into three categories. Explain these THREE categories. **(7marks)**
- b) Is the following assertion true, false, or uncertain? 'Increasing the level of unemployment insurance benefits will prolong the average length of spells of unemployment. Hence, a policy of raising UI benefit levels is not socially desirable'. Discuss **(8marks)**

Question Five

- a) Discuss the relevance of Subsistence theory of wage in modern economy: **(7marks)**
- b) Discuss other causes of wage disparity between male and female other than skills. **(7marks)**

//END