



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR
SECOND YEAR FIRST SEMESTER**

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

COURSE CODE: BHR 2106-1

COURSE TITLE: LABOUR ECONOMICS

DATE: 15/12/ 2023

TIME: 1430-1630 HRS

INSTRUCTIONS TO CANDIDATES

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

*This paper consists of **TWO** printed pages. Please turn over.*

Question One

- a) To what extent is government relevant in the labour market **(7marks)**
- b) The participation rate of married women in the labor force has increased substantially in recent decades. Discuss some major reasons for this. **(6marks)**
- c) Using illustration, explain the effect of unemployment cash grant of KSh. 8,000 on incentive to work **(7marks)**

Question Two

- a) Explain the worker hiring decision for a profit maximizing firm, in the short run **(8marks)**
- b) As a labour economist, why would you support the existence of labour unions in the labour market? **(7marks)**

Question Three

- a) Labour markets do not often operate under competitive conditions because of certain features that prevent money wages from being flexible. The features result in rigidities in money wages making it to fail to adjust freely to eliminate excess demand or excess supply of labour instantly. Discuss these features **(8marks)**
- b) Employers adjust to limited labour-market information quite differently from workers. Two types of management policies help explain why. Explain these **TWO** policies **(7marks)**

Question Four

- a) Investment in knowledge and skills of a worker takes place in three stages. Discuss **(8marks)**
- b) Using indifference curves, explain the wage differential between risky and non-risky jobs **(7marks)**

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