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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: ECO 418**

**COURSE TITLE: ECONOMICS OF LABOUR & INDUSTRY I**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 01/04/2021 TIME: 09.00-11.00 AM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. With an aid of a well labelled diagram, explain the concept of demand for labour. [8 marks]
2. Explain using a diagram the effect on demand for labour of a fall in relative price of using capital relative to the wage rate [6 marks]
3. Discuss the effect on the demand for labour of a labour intensive production of firms. Explain using a well labelled diagram [8 marks]
4. Discuss any four factors that influence the supply of labour [8 marks]

**QUESTION TWO**

1. With the aid of a well labelled diagram, illustrate the determination of wages in a labour market [10 marks]
2. Explain the working of minimum wage policies as a measure by government of regulating the working of labour markets [10 marks]

**QUESTION THREE (20 marks)**

Discuss the relevance of the following theories of wage determination

1. Subsistence wage theory [5 marks]
2. Wage formed theory [5 marks]
3. Mark theory of wages [5 marks]
4. Bargaining theories of wages [5 marks]

**QUESTION FOUR**

1. Labour disputes have to do with the relationship between an employer and his employees. Discuss any three forms of labour disputes [12 marks]
2. Explain any four methods of labour dispute resolution. [8 marks]

**QUESTION FIVE**

Labour economists have tried to use theories to explain how labour is compensated and what constitute labour.

1. Theory of Labour Discrimination [4 marks]
2. Labour market segmentation theory [4 marks]
3. Labour market theory of poverty [4 marks]
4. Dual labour market theory [4 marks]
5. Human capital theory [4 marks]