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**University Examinations 2014/2015**

FOURTH YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

**BEC 3356: LABOUR ECONOMICS**

**DATE: APRIL 2015 TIME:** $2 $**HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE**

1. Explain the weakness of the Malthusian theory of population. (4 Marks)
2. Describe the reasons for high birth rates in Kenya. (4 Marks)
3. Distinguish between the following;
4. Labour force and non-labour force. (2 Marks)
5. Unemployment level and unemployment rate. (2 Marks)
6. Wage and total compensation. (2 Marks)
7. Assuming that the production function of a firm is given as Q = 50L – L3 where: Q is a function of labour L. given that wage rate = 20, and the price of output Q = 10. Calculate ;
8. The optimal labour requirement (4 Marks)
9. The optimal output Q (2 Marks)
10. The optimal profit (2 Marks)
11. Define labour efficiency and outline the advantages of efficient labour force. (4 Marks)
12. Highlight the factors that cause a shift in labour demand curve. ( 4 Marks)

**QUESTION TWO (20 MARKS)**

1. Define labour demand elasticity and explain the factors that influence labour elasticity.

 (8 Marks)

1. Discuss the types of unemployment. (12 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the theories of wage determination. (12 Marks)
2. Explain the circumstances under which wage increase may not be justified. (8 Marks)

**QUESTION FOUR (20 MARKS)**

1. Discuss the optimum theory of population. (12 Marks)
2. Describe the factors that determine efficiency of labour. (8 Marks)

**QUESTION FIVE (20 MARKS)**

1. Outline the factors that determine labour mobility. (12 Marks)
2. Explain the causes of wage differences between occupations. (8 Marks)