



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2021/2022 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: 6th April 2022

TIME: 11:00 – 01:00PM

INSTRUCTIONS TO CANDIDATES

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

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

Question One

- a) In a bilateral monopoly, wages and employment may approximate competitive levels more closely than would occur under monopoly or monopsony alone. Discuss **(8marks)**
- b) Mr. Sankei, a government advisor, recommended to the government that they need to consider setting minimum wage. Could have informed Mr. Sankei's position? **(6marks)**
- c) Explain the role played by interest rate in determining investment in schooling **(6marks)**

Question Two

- a) Discuss how the wage-schooling locus is determined in the labour market, and why it is upward sloping and concave. **(7marks)**
- b) In equilibrium, occupational wage difference will exist because of the following reasons **(8marks)**

Question Three

- a) Explain the neoclassical taste model **(8marks)**
- b) Discuss the objectives of trade unions **(7marks)**

Question Four

- a) When there are no costs of mobility, the **law of one price (equal wage)** would apply in labor markets. Discuss **(8marks)**
- b) The labour market is market of willing buyers and willing sellers. The government has no role in the market. Discuss **(7marks)**

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