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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN HUMAN RESOURCE MANAGEMENT
DBA 1302: LABOUR ECONOMICS

Date: 9TH AUGUST 2023

Time: 2:30PM-4:30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

Labour Mobility

Workers are always in motion. They move from one job to another, or from one geographical region to another or from one employer to another. This is the concept of labour Mobility which refer to the capacity and ability of labour to move from one place to another or from one occupation to another or from one job to another or from one industry to another. It is the extent to which workers are able or willing to move between different jobs, occupations, and geographical areas. It is called horizontal mobility if it does not result in a change in the worker's grading or status, and vertical mobility if it does. Skilled workers have low occupational mobility but high geographical mobility; low-skilled or unskilled workers have high degrees of both types of mobility. Low labor-mobility can result to structural unemployment, and governments try to avoid it by worker retraining schemes and by encouraging establishment of new industries in the affected areas.

Required:

- a. Identify and explain THREE types of labour mobility. **(6 Marks)**
- b. Explain THREE key causes of structural unemployment in an economy. **(6 Marks)**
- c. Explain how the following factors can affect worker's mobility;
 - i. Education and training. **(1.5 Marks)**
 - ii. Outlook and Urge. **(1.5 Marks)**
 - iii. Agricultural Development. **(1.5 Marks)**
 - iv. Peace and Security. **(1.5 Marks)**
- d. Describe any THREE factors that can encumber mobility of labour. **(6 Marks)**
- e. Describe the relationship between Immigration and employment in an economy considering the following;
 - i. Labour demand. **(2 Marks)**
 - ii. Labour supply. **(2 Marks)**
 - iii. Wages. **(2 Marks)**

QUESTION TWO (20 MARKS)

- a. Explain how the following factors would affect the *supply curve* for labour in an economy;
 - i. Decrease in the size of working population. **(2 Marks)**
 - ii. Comfortable working conditions. **(2 Marks)**
 - iii. Restrictive job requirements. **(2 Marks)**
 - iv. Brain drain. **(2 Marks)**
- b. The classical model of employment and output posit that equilibrium levels of income and employment were supposed to be determined largely in the labour market such that, at lower wage rate more workers will be employed and at higher wages, supply for labour will be higher. For this argument to workout, the model makes a number of assumptions. Explain any FOUR assumptions of this model of the labour market. **(8 Marks)**

- c. Highlight factors considered by a worker before accepting or declining a wage or salary proposed by an employer. **(4 Marks)**

QUESTION THREE (20 MARKS)

- a. Unions have powers to create scarcity or limit membership of a particular category of labour. Explain THREE ways in which a labour union achieve this. **(6 Marks)**
- b. Explain the significance of Unemployment Insurance scheme in the market for labour. **(6 Marks)**
- c. The management of ABC Limited, a manufacturing company located in South C, Kenya have currently witnessed an increase in productivity. Discuss any four criteria they might have used to realise this increase in productivity. **(8 Marks)**

QUESTION FOUR (20 MARKS)

- a. Discuss any FOUR techniques that the management of a business organization would consider to control labour costs. **(8 Marks)**
- b. Labour force constitutes part of the population which is employed or available for work. Explain any FOUR methods commonly used to measure the size of labour force in an economy. **(8 Marks)**
- c. Fringe benefits refer to monetary advantages other than basic wages provided by employers for their employees. Describe any FOUR categories of fringe benefits provided by employers for their employees. **(4 Marks)**

QUESTION FIVE (20 MARKS)

- a. Recently we have seen many Kenyan Graduates migrating to countries like Canada, United Kingdom and other European countries. Discuss the motivation behind this situation. **(8 Marks)**
- b. Describe any Four categories of labour that can be employed in an organization. **(8 Marks)**
- c. Highlight FOUR advantages of compensating labour using the Time or Day Rate system in an organization. **(4 Marks)**