



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE, HUMAN SCIENCES, AND EDUCATION
DEPARTMENT OF GOVERNANCE AND MANAGEMENT SCIENCES

QUALIFICATION: BACHELOR OF EMPLOYMENT AND LABOUR RELATIONS DEGREE	
QUALIFICATION CODE: 08BERLH	LEVEL: 8
COURSE CODE: LEC812S	COURSE NAME: LABOUR ECONOMICS
SESSION: November 2024	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

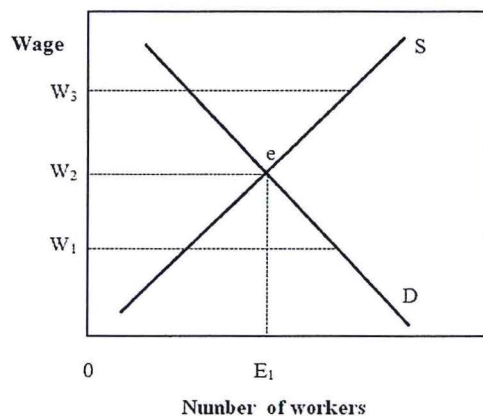
THIS EXAMINATION QUESTION PAPER CONSISTS OF 6 PAGES INCLUDING THE COVER PAGE.

READ THE QUESTIONS BELOW CAREFULLY AND ANSWER ALL THEM.

SECTION A

40 Marks

1.1 The graph below illustrates equilibrium in a perfectly competitive labour market. Make use of the graph to answer questions that follow by choosing the correct answer among the five options provided as possible answers. **10 Marks**



1.1. 1 Which of the following is NOT correct?

(2 marks)

- (a) Equilibrium takes place at point e.
- (b) The equilibrium wage is W_2 .
- (c) The equilibrium wage is W_1
- (d) Number of workers employed at equilibrium is E_1
- (e) Equilibrium takes place where labour supply and demand curves intersect.

1.1.2 When the labour demand curve shifts rightwards, at the new equilibrium (2 marks)

- (a) there is no change in wage.
- (b) the wage decreases.
- (c) The wage increases
- (d) the labour supply curve also shifts rightwards.
- (e) the labour supply curve shifts leftwards.

1.1.3 When the wage rate equals W_1 , (2 marks)

- (a) this wage is below the equilibrium wage.
- (b) there is an excess demand for labour.
- (c) Number of employed decreases compared to what happens at equilibrium
- (d) unemployment does not take place.
- (e) the number of employed remains unchanged at E_1 .

1.1.4 Which of the following statements is NOT correct? The informal sector includes economic activity that mostly (2 marks)

- (a) makes use of simple labour-intensive technology.
- (b) is legal, but is often unregistered.
- (c) Is illegal and unregistered
- (d) is unregistered and therefore also unregulated.
- (e) is individually or family owned.

1.1.5 Productivity is traditionally measured as (2marks)

- (a) quantity of input / quantity of output.
- (b) quantity of output/quantity of input
- (c) total revenue / total cost.
- (d) quantity of labour / quantity of capital.
- (e) None of the above is correct.

1.2 Discuss the following concepts: Labour Force, Employment, Time- related Underemployed and Outside the labour force?

10 Marks

1.3 Discuss several reasons that causes wage differentials in the labour Market

20 Marks

SECTION B

60 Marks

Read the extract from the Labour Act No. 11 of 2007 below and answer the questions that follow.

Minimum Wage

Minimum wage is regulated under the Labour Act in Namibia. The Minister for Labour has the power to issue wage orders to decide the remuneration and working conditions for employees in a particular industry or area after considering the recommendations of the Wage Commission. The Wage Commission is formed either by the Minister, or upon the request of a trade union and/or registered employers' organization. The function of the Wage Commission is to investigate the conditions of employment including remuneration and accordingly report back to the Minister. The Wage Commission is a tripartite body with representation from workers and employers' organizations.

The Wage Commission's report must also consist of recommendations for minimum remuneration, the basis upon which the remuneration is based, the deductions allowed or disallowed, wage payment method, keeping of employment records, prohibition or regulation of certain kinds of work etc. For updating the minimum wage, the Wage Commission can recommend increase or decrease in the remuneration, and the Minister can issue a new wage order accordingly. Minimum wages are generally set through the collective agreements. There are separate collective agreements for agriculture and industry.

The Labour Act, 2007 in itself does not provide a list of factors to be taken into account for the determination of minimum wage. Furthermore, the law does not require that the minimum wage must take into account the living expenses of the employees. After 1 October 2018, minimum wage is increased by one percent additionally equal percentage to average rise in inflation rate as described in Namibia Statistics Agency under Statistics Act 2011.

For the purpose of compliance, the labour inspector can assist employees in filing complaints. Furthermore, the inspector may investigate and issue a compliance order where the employer has failed to comply with the wage order. A person who fails to comply with the compliance order is liable to a fine not exceeding N\$ 10,000 or imprisonment for a period of up to two years or both.

Adopted from Labour Act, 2007. Wage order for setting minimum wage and supplemental minimum conditions of employment for domestic workers: Labour Act, 2007 (Government Notice No. 258 of 2017).

2.1 Referring to the abstract above, discuss the mechanisms used to set minimum wages in Namibia and South Africa. **20 Marks**

2.2 Explain the collective bargaining process in relations to the conditions of employment and the factors that determined the bargaining power outcomes **20 Marks**

2.3 Discuss the determination of wages in the monopsony and dual labour markets **10 Marks**

2.4 Explain the reasons workers join trade unions **10 Marks**

[TOTAL MARKS 100]