MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE (HOSPITALITY AND TOURISM MANAGEMENT)

HTM 208: INTRODUCTION TO ECONOMICS IN HOSPITALITY AND TOURISM

DATE: 27/11/2020   **TIME: 8:30 – 10:30 AM**

INSTRUCTIONS:

Answer question one and any other two questions. Question one carries 30 marks and the other questions carry 20 marks each.

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Define the term Economics as applied Tourism (2 marks)

b) Suppose that the demand and supply functions are given as follows:

Q = 3550-266P

Q = 1526 + 240P

    i. Determine the demand and supply functions respectively. (3 marks)

    ii. Compute the level of equilibrium price and quantity. (3 marks)

c) Calculate the point price elasticity of supply at P = 20. (4 marks)

d) State and Explain any three definitions of tourism demand curve (6 marks)

e) Notwithstanding the many international and scientific definitions of tourism, there seems to be no a universally accepted definition. Discuss dimensions and travel and tourism (6 marks)

f) Briefly explain policy instruments that governments use to manage and regulate demand in the tourism industry (6 marks)

QUESTION TWO (20 MARKS)

a) Tourism as a service sector is unique. State and explain any 6 major characteristics of the Kenyan tourism sector that distinguish it from other sectors (12 marks)

b) Discuss any four features of the free market economic system that can evidenced in South Africa (8 marks)

QUESTION THREE (20 MARKS)

a) Define price elasticity of demand in the tourism sector   (2 marks)

b) Explain any five factors that determine the price elasticity of demand in the Kenyan industry demand   (10 marks)

c) Graphically discuss the concept of price controls i.e. price ceiling and price floors as applied in tourism and hospitality industry in Uganda   (8 marks)

QUESTION FOUR (20 MARKS)

a) Highlight the unpleasant consequences of seasonality in tourism on ecology and the economy   (4 marks)

b) Highlight any four steps that can be used to in the analysis of the economic impact of the tourism activities   (2 marks)

c) Discuss seven factors that can be specified as part of defining a problem for an economic impact assessment   (14 marks)

QUESTION FIVE (20 MARKS)

a) Discuss the positive and negative impacts of tourism to a destination   (10 marks)

b) Explain the concept of the scarcity and opportunity cost in which tourism is one of the goods under considerations   (10 marks)