



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE (HOSPITALITY AND TOURSIM MANAGEMENT)

HTM 208: INTRODUCTION TO ECONOMICS OF TOURISM AND HOSPITALITY

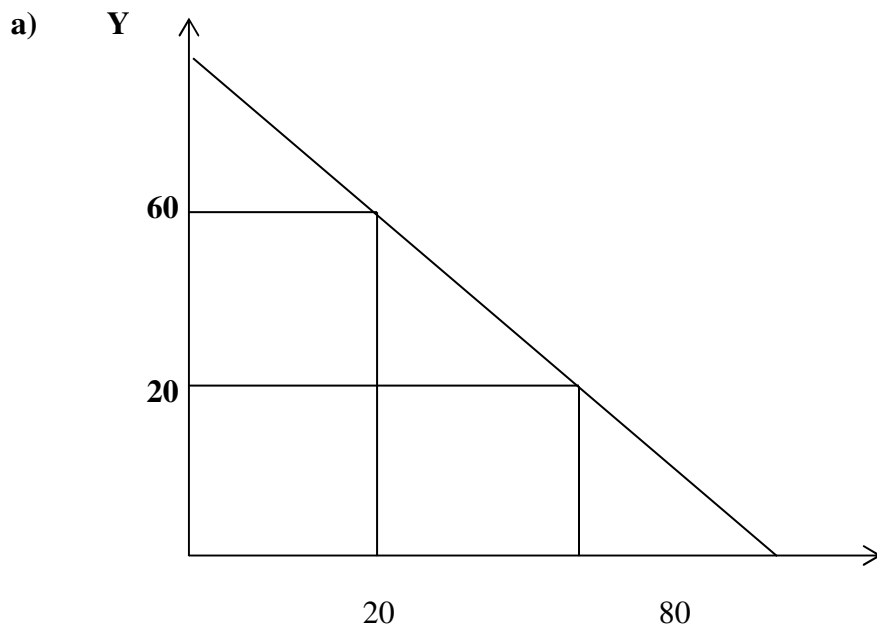
DATE: 30/8/2022

TIME: 8.30-10.30 AM

INSTRUCTIONS:

- (i) Answer question one (Compulsory) and any other two questions
- (ii) Do not write on the question paper
- (iii) Show your working clearly

QUESTION ONE (COMPULSORY) (30 MARKS)



The diagram above shows the production possibility frontier showing the opportunity cost of increasing the production of good Y for a given tourist visiting Kenya. Calculate the opportunity cost of increasing production of good Y from 20 units to 60 units. Also calculate opportunity cost of producing one more unit of good Y. (4 marks)

- b) The price of game drives of Taita Hills Hotel rose from ksh 30,000 to ksh 50,000, in October 2020 and November 2020 respectively. The number of game drives during the period fell from 6400 units to 6000 units. Define and calculate the price elasticity of demand for the Taita Hills Hotel game drives. (4 marks)
- c) Discuss two positive and two negative economic impacts of tourism to a given destination. (8 marks)
- d) Explain the supply elasticity concept and three factors influencing the elasticity of supply (8 marks)
- e) Kenya has witnessed growth in the tourism sector at recent times. Explain three factors that have led to remarkable growth in Kenya's tourism sector. (6 marks)

QUESTION TWO (20 MARKS)

- a) Discuss the three factors influencing the elasticity of demand (6 marks)
- b) Explain four visitor management strategies in Kenya (8 marks)
- c) Explain three measurement methods of international tourism demand (6 marks)

QUESTION THREE (20 MARKS)

- a) Discuss three methods that are frequently used by governments to influence the supply side of the tourism industry in Kenya (6 marks)
- b) Discuss four factors that would influence tourism investment in a destination, clearly explaining policy implications for tourism developers. (8 marks)
- c) Explain three roles of Tourism as an Economic Development Tool (6 marks)

QUESTION FOUR (20 MARKS)

- a) Discuss three factors that have influenced tourism demand in Kenya over the years (6 marks)
- b) Discuss four factors that would influence tourism investment in a destination, clearly explaining policy implications for tourism developers. (8 marks)
- c) Explain three unique characteristics of tourism in Kenya (6 marks)

QUESTION FIVE (20 MARKS)

- a) Explain four policy instruments used by governments to manage/ regulate tourism demand. (8 marks)
- b) Discuss three major economic dimensions of tourism (6 marks)
- c) Explain three techniques for economic impact analysis of tourism (6 marks)