



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:

TIME:

INSTRUCTIONS:

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

QUESTION ONE (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 be 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)