MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE IN HOSPITALITY AND TOURISM MANAGEMENT

HTM 208: INTRODUCTION TO ECONOMICS IN HOSPITALITY AND TOURISM

DATE: 24/4/2019 **TIME: 8:30 – 10:30 AM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Define the following terms:

i) Economics

ii) Scarcity

iii) Opportunity cost (6 marks)

b) Differentiate between Microeconomics and Macroeconomics (4 marks)

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

d) Differentiate Giffen good and Good of Ostentation. (4 marks)

e) State any four determinants of tourism demand in Uganda that the Country's Minister for Tourism can focus on to grow the sector. (4 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 like any other sectors in the economy has its unique features. State and explain any 6 major characteristics of the Kenyan tourism sector. (12 marks)

b) Discuss any four features of the free market economic system that can evidenced in North 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) Define the term "Price discrimination" (2 marks)

b) Highlight any four steps that can be used to in the analysis of the economic impact of the tourism activities. (4 marks)

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

QUESTION FIVE

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)