



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

SECOND YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF SCIENCE IN HOSPITALITY AND TOURISM MANAGEMENT

HTM 208: INTRODUCTION TO ECONOMICS IN HOSPITALITY AND TOURISM

DATE : 24/9/2019

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 (30 MARKS)

- a) Define the term economics as applied in Hospitality and Tourism (2 marks)
- b) State and explain any 4 factors that have contributed to the growth of the tourism sector in Kenya post-independence. (8 marks)
- c) State any three basic questions that a society that deal with scarce resources seeks to answer. (3 marks)
- d) As one of the key economic sectors in Kenya, illustrate any at least four roles of tourism as an economic development tool that the country reaps (8 marks)
- e) Explain any three adverse shocks that negatively affected the Kenyan tourism economy in 2009. (6 marks)
- f) Define the following terms;
 - i. Scarcity
 - ii. Alternative use (3 marks)

QUESTION TWO

- a) State and explain three principal constraints of the tourism growth rate in Kenya (9 marks)
- b) With the aid of a diagram clear discuss the concept of scarcity, choice and opportunity cost.
Clearly explain how this is shown in the provided diagram (11 marks)

QUESTION THREE

- a) Showing appropriate examples in Kenya, discuss seven ways that policy makers would advise Kenyan government to apply to increase the potential contribution of tourism (14 marks)
- b) Explain major economic dimensions of tourism in Africa (6 marks)

QUESTION FOUR

- a) Discuss any five factors that affect supply of tourism services by any particular nation (10 marks)
- b) Write notes the following economic systems providing clear examples for each
 - i. Free Market system
 - ii. Socialist economy
 - iii. Communism (10 marks)

QUESTION FIVE

- a) Differentiate between the concepts of Demand and Supply as applied in Tourism sector (4 marks)
- b) What is meant by the term “ceteris peribus”
- c) From the perspective of a policy-maker, propose seven methods used by the government to influence the supply side in the tourism industry in supply and cost management (14 marks)