



(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

SUPPLEMENTARY/SPECIAL EXAMINATION

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

FOURTH YEAR SECOND SEMESTER EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF SCIENCE IN HOSPITALITY /HUMAN
NUTRITION AND DIETETICS**

COURSE CODE: BHM 407

COURSE TITLE: HOTEL ECONOMICS

DATE: FRIDAY (29-07-2022)

TIME: 8:00-10:00

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION ONE AND ANY OTHER THREE

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

QUESTION ONE [30 MARKS]

- a). Explain five sectors of the hospitality industry and how they are related to economics [10 marks]
- b). Explain two economic models for determining hotel rates [8 marks]
- c). Discuss one investment appraisal techniques in any hospitality industry [8 marks]
- d). Differentiate between gross domestic product GDP and Gross national product GNP [4 marks]

QUESTION TWO [20 MARKS]

- a) What are the operational issues in Hotel Management? How will microeconomics help in decision making in operational issues? [10marks]
- b) State and explain five factors that determine the demand and supply of hospitality industry in Kenya [10marks]

QUESTION THREE [20 MARKS]

- a) Government role in any economy is vital. Discuss the role of the government in hospitality industry in Kenya [10 Marks]
- b) National income accounting is very paramount to any country that is conscious about its growth and development. Discuss importance of national income statistics [10 marks]

QUESTION FOUR [20 MARKS]

- a) A hotel's price and total costs for the employees are given as:

$$P = 4800 - 6Q$$

$$TC = 50 + 17Q^2$$

- i) Determine the maximum output, price and profit [10marks]
- ii) Using illustration explains the three stages of production [10marks]

QUESTION FIVE [20 MARKS]

- a) Identify the market structure of hospitality industry in Kenya. With the aid of the diagram where possible explain its features price and output determination. [12 marks]
- b) Explain main tools of monetary policy and how they are applicable in money supply regulation. [8 marks]