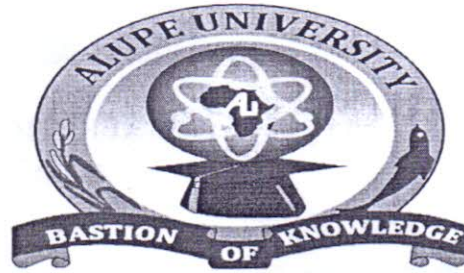


BHM 111



OFFICE OF THE DEPUTY VICE CHANCELLOR
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS
2022 /2023 ACADEMIC YEAR
FIRST YEAR FIRST SEMESTER MAIN EXAMINATION

**FOR THE DEGREE OF
BACHELOR OF ARTS (HOSPITALITY
MANAGEMENT)**

COURSE CODE: BHM 111
**COURSE TITLE: INTRODUCTION TO HOTEL
ECONOMICS**

DATE: 6TH DECEMBER 2022

TIME: 2:00-5:00 PM

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

REGULAR – MAIN EXAM**BHM 111: INTRODUCTION TO HOTEL ECONOMICS****STREAM: BA****DURATION: 3 Hours****INSTRUCTIONS TO CANDIDATES**

- i. Answer Question **ONE** and any other **TWO** questions .
- ii. Do not write on the question paper.

QUESTION ONE

a) Clearly distinguish the following pairs of economic concepts

- i. Positive and Normative economic analysis (4 Marks)
- ii. Microeconomics and Macroeconomics (4 Marks)
- iii. Market economic system and Command economic system (4 Marks)

b) You are given the following economic function where P is the market price for a particular commodity.

$$Q_1 = 36 - \frac{1}{3}p$$

$$Q_2 = -9 + \frac{1}{2}p$$

- Identify with reasons the demand and supply functions (4 Marks)
- c) Explain five factors that influence supply of a product in the market (5 Marks)
 - d) Describe the role of the government in the economy of a country (5 Marks)
 - e) Explain any four causes of unemployment in Kenya (4 Marks)

Question Two

- i. Citing examples, what do you understand by the term market structure? (4 Marks)
- ii. Explain 4 types of market structures giving implications of operating in each structure (10 Marks)
- iii. Explain briefly sources of monopoly power to a firm (6 Marks)

Question Three

- i. With the aid of a diagram, illustrate the normal relationship of price and demand. (6 Marks)
- ii. Explain briefly any five factors that affect the demand of a product or service? (10 Marks)
- iii. Highlight factors of production in any economy (4 Marks)

Question Four

- i. Define the term inflation as used in economics (2 Marks)
- ii. What factors contribute to inflation of prices of products and services (10 Marks)
- iii. Explain any four possible remedies the government can adopt to address the challenges of inflation (8 Marks)

Question Five

- i. Operations of ideal market leads to economic efficiency however this is not real in most occasions. Clearly explain any five causes of market failure. (10 Marks)
- ii. Explain any five characteristics of a pure competition market structure (10 Marks)