



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
THIRD YEAR SECOND SEMESTER**

**SCHOOL OF NATURAL RESOURCES, TOURISM
AND HOSPITALITY
BACHELOR OF HOTEL & HOSPITALITY
MANAGEMENT**

**COURSE CODE: HHM 3238-1
COURSE TITLE: INTRODUCTION TO HOTEL
ECONOMICS**

DATE: 20/4/2023

TIME: 1100-1300 HRS

INSTRUCTIONS TO CANDIDATES

Answer questions ONE and any other TWO questions.

SECTION A – 20 MARKS

Question one

- a) Explain six reasons why a partnership can be dissolved. **3mks**
- b) Discuss any four assumptions of marginal utility. **2mks**
- c) List and explain FOUR production factors that will be considered when setting up a hotel business. **8mks**
- d) Give four differences between monopolistic competition and oligopoly competition. **4mks**
- e) When the price of rice is kshs. 150, and person Z was demanding 50 kg. Now, when the price is increased to ksh. 30, he demands only 25 kg. calculate the elasticity of demand. **3mks**

SECTION B – 30 MARKS

Question two

- a) With the aid of a diagram, differentiate the following scenarios.
 - I. Extension and contraction of demand **5mks**
 - II. Increase and decrease in demand **5mks**
- b) Explain five assumptions of break-even analysis. **5mks**

Question three

- a) With examples of hospitality products, explain 5 determinants of supply. **10mks**
- b) Give 5 differences between a public limited company and a private limited company. **5mks**

Question four.

- a) With four examples each, explain the explicit and implicit cost. **2mks**
- b) Give 6 sources of finance a hospitality businessman can tap into. **6mks**
- c) Can utility be measured? Support your answer using examples. **7mks**

Question five

- a) Explain five benefits to a franchisee. **5mks**
- b) Explain five factors involved in pricing **10mks**

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