



Uva Wellassa University

Faculty of Management

Degree of Bachelor of Business Management in Hospitality, Tourism and
Events Management

2ND YEAR 1ST SEMESTER EXAMINATION – SEPTEMBER/OCTOBER 2013

HTE 281 -3 Tourism Economics



Part C – Essay Questions

Total Marks for Part C is 50

Answer any two (02) questions

01. i Discuss the causes of barriers to entry for tourism business firms in to the industry. (7 marks)
- ii Standard microeconomic theory is of limited applicability in tourism supply. Argue both for and against this statement. (8 marks)
- iii Discuss the theory and practice of integration in tour operator market. (10 marks)
02. i How might a hotel chain practice price discrimination to increase its total revenue? Give practical examples. (8 marks)
- ii It is better for tour operators to follow collusive strategies than to compete on price. Discuss. (7 marks)
- iii The extent to which the production and employment in the destination is affected by visitor expenditure depends importantly on the strengths of the business linkages between tourism and other sectors. Explain. (10 marks)
03. i Multiplier analysis only tells us part of the story in tourism's economic contribution. Explain why? (7 marks)
- ii Use tourism examples to explain the difference between financial appraisal and economic appraisal. (10 marks)
- iii. Graphically explain the rationale for public support of special events. (8 marks)
04. i Briefly distinguish the difference between the following types of tourism investment
- a. Capital tourism investment and financial tourism investment (4 marks)
 - b. Private tourism investment and public tourism investment (4 marks)
 - c. Domestic tourism investment and foreign tourism investment (4 marks)
- ii Explain the meaning of tourism infrastructure. Why it is important within an economy? (6 marks)
- iii. Discuss the costs and benefits of Foreign Direct Investment in tourism projects (4 marks)
- iv. Discuss the concessions granted for investors through BOI projects in tourism sector in Sri Lanka (3 marks)

22

14