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UNIVERSITI TUN HUSSEIN ONN MALAYSIA

FINAL EXAMINATION
SEMESTER II
SESSION 2022/2023

- COURSE NAME : TOURISM ECONOMICS
- COURSE CODE : BWJ 31303
- PROGRAMME CODE : BWW
- EXAMINATION DATE : JULY/AUGUST 2023
- DURATION : 3 HOURS
- INSTRUCTIONS :
1. ANSWER ALL QUESTIONS
 2. THIS FINAL EXAMINATION IS CONDUCTED VIA
 - Open book
 - Closed book
 3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK

THIS QUESTION PAPER CONSISTS OF FIVE (5) PAGES

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Q1 Tourism is a vital sector in the global economy, contributing to job creation, economic growth, and cultural exchange

- (a) Define tourism according to the World Tourism Organization. (2 marks)
- (b) Describe **FOUR (4)** characteristics that qualify tourism as an economic activity. (4 marks)
- (c) By referring to **Table Q1**, determine whether the following statements are considered microeconomic or macroeconomic.

Table Q1

Statements	Type (Microeconomic / Macroeconomic)
What determines the number of jobs available in an economy?	
What causes organizations to hire or fire more labor in Malaysia?	
What causes the economy to grow over the long term?	
How will a company finance its business?	
How people decide to save money for their trips?	
How individuals decide whether or not to go to an island?	
Which factors determine how many tourism products can be produced in a country?	
How does the government's monetary policy affect the demand for tourism?	
How does an increase in the value of a country's currency affect the tourist arrivals?	

(9 marks)

- (d) Compare **FIVE (5)** positive and **FIVE (5)** negative impacts of tourism on local communities and destinations. (10 marks)

Q2 Supply and demand is a fundamental concept in economics that explains how the market works.

- (a) Define supply and demand curve. (2 marks)
- (b) Identify **FIVE (5)** causes of the shifters of supply. (5 marks)



- (c) Determine what happens to the demand, supply, price, and quantity of fidget cube with their associated graph representation:
- i. The government provides subsidies to the manufacturers of fidget cubes.
 - ii. The price of fidget cube decreased.
 - iii. The price of fidget spinner, a substitute does decrease.
 - iv. The demand and supply of fidget cubes increase.
- (8 marks)
- (d) Compare **FIVE (5)** causes between factors that decrease demand and factors that increase demand.
- (10 marks)

Q3 Competition is a key aspect of the tourism industry, as travelers have a wide range of options to choose from when deciding where to go, what to do, and where to stay.

- (a) Define competitive destination.
- (2 marks)
- (b) Identify the **FIVE (5)** competitive forces under Porter's strategy that are widely used in business analysis to assess the level of competition in the tourism industry.
- (5 marks)
- (c) Demonstrate how sustainable tourism strategies in tourism destinations can help the local community.
- (8 marks)
- (d) Compares **FIVE (5)** demand forecasting method in tourism industry according to Frechtling (2001).
- (10 marks)

Q4 Externalities in tourism can be challenging to manage, as they often involve balancing the interests of different stakeholders, such as tourists, local businesses, and residents.

- (a) Identify **FOUR (4)** different types of externalities that exist.
- (4 marks)
- (b) Compare **TWO (2)** differences between the positive externality and negative externality.
- (4 marks)
- (c) Compare **TWO (2)** differences between positive production and negative production.
- (4 marks)
- (d) Describe Multiplier Effect and their relationship to the local economy.
- (6 marks)

- (e) Give **THREE (3)** examples of negative consumption externality in the tourism industry and demonstrate **TWO (2)** solutions for this market failure.

(7 marks)

– **END OF QUESTIONS** –

APPENDIX B

Table APPENDIX B.1

Statements	Type (Microeconomic / Macroeconomic)
What determines the number of jobs available in an economy?	
What causes organizations to hire or fire more labor in Malaysia?	
What causes the economy to grow over the long term?	
How will a company finance its business?	
How people decide to save money for their trips?	
How individuals decide whether or not to go to an island?	
Which factors determine how many tourism products can be produced in a country?	
How does the government's monetary policy affect the demand for tourism?	
How does an increase in the value of a country's currency affect the tourist arrivals?	

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