MODERATED BUE 312CEN301 INNOVATION AND ENTREPRENEURSHIP EXAM 2026

SECTION A

QUESTION ONE { COMPULSORY} {30 MARKS}

1.Which of the following characterizes an entrepreneur?

A. Low management skills but high levels of creativity and innovation
B. High levels of both management skills and creativity and innovation.
C. High management skills and Low levels of creativity and innovation
D. Low levels of both management skills and creativity and innovation.

2.Which of the following describes the difference between incremental and radical innovation?

A. The difference between the perceived changes to a product by customers and the perceived changes to a product by a company.
B. The difference between small improvements in what we are already doing and doing something we have never done before, or doing something we have done before only completely differently.
C. The difference between what we start developing in an innovation process and what our end result of that process is.
D. The difference between what we imagine an innovation to be and what it is.

3. Which of the following is not an approach to innovation?

A. Imitation of an existing product or service.
B. Invention of a new product or service.
C. Creative replication of existing concept.
D. Combination of existing concepts in a new way.

4. One of the following is a motivation for pursuing an entrepreneurial career. Which one

A. Successful entrepreneurs enjoy high social status, respect and appreciation of others and I want to be like them.
B. Inventing a new technology and seeking to perfect its technical development.
C. Managing my own time, enjoying the benefits of my own labor and being my own boss.
D. To have a safe and stable career, while not worrying about my income each month or year.

5. Which one of the following is an advantage of the small firm in the innovation process?

A. Ability of the entrepreneur to carry out multiple tasks
B. Ability of the entrepreneur to act on new ideas or product development
C. Ability to raise finance
D. Ability to carry out Research and Development

6. One of the main reasons why it necessary for an entrepreneur to do a feasibility study before starting a new venture is

A. to identify new sources of funds.
B. to find out if there are possible hurdles to success.
C. to estimate the expected sales.
D. to estimate the expected sales.

7.Process innovation refers to:

A. the development of a new service.
B. the development of new products or services.
C. the implementation of a new or improved production method.
D. the development of a new product.

8.Which of the following is an important source of idea generation due to their familiarity with the needs of the market?

A. The management.
B. Existing products and services.
C. Consumers.
D. Distribution channels.

9. Which of the following statements represent cases of product innovation?

A. Introduction of a significantly improved version of an existing product
B. Introduction of an existing product into a new market.
C. Introduction of a completely new product into the market.
D. Introduction of a new production process for a popular products/ production line.

10.The relationship between innovation and entrepreneurship is that

A) both innovation and entrepreneurship are two different labels describing the same thing launching new businesses.
B) entrepreneurs drive innovation in an attempt to change conditions in markets, as part of endless cycles of creative destruction.

C) innovation is necessarily the way by which entrepreneurs create new organizations.
D) entrepreneurs use innovation processes for gaining strategic advantage in markets, by creating and exploiting change situations as opportunities for value creation.

b) Safaricom launched M-Pesa in 2007 as the world's first mobile-based money transfer service, transforming financial access for the unbanked. It was also to allow customers to send and receive money using mobile phones. Over the years, M-Pesa has expanded to include services such as bill payments, savings, loans, and international money transfers. Today, M-Pesa plays a major role in Kenya's economy and financial inclusion.

i) Highlight the types of innovation represented by M-Pesa
(2mks).

ii) Explain **three** different ways M-Pesa has contributed to economic development in Kenya

(6mks)

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iii)Discuss **two** challenges faced by M-Pesa due to its widespread adoption **(2mks)**

c.) Outline **two** problems you would face in your venture as a Social Entrepreneur
(2mks)

e) Explain **two** ways of creating an Innovation culture in an organization **(4mks)**

f) When designing and implementing Innovations in Entrepreneurship, it is important for you to make sure that you ascribe to best ethical practices in order to be successful in your business.

Explain **two** factors you must consider in this regard **(4mks).**

SECTION B: ANSWER THREE QUESTIONS ONLY {10 MARKS EACH}

QUESTION TWO 10 MARKS

a) Citing an example for each case, discuss **two** Innovation routes **(2mks).**

b) As a business owner, you have been using social media for its growth and development.

Explain:

i) Two benefits you have derived from the use of social media **(4mks)**

ii) Two challenges you have experienced when using different social media platforms **(4mks)**

QUESTION THREE **10 MARKS**

a) Discuss **two** dimensions of Innovation **(2mks)**

b) As an entrepreneur, discuss **two** shortcomings of Social networking you are likely to face in your business

(4mks)

c) You have been successfully running your business for some years now and due to the current trends in the environment, you are left with no choice but to introduce some innovation.

Explain **two** goals which you intend to achieve with this action
(4mks)

QUESTION FOUR **10 MARKS**

a) Business models have several building blocks. Discuss **two** of them **(2mks)**

b) Your friend Ryne has been running a successful shoe business for quite some time. He calls and informs you that he wants to venture into a totally different business. This is because of low sales which are as a result of the current economic situation in his country. The disposable income for many people has declined. You advise him against his plan and proposes that he innovates his business.

Discuss **four** benefits Ryne is going to derive from your advice for his business **(4mks)**.

c) Other than economic forces, explain **two** other forces which are likely to affect the business model of your choice **(4mks)**

QUESTION FIVE **10 MARKS**

a)Discuss f**our** functions of Social Entrepreneurship **(4mks**

b) M-KOPA Solar is a Kenyan social enterprise that provides affordable solar energy to low-income households using a pay-as-you-go mobile payment model. Customers pay small

daily amounts through M-Pesa until they own the solar system. M-KOPA aims to reduce energy poverty while operating as a sustainable business.

Explain **three** social problems addressed by M-KOPA **(6mks)**

End of exam