

The
Management
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POST GRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS
ADMINISTRATION

DBE 904: ADVANCED ENTREPRENEURSHIP AND INNOVATION

DATE: 8TH APRIL 2026

DURATION: 3 HOURS

MAXIMUM MARKS: 50

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory.**
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **10 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and, answer the questions that follow:

INNOVATIONS IN ENTREPRENEURIAL MANAGEMENT THEORIES

Entrepreneurship has evolved significantly as both a practice and a field of study. Traditionally, entrepreneurs were seen merely as business starters or risk-takers, but over time, management scholars have developed theories to explain how entrepreneurial activities are driven by innovation, opportunity recognition, resource mobilization, and strategic management. The role of innovation in entrepreneurial management theories is particularly crucial because it explains how businesses not only survive but also reshape markets and industries. Innovation provides the link between creativity and execution, showing how ideas can be transformed into sustainable ventures. A case that illustrates this interaction between theory and practice is Safaricom's M-Pesa in Kenya, a mobile money platform that has become one of the most celebrated examples of innovation in entrepreneurship.

The starting point in understanding the case is Joseph Schumpeter's theory of innovation. Schumpeter argued that entrepreneurship is essentially about carrying out "new combinations" that disrupt existing economic structures. According to him, entrepreneurs introduce new products, processes, markets, or organizational methods that shift industries through what he called "creative destruction." M-Pesa exemplifies this theory because it transformed how financial transactions are conducted, particularly in Kenya where traditional banking services were inaccessible to most of the population. Before M-Pesa, millions of Kenyans relied on risky and expensive informal systems to send money. Safaricom identified this inefficiency and introduced a mobile platform that allowed individuals to deposit, withdraw, transfer, and store money using basic mobile phones. This was a radical innovation that destroyed the monopoly of banks and restructured the financial sector. From Schumpeter's perspective, the success of M-Pesa lies in the ability of the entrepreneurs and managers involved to think beyond

existing business models and develop an innovative system that replaced outdated ones.

Another theoretical lens that can be applied to this case is Israel Kirzner's theory of entrepreneurial opportunity recognition. Unlike Schumpeter, Kirzner viewed entrepreneurs less as disruptors and more as individuals alert to opportunities created by market disequilibria. For Kirzner, entrepreneurship is about recognizing overlooked gaps and responding to them. Safaricom's managers were able to see the inefficiencies in money transfer between rural and urban areas and realized that a mobile-based service could fill this gap. Their entrepreneurial alertness allowed them to exploit a market opportunity that neither banks nor microfinance institutions had effectively addressed. The innovation here was not simply technological but managerial, because it involved designing organizational processes that could integrate agents, regulators, and customers into a workable financial ecosystem. Kirzner's theory helps to explain how entrepreneurial management relies on vigilance, awareness, and responsiveness to market needs.

The resource-based view (RBV) of the firm also contributes to understanding innovation in entrepreneurial management. RBV argues that firms gain sustainable competitive advantage from resources that are valuable, rare, inimitable, and non-substitutable. Safaricom possessed unique resources such as a strong telecommunications infrastructure, a large customer base, and a trusted brand reputation. These resources enabled it to develop M-Pesa in ways that competitors could not easily replicate. The company also developed capabilities in managing an extensive agent network that served as the backbone of the service. Entrepreneurial management in this context involves not just recognizing opportunities but also mobilizing and deploying internal and external resources in innovative ways. The innovation of M-Pesa was therefore not only technological but also organizational, as it required designing systems that integrated human resources, technological infrastructure, and financial management practices to create a coherent and competitive service.

Required:

a) Entrepreneurial activities are driven by innovation, opportunity recognition, resource mobilization, and strategic management: Discuss this statement using five distinct points

(10 marks)

b) Compare and contrast views of Joseph Schumpeters with those of Kirzner in the Safaricom Case study.

(10 marks)

c) CRBV argues that firms gain sustainable competitive advantage from resources that are valuable, rare, inimitable, and non-substitutable. As a consultant, advise upcoming entrepreneurs on how they can use their rare skills to enter and grow their entrepreneurial prowess

(10 marks)

QUESTION TWO

a) You have been appointed a CEO of an organization which is mandated to develop entrepreneurship in a developing country. Explain any five challenges that is likely to face your organisation and suggest ways to solve them

(5 marks)

b) Assess how a CEO of a government department working for youth empowerment

Would create an atmosphere for nurturing intrapreneurs in his department

(5 marks)

QUESTION THREE

a) Assess the challenges faced by Business Development Service providers while trying to innovate for success

(5 marks)

b) Family Businesses are key to most developing countries but unfortunately majority of them do not survive after death of their founders. suggest

reasons for this scenario

(5 marks)

QUESTION FOUR

a) Entrepreneurs are either born or made. Articulate how entrepreneurs are made

(5 marks)

b) “Among the four social contexts related to entrepreneurial opportunity are social networks where the focus is on building social relationships and bonds that promote trust, not opportunism. In other words, the entrepreneur should not take undue advantage of people to be successful; rather, success comes from keeping faith in the people” Use relevant examples to argue for upholding ethics in entrepreneurial ventures

(5 marks)