

The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF COMMERCE/ BACHELOR OF
MANAGEMENT AND LEADERSHIP

MGT 314: INNOVATION MANAGEMENT

DATE: 10TH APRIL 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 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:

THE INNOVATION JOURNEY OF BIO ORGANICS KENYA

Bio Organics Kenya, a social enterprise based in Mwea, Kirinyaga County, was founded by two engineering graduates who wanted to help smallholder rice farmers reduce post-harvest waste and improve soil fertility. Initially, the company produced traditional organic fertilizer using burnt rice husks. The innovation was well-intentioned but faced low market acceptance due to inconsistent product quality and poor distribution.

In 2018, Bio Organics established a small Research and Development (R&D) unit to explore advanced production methods. They partnered with local universities to test biochar technology, aiming to produce high-quality organic fertilizer with consistent nutrients. Through this collaboration, they designed low-cost, decentralized production units that could be operated directly in rural areas, reducing logistics costs by 40%.

As part of their innovation strategy, the firm adopted a community-inclusive model – training youth groups and farmer cooperatives to run the mini-plants. However, some cooperatives were hesitant to adopt the technology due to the high initial cost of equipment and limited technical know-how. To overcome this, Bio introduced a lease-to-own scheme and continuous technical training programs.

The enterprise also launched a mobile-based “Bio App”, allowing farmers to place orders, track deliveries, and access agronomic advice. However, network coverage and smartphone penetration in rural areas remained a barrier. Despite this, the app improved transparency and customer engagement among digitally active farmers.

In 2024, the company’s innovations drew attention from international partners. A German development agency offered to fund the expansion into other counties and later into Uganda. Yet, challenges emerged around technology transfer, intellectual property management, and local capacity building to sustain operations outside Kenya.

Internally, Bio Organics struggled with employee resistance to new automation tools that replaced some manual roles. The leadership also faced difficulty maintaining motivation among innovative teams after the rapid growth phase. To address this, management introduced an innovation incentive system, allowing employees to earn bonuses from new product success or cost-saving ideas.

By 2025, Bio Organics had become a case study of how technological innovation, indigenous knowledge, and community participation could combine to achieve social and economic impact. Yet, its next challenge lay in balancing growth with sustainability, maintaining quality control across decentralized production, and ensuring that the innovation culture remained alive as the firm scaled.

Required:

- a) From the case study, identify and discuss five distinctive characteristics of innovation that Bio Organics Kenya demonstrates. **(10 marks)**
- b) Evaluate how Bio Organics applied technological transfer and capacity development principles in scaling its innovation across counties and borders. **(8 marks)**
- c) As an innovation manager, propose practical strategies Bio Organics could adopt to sustain its innovation momentum while managing employee resistance and maintaining product quality. **(7 marks)**

QUESTION TWO

- a) You are the innovation officer in a mid-sized Kenyan manufacturing firm that has failed to launch a new product in three years. Using your understanding of impediments to innovation, analyze five actionable steps you would take to unlock innovation within the firm. **(8 marks)**
- b) The county government of Turkana wants to introduce solar-powered irrigation pumps using indigenous technological knowledge and appropriate technology. Explain how you would design and implement an innovation adoption plan that ensures community ownership and sustainability. **(7 marks)**

QUESTION THREE

- a) As a consultant to the Ministry of Industrialization, design a framework that shows how science, technology, and Research and Development can be integrated to accelerate Kenya's Vision 2030 industrial goals. Your answer should show linkages between universities, industries, and government. **(8 marks)**
- b) Using an organization of your choice, explain how capacity for innovation can be built through leadership, resources, and knowledge management. Provide at least three real or hypothetical examples. **(7 marks)**

QUESTION FOUR

- a) Assume you are advising a Kenyan startup developing electric boda bodas. Explain how you would manage the process of technology transfer and diffusion from a foreign partner to ensure the product fits local market needs. **(8 marks)**
- b) Using examples, demonstrate how material, design, and capacity transfers could be applied in improving a local manufacturing company's operations. **(7 marks)**

QUESTION FIVE

- a) You have been hired as an innovation consultant for a retail chain introducing self-checkout systems. Apply the innovation adoption process to explain how you would guide both employees and customers toward successful acceptance. **(8 marks)**
- b) Using examples from Kenyan or global firms, compare and contrast how innovation operates differently in push marketing environments (product-driven) and pull marketing environments (customer-driven). **(7 marks)**

QUESTION SIX

a) As a manager in a rapidly changing ICT company, explain how you would lead organizational change to support technological innovation while maintaining employee commitment and stakeholder cooperation.

(8 marks)

b) Design a knowledge management and creative thinking system for your organization that promotes continuous innovation and learning. Explain how it would operate in practice.

(7 marks)