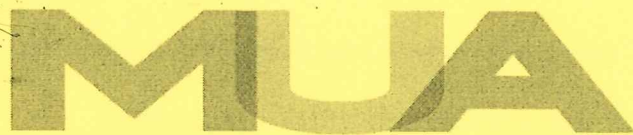


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF MANAGEMENT AND LEADERSHIP/
MASTER OF ARTS IN DEVELOPMENT STUDIES

**MML 5203/ MDS 505: ENTREPRENEURIAL MANAGEMENT AND
LEADERSHIP/ENTREPRENEURSHIP INNOVATION AND
DEVELOPMENT**

DATE: 2ND APRIL 2024

DURATION: 3 HOURS

MAXIMUM MARKS: 60

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 **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:

Technology, Innovation and Entrepreneurship

One view of entrepreneurship and innovation is that they are virtually synonymous. As Shane and Venkataraman (2000, 218) argue, the field of entrepreneurship is defined by the study of "how, by whom and with what consequences opportunities to produce future goods and services are discovered, evaluated and exploited." This would suggest that innovation and entrepreneurship are almost a tautology. Instead, we take the position here that entrepreneurship has an organizational component and involves the creation of new enterprises. This reflects the view of Gartner and Carter (2003, 195), who posit that "Entrepreneurial behavior involves the activities of individuals who are associated with creating new organizations rather than the activities of individuals who are involved with maintaining or changing the operations of on-going established organizations." This view suggests that the relationship between entrepreneurship, when viewed as the creation of new organizations, and innovative activity, is anything but trivial. Rather, what distinguishes entrepreneurship from innovation is the organizational context. In fact, well into the 1970s, a conventional wisdom prevailed suggesting the entrepreneurship, at least as represented by new ventures, had a competitive disadvantage for undertaking innovative activity (Shane and Ulrich, 2004). This conventional wisdom had been shaped largely by scholars such as Alfred Chandler (1977), Joseph Schumpeter (1942) and John Kenneth Galbraith (1962) who had convinced a generation of scholars and policy makers that innovation and technological change lie in the domain of large corporations and that small business would fade away as the victim of its own inefficiencies. 3 At the heart of this conventional wisdom was the belief that monolithic enterprises exploiting market power were the driving engine of innovative activity. Schumpeter had declared the debate closed, with his proclamation in 1942 (p. 106) that, "What we have got to accept is that (the large-scale establishment) has come to be the most powerful engine of progress." Galbraith (1956, p. 86) echoed Schumpeter's sentiment, "There is no more pleasant fiction than that technological change is the product of the matchless ingenuity of the small man forced by competition to employ his wits to better his neighbor. Unhappily, it is a fiction." At the same time, the conventional wisdom about new ventures and small firms was that they

were burdened with a size inherent handicap in terms of innovative activity. Because they had a deficit of resources required to generate and commercialize ideas, this conventional wisdom viewed small enterprises as being largely outside of the domain of innovative activity and technological change. Just as the conventional wisdom was shaped largely by the available empirical data and analyses, so it is with the newer view. Thus, in the following section of this chapter, issues arising when trying to measure innovative activity are discussed. The debate and the evidence regarding the relationship between innovative activity and organizational context is examined in the third section. In the fourth section, the impact that the external industry context exerts on technological change is identified. The role that the external knowledge context, or what has become known as knowledge spillovers and geographic location plays in innovative activity is explained in the fifth section. This leads to a re-interpretation of the role of entrepreneurship in innovative activity and technology in the sixth section. Finally, a summary and conclusions are provided in the last section. A key finding is that the conventional wisdom regarding the process of innovation and technological change is generally inconsistent with the new understanding about the role of entrepreneurship in innovative activity. The empirical evidence strongly suggests that new ventures and small entrepreneurial firms play a key role in generating innovations, at least in certain industry and spatial contexts. While the conventional wisdom is derived from the Schumpeterian Hypothesis and assumption that scale economies exist in R&D effort, more recent theories and empirical evidence suggests that scale economies bestowed through the geographic proximity facilitated by spatial clusters seems to be more important than those for large enterprises in producing innovative output. Entrepreneurship plays a crucial role in innovative activity by serving as the mechanism by which knowledge spills over from the organization producing that knowledge, to the (new) organization commercializing it.

Required:

A. Use any five key terms to explain the meaning of the following terms

- i. Entrepreneurship
- ii. Innovation

(10 marks)

- B. There is no more pleasant fiction than that technological change is the product of the matchless ingenuity of the small man forced by competition to employ his wits to better his neighbor. Assess the role that innovation plays in an entrepreneurial firm. (10 marks)
- C. While the conventional wisdom is derived from the Schumpeterian Hypothesis and assumption that scale economies exist in R&D effort, more recent theories and empirical evidence suggests that scale economies bestowed through the geographic proximity facilitated by spatial clusters seems to be more important than those for large enterprises in producing innovative output. As such, entrepreneurship plays a crucial role in innovative activity by serving as the mechanism by which knowledge spills over from the organization producing that knowledge, to the (new) organization commercializing it.

Suggest ways that the CEO of an organisation can instil to his employees the willingness to accept innovative activities amid prevailing resistance to change common to most employees (10 minutes)

QUESTION TWO

- A. Assess any five sources of innovation for small enterprises (5 marks)
- B. Suggest reasons why many small enterprises are unable to implement innovative programmes despite their critical role in enterprise competitiveness (10 marks)

QUESTION THREE

- A. Discuss the three kinds of franchising type of business arrangements (5 marks)
- B. Assess any five social benefits that would persuade developing economies be interested in their MSME sector (10 marks)

QUESTION FOUR

- A. Examine the importance of organisational culture to an entrepreneur's venture (5 marks)
- B. Evaluate how research, development and science (RD&S) fosters innovation (10 marks)