



*(Knowledge for Development)*

**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2022/2023 ACADEMIC YEAR**  
**FOURTH YEAR SECOND SEMESTER**  
**MAIN EXAMINATION**

**FOR THE DEGREE IN BUSINESS MANAGEMENT**

**COURSE CODE: ECO411**

**COURSE TITLE: ECONOMICS OF ENTREPRENEURSHIP  
AND INNOVATION**

**DATE: 19TH APRIL, 2023**

**TIME: 2.00PM – 4.00PM**

---

**INSTRUCTIONS TO CANDIDATES**

1. Answer a total of **three** questions; question **one** and any other **two** questions.
2. Question **one** carries **30** marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

### QUESTION ONE (COMPULSORY)

- a) Elaborate on how entrepreneurship and innovation affect the performance of Kenyan economy [4 Marks]
- b) Formulate why entrepreneurship can be considered as the interface between small business (micro level) and economic growth (macro level) [6 Marks]
- c) Asses the Modern versus the ancient theories [6 Marks]
- d) Examine the Simple static motion and the Dynamics models [6 marks]
- e) Given that entrepreneurship plays a role in economic development ,illustrate how it can be fostered [8 Marks]

### QUESTION TWO

- a) Researchers have highlighted the following obstacles to the entrepreneurship in transition economics, explain the findings [10 Marks]
- b) Highlight the importance of risk and uncertainty according to Frank Knight (1921) [10 Marks]

### QUESTION THREE

- a) Evaluate why regions with similar or identical socio-economics profiles can end up with marketing different qualities and quantities of entrepreneurship [10 Marks]
- b) Justify how much have theory and research advanced since Schumpeter's theory of long waves [10 Marks]

### QUESTION FOUR

- a) Debate how economic incentives affect entrepreneurial behaviour [6 Marks]
- b) Test the causes of market dynamics [6 Marks]
- c) Construct the Market dynamics in economics demand side and supply side [8 Marks]

### QUESTION FIVE

- a) Give the Critics of the Lucas model [4 Marks]

- b) Illustrate the Variants and extensions of the Lucas model [8 Marks]
- c) Question Organisational limitations of incumbent firms [8 Marks]