

INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH AND KNOWLEDGE

ISSN-2213-1356

www.ijirk.com

Entrepreneurial Reward Philosophy and Performance of Small and Medium Livestock Enterprises in Kenya

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Abstract

This study investigated the influence of entrepreneurial reward philosophy on the performance of small and medium livestock enterprises (SMLEs) in Kenya. The primary objective was to examine how different reward strategies impact the success and growth of these enterprises within the Kenyan livestock sector. The research assessed the effects of entrepreneurial reward philosophy on various performance indicators while drawing on theoretical frameworks such as Schumpeter's theory of innovation, Knight's uncertainty-bearing theory, McClelland's motivation theory, the resource-based view theory, and Elton Mayo's neoclassical management theory. These theories provided a foundation for understanding entrepreneurial behavior and its implications for the livestock industry. A mixed-methods research design was employed, targeting a population of 500 small and medium-sized livestock farms in Turkana County, Kenya. Stratified sampling was used to select a sample of 196 entrepreneurs for data collection. Questionnaires served as the primary data collection tool, with pilot testing conducted to ensure the reliability and validity of the research instrument. The study aimed to determine the extent to which various reward systems promote innovation, efficiency, and resilience among livestock enterprises. Statistical analysis yielded an F-value of 54.337 with a significance level of .000, demonstrating a strong positive correlation between entrepreneurial reward philosophy and business performance. The findings revealed that well-structured reward systems significantly enhance enterprise performance by increasing employee commitment, reducing turnover, and fostering an entrepreneurial culture. However, challenges such as limited financial resources, policy gaps, and market uncertainties hinder the full effectiveness of these reward

strategies. The study recommends customized reward frameworks tailored to the unique needs of SMLEs, alongside policy interventions that promote sustainable growth in the livestock sector. This research contributes to the broader discussion on enterprise development by offering insights into the role of strategic reward systems in enhancing the success of small and medium livestock enterprises in Kenya. Additionally, it underscores the need for policymakers and stakeholders to incorporate reward-based incentives into comprehensive livestock development strategies.

Keywords: *Entrepreneurial Reward, Entrepreneurial philosophy, Small and Medium Enterprise Performance*

Introduction

Entrepreneurial reward philosophy refers to entrepreneurs' strategic approaches to incentivize and motivate their workforce, directly impacting organizational performance and sustainability. In the realm of small and medium livestock enterprises (SMLEs), particularly in regions like Kenya, the implementation of effective reward systems is vital for enhancing productivity, fostering innovation, and ensuring overall business success.

Global Perspective Entrepreneurial Reward Philosophy and performance of small and medium livestock enterprises

Globally, the significance of reward management practices in small and medium enterprises (SMEs) has been widely recognized. Effective reward systems, encompassing both financial and non-financial incentives, have been linked to increased employee motivation, job satisfaction, and organizational commitment. For instance, a study by Kankisingi and Dhliwayo (2022) found that certain reward types, such as promotions and monetary bonuses, positively influenced innovation performance in manufacturing SMEs. This underscores the role of well-structured reward systems in fostering a culture of continuous improvement and competitiveness in dynamic markets.

Regional Perspective of Entrepreneurial Reward Philosophy and performance of small and medium livestock enterprises

Within the African context, SMEs are pivotal to economic development, employment generation, and poverty alleviation. However, many face challenges related to resource constraints, market access, and institutional support. Implementing tailored reward philosophies can address some of these challenges by enhancing employee engagement and performance. For example, Mukiibi (2024) examined the influence of reward management practices on the performance of small-scale enterprises in Uganda and found a positive relationship between effective reward systems and enterprise performance. This highlights the necessity for African SMEs to integrate comprehensive reward strategies to bolster their performance and sustainability.

Local perspective of Entrepreneurial Reward Philosophy and performance of small and medium livestock enterprises in Kenya

In Kenya, the livestock sector significantly contributes to the national economy, providing livelihoods for a substantial portion of the population. Small and medium livestock enterprises (SMLEs) are integral to this sector, yet they encounter unique challenges, including fluctuating market prices, climatic variability, and limited access to finance. Research indicates that entrepreneurial behavior, when considered alongside institutional contexts, influences the performance of micro and small livestock enterprises in Kenya's North Eastern region (Gathungu et al., 2016). This suggests that the interplay between entrepreneurial reward philosophies and institutional frameworks is crucial for the success of SMLEs in Kenya. Understanding and implementing effective entrepreneurial reward philosophies are essential for the success of small and medium livestock enterprises globally, regionally, and locally. By adopting reward systems that motivate and retain

employees, these enterprises can enhance their performance, contribute to economic development, and ensure sustainability in a competitive environment.

The Problem Statement

Small and medium livestock enterprises (SMLEs) in Kenya play a pivotal role in the nation's economy, contributing significantly to employment, income generation, and food security. Despite their importance, many of these enterprises face challenges that hinder optimal performance and sustainability. One critical yet often underexplored factor is the entrepreneurial reward philosophy—the strategies and principles entrepreneurs use to motivate and retain their workforce. Understanding the impact of these reward systems on employee performance is essential for enhancing productivity and ensuring the long-term viability of SMLEs in Kenya. In an ideal scenario, SMLEs would implement well-structured reward systems that effectively motivate employees, leading to high levels of job satisfaction, commitment, and performance. Such systems would include both monetary and non-monetary rewards, tailored to meet the diverse needs and expectations of employees. Effective reward strategies have been shown to enhance employee engagement and organizational performance (Kamwenji et al., 2022). By aligning employee incentives with organizational goals, these enterprises would achieve increased productivity, innovation, and competitiveness in the market.

Currently, many SMLEs in Kenya struggle with implementing effective reward systems. A study focusing on Farm Concern International, Kenya, revealed that differential reward systems led to varying levels of employee motivation and performance. In programs with better rewards, employees were more motivated and performed well, whereas those in low-reward programs exhibited poor motivation and performance (Waithira & Obere, 2018). This inconsistency indicates a lack of standardized and effective reward strategies across SMLEs, leading to suboptimal employee performance and high turnover rates.

The absence of effective reward systems in small and medium livestock enterprises (SMLEs) in Kenya has significant negative implications for their performance and sustainability. One major consequence is reduced employee motivation and performance. Inadequate reward structures lead to low job satisfaction, which in turn diminishes employee morale and overall productivity (Chumba et al., 2018). Additionally, the lack of proper incentives contributes to high employee turnover, resulting in the loss of skilled labor and increased recruitment costs. This high turnover further destabilizes the workforce, making it difficult for enterprises to maintain continuity and efficiency. Moreover, without motivated employees, SMLEs struggle to foster innovation and competitiveness, ultimately hindering organizational growth and sustainability.

Several factors contribute to the ineffective implementation of reward systems in Kenyan SMLEs. Financial constraints pose a significant challenge, as many enterprises lack the necessary resources to offer competitive monetary rewards. Additionally, some entrepreneurs may not fully understand the advantages of non-financial incentives or effective reward strategies, leading to suboptimal employee engagement (Kamwenji et al., 2022). Another critical issue is the inconsistency in reward policies within organizations, which creates disparities in employee motivation and performance (Waithira & Obere, 2018). External challenges, such as market volatility, regulatory restrictions, and limited access to financial support, further complicate the implementation of effective reward systems (Gathungu et al., 2016). Addressing these challenges is crucial for enhancing the performance and sustainability of SMLEs in Kenya.

To enhance the performance of small and medium livestock enterprises (SMLEs) in Kenya, it is essential to address the challenges associated with entrepreneurial reward philosophies. Implementing well-structured reward systems that incorporate both financial and non-financial incentives can significantly boost employee motivation, lower turnover rates, and promote sustainable business growth. Additionally, targeted research and policy interventions are necessary to help SMLEs adopt reward strategies that align with their specific needs and operational environments. Given these findings, further exploration is required to understand the impact of entrepreneurial reward philosophy on the performance of SMLEs, particularly in Turkana County.

Objective of the Study

To examine the influence of entrepreneurial reward philosophy on the performance of small and medium livestock enterprises (SMEs) in Kenya.

Literature Review

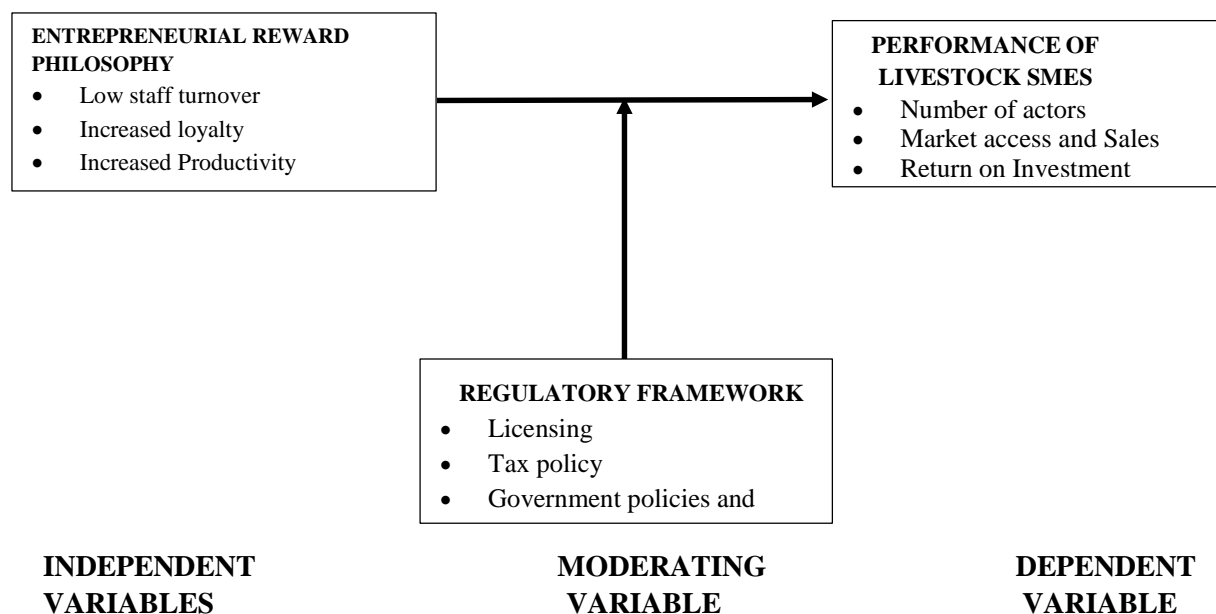
Entrepreneurship plays a crucial role in the advancement of small and medium enterprises (SMEs) in the livestock sector, particularly in emerging economies such as Kenya. This literature review examines the impact of entrepreneurial reward philosophy on the performance of small and medium livestock enterprises (SMEs) in Kenya, considering the moderating role of the regulatory framework. The review focuses on measurable indicators such as staff turnover, employee loyalty, productivity, profits, sales turnover, and return on investment (ROI).

Entrepreneurial reward philosophy encompasses the strategies and practices entrepreneurs use to motivate and retain employees. Effective reward systems, including both financial and non-financial incentives, are crucial for enhancing employee motivation and reducing turnover. For instance, a study on Mukurwe-ini Wakulima Dairy Limited in Nyeri County demonstrated that intrinsic rewards, extrinsic rewards, career development, and learning opportunities significantly contribute to employee retention (Wangai, 2018). Similarly, research in private health institutions in Nairobi County found that reward management practices positively influence employee turnover, highlighting the importance of career development and remuneration (Wekesa & Mose, 2018).

The implementation of effective reward systems directly influences organizational performance metrics such as profits, sales turnover, and ROI. A well-structured reward philosophy can lead to increased productivity, as motivated employees are more likely to perform at higher levels. Although specific studies linking reward systems to financial performance in Kenyan SMEs are limited, general management principles suggest a positive correlation between employee satisfaction and organizational success (King'ong'o, et al, 2020).

The regulatory environment, including licensing, taxation, and government policies, plays a significant role in shaping the operational landscape of SMEs. Compliance with licensing requirements is essential for legal operation, and failure to adhere can result in penalties. For example, the proposed Livestock Bill 2023 stipulates fines for selling animal feeds without a license, underscoring the importance of regulatory compliance (Tuko.co.ke, 2023). Taxation policies also impact SMEs' performance; high tax rates and complex compliance procedures can reduce profitability and hinder growth. A study in Kiambu County revealed that taxation negatively affects business profits and growth, as resources allocated to tax compliance could otherwise be used for reinvestment (ResearchGate, 2023).

The Conceptual Framework



Research Methodology

Research Philosophy

This study employed the pragmatism research philosophy, which integrates both positivist and interpretivist approaches by utilizing quantitative and qualitative methods. Pragmatism supports a mixed-methods approach, ensuring a balance between objective data and subjective insights. Additionally, it is outcome-oriented, focusing on enhancing the performance of small and medium livestock enterprises (SMLEs)

Research Design

According to Creswell, J. W., & Creswell, J. D. (2023), Research design refers to the overall strategy or blueprint that guides a research study, ensuring that the data collected effectively addresses the research problem. It outlines the methods and procedures for data collection, measurement, and analysis. This study adopted a mixed-methods research design to comprehensively explore the relationship between entrepreneurial reward philosophy and the performance of small and medium livestock enterprises in Kenya. The mixed-methods approach allows for the triangulation of quantitative and qualitative data, providing a holistic understanding of the research phenomenon.

Sampling and sample size

The target population for this study included small and medium livestock enterprises operating in Turkana County, Kenya. Due to the diverse nature of SMEs in the livestock sector, a stratified sampling technique was employed to ensure representation across different sub-sectors. A sample size of 196 SMEs was selected for data collection.

Data Collection Methods

Structured questionnaires were utilized to gather quantitative data from livestock SME owners, managers, and employees. The questionnaire was specifically designed to assess the key variables of the study, incorporating Likert-scale items to evaluate entrepreneurial reward philosophy and performance indicators.

Descriptive statistics for Entrepreneurial Reward Philosophy

STATEMENT	SA %	A %	N %	D %	SD %	Mean	Std
Time taken in Business operations determines enterprise Achievement Orientation	46.0	28.0	22.2	2.1	1.6	4.1481	.94490
Staff incentives increase performance	36.0	38.6	23.3	1.1	1.1	4.0741	.85354
Profit gains influence achievement orientation	40.7	33.9	22.8	1.6	1.1	4.1164	.88558
Maintaining a positive attitude at work despite challenges enhances business success	41.3	33.3	23.8	.6	2.1	4.1217	.88786
Skills training promotes performance	30.7	33.9	29.6	2.6	3.2	3.8624	.99044
Overall results						4.0645	0.9125

The results shown by the table above indicate that respondents generally agreed (Mean = 4.0) that efficient reward philosophy improves business performance. Specifically, the analysis shows that timely rewarding leads to higher profitability, while poor business performance is often linked to substandard goods in the market. These findings align with Mwaura (2016), who emphasized that entrepreneurial behavior and competencies are key drivers of business success. Entrepreneurs who effectively allocate financial and human resources can maximize performance outcomes, reinforcing the role of strategic reward systems in improving SME efficiency. The study also found that staff incentives significantly improve performance, with 36.0% of respondents strongly agreeing and 38.6% agreeing (Mean = 4.0741, Std = 0.8535). This aligns with achievement motivation theories, which suggest that employees are driven by financial and non-financial rewards that enhance commitment and productivity. As noted by Mwaura (2016), achievement motivation plays a crucial role in directing entrepreneurs and employees toward business success. Motivated employees are more innovative, loyal, and productive, reducing staff turnover and improving enterprise sustainability.

Survey results indicate that profit gains have a significant impact on achievement orientation, with 40.7% of respondents strongly agreeing and 33.9% agreeing (Mean = 4.1164, Std = 0.8855). This finding suggests that financial incentives and well-structured reward systems play a crucial role in driving business expansion and profitability. According to Mwaura (2016), achievement motivation can be categorized into three main areas. First, there is the need for success, where both entrepreneurs and employees are driven to meet and surpass business goals. Second, there is the need for power, which motivates business leaders to influence industry trends and make strategic decisions that enhance competitiveness. Lastly, there is the need for connectivity, which encourages entrepreneurs to establish strong business networks and partnerships. These elements collectively contribute to business sustainability by fostering efficient resource utilization, maintaining market competitiveness, and strengthening leadership structures within the enterprise.

Findings indicate that skills training significantly enhances performance, with 30.7% strongly agreeing and 33.9% agreeing (Mean = 3.8624, Std = 0.9904). This aligns with the argument that entrepreneurial competency development is essential for improving workforce efficiency. The structured questionnaire results also revealed that human resource performance is enhanced through training, reinforcing the importance of employee development initiatives as part of an effective reward system.

A substantial 41.3% of respondents strongly agreed, and 33.3% agreed that maintaining a positive attitude despite challenges enhances business success (Mean = 4.1217, Std = 0.8878). This suggests that entrepreneurial reward philosophies, such as recognition, promotions, and non-monetary incentives, contribute to building a resilient and motivated workforce. Entrepreneurs and employees who remain optimistic and engaged are more likely to overcome industry challenges, innovate, and drive business growth.

The findings reveal a strong correlation between entrepreneurial rewards, regulatory environments, and the performance of livestock SMEs. With an overall mean score of 4.0645 and a standard deviation of 0.9125, the results indicate a high level of agreement among respondents regarding key performance indicators. Specifically, licensing, tax policies, and government regulations play a crucial role in ensuring business sustainability. Additionally, well-structured entrepreneurial reward systems contribute to reducing staff turnover, enhancing employee loyalty, and increasing productivity. Furthermore, achievement motivation, efficient resource allocation, and employee incentives are essential factors that drive profitability, improve sales turnover, and maximize return on investment.

The findings reinforce that financial and non-financial rewards, achievement motivation, and efficient resource management are key drivers of sustainable growth in livestock SMEs. Entrepreneurs must integrate well-structured reward systems to enhance employee performance, resource efficiency, and long-term business success.

Test of Hypothesis for Independent Variables

H0	F-Value	P-value	Comment
H ₀₁ . Entrepreneurial Reward Philosophy does not have a significant effect on the performance of small and medium livestock. Enterprises in Kenya.	54.337	0.000	Reject the null hypothesis

The hypothesis testing results indicate a significant relationship between entrepreneurial reward philosophy and the performance of small and medium livestock enterprises (SMLEs) in Kenya. The F-value of 54.337 and a P-value of 0.000 suggest that the null hypothesis (H₀₁), which states that entrepreneurial reward philosophy does not significantly affect SMLE performance, should be rejected. This implies that entrepreneurial reward strategies, including financial and non-financial incentives, have a considerable impact on business outcomes such as profitability, sales turnover, and return on investment. The statistical significance of the findings highlights the importance of structured reward systems in enhancing employee motivation, reducing turnover, and fostering business sustainability. Consequently, SMEs in the livestock sector should adopt well-designed reward strategies to improve overall enterprise performance. With the significance level being below the conventional threshold of 0.05, we reject the null hypothesis, suggesting that entrepreneurial reward philosophy significantly affects the performance of small and medium livestock enterprises in Kenya.

Summary of Findings and Conclusions

This study examined the influence of entrepreneurial reward philosophy on the performance of small and medium livestock enterprises (SMLEs) in Kenya, with a specific focus on Turkana County. The research aimed to determine how structured reward systems impact key business performance indicators such as profitability, sales turnover, and return on investment. The study also explored the moderating role of regulatory frameworks, including licensing, taxation, and government policies, in shaping business sustainability. A mixed-methods

research approach was adopted, combining quantitative and qualitative data collection methods. Structured questionnaires were used to gather data from livestock SME owners, managers, and employees. The findings revealed a strong positive relationship between entrepreneurial reward systems and enterprise performance. The results showed that effective reward strategies significantly enhance employee motivation, reduce turnover, and improve productivity, ultimately contributing to business growth. Hypothesis testing results indicated a statistically significant impact of entrepreneurial reward philosophy on business performance, with an F-value of 54.337 and a P-value of 0.000, leading to the rejection of the null hypothesis. These findings suggest that reward structures play a vital role in business success and should be tailored to suit the needs of SMLEs. The study recommends that livestock SMEs adopt structured reward frameworks that balance financial and non-financial incentives. Additionally, policy interventions should focus on improving the regulatory environment to support enterprise sustainability. By aligning reward systems with business objectives and addressing regulatory challenges, livestock SMEs can achieve long-term growth and competitiveness.

Acknowledgment

I sincerely appreciate all those who supported me throughout the process of writing this thesis. I am especially grateful to Prof. Gregory Simiyu Namusonge and Dr. Nambuswa Elizabeth Makokha for their patience, guidance, and unwavering encouragement during my research. My heartfelt thanks also go to the Director of Jomo Kenyatta University of Agriculture and Technology, Kitale CBD campus, along with the entire academic staff, for their continuous support throughout my studies. Lastly, I extend my deepest gratitude to my family, whose unwavering support made it possible for me to pursue my Doctor of Philosophy.

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