

# Entrepreneurial Management Structure and Performance of Small and Medium Livestock Enterprises in Kenya

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## ABSTRACT

The purpose of this study was to investigate the relationship between entrepreneurial management structure and the performance of small and medium livestock farms in Kenya, with a focus on examining the moderating effect of the regulatory framework on this relationship. The study was grounded in key theoretical frameworks, including Joseph Schumpeter's theory of innovation, Knight's Uncertainty Bearing theory, McClelland's theory of motivation, the Resource-Based View theory, and the Neo-Classical Theory of Management (Elton Mayo). These theories provided a comprehensive understanding of the factors influencing entrepreneurial success in the livestock sector. A mixed research design was adopted, targeting a population of 500 livestock enterprises in Turkana County. Stratified sampling was employed to ensure representation across different enterprise sizes, resulting in a sample of 196 entrepreneurs. Data was collected using meticulously designed questionnaires, and the validity and reliability of these instruments were confirmed through pilot testing. The analysis revealed that entrepreneurial management structures, when effectively aligned with supportive regulatory frameworks, significantly enhance the performance of small and medium livestock enterprises in Kenya. To further strengthen the livestock sector, the study recommends that SMEs adopt comprehensive strategies, including product diversification, differentiation, cost reduction, and internationalization. Additionally, technological and innovation incubators should play a crucial role in ensuring that new technologies are relevant, compatible, and beneficial to the livestock sector. Government intervention is vital, with the need for incentives to enhance competitiveness, alongside strategies to retain market share in a challenging environment. The study also emphasizes the importance of implementing performance-based reward schemes and continuous managerial training to boost decision-making and enterprise success. Moreover, robust anti-corruption policies and streamlined tax systems are essential to reducing bureaucracy in the livestock value chain. These findings are expected to benefit a wide range of stakeholders, including entrepreneurs, policymakers, implementers, and the broader public, contributing to sustainable growth in the livestock sector.

**Key words:** Entrepreneurial Management Structure, Livestock Enterprises, Performance of Small and Medium Enterprises (SMEs), Innovation, Leadership and Strategic Vision.

## INTRODUCTION

The livestock industry plays a central role in the Kenyan economy, particularly in the context of small and medium enterprises (SMEs). As an integral part of the agricultural sector, these companies contribute significantly to employment, income generation, and food security across the country. Amid the dynamic and competitive landscape of the livestock industry, the role of the business management structure proves to be a crucial factor in performance and sustainability for SMEs operating in this sector.

According to Muathe, S., & Kavindah (2021), entrepreneurial management structure includes the set of organizational processes, decision-making mechanisms, and cultural attributes that shape the strategic direction and operational dynamics of a company. In the context of small and medium-sized livestock operations in Kenya, understanding how these management structures influence performance outcomes is critical to fostering growth, innovation, and resilience in the face of changing market conditions.

While previous research has examined various facets of entrepreneurial management in different industries and contexts, a gap remains in understanding its specific impact on livestock operations in Kenya. By examining the relationship between corporate management structure and performance, this study aims to bridge this gap and provide actionable insights for policymakers, practitioners, and entrepreneurs.

Based on a mixed methods approach, this research sort to analyze both quantitative data on performance metrics and qualitative insights into the management practices and organizational culture in SMEs in the Kenyan livestock sector. Through this comprehensive investigation, the study seeks to identify key factors within the corporate management structure that drive performance outcomes, including decentralization, innovation, leadership effectiveness, strategic vision, adaptability, and resource efficiency.

By shedding light on the intricate interplay between entrepreneurial management structure and performance in small and medium livestock farms, this research contributes to the existing body of knowledge on SME and agricultural entrepreneurship development in Kenya. Ultimately, the results of this study aim to inform evidence-based policy decisions, equip practitioners with practical tools to improve organizational effectiveness, and stimulate entrepreneurial efforts that promote sustainable growth and competitiveness in the livestock industry.

## Statement of the Problem

Despite the significant contribution of small and medium livestock enterprises (SMEs) to the Kenyan economy, there are significant differences in their performance outcomes. While some SMEs are thriving and contributing significantly to job creation, income growth and food security, others are struggling to remain competitive and sustainable in the dynamic livestock industry (Kiama et al., 2020). These differences in performance require a more in-depth study of the factors that influence the success and resilience of SMEs in this sector.

An important area that needs to be examined is the entrepreneurial management structure adopted by SMEs in the Kenyan livestock industry. Entrepreneurial management encompasses the organizational processes, decision-making mechanisms, and cultural attributes that shape a company's strategic direction and operating (Wachira, 2024). However, there is limited empirical evidence on how certain aspects of entrepreneurial management, such as decentralization, innovation, managerial effectiveness, strategic vision, adaptability and resource efficiency, influence the performance of SMEs in the livestock sector.

Furthermore, the context-specific challenges and opportunities faced by SMEs in the Kenyan livestock industry require a focused investigation of the interplay between entrepreneurial management practices and performance outcomes. Factors such as market volatility, regulatory restrictions, access to finance, technological advancements and changing consumer preferences present unique challenges to SMEs operating in this area (Kibet et al., 2021). The overarching issue that this study addresses, therefore, is the lack of understanding of how entrepreneurial management structures influence the performance of small and medium-sized livestock farms in Kenya.

## Objective of the Study

The objective of the study was to assess the effect of Entrepreneurial management structure and performance of small and medium livestock enterprises in Kenya.

## Hypothesis of the Study

H<sub>01</sub>: Entrepreneurial management structure does not have a significant effect on the enterprise performance of small and medium livestock enterprises in Kenya.

## Theoretical Framework

The theories that guided the study were Schumpeterian theory of entrepreneurship and resource-based theory. The Schumpeterian theory of entrepreneurship emphasizes the role of innovation in promoting economic

development through the actions of entrepreneurs. It focuses on how entrepreneurs bring new ideas, products, or processes to market, resulting in economic growth and improved performance. In the context of small and medium-sized livestock farms in Kenya, Schumpeterian theory highlights the importance of innovation in entrepreneurial management structures, which can significantly influence the performance outcomes of these enterprises.

On the other hand, resource-based theory highlights the importance of tangible and intangible resources in shaping firms' competitive advantage and performance. In the context of small and medium-sized livestock enterprises in Kenya, resource-based theory suggests that access to and effective use of resources such as financial capital, social networks and human capital can influence entrepreneurial management structure and therefore performance outcomes.

While both theories provide valuable insights into the relationship between entrepreneurial management structure and performance, resource-based theory potentially offers more direct implications for understanding how the allocation and management of resources within SMEs in the Kenyan livestock sector contributes to their overall performance

### The Conceptual Framework

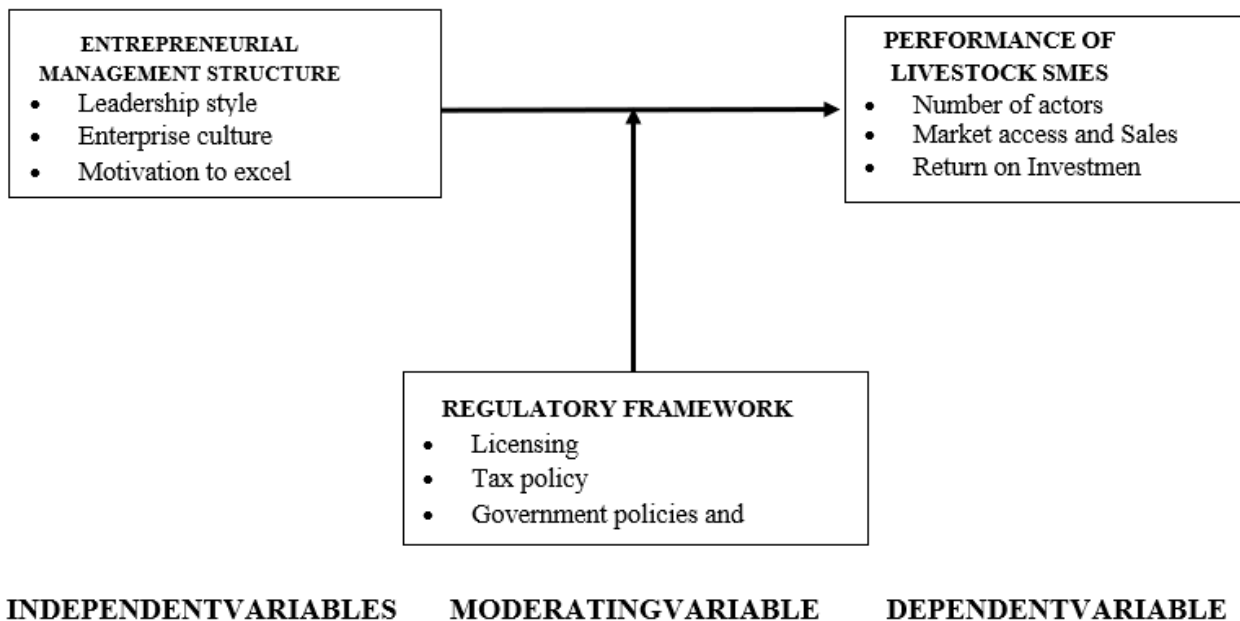


Figure 1: Conceptual framework

### Review of variables

The entrepreneurial management structure, characterized by leadership style and organizational structure, influences the operational efficiency and strategic direction of livestock SMEs, thereby impacting their performance indicators such as profits, sales turnover, and ROI. Additionally, the regulatory framework, including tax policies, licensing requirements, and government policies, moderates the relationship between entrepreneurial management structure and performance outcomes. Compliance with regulatory requirements may impose constraints or create opportunities for livestock SMEs, influencing their ability to achieve desired performance outcomes. Conversely, effective entrepreneurial management practices, such as adaptive leadership and efficient organizational structures, can mitigate the negative effects of regulatory challenges and enhance the performance of livestock SMEs through increased output and profitability.

### RESEARCH METHODOLOGY

Creswell and Creswell (2023), provide a detailed and structured approach to conducting mixed methods research, emphasizing the value of combining qualitative and quantitative approaches to address complex

research questions and enhance the robustness of findings. The methodology used in the study involved a mixed-methods approach that combined both quantitative and qualitative techniques to collect comprehensive data on the entrepreneurial management structure and performance of small and medium livestock enterprises (SMEs) in Kenya. This approach aligns with recent research practices aimed at capturing the multifaceted nature of business performance in dynamic sectors (Mwangi & Njuguna, 2021; Otieno et al., 2022).

### Quantitative Techniques

A survey design was adopted, where a structured survey questionnaire was developed to collect quantitative data on various aspects of entrepreneurial management structure and performance indicators of SMEs in the livestock sector (Kariuki et al., 2023). A representative sample of SMEs operating in the livestock industry across different regions of Kenya was selected using random sampling techniques (Wambua & Muturi, 2020). Data collection involved administering questionnaires to SME owners, managers, or key decision-makers to gather quantitative data on leadership style, organizational structure, regulatory compliance, and performance metrics such as profits, sales turnover, and ROI (Wachira, 2024). Statistical analysis techniques, including descriptive statistics, regression analysis, and correlation analysis, were employed to analyze the quantitative data and explore the relationships between variables (Ng'ang'a & Kinyua, 2022).

### Qualitative Technique

Interviews were conducted with stakeholders, including SME owners, industry experts, and government officials, to gain qualitative insights into the entrepreneurial management practices and regulatory challenges faced by livestock SMEs (Karanja & Wainaina, 2020). The qualitative data gathered from interviews was analyzed using thematic analysis techniques to identify recurring themes, patterns, and insights related to entrepreneurial management structure and regulatory influences on SME performance (Mutua & Chege, 2023). Both quantitative and qualitative findings were triangulated to validate and complement each other, providing a more comprehensive understanding of the research phenomenon (Njoroge & Mwenda, 2022). The mixed-methods approach enhanced the capturing of the complex factors influencing the entrepreneurial management structure and performance of small and medium livestock enterprises in Kenya, thus offering valuable insights for policymakers, and entrepreneurs in the livestock sector (Omondi & Mwangi, 2024).

## FINDINGS

### Descriptive Statistics for Entrepreneurial Management Structure

STATEMENT	SA	A	N	D	SD	Mean	Std	Skewness	Kurtosis
	%	%	%	%	%				
Managerial structure influences performance of Livestock enterprise	25.4	59.3	12.2	.5	2.6	4.0423	.79781	-.865	-1.349
Decision making is influenced by the managerial design	30.7	43.9	19.0	2.6	3.7	3.9524	.96913		
Delegation of duties/roles in the management increases the effectiveness	35.4	39.2	19.6	3.7	2.1	4.0212	.94507		
Managerial rewards reduce staff turnover	24.9	59.3	12.2	1.1	2.6	4.0265	.80843		

Trained human resource reduces entrepreneurial risk levels	30.7	44.4	16.9	4.2	3.7	3.9418	.99027		
Overall results						3.9968	0.90214		

The analysis results presented in the table above show that respondents generally agreed (mean = 4.00) that managerial structure influenced the performance of livestock enterprises. Specifically, decision-making was influenced by managerial design, delegation of duties and roles in management increased effectiveness, managerial rewards reduced staff turnover, and trained human resources reduced entrepreneurial risk levels (Wanjiru & Kamau, 2022). The value of skewness for the data is -0.865, implying that the distribution of the data is asymmetrical and skewed to the left. The kurtosis value is -1.349, indicating that more data values are clustered near the mean, with fewer values located in the tails (Muriuki & Njoroge, 2021).

These findings align with recent studies. For example, Mwangi, Obonyo, and Oloko (2020) argue that delegation of roles significantly influences the utilization of employee talent, thereby benefiting an organization’s management process. Similarly, Kariuki (2022) noted that organizational structure has a pronounced impact on the performance of an enterprise compared to other factors. Kariuki further highlighted that the decentralization of organizational structures enhances decision-making efficiency, particularly in Kenyan SMEs.

The study concludes that managers should adopt decentralized forms of structure to improve decision-making within organizations. The enterprise structure determines how information flows between levels within the enterprise and significantly impacts its performance. There is a notable association between work process specialization and productivity, effectively linking an organization’s structure to enterprise performance (Mutua et al., 2023). Additionally, Wambua et al. (2021) emphasize that livestock enterprise managers require specific skills and knowledge on product values, which are critical to the successful development of livestock SMEs.

H <sub>01</sub>	F Value	P-value	Comment
Entrepreneurial management structure does not have a significant effect on the performance of small and medium livestock enterprises in Kenya	13.810	0.000	Reject the null hypothesis

H<sub>01</sub>: Entrepreneurial management structure does not have a significant effect on the performance of small and medium livestock enterprises in Kenya.

The study also tested the null hypothesis that Entrepreneurial management structure does not have a significant effect on the performance of small and medium livestock enterprises in

Kenya. The F-value of 18.280 with a significance level of .000 indicates a strong positive effect between entrepreneurial management structure and performance of small and medium livestock enterprises in Kenya.

Rejecting the null hypothesis is justified by the significance level, indicating that entrepreneurial management structure significantly influences the performance of small and medium livestock enterprises in Kenya.

## CONCLUSION

Objective four: To assess the effect of Entrepreneurial management structure on the performance of small and medium livestock enterprises in Kenya.

The study established that without the influence of regulatory framework, entrepreneurial management structure accounts for 1.2% variability to the performance of livestock enterprise The study established that;

Managerial structure influenced performance of Livestock enterprise, decision making was influenced by the managerial design, delegation of duties/roles in the management increased the effectiveness, managerial rewards reduced staff turnover and trained human resource reduced entrepreneurial risk level.

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