

Influence of Investment Skills on Long Term Performance of Athletes in Elgeyo Marakwet County, Kenya

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Abstract

The study set out to address the effect of poor long term financial performance of athletes in Elgeyo Marakwet County. The purpose of the study was to assess effect of investment skills on long term financial performance of Kenyan athletes of Elgeyo Marakwet County, Kenya. The objective was to establish levels of influence of investment skills on long term financial performance of athletes. The study was carried out in Elgeyo Marakwet County which is one of the 47 Counties of Kenya. In regard to establishing levels of influence of investment skills on long term financial performance of athletes in Elgeyo Marakwet County, the study established that 63% did not have savings accounts, thus revealing a poor saving culture against those who had savings accounts at 37% respectively. The study also revealed that majority of the respondents at 62% did not have retirement accounts against only 38% who had retirement accounts. The government, both County and National should ensure favorable policy based conditions and regulations to ensure athletes invest locally for posterity and sustainability. Furthermore, the government should encourage investment advisory extension services across the community.

Keywords: Investment skills; Long term financial performance.



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1. Introduction

Kenya has for decades stood up as an athletics powerhouse, in either Olympic or world championships. Some Kenya's international athletics legends include Kipchoge Keino, Moses Kiptanui, Paul Tergat, Henry Rono, Tecla Lorupe, Sally Barsosior, Catherine Ndereva, the late Richard Chelimo and Samuel Wanjiru just to mention a few. They have proved Kenya's potential in middle and long distance races.

Between salaries, sizeable bonuses and rich endorsement deals, it's hard to fathom how professional athletes find themselves in financial chaos. Yet the tales of athletes' financial problems are hardly uncommon.

Athletes in Kenya have been receiving large amounts of monetary prizes after winning in various athletics events. They have proved to be an economic power house in North Rift, hence the need for financial management skills.

1.1. Statement of the Problem

Most retired athletes in Kenya undergo numerous financial challenges even though they won huge sums of money locally, nationally and internationally during their youthful days. Most of the investments made by athletes hardly succeed. Consequently, many lives of athletes have been lost through drug abuse and death due to stress and depression the study set out to address the problem of poor financial performance of athletes.

1.2. Purpose and Objective of the Study

The purpose of the study was to assess effects of investment skills on long term financial performance. The specific objective was to establish levels of influence of investment skills on long term financial performance of athletes in Elgeyo Marakwet County.

2. Literature Review

2.1. Investment Skills

Investment is defined as the commitment of funds by individuals, companies or institutional investors to real and/or financial assets for a period of time in order to accumulate wealth in the long term (Marx *et al.*, 2010). In this study, investment refers to the acquisition and management of fixed and current assets including the non-tangible assets.

The skills involve a determination made by an individual as to how, when, where and how much capital will be spent on investment opportunities. The decision often follows research to determine costs and returns for each

option. Before an athlete makes any investment decision, he/she should sit down and take an honest look at his/her entire financial situation - especially if they have never made a financial plan before.

2.2. Performance

Performance ensures goals are constantly met in an effective and efficient way for an individual, in an organization, a department or even the process to build a product or service. Performance management is also known as a process by which organizations align their resources, systems and employees to strategic objectives and priorities. Sports writers frequently speculate about the effect of money and athletic performance.

2.3. International Athletics Events

From the 1970's, USA college coaches discovered athletes from Kenya who traveled to America to study and develop their running skills. Few Kenyans began to earn money in Europe and USA. This brought a new opportunity to earn riches and they began to train hard. This has uplifted Kenya to remarkable faculty for world class distance runners.

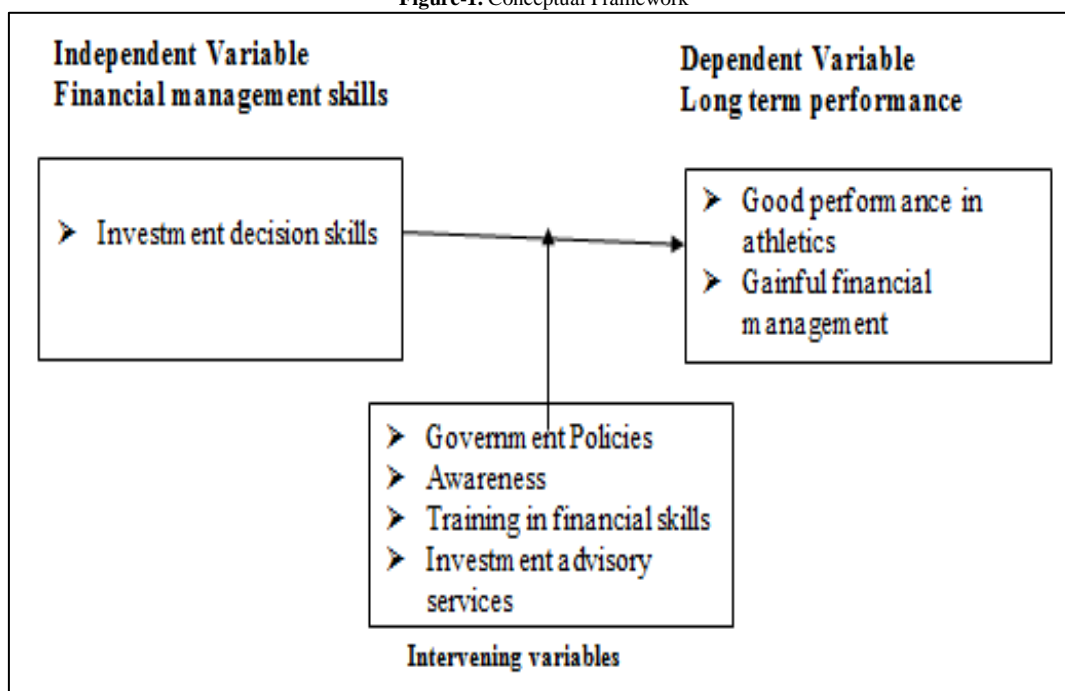
A small town east of Eldoret City has turned out to be an international training centre due to the natural environment which is favorable and attracts runners worldwide. About 1250 Kenyans athletes and 250 foreign athletes train in Iten. Uganda's Stephen Kiprotich, British Paul Radcliff and Mo Farah have on several occasions trained in the town. Therefore, athletics has brought in tourism, stadium, and hospitality and even health facilities within the town. Such investments come with financial impact on the community in the long run.

2.4. Knowledge Gap

After retirement from sports the process of adaptation is challenging and associated with adjustment problems. Adjustment depends on factors such as age, social demographics, economic class and educational level attained. One such intervention was the basis of this study, being assessment of the investment skills so that the shortcomings are effectively addressed.

2.5. Conceptual Framework

Figure-1. Conceptual Framework



3. Methodology

For the purpose of this study, survey research design was used. The study was carried out in Elgeyo Marakwet County which is one of the 47 Counties of Kenya. Elgeyo Marakwet County is located in the former Rift Valley Province. Its capital and largest town is Iten. The County is mainly occupied by The Keiyo and Marakwet which are part of the larger ethnic grouping of eight culturally and linguistically related ethnic groups known as the Kalenjin. The study used simple random sampling techniques which were adopted to enable the researcher select the sample of training camps while purposive sampling was adopted to sample athletes in the sampled camps for interviewing the respondents.

Content validity of the instruments was determined by the researcher through discussions with supervisors, lecturers and colleagues who indicated by tick or cross against items in the questionnaire if they measure what is supposed to measure or not. The reliability of the items was based on the estimates of the instruments administered to the same respondents twice in a span of two weeks using 20 respondents.

Feedback obtained from the pilot study assisted the researchers in revising the instruments of data collection to ensure that it covered the objectives of the study. The dully filled and returned questionnaires were analyzed using SPSS.

4. Findings

Of the 92 questionnaires administered only 63 respondents answered and returned, which constituted 67 % rate. This return rate was found acceptable by the researcher.

4.1. Influence of Investment Skills on Long Term Financial Performance of Athletes in Elgeyo Marakwet County

The study findings established that in terms of investments, athletes usually get involved in business during or after their athletics life, therefore pointing out the need for them to be exposed to financial management skills.

In regard to establishing levels of influence of investment skills on long term financial performance of athletes in Elgeyo Marakwet County, the study established that 63% did not have savings accounts, thus revealing a poor saving culture against those who had savings accounts at 37% respectively. The study also revealed that majority of the respondents at 62% did not have retirement accounts against only 38% who had retirement accounts.

In determining effects of financial management skills on long term financial performance of athletes of Elgeyo Marakwet County, it was found out that 87% of the respondents did not have certificates of deposit accounts against a minority 13% who had them implying the athletes have a poor savings mobilization culture that is a pre-requisite for them to do well in life. On the other hand, all interviewed respondents agreed that they had ATM cards from various local banking institutions. However, the study revealed that only 13% of the interviewed respondents had fixed deposit accounts against 87% who did not. This may pose a risk to the athletes and their dependents in future due to no savings and returns that would be useful to them. When it came to possession of credit credits, 87% of the respondents owned them and 13 % did not, implying that their transactions are majorly on cash basis and they do not utilize credit opportunities that arise by possession of credit cards.

More so, the study findings revealed that majority of the respondents at 92% did not hold mortgage accounts and only 8% agreed to be having them. This is an indication that the athletes fear financial commitments in terms of mortgages which can self-pay for installments if carefully selected. These further shows why they end up not owning houses in cities and towns for the sake of themselves and also family since the cash earned at athletics events can always act as deposits to start off. Further the study sought to answer the question in regard to what are the financial management skills that the Kenyan athletes need. In relation to this question, findings established that the majority of the respondents had no understanding on the subject matter at a score of 79%. Upon further probing, it was revealed that none of the respondents had knowledge on how to prepare cash budgets, profit and loss account, balance sheet, financial statements analysis, break even analysis, cash management, use of spread sheets on computers for financial decision making and this situation poses a lot of risks for the business enterprises the athletes are involved in as far as its long term and good performance is concerned. When it came to the question concerning which training needs do Kenyan athletes require in financial management skills, findings revealed that they missed on general usage and importance of bank accounts, account reconciliations and general checks, regular payment of NSSF and general knowledge on budgeting for personal , family and dependents , all inclusive.

5. Conclusions

In regard to investment decision skills, the study concluded that training on financial literacy and management is key for the good performance of athletes and the general community. Furthermore, study findings revealed that majority of respondents had poor financial planning skills and therefore the researcher concluded that the athletes should be trained on this to save the situation and future regrets. Further looking at the intensity of the need and lack of long term financial performance of respondents, the stakeholders ranging from all levels of government, non-governmental organizations and religious organizations should join together to enhance achievement of better financial management skills to citizens for the sake of good development and performance of the economy.

Recommendations

The government, both County and National should ensure favorable policy based conditions and regulations to ensure athletes invest locally for posterity and sustainability. Furthermore, the government should encourage investment advisory extension services across the community.

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