

Factors Affecting Performance of Businesses of Public Corporations Retirees in Kenya: A Case of Kisumu City

Khisa Janepher G. Kodia

Department of Business Studies, Bishop Okullu College, P.O Box 7687-40100, Kisumu Kenya

* E-mail of the corresponding author: jgkodia@yahoo.com

Abstract

Venturing into business is thought to play an important role particularly to retirees as a source of extra income and also for keeping themselves busy in retirement. However, in spite of efforts from various stakeholders to enhance success of the retirees' businesses, they have been performing poorly. According to the Retirement Benefits Authority (RBA) most businesses started by retirees fail within the first three years. The main objective of the study was to examine the factors affecting the performance of businesses of public corporation retirees in Kisumu. The study used a sample size of 193 retirees, who were picked from a population of 642 through stratified sampling technique. The study was a descriptive survey of the retirees and used both primary and secondary data. Primary data was collected from relevant retirees using structured questionnaires. Secondary data was obtained from the institutional reports and records of the retirees. The data collected was analyzed using descriptive statistics and presented in form of tables and frequency distributions. This study revealed that the major factors affecting performance of retirees' businesses include financial stability, physical and mental strength, entrepreneurial skills and family base, which accounted for significant failure of businesses of retirees of public corporations in Kisumu. It was also revealed that many retirees lacked proper human relations skills to motivate and retain internal customers (employees) as well as maintain consistently satisfied customers. The study recommended that retirees in business should endeavour to attend trainings/seminars to improve their business and financial management skills. Further, the study recommended the enactment of a compulsory pre-retirement training on financial and business management for employees with at least five years to retirement. The researcher suggested that a similar study be done focusing on external factors affecting business performance and also focus on retirees in the private sector.

Keywords: Business performance, entrepreneurship, public corporations, pre-retirement planning, retirement benefits, retiree, Retirement Benefits Authority.

1. Introduction

Retirement is a condition of disengagement from a formal employment due to attainment of the statutory retirement age or attainment of a specific objective. Being a condition of disengagement, retirement leads to the stoppage of regular income in terms of wages and salaries; which makes the retiree to be more financially vulnerable, and significantly needy. It is out of the need for sustained income flow that many retirees get new engagements in personal businesses so as to continue to generate some regular incomes. For purposes of the study, a retiree was defined as person who has left formal employment upon attainment of the stipulated retirement age or otherwise, including those who had fallen off the regular employment through retrenchment. Business is an economic engagement, an activity which involves the production, selling and buying of goods and services which are vital for the living situation of human beings, (Cole, 2005). According to available data from the Retirement Benefits Authority, which also carries out pre-retirement trainings for members of retirement benefits schemes in Kenya, most of these retirees go into business. As the retirees go out of the employment into self-initiated business projects it is hoped that the business returns will continue to flow and sustain them for a longer period. However, previous studies (Koontz, 2005; Karingiti, 1999; Ondiege, 1996; Kibera, 1996 and Covey, 2000) on this show that like all other retirees who venture into new businesses, a greater percentage of these businesses fail in the first few years. Generally only a small percentage of such new businesses survive in the long run. This backdrop raises significant questions which may be viewed in general and also investigated specifically, as may be relevant to each business. Whereas success of every business is viewed as depending on both internal and external factors, the external factors may apply universally to all businesses alike. It is therefore imperative that internal factors that affect these businesses be identified in line with the unique operational elements of each business: the extent of their contribution to performance determined and, their impact singled out individually and collectively. However it is important to note that starting one's own business is not all the time an avoidable monster. In fact it grants the owners the authority to be their own bosses; which they were denied when they were still serving their employment terms and this is psychologically satisfying. However key entrepreneurial tenets are necessary if these businesses started by retirees are to survive to stable sustainable levels. Starting a business and its success requires some innate qualities that would create a suitable blend between the entrepreneur and the internal and external variables. Physical and emotional stamina to run a business, planning and research motivation and family link and support cannot be overemphasized as significant

contributors to business success (Kibera 1996).

1.1 Public Corporations in Kenya

Public corporations are statutory bodies, created by laws passed in parliament which sell goods and services to the public on large scale. These are important corporations that engage themselves in considerable part of the economy through business. Kenya has a number of public corporations in various areas e.g. communications (Postal Corporation and Telkom Kenya), power (KPLC), transport (Kenya Railways and Ports Authority) and financial services (banks and non-bank financial institutions). Unlike private organizations, public corporations do not have shareholders, capital is provided by the government through development financial institutions. The control of the corporations is in the hands of the relevant Minister who represents it in parliament. He in turn appoints Directors to help in controlling and running the corporation. The principal objective of a public corporation is not profit as in the case for private enterprises, but to provide goods and services for public interest. Financial policy is normally to cover all costs and generate enough capital for expansion of programmes. Public corporations are important and their existence in Kenya can be justified on the ground that some industries are best organized on a monopoly basis to avoid duplication and wastage of scarce resources. Thus to realize economies of scale (cost savings as a result of running such industries/utilities as monopolies), it is good to provide such utilities through public corporations. For example due to declining marginal costs (decline in additional costs incurred) the installation of water supply, electricity and telephone to one household makes the cost of installing to the next household cheaper once the distribution network is in place. Therefore here, the beneficial effects of competition are not likely and to avoid exploitation by a private monopoly, the government corporations are justified to supply such services.

Public corporations have had unique characteristics that define their operations until the introduction of structural adjustments Programs in 1996; where service quality, cost controls and improved employability became the overriding factors of privatization. It is notable that many of the public corporations employees did not have pre-employment specialization or professional selection, as most of them were direct school leavers. The performance of public corporations has not been keenly monitored and the issue of performance contracting is a new phenomenon whereby most of public corporation employees find it difficult to cope. Generally, Public corporations have been characterized by failure and most of their employees associated with the same. It would be interesting to find out if the tenets of failing management of Public corporations would by implication be transferred to the businesses of their retirees, would there be a correlation between their foundational upbringing and their investments in retirement? Furthermore, the public corporations have in the past paid their employees better than other public sector workers in the civil service; and as such were not exposed to the rigorous financial stress. The innovative ability was therefore not well developed to diversify their ability to cope with job search challenges. Retirement of public corporations' workers often comes without ample preparation on "job-exit" programmes and investment entry skills; that would be essential after their retirement. Many retirees therefore have least entrepreneurial talents and skills; but must strive to invest their retirement benefits in further income generating projects, for continued financial survival. It is also estimated that 60% of the retirees venture into small and medium scale businesses of diverse products; common ones being service and small scale oriented retailing. However the success of such investment is based on entrepreneurial management.

1.2 Kisumu City

Kisumu city is the administrative and commercial capital of Nyanza province and the third largest city in Kenya after Mombasa and Nairobi. It is located within Winam Division of Kisumu District. As a commercial center, Kisumu city has attracted a steady influx of people from all over east Africa most of whom are engaged in big and small businesses. According to the Kisumu District development Plan of 2002 to 2008 it has a population of over 600,000. The major economic activities of Kisumu city include businesses in manufacturing industries, fishing and agriculture. There are several factors favouring business in this largest city along the Lake Victoria. One of the major factors is the city's recent elevation as the millennium city linking all the major towns in East Africa. Already the city is served with all modes of communication network, with at least six flights to Nairobi on a daily basis. Being a transit point to Uganda, Kisumu provides an ideal environment for all sorts of business opportunities. Education wise, Kisumu is sufficiently favoured with several institutions of higher learning. Major public universities namely Maseno, Nairobi and Kenyatta already have opened campuses within the city center. The Great Lakes University of Kisumu is the first private University to establish its presence in Kisumu followed by the Uzima Catholic University. From the commercial perspective, Kisumu still has expansive opportunity for investment such as in the housing industry. Even though accommodation is becoming a problem and expensive, it is still relatively more affordable than other major cities in East Africa.

1.3 General Overview and Retirement Trends in Kenya

Issues concerning retirement counseling and preparation for life after employment have been on the increase over the years. Existing literatures reveal that there is move towards making the institution of retirement more formal, hence the concerns for the development of entrepreneurial ingenuity of the aged. Retirement is a condition of disengagement from a formal employment due to attainment of the statutory retirement age or

attainment of a specific objective. However, for the sake of this study, retirement is viewed from the attainment of the mandatory ages for the employees of public corporations in Kenya including those who exit through retrenchment. Being a condition of disengagement, retirement leads to the stoppage of regular income in terms of wages and salaries; which makes the retiree to be more financially vulnerable, and significantly needy. It is out of the need for sustained income flow that many retirees get new engagements in personal businesses so as to continue to generate some regular incomes. Important to consider under this study are: the retirement age, the mental and physical stability of the retirees, the retirees' experience and training on business operations and management, and also the general external environment (RBA, 2004). The retirement trends in Kenya have been characterized by the structure of retirement benefits industry which is made up of the civil service pension scheme which is non-funded, the national social security fund (NSSF), occupational schemes which are usually funded and also the individual personal pension schemes normally administered by the insurance companies. Although the civil service pension scheme has been exempt from the Retirement Benefits Authority rules (RBA), plans are underway to have it funded and subjected to RBA. The lack of funding of the civil service pension has led to the government increasing the retirement age from 55 to 60 years as a way of dealing with impending retirement liabilities, especially in the wake of the global economic meltdown, and the insufficient funds at the treasury. Retirement has not been adequately accepted by many workers owing to different factors. The social stigma associated with losing a job cannot be underestimated. Some people would consider retirement as a way of relieving them of their social status, source of livelihood, or simply declaring them no longer worthy of useful service to the society. Fear of retirement, thus, has led to some employees faking their ages so as to stay in employment much longer. It is because of this fear that the need to educate employees on alternative engagements becomes a strict necessity. These include early preparation for retirement, enhancement of business skills as well as retirement counseling for attitudinal change.

According to available data from the Retirement Benefits Authority, which also carries out pre-retirement trainings for members of retirement benefits schemes in Kenya, most of these retirees go into business. As the retirees go out of the employment into self-initiated business projects it is hoped that the business returns will continue to flow and sustain them for a longer period. According to the RBA Pensioners and retirees survey of 2003, 19% of the businesses started with retirement benefits had collapsed, 30% were running but not profitably and only 51% were running profitably. A similar trend is noted in the previous studies (Koontz, 2005; Karingiti, 1999; Ondiege, 1996; Kibera, 1996 and Covey, 2000) which indicate that like all other retirees who venture into new businesses, a greater percentage of these businesses fail in the first few years. Generally only a small percentage of such new businesses survive in the long run. This backdrop raises significant questions which may be viewed in general and also investigated specifically, as may be relevant to each business. Whereas success of every business is viewed as depending on both internal and external factors, the external factors apply universally to all businesses alike. It is therefore imperative that internal factors that affect these businesses be identified in line with the unique operational elements of each business: the extent of their contribution to performance determined and, their impact singled out individually and collectively. However it is important to note that starting ones own business is not all the time an avoidable monster. In fact it grants the owners the authority to be their own bosses; which they were denied when they were still serving their employment terms and this is psychologically satisfying. However key entrepreneurial tenets are necessary if these businesses started by retirees are to survive to stable sustainable levels. Starting a business and its success requires some innate qualities that would create a suitable blend between the entrepreneur and the internal and external variables. Physical and emotional stamina to run a business, planning and research motivation and family link and support cannot be overemphasized as significant contributors to business success (Kibera 1996).

1.4 Retirement Benefits Industry in Kenya

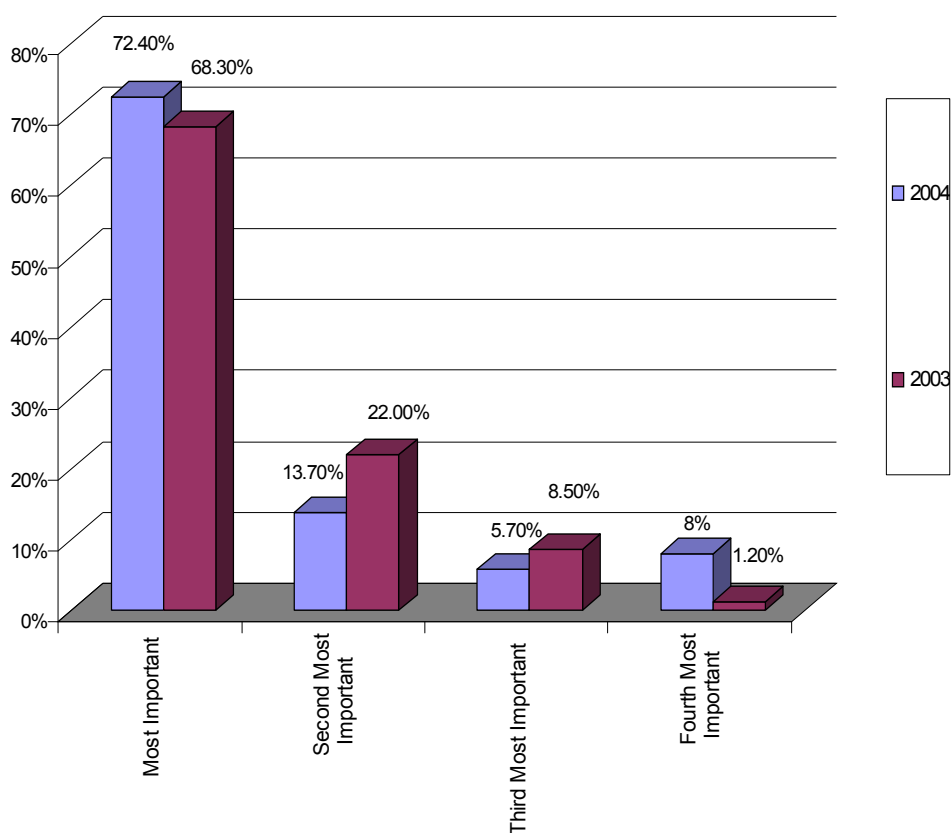
The Retirement benefits industry in Kenya controls over Kshs. 260 billion worth of assets through over 1300 occupational pension schemes, 16 individual retirement benefits schemes, and the National Social Security Fund (NSSF). These schemes together with the civil service pension scheme provide coverage to 15 percent of Kenya's labour force, mostly those in formal employment. In terms of membership, the NSSF has around 67% of the total, followed by the Civil Service Pension Scheme with 22% and occupational schemes with 11%. In terms of assets, however, the occupational schemes contribute 61% of total industry assets followed by NSSF with 38%. The Civil Service Pension Scheme is non-funded and has no assets. (RBA Newsletter March, 2008)

1.5 Need for Pension Savings

According to the Retirement Benefits Authority, Pension savings remain a key tool for poverty alleviation because they provide: a source of income after retirement; income for dependants in the unfortunate event of death of the breadwinner; a source of income if one has to leave service on medical grounds, or otherwise. A good retirement savings plan also: teaches individuals to make do with lower levels of disposable income during their working life; helps individuals gain access to otherwise inaccessible assets; instills the discipline to save more in individuals; decreases the levels of staff turnover for employers; and, mobilises large amounts of funds that contribute to the vibrancy of capital market. Retirement savings are even more important in the 21st century;

due to emergence of a less labour intensive market. Employers now require fewer, more skilled employees than they did in the past. As a result, job security is not guaranteed. Disintegration of the social system is another reason for importance of retirement savings. Unlike before when children took care of their parents in old age, the elderly are now expected to fend for themselves. There is also the question of life expectancy that makes retirement savings important. Medical advances and less hazardous jobs imply greater life expectancy for workers. This means higher medical bills and a heightened need for regular income. The HIV/AIDS pandemic is yet another reason. High levels of HIV infection among the youth preclude the elderly from the guarantee of support from their children/current dependants, hence the need to attach more importance on retirement savings. Further there is the general need for a maintained standard of living in retirement that gives credit to retirement savings. Research carried out by the Retirement Benefits Authority indicates that: Kenya's current average income replacement rate stands at a low 20%; and, the Kenyan population is largely financially myopic. Further, pensions industries the world over face certain challenges: Asset – Liability Matching, Ability to meet 'pension promise' requirements; Fees paid to service providers; and, "Extra – Financial" Concerns (RBA Newsletter March 2008). The figure below shows the level of importance attached to retirement benefits income in the year 2003 and 2004.

Figure 1. Importance attached to Retirement Benefits Income



Source: RBA Pensioners Survey 2004

Retirees businesses usually fall into small scale business category that could be defined simply as a business that is independently owned but is not dominant in its field (USA). Though there is no universally acceptable definition of a small scale business, in Kenya, businesses with ten or fewer workers are called micro enterprises, those with eleven to fifty workers are labeled small businesses, those with 51 to 100 workers medium sized, while those employing more than 100 workers are considered large enterprises. Most retirees usually start with what can be called small business usually in the informal sector and sometimes in the formal sector. For instance the agricultural sector, dairy farming, poultry keeping and fruit selling. In the manufacturing sector, furniture and textile while under professional services we have accountancy, medical and legal services run by retirees with skills or specialized knowledge. Small business suffer mortality rate significantly higher than that of larger established business. In reference to Kenya this businesses fail as a result of management incompetence, lack of experience, poor financial control, lack of strategic planning, uncontrolled growth, location of the business, lack of inventory control and inability to make an entrepreneurial transition. To be successful in business a retiree

must seek out and find a gap in the market which has been neglected in the past and then develop an idea which can be turned into a product that offers something to be perceived as completely different from that of the competitor. This is systematic innovation that involves a process of first assessing business environment by scanning the environment, as well as doing industry, competitive and marketing analysis (Oketch, 1995).

2. Statement of the Research Problem

Venturing into business is thought to play an important role particularly to retirees as a source of extra income and also for keeping themselves busy in retirement. In the recent past, many retirees in Kenya have ventured in business. In spite of efforts from various stakeholders to enhance success of the retirees businesses, they have been performing poorly. According to the Retirement Benefits Authority survey of 2006, most businesses started by retirees collapse within the first three years but it still remains the most appealing option for retirees. Previous literature (Covey, 2000) indicates that besides environmental factors, internal factors of a business are critical in determining the performance of a business; however, little is known regarding how these factors affect the performance of retirees' businesses. Therefore this study sought to determine the factors affecting the performance of businesses of retirees in Kisumu city.

2.1 Research Objectives

The broad objective of the study was to examine the factors affecting the performance of businesses of retirees. The specific objectives were to: (a) Establish the business activities undertaken by retirees, (b) Establish the performance of retirees' businesses, (c) Determine the factors affecting the performance of businesses of retirees.

2.2 The Scope and limitations of the study

Preliminary investigations of the public corporations in Kisumu city indicated that for the last five years, there had been approximately 642 employees retired on regular 55 years or so limit and special retrenchment programs, which were part of organizational restructuring programs. This study intended to cover the retirees who had set up businesses in various places within Kisumu city. These retirees were located through the local councils' business registration section of the Ministry of Trade and Industry and also through the local administration. The study encountered the following limitations:-

Some respondents were reluctant to complete and return their questionnaires thus reducing the respondent rate. The researcher also encountered the limitations of time and finance which limited the study to public corporations retirees in Kisumu. There were also limited literature materials on businesses of retirees forcing the researcher to rely on few sources. The researcher countered the above limitations by doing extensive literature review and using a larger sample size to ensure representation of the population.

2.3 Justification of the Study

The findings and recommendations will stimulate further research on performance of businesses of retirees and expand literature in this area of study. The findings of this study will also assist in preventing the collapse of retirees' businesses thus assuring them of a steady income in retirement. Good performance of retirees businesses will contribute more to government tax revenue. The study is also expected to help expand literature and stimulate more research in this area as well as to help policy makers regarding how to enhance performance of businesses of retirees. It would also inspire workers in their middle age so that they prepare adequately for retirement while providing continuity to retirees with regard to matters related to financial management. It will also help policy makers to come up with sound policies on post-retirement life.

2.4 Conceptual Framework

In this study, the dependent variable was the business performance indicated by profits, size of stock and turnover, expansion of business premises and the customer base. The specific factors which contributed to either progress or regression of the business were the independent variables and were both internal and external factors including the physical and mental strength of the retiree, his or her entrepreneurial skills, human relations skills, experience in business, financial stability and family base of the retiree, competition in the external environment, price changes, technological changes, political social factors, and legal as well as cultural factors. Both the internal and external factors will interact to influence the business management strategy that the retirees engaged in business will adopt eventually determining the overall performance of these businesses. Since external variables are out of control of an individual entrepreneur, this study focused on the effect of internal variables on business performance of retirees of Public corporations in Kisumu city. The interaction between the various variables above will affect the business management strategy to be adopted, which could be cost efficiency, product or market diversification. The strategic choices that a retiree in business will adopt will in return reflect on the overall performance of the retiree's business, either positively or negatively. Business firms develop firm-specific resources as they absorb inputs from the environment as a result of the firm's interactions with the external pressures from social, economic, technological and political forces in the environment. The nature of the environmental forces highlighted the threats and opportunities facing the business firm. The relationships are depicted in the schematic diagram below forming the conceptual framework:

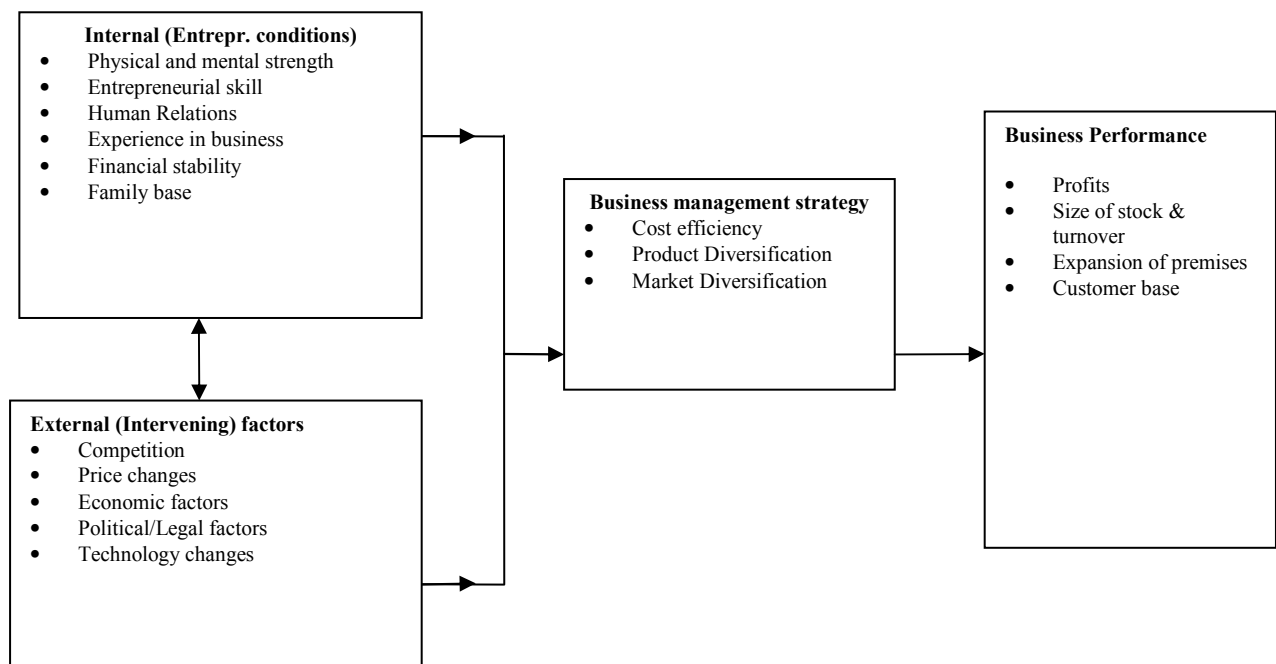


Figure 2. Relationship between internal, external factors and business performance

3. Research methodology

This was a descriptive survey research that sought to investigate the factors affecting the performance of retirees' businesses. The study sought to determine and describe the factors that affect the performance of retirees' businesses.

3.1 Sample and Sampling Method

The study used a sample size of 193 retirees, who were picked from a population of 642 retirees of the nine public corporations represented in Kisumu city, through stratified sampling technique. According to Kothari (2004), stratified sampling is convenient when a sample is drawn from a heterogeneous population. The population was therefore stratified in four groups namely, Education and Research, Finance, Communication and others. A sample size of 30% of the population is sufficiently representative (Miles and Huberman, 1994). The main factors considered in determining the sample size was to keep it manageable enough to derive from it a detailed data at affordable cost in terms of time and finances. A proportionate sample was picked from each stratum as shown in the table below:

Stratum	Population size	Sample Size (Worked out)
1. Education & Research	55	$(55 / 642) \times 193 = 17$
2. Finance	255	$(255 / 642) \times 193 = 77$
3. Communication	201	$(201 / 642) \times 193 = 60$
4. Others	131	$(131 / 642) \times 193 = 39$
TOTAL	642	193

3.2 Data and Data Collection Method

The data was collected through the administration of questionnaires. The questionnaire was preferred because it was a convenient tool especially where there are larger numbers of subjects to be handled because it facilitates easy and quick derivation of information within a short time (Borg and Gall, 1983). To collect primary data, the researcher self-administered the questionnaire. The data was collected regarding the nature and performance of the businesses of the retirees and the retirees' physical strength, entrepreneurial skills, human relation skills, financial stability and family base.

3.3 Data Analysis and Presentation

The researcher examined and summarized the data collected by editing, coding and tabulating. Descriptive statistics such as proportions mode and the mean scores were used to analyze the data and determine the relative importance of the variables in influencing retirees' business performance. The results were presented in form of tables and frequency distributions, which were inferentially interpreted by the researcher.

4. Research findings and discussions

The findings of the research were analyzed as per the objectives of the study. Out of a sample of 193 retirees,

180 responded giving a response rate of 93%, which was considered very good response. Apart from the main factors identified above, the study also revealed other factors affecting the performers of businesses of retirees of public corporation in Kisumu city which include age, level of education, and possession of business license. The analysis of these factors is shown on the tables below.

Table 2. Age group of retirees in business

Age(Years)	Mid point (X)	Frequency (F)	FX
25 – 45	35	2	70
45 – 65	55	130	7150
65 – 85	75	35	2625
85 – 105	95	13	1235
Total		$\sum f = 180$	$\sum fx = 11,080$

Mean age of retirees in business

$$\bar{X} = \frac{\sum fx}{\sum f} = \frac{11,080}{180} = 61.6 \text{ years}$$

From table 2 above it was observed that most of the retirees running businesses were aged between 45 and 65 years. This resulted into a mean age of 61.6 years. This further justifies that normal retirement coupled with retrenchment and institutional downsizing generally affects the stated age bracket. One of the reasons that may have led to low performance of retirees' businesses could be as a result of their age. At advanced age of 61 years the level of creativity would be lowest.

Table 3. Highest level of education attained

Education Level	Frequency (No. of Respondents)	Percentage (%)
Non formal	0	0%
Primary	18	10%
Secondary	83	46%
College and above	79	44%
Total	180	100%

The results in the above table reveal that majority of the respondents had secondary education (46%). A significant percentage (44%) possessed post secondary education and only 10 % studied up to primary school level. From this table it may be assumed that public corporations do not employ people with no formal education at all. However, it is clear from the same finding that just less than 50% attained tertiary education.

Table 4. Possession of business license

License possession	Frequency (No. of Respondents)	Percentage (%)
Yes	113	63%
No	67	37%
Total	180	100%

The above table shows that 113(63%) of the respondents possessed business licenses and only 67(37%) had no business licenses. It was said that those retirees who were operating without license were encountering problems with the city council authority. Some respondents said it was not easy to get a license. This table shows that a big percentage of those in business are either operating illegally or are simply ignorant of legal requirements for doing business.

Table 5. Business activities undertaken by retirees

Type of industry	Frequency	Percentage (%)
Commercial/Trade	133	74%
Manufacturing	0	0%
Service	47	26%
Others	0	0%
Total	180	100%

Table 5 above shows the business activities undertaken by retirees of public corporations in Kisumu city. The study revealed that 74% of the respondent had their business established in commercial sector and 26% in service sector. None of the respondent had a business in the manufacturing sector. Since majority of the retirees in Kisumu city are engaged in commercial oriented businesses, they do not make much profit because they do not enjoy the advantages of being able to dictate the quality and the price of their products. The commercial traders deal in ready products which do not require further processing to receive a reasonable profit margin. They are faced with unfavourable business conditions where most of the business terms are set by the manufacturers of the products and this barely leaves the commercial entrepreneur with a significant profit margin to propel business growth.

4.1 The Performance of retirees businesses

The study used performance measures such as level of stock, customer base, profitability and size of business premise to analyze the performance of businesses of retirees who form the sample of this study. The following table was drawn out of the responses of 180 retirees who own businesses. The table below shows the percentage changes in the performance indicators.

Table 6. Performance of businesses of retirees

Performance Measure	Very much decreased		Moderately decreased		Not changed		Moderately increased		Very much increased		Total Respondents	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Level of stock & turnover	0	0%	9	5%	12	7%	159	88%	0	0%	180	100%
Customer base	0	0%	28	15%	32	18%	120	67%	0	0%	180	100%
Level of profits	0	0%	5	3%	32	18%	143	79%	0	0%	180	100%
Size of Business premises	0	0%	10	6%	170	94%	0	0%	0	0%	180	100%

4.2 Interpretation and discussion of results

The study was meant to establish the business activities undertaken by the retirees, the performance of their businesses, and to determine the factors affecting the performance of their businesses. This could be attributed to several factors including but not limited to seeking means of income following the interruption of the previous regular source as a result of retirement or retrenchment; means of being relevant in terms of productivity; or simply as a means to deal with boredom. It was established that 74% of the retirees engage in trading (commercial) activities, while 26% engage in service industry (table 5). The results also revealed that there was an increase in all performance indicators except the size of business premises (table 6). The study identified the major factors affecting business performance as: financial stability; physical and mental strength; family base; consistently satisfied customers; and good promotional strategies. The concept of a family in Africa is determined by several social considerations. Due to strong family ties, even the retirees are made to believe that part of their obligation is to take care of their disadvantaged relatives however distant they are. The entire business enterprise is put into jeopardy the very moment the retirees feel compelled to shoulder financial responsibilities of their relatives rather than their own families. This is a problem of culture that can be dealt with through education for attitudinal change.

Financial stability is a key factor in any economic activity as it ensures that a business enterprise has the capacity to meet its financial obligations. Culture would demand certain responsibilities which would be counterproductive in business environment. Nyanza which is predominantly inhabited by three major communities, the Luos, Kisiis, and Kurias, is the second smallest administrative province in Kenya. These three communities are yet to deal with certain cultural practices which are deemed outdated in so far as they promote environment in which poverty thrives. Lavish spending during funerals is one such practice which has affected the region. Retirees are thus caught up between the rock and the hard surface.

5. Conclusion and recommendations

The overall objective of the study was to assess the factors affecting performance of business of public corporation retirees in Kisumu city. The findings revealed that most of the respondent had their business

established in commercial sector and a few in service sector and that the major factors affecting performance of retirees' businesses include financial stability, physical and mental strength, entrepreneurial skills and family base. The study also revealed that most retirees from public corporations lacked training and proper human relation skills to enable them excel in their business ventures and compete favourably with the existing competitors in the business arena. The researcher made the following recommendations:

- i. That the government introduces compulsory pre-retirement training so as to equip potential retirees with the necessary skills to venture in the unfamiliar zones and also to enable them improve their saving habits while in employment so as to have adequate retirement benefits.
- ii. That the government should offer incentives to prospective retirees to also venture into the manufacturing sector by facilitating their entry into the same through preferential tax treatment and special subsidies to retirees.
- iii. That the retirees already in business should endeavour to attend trainings and seminars geared towards acquisition of better business and financial skills to enhance their performance.

The study focused on internal factors affecting the performance businesses of public corporations retirees in Kisumu city leaving out retirees from the private sector. The study also did not consider the extent to which the environmental (macro factors) or external variables affected the performance of retirees' businesses due to lack of time and resources. External factors must be taken into account in order to fully determine and assess the factors that affect performance of retirees' businesses. In view of the fact that the private sector plays a major role in the Kenyan national economy, the researcher recommends an extensive study of factors affecting the retirees from this sector as well.

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