

**TRUSTEE-RELATED DETERMINANTS OF
FINANCIAL RETURNS OF THE REGISTERED
OCCUPATIONAL PENSION SCHEMES IN KENYA**

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2019

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Occupational Pension Schemes in Kenya**

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**A Thesis submitted in partial fulfillment for the degree of Doctor of
Philosophy in Business Administration (Finance) in the Jomo Kenyatta
University of Agriculture and Technology**

2019

ABSTRACT

The reforms witnessed in the pension industry over the past years had an effect on the financial performance of the pension schemes and more so, on the occupational pension schemes. This thesis attempted to examine trustee-related factors that affect the performance of occupational pension schemes in Kenya. The general objective of this thesis therefore, was to find out the key trustee-related determinants of the financial returns of the registered Occupational Pension Schemes in Kenya. The specific objectives were; to establish whether the Operational costs, Density of contributions, asset allocation and risk preferences respectively were actually determinants of the financial Returns of the Occupational Pension Schemes. The study further assessed the moderating effect of the Pension Regulatory Framework on their financial Returns. The research was guided by the post-modern portfolio theory, Agency theory as well as the systems theory. A mixed research design targeting a population of one thousand two hundred and thirty two (1,232) occupational pensions schemes registered with the Kenya Retirement Benefits Authority, and were in operation between 2006 to 2015, was carried out. A systematic sampling was applied to select 293 sample units representing the population sourced from the RBA list. The primary data was sourced from the Trust secretaries of the sampled occupational pension schemes. Out of 293 sampled units, only 250 questionnaires were complete and returned to the researcher. The questionnaire developed was pilot tested using twenty sampled schemes and the results were analyzed for validity and reliability using Cronbach's Alpha coefficient formula. The secondary data, on the other hand, was sourced from the audited financial reports of the sampled registered Occupational Pension Schemes as provided by the Retirement Benefits Authority. A factor, correlational and regression analyses respectively were conducted by means of statistical packages for social sciences (SPSS). The analysis found that the density of contributions and asset allocations had a high positive correlation on the performance while operational costs and risk preferences respectively had a moderate positive influence on the schemes financial Returns. Incidentally, the study found that the regulatory framework acted as an impediment on their financial results rather than a booster. This confirmed the conceptual framework of the study as proposed in this thesis. Based on the findings, the researcher recommended a critical review on these trustee-related determinants of the financial Returns of the registered Occupational Pension Schemes in Kenya. In addition, the study challenges the government and policy makers to come up with better pension related policies that would be in line with the current investment climate. In the academic circles, the researcher hopes that other researchers would take interest in the reforms in the pension industry, particularly in the occupational pension schemes and find this work would be of essence in their quest for further knowledge on financial returns of Pension schemes.