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Factors Affecting Investment Amongst Kenyan Footballers: A Study of Selected Footballers in Kenya

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The main objective of the paper is to examine the factors that influence investment initiatives amongst Kenyan footballers who are locally based. Descriptive research design was used for the research. The population of the study comprised of the players in the Kenyan premier league teams with players on contract. Stratification was done and each stratum a simple random sample was used to select the sample of 94 respondents. The research instrument for collection of data was a questionnaire. The significance test was carried out using *F*-statistics to compare the means in various variables that yielded no difference in the different variables tested. Coefficient of correlation was used to test the degrees of correlation on the variables which generally resulted in all positive correlations but with different degrees. Generally, the findings were that there is a low financial literacy among the Kenyan footballers, peer and parental had great influence on the investment attitude of the footballers. There is a need to provide extra knowledge on financial matters to the Kenyan football players, the Kenyan football clubs and the stakeholders. Efforts should be done to increase football players' participation in the management on personal finances. Immediate measure to incorporate all stakeholders and professionals is used to initiate education and training to football players in Kenya on personal financial matters to help them invest in long-term steady income generating projects.

Keywords: financial literacy, investment, financial management

Introduction

Economists have been concerned for decades about the crucial role of domestic investment mobilization in the sustenance and reinforcement of the saving-investment-growth chain in developing economies and especially in the upcoming sectors like sports. Aghevli, Boughton, Montiel, Villanueva, and Woglom (1990) found that the saving rate and investment in human capital are indeed closely linked to economic growth. People have increasingly been taking individual responsibility for their financial affairs which calls for skills that can be obtained through financial education. Over the last several years, a great deal of attention and

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concern has been placed on the financial behaviors of emerging sportsmen. The concern is stemmed from the fact that young adults often began their sports careers without ever having been solely responsible for their own personal finances (Cunningham, 2000).

There is a general consensus from several previous studies that young people lack basic financial knowledge (Danes & Hira, 1987; Volpe, Chen, & Pavlicko, 1996). Many young adults lack the basic knowledge and skills needed to make important personal financial decisions (Chen & Volpe, 1998). The financial decisions made early in life create habits difficult to break and affect young adults' ability to become financially secure in adulthood (Martin & Oliva, 2001). If young people need these real life skills to better survive in our economy today, the question could be asked—where they learn these financial skills. The home might be an ideal place, yet studies have found that most adults do not have these skills to be able to teach their children (Moschis, 1985; Varcoe et al., 2001). Many young people learn the basic knowledge through trial and error, yet this does not allow them to get ahead or become smart consumers in today's society (Lachance & Choquette-Bernier, 2004).

Sportsmen sometimes neglect to take the likelihood into consideration that their career is relatively short. A sports team is a business and people who run the business can decide to replace a player at the end of a contract. The global problem is associated with sportsmen and their finances, as many of them are dying in bankruptcy while they made a lot of money in their hey days in sporting careers (Retrieved from www.elitetrader.com/vb/index.php). Football has become an upcoming sport in terms of earnings in the world. Some of the highest earners are indeed footballers. In Kenya, sport has slowly become bread and butter for people fully engaged in it professionally. Fondly referred to by its peers as a sporting nation, the fact of the matter though is that much of the earnings is lop-sided with the one sport (athletics) accounting for almost 70% of total earnings.

The paper focuses on Kenyan football players who are currently engaged or attached to the Kenyan premier league teams. Most of the players playing for the teams in the Kenyan premier league have period contracts, which means that they have a steady income for some time while still attached to the clubs. Players have not invested their investment in long-term income generation investments that they can depend on after their sporting careers are over. Players invest most on current prestigious assets for showing off to their peers or to compete on social ground rather than looking at the future.

Kenya's economic system and society's well-being depended on the young and energetic people who are still working and engaged in sporting activities like football. But the rate at which our sportsmen especially footballers are using their hard earned finances raises questions on their financial investment capabilities. Challenges may be that many sportsmen do not have the knowledge or skills to handle basic, let alone complex financial decisions. Many of them have learned how to make money but have not been taught to manage the money they earned. Learning how to manage money is as important as earning it. Most Kenyan footballers do not display financial management skills in use of finances for future, after they are out of active sporting career. The paper tries to look at the factors that influence the Kenyan footballers' investment ability on their earnings. The factors of the study were education level, income, environmental factors, and savings culture.

Firstly, the significance of the study for football managers in Kenya is the decision making and advocacy on factors to the investment initiatives. Secondly, the government mobilizes, trains, and educates the sportsmen on investment decisions as significant contributors to the (GDP). Thirdly, it makes government agencies involved in the management and coordination of the youth and sporting, for management strategy purposes. Lastly, it makes sponsors to gauge their contribution and sponsorship and future.

Theoretical Review

Resource Management Practice Systems Theory

The theoretical construct predominantly used when studying financial decisions (investment) is the resource management practice systems theory (Goldsmith, 2005). Bubolz and Sontag (1993) discussed financial management as a concept grounded in human ecology theory and utility theory. This research uses family resource management theory, based on systems theory, to understand the financial management practices of players.

Social Learning Theory

Social learning theory helps explain the environmental influences people have over the years shaping them into who they are today. The financial attitudes and values players have with money come from their environment.

Ecological Model

The ecological model considers the various types of factors that are hypothesized to impact personal financial management practices especially investment. The model on personal finances can be broken down into the followings: demographic variables, financial variables, financial education, financial social learning, financial knowledge, and financial dispositions. This model suggests that there are two main avenues through which individuals acquire financial knowledge: formal education and social learning.

Methodology

The study adopted quantitative research approach which was followed for the following reasons. Firstly, deductive reasoning is used to analyze the questions. Secondly, research questions are operationalised to suit the research. Thirdly, the outcomes of the inquiry are examined in relation to the theory and modified in light of the findings. The target population of the study is the players under contract with premier league teams in Kenya for the 2012/2013 season. There are 16 teams registered for the mentioned season, with each team having a minimum of 30 players giving an approximate population of 480 players. A sample of 100 players was used by a random sample. A questionnaire was used as data collection instrument. Descriptive statistics was used by using means, modes, and standard deviation. The significance test using *F*-statistic was carried out using Karl Pearson coefficient of correlation to show the relation of the variables.

Findings

Table 1

Education Level Achieved

	No.	%
Primary school	3	5
Primary school (KCPE certificate)	12	22
Secondary school (KCSE, A-level)	36	64
College (certificate, diploma)	4	7
University (Degree)	1	2
Total	56	100

In Table 1, footballer's majority education level is the secondary school with KCSE certificate with about 64% having attained the level. About 21% of the respondents have a maximum of a primary level, with remaining spreading to the primary, college, and university being the least with 2%. It is established that the majority of footballers are young by age and mostly do not have any financial education other than obtained in school thus leading low investments initiatives. It is also found that, approximately 60% of the footballers have some information of formal investment schemes available in Kenya. The rest of them about 40% do have any information of such formal investment schemes existing in Kenya.

Table 2

Need for Additional Education on Financial Management Matters

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
	%	%	%	%	%	%
Personal education on investment	4	2	9	14	71	3.9615
Sole proprietorship management	2	7	21	54	16	2.561
Basic entrepreneurship skills	0	5	11	29	55	4.3393
Insurance and risk management on individual matters	4	18	27	45	7	3.3393
Retirement benefits and future preparedness	0	13	18	23	46	4.0357
Securities market information	32	27	21	7	13	2.4107
Other alternative investment opportunities available	7	21	48	14	9	2.9643

The findings in Table 2 indicate that there is a need for additional education on financial management matters to the footballers. Seventy-one percent strongly agree that they need some personal education on investments with the number reducing to the disagreement range. Sole proprietorship management aspect has also a high degree of agreement for the need for such, with 54% agreeing that they need such. The numbers also increase on the reverse side of disagreement with none disagreeing with the fact. Approximately 27% were neutral with 45% agreeing, but 18% had a contrary option and disagreed with the need. On the extreme end of strongly disagreement and agreement, the average was about 5% for each. Retirement matter is a matter of concern to them, since about 46% and 23% strongly agree and agree respectively with the need while 18% are neutral. A 13% value disagrees with the matter of retirement need and education on the same. Security market information has a 32% strong disagreement and a 27% disagreement. The extreme end of strong agreement is 13% which is a significant figure that needs attention in overall. In the Table 3 below, the results show that the means of the different variable needs by the footballers are all high. An average of 4.3393 needs entrepreneurial skills, while an average of 2.5 needs security market matters. This might be a technical aspect which the footballers might not be interested in, given low degree of financial education. It may be concluded from that since football has started shaping up as a career and people are taking it up from a young age, most of the players do not concentrate on the academic and financial education matters but interested in life skills.

Table 3

Income Level

	No	%
0-15,000	2	3
15,001-30,000	30	54
30,001-40,000	16	29
40,001-50,000	5	9
Over 50,000	3	5
Total	56	100

The average range of footballer's earning in Kenya is the range from 15,000 to 30,000 having a 54% proportion, then a 29% in the range from 30,000 to 40,000 but others have a monthly pay of over 50,000 with a proportion of 5%, while at the bottom of the list is a range of 15,000 and below is 3%.

About 91% of the footballers depend on income derived from football while 9% have other sources of income. The other sources of incomes are personal business with 50% of those having other sources and the rest of 50% are obtained from employment. The other sources have an extra income to them at a range of below 10,000 contributing 50% while the range from 11,000 to 20,000 and from 21,000 to 30,000 contributing 25% each.

Table 4

Informal Groupings by Footballers

	No	%
Informal groupings	29	52
No informal groupings	27	48
Total	56	100

From Table 4, footballers have informal groupings *Chamas*, of which 52% have participation with, while the other 48% have no association with any informal groupings to boost their earnings from football.

Table 5

Percentage Saved by Footballer

	No	%
0%-10%	20	36
11%-20%	18	32
21%-30%	12	21
31%-40%	6	11
Above 40%	0	0
Total	56	100

In Table 5, about 36% of them save less than 10% of their earnings, while 32% save a range of 11%-20% and 21% save the range of about 21% to 30% of their earnings with a small percentage of 11 saving between 31%-40% from their earnings.

Table 6

Earning and Investment Initiative

		No	%
Is earning a factor in footballer's investment initiatives	Yes	42	75
	No	14	25
Total		56	100

In Table 6 above, 75% of the footballers contend that their earnings are a major factor to any investment initiative, with 25% having a contrary opinion that earning is not a major factor in investment initiative to footballers.

Environmental Influence

Most of the players' background is from extended families with a proportion of 34%, 23% from single parents, and 22% from nuclear family set up. Others are the orphan with 14% and approximately 7% are the homeless persons (Table 7).

Table 7

Family Background

Variable	Characteristic	No.	%
Family background	Nuclear family	12	22
	Extended family	19	34
	Single parents	13	23
	Orphan	8	14
	Homeless	4	7
	TOTAL	56	100

Table 8

Advisers of Footballers on Financial Matters

Variable		No.	%
Advisers on investment matters	Professionals	4	7
	Relatives	16	29
	Peers	14	25
	None	22	39
	Total	56	100

From the findings (Table 8), it reveals that 39% of the players do not seek any advice from any person for investment matter while almost the same proportion of about 25% and 29% do from peers and relatives respectively and a small percentage of 7% seek advice from professionals.

Table 9

Influence on Investment Initiatives

	Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
Influence in investment initiatives	Parents	7	18	21	14	39	3.607
	Relatives	18	25	32	14	11	2.750
	Peers	41	34	11	11	4	2.018
	Celebrities	32	25	14	21	7	2.464
	Self	0	0	0	29	71	4.714

In Table 9, parents have a high influence on the investment initiatives to the extent of which 39% strongly agree with the sentiments, 14% agreeing and 21% neutral, while a significant proportion of 18% and 7% disagreeing and strongly disagreeing with the same. With relatives, the result is skewed towards disagreement that they have influence with 18% and 25% strongly disagreeing and disagreeing respectively. A high percentage of 32% are neutral on the same, while a total of 25% agree. A material percentage of 32% are not strongly influenced by celebrities with 14% being neutral, while a combined total of 28% agree that they are influenced by celebrities. Other than oneself, the next great influence is obtained from parents with an average mean of 3.607 which portrays a high agreement level from all categories of respondents. Relatives also have a high mean of 2.750. This means that the persons who appear first in the life of the footballers have a great bearing on financial matters in their lives. The family background of the footballers has a higher influence on the investment initiatives than the current people they are with day to day who are the peer although to some considerable percentage, the peer still have an influence on the investment they make.

Table 10
Savings

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
Do footballers have a poor investment initiatives	0	0	2	29	70	4.679
Does savings have a negative relations with investment	4	9	2	32	54	4.232
Are authorities doing enough to instill savings in sportsmen	57	32	4	5	2	1.625
Does cultural background have influence to investment	18	11	9	38	25	3.411
Do footballers who earn more invest more	11	25	21	27	16	3.125

In Table 10, there is a highly skewed result on the overall footballers' poor investment initiatives with 70% strongly agreeing and 29% agreeing with the sentiments. A high number also strongly agrees that savings have a negative effect on investment initiative with 54% and 32% strongly agreeing and agreeing respectively with a total of about 15% on the other end of disagreeing. A 57% proportion strongly disagrees that the authorities are doing enough in education aspect on investment with 32% also agreeing with the same. A high combined percentage of 63% contents that cultural background influences the savings and investment initiatives. There is almost an equal split on either side on whether footballers who earn more invest more with 21% respondents having a neutral answer, approximately 26% disagrees and agree respectively with the extremes having almost also an equal split of about 15%. There is a very high mean agreement rate that footballers have a poor investment initiative; this is depicted with the mean score of almost to the maximum score of 5. Cultural background of the respondents has also a high mean score of 3.411, meaning that the environmental setup and the surroundings greatly influence the investment initiative. The lack of authorities concerned is not encouraging a culture of savings in footballers rather even doing the opposite.

Table 11
Difference in Players' Financial Need

Characteristics	No.	Mean	S.D	d.f.	*F*	*P*
Nationality						
Kenyan	53	3.6172	0.7414	13	0.33	0.579
Non-Kenyan	3	3.3333	1.0886			

The ANOVA analysis shows that there is no difference on the player's nationality—Kenyans and non-Kenyan on the different needs tested, since it resulted to a *P*-value of 0.579 (Table 11).

Correlation Between Variables

From Table 12, correlation was found between the four variables studied. There is a strong positive correlation between education level and environmental influence factors, income level and savings culture, at 0.624 and 0.576 respectively, a moderate positive correlation between education level and savings culture, environmental influence factors and savings culture at 0.462 and 0.481 respectively. There exists a weak positive correlation between education level and income level of 0.371 among footballer in Kenya (Table 12).

Table 12

Correlation Between Variables and Investment Initiatives

	Education Level	Income Level	Environmental Influence factors	Savings Culture
Educational level	_	0.371	0.624	0.462
Income level		_	0.546	0.576
Environmental influence factors			_	0.481
Savings culture				_

Conclusions

Football in Kenya is played by young people from Kenya and outside Kenya. They generally have low academic qualification and knowledge on financial matters. Most of them entirely depend on football income as a source despite having some informal groupings *Chamas* and businesses which they do and use the earnings to invest and save. The investment initiatives and guidance come from themselves, relatives, and peers which might be a wrong approach on investment.

Recommendations

There should be a national awareness campaigns conducted by the relevant authorities by use of combination of measures to instill and increase financial management and investment. The use of road shows newsletters and brochures and publicity on the television and radio. Face to face interactions for instance, during league matches can be used as promotional campaigns. Kenya Football Welfare Association (KFWA), Football Kenya Federation (FKF), and Kenya Premier League (KPL) should lobby professional and corporate to sensitize players on financial matters. They can target use of specially made newsletters on finance and investments issues written and circulated to different clubs in the country. They should also seek partnerships with interested parties (universities, colleges, sponsors, and non-government organization) on the provision of finance and investment literacy programs and to deal with training (including training of trainers).

Since most of the footballers depend on football as a source of income, there should be a harmonized way of their pay according to some benchmarks. Other means to generate income to footballers should be put in place through formal and informal ways. Use of the television (sports channels) for publicity can be a popular media of communication to the players and so its use should be maximized. Interactive sessions with audiences can be hosted on TV to encourage participation. Social networking websites, such as face book and twitter, are quite effective in reaching a majority of the players.

The football organizations should liaise with the government to seek ways of raising funds to support finance and investment programs. These funds can be channeled through training institutions (partnership agreements with KFWA) to subsidize the programs. In conclusion, Kenya should have a national sportsmen strategy that should include retirement planning. The strategy should aim to equip players with lifelong understanding of finance matters and should be made in consultation with all the relevant stakeholders.

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