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MANAGEMENT RISK-TAKING BEHAVIOR ON THE GROWTH OF OCCUPATIONAL PENSION SCHEMES IN KENYA

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ABSTRACT

Successful companies take more risks. Risk-taking propensity is the tendency to take or avoid risks. We want senior management teams to inform organisations about the positive relationship between risk-taking tendency and individual risk-taking decision-making. Risk perception and propensity determine risk-taking. A higher risk tolerance reduces risk anxiety. Entrepreneurial companies often take on high-risk projects or borrow heavily to make money. A firm's willingness to enter unknown markets, allocate major resources to operations with uncertain results, and incur large debt in anticipation of large gains is called market risk-taking (Edward & Utama, 2021). Personal attitudes include empathy, openness, authority, responsibility, and self-assessment. This psychological feeling may greatly impact entrepreneurial success. Knowledge-friendly attitudes encourage innovation, strategic risk-taking, creativity, and the ability to meet new threats. Entrepreneurship can be learnt with optimism. This study, aimed at establishing the influence of management innovativeness on the growth of occupational pension schemes in Nairobi City County, Kenya. This study used the Schumpeterian Innovation Theory. This study used a hybrid research design with quantitative and qualitative methods. A longitudinal descriptive survey was used in this study. All 809 Nairobi City County occupational pension systems were targeted. In Nairobi City County, Kenya, this study sampled all Kenya Retirement Benefits Authority occupational programs. 321 projects have fund values under 500 million Kenyan shillings, 275 between 500 million and 1 billion, 158 between 1 billion and 10 billion, and 55 over 10 billion. A biased stratified sampling procedure selected 267 of Nairobi City County's 809 pension schemes. One manager, preferably the Finance and Investments Manager, from each of Nairobi's 267. The study's findings demonstrate that the management's risk-taking behaviour has facilitated the institution's realignment with the continuously changing business landscape for pension schemes. The majority of respondents indicated that by adopting risk management, they have created a fully operational risk management department, supported by a comprehensive enterprise risk management framework and a pronounced risk appetite policy.

Keywords: *Management Risk-Taking, Occupational Pension Schemes, Growth of pension schemes, Performance.*

INTRODUCTION

Occupational Pension Schemes are relevant in ensuring that the elderly have a form of financial security when they are retrenched and help the economy of the country by eliminating unequal bargaining power between Kenyan employers and Multi-National Companies. Consequently, in the Nairobi City County, OPS has the critical responsibility of providing for the elderly and providing for enough saving to support them in their retirement years. However, these funds' duration depended on the risk appetite among these fund managers. The decisions that managers make regarding, where to invest the funds, how to allocate these funds between the pension schemes, and if they meet the regulatory authorities have significant effects on the pension schemes' financial position and viability (Ioannidou et al., 2022; Jha & Singhal, 2020; Salome, 2024). In this literature review, an attempt will be made to establish the relationship between managerial risk taking and the expansion of OPS in Nairobi City County. Using agency theory, behavioural finance and prospect theory, this paper analyzes the behavioral and economic characteristics of risk. The review also covers investment, governance and regulatory discussion and opportunities and suggests research directions. The paper is organised into sections that are theoretical framework, a brief description of OPS, risk taking and growth, issues and future research.

STATEMENT OF THE PROBLEM

As stated in the Retirement Benefits Authority Industry Report for June (2021), the assets under management for retirement benefits increased by 5.66 percent, going from Kshs. 1,398.95 billion in December 2020 to Kshs. 1,478.18 billion in June 2021. As compared to the growth rate of 10.6% in 2020, this reflects a growth rate of 4.68%. The decline in asset growth over the period can be largely attributed to the unfavourable impacts of the Covid-19 pandemic, which have had a detrimental influence on the financial markets and the economy as a whole since the year 2020 as a result of the restrictive measures that were implemented to contain the spread of the coronavirus disease (KRBA, 2021). On the other hand, out of the 1,379 registered pension plans in Kenya (KRBA, 2021), more than 14 occupational pension schemes had been closed down by the year 2021. This was due to the accumulation of market hazards, which was mostly linked to a lack of entrepreneurial aspirations (KRBA, 2021).

Without addressing the impact that the dangers outlined above have on the pension business, let us suppose that this situation continues to exist. Taking into consideration such a situation, it becomes clear that there is the possibility of other pension systems failing. Within the context of Nairobi City County, Kenya, the purpose of this study is to investigate the influence that management risk-taking has on the growth of occupational pension schemes.

RESEARCH OBJECTIVES

The research objective of the study was to evaluate the effect of management risk-taking on the growth of pension schemes in Kenya

RESEARCH HYPOTHESIS/QUESTIONS

The study was guided by the null hypothesis;

H_0: There is no significant difference between management risk-taking and the growth of occupational pension schemes in Nairobi City County.

THEORETICAL REVIEW/ FRAMEWORK

Sociological Theory

Max Weber was the first to stress sociological theory (1864-1920). This hypothesis contends that a person's social interactions influence their entrepreneurial conduct. The intergenerational transmission of enterprise culture, social marginality, and ethnicity are sociological concepts that have received substantial empirical support. According to the social marginality model, people would feel compelled to alter or reconstruct their social reality if they sense a significant degree of incongruence between their characteristics and societal role. While some people may change their reality by switching jobs or employers, others may decide to work for themselves (Doanh et al., 2021). Marginal men are referred to as individuals who are less integrated in their society. Since marginal men are not completely part of the society in which they are adopted, they are free of the restrictions imposed by its value system. At the same time, having left their society, they are no longer constrained by its dominant values. This situation gives way to the development of unconventional behaviour patterns, which increases their propensity to become entrepreneurs.

The sociological theory of entrepreneurship holds social cultures as the driving force of entrepreneurship. The entrepreneur becomes a role performer in conformity with the role expectations of society, and such role expectations are based on religious beliefs, taboos, and customs. This theory is propounded by those who held religion as the major driver of entrepreneurship and stressed the spirit of capitalism, which highlights economic freedom and private enterprise. Capitalism thrives under the protestant work ethic that harps on these values. The right combination of discipline and an adventurous free spirit defines the successful entrepreneur (Harry et al., 2021).

Doanh et al. (2011) have identified four social contexts related to entrepreneurial opportunity. The first one is social networks. Here, the focus is on building social relationships and bonds that promote trust, not opportunism. In other words, the entrepreneur should not take undue advantage of people to be successful; rather, success comes from keeping faith with the people. The second he called the life course stage context involves analyzing the life situations and characteristics of individuals who have decided to become entrepreneurs. People's experiences could influence their thoughts and actions, so they want to do something meaningful with their lives. The third context is ethnic identification. One’s sociological background is one of the decisive “push” factors to become an entrepreneur. For example, a person's social background determines the magnitude of entrepreneurial success. Marginalized groups may violate all obstacles and strive for success, spurred on by their disadvantaged background to make life better. The fourth social context is called population ecology. The idea is that environmental factors play an important role in the push to adopt entrepreneurial practices. The sociological theory therefore is relevant to this study since it considers the contribution of environmental forces (population ecology) in the development of entrepreneurship specifically risk-taking behaviour and self-efficacy.

EMPIRICAL REVIEW

Management Risk-Taking Behaviour on Growth of Occupational Pension Schemes

Research by Antoncic et al. (2018) on the role of Power Distance on Risk-Taking Propensity and Entrepreneurship done where six nations were sampled established that a country's power distance moderates the relationship between the risk-taking propensity of students and their entrepreneurial intentions and start-ups. The study underlined the significance of the individual risk-taking propensity and the cultural power distance for entrepreneurial intentions and behaviours. In moderately low to high power distance countries, the propensity to take risks can be positively associated with entrepreneurship (actual start-ups and start-up intentions), alongside the strongest association with potential entrepreneurs (persons with the intent to start their own companies in a maximum three-year time).

Additionally, persons with a moderately high propensity to take risks may be the most probable candidates to establish their new companies. In the low power distance country, risk-taking propensity may not be associated with entrepreneurship, in the group of prospective entrepreneurs. It seems that in Finland, in the low power distance culture with equal rights, relatively high socio-economic equality, a high opportunity to rise in the society, and decentralized power, students with risk-taking propensity may postpone their entrepreneurship intention decision for a future time after the completion of their university education because of the positive cultural framing of the risk context in which rational choices may prevail.

The empirical results of a study by Boermans and Willebrands (2017) on Entrepreneurship Risk Perception and Firm Performance by Micro- Finance Firms in Tanzania highlight the importance of risk propensity and risk perception as Antecedents of business outcomes. Using data from small businesses in Tanzania shows that risk perception is valuable in analyzing firm performance. Entrepreneurs with higher perception of risk in general earn higher revenue.

Mardessi and Arab (2018) undertook an empirical Analysis study of Malaysian public listed companies on the determinants of Enterprise Risk Management (ERM) adoption. The paper aimed to gain insights to the influential factors that impulse risk management adoption among firms. The study design was exploratory seeking to identify the determinants for adopting risk management. The objectives of the study were to find out the influence of; a size of a firm in implementing risk management, complexity of firms to risk management, a firm's sector influence on risk management, audit firm on risk management and the firms having a composition of the Board with independent directors. The researcher used content analysis of the 993 Malaysian quoted companies by searching various terms that indicate risk management. The first level sample was a total of 284 (consisting of 142 risk management adopters and 142 non risk management adopters). Simple random sampling was used to select 90 (study sample) companies out of the 284. Secondary Data was collected from published reports. The researchers' findings were that the presence of big four auditors and the pressure of regulations are the major drivers of risk management.

Entrepreneurship culture among pension schemes improved significantly in all the OECD countries due to implementation of quantitative asset restriction and the prudent person laws. The quantitative asset restriction, legislated on the maximum percentages that could be invested in specific classes of assets while the prudent person rule legislated on a code of governance (López & Walker, 2021). Moreover, López & Walker (2021). In China, pension regulations resulted in more robust risk control mechanisms, better investor protection, more transparent information disclosure and subsequent stability of the pension plans.

Appreciably, risk-taking is an inherent part of managing occupational pension schemes because of the two key goals of achieving optimal returns and maintaining fund solvency. The pension managers in Nairobi work under conditions of regulatory arbitrage, economic risk, and stakeholder pressure. While the RBA outlines the acceptable structure of a portfolio, compliance has in the past been lax, thus allowing for exploitation and increased risk-taking (Salome, 2024; Jha & Singhal, 2020). For instance, pension managers may invest more than the recommended percentage in equities at the peak of a given market or engage in risky investments to meet short-run performance benchmarks.

The literature review reveals that risk-taking should be done moderately to increase organizational performance. An investment portfolio that involves a combination of securities from different classes, like stocks, bonds, and other securities, is always better than placing all investments in one security type (class or category) because they provide a better risk/return ratio (Boon et al., 2018). Thus, in Nairobi, pension fund managers have also realized the need to diversify their portfolios into infrastructure and private equity, among other investments (Yego et al., 2023; Defau & De Moor, 2020). Besides, they have better returns on investments and offer returns inherent in fulfilling national development objectives such as enhancing infrastructure and employment (Salome, 2024).

Nevertheless, integrating these assets requires skilled management and stringent risk control measures, which many Kenyan pension funds fail to meet. The other source of difficulty in risk-taking decisions is behavioral biases. For instance, overconfidence could lead to pension managers underpredicting prospective risks or overemphasizing particular assets valued systematically based on estimation biases (Ngomba & Kitheka, 2020). As with herd behavior, where managers blindly follow the trends without conducting thorough research, decisions can lead to market volatility and poor choices during a downturn (Sobaih & Elshaer, 2023; Wambua et al., 2024).

There is ample literature and evidence on the link between risk and the development of occupational pension schemes (OPS). Research confirms that managing risks as a portfolio is essential to maximizing returns and fund growth. Most diversified pension funds, especially those with equity investment, perform better than conservative funds but with higher risks (Boon et al., 2018; Weiss-Cohen et al., 2019). Not only do diversified portfolios increase the amount of returns, but they also protect against market-specific risks, which makes pension funds sustainable in the long term (Kajwang, 2022; Jha & Singhal, 2020).

In Nairobi, managers of pension funds have applied risk-taking as a factor that has led to innovation in investment strategies. More and more pension schemes in the city are investing some of their funds in the non-traditional asset class, including property, infrastructure, and private equity. These asset classes, unlike the more conventional equities and bonds, are less liquid but provide sustainable long-term returns that are ideal for pension funds' long duration (Defau & De Moor, 2020). For instance, infrastructure projects create value for economic development and generate certain cash inflows useful to funds in uncertain markets. This diversification also brings not only the improvement of the financial results but also the protection of pension funds against market and systemic risks (Enock et al., 2019).

However, the results of risk-taking depend on the presence of proper governance systems in the organization. There is always a high risk when taking high risks due to poor management and oversight; pension funds are put at risk, and many can be lost. Such outcomes erode contributor confidence and sustainability of pension schemes (Holzmann et al., 2019). On the other hand, low-risk investment strategies may prove inadequate in providing for the increasing costs occasioned by longevity and inflation. Therefore, contributors may receive less during retirement, contrary to the main aim of pension schemes (Boon et al., 2018; Khai et al., 2024).

Challenges and Criticisms of Risk-Taking in OPS Management

Despite the fact that risk-taking is one of the factors of management of OPS, it has its challenges and criticisms in Nairobi. The first major concern is the enforcement of regulations. Though the Retirement Benefits Authority (RBA) has formulated policies and standards for diversification and governance of portfolios, there is no integrated implementation of the policies that has left a room for frauds and embezzlement. Such practices result in poor fund performance, loss of confidence of the contributors and higher risks to pension schemes (Salome, 2024; Song et al., 2023). For example, mistakes made in the distribution of assets or general conflict of interest among the trustees suggest poor investment performance and resultant loss-making. Because of these reasons, there is the need to enhance the level of regulation and provide more clarity on the part of contributors (Ngomba & Kitheka, 2020; Wambua et al., 2024).

Other factors affecting the company include economic risks; another challenge the management of OPS is faced with. This research also established other factors such as inflation, volatility in currency value and political risks which are likely to compromise the sustainability of Nairobi pension funds. For instance, high inflation levels erode the actual value of money deposited within the fund; variation in exchange rates affects international returns on investment. Political instability may also affect the financial markets and growth hence pension fund managers work under very hard conditions (Sobaih & Elshaer, 2023; Kajwang, 2022; Ioannidou et al., 2022). Based on these contingent factors therefore, pension funds require investment strategies that would be capable of yielding reasonable returns and manageable risks and at the same time easily realizable and stable (Defau & De Moor, 2020; Ngomba & Kitheka, 2020).

However, key challenges include economic factors, which play a major role in the management of OPS, while the trustees and contributors have little or no financial literacy. Most contributors are ill-equipped to make rational pension decisions: they do not know what it means to bear risk or to diversify. Likewise, investment decision-making can become a problem for trustees, resulting in inefficient portfolio structures (Song et al., 2023). However, efforts to redress these gaps will require focused education and capacity-building efforts. For instance, research alludes that workshops, seminars, and ICT can enlighten contributors and trustees on the knowledge and skills that may help improve OPS performance (Salome, 2024; Wambua et al., 2024).

The ethical aspect of risk-taking management in OPS is also criticized by the excesses of some opportunist critics in their work. For example, selecting high-return investments where social or environmental impacts are doubtful may be a problem in the eyes of contributors. This brings to question how environmental, social, and governance factors (ESG) will be incorporated into pension fund management. However, as seen from the global trends, the use of investments aligned with ESG factors is still low in Nairobi. The ethical concerns presented by current pension funds could be resolved by integrating ESG criteria in investment solutions to improve the sustainability of the assets (Ioannidou et al., 2022; Sobaih & Elshaer, 2023).

Indicators of Growth in Occupational Pension Schemes

Various methods exist to assess the growth of occupational pension schemes, including membership, performance, and satisfaction metrics. These provide accurate data regarding the status of a pension scheme and its capacity to sustain member services over the long term. The expansion of membership is a crucial determinant of a pension scheme's societal penetration. In developing nations, the issue of low enrolment rates endures, particularly within the informal economy. Income level, education, and social relationships are critical factors influencing pension uptake. Ngomba and Kitheka (n.d) examined the informal sector in Nairobi and showed that associative connections and financial literacy improve pension enrolment. We require more targeted and data-driven initiatives to surmount these obstacles and enhance participation rates.

This study aimed to determine the significance of financial success in pension programs. Solvency metrics, investment income, and fund liabilities are critical indications of financial stability. Dynamic asset allocation algorithms have proficiently managed the risk-return profile and enhanced pension plans' returns, especially during economic downturns (Ren, 2022). The choice of actuarial valuation methodologies strongly influences fund liabilities and contribution rates. Mbatia (2024) indicated that liability is variable and contingent upon the actuarial methodologies employed in financial forecasting. The formulation of pension programs recognises consumer satisfaction as a crucial element. Digital platforms that foster transparency and accessibility have become the favoured method for enhancing member involvement. A mobile application feature that allows members to track their contributions in real time and receive financial advice has improved customer experiences (Sarker & Datta, 2022). Ghadwan et al. (2023) assert that the provision of services and financial literacy enhances the perceived value of pension systems, thus influencing member retention.

CONCEPTUAL FRAMEWORK

A conceptual framework shows the predicted relationship between independent and dependent variables in writing or images. This investigation examined variables, attributes or traits. The intended study can be shown using a conceptual framework. Figure 1 shows the dependent variable, manufacturing performance, and the independent variable, entrepreneurial networking. It also lists study factors and their relationships (Swaen, 2021).

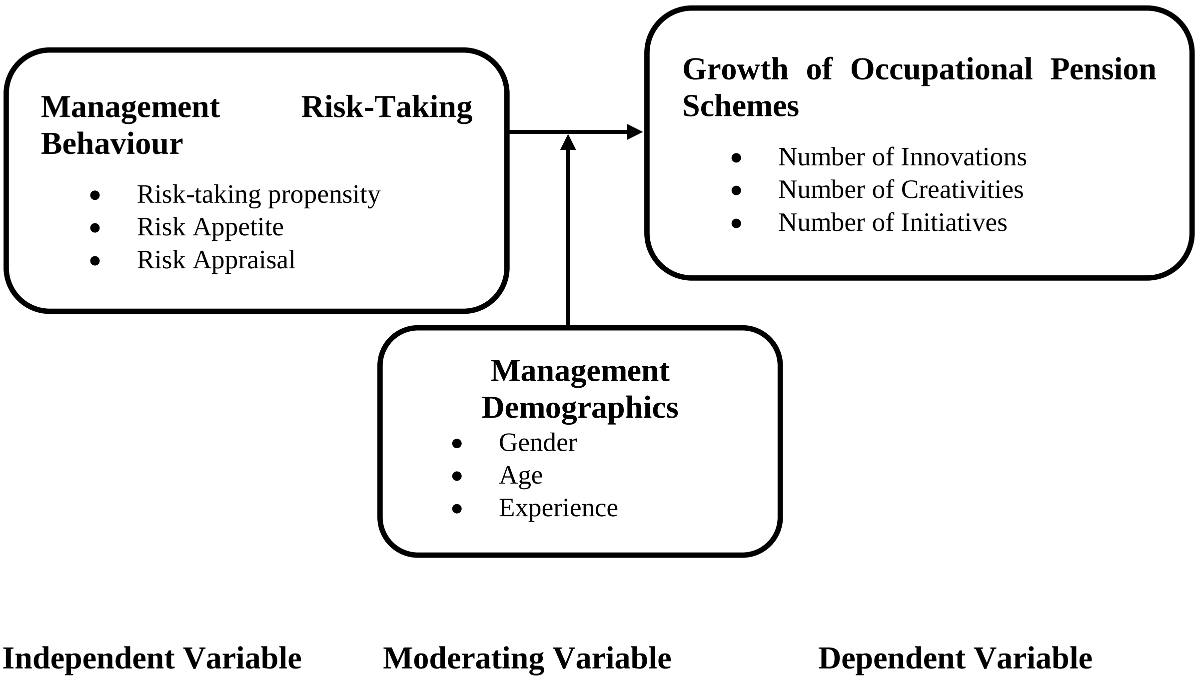

Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

The chapter examines the methodology of the study. The chapter additionally addresses the target population, sampling frame, sample size, and sampling methodology. The chapter additionally addresses data collection methodologies, protocols, pilot studies, and analytical techniques. This research encompasses all occupational pension systems of the Nairobi Retirement Benefits Authority as of December 31, 2021. They analyzed 1,379 Kenyan occupational pension schemes (KRBA, 2021). This research analyzed 809 plans based on Nairobi. This analysis omitted the Civil Service Pension Scheme and NSSF. The government's direct control, necessitating National Assembly approval for all company activities, made the two plans rigid. This study selected occupational pension systems due to their structural capacity for an entrepreneurial emphasis. As of December 2021, registered occupational pension plans in Nairobi City County, Kenya, categorized by fund values, served as the units of analysis, while their finance and operations managers constituted the units of observation.

We employed a regression model to illustrate the correlation between the independent and dependent variables. This study identified management risk-taking as the independent variable (X) and the expansion of occupational pension plans in Nairobi City County as the dependent variable (Y). We employed a basic regression model (Ordinary Least Squares Method) to examine the data of the sole variable under consideration. We performed the regression analysis utilizing the subsequent model:

$$\mathbf{Y = \beta_0 + \beta_1 D_1 + u_i}$$

Where **Y** is the entrepreneurial culture and growth of occupational pension schemes

Di – Management Risk-Taking.

β_0 - Represents the constant

β_1 - Represents the intercept on the regression model and

u_i is the stochastic/disturbance or error term.

A t-test with a 95% confidence level was employed to assess the statistical significance of the constant term, β0, and the coefficient terms, β1 to β5. The P-value test assessed the statistical significance of the regression parameters at a 95% confidence level. We employed the coefficient of determination, R^2, and adjusted R^2 to assess the degree to which variation in the independent variables accounts for the variance in the dependent variable, Y. The analysis was conducted with SPSS and Microsoft Excel. We employed the ANOVA test to analyze the strength of associations between independent and dependent variables.

RESULTS AND DISCUSSIONS

Factor Loading on Management Risk-Taking Behavior

Management risk-taking behaviour forms the fourth and last independent variable for this study measuring the growth of occupational pension schemes in Kenya. The variable is operationalized using 7 factors whose factor loadings are presented in Table 1 below.

Table 1: Principal Component Matrix on Management Risk-Taking Behavior

Factor	Factor Loading
Our management team embraces risk-taking	.751
Our pension scheme has grown due to the high-risk appetite of the management team	.614
Our management team takes calculated risks	.683
Our management team does risk appraisal	.567
Our pension scheme has a risk control department	.849
Our pension scheme has not lost funds due to risks	.602
Our pension scheme remains a going concern due to risk-taking behaviour	.714

The findings established that the variable regarding "our management team embraces risk-taking had a factor loading of 0.751, our pension scheme has grown due to the high-risk appetite of the management team had 0.614; our management team takes calculated risks with 0.683, our management team does risk appraisal with 0.567, our pension scheme has a risk control department had 0.449, our pension scheme has not lost funds due to risks with 0.402, and our pension scheme remains a going concern due to risk-taking behaviour had 0.714. Therefore, all factor loadings were at least 0.4; the highest loading was 0.849with the least being 0.567. This implies that there was no trivial loading, thus confirming that all 4 constructs analyzed on stakeholder involvement were valid for further analysis.

Management Risk Taking behaviour and growth of occupational pension schemes

Table 2: Management risk-taking and growth of pension scheme growth

	Frequency	Percent
Rebranding of the entity to suit the changing environment	7	2.9
Diversified investment portfolios	20	8.3
By embracing risk management	134	55.9
By establishing fully fully-fledged risk management department	42	17.5
By adopting a high-risk appetite policy	52	21.7
A robust enterprise risk management framework	21	8.8
Diversification in services and products	16	6.7
Development of subsidiaries within the pension scheme	7	2.9
By conducting Quarterly risk appraisals	50	20.8
Venturing into new investment horizons such as private equities and alternative investment asset	21	8.8
Diversification in services and products	21	8.8

The main objective of this question was to establish the influence of Management risk-taking behavior on the growth of your pension scheme. Findings from the study revealed that the risk-taking behavior of the management had helped the institution in rebranding the entity to suit the ever-changing business environment for the pension schemes. The majority of the respondents said that through embracing risk management they have established a fully-fledged risk management department with a robust enterprise risk management framework with a high-risk appetite policy. The managers conduct quarterly risk appraisals. This has seen an increased growth potential of the pension schemes. The managers also said that they have ventured into new investment opportunities such as private equities and alternative investment assets. Some of the diversified investment portfolio products and services. All the respondents agreed that the pension schemes have developed subsidiaries for their pension scheme. Diversification of products and services offered by pension schemes spurs their growth.

Table 3: Level of agreement or disagreement on management risk-taking behavior and its influence on the growth of pension schemes

Statement	Percentage (%)								
	Strongly Agree	**Agree**	**Undecided**	**Disagree**	**Strongly Disagree**	**Mean**	**Median**	**Mode**	**Standard Deviation**
Our management team embraces risk taking	49.6%	50.4%				1.5042	**2**	**2**	.50103
Our pension scheme has grown due to high-risk appetite of the management team	42.9%	34.2%	1.7%	21.3%		2.0125	**2**	**2**	1.14066
Our management team takes calculated risks	38.3%	40.8%	13.8%			1.7354	**2**	**2**	.70196
Our management team does risk appraisal	77.5%	22.5%		8.8%		1.2250	**1**	**1**	.41846
Our pension scheme has a risk control department	75.4%	15.8%		8.8%		1.3333	**1**	**1**	.63157
Our pension scheme has not lost funds due to risks	43.3%	21.3%		23.8%	11.7%	2.3917	**2**	**2**	1.51310
Our pension scheme remains a going concern due to risk taking behavior	41.3%	50%		8.8%		1.7625	**2**	**2**	.84205

The research question aimed to establish the influence of management risk-taking behavior on the growth of occupational pension schemes. All the respondents agreed that the management team of their pension schemes embraces risk-taking. 42.9% of the respondents agreed strongly that their pension scheme has grown due to the high-risk appetite of the management team. 34.2% agreed while 1.7 % were indifferent regarding high-risk appetite and growth of occupational pension schemes. 21.3% of the remaining respondents disagreed that their performance is never associated with the level of their risk appetite. The majority of the respondents agreed that their management team takes calculated risks while 13.8% were indifferent to this particular question. 77.5% of the respondents agreed strongly that their management team does risk appraisal. 8.8% of the remaining respondents disagreed and concluded that the management team has nothing to do with risk appraisal.

Asked about risk control mechanisms, the majority (75.4%) of the respondents agreed that their pension scheme has a risk control department while 8.8% said that they don't have a risk control department. On the other hand, 43.3% said that their pension schemes haven't lost funds due to risks. 21.3% also agreed that they have not lost funds due to risk occurrence. 23.8% of the respondents disagreed that they have not lost funds due to risks concluding that the funds lost by their pension schemes could be as a result of risk occurrence. 11.7% disagreed strongly that their pension schemes have not lost funds due to risks. 50% agreed that their pension scheme remains a going concern due to risk taking behavior while 41.3% agreed strongly. 8.8% disagreed strongly that their pension scheme remains a going concern due to risk taking behavior.

According to Antoncic et al. (2018), the propensity to take risks can be positively associated with entrepreneurship (actual start-ups and start-up intentions), alongside the strongest association with potential entrepreneurs (persons with the intent to start their own companies in a maximum three-year time). Persons with a moderately high propensity to take risks may be the most probable candidates to establish their new companies.

Influence of management risk-taking behavior on the growth of occupational pension schemes.

The fourth specific objective for this study was to determine the Influence of management risk taking behavior on entrepreneurial culture and growth of occupational pension schemes in Nairobi City County. To achieve this objective, coefficient of determination (R^2), analysis of variance (ANOVA) as well as model coefficients were generated. The null hypothesis was stated as follows:

H_{02}: Management risk-taking behaviour does not significantly influence entrepreneurial culture and the growth of occupational pension schemes in Nairobi City County.

Table 4: Model Summary of R2 (Coefficient of determination) on Management Risk-taking behavior and growth of occupational pension schemes in Nairobi.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.320	.312	.304

a. Predictors: (Constant), Management Risk Taking

The R-value represents the correlation between the dependent and independent variables. A value of .566 is good. Additionally, the R-square shows the total variation for growth of occupational pension schemes that could be explained by management risk-taking. With a value of 0.320, therefore management risk taking contributed 32% of the total variation. A value greater than 0.506 is above 0.5 is good and shows that the model is effective enough to determine the relationship. Adjusted R-square shows the generalization of the results i.e. the variation of the sample results from the population in multiple regression. The close association between the R-square and adjusted R shows that the model is good and that it can be relied upon to make an inference. This implies that the model on the relationship management risk taking and growth of occupational pension schemes was strong and therefore suitable for estimation the association between the predictor and the dependent variable.

Table 5: ANOVA on Risk Taking Behaviour

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.361	1	9.361	16.837	.000[b]
	Residual	63.009	71	.474		
	Total	72.370	72			

a. Dependent Variable: Growth of Occupational Pension Schemes

b. Predictors: (Constant), Management Risk Taking

Table 4.48 shows F-Calculated (1, 71) = 28.572 which is greater than F-Critical (1, 71) = 3.98 at 5% significant level (2-tailed test) and p-Value = 0.010 < 0.05. We, therefore, reject the null hypothesis and conclude that Management risk-taking significantly influences entrepreneurial culture and the growth of occupational pension schemes in Nairobi.

Table 6: Coefficients in Risk-Taking Behavior

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.291	.175		7.667	.000
	Management Risk Taking	.332	.075	.360	4.445	.000

a. Dependent Variable: Fund Value

As indicated in Table 4.49, when the independent variable (Management Risk Taking) held constant, the growth of occupational pension schemes will remain at 1.291 units. At the same time, an increase in the self-efficacy of the management by one unit would lead to an increase in the growth of occupational pension schemes by 0.332 units with a p-value of 0.000<0.05. A positive beta coefficient of 0.332 implies that Management risk-taking has a direct and positive influence on the dependent variable (growth of occupational pension schemes). The model $Y = \beta_0 + \beta_4 X_4 + e$ can therefore be estimated as:

$$\boldsymbol{Y} = 1.291 + 0.332\boldsymbol{X_4}$$

Where: Y = Growth of occupational pension schemes and X4 = Management Risk-Taking.

Management Risk-taking Behavior on the growth of Occupational Pension Schemes

The null hypothesis was stated as follows: Management risk-taking behavior does not significantly influence entrepreneurial culture and growth of occupational pension schemes in Nairobi City County. The study therefore rejected the null hypothesis and conclude that, Management risk-taking significantly influences entrepreneurial culture and the growth of occupational pension schemes in Nairobi.

CONCLUSIONS

The specific objective for this study was to determine the Influence of management risk-taking behaviour on entrepreneurial culture and growth of occupational pension schemes in Nairobi City County. The null hypothesis was stated as follows: Management risk-taking behaviour does not significantly influence entrepreneurial culture and growth of occupational pension schemes in Nairobi City County. The study therefore rejected the null hypothesis and concluded that Management risk-taking significantly influences entrepreneurial culture and the growth of occupational pension schemes in Nairobi.

The risk-taking behaviour of the management has helped the pension institution in rebranding their entities to suit the ever-changing business environment for the pension schemes. Through embracing risk management, they have established fully-fledged risk management departments with a robust enterprise risk management framework with a high-risk appetite policy. The managers conduct quarterly risk appraisals. This has seen an increased growth potential of the pension schemes. The managers have also ventured into new investment opportunities such as private equities and alternative investment asset classes. In consideration of the volatile global business environment occasioned by environmental changes, and political acrimonies, various risks have followed suit and impacted negatively on institutions. It follows therefore that pension schemes must be alive to this fact and embrace risk-taking, and risk management effectively. The art of risk-taking includes the ability to take new ventures outside the normal investment portfolios, and the audacity to create.

Changes in the environment and political animosity have combined to produce a volatile global business environment, which has resulted in a variety of hazards that have a detrimental influence on pension funds. The conclusion that can be drawn from this is that pension funds need to be aware of this fact and be willing to take risks while exercising adequate risk management. Having the guts to establish new businesses and the capacity to take risks that are outside of the typical investing portfolios are both essential components of the art of risk-taking.

RECOMMENDATIONS

The pension industry is less talked of in Africa. This is even worse in Kenya since most learning institutions have never embraced this important sector in their academic curriculum. The findings of this study may influence the policy makers to put more emphasis on policies surrounding secured old age for its citizens in consideration of the global changes and their impact locally. The Regulator (RBA) may also refer to this study in its quest of annual policy review on matters pension in Kenya.

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