

Factors Influencing Investment Decisions in the Parastatals, in Kenya.

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Abstract:

This study identifies factors that influence investment decisions in the parastatals in Kenya. The parastatals have turned out to be non-performing and are a major drain on the country's resources. The study was guided by 3 specific objectives. It sought to identify the policies set by the government regarding the establishment and management of the parastatals and establish whether they are in harmony. The study made use of both primary and secondary data. Descriptive statistics was used to analyze quantitative data with the help of Statistical Package for Social Sciences (SPSS) computer software package. The study established that there's harmony between policies set by the government and parastatals.

The findings further revealed that various factors influence investment decisions in the parastatals but with different magnitudes. Generally, the study attests that the parastatals are not performing well and that privatization is the key to enhancing efficiency and profitability in the parastatals. The study recommends that policy formulation must be flexible and should focus on creating an environment that encourages the seeking and development of new sources of funding parastatals. There is also need to introduce programs that will increase managerial autonomy and accountability. Further studies could endeavor to investigate factors influencing investment decisions in the informal sector. Further additional research can be performed on finding ways to overcome the challenges defined in this study. Moreover future research effort may be carried out using different data analysis techniques for comparison.