ABSTRACT

Training before advancing a credit facility, plays a vital role in enabling the borrower to achieve the level of knowledge, skills and competencies needed to carry out his entrepreneurship activities effectively. Inadequate or lack of group training before loan disbursement can lead to a high loan default rate. From the existing empirical evidence on aspects of group training viz Group Joint Liability, Group Homogeneity, Group Peer Pressure and Group Cohesion, it is evident that, much of the past research provides mixed findings leading to divided conclusions as to whether a group training intervention before loan disbursement have delivered a positive and cost effective results on the loan repayment performance. Limited research had been conducted on the influence of group training on loan repayment performance of the government revolving funds in Kenya particularly in Kisumu Central Constituency. The main purpose of the study was to establish influence of group training on loan repayment performance of the government revolving funds in Kisumu central constituency Kenya. The conceptual framework outlined group training dimensions being the independent variable influenced loan repayment performance which was the dependent variable. The study is anchored on contract theory. The study adopted a descriptive research design through administered questionnaires to get the relationship between the variables under study. Selected self-help groups within Kisumu Central Constituency formed the target population of loan beneficiaries between the years 2010-2014. Out of 1050 loan beneficiaries, the study adopted a simple random sampling technique to generate ultimate respondents of 105 which is 10% of the target population, a considerable representation sample to generalize on the entire population. Primary data was collected through questionnaires. Secondary data was collected from published journals, articles and text books. Data was analyzed using inferential statistical analyses, in which case, Pearson correlation analysis was used. The results of processed data were presented in form of tables, charts and graphs. The study found out that group joint liability, cohesion, homogeneity and peer pressure on one hand and success of loan repayment performance of government revolving funds on the other hand demonstrated a strong positive association when tested for correlation at 0.01 significance level, i.e. at 0.01 significance level, the correlation between training on group joint liability, group homogeneity, group cohesion, group peer pressure and loan repayment performance were established at .919(a strong positive association of 91.9%) ,.75(a strong positive association of 75%),.64(a strong positive association of 64%) and .919(a strong positive association of 91.9%. The analysis of the variance (ANOVA) was also used to the test of the hypotheses of the study, and at 1 degrees of freedom, the computed F was found greater than the critical F on all variables, i.e. for group joint liability, the computed F=435.600, was greater than the critical F=.00.For group homogeneity, the computed F=231.600, was greater than the critical F=.024.For group cohesion, the computed F=18.711, was greater than the critical F=.031. This implied that the overall regression model was significant in all cases. The rule of thumb is that when computed F is greater than the significant F we reject the null hypothesis and thereby accept the alternate hypotheses. The study concluded that the players in the revolving fund should intensify group training at all levels of loan administration. This study was anticipated to be of paramount significance to commercial banks, government agencies and funding partners. The study's findings would be set to induce a renewed dimension of service delivery by the existing government revolving funds to their clients.