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AN ANALYSIS OF GLOBAL RECESSION ON ORGANIZATION PERFORMANCE:

CASE OF KENYA WOMEN FINANCE TRUST

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ABSTRACT

Global recession has received much attention in the finance literature, with studies focusing on the impact of global recession and the financial performance of the firm. None of these studies have focused on the relationship between global recession and microfinance institutions in Kenya. This study aims to explore the relationship between global recession and the financial performance of the microfinance institutions in Kenya. The main objective of this study is to investigate the relationship between global recession and the financial performance of the microfinance institutions in Kenya. This research problem is studied through the use of a descriptive research design. The population of interest of this study is the microfinance institution that is Kenya women finance trust. The study targets employees of the Kenya women finance trust in Nairobi which is going to be a representative of other branches. This study targeted all heads of departments at the Kenya Women Finance Trust Nairobi Head Office; the target population for the study was 80 employees from the relevant department at the Kenya Women Finance Trust Limited Nairobi. They were drawn from different departments as follows: senior managers, middle level managers and support staff. The researcher used a sample of 50% of the stratum to determine the sample size of targeted population. From the data analysed it is evident that Compared with other financial institutions, microfinance institutions in Kenya have emerged relatively unaffected by the global financial crises. KWFT managers appear optimistic. 75% of respondents believe that their performance will remain stable or improve. Having analysed the data and the findings the researcher came up with the following recommendations as possible remedial measures to be taken in the company. They will want to increase reserves and adjust growth plans to be more conservative in light of future crisis. MFI managers need to communicate proactively and openly with lenders and investors about refinancing concerns and other issues related to the impact of the crisis. While caution is an understandable reaction to the financial crisis, regulators shouldn’t become overly conservative across the board; MFIs should mobilize local deposits and thus limit dependence on cross-border financing. Maintaining good relationships with socially responsible investors, both retail and institutional, will be important.