

**PROJECT TITLE**

**EFFECTS OF THE MARKETING ENVIRONMENT ON MICROFINANCE  
ORGANIZATION PERFORMANCE: A CASE OF KENYA WOMEN TRUST FUND  
(KWTF) AND FAULU KENYA.**

**By**

**NDIBA TABITHA MBEKE**

**BBM/09/113/1097**

**A Research project submitted to Mount Kenya University in Partial fulfillment of the  
requirement of the Degree of Bachelor of Business Administration**

**MAY, 2014**

## ABSTRACT

Marketing environment is the environment surrounding the organization. It comprises of three environments known as Macro-environment, internal environment and Micro-environment. The Macro-environment is made up of uncontrollable factors that an organization can't influence. The factors include: technological, legal, political economical, socio-cultural, competitive and demographical environment. Micro-environment is made up of individuals and factors that are close to the organization, can directly impact the customer experience and the organization can influence to some extent. They include: the suppliers, the 4P's of marketing, intermediaries, customers, markets and publics. Organizational performance is the actual output or result of the organization as measured against its intended output. It encompasses financial performance, product market performance and shareholders returns. It can also be the analysis of the performance against the firm's goals and objectives.

The purpose of this project was to establish how the microfinance makes it possible to create and implement its marketing strategies while considering the marketing environment's SWOT Analysis. Also, we are keen to establish the marketing staff and the management has knowledge of the marketing environment components. The project also aimed at finding out the factors that affect the choice and the use of Kenya Women Trust Fund or Faulu Kenya as opposed to other banking and microfinance institutions. Another aim of the project was to find out the competitive strategies and challenges faced by Kenya Women Fund Trust and Faulu Kenya and how the microfinance organizational performance is affected by the marketing environment factors will also be researched in detail.

The research studied two microfinance institutions, Kenya Women Trust Fund, Upper Hill Branch, and Faulu Kenya OTC Branch, with a target population of over 300 people combined, inclusive of the staff of the organization, when combined. The study used simple random technique to select sample size of 150 respondents which is 40.87% of the targeted population. Research questions were executed by use of questionnaires that were prepared and issued out the respondents by the researcher. Data collected was analyzed using frequency and percentages and presented in tabular form.

Both the MFIs engaged in competitive strategies in order to counter competition. The competitive strategies used by the two included matching of competitors' products, advertising, partnership efforts, accessibility, word of mouth, circulation of pamphlets and community camps. It was discovered that both MFIs preferred using advertising as a tool to countering competition. On establishing how the MFIs had the knowledge of the marketing environment, especially the management and employees, it was found out that Marketing Research was the best and most efficient method of doing so.

In regards to the factors affecting the use and choice of the MFIs, the researcher found out that group banking, technology, services offered, convenience and any other were the most influential factors that were affecting the choice and use of the MFIs. Any other included