

**FACTORS AFFECTING PERFORMANCE OF MICROFINANCE
INSTITUTIONS
(CASE STUDY OF FAULU KENYA MACHAKOS BRANCH)**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT FOR
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ABSTRACT

Factors affecting effective performance of microfinance institutions is a crucial study that was conducted in Kenya, South Eastern Region, Machakos County. Effectiveness in offering any service and producing any good plays an essential role to ensure clients or customers satisfaction. Financial institution must identify and strictly ensure factors contributing their successful performance are addressed with a lot a consideration. The study was conducted at Faulu Kenya Microfinance Machakos Town Branch. However, the study was extended to the beneficiaries and competitors/rivals of this financial institution. The study squarely tried to establish the effect of the following independent factors on performance of Faulu Kenya: technology, marketing strategy, motivation management and leadership style and economic stability. The stratified random sampling design was employed so as to equally represent Faulu Kenya staffs, commercial bank staffs, government employees, businessmen and other stakeholders whom the researchers believes could have vital information. 50 interviewees from different categories were interviewed orally or through use of postage questionnaires. According to Alex Kin (2011) lack of automation also hampers reporting and MIS which in turn results in poor visibility into business and operational parameters critical for management-driven business decisions.

This was a major challenge facing MFIs across the globe. The study findings was presented quantitatively and qualitatively. This was done by use of tables, charts and graphical presentations. Analysis was given in details which successfully resulted to the broad and exploratory summary findings, recommendations and conclusions factors affecting effective performance of microfinance institutions.