

Factors Influencing the Performance of Microfinance Institutions: A Case Study of Meru County

Lydia Kagwiria Kirika

Meru university of science and technology, Kenya lydiahkagwiria14@gmail.com

Abstract

The main goal of every Microfinance Institution (MFI) is to operate profitably in order to maintain its stability and improve growth and sustainability. This study focused on the factors influencing MFIs financial performance in Meru County. In every market there is increased competition from the various player in the market with an aim of convincing customers to purchase their products and services, this has not been an exception in micro finance institutions, thus the study objectives was to determine factors influencing microfinances performance. There are various sources of the reviewed literature such as National micro & small enterprises baseline (1999), Ministry of devolution & planning (May 2013) Meru county development profile among others as indicate in references.

The study applied survey research using descriptive approach in order to find out or enquire the state of affairs that exist at present that causes this effect. The study was carried out in Meru Town and some of the micro finances such as SMEP, FAULU, KWFT, located in Meru were used in data collection by using simple random sampling to select the sample to be used, the target population was 956 which was minimized to a sample size of 274 . Questionnaires were used in Data collection to gather the information which was directed to customers, credit managers and the branch manager of the various micro finances. After the data collected it was be analyzed by first coding by assigning numerical values to make them quantitative. Tables and pie charts were used in presentation of data, frequency distribution tables was used to show the number of respondents and their views for easier analysis. The findings and conclusion of this study are likely to be useful to micro finances and other scholars.

Keywords: Microfinance, loan repayment , interest rates ,small medium enterprise, collateral



**Journal of Business
Management and
Economic Research**
Vol.2, Issue.6, 2018
pp.33-41