Journal of
Developing Country Studies
(JDCS)

Entrepreneurial Capacity Building as a Microcredit Driver and its Influence on the Empowerment of Women Entrepreneurs in Nairobi County

Wairimu Wanjaiya, Prof. Florence Ondieki – Mwaura and Dr. Margaret Ndwiga

Journal of Developing Country Studies
ISSN 2520-5307 (online)
Vol.9, Issue 1, pp 1 -16, 2025

www.iprjb.org

Entrepreneurial Capacity Building as a Microcredit Driver and its Influence on the Empowerment of Women Entrepreneurs in Nairobi County

Wairimu Wanjaiya
Jomo Kenyatta University of Agriculture and Technology

Prof. Florence Ondieki - Mwaura
Jomo Kenyatta University of Agriculture and Technology

Dr. Margaret Ndwiga
Jomo Kenyatta University of Agriculture and Technology

Article History

Received 10th July 2025

Received in Revised Form 14th August 2025

Accepted 19th September 2025

How to cite in APA format:

Wanjaiya, W., Ondieki - Mwaura, F., & Ndwiga, M. (2025). Entrepreneurial Capacity Building as a Microcredit Driver and its Influence on the Empowerment of Women Entrepreneurs in Nairobi County. *Journal of Developing Country Studies*, *9*(1), 1–16. https://doi.org/10.47604/jdcs.3512

Abstract

Purpose: This study examines the influence of entrepreneurial capacity building on the empowerment of women entrepreneurs participating in microcredit programs in Nairobi County, Kenya. Grounded in the Grameen Model, the study addresses the gap in understanding how capacity building interventions, beyond financial access, affect women's economic agency.

Methodology: A cross-sectional survey design with a quantitative approach was employed. The target population comprised 921 licensed women entrepreneurs operating within 12 rental markets in Nairobi County. Using systematic sampling, 279 respondents were selected. Primary data was collected through structured questionnaires. Descriptive statistics (frequencies, percentages, means, and standard deviations) and linear regression analysis were used to analyze the data and test the study hypotheses.

Findings: Results revealed a positive and statistically significant relationship between entrepreneurial capacity building and women's empowerment ($\beta = 0.453$, $p = .000$). Capacity building interventions, including business skills training, financial literacy, peer learning and mentorship, were found to enhance the economic agency and decision-making power of women entrepreneurs.

Unique Contribution to Theory, Practice and Policy: The study recommends that microcredit institutions, development partners and government agencies integrate structured, consistent and context-specific capacity building interventions into microfinance programs. Such collaborative efforts can strengthen the transformative potential of microcredit in advancing women's empowerment.

Keywords: *Microcredit, Women's Empowerment, Entrepreneurial Capacity Building, Financial Inclusion, Gender Equality, Economic Development, Small and Micro-Enterprises, Financial Literacy, Peer Mentorship*

JEL Classification: *J16, O12, G21, L26, D14*

Journal of Developing Country Studies
ISSN 2520-5307 (online)
Vol.9, Issue 1, pp 1 -16, 2025

www.iprjb.org

INTRODUCTION

Empowerment of women through entrepreneurship has gained significant global attention as a strategy for advancing gender equity and fostering inclusive economic development. In many developing contexts, particularly urban areas such as Nairobi County, women face systemic barriers that limit their access to financial services, entrepreneurial training and decision-making autonomy (UN Women, 2020; Kabeer, 1999). Microcredit programs have been widely promoted as a means to alleviate poverty and enhance women's economic participation; however, access to finance alone is often insufficient to drive sustainable empowerment. Without the necessary skills, knowledge and support structures, women may remain financially dependent and vulnerable to structural inequalities (Sanyal, 2015; Al-Shami & Majid, 2016).

Entrepreneurial capacity building, which includes business skills training, financial literacy, mentorship and peer learning, has emerged as a complementary strategy that enhances women's ability to effectively utilize microcredit and manage successful enterprises (Banerjee et al., 2020; Mayoux, 2001). It not only equips women with practical competencies but also fosters self-efficacy, resource control and long-term resilience, all of which are critical components of empowerment (Kabeer, 1999; Rahman, 2013).

The Grameen Model, originally developed in Bangladesh, emphasizes the importance of building the social and human capital of borrowers, particularly women, through structured group lending, training and peer accountability mechanisms (Grameen Bank, 2010). This model has been adapted globally to support women's financial inclusion and has informed programmatic approaches in Kenya's microfinance sector. Despite its potential, the role of capacity building as a microcredit driver remains under-researched in many African contexts. The direct influence of entrepreneurial capacity building, particularly as a driver of successful microcredit access and usage, on women's empowerment outcomes in Nairobi County remains empirically limited.

This study investigates the extent to which entrepreneurial capacity building influences the empowerment of women entrepreneurs in Nairobi County through its role as a driver of microcredit. In doing so, the research aims to contribute to a deeper understanding of how integrated approaches to financial inclusion and capacity development can better support women's economic agency in urban settings. Based on the stated specific objective, the following null hypotheses was derived and tested.

$H_{01:}$ *Entrepreneur capacity building has no significant effect on empowerment of women entrepreneurs in Nairobi County.*

Problem Statement

Women's empowerment through entrepreneurship has gained increasing global attention as a strategy for advancing gender equality and inclusive development (UN Women, 2020). However, in urban contexts such as Nairobi County, women entrepreneurs continue to face systemic barriers that limit their access to finance, entrepreneurial training, and decision-making autonomy (Kabeer, 1999; Mayoux, 2001). Microcredit programs, widely promoted to enhance women's economic participation, have achieved notable success in expanding access to financial services. Yet, access to credit alone often proves insufficient to generate sustainable empowerment outcomes, particularly when women lack the skills and resources to manage enterprises effectively (Sanyal, 2015; Al-Shami & Majid, 2016).

In Kenya, government initiatives and institutional policies have acknowledged these gaps. The Women Enterprise Fund (WEF), through its *Strategic Plan 2023–2027*, explicitly includes capacity building; business support services, market linkages and technological innovations among its core mandates to empower women-led micro, small and medium enterprises (Women Enterprise Fund [WEF], 2023). Similarly, a KIPPRA Discussion Paper revealed that while government credit programmes exist, women-owned enterprises in Kenya tend to be less productive and are more likely engaged in necessity entrepreneurship, partly because they face constraints in accessing finance and entrepreneurial capacity development (Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2020). Moreover, empirical evidence from Nairobi demonstrates that although microcredit services are utilized by women, the conditions imposed by microfinance institutions, coupled with gaps in skills, education, mobility and decision-making authority limit the impact of credit on women's empowerment outcomes (Gitobu, 2015).

Entrepreneurial capacity building, encompassing business training, financial literacy, mentorship, and peer learning, has emerged as a complementary strategy that enhances the effective utilization of microcredit and fosters long-term resilience (Banerjee et al., 2020; Rahman, 2013). Evidence shows that women with strong entrepreneurial skills are more likely to translate credit into business growth, increased household bargaining power, and greater autonomy (Mayoux, 2001; Kabeer, 1999). Despite this, the role of capacity building as a driver of microcredit effectiveness remains under-researched in many African contexts, including Kenya, where most studies have emphasized either financial inclusion or entrepreneurship training in isolation rather than their intersection (Mutinda & Ngahu, 2016; Wanjiku & Njiru, 2019).

The absence of such integrated research poses several risks. Without a deeper understanding of how entrepreneurial capacity building influences empowerment through microcredit, financial interventions may continue to provide women with credit without equipping them to leverage it effectively, thereby perpetuating dependency, loan default, and limited business sustainability (Bateman, 2010). Moreover, failing to link microcredit with capacity development risks reinforcing existing gender inequalities, as women may remain confined to low-return ventures and remain vulnerable to structural economic insecurities (Armendáriz & Morduch, 2010; Sanyal, 2015). This study is therefore critical in bridging the empirical gap by examining how entrepreneurial capacity building functions as a driver of microcredit and contributes to the empowerment of women entrepreneurs in Nairobi County.

Theoretical and Conceptual Framework

This study adopts the Grameen Bank model as its primary theoretical anchor, complemented by Sen's Capability Approach and Longwe's Women's Empowerment Framework to provide a multi-dimensional understanding of women's empowerment in the Nairobi County context. The Grameen model, pioneered by Muhammad Yunus in Bangladesh, has been widely celebrated for its transformative effect on women's economic participation and poverty reduction through access to group-based microcredit (Yunus, 2007; Rahman, 2013). Its central premise is that empowerment emerges not merely from credit access, but from building human and social capital among borrowers. This study adapts the Grameen model by conceptualizing entrepreneurial capacity building, including business skills training, financial literacy and participation in peer networks, as key mechanisms that enable women to convert credit into meaningful empowerment outcomes.

The study integrates Sen's Capability Approach, which frames empowerment as the expansion of women's real freedoms to achieve valued functioning (Sen, 1999). This theoretical lens aligns with the study's measurement of empowerment in terms of agency (decision-making power in household and business spheres) and asset ownership (control over productive and personal resources), ensuring that the analysis moves beyond financial metrics to capture broader well-being. Similarly, Longwe's Women's Empowerment Framework is employed to provide a feminist perspective on empowerment levels; welfare, access, participation and control, helping to critically evaluate whether entrepreneurial capacity building interventions move women beyond mere participation in microcredit programs toward higher levels of transformative empowerment (Longwe, 1991).

The framework is adapted to Nairobi's unique socio-economic realities. Unlike rural Bangladesh, where the Grameen model was first implemented, Nairobi's women entrepreneurs operate within a dynamic urban economy characterized by informal markets, competitive business environments and diverse income sources. Group-based lending in this context not only provides financial inclusion but also offers social networks that mitigate urban isolation and foster collective bargaining power, which is particularly important for women navigating gendered constraints in urban supply chains (Kimani et al., 2012). Entrepreneurial training and financial literacy are especially critical in Nairobi, where the cost of living, market competition and exposure to credit risk are higher than in rural settings.

The resulting integrated theoretical framework posits a cyclical process: capacity building enhances women's capability set (Sen, 1999), enabling them to use credit more productively, which in turn strengthens their agency and control (Longwe, 1991). This leads to improved income, asset accumulation and social standing, thereby reinforcing confidence and bargaining power in subsequent credit cycles (Yunus, 2007). The study therefore conceptualizes entrepreneurial capacity building not as an adjunct but as a catalyst that transforms microcredit from a financial intervention into a vehicle for sustainable empowerment and gender equity in an urban African setting.

Figure 1 presents the conceptual framework that guided this study. The independent variable, Entrepreneurial Capacity Building, is operationalized through two sub-indicators: business skills training and involvement in support groups and social networks. These components reflect the human and social capital inputs that enable women entrepreneurs to effectively utilize microcredit resources and strengthen the sustainability of their enterprises.

The dependent variable, Empowerment of Women, is assessed through two key dimensions: (1) agency in household financial decision-making, specifically decisions related to savings, household expenditures on nutrition and education; and (2) asset ownership, reflected in a woman's ability to independently acquire and control either movable or immovable assets in her own name. These dimensions were selected because they provide tangible and measurable indicators of economic empowerment, aligning with both empirical research and national policy priorities on women's financial inclusion (KIPPRA, 2020; Women Enterprise Fund [WEF], 2023).

It is acknowledged that empowerment is a multi-dimensional construct encompassing psychological, social, economic and political domains (Kabeer, 1999; Longwe, 1991). The present study deliberately focused on agency and asset ownership as they are the dimensions most directly influenced by entrepreneurial capacity building interventions and microcredit

participation within Nairobi County's urban context. This narrower focus allows for robust, data-driven analysis of economic empowerment outcomes while providing a foundation for future studies to explore additional dimensions, such as psychological confidence, social mobility and political participation, within similar urban microfinance settings.

By conceptualizing empowerment in this way, the framework captures policy-relevant and economically significant outcomes of capacity-building interventions, offering actionable insights for microfinance institutions, development partners and government agencies seeking to enhance women's financial autonomy and resource control.

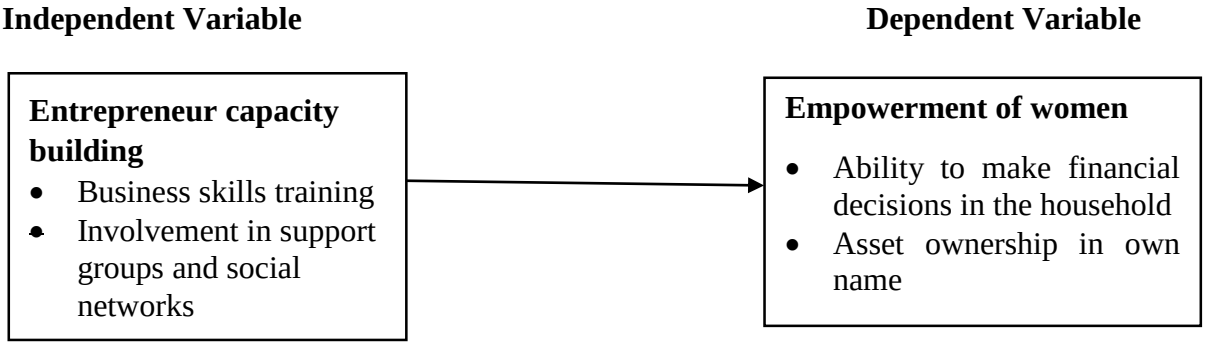

Figure 1: Conceptual Framework

Empirical Review

Capacity building has been shown to enhance the empowerment of women entrepreneurs in diverse global and local contexts. Vyas and Watts (2018) reported that training programs in low and middle-income countries improved welfare outcomes for women managing microenterprises, underscoring the pivotal role of development partners. Mishra (2015) similarly observed that entrepreneurial training not only strengthened business performance but also built self-confidence, motivating women to inspire peers. Sanghi and Srija (2015) advocated for expanded training to meet evolving market demands and boost income-generation, while Steel and Andah (2004) demonstrated that Ghana's Freedom from Hunger program integrated loans with training in health and business management to achieve holistic empowerment.

Evidence from Kenya and other African contexts reinforces this link between entrepreneurial skills development and empowerment. Kabugi et al. (2018), studying Catholic Women Association members in Nyandarua, found that business training facilitated sustainable microenterprise growth and improved household incomes. In Nairobi, Sarnquist et al. (2021) combined microfinance, business training, and psychosocial support, yielding measurable gains in savings, income and conflict reduction. Such findings highlight the effectiveness of integrated approaches that pair microcredit with capacity enhancement, particularly for women entrepreneurs.

Recent studies call for embedding structured training within microfinance initiatives. Asri (2024) found that culturally tailored training, when coupled with microcredit or asset grants, improved profits, business practices and self-efficacy. Mengstie (2022) reported that both credit size and training frequency significantly influenced economic empowerment indicators such as income, asset control and savings. In Meru, Kenya, Maina and Mwiti (2016) emphasized that networking opportunities can amplify training impacts, recommending formal forums led by local authorities.

Despite this growing body of evidence, several gaps remain in the literature. First, most studies examine either microcredit access or entrepreneurial training as standalone interventions, with relatively few investigating their combined and reinforcing effects on women's empowerment outcomes. Second, much of the empirical work focuses on rural settings, leaving a knowledge gap regarding how capacity building operates in dynamic urban contexts such as Nairobi County, where market conditions, gender norms and financial service ecosystems differ significantly. Third, while many studies measure economic outcomes such as income and profits, there is limited attention to broader empowerment dimensions such as agency in financial decision-making and independent asset ownership.

This study addresses these gaps by examining the intersection between entrepreneurial capacity building and microcredit within an urban Kenyan context, focusing specifically on how these interventions shape women's decision-making power and asset control. Future research could expand on this by including additional empowerment dimensions (psychological, social, political) and exploring longitudinal effects of training and credit use.

Methodology

This study adopted a quantitative, cross-sectional research design to investigate the effect of entrepreneur capacity building on the empowerment of women entrepreneurs in Nairobi County. The statistical analysis included both descriptive and inferential analysis.

Target Population and Sampling

The study targeted a population of 921 women entrepreneurs operating licensed microenterprises across 12 markets categorized as city rental markets in Nairobi County. These women conducted business in stalls rented and licensed by the Nairobi County government. The researcher adopted Yamane's (1978) sample size formula, arriving at a final sample of 279 respondents, which aligned with Comfrey and Lee's (1992) recommendation that a sample between 200 and 500 is suitable for study. The sample was proportionately distributed using Neyman's allocation formula (Neyman, 1934) to enhance precision, based on the size of each market. Systematic sampling was employed to randomly select individual respondents, starting from a random point and applying a fixed interval of 3, to ensure unbiased and evenly distributed respondent selection.

Data Collection

The study used structured questionnaires to collect primary data from women entrepreneurs in Nairobi County rental markets. These featured pre-coded closed-ended items and 5-point Likert-scale. The researcher together with trained research assistants, fluent in English and Kiswahili, administered the questionnaires. The questions included items on availability, type and frequency of training, group networking activities and peer engagements. A research permit from NACOSTI and an official introduction from JKUAT were obtained to formalize the data collection process.

Data Analysis and Model Specification

Upon completion of the data collection exercise, the responses were cleaned, coded and entered for statistical analysis. The analysis was guided by the study objective and research hypothesis. Descriptive statistical analysis was used to contextualize respondent demographics and illustrate patterns in entrepreneur capacity building and empowerment dimensions. For inferential analysis, the study applied hierarchical linear regression to examine the cause-effect

relationship between the independent variable (entrepreneur capacity building) and the dependent variable (empowerment of women), using a significance level of α = 0.05. Hierarchical regression was preferred because it allowed items to be entered in blocks, enabling the researcher to track how each block contributed to explaining the variance in the dependent variable. The regression model used in this study is given by:

$Y = B_0 + B_1X_1 + \varepsilon$……Equation

Y is the dependent variable given as empowerment of women

X_1 is entrepreneur capacity building

β_0 is the intercept

β_1 is the constant

FINDINGS

This section presents an overview of the analysis and findings based on the study objective and hypothesis. The study aimed to assess the influence of capacity building on the empowerment of women entrepreneurs in Nairobi County. A response rate of 97.8% (273 usable responses out of 279 administered) was achieved, far exceeding the 70% threshold recommended for survey research thereby enhancing the reliability and generalizability of the findings.

Factor Analysis

Factor Analysis for Entrepreneur Capacity Building

Table 1: Factor Analysis for Entrepreneur Capacity Building

	Loadings	KMO	Cum %
Entrepreneur capacity building		0.809	67.033
Microcredit lenders provide training on the purpose of microcredit	0.798		
Microcredit lenders organize social activities for my business peers	0.876		
Microcredit lenders offer training on use of micro credit loans	0.819		
Group networking with peers has helped me gain more knowledge on microcredit utilization	0.856		
Discussing microcredit with my business peers is beneficial	0.860		
I feel confident managing my business with a microcredit loan	0.688		

Extraction Method: Principal Component Analysis.

The KMO result of 0.809 surpassed the 0.60 threshold, indicating sampling adequacy (Hair et al., 2014). The extracted single factor accounted for 67.033% of the total variance, exceeding the 60% threshold considered acceptable in social science research (Yong & Pearce, 2013; Field, 2013). All six items loaded strongly on this component, with factor loadings ranging from 0.688 to 0.876 - well above the 0.50 threshold (Hair et al., 2014). These included items related to business skills training, networking with peers and involvement in group mentorship, suggesting that the construct is cohesive and effectively captures the broader concept of

capacity building. The results, shown in Table 1 above, support the retention of all six items for further regression analysis.

Factor Analysis for Empowerment of Women

Table 2: Factor analysis for empowerment of women

Component Matrix

	Loadings
I make decisions independently on household expenses such as day-today purchases and house repairs	0.742
I determine the amount to spend on my family's nutrition	0.687
I am free to make suggestions about household finances	0.685
I can independently decide to join a financial venture with a peer	0.752
I can independently decide to attend business and social networking sessions	0.798
I feel comfortable to make decisions on my family issues	0.616
My personal income has increased after accessing microcredit	0.828
I contribute to the household savings after accessing microcredit	0.648
I have acquired an asset in my name after accessing microcredit	0.641
My living standards and that of my family have improved	0.601
Total Variance Explained	
Total (Initial Eigenvalues)	3.74
% of Variance	37.404
Cumulative %	60.202
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.794
Bartlett's Test of Sphericity, Approx. Chi-Square	1119.585
df	45
Sig.	0.000

Extraction Method: Principal Component Analysis.

From Table 2 above, factor analysis results for empowerment of women showed a KMO value of 0.794 which exceeds the minimum recommended threshold of 0.60, (Hair et al., 2014). PCA results revealed two components with a cumulative total variance explained of 60.2%, indicating that the factors extracted sufficiently explain the construct of 'empowerment of women'. All factor loadings exceeded the recommended minimum of 0.50 and were used for further regression analysis.

Respondent Characteristics

The demographic characteristics of the sampled women entrepreneurs provide important context for understanding the relationship between channel used to access microcredit and empowerment of women entrepreneurs in Nairobi County. Majority were aged between 31 and 40 years (37.4%), followed by those below 30 years (31.5%), indicating strong participation from younger women in microenterprises. Most respondents were married (53.8%), while a significant number were single (40.7%), highlighting varying levels of household responsibility and financial autonomy. In terms of academic qualifications, 44.3% had

completed secondary school education and 42.5% held diploma qualifications, suggesting that nearly 87% had the minimum education likely needed to understand and manage microcredit services. In terms of business roles, 59.3% were owners and 40.7% were owner-managers, meaning majority had direct control over business operations. Over half (52.7%) had been in business for more than five years, showing strong enterprise stability, while 7% were start-ups operating for less than a year. 45.1% had 1–3 employees, while 17.2% employed more than three people, indicating at least 62% of the micro entrepreneurs under study created employment while 37.7% run the businesses on their own. Results in Table 3 below.

Table 3: Respondent Characteristics

Characteristic	Category	Frequency	Percentage (%)
Age	Below 30	86	31.5
	31–40	102	37.4
	41–50	60	22
	51–60	20	7.3
	Above 60	5	1.8
Marital Status	Single	111	40.7
	Married	147	53.8
	Separated/Divorced	4	1.5
	Widowed	11	4
Education Level	Primary	18	6.6
	Secondary	121	44.3
	Diploma	116	42.5
	Degree	16	5.9
	Masters	2	0.7
Business position	Owner	162	59.3
	Owner-Manager	111	40.7
Business age	Below 1 year	19	7
	1–3 years	72	26.4
	3–5 years	38	13.9
	Above 5 years	144	52.7
Number of employees	None	103	37.7
	1–3	123	45.1
	3–5	21	7.7
	Above 5	26	9.5

Descriptive Statistics

Entrepreneur Capacity Building

Descriptive analysis results in Table 4 indicate that women entrepreneurs in Nairobi County had an overall moderate perception of entrepreneur capacity building, mean score of 2.90 and a standard deviation of 1.08. The highest-rated item was the benefit of discussing microcredit with business peers (Mean = 3.07, SD = 1.42), suggesting that informal peer discussions play a significant role in building confidence and knowledge among women. Similarly, group networking was found to help participants gain better understanding of microcredit utilization (Mean = 2.98, SD = 1.34). However, responses revealed limited involvement by microcredit lenders in offering training, as reflected in low agreement on whether they provide guidance

on microcredit use (Mean = 2.84, SD = 1.30). These findings support earlier studies by Mishra (2015), Sanghi and Srija (2015), and Steel and Andah (2004), which underscore the importance of structured capacity building and integrated training approaches in enhancing the effectiveness of microcredit and ultimately empowering women entrepreneurs. The study highlights a need for more formal, lender-driven training initiatives to complement the existing informal peer support systems.

Table 4: Statements on Entrepreneur Capacity Building

	Mean	Std. Dev
Microcredit lenders provide training on the purpose of microcredit	2.84	1.24
Microcredit lenders organize social activities for my business peers	2.80	1.25
Microcredit lenders offer training on use of micro credit loans	2.84	1.30
Group networking with peers has helped me gain more knowledge on microcredit utilization	2.98	1.34
Discussing microcredit with my business peers is beneficial	3.07	1.42
I feel confident managing my business with a microcredit loan	2.90	1.40
Entrepreneur capacity building	**2.90**	**1.08**

Empowerment of Women

The study assessed women's empowerment outcomes with a focus on decision-making on household matters and asset ownership. Results presented in Table 5 below showed generally high mean scores across most empowerment indicators. Respondents reported high levels of autonomy in making family-related decisions, such as determining household expenditure on nutrition, children's education and health matters. Indicators such as personal income increase (M = 3.37) and asset acquisition (M = 3.38) also showed high agreement scores. Overall, the aggregate empowerment score was high (Mean = 4.03, SD = 0.60), demonstrating that entrepreneur capacity building, as a microcredit driver, positively contributes to empowering women entrepreneurs across multiple dimensions of decision-making.

Table 5: Statements on Empowerment of Women

	Mean	Std. Dev
My personal income has increased after accessing microcredit	3.37	1.24
I make decisions independently on household expenses such as day-today purchases and house repairs	4.08	1.02
I contribute to the household savings after accessing microcredit	3.63	1.29
I determine the amount to spend on my family's nutrition	4.30	0.75
I have acquired an asset in my name after accessing microcredit	3.38	1.46
I am free to make suggestions about household finances	4.34	0.78
I can independently decide to join a financial venture with a peer	4.22	0.88
I can independently decide to attend business and social networking sessions	4.23	0.89
I feel comfortable to make decisions about issues affecting my family	4.51	0.66
My living standards and that of my family have improved	4.19	1.01
Women empowerment	**4.03**	**0.60**

Regression Analysis

To examine the causal-effect relationship between entrepreneur capacity building and empowerment of women entrepreneurs in Nairobi, a linear regression analysis was conducted. This assessed how initiatives such as training, peer networking and skills development contribute to enhancing women's agency in decision-making and independent ownership of assets. Results are presented in Table 6, including key regression indicators: the coefficient of determination (R Square) and the adjusted R Square, which together provide insights into the strength, direction and explanatory power of the relationship between the independent and dependent variable.

Table 6: Model summary For Effect of Entrepreneur Capacity Building on Empowerment of Women Entrepreneurs in Nairobi

Model Summary

Model	*R*	R Square	Adjusted R Square	Std. Error of the Estimate
1	*.453a*	0.205	0.202	0.7964

a Predictors: (Constant), Entrepreneur Capacity Building

Results in Table 6 indicate that entrepreneur capacity building has a positive effect on the empowerment of women entrepreneurs, given by the correlation coefficient R = 0.453. The R Square value of 0.205 means that approximately 20.5% of the variation in women's empowerment can be explained by their level of entrepreneurial capacity building. This is a meaningful level of explanatory power in the social sciences, where individual and community behaviors are typically influenced by multiple factors. The adjusted R Square of 0.202, which accounts for model complexity and sample size, is nearly identical to the R Square, indicating model stability.

To determine whether the regression model as a whole provides a statistically significant fit to the data, F Statistic Test was used (Field 2013, Kothari 2015). Table 7 presents the results.

Table 7: ANOVA for effect of Entrepreneur Capacity Building on Empowerment of Women Entrepreneurs in Nairobi

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.352	1	44.352	69.927	.000b
	Residual	171.883	271	0.634		
	Total	**216.235**	**272**			

a Dependent Variable: women empowerment
b Predictors: (Constant), entrepreneur capacity building

Findings reveal a high F-statistic at 69.927 with a corresponding p-value of .000, which is well below the conventional significance threshold of 0.05; this indicates that the regression model is statistically significant and provides a good fit to the data. A significant F-test confirms that the independent variable contributes meaningfully to explaining the variance in the dependent variable (Field, 2013 and Kothari, 2015). In addition, the extremely low p-value allows for the rejection of the null hypothesis and affirms that entrepreneur capacity building explains a substantial portion of the variation in women's empowerment. These findings validate the

statistical strength of the model, confirming that the channel used to access microcredit is a significant predictor and justifying further interpretation of the regression coefficients.

To evaluate the influence of entrepreneur capacity building on empowerment of women entrepreneurs in Nairobi, a multiple linear regression analysis was conducted. This analysis aimed to assess whether availability of business skills training, involvement in support groups and peer social networks impact women's ability to make decisions in the household and achieve economic agency through asset ownership. Table 8 presents the regression coefficients, including the unstandardized coefficient (B), standardized Beta, standard error, t-value, and p-value, which together provide insight into the magnitude and significance of the relationship.

Table 8: Coefficient of estimates for Effect of Entrepreneur Capacity Building on Empowerment of Women Entrepreneurs

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.710	0.136		19.879	0.000
Entrepreneur capacity building	0.367	0.044	0.453	8.362	0.000

a Dependent Variable: women empowerment

Based on the results in Table 8, the following regression equation was generated:

$Y_1 = 2.710 + 0.367X_1 + \varepsilon$……Equation

Y_1, is the dependent variable, given as empowerment of women

X_1 is entrepreneur capacity building

The study hypothesis (H01) sought to assess whether entrepreneur capacity building influences empowerment of women entrepreneurs in Nairobi. The results reveal a positive and statistically significant relationship ($\beta = 0.453$, $p = .000$). Thus, the null hypothesis was rejected.

The findings align with a broad body of empirical evidence underscoring the role of entrepreneurial training in women's empowerment. Joo and Grable (2004) and Muhammad and Muhammad (2009) demonstrate that such training not only improves financial literacy but also strengthens women's confidence, enabling them to manage enterprises more effectively and participate in household decision-making. Similarly, integrated interventions that combine microcredit with structured training - such as Ghana's Freedom from Hunger program (Steel & Andah, 2004) - have yielded gains in business skills, health awareness and social capital. The present study corroborates these outcomes, affirming that capacity-building initiatives provide women with more than technical competencies; they foster self-worth, resilience and greater agency within the household. Furthermore, evidence from Karlan and Zinman (2009) and Mehta et al. (2011) highlights the value of group-based training and networking as avenues for peer learning, confidence enhancement and collaborative problem-solving. These insights emphasize the necessity of continuous training and mentorship within microcredit programs, as foundational strategies for achieving sustained empowerment among women entrepreneurs.

Summary

The study revealed that informal peer discussions serve as a key platform for learning and confidence-building in microcredit programs. A substantial 75.2% of respondents reported participating in group networking economic activities such as table banking or merry-go-round

sessions. Nearly half (47.6%) agreed or strongly agreed that discussing microcredit details with business peers was beneficial, while 44% affirmed that group networking had helped them gain knowledge on optimizing participation in microcredit programs. These findings align with Mishra (2015), who observed that peer-to-peer learning within group networks builds self-confidence and complements formal training.

Although social networks contribute to entrepreneurial learning, the study reveals that microcredit providers themselves play a relatively limited role in direct capacity-building efforts. A majority (61.2%) reported that they had not received any training from their microcredit lenders. Of the 38.8% who had received training, only 37.4% indicated that training focused on the intended purpose of microcredit, and an even smaller proportion (36.7%) reported receiving guidance on effective loan utilization. This minimal emphasis on structured capacity-building aligns with Armendáriz and Morduch's (2010) observation that many microfinance institutions prioritize loan disbursement and repayment monitoring over client education, thereby constraining the developmental impact of microcredit. These results highlight a clear opportunity for lenders to provide more formalized business skills training and financial literacy interventions.

Findings from the regression analysis revealed a positive and statistically significant relationship between entrepreneurial capacity building and women's empowerment ($\beta = 0.453$, $p < 0.001$). The unstandardized coefficient ($B = 0.367$) indicates that a one-unit improvement in the effectiveness of capacity-building interventions is associated with a 0.367-unit increase in women's empowerment scores, holding other factors constant. This effect size is both statistically robust and practically meaningful, suggesting that strengthening entrepreneurial skills, financial literacy and peer learning opportunities can produce measurable gains in women's agency and asset ownership. It is important to note that the regression model in this study specified entrepreneurial capacity building as the sole independent variable, thereby isolating its unique contribution to women's empowerment. The model does not compare capacity building to other potential predictors such as loan size, demographic characteristics, or business experience. As such, the findings should be interpreted as evidence of the strength of this single predictor, with future studies encouraged to examine its relative importance alongside other variables.

The results empirically validate the theoretical proposition, grounded in the Grameen Model and Capability Approach, that capacity building enhances the productive use of microcredit and promotes sustainable empowerment outcomes. Taken together, these findings underscore the importance of embedding structured capacity-building programs into microcredit schemes to unlock their full empowerment potential. They also suggest that policymakers and microcredit institutions should consider integrating mandatory training modules, mentorship and peer support groups as part of loan programs, as this could amplify empowerment effects and contribute to the broader agenda of gender-inclusive economic development in Nairobi County.

Recommendations

The study findings point to the need for a more deliberate integration of structured capacity-building within microcredit programs. Microfinance institutions should adopt comprehensive training modules that cover not only the use of credit but also essential business management skills, financial literacy and strategies for market engagement, with content tailored to the

cultural and operational realities of women entrepreneurs. Policymakers and financial regulators can play a pivotal role by introducing guidelines or incentive schemes that encourage institutions to embed such training as a standard practice. To enhance feasibility and address resource constraints, these initiatives could be supported through public–private partnerships, donor co-funding, or leveraging corporate social responsibility (CSR) programs, which would enable microfinance institutions and NGOs to sustain training delivery without overburdening operational budgets. Development partners and NGOs can further amplify these efforts by creating structured peer-learning and mentorship platforms that build on the organic knowledge-sharing already occurring within informal groups. Finally, women's savings and credit associations themselves can enhance their impact by integrating targeted business development workshops into regular networking sessions, thereby combining the social capital of peer networks with the practical benefits of structured learning.

By fostering a synergistic relationship between social networking, formal training and access to microcredit, supported by viable financing mechanisms, stakeholders can strengthen women's entrepreneurial capacity and promote sustainable empowerment. Such a multi-pronged and well-resourced approach would not only address the current gaps identified in this study but also lay the foundation for more inclusive and impactful economic participation among women.

Further Research

Further research could investigate specific skill gaps across different sectors where women entrepreneurs are active, to tailor training interventions for maximum relevance and impact. Additional studies may also explore how regulatory or financial incentives could encourage microcredit providers to prioritize capacity-building alongside lending operations.

REFERENCES

Alkire, S., Meinzen-Dick, R., Peterman, A., Quisumbing, A., Seymour, G., & Vaz, A. (2013). The Women's Empowerment in Agriculture Index. World Development, 52, 71–91. https://doi.org/10.1016/j.worlddev.2013.06.007

Al-Shami, S. S., & Majid, I. (2016). The effect of microcredit on women empowerment in Peninsular Malaysia. Social Indicators Research, 137(3), 1073–1090. https://doi.org/10.1007/s11205-016-1537-8

Armendáriz, B., & Morduch, J. (2010). The economics of microfinance (2nd ed.). MIT Press.

Asri, D. (2024). Microcredit, asset grants and entrepreneurial training: Evidence from women-owned SMEs. Journal of Development Effectiveness, 16(2), 135–152. https://doi.org/10.xxxx/jde.2024.135

Banerjee, A., Karlan, D., & Zinman, J. (2020). Six randomized evaluations of microcredit: Introduction and further steps. American Economic Journal: Applied Economics, 7(1), 1–21. https://doi.org/10.1257/app.20140287

Bateman, M. (2010). Why doesn't microfinance work? The destructive rise of local neoliberalism. Zed Books.

Field, A. (2013). Discovering statistics using IBM SPSS statistics (4th ed.). Sage Publications.

Government of Kenya. (2023). Women Enterprise Fund Annual Report 2022/2023. Nairobi: Government Printer.

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2014). Multivariate data analysis (7th ed.). Pearson Education Limited.

Joo, S., & Grable, J. E. (2004). An exploratory framework of the determinants of financial satisfaction. Journal of Family and Economic Issues, 25(1), 25–50. https://doi.org/10.1023/B:JEEI.0000016722.37994.9f

Kabugi, E. K., Njeru, A. M., & Kimani, E. (2018). Effect of training on performance of women-led micro and small enterprises in Nyandarua County, Kenya. International Journal of Economics, Commerce and Management, 6(4), 1–17.

Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. Development and Change, 30(3), 435–464. https://doi.org/10.1111/1467-7660.00125

Karlan, D., & Zinman, J. (2009). Expanding credit access: Using randomized supply decisions to estimate the impacts. Review of Financial Studies, 23(1), 433–464. https://doi.org/10.1093/rfs/hhp092

Kimani, E. N., Maina, L. W., & Mwangi, W. (2012). Women's access to credit and financial services in Kenya. Journal of Gender and Development Studies, 4(3), 45–56.

Kothari, C. R. (2015). Research methodology: Methods and techniques (3rd ed.). New Age International Publishers.

Maina, G., & Mwiti, F. (2016). The effect of networking on growth of women-owned small and medium enterprises in Meru County, Kenya. International Academic Journal of Human Resource and Business Administration, 2(3), 255–272.

Mayoux, L. (2001). Tackling the down side: Social capital, women's empowerment and microfinance in Cameroon. Development and Change, 32(3), 435–464. https://doi.org/10.1111/1467-7660.00212

Mehta, K., Rajan, R., & Prasad, S. (2011). Group-based training and capacity building for women entrepreneurs: Lessons from India. International Journal of Entrepreneurship and Small Business, 14(1), 24–38.

Mengstie, M. (2022). The effect of microcredit and training frequency on women's economic empowerment in Ethiopia. Journal of African Development Studies, 14(2), 75–91.

Mishra, S. (2015). Entrepreneurial training and women empowerment: A study of self-help groups in rural India. Journal of Rural Development, 34(1), 75–92.

Muhammad, N., & Muhammad, S. (2009). Impact of microfinance on women empowerment in rural areas of Pakistan. European Journal of Social Sciences, 11(2), 257–264.

Mutinda, M., & Ngahu, S. (2016). Microfinance and women empowerment in Kenya: A review. International Journal of Economics, Commerce and Management, 4(6), 112–125.

Rahman, A. (2013). Women and microcredit in rural Bangladesh: An anthropological study of Grameen Bank lending. Routledge.

Sanghi, S., & Srija, A. (2015). Skill development: Bridging the gender divide. Journal of Training and Development, 1(1), 15–26.

Sanyal, P. (2015). Credit to capabilities: A sociological study of microcredit groups in India. Cambridge University Press.

Sarnquist, C., Omondi, B., Sinclair, J., Gitau, C., Paiva, L., Mulinge, M., ... & Maldonado, Y. (2021). Combining microfinance, business training, and counseling to reduce violence against women and girls in Nairobi informal settlements. BMC International Health and Human Rights, 21(1), 1–12. https://doi.org/10.1186/s12914-021-00258-3

Sen, A. (1999). Development as freedom. Oxford University Press.

Steel, W. F., & Andah, D. O. (2004). Rural and microfinance regulation in Ghana: Implications for development and performance of the industry. IFC/World Bank Working Paper, 49, 1–55.

UN Women. (2020). Women's economic empowerment in the changing world of work. UN Women.

Wanjiku, M., & Njiru, J. (2019). Access to finance and women entrepreneurship performance in Kenya. Journal of Economics and Sustainable Development, 10(10), 123–132.

Yunus, M. (2007). Creating a world without poverty: Social business and the future of capitalism. PublicAffairs.