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Abstract

This paper examines the role of microfinance services in promoting the economic independence of women in Ruiru Sub-County, Kenya, with a focus on Caritas Microfinance Institution. Despite increased access to microfinance among women, achieving long-term economic empowerment remains a complex challenge. Employing a mixed-methods approach that combines descriptive survey and qualitative research, the study investigates how access to loans, financial literacy levels, educational background, and group by-laws influence women's economic self-sufficiency. Data were collected through structured questionnaires and interviews involving 392 women, including 24 purposively selected group leaders and Caritas officials. The findings indicate that microfinance positively contributes to business initiation and asset ownership; however, its effectiveness is limited by unfavorable loan terms and inadequate financial education. The study highlights the critical role of microfinance, education, and capacity development in achieving sustainable economic independence. It recommends the expansion of training programs and the development of more flexible credit schemes tailored to women's needs.

Keywords: *Women, Economic Self Reliance, Access, Microfinance Services, Caritas Microfinance, Ruiru*

1.0 Introduction

Women's economic empowerment has increasingly been recognized as a fundamental pillar of inclusive and sustainable development, both globally and in Kenya. The concept extends beyond income generation to encompass autonomy, decision-making power, and the capacity to sustain livelihoods independently. Yet, despite global commitments to gender equality, women in many developing countries, including Kenya, continue to face systemic and structural barriers that hinder their full participation in the economy. These obstacles include limited access to productive resources, gender-biased inheritance practices, minimal asset ownership, and restricted mobility factors deeply rooted in patriarchal norms and traditional gender roles (Kabeer, 2005).

In Kenya, and especially its semi urban and rural areas like Ruiru Sub-county, women are usually economically disadvantaged by the issue of being shut out in access to finance. Most do not have access to property to be used as collateral in order to secure long-term loans with the banks, they may have weak financial literacy skills or be involved in informal economic activities that are not acknowledged by the formal financial systems. As an answer to these challenges, micro finance institutions (MFIs) have come to play a crucial role in enhancing financial involves segregation. These organizations offer the low-level financial services such as credit, savings, and training to people who are excluded in the mainstream banking. One of such organizations is Caritas Microfinance Institution (under the Archdiocese of Nairobi) that has acquired an influential impact in Ruiru through providing group lending mechanisms that can be easily accessed by women possessing fewer formal properties.

The logic of microfinance is that the supply of credit and other financial services to women enables them to create or build up small businesses, to amass wealth, to even out consumption expenditure and in overtime to attain some economic self-sufficiency. Those lending systems involving groups is especially appealing, like the one followed by Caritas, where social capital is being used to mitigate risk. Women organize their own small groups and guarantee each other payment by the peer monitoring and sharing responsibility. Such constructs do not only decrease physical collateral but also creates solidarity, discipline, and cooperation among the participants.

Nevertheless, as microfinance is highly advocated as the instrument of women empowerment, an increasingly popular literature disparaged its transformational effect. Critics say that availability of credit is not automatically a synonym to empowerment unless women are educated to wield the power to open such things with proper knowledge (Mayoux, 2002). Loan diversion, being over-indebted and defaulting are not unique cases, especially where these women are subjected to competing interests, lack the basic financial skills or are unable to compete in crowded or less lucrative markets. In addition, strict loan conditions, failing to repay within a few months, and the interest rate can worsen bad financial situations instead of improving it.

The debate has thus been refocused as being not just on how to intensify access to microfinance, but how to make this matter quite meaningful and as part of a larger agenda on capacity building and social support. Articulators of feminism like Kabeer (1999) reiterate that empowerment is not support alone but a broader process encompassing increase of agency and accomplishment whereby women are capable of determining life objectives and strategic action and direct visible improvements in their lives. In this regard, microfinance would have to be supplemented with financial literacy workshops/ training, mentoring and support networks which help the women to make informed decisions and know how to avoid risks in the economy.

This paper is thus an attempt to find out the correlation between access to microfinance services and economic self-reliance of women in Ruiru Sub-county. It specifically looks into the degree to which accessibility to loans, education level, training programs as well as following the group by-laws determine whether women can be financially independent. The study proves to be worthwhile and insightful in terms of how it adheres to the concept of group micro credit lending and its effects on the lives of women through the example of the Caritas Microfinance. The aim is to go beyond the debate of whether microfinance works to the then question of when and in whose case, it can really lead to economically sustainable empowerment.

1.1 Problem Statement

Despite the increasing availability of microfinance services in Kenya, including in areas like Ruiru Sub-county, many women continue to face significant obstacles in their pursuit of economic independence. Institutions such as Caritas Microfinance have made deliberate efforts to provide women with access to credit through group-based lending models, which are designed to circumvent traditional barriers such as lack of collateral and limited credit history. While these initiatives have undoubtedly enabled a number of women to start or expand small enterprises, the broader goal of achieving sustained economic self-reliance remains elusive for many beneficiaries. The economic fragility of women in Ruiru can be explained by a number of factors which lock hand in hand. To begin with, together with the provision of loans, the principles of loan repayment tend to be very strong with tight grace periods and regular payments that may even put enough pressure on irregular cash flows that is common in microenterprises. To women who are relying on seasonal or low profitable businesses, regular repayment schedule becomes a major challenge, which occasionally determines loan defaults, consolidating group punishment, or personal sale of assets in order to repay the loans.

Second, most women do not have sufficient financial literacy or business education that would properly handle the lent capital. Obtaining credit does not guarantee profitability and growth without adequate knowledge in budgeting, record keeping, inventory control and market analysis. As a matter of fact, inadequate management of finances may mean the collapse of the business, an escalation of the indebtedness, and an increment in the level of financial insecurity. Also, social pressures like gender dynamics within household set ups may block the ability of women to utilize the loans or business revenue thereby subduing the desired result of being empowered. In addition, financial access is not the only factor that contributes to the effectiveness of microfinance programs in the creation of self-reliance. Factors like level of education, training opportunities, cohesiveness and support structures are some of the factors which really moderated the effects of microfinance on the economic performance of women. However, these dimensions are not usually taken into consideration during program design and evaluation. Thus, it is high time to study the multidimensional dependence of access to microfinance and sustainable economic self-sufficiency of women. The research aims at closing that gap by not only evaluating the availability of micro finance but also the institutional factors, as well as individual and social factors that contribute to the success of micro finance among the women in Ruiru.

1.2 Research Objective

The primary goal of this research was to explore the factors that build the economic self-reliance of women through microfinance in Ruiru with a focus on Caritas microfinance.

1.3 Objectives of the Study

- i. To assess the effect of access to loans on women's economic self-reliance in Ruiru.
- ii. To examine the influence of financial literacy and capacity building on women's economic empowerment.
- iii. To determine the role of education level in facilitating effective utilization of microfinance services.
- iv. To evaluate the impact of group by-laws on loan discipline and financial independence.

2.0 Theoretical Framework

The hypothesis of this study bases on the Empowerment Theory, which draws a broad picture to analyse how women economic self-reliance can be achieved through access to microfinance services. According to Kabeer (1999) the Empowerment Theory focuses on processes by which people who have been denied the opportunity to exercise strategic life choices regain the capacity to do so. In the context of the economic development of women, the empowerment effect entails commodities beyond financial provisions, including the advancement of skills, agency and confidence, and capacity to make decisions.

The theory highlights three dimensions namely resources, agency and achievements that all work together. The resources are defined as the pre-conditions that allow people to exercise the choice meaning material, human, and social capital. Agency is the exercise of making decisions and implementing them that are usually influenced by norms, values and gender relationships. Achievements are those results which show to what extent agency and resources contribute to transformation of life of women. Loans, savings and financial literacy training are the resources in the case of micro finance; those qualities to launch a business, to control the income and to make individual economic choices are the aspects of agency, and better income levels, sustainability of the business, and household welfare are references to what is achieved (Malhotra & Schuler, 2005).

Such a theoretical perspective is suitable in the present research since it encompasses more complex economic indicators to provide an explanation of the issue in terms of psychological, relational, and structural factors of self-reliance among women. It conforms to the interest of the study to not only review the issue of whether women have access to credit in Caritas Microfinance, but also how the influence of the social support around women in the development industry and training prospects are significant and how the group dynamics determine the effects of the same.

2.1 Empowerment Theory

Empowerment Theory also links closely with Sen's Capability Approach, which views development as a process of expanding individuals' freedoms and capabilities to live the kind of life they value (Sen, 1999). It is not merely about income growth, but the real opportunities people have—such as being able to be educated, to participate in community life, and to engage in income-generating activities with dignity. In microfinance settings, providing credit alone is insufficient unless accompanied by interventions that enhance women's capacity to utilize these funds effectively. Thus, empowerment is not a static end-state but a dynamic, ongoing process that transforms power relations at both individual and community levels (Alsop & Heinsohn, 2005). The relevance of this theory to the current study is clear: it situates microfinance within a broader framework of social change and sustainable empowerment, particularly in marginalized or patriarchal contexts like Ruiru. It acknowledges that constraints such as repayment pressure, lack

of training, and community norms can either enhance or limit the transformative power of microfinance.

2.2 Conceptual Framework

The study conceptual framework aims at discussing the correlation between microfinance service availability and economic independence of women. The independent variables are major microfinance services; (credit access, saving mobilization, training in financial literacy, and group lending support). Those are theorized to directly and indirectly affect the ability of women to earn, run businesses and enhance their household wellbeing. The dependent variable is Women Economic Self-Reliance, which is operationalized with the help of such indicators as influence on the income stability, asset accumulation, entrepreneurial sustainability, and decision-making autonomy. It is also possible to consider moderating variables, which can prove to further moderate the strength and the direction of the relationship between access to microfinance and self-reliance, namely the level of education, the number of dependents, as well as the degree of cohesion within the group.

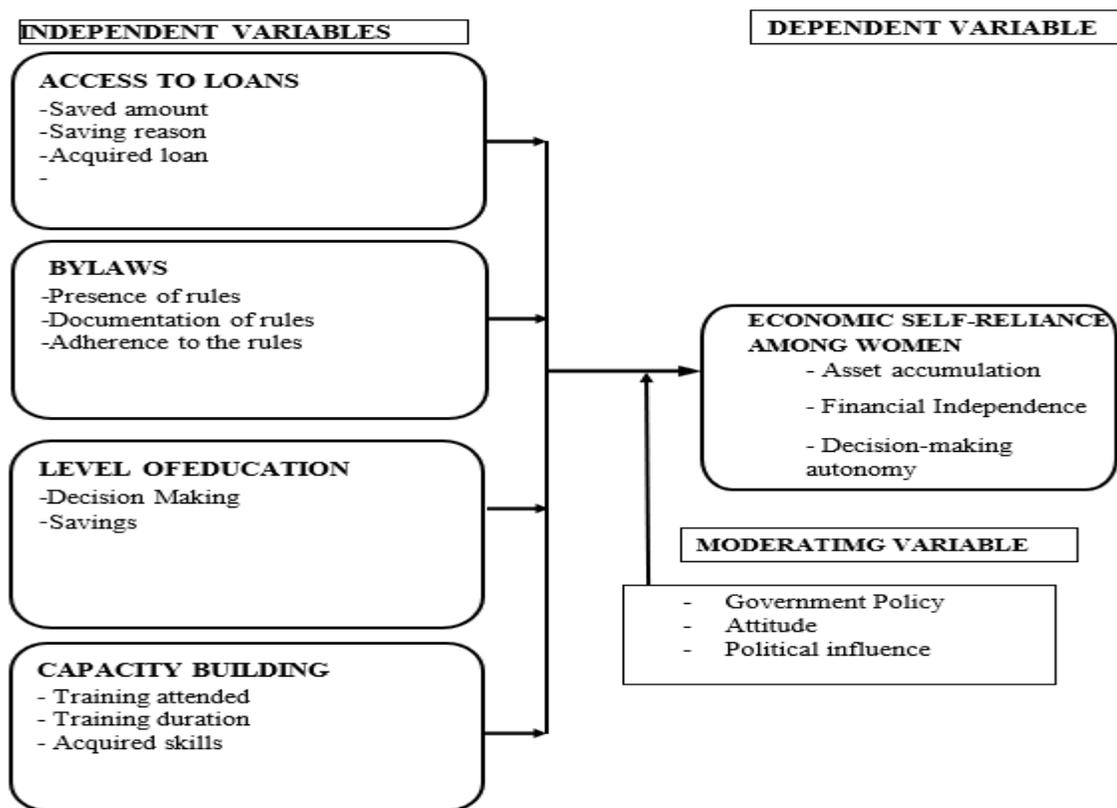


Figure 1: Conceptual Framework

2.3 Literature Review

This section reviews scholarly and empirical literature on the role of microfinance in enhancing women’s economic empowerment, particularly through income generation, asset accumulation,

and financial decision-making. Access to credit has long been associated with improved income among women, as it enables them to initiate small-scale enterprises and manage household expenditures more effectively. Studies by Armendáriz and Morduch (2010) and Makau et al. (2018) confirm that microfinance participation boosts women's income, though critics like Mayoux (2002) caution that credit alone is insufficient without accompanying business skills or favorable market conditions. In Kenya, group-based models such as table banking have proven effective in raising household income and expanding women's economic agency.

In terms of asset accumulation, microfinance has empowered women to acquire tangible resources like business stock, land, and livestock. Goetz and Gupta (1996) emphasize that access to capital encourages long-term investments, while Kenyan studies by Nduta and Murumba (2019) link Caritas-supported women to increased asset ownership. These outcomes are often influenced by the structure of financial products, such as loan size and repayment terms. Beyond financial access, education and training emerge as key enablers of economic progress. Ledgerwood (1999) and Cheston and Kuhn (2002) underscore the importance of financial literacy and capacity building in ensuring successful loan utilization and business sustainability. Onyango and Were (2020) found that women who participated in training programs through microfinance institutions demonstrated better saving habits and enterprise growth.

Social capital in group lending models also contributes to women's empowerment. As noted by Coleman (1988) and Kabeer (2005), peer accountability and collective rules reinforce repayment discipline, although rigid by-laws may inadvertently marginalize the poorest women. Furthermore, educational attainment plays a decisive role, with higher education levels improving women's understanding of credit terms and decision-making abilities, as evidenced by Karimi (2021). Despite these benefits, challenges such as over-indebtedness, loan misuse, and short repayment cycles persist (Bateman, 2010), while gender-sensitive evaluation remains underdeveloped. Overall, the literature supports a multifaceted approach to empowerment combining access to finance, training, education, and inclusive lending structures aligning closely with the objectives and variables of the present study.

3.0 Research Methodology

This study employed a descriptive mixed-methods research design to explore the influence of microfinance services on women's economic self-reliance in Ruiru Sub-County. Quantitative data were collected from 392 women using stratified random sampling drawn from eight wards, ensuring proportional representation. Structured questionnaires captured demographic information, access to financial services, income-generating activities, asset ownership, and empowerment indicators such as decision-making and financial confidence. Additionally, qualitative data were gathered through in-depth interviews with 24 participants, including Caritas Microfinance staff and group leaders, supplemented by informal discussions to provide institutional perspectives on group lending dynamics and training programs. Prior to primary data collection, a meta-analysis of 40 relevant studies from 2013 to 2023 was conducted, focusing on microfinance, empowerment, and poverty alleviation in Sub-Saharan Africa, with particular emphasis on Kenya. This was further supported by a bibliometric review to identify key authors, trends, and gaps in the literature. Quantitative data were analyzed using SPSS, employing descriptive statistics and multiple regression analysis, while qualitative responses were examined thematically to identify recurring patterns, contextual nuances, and lived experiences. This integrative approach enabled a

comprehensive, context-sensitive understanding of how and under what conditions microfinance fosters women's financial empowerment.

4.0 Research Findings

This study analyzed 40 peer-reviewed academic sources alongside primary field data collected from 392 Caritas Microfinance beneficiaries in Ruiru Sub-County. The findings highlight key thematic patterns related to microfinance access and its effect on women's economic self-reliance. From the literature, only 18 percent of studies integrated economic, social, and psychological dimensions of empowerment. The majority emphasized economic indicators such as income and capital growth, while just 22 percent addressed social outcomes like household decision-making, and a mere 13 percent examined psychological aspects such as self-confidence and autonomy. Field data reflected a similar pattern: most women experienced income growth but fewer reported enhanced household influence or personal confidence, indicating the need for microfinance programs to adopt more holistic empowerment frameworks.

Stakeholder inclusion emerged as another critical area, with only 25 percent of reviewed literature accounting for the broader ecosystem such as family members and group leaders in evaluating microfinance impact. This limitation was echoed in Ruiru, where some women reported male spouse interference in loan use, despite group support mechanisms enhancing access and accountability. Financial training proved to be a strong determinant of sustained microenterprise success, as noted in 35 percent of the literature. Women who underwent multiple Caritas training sessions reported higher profits and loan repayment rates, though some found the training content too generic or misaligned with their local business realities. The role of social capital was similarly important, particularly in group lending models. Group by-laws, peer support, and shared liability were seen to enforce discipline and reduce defaults, though occasional tensions within lending groups strained relationships when members defaulted.

Gendered constraints and cultural norms also significantly influenced outcomes. Approximately 40 percent of studies cited patriarchal barriers to women's financial autonomy, which was confirmed by the Ruiru data. Some women reported that husbands redirected loan funds, prompting Caritas to engage families during onboarding. On savings and asset accumulation, 63 percent of respondents reported increased savings, and 42 percent acquired new business assets since joining Caritas. These achievements were more common among educated women and those with prior business experience, suggesting that human capital plays a pivotal role in leveraging microfinance for tangible economic gains. Collectively, these findings underscore that while microfinance contributes meaningfully to women's income and asset growth, broader empowerment outcomes depend on inclusive programming, context-specific training, and addressing underlying gender norms.

5.0 Conclusions

This study set out to examine the relationship between access to microfinance services and women's economic self-reliance in Ruiru Sub-county, focusing on the case of Caritas Microfinance. Drawing from a bibliometric and meta-analytical review of forty peer-reviewed sources, as well as field data collected from women beneficiaries, the findings confirmed that microfinance has made significant strides in improving women's financial inclusion, income generation, savings mobilization, and entrepreneurship. However, while economic gains were evident, the study also observed that empowerment is a multidimensional process, and yet, most literature and program evaluations concentrate narrowly on economic indicators. The social and

psychological components of empowerment such as self-efficacy, decision-making authority, and gender role transformation were largely underrepresented in both theory and practice. This narrow focus may overlook the deeper structural barriers that continue to limit the transformative potential of microfinance services.

Further, the findings indicated that the impact of microfinance is not uniform but highly dependent on individual and contextual factors. Education level, quality of training, group cohesion, and familial support all played a significant role in shaping outcomes. While many women reported positive changes in their financial situations, several also highlighted challenges such as rigid repayment structures, male interference in loan utilization, and the burden of collective liability in group lending. These dynamics suggest that while microfinance serves as a crucial entry point to empowerment, it is not a silver bullet. Rather, its effectiveness is mediated by broader social, institutional, and personal variables that must be addressed holistically.

6.0 Recommendations

The study recommends that microfinance institutions adopt a more holistic approach to women's empowerment by integrating economic, social, and psychological indicators into program design and evaluation. Institutions like Caritas should revise their monitoring tools to include measures such as autonomy and confidence, alongside financial outcomes. Capacity building in financial literacy, business planning, and digital skills should be scaled up to equip women with sustainable enterprise skills. Engaging spouses and community leaders through inclusive sensitization can further reinforce women's financial autonomy. Additionally, product diversification such as flexible repayment plans and micro-insurance can enhance resilience and repayment sustainability. Future research should explore long-term and multidimensional empowerment outcomes, compare institutional models, and adopt intersectional and digital lenses to better understand and strengthen the transformative potential of microfinance for diverse groups of women.

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