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Analysis of the Financial Literacy Training and Management Models by Financial Services Associations to Influence Performance of Rural-Women-Owned Enterprises in Kiambu County, Kenya

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Abstract

Women-owned enterprises in Kiambu County predominantly operate in the informal sector and are characterized by small-scale operations, low capital investment, limited access to modern technology and business infrastructure, and low rates of business survival and expansion. Although Kiambu County is economically strategic owing to its proximity to Nairobi and its growing urban population, many women entrepreneurs remain economically vulnerable due to the unstable and insufficient incomes generated by their businesses. Financial Services Associations (FSAs) are rural, community-level, member-based semi-informal financial institutions that combine features of savings and credit cooperative organizations and microfinance institutions, operating under a table banking system. With over 100 FSAs spread across rural Kiambu County, membership ranges from 10,000 to 20,000 per FSA, and their primary aim is to provide financial support to poor rural communities for both investment and consumption purposes. Despite this, rural women entrepreneurs in Kiambu County continue to face significant challenges in accessing financial resources essential for business growth, a situation compounded by persistent gender-based disparities. Financial literacy training delivered by FSAs is highly valued by women entrepreneurs and demonstrates strong positive perceived impacts on business growth, with particular strengths in relevance, trainer competence, and applied usefulness in credit management and business planning. However, evidence indicates that these training initiatives have limited impact on advanced financial outcomes, particularly credit access and effective financial record keeping, revealing a knowledge-application gap whereby structural and institutional barriers constrain women entrepreneurs from translating acquired financial knowledge into tangible enterprise growth. This study therefore proposes integrated, county-led policy actions that combine financial education, product design, mentorship, and institutional coordination to enhance women's financial capability and accelerate inclusive economic development. To maximize effectiveness, FSAs should adopt integrated capacity-building approaches that combine training, mentorship, digital literacy, market linkages, and expanded access to finance, interventions that would strengthen the sustainability and growth of women-owned enterprises in Kiambu County.

Keywords: *Financial Literacy, Training, Management Models, Financial Services, Associations, Performance, Rural-Women-Owned Enterprises*

1.0 Background of the Study

The Financial Services Associations (FSA) model was established in Kenya by the K-Rep Development Agency (KDA), a non-governmental organization whose primary objective was to extend sustainable financial services to remote geographical areas where mainstream microfinance institutions and commercial banks were not operating (FSD Kenya, 2017). FSAs are rural, community-level, member-based semi-informal financial institutions that combine features of savings and credit cooperative organizations (SACCOs) and microfinance institutions (MFIs), operating under a table banking system. Currently, there are over 100 FSAs spread across rural Kiambu County, with membership ranging from 10,000 to 20,000 per FSA, representing an estimated total membership of between one and five million people. Although relatively large, FSAs exist as self-help groups, typically starting with about 300 members and growing gradually depending on factors such as the economic potential and population density of the area. Despite tremendous gains in financial inclusion, the decline in poverty and wealth inequality in Kiambu County remains insignificant. Poverty continues to be a development challenge in the county and is more concentrated in rural areas, where above 40 percent of the population fell below the overall poverty line in 2023, compared to an urban poverty rate of above 30 percent. The FSD Kenya (2021) FinAccess Household Survey assessed financial inclusion across four key dimensions: access, usage, quality, and impact. Its findings indicate that formal financial inclusion is strongly correlated with economic activity, population density, and urbanization. Counties with higher levels of these factors, including Nairobi, Nyeri, Kirinyaga, Murang'a, and Kiambu, reported formal financial inclusion rates exceeding 90 percent of the adult population. Nevertheless, the decline in poverty levels in these counties has remained notably slow, suggesting that financial inclusion alone has not been sufficient to drive meaningful poverty reduction.

Financial inclusion is a key instrument in combating poverty and income inequality, as it opens advancement opportunities for disadvantaged segments of the population. Kenya has made considerable progress in this regard, with over 90 percent of adults now having access to financial services, a significant rise from less than 30 percent in 2006, largely driven by the widespread adoption of mobile money systems. This progress has underpinned Kenya's economic growth by enhancing citizens' financial stability and supporting small business development. Despite these gains, women in Kiambu County continue to experience inequality and poverty at the micro level (Fox, Senbet, & Simbanegavi, 2016; Borrowman & Klasen, 2020). Women remain concentrated in the agriculture sector and small-scale household service work, primarily as family workers, where financial exclusion is prevalent. Even when women enter nonfarm employment, whether as self-employed individuals or employees, social norms enforce occupational and sectoral segregation (Fox & Thomas, 2016). Neoclassical growth models demonstrate that financial exclusion directly affects economic growth by lowering average levels of human capital (Klasen, 2002) and indirectly through its impact on labor market opportunities (Seguino, 2020). Financial exclusion also reduces factor productivity, which is among the most important determinants of income differences between households. When a large portion of the labor force is engaged in low-productivity activities, overall economic productivity declines, resulting in welfare losses not only for women workers but for economies in aggregate terms.

FSAs, operating as semi-formal financial institutions, offer savings products, credit facilities, and financial literacy training tailored to the needs of rural communities. However, their effectiveness is constrained by management challenges and high member inactivity rates. Women-owned micro and small enterprises play a critical role in Kiambu County's local economy through employment creation and household welfare improvement. Nevertheless, FSA membership data reveals persistent inactivity among enrolled members, and a sizeable minority

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of individuals sharing the typical profile of FSA members have opted not to join. This study conceptualizes that financial literacy training offered by FSAs influences the growth of rural women-owned enterprises in Kiambu County and further hypothesizes that this relationship is partly shaped by the management model adopted by a given FSA. The primary objectives of FSA-led training programs include improvement in financial literacy among members, enhancement of entrepreneurial and business management skills, strengthening of savings and credit management practices, promotion of business growth and sustainability, increasing access to formal financial services, and building a resilient financial base. Although FSAs serve a clearly defined market niche comprising low-income rural households, management has remained a persistent challenge. Many FSAs have collapsed while others, though still operational, carry large numbers of inactive members. Evidence indicates that while self-management and governance structures work relatively well for smaller and younger FSAs, incentives become quickly misaligned as FSAs grow and become profitable, leading to governance failures and malfeasance (FSD Kenya, 2017).

1.1 Statement of the Problem

Rural women entrepreneurs in Kenya face significant challenges in accessing financial resources essential for business growth, a situation compounded by gender-based disparities. Women, who constitute a critical segment of the entrepreneurial population, are often excluded from formal financial systems, resulting in limited access to savings, credit, and financial literacy services necessary for enterprise development. Despite FSA initiatives, most women entrepreneurs in Kiambu County continue to exhibit low financial competencies, raising questions about the effectiveness of training activities currently undertaken. Despite sustained investments in financial literacy training, women entrepreneurs in the county continue to experience low uptake of formal credit, and many enterprises lack consistent financial records, limiting their bankability and growth prospects. Without policy intervention, financial literacy initiatives risk becoming highly rated but low-impact programs, undermining county objectives on women's economic empowerment. Furthermore, despite significant government funding, grants, and consultative support directed at women-owned SMEs, the failure rates of these enterprises remain high. Financial exclusion is particularly prevalent in rural areas, where many women rely on informal networks for their economic activities. FSAs, designed to serve as semi-formal financial institutions, are intended to fill this gap by providing financial services to underserved rural populations. However, their effectiveness in empowering rural women entrepreneurs remains limited due to management challenges and high member inactivity rates. The gap between the potential of FSAs to serve as economic empowerment vehicles and their actual performance in Kiambu County underscores a critical need for research. This study therefore sought to examine the contribution of FSAs to the growth of rural women entrepreneurs, focusing on the extent to which financial literacy training programs and management models influence the acquisition of financial skills among women in FSAs.

1.2 Study Objectives

i. Determine the effect of the financial literacy training offered by FSAs to influence the growth of rural women owned enterprises in Kiambu County.
ii. Analyze the management models used by FSAs to influence the growth of rural women owned enterprises in Kiambu County.

2.0 Literature Review

Rural women-owned enterprises play a critical role in poverty reduction, employment creation, household welfare improvement, and local economic development. However, these enterprises

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often face numerous challenges, including limited financial literacy, inadequate managerial skills, poor access to credit, and weak market linkages. Financial institutions such as Financial Services Associations (FSAs), microfinance institutions (MFIs), Savings and Credit Cooperative Organizations (SACCOs), and commercial banks have increasingly adopted training and capacity-building models aimed at improving the performance and growth of women-owned enterprises. Several theories have been advanced to explain how financial literacy training and institutional support contribute to enterprise growth. The most relevant theories include Human Capital Theory, Financial Capability Theory, Resource-Based Theory, and Women Empowerment Theory.

2.1 Human Capital Theory

Human Capital Theory was developed by Theodore Schultz and later expanded by Gary Becker. The theory posits that education, training, skills, knowledge, and experience constitute forms of capital that increase an individual's productivity and economic performance. Investment in human capital enhances an individual's capacity to make informed decisions and improve economic outcomes. In entrepreneurship, training programs are viewed as investments that improve managerial competence, financial management skills, decision-making ability, and business performance. Financial literacy training enhances women's knowledge of: Budgeting and financial planning; Record keeping; Loan management; Savings mobilization; Investment decision-making; and Risk management. According to Human Capital Theory, women entrepreneurs who acquire financial knowledge become more capable of managing business resources effectively, leading to improved profitability, business expansion, and enterprise sustainability. Financial literacy therefore becomes a productive asset that contributes directly to enterprise growth. The theory assumes that acquisition of knowledge automatically translates into improved enterprise performance. However, evidence suggests that training alone may not produce positive outcomes where entrepreneurs lack complementary resources such as finance, market access, technology, mentorship, and social support. Some studies have found that financial literacy training has limited effects on women entrepreneurs unless accompanied by higher education levels and other entrepreneurial competencies. The theory therefore inadequately explains contextual barriers facing rural women entrepreneurs such as gender norms, mobility constraints, and financial exclusion.

2.2 Financial Capability Theory

Financial Capability Theory extends traditional financial literacy concepts by arguing that financial knowledge alone is insufficient. Individuals require both financial knowledge and opportunities to apply that knowledge through access to appropriate financial products and services. The theory emphasizes four dimensions: financial knowledge; financial skills; financial attitudes; and financial behavior. Financial capability is achieved when individuals can effectively use financial knowledge to improve economic outcomes. Financial institutions provide training on: savings management; credit utilization; business planning; digital financial services; and financial record keeping. The theory suggests that women entrepreneurs grow their enterprises not merely because they possess financial knowledge, but because they can apply that knowledge through access to loans, savings products, insurance services, and digital financial platforms. Financial Capability Theory focuses largely on individual behavior and assumes equal access to financial opportunities. It does not adequately explain institutional constraints, social norms, cultural barriers, and structural inequalities that may prevent rural women from utilizing financial services despite possessing financial knowledge. The theory also pays limited attention to the role of collective support systems such as women's groups, FSAs, and community networks.

2.3 Resource-Based Theory (RBT)

Resource-Based Theory was developed by Jay Barney and argues that organizational success depends on access to valuable, rare, inimitable, and non-substitutable resources. Resources include: financial capital; human capital; managerial skills; information; technology; and networks. The theory suggests that enterprises achieve competitive advantage when they possess unique resources and capabilities. Financial literacy training enhances managerial and financial capabilities, which constitute intangible resources. Financial institutions contribute to enterprise growth by providing: financial education; access to credit; business advisory services; and digital financial solutions. Resource-Based Theory assumes that resources are readily available and can be effectively utilized once acquired. However, rural women entrepreneurs often operate in environments characterized by: limited access to markets; poor infrastructure; gender discrimination; and informal business operations. The theory therefore overlooks external environmental factors that influence enterprise growth and may overemphasize internal capabilities.

2.4 Women Empowerment Theory

Women Empowerment Theory emphasizes increasing women's control over resources, decision-making, opportunities, and economic activities. The theory views empowerment as involving: Economic empowerment; social empowerment; psychological empowerment; and political empowerment. Financial inclusion and entrepreneurship are viewed as pathways through which women gain greater autonomy and control over their livelihoods. Financial institutions empower women through: entrepreneurship training; financial literacy programs; access to credit; savings products; and mentorship and coaching. Training increases confidence, self-efficacy, and business decision-making ability, thereby improving enterprise performance and household welfare. Women Empowerment Theory focuses primarily on empowerment outcomes and often assumes that increased access to finance automatically translates into empowerment. However, research shows that women may still face: Household-level constraints; cultural barriers; limited ownership rights; and gendered power relations. Microfinance interventions may sometimes reinforce existing inequalities rather than eliminate them.

3.0 Methodology

This study employed a Results-Based Approach and a Utilization-Focused research design within a quantitative, cross-sectional survey framework to investigate the effects of FSA financial literacy training and management models on the performance of rural women-owned enterprises in Kiambu County. The Results-Based Approach guided the tracing of pathways from project inputs, including financial literacy training sessions, technical assistance, and institutional support, to intermediate outputs such as the number of women entrepreneurs trained and enterprises reached, ensuring that performance was assessed against defined indicators and targets. The Utilization-Focused Approach complemented this by ensuring that findings were practical, actionable, and directly relevant to the women-owned enterprises and other stakeholders involved in FSA programming. Primary data were collected through structured survey instruments administered at a single point in time and analyzed using descriptive and inferential statistical techniques, including percentages, proportions, graphical presentations, and Chi-square tests, enabling the empirical establishment of statistically significant relationships between FSA financial literacy training, management models, and enterprise growth outcomes. The target population comprised 700 women-owned enterprises in Kiambu County, from which a sample of 208 was determined using Cochran's formula at a 95 percent confidence level, a variability proportion of 0.4, and a margin of error of 0.04. Stratified sampling was applied proportionally across twelve sub-counties to ensure representativeness, yielding a scientifically

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robust sample from which reliable inferences about the broader beneficiary population were drawn.

4.0 Analysis and Findings

This section presents the empirical findings of the study based on data collected from 168 women-owned enterprises in Kiambu County. The analysis addresses two key objectives: the influence of FSA financial literacy training on enterprise performance, and the effect of FSA management models on enterprise growth outcomes. Descriptive and inferential statistical techniques were applied, and results are organized to reflect both the nature of financial literacy training delivery and the governance structures through which FSAs operate. The demographic profile of respondents is summarized in Table 2.

Table 2: Sample Characteristics

Age (Years)	Percentage	Education	Number	Period in Business	Number
Below 25	10.7	Primary level	15	1–5 years	84
25–34	14.3	Secondary School	129	6–10 years	58
35–44	41.1	Tertiary Education	22	Above 10 years	25
45–54	32.1				

The majority of respondents (41.1 percent) were aged between 35 and 44 years, followed by those aged 45 to 54 years at 32.1 percent, indicating that enterprise ownership among the sampled women was predominantly within the mature adult demographic. A further 77.8 percent had completed secondary school education, reflecting relatively high literacy levels among women entrepreneurs in the county. Most enterprises had operated for between one and five years, suggesting a predominantly young but active enterprise base.

4.1 Financial Literacy Training Offered by FSAs and Its Influence on the Growth of Rural Women-Owned Enterprises

This subsection examines the financial literacy training delivered by FSAs to women-owned enterprises in Kiambu County across multiple dimensions, including business planning, savings management, credit access, and record keeping. Of the 168 respondents surveyed, 65 percent had attended financial literacy training organized by FSAs. The training was assessed using indicators of participation, satisfaction, relevance, trainer competence, duration adequacy, and perceived usefulness in key entrepreneurship functions.

4.1.1 Financial Literacy Training Participation

Participation rates across all financial literacy training components ranged from 56 to 75 percent of FSA members. Figure 1 presents the distribution of participation rates across training components.

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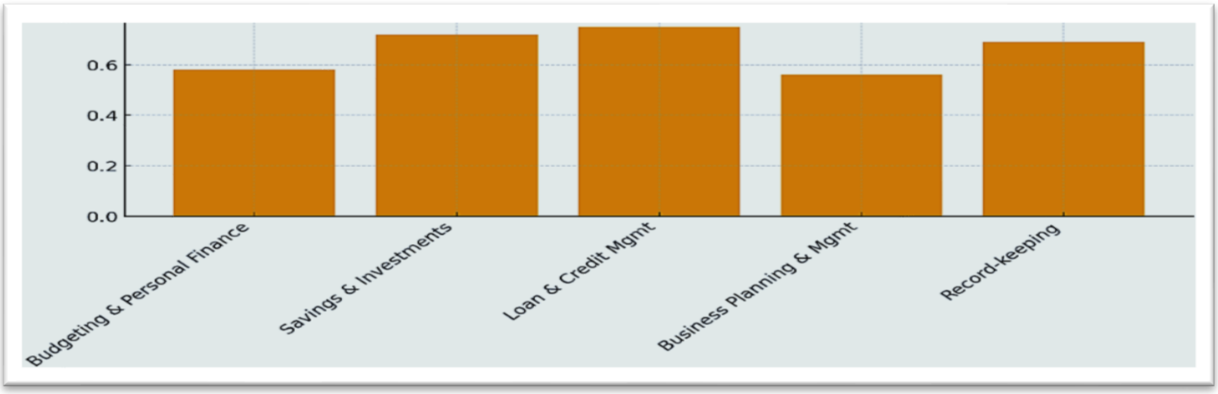

Figure 1: Financial Literacy Training Participation and Training Components

The highest participation was recorded in Loan and Credit Management at 75 percent and Savings and Investments at 72 percent, reflecting a strong preference among women entrepreneurs for training directly linked to financial access and capital growth. These areas address the primary constraints faced by microenterprises in the county, namely limited credit access and insufficient savings discipline. The overall average participation rate of 65 percent indicates that financial literacy training is broadly valued, though disparities across training areas suggest that women selectively attend sessions offering immediate financial utility.

4.1.2 Financial Literacy Training Satisfaction and Relevance

Satisfaction levels exceeded 60 percent across all financial literacy training components, with the highest satisfaction recorded for Business Planning and Management at 95 percent and Record Keeping at 92 percent among participating respondents. Figure 2 presents the satisfaction rate distribution across training components.

Figure 2: Financial Literacy Training Participation and Satisfaction Rates

Satisfaction levels were consistently high across all components, indicating that the training is strongly valued once accessed. The lowest satisfaction was associated with Budgeting and Personal Finance at 67 percent, which may reflect content overlap with prior informal knowledge or insufficient contextualization to enterprise-level decision making. The high satisfaction rates combined with participation rates below 100 percent suggest the presence of attendance barriers such as time constraints, low awareness, or opportunity costs rather than dissatisfaction with training content. Relevance scores were equally strong, ranging between 90 and 100 percent across all training components, as presented in Figure 3.

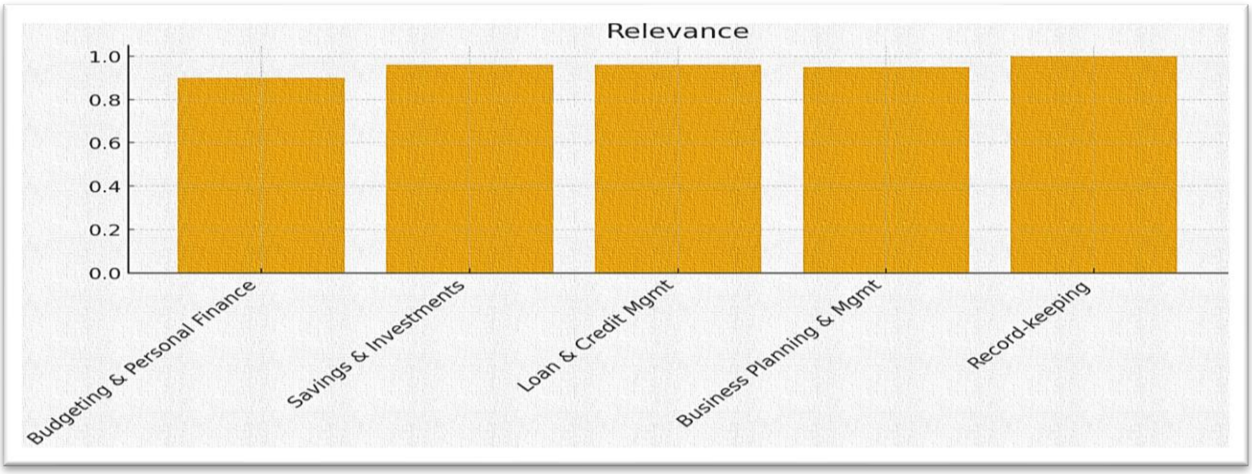

Figure 3: Relevance Scores and Training Components

The consistently high relevance scores reflect strong alignment between FSA training content and the actual business needs of women entrepreneurs in Kiambu County. High relevance is a critical precondition for behavioral change, as emphasized in financial capability frameworks, and these results indicate that FSAs are successfully tailoring training content to address real business challenges, thereby increasing the likelihood that acquired skills are applied in practice.

4.1.3 Financial Literacy Training and Perceived Usefulness

This subsection assesses the perceived usefulness of FSA financial literacy training across the dimensions of business planning, savings management, credit access, and record keeping. Figure 4 presents the utility scores across training areas.

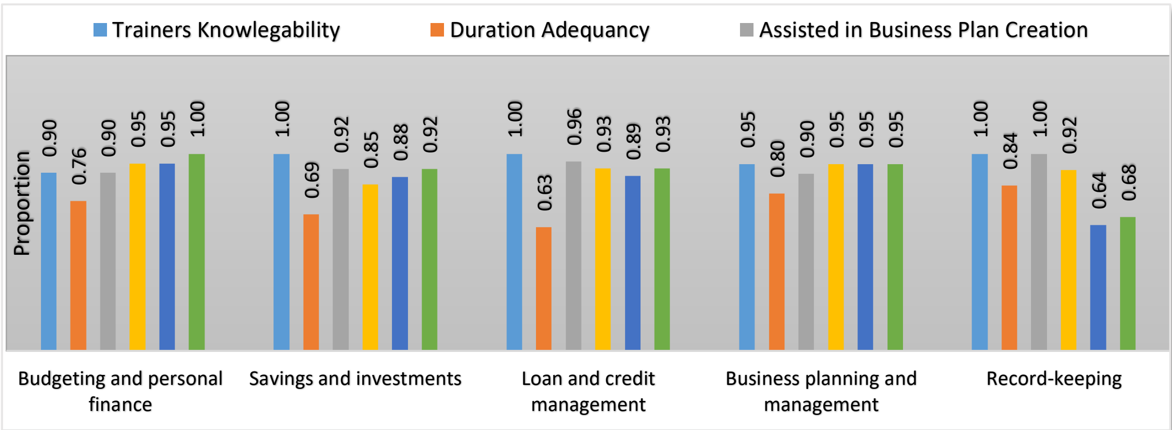

Figure 4: Financial Training Areas and Utility Scores

Trainer knowledgeability scores were consistently strong, reflecting adequate technical capacity and subject-matter expertise among FSA trainers. However, comparatively weaker ratings were observed for training duration adequacy, suggesting that the time allocated to sessions may be insufficient to facilitate deep learning and behavioral change. While training demonstrated moderate usefulness in business plan development and savings management, perceived effectiveness declined markedly with respect to credit access and record keeping, two critical determinants of enterprise sustainability and growth. This pattern reveals a clear knowledge-application gap whereby women entrepreneurs report positive learning experiences and acknowledge the relevance of training, yet this does not fully translate into improved engagement with formal credit markets or robust financial record-keeping practices. The distinction between financial literacy as knowledge acquisition and financial capability as the ability to act on that knowledge within existing institutional and structural constraints is central to understanding this gap. Financial literacy training alone appears insufficient to overcome systemic barriers, even when delivered by competent trainers, and the weak outcomes in record keeping further point to the absence of practical, hands-on components and follow-up support necessary to embed routine financial management behaviors.

4.1.4 Influence of Financial Literacy Training on Enterprise Performance

The influence of financial literacy training on enterprise performance was assessed using three ultimate performance indicators: increased profitability, improved financial management, and increased access to credit. Figure 5 presents the relationship between training satisfaction levels and enterprise performance outcomes.

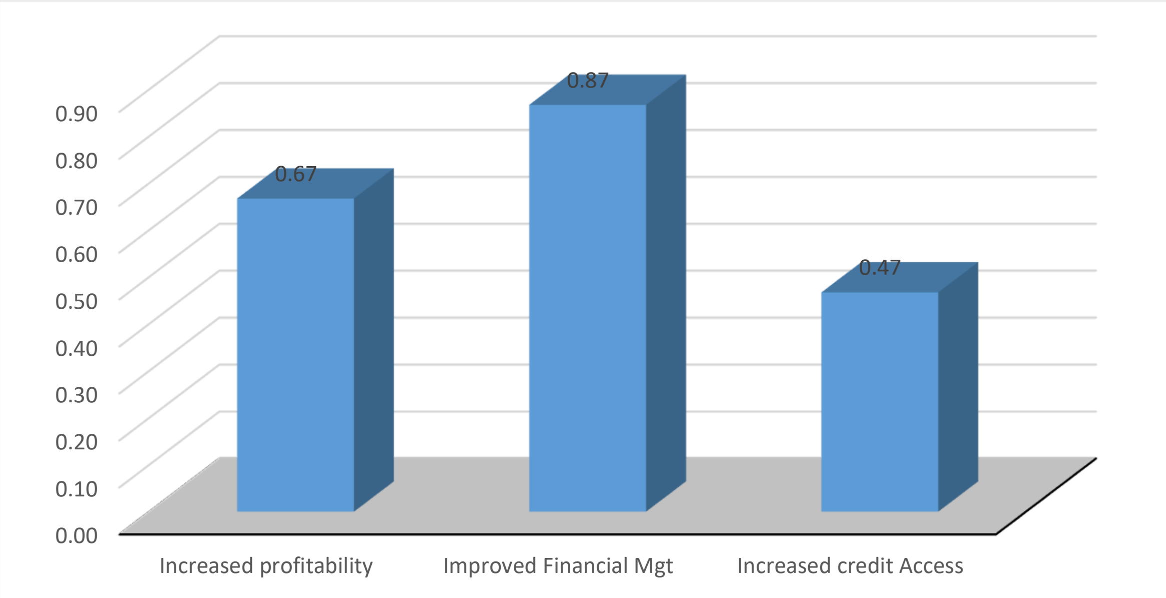

Figure 5: Financial Literacy Training and Enterprise Outcomes

Respondents who received training reported strong outcomes in improved financial management at 87 percent and increased profitability at 67 percent. However, the proportion reporting increased credit access was comparatively lower at 47 percent, confirming that training satisfaction enhances internal financial practices but does not automatically translate into improved engagement with external credit markets. Figure 6 further illustrates the influence of financial literacy training on business performance and growth across all training components.

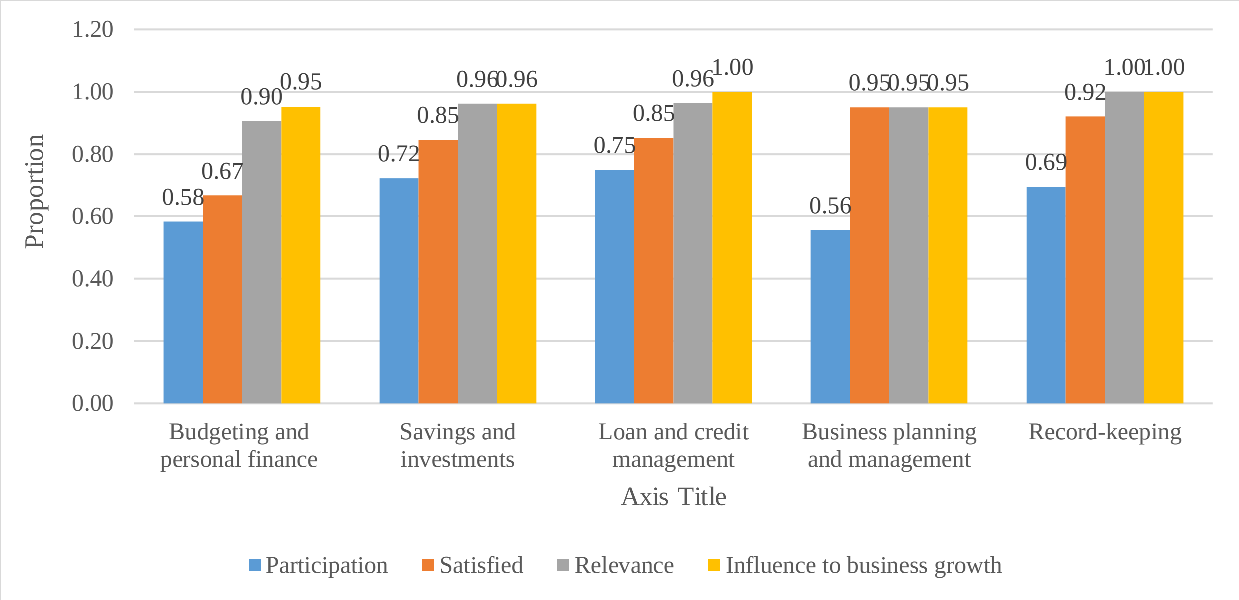

Figure 6: Influence of Financial Literacy Training on Business Performance and Growth

The influence of financial literacy training on business performance and growth was uniformly strong, with scores ranging from 95 to 100 percent across all components. Loan and credit management and record keeping demonstrated the highest influence on business growth, underscoring their role in improving financial management, creditworthiness, and strategic decision making. Inferential analysis confirmed a strong positive relationship between training participation and business growth, as well as between perceived relevance and business growth. Satisfaction exhibited a weaker direct relationship with growth but showed a strong association with perceived relevance, suggesting that satisfaction contributes to improved outcomes primarily by reinforcing the perceived applicability of training rather than directly influencing performance. These findings are consistent with Human Capital Theory (Becker, 1993) and Financial Capability Theory (Sherraden, 2013), which posit that investments in skills and knowledge enhance productivity and performance when that knowledge is relevant and actionable. The results therefore suggest a structured and indirect causal pathway linking financial literacy training to enterprise performance: participation in training leads to increased perceived relevance, which drives improved financial practices and ultimately enhanced business performance and growth. While participation is a necessary condition, perceived relevance emerges as the strongest predictor of positive outcomes, highlighting the importance of content design and contextualization over mere expansion of attendance.

4.2 Management Models Used by FSAs and Their Influence on the Performance of Rural Women-Owned Enterprises

This subsection examines the three FSA management models operating in Kiambu County, namely Member-Elected Leadership (Self-Management), Professional Management Teams (External Hires), and a Hybrid Model combining member-elected and professional managers, and assesses their influence on enterprise performance outcomes. Figure 7 presents the distribution of management models across the sampled FSAs.

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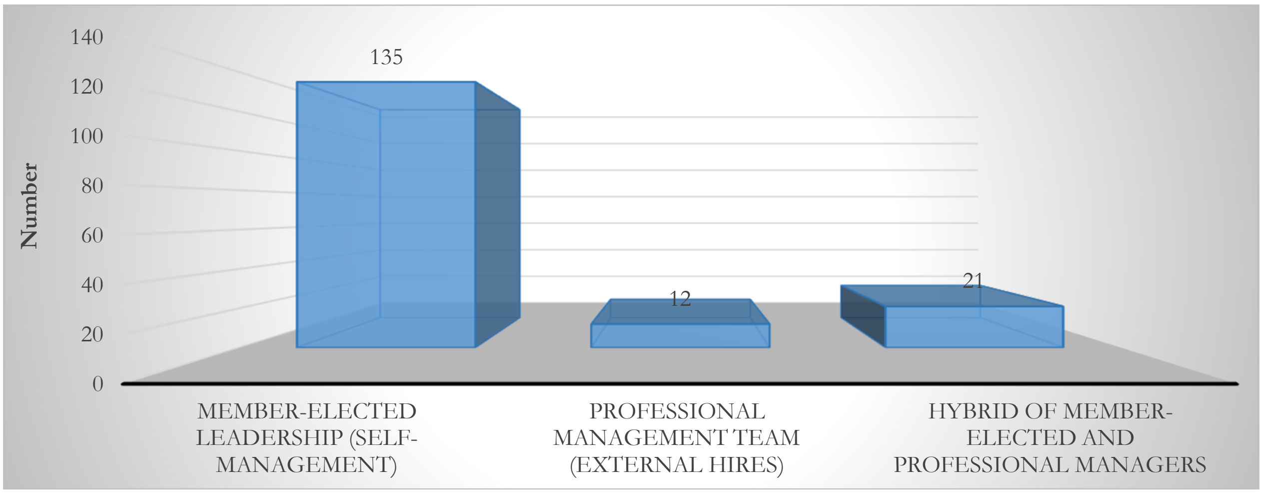

Figure 7: Distribution of Management Models Used by FSAs in Kiambu County

The findings reveal a predominance of Member-Elected Leadership structures, indicating that FSAs in Kiambu County are overwhelmingly member-managed with limited adoption of professional or hybrid governance structures. This dominant model reflects core cooperative principles of democratic participation, collective ownership, and accountability to members. Figure 8 presents the decision-making structures associated with each management model.

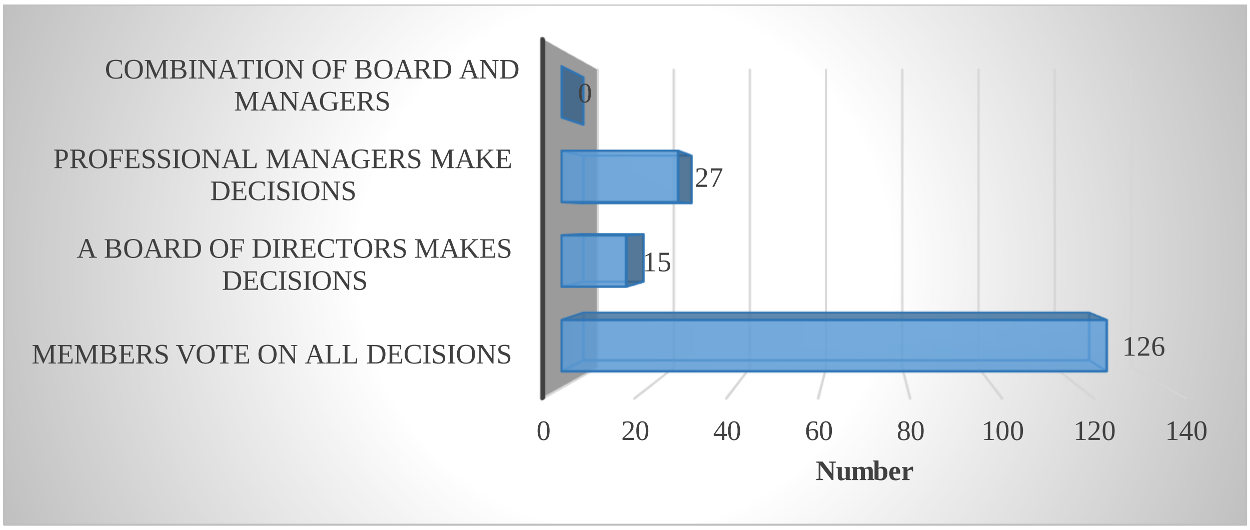

Figure 8: Decision-Making on Key Financial and Policy Decisions by the Mgt Models

The figure describes the decision-making structures adopted by FSAs managements in Kiambu County. It shows a strong preference for member-driven governance. Of all FSAs surveyed, 75 percent operate under a system where members vote on all decisions, confirming the predominance of self-management and cooperative governance. While this structure strengthens democratic participation and member ownership, it may also constrain operational efficiency and governance quality. The limited adoption of hybrid or professionally managed structures highlights a governance gap with implications for institutional sustainability and service delivery effectiveness.

4.2.1 Influence of Management Models on Enterprise Performance

The influence of FSA management models on enterprise performance was assessed across six indicators: member satisfaction, perceived positive impact on enterprise growth, democratic and

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participatory management, fairness and equality, effectiveness, and transparency and accountability. Figure 9 presents the results across all three management models.

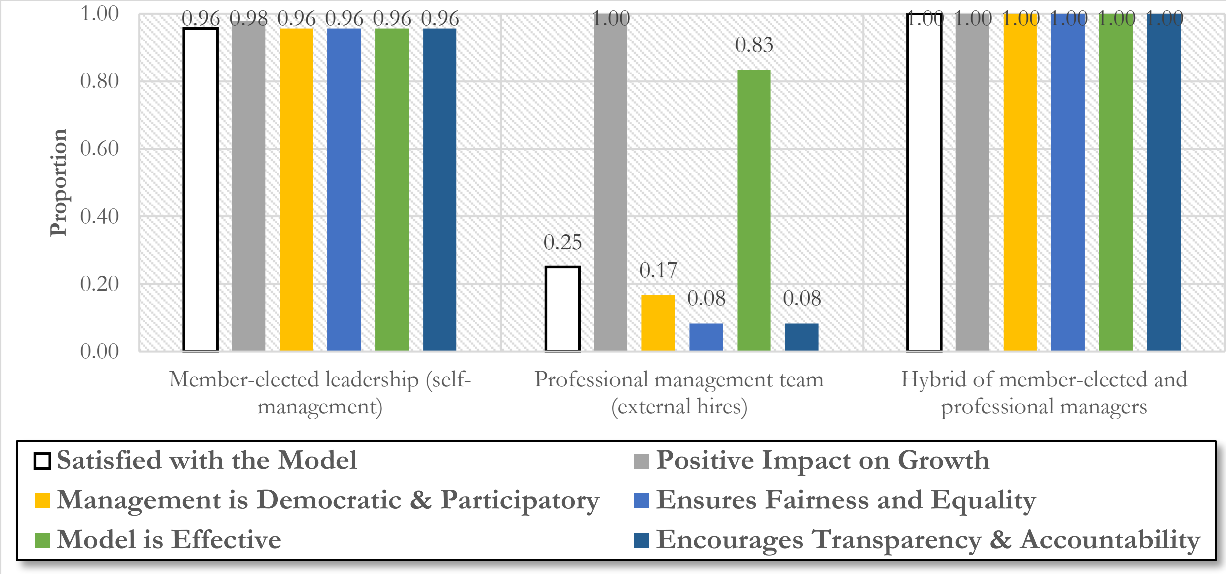

Figure 9: Influence of Management Models on the Performance of FSAs

Member-elected leadership recorded strong outcomes across all performance indicators, with satisfaction at 96 percent, positive growth impact at 98 percent, democratic participation at 96 percent, fairness and equality at 96 percent, effectiveness at 98 percent, and transparency and accountability at 98 percent, reflecting strong alignment between self-management governance and member expectations. In contrast, professionally managed FSAs recorded notably weaker responses on participatory indicators, with only 25 percent of respondents reporting satisfaction, 12 percent reporting democratic participation, and 8 percent each reporting fairness and equality and transparency and accountability, suggesting that professional management, while contributing to operational growth, is perceived as lacking inclusivity and member legitimacy. The hybrid management model recorded consistently strong performance across all indicators, with all respondents reporting satisfaction, positive growth impact, democratic participation, fairness and equality, effectiveness, and transparency, indicating that blending professional and member-elected leadership produces the most balanced governance outcomes.

4.2.2 Inferential Statistical Analysis: Management Models

To determine whether management type is statistically associated with enterprise outcomes, two Chi-square tests of independence were conducted. The first tested the association between management type and member satisfaction, under H_0 that there is no statistically significant association between FSA management type and member satisfaction, and H_1 that such an association exists. The Chi-square test yielded $\chi^2 = 69.82$ at $p < 0.001$, leading to rejection of H_0 at the 1 percent significance level and confirming that satisfaction outcomes are not independent of management structure. Participatory governance models, both member-elected and hybrid, were significantly more likely to generate satisfaction, while professional-only models were significantly associated with dissatisfaction despite demonstrating some growth-related benefits. The second test examined the association between management model type and effectiveness, under H_0 that FSA management model type has no significant association with effectiveness, and H_1 that a significant association exists. With a critical χ^2 value of 5.99 at $\alpha = 0.05$ and df = 2, the test produced $\chi^2 = 11.6$, exceeding the critical threshold and leading to rejection of H_0. This confirms that FSA management model type has a statistically significant association with

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effectiveness in supporting women enterprise performance, and that effectiveness improves when professional oversight complements rather than replaces member participation.

4.2.3 Challenges Faced Under Different Decision-Making Structures

The key challenges faced by FSAs across the three decision-making structures were assessed and are presented in Figure 10.

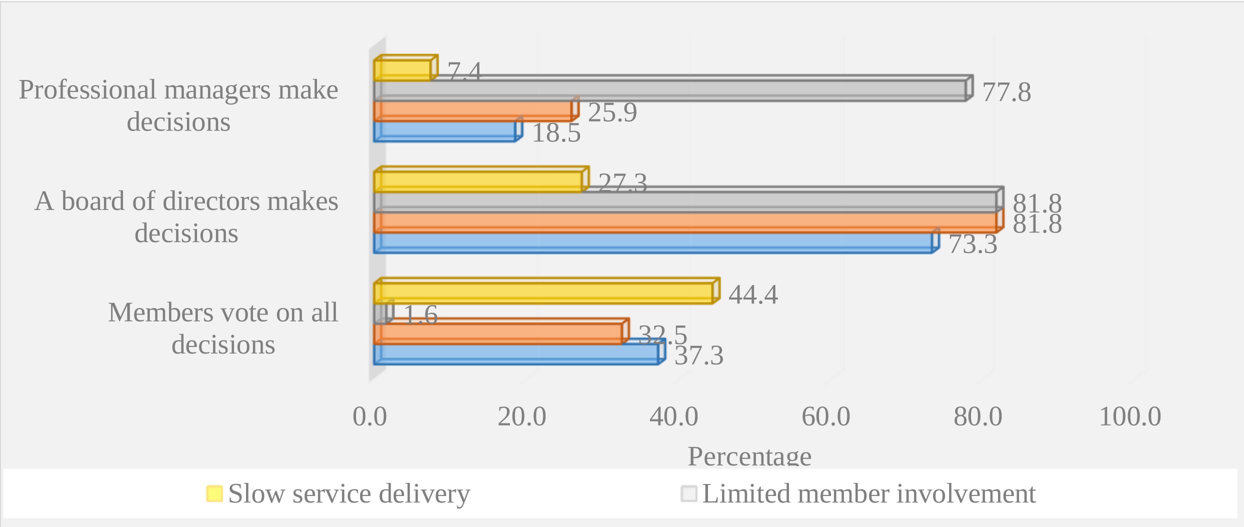

Figure 10: Challenges Faced Under the Different Decision-Making Models

Member-managed FSAs exhibited moderate governance challenges but severe operational inefficiencies, as excessive consultation and limited professional capacity undermine timely service delivery despite strong democratic participation. Board-managed FSAs recorded the highest governance-related challenges, with poor financial transparency reported by 73.3 percent of respondents and mismanagement or corruption reported by 81.8 percent, suggesting weak accountability mechanisms and potential capture by board members, compounded by high levels of limited member involvement. Professionally managed FSAs demonstrated the lowest levels of governance and operational challenges, reflecting stronger technical capacity and formal controls, but limited member involvement emerged as a major trade-off, indicating reduced member influence in decision making. These findings collectively suggest that hybrid governance models, combining professional management with strong member oversight and accountability structures, offer the most balanced and sustainable approach for FSAs in Kiambu County.

5.0 Conclusion

This study examined the influence of FSA financial literacy training and management models on the performance of rural women-owned enterprises in Kiambu County, and the findings reveal a consistently positive but uneven pattern of impact. Financial literacy training delivered by FSAs is broadly valued by women entrepreneurs, with high participation in loan and credit management and savings components, strong satisfaction and relevance ratings across all training areas, and a clear positive relationship between training participation and enterprise growth. However, a persistent knowledge-application gap was identified, whereby training improves internal financial management and profitability but demonstrates limited impact on credit access and financial record keeping, constrained by structural and institutional barriers beyond the reach of training alone. With respect to governance, member-elected leadership dominates FSA management structures and is strongly associated with member satisfaction, democratic participation, and perceived effectiveness, while professional-only management, though operationally efficient, is perceived as lacking inclusivity and accountability. The hybrid management model consistently outperformed both alternatives across all performance indicators, demonstrating that blending professional oversight with member participation produces the most balanced governance and enterprise growth outcomes. Collectively, these findings underscore that financial literacy training and participatory governance are necessary but not sufficient conditions for sustained enterprise growth, and that complementary policy interventions addressing structural barriers to credit access, training depth, and governance quality are essential to fully realize the potential of FSAs as vehicles for women's economic empowerment in Kiambu County.

6.0 Policy Recommendations

Based on the study findings, three key recommendations are proposed. First, financial literacy training must be deepened and reoriented by extending training duration, shifting from theoretical to hands-on practice-oriented learning, explicitly linking record-keeping training to credit appraisal requirements, and integrating mentorship, coaching, and post-training follow-up to support sustained adoption of financial management practices. Second, financial services must be complemented with integrated enterprise support interventions, including business development services, market access facilitation, innovation support, and cost-management strategies, to ensure that training translates into equitable and sustained enterprise growth. Third, county-level policy should actively promote hybrid FSA governance models by supporting regulatory and capacity-building initiatives that enable professional management under strong member oversight, developing governance guidelines to strengthen accountability in board-managed FSAs where risks of mismanagement are highest, and incentivizing FSAs to transition toward hybrid decision-making structures through targeted technical assistance and performance-based support.

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