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Contribution of Self-Help Groups to Economic Empowerment in Mombasa County, Kenya

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Abstract: Self-help groups (SHGs) are well known as community organizations through which people save money, borrow money, develop skills and engage in income generation activities together. It is possible that their role in economic empowerment is not only dependent on the services they offer but also depends on the governance structure within them and assistance from the government and other development partners. This study sought to determine the role of self-help groups in economic empowerment in Mombasa County in Kenya with particular focus on borrowing of funds, development of skills and capacities, income generation activities, governance and assistance from external stakeholders. This study used cross-sectional survey research design, collecting 351 usable questionnaires out of 384 sampled questionnaires giving a response rate of 91.4%. The proportionality of odds assumption was tested using the Brant test, and the results were not significant ($\chi^2 = 8.57$, df = 10, $p = 0.574$). The ordinal logistic regression was statistically significant (LR $\chi^2(5) = 178.63$, $p < 0.001$), with a pseudo-R^2 of 0.274. Access to credit ($\beta = 0.624$, $p < 0.001$), skills and capacity development ($\beta = 0.531$, $p < 0.001$), income generating activities ($\beta = 0.718$, $p < 0.001$) and governance of the SHGs ($\beta = 0.417$, $p < 0.001$) were positively associated with economic empowerment. Stakeholder support was also positively associated with economic empowerment ($\beta = 0.463$, $p < 0.001$). Moreover, the moderation analysis results indicate that there were positive interaction effects between the support by stakeholders and the four mechanisms of the SHGs. This paper comes to the conclusion that self-help groups ensure economic empowerment through availability of credits, skill enhancement, generation of incomes, and good governance. It is recommended that members should be provided with cheaper funding, capacity building, market linkages, and strong institutional support.

Keywords: Self-help groups; economic empowerment; access to credit; capacity development; income-generating activities; group governance; Mombasa County; Kenya.

1. Introduction

1.1 Background to the study

Economic empowerment is an essential element of inclusive socioeconomic development. It refers to the process of enhancing the capability of people to make economic decisions, use productive resources, earn income, build assets and improve their quality of life. As indicated by Kabeer (1999), empowerment can be defined in terms of the ability of people to make strategic decisions in life, especially those who have had limited capacity to make such decisions before. Therefore, from an economic point of view, empowerment goes beyond income enhancement to include resource access, decision-making participation and control over economic opportunities. The self-help groups (SHGs) have become more prevalent as community-level tools for fostering economic empowerment, especially among people who find it difficult to access conventional financial services. They are formed through the coming together of people to save money, lend money to each other, engage in economic activities as a group and solve socioeconomic problems.

The emergence of SHGs has been extremely important in the developing world where lack of access to formal financial institutions, unemployment, poverty and few productive resources make economic engagement difficult. Under such conditions, SHGs offer an alternative platform where members are able to pool money and obtain credit for

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personal and business use. Studies show that participation in group economic programs is a way of improving women's access to finance, enhancing household decision making and economic participation (Brody et al., 2017). In similar terms, Kabeer (2005) emphasizes the significance of financial inclusion and organization in enhancing women's economic empowerment. In Kenya, community groups have become important tools in savings mobilization, enterprise development and poverty alleviation. Different government programs like Women Enterprise Fund, Youth Enterprise Development Fund and Uwezo Funds have tried to enhance financial resource access and small enterprise development.

These programs give the organized groups the opportunity to get access to funds and enhance economic activities. Even though the role of SHGs has become increasingly important over time, simply belonging to the group does not automatically translate into economic empowerment of its members. Whether members will benefit from their participation can be linked to the availability of cheap credit facilities, good skills training programs, sustainable income-generating programs and effective governance structures. External factors such as the involvement of the government, the financial institutions and the development organizations can also have an impact on the degree to which the groups attain their economic goals. In Mombasa County, SHGs are part of an economically heterogeneous setting which is comprised of informal businesses, small-scale industries and the service sector among others. While these groups are supposed to empower their members economically, the heterogeneity in terms of finances, management skills and institutional support can lead to a difference in degree of economic empowerment. Therefore, the impact of SHGs on economic empowerment can only be understood through an analysis of how the economic empowerment is attained.

1.2 Statement of the problem

Self-help groups have been identified as key grassroots organizations with regard to economic empowerment through financial inclusion, collective action and livelihood enhancement. Using savings, internal lending, entrepreneurship and other economic activities in groups, SHGs offer members access to resources that may prove hard for individuals to acquire alone. Nevertheless, the emergence and development of SHGs does not necessarily imply economic empowerment of such groups. Indeed, some groups have faced challenges in achieving sustainability in their financial operations, provision of sufficient credit to the members, identification of appropriate income generation sources and good governance practices. In Mombasa County, the emergence of SHGs has raised concerns as to how much these groups contribute to economic empowerment of members. First, there is lack of empirical evidence about the relative contribution of credit provision, skills and capacity building, income generation and governance of self-help groups to economic empowerment of members. Second, there is need to find out how government and other stakeholders' involvement in SHG activities impacts the above relationships empirically. The absence of empirical data on such factors may imply failure of intervention policies aimed at enhancing self-help groups. This study has, therefore, sought to examine the role of SHGs in contributing to self-help groups towards economic empowerment among their members in Mombasa County, Kenya.

1.3 Research objectives

The main objective was to investigate the contribution of self-help groups towards economic empowerment among their members in Mombasa County.

The specific objectives were to:

1. Determine the effect of access to credit on the economic empowerment of SHG members.
2. Examine the effect of skills and capacity development on the economic empowerment of SHG members.
3. Assess the influence of income-generating activities on the economic empowerment of SHG members.
4. Evaluate the effect of group governance on the economic empowerment of SHG members.
5. Examine the moderating effect of government and stakeholder support on the relationship between SHG activities and economic empowerment.

1.4 Research hypotheses

The study tested the following null hypotheses:

i. H_{01}: Access to credit has no significant effect on economic empowerment among SHG members in Mombasa County.

ii. H_{02}: Skills and capacity development have no significant effect on economic empowerment among SHG members in Mombasa County.

iii. H_{03}: Income-generating activities have no significant effect on economic empowerment among SHG members in Mombasa County.

iv. H_{04}: Group governance has no significant effect on economic empowerment among SHG members in Mombasa County.

v. H_{04}: Government and stakeholder support has no significant moderating effect on the relationship between SHG activities and economic empowerment among members in Mombasa County.

2. Literature Review

2.1 Theoretical framework

The study was guided by the Empowerment Theory, Resource Mobilization Theory and Social Capital Theory. These theories complement each other in explaining the impact of collective organization, resource mobilization and social capital on economic empowerment.

2.1.1 Empowerment Theory

According to the Empowerment Theory, empowerment refers to the process whereby people or groups attain greater levels of control over decisions, resources, and other things which affect them. The theory focuses on the aspects of participation, autonomy, capacity-building and power to influence decisions. Kabeer (1999) defines the concept of empowerment by examining the three dimensions of resources, agency, and achievements. Resources are the conditions which allow people to make decisions, agency is the ability to formulate and pursue one's own goals, and achievements are the results obtained after making the decisions. In case of the SHG participation of the women, credit and participating in income generation activities are the economic resources available to the women. Skill building improves the agency while economic income and asset accumulation constitute achievements.

2.1.2 Resource Mobilisation Theory

Resource Mobilisation Theory focuses on the significance of resource mobilisation in order to meet common goals (McCarthy & Zald, 1977). This theory acknowledges that the success of any organised group is not only dependent on the presence of common interests but also the ability of the group to mobilise financial, human, organisational and institutional resources (Edwards & McCarthy, 2004). With respect to self-help groups, the resources mobilised include regular savings, loan repayments, contributions from members and economic activities undertaken collectively. Resources can be combined to form revolving funds, obtain credit internally and undertake income generating activities. The significance of external resources such as financial aid, training, technical assistance and institutional aid is also stressed by the theory (Edwards & McCarthy, 2004). Therefore, government and development agencies can help build the capacity of SHGs by providing resources that cannot be easily mobilised by the members themselves.

2.1.3 Social Capital Theory

Theory of Social Capital provides insights into how social relationships, trust, reciprocity and social networks generate resources that people can make use throgh social interactions. Coleman (1988) presents social capital as a resource that is found in relationships between individuals and in the social structures created by these individuals. Relationships allow for cooperation, information exchange and collective action. Bourdieu (1986) goes ahead to point out that social networks can give individuals access to resources and opportunities that cannot be made possible via economic capabilities of individuals alone. SHGs have their own social capital in form of the relationships that members share in terms of their mutual trust, collective responsibility, participating in social interactions, and helping each other out. This may improve members' ability to control themselves financially, to save collectively, and to manage the resources belonging to the group. Social capital theory is especially useful when there are limited individual resources of members of the group. However, access to social networks is not necessarily evenly distributed among all members, and there might be exclusion of individuals not involved in existing relationships.

2.2 Empirical literature

2.2.1 Self-help groups and economic empowerment

Self-help groups provide a platform for individuals to combine their resources and pursue common economic objectives. Their activities may include savings mobilisation, internal lending, entrepreneurship, vocational training and collective enterprise development. Brody et al. (2017), in their systematic review and meta-analysis of women's economic self-help groups in South Asia, found that participation in such groups was associated with improvements in economic and social empowerment outcomes. These findings suggest that collective organisation can create opportunities for members to strengthen their economic participation and household decision-making. Similarly, Kabeer (2005) highlights the importance of financial services and economic opportunities in promoting women's empowerment. Access to financial resources may enable individuals to undertake productive activities, improve their livelihoods and exercise greater control over household economic decisions. Nevertheless, the outcomes of SHG participation may vary according to the quality of group management, access to financial resources, members' productive capabilities and the availability of external support.

2.2.2 Access to credit and economic empowerment

Access to credit is one of the important ways through which self-help groups empower members economically by granting them loans from their saving funds and other sources of financial assistance. Loans are meant to facilitate creation and enlargement of businesses as well as household investments, among others. Access to credit is especially relevant for people who have troubles qualifying for loans from formal financial institutions because, as a result of group borrowing and saving funds, they may overcome some obstacles related to traditional borrowing (Armendáriz & Morduch, 2010; Ledgerwood, 1999). Nevertheless, access to credit does not ensure better economic performance per se, and its effects depend on its affordability, conditions of its return, proper investment of money and ability to manage

borrowed sums (Kabeer, 2005). In the current study, the role of access to credit in the economic empowerment of SHG members has been explored.

2.2.3 Skills and capacity development and economic empowerment

Skills and capacity development help increase knowledge and skills required for participation in economic activities. Skills in entrepreneurship, financial management, bookkeeping, marketing and business planning help members develop capabilities to form, run and manage businesses. Empirical studies indicate that skill development and training can help increase productivity, business practices and economic performance. For example, in a study of informal workers in Kenya and Tanzania, Torm (2024) indicated that people with formal off-the-job training earned about 21% higher incomes than self-taught workers. Additionally, Kumari et al. (2024) found that financial literacy helps enhance performance and innovativeness among micro-entrepreneurs. Adela et al. (2024) further indicated that bookkeeping practices and accounting skills of business owners positively affect SME performance. Also, Leger et al. (2024) noted that non-formal entrepreneurship training can help enhance necessary business skills depending on the training approach and the local entrepreneurship environment. All these findings conform to the theory of human capital according to which investments in education and training help increase individuals' productive capacities (Becker, 1962). Therefore, capacity development in SHGs may help members develop capabilities to discover economic opportunities, manage financial resources, make decisions and maintain income generating activities.

2.2.4 Income-generating activities and economic empowerment

Income-generating activities afford SHG members an avenue for earning extra income and enhancing their financial independence. These activities could include small business trading, agriculture, food processing, handicrafts and many more. The ability to set up and manage productive enterprises can lead to household income improvement, increased savings and asset building. Recent research in Kenya indicates the role of livelihood diversification in improving household economic opportunities. For instance, Örebro and Levin (2023) discovered that income diversification among rural households in Kenya varies depending on the nature of household characteristics and economic opportunities. Also, Runo et al. (2024) identified that SHGs membership leads to improved livelihoods among SHGs members, where income generating assets emerge as important predictors of wealth. Additionally, Kithuka et al. (2025) observed that income generating activities and livelihood programs led to socioeconomic empowerment of women SHGs members in Makueni County. Group-based economic activities may also alleviate investment constraints through cost sharing, knowledge and risk sharing. However, performance of such activities depends on access to capital, market opportunities, management skills and appropriate infrastructure. Income generating activities were thus considered one of the major mechanisms through which SHGs facilitate economic empowerment in Mombasa County.

2.2.5 Group governance and economic empowerment

Group governance refers to the systems and processes through which the actions of self-help groups (SHGs) are managed and coordinated. Good governance entails transparency, accountability, participation, and good resource management. Participation in decision making, frequent elections of leadership, good accounting and following group rules enhance confidence in the leadership of the SHGs. Empirical evidence by Njoroge et al. (2025) indicated that the women's SHGs operating in Nairobi depended on frequent meetings, consensus decision-making, rotation of leaders and committees to foster participation and accountability. Similarly, Ali (2024) stressed the role of sound financial management practices such as book-keeping, debt management, credit worthiness determination, and cash flow management in enhancing the financial performance of table-banking SHGs in Kenya. Mulumba & Muchelule (2024) further confirmed that participation of members in the SHGs and management information are key determinants of their performance where lack of member participation in SHG management contributes to their membership instability. Sound financial management is crucial since the activities of SHGs depend on member contributions and resources. Member participation in budgeting and financial management enhances accountability and trust in leadership.

2.2.6 Government and stakeholder support

Government and stakeholder support can enhance the effectiveness of self-help groups (SHGs) through financial resources, technical skills, market linkages, institutional advice and participation in development programmes. Government agencies, NGOs, financial agencies and development partners can assist SHGs to overcome their operational challenges through provision of resources, technical skills and partnership opportunities. In Kenya, the State Department for Social Protection has been supporting the registration, training and linkage of community groups, including SHGs, to microfinance institutions and government funding programmes (National Treasury, 2024). Likewise, Mulumba and Muchelule (2023) have observed that stakeholder participation had a significantly positive impact on the performance of SHGs in Nairobi City County. Similarly, Kioko (2022) has shown that marketing cooperation and financial accessibility were some SHG practices related to good economic outcomes amongst women in Machakos County. Additionally, Mugailwa et al. (2022) have indicated a significantly positive relationship

between stakeholder participation and sustainability of women SHG projects in Nakuru West Sub-County. In this study, government and stakeholder support was considered a moderating variable that may enhance the relationship between SHG activities and economic empowerment.

3. Research Methodology

3.1 Research design

The study adopted an explanatory sequential mixed-methods research design. This approach involved collecting and analysing quantitative data before undertaking qualitative inquiry to provide additional explanations and insights into the quantitative findings. The quantitative component examined the relationship between SHG activities and economic empowerment, while the qualitative component provided an opportunity to understand members' experiences, group operations and institutional support arrangements. The design was appropriate because economic empowerment involves measurable outcomes as well as experiences and processes that require contextual interpretation.

3.2 Study area

The study was conducted in Mombasa County, Kenya. The county provides a diverse economic environment in which self-help groups participate in different livelihood and enterprise activities. These activities include small-scale businesses, trading, service provision and other income-generating ventures. The presence of diverse economic opportunities and differences in members' access to financial and institutional resources makes Mombasa County an appropriate setting for examining the contribution of SHGs to economic empowerment.

3.3 Target population, sampling technique and sample size

The target population comprised 384 self-help groups in Mombasa County. Members of these groups constituted the study's respondents. Stratified random sampling was employed to select respondents. The approach ensured representation across the identified population strata and reduced the possibility of over-representing particular groups. A total of 384 questionnaires were issued, of which 351 were successfully completed and considered suitable for analysis.

3.4 Data types and sources, data collection instruments and procedures

The study utilised both primary and secondary data. Primary data were collected using structured questionnaires and interview guides. The questionnaires captured information on respondents' demographic characteristics, economic empowerment, access to credit, skills and capacity development, income-generating activities, group governance and government and stakeholder support. Interview guides were used to obtain additional qualitative information and provide deeper insights into the experiences of SHG members. Secondary information was obtained from published journal articles, books, government reports, policy documents and other relevant institutional publications. Structured questionnaires and interview guides were used as the principal data collection instruments. The questionnaires were organised into sections corresponding to the study variables. This arrangement facilitated systematic collection of information on the characteristics of respondents and the different dimensions of economic empowerment. Research assistants with at least bachelor's degrees in business-related disciplines were recruited and trained on data collection procedures, questionnaire administration and ethical considerations.

3.5 Reliability and validity

Reliability was assessed using Cronbach's alpha to establish the internal consistency of the measurement scales. The study recorded Cronbach's alpha coefficients ranging from 0.831 to 0.892 across the study variables. These values indicate satisfactory internal consistency among the measurement items. Validity was addressed through the development and review of research instruments to ensure that the questions adequately represented the study concepts and objectives.

3.6 Data analysis

Quantitative data were analysed using descriptive and inferential statistical techniques. Descriptive statistics were used to summarise respondents' characteristics and the distribution of responses across the study variables. Ordinal logistic regression was used because the dependent variable consisted of ordered categories. Specifically, the Proportional Odds Model (POM) was adopted to estimate the relationship between explanatory variables and the likelihood of attaining higher economic empowerment categories.

4. Results and Discussion

4.1 Reliability analysis

The reliability results indicated that Cronbach's alpha coefficients ranged from 0.831 to 0.892 across the study variables. These findings demonstrate satisfactory internal consistency of the measurement scales. The results suggest that the questionnaire items used to measure the study constructs were sufficiently consistent for subsequent statistical analysis.

4.2 Proportional Odds Assumption Test

To determine whether it was appropriate to estimate the ordinal logistic regression model, the parallel lines (proportional odds) assumption was evaluated before the model was estimated. The parallel lines assumption holds that the relationship between the independent and dependent

variable should be consistent for all cumulative levels of the dependent variable. This means that the regression coefficients estimated should be the same irrespective of the threshold applied in distinguishing the levels of the dependent variable. Fulfillment of this assumption means that a single set of regression coefficients can adequately explain the relationship between the independent and dependent variables.

The parallel lines assumption was tested using the Brant test. The test is used to investigate the null hypothesis that all of the cumulative logits have the same regression coefficients. The proportional odds assumption is satisfied if the null hypothesis ($p - value > 0.05$) is not rejected; otherwise, it is not satisfied ($p - value > 0.05$).

Table 1: Proportional Odds Assumption Test Results

Variable	Chi-square	Degrees of Freedom	p-value	Decision
Access to Credit Services	2.13	2	0.345	Assumption satisfied
Skills and Capacity Development	0.96	2	0.619	Assumption satisfied
Income-Generating Activities	1.71	2	0.425	Assumption satisfied
Group Governance	1.44	2	0.486	Assumption satisfied
Government and Stakeholder Support	2.31	2	0.315	Assumption satisfied
Overall, Brant Test	**8.57**	**10**	**0.574**	**Assumption satisfied**

Source: Authors' Own Analysis, 2026

Based on Table 1, the proportional odds assumption held true. The Chi-square value obtained from the overall Brant test equaled 8.57, with 10 degrees of freedom and a p-value of 0.574. With the p-value greater than the usual 0.05, the null hypothesis of equality of regression coefficients across the cumulative logits cannot be rejected. Thus, it can be concluded that there is consistency in the relationship between the predictor variables and the levels of economic empowerment. In the same way, the Brant tests for access to credit services, skills and capacity development, income generating activities, group governance, and government and stakeholders support resulted in non-significant p-values ($p>0.05$). Thus, there is no violation of the proportional odds assumption among the explanatory variables. As such, the effects of the independent variables on economic empowerment are presumed to be constant throughout the thresholds of the ordinal dependent variable. It is evident from the prior analyzed data that the ordinal logistic regression model's proportionate odds assumption was true. Therefore, the ordinal logistic regression model would be suitable for examining the effect of stakeholder support, group governance, income-generating activities, skill and capacity building, and access to credit facilities on the economic empowerment of self-help groups in Mombasa County.

4.3 Moderation Analysis

The hypothesis of this research was that government and stakeholder support moderated the relationship between self-help group activities and economic empowerment among the group members in Mombasa County. A moderating variable affects the strength or nature of the relationship between the independent variables and the dependent variable. In this research, government and stakeholder support is supposed to affect positively or negatively the impact of access to credit services, skills and capacity building, income generation activities, and group governance on economic empowerment. To examine the moderation effect, interaction variables were created through multiplication of the independent variables with the moderator after mean-centering the variables to reduce multicollinearity. The interaction variables were included in the ordinal logistic regression model. The significant interaction coefficients were used to indicate that government and stakeholder support moderated the relationship between the independent variables and economic empowerment.

Table 2: Moderation Analysis

Variable	Coefficient (β)	Standard Error	z-value	p-value	Odds Ratio	Decision
Access to Credit Services	0.624	0.112	5.57	<0.001	1.867	Significant
Skills and Capacity Development	0.531	0.108	4.92	<0.001	1.701	Significant
Income-Generating Activities	0.718	0.121	5.94	<0.001	2.050	Significant
Group Governance	0.417	0.114	3.66	<0.001	1.518	Significant
Government and Stakeholder Support	0.463	0.101	4.58	<0.001	1.589	Significant
Credit * Government Support	0.186	0.072	2.58	0.010	1.204	Significant
Skills and capacity development* Government Support	0.211	0.068	3.10	0.002	1.235	Significant
Income Activities * Government Support	0.245	0.081	3.02	0.003	1.278	Significant
Governance * Government Support	0.173	0.069	2.51	0.012	1.189	Significant

Source: Authors' Own Analysis, 2026

The results of the moderation analysis as shown in Table 2 show that government and stakeholders' support have a significant moderating effect on the relationship between self-help group activities and economic empowerment. All interaction terms between government and stakeholders' support and the independent variables are positive and statistically significant showing that support from outside sources amplifies the positive effect of the self-help groups activities on their economic empowerment ($p < 0.05$). The interaction between access to credit services and government and stakeholders' support is positive and statistically significant ($\beta = 0.186,\ p = 0.010$). These results show that the positive effect of credit services on economic empowerment is amplified where there is increased support from government institutions and development partners. Government and stakeholder support can help to increase the availability of affordable financial services, credit guarantee programs, and financial literacy programs which will make credit more effective in enhancing economic empowerment of the members.

Similarly, the interaction between skills and capacity development and government and stakeholders' support is statistically significant ($\beta = 0.211, p = 0.002$). Interaction of income-generating activities and government and stakeholder support was the variable with the highest positive coefficient (β = 0.245, p = 0.003), meaning that government support contributes significantly to increase income generated through the activities of the members. The results imply that members benefit from the access to grants, markets linkages, business incubation and enterprise development projects that increase the capacity of the self-help groups' members to generate income. Similarly, interaction of group governance and government and stakeholder support showed a positive and statistically significant coefficient (β = 0.173, p = 0.012). The results reveal that external institutional support improves the effectiveness of good governance practices in terms of capacity building, accountability, leadership and mobilization of resources.

Interaction of income-generating activities and government and stakeholder support was the variable with the highest positive coefficient (β = 0.245, p = 0.003), meaning that government support contributes significantly to increase income generated through the activities of the members. The results imply that members benefit from the access to grants, markets linkages, business incubation and enterprise development projects that increase the capacity of the self-help groups' members to generate income. Similarly, interaction of group governance and government and stakeholder support showed a positive and statistically significant coefficient (β = 0.173, p = 0.012).

Table 3: Model Statistics

Statistic	Value
Log Likelihood	-286.41
LR Chi-square	178.63
Prob > Chi-square	<0.001
Pseudo R^2	0.274
Number of observations	**351**

Source: Authors' Own Analysis, 2026

The results reveal that external institutional support improves the effectiveness of good governance practices in terms of capacity building, accountability, leadership and mobilization of resources. Overall, the moderation model showed excellent goodness of fit with the data. With a value of $LR\ \chi^2 = 178.63, p < 0.001$ for the Likelihood Ratio

Chi-square, the model incorporating the explanatory and interaction variables shows a significantly better fit to the data compared to the null model. Pseudo R^2 for the model stood at 0.274, which means that the variables considered significantly enhanced the predictive power for economic empowerment when compared to the intercept-only model. Even though pseudo-R^2 cannot be used to compare the explanatory power of ordinal logistic regression to that of linear regression in terms of R^2, it is reasonable for use in explaining social science phenomena.

4.4 Ordinal Logistic Regression Analysis

The effect of self-help group activities on the economic empowerment of their members in Mombasa County was evaluated through an ordinal logistic regression analysis. The ordinal logistic regression model was the most appropriate statistical model to utilize since the dependent variable was ordinal and the proportional odds assumption was met. The model evaluated the effect of government and stakeholder support, group management, income-generating activities, skill and capacity development, and access to credit facilities on the level of economic empowerment. Table 4 presents the results.

Table 4: Ordinal Logistic Regression Output

Explanatory Variables	Coefficient	Std. Error	t-statistic	p-value	Odds Ratio
Access to Credit Services	0.624***	0.112	5.57	0.000	1.867
Skills and Capacity Development	0.531***	0.108	4.92	0.000	1.701
Income-Generating Activities	0.718***	0.121	5.94	0.000	2.050
Group Governance	0.417***	0.114	3.66	0.000	1.518
Government and Stakeholder Support	0.463***	0.101	4.58	0.000	1.589

Source: Authors' Own Analysis, 2026

For individual variables, availability of credit services was positively and significantly related to economic empowerment ($\beta = 0.624, t = 5.57, p < 0.001$), showing that increased availability of credit services is strongly associated with increased chances of achieving economic empowerment. Skills and capacity building were also positively and significantly related to economic empowerment ($\beta = 0.531, t = 4.92, p < 0.001$), meaning that entrepreneurship training, financial literacy, and business management skills play an important role in enhancing economic performance of members. Among all the explanatory variables in the model, income-generating activities had the highest value of β ($0.718, t = 5.94, p < 0.001$), meaning that productive economic activity is the main determinant of economic empowerment. Governance of self-help groups was found to be positively and significantly related to economic empowerment ($\beta = 0.417, t = 3.66, p < 0.001$), meaning that good governance characterized by effective leadership, transparency, and participation plays an important role in enhancing socio-economic empowerment. Finally, government and stakeholder support were positively and significantly related to economic empowerment ($\beta = 0.463, t = 4.58, p < 0.001$).

Table 5: Ordinal Regression Model Statistics

Statistic	Value
Number of observations	351
Log Likelihood	-286.410
LR χ^2 (5)	178.630
Prob > χ^2	0.0000
Pseudo R^2	0.274

Source: Authors' Own Analysis, 2026

The ordinal logistic regression model was used to analyze the effects of availability of credit services, skills and capacity building, income generating activities, group governance, and governmental and other stakeholders support on economic empowerment of self-help groups in Mombasa County. The model satisfied the proportional odds assumption, thereby proving the appropriateness of the ordinal logistic regression approach. In summary, the outcome of the regression analysis suggests that all the five independent variables have positively and significantly influenced economic empowerment. This is a clear indication of support for the study hypothesis and implies that enhancing access to credit, capacity building, income generating activities, governance, and institutional support can be an effective way to enhance economic empowerment.

The whole model proved to be statistically significant ($LR\,\chi^2 = 178.630;\ p < 0.001$). This indicated that the independent variables were significant enough collectively to predict economic empowerment when compared to the null model which included the intercept alone. The model had a Pseudo $R^2\ of\ 0.274$, meaning that the independent variables were sufficiently improving the model compared to the null model. While pseudo-R^2 cannot be interpreted in a similar manner to the coefficient of determination (R^2) in multiple regression analysis, the Pseudo R^2 obtained can be considered adequate for cross sectional social science data. The model was fitted with 351 valid observations.

4.5 Access to credit and economic empowerment

The study examined whether access to credit significantly influenced economic empowerment among SHG members. The findings indicated that access to credit had a positive and statistically significant relationship with economic empowerment. This suggests that members who can access financial resources through their groups are more likely to undertake productive activities, establish small enterprises and strengthen their household financial position. Access to affordable credit can help members overcome capital constraints that would otherwise limit their participation in economic activities. Group-based lending may also provide an alternative to formal financial institutions for individuals who experience difficulties meeting conventional borrowing requirements. The findings are consistent with the broader understanding of financial inclusion as an important mechanism for improving economic participation. Hypothesis decision: The null hypothesis that access to credit has no significant effect on economic empowerment was rejected, based on the reported statistically significant result.

4.6 Skills and capacity development and economic empowerment

The study further established that skills and capacity development positively influenced economic empowerment among SHG members. Capacity development can improve members' ability to identify business opportunities, prepare budgets, manage financial resources and undertake income-generating activities. Training in entrepreneurship, bookkeeping, marketing and financial management may strengthen members' productive capabilities and improve the sustainability of their enterprises. The findings are consistent with Human Capital Theory, which emphasises the importance of investments in education, training and skills development in improving individuals' productive capacity (Becker, 1962). Within SHGs, capacity development provides members with practical knowledge and capabilities that can be translated into improved economic activities. Hypothesis decision: The null hypothesis that skills and capacity development have no significant effect on economic empowerment was rejected, in line with the reported positive and statistically significant result.

4.7 Income-generating activities and economic empowerment

Income-generating activities emerged as an important contributor to economic empowerment. The study found that this variable had the highest coefficient among the four principal SHG activity variables. This finding indicates that participation in productive economic activities may be particularly important in translating group membership into tangible economic benefits. Income-generating activities provide members with opportunities to earn additional income, increase savings, accumulate assets and improve their ability to meet household financial obligations. The results suggest that SHGs should place greater emphasis on supporting viable and sustainable enterprises rather than concentrating exclusively on savings and lending activities. The ability to convert financial resources and acquired skills into productive economic activities is important for achieving lasting improvements in members' livelihoods. Hypothesis decision: The null hypothesis that income-generating activities have no significant effect on economic empowerment was rejected, based on the reported positive and statistically significant result.

4.8 Group governance and economic empowerment

The findings further indicated that group governance positively and significantly influenced economic empowerment. Effective governance is important in ensuring that collective resources are managed responsibly and that members participate in decisions affecting group operations. Transparent financial management, regular meetings, democratic leadership selection and adherence to established rules can strengthen members' confidence in group leadership. Good governance may also improve financial discipline and encourage continued participation in savings and income-generating activities. These findings demonstrate that the economic performance of SHGs is not determined solely by financial resources. The institutional arrangements governing how resources are mobilised, allocated and managed are equally important. Hypothesis decision: The null hypothesis that group governance has no significant effect on economic empowerment was rejected, in line with the reported statistical findings.

4.9 Government and stakeholder support

Government and stakeholder support was found to have a positive influence on economic empowerment. External support can strengthen the operational capacity of SHGs through financial assistance, entrepreneurship training, technical guidance, access to markets and institutional linkages. Government agencies, financial institutions, non-governmental organisations and development partners can therefore play an important role in improving the performance and sustainability of self-help groups. The

findings also indicated that government and stakeholder support significantly enhanced the positive relationships between SHG activities and economic empowerment. This suggests that the contribution of group-based economic activities may be strengthened when members receive appropriate institutional and technical assistance. The result highlights the importance of collaboration between SHGs and relevant stakeholders in promoting sustainable economic empowerment. Hypothesis decision: The null hypothesis that government and stakeholder support has no significant moderating effect was rejected, in accordance with the reported moderation findings.

4.10 Predicted Probabilities of Economic Empowerment

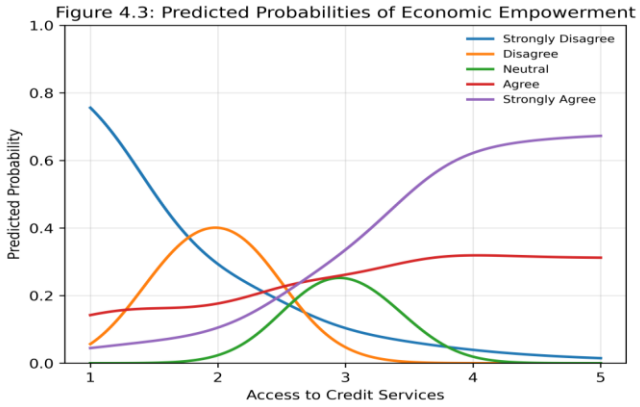


Figure 1.1: predicted Probabilities of Economic Empowerment

Source: Generated from Authors' Own Analysis, 2026

Figure 1.1 shows the predicted probabilities of the probability of classification into different levels of economic empowerment as access to credit services increases. The results show that the probability of belonging to lower levels of economic empowerment (Levels 1 and 2) reduces continuously as access to credit services is increased. On the other hand, the probability of classification into higher levels (Level 4 and Level 5) increases with increasing access to credit services. From the pattern in Figure 1.1, it can be shown that that access to credit services plays an important role in determining the chances of the self-help group members being economically empowered. Access to cheap loans and other services allows members of the group to engage in economically productive activities, grow their business, and raise their living standards. In summary, the graph above demonstrates the significance of the association between access to credit services and economic empowerment in the ordinal logistic regression model.

4.11 Overall ordinal logistic regression findings

The ordinal logistic regression results demonstrated that the principal SHG activities positively influenced economic empowerment. The findings indicate that credit availability, skills and capacity development, income-generating activities and group governance are important mechanisms through which SHGs contribute to members' economic circumstances. Income-generating activities recorded the highest coefficient among the four principal SHG activity variables. Government and stakeholder support further strengthened the positive relationships between SHG activities and economic empowerment. The study also reported that the estimated model was statistically significant and that the Pearson goodness-of-fit statistics suggested satisfactory model fit. The results therefore provide empirical support for the importance of strengthening both internal group operations and external institutional support.

5. Conclusion

This study investigated the contribution of self-help groups towards economic empowerment among their members in Mombasa County, Kenya. The findings demonstrate that SHGs provide an important institutional platform through which members can access financial resources, strengthen their productive capabilities, participate in income-generating activities and engage in collective decision-making. Access to credit was found to be an important contributor to economic empowerment, suggesting that affordable financial services can help members overcome capital constraints and participate in productive economic activities. Skills and capacity development also contributed positively to economic empowerment by strengthening members' knowledge, entrepreneurial capabilities and ability to manage economic resources. Income-generating activities recorded the highest coefficient among the four principal SHG activity variables, highlighting the importance of supporting viable productive enterprises that generate sustainable income. Group governance was also positively associated with economic empowerment, demonstrating that transparency, accountability and member participation are important for effective management of collective resources. Furthermore, government and stakeholder support strengthened the positive relationships between SHG activities and economic empowerment. This demonstrates that institutional collaboration can enhance the effectiveness and sustainability of community-based economic initiatives.

6. Policy Recommendations

Based on the findings, the following policy recommendations are proposed.

i. Financial institutions and government agencies should strengthen access to affordable credit facilities for self-help groups. Lending arrangements should consider the financial circumstances of group members and provide appropriate repayment conditions. SHGs should also strengthen savings mobilisation and maintain revolving funds through the consolidation of members' savings, loan repayments and other legitimate group contributions.

ii. Government agencies, county institutions and development partners should increase investment in entrepreneurship and financial management training for SHG members. Training programmes should cover bookkeeping, business planning, marketing, financial literacy, enterprise management and the identification of viable investment opportunities. Capacity development should be continuous and responsive to the economic activities undertaken by individual groups.

iii. Since income-generating activities recorded the strongest coefficient among the four principal SHG activity variables, greater attention should be directed towards supporting viable and sustainable enterprises. SHGs should be encouraged to diversify their economic activities, identify reliable markets and strengthen business management practices. Relevant institutions should also provide technical support and facilitate market linkages to improve the performance of group-based enterprises.

iv. SHGs should adopt transparent and participatory governance arrangements. Members should be actively involved in decisions concerning savings, lending, expenditure and the management of collective resources. Groups should maintain accurate financial records, conduct regular meetings, undertake periodic reviews of their operations and ensure that leadership selection processes are transparent.

v. Government agencies, financial institutions, non-governmental organisations and development partners should strengthen collaboration with self-help groups. Support should extend beyond financial assistance to include technical training, business advisory services, market access and institutional capacity development. County-level programmes should also establish appropriate mechanisms for identifying operational challenges facing SHGs and providing targeted support.

vi. Relevant government institutions should develop mechanisms for monitoring the performance and sustainability of self-help groups. Monitoring should consider financial performance, members' participation, enterprise sustainability, governance practices and improvements in members' economic circumstances. Such information would assist policymakers in identifying successful interventions and improving the effectiveness of programmes supporting community-based organisations.

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