

Organizational Practices, Governance Structures, and Sustainability of Women's Self-Help Groups in Informal Settlements in Nairobi, Kenya

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<https://doi.org/10.62049/jkncu.v5i1.425>

Abstract

Women's Self-Help Groups (SHGs) have become a central pillar of grassroots socio-economic empowerment in Kenya, particularly for women in low-income urban contexts who rely on collective systems of savings, credit, and mutual support. However, despite their potential, many SHGs in informal settlements struggle to remain stable and sustainable due to internal organizational challenges. This study examined the organizational practices, governance structures, and sustainability factors of women's SHGs in Viwandani informal settlements in Nairobi, drawing on responses from N = 73 members across seven groups. Guided by Social Exchange Theory and the T7 Model of Team Effectiveness, the study pursued three objectives to: identify organizational practices influencing SHG stability, analyze strategies used to address operational challenges, and examine how member characteristics contribute to sustainability. A quantitative design was applied using descriptive statistics. Findings show that SHGs in Viwandani are governed through frequent meetings, consensus-based decision-making, rotational leadership, and strong committee systems, demonstrating high levels of participation and accountability. Groups reported relying on disciplinary mechanisms, internal loan controls, welfare support, and collective problem-solving as strategies for addressing challenges, although limited market linkages and minimal external partnerships constrained growth. Member characteristics, particularly self-employment, low formal education, and heavy household responsibilities, shaped motivation, commitment, and cohesion, but also exposed groups to financial vulnerability. Overall, sustainability was linked to trust, perceived benefits, shared responsibility, and strong internal governance, while long-term growth required capacity-building, market integration, and stakeholder partnerships. The study recommends targeted training, stronger institutional support, and structured collaboration with financial actors to reinforce SHG resilience in informal urban settlements.

Keywords: Women's Self-Help Groups, Governance, Sustainability, Organizational Practices, Informal Settlements, Nairobi, Social Exchange

Introduction

Women's Self-Help Groups (SHGs) have emerged globally as important community-based structures for socio-economic empowerment, particularly among women facing financial exclusion and limited access to formal credit systems. Studies show that SHGs contribute to poverty reduction, savings culture, and collective resilience by enabling members to pool resources, access credit, and develop income-generating activities (Gugerty, 2019; Sundaram, 2012). Beyond economic outcomes, SHGs also foster solidarity, social protection, and community participation, making them a key instrument in advancing gender equality and grassroots development across different contexts.

Across Sub-Saharan Africa, SHGs continue to expand as a platform for women's empowerment, offering pathways for financial inclusion, skills development, and livelihood diversification in both rural and urban settings. However, the sustainability of these groups remains uneven, with recurring challenges related to leadership, governance, external linkages, and resource limitations (Milazzo & Van de Walle, 2017). These challenges tend to be magnified in informal settlements, where structural constraints such as poverty, informal labor markets, and weak institutional support shape the operational environment of SHGs.

In Kenya, SHGs have been widely adopted as a strategy for community development and women's economic empowerment, with government agencies, NGOs, and faith-based organizations supporting their formation and growth. Despite their prevalence and contributions, many groups—especially in urban informal settlements—struggle to maintain stability beyond their early years due to internal conflicts, weak governance systems, and limited management capacity (Kiprop & Ngetich, 2018). This raises questions about how organizational practices and member dynamics influence sustainability in such challenging environments.

The Viwandani informal settlement in Nairobi presents a relevant case for examining these dynamics because of its high concentration of women's SHGs operating in conditions characterized by economic vulnerability, high dependency burdens, and constrained livelihood opportunities. While SHGs in this context play a vital role in supporting household welfare, there is limited empirical evidence on the specific organizational factors that sustain or weaken them over time.

This study addresses this gap by examining the organizational practices, governance structures, and sustainability factors of women's SHGs in Viwandani. The study was guided by three objectives: to identify the organizational practices that influence SHG stability, to analyze strategies used to address operational challenges, and to examine how member characteristics contribute to sustainability. Through applying Social Exchange Theory and the T7 Model of Team Effectiveness, the study provides an interpretive lens for understanding how motivation, trust, leadership, and collective action shape the sustainability of SHGs in informal settlement settings. The findings offer insights for practitioners, policymakers, and community organizations seeking to strengthen SHG performance and long-term resilience.

Literature Review

Women's Self-Help Groups have been widely recognized in development literature as an important mechanism for poverty alleviation, financial inclusion, and social empowerment. Globally, SHGs provide pathways for low-income women to collectively mobilize savings, access microcredit, and strengthen

household resilience (Galab & Rao, 2003; Gugerty, 2019). Research shows that SHGs also serve as platforms for social protection, strengthening solidarity networks, confidence, and bargaining power within households and communities (Sundaram, 2012; Abercrombie & Hastings, 2016). Despite these gains, scholars observe that many SHGs continue to face sustainability challenges—often linked to governance, leadership weaknesses, and insufficient institutional support (Chant, 2012).

In Sub-Saharan Africa, the SHG model has been increasingly adopted as a community-driven response to gendered poverty, limited access to finance, and exclusion from formal markets. Studies in Rwanda, Tanzania, and Nigeria demonstrate that SHGs can expand financial access, stimulate microenterprise, and enhance household welfare when supported by consistent governance practices and structured capacity-building (Milazzo & Van de Walle, 2017; Kitomari & Abwe, 2016). However, research also highlights persistent constraints, including limited managerial skills, leadership conflicts, weak record-keeping systems, and inadequate linkages with external actors such as financial institutions and markets (Kessy et al., 2016). These limitations indicate that sustainability depends not only on financial contributions, but also on internal organizational capacity and group cohesion.

In Kenya, SHGs have deep historical roots, evolving from traditional *harambee* self-help systems toward more structured women's groups involved in savings, lending, and collective investments. Government frameworks—such as the Women Enterprise Fund and Uwezo Fund—have further promoted SHG formation by expanding access to low-interest loans (WEF, 2013). Research in Kenyan contexts consistently underscores the value of SHGs in supporting livelihoods, enhancing agency, and improving household welfare, particularly in low-income communities (Atieno, 2017; Ochanda, 2011). However, the same studies document that sustainability remains uneven, with common threats including leadership wrangles, inadequate financial management skills, loan defaults, and internal mistrust (Kiprop & Ngetich, 2018; Nyataya, 2016).

Within urban informal settlements, these sustainability challenges are intensified by structural conditions such as high unemployment, unstable incomes, low education levels, and heavy dependency burdens. SHGs in such environments often rely on limited internal resources and receive minimal institutional support, making their long-term survival fragile despite strong initial motivation from members. Yet, there is limited empirical research specifically examining how organizational practices and member dynamics influence the sustainability of SHGs in informal urban settings. Most existing Kenyan studies take a rural focus or emphasize economic outcomes rather than internal governance mechanisms.

This study therefore responds to a documented gap by focusing on organizational practices, governance structures, internal strategies, and member characteristics as determinants of sustainability among women's SHGs in Viwandani informal settlements. By applying Social Exchange Theory and the T7 Model of Team Effectiveness, the study offers a conceptual and empirical contribution to understanding how internal group dynamics shape SHG performance in resource-constrained urban contexts.

Theoretical Background

Social Exchange Theory Social Exchange Theory, first advanced by Homans (1958) and later expanded by Blau (1964) and Emerson (1976), posits that human interactions are motivated by the pursuit of benefits and the avoidance of costs. It assumes that individuals enter and remain in social relationships when the

perceived rewards outweigh the sacrifices, and when mutual trust and reciprocity are maintained. In the context of Self-Help Groups, the theory helps explain why women join, contribute financially, and remain active in group activities. Members invest their time, savings, and emotional energy with the expectation of tangible benefits such as access to loans, business growth, and welfare support, as well as intangible benefits including solidarity, belonging, and psychosocial support. When these expectations are met, commitment and cohesion are reinforced; when violated, participation weakens and group stability is threatened. Social Exchange Theory therefore provides a useful lens for understanding motivation, trust-building, and sustained participation in SHGs.

T7 Model of Team Effectiveness

The T7 Model, developed by Lombardo and Eichinger (1995), identifies seven factors that influence team effectiveness: five internal (Thrust, Trust, Talent, Teaming Skills, and Task Skills) and two external (Team Leader Fit and Team Support). The model emphasizes that successful groups require a clear shared purpose (Thrust), mutual confidence (Trust), sufficient skills among members (Talent), collaborative abilities (Teaming Skills), and the capacity to execute assigned roles (Task Skills). In addition, effective leadership and external support structures strengthen group performance and continuity. Applied to SHGs, the T7 Model highlights the importance of governance systems, leadership practices, role distribution, and internal accountability mechanisms in shaping group cohesion and sustainability. It reinforces the idea that clear goals, trust, competent leadership, and shared responsibility are foundational to long-term group success.

Linking the Two Theories to SHG Sustainability Together, the theories illuminate both the *motivational* and *organizational* dimensions of SHG sustainability. Social Exchange Theory explains why women engage and remain committed, while the T7 Model explains how governance, leadership, and internal capacities influence group functioning. This dual lens strengthens the interpretation of sustainability by integrating member motivation with organizational effectiveness both of which are central to the performance of women's SHGs in informal settlement environments.

Methodology

This study adopted a mixed-methods, cross-sectional design to examine organizational practices, governance structures, and sustainability factors among women's Self-Help Groups in Viwandani informal settlements in Nairobi. The design was appropriate for capturing both numerical patterns and contextual explanations related to SHG operations and member experiences.

Sampling and Participants

The study targeted active women's SHGs in Viwandani. A purposive approach was used to select seven functional groups, from which $N = 73$ members participated. Respondents included both leaders and ordinary members to ensure balanced perspectives on governance and sustainability.

Data Collection

Quantitative data were gathered through structured questionnaires focusing on group characteristics, governance practices, and participation patterns. Qualitative insights were collected through open-ended items and brief interviews to capture strategies, perceptions, and contextual explanations of challenges and group functioning. Ethics approval was obtained from NACOSTI Kenya for this study.

Data Analysis

Quantitative data were analyzed using descriptive statistics to generate frequencies and percentages, while qualitative responses were examined thematically to identify recurring governance practices and sustainability drivers. Findings were integrated during interpretation to strengthen validity through triangulation.

Findings and Discussion

This section presents the results of the study according to the three objectives, followed by interpretation and supporting literature. The findings show that SHG sustainability in Viwandani is largely driven by internal governance structures, collective strategies for problem-solving, and member-driven motivation reinforced by social and economic needs.

Organizational Practices and Governance Structures

The first objective examined how organizational practices influence the stability of SHGs. The findings reveal that the groups operate within structured governance systems, characterized by regular meetings, high attendance, consensus-based decision-making, and clear leadership roles. Most groups meet weekly and maintain active participation through shared agendas, rotational leadership, and committee structures. These findings are summarized in Table 1.

Table 1: Governance and Meeting Practices of Women's Self-Help Groups in Viwandani

Governance Indicator	Dominant Practice	Key Evidence
Meeting frequency	Weekly meetings	Majority held weekly sessions
Decision-making	Consensus-based	100% relied on group consensus
Leadership structure	Rotational & shared	Multiple committees and role rotation
Attendance	High participation	Majority attended often or always
Standing agendas	Loans and planning	Loan distribution and activity review prioritized

The findings indicate that participatory governance and regular interaction foster transparency, accountability, and cohesion within SHGs. Regular meetings ensure continuous oversight of group activities, while consensus-based decisions increase buy-in and minimize internal conflict.

These results align with Gugerty (2019) and Sundaram (2012), who found that structured governance enhances trust, service delivery, and group survival in community organizations. Similar studies in Sub-Saharan Africa show that frequent engagement, clear roles, and participatory decision-making strengthen collective responsibility and improve SHG performance (Milazzo & Van de Walle, 2017; Kitomari & Abwe, 2016). In the Kenyan context, Ochanda (2011) also emphasizes that strong governance systems increase transparency and financial discipline, which are essential for group continuity.

Strategies for Addressing Operational Challenges

The second objective focused on strategies SHGs use to address operational challenges. The findings reveal that groups rely on disciplinary mechanisms, loan repayment rules, welfare systems, conflict resolution committees, and collective fundraising. Despite operating in resource-constrained environments, SHGs demonstrated resilience through internal problem-solving structures. Table 2 summarizes the key findings.

Table 2: Strategies Used to Address Challenges Among Women's Self-Help Groups in Viwandani

Strategy Category	Dominant Responses	Operational Focus
Discipline & rule enforcement	Disciplinary committees	Managing misconduct and loan default
Loan management	Strict repayment and monitoring	Protecting group funds
Welfare systems	Contributions and emergency support	Helping struggling members
Conflict resolution	Consensus and committee mediation	Reducing disputes
Resource gaps	Fundraising and skills training	Overcoming financial limitations

The findings show that internal mechanisms serve as the first line of defense when groups encounter crises. These strategies preserve unity, reduce financial loss, and ensure that vulnerable members are supported, thereby enhancing sustainability.

Kiprop and Ngetich (2018) similarly observed that SHGs that enforce internal rules, strengthen welfare support, and invest in conflict-resolution structures are more likely to remain stable. The results are also consistent with Kessy et al. (2016), who noted that effective internal controls protect pooled resources and reinforce member confidence. Studies in Kenya and India confirm that SHGs thrive when they combine financial discipline with social support systems (Atieno, 2017; Sundaram, 2012).

Member Characteristics and Their Contribution to Sustainability

The third objective examined how member characteristics influence SHG sustainability. The findings show that members in Viwandani are largely self-employed, financially vulnerable, and responsible for dependents, which increases their motivation to remain active. High levels of commitment, participation in leadership, and willingness to attend capacity-building sessions also contribute to cohesion and consistency. Table 3 presents the summary.

Table 3: Member Characteristics and Participation Patterns in Women's Self-Help Groups in Viwandani

Member Indicator	Dominant Pattern	Sustainability Influence
Employment status	Mostly self-employed	Strong motivation for access to credit
Participation	High commitment	Reliable attendance and contribution
Training	Focus on finance & entrepreneurship	Growing capacity for self-reliance
Satisfaction level	Generally high	Reinforces group loyalty
Dependency burden	Moderate to high	Drives need for group support

These findings demonstrate that sustainability is not only structural but also deeply social and motivational. Member needs, participation, and perceived benefits directly shape commitment levels and group cohesion.

Milazzo and Van de Walle (2017) argue that member vulnerability strengthens self-help motivation, while social support structures reinforce long-term participation. This corresponds with Abercrombie and Hastings (2016), who noted that shared socio-economic pressures bond women into resilient support networks. Kenyan studies likewise show that commitment, training, and shared welfare goals enhance sustainability in SHGs (Atieno, 2017; Nyataya, 2016).

Synthesis and Interpretation

The results reflect the dual theoretical lens of the study. Social Exchange Theory explains why women remain committed: they continue participating as long as the benefits—credit, solidarity, welfare—outweigh the costs. The T7 Model explains the operational side: trust, clear objectives, leadership roles, and teamwork drive effective performance. Together, the theories reinforce that SHG sustainability depends on both member motivation and internal organizational capacity.

Conclusion and Recommendations

Conclusion

This study examined the organizational practices, governance structures, and sustainability factors of women's Self-Help Groups in the Viwandani informal settlement of Nairobi, using a mixed-methods approach with data from N = 73 respondents. The findings revealed that SHG sustainability is shaped by three interrelated dimensions. First, internal governance practices, including regular meetings, consensus-based decision-making, and clear leadership roles, create transparency, accountability, and cohesion, thereby reinforcing group stability. Second, collective strategies for addressing operational challenges, such as disciplinary mechanisms, welfare contributions, and conflict-resolution systems, help maintain unity and protect pooled financial resources in the face of adversity. Third, member characteristics and socio-economic motivations contribute to high levels of commitment and participation, although financial vulnerability and limited market linkages continue to pose risks to long-term growth.

Overall, the study concludes that sustainability in urban SHGs is not purely a financial outcome but a governance-and-motivation outcome, grounded in trust, cooperation, and internal accountability. The dual theoretical lens strengthened this interpretation: Social Exchange Theory explained sustained member commitment through perceived benefits, while the T7 Model clarified how leadership, teamwork, and organizational structure support continuity. However, the groups' limited access to external partnerships, skills development opportunities, and institutional support emerged as persistent constraints, underscoring the need for structured capacity-building and improved linkages with financial and development actors.

Ultimately, sustainability requires structures that can evolve with changing member needs and external pressures. As Soko (2012) puts it, *"the secret of success is creating an organization that will thrive in a future that cannot be predicted"* underscoring the need for SHGs to cultivate learning, flexibility, and continuous capacity-building.

Recommendations

Based on the findings, the study puts forward the following recommendations:

- Strengthen leadership and governance capacity through targeted training in financial management, conflict resolution, and record-keeping to reduce internal weaknesses and enhance accountability.
- Expand external partnerships by linking SHGs with microfinance institutions, cooperatives, NGOs, and government programs to improve credit access, market opportunities, and technical support.
- Invest in continuous capacity-building, particularly in entrepreneurship and skills-based training, to enhance members' livelihoods and reduce dependency on loan cycles.

- Institutionalize welfare and support structures within SHGs to protect vulnerable members and reduce the risk of default, especially in periods of economic stress.
- Encourage structured rotational leadership and mentorship to prevent over-concentration of power, promote inclusivity, and develop leadership skills among a wider pool of members.

These measures would reinforce sustainability by balancing internal organizational strength with external empowerment opportunities, thereby contributing to more resilient and effective Self-Help Groups in informal settlement settings.

Limitations

This study was limited by its focus on a single informal settlement, which may affect the generalizability of the findings to other urban or rural contexts in Kenya. The use of self-reported data also introduced the possibility of response bias, as participants may have overstated positive practices or understated internal conflicts. In addition, the descriptive design did not explore causal relationships or subgroup differences such as age, education level, or income variations within the SHGs. Despite these limitations, the triangulation of quantitative and qualitative data enhanced the credibility of the findings and offered a reliable snapshot of SHG dynamics in Viwandani.

Future Research

Future studies should consider comparative analyses between informal and rural SHGs to explore how different environments shape sustainability factors. Longitudinal research could also be used to track SHG performance over time and identify predictors of long-term survival. In addition, researchers may apply inferential statistical models or mixed comparative designs to examine causal relationships between leadership style, governance systems, and sustainability outcomes. There is also room to investigate how digital tools, mobile money platforms, and market linkages can enhance resilience and financial growth among SHGs in low-resource settings.

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