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Financial Inclusion for Workers: Including a Gender Lens

Findings from HERfinance Kenya

About This Brief

There has been a proliferation of innovative financial inclusion initiatives in East Africa in the last decade, often targeted at women. To date, very few of these have focused on women in the workforce. As more companies seek to introduce financial inclusion programs for workers in their supply chains, there is a need to understand the role that local gender norms and dynamics have on the effectiveness of financial inclusion.

This brief aims to shed light on the importance of integrating a gender lens into financial inclusion programs and to provide practical recommendations on how to do so. It looks specifically at women and men employed by large scale farms in Kenya’s flower and tea sectors, drawing on findings from a scoping study conducted as part of the expansion to Kenya of HERfinance—a financial inclusion program for low-income workers in global supply chains. HERfinance is a pillar of HERproject, the leading workplace-based program empowering women in global supply chains.

We hope that these recommendations will be useful for HERproject as well as for other financial inclusion programs targeting low-income workers.

The brief is based on qualitative research conducted in several tea plantations and flower farms in Kenya. The results are therefore preliminary and non-exhaustive, and are intended to facilitate discussion and debate.

The brief is part of a wider partnership between IDH, The Sustainable Trade Initiative and BSR’s HERproject to promote business action on gender equality and women’s empowerment across different sectors where both organizations operate. Upon launching HERfinance in Kenya in 2018, BSR discussed the topic with IDH and its partners for its tea program, and the idea of focusing more closely on the link between financial literacy and gender issues, including gender-based violence (GBV), was born.

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Introduction

Financial inclusion is an essential tool for escaping poverty. Knowledge of, access to, and control over appropriate financial products and services can help families build resilience to shocks, invest in the future, and improve health and well-being. Women are most likely to be financially excluded but have arguably the most to gain from financial inclusion.

There has been significant progress in expanding access to financial inclusion. Between 2014 and 2017, the share of adults who had an account with a financial institution or through a mobile money service rose globally from 62 to 69 percent. In developing economies, the share rose from 54 percent to 63 percent.[1]

However, an estimated 1.7 billion working-age adults—more than half of the world's total adult population—still do not have an account at a formal financial institution. Women in the developing world are disproportionately excluded from the financial system: They are nine percentage points less likely than men to have a bank account.[2]

Women have been the focus of many financial inclusion initiatives, in part because of gender gaps in account ownership and use of services. Financial inclusion not only helps women keep their finances safe and private; it is also a pathway for women to advance economically. In addition, research shows that when women have greater control over household investments, they spend more on children's health and education, with positive effects on family well-being and economic growth.[3]

Even when women are financially included, they are often not empowered to make financial decisions.[4] Research in various geographies shows that gendered social norms and power relations have a significant effect on how women and men access and use financial products, and on their respective influence in financial decision-making. Fixed gender roles and inequitable power relations between men and women often constrain a woman's ability to decide how to allocate her income and to fully benefit from financial inclusion programs.[5]

[1] https://globalfindex.worldbank.org

[2] https://globalfindex.worldbank.org

[3] https://siteresources.worldbank.org/INTWDR2012/Resources/7778105-1299699968583/7786210-1315936222006/Complete-Report.pdf

[4] https://www.gsma.com/mobileeconomy/wp-content/uploads/2018/05/The-Mobile-Economy-2018.pdf

[5] https://www.care.org/sites/default/files/documents/2012-Mind-the-Gap.pdf

To date, very little of this research has explored how these dynamics play out in financial inclusion programs targeting workers. As more companies see the value of expanding access to finance and financial literacy for low-income workers in their supply chains, there is a need to better understand how gender dynamics affect the outcomes of financial inclusion programs.

Key Definitions

Financial inclusion: seeks to ensure that all households and businesses, regardless of income level, have access to and can effectively use the appropriate financial services they need to improve their lives (CGAP). The World Bank Findex uses ownership of an account in a formal financial institution as the primary indicator to measure financial inclusion.

Financial literacy: financial awareness and knowledge, including of financial products, institutions, and concepts; financial skills, such as the ability to calculate compound interest payments; and financial capability more generally, in terms of money management and financial planning. https://openknowledge.worldbank.org/bitstream/handle/10986/9322/WPS6107.pdf?sequence=1&isAllowed=y

Financial wellbeing: being and feeling financially healthy and secure, today and for the future. https://wealth.barclays.com/global-stock-and-rewards/en_gb/home/research-centre/financial-wellbeing.html

Kenya has achieved remarkable levels of financial inclusion, thanks in large part to the widespread adoption of mobile money. Today, over half of the adult Kenyan population is using the country's most popular mobile money payment system, M-PESA, at least once a month, making Kenya the most mature mobile money market in the world.[6]

The Kenyan tea and flower industries are the two largest agricultural industries and employers in the country.[7] Production happens on large farms (flowers) or plantations (tea), which provide mostly unskilled jobs to workers.[8] Although the sectors have much in common in terms of work environment, the composition of the workforce is different: The gender distribution in tea is relatively equal, while in flowers it is estimated that around 70 percent are female. In the tea industry, workers live on plantations with their families, while flower workers live off the farm in neighboring villages.

IDH began working on gender in the tea industry in 2012 and has worked on gender in flowers since 2014 through interventions with partners. Despite the differences between the sectors, IDH has found that gender issues in the sectors are similar. Issues in both sectors revolve around relatively low female leadership and empowerment, gender policies, and workplace safety, including the occurrence of GBV.[9] Tea workers and managers perceive household finances and economic dependency as one of the

[6] https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/02/Connected-Women-Women-and-Mobile-Money-Insights-from-Kenya-Nov15.pdf

[7] https://www.knbs.or.ke/download/economic-survey-2018/

[8] Besides this, in tea, around 60% of the Kenyan production is done by smallholder farmers, which are not included in this study.

[9] https://www.idhsustainabletrade.com/idh4gender/

causes of GBV. Given this, IDH and BSR decided to further explore the potential interplay between financial decision-making and gender dynamics.

Purpose and Methodology

This brief seeks to provide practical advice on how to integrate a gender lens into financial inclusion programs designed for low-income workers. It is based on a scoping study for the expansion of the HERfinance program to Kenya that was conducted between February and June 2018. The study assessed the financial knowledge, capabilities, and confidence of workers in the tea and flower sectors, and the gaps in their access to financial services.

Given the existing research mentioned above on the role of gender dynamics and norms on women's economic empowerment, the study also included questions about women's perceived role in household financial decision-making.

Using the findings of the scoping study, BSR adapted the content of the HERfinance program to the local context and the specificities of the tea and flower sectors in Kenya for the program's launch in August 2018.

The research was conducted through a combination of in-depth interviews (IDI) and focus group discussions (FGD) with workers, supervisors, and managers in tea estates and on flower farms over two weeks in March 2018. A total of 81 people (44 women and 37 men, including workers, supervisors, and management) participated in the study in five workplace sites. In addition, we interviewed a gender expert from Women's Empowerment Link, a local non-governmental organization.

Given the research limitations, including the small sample size and qualitative interview approach, the findings are not exhaustive or conclusive. They are intended to offer insights into wider trends and issues for consideration in financial inclusion programs focused on workers.

Worker demographics

In tea estates, most workers in the study—both women and men—were above 35 years old, married with children, and had attained only primary education. Several workers in the study reported that they were approaching retirement age.

In flower farms, workers were younger—34 years old on average—and often had younger children, aged 5-10. Workers in flower farms were more likely to have attained secondary education.

Although the majority of workers in both tea and flowers reported being married with more than one child, in some cases workers were single or lived away from their families. Some male workers were living alone and remitting money to their wives, who were living separately in home villages. In one tea estate, half the women reported being either single or separated and raising children on their single income. Some of these women reported leaving their partners because of domestic violence or lack of support. Only a small minority of workers across flowers and tea were single with no children.

The following table presents the number of workers interviewed at the five sites where the scoping study was conducted.

	Tea		Flowers		Total	
	Women	Men	Women	Men	Women	Men
Number of workers interviewed	18	8	15	19	33	27
Number of supervisors and managers interviewed	8	7	3	3	11	10

HERproject and HERfinance

BSR's HERproject™ is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject™ drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality.

Since its inception in 2007, HERproject™ has worked in more than 800 workplaces across 14 countries and has increased the well-being, confidence, and economic potential of more than 800,000 women. HERfinance is a pillar of HERproject that works to expand financial inclusion of both male and female low-income workers in global supply chains.

HERproject has been active in Kenya since 2012, and HERfinance launched in Kenya in 2018.

IDH and the Gender Empowerment Platform

IDH, The Sustainable Trade Initiative convenes companies, governments, financiers and others in public-private partnerships. IDH works in 12 agricultural sectors and 12 landscapes in over 50 countries to achieve scalable impact on the Sustainable Development Goals. Gender is a key impact theme in IDH’s 2016-2020 Strategic Plan, in which we set out to embed gender equality into our transformation strategy.

In 2017, IDH formally launched the Gender Empowerment Platform, which works to address gender issues and GBV in the Kenyan tea industry. This is done through developing a practical roadmap for plantation companies, sharing best practices, and driving a joint agenda on safe spaces beyond plantations. Under the platform umbrella, field-level projects are being implemented in the tea value chain with support from IDH. Since 2018, a HERfinance project on financial literacy in tea is being implemented with one of the platform members.

IDH and BSR’s HERproject have worked together to address gender in supply chains since 2014.

Barriers to Realizing the Potential of Women's Financial Inclusion

Financial inclusion contributes to families' ability to advance economically and plan for the future. For this to happen, women must be full and active users of financial products and services. This means that women must have both access to resources *and* agency to make decisions over how resources are used, free of violence, retribution, or fear.

The HERfinance scoping study revealed that although all the workers interviewed were financially included in the sense that they were already paid in a formal bank account, gendered norms and unequal power relations shaped and limited women workers' ability to fully leverage financial products and services and take control of their finances. The study also revealed that although women's greater economic participation outside the home is shifting household gender roles, traditional gender norms are much slower to change.

WORKERS ARE UNDER FINANCIAL STRESS

Interviews revealed that money is a constant source of stress for both women and men workers. Only a small number of workers said they were able to save money at the end of the month. Some women reported that they had to resort to alternative sources of income, including prostitution, to make ends meet. Some men felt under pressure to provide for their families as the primary breadwinner in the household.

Beyond low wages, workers also face significant fluctuations in income, particularly on tea plantations. While workers on flower farms are paid a steady income independent of their daily output, workers on tea plantations are paid by the kilogram picked. This means that workers on tea plantations are paid according to the amount that they pick, which can be low if they are unable to pick the target amount. Older women in particular raised concerns about being unable to meet targets because they could not carry as much weight as younger workers and therefore picked less. The unpredictable nature of their income drove some workers we interviewed to take on debt or additional work to cover daily expenses.

In addition, many workers are hired on temporary contracts that cannot be extended beyond three months. Such contracts generate financial instability and may prevent workers from claiming employment benefits (sick pay, maternity leave, paternity leave, and paid annual holiday).

This financial stress has various consequences for workers. It constrains the ability to make choices, leading families to make trade-offs that can have an impact on individual and family wellbeing. It is also a key source of tension in the household. Women reported frequent arguments related to money (or lack thereof) and its allocation, sometimes resulting in physical violence. (Although men may also suffer violence, there was no indication of this from the scoping study.)

> “There is no joy when there is money because of the quarrels and fights over how to use the money.”—Woman worker at a tea estate

Implications for programming: Low and fluctuating wages are an industry-wide issue and cannot be addressed by financial literacy alone. However, by helping workers to improve their saving, spending, and debt management behaviors, financial inclusion programs can reduce the level of financial stress experienced by workers. Financial inclusion programming should also proactively identify and mitigate risks of GBV as part of the program design.

LIMITED UNDERSTANDING OF HOW TO USE FINANCIAL PRODUCTS

The workplaces in which the research was conducted require workers to have a bank account for salary disbursement. Although all workers included in the study owned a bank account, they often preferred to use community-based mechanisms such as Savings and Credit Societies (Saccos) and informal Chamas savings schemes. They also lacked knowledge of how to manage finances at the individual and household levels. Very few were planning for future events or budgeting and saving in a consistent way. Many workers were also using informal savings schemes such as Chamas or were saving money in cash, which may add stress around the safety of savings. Finally, some workers highlighted their perceived vulnerability to frauds and scams, as a result of their limited knowledge of financial products and services.

The workers interviewed used multiple financial channels to cushion themselves from economic shocks, meet their everyday needs, and make investments. Workers lead complex financial lives and their use of financial services is not limited to withdrawing cash. Most workers interviewed had taken a loan, as well as different forms of credit from Chamas, Saccos, banks, or informal money lenders. Many explained that credit was necessary to balance income and expenses and to repay loans because their salaries were insufficient to cover their needs. In the flower sector, workers reported better ability to manage their loans, given the more stable nature of their income.

All interviewees expressed a clear desire to learn more about how to develop a savings plan, the difference between “good debt” and “bad debt”, and the advantages of different formal financial products such as savings versus current accounts. They were also keen to understand financial risks such as scams around mobile money. However, the needs varied depending on the age and demographics of the workers.

Implications for programming: Financial inclusion programs for workers should support workers in choosing the best financial products and services for them, including reviewing services such as bank accounts, mobile money payments, loans, and savings products, as well as informal mechanisms. Training should help workers evaluate the advantages and disadvantages of different options and avoid fraudulent schemes.

LACK OF EQUAL SAY IN FINANCIAL DECISIONS

The study indicated that social norms in Kenya dictate that men should ultimately take charge of large financial decisions and are not expected or obliged to consult female family members. The majority of women said that men make most of the household financial decisions, with only smaller, daily expenses delegated to women.

When probed on whether "financial decisions should be made jointly as a couple," women and men had different opinions. More women than men were supportive of the idea of making financial decisions jointly as a couple. They resisted the accepted norm that men have the last word in financial decisions. A few even said that large financial decisions should be made by women. A female supervisor at one flower farm said: *"The wife should make the final decision as she can plan well for the family."* Most men, on the other hand, stated that large expenses should always be decided by the man. For instance, a male worker at a flower farm said: "*Financial decisions should be made jointly as a couple. Large expenses should however solely be decided by the man."*

Implications for programming: Programs should highlight the benefits of couples working together to plan, save, and spend income to meet their financial objectives and plans. Joint decision-making based on equal say can lead to shared responsibility and reduced stress.

LIMITED COMMUNICATION AROUND HOUSEHOLD FINANCES

Most workers said they could decide what to do with their own salaries and none said that they were forced to hand over their salaries to their spouses. All workers interviewed in both tea and flower sectors also said they had a bank account under their own name and felt that they had sufficient privacy. However, both men and women in the study indicated that they often concealed their salaries and did not consult each other about spending decisions.

Many individuals, especially women, reported hiding money from their partners rather than discussing household spending together. Many did not reveal their salaries or took loans without consulting their spouses. Some women indicated that they wanted to spend money on family members without their husband's knowledge. Some also wanted to prevent their husbands from using the money to buy (for example) alcohol. Both men and women said they concealed finances when they felt their spouses would disagree with their choices.

One reason for secrecy was the fear that any discussion about finances could lead to arguments that sometimes resulted in physical violence. Some men participants said that women deserved to be beaten or corrected if they were being “disrespectful” by challenging their authority (in this case, regarding how money is spent). Because of this, some women said they preferred to let their husbands make final decisions to avoid confrontation. A female worker at one flower farm explained: *“The husband should make the final decision to make him feel happy.”* Other women said that they would have to “speak gently” to the man to try to convince him to make certain financial decisions.

“It’s better not to disclose my savings plan to my husband, as he would interfere with it.”—Woman worker at a flower farm

Implications for programming: Programs should emphasize the benefits of open communication in discussing finances. Assertive communications, negotiation, and practice talking about finances with the family are important for both women and men. Skills building on communication should be linked to the benefits of equitable relationships and preventing tension and violence.

GENDER NORMS SLOW TO CHANGE DESPITE WOMEN’S ECONOMIC PARTICIPATION

Traditionally in Kenya, as in many other countries, women are seen as responsible for domestic and care work, while men are considered the primary breadwinners. Although women in the tea and flower sectors are increasingly active in salaried employment outside of the household, gender norms around attitudes to financial decision-making remain slow to change. The scoping study found that even if women were working outside the home and sometimes the primary earner, this did not automatically translate into greater independence, a greater say in household financial decisions for women, or changes to men’s participation in the “traditionally female” domestic and care work.

All male respondents but one expressed feeling threatened by women’s participation in the workforce, and all were opposed to their spouses earning more than them. Some male respondents stated that wives who have an income are not respectful of their husbands, and that it was the man’s duty to be the primary breadwinner. A male worker in one flower farm said that “women shouldn’t make more money because they become ‘proud’.” Another said that women shouldn’t earn more than their husbands because they will move out of their matrimonial homes.

Some women said that male family members retaliated to any changes in household dynamics by refusing to help with household chores or to contribute to family budgets, with consequences for family spending on things like children’s health and education. A male worker said he was upset that his wife was making more money and decided to restrict her access to Chamas savings schemes, making it more difficult for her to accumulate more wealth.

The gender expert and managers consulted in the study confirmed that retaliation due to changes in household dynamics is common in Kenya. They explained that in some cases, when women started working or making more money, men disengaged financially (i.e. they would use their salary for individual pursuits) so that women were left alone to cover household expenses.

“When women start getting money, conflicts arise and families break.”—Male supervisor at a tea estate

Overall, women interviewed had different views from men when it came to whether women should be able to make more money than their husbands. For example, one woman said that both partners should work hard, and another said that *“whoever has a higher job position should earn more regardless of gender.”*

Most women felt that men and women should share responsibility for household chores; in contrast, most men felt that there was a clear division of responsibilities, with women responsible for the home and men for activities outside the home.

However, women’s views about gender roles were not uniform. Some women stated that the husband should be the main provider and that a woman’s priority should be unpaid care work. This is an example of women upholding unequal gender relations or power structures, even when such structures do not benefit them. For example, a woman supervisor at on flower farm stated that “*Women should spend more time on household chores as these are women’s duties.”*

Implications for programming: Programs should address underlying power dynamics in relationships by sensitizing men and women on gender equality, on the norms that determine acceptable roles for men and women, and on the benefits for both men and women of shifting norms to be more equitable. Programs should emphasize the gains from more equitable, healthier relationships between men and women.

“The man should have the final decision because he is the head of the house and the wife is under him.”—Male worker at a flower farm

POWER DYNAMICS AND INCIDENTS OF VIOLENCE IN HOUSEHOLDS

Interviews for the study revealed that verbal and physical violence against women—especially intimate partner violence (IPV)—is a common experience for women in their communities. This is in line with the rate of GBV in Kenya: Approximately 39 percent of all women and girls in Kenya aged 15 and above have experienced physical violence, of which IPV is the most common form.[10] Women and men interviewed for the study preferred to avoid discussing money allocation because it was contentious and sometimes led to fights. Women more often than men feared physical violence from their partners arising from arguments around money.

Many female tea pickers indicated that fear of violence prevented them from resisting any demands made by their husbands. Instead, they shouldered most of the household financial responsibilities, including paying school fees for their children. As mentioned above, both men and women described how household discussions about finances could sometimes result in violence (verbal and physical), mostly from men toward women. This violence is occurring in the context of low salaries and fluctuating income, as indicated earlier in this brief.

Both men and women interviewed for the study accepted the use of violence as common and sometimes justifiable.

The scoping study highlights how, as shifting gender roles increasingly come into conflict with patriarchal social norms, violence may result. For women to be fully financially empowered, it is important to address the power imbalances between men and women at the root of this violence.

> "When the husband wants to know the wife's savings and she refuses, it results in violence."—Women workers, flower farm

Implications for programming: In addition to integrating reflections on gender and power in financial inclusion training, programs should consider external support to prevent and address GBV. Steps may include promoting access to medical, legal, and counseling services; providing a plan if conflict arises; and raising awareness of the risks of GBV with workplace management.

[10] https://www.ngeckenya.org/Downloads/GBV%20Costing%20Study.pdf

Applying a Gender Lens to Financial Inclusion

These findings reinforce the importance of understanding gender dynamics in households and incorporating these dynamics into the design and implementation of programs to strengthen the financial inclusion of workers. This is important not only to realize the benefits of financial inclusion but to ensure that the programs do not have unintended negative consequences on women's health, safety, and family well-being.

Below are five recommendations for integrating a gender lens into financial inclusion programs. While originally intended for use in HERfinance Kenya, they have been adapted to have wider relevance to other financial inclusion programs focused on workers.

Recommendations for Financial Inclusion Programs

» **Make financial literacy a key component of programs:**
Programs should:
- Provide information on effective savings and budgeting processes, which can help reduce stress related to low and fluctuating wages.
- Provide advice on preventing high indebtedness among workers and support for those that are already in a vicious cycle of borrowing.
- Strengthen knowledge of the benefits of formal financial services over informal savings and of the fee structures associated with different options.
- Provide information on local financial services and products, with a focus on fee structure, interest-generating savings products, affordable loans, and common scams to avoid.

» **Engage men in the workplace and in the community:** Including men in programs from the beginning will not only strengthen men's knowledge and use of financial services but will improve communication around finances in households. By illustrating the benefits of women's economic participation and role in financial decision-making on household welfare, programs that include men can also help build more positive gender dynamics.

» **Support and encourage family budgeting and open communication:** An important part of this is explaining why open communication and collaboration around finances in households is important and how it can lead to better financial outcomes. On a practical level, programs can include tips and advice on how to jointly apply for a loan and how to budget to achieve common goals.

» **Include critical reflections on gender norms:** Programs should emphasize an understanding of the power imbalances and gender norms that influence financial decision-making. Programs should aim to help men understand the benefits of increased cooperation. Women and men can learn about the benefits of healthier, more equitable relationships and decision-making.

» **Offer strategies for managing difficult situations:** Program facilitators should be prepared to help women and men deal with conflict situations and resistance from male household members. This includes being able to answer questions such as: What if my spouse doesn't want to discuss a budget? What if me or my spouse don't want to disclose our salaries? What if my spouse is making financial decisions that are putting the family at risk? Program facilitators can help women build a plan for how to deal with conflict and can strengthen women's negotiating skills. Programs should also provide resources and support services for women suffering violence.

Recommendations for Companies

For companies with supply chains in developing countries, supporting financial inclusion is an important contribution. Below are recommendations for companies seeking to accelerate financial inclusion and women's economic empowerment.

» **Invest in financial inclusion programs:** Companies can work with partners to support financial inclusion programs that expand knowledge of, access to, and control over appropriate financial products and services.

» **Apply a gender lens:** Companies can work with local partners and experts to ensure that financial inclusion programs account for gender roles and household dynamics relating to financial decision-making.

» **Consider risks for participants:** Companies should work with implementing partners to consider the potential risks of program implementation. This includes taking steps to prevent and address GBV. Although financial inclusion programming may not aim specifically to address GBV, financial independence and decision-making is deeply rooted in gender norms, and programs on these topics may create heightened risks of GBV. Programs should consider and aim to remediate such risks and tensions.

About HERproject

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About IDH, The Sustainable Trade Initiative

IDH, The Sustainable Trade Initiative is an international organization that convenes, finances and manages large programs to accelerate transitions toward sustainability together with multinational and smaller companies, governments and civil society.

Headquartered in the Netherlands and funded by different governments and foundations, IDH delivers scalable, economically viable impact on the Sustainable Development Goals. IDH operates globally in 12 different industry sectors ranging from coffee and tea to cotton and soy, and encourages joint investment in innovative models to realize long-term solutions for environmentally and socially sustainable production and trade.