



Women in the business and finance landscape



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By Anzetse Were (M.Ec)



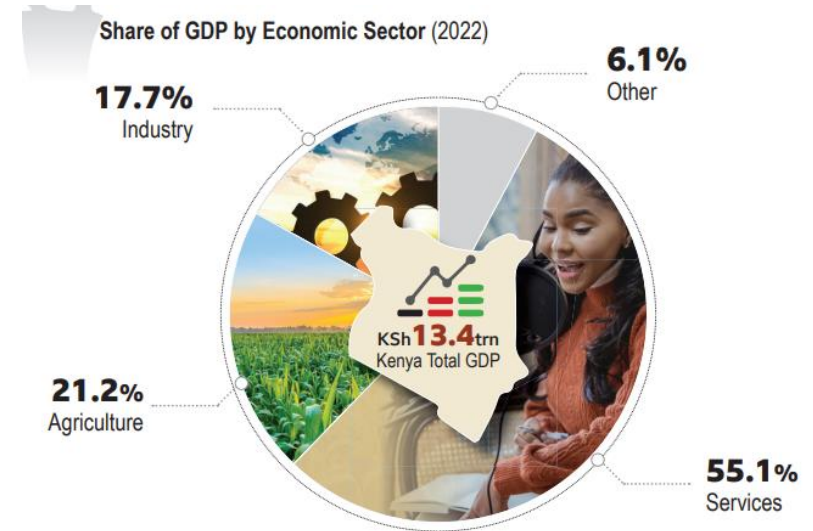


Outline

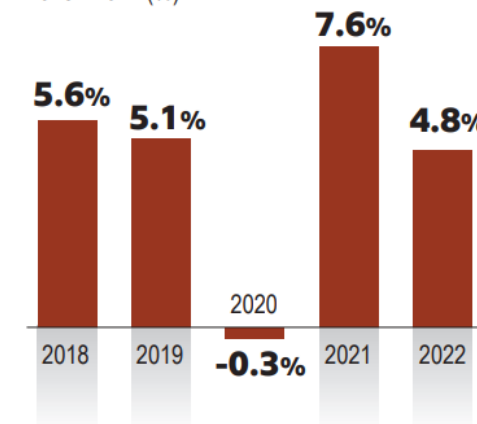
- Overview of the Kenyan Economy
- Status of women in financial inclusion
- Women in business
- Women and finance
- Outlook

Snapshot of the Kenyan Economy

- **2022 GDP:** Growth softened to 4.85% down from the 7.59% in 2021.
- Growth drivers:
 - Financial and insurance (12.8%)
 - ICT (9.9%)
 - Transportation (5.6%)
- **Agriculture:** Contracted by -1.6% due to drought.
- **Inflation rate:** 8.5% in H1'2023, compared to 6.3% in H1'2022, driven by high fuel and food prices.
- **Jobs:** Informal sector accounted for 83% of total employment (about 86% percent of total new jobs) in 2022.
- **Wage growth:** Real average earnings among formal wage employment have been on a downward trend post-2019, with a 12% and 6% decline in average earnings between 2019 and 2022 for formal public and private wage employment, respectively.



GDP Growth Rates
2018 - 2022 (%)



Source: KNBS, [Economic Survey 2023](#)



How women grow and stabilise economies

- Women's contributions to economic output and baseline economic welfare tend to be underestimated due to the *double injustice* of **unpaid care work** and **unpaid work**.
- Women's unpaid care work **subsidises the cost of care** that sustains families, supports economies and often fills in for the lack of social services. Globally, women and girls provide up to **90% of home care due to illness**.
- If women's unpaid care work were assigned a monetary value it would constitute between **10% and 39% of GDP** and can contribute **more to the economy** than the manufacturing, commerce or transportation sectors.

Source: Were, A., [How Women Grow and Stabilise Economies](#), OECD, 2022

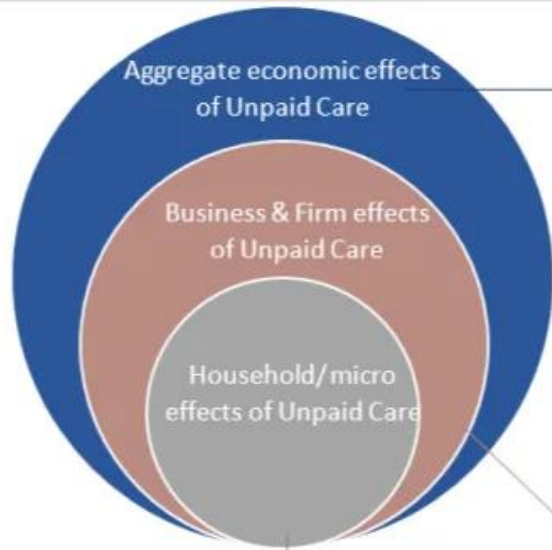


How women grow and stabilise economies

- Africa has the highest percentage of women entrepreneurs in the world according to AfDB; **25.9%** of women are in the process of starting or managing a business in sub-Saharan Africa.
- 2018, sub-Saharan African women held **24.3% of African company board seats** (and represented 24.5% of board chairs), compared with 27% on corporate boards worldwide.
- Women's participation in industry and services has increased since 2010, and in agriculture women constitute **40% of crop production** labour.
- Unpaid care work denies women economic rewards for their time, effort and skills, while compromising their career and business trajectories.
- In Africa, women spend **3.4 more time in unpaid care work than men** and women **work more hours than men** when unpaid care work and paid work are added together.
- Further, due to high fertility rates combined with women's high labour force participation rates, 85% of women in Africa are **employed and have care responsibilities**.

Source: Were, A., [How Women Grow and Stabilise Economies](#), OECD, 2022

How women grow and stabilise economies



Aggregate economic effects of Unpaid Care Work

- Understatement of the economic contributions of women.
- Women perceived as less economically efficient.
- Mental, emotional and time input linked to unpaid care disproportionately shouldered by women.
- Non-compensation care contributions of women's labour and related input of skill, time and energy.
- Women's' career and business trajectories interrupted by unpaid care responsibilities.
- Women expected to compromise business and career goals to meet unpaid care responsibilities.
- No economic power dividend earned by women for essential inputs into economic production and welfare despite women's unpaid labour bank-rolling societal welfare.

Sector & Firm effects of Unpaid Care Work

- Job quality penalty¹: Living with a child under 6 implies a loss of close to one hour of paid work per week for women and an increase in paid working time of 18 minutes per week for men.
- Unable to stay late for important meetings/ events; limited ability to travel for work/business; concerns about taking on additional work and extending working hours.
- Gender wage Gap²: In countries where women spend a large amount of time on unpaid care and there is a large gender gap in time spent, the gender gap in hourly wages is also higher.

Household/ micro effects of Unpaid Care Work

- Motherhood employment penalty¹: Marked increase in the amount of time dedicated by women to unpaid care work with the presence of young children in the household.
- Time, energy and skill linked to domestic tasks disproportionately fall on women.
- Interruptions of unpaid care on business and work activity mostly borne by women.
- Intellectual space and emotional labour linked to domestic responsibilities and childcare disproportionately fall on women.

Source: Were, A., [How Women Grow and Stabilise Economies](#), OECD, 2022

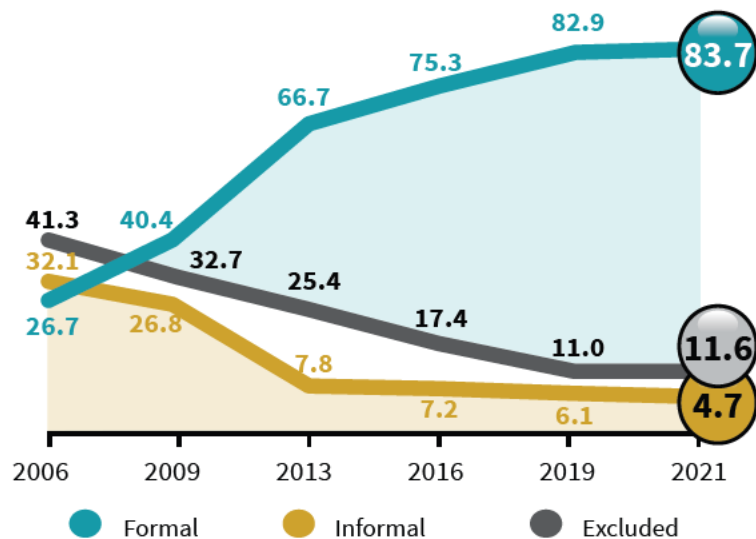
(c) Anzette Were

- Investing in the care economy implies global total public and private expenditure on care services of around **USD 18.4 trillion**.
- Formally recognising and investing in the 'unpaid care economy' could create **269 million additional jobs** in the care economy.

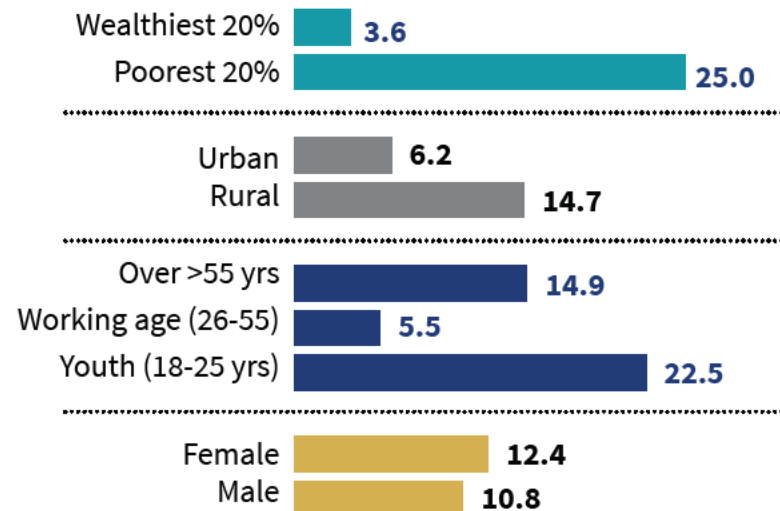
Status of women in financial inclusion

- Financial inclusion: Measures access to formal financial services.
- Formal access has risen marginally between 2019 and 2021 from 83% to 84%.
- Exclusion has also risen slightly from 11% to 12% in 2021. The highest levels of exclusion are among youth below 25 years, the poorest wealth groups and rural residents.

Overall Access 2006-2021 (%)

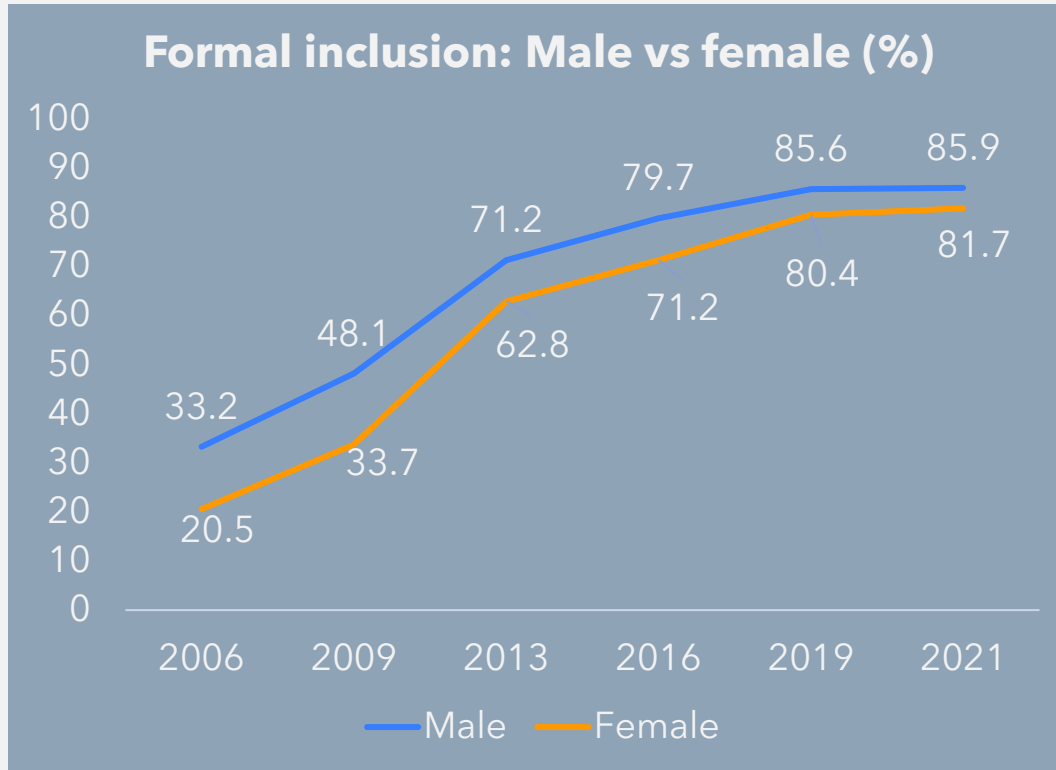


Financially excluded by demographic, 2021

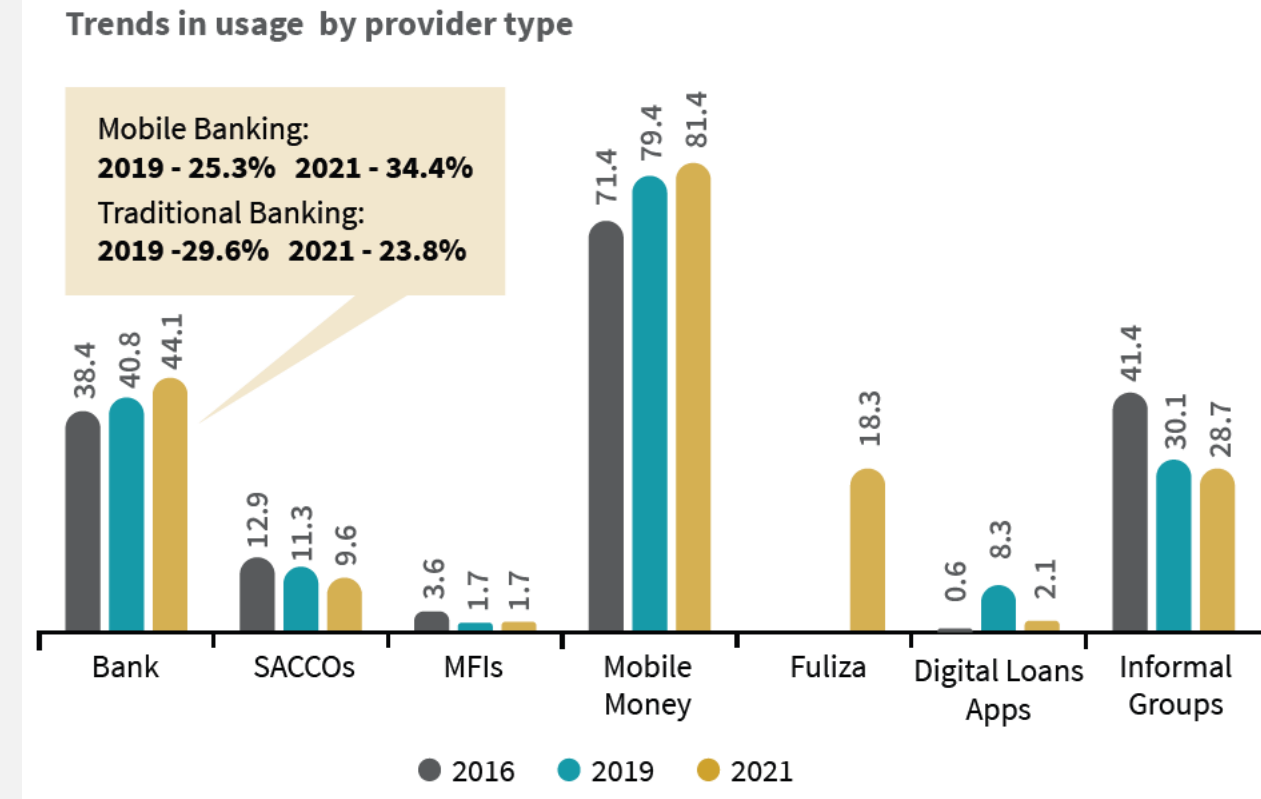


Source: [FinAccess 2021](#), KNBS, CBK, FSD Kenya

Status of women in financial inclusion



	2006	2009	2013	2016	2019	2021
Formal inclusion gender gap	12.7	14.4	8.4	8.5	5.2	4.2



Source: [FinAccess 2021](#), KNBS, CBK, FSD Kenya

Financial Health

The financial health index

Ability to manage day to day:

- never went without food during the last year
- doesn't have trouble making ends meet between income cycles
- has a plan/budget for allocating income and expenses

Ability to cope with risk:

- never went without medicine in the last year
- regularly kept money aside for emergencies
- can get hold of a lump sum within 3 days

Ability to invest in the future:

- using savings or credit to invest in productive assets
- education or old age; is using/plans to use savings
- pension or investment income to make ends meet in old age; has been regularly putting aside money for the future.

- **Financial inclusion:** Measures access to formal financial services.
- **Financial health:** Ability meet goals, manage risks and manage day to day.
- Financial inclusion continues to rise, the financial health has eroded rapidly since mid-2015.

Figure 11: Vulnerability indicators

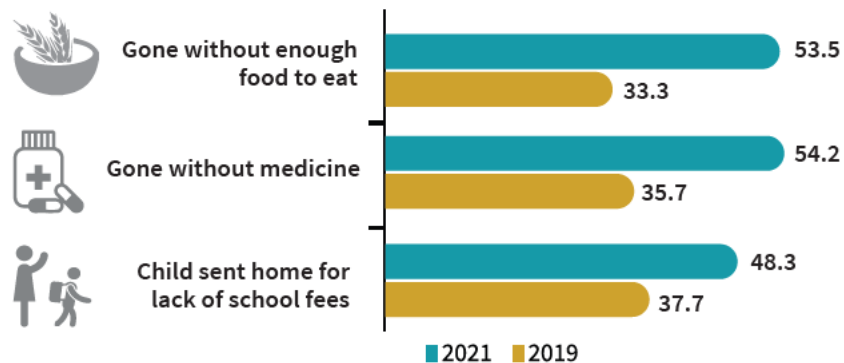
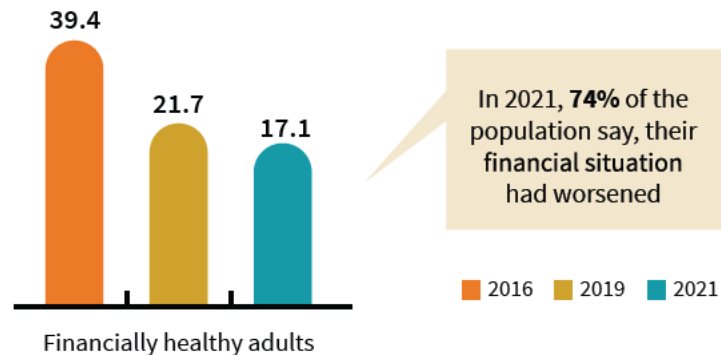


Figure 12: Financial health Index



Source: [FinAccess 2021](#), KNBS, CBK, FSD Kenya

Drivers of Financial Health Deterioration

- While the incidence of needs across the population did not change significantly between 2019 and 2021, the percentage of the population experiencing a shock nearly doubled.
- The main shock experienced was increased cost of living (54%).

Figure 10:

(a) Role of finance in meeting needs

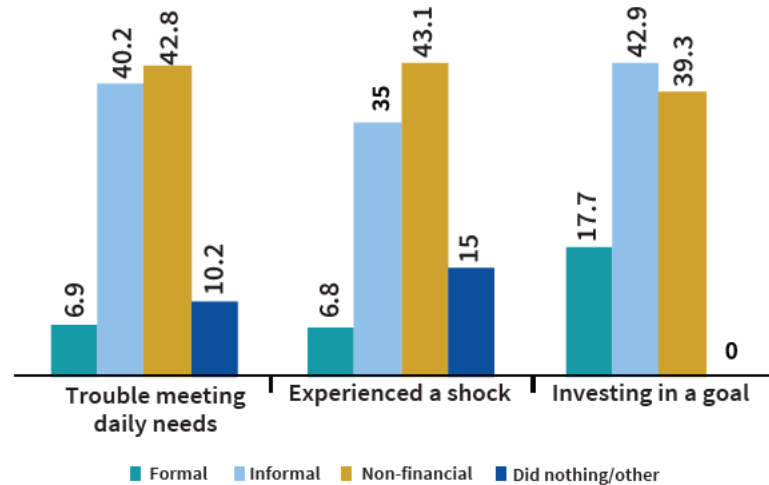


Figure 8:

Incidence of experiencing financial needs

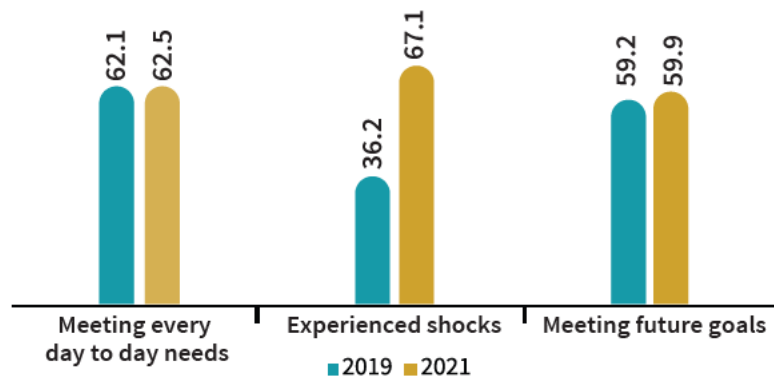
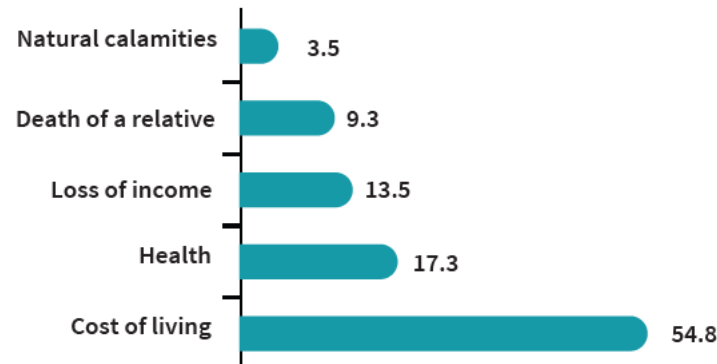


Figure 9:

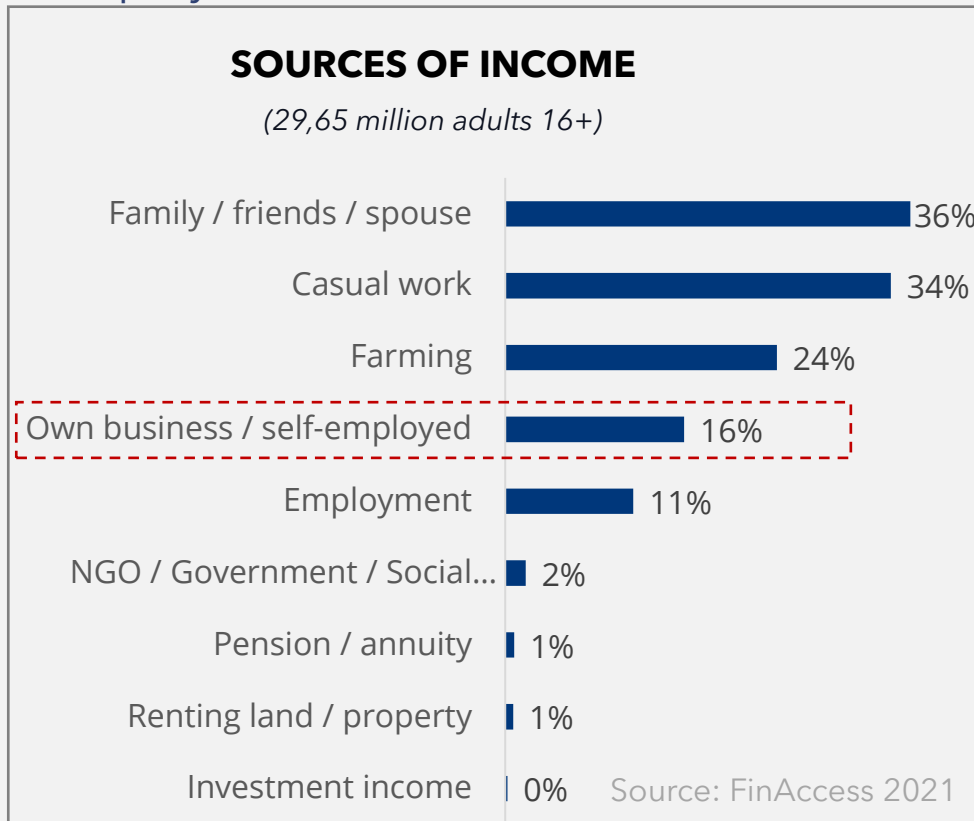
Main shocks experienced in 2021



Informal finance played a key role in meeting all financial needs alongside non-financial strategies such as finding more work and cutting back on expenses.

Informal Sector: Micro and Small Enterprise (MSE)

- **16% of adults** (4.71 million) earned some form of income from business activities / self-employment. (FinAccess 2021)
- For 13% (3.97 million) own business / self-employment is their main source of income.



Definition of MSEs

Micro enterprise; annual turnover is below **KSh 1 million** and meets any of the following criteria:

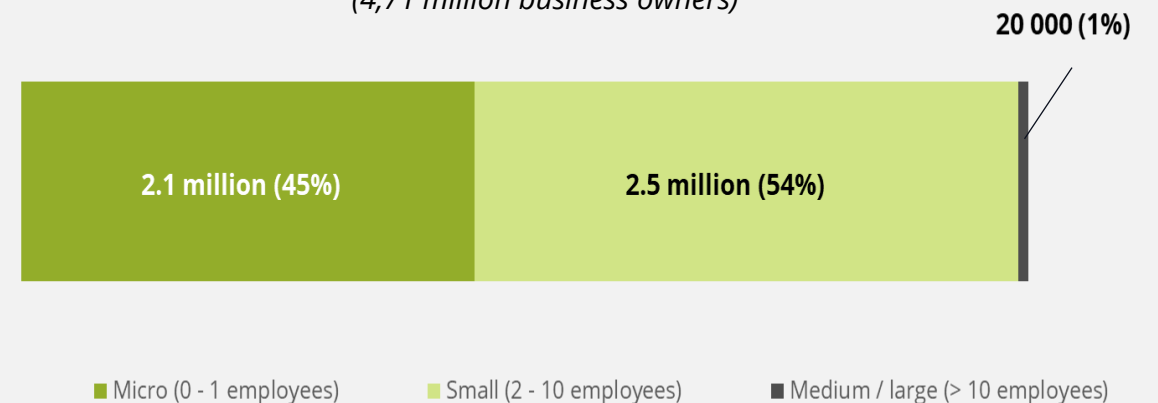
- Employs less than **10** people; or
- Has total assets as determined from time to time by the Cabinet Secretary (Responsible for matters relating to MSEs).

Small enterprise: annual turnover ranges between **KSh 1 million** and **KSh 5 million** and meets any of the following criteria;

- Employs between **10-50 people**;
- Has total assets as shall be determined from time to time by the Cabinet Secretary (Responsible for matters relating to MSEs)

SIZE OF BUSINESS

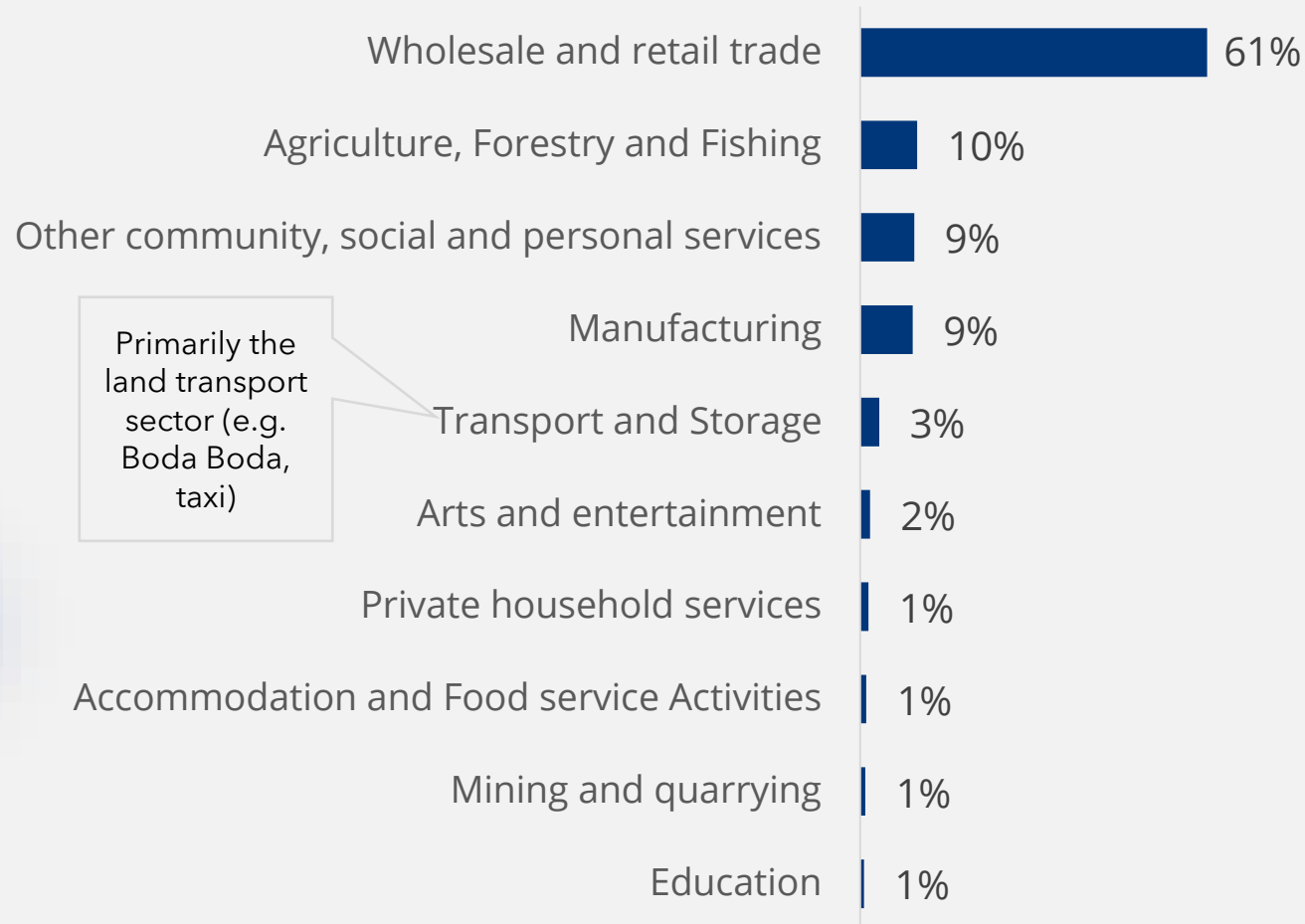
(4,71 million business owners)



MSE: Sectoral Breakdown

MAIN BUSINESS ACTIVITY

(4,71 million business owners)

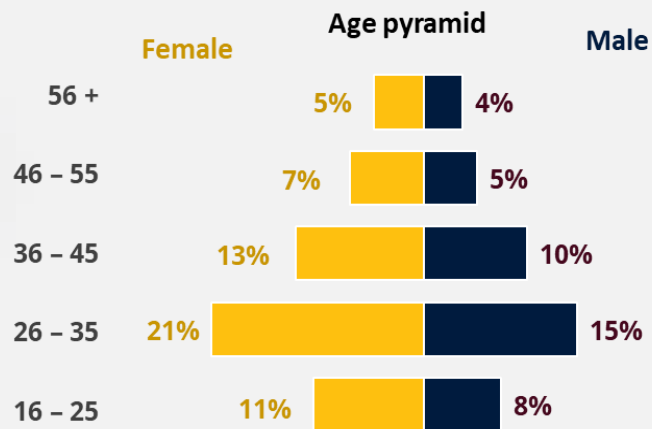
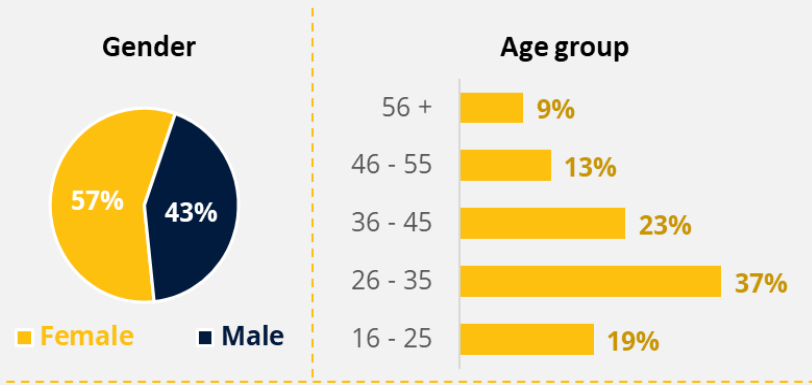


- The **wholesale and retail trade** sector still dominates business activity,
- The **agriculture** sector accounted for 10% of all business activity in 2021, up from 3% in 2018.
- The **transport and accommodation/food service** sectors decreased from 2018. The Covid-19 related lockdown and restrictions on trade is likely to have played a role in this.

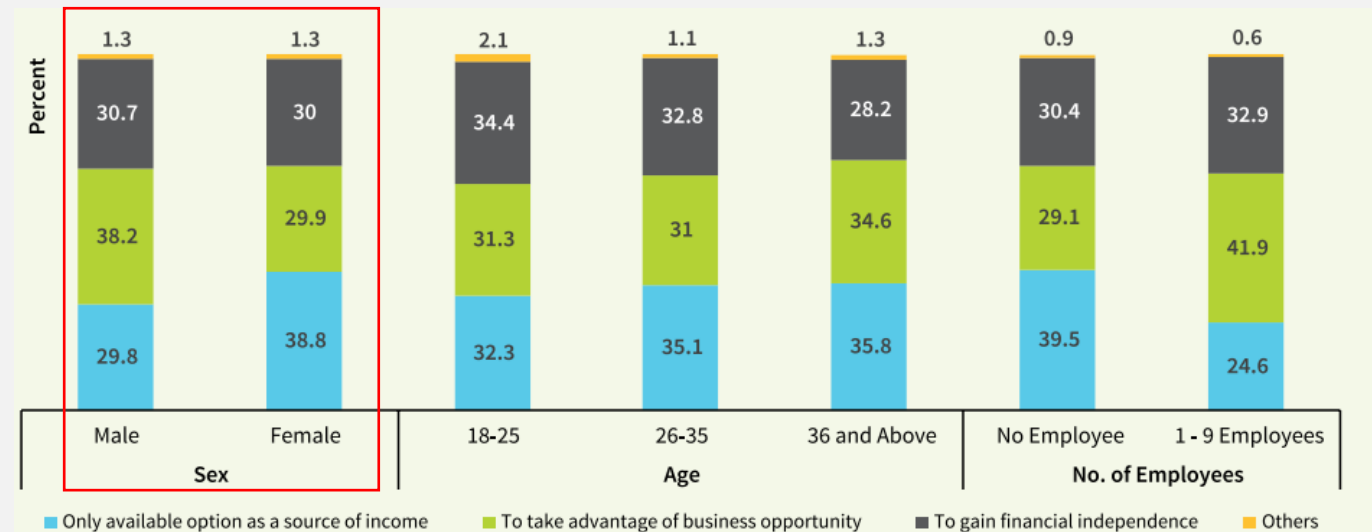
Source: FinAccess 2021

Women in Business

- Business ownership is **skewed towards females** and adults between the ages of **26 – 45 years old (60%)**.



Reasons for Starting a Business by Size, Sex and Age
(% adults 18+ business owners, MSE tracker 2023)



Source: [Micro and Small Enterprises \(MSEs\) Tracker Survey](#), KNBS, CBK, FSD Kenya, March 2023

Women in business: Formalization

- Formalization plays a critical role in helping enterprises gain legal status, establish credibility and access to finance/ credit.
- Out of the operational enterprises, **only 5 percent of female owned businesses** were formally registered while 10 percent of male owned businesses were formally registered.

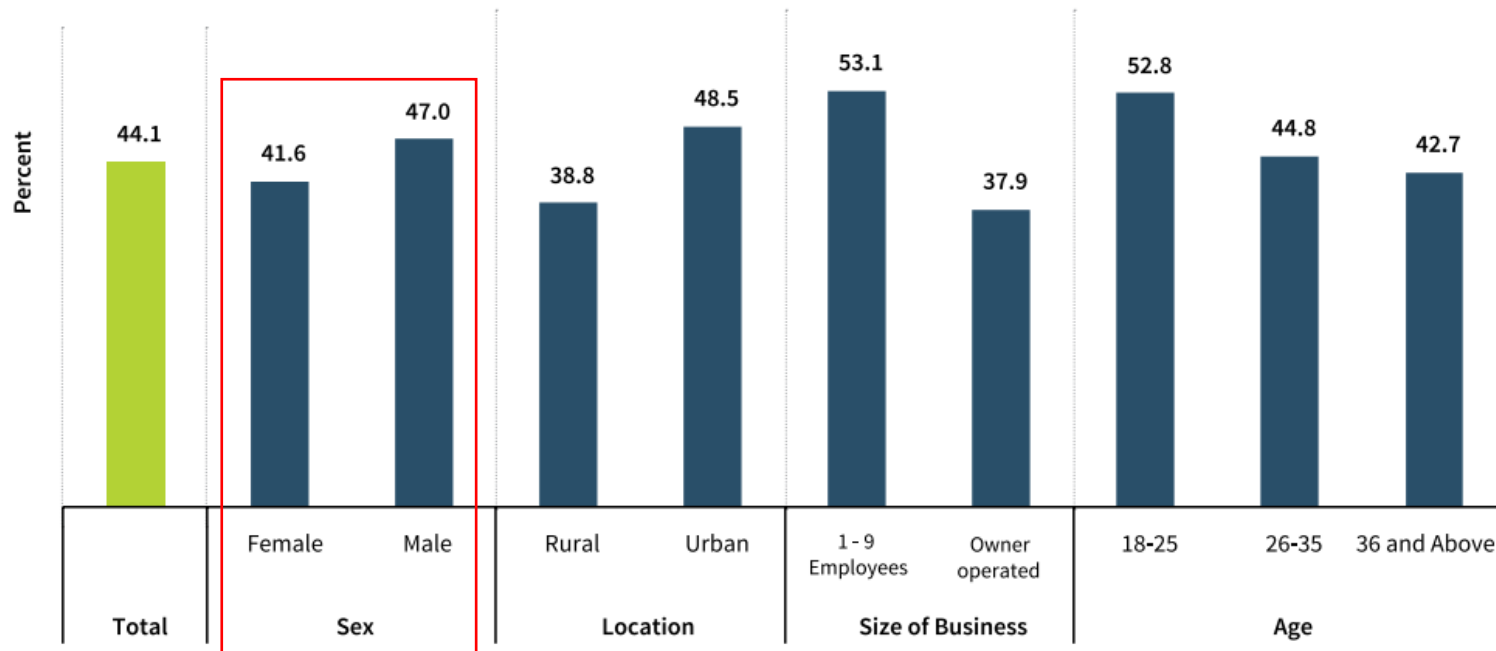


Source: [Micro and Small Enterprises \(MSEs\) Tracker Survey](#), KNBS, CBK, FSD Kenya, March 2023

Women in business: Digitalization

- Digitalization of business enterprises plays a critical role in improving operational efficiency and value-proposition opportunities coupled with quality decisions.
- Digitalization eases of access to business records which facilitates better information exchange for purposes of audit, tax assessment and credit scoring by financial institution.
- Digitization of payment was **higher for male-owned businesses** at 47 percent compared to 41.6 percent of women-owned enterprises.

Figure 3.2a. Digitization of Customer Payments by Businesses (% adults 18+ Business Owners, MSE Tracker 2023)

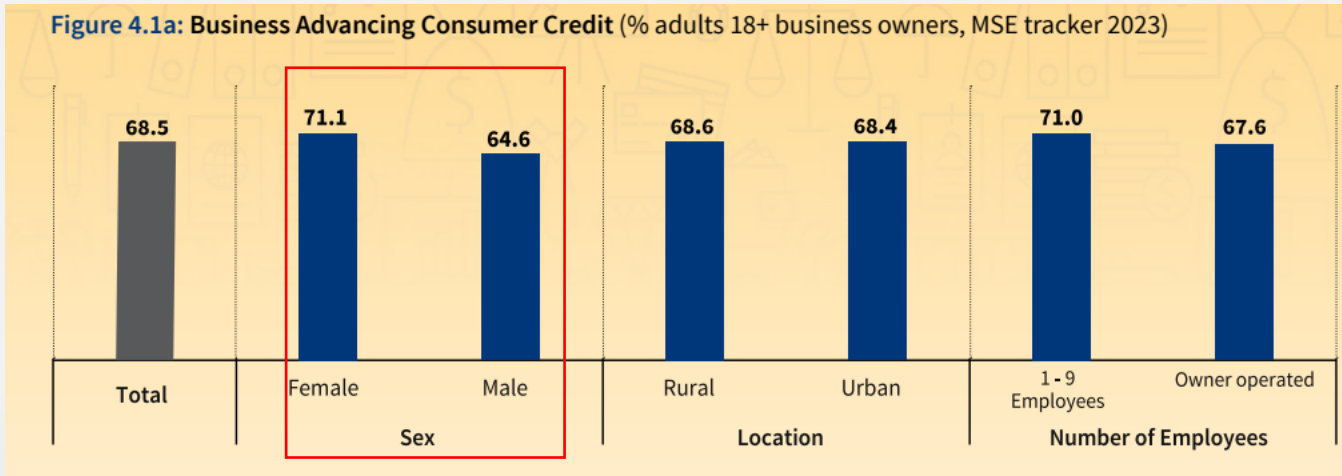


Digitalization: MSEs who accept payments from customers through digital channels, mobile money, till number, POS/PDQ, pesalink, bank transfer

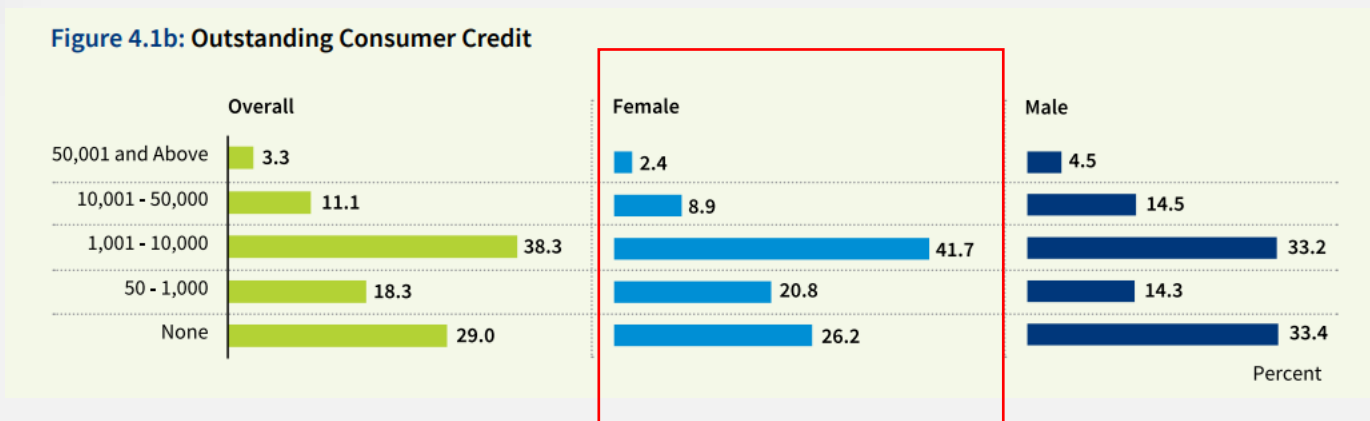
Source: [Micro and Small Enterprises \(MSEs\) Tracker Survey](#), KNBS, CBK, FSD Kenya, March 2023

Women and Finance: Offering Credit

- Consumer credit to customers is a useful tool in promoting growth of businesses. Businesses offer their products (goods and services) on credit to grow and retain their customers to increase sales.
- 68.5 percent of MSEs offered credit of goods/ services to their customers: 71.1% of female owned businesses offer credit of goods/services to customers; compared to 64.6% of male owned.

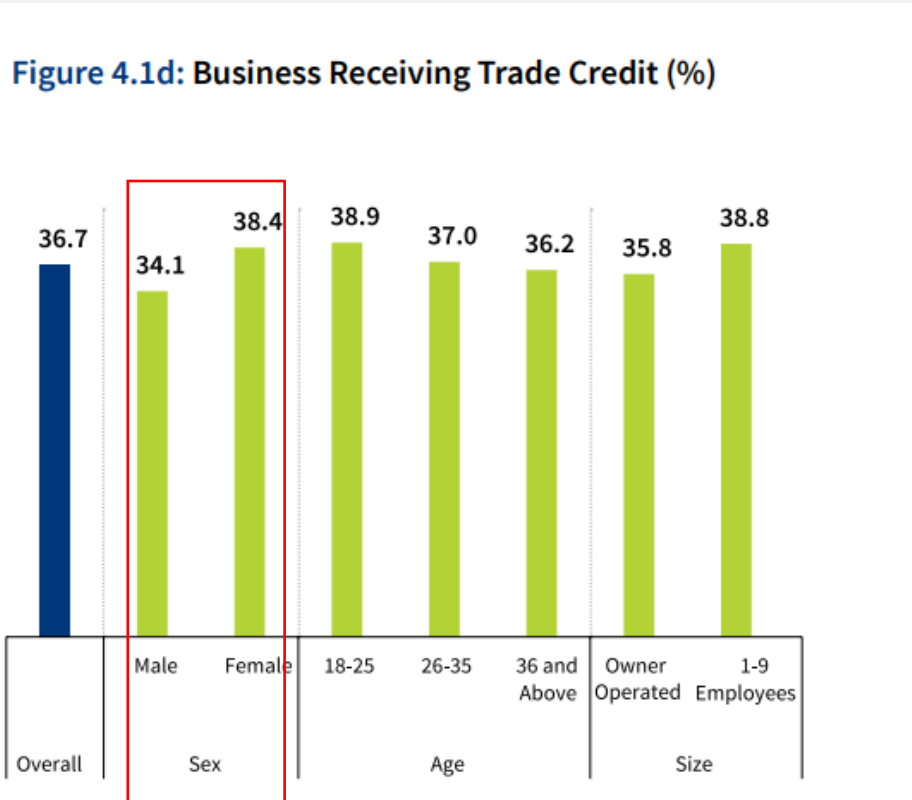


Source: [Micro and Small Enterprises \(MSEs\) Tracker Survey](#), KNBS, CBK, FSD Kenya, March 2023



Women and Finance: Trade Credit

- Access to trade credit from suppliers is a useful tool for financing business operation for micro enterprises.
- 36.7 percent of micro enterprises receive trade credit (goods or services on credit from suppliers). The proportion of female and male operated businesses that received goods/ services on credit from suppliers was 38.4 percent and 34.1 percent, respectively.



On aggregate, the inclination of MSEs in providing goods and services on credit without corresponding trade credit predisposes them to liquidity and stock shortages

Source: [Micro and Small Enterprises \(MSEs\) Tracker Survey](#), KNBS, CBK, FSD Kenya, March 2023

Women and Finance: Loans

Figure 4.2: Business Savings and Loans (%)

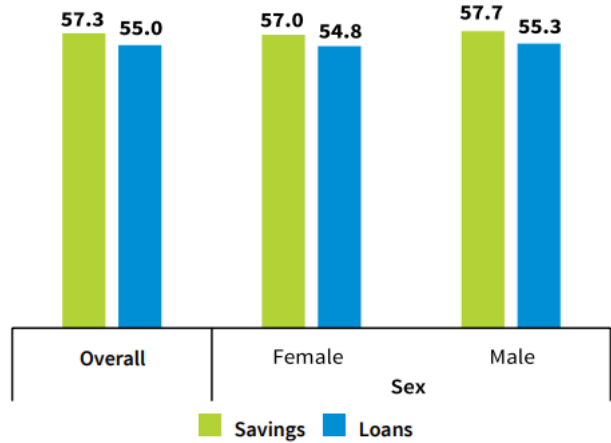


Figure 4.3: Sources of Loan for MSEs

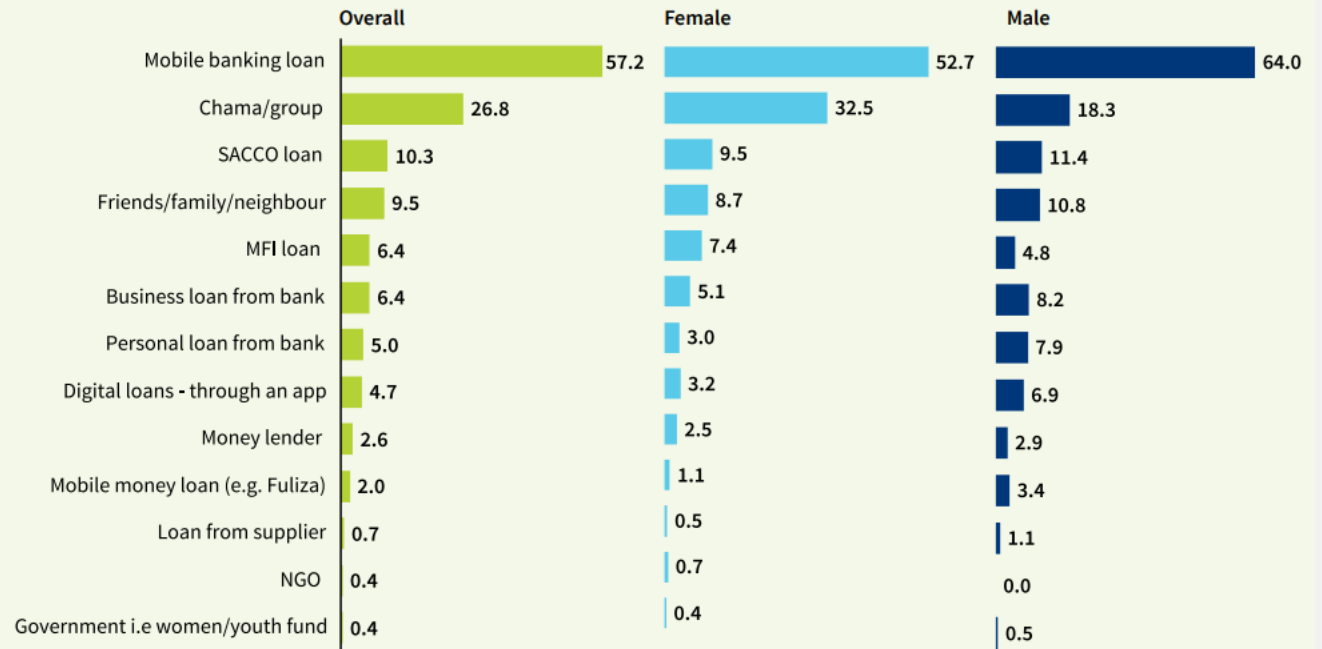
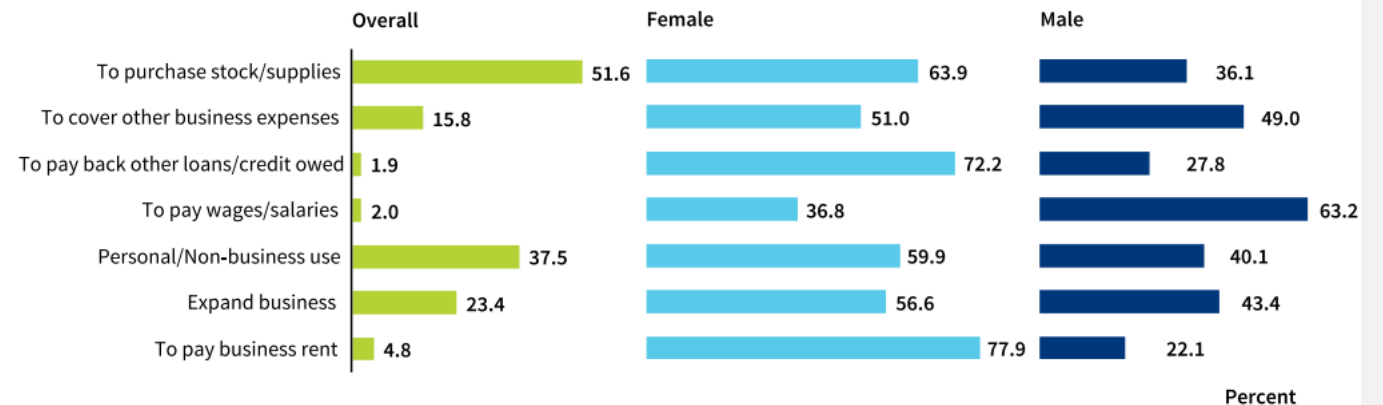
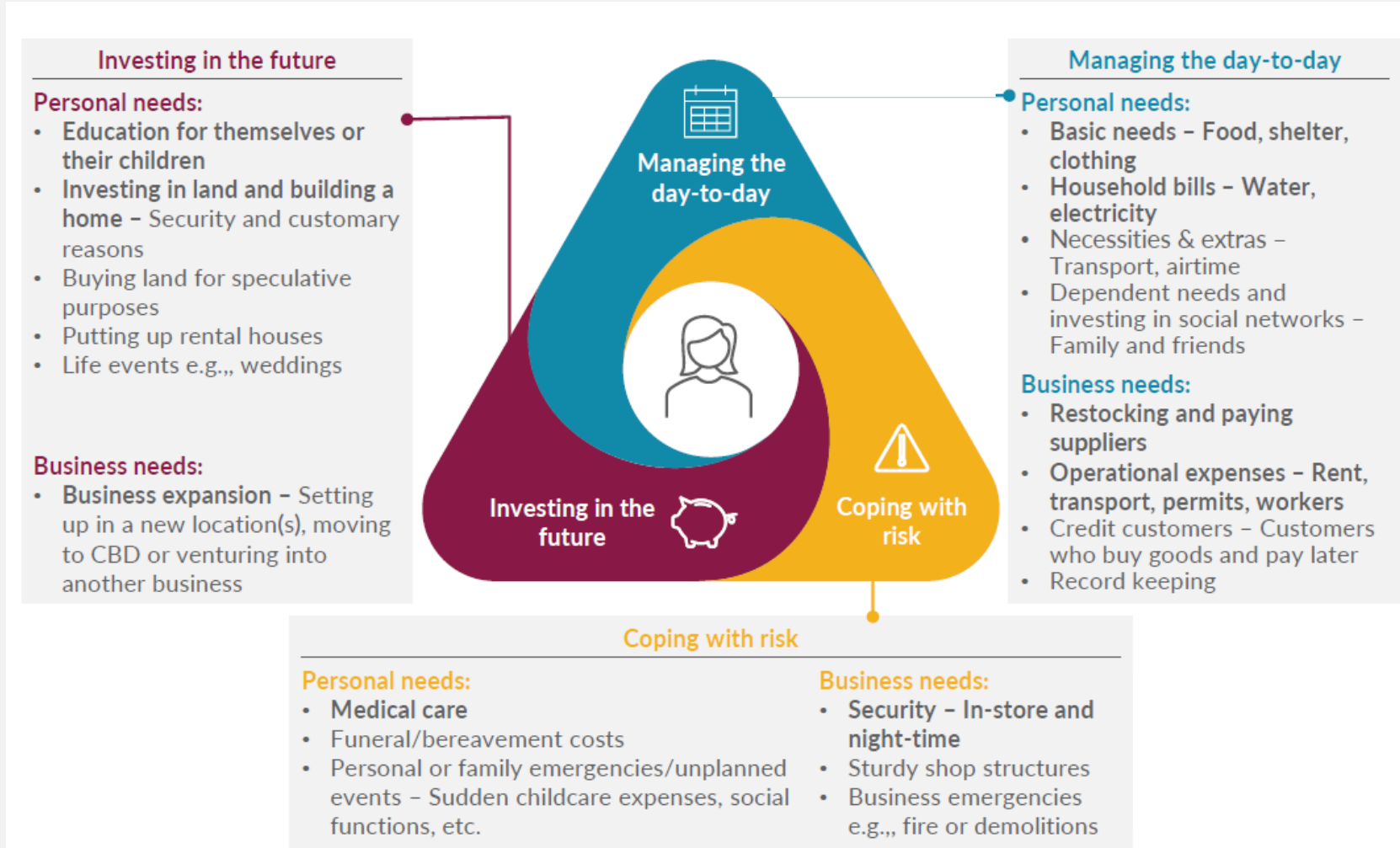


Figure 4.5: Reasons for Taking Credit by Male and Female



- MSEs access loans mainly from mobile banking and groups.
- MSEs experience a myriad of challenges including inconsistent cashflows arising from high cost of doing business which depletes their profitability and limited market linkages which limit their ability to grow their businesses.




Women and Finance: Financial Priorities



Source: [Gendered financial products and services for women in Kenya](#), FSD Kenya and Dalberg, 2021

Women and Finance: Financial Priorities

These financial needs can vary across the lifecycle of urban female retail traders

	Early-stage career 	Motherhood 	Later life 
Livelihood priorities	Starting their business, building social/financial credibility, and pursuing own education	Business growth, meeting family and dependent needs and paying for their childrens' education	Business expansion, planning for health or social protection and care needs
Financial behaviour	More risk seeking but with low financial resources; open to financial information and experimental	Highly risk averse with stretched financial resources; sticky with financial products and services	Risk-averse but open to different savings and social care products to diversify financial assets
Requirements of FSPs	Support in building (digital) financial records and lowering barriers to credit (e.g., alternative collateral)	Support with purpose-driven products aligned with family needs (e.g., education savings, education insurance)	Support in accessing more holistic financial services (e.g., bundled savings, credit and insurance offerings)

FSPs ought to tailor products with an awareness of these needs over the different life stages based on the shifting factors

Other differentiators of financial needs include:



Household dynamics

Household size and marital status can affect level of autonomy and dependency (e.g., women in family business can have lower autonomy)



Nature/type of business

Different business sectors have varying financial needs (e.g., perishable goods have higher inventory turnover)



Location of business

The location of a business can impact sales and operating costs (e.g., travel costs, trading permit/licence fees)

Useful links

- [How is finance supporting Kenyan businesses? Results from the 2023 FinAccess MSE Tracker Survey](#), FSD Kenya, March 2023
- [Gendered analyses of Kenya's health sector and health finance market](#), FSD Kenya, November 2022
- [How women stabilise and grow economies in Africa](#), Anzette Were, OECD Development Matters, October 2022
- [Gendered financial products in Kenya](#), FSD Kenya and Dalberg, October 2021
- [State of the Economy: Focus on women and education](#), FSD Kenya, March 2021
- [The sectoral and gendered impacts of COVID-19](#), Anzette Were, OECD Development Matters, February 2021

