Extractive masculinities: Bringing gender back into microfinance

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When Mohammed Yunus won the Nobel Peace Prize in 2006, he drew global attention to the potential benefits of lending small amounts of money to impoverished women in cooperative groups. His work in Bangladesh, in cooperation with the Bangladesh Rural Advancement Committee (BRAC), had lowered vulnerabilities for women in rural areas to a large extent, and appeared to be a promising method for addressing global poverty (2014). But Bangladesh's apparent success with microlending transformed our understanding of financial services for poor women worldwide by giving credence to a parable of female entrepreneurship leading to empowerment. This parable resonated with a wide audience across the world and across political spectrums. Furthermore, the idea that small loans were good for poor women transformed market-led development initiatives in banks, governments, and financial services startups. If we just gave poor women loans, the reasoning went, those capable, enterprising women will solve global poverty for us. For powerful financial institutions, the notion of microlending provided a "business case" through which to profitably access the unbanked "bottom billion" of the world's population (Roy 2012). By lending to women who were in relatively vulnerable positions in their communities, financial companies could count on attractive profit margins through a winning combination of high interest rates and reliable repayment. Over the past three decades, the largely charitable not-for-profit microcredit movement that began in Bangladesh has transformed into a profitable multibillion-dollar global financial industry, often integrated with state programs. In India, the commercial microfinance industry relies upon special regulatory arrangements with both state and national banking systems, a topic I explore in depth in my book.

Financial products targeting the poor have contradictory, and often adverse, effects on women borrowers, while disproportionately benefiting the financial institutions that are supposed to be "helping" them (Roy 2010; Mader 2015; Paprocki 2016; Karim 2011). But we still understand little about how for-profit microfinance works on the ground sociologically. How do the legal, institutional, financial, and political worlds of microfinance facilitate the constant supply of loans to working-class women? One particularly glaring lacuna is a thorough consideration of gender as a constitutive axis of power in the global microfinance industry. A substantial sociological literature informs us that gender significantly structures local and global institutions, workplaces, families, and financial flows (Roberts 2014; Pyle and Ward 2003; Acker 2004). Yet these insights have not yet been used to interpret microfinance, arguably the world's most pervasive development intervention.

In my research on India's multibillion-dollar microfinance industry, I center gender as a system of power operating at multiple scales and interlocking with other structures of difference, including caste, class, race, and geography. I show that the industry relies centrally on local and global constructions of gender inequality to function smoothly and remain profitable over time. In this essay, I draw from data collected for my new book, *Making Women Pay: Microfinance in Urban India* (2022), to illustrate how the Indian microfinance industry, through its connections with global and local cultural and economic flows, constructs extractive masculinities that allow privileged men to funnel economic value from caste- and class-disadvantaged women and make it look like selfless service.

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The gendered extraction of value

Despite the apparent focus on women, the existing literature on market-led development neglects *gender* as a constitutive system of power, focusing instead on a relatively narrow understanding of *women* (Kar 2018a;

Karim 2011; Paprocki 2016; Sanyal 2014). All these approaches focus primarily or exclusively on borrowers and local cultural conditions to explain how and why womanhood and femininity work in a way that is compatible with economic and social exploitation, with microfinance acting as a "treatment" that may make things worse or better. Other approaches to market-led development identify the financially-driven interests of elites and global capital flows as the source and the justification for exploitation. Ananya Roy's (2010) powerful account of "poverty capital," for example, identifies the interests of the World Bank, powerful global financial companies, and corporations as coalescing around microfinance initiatives around the world. Roy identifies how racialized images of resourceful Third World women legitimize the profit-oriented programs of a new kind of hegemonic development consensus.

Building upon these framings, I follow the work of feminist political economists and feminist scholars of work and organizations to argue that gender structures the entirety of global microfinance, from its implementation with clients to its organizational structures to its global financial infrastructure. In this paper, I focus this message further to highlight how masculinity, and in particular the masculine identities of elite men, come to legitimize the extraction of value from women of all class and caste backgrounds, and particularly women clients. My focus on gendered value extraction and its legitimization questions persistent ideas in many areas of sociology, economics, and world-systems theory that gender is something that belongs to the "local" and the "cultural" and is subordinated to the dynamics of capital in the context of the global system. I briefly highlight two interlocking sites for this analysis: the masculine culture of Indian microfinance institutions (MFIs), and the (largely unsuccessful) attempts by them to transform the subjectivities of women borrowers.

Methods

Between 2011 and 2016, I conducted interviews and ethnographic work primarily with two leading MFIs in southern India, which I call Kanchan and Sowbagya. At Kanchan, I focused primarily on optional training programs for clients. I attended training sessions, studied training materials extensively, and interviewed trainers, corporate staff overseeing the training program, and borrowers who had experienced the training alongside a loan from Kanchan. As a point of pedagogical interface between MFIs and clients, training programs are a particularly interesting site at which to understand the formation of gendered subjectivities.

In the slums of Bengaluru and Chennai, Sowbagya was Kanchan's biggest competitor. I found that clients were loyal to Sowbagya. Many women I met in urban neighborhoods saturated with microfinance had taken loans from them for years. I made contact with Sowbagya through their head office and received permission to study their lending operations. Eventually, I also had the opportunity to engage with their new training program, which ultimately became a competitor of sorts to Kanchan's, and thus enhanced my understanding of how MFI-produced training materials produced new gendered subjectivities. As a part of my work with Sowbagya, I observed client home visits by branch staff and interactions between clients and staff at branch offices, and I conducted interviews with clients and staff at multiple levels of the organization. I interviewed employees ranging from a newly recruited loan officer to the founder and CEO of the company. The bulk of my fieldwork in India with Sowbagya and Kanchan took place in 2011/2012 over the course of six months.

In 2016, enhanced with greater knowledge and contacts, I returned to Bengaluru and Chennai to interview C-suite level executives at several other competing MFIs. These interviews gave me a broader view of the industry as a whole, its history, key players, and the impact of the changing policy environment on the experiences of clients and staff alike. In all, I conducted 122 interviews at every level of the industry with seven different firms, in addition to the ethnographic work described above. For the larger project captured in my book, I also analyzed the policies of the Reserve Bank of India and conducted additional interviews with lenders on the peer-to-peer lending platform Kiva.org. These data sources historicized Indian microfinance while also providing a transnational perspective on the industry.

The masculine culture of Indian MFIs

Perhaps the first notable gendered power dynamic in microfinance is that between borrowers and those who control microfinance programs. Borrowers in India are over 96 percent women, while men make up 88 percent of microfinance staff (Sa-Dhan 2018). At the C-suite level of leadership, there are almost no women in the industry. Although there are women in the upper echelons of Indian banking, and there were several important women involved in creating and implementing programs in Indian microfinance, over time I found that most of those women were edged out of strategic leadership roles as the industry has become more corporate.

Several educated women leaders in NGOs offered holistic microfinance services to poor women in the 1990s and early 2000s, including Vinatha Reddy and Kalpana Sankar. By 2010, the companies that these women founded had become largely commercial financial service companies, and the leadership of these new companies was comprised exclusively of men.[1] Many women I interviewed at the corporate offices of MFIs operated within the charitable or corporate social responsibility functions of their companies, while the strategic work was consolidated in the hands of powerful men from privileged backgrounds in banking and technology. The monopolization of power by elite men, far from being questioned, was widely accepted and even praised. In my analysis of newspaper reporting on influential MFIs, I found that, with the exception of occasional scandals accusing MFIs of exploitative lending, most coverage of individual Indian MFI CEOs was positive, regarding them as benevolent, Gandhi-like figures who had given up more lucrative opportunities to serve the poor.[2]

The masculine culture of microfinance institutions was not just about the disjuncture between leaders and clients. Within MFIs, I found a stark gender division of labor in which few women had opportunities to advance. There are several types of workers in MFIs: field staff who work directly with clients in their neighborhoods, including loan officers, recruiters, and trainers; branch staff who work at MFI branches to handle the disbursement of loans and various branch services; back-end staff who process customer and staff data and keep the computerized banking infrastructure intact; and the corporate staff who work at the head offices of MFIs that often operate in several states or across the country. While there is a slightly higher proportion of women working in back-end and branch positions, there are few women working as field staff in MFIs. Working in the field was considered masculine work because it required mobility throughout the city or countryside and constant interaction with clients and their families. Overall, the most recent data show that only about 12 percent of all MFI staff were women (Sa-Dhan 2018).

While the working-class men I met found opportunities to advance within the industry, the women I met rarely advanced beyond its lowest rungs. One employer I spoke to even said that she preferred hiring men as trainers and fieldworkers because they were less likely to be stymied by childcare or other household responsibilities that most men do not agree to shoulder. Ritu, herself a financial analyst who had been compelled by family circumstances to curb her career while her children were young, openly said that she avoided hiring mothers. Ritu felt that the discourse of women's empowerment went too far, keeping her from giving good opportunities to men. "I know my boys [men employees] will never go on maternity leave. We have to accept that women do these things, however good the reasons may be, the fact is that they do it ... When an employer says, 'all things are equal,' I would rather have a guy, which is already happening from time immemorial ... No, I cannot practice gender equality, much as I would like to." The interplay of individual attitudes, organizational practices, and cultures of class and gender inequality made it almost impossible for working-class women wishing to work in the industry to stay in it for long.

In my study of the internal organization of MFIs, I found expressions of masculinity closely aligned with what Raewyn Connell has termed hegemonic masculinity, the "institutionalized pattern of masculinity in the milieu of corporate management [that] involves a focus on competitive achievement and a certain ruthlessness in achieving personal and corporate goals" (Connell 2013, 92). The focus on profit and growth by increasing interest rates and loan sizes, even to the detriment of clients, was legitimated through gendered extraction. The women clients being served were constructed as needy and grateful, while women workers were understood as benevolent but unreliable. Privileged men, on the other hand, were presumed to be service-oriented, even when their actions were exploitative. Working-class men, in contrast, enjoyed some level of mobility within organizations, a topic that I explore in detail in my book. Not only was financial value extracted from the bottom of the class and gender hierarchy to the top, but symbolic value was extracted too, as women's enactments of gratitude and neediness, and in other cases success, legitimate the organizations that bring them commercial financial services.

The MFI environment reproduced masculine cultures of finance found around the world, while articulating that environment in a locally relevant way. That successful articulation of gender and class has allowed MFIs to be profitable and run smoothly. But how did global understandings of women's empowerment, entrepreneurship, and poverty impact how Indian MFIs viewed their own clients?

Producing gendered subjectivities

My study centrally focused on training offered to women clients and in particular on a set of training sessions that a US-based MFI's branch office in Bengaluru translated and adapted for the Indian MFI partner Kanchan. Although culturally adapted in terms of dress, language, and in some cases cultural references, the training transmitted the same message to poor and working-class clients in India as it did in Latin America, where this training had circulated for over a decade: women should "manage" themselves and their time, identify as entrepreneurs, and start small, home-based businesses that could provide additional income for their families. I identify this constellation of imperatives as the ideology of *working motherhood*. The ideology of working motherhood shored up women's primary roles as care providers but also encouraged them to earn a wage at the bottom of the labor market, ideally combining waged work or entrepreneurship with caring for the family. This message was particularly strong in Kanchan's training, but I found a similar message in another training program I studied carried out through Sowbaya (Radhakrishnan 2018).

The women clients I observed responded ambivalently to messages that asked them to rethink their identities as mothers and women; the ideology of working motherhood failed to resonate with most, who aspired to stable jobs outside the home while still being able to care for their children. When the message of working motherhood did resonate, it was often among the most privileged clients, who were relatively more educated than their peers and had access to other forms of income and capital. These privileges allowed them to take entrepreneurial risks. The cultural adaptation and translation of empowerment ideologies, then, did not necessarily effectively funnel global understandings of empowerment to local women. Rather, when MFIs carried out the acts of cultural adaptation and then subsequent presentation to poor women clients, they were able to improve their own reputation and shore up their legitimacy, both to local and global audiences.

On one particularly hot afternoon outside a large city in Tamil Nadu, a Kanchan trainer screened a video to women clients featuring a dancer in classical Bharatanatyam regalia. Set to instrumental music, the dancer mimed the daily tasks of an Indian housewife, including sweeping, making beds, caring for children, and running a store. The dance, adapted from a story about a ballet dancer in the Latin American version of the same training program, was meant to model persistence in a culturally relevant way for clients. It was meant to inspire clients to consider the idea that they were capable of doing housework, caring for children, and earning income from an entrepreneurial venture. But most of the audience did not understand the mimetic language of Bharatanatyam, which is more popular among upper-class groups.

At the end of the film, Nandini, the trainer, asked the audience what the message of the film was. After a long silence, a woman in the group admitted, "we did not understand the film, madam. You must tell us what it meant." Nandini explained the message in detail, and the gathered women nodded along but did not seem convinced of the message, judging from the subsequent discussion. After the training, I asked the women attending whether they found it useful, and the responses were lukewarm. As Kamala, a construction worker, put it, "all this is not for me."

During this training session, men from the local branch office were circled just outside, watching the women watching the video. These men were involved with Kanchan's lending operations and were impressed simply by the existence of the film. Even my research assistant and I were part of the spectacle. The very fact of the training affirmed the company's commitment to corporate social responsibility, and allowed for photo ops of women clients receiving world class training in a culturally relevant mode. The actual relevance of the film to clients' lives, however, was never a point of concern in company-wide discussions with upper management that I participated in. On the contrary, leaders involved in implementing the training insisted on the relevance and importance of the training, often drawing upon globalized tropes of the capable, entrepreneurial Third World woman, even in the face of evidence to the contrary with their own clients.

The uneven implementation of training for microfinance clients further highlights both the centrality of gender and class-based extraction in making microfinance work smoothly. Poor and working-class women clients give up their precious time for training that is not designed with their specific interests and needs in mind. Yet, working-class women's own meanings for their lives are resilient, even in the face of pressure to conform to ideologies dictated by decontextualized, racialized understandings of Third World femininity.

Conclusion

Local and global understandings of masculinity and femininity play a central role in the smooth functioning of the commercial microfinance institutions I investigated in India. Although scholars have previously noted some of the exploitative aspects of microfinance, they have tended to ignore the structural aspects of gender and class that the everyday operations of loan disbursal and repayment rely upon. My research underscores the importance of constructions of gender in constituting and legitimating the exploitative character of India's commercial microfinance industry. Vulnerable women face a complex financial ecosystem in which they must manage the terms of many competing products and forge a viable livelihood. Within the context of few social, economic, or political entitlements, access to loans at high interest rates and restrictive terms may, for many, provide a lifeline through which women clients can access a greater level of economic stability for their families. As a result, women clients may appear grateful for the services of MFIs and feel indebted to the privileged men who run them, who are otherwise highly praised within Indian society for their service to the poor. Attention to gendered constructions and the legitimization of extractive masculinity allows us to better understand the inaccuracy of these constructions. Privileged men in MFIs enjoy disproportionate rewards that follow a corporate rather than a non-profit or state-provided service logic, even though they are, in effect, providing financial services that the government should be providing to all its citizens at a reasonable cost. In contrast, working-class women clients pay exorbitant interest rates despite timely repayment, attend training that is not designed to meet their needs, and perform gratitude through polite gestures of deference to social superiors without necessarily receiving any long-term benefit.

I have also shown, however, that the exploitative dynamic at the core of microfinance's social and economic functioning is limited when MFIs attempt to produce new gendered subjectivities among clients, fusing expectations for mothering with expectations to earn a wage or start a home-based business. Women gather to attend training aimed at their transformation, often adapted from globally circulating programs that make gendered and class-specific presumptions. But in doing so they do not necessarily alter their existing conceptions of their own needs and desires, which are as diverse as the clients themselves. Their ambivalence, politeness, and ultimate refusal to adopt a "working motherhood" ideology speaks to the limits of gendered extraction. MFIs can provide exploitative financial services that women are inclined to embrace in the face of few other pathways to upward mobility, but they are considerably less successful in forcing their clients to embrace and internalize global scripts of Third World women as saviors.

It is past time for scholars and policy-makers alike to acknowledge that microfinance as it functions today in many parts of the world is more like a capitalist industry than a benevolent force of market-driven development. Once we can acknowledge the chains that link microfinancial actors to one another, we can better uncover the dynamics of exploitation, both financial and reputational, that allow it to function, and craft interventions that limit gendered exploitation and instead promote gender and class equity.

Endnotes

1 In the formal banking sector, powerful women leaders such as Bindu Ananth and Usha Thorat continued to shape the policy environment, however. Women have long had unique opportunities for advancement within Indian banks and in the financial environment in India more broadly, though their presence has not been a challenge to the patriarchal corporate environment (Kar 2018b).

2 For some examples of articles that praise MFI leaders, even while admitting there are issues with MFIs, see Rajshekhar 2011; Bhargava 2018; Ray 2016.

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