

Bridging the gender gap in impact investing: empowering women decision makers

by Value for Women November 15, 2023

In the world of impact investing, where social and environmental outcomes are as crucial as financial returns, the need for diversity is undeniable. Yet, women remain significantly underrepresented in leadership positions across impact investing firms. Our research brief, “[Unlocking Capital for Women Decision Makers in Emerging Markets](#),” sheds light on this gender disparity, its far-reaching consequences, and the strategic steps that can lead to a transformative change in the realm of impact investing.

Diversity's Power in Impact Investing

Impact investing is all about generating positive change. The power of diversity lies in its ability to bring a multitude of perspectives and experiences to the table, ultimately driving innovation and more effective solutions to global challenges. Women, who comprise half of the world's population, bring unique insights and priorities that must be integral to the impact investment landscape.

The Gender Gap: A Missed Opportunity for Impact

Our research reveals a sobering reality: women account for just 11% of leadership roles in emerging market impact investing firms. This imbalance isn't merely about gender equity; it's about seizing a vast opportunity

for more impactful investments. Studies consistently demonstrate that diverse teams outperform homogeneous ones, and this holds true in impact investing. Gender diversity in leadership enhances the ability to assess, address, and profit from a wide range of social and environmental issues.

Investing in Women: A Catalyst for Change

Despite the noble intentions of impact investing, only a fraction of investments flow into women-led enterprises. Our research highlights that merely 7% of global PE and VC investments support women entrepreneurs. This is a missed opportunity not only to empower women but also to generate meaningful social and environmental impact.

Diverse fund managers, particularly women, have shown a proclivity for supporting start-ups with at least one woman founder. This creates a cycle of empowerment, where women investors attract and support women entrepreneurs, thus closing the funding gap. Moreover, start-ups backed by diverse teams tend to demonstrate equal success rates, dispelling unfounded stereotypes.

Women's Insights: A Nurturing Ground for Impact

In the world of impact investing, identifying opportunities for positive change is paramount. Women, who frequently occupy roles that expose them to the unique challenges and needs of marginalized communities, are better positioned to recognize and capitalize on these opportunities.

Warren Buffett's timeless advice to invest in what you know holds true. Women investors, with their deep understanding of gender-specific issues and access to diverse networks, can champion investments in sectors

like healthcare, education, and community development. These are areas where their insights and connections can make a substantial difference.

Overcoming Barriers: The Path to Transformative Change

Our research brief doesn't just uncover disparities; it provides a blueprint for action. To bridge the gender gap in impact investing, we must evolve from a mindset of "fixing women" to "fixing finance." This transformation is vital to dismantling systemic barriers and biases that hinder women's progress in impact investing.

From Insights to Action: Empowering Women in Impact Investing

Our findings translate into a series of recommendations for impact investors:

1. **Promote Diversity at All Levels:** Ensure diversity in leadership roles, from investment committees to fund managers. Encourage the inclusion of women in investment decisions.
2. **Expand Networks:** Cultivate relationships with organizations dedicated to promoting women in finance and impact investing. Broaden your talent pool and recruitment sources.
3. **Champion Inclusive Practices:** Create environments that support and promote women in impact investing. Establish mentorship programs, offer flexible work arrangements, and implement strategies to counter unconscious biases.

4. **Lead with Purpose:** As impact investors, you have the unique opportunity to drive societal change through your investments. Champion diversity and inclusion not just as a corporate social responsibility, but as a strategic imperative.

5. **Invest in Education:** Launch awareness campaigns and workshops that empower more women to enter the field of impact investing. Foster a culture of continuous learning and inclusion.

Pioneering Change in Impact Investing

Our research isn't just an exploration of disparities; it's a call to action. Impact investing, with its potential to transform societies and environments, can only reach its full potential when women have an equal seat at the table. By dismantling barriers and biases, we're revolutionising impact investing, shaping a more equitable, prosperous, and sustainable future for all.

Interested in partnering with Value for Women to drive gender equity and social inclusion?

[Contact Value for Women](#) to explore projects and collaborations that can make a lasting impact.

Together, we can create a more equitable and prosperous future for women around the world.

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