

# Investing in Women: Top Trends in Gender Lens Investing and Women-Owned Businesses



By: [Anna Veret](#), Associate

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Keeping up with this month's theme of environmental, social, and governance ("ESG") considerations, Pathstone's HerPath Committee would like to take this opportunity to touch on an important ESG topic—gender diversity and equality—specifically related to women in business and entrepreneurship.

In the discipline of ESG analysis, we have kept a close eye on gender diversity for some time now. And we have seen some important strides in the advancement of gender lens investing, defined by the Global Impact Investing Network (GIIN) as “a strategy or approach to investing that takes into consideration gender-based factors across the investment process to advance gender equality and better inform investment decisions.”<sup>1</sup> Although this is certainly a noticeable trend among Sustainable investors, there is still a long way to go. A recent *Sustainalytics* article notes that women represent half of the world's population and 39% of all labor force participation but just 5% of Fortune 500 Company CEOs. Also, 70% of women-owned small and medium enterprises do not have adequate access to financial services.<sup>2</sup> For example, women entrepreneurs represent less than 2% of all money invested by venture capitalists. This is despite the fact that there is evidence that women-led new businesses have a disproportionately positive impact on any economic recovery. (See Pathstone's [“Women Entrepreneurs: Foundational to Economic Recovery”](#) report.)

To help address these gaps, the gender lens investing approach encourages investors to prioritize women-owned and women-led businesses, enterprises that promote workplace equality, and enterprises that support products and services that improve the lives of women and girls. It has been observed that gender lens investing does deliver a variety of positive results, such as companies with women in executive leadership repeatedly outperforming, gender diversity enriching the workplace, and the creation of a virtuous cycle of successful women supporting their communities and the economy.<sup>3</sup> That said, we must be assured that this investment strategy is pursued in a truly informed way, rather than a superficial way...and it does take skilled investors to ensure this.

In the past several years, women-owned businesses have also been on an upward trend. In fact, according to a 2019 report on female-owned businesses: “Between 2014 and 2019, the number of women-owned businesses climbed 21% to a total of nearly 13 million (12,943,400). Employment grew by 8% to 9.4 million. Revenue rose 21% to \$1.9 trillion.”<sup>4</sup> Beyond the benefits these businesses have on employment rates and the economy, this also means a growing number of women are getting the opportunity to pursue their passion, realize their vision, and accomplish their goals of becoming entrepreneurs. And the icing on the cake—this contributes to the fortunate chain reaction of these women becoming role models and advocates for other aspiring female entrepreneurs.

While this growing female entrepreneurship trend is very encouraging, there are still many challenges women-owned businesses face. A recent *Entrepreneur* article recounts lack of capital, lack of mentor and advisor support, scarce business networks, lack of confidence, social expectation, work/life balance, and market access as some of the obstacles women encounter when starting their businesses.<sup>5</sup> Many of these problems are also equally relevant to women in corporate leadership positions.

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<sup>1</sup> <https://thegiin.org/gender-lens-investing-initiative>

<sup>2</sup> <https://www.sustainalytics.com/esg-research/resource/corporate-esg-blog/tracking-the-progress-on-gender-equality-through-sustainable-finance>

<sup>3</sup> <https://thegiin.org/gender-lens-investing-initiative>

<sup>4</sup> [https://s1.q4cdn.com/692158879/files/doc\\_library/file/2019-state-of-women-owned-businesses-report.pdf](https://s1.q4cdn.com/692158879/files/doc_library/file/2019-state-of-women-owned-businesses-report.pdf)

<sup>5</sup> <https://www.entrepreneur.com/article/367121>

Luckily, there is a growing number of openly accessible resources for female entrepreneurs, such as the [American Business Women's Association](#), [Ellevest Network](#), [National Association of Women Business Owners](#), [Women Presidents' Organization](#), and more. In addition, professional advisors, such as Pathstone, can serve as a useful resource in providing financial advice to new business owners, accessing exclusive networking opportunities, as well as finding effective ways to support female entrepreneurship and gender lens investing. Please contact us to learn more: [contact@pathstone.com](mailto:contact@pathstone.com) / 888-750-PATH (7284).

## About the Author

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Anna Veret is an Associate of Marketing and Business Development for Pathstone. She is responsible for implementing the firm's marketing strategy and stewarding the Pathstone brand through various mediums and initiatives. Anna's key areas of focus include overseeing the website and search engine optimization (SEO) as well as supporting the business development efforts by serving as a project manager for the request for proposal (RFP) response process. She is also a committee member for Pathstone's HerPath initiative.

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