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Evolving the gender analysis in gender lens investing: moving from counting women to valuing gendered experience

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ABSTRACT
We examine the quality of the gender lens investing field’s underlying gender analysis to assess how a field built to redress marginalization analyzes that marginalization. In examining the evolution of gender and queer theory, we question the validity of the dominant definition of gender used in investing. Since its institutionalization, gender studies has evolved on the grounds that gender experience is dynamic and must be understood through diverse lived experiences. Drawing on current theory in gender and queer studies from across the Global North and South, we find that a comprehensive understanding of gender encompasses gender identity and sexuality as well as social, economic, and geopolitical considerations. We find a significant gap between gender lens investing’s primary modes of analysis and lessons from scholars. Acknowledging the challenge of translating theory into financial practice, we suggest steps towards an investment practice that better mirrors how gender operates in the world.

1. Introduction

Gender lens investing is one of the most rapidly growing fields in social finance. Assets invested with a gender lens have grown significantly every year over the past decade. Moreover, while the gender lens investing market on the public equities side is weighted towards the Global North, a growing number of gender lens funds are focusing on Asia, Africa, and South America (Farrar-Rivas and Pyott 2020). A recent analysis found that the number of funds focused on the United States fell from 80% to 38.1% from 2016 to 2019 (Biegel and Hunt 2020, 21). Thus, patterns in gender lens investing practice have particular significance for emerging market economies.

Due to its growth trajectory and the increasing focus on emerging markets, gender lens investing is a high-potential site of impact for influencing global capital flows and modes of thinking about gender within finance and beyond. First, it presents an opportunity to further the empowerment and well-being of marginalized populations – generally defined by gender lens practitioners as women and girls. Second, there are opportunities to improve financial analysis. As the business and economic cases for
gender equity, at the company and society levels, continue to be proven, the case is equally made for investors that a strategy attuned to gender dynamics, from both an opportunity and a risk lens, will lead to more informed decisions and, consequently, better outcomes. Third, gender equity advocates and activists may increasingly consider how gender lens investing – and financial systems broadly – can be used as part of their social change agendas. Influencing gender lens investing is a potentially underutilized tool for social change actors.

If gender lens investing is to fulfill these goals – empowerment of marginalized populations as well as better financial and societal outcomes – its underlying analysis needs to capture, as closely as possible, how gender operates in the world. There is a significant and growing body of research about the ways in which gender issues – encompassing biological sex, gender identity, gender expression, and sexual orientation – impact lived experiences and the ways in which individuals interact with political, economic, and social systems. The increase in capital moving with a gender lens, and the expansion beyond Global North countries, adds urgency to ensuring that the gender analysis is based on our most advanced understanding of how these issues play out in different parts of the world.

This research was conducted by staff of the Criterion Institute, a pioneer and leader in gender lens investing; as such, we as researchers are embedded in the practice, culture, and evolution of the gender lens investing field. The field of gender lens investing began within a white-centric and Global-North-dominant context. As gender lens investing has broadened to encompass a more global scope, the field has been pushed to increase and improve its awareness of, and responsiveness to, an increased range of the impact of global biases and privileges. As a thought leader in gender lens investing, Criterion Institute has long critiqued the field’s analysis of gender, which was largely grounded in a Global-North, white-feminist perspective. This paper advocating for the practice to reflect a more complex understanding of gendered experience is in line with our ongoing work to deepen the gender analysis in gender lens investing to more accurately assess and address the range of gender-based inequities around the world. To do so, the practice of gender lens investing must draw from current and globally applicable scholarship on gender and queer experience.

Thus, we set out to examine the extent to which practitioners of gender lens investing take into account a spectrum of gender issues, including issues pertaining to lesbian, gay, bisexual, transgender, intersex, and queer (LGBTIQ+) individuals and communities. This article first lays out our reasoning that gender lens investing, by its own definition, has an imperative to address gendered marginalization. We then examine current research on gender and sexuality to pull out key concepts relevant to a global financial gender practice. Drawing from this research, we share key findings about the limitations resulting from ingrained practices in the field of finance, as well as an assessment of how gender analysis is practiced in finance. Finally, we provide suggestions for steps asset owners and managers can take to broaden and deepen their analysis to achieve better impact and financial returns.

1.1. A note on terms
Definitions and terms about gender and sexuality are evolving and often are the subject of much contention. Though we define terms used throughout the article here for clarity,
the purpose of this article is not to make a case of the validity of one framework or set of terms over another. We recognize, especially, our own biases as a Global North institution and acknowledge that debates over definitions and terms are a valuable part of advancing a shared understanding of diverse experiences.

- **Sex**: The physical characteristics with which a person is born, such as anatomy and chromosomes.
- **Gender**: A socially constructed category related to norms and expectations of people with different sex characteristics.
- **Gender identity**: A person’s internal understanding and experience of their own gender.
- **Non-binary**: People whose gender identity does not conform to a male-female binary.
- **Sexuality**: How people experience sexual and romantic attraction, including sexual orientation.
- **LGBTIQ+**: This acronym stands for lesbian, gay, bisexual, trans, intersex, and queer, and the ‘+’ signals inclusion of further identities and experiences not named in the acronym. While we use this acronym throughout this paper, we acknowledge and find persuasive certain Global South scholars’ arguments that the acronym potentially imposes limits on identification not reflective of dynamic identities and experiences (Monro 2020, 7).
- **SOGIESC**: This acronym stands for sexual orientation, gender identity and expression, and sex characteristics (the shorter SOGIE is also used). While not as widely popularized as the LGBTIQ+ acronym, some scholars argue that it is more representative of how gender and sexual identities are formed in different global contexts (Monro 2020).
- **Intersectionality**: Coined by the American law professor Kimberlé Crenshaw in 1989, this term signifies a lens through which to analyze how oppressions along multiple vectors – race, gender, class, sexuality, and more – interact to affect an individual’s experience. This broad approach – analyzing oppression through a multitude of social, cultural, biological, and geopolitical factors – is one that many Global South scholars have long practiced. However, ‘intersectionality’ is a Global North term that arose out of specifically American concerns about how racial discrimination interacted with other forms of oppression. While this paper advocates for such cross-issue analyses to be applied to gendered experiences, we do not label our approach intersectional.

2. Materials and methods

To compare the analyses of gender in investing and academia, and to establish the relevance of the latter to the former, we ask three research questions:

1. What does gender lens investing seek to achieve with regard to gender?
2. What do gender and queer theory tell us about how gender dynamics, including gender-based discrimination, operate?
3. To what extent do gender lens investing approaches reflect what gender theory has taught us about addressing gender-based marginalization?
To answer research Question 1, we reviewed major publications in the field of gender lens investing to assess what early practitioners were claiming about the field and how the field has been written about over the past decade. These publications included annual reports by Veris Wealth Partners, the Project Sage series at Wharton Social Impact Initiative, resources and articles from the Global Impact Investing Network (GIIN) and GenderSmart, and articles in mainstream financial media such as Forbes. We also drew on Criterion Institute’s historical knowledge, as one of the institutions that founded the gender lens investing field (Anderson and Miles 2015).

To answer research Question 2, we examined modern gender studies, including current scholarship in feminist and queer theory. We reviewed influential Global North feminist scholarship that was foundational to the development of gender lens investing by highlighting a distinction between sex and gender and integrating queer theory. We also drew from the evolution of queer and feminist theories across the Global North and South in order to demonstrate the importance of applying an updated understanding of gender to the gender lens investing field. Rather than attempting to comprehensively paint a picture of the last 30 years of global gender theory, this literature review examined the evolution of key concepts in global gender and queer scholarship and the ways in which this scholarship augments our understanding of how gender operates in different contexts.

To answer research Question 3, we set out to review publicly available information from public equity, private equity, private debt, and venture capital funds that incorporate a gender lens on what constitutes their gender analysis. Notably, this is not a straightforward list to compile, as the ways in which funds self-describe, the amount of information they make public, and their approaches over time vary greatly. As such, we relied on the two most comprehensive gender lens investing fund trackers in the field: the Wharton Social Impact Initiative’s Project Sage 3.0 report, which tracks private debt, private equity, and venture capital; and Veris Wealth Partners and Women Effect’s Project Rose, which tracks public equities. Project Sage 3.0 includes information for 138 funds and Project Rose for 17. We looked at the information about the funds Project Sage 3.0 and Project Rose were able to obtain and then scanned a random sampling of approximately 25 of the funds’ websites to see what they listed publicly. We also looked at some of the most prominent providers of impact metrics to see what gender metrics they offered. These included Equileap; the Global Impact Investing Network’s IRIS metrics; As You Sow’s Workplace Diversity, Equity, and Inclusion scorecard; and State Street Global Advisors’ Gender Diversity Index.

3. Results

3.1. Research question 1: what does gender lens investing seek to achieve with regard to gender?

Gender lens investing is the process of incorporating a gender analysis into investment analysis (Anderson and Miles 2015). It is a process that cuts across all sectors and asset classes (VanderBrug 2016). While many actors with various goals and approaches were involved in the practice of gender lens investing before Criterion Institute named it as a
field in 2006, the field developed along two core and sometimes intersecting aims: (1) empowering women and girls, based on the understanding that these are populations marginalized from systems of economics and finance and (2) getting to better financial decision-making and, consequently, returns. Veris Wealth Partners, a leading impact wealth management firm, notes in one of its influential annual reports on the field that the premise of gender lens investing ‘is that investing for gender balance and equity will expand – not limit – the economic pie. The benefits will flow to individuals, companies, communities, and countries’ (Carlisle and Pyott 2018, 2).

For many who have advocated for the widescale adoption of gender lens investing, the last ten years look like a success story: financial activity incorporating a gender lens has grown significantly and appears to be growing exponentially. On the public equities side, there are now over $3.4 billion in assets invested, 10+ dedicated funds, and 50+ public gender lens products (Farrar-Rivas and Pyott 2020). A recent report by the Wharton Social Impact Initiative indicates that of 138 private gender lens investing funds surveyed, 65 (approximately 47%) were launched in 2019 (Biegel and Hunt 2020, 6). In addition, the importance of including a gender analysis is moving beyond the world of private finance to influence how government money moves, with a growing number of blended finance deals also incorporating a gender analysis (Jalan 2020).

While the scope of gender lens investing, in terms of capital flows and geographic reach, appears to tell a story of growing success, assessing whether or not the practice is achieving its goals requires further unpacking. The premise of the practice is that by uncovering and addressing biases and historic patterns of marginalization, greater potential will be unlocked, resulting both in positive impacts for the marginalized populations and greater overall economic and financial upside.

It is crucial to note that the fundamental argument underpinning gender lens investing is not about women and girls per se; it is about unlocking the potential of populations marginalized by systematic gender-based biases. While there is a widespread tendency to read gender bias as being about ‘women and girls’, this framing is too narrow an interpretation on many levels. For one, there is significant variation within the category of ‘women and girls’ that means not all people who identify as such have identical experiences. For another, there is significant research demonstrating that the concept of gender encompasses more than simply biological sex or even gender identity; gender encompasses norms and expectations about behaviors that are dynamic, and the deviation from these norms and behaviors is a crucial vector of discrimination. Discrimination based on gender is not limited to women and girls, regardless of how those categories are being defined in any given situation.

3.2. Research question 2: what do gender and queer theory tell us about how gender dynamics, including gender-based discrimination, operate?

The formal disciplines of gender and queer studies, though constantly evolving and home to many internal debates, are rooted in a desire to better understand and amplify how issues related to gender impact and illuminate people’s lived experiences. Gender studies was first institutionalized in the academy in the Global North in the 1970s as part of the activist women’s movement (Zaborksis 2018) and continues to influence and be influenced by activist movements worldwide. This influence is noteworthy
because while academic theory can seem far removed from the concerns of finance, gender and queer theories are essential to understanding the diversity of lived experiences. The disciplines’ roots in, and continuing evolution in response to, activism and social movements mean that they are a critical source of insight into how gender dynamics operate in the world.

Though they speak different languages, gender studies and gender lens investing are both attempts at capturing and influencing lived experiences. As scholars Kath and Sophie Woodward write, ‘Gender studies have grown out of the need to address some of the big issues in everyday life as well as on the global arena of international politics in which cultural, economic, political, and social inequalities are played out’ (Woodward and Woodward 2015). Therefore, for gender lens investing to be a field that accurately assesses gendered risks and opportunities in the investment process, it must integrate updated queer and gender theory in order to accurately analyze how gender operates in the world.

3.2.1. From feminist to gender theory: improved analysis of gendered experiences

As gender and queer theories have developed, we have gained a more nuanced understanding of how gendered experiences and gendered discrimination operate in the world. In the following sections, we lay out the following:

- Consensus among theorists and many activists that gender identity is dynamic and fluid, moving beyond the simplistic binary of male or female.
- Sexual identity (also fluid and nonbinary) is understood as an integral and connected component to gendered dynamics of power and privilege.
- Lived experiences of gender, and gendered discrimination, are context-specific and influenced by a range of social, economic, political, and geographic systems.

3.2.2. Gender as dynamic, not fixed

Broadly speaking, ‘sex’ refers to physical differences between individuals while ‘gender’ is at least partly socially constructed and is related not only to biological sex characteristics but also to the cultural/societal expectations that dictate roles, behaviors, and actions associated with being identified as a particular sex. The origins of how these two categories and debates about their relationship became incorporated into cultural studies are complex – influential gender scholar Jack Halberstam writes that the roots of ‘how the modern sex-gender system came into being in the first place’ can be found in many disciplines (Halberstam 2014, 116). Global North feminist scholars in the 1960s and 1970s found the distinction between sex and gender useful in making the broader case that gender differences and unequal status arose from cultural practices and social expectations and therefore could (and should) be changed (Mikkola 2008). While the contours of this distinction, including which practices construct gender and the ways in which they impact people’s lives, remains a matter of debate, the idea that social expectations based on categories such as ‘men’ and ‘women’ exist is widely accepted. As Halberstam notes, ‘In all of these research contexts, gender is understood as a marker of social difference, a bodily performance of normativity and the challenges made to it’ (Halberstam 2014, 117).
A gender binary based on biological sex, though sometimes regarded as the standard from which modern gender activism and scholarship deviated, is not universal. Many people are born intersex – that is, with combinations of sex characteristics that cannot be easily classified as male or female (Trevor Project n.d.). Hundreds of societies around the globe also have traditions of recognizing multiple genders. Examples include Hawaiians recognizing the Mahu, people who embody both the male and female spirits; the Navajo in North America recognizing two-spirited people (PBS 2015); Indians recognizing a third gender known as the Hijra (Goel 2019); and the Bugi in Indonesia recognize five genders (Ibrahim 2019). Moreover, even in societies that have traditionally reinforced a binary notion of gender, a significant, and by some accounts, growing percentage have a different lived experience. A 2017 study found that 0.7% of youth in the United States identify as transgender, while a 2018 study of youth in Minnesota found that 3% identify as transgender or gender-nonconforming (Herman et al. 2017; Rider et al. 2018). These examples further highlight that gendered experiences are not binary or unilateral and are shaped by culture and context.

In fact, the binary gender ‘norm’ is likely a relatively narrow and recent Western phenomena that was expanded globally through colonialism. Literature on precolonial Africa, for example, argues that gendered relations in African societies were in some cases ‘flexible, allowing women and men to inhabit similar roles’, or had differentiated roles that were ‘equal and complementary’ that were influenced by colonial notions of gender (Anyidoho 2020, 4). In particular, research from feminist scholar Oyèrónkö Oywùmí on gendered naming practices in Yorùbá indicates that masculine and feminine gender constructs are a recent historical development in Yorùbán society, emerging in the nineteenth century following colonization (Oywùmí 2016). Scholars also note that gender norms and expectations are impacted by a variety of other factors, such as race, ethnicity, socioeconomic status, and more.

3.2.3. Sexuality is a component of gendered experience

The evolution of gender theory also integrates sexuality as a component of gendered experience. While gay and lesbian studies, sometimes also called queer studies, originated as a discipline separate from and influenced by gender studies (Klages 1997), many interdisciplinary gender and queer studies programs bring together questions of sex, gender, sexuality, and the societal factors that influence them. While the study of gender and the study of sexuality have had different trajectories and influences, the scholarship across fields highlights that gendered discrimination encompasses sexuality as well as gender and gender identity. If gender is a construct encompassing norms and expectations about behaviors and roles based on sex, discrimination against LGBTIQ+ individuals is rooted, at least partly, in notions about gender. As the gender theorist and educator Riki Wilchins puts it, ‘Homosexuality … is the most profound transgression of the primary rule of gender: Girls sleep with boys, boys sleep with girls’ (Wilchins 2004, 15).

While gender and sexual orientation are often spoken about as distinct elements of identity, they are increasingly recognized by researchers and activists as interwoven and institutionalized that way (Zaborksis 2018). The interconnectedness of gender identity and sexuality is reflected in academic work on gender from Global South theorists, who have written persuasively about the limitations of Global North frameworks in capturing the full spectrum of gendered experiences. A recent book about LGBTIQ+
identities in Africa, where activism is thriving amidst widespread restrictions on legal rights, points out that the lived realities of non-heterosexual and gender-diverse Africans are impacted by multiple systems, including patriarchy, compulsory gender binarism, heterosexism, and colonial legacies (Matebeni, Monro, and Reddy 2018, 2–3). The authors reinforce that these linked aspects of identity are ‘neither static nor uniform; rather, they are dynamic, multifarious, and resilient’ (Matebeni, Monro, and Reddy 2018, 2).

In a recent overview of international perspectives on gender and sexuality, Dr. Surya Monro examines the terms in the LGBTIQ+ acronym, finding that each has been contested in various contexts and has limitations that do not account for the range of gender identities people express. Monro suggests that the term sexual orientation and gender identity and expression (SOGIE) is more encompassing of the full spectrum of identities and should be integrated into activism and scholarship (Monro 2020). While it is not the purpose of this work to weigh in on the value of different frameworks and language, it is worth noting that these global conversations are all pushing toward a more integrated understanding of gender, sexuality, and sociocultural/geopolitical context.

3.2.4. Gender experiences are context specific

Gender norms and expectations are impacted by a variety of other factors, such as race, ethnicity, socioeconomic status, and more. The influential gender theorist Judith Butler wrote that ‘unitary’ gender notions fail to recognize ‘the multiplicity of cultural, social, and political intersections’ encompassed in a category like “woman” (Butler 1999, 19–20). Intersectionality, increasingly considered a primary analytical tool for feminist movements, is also grounded in the idea that gendered experiences are dynamic, not fixed. First introduced in 1989 by American legal scholar Kimberlé Crenshaw as a tool for analyzing the structures of power that impact the experiences of individuals in a society with multiple vectors of marginalization, intersectionality is considered ‘the “gold-standard” … for analysing subjects’ experiences of both identity and oppression’ (Nash 2008, 2). While the term and its origins are grounded in dynamics specific to American society, the need for a multidisciplinary lens in analyzing oppression is widely accepted.

The recognition of intersecting dynamics of power and privilege at play in gendered experiences, particularly of gender discrimination, are essential in accurately assessing gendered impacts (Anyidoho 2020; Currier and Migraine-George 2016; Medie and Kang 2018; Morrell and Clowes 2016). US-based early wave feminist theory is justifiably critiqued for its universalization of white, Western, middle-class, and heteronormative experiences. In her writing on gender and development in Africa, Dr. Anyidoho warns that to gain a true understanding of gendered experience ‘these generalizations must be balanced by the recognition that conceptual understandings and lived experiences of gender do vary across sociocultural and historical contexts’ (Anyidoho 2020, 3).

Recognizing gender as influenced by multiple internal and external factors enables us to better examine power dynamics and understand how marginalization and oppression work in different contexts. Scholars Kath and Sophie Woodward write that ‘gender studies are an integral part of this interdisciplinary movement that offers theoretical and methodological advantages in understanding multiply constituted social worlds
and addressing pressing global problems, such as the dynamics of migration, uneven global power geometries and climate change’ (Woodward and Woodward 2015). Similarly, scholars Milani and Lazer, writing on the emergence of gendered scholarship in South Africa, explain that the gender and sexuality nexus itself has become a productive site to investigate how other systems of power and identity markers based on, for example, race, social class, and nationalism intersect in crucial ways. Onto this matrix of identity and power relations, we bring into focus a hitherto undertheorised overarching system of power and marginalization. (Milani and Lazar 2017, 311)

3.2.5. Application of gender theory to gender lens investing

In order to ground gender lens investing in current gender theory, it is important to pay attention to the different currents that constitute gender and queer studies. The evolution of gender studies through engagement and dialogue between scholars across the global North and South has influenced the field to incorporate increased attention to racial and post-colonial identity and representation. In particular, gender theory developed in the Global South arose within a post-colonial context that was more inclusive of racial and class diversity as well as local concerns and activism (Hutt 2021; Milani and Lazar 2017; Morrell and Clowes 2016). As scholars Morrell and Clowes (2016) write in their analysis of the development of queer theory in South Africa, for example, the political economy of knowledge production in South Africa incorporated a more contextual and anticolonial approach than gender research coming from the Global North. Specifically, the authors argue that the ‘the specific conditions in South Africa – colonialism, apartheid and the patchwork of patriarchies – resulted in work that was distinctive and contributed to a more inclusive feminist scholarship that reflected diversity and activism’ (Morrell and Clowes 2016, 2).

The role of activism in the development of queer and gender theories in the Global South is important, as it is distinct from the primarily US-based activism that propelled queer theory in the Global North (Currier and Migraine-George 2016). In fact, this activism unfolds within the production of knowledge itself, as scholars from the Global South have fought to integrate contextual and local expertise within the field and elevate its international importance (Connell et al. 2018; Medie and Kang 2018). To be clear, we do not seek here to uphold the binary between queer scholarship in the global North and South, but rather to dismantle this as a binary and note the ways in which knowledge development across the globe has integrated local action and context in order to better inform the field. As gender and queer studies have evolved through increased dialogue between scholarship arising in the global North and South, the field has gained a better global understanding of lived experiences of gender and gender-based discrimination.

The evolution of feminist and queer scholarship, particularly the increased integration of racial and post-colonial theories with gender identity generating from scholarship developed in the Global South, serves to emphasize our central thesis: a binary conception of gender rooted in post-colonial, Global North societal norms does not reflect how societies operate and analysis based on narrow conceptualization will be limited and inaccurate. While gender and queer scholarship include many more topics
than are addressed here, the issues we summarize illustrate two points germane to building an investment practice focused on those marginalized by gender. First, gender is not a fixed state, nor can it be used simply to mean ‘women and girls’ – themselves not fixed categories. Rather, gender encompasses issues of identity, expression, and sexuality, which individuals embody in a variety of ways and which impact their social, political, and economic experience. Second, we understand how gender operates by understanding lived experiences within a complex system. An individual’s experience is not determined only by their biological sex, their gender identity, or their sexual orientation: in addition to the dynamism of those categories, the political, social, and economic systems in which they exist impact how they move through the world.

3.3. Research question 3: to what extent do gender lens investing approaches reflect what gender theory has taught us about addressing gender-based marginalization?

It will come as no surprise to anyone familiar with finance that in gender lens investing, there is an overwhelming focus on a binary approach to gender, and that LGBTIQ+ issues are currently largely outside the gender lens investing conversation. There are funds and indices that explicitly focus on LGBTIQ+ individuals and inclusion, but these are considered to be an impact area separate from gender lens investing.

In trying to assess what was constituted in the gender analysis in different parts of the gender lens investing field, our first finding was how difficult it is to access in-depth information about both public and private funds’ gender analyses, just as it is difficult to access information about funds’ analytical frameworks overall. It is worth noting how unavailable detailed information about investment approaches remains in the field of social finance. Even impact-focused funds tend towards the lack of transparency that characterizes traditional finance, where investment analytical frameworks are often proprietary and closely guarded. While most gender lens investing funds have some public statements about their gender lens, the vast majority are at a high level, featuring general language about the importance of the impact theme. Employing a high-level and general gender lens approach gives funds more flexibility in investing than would a tightly targeted investment lens, so there is added incentive on their part to avoid specificity.

The inaccessibility of data is confirmed by the researchers of Project Sage 3.0, whose analysis is based on private funds’ self-reported survey data. Among their observations, they note that not all funds that incorporate a gender lens identify as gender lens investing funds; that the language funds use often changes depending on the audience; that some funds avoid the term ‘gender’, presumably because of what it might signal to certain audiences; and that funds still tend toward factors that are easily countable (such as percentage of women in leadership). Therefore, the Project Sage researchers created their own methodology for categorizing the extent to which gender played a role in funds’ criteria (e.g. whether a fund mandates a certain gender factor in investments or whether gender factors are considered but not mandated), but this categorization does not reveal the specific assumptions used by the funds in their investments (Biegel and Hunt 2020, 9–11).
Our second finding is that gender lens investing approaches and metrics still largely trend towards counting women. While there are more references now to LGBTIQ+ identities and ‘diversity’ than were present even five years ago, ‘gender’ is still consistently used interchangeably with ‘women’. Funds that explicitly reference LGBTIQ+ factors and/or acknowledge gender as non-binary are still a very small segment of the gender lens investing universe. Below we name a few results demonstrating this trend from different types of institutions.

### 3.3.1. Private debt, private equity, and venture capital

In their survey of the 138 funds, the authors of Project Sage 3.0 asked funds how they defined gender lens investing and gave them the following six options, allowing them to select multiple ones:

- Advancing women in leadership
- Advancing women in finance
- Advancing products and services that improve the lives of women
- Advancing companies that improve the lives of women in their ecosystem
- Advancing companies that have a positive impact on the women they employ
- Other

Approximately 75% indicated that one or more of the first five metrics constituted the entirety of their gender lens. Over 60% of funds agreed with all of the first five criteria. Counting women in leadership was the most commonly used criteria, cited by approximately 75% of funds.

Approximately 25% of respondents selected ‘Other’ in addition to or instead of the first five criteria. Though the authors did not reveal what ‘other’ referred to, one of the project’s researchers indicated that the survey allowed respondents to fill in qualitative data and that none wrote about LGBTIQ+ or non-binary gender (Kuhlman 2021). In future studies of these funds, we would be interested to know whether funds would consider companies that included an explicit focus on trans women and/or gender-diverse individuals as falling within these criteria. The Project Sage authors did ask a separate question about an LGBTQIA lens, of which 7.2% of funds reported having in addition to a gender lens. The authors speculate that the actual percentage is higher, as in some funds’ home countries, LGBTIQ+ identity is illegal or otherwise stigmatized. Regardless, that low percentage indicates that for most of the funds in the survey, ‘gender’ implies women and girls.

We see a similar trend in regard to the United Nations’ Sustainable Development Goals (SDGs). The Project Sage survey also asked which of the SDGs were relevant for their investments, but the SDGs themselves tend toward a binary approach to gender. SDG Goal 5 is to ‘Achieve gender equality and empower all women and girls’. While the use of the term gender could have signified grappling with inequalities rooted in gendered norms across a spectrum of identities, this does not appear to be the UN’s interpretation. The examples of gender inequality cited in the description of Goal 5 are all about women and girls’ lack of parity, with no mention of other gender identities. The SDGs are also not explicit about LGBTIQ+ equality, despite urgings from groups at the time (Stonewall 2016).
3.3.2. Public equities

Of the 17 public equities funds tracked in Project Rose in 2018, seven list women in leadership as their only gender lens criteria (with two also requiring that all portfolio companies be signatories of the Women’s Empowerment Principles). An additional eight list what Project Rose terms ‘Enhanced Gender Equity Criteria’ – this is defined slightly differently for each fund, but all still name women or women and girls as target beneficiaries (Veris 2018).

3.3.3. Industry benchmarking and metrics institutions

As part of assessing how the gender lens investing field conceptualizes gendered impact, we reviewed some of the leading providers of impact metrics and benchmarking. Here we found the same pattern discussed above: gender metrics are largely focused on counting women.

- The Global Impact Investing Network (GIIN)’s IRIS metrics, the most widely used set of global metrics for measuring an investment’s social, financial, and environmental performance, only track the number of women – not even women as a percentage of a total (Glasgo 2019). Because providers such as the GIIN are generally responsive to – and funded by – client demand, this is indicative of the nature of the gender metrics investors and asset managers seek.
- Equileap, which bills itself as ‘the leading provider of gender equality data & insights’ for investors, rates companies using a series of metrics that are largely based on a gender binary. Equileap’s most recent report does include considerations for LGBTIQ+ individuals, such as trans-inclusive healthcare.
- As You Sow, a leading shareholder advocacy nonprofit widely considered to be left-leaning, provides workplace Diversity, Equity, and Inclusion scorecards that calculate gender ratios based on a gender binary. As You Sow obtains data from Equileap and the financial advisory firm Morningstar, which also provides binary gender data.
- State Street Global Advisors, one of the leading public equities asset managers, has an equality index that tracks US companies that are ‘advancing women by promoting gender diversity on their boards and in senior leadership positions’.
- Bloomberg Gender Equality Index lists companies who commit to publicly releasing detailed, consistent, and comparable gender-related data. The areas of focus appear to be binary, with explicit focus on female leadership and ‘pro-women brands’.

4. Discussion

A deep dive across gender/queer/feminist theory and gender lens investing reveals a vast gap between these disciplines’ conception and analysis of gender. Over the course of our research, we at times felt we were looking at unrelated fields. It is perhaps unsurprising that gender lens investing’s prevailing gender analysis is counting the number of women and girls reached. We know from our own experiences that trying to introduce a social lens into finance is an uphill battle – one that is made easier when simple and easily adoptable metrics are on offer. It is worth noting that in spite of the relative ease of collecting data counting women, and in spite of the fact that the business case for company-level
gender diversity is widely accepted (Esowan 2019), gender diversity is still not routinely integrated into fundamental investment analysis of opportunity and risk. Even when gender is included in environmental, social, and governance (ESG) measures, it is generally placed under ‘social’ rather than ‘governance’ (Morgan Stanley 2016).

Given the importance of a situating gender within a comprehensive framing, as discussed above, it is clear that the field of gender lens investing will benefit by taking steps towards a more nuanced definition of gender and a more complex gender analysis. As we noted above, any field aiming to lift up those marginalized by gender will fall short of its own goals if it does not accurately identify who is actually marginalized by gender and how. This importance is emphasized in a recent Criterion report about building a field of LGBTIQ+ investing:

Investing is a forward-looking practice. It requires understanding the factors that shape societies and markets and how those factors are changing, using that understanding to make informed predictions about the future, and in turn using those predictions to make decisions about what is likely to go up or down in value. (Subramanian, Anderson, and Perianes 2020, 15)

It is worth noting that gender lens investing is growing at a time when national and transnational right-wing (and, in a few places such as the UK, left-wing; see ILGA-Europe 2021) movements are increasingly focusing on ‘gender ideology’ as a target for attacks. The targets are not simply ‘women and girls’ – the targets are anyone seen as threatening patriarchal, racial, and heterosexual hierarchies, characterized by what Dr. Clare Hemmings calls ‘the perfect confluence of misogyny, homophobia, and racism’ (Hemmings 2021). A field of gender-focused investing that does not reckon with changing gendered experiences is at risk of falling short of both impact and returns expectations.

Translating complex concepts from gender and queer theory into financial frameworks and metrics is not a simple task and requires significant resources and commitment. It will also require the input of gender experts. That said, we see some short-term steps those in the field can take to start the shift.

4.1. Contribute to transparency about process and outcomes

More transparency around analyses of gender and other impact measures can help to move the gender lens investing field forward. Funds with an explicit impact mission should consider treating their impact framework differently, being transparent about their approach and outcomes and contributing to a shared body of knowledge about what leads to better outcomes for marginalized populations. There are instances of investors sharing details of their approaches, what they achieved, and how they evolved in the name of field building – for example, The Kapor Center and Dreilinden. Part of building a field is contributing to knowledge-sharing, and currently gender lens investing lacks a commitment to a deeper understanding of how gender functions and how that can be translated into investment approaches.

4.2. Invest in data

As laid out in the results section above, the most prominent data collected by providers in impact and traditional investing use a binary definition of gender, and do not include
sexual orientation or gender identity. We know from conversations with data and metrics firms that it is expensive and time-consuming to add and/or change metrics, which is why changes are largely driven by client demand. As such, asset holders, asset managers, and analysts can have an impact on how data are collected by asking for something different. Asking for gender data that include a range of gender identities and sexual orientation will build the case for data providers to amend these practices. For those who are in a position to do so, funding these changes is a potentially high-impact lever for changing practices and culture throughout the field.

It is important to note that safety must be paramount in data collection. It is not always safe for people to identify as non-binary and/or LGBTIQ+ and no company-level data collection effort should rely on forcing people to self-identify. Rather, companies should follow guidelines about best practices in data collection from organizations such as the Williams Institute (Badgett et al. 2009), as well as from other fields, such as anthropology, with a long history of developing safe practices. This includes adhering to strict privacy guidelines with a digital safety lens. Data providers also have a role to play in ensuring safe data collection practices from companies they survey.

4.3. Incorporate gender into risk assessment

The field of gender lens investing was built on an opportunity lens: the most common premise and criteria for investment is that gender diversity improves company performance and therefore investing in companies with women in leadership and on staff will outperform companies without them. Notably, incorporating gender analysis into risk assessment can reveal hidden risks and illuminate the complexity of how gender functions. For example:

4.3.1. Political and country-level risk

Research demonstrates links between how societies treat marginalized people, economic outcomes, and state stability. For example, there is evidence that violence against women is a better predictor of state instability than more traditional measures such as wealth and the strength of institutions (Hudson et al. 2008). Country-level case studies indicate that there is a correlation between discriminatory laws and practices targeting LGBTIQ+ populations and country-level economic performance (Radcliffe 2016). The resulting impacts, such as instability or lower economic growth, may be material to multiple types of investors. For example, Criterion has recently led research on how data about gender-based violence would enable financial analysts to better assess political risk in markets and sectors (Subramanian and Freund 2021).

4.3.2. Reputational and regulatory risk

Global movements related to gender and sexuality are dynamic and prominent in policy and culture debates, with laws and norms changing regularly. Investors who are not tracking culture changes and the resulting shifts in tolerance of discrimination, violence, and oppression may be missing how exposed companies are to changing norms and regulations. The #MeToo movement is a prime example of this – companies that suffered financial consequences often did not suffer because their executives’ behaviors had changed, but because the tolerance of those behaviors did.
4.4. Reflect on internal processes in addition to outcome metrics

While investing is an outcomes-focused practice, when it comes to impact, building a gender (or other type of equity) lens into the investment process can be a way of shifting the dynamics of power and marginalization. To date, gender lens investing has relied heavily on metrics that count the number of women reached. If we accept that gendered marginalization is more complex and contextual than binary sex, integrating a more intersectional gender analysis in the investment design phase can lead to better outcomes.

Particularly for private capital, funds have the opportunity to implement a gender analysis into their internal practices by addressing issues such as:

- What was the process of identifying partners and investment managers? Did their expertise on gender and LGBTIQ+ issues play into the sourcing and selection process? Did the fund bring on any partners with relevant gender expertise?
- Who was at the table in designing the investment strategy? Did people with gender expertise have influence over the approach and language? What resources were invested in developing a gender strategy and theory of change?
- Who developed the processes for sourcing, diligence, structuring, and monitoring investments? Were the processes vetted for biases related to valuation and risk? Was relevant expertise – on gender, on the local context, on patterns of marginalization – brought in designing monitoring systems?
- The Criterion Institute’s 2020 report about investing with an LGBTIQ+ lens offered examples of how to convert standard gender metrics to include LGBTIQ+ individuals (Subramanian, Anderson, and Perianes 2020, 34). Similar changes can be made to name non-binary gender, SOGIE identities, and more, without necessarily entailing burdensome operational changes.

For more on implementing investment process metrics for equity, see ‘Process Metrics that Analyze Power Dynamics in Investing’ (Criterion Institute 2020).

4.5. Use language that signals intent

Related to the previous point about assessing internal processes, funds can have an impact by being intentional about the language they use. Small shifts can send strong signals about attitudes and approaches, both internally and externally. An investing policy statement that, for example, explicitly names trans women and non-binary individuals as part of the gender target can change how a fund’s employees talk about their goals and how people on the outside receive it. It also signals a break with a culture that assumes gender impact means reaching women and girls.

For example, SheEO, the well-known networking and mentoring organization founded to support women entrepreneurs, names on its website that it supports women and non-binary people. Its founder, Vicki Saunders, has said her intention was always to include non-binary entrepreneurs in the network, but in the company’s early days when only women were named, no non-binary entrepreneurs were coming into SheEO’s orbit. She found that simply naming her target audience in more specific terms, on SheEO’s public materials and in her own communications, led to
changes in who approached the organization, leading to a more diverse network (Saunders 2020).

The impact of even small changes can be increased by amplification and storytelling. The rapid growth of gender lens investing means gender lens investors have many platforms within finance. They can use them to amplify ways in which they have adapted practices; highlight non-binary/LGBTIQ+ entrepreneurs and products/services; share data they have drawn upon; and so on. Finance professionals speak a language and reach audiences that academics and activists often largely do not, and they can have a powerful effect in breaking up the dominant narrative of associating gender lens investing with women and girls. There are many practical obstacles to a gender lens investing practice that relies on robust gender analysis, but changing assumptions, norms, and mindsets is a necessary component of that shift.

4.6. **Rely on local expertise**

As discussed above, gender theory, particularly from the Global South reminds us that gendered marginalization is context specific. Even those who want to invest in non-binary and LGBTIQ+ entrepreneurs hesitate due to the difficulty of reaching these populations – a difficulty that is magnified in places with high rates of discrimination and laws that make it unsafe to identify as anything but cis-gendered and heterosexual.

Yet, funds trying reach these populations ought not to be turned off by the difficulty. They can partner with local organizations that have deep knowledge of how gendered patterns work and have already created networks to support gender-diverse and LGBTIQ+ communities. The German-based funder and investor Dreilinden gGmbH, which aims to further the social acceptance of gender and sexual diversity globally, has developed and written about models for investing in LGBTIQ+ entrepreneurs in South Africa and Mexico. In these case studies, they worked with local partners, such as the PLUS LGBTI+ Business Network in South Africa and civil society and local government partners in Mexico, to design programs that tapped into existing networks (Bollier 2020, 2021). Such models, while they incur costs, enable investors to identify opportunities that funds with more conservative, Global-North focuses are not reaching.

4.7. **Expand the scope of diversity**

Gender lens investors may benefit from rethinking their investment criteria from a broader equity and inclusion standpoint. Metrics of women in leadership are not only limited from an impact standpoint, but also from a performance standpoint.

To wit: while gender lens investing funds appear to be performing relatively well, there have been challenges to the conclusion that women on boards alone lead to stronger business performance (Klein 2017). Some gender lens funds are striving to look at deeper measures of gender equity, such as pay equity and the quality of benefit, with indications that the correlations to performance may be stronger (Enyart 2020). Research on LGBTIQ+ workplace inclusion shows that it is correlated with better business performance (Open for Business n.d.), and LGBTIQ+-focused investing is on the rise (Lopez 2020). And there is growing attention to the increasingly solid business case for diversity across multiple demographic factors (Dixon-Fyle et al. 2020).
Taken together, these factors suggest that a narrow gender lens may increasingly fall short on impact and returns measures. As businesses and investors increasingly seek to understand what constitutes the success of diverse and equitable workplaces, it is possible that a narrow, single-issue lens will lose appeal by comparison.

5. Conclusion

In this article, we argue that evolving gender analysis in investing to capture a fuller range of gender dynamics is imperative for the field’s impact goals. The evidence is clear and building that businesses perform better when employees represent diverse experiences and feel safe and included, which surely extends to a full range of gender identities and sexualities. The current success story of gender lens investing, and particularly its growing expansion to emerging markets, represents an opportunity to keep building not just a bigger, but also a better, investment practice.

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