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Business

Investors urged to apply gender lens to boost equality in Australia

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Investing with gender outcomes in mind can be more influential than many investors realise, a new report argues. Credit: Pixabay/Pixabay

Investors have more power to influence broader gender and racial equality than many realise, according to the first analysis of the potential impact of gender lens investing in Australia.

Achieving significant change could happen rapidly, according to report co-author Manita Ray, founder and chief executive of consultancy Capital Human.

Experience in overseas emerging markets showed diverse fund managers were reporting 20 per cent better results than non-diverse managers. The influence of gender lens investing, focused on addressing gender inequality, has grown in recent years in the US and Europe, Ms Ray said.

“What we do see is quick wins – you’re going to see straight away an opening up of a pool of talent who want to be on their team,” she said.

“We do know that when fund managers are diverse and focused on racial and gender equitable outcomes, they can identify opportunities and make connections and decisions they would otherwise not be able to do.”

Australia’s experience so far was limited, with super fund HESTA among the few to proactively apply a gender lens to investment decisions. But Ms Ray said there was plenty of untapped interest.

“If you can demonstrate doing this, there are people ready with money on table saying ‘we’ll invest with you’, but now they’re holding back or finding alternative channels for their money,” she said.

Ms Ray’s firm teamed up with Impact Investing Australia to prepare the report, which also outlines how different classes of investors can apply gender impact to their decision making.

“I am confident in saying every single investor, regardless of their type, maturity or size, they can adopt some form of gender lens investing,” she said.

“A tailored approach is needed depending on the investor type — a large asset owner is not the same as a high-net worth individual or a wealth manager. The money is different, and what it can do is different, but regardless ... it’s very clear every single investor type can make that difference.”

Ms Ray drew parallels with the growth in climate investing, which was now of utmost importance and investors who did not consider climate implications of their decisions were “remiss”.

Climate investments, such as wind turbine manufacturing, were an example of the nuanced approach needed, she said. The investment in green power was crucial, but had the potential to exacerbate gender pay gaps because of the traditionally male workforce in the industry.

That did not mean the investment should be avoided, rather, investors should use the opportunity to influence companies.

“These are the nuances we are trying to unpack and help investors understand – where they’re investing in each sector has potential to achieve gender equity,” Ms Ray said.

“Investments impact everyone in terms of how returns are generated. It’s not just men who benefit or women who do … when an investment provides a return, it impacts everyone.”

The report will be officially launched on Wednesday at an Impact Investment summit in Sydney.