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**Celebrating Women's Month: Generation Equality - Realising Women's Rights for an Equal Future.**

**Breaking Barriers: How Gender Lens Investing is changing the Asset Management industry  
Insights from Basani Mathye and Londiwe Masina**



*Left: Basani Mathye    Right: Londiwe Masina*

In recent years, the asset management industry has increasingly turned its focus toward gender equality, recognising it as not only a moral imperative but also a business one. Senior Research Analyst, Basani Mathye and Research Analyst, Londiwe Masina, both at the Public Investment Corporation (PIC), have dedicated their efforts to investigating the impact of gender diversity within the industry. Their research sheds light on the significant link between gender diversity in leadership roles and enhanced profitability, urging the industry to adopt a more inclusive approach to investment.

### **The inspiration behind the research**

The drive to focus on gender equality within asset management companies stems from an explicit recognition of ongoing disparities between men and women in the workplace. Despite progress, labour-force participation rates among women in South Africa remain consistently lower than those of men, highlighting the need for accelerated participation of women across various sectors. Londiwe and Basani's research aims to support PIC's transformation targets, ensuring that women are not only included in the economy but also afforded leadership opportunities.

"Women have been fighting for faster career advancement and more equitable representation for years. Our focus on gender equality within the asset management space is to support the PIC on its transformation targets through our research," they explain. Their work emphasises that achieving gender parity is not merely about hitting targets but adopting a mindset that fosters corporate evolution and diminishes inequalities.

### **The research journey: challenges and collaborations**

Basani and Londiwe's interest in gender-related research was significantly influenced by their roles at the PIC. As Research Analysts, they are involved in thematic sector research, conducting industry analysis, and generating reports that enhance PIC's knowledge base. The journey was not without its challenges. Finding reliable data on women-focused funds in South Africa proved difficult, and accessing information from hesitant firms presented obstacles. However, collaboration within their team played a crucial role in overcoming these challenges.

"Collaboration is quite crucial for our team. To target the challenge of missing information, we would share what we have been able to find and discuss/review if the information makes sense and contributes meaningfully to the report," they note. The rewarding aspect of their research lay in the knowledge that it contributed to supporting PIC's transformation targets. Their work goes beyond identifying barriers for women; it also offers recommendations on how allocators of capital can support women and gender-diverse fund managers.

### **Key findings: Gender Diversity equals profitability**

It is a significant finding of the research report that there is a clear correlation between gender diversity in leadership roles and increased profitability. Companies with gender-diverse leadership teams tend to perform better financially, with higher returns on equity, better stock price performance, and fewer drawdowns. This is corroborated by a study from Cambridge Associates, which found that firms with women in leadership had 36.5% higher returns on equity compared to others.

In the South African context, a concerning reality is brought to light regarding gender diversity. Women are underrepresented in top management positions, with only 17.2% of portfolio management professionals being women. The lack of legislated quotas for women in the workplace, combined with persistent social and cultural stereotypes, contributes to these disparities.

### **Recommendations for promoting Gender Equality**

Based on their research, Basani and Londiwe recommend several critical steps that firms can take to promote gender equality. Transparent promotion pathways are essential, as they contribute to a motivated, fair, and productive workforce. These pathways help reduce the impact of unconscious bias and ensure that women have equal opportunities for advancement. Inclusive company policies are also vital in addressing gender biases. By promoting diverse representation at all levels and setting clear diversity and inclusion objectives, companies can create a level playing field where merit and performance are the primary criteria for success.

### **Looking ahead: The impact of Gender Lens Investing**

Reflecting on their research journey, Londiwe and Basani emphasise that investing in women should go beyond ticking boxes or achieving targets. It should involve adopting a mindset that evolves corporate culture and acknowledges the broader impact of gender diversity. Women fund managers, for example, are more likely to invest in firms led by women, creating a ripple effect that empowers other women and ultimately, the nation. In the coming years, they hope their research will highlight the importance of a holistic approach to gender lens investing. This approach should harmonise a range of strategies, resulting in sustained influence and advancing financial inclusion for women.

"Bridging the gender gap is a long-term commitment," they conclude. "We hope our research will show the importance of adopting a holistic approach to gender lens investing. For investing with a gender lens to be successful, products and services must be designed to address barriers that women face due to other aspects of their identity."

Basani Mathye and Londiwe Masina's research report is a call for the asset management industry to embrace gender diversity as a core principle, not only for ethical reasons but also for the tangible benefits it brings to the business. As their work continues to influence the industry, the hope is that more firms will recognise the value of gender lens investing and contribute to a more equitable future.