The Covid catapult is upending the status quo for women

Four key trends show how the pandemic has launched women into dramatically better situations. **By Barbara Stewart**

WOMEN have been making progress for years, but at a glacial pace. Year after year, I see the same old bleak numbers: The more-or-less stagnant percentages of women in senior management, women on boards, women in finance, women in tech, women in investing. The list goes on, and while not all of these metrics have changed in meaningful ways post-pandemic, many of them have. Covid-19 has been a catalyst and change accelerator in many areas, and while its burdens have fallen disproportionately on women, the pandemic's effects have not been entirely negative. Across four key spaces, Covid-19 has catapulted women into dramatically better situations.

1. Corporate diversity mandates

The status quo: Goldman Sachs CEO David Solomon observed: "In the last two years, more than 60 companies went public in the US and Europe without a diverse board member." This is a rather alarming statistic. But he continued: "Consider this: since 2016, US companies that have gone public with at least one female board director outperformed companies that do not, one year post-initial public offering (IPO). But in addition to the real commercial benefits, it's clear that changing the stereotypes associated with corporate decision-making will have many positive effects for society as a whole."

Which is why he announced that as of July 1, 2020, Goldman will only take US and European companies public if there is "at least one diverse board candidate, with a focus on women". And starting in 2021, Goldman will raise this target to two diverse candidates.

The Covid catapult: An October 2020 *Diversity Disclosure Practices* report from Osler, Hoskin & Harcourt finds that the pandemic has inspired an increase in social awareness that has served as a much-need tailwind for the case for diverse organisations: "Ignited by public outrage over the killing of George Floyd by police, and fuelled by many examples of the mistreatment of minorities, there has been a strong drive to address the impediments, both express and hidden, to the advancement of under-represented communities to leadership positions in organisations."

Nasdaq is also putting its money where its mouth is: It filed a proposal with the US Securities and Exchange Commission (SEC) on Dec 1, 2020, to adopt new listing rules related to board diversity and disclosure. It said: "If approved by the SEC, the new listing rules would require all companies listed on Nasdaq's US exchange to publicly disclose consistent, transparent diversity statistics regarding their board of directors. Additionally, the rules would require most Nasdaq-listed companies to have, or explain why they do not have, at least two diverse directors, including one who self-identifies as female and one who self-identifies as either an under-represented minority or LGBTQ+."

2. Gender lens funds

The status quo: Broadly speaking, gender lens investing includes many classifications all centred around the advancement of women: in finance, in leadership, and in products and services (and companies) that help improve women's lives. Building the gender lens market is taking some time. For example, Pitchbook reports that less than 3 per cent of global venture capital (VC) went to women founders. And according to *The 2020 European VC Female Founders Dashboard*: "Venture capital funding overall has surged in recent years, but the numbers haven't leapt forward for female founders at the same pace. Last year, companies founded solely by women garnered just 1.1 per cent of the total capital invested in venture-backed startups in Europe."

A Deloitte's survey of Technology Fast 50 CEOs finds that women made up more than 41% of applicants to Fast 50 jobs this year. In 2019, they were only 16%. PHOTO: PIXABAY

The Covid catapult: The number of gender lens funds is growing significantly. The Project Sage 3.0 report from Catalyst at Large and the Wharton Social Impact Initiative (WSII) counted 138 funds investing capital through a gender lens, a nearly 59 per cent increase from the 87 funds in Project Sage 2.0 in 2019, and an 138 per cent increase from the 58 funds in the initial report in 2017.

And the geographical diversity of gender lens funds is moving in the right direction, noted co-authors Sandi M Hunt and Suzanne Biegel: "In the original 2017 Project Sage, approximately 80 per cent of reported investments were US-focused. Now, Project Sage 3.0 showed that 38.1 per cent reported North America as their investment target geography (this does not include the global funds). This demonstrates an increase in the diversity of targeted investment geography, with significant focus on regions including Asia, sub-Saharan Africa, and Latin America."

There is also something of a silver lining within that gloomy Pitchbook stat: "The first three quarters of 2020 marked the first time since 2008 that female-only founded companies secured more than 2 per cent of total European VC. Annual percentages have hovered between 0.8 per cent and 1.7 per cent over the past decade." And remarkably, the total for 2019 was surpassed in just the third quarter of 2020.

3. Women in tech

The status quo: Deloitte Canada chartered financial analysts (CFAs) Erica Pretorius and Duncan Stewart said: "Historically, there are too few women in tech (about 25 per cent in the US, and 22 per cent in Sweden), and the number is growing less than half a per cent annually." Sexual harassment in the workplace has often sabotaged women in tech. The analysts point out: "According to a survey conducted in February and March of 2020 (reflecting pre-pandemic experiences) sexual harassment of women in tech is still a severe issue. Half of women (48 per cent) reported experiencing harassment of various kinds." But guess what? "The top four locations of harassment (sexual, but other kinds of harassment too) in the survey were all in the physical world, rather than the virtual world."

The Covid catapult: The work-from-home (WFH) arrangement is one of the biggest pandemic-driven global phenomenons. It has its pros and cons, but for many women, that additional flexibility around work is a good thing.

Ericsson vice-president Jenny Lindqvist believes that WFH could lead to transformative change for women in tech: "While it doesn't eradicate the barriers between women and the sector, it might be, at the very least, a step in the right direction. For women previously struggling to access more senior roles in information and communications technology (ICT) due to commitments at home, perhaps greater working flexibility could be exactly what they need." Deloitte's annual survey of Technology Fast 50 CEOs found some extraordinarily positive statistics for women coming out of 2020. These included:

- Women made up more than 41 per cent of applicants to Fast 50 jobs this year. In 2019, they were only 16 per cent.
- Thirty seven per cent of companies reported at least 41 per cent of new hires are women this year, up from 21 per cent last year.
- Forty four per cent of companies said 31 per cent of their 2020 leaders are women, up from the 31 per cent of companies last year.
- Eighty six per cent of respondents believe inclusion in the workplace is among the top three strategic drivers of company success. That is a six-percentage point improvement from 2019.

We do not yet have enough hard post-pandemic data about the current status of women in tech, but I agree with Mr Stewart and Ms Pretorius's hypothesis: "If WFH makes the industry less female-unfriendly around work-life balance and harassment, retention will improve. And if applications and hiring go up in response to social movements, we will see gains across all parts of the pipeline at the same time... which will translate into double-digit gains in applications, hires and leaders."

4. Women investors

The status quo: Historically, about 60 per cent of US men invested in stocks, compared with only 40 per cent of women. But this 20-percentage point gap has shrunk considerably. A 2019 Gallup survey showed that from 2001 to 2008, 65 per cent of men and 59 per cent of women owned stocks for a six-point gap. Following the global financial crisis (GFC), from 2009 to 2017, the gap narrowed to four points as 56 per cent of men and 52 per cent of women were investing in equities. An update to include data from the very early days of the pandemic in March/April 2020 points to how, in the past couple of years, the gap has widened back to six percentage points with 58 per cent of men and 52 per cent of women owning stocks.

The Covid catapult: We do not yet have more recent Gallup data. However, there is a compelling post-pandemic trend in place with the rising popularity of online investing for women and the impact this will have on closing the retail investing gap.Women are signing up to investment platforms at faster rates than men, the *Financial Times* reported this month: "The lockdown period has reduced spending, increased savings and expanded the amount of time women have to think about financial planning."

Some examples from the article:

- The do-it-yourself trading platform EToro increased its cohort of new woman investors since Jan 1, 2020 by 366 per cent, compared to a 248 per cent rise for men.
- The UK-based digital wealth manager Nutmeg increased its new customer sign-ups by almost one-third in 2020. Women had made up 36 per cent of its investors, but this year they represent 40 per cent.
- The European investment platform Bux saw the number of women signing up to its share trading app BuxZero grow by 600 per cent year to date, compared to 400 per cent growth for men.

The bottom line

Most of us were glad to say goodbye to *annus horribilis* 2020. But the news has not been universally bad. So let us take time out to celebrate these four Covid catapults and the progress women have made.

Barbara Stewart, CFA, is a researcher and author on the issue of women and finance.