

Carol Schwartz: why the industry needs more female investors

June 2023

The industry needs to back more female leaders in venture capital, according to Reserve Bank of Australia board member and company director Carol Schwartz AO.

Schwartz, whose diverse career has encompassed the property, arts, finance, government, health and philanthropic sectors, said she typically holds about 15 direct investments supporting women entrepreneurs at any one time.

“The reason I like to invest in women entrepreneurs is they are an asset class that is underinvested in and I think they offer great returns: they work really hard and they’re very creative,” she said.

“And as an under-invested-in asset class, you can get some really cool deals. We do not have enough women who are running VC funds and this is part of the ecosystem that I would really like to influence and change because I think we need more women as investors.”

Women made up just 16% of senior staff at VC firms in 2022 according to the [Australian Investment Council](#), with representation even lower in private equity firms at just 6%. Frontier has previously released [research](#) into the broader funds management industry which found 15% of its rated Australian equity managers still had all-male investment teams, down from 45% four years earlier.

That under-representation stands in contrast with a large swathe of academic research showing more diverse organisations deliver significantly higher economic benefits.

“If we think about all the data and the research that has been done on the optimisation of decisions, where you have a diverse set of people making those decisions, it’s absolutely remarkable.”

Schwartz founded research and advocacy group, [The Women’s Leadership Institute Australia \(WLIA\)](#) organisation more than a decade ago to help women achieve equal voice, representation and recognition. Its [Pathways to Politics](#) program, aimed at fostering more female leaders, was launched at the University of Melbourne in 2016 with other universities soon following.

“In 2015, we had a Prime Minister who had a Cabinet made up of 22 men and one woman and I was outraged about that,” Schwartz said. “Every day I woke up outraged about that because it meant the decisions that were coming out of our premier decision-making table – that is our Cabinet table – had no gender diversity around that table. And I thought, how could we be making the best decisions for us as a country, if that’s the way our Cabinet table is?”

WLIA is also part of the Panel Pledge, aimed at improving women’s representation in public and professional forums. Schwartz said awareness is lifting, with a senior journalist at a national newspaper recently calling her to complain about a major financial services organisation’s conference that included women on just three of nine panel sessions.

“That awareness has been created now about the unacceptability of not having some sort of representation – not equal representation – of women on panels and in speaking roles.”

Schwartz was also recently [appointed chair](#) of the Climate Council, with aims of helping Australia become a renewable energy superpower. Her appointment comes as the government’s new Safeguard Mechanism is set to force big polluters to cut emissions intensity by 5% a year.

“It means that businesses coming up that have the solutions, that have the alternative way of achieving the results we need to achieve, are going to need investment and that’s very exciting.”

Meanwhile, she said the \$US370 billion US Inflation Reduction Act is likely to act as a call to arms and could spur new Australian government incentives.

“I was just talking to a VC based in Los Angeles and she was saying to me that a lot of Australian companies are looking to move to the US because of the Inflation Reduction Act and the advantages that that will give them. We need to keep those organisations in Australia – we need to fund them – because these are going to be the organisations of the future.”