



Facultad de Ciencias Económicas y Empresariales ICADE

**WOMEN-LED SEARCH FUNDS: AN
OPPORTUNITY TO REDUCE THE
GENDER GAP IN
ENTREPRENEURSHIP AND
ESTABLISHED COMPANIES?**

Author: Andrea María Caveró Belda
Director: Dánae Cortés Campanario

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Abstract:

This study explores the potential of women-led Search Funds as a strategic model to reduce the gender gap in entrepreneurship and leadership within established companies. By analyzing the benefits of Search Funds compared to traditional entrepreneurship, the research highlights how these funds can mitigate barriers women face, such as risk aversion, difficulties in securing financing, and lack of mentorship. The study also delves into why few women pursue Search Funds despite their advantages, using statistical data, literature review, and a qualitative interview with a female Search Fund leader. The findings aim to promote the visibility and advantages of Search Funds to inspire more women to consider this path, ultimately contributing to greater gender diversity in business leadership.

Keywords: Women-led Search Funds, Gender gap, Diversity in leadership, Female entrepreneurship

Resumen:

Este estudio explora el potencial de los Search Funds dirigidos por mujeres como un modelo estratégico para reducir la brecha de género en el emprendimiento y el liderazgo dentro de empresas establecidas. Al analizar los beneficios de los Search Funds en comparación con el emprendimiento tradicional, la investigación destaca cómo estos fondos pueden mitigar las barreras que enfrentan las mujeres, como la aversión al riesgo, las dificultades para asegurar financiamiento y la falta de mentoría. El estudio también profundiza en por qué pocas mujeres optan por los Search Funds a pesar de sus ventajas, utilizando datos estadísticos, revisión de literatura y una entrevista cualitativa con una líder femenina de un Search Fund. Los hallazgos tienen como objetivo promover la visibilidad y las ventajas de los Search Funds para inspirar a más mujeres a considerar este camino, contribuyendo en última instancia a una mayor diversidad de género en el liderazgo empresarial.

Palabras clave: Search Funds dirigidos por mujeres, Brecha de género, Diversidad en el liderazgo, Emprendimiento femenino

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1. Introduction

1.1 Objectives

The objectives of this work include **analyzing the advantages of a Search Fund compared to the traditional entrepreneurship model in relation to the barriers that women may face when starting a business** (risk aversion, difficulties in finding financing, the role of mentorship, etc.). Moreover, the second objective aims to **determine to what extent Search Funds led by women can also serve as a vehicle to increase diversity in the company that the Search Fund acquires** (both in the C-suite, as the woman leading the Search Fund becomes the CEO, and through the implementation of diversity policies under the new leadership of the company). The second phase of the research focuses on **determining why, despite it being a good opportunity, so few women** (9% according to the Stanford International Search Fund Study and 11% according to the IESE study in 2020/1) **decide to create Search Funds**. The aim of this work is to make the advantages of a Search Fund visible, in order to promote diversity and serve as motivation for women to start these ventures and thereby reduce the gender gap.

1.2 Methodology

The methodology employed will primarily be a **literature review**. This approach will allow for the collection of data from reports on Search Funds and scientific articles that examine the advantages of this model systematically. Key aspects, such as the reduction of risk aversion, lesser difficulties to access financing and mentorship opportunities associated with Search Funds, will be identified. This will provide a solid foundation to support the argument that the model offers opportunities to overcome barriers in traditional entrepreneurship. Thus, the literature review will help build a persuasive argument highlighting the importance of increasing women's participation in Search Funds as an effective means to boost diversity. Additionally, studies examining the relationship between a woman in the C-suite and the gender gap in companies will be utilized.

To a smaller extent, the literature review will be complemented by an interview with a woman who has decided to establish a Search Fund. While having more interviews would be ideal, the low number of women in Spain who have led these Search Funds complicates access to these conversations. This **qualitative research** component will enrich and contextualize the findings of the literature review, providing direct insights into the experiences, motivations, and specific challenges that women face when deciding to lead a Search Fund and later when directing it.

2. Gender Gap in Entrepreneurship

2.1 An Overview

Even though female entrepreneurial activities have been increasing worldwide, contributing significantly to economic growth and societal well-being, entrepreneurship remains heavily male dominated (Wu, Li & Zhang ; 2019). For instance, female-led

startups account for 21 percent of all startups registered in California or Massachusetts, two major start-up hubs worldwide (Guzman & Kacperczyk; 2019). In Europe, the gender gap is even more pronounced. According to a report by BCG in collaboration with SISTA, in France, the UK, Spain, Germany and Sweden only 10% of start-ups founded in 2022 were exclusively created by women and 12% by mixed teams. Sweden led the ranking with 1 in every 3 startups founded by at least one woman, while France and Spain obtained some of the worst results, with only one every five startup founding teams including women.

Moreover, there are some **differences between startups founded by men and women**. For one, the types of ventures that women engage in tend to receive **less seed money**. The 2022 GEM Report for Spain shows that the most frequent amount was 50k for male entrepreneurs and only between 3-5k for female ones (Calvo, Laviada, Monje & Atrio; 2023). Half of women's companies' seed money fell below 10k and half of men's below 20k. And the before-mentioned BCG report indicates that the average initial sum for teams exclusively founded by women is 4 times lower than that for those formed exclusively by men. Even those sectors where female representation is higher, financing obtained by women is significantly lower. Depending on the country, male-led start-ups account for between 77% and 91% of all funds, leaving only between 7% and 22% for teams that include both genders and only between 1% and 5% to exclusively female-led businesses (BCG & SISTA; 2023). And this gap only widens with time, as funds stagger for women after six years while male-led businesses continue to receive financing, so that the gap on average multiplies by 10 after nine years (BCG & SISTA; 2023).

Additionally, the motivation behind entrepreneurship shows divergences that can be led back to gender. The Spain GEM report historically shows that the **main reason for embarking upon the journey of starting a new business** is primarily creating wealth when it comes to men, while women's primary reason is making a difference (Calvo, Laviada, Monje & Atrio; 2023). This could explain why generally, studies have found that men are more likely to start businesses in technology, construction, and manufacturing, while women are more prevalent in health, education, and service-oriented sectors (Kanze; 2020). However, the chosen industries can also be explained by research by Dr. Dana Kanze and colleagues that shows that female entrepreneurs face additional challenges when raising funds, particularly in male-dominated industries (2020). They found significant disparities in funding, valuation, and equity for female-led ventures compared to male-led ones, with female entrepreneurs facing a unique handicap in male-dominated fields. These disparities are less pronounced in female-dominated industries and when investment opportunities are evaluated by accredited investors, suggesting a bias based on perceived industry fit.

Moreover, when it comes to evaluating female leaders' performance, a Harvard study by Ibarra and Obodaru looked at 360-degree evaluations of 2,816 executives from 149 countries enrolled in executive education courses at Insead and found that women scored lower on "envisioning"—the ability to recognize new opportunities and trends in the environment and develop a new strategic direction for an enterprise (2009). The article explores how societal and organizational norms influence the perception of women's leadership. For example, men might receive more recognition for visionary leadership due to traditional expectations of male leadership roles. The fact that male peers perceived female leaders as less visionary, may also lead to a lack of confidence deposited on female

leaders when it comes to funding, as investing in a business largely translates into investing into the organizational leader's vision.

While this study only points to negative biases in terms of evaluations related to "vision", Other studies indicate that women are often viewed less favorably and judged more harshly when they adopt stereotypically masculine leadership behaviors (Hanek & Garcia, 2022). Furthermore, the concept of the 'glass cliff' suggests that women in leadership positions are subject to more precarious circumstances, undergo more intense scrutiny, and face higher levels of criticism compared to men in similar roles (Hanek & Garcia, 2022). This additional criticism that women face, may, in turn, lead to a less visionary perspective, as projecting a vision implies making more changes, which opens female leaders up to more negative feedback.

While there has been a surge in private initiatives and governmental policies at a national level (such as the startup law and the "Women Entrepreneurs Finance Initiative" in Spain) or the "She Trades Global" on the international front, closing the gender gap within female entrepreneurship remains a slow-moving process. According to the Gender Snapshot 2022 report by the UN, reaching full gender equality, one of the 17 SDGs, could take up to 300 years if the current progress rate is held up, and entrepreneurship, as a crucial driver for economic growth and social innovation, is key to bridging the gender gap in the business world.

2.2 Barriers Faced by Women Entrepreneurs

There are a myriad of studies that try to identify the reasons behind these gender-based differences. Some argue that they might be drawn back to the idea that women are **more risk averse**. A study by Charness and Gneezy based on 15 separate experiments, for instance, showed in a clear and consistent way that women make smaller investments in risky assets than men, and therefore appear to be financially more wary of risk (2012). This gender-related reluctance to take risks has been replicated in a variety of studies across different disciplines (Byrnes, J. P., Miller, D. C., & Schafer, W. D. (1999); Croson, R., & Gneezy, U. (2009); Eckel, C. C., & Grossman, P. J. (2008); Sapienza, P., Zingales, L., & Maestripieri, D. (2009); Jianakoplos, N. A., & Bernasek, A. (1998); Nelson, J. A. (2012)). Different research draws these differences back to different factors, including social and cultural norms, evolutionary perspectives or other factors.

For instance, a study conducted among 511 children from two distinct ethnic groups in China—the Mosuo, who follow a matrilineal structure, and the Han, who adhere to a more traditional patriarchal system—provides unique insights into the malleability of risk preferences based on social and cultural exposure (Liu, E. M., & Zuo, S. X.; 2019). In matrilineal societies like the Mosuo, inheritance and lineage are traced through the female line, often granting women more social and economic autonomy compared to patriarchal societies. At the beginning of their school lives, Mosuo and Han children displayed risk preferences that mirrored their cultural backgrounds. Mosuo girls were more willing to take risks than Mosuo boys—a reflection of the matrilineal culture that empowers women. Conversely, Han girls were more risk-averse than Han boys, aligning with the risk preferences traditionally observed in patriarchal societies. This change suggests that

the risk preferences observed in the Mosuo girls were not fixed but rather susceptible to influence from the dominant patriarchal cultural norms.

In a similar line of argumentation, a study conducted by Wu, Li and Zhang published in the *International Entrepreneurship and Management Journal* showed that **poor female entrepreneurial cognitions** act as a causal path to a low level of women's entrepreneurship. This finding is in line with those of Shinnar et al. (2012), Langowitz and Minitti (2007), and Jamali (2009), who emphasized that a lack of related entrepreneurial cognitions (e.g., lack of competency and fear of failure) inhibits women's entry into the entrepreneurship field. These studies collectively suggest that societal and cultural norms significantly shape these cognitions. For instance, traditional gender roles often portrayed in various cultures can lead to a societal belief that women are less capable of handling the risks and challenges of entrepreneurship. This societal belief, in turn, impacts women's self-perception and confidence in their entrepreneurial capabilities.

Furthermore, behavior that aligns with typical gender stereotypes is often reinforced socially, as deviations from established gender norms can result in social sanctions and negative reactions (Heilman & Eagly, 2008). Research has identified a backlash effect against individuals, both male and female, who exhibit traits that defy the gender norms expected of their sex (Rudman, 1998; Rudman et al., 2012). Specifically, when individuals succeed in roles or tasks deemed unsuitable for their gender, women tend to be liked less and face more criticism, whereas men may receive less respect (Hanek & Garcia, 2022).

Although many obstacles women encounter in the workplace are linked to the external imposition of gender norms through discriminatory practices (Heilman, 2001; Heilman & Eagly, 2008), gender roles and stereotypes can become internalized, influencing personal preferences and behaviors (Wood & Eagly, 2015). Indeed, how individuals see themselves often mirrors the societal context. For example, studies have shown that women are more likely than men to consider themselves less capable leaders (PaustianUnderdahl et al., 2014). As people recognize and adapt to the gendered distribution of roles within society, they also learn the socially sanctioned norms for gender-specific behavior. This awareness of gender stereotypes fosters gender-conforming self-concepts and identities, which, through self-regulation, guide preferences and behaviors to align with these stereotypes (Hanek & Garcia, 2022).

Moreover, the gender gap in the C-suite could lead to women believing that becoming a CEO of their own company could seem less feasible. According to a paper written by the US National Bureau of Economic Research, only 6% of top business executives in 2020 were women (Keller, Molina & Olney; 2023). In Spain, a McKinsey survey shows that only 6% of organizations are led by female CEOs (2023). The percentage of female managers is 17%, while in IBEX-35 firms it stands at 21%, according to a report by ATREVIA and the Diversity and Trends Observatory of EJE&CON (2023). Spain ranks sixth in Europe in the percentage of female CEOs, where the average is 8% according to the beforementioned McKinsey study. The significant gender gap in the C-suite and among CEOs plays a crucial role in influencing women's perceptions of their feasibility and potential success in top executive roles, including becoming CEOs of their own companies. This phenomenon can be understood through the lens of representation

theory, which posits that individuals often seek role models and examples within their aspirational paths that mirror their identity (Hall; 1997). When women observe a stark underrepresentation of female leaders in top business positions, it can reinforce the belief that such positions are less attainable for them, impacting their ambition and confidence.

Another potential reason for these barriers is related to **financing**. In the venture capital funding landscape, Brush, Greene, Balachandra and Davis (2018) showed that only 2.7% of the companies in the USA receiving venture capital funding have female CEOs, and 15% have women on the executive team. Moreover, Becker-Blease and Sohl (2007) reported a significantly low proportion (less than 9%) of female-headed firms seeking angel investments. The number of women issuing initial public offerings (IPOs) is small, with only two of the total 200 IPO firms being headed by women (Wu, Li & Zhang ; 2019). Research also shows that investors hold negative biases against female-founded ventures (e.g., Brush et al., 2003; Thébaud, 2015; Gompers, Kaplan & Mukharlyamov, 2014) and that male investors will tend to form relations with demographically-similar entrepreneurs (e.g., Gompers et al., 2014; Ewens and Townsend, 2019). The in-group favoritism bias, a cognitive bias related to demographically-similar people, is especially relevant when the gap in the gender of investors is factored in. Investment research house Boring Money, for instance, found the gender investment gap rose by £54bn to £567bn between January 2023 and January 2024 in the UK, with more than twice as many men than women aged 18-24 investing (Muir, 2024).

An additional potential hurdle for women entrepreneurs is the **disproportional domestic burden** a lot of women shoulder, especially those with children. According to the European Institute for Gender Equality, a 2021 Index showed how employed women spend about 2.3 hours daily on housework, while for employed men this figure is 1.6 hours. Gender gaps in housework participation are the largest among couples with children, at 62 p.p., demonstrating an enduring imbalance in unpaid care responsibilities within families, with about 91 % of women with children spend at least an hour per day on housework, compared with 30 % of men with children (EIGE, 2021). This is not only the case in Europe, as a 2014 study by the OECD Development Center concluded that worldwide, women spend two to ten times more time on unpaid care work than men. The organization goes on to state that gender inequality in unpaid care work is the missing link in the analysis of gender gaps in labor outcomes, such as labor force participation, wages and job quality.

3. Search Funds as an Alternative to Entrepreneurship

Transitioning from the discussion of barriers that disproportionately affect women in the realm of entrepreneurship, it's important to explore innovative alternatives that can mitigate these challenges and promote a more equitable playing field. One such promising alternative is the concept of Search Funds. This investment model presents a unique avenue for aspiring entrepreneurs, particularly those who may face systemic obstacles or lack access to traditional venture capital and mentorship networks. By providing a structured pathway to entrepreneurship through acquisition, search funds can offer a more accessible and potentially less risky route to business leadership and ownership (Ruback & Yudkoff, 2017). This approach not only diversifies the means by which individuals can engage with entrepreneurship but also has the potential to democratize access to leadership positions within the business world, thereby contributing to closing the gender

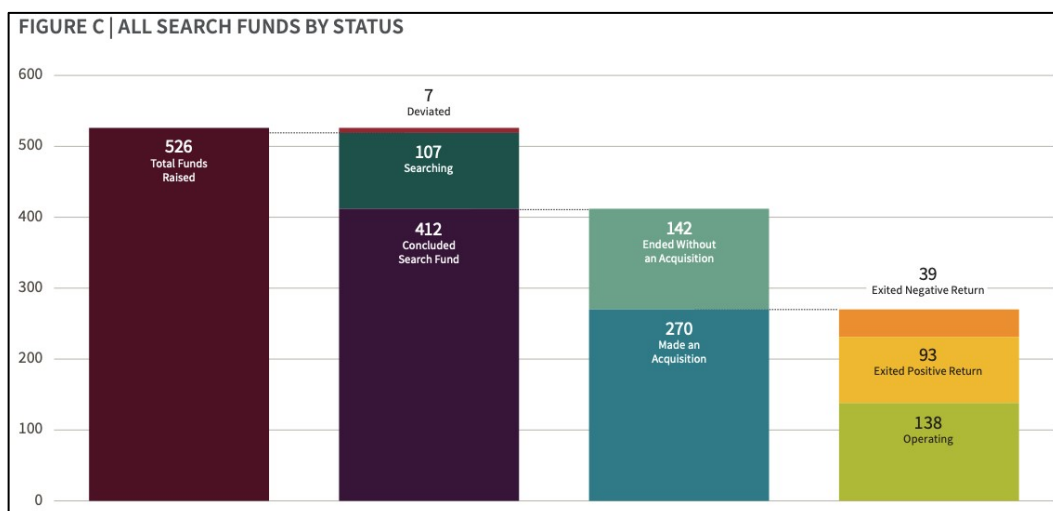
gap in C-suite roles . In the following section, we delve into the mechanics of Search Funds and how they represent a novel pathway for those looking to navigate the entrepreneurial landscape, highlighting their relevance as a tool for fostering greater equality in business entrepreneurship.

3.1 Understanding Search Funds

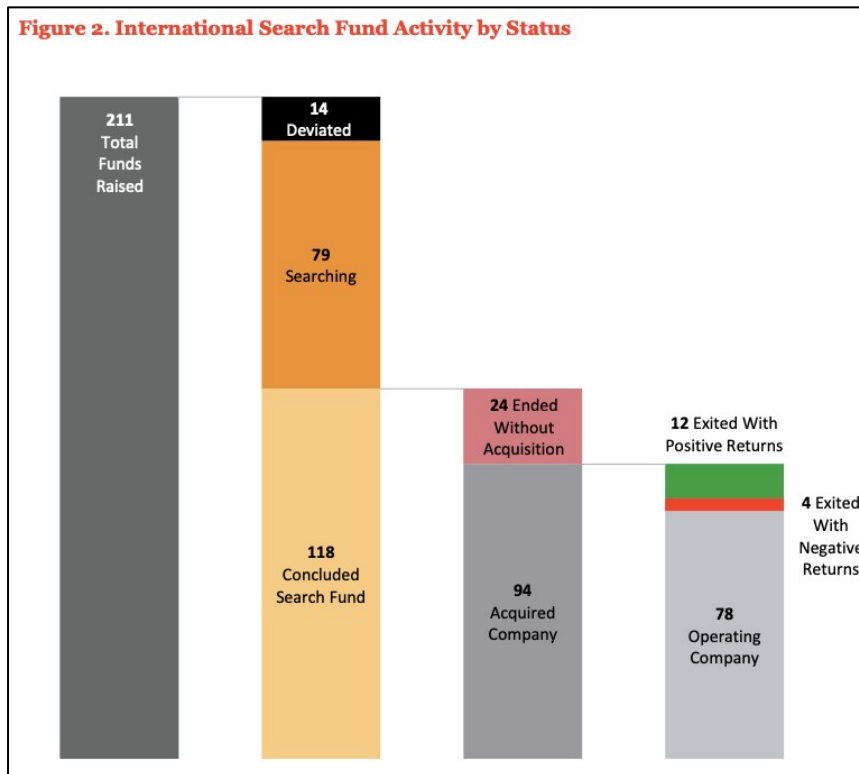
The term “Search Fund” originated at Harvard Business School in 1984, was popularized at Stanford in the following 10 years, and has been steadily adopted by business schools and entrepreneurs around the world (Stanford Graduate School of Business, 2021). The most prominent institutions collecting data on Search Funds are Stanford Business School, based in California, for Search Funds located in the US and Canada and the IESE Business School, based in Madrid, for those in other countries. A Search Fund is an entrepreneurial path undertaken by one or two individuals (the “searchers”)- typically MBA graduates or young professionals- who form an investment vehicle with a small group of aligned investors, some of whom become mentors, to search for, acquire, and lead a privately held company for the medium to long term, typically 6 to 10 years (Stanford Graduate School of Business, 2021).

Target companies for Search Funds are solid SMEs with established businesses and a history of profitability and sustained growth, in the least efficient segment of the private capital market (companies with revenues between 5 and 30 million euros and EBITDA between 1 and 3 million euros) (Grosclaude & Partners, 2022). A typical Search Fund progresses through four stages: raising initial capital, searching for and acquiring a company, operating said company and creating value and finally the exiting it, which is when the searcher(s) and investors achieve liquidity by various means (Stanford Graduate School of Business, 2021). When successful, this has resulted in a relatively fast path to becoming an owner-CEO, attractive financial returns for both investors and searchers, and growing, well-run enterprises (Grosclaude & Partners, 2022).

Since 1984, 526 first-time Search Funds have been formed in the US and Canada, according to the 2022 Stanford Search Fund Study:

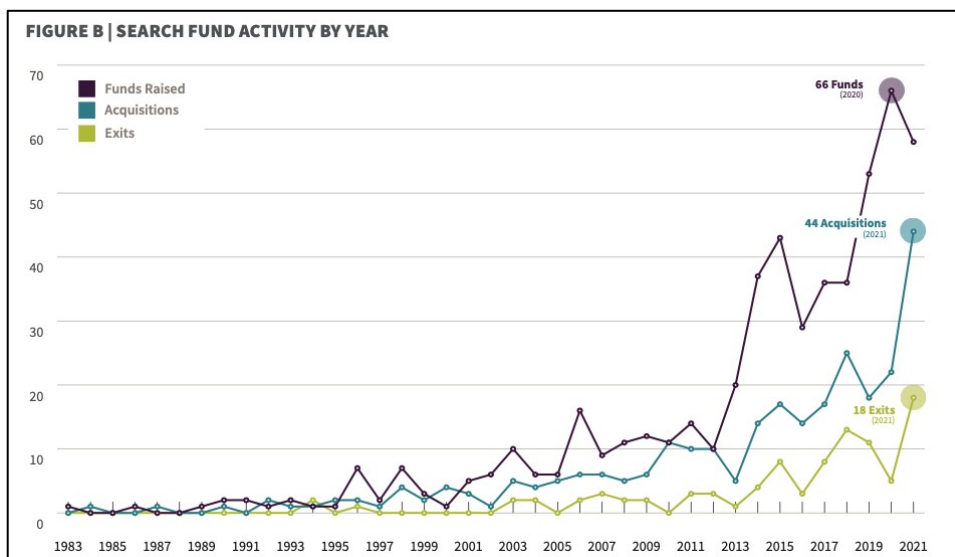


And in terms of international ones, a total of 211 funds were formed as of the IESE Search Fund Study 2022:

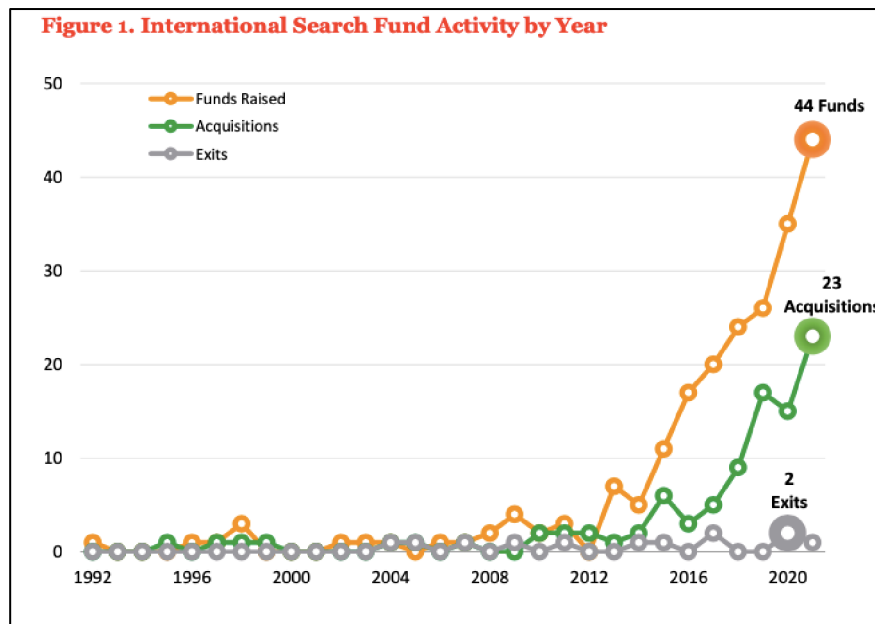


While Search Funds remain a small phenomenon when compared to traditional entrepreneurship, their emergence has proliferated both in the US and Canada and internationally, except for the pandemic year 2020.

US and Canada Search Fund Activity by year from 1983-2021 (Stanford):



International Search Fund Activity by year from 1992-2021 (IESE):

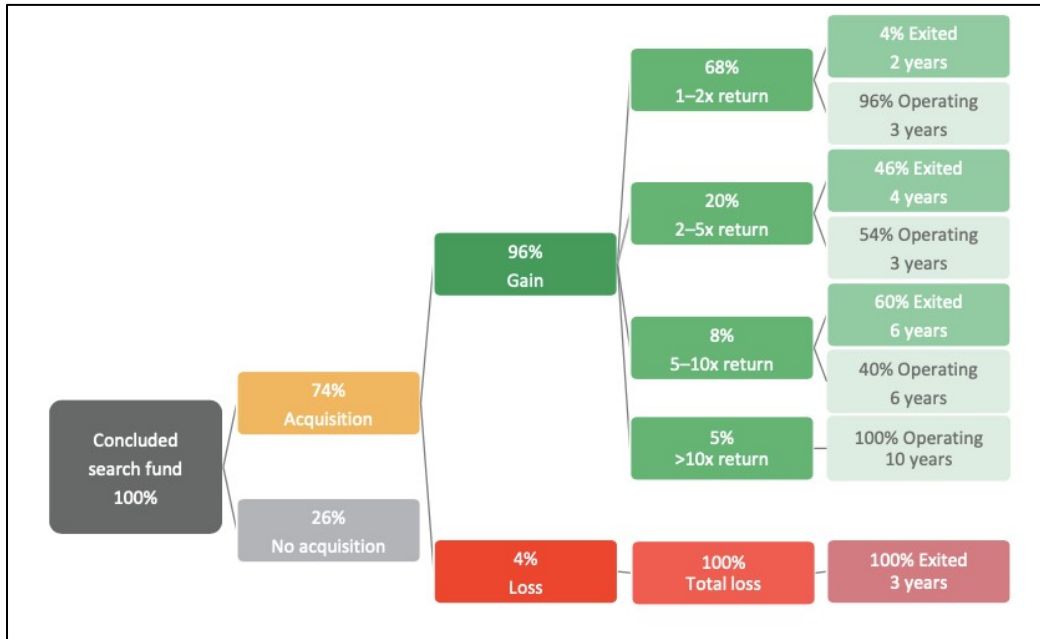


3.2 How Search Funds Address Gender-specific Entrepreneurial Barriers

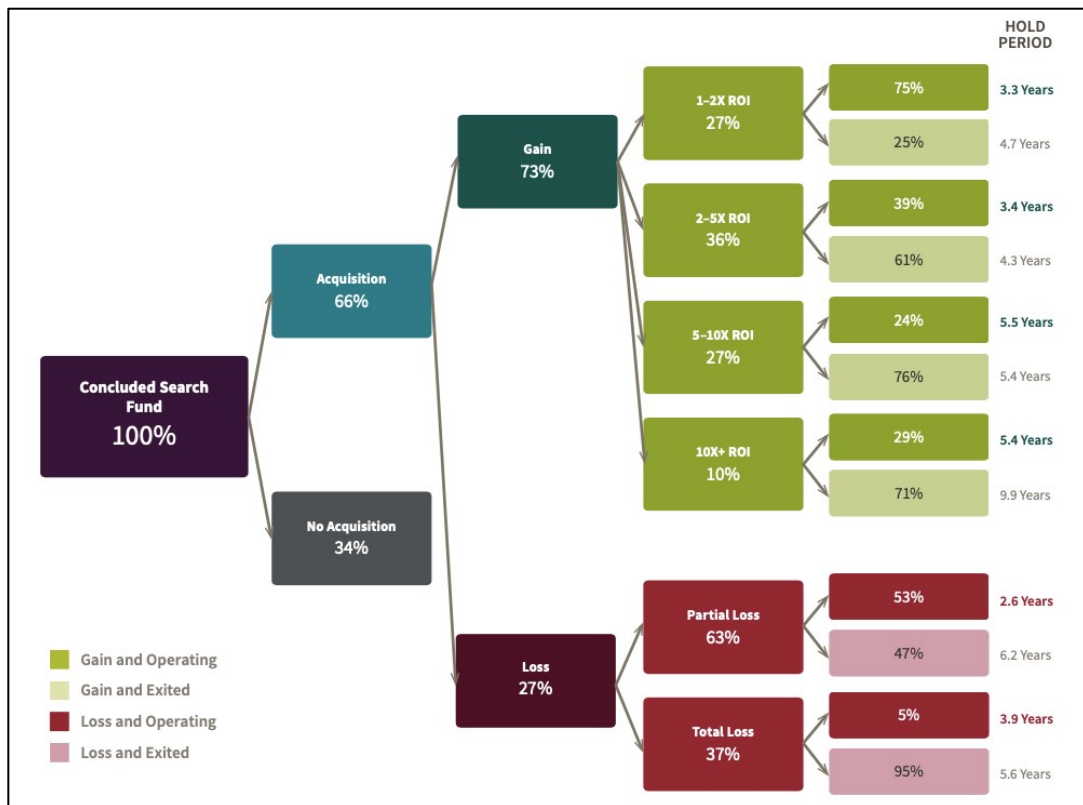
3.2.1 Risk Mitigation

As addressed above, one of the barriers women face when starting a business is, according to different research articles, a higher aversion to risk. Search Funds can mitigate risks in the sense that companies are purchased based on the argument that they have good margins, an existing customer base and revenue and have a high growth potential, so that the business model they are based on is already proven to work and the chances of going bankrupt are a lot lower compared to traditional entrepreneurship. According to research by Startup Genome, the world-leading innovation policy advisory and research firm, 90% of startups worldwide fail (2022), while out of 74% of Search Funds that made acquisitions, only 4% have resulted in unsuccessful exists internationally and out of 66% of acquisitions in the US and Canada, 27% have resulted in loss in the US and Canada (IESE 2022; Stanford Graduate School of Business 2022). While those with a gain decreased 2% from the Stanford 2020 study, there has also been an increase in companies with a greater than 5x return. The number of funds returning more than 10x increased by four in the last two years, to 17.

International Search Fund outcomes:



US and Canada Search Fund Outcomes



As an asset class, international Search Funds achieved an ROI of 1.9x and an IRR of 19.4%. The median search fund returned 1.1x of initial search fund investors’ capital, whereas the topperforming search fund returned 21.7x (IESE, 2022). When unsuccessful searches were excluded, returns increased slightly. And in terms of US and Canadian search funds the overall ROI for aggregate Search Funds was of 5.2 and the IRR 35.3.

Meanwhile, those for exited Search Funds were of 7.9 and 36.8 in 2022, improving as well when compared to results of aggregate SFs (Stanford Graduate School of Business, 2022).

In terms of Search Fund targets' growth potential, the 2022 IESE Search Fund Study, for instance, shows a median company EBITDA margin at purchase of 23% and a median revenue growth rate at purchase of 10%. For US and Canada companies the median company EBITDA margin at purchase of 22% and a median EBITDA growth rate at purchase of 17%. These results make a valid, data-backed case for reduced risk that potential female searchers can factor in. In contrast, when it comes to reasons for startup failure, 16% of cases of business failure are due to a lack of business model, 9% because the product is not user friendly and 7% can be explained by lack of demand for the product, as a 2018-2022 survey of 500 startups worldwide shows (Dyvik, 2024). All these issues do not affect a company with good margins, an existing customer base and revenue and a proven business model, or, in other words, a Search Fund target.

In entrepreneurship, however, an original business idea, product, or service is developed from scratch, often based on untested assumptions about the market, which is why the risk of failure is high if the concept does not meet a real market need or cannot be executed effectively. Another risk factor is the fact that the entrepreneur must focus on both creating and then growing the business, which can spread resources thin and increase the likelihood of oversight or missteps. The Search Fund model allows the entrepreneur to focus primarily on growth and operational improvements, leveraging an existing foundation. This concentrated focus can potentially reduce the risk of failure, while 16% of failure in startups is due to burnout and 7% because the entrepreneur loses focus (Dyvik, 2024).

3.2.2 Reducing Poor Entrepreneurial Cognitions, Facilitating Mentorship Networks and Funding Accessibility

On a different note, according to the displayed tables from the Stanford and IESE studies, a significant number of searchers have an MBA or similar advanced business degrees (78% of the 2022 international searchers and 81% of the US and Canada ones). This academic preparation is crucial as it equips searchers with a formal education in business management, finance, strategy, and leadership, which are key competencies in successfully running a business. On the other hand, traditional entrepreneurship does not necessarily require formal business education, and many successful entrepreneurs do not have MBAs. For example, the Global Entrepreneurship Monitor (GEM) provides comprehensive data and reports on the demographic and educational backgrounds of entrepreneurs worldwide. According to the GEM 2023/4 report, the level of education among entrepreneurs varies widely, with many having no higher education degree in business.

While an MBA is not a necessary condition for success, the lack of a formal business background might contribute to a lack of confidence or perceived competency among potential entrepreneurs, especially women, who may face additional societal biases questioning their business acumen. As such, female searchers could see the **poor female**

entrepreneurial cognitions, which research suggests are one of the barriers to entrepreneurship, reduced. These MBA programs provide graduates with networks of peers embarking upon the same journey, leadership training and case study method learning opportunities (Search Fund Primer, 2021), which could also contribute to the reduction of **poor female entrepreneurial cognitions**. And the teachers that participate in these programs, as well as the networking opportunities that the universities offer could prove useful in facilitating access to funds (IESE, 2022). While male investors are said to often be biased against women, partly due to their preference towards demographically similar individuals, interacting with them in the classroom or during networking events could help prove female founders' competence and reduce these biases.

Search Funds start with a committed group of investors who provide the initial capital required to search for a business (Stanford Graduate School of Business, 2021). This structure bypasses the often challenging early stage of fundraising, offering a more straightforward path to securing necessary funds. Some of the investors could stem from the networking opportunities that emerge throughout the MBA program. For women, who may face higher hurdles in attracting venture capital and angel investment, as explained in the barriers section above, having an established group of investors from the outset can be a significant advantage. And once a target company is identified, Search Fund entrepreneurs typically have access to additional financing from their initial investors to acquire the company. This staged financing approach reduces the need for women entrepreneurs to seek new investors at each stage of the process, which can be a timeconsuming and difficult process due to gender biases in the investment community. As explained above, the financing gender gap on average multiplies by 10 after nine years and an existing pool of investors to fall back on for acquisition could contribute to reducing the gap (BCG & SISTA; 2023).

3.2.3 Potential domestic responsibilities and flexibility/time demand

As mentioned above, domestic burdens disproportionately fall on women, making the demanding life of an entrepreneur unfeasible for some, especially those contemplating motherhood, as the startup environment is often characterized by high uncertainty, rapid changes, and the need for constant innovation and iteration. Startups require entrepreneurs to build a business from scratch, which includes product development, market validation, team building, fundraising, and sales, among other tasks (Harvard Business Review, 2013). This can make running a startup significantly time-consuming and unpredictable, as entrepreneurs must manage a wide range of activities and often pivot based on market feedback.

While Search Funds are also time demanding, a searcher focuses on acquiring companies that can work even without the former owners so that they have an existing foundation that allows for increased free time once the acquisition has been made (Search Fund Primer, 2021). And even during the search process, a phase involving market research, financial analysis, networking, and negotiations with potential sellers, the nature of the work is more focused and structured compared to running a startup and can often be scheduled more predictably than the day-to-day uncertainties and emergencies that can arise in running a startup. The only phases during which time demand is potentially equally high for searchers than it is for entrepreneurs would be when the searcher is

nearing a deal or during the initial period after acquisition. And while these seem like prolonged periods of time that require extra dedication, according to Search Fund studies, these phases tend to make up only a fourth of the entire process (using the maximum estimate of 12 months to reach the deal and 18 months to make the necessary changes in the newly acquired business by the firm One to One Asset Management).

Moreover, reduced time demand is not the only benefit when it comes to balancing work with domestic responsibilities, as the nature of the search phase also offers more flexibility when it comes to the location. Much of the work during the search phase, such as market research, financial analysis, and initial outreach to potential acquisition targets, can be conducted remotely. Additionally, while not universally the case, some Search Funds provide a stipend or salary during the search phase, funded by investors (Search Fund Primer, 2021). This financial stability can reduce the personal financial pressures that many startup founders face, allowing them to maintain a better balance between work and home life without the constant worry of personal financial ruin.

4. Women-Led Search Funds: Catalysts for Diversity

4.1 Search Fund Acquisitions and Historical Discrimination in Family Businesses

Accounting for more than 70% of global GDP (IESE, 2023), and representing 89% of the Spanish business fabric (Instituto de la Empresa Familiar, n.d.), the family business ecosystem makes up a relevant segment within the larger economy. However, 80% of family businesses do not make it to the third generation (KPMG, 2022). A 2022 study by Sánchez Avedaño, in which two Search Fund investors and five searchers are interviewed, illustrates that there is an optimal fit between the succession needs of family businesses and the Search Fund's value proposition. As such, Search Funds often acquire family owned businesses.

The acquisition of family-owned businesses by women-led search funds might also serve as a corrective mechanism to historical discrimination. By bringing in diverse leadership, these funds can help alter business cultures that have long been exclusive. Moreover, the presence of women in high decision-making positions could inspire a more systematic change across the industry, encouraging other family-owned businesses to recognize the value of diversity and adapt accordingly.

Research suggests that in family businesses, women are less likely to be considered for leadership roles compared to their male counterparts. A 2022 survey by the **STEP Project Global Consortium** indicates that although women constitute a significant proportion of family business employees, they are significantly underrepresented in top management roles. Out of 2,439 family business leaders that were interviewed in 70 countries and territories, 81% of CEO's were male. Moreover, according to the Family Firm Institute, while women in family businesses often hold significant ownership stakes, their roles in operational leadership or strategic decision-making are disproportionately lower compared to men. Women's contributions in this realm are often described as **"hidden"** or **"invisible"** in their roles as "chief emotional officers" and guardians of family traditions and values (Elvira, 2023).

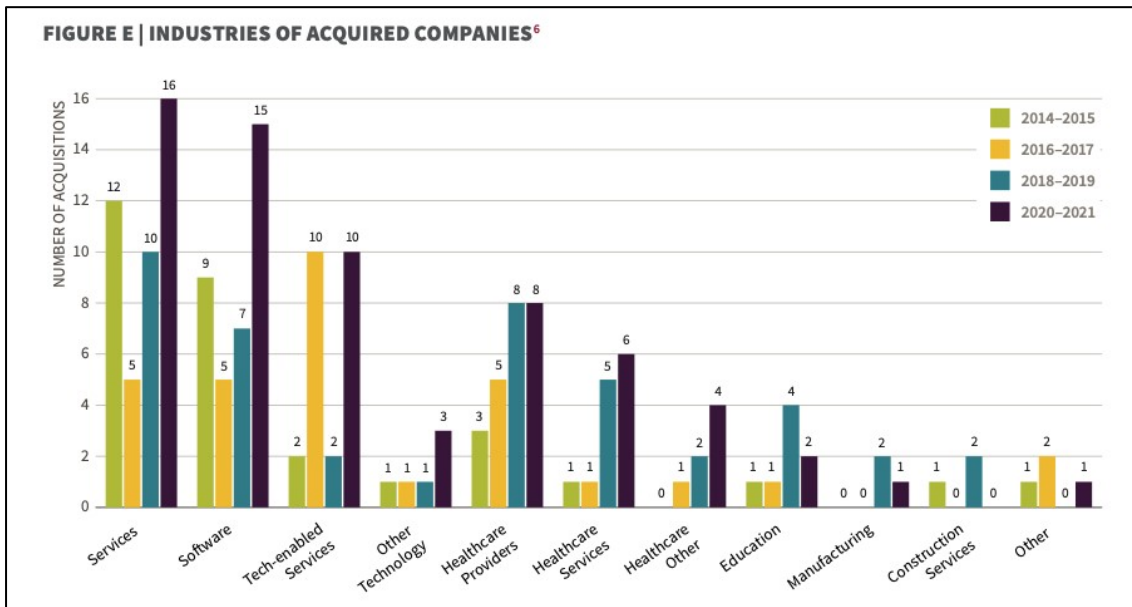
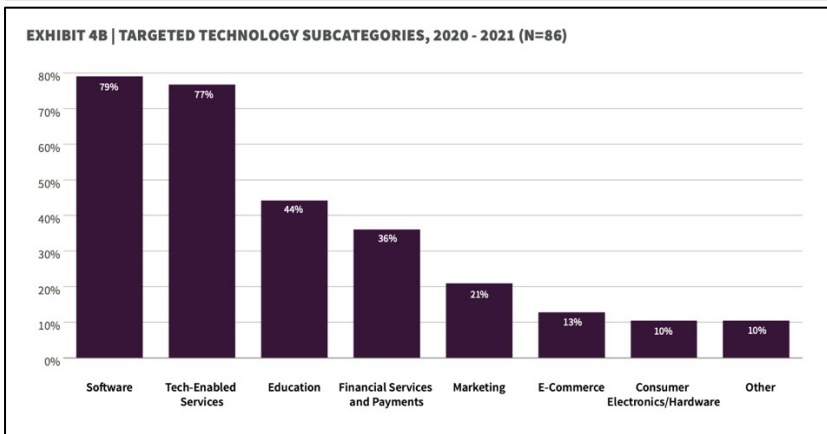
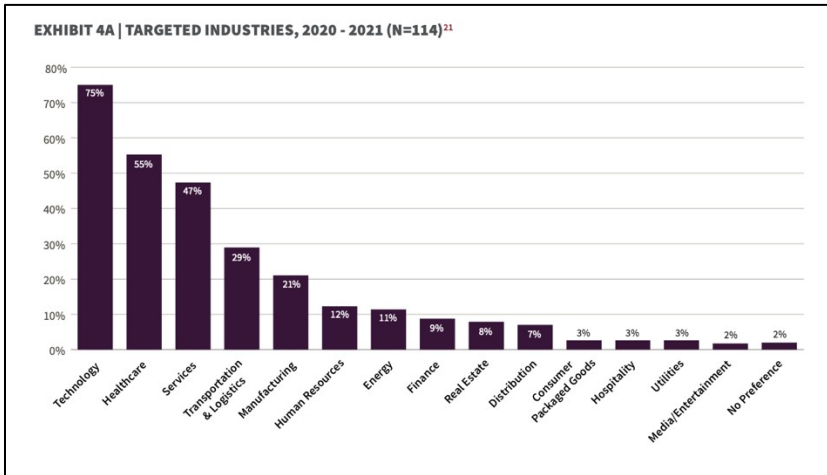
The discrimination women face in the succession of family businesses is a significant issue highlighted by research findings which demonstrate a strong preference for male successors. Studies have shown that family businesses tend to favor sons over daughters when choosing successors. This preference is often rooted in traditional gender roles and the historical practice of primogeniture, where the eldest son inherits the leadership role, irrespective of the capabilities or interests of female family members (European Journal of Family Business, 2017; Lansberg, 1988). For example, a study in Denmark showed that if the firstborn was a female, the likelihood of her becoming the family CEO was significantly lower compared to a male firstborn (European Journal of Family Business, 2017). Moreover, another study based on 60 in-depth interviews with incumbents and successors who were planning or had just completed the succession process, shows that birth order influences the succession process more often if the first child is a male than if it is a female (García-Álvarez, López-Sintas & Gonzalvo-Cirac, 2017).

Women-led search funds present a novel approach to addressing these issues. By placing women in charge of these funds, which are designed to acquire and manage businesses, they not only become the leaders of the acquired company but also set a new precedent for female leadership in family businesses. This shift can disrupt traditional succession practices by demonstrating the capabilities of women in high leadership roles, potentially reducing the bias in family business succession processes.

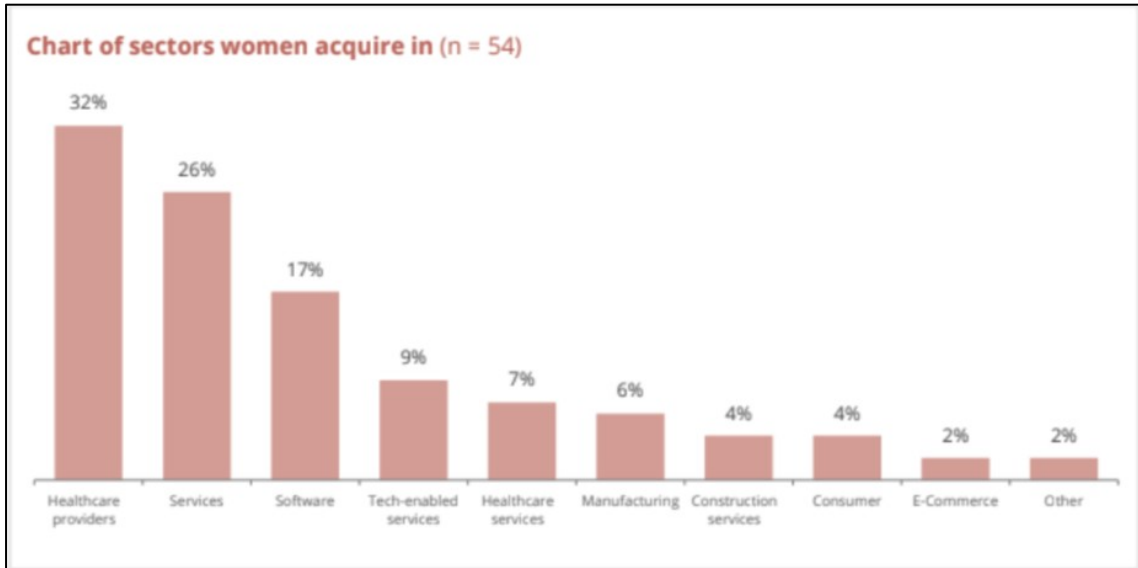
4.2 Breaking Gender Norms: Search Fund Acquisitions in Male-Dominated Sectors

Women-led search funds making acquisitions in male-dominated sectors play a critical role in breaking down entrenched gender norms and challenging the status quo. This influence extends across multiple levels, from the organizational to the societal. Gender norms often dictate the roles and sectors deemed "appropriate" for men and women. Women leading acquisitions in traditionally male-dominated sectors such as manufacturing, technology, or energy directly challenge these norms. Their leadership is a visible demonstration that capabilities transcend gender, questioning and reshaping traditional perceptions of what women can or should do.

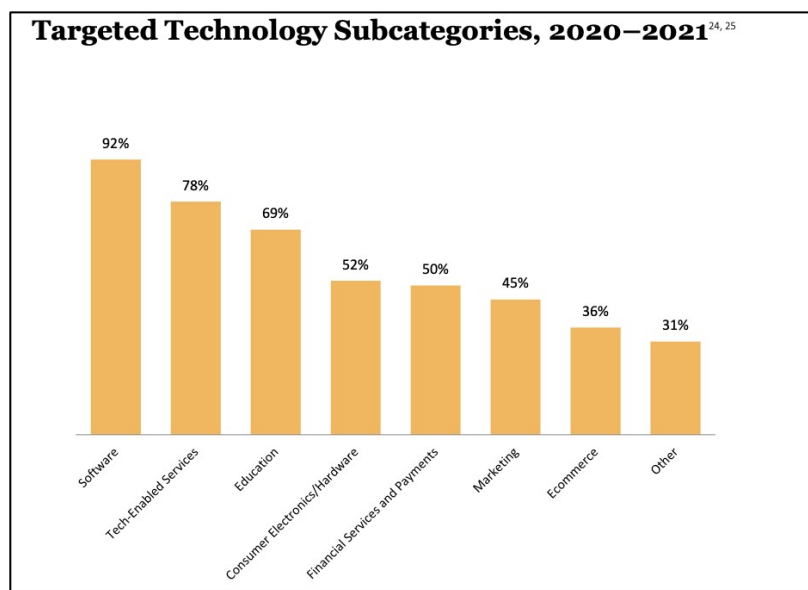
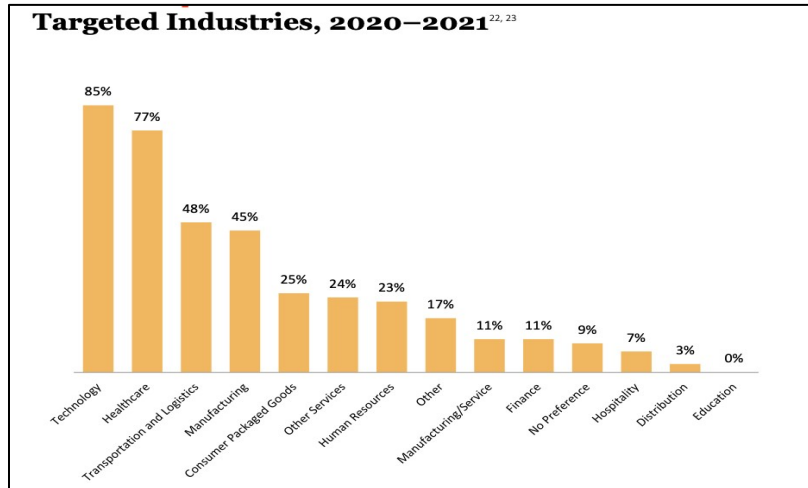
If we look at the Stanford 2022 Search Fund Study's targeted industries (by all searchers no matter the gender), 75% of searchers target the technology industry which is, according to CIO, one of the sectors with the lowest female representation (White, 2024). Healthcare and transportation and logistics come in second and fourth as targeted sectors. And in terms of acquired companies, Services and Software are the most prominent ones, followed by other Technology related fields and Healthcare related fields.



The Women Search Network has also released statistics surrounding acquisitions made specifically by women searchers in the US, which shows a preponderance for Healthcare Providers, Services and Software.

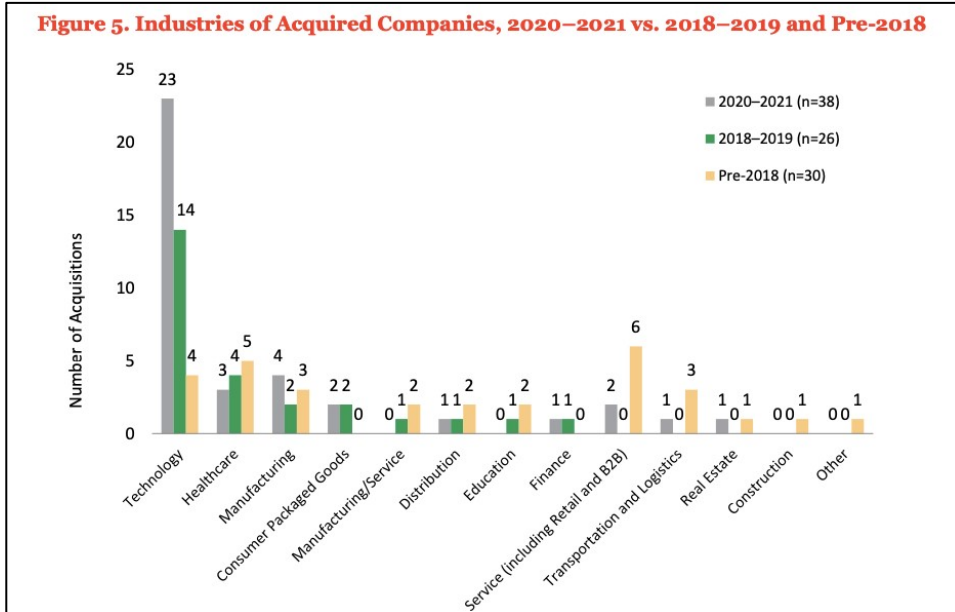


The IESE Search Fund Study (which takes searchers of both genders into account) also presents Technology as the main targeted industry, with 88% of international searchers aiming to make a purchase in that area, followed by Healthcare and Transportation and Logistics.



The IESE study also includes figures on the sectors in which actual purchases were made. Again, Technology and Healthcare rank first and second. Within technology, in 2020–2021, software was the most dominant technology subsector (9 acquisitions), followed by education (3 acquisitions), consumer electronics and hardware (3 acquisitions), financial services and payments (2 acquisitions), tech-enabled services (2 acquisitions), and other technology services (4 acquisitions).

Figure 5. Industries of Acquired Companies, 2020–2021 vs. 2018–2019 and Pre-2018



Compared to other non-tech industries, women in technology roles have some of the lowest numbers of representation at every level. McKinsey found that only 32% of entry-level technology hardware roles are held by women and 43% of entry-level software roles. And the numbers decrease as you climb the ladder, with women representing only 17% of hardware and 30% of software roles at the SVP level (2022). Women also face more barriers to promotion and career growth. A 2022 report from McKinsey found that only 86 women are promoted to manager for every 100 men across every industry, but when isolated for tech, that number drops to 52 women for every 100 men.

When it comes to healthcare, this industry is not known to lack female representation, quite the contrary, as globally, it is estimated that women represent 70% of health workers. The gender disparity in health care leadership, however, is pronounced, as only 26% of representative positions are held by women (Pérez-Sánchez, Eichau Madueño & Montaner, 2021).

For the manufacturing industry, a 2016 survey by the World Economic Forum showed that women constituted only 20% of manufacturing workers worldwide and found a 32% gender wage gap in the industry. A more recent study in the UK by the University of Cambridge, proves that this trend continued into 2023, as women accounted for just 26% of all workers in the manufacturing sector, although they represent almost half of the labour force in the UK. And the gender pay gap is still prominent in the sector, as female workers earn 17% less than their male peers.

Lastly, when it comes to the logistics and transportation sector, data from the European Commission's Women in Transport – EU Platform for Change, showed that only 22% of professionals in logistics and transportation in Europe are women. In Spain specifically, by the end of 2022, women held only 23.5% of positions in the logistics and transportation sector.

Search funds represent a unique and potent opportunity for women to bridge the gender gap in male-dominated sectors due to their focus on making acquisitions in these industries. This investment model enables emerging women leaders to take charge of

established companies within fields such as technology, manufacturing, and transportation and logistics, which are crucial areas for challenging and changing gender dynamics. By acquiring and leading firms in these sectors, women-led search funds can demonstrate leadership effectiveness and alter the fabric of the industry norms to be more inclusive.

4.3 The Impact of Women-Led Companies on Diversity

Research by Harvard Business School has shown that firms with more women in senior positions are more profitable, more socially responsible, and provide safer, higher-quality customer experiences — among many other benefits (Post, Lokshin & Boone, 2021). Titled “Adding Women to the C-Suite Changes How Companies Think” the article that sums up the findings of this Harvard study explains how, after women joined the C-suite, firms became more open to change (Post, Lokshin & Boone, 2021). Another study by McKinsey indicates that companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above their respective national industry medians (2015).

The next two sections will argue that the impact of female CEO’s is twofold, direct, by implementing diversity policies and indirect, by inspiring other women to aspire to highlevel management positions through the provision of a female role model.

4.3.1 Representation and its Influence on Career Aspirations

Social Role Theory suggests that when people observe a non-traditional division of labor, such as women in leadership roles traditionally held by men, it can alter gender stereotypes and influence career aspirations and choices across genders. This exposure can modify perceptions and behaviors towards more equitable and diverse workplace cultures (Olsson & Martiny, 2018).

Additionally, other studies support and extend these findings. For instance, a study by Dasgupta and Asgari (2004) demonstrates that regular exposure to female leaders in male-dominated fields can significantly enhance women’s self-concept in leadership roles and increase their interest in similar careers. This "role model effect" reduces the psychological barriers that stereotypes pose, making it more conceivable for women to aspire to and attain leadership positions themselves.

Research by Stout, Dasgupta, Hunsinger, and McManus (2011) also offers valuable insights. Their work highlights how exposure to role models in STEM fields influences women’s feelings of belonging and their persistence in these disciplines. They found that women who had female mentors or professors in STEM were more likely to feel competent and motivated to continue in their chosen fields, demonstrating the transformative power of visible role models.

Moreover, Lockwood (2006) provides further evidence on the psychological mechanisms at play, showing that women who observe successful female leaders in their field experience an increase in positive self-perceptions and career aspirations. These role models serve as a psychological blueprint for what is achievable, particularly in settings where women's achievements are often overshadowed by male dominance.

Together, these studies underline the importance of diversity in leadership and the profound effect that female role models can have on shifting societal norms and empowering women to pursue careers in these fields. This evidence aligns with the role that female-led search funds can play in fostering gender diversity by demonstrating women's capabilities and success in leadership roles across various industries, thereby encouraging more women to envision themselves in similar positions.

4.3.2 Implementing Diversity Policies

Recent studies suggest that female CEOs are instrumental in advancing diversity within corporate leadership. According to a report by S&P Global, women CEOs have increasingly used diversity-oriented language in their communication, signifying a leadership style that embraces inclusivity (S&P Global, 2022). This reflects an emerging trend where female leaders are not only participating but actively shaping corporate cultures to be more inclusive.

Research from the Stanford Graduate School of Business further supports this, showing that companies with female CEOs or directors demonstrate a marked shift in language that associates women with personal agency and leadership qualities (Macabasco, 2022). This change in discourse is seen as an indicator of a deeper cultural shift within organizations, suggesting that female leadership might be setting off a "virtuous cycle" that positively impacts the entire organization's approach to gender representation (Macabasco, 2022).

Furthermore, the Australian Workplace Gender Equality Agency (WGEA) has identified a definitive connection between higher female representation in leadership roles and a reduced gender pay gap, noting this correlation persists even when excluding the salaries of high-level positions like CEOs and Directors from the pay gap calculations.

Additionally, firms led by female CEOs are less likely to face discrimination lawsuits, especially those with histories of diversity issues, and are often rated more favorably on diversity ratings (Dadanlar & Abebe, 2020). While this could stem merely from the fact that they hold this position, the article posits an alternative explanation. Female CEOs, throughout their careers, are more probable to have encountered workplace discrimination themselves (Bigelow et al., 2014) or be aware of colleagues who have suffered from harmful workplace dynamics (Bell & Nkomo, 2001). These experiences likely enhance their empathy and understanding of the negative impacts of discrimination, which can lead to decreased productivity and disengagement among employees (Volpone & Avery, 2013), so that they actively seek to prevent discrimination.

While these pieces of research make the case that female leaders promote inclusivity, a study published in the *Journal of Management* by Corwin, Loncarich, and Ridge (2022) acknowledges the potential for female leaders to foster inclusivity but also points out the conditional nature of this influence. The concept of the "queen bee phenomenon" suggests that some female CEOs might not actively promote other women, possibly due to entrenched gender norms or the isolating experience of being one of few women at the top. However, this tendency diminishes as female CEOs gain more power and discretion within their roles.

This research highlights that while female CEOs have a crucial role in enhancing gender diversity, the effectiveness of their efforts is largely influenced by their level of authority and the corporate governance structure. It underscores the importance of empowering female CEOs with sufficient autonomy and support, enabling them to overcome potential barriers and effectively champion diversity initiatives within their organizations. This perspective shows that the impact of female CEOs on gender diversity is not just a matter of their presence in leadership but also their ability to wield power effectively within their specific organizational contexts.

However, in the case of Search Funds, their acquisition strategy typically involves deep engagement and transformative leadership in the purchased company, providing a platform for women to demonstrate leadership effectiveness and to implement systemic changes that support women at all levels of the organization.

5. Exploring the Discrepancy: Why So Few Women-Led Search Funds?

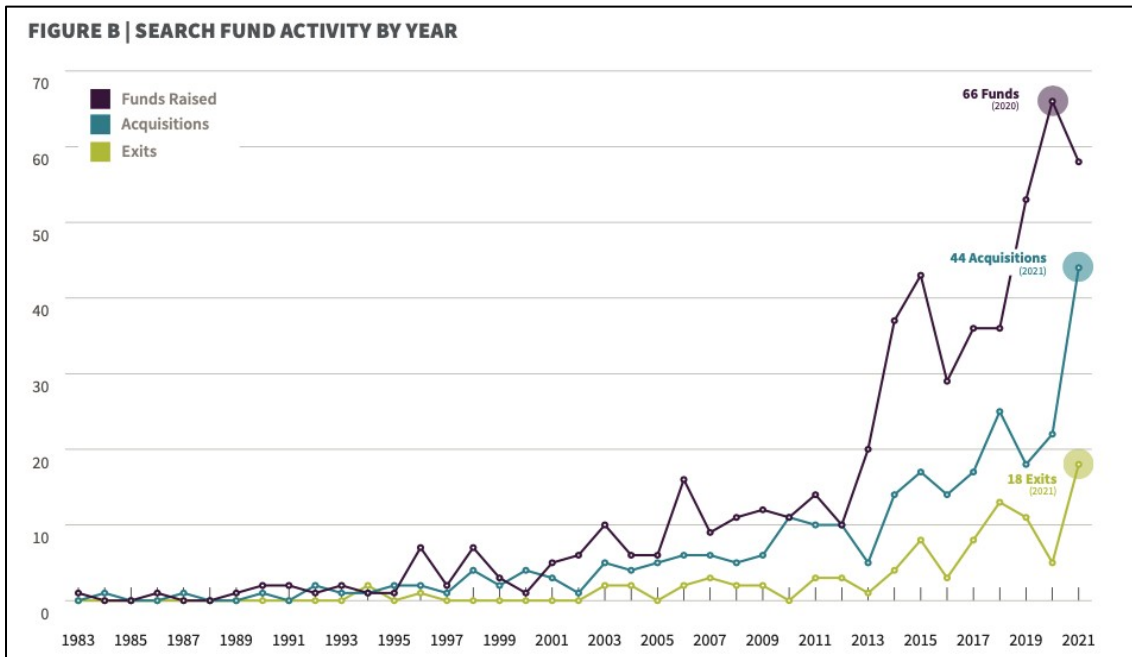
Search Funds present a unique entrepreneurial model that mitigates several traditional barriers faced by women in business. As addressed in the sections above, these funds reduce the risk associated with starting new ventures by focusing on acquiring and managing established companies with proven business models. This approach not only lowers financial risk but also increases the predictability of business success. Additionally, Search Funds provide easier access to financing, as they are typically backed by a group of investors who also often provide mentorship and strategic guidance. This framework addresses common challenges such as securing capital and accessing valuable business networks, which are particularly pronounced for women due to prevailing gender biases in the investment community.

Despite these significant advantages, the number of women-led Search Funds remains disproportionately low. This section explores the underlying reasons for this discrepancy, aiming to understand why more women are not leveraging this entrepreneurial path, which apparently aligns well with overcoming gender-specific barriers in business.

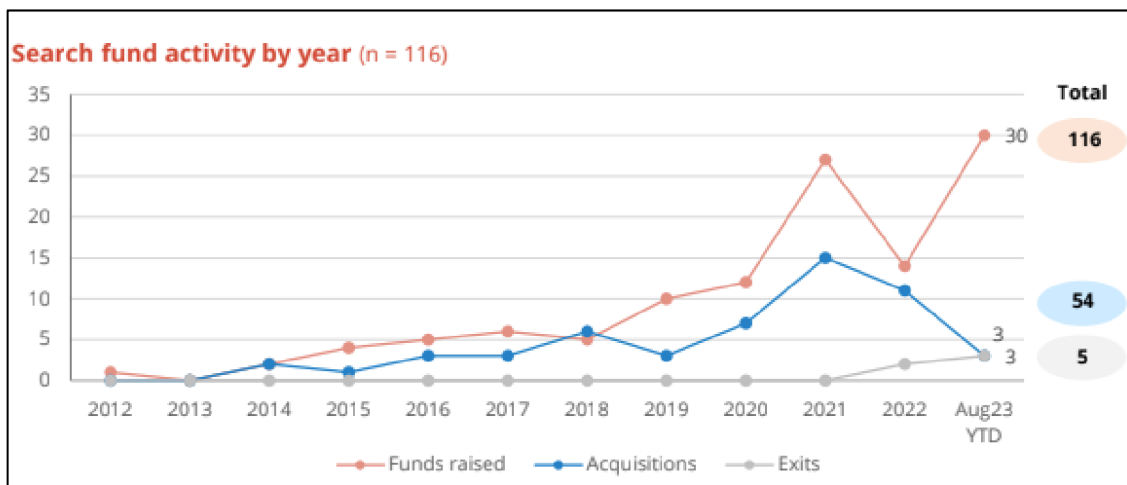
5.1 Statistical Insights: Women in Search Funds

In the US and Canada, 526 first-time Search Funds have been formed since 1984. The 2022 Stanford Search Fund Study shows historically low proportions in terms of female Search Fund Principals from 2001-2021, with several years reflecting no female representation at all. While there seems to be a recent uptick in female founders, reaching an all-time high in 2021 with 11%, this number remains tragically low, as women represent 47.19% of the civilian workforce in the US (US Bureau of Labor Statistics, 2024) and 47.3% in Canada (Statistics Canada, 2024). And if we look at recent absolute numbers, when the number of funds peaked with 66 in 2020, only 5 of those were led by women.

	PRE-2001	2002-2003	2004-2005	2006-2007	2008-2009	2010-2011	2012-2013	2014-2015	2016-2017	2018-2019	2020-2021
Gender											
MALE	96%	100%	100%	100%	100%	94%	100%	95%	92%	93%	87%
FEMALE	4%	0%	0%	0%	0%	6%	0%	5%	8%	7%	11%



A 2023 Women Search Network Study identified 116 women in the US who have launched a search since 2012 – 80 of whom pursued a traditional search and 54 women search CEOs, including 5 who have exited.



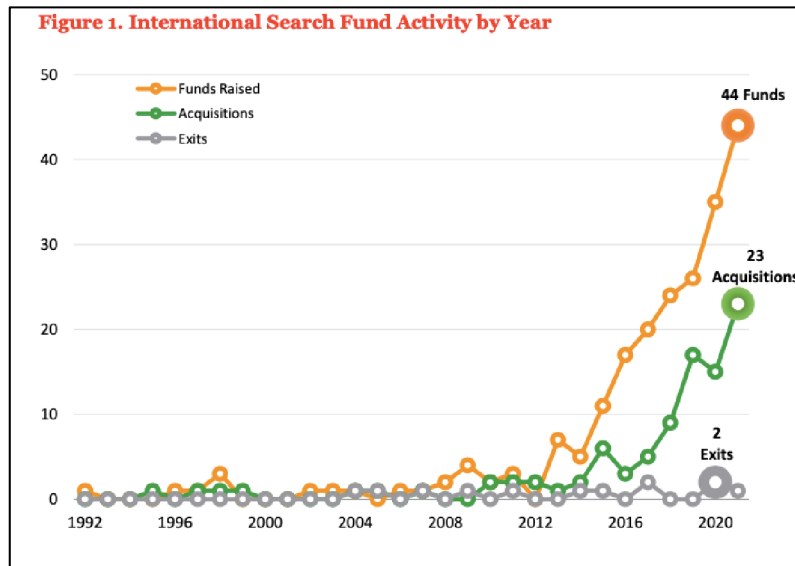
Similarly, the IESE study shows equally low proportions of female-led Search Funds, also with no representation at all during several years. Even in 2021, when the number of Search Funds peaked, out of 44 Search Funds, only 4 of them were led by female principals.

And while the percentage seems to be extraordinarily high before 2002, with 17% of female principals, if we look at the absolute numbers, the fact is that only 6 SFs were founded, one of them led by a woman. Something similar happens on 2012-2013.

In general, while it is true that Search Fund activity was very low initially, with less than 10 Search Funds being accounted for each year before 2015, which makes the yearly

sample very low, as many as 211 Search Funds that have been established since 1992, very few of them by women.

	Pre-2002	2002-2007	2008-2009	2010-2011	2012-2013	2014-2015	2016-2017	2018-2019	2020-2021
Gender									
Male (%)	83	100	100	100	86	94	100	96	91
Female (%)	17	0	0	0	14	6	0	4	9



5.2 In-Depth Perspective: An interview with a female SF leader

In this section, we delve into the experiences of Mar Raposo, a female Search Fund founder that has successfully completed the search phase and acquired a company in the automotive sector, where she is currently the CEO of Automatic.

Ms. Raposo holds a Master’s Degree in Civil Engineering from the University of Coruña; she also studied at the Politecnico di Milano (Italy) and at the Universidad Nacional Autónoma de México (Mexico). After short experiences in the engineering field, she began her career in top-management consulting at the firm Kearney, where she reached post-MBA roles through her work in different projects and functions, from strategy to implementation, including the PMO of more than 35 projects valued at +130 million dollars.

She left consulting to accept an offer from an international distribution company, and joined ARCA Group as a Continuous Improvement Manager for its headquarters in Mexico. After working in different projects across the company and developing strategic initiatives, she joined ARCA’s executive team as the Chief Logistics Officer, where she led a team comprised of more than 25 people, managing the international and national logistics of the company. Eventually, she left ARCA and moved on to work as an Investment Associate at Duhau Capital in London while obtaining an Executive MBA at IESE Business School. These steps paved the way for her to found ARETÊ Management and Capital Partners, a Search Fund that secured a company acquisition in less than two

years. Currently, Ms. Raposo leads Auto-Matic, a Spanish company with 25 years specializing in the repair and maintenance of automatic transmissions for passenger cars.

Through this interview, Ms. Raposo provides insights into her motivations, the challenges she faced, and the strategies she employed to overcome gender-specific obstacles in a traditionally male-dominated industry.

Motivation for Choosing the Search Fund Model

When asked about her decision to pursue the Search Fund model instead of starting a business from scratch, Mar explained that her primary motivation was rooted in a preference for managing an established company over the inherent uncertainties of a startup. She emphasized that she lacked a specific business idea she was passionate about, which is a common scenario among many who choose the Search Fund path. Mar highlighted the appeal of managing a company with an existing structure and revenue stream, allowing her to focus on operational improvements and team management rather than initial capital struggles and high failure rates associated with startups. Moreover, she explained that the Search Fund model allowed for a much larger project due to the robust support from capital partners. The involvement of these partners with aligned interests in making the journey a success, provides support that is not as pronounced in traditional entrepreneurship. While an entrepreneur might share the journey with a cofounder and maybe a smaller capital partner, the role of capital partners in the Search Fund model is larger, minimizing the risks of failure but without implying continuous day-to-day monitoring or micromanaging.

Challenges in a Male-Dominated Industry

Mar has been leading a company in the automotive aftermarket industry, a sector notoriously dominated by men, for five months. She shared that while she has not faced severe challenges, there are occasional prejudices where interlocutors initially fail to recognize her authority due to her gender and age. However, she quickly establishes her position as the director and earns the necessary respect from those willing to accept her leadership. Mar pointed out that while she encounters prejudices, she does not perceive them as outright discrimination but rather as preliminary biases that she can address through her performance and competence.

While she recognizes that the automotive industry and, even more so, the aftermarket in this area have a strong male dominance, she is not new to this, as she has experienced a lack of female representation in engineering, in particular while studying in Latin America, and in logistics, where she encountered mostly men, both in the organization and in the supplier companies, as well as the truck operators themselves.

Support from Investors and Mentors regarding Gender-Specific Challenges

To address the question about the unique challenges faced by women, Mar emphasizes that she does not focus specifically on identifying these challenges, and therefore, does not perceive them as particularly important. However, she acknowledges the presence of certain prejudices during the management phase. For instance, interlocutors might

struggle to recognize her authority, assuming she is not the person in charge due to gender biases. However, she asserts that she hasn't faced additional biases that necessitated special support. Sometimes, during the search, she has had to rely on her resume to combat prejudices from entrepreneurs or brokers. Studies indicate that women often need to showcase their proven achievements more than men, who are generally valued for their potential. Mar highlights that this differential focus can influence investment perceptions and decisions, a phenomenon backed by research. In venture capital, for example, women are often asked about risks and potential downsides, while men are asked about the potential and upside of their ideas. Mar believes this focus should be addressed to eliminate such biases.

Mar notes that within the context of a Search Fund, personal prejudices may arise regarding how certain aspects of her life might affect the project. She explains that a Search Fund, like any entrepreneurial or business project, requires a high level of commitment. This commitment isn't something one can easily walk away from after a short period. Consequently, she emphasizes that it is very reasonable for partners and investors to thoroughly evaluate this commitment. Nevertheless, during the search phase, Mar's personal opinion – and she underscores that it is an opinion- is that questions about her personal life, family, and spousal support might have been asked to her more frequently than to her male counterparts.

Moreover, Mar points out that such prejudices are not only external but can also be internal, and she stresses the importance of not becoming overly sensitive to gender biases.

Value of Networks and Resources

Mar observed that in Europe, the network of women in the Search Fund community is very small, with only a few female peers across the continent. She was recently at a Search Fund Conference where there were no women on the investor side and only two women, including her, out of around 50 searchers that attended.

Mar explained that she is in contact with other female searchers, interacting in the same way she does with male peers, and that she does not feel the need for a gender-specific network, nor does she think the other women do, as they have each found their way and their strength and feel comfortable, so that they have not seen the need to make a specific effort to unite so far. She mentioned that there are more extensive networks in North America, where there is a larger community of female searchers and efforts to address gender-specific issues in the Search Fund model are more pronounced. These associations have published studies on the topic.

Advice for Aspiring Female Search Fund Leaders

Reflecting on her experience, Mar explains that, while she acknowledges that the gender gap is a reality, she ensures that it does not affect and, more importantly, limit her. What she does find paradoxical and inadmissible, and in need of improving, is that women find themselves in minorities when they make up half the population.

She advises aspiring female Search Fund leaders who are (as opposed to her) uncomfortable and affected by being a minority in a room full of men to remain aware of potential ways in which gender biases limit them but not let them become deterrents. She advocates for these women be explicit about their challenges, acknowledge them and to actively look for tools to address them, support networks, for instance. Mar believes that understanding and addressing these limitations can empower women to pursue leadership roles confidently.

When asked about personal attributes that have been crucial to her leadership, she stresses the importance of hard work, dedication, versatility and effective team management as critical factors for success in the Search Fund model. Moreover, she explains the importance of being comfortable with decision-making and the need to make them, sometimes speedily, knowing that some decisions may not be perfect. This has been an evolution for her, moving from the “data-based”, theoretical nature of consulting to dealing with more practical realities.

Reasons for the Lack of Female Searchers

Mar believes the low number of women leading Search Funds can be attributed to the typical profile of searchers, who predominantly come from fields such as finance, private equity, banking, and consulting—industries with fewer women. Most searchers also hold an MBA, where female representation ranges from 30% to 40%, rarely reaching 50% despite significant efforts from business schools. This creates an initial imbalance, as fewer women pursue these careers. Additionally, for women who feel inhibited by the low representation of their gender, this disparity can further discourage participation.

Despite the apparent advantages of Search Funds, such as reduced risk and access to mentorship, the path is not without challenges. Mar points out that the opportunity cost of pursuing a Search Fund is significant, as searchers must commit their careers to this endeavor, facing a high risk of not closing a deal, leaving behind mostly advanced careers in other sectors. And although the risk of failure is not as extensive as starting a company from scratch, it is still substantial.

The model is also less known outside the United States, with the first European Search Fund acquisition occurring only in 2014. This lack of familiarity, combined with the traditionally male-dominated background of typical searchers, contributes to the lower participation of women in this entrepreneurial path that, in Spain/Europe, is still taking off. Mar thinks that, hopefully, in the next years we will see better proportion of female searchers, even reaching better parity than in other countries.

The Role of Gender in Leadership and the Future of Female Representation in Search Funds

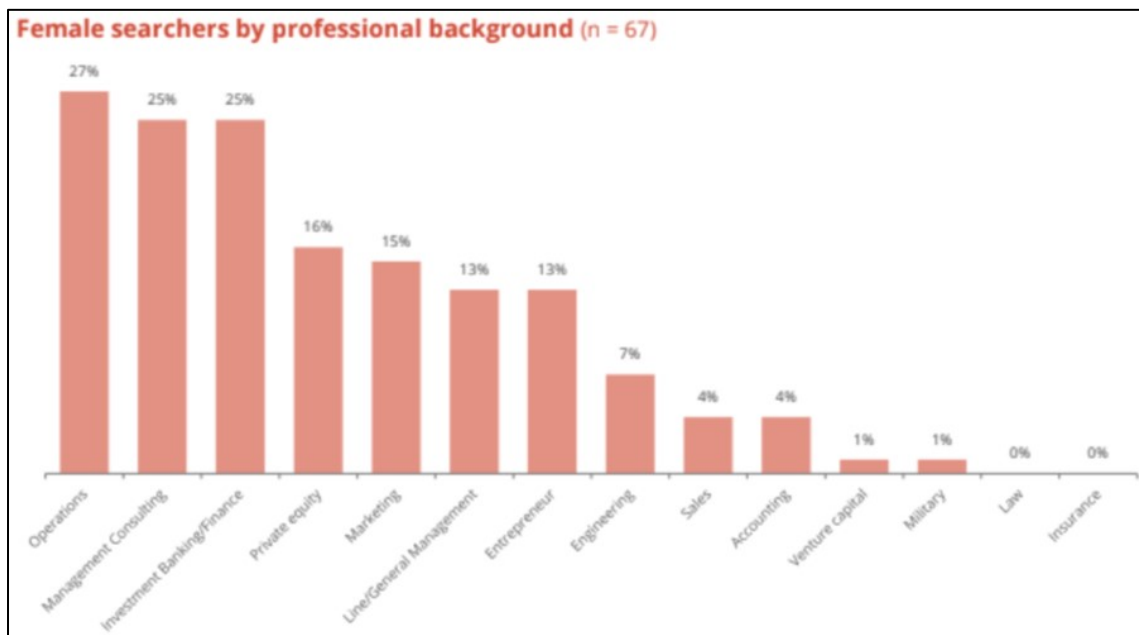
Mar contends that being a woman does not inherently bring different qualities to the leadership role but acknowledges that introducing a gender perspective can disrupt entrenched norms in male-dominated sectors, which is something that both men and women can do but might more naturally be done by women as they might be more acutely aware of these biases. She is confident that there will be increased female representation

in Search Funds and believes that the visibility of successful women in this field will inspire others to follow suit. The fact that investors are increasingly committed to a more diverse Search Fund landscape will also promote this.

5.3 Analyzing Plausible Explanations for Low Participation

The “background filter”

A 2021 Yale University Study by Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, analyses several reasons that might keep women from starting Search Funds. For one, typical **backgrounds of searchers** tend to be **male dominated fields**. If we look at presearch professional backgrounds of women in the US, 27% come from Operations, 25% from Management Consulting, 25% from Investment Banking, 16% from Private Equity (Women’s Search Network). Moreover, 94% of female US searchers surveyed by the Women’s Search Network had an **MBA** background, where there are 30-40% of women. As a result, the pipeline of women entering the Search Fund space remains limited, reinforcing the gender gap. This “filter” aspect is something that Mar Raposo also mentions in the interview.



Internal barriers

Moreover, **internal barriers** that women encounter may act as an additional filtering mechanism. Studies show that women tend to experience a **confidence gap** (Exley & Nielsen, 2024; Aksoy, Exley, & Kessler, 2024; Ravanera, 2024; Sterling et al., 2020), which may lead them to think that they would not be successful if they started a Search Fund. Moreover, **impostor syndrome** could also prove a hurdle in terms of women questioning their abilities. While women may not feel consciously affected by certain biases they are exposed to, research suggests that these do have a subconscious impact, which can result in the before-mentioned confidence gap and impostor syndrome Bernard,

Lige, Willis, Sosoo & Neblett, 2017). Continuous exposure to biases can cause women to internalize negative perceptions, thereby affecting their work.

Other internal barriers could be related to **women feeling uncomfortable with being a minority**. In the before-mentioned Yale study, Ashley Emerole's viewpoint on why she opted out after considering a SF is included. A media and communications investment banking associate on Wall Street, she talks about how she encountered 80-90% men when interning in a SF and the part of the SF ecosystem she got to know. She states that it felt very small for women to enter, and it did not seem like there was a large female community within the search world. In addition to experiencing impostor syndrome, she explains how, to her, the SF community seemed somewhat exclusionary and uninviting, with many search funders having similar backgrounds educationally, professionally, and demographically.

Not only can this gender gap be found in SF's, but also in terms of MBA educators. Not a single female "Entrepreneurship Through Acquisition" (ETA) professor at any of the country's top business schools is female (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021) and a lack of demographic diversity can also be found among sellers of companies, where, according to the Women's Search Network 2023 study, only 11% of companies were acquired from a woman. Moreover, the investor community is largely male. During the interview, Mar Raposo mentions that in an international SF conference none of the around 50 investors that attended were female. If the current lack of representation in terms of female searcher peers is added to the mix, one can see how the SF ecosystem is riddled with gender gaps on all fronts, and therefore could easily discourage a woman that feels uncomfortable in a minority setting.

These internal barriers stem from socialization and deeply engrained societal expectations that are rooted in gender. Women surveyed by the Women's Search Network also refer to the tremendous amount of pressure on current female searchers and CEOs to prove that women, broadly speaking, can thrive in the industry too. This is an example of such social influences that can lead to the development of insecurities and the exacerbation of internal barriers.

Hurdles inherent to the SF model

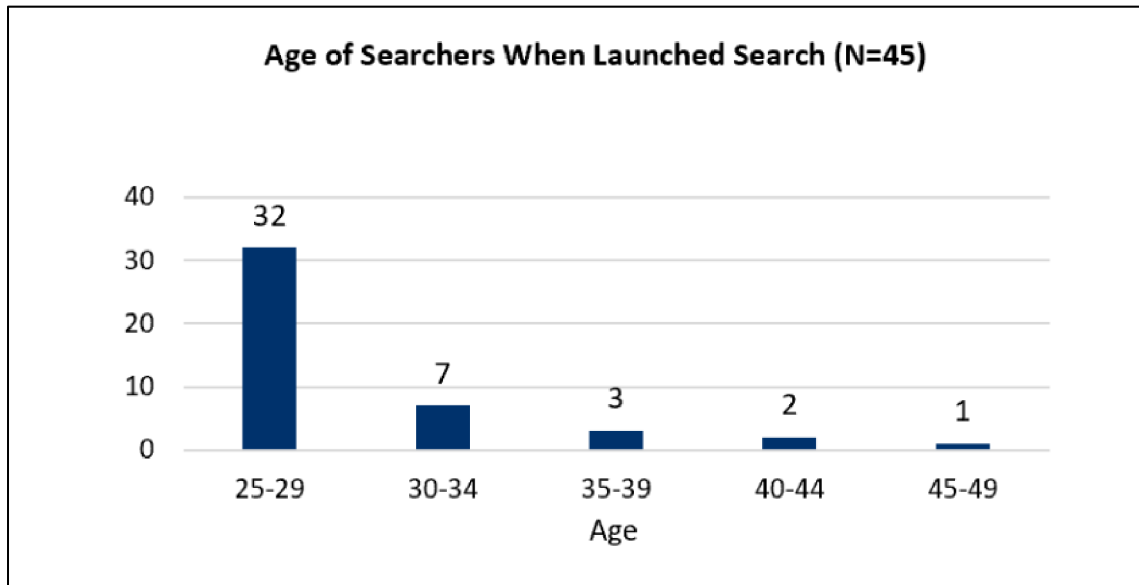
On a different front, while it shows several advantages compared to the traditional entrepreneurship model in terms of surmounting certain barriers female entrepreneurs face, the SF model also has some issues inherent to its nature.

For one, while less risky than traditional entrepreneurship, the risk factor also plays into ETA (even if to a lesser extent), as around one-third of searches conclude without an acquisition (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021). And, as Mar Raposo mentions, women might not risk as much economically in traditional entrepreneurship, but they do face a huge opportunity cost in terms of giving up established careers, so that the perceived risk of ending up not acquiring a company would seem more costly.

The article by Wu, Li & Zhang discusses the **tendency of women to invest in lower growth ventures**. This might relate to the underrepresentation of women in leading Search Funds: Search Funds require investments in high growth potential companies because they aim to yield substantial returns on investments within a relatively short time frame. These funds typically look for companies that can be scaled rapidly and sold at a significant profit. The success of a Search Fund largely hinges on identifying and leveraging underappreciated high-growth potential, which **demand a risk-tolerant investment attitude** and access to substantial capital. On the other hand, the article highlights that women entrepreneurs often engage in lower growth ventures due to various barriers. The alignment of these factors means that women are less likely to lead Search Funds because their entrepreneurial endeavors and experiences do not typically align with the high-growth focus of these investment vehicles. Their underrepresentation in Search Funds is thus both a reflection of the broader systemic barriers they face in the entrepreneurial ecosystem and a specific mismatch between the typical characteristics of businesses led by women and the business characteristics sought by Search Funds.

Additionally, ETA is a newer phenomenon, with the first European Search Fund acquisition occurring only in 2014. Therefore, as Mar Raposo explains, the fact that **women may not know of the model**, may play into the existing gender gap, mostly **in a geography outside the US, where there is no explicit existing network** that makes an effort to reach more women and to publish studies on women-led SFs. The “background filter” also interferes, as there are less women in fields where ETA could be talked about more, such as investment banking or MBA programs.

Another aspect to take into account is that SFs require a sustained commitment over a series of years and are not something that searchers can walk away from. If we look at this together with the statistics surrounding the age of searchers when they launched the search due to years of work in other fields in addition to the time it takes to complete MBA programs, research shows that most women are 25-29 years old by the time they launch. For women who contemplate the possibility of motherhood, the duration of the entire process from search to exit coupled with the fact that there is an age limit after which women may find it hard to have children could be perceived as a hurdle as well. According to Pew Research Center, as of 2021, the average age for first-time mothers was 27.3 years in the US. Many other developed countries such as Australia, Denmark, Sweden, and Norway all report average ages of around 31 years for first-time motherhood (World Population Review, 2024).



Lastly, investor bias could also deter women from engaging in this endeavor. Any woman concerned with gender bias surrounding funding opportunities will encounter several types of studies that suggest discrepancies based on gender. Research suggests that women are perceived as less visionary, and SFs require the visualization of several growth initiatives once the company is acquired in order to make a profit when exiting. Moreover, research suggests women are preferred for leadership positions based on performance while men were chosen based on potential, revealing an *overlooked potential effect*. Mar Raposo was also of the opinion that certain questions about personal lives were asked to women to a greater extent than men by investors in the search process. And, even though there are improvements and efforts being made by investors to be more egalitarian, women and men are still not being held to the same standards in several areas.

6. Conclusion

6.1 Summary of Gender Gap Mitigation through Women-Led Search Funds

The gender gap in entrepreneurship remains a significant issue, with women facing numerous barriers that hinder their participation and success in starting and leading businesses. Women-led search funds present a viable solution to mitigate these barriers, providing a structured and supportive environment that can facilitate greater female participation in business leadership.

One of the primary challenges women face in traditional entrepreneurship is a higher aversion to risk, often exacerbated by limited access to financing and mentorship. Search funds address this by focusing on acquiring established companies with proven business models, thereby reducing the financial risk associated with startups. Established customer bases, existing revenue streams, and solid operational foundations lower the chances of business failure significantly compared to starting a business from scratch.

Search funds typically begin with a committed group of investors who provide the initial capital required for the search and acquisition phases. This structure bypasses the often challenging early stage of fundraising that many female entrepreneurs face. Investors not only offer financial support but also provide strategic guidance and mentorship, which are crucial for navigating the complexities of business acquisition and management. This model reduces the need for female entrepreneurs to continuously seek new investors, a process often hampered by gender biases in the investment community.

The nature of search funds also offers a more predictable and flexible work schedule compared to traditional startups. While both models are demanding, the search phase of a search fund involves more structured tasks such as market research and financial analysis, which can often be conducted remotely. This flexibility is particularly beneficial for women who shoulder disproportionate domestic responsibilities. Moreover, the financial stability provided during the search phase through stipends or salaries funded by investors can alleviate personal financial pressures, allowing women to maintain a better balance between work and home life.

Women-led search funds have the potential to disrupt traditional gender norms, especially in male-dominated sectors such as technology, manufacturing, and logistics. By acquiring and leading companies in these fields, female leaders can visibly challenge and reshape perceptions of women's capabilities in high-stakes business environments. Their leadership not only serves as a role model for other women but also promotes a more inclusive corporate culture that values diversity.

Despite these advantages, the number of women-led search funds remains disproportionately low. Factors contributing to this include the traditionally male-dominated backgrounds of typical search fund entrepreneurs, such as finance and consulting, and internal barriers like the confidence gap and impostor syndrome. Additionally, the search fund model itself, while less risky than traditional entrepreneurship, still involves a significant commitment and potential opportunity costs, which may deter some women.

6.2 Implications for Future Research and Initiatives

The exploration of women-led search funds and their potential to mitigate the gender gap in entrepreneurship opens numerous avenues for future research and practical initiatives. To harness the full potential of this entrepreneurial model, it is crucial to investigate its impact more deeply and implement strategies that encourage greater female participation.

Future research should focus on understanding the presence and performance of women-led search funds in various cultural and economic contexts. For instance, conducting more studies surrounding female searchers outside the US would be helpful. Examining how different environments influence the success and challenges of these funds can provide valuable insights into best practices and highlight areas that need support. Longitudinal studies tracking the career trajectories of women who lead search funds will be instrumental in assessing the long-term impacts on gender diversity within

acquired companies, the sustainability of these businesses, and the personal and professional growth of the female leaders involved.

Comparative studies between women-led search funds and traditional female entrepreneurship models are essential. These studies will help identify the specific advantages and disadvantages of each approach, offering a clearer understanding of how search funds can complement other entrepreneurial pathways. Additionally, research should delve into the psychological, social, and structural barriers that deter women from pursuing search funds, alongside identifying key motivators and success factors for those who choose this path.

Practical initiatives to support women in search funds are equally critical. Establishing robust support networks and mentorship programs tailored specifically for women interested in search funds can provide essential guidance and practical advice from experienced female leaders and investors. Universities and business schools should integrate the search fund model into their curricula, hosting workshops, seminars, and guest lectures by successful female search fund leaders to inspire more women to consider this entrepreneurial path.

Policy advocacy is another crucial area. Governments and private institutions should create grants, loans, and investment pools to reduce financial barriers for women. Moreover, educating investors on implicit biases that affect their investment decisions and promoting objective, performance-based evaluation criteria can help level the playing field for female search fund leaders. Encouraging diversity within investment firms can foster a more inclusive investment culture. Being aware of biases and existing issues, and actively working to counteract them can promote a fairer, more equitable investment environment. These include biases such as the fact that male investors often prefer to form relations with demographically similar entrepreneurs (Gompers et al., 2014; Ewens & Townsend, 2019) and issues like the gender confidence gap (Exley & Nielsen, 2024; Aksoy, Exley, & Kessler, 2024; Ravanera, 2024; Sterling et al., 2020).

Women aspiring to lead search funds should actively work on overcoming internal barriers such as the confidence gap and impostor syndrome. Seeking out mentors, participating in confidence-building programs, and engaging with supportive networks can empower women to pursue leadership roles more assertively. Establishing or joining support groups specifically for female search fund leaders can provide a sense of community, share resources, and collectively address common challenges faced by women in this field.

Raising awareness about the opportunities and benefits of the search fund model is also crucial. Women in the search fund community should share success stories, conduct interviews, and write articles to demystify the process and inspire more women to explore this path.

In conclusion, future research and initiatives should focus on creating a supportive ecosystem that addresses the unique challenges women face in the search fund model. By expanding research, enhancing support structures, and promoting inclusive policies, stakeholders can help bridge the gender gap in entrepreneurship and pave the way for more women-led search funds. This holistic approach will not only benefit women but also contribute to a more diverse and innovative business landscape.

6.3 Encouraging Diversity and Equal Opportunities

Encouraging diversity and equal opportunities within the entrepreneurial ecosystem, particularly through women-led search funds, is crucial for fostering innovation, economic growth, and social equity. For women considering this path, it is important to recognize that some barriers may be based on unfounded fears. This section includes some insights and examples to encourage and empower women to pursue search funds.

While additional barriers exist, it is essential to differentiate between real obstacles and fears without substantiation. For instance, sellers often respond more positively to women. Laura Franklin, who launched a search fund with her male cousin, conducted an A/B test during their outreach efforts. Her response rate was about 60%, compared to her cousin's 20% (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021). Franklin hypothesized that an email from a female entrepreneur interested in buying a business was unique and generated more interest (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021). Additionally, 67% of female searchers found that being a woman benefited them or did not matter when engaging with business owners. This is further supported by 78% of female searchers who reported similar advantages or neutrality when dealing with investors (Women Search Network).

Managing a search fund while raising a family is possible, though it may require careful planning and support. Patricia Riopel, a mother of two and CEO of Scribendi, acquired her company through a search fund. She emphasizes that being present for her children's key development moments did not prevent her from being an effective CEO (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021). Investors monitor results, not the time spent working, making it feasible to balance both roles. This sentiment is echoed by Jackie Kopcho, who successfully managed her search fund while expanding her family, demonstrating that motherhood and entrepreneurship can coexist harmoniously (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021).

Support networks are invaluable for female searchers. The Women Search Network, established in late 2019, offers mentorship, role models, and peer connections for women in search. These networks provide a platform for sharing experiences, resources, and encouragement. As the number of female searchers in Europe grows, creating and participating in these support groups can foster a collaborative and supportive environment.

It is crucial to be aware of how societal conditioning might have instilled risk aversion or a confidence gap. Actively working to reverse these influences can empower women to pursue their entrepreneurial goals with greater assurance. Engaging in confidencebuilding

activities and seeking out mentors who can provide guidance and support are examples of ways to reverse these influences.

While it's important to be aware of potential discriminatory factors, it is equally important not to hyperfixate on them, as Mar Raposo mentions in the interview. It is crucial to focus on strengths and the unique perspectives you bring to the table. Women from various professional backgrounds, including marketing and general management, have found success in search funds (Women Search Network). You do not need to come from private equity or consulting to succeed in this field.

Securing funding is a critical aspect of launching a search fund. Serial investors like Sandro Mina have expressed a strong desire to see more female searchers in the market. At Relay, 86% of female searchers have successfully acquired a company, significantly higher than the industry average of 67% (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021). Other examples include Heather Endresen from Live Oak Bank, which has lent \$2.5 billion to women-owned businesses, and Addie Epstein and Ashley Quisol, who both had successful search fund acquisitions without issues (Nawaz, Rosenthal, Wismer, Robinson & Wasserstein, 2021).

Approximately half of women found the search experience as expected or easier, with 78% citing "uncertainty" as the most challenging part (Women Search Network). Despite these challenges, a sense of ownership, personal growth, and flexibility helps offset the stress and uncertainty. A remarkable 93% of search fund CEOs reported being glad they chose this path, with most CEOs satisfied or neutral regarding the impact of their leadership role on their quality of life (Women Search Network).

To sum up, while there are certain obstacles that women face more disproportionately than men, it is important not to acknowledge the model's advantages as well and to recognize that some barriers might stem from unfounded fears. Fostering diversity and equal opportunities in entrepreneurship through women-led search funds is essential for driving innovation, economic growth, and social equity. These funds offer a viable path by mitigating traditional barriers such as risk aversion and limited access to financing. By promoting supportive networks, mentorship programs, and inclusive policies, we can empower more women to pursue this entrepreneurial model. This approach not only enhances individual success but also contributes to a more diverse and dynamic business environment, ultimately benefiting society as a whole.

Declaración de Uso de Herramientas de Inteligencia Artificial Generativa en Trabajos Fin de Grado

ADVERTENCIA: Desde la Universidad consideramos que ChatGPT u otras herramientas similares son herramientas muy útiles en la vida académica, aunque su uso queda siempre bajo la responsabilidad del alumno, puesto que las respuestas que proporciona pueden no ser veraces. En este sentido, NO está permitido su uso en la elaboración del Trabajo fin de Grado para generar código porque estas herramientas no son fiables en esa tarea. Aunque el código funcione, no hay garantías de que metodológicamente sea correcto, y es altamente probable que no lo sea.

Por la presente, yo, Andrea María Cavero Belda, estudiante de ADE y Relaciones Internacionales (E6) de la Universidad Pontificia Comillas al presentar mi Trabajo Fin de Grado titulado "Women-Led Search Funds: An Opportunity To Reduce The Gender Gap In Entrepreneurship And Established Companies?" declaro que he utilizado la herramienta de Inteligencia Artificial Generativa ChatGPT u otras similares de IAG de código sólo en el contexto de las actividades descritas a continuación:

1. **Brainstorming de ideas de investigación:** Utilizado para idear y esbozar posibles áreas de investigación.
2. **Referencias:** Usado conjuntamente con otras herramientas, como Science, para identificar referencias preliminares que luego he contrastado y validado.
3. **Corrector de estilo literario y de lenguaje:** Para mejorar la calidad lingüística y estilística del texto.

Afirmo que toda la información y contenido presentados en este trabajo son producto de mi investigación y esfuerzo individual, excepto donde se ha indicado lo contrario y se han dado los créditos correspondientes (he incluido las referencias adecuadas en el TFG y he explicitado para que se ha usado ChatGPT u otras herramientas similares). Soy consciente de las implicaciones académicas y éticas de presentar un trabajo no original y acepto las consecuencias de cualquier violación a esta declaración.

Fecha: 2 de junio de 2024

Firma:



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7. Appendix

Appendix 1: Interview with Mar Raposo, Search Fund leader and CEO of Automatic

Question: Can you share what inspired you to choose the Search Fund model as your path to entrepreneurship instead of starting a business from scratch through traditional means?

Ms. Raposo: There are two parts to this question: First, why you want to be an entrepreneur and business owner, which is a significant decision. This involves moving from having a job to becoming a business owner, entrepreneur, shareholder, etc. The second part is why you chose this model. I assume you want to focus on the second part, correct?

Yes, that's right.

Ms. Raposo: With that clear, meaning I indeed wanted to become an entrepreneur, shareholder, and business owner, I didn't have a concrete idea, which is common for many people who follow this model. So, the first thing is to recognize that I may have ideas, but not a specific one I wanted to develop. This is about content.

Secondly, about the form. It's not the same to run an established company with a formal and robust structure as it is to start a startup from scratch. The challenges are different. I really enjoy management: managing teams, projects, and pushing forward. However, I'm not as passionate about dealing with initial cash flow or capitalization issues. These are different battles. Also, the failure rate in a startup is much higher. In a Search Fund, international studies from recognized universities show that failure cases are limited. Since I don't have an initial idea and don't have a specific vocation to start from scratch, it seems much more reasonable and intelligent to focus on an existing company.

Then there's how and with whom you are accompanied. The Search Fund model allows you to take on this project at a much higher level than the capital I could bring privately, even privately plus a bank without the support of capital partners. Also, you know that these capital partners (the search fund investors), by their own interest and involvement, will be there to support you, especially when the project needs it. It's not that they are doing "micromanagement" or continuously monitoring your daily management, but you won't be 100% alone. It's different from an entrepreneur who only has a co-founder and perhaps a small capital partner. Here, you really have someone who, because they have invested capital, has an aligned interest in preventing a massive failure. They will trust you in the day-to-day, as it's not their role nor do they have the time capacity to be involved daily, but they will minimize the risks of failure. In the end, experience is very valuable, and you can learn from both successes and failures, but you want to do things reducing the goal of failure.

Question: What challenges have you faced during the process of acquiring and managing a company in the predominantly male-dominated automotive industry so far?

Ms. Raposo: As you know, I've only been at it for a few months. I haven't faced major challenges from this perspective, just the typical things that can happen sometimes: your counterparts might get confused and assume you have no authority of any kind. Being young and a woman, many have that prejudice. Sometimes you have to make it clear, "yes, I am the new director... yes, I am the new boss". But nothing serious; in general, you earn the respect of those who you need on board. If someone doesn't accept it, well, you won't be able to convince that person, but it's okay. In the end, it's an issue of prejudice that often doesn't even lead to discrimination. I don't know the exact linguistic differences between prejudice and discrimination, but conceptually, for me, a prejudice is minor, it's preliminary, and discrimination is when it's conscious and when, after trying to address a prejudice, there is an explicit mistreatment.

I don't think I have faced any strong discrimination; I do feel prejudices and I don't care. You can overcome prejudices, that's what we're here for, and you know that when you're breaking the mould, in this case, the mould of gender, you risk facing prejudices and that's it. The good thing is that it doesn't stop you.

Question: Okay. Well, this question is somewhat related to the next one... Was there any obstacle that seemed unique or disproportionately challenging due to gender biases?

Ms. Raposo: I would say extremely challenging, no. I've experienced some of these challenges also in other circumstances, not just in the Search Fund or entering the automotive industry (and if the automotive sector is strongly male-dominated, the aftermarket even more so)... But no, I think this has happened to me in other sectors: from engineering, when I studied in Latin America, to land logistics, where there are many men, both within the organization and in the supplier companies and the truck operators themselves. In this case, nothing surprising, nothing I didn't expect and nothing I think could really affect me significantly.

Question: How did your investors and mentors support you through the acquisition process? Was their guidance tailored to address unique challenges you faced as a woman?

Ms. Raposo: To answer that question, the first thing would be to identify what those unique challenges as a woman are. Since I don't have a particular focus on seeing those challenges, I can't tell you many. I think, just as I mentioned before, there may be prejudices once you're in management, and you encounter counterparts who don't want to recognize, or find it hard to recognize, your authority because they assume you're not the authority.

Perhaps in the Search Fund part, some prejudices about more personal or vital aspects may arise and how they can affect the project. Because the Search Fund project, like any entrepreneurial or business project, is not a job you can enter and leave, and that, if you don't like it, you can quit after six months. The level of commitment to your professional career and to your partners and investors is much higher. So, obviously, they want to evaluate it. but you also have to consider the prejudices you might have yourself. You have to try to ensure that these kinds of situations and other people's prejudices don't cause hypersensitivity that makes you see gender biases everywhere.

During the search, you might encounter prejudices when they ask you questions like "What is your personal life like?", "What is your family life like?", "Will your partner support you?". My personal opinion is that maybe women are asked these questions more than men, but I am aware that men are also asked because of the nature of the project. I want to make it very clear that I think it is reasonable to ask these things only because the level of involvement and commitment is higher than for a job. You are becoming that person's partner. They might ask you these questions a bit more and be more concerned about the competitiveness of your career as a woman with your partner's career,). But I don't think there have been additional biases or that they had to support me particularly.

Sometimes, during the search, you also encounter prejudices with entrepreneurs or brokers, and you have to use your resume as the first weapon. There are studies that indicate that women often have to rely on what they have already done and demonstrated, while men are more valued for their potential. I think this is true. For example, for fundraising, there are very interesting studies in venture capital that say that when women are asked questionnaires to raise capital, they focus more on the risks and what could go wrong. Men are asked questions about the potential of the idea, what could go right, how far it can go. If you focus the questions on one topic or another, you are influencing the investment and the investor's perception of a possible investment in one direction or another, and that shouldn't be the case. You should try to eliminate those biases.

Question: What resources have you found most valuable as a female leader in a Search Fund? Any female support networks?

Ms. Raposo: In Europe, there are so few women in the Search Fund realm that there really aren't many networks. And a network isn't just points but interconnected points. The other day, I was at a Search Fund conference, and on the investor side, there wasn't a single woman. Among the Searchers, there were about 50 people, and only two women. In total, there were, I believe, over 100 people, and we were two women. Internationally, not just in Europe, but in Europe specifically, there are very few women. I think I know them all.

None of us seem to place particular importance on the need to unite because we are women. I think each one has found her path and strength, and we are comfortable, so we haven't felt the need to make a concrete effort to unite. And since there are so few of us, this is even more evident. I'm in contact with other women the same way I am with men, indifferently.

Regarding interesting tools, there are associations at an international level, especially in North America, where there are more women Searchers, and more concrete efforts are made towards gender issues. This makes sense because there are more women, and therefore, they can offer more support. There is a network of female Searchers in North America that sometimes publishes studies addressing specific gender issues. If you're interested for your thesis, remind me, and I can send you one that was published a couple of years ago.

Question: Looking back at your career, what advice would you give to other women considering leading a Search Fund? Considering you say you don't focus much on these

biases, I'm not sure if there would be anything different from what you would recommend to a man.

Ms. Raposo: One thing I have noticed is that, although I try not to let gender issues affect or limit me, it is a reality we face. What I find inappropriate and that should improve in the future is that we feel and sometimes are a minority when we are half the population. That is inadmissible and paradoxical. Over the years, I've seen that even though I try to maintain an attitude that doesn't limit me, there are women who do feel alone, and that affects them.

Being in a room with 110 men and one woman can make them feel inhibited, uncomfortable.

In that case, I think what's important for women who want to be Searchers is to be aware of the things that can limit them and make them feel uncomfortable. It's crucial to be very explicit about these feelings, not try to deceive yourself, and seek tools to overcome them. If you know that being a large minority or the only woman in the room can affect you, then be more active in seeking support networks, raise your hand, share your concerns, and decide if you will let that limit you or not. You won't be able to change the number of women in Search Funds overnight, but you can decide if you become one.

I do it subconsciously because it doesn't affect me, I don't feel uncomfortable, and I've never had serious professional problems in this aspect, just occasional discomforts. In the end, we must also understand that as human beings and socially, there are many causes of prejudice. You can suffer prejudice for many things and discrimination for many reasons. Gender is just one more. What we must do is ensure that it doesn't limit us. If being a woman limits you, be aware of it and look for tools to minimize it, and finally make a decision.

Question: What personal qualities or strategies do you think have been crucial to your success as a leader of a Search Fund and now as a CEO?

Ms. Raposo: It has been an evolution. I believe you should never set aside hard work and commitment. This isn't achieved without hard work. Neither the work I did before, nor the work I did during the search, nor the work I am doing and will continue to do leading the company are 9-to-5 jobs. This isn't for everyone. It's not a complaint, it's simply a reality. In the Searchers' path, long-term, you have to stabilize the company and your own life, but at the beginning, like in many other roles, it isn't an office job with limited hours. That's why you are an entrepreneur, that's why you are a shareholder; one thing comes with the other.

So, time, commitment, effort, and long hours are things that should never be underestimated or forgotten.

Then, I think there's a matter of feeling comfortable making decisions, knowing they will have an impact, knowing they won't always be perfect but you have to make them anyway. You have to try to learn when things don't turn out as expected. Sometimes, you have to make decisions quickly. For me, this has been an evolution from a more puritan, theoretical, data-driven consulting perspective to having to deal with realities, both in

previous roles and lately in the Search Fund and now in the company. You have to be aware that not everything will be perfect, and despite that, you have to make decisions because you can't remain immobilized.

Managing people is also crucial. There are roles where you can have a lot of responsibility at both the P&L level and the company level, but where the number of people you manage or the nature of the teams you manage is different. So, I think for the search and especially later for the company, it's vital to be able to manage people and diverse teams. And this is very important in the search because you don't know what the nature of the company will be, and therefore, the team, the staff, their training, their skills, their resume. Versatility is super important.

In summary, I would say, on one hand, hard work, time, dedication, and commitment. On the other hand, managing people, teams, versatility, and the ability to make decisions. In the end, that's what a manager does; it's not about having a proactive role within the management team, but managing the team so they can do it.

Question: What does a woman bring to that position that's different?

Ms. Raposo: In principle, I think that being a woman doesn't bring something inherently different. However, it's true that when you enter a company, a dynamic, a team, or an industry with a strong gender concentration, you can find some "stagnant" situations. That is, they are in a routine where they don't consider gender issues of any kind, not out of malice, but simply due to historical inertia. This gender perspective can be brought by either a man or a woman, but naturally, a woman will probably introduce it more easily.

Question: Why do you think there are so few women leading Search Funds, despite the apparent advantages over traditional entrepreneurship, such as reduced risk and access to mentorship?

Ms. Raposo: I think, to start with, we need to analyze the profile of the searchers, which is reflected in international studies. Most searchers come from the financial world, private equity, banking, and consulting. These are careers where there aren't as many women.

In fact, let me take a step back. Most searchers come from an MBA program, where women represent between 30% and 40%. There are very few MBAs that reach 50% women, and those that do often achieve it with a lot of effort. Then, on top of the MBA, many have a background in private equity, consulting, or finance at a very high percentage. Why? Because they also come from family traditions or careers where there's also a greater preponderance of men. In conclusion, if you make a funnel where there would be 50% women and 50% men, but in pure finance careers there are 40% women and in the MBA there are 33% women, you already start from an unequal base. That's an important point.

Second, for all those who are inhibited, limited, or concerned by the fact that there are fewer women, this already poses an additional filter.

And then, although it's a very beautiful path (that's why I'm here), it must be said that it's not a path without risks. In fact, as a searcher, you take on a lot of risks, that's why there's also high compensation. It's true that you're not necessarily putting all your personal assets on the line as if you were creating a company from scratch, potentially mortgaging the possible house you have.

Question: Sure, and yet in traditional entrepreneurship, there are proportionally more women than in Search Funds, even though the risk is higher...

Ms. Raposo: Yes, but also, let me finish this idea and respond to what you're saying, which is very valid.

Although you're not necessarily putting all your personal assets on the line, you are putting your career at the forefront because the risk, or the opportunity cost of what you could be doing instead of a Search Fund, is very high. For some, it's higher, and for others, less, depending on the starting point just before the Search Fund. For example, for me, it was very high; in terms of salary and the role I had, what I put at stake is considerable. The risk is binary: there are no grays, it can't turn out half well. When you start the search, you don't know if you'll close it, and 25% to 30% don't close. So, your chances of having sacrificed your salary, your position, and your job opportunity in a large, robust company after the MBA, compared to a 30% chance of not closing the search and not buying anything, are high. That can never be underestimated.

And then, the fact that there are fewer women in Search Funds than in traditional entrepreneurship in percentage terms? Correct, but let's think that the Search Fund, outside the United States, as a model, isn't very well-known. I think the first European Search Fund was created only in this century; in Spain, the first acquisition was made in 2014, just 10 years ago.

So, if it's a purely male niche, with that background, I think it's natural. Anyway, we are seeing a positive trend towards more female representation.

Question: And do you think it's perhaps more unknown to women? I mean, considering that it's unknown, there are still fewer women proportionally. You also mentioned it's a matter of MBA and perhaps background.

Ms. Raposo: Well, even within the MBA, not everyone knows what it is. It has finally had a bit more exposure, but 10 years ago, 95% of people graduated from an MBA without knowing what a Search Fund was and without knowing what "entrepreneurship through acquisition" was.

Question: Have you observed any systemic changes within the Search Fund ecosystem that could encourage more women to take this path?

Ms. Raposo: I think the fact that, especially in geographies such as Europe, there is some female presence in this field could encourage those women who were concerned about male dominance to take the step. Additionally, there are investors who are very

committed to gender diversity, and they genuinely and honestly want to support women and start balancing gender representation. So, well, I think both things will help.

Question: What changes would you like to see in the business environment to facilitate more women leading Search Funds, and how do you envision the future of female entrepreneurship in the Search Fund model?

Ms. Raposo: The future is that there will be more women, I have no doubt. Changes I would like to see, well, women should be encouraged. Everything is ready. Sometimes we limit ourselves or become hypersensitive. I want us to be encouraged. It's simply that, I think the rest is ready, waiting for the women who want to pursue this path.

Question: In reference to the changes that could lead to more women: seeing that most investors are men, perhaps if there were more diversity on that side, it would facilitate the incorporation of more women.

Ms. Raposo: Yes, well. It might encourage those who are more inhibited, but actually, if there are men who don't care about gender and support women as well as men, it shouldn't be a limiting factor.

It is not the same answer if you ask me what should happen for there to be more women searchers as if you ask me what should happen for there to be more women in the whole ecosystem. For there to be more women searchers, the fact that there are men or women investing shouldn't affect it.