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Women Leading Family Businesses

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Abstract

Women in leadership roles in family businesses are still not regarded as the norm. Media representations of women CEOs of family firms still emphasize the sensational and unique aspects of their presence at the top, especially with stories about the 'little girl' who became a successor in a family business, the devastated widow who took over her late husband's business and led it to great heights, or the sister who outperformed an older brother in a family owned automobile dealership. Yet women should not be seen as oddities in business, including family business, when in most countries they form slightly more than half the population and where the contribution of family firms to Gross National Product is estimated at 50-60 percent, or even more depending on how family firms are defined.

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One obvious difficulty with getting more women to the top of family firms is the tradition of primogeniture, which is still strong in most countries, despite efforts to change women's status in society through affirmative action legislation and other means. Primogeniture – or more precisely male primogeniture – derives from the succession rules of some royal dynasties in which the monarch's eldest son and his descendants take precedence over his siblings and their descendants. Elder sons take precedence over younger sons, but all sons take precedence over all daughters. This tradition is echoed in the mindset of many firm founders who look to their sons rather than their daughters for successors, even if a daughter displays more interest in, and talent for, managing the business. Nevertheless, this situation is changing slowly with some studies reporting leaders of family firms being prepared at least routinely to consider daughters as possible successors to leadership of the family firm. A further difficulty, particularly in Middle Eastern countries, arises from inheritance laws which allow men to take a larger share of an inheritance than women. Thus the leader of a family firm is often reluctant to allow a daughter too much control of a family firm's assets, because he believes her marriage could result in the firm's assets being diverted away from the original family.

Mary Barrett and Ken Moores, in a recent international study of women leaders in family firms, found that most had followed a less strategically planned route to leadership than was typical for male family firm leaders. Male leaders had learnt family firm leadership in four sequential phases: 1 learning business, 2 learning the special qualities of their family business, 3 learning to lead that business and, finally, 4 learning to let go that business. Women, however, were more likely to have learnt each stage in unplanned ways or for the learning phases to have been protracted or frequently interrupted. Nevertheless, once they reached the top, women ran the firm much as men did, ensuring that the health of the business prevailed over family in strategy decisions.

Barrett and Moores also found other ways women exerted family business leadership that differed from the usual media representations. These included acting from a position of 'strategic invisibility': exercising unofficial leadership by directing their ideas for improving the business through a prominent male figure in the firm, or simply creating their own firms which reflected many of the values of the original family firm, but differed in some respect which is important to the woman concerned. Still other women leaders patiently waited out a long apprenticeship, gradually exercising more influence by introducing new systems and other means of professionalizing the firm's operations, and developing its strategic direction. In general, women leaders found it was important to avoid being pushed into positions of unsought invisibility, in which they had little knowledge of, let alone participation in, strategic decisions about the family firm's future.

A particular role in which women in family firms have often exercised indirect leadership is that of the CEO, or Chief Emotional Officer. In this role women provide the 'emotional glue' which holds the family side of the family business system in alignment with business priorities. Chief Emotional Officers, because of their deep knowledge of relationships within the firm, often exercise a great deal of influence in the choice of the firm's successor. In so doing, they undoubtedly contribute to a family firm's qualities of 'familiness', or the unique bundle of resources arising from kinship relationships within the family business that contribute to its competitive advantage.

Further reading

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