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Australia: the challenge of father-daughter succession in family business: a case study from the land down under

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Abstract

This chapter examines the case of an Australian woman, Roz, who succeeded her father as the CEO of a large fourth-generation family business, Hawkins Family Group, in the traditionally male-dominated transport industry. The case is described in three phases. First, we outline Australian culture how it influences business life, including the position of women in the Australian workforce especially as managers and entrepreneurs. We then describe the history of the Hawkins Family Group and how Roz eventually came to lead it. Finally, we return to aspects of Australian values and culture and other literature to draw conclusions about the case. The paper ends with a discussion of limitations and suggestions for further research.

Keywords

Australia, challenge, father, daughter, succession, family, business, case, study, from, land, down, under

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The Challenge of Father-Daughter Succession in Family Business: A Case-Study from the Land Down Under

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Introduction

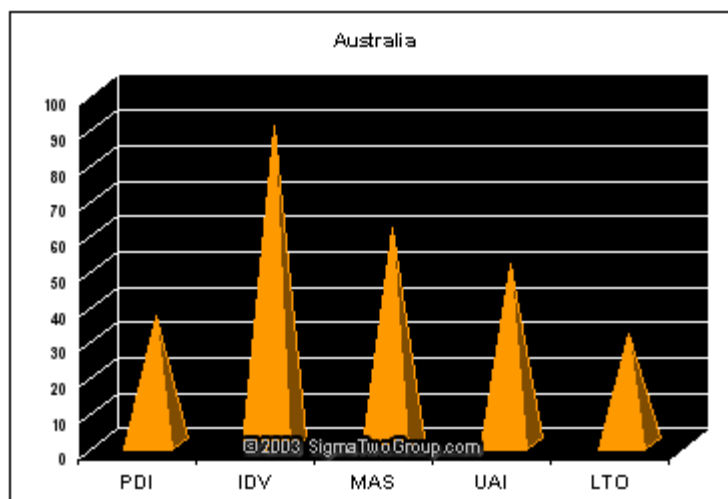
This chapter examines the case of an Australian woman, Roz, who succeeded her father as the CEO of a large fourth-generation family business, Hawkins Family Group, in the traditionally male-dominated transport industry. The case is described in three phases. First, we outline Australian culture how it influences business life, including the position of women in the Australian workforce especially as managers and entrepreneurs. We then describe the history of the Hawkins Family Group and how Roz eventually came to lead it. Finally, we return to aspects of Australian values and culture and other literature to draw conclusions about the case. The paper ends with a discussion of limitations and suggestions for further research.

Australian culture and values

The well-known theorist of international workplace culture, Geert Hofstede, places Australia high on the dimension of Individuality, or the extent to which people are expected to look after themselves and their own families as opposed to being integrated into groups. Australia is almost as strongly Individualist (IDV) as the United States, the highest-ranking country on this dimension. Accordingly, Australians expect to do things independently rather than seek much help from others, and they strongly value privacy. Australia also scores high on Masculinity (MAS). Both men and women in Australia are assertive and competitive, though women are typically less so than men. In contrast, Australia ranks lower on Hofstede's Uncertainty Avoidance (UAI) scale. Australians are fairly tolerant of opinions different from what they are used to; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and allow many currents to flow side by side. People in Australia are more phlegmatic and contemplative than in countries with more Uncertainty Avoidance, and tend not to express emotions. Australians see themselves as relaxed and 'laid-back'. Australia also ranks low on Power Distance (PDI). This is reflected in the pride Australians take in their 'mateship' with others, that is, their belief in equality. Australians believe in a 'fair go', that is, they think everyone should have a reasonable possibility of finding and exercising opportunities. Finally, Australians tend not to take a long-term perspective, as indicated by Australia's low score on the Long Term Orientation (LTO) dimension.

These results are summarized in Figure 1.

Figure 1: Australia's ratings on Hofstede's cultural dimensions



Source: ITIM International (2010)

The predominant religion in Australia is Christian (50%), defined as the practice of Christian religions other than Catholicism. Australia's high Individualism (IDV) index correlates well with other Christian based cultures.

Women and minority groups in the Australian workplace

Since the colonization of Australia in 1788, and especially since the end of WWII, there have been many waves of migration to Australia. As a result of these trends, people with diverse ethnic backgrounds now make up more than 25 per cent of the total Australian workforce, making Australia's one of the most culturally and ethnically diverse workforces in the world (DFAT 2010). Since Federation in 1901, the government has progressively moved away from its original White Australia policy, which sought to promote a homogeneous society based on European culture. Since the 1970s, the percentage of women in the workforce, which had declined after the end of WWII, has also rapidly increased. Successive federal governments have introduced legislation to promote anti-discrimination, equal employment opportunities and multiculturalism requiring firms to recruit, hire and promote women and members of minority groups. Nevertheless, research shows that few Australian companies actively practise 'diversity management', that is, try to help women and employees of diverse backgrounds to realise their full potential at work. In addition, women are still under-represented at senior levels in Australian organisations, especially in the private sector.

Australian women as business owners and entrepreneurs

We know from the Global Entrepreneurship Monitor (GEM) studies that over the last three decades Australian women have been starting their own firms in increasing numbers. Nevertheless, their overall entrepreneurial activity does not exceed that of men. Their motivations for going into business are also similar to those of women in developed countries elsewhere. Most Australian

women, like most men, start firms because they perceive a business opportunity rather than because they have no other way to make a living. Nevertheless more Australian women than Australian men are 'necessity' entrepreneurs. The glass ceiling still seems to hold sway in Australia where women have made slow progress in attaining positions on company boards, or CEO or other 'C-suite' positions. Women hold around 36 per cent of senior executive positions in the public service but only around 12 per cent of management jobs in the private sector (EOWA 2008). Some researchers argue that the glass ceiling is actually a source of new female entrepreneurs in Australia, because women feel they must start their own firms if they want to get to the top. Despite this, major Australian organisations such as Telstra sponsor awards for individual business women, and the popular business press regularly features articles on individual women entrepreneurs, often with a mantra-like insistence that glass ceilings do not exist or are simply there to be broken.

Implications for women leaders in family firms

The implications of these cultural and demographic issues for women in Australian family businesses are mixed. On the one hand, Australian's high scores for Individualism and Masculinity are conducive to entrepreneurship on the part of both women and men. Australians respect people who are prepared to 'have a go', that is, make something of themselves using their own wits and resources. The value of the 'fair go' ostensibly includes the right of women to make their own path in life, independently of men. In June 2010 the appointment of Australia's first Prime Minister, Julia Gillard, was widely welcomed, with many commenting that it indicates women in Australia can reach the highest jobs in the land.

On the other hand, the value Australians place on equality has also been said to mean they resent people who do *too* well in life. The 'tall poppy syndrome', that is, the desire to bring conspicuously successful people back to the same level as others, is said to be strong in Australia. Australians value their privacy and take a stoic, masculine approach to life's problems. This means that family business owners, especially men, may be unwilling to seek advice or to form family business boards or establish other formal governance mechanisms. In addition, Australians' enjoyment of a good time and their refusal to take life too seriously may lead to a neglect of business necessities. Finally, Australians' strong scores for Masculinity mean they are sometimes ambivalent about women stepping out of traditional roles or usurping men in positions of power. While Julia Gillard is now Prime Minister, such appointments remain exceptional.

We continue to explore those contrasts and contradictions in Australian society as we consider the Hawkins Family Group case.

Brief history of the business

In 1921, Bartholomew and Rosina Hawkins established a service station in Ipswich, Queensland. The business quickly evolved beyond the service station and Hawkins Transport became the first transport company to compete with the railway. It was able to run more efficiently than the railway, but regulations restricted freight carriers from undercutting the railway's charges. Consequently, Hawkins Transport enjoyed substantial profit margins and was highly successful. Despite this, its position deteriorated and it almost failed to survive beyond the second generation. The founders' son, Harold, who was known for enjoying good times rather than growing the firm, sold off the service station and struggled to maintain the financial position of the transport business. His premature death resulted in his son, Neville, taking over the family business in 1952 when he was 19 years old.

Neville was committed to turning the business around. Hard work by him and his family saw the business restored to its former profitable state. Complete reinvestment back into the business enabled Hawkins Transport to grow and commence interstate haulage. In 1971, Hawkins Transport began ferrying passengers and supplies to Moreton Island; this operation also involved the family running the Koorinal General Store. Further growth opportunities presented themselves. In 1990, Hawkins Transport bought a transport company based in Tully in North Queensland's banana growing precinct. Hawkins Family Group soon became involved in growing bananas and Brick Creek Banana Farm has since grown to boast 150 acres of Cavendish bananas under plant. In 2005, Hawkins Family Group established Hawkins Fuels, a retail outlet serving the needs of truck drivers. In August 2007, another service was added to the Group with the opening of Port Wash, a truck, four-wheel drive and car washing facility.

Currently Hawkins Family Group consists of a range of diversified business, all with a link back to the family's transport origins. The organisation employs over 200 people, including members of the third, fourth and fifth generations. Hawkins Road Transport is the largest privately-owned transport company operating in North Queensland with a network of depots in Brisbane, Townsville, Mackay, Tully and the Burdekin delta. The company owns a fleet of trucks and specialises in transporting fresh produce from North Queensland to Brisbane. Hawkins Road Transport also has a fuel and bulk liquid division and is a Shell and Caltex approved carrier. The Moreton Island operations have continued to expand from the humble beginnings of a 34-foot vessel to a 58 metre long, 16 metre wide, fast catamaran that can carry 52 four-wheel drive vehicles and 400 passengers. It is also used for evening river cruises for corporate and private events. The Koorinal store business now includes adventure day trips, four-wheel drive tours and catered beach events.

Over the years all four members of the fourth generation, John, Anne, Kerry and Roz, have worked in the business. John, Neville and Shirley's only son, took over the transport business and opened the Townsville depot. Neville and indeed everyone in the family expected John run the business once Neville retired. But John eventually left the business and now pursues his own business interests in the United States. In the next section we use Roz's story to explain how the three daughters, Anne, Kerry and Roz, bought the business, and now manage it with Roz as the appointed CEO.

Roz Hawkins' story

As a child and a teenager, Roz Hawkins never expected to have a major role in the family firm. At school she studied music, geography and history, not business-related subjects. Despite being enrolled in a prestigious private girls' school in Brisbane, she was restless and left before her final year, planning to start serious studies in music and to complete high-school part-time. However nothing turned out as she thought it would:

***Roz:** I think the first day that I went to the Conservatorium I knew that I didn't belong there. I was totally out of place. I did actually manage to almost complete my first year of Hubbards [the college where she planned to finish her high school subjects]. But come to the end of that time before exams I thought, 'I don't really want to do these exams'. And out of the blue – I don't even know why I said it, I said to my Mum, 'Can I come work for you instead?' It was probably a little bit about not wanting to finish my exams, but I don't really know why I said it. Deep down I must have wanted to do it.*

On a superficial level there was every reason for Roz not to want to work in the family firm. As a teenager Roz complained that the work was terrible and that she was treated like a slave – ‘typical teenager talk’, she says now. Moreover when she began working full-time in the firm, not only did she work hard but she had to defer to her brother:

Roz: *I was nearly 18 at that stage so it was my first job. It wasn't easy. I used to have to vacuum the boat, clean all the chairs, do all the ironing, answer the phone, then I had to receive freight on the forklift and basically do what my brother told me to do.*

Nevertheless there were early signs that Roz had potential for business leadership. While she and her brother and sisters had all worked in the family firm outside school time, Roz's early involvement had shown a disciplined approach which marked her as different from her siblings. She had been the only one of them to get paid for what she did – because she presented her parents with a formal invoice for the work done:

Roz: *I did get paid when I worked. Not much, but I did get paid if I submitted a bill. The others would never get paid because they never bothered to submit the bill. So it wasn't that you just got paid anyway.*

The tasks Roz had to do gradually improved; for example she got to see the accounts, although for a long time they remained her father's responsibility. Despite the business growing and becoming more complex, she received little if any guidance from her brother about day to day matters. So she began making her own decisions almost from the outset:

Roz: *We had two businesses still at that stage. We'd started running the ferry business. We had the vehicular ferry and we had about five or six trucks. We had four phones on the desk – one was the transport phone and the other three were the Moreton Island Ferry phones. There was invoicing to do and I would take calls from customers for the transport as well. [...] Basically he [her brother, John] was a guy who was very hands-on, he was always in the workshop and you were never able to get him into the office, so I started making decisions because I was sick of running and getting him.*

This echoed the independence Roz had already experienced in childhood. Her parents had always travelled a lot for the business, and as a result Roz had spent a lot of time on her own or with her older sisters. This meant she was comfortable about making her own decisions once she formally entered the firm.

Roz: *Mum and Dad were off to the island every day. They would drive the ferry and deliver the freight. They'd go over Tuesday and they wouldn't come back until Thursday so they'd be on the island for three days. [...] I was much younger than my siblings so by the time I was 12, Kerry was 19, so Mum and Dad had virtually moved out of home by then.*

Roz settled into an office manager role that became more demanding as the business grew. She also became more and more independent of the males in her family. At the same time, her brother John and her father began to argue, and their disputes spread to other members of the family:

***Roz:** Dad and John would dispute every day. Every day there would a fight. Sometimes Mum would get involved and if she took John's side then there'd be an even bigger fight. There were fireworks all the time. I don't think it was really all one person's fault. There were definitely two sides to the story. Sometimes Dad would treat John quite unfairly. [...] I think Dad was threatened by him. He didn't want to let go, but also John didn't manage very well and Dad could see that.*

John was by then in his early thirties. Neville had always assumed John would succeed him, despite his growing lack of confidence in John's ability to run the firm. According to Roz, Neville had never really planned or even discussed the succession. John began to spend even more time away from the firm because of the continual conflicts and because Roz's capable presence allowed him to be absent. The result was that Roz increasingly sorted out the firm's problems and improved its systems. By grappling with the accounts, she also came to understand the firm's financial position better. This eventually led her to question her involvement in the business and even its viability. However it took some time before she understood the business well enough to do this:

***Roz:** It took me a long time to learn all of this [financial] stuff that I actually would have learnt if I'd done a university degree or something like that. It's only when I started learning about profit and loss statements and balance sheets and how to do them that I started thinking to myself, 'This is a really terrible business'.*

Conflicts increased between Roz and John, John and his parents, and eventually between Neville and Shirley. This and Roz's growing dissatisfaction brought matters to a head:

***Roz:** I remember it was in the backyard. Dad was on the forklift and I went to see him late one afternoon – I was going home. I was still on about wages actually. By this time I had this reputation in the transport business – people were saying to me "You do a great job", whatever, and I thought to myself I can actually go and get a real job outside this business and get twice as much money. We weren't paying dividends. So what am I doing here?*

John finally left the firm for good and went to the United States. After this Neville began to mentor Roz – though only when she asked questions – and to regard her as his successor. After long and painful negotiations, Roz and her sisters bought out their parents' share in the business. At her father's insistence, Roz has a controlling interest. Roz has since embarked on comprehensive plans to improve the firm's governance structures, continue its growth, and develop the potential of members of the fifth generation to enter the firm. She is completing an MBA in family business studies to professionalise the firm even further.

Discussion

Roz's story partly challenges and partly confirms previous research. Barrett and Moores (2002) found that learning the family business requires four 'Ls' or learning phases. L1, 'learning business', means learning personal disciplines such as self-reliance and self-control, and how to be accountable to someone else for results. These skills are normally learned early in life, but L1 also normally requires leaving the family business. L2, learning *our* business, means learning the special qualities of the family business. L3, learning to *lead* our business, means gaining a 'helicopter view' of the firm and its needs. It typically involves professionalizing the firm but also requires the leader to retain the informality that helps the firm make quick decisions. L4, *letting go* our business, means achieving a good succession for both the successor and the person letting go.

In contrast with the conventional L1 → L4 learning sequence, Roz never left the family firm to work elsewhere. Of the three daughters who now share ownership, only one, Anne, gained any work experience outside the firm. John, the heir apparent, did gain such experience, but ultimately left the firm. His style of leadership, which focused on operational rather than strategic matters, turned out not to be the right fit for the organisation. Even more unusually, Roz's lack of outside experience is not hampering her credibility, even in the transport industry, where women rarely reach senior levels.

Roz's succession was helped by her role as an 'Anchor' in the family firm. Anchors, according to Curimbaba (2002), are women who are always there, providing low-key but indispensable functions. This, combined with her entrepreneurial qualities (Roz designed the plans for the upgraded catamaran for Moreton Island Ferries), her closeness to customers, and her sheer dedication, have qualified her for leadership. In the Hawkins Family Group, men from earlier generations had sometimes acted like Curimbaba's 'Invisibles', using the firm's resources to have a good time. When Roz looked back to her mother, Shirley, and her grandmother, Rosina, she would have seen strong, committed, optimistic women rather than 'Invisibles'.

Even in Australia, which has a strong tradition of assertive, competitive women, it is unusual that a daughter should 'win out' over a son for the CEO position. However in bringing up their children Neville and Shirley always regarded gender as irrelevant, expecting their daughters to do as much for the business as John. Yet when Roz entered the business she was expected to defer to her older brother, and everyone regarded him as the natural successor. In line with a traditional Australian reluctance to discuss emotional issues, Neville never talked about the succession in advance. However it gradually became clear that that Roz's and not John's approach to firm management was what the firm needed. The handover to Roz also happened following a rift between her parents, and it was carried out against her mother's wishes. So not only was Roz's father reluctant to relinquish power, but Roz's mother felt deprived of the rewards she had hoped for. Because of all the conflicts, Roz's succession to the CEO role may present itself as the victory of a daughter over other family members. Yet Roz's leadership qualities suggest that 'stewardship' rather than a particular person won out.

Conclusions, limitations and future research directions

Roz's case illustrates typical succession issues confronting women in Australian family firms. Her family circumstances and upbringing are not unusual and her succession reflects Australia's only gradually changing approach to gender issues. The firm's transport origins typify 'male' pioneering culture in Australia. Australians like to think about the early pioneers opening up remote parts of the country, but in so doing few invoke women's presence let alone their contribution. Even now

the building in the Port of Brisbane where the firm is headquartered reflects a male world: it is basic, devoid of luxury fittings or fripperies. Like the name of the pop group 'Men at Work' whose songs include 'The Land Down-Under', a tongue-in-cheek celebration of Australian values, work life in Australia does not easily adapt itself to women's needs. Future research could investigate the extent to which the context of a family firm women overcome barriers to leadership and entrepreneurship within male-oriented industries.

Roz's attention to future planning, governance and her emphasis on the values of stewardship and family confirm Barrett and Moores' (2009) finding that women lead their family firms in much the same way as men. Future research should delve into whether there are special obstacles that women leaders in family firms face when attempting to lead their family firms in the same way as men, and how family firms can transcend the idea that 'managers are male'. Another research question arises from women's non-strategic path to the top of their family firms. Barrett and Moores' (2009) study found this prevented many family business women from achieving self-confidence and legitimacy. How such obstacles might be overcome, and whether a non-strategic path to the top may actually present some advantages, are other important questions.

From these questions, it is evident that looking into the experiences of one female family business leader promises lessons not just for family business women but for women entrepreneurs and leaders in general.

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