

## **Growing Role of Women as Successor in Family Business**

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### ***Abstract***

*This review is an effort to provide some meaningful information and understanding about the growing role of women as successor in family business and their status in the family business. Family Businesses are the most successful business enterprises all over the world and their contribution to the economies in every country is significant. Family ties and traditions are very deep rooted in family firm. Succession issues and transferring effective control and knowledge from one generation to the next is a challenge. Active participation by the female family members in the family business has been steadily increasing over the past two decades. There are various reasons for increasing participation. Due to nuclear and small families there is not enough number of male members to run the business. With relevant education, work experience, improving economic conditions and financial opportunities, more women around the world are able to sustain and run family business successfully. Involvement of women in business has also changed the status of women in societies. Women have specific qualities that can be vital to the survival and success of a family business. Those who work in and for family businesses need to be aware, however, of the conflicts and obstacles that affect women. Usually women do not have formal roles or titles in family business and their efforts are often unrewarded. Unfortunately, little research has been conducted on the family-owned firms headed by women. As the boundaries between the firm and the family tend to be unclear, women operating family businesses face a unique set of issues related to personal identity, role conflict, loyalties and family relationships. Although, many of the earlier barriers to women's business success have been removed, yet some still remain. One of the major obstacles faced by women entrepreneurs has been that they are not taken seriously. As more and more firms are headed by women, it is likely that many of the traditional barriers regarding women as successors in family business will be dismantled.*

### **Introduction**

A Family business is a company that is owned and managed by one or more members of the same family.

Family businesses are the largest form of enterprise around the world. The success and continuity of family businesses is the most vital aspect of a country's

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economy. All worldwide business enterprises that are owned or managed by families are around eighty percent. Family businesses exist all over the world and some of the world's oldest firms are family e.g. Kongo Gumi of Japan was founded in 578 AD and is currently managed by the 30th generation. Some of the largest wealth creators and businesses are family owned like Wall Mart. In India too, the highest generator and creator of wealth are family businesses. It is not surprising then that family run businesses currently account for 95 % of all Indian companies. Some of the leading business families during 1960s were Modis, Thapars, Shrirams, Singhanias, Birla's, Wadias and Godrej and are still running the business successfully. In Europe, family firms dominate the small and medium-sized firms and are the majority of larger firms in some countries. In Asia, the type of family control varies across nations and cultures, but family firms hold dominant positions in all of the most developed economies.

### **Women in Family Business**

Woman-owned family businesses are flourishing and changing the face of family firms all over the world. More women are entering family business today, and their number is likely to grow in future (Danco, 1981; Mancuso & Shulman, 1991). There is a lot of opportunity for women in family business as nearly 60 percent of all family owned businesses have women in top management team positions (Galvin, B., Astrachan, J., & Green, J., 2007). Female ownership and leadership has increased the level of participation of women family members as full-time employees of their family businesses. In more recent times, daughters have not just inherited the business; they've

been truly involved in running it. Contributions of women are respected now in the family business. Women today are challenging the stereotype and assumption that men are the best and most qualified candidates for taking over the family business. Women are identified as having specific characteristics and qualifications as well as rational outlook on business which has enabled them to become successors in family business and running the family business successfully.

### **Education**

Globalisation, liberalisation, and a growing importance of education have helped to raise the status of women in family businesses. Education and exposure have led to greater societal acceptance of women participating in various walks of life, including business. Perhaps the biggest change in the past couple of decades has been the increasing importance of educational qualifications. Holding professional degrees and qualifying from some of the best Ivy group business schools, many young females are carving out a rightful position for themselves in the family business. Children in the families whether sons or daughters are educated abroad and bring a wealth of outside influences, breaking down barriers. The female members are well and equally qualified and able to take on the responsibility of running the business. Institutions of higher education are now claiming larger female student populations than ever with men only accounting for 42 percent of enrollment according to The New York Times (July 9, 2006). With the increase in the importance of educational qualifications in the past couple of decades, the distinction between female and male members of a

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family is also going. This has led to women's involvement in family business.

**Leadership / Ownership**

Today's generation of women are fast taking the place of sons in running the family business empire. According to the American Family Business Survey, the number of female CEOs or presidents has doubled every five years since 1997. The most recent survey, done in the summer of 2007, indicates that 24 percent of the businesses surveyed currently have a female CEO or president - up from about 5 percent in 1997. The growth should continue as 31 percent of those surveyed indicated that they may have a female successor. Over the past few years there has been a steady increase in active participation by female family members in the family business. Since families have been getting smaller and if there are not enough number of male members to lead the growing business, so families might need to choose between grooming daughters to head the business or selling off the family business. Sometimes women become successor in family business in extreme situation as it is neither planned nor the result of a planned grooming. For some business families, the process of turning to women started because they had no choice. All over the world we can find examples of wives or daughters entering into business in crisis situation such as when the head of the family meets an untimely death or due to prolonged illness or due to some traumatic incident such as divorce. Even in today's world of professionalism the family still believes in trusting a female family member rather than an outsider. Women have made great progress in the business world, and they are building on their successes at a remarkable

speed. More and more, women are playing a larger role in the leadership of family businesses.

**Career**

Mostly in the entrepreneurial family, the natural trend is to think in terms of a family business career and to push a son or daughter, either openly or elusively, in that direction. Little thought may be given to the basic issues involved, which include their talent, aptitude and temperament. Many women see family business as a pool of great career, as they are able to get better positions, higher incomes and more flexibility in work schedules. Women may join family business due to many reasons either to help the family, fill the position that no other family member wanted or dissatisfaction from another job. Family business offers women with abundant opportunities (Bork, 1986; Jaffee 1990; Nelton, 1986; Salganicoff, 1990). Family business offers women access to male-dominated industries and provides more job security and scope for personal growth. Some women see job in the family business as merely one possibility among many career options to be considered after completing their studies. In any case, a family business offers another doorway to entrepreneurship for those women whose families are involved in their own businesses. Women are today more determined to make a mark for themselves. They are a lot more career-oriented than in the past and more assertive about their rights and status.

**The Entrepreneur's Spouse**

The role of male entrepreneur's wife is very important in family business. If wife joins the family business, she plays a supporting role in entrepreneur's career. But it is important that there has to be proper

communication between them. In order to make the family business successful, collaborative effort is required by both husband and wife. The advantage of husband - wife team is the opportunity it provides a couple to share more of their lives. But sometimes differences of opinion between husband and wife about business matters especially if there is problem in business may affect family life. And energy of both the partners may so be scattered by their work in the struggling company that little zeal remain for a strong family life.

### **Loyalty**

Women have some unique gender characteristics like they are emotional, sensitive and loyal which is often reflected when they join family business. They are more concerned for other family member and are more sensitive to the needs of others. Women in family business are more capable of solving problems or conflicts among family member.

### **Social Change**

Due to awareness and societal and legal changes more and more women are being accepted in the business realm, a place where women were seen as outsiders or as a resource to help build a business alliance. With the increase in women's education, there is greater economic participation of women in society due to sheer lack of manpower. Now, daughters are also inheriting the family business. Some women still continue the identity of their family by retaining their names even after marriage and due to change in society norms by accepting divorce means son -in- laws are no longer for life. The increasing role women are playing as business owners is part of the overall impact

women are having on society today. The entry of women in family business is recognition of a social change from two perspectives: one, acknowledging the capability of women, and two, assuring that ownership and control do not go away even if there are in-law problems. There is also a huge change in attitude of society toward girls, with the number of children in any family coming down. Families sometimes have only one or two girls. Now, parental assets are shared among all children independent of gender.

### **Invisibility and Visibility**

Many women in family business feel that they are not viewed by others in the same way as male member whether inside the business or outside. (Gillis-Donovan & Moynihan-Bradt, 1990; Hollander & Bukowitz, 1990; Nelton, 1986; Rodriquez-Cameron, 1989). This happens mostly with female partners in husband and wife businesses. (Hollander & Bukowitz, 1990; Nelton, 1986). The assumption by the outside world is that women hold important positions, because they are married to the boss. Sometimes clients ignore the family businesswomen. Even if wife is more capable than husband, these women find that others sidestep them and look to their spouse for final decision. Salganicoff (1990) believes that invisibility of women in family businesses can be due to continuing stereotyping and discrimination that are the result of prejudices in society and are reflected and expressed within the family business system. Another reason can be women's own limiting attitudes toward their potential and roles, attitudes derived largely from the way they have been socialized. Often women were invisible as they worked side by side with their husband in business and may have only stepped into

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the leadership position when their husband died. Many recognizable businesses today are owned and operated by the wife or daughter of the founder.

**Competition Between Business and Family**

When a woman joins the family business it is difficult for her to make a balance between work and family life. If any women are asked, which comes first, the family or the business. Majority of women will go for the family. Though most of the women are motivated by the sense of family responsibility, sometimes they are so much engrossed in the business that they are not able to spend enough time with their children. Many women in the family business are habitual to make minor sacrifices for the good of the business. However the clash of family interest and business interest is so constant that women in the family business should decide which comes first. Even when the stakes are high, some choose business over family but for others family becomes first priority. For the survival of the family business, its interest cannot be unduly compromised to satisfy family wishes. Family firms must recognize that for its growth professional management is needed and that family interest must sometimes be secondary. The health and survival of family business require proper attention to business and family interests, as well as proper balancing of those interests. Otherwise, in the long run at least, results will be unsatisfactory for both.

**Conclusion**

Today, more women are involved in family business, with more capabilities, than ever before in history. The female members are well and equally qualified and are capable enough to take on the responsibility of running the business. Since female participation has

increased in the general business scenario it is natural for the trend to be reflected in the family business segment as well. Women have an important role in families and in family businesses. From a long time, the contributions of women have been taken for granted and kept invisible. That is now changing. Women produce and raise future shareholders for family businesses, and they serve as active members on family board managing a variety of important issues.

But it is not an easy climb for such businesswomen. They still face an uphill task to attain the recognition that they now deserve. Joining the family business presents both opportunities and challenges. When succession is the concern, primogeniture (rights of the first born son) still seems to be the default. Still in some family business women's chances of running the company remains light because the first born son usually inherits the business. The women in the family are often overlooked completely, regardless of their skills, accomplishments or desires. Many women in family business suffer from the problem of "glass ceiling". Being a female, they do not advance as quickly as men and remain in lower level positions. Women in family business are subject to the constraints of traditional female roles. In most of the family businesses, wives are often kept in the dark about the business and its finances. Daughters, daughter-in-laws, granddaughters, sisters and nieces are often relegated to the position of non contributing member. Even as employees and company leaders, women face challenges establishing and maintaining authority, as well as sustaining a work/life balance. Despite the challenges, women are proving to be a key source of talent in family businesses.

Business families should encourage all of their female members to participate with the level of skills they bring into the business. Women in the family business should be viewed as a valuable asset who can bring new and innovative thinking in the business. Women in the family business should also be curious about what they want out of the business and what business want out of them. No family can flourish without utilizing the talents of women.

Decision to join family business should not be taken lightly by females. Though, the rewards of joining the family business are great- financial security, a chance to work with people you love while building your family's legacy and many more. But one should consider the risk of joining the family business too, because if things don't work out, both the financial and emotional cost can be great. Vague lines between family and business roles and goals create complexities that can result in family conflicts and business disasters. So, before joining family business women should be clear about her goals to be accomplished. If family business allows her to apply her passion to her career, she should join family business or otherwise she should consider other option. Ideally the decision to join the family firm should be based on an understanding of the unique dynamics of such a business.

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