

The power of women in family business

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A generational shift in
purpose and influence
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The power of women in family business

A generational shift in purpose and influence

The STEP Project Global Consortium and KPMG Private Enterprise are pleased to have the opportunity to share the insights gathered from more than 1,800 family business leaders in every major region of the world. The **STEP 2019 Global Family Business Survey** examined the impact of changing demographics on the future of family businesses and was followed up with in-depth interviews among family business leaders across the globe, many of whom generously agreed to openly share their experiences in a series of four published articles.

The first article, **“The courage to choose wisely: Why the succession decision may be a defining moment in your family business”** explored the ways in which changing demographics are influencing succession decisions and the succession planning process itself.

“The power of women in family business: A generational shift in purpose and influence” takes an up-close look at the demographic shifts that are changing the role of women in family businesses – the value that women contribute, the various forms of influence they may have on family businesses and the unique competitive advantages they can deliver.

Encouraging studies have examined women’s changing roles over the years. However, studies that examine the role of women in family businesses specifically are sparse and fragmented. Various scholars have indicated the need for more systematic and extensive research into the factors that are affecting women’s involvement, leadership and performance in family businesses.^{1,2}

Based on the STEP 2019 Global Family Business Survey and in-depth interviews with male and female family business leaders globally, we have set out to understand more about the impact that changing demographics are having on the role of women in family business and the influence they are having on the success of their businesses and their families.

¹ (Mussolino, Cicelin, Iacono, Consiglio, Martinez, 2019; Gimenez-Jimenez, Edelman, Minola, Calabrò, Cassia, 2020).

² Gimenez-Jimenez, D., Edelman, L. F., Minola, T., Calabrò, A., & Cassia, L. (2020). An Intergenerational Solidarity Perspective on Succession Intentions in Family Firms. *Entrepreneurship Theory and Practice*.

Throughout this document ‘We/Us/Our’ means KPMG and the Successful Transgenerational Entrepreneurship Practices (STEP) Project Global Consortium.

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About the STEP 2019 Global Family Business Survey

The Successful Transgenerational Entrepreneurship Practices (STEP) Project Global Consortium and KPMG Private Enterprise entered into a strategic alliance to conduct research to develop a deeper understanding of the impact of changing demographics on succession and governance practices for business families.

The STEP 2019 Project Global Family Business report surveyed more than 1,800 family business leaders from 33 countries across Europe, Central Asia, North America, Latin America, the Caribbean, Asia, the Pacific, the Middle East and Africa. The survey provided an opportunity for the participants to provide their views on how changing demographics affect family business governance, succession, societal impact, entrepreneurial orientation and performance. A summary of the survey report can be found [here](#).

As a follow-up to the survey, more than 25 personal interviews were conducted with family business leaders (who represent some of the largest family businesses in the world) prior to COVID-19 and following its onset beginning in March 2020 until the publication date. The insights gathered from these interviews helped to deepen our understanding of the context behind the survey results, and allowed us to explore these insights further in this article, the second in our four-part series. This article examines the emerging role and influence of women in family business.

Emerging from the shadows

To begin, we believe it is important to acknowledge that the increasing number of women in the workforce has been one of the most significant changes in economies throughout the world in the last 40 years. Women have assumed leadership roles in industries as far-ranging as automobile manufacturing, mining, construction and advanced technologies.

Currently, 18 percent of family business leaders globally are women, with the highest percentage belonging to family businesses in Europe and Central Asia. And while the numbers are generally lowest in North America, recent statistics compiled by National Bank of Canada³ show that 13 percent of the 38 companies in its 2020 Canadian Family index are led by a female chief executive versus five percent among S&P/TSX composite-listed companies.

In some cases, women have traditionally played a somewhat 'invisible' role in their family businesses, working behind the scenes in administrative duties, as informal advisors and moderators or focusing exclusively on managing their households.

³ National Bank of Canada, "The Family Advantage – Fall 2020" <https://www.bnc.ca/content/dam/bnc/a-propos-de-nous/salle-de-presse/2020/study-the-family-advantage-national-bank-2020.pdf>

No one said it would be easy to break away from those traditional responsibilities. The very nature of the family business culture and the multiple roles that female family members typically play has helped to keep the glass ceiling intact for some women who continue to have these dual roles, doubling their efforts in the business as well as in the family.

Kim Schoepflin, CEO of Kwatani in South Africa describes it this way: *"You are expected to dedicate yourself to the business, be a perfect mother and caretaker, be home early and still finish the job. My father used to say, 'you'd better leave the office by 5:00 because I don't want you going home late'. He was concerned about the care of his grandchildren, but you still have to finish the job. Behave like a mother, but make sure the business is being well run."*

Even as cofounders and co-owners of the family business, women were often found on the sidelines, facing similar challenges related to gender discrimination and stereotyping to those found in the broader corporate world. Though they may have some involvement – and certainly an interest – in the family business, women's efforts and contributions have not always been recognized or acknowledged in an official position or with monetary benefits. Often, they assumed less visible roles as informal advisors or performing accounting or administrative work.

Many women interviewed shared the view that unconscious bias continues to lie beneath the surface in some areas of modern society. **And because people are not able to see bias, it is imperative to call it out.**

The women family business leaders we spoke with generally agreed that legislation and mandatory quotas are not the answer, however. While they believe that quotas create greater awareness of bias and stereotypes and can be a starting point in countries where gender equality is not yet a cultural norm, none of the women we spoke with are in favor of forcing rules and programs onto companies.

Previous research has shown that gender stereotyping is often reflected in the roles and decision-making tasks that are handled by each partner in the business. Even when their credentials are equal to, or better than, those of their husbands', it isn't uncommon for women to discover that other businesspeople bypass them and look to their spouses for final decisions.⁴ Sometimes, this is based on the misconception by the outside world that women hold positions in the family business only because they are married to – or related to – the 'boss'.

In some cases, this phenomenon has even led women to disassociate their identity from that of their husband in order to claim authority and establish themselves as business leaders. As one female co-owner and an active member of her family's business described to us, *"My husband and I run this company together and we do not promote the fact that we are husband and wife. We even use different family names so that we are not positioned as 'husband and wife' inside the company. Otherwise, employees and customers talk to me differently – as the CEO's wife and not someone who has the ability to help solve their serious technical issues."* Female family business co-owner, Chemical processing, Russia.

“My husband and I run this company together and we do not promote the fact that we are husband and wife. We even use different family names so that we are not positioned as 'husband and wife' inside the company. Otherwise, employees and customers talk to me differently – as the CEO's wife and not someone who has the ability to help solve their serious technical issues.”

Female family business co-owner

Chemical processing business, Russia

⁴ Cole, P.M. (1997). Women in family business. *Family Business Review*, 10(4), 353-371. Equal Measures 2030. (2019). 2019 EM2030 SDG Gender Index. Surrey, United Kingdom. Retrieved from <https://data.em2030.org/em2030-sdg-gender-index/> on July 24, 2020

“ Too often, women want everyone to like them and they go into their business or a workplace with that attitude. At the end of the day, they’re taken advantage of because of that attitude. It’s difficult to stand your ground when you want to be nice – even when you know it’s the wrong thing to do. That’s where doing the right thing and doing things right comes in. You have to stop and ask yourself, ‘what is the right thing?’ As women, we have to resist the need to constantly nurture and say ‘this is a business and what is the right thing to say or do?’ ”

Margaret Hirsch

Cofounder and Executive Director,
Hirsch’s,
South Africa

Family business women have an opportunity to step up and change this mindset by shifting their own mental framework when they enter the business. In the view of Margaret Hirsch, Cofounder and Executive Director of Hirsch’s in South Africa, *“Too often, women want everyone to like them and they go into their business or a workplace with that attitude. At the end of the day, they’re taken advantage of because of that attitude. It’s difficult to stand your ground when you want to be nice – even when you know it’s the wrong thing to do. That’s where doing the right thing and doing things right comes in. You have to stop and ask yourself, ‘what is the right thing?’ As women, we have to resist the need to constantly nurture and say ‘this is a business and what is the right thing to say or do?’”*

Many also believe that raising awareness is a good starting point to encourage more participation of women on corporate boards.⁵ There is recognition that society is changing, as is education and children’s upbringing. As Jodi Bloomer, the Millennial generation Cofounder and Chief Business Development Officer of Canadian Fiber Optics Corp. explains, the goal of her young company is to create a culture where everyone can ‘do what they do, be who they are and do it well.’ *“This goal was at the center of my own upbringing,”* she said. *“This is how my parents raised me and my sister. They weren’t training us to join the business but they did everything possible to make sure we could achieve our full potential by doing things well and in an authentic way by being who we are. What we chose to do was completely up to us.”*



⁵ Samara, G., Jamali, D., & Lapeira, M. (2019). Why and how should SHE make her way into the family business boardroom?. *Business Horizons*, 62(1), 105-115.

Key insights

Some of the key insights from the research demonstrate that women and men have an opportunity to work together to remove stereotypes and engender greater diversity in family business.



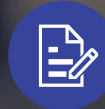
Both men and women contribute to gender stereotyping and they need to work together to clearly define their roles and responsibilities and communicate them to all stakeholders.



Families should actively socialize both women and men from an early age to garner know-how of the business and pursue the required education and training to prepare them for a career in the family business.



While quotas are not the answer for achieving greater gender diversity, they can be a starting point for creating new female role models.



Organizational practices and policies are required that promote fairness and minimize bias.

Dr. Nupur Pavan Bang

Associate Director,
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The 'hidden CEO'

“My mother was the guiding principle for the family and the entire company. She was the mother of the company, not just our mother, and everyone was clear that as long as she was there, everything would continue to run and we didn't need to worry.”

Family Business CEO
Mechanical engineering,
Germany

Due to the influence of societal bias and cultural or family traditions in some areas of the world, women may be consciously or inadvertently consigned to the role of 'chief emotional officer'. In this hidden 'CEO' role, they take care of the emotional needs of the family, keeping the family together and perpetuating the family's values and traditions to the next generation.⁶ In the words of one family business leader, *"My mother was the guiding principle for the family and the entire company. She was the mother of the company, not just our mother, and everyone was clear that as long as she was there, everything would continue to run and we didn't need to worry."* Family Business CEO, Mechanical engineering, Germany.

The segregation of roles based on gender – both at home and in business – can be traced back to the industrial revolution. While men were associated with traits such as independence, autonomy, success and achievement, women were generally classified as nurturing and caring. Some of this gender bias continues today, even when it isn't conscious.

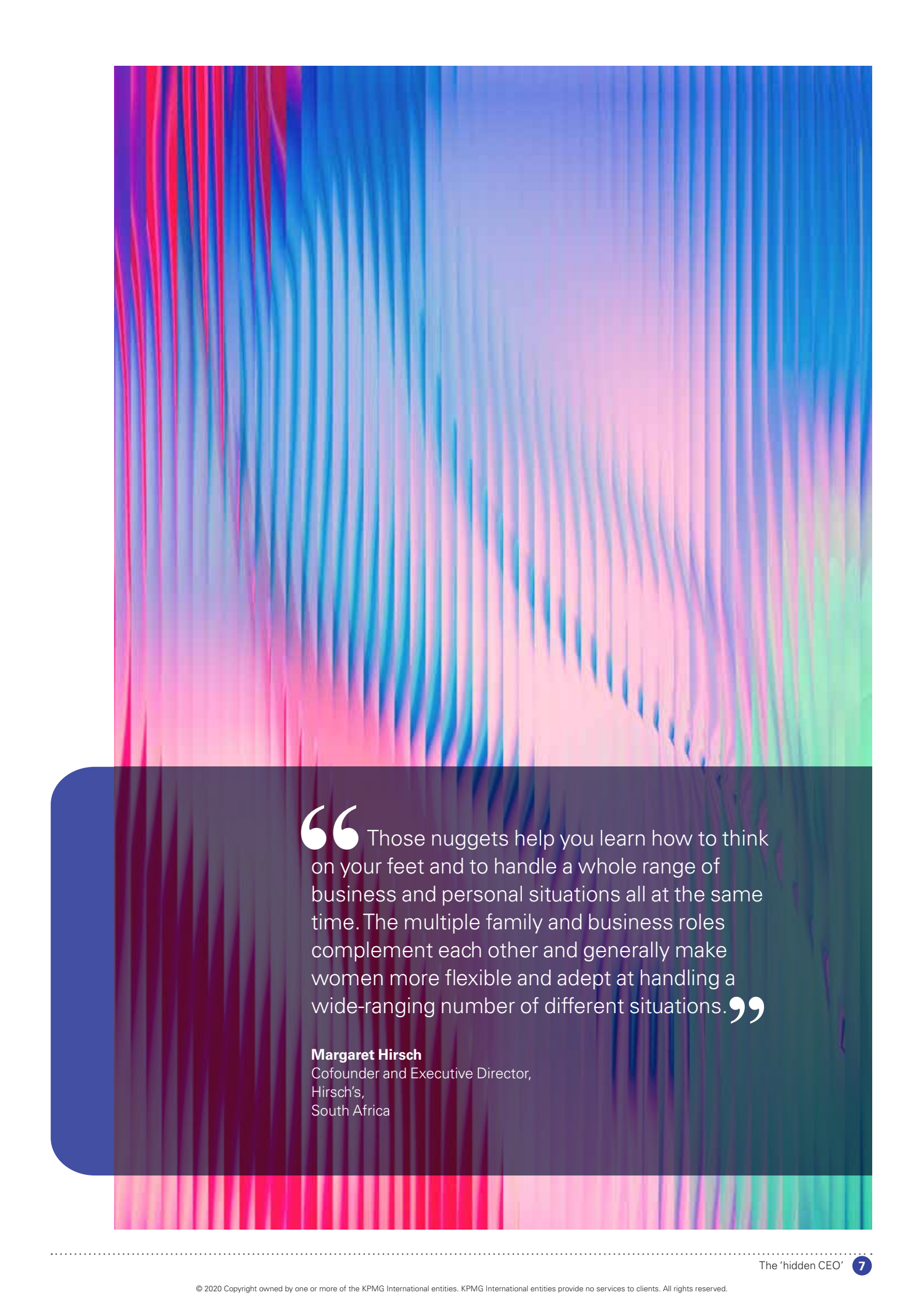
Traditionally feminine characteristics, such as loyalty, concern, sensitivity to the needs of others, problem-solving and conflict resolution genuinely reflect a holistic leadership style for women and men. It is a constructive approach for any business and can be a potential competitive advantage. In a family business, these unique characteristics and management style are assets to both the family and the business, combining loyalty to the firm and to the

family with sensitivity to individuals' needs and a decision-making process that is based on instinct, intuition and evidence. In an interview with the members of a traditionally patriarchal family business in Canada, for example, they noted that one of the key roles of the co-owner and wife of the CEO is to make customers and other outside parties feel as if they are part of the family.

As a mother, aunt and daughter, Margaret Hirsch believes that women play all of those roles in their families and take nuggets of wisdom from each of them to feed into the business. *"Those nuggets help you learn how to think on your feet,"* she says, *"and to handle a whole range of business and personal situations all at the same time. The multiple family and business roles complement each other and generally make women more flexible and adept at handling a wide-ranging number of different situations."*

It also means that women can be faced with role conflicts and dilemmas in which they must balance their obligations at work and at home. While this is clearly challenging, we heard an interesting point of view from several of our interviewees who told us that, based on their family experiences, they have learned the ability to juggle many things at the same; that having multiple roles in their business and their family has brought out the skill to concentrate on details while not losing the big picture; that they can make quick decisions when needed, be disciplined in making tough decisions and have learned not to take things personally.

⁶ Lyman, 1988; Salganicoff, 1990



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Margaret Hirsch

Cofounder and Executive Director,
Hirsch's,
South Africa

How women are redefining 'women's work'

“ I know we are interviewing a woman for a finance role right now who could become our CFO in the next 2 to 3 years. She would obviously have to get along with the family, but I've always found women to be more competent than men in a lot of areas because they have to be. Would I go out and try to recruit a female CEO to take my place? I don't know. I don't know if I would or not. I just don't know yet.”

Family Business CEO
Scrap metal processing
business,
United States

In industries that have traditionally been dominated by men, women are encouraged to go into traditional 'women's jobs' and there can be confusion with respect to their perceived ability to lead these types of businesses. As the CEO of a scrap metal family business in the U.S. described to us, his industry is portrayed as a dirty and manly job, which does not attract a lot of female candidates. *"I know we are interviewing a woman for a finance role right now, who could become our CFO in the next 2 to 3 years. She would obviously have to get along with the family, but I've always found women to be more competent than men in a lot of areas because they have to be. Would I go out and try to recruit a female CEO to take my place? I don't know. I don't know if I would or not. I just don't know yet."*

Despite a conventional view of 'women's work' in some parts of the world and certain industries, a brighter light is shining through the glass ceiling of many family businesses. In what would be considered non-traditional

female occupations, particularly in male-dominated industries, such as heavy manufacturing, an increasing number of highly competent women leaders are standing confidently in the limelight.

We were introduced to women who were founders and cofounders of companies in industries that would historically be called 'men's work', including steel and scrap-metal processing, cement manufacturing and the production of hardware products. They agreed there should not be a bias toward women or men; that diversity generally adds value to a team, making it more interesting and conducive to different ways of thinking.

Kwatani CEO Kim Schoepflin, for example, is a successful leader in a highly male-dominated industry that produces large-scale mining equipment. The business was founded by her father and through her leadership, she has started to push forward the growth of the business backed by a transformational agenda and with an enhanced focus

on achieving greater diversity in the family's business. Two women currently sit on Kwatani's executive committee and they comprise 75 percent of the company's board and more than 50 percent of the management roles. Women are also employed in Kwatani as senior metallurgists, mechanical engineers and capital sales engineers, among other technical roles that might have been considered to be 'men's work' among previous generations.

The female family business leaders with whom we spoke are successfully breaking down many of the barriers and redefining how women in family businesses are perceived. They are not waiting for some other person or some other time for the environment to change around them. Most have grown up in their family businesses and they are respected for their experience, knowledge and skills by employees, customers and suppliers alike. They are representatives of the change that many women seek.

Young female entrepreneurs have an additional layer of complexity in raising their credibility and 'legitimacy' to assume leadership roles. We believe that Canadian Fiber Optics Corp.'s Jodi Bloomer is a good representative of the Millennial generation that is beginning to assume these roles. She has learned from other women in her life that as a woman in a male-dominated business, she can push and prod in a gentle way without getting into an ego battle.

"In this case, being a woman has had advantages because the men around me don't need to try to intimidate me," she told us. "I am not challenging to them. I acknowledge that they know more than me in their own special areas; that I am here to learn and I need their expertise and input to make good decisions for our company. There is a mutual appreciation for what each party does well," she says.

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Jodi Bloomer
Cofounder,
Canadian Fiber Optics Corp.,
Canada

The transformational power of women

“It is not possible to grow a family business today if the leadership team is made up of only women or only men. True leadership begins with letting go of your ego and opening yourself up to a diversity of opinion, mindset and experience, and it’s faulty to assume that women have higher levels of emotional intelligence than men. Family businesses have a responsibility to lead by example to help shape this broader perspective.”

Ramia El Agamy
CEO,
Orbis Terra Media,
Switzerland

It is generally held that women, by their nature, demand more collaboration and consultation than their male counterparts. The women we spoke with agreed. Through many generations, they have been raised to be more sensitive to the needs of others and more social as mother, peacekeeper and caretaker. It is difficult to get it out of women’s nature, they told us, and it isn’t natural when women try too hard to turn off that instinct.

Nevertheless, they pointed out that women who are expected to have this naturally enhanced level of sensitivity face the danger of being pigeon-holed as the chief emotional officer of the family business – and nothing more. If this is the case, they likely haven’t been socialized and groomed to internalize the business values and practices to the same extent as their male family members. And, by not being given the same opportunities to actively participate in the business and build their own successful careers, they risk being left out of opportunities to assume leadership positions.

This is likely why the representation of women in key leadership and management positions in some family businesses remains elusive, despite several studies that have proven that having women in management and board positions leads to better firm performance due to superior governance and effectiveness.⁷ A recent study among Swedish family firms⁸ provides even more evidence of the powerful impact that women leaders have on their firm’s

performance when they hold the role of CEO, along with board membership and ownership.

As an earlier study on gender interactions within family firms pointed out, the greatest improvements in a family firm’s profitability occur when the CEO is a female family member with family and non-family female directors. The potential explanation for this is that the presence of women directors enhances the self-esteem and confidence of the female CEO, raising a female-friendly corporate culture that encourages cooperation and knowledge sharing among its members.⁹ This does not mean that the presence of females, in and of itself, leads to better corporate performance. However, the presence of qualified and supportive individuals, regardless of gender, can significantly enhance the company’s performance.

Ms. Ramia El Agamy, the CEO of Orbis Terra Media in Switzerland is quick to challenge stereotypes. *“It is not possible to grow a family business today if the leadership team is made up of only women or only men,”* she says. *“True leadership begins with letting go of your ego and opening yourself up to a diversity of opinion, mindset and experience. It’s faulty to assume that women have higher levels of emotional intelligence than men or that men are more capable to deal with hard business issues than women. This only leads to further stereotyping. Family businesses have a responsibility to lead by example to help shape a broader perspective on the capabilities of all family members whether they be male or female.”*

⁷ Terjesen, Couto, & Francisco, 2016

⁸ Bjuggren, Nordström, & Palmberg, 2018

⁹ Amore, M. D., Garofalo, O., & Minichilli, A. (2014). Gender interactions within the family firm. *Management Science*, 60(5), 1083-1097.



Key insights

The research shows that some women in family business continue to challenge role stereotypes while also having unique leadership skills to contribute.



The innate characteristics of women as nurturers and caregivers translates to a role as “chief emotional officer”, a factor in the success and perpetuity of the family business. Their presence brings additional resources that the family business can capitalize on.



Women have unique and transformational leadership styles and skill, judgment and a unique outlook that makes them holistic managers and leaders.



Women in family businesses are continuing to work on role conflicts to pave their own path in the business and the family and resist being designated only as the family caregiver.



It is not possible to grow a family business with a leadership team that is made up exclusively of men or women.

Mary Jo Fedy

National Private Enterprise Leader,
KPMG in Canada

Family businesses led by female CEOs generally have a distinct transformational and less autocratic approach to leadership, as we observed in the transformational leadership style of many of the family business leaders with whom we spoke. The evidence generally shows that women tend to encourage individuals and teams to pursue new business opportunities, identify opportunities for change and make decisions on their own.

In theory, there is less conflict and greater diversity when women are directly involved in the business and the **STEP 2019 Global Family Business Survey** showed that the less autocratic style of female family business leaders appears to be strongest in Europe and Central Asia. As we continue to break apart the stereotypes, however, it's worth noting that the STEP study also showed that as business leaders age, female leaders actually become more autocratic than their male counterparts.

Succession by merit

“ Now I believe I can be the ‘daughter’ in given situations while also having a role and responsibilities as a director and a C-suite executive in a business that the family is deeply invested in emotionally and financially.”

Jodi Bloomer

Cofounder,
Canadian Fiber Optics Corp.,
Canada

As was highlighted in the first article in this series regarding family business succession, “The courage to choose wisely”; traditional family firms have often followed the implicit rule of primogeniture in matters of succession and inheritance, transferring the business from the father to the first-born child and, often, the first-born son. To prepare them for their future roles, sons have often been socialized around the family business during dinner table conversations at home and some early involvement in the activities of the business.

Sons and daughters can have different experiences in this socialization process, however. In particular, daughters can be often influenced by the family’s traditional gender roles, which are formed at a young age during regular interactions with the family. These experiences can lead female family members to be more concerned about the family and its needs than the needs of the family firm.¹⁰

Similarly, if primogeniture is followed within the family business, daughters are clearly aware that the likelihood of them being the successor to the family business is very low, even if they happen to be the first born. As a result, even when they are exposed to the family business, research has shown that the emotional commitment of daughters to the firm is noticeably lower than that of sons.¹¹

As a consequence, some women do not consider that they can have

the same opportunities as their male siblings for career growth in their respective family businesses when primogeniture is adopted. We do believe, however, that change is in the wind in many countries across the globe.

Interviews with family business leaders have shown that even though primogeniture is still the norm for succession in many countries, as well as in individual family businesses, new rules in certain countries are opening up leadership opportunities for women in family firms. One important example is China, where the gender equality movement has raised the social status of women and the one-child policy has given women equal access to resources.

As ZHU Naifeng, General Manager of Hawk Filtration Technology (Shanghai) Co., Ltd. told us, he will be more inclined to use “meritocracy” in choosing the most competent person – male or female – as his own successor as a direct result of these significant social changes.

We believe that further change is on the horizon. With improved access to higher levels of education, coupled with shrinking family-size, the STEP 2019 Global Family Business survey shows that the role of women is continuing to progress. Some research has looked at the effect of succession and gender and suggested that father-to-daughter succession is more harmonious and creates less conflict around issues of leadership and power.

¹⁰ Decker, R. A., Haltiwanger, J., Jarmin, R. S., & Miranda, J. (2017). Declining dynamism, allocative efficiency, and the productivity slowdown. *American Economic Review*, 107(5), 322–326.

¹¹ Calabrò, A., Minichilli, A., Amore, M. D., & Brogi, M. (2018). The courage to choose! Primogeniture and leadership succession in family firms. *Strategic Management Journal*, 39(7), 2014–2035. <https://doi.org/10.1002/smj.2760>

Key insights

While family traditions and social norms often impact the choice of women as successors, the research suggests that next generation leaders will increasingly choose their successors based purely on merit.



There is a gender-based pattern to succession. When the current CEO is a woman, there is a higher chance that the next CEO will also be a woman.



When family business succession is traditionally based on the primogeniture model, women may be less inclined to consider a professional career in their family businesses.

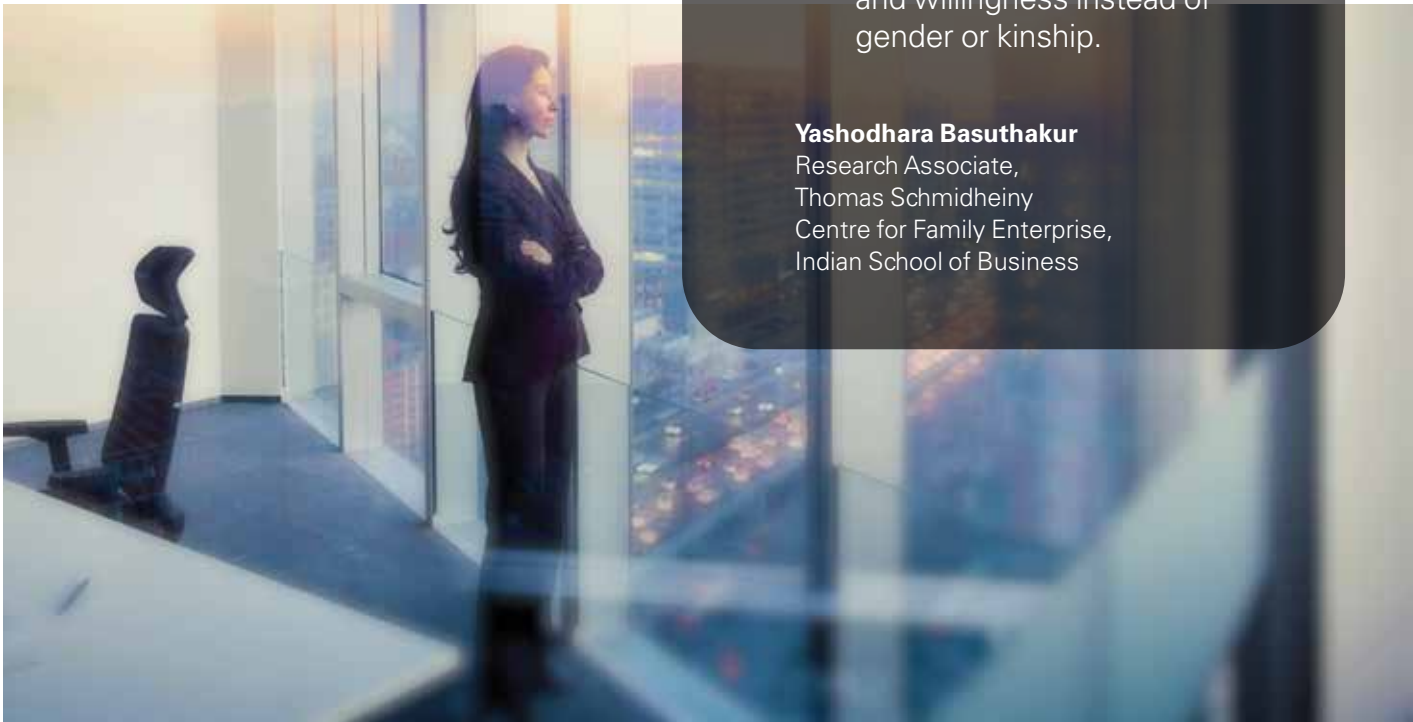


As future generations become more involved in the business, family firms' decisions on succession are increasingly being driven on merit, capability and willingness instead of gender or kinship.

Yashodhara Basuthakur
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Centre for Family Enterprise,
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Ms. Bloomer of Canadian Fiber Optics Corp. had been working outside her family's business for several years when she made the decision to contribute to the next phase of the business led by her father. In expressing her desire to join the family firm, she felt it was important to make it clear that she was there to add value to the business and not with her hand out as 'the daughter'. She believes the father/daughter dynamic changed at that point as she and her parents had the experience of working together through an intense period of time in the family and a great deal of change in their business.

Through this process, Ms. Bloomer believes that her role in the family has evolved. *"Now I believe I can be the 'daughter' in given situations while also having a role and responsibilities as a director and a C-suite executive in a business that the family is deeply invested in emotionally and financially."*



The impact of societal change on family business leadership

“I know a woman in charge of a company that makes locks may look a bit strange because we are used to seeing her in more feminine settings. All this is the product of my dad’s work and we all ended up falling in love with it. This is what we prepare for: taking over the business. We multi-task, we do many things at once. In the midst of this situation, women have come forward without fearing the challenges we face daily.”

Claudia Visani
CEO,
Inversora Lockey,
Venezuela

To respond to the mounting need to address the issue of under-representation of women in top management positions, new national and cultural norms that advance the roles of women in family business are emerging.

As an example, in the last 2 decades, women’s visibility in Venezuelan family firms has been favorably influenced by their greater involvement in the labor market. Many young women successors to Venezuelan family businesses have shown that they can take charge of their businesses just as effectively as their male counterparts. Such is the case in the Visani family, owners of Venezuela’s Inversora Lockey, where the founder included his daughters in the family business from an early age, even though the family’s companies operated in traditionally male-oriented industries.

As second-generation Claudia Visani, Inversora Lockey’s CEO and Board member from 2007 until 2019 describes, *“I know a woman in charge of a company that makes locks may look a bit strange because we are used to seeing her in more feminine settings. All this is the product of my dad’s work and we all ended up falling in love with it. This is what we prepare for: taking over the business. We multi-task, we do many things at once. In the midst of this situation, women have come forward without fearing the challenges we face daily.”*

The family business of Grupo Urrea, a hardware manufacturer in Mexico, is another good example of how the participation of women in the company and its corporate governance bodies has paralleled changing social norms. In the early days of the business, bringing daughters into the company was not a consideration since there wasn’t a ‘women’s work’ option. However, by the time the fourth generation of the family business reached working age, those social norms had changed dramatically and the two eldest female cousins were the first to join the company.

In the current generation, the role of women in the business family Urrea is comparable to that of the men. Thus, among the cousins of the fifth generation, are three prominent female entrepreneurs who have fully integrated a successful fashion and art company supported by their parents.

While the women we spoke with do not support broad government-mandated social changes or quotas, there is evidence in some jurisdictions around the world that these measures have been successful in opening the doors to women.

In India, for example, the amendment to the *Hindu Succession Act* in 2005 conferred property rights to daughters – whether married or unmarried – and granted them rights equal to those available to sons. A subsequent legal mandate prompted family firms in India

to increase the number of women represented on their boards compared to non-family firms.

In another example, Norway was the first country to mandate a 40 percent gender quota for women on the boards of publicly-listed companies in 2005. Since then, more countries in Europe, Asia, Latin America, North America, Middle East and Africa have recommended voluntary targets for women directors on the boards of listed firms.

The immediate effect of these quotas has been an upsurge in the representation of women in key positions globally. A new gender diversity milestone was reached in 2019 when none of the S&P 500 list of companies reported a male-only board. And women's share of S&P 500 board seats reached a new high of 28 percent in the spring of 2020.¹²

Promoting gender balance at the board level opens the door for more exciting opportunities for family businesses to increase female representation throughout their companies. Appointing women in senior roles can create a "trickle-down effect," meaning that more gender diversity at the executive level will translate into more gender diversity across the organization.¹³ This may be the lever that family business leaders need to make more female appointments in the next level of management and,

ultimately, to improve gender diversity throughout their entire business.

Recent social changes, whether mandated or voluntary, have had a profound effect on life in general and on family businesses specifically. In Saudi Arabia, the government's support for the empowerment of women in the workplace has changed the landscape of the public and private sectors. In the case of family businesses, women were typically included in the ownership structure under *Sharia Law*, especially after the departure of the founder, though they were not generally included on the management team. Their exclusion was not attributed simply to family preferences and social norms, but to the challenges women faced because of broader gender segregation in the workplace. New social norms in Saudi Arabia have transformed that situation and increased the involvement of women in family firms.

As the CEO of a general trading company in Saudi Arabia described, *"Society has changed and we are definitely fine with having a female CEO. Before, it wasn't simply that the families weren't comfortable with the CEO being a woman. The reality was that she wouldn't have been able to function. She couldn't go to the ministries and meetings were very hard to get. Things have changed significantly and all of that is normal today!"*

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¹² Bloomberg News. <https://www.bloomberg.com/news/articles/2020-05-15/female-board-participation-rises-in-s-p-500-index-in-april>

¹³ Gould, J. A., Kulik, C. T., & Sardeshmukh, S. R. (2018). Trickle-down effect: The impact of female board members on executive gender diversity. *Human Resource Management*, 57(4), 931-945.

A challenge to outdated mindsets

Although the family business legacy may be handed down to them, many women around the world still shoulder the primary responsibility as caregivers of their families and households. They also continue to face the complexity of skeptical parents, siblings or hostile employees to prove their mettle and succeed in managing and leading their business.

As with women in non-family businesses, women in family firms require strong networks that are not dominated by family influence, as well as mentoring and guidance to orient them successfully toward management and leadership roles.

Women in family businesses are strategically placed to manage this dilemma and bring about the change in their organizations and society at large by becoming role models and mentors for younger women who will contribute to the future talent pool.

As one female family business CEO pointed out, women have some unique challenges when it comes to networking. Men, she said, have traditionally gone golfing or for drinks after work to stay connected. That isn't a natural phenomenon for women, who are usually rushing home to take care of the children and prepare dinner. Networking is more difficult for women and it often isn't working very well.

The female leaders we spoke with are emphatic that they have an obligation to empower other women and to be aware of the baggage that other women are carrying after being surrounded by outdated beliefs and actions. At the same time, they recognize that women still seem to feel that they have to work harder and do more. The danger is that this can come across in completely the wrong way in an organization that just wants women at the table because they're talented and bring their own perspective.

When we asked whether the need for people to legitimize themselves is based on gender or on an established mindset, the women who joined our discussions concluded that gender is the primary factor based on a mindset that has been embedded among women themselves. *"What is it that we have inside of us,"* they asked, *"that tells us we have to work harder and do more?"*

The guidance we heard from them is that women need to believe that they have a choice – to work harder and do more – or not. The end result may not be the same, they said. However, the outcome is fundamentally different when a person makes a choice rather than acting from a position of fear or a belief that they are somehow lacking.

Key insights

Women in family businesses face opportunities and challenges in overseeing business issues as well as those of the family. In fact, from the business side, they can bring different skills and perspectives and there is a need for a new leadership mindset for women in family business.



The unique disadvantages for women in family businesses include the blurred line between work and life, expectations that you will dedicate your life to the business and family dinners that become business discussions and make it difficult to 'switch off'.

They also told us that in the 'old days', women tended to be jealous of one another and they didn't celebrate each other's successes. The tide is changing and the need for women to feel that they have to compete is going out with the tide.

For young female family leaders, acknowledging and celebrating the efforts of generations of women who have preceded them is viewed as important. Women supporting women is more prevalent in the next generations because of this mindset shift and a stronger commitment for women to empower each other.

If this is the way things should be for women in business, we were reminded of the importance of acknowledging that this level of support isn't the way it has always been. It's due to the hard work of countless numbers of women *and* men who have come before and helped to open the doors.



Women often feel invisible. They need skills, tools and opportunities to increase their visibility and break the stereotypes so they can't be overlooked.



Legislative mandates and corporate governance measures are a starting point for creating new female role models and developing the pipeline for future women leaders.

Karmen Yeung

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Gaining a fresh perspective on family business leadership

Women *and* men have an opportunity to strengthen their family businesses by embracing their differences and not fighting against them.

A diversity of views and approaches has tremendous power in helping to move family businesses toward more interesting and prosperous futures. Greater diversity also harnesses the resilience and adaptability that are the hallmarks of family businesses and their ability to be leading voices at the forefront of change.

Family businesses that are committed to empowering women might start by evaluating their beliefs and perceptions and encouraging open discussions of everyone's viewpoints within the family – especially those among different generations and genders even if those conversations may be uncomfortable at first. The courage to be candid and open to a new perspective has the power to change an existing, and likely outdated, narrative regarding the roles that women play in family businesses and the competitive advantage that they can contribute in the future.

The good news is that women in family businesses are strategically placed to bring about this change in their own companies and in society at large as role models and guides for the next generation of women who will contribute to the future talent pool.

Family businesses have shared a wealth of their experience and unique insights on how they are strengthening their business by embracing fresh gender and generational perspectives. We encourage you to learn more about the families who contributed to our study and helped to bring their insights to life on the impact of changing demographics and the influence of women in family businesses. You will find profiles of these prominent family business leaders on the **KPMG Private Enterprise website**.

Watch for the next two articles in our four-part series as we explore how governance practices help to shape and reinforce the shared future of the family and the impact that changing demographics is having on the unbreakable bond between business and family legacies. Check out the first article in the series: “**The courage to choose wisely: Why the succession process may be a defining moment in your family business**”.

We invite you to contact us at **familybusiness@kpmg.com** to receive the next article in the series as soon as it's available. And, as always, we welcome your feedback and invite you to share your own perspectives and experiences with us and for the benefit of family businesses across the globe.

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The STEP Project Global Consortium is a global applied research initiative that explores family and business practices within business families and generates solutions that have immediate application for family business leaders. STEP aims to be a leading global family business research project with an international reputation. The research insights are specifically drawn to be of relevance to developing new theoretical insights that can offer novel and valuable best practices recommendations to the business stakeholders and the practice community at large. Having a global worldwide orientation, STEP offers networking opportunities for researchers, family business owners and consultants coming from five continents.

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