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GENDER IN THE NEXT GENERATION: DOES IT MATTER?

Some Italian Empirical
Evidence on Daughters'
Pathways in Family Firms.

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INTRODUCTION...

Though the number of daughters involved in a family business has constantly grown, there are still few studies which analyze this phenomenon.

This is true especially in Italy where, although daughters reach almost 30-40% of the next generation (but only in some areas of the country and in some fields), attention to this dimension of the family business is still marginal.

THE TOPIC AND THE PURPOSE OF THE STUDY

In this study we analyze the characteristics of daughters' pathways in some Italian SMFEs.

The aim is to answer the following questions:

- Ä Does gender of the successor still influence and shape the pathways taken by daughters within the firm?
- Ä Are there other factors that favour (or hinder) the substantial integration (not only formal participation) of daughters in business management and ownership of the firm?

THE METHOD OF ANALYSIS

- ž Qualitative method based on case studies carried out with in-depth interviews.
- ž Empirical material consist of 13 cases.
- ž The survey involved 30 key witnesses: founders, successors (of both sexes), other family members involved in the firm, managers and employees.

Selection criteria:

- ž The presence of at least one daughter working in the FB,
- ž who currently has (or has ad) a significant management role in the firm,
- ž and has (or would have) the potential to take over the leadership in the firm.

Name (a)	Industry Sector	Business characteristics (b)	Generation(s) (c)
<p>Different Industry Sector: typically male sectors (such as machinery manufacture) and more female (such as hotel industry)</p>	Engineering	Ownership: Family 100% Employees: 25 Gross annual sales: 7 mln €	1 ^a and 2 ^a
	Machinery manufacturers	Ownership: Family 100% Employees: 180 Gross annual sales: 10 mln €	1 ^a and 2 ^a
	Plastic manufacturers	Ownership: Family 100% Employees: 15 Gross annual sales: 10 mln €	1 ^a and 2 ^a
	Galvanizing	Ownership: Family 100% Employees: 140 Gross annual sales: 10 mln €	1 ^a and 2 ^a
	Machinery manufacturers	Ownership: Family 100% Employees: 80 Gross annual sales: 10 mln €	1 ^a and 2 ^a
	Hotel	Ownership: Family 100% Employees: 10 Gross annual sales: 1 mln €	2 ^a
	Pa	Ownership: Family 100% Employees: 15 Gross annual sales: 10 mln €	1 ^a
	Spirits	Ownership: Family 100% Employees: 10 Gross annual sales: 10 mln €	2 ^a and 3 ^a
	Machinery manufacturers	Ownership: Family 100% Employees: 85 Gross annual sales: 14 mln €	1 ^a and 2 ^a
	Sopma	Publishing	Ownership: Family 50% , non family members 50% Employees: 40 Gross annual sales: 5 mln €
Mary	Footwear	Ownership: Family 100% Employees: 10 Gross annual sales: 1 mln €	1 ^a and 2 ^a
Susan	Building	Ownership: Family 100% Employees: 8 Gross annual sales: 1 mln €	1 ^a and 2 ^a
Daphne	Plastic manufacturers	Ownership: Family 100% Employees: 70 Gross annual sales: 60 mln €	1 ^a and 2 ^a

Micro, small and medium-sized family businesses

Principally first generation businesses

CASE DESCRIPTION: PARTICIPANTS' ROLE

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Name*	Role in the family business	Younger generation composition	Ownership participation
<p>Different role played by daughters in the firm (future CEO, manager, staff, none)</p>	<p>Different family composition (only female offspring vs male and female offspring)</p>	<p>Different ownership participation (none, minority, majority, ecc.)</p>	<p>members)</p>

The need to create a sample that was varied, though small and not statistically representative, was dictated by the decision to look at episodes from diverse contexts.

FIVE DAUGHTERS' PATHWAYS IN FAMILY FIRMS

An analysis of the interviews showed similarities between daughters' experiences.

I identified five profiles which show possible routes and roles a daughter can have within the firm.

The five profiles are:

- ž leaders by choice;
- ž co-leaders;
- ž outcasts;
- ž professionals;
- ž leaders "because they have to".

FIVE DAUGHTERS' PATHWAYS IN FAMILY FIRMS

"*Leaders by choice*" are daughters "attracted" to the firm. They choose to continue what was created by their fathers, becoming undisputed successors of the company. Generally this is the case in families with only female offspring.

Victoria is "leader by choice"

Victoria: My father is a die-hard feminist, because he says women have 'an extra gear'. And I grew up with this idea. When the firm was starting out, I was always with Dad. I have always had a very close relationship with my father. And when they asked me what I wanted to do when I grew up, I would answer "I want to work with Dad". I made all my choices with a view to working in the firm.

Some factors that have influenced her experience:

the education, the motivation, the moral and emotional support of her father, the admiration she has for her father, a strong bond with the firm.

FIVE DAUGHTERS' PATHWAYS IN FAMILY FIRMS

The profile of “*co-leader*” is applied to cases where the next generation is composed of sons and daughters, and in which the official role of successor is given to the male (even if daughter is more suited to the job), but in truth leadership is shared between brother and sister.

Clarence is “*co-leader*”

Clarence: *Initially, my choice was forced upon me. Since it is easier to see a woman working in administration, that is where my father placed me. I like to think that my brother and I are specular, each makes up what the other is lacking, and which was recently found in the figure of our father. He has qualities I lack, and viceversa. In this sense we are specular, though he will be the official successor and I'll carry on working in administration.*

Some factors that have influenced her experience:
the entrepreneur's choices and attitude

FIVE DAUGHTERS' PATHWAYS IN FAMILY FIRMS

"*Outcast*" are daughters who have tried to lead the family firm, but did not reach their goal: their father don't believe in them because women and have chosen an alternative to the family firm.

Rebecca is "outcast"

Rebecca: *My father never accepted my ideas: if the same suggestions came from a man, even if he wasn't an employee, he would listen and approve of them. Not when they came from me. The fact that I was a woman, when he always wanted a son – who was never born – meant my ideas weren't worthy of consideration. I left the company.*

Some factors that have influenced her experience:

hostility from her parent and lack of support by her father, who didn't believe in her because woman.

FIVE DAUGHTERS' PATHWAYS IN FAMILY FIRMS

“*Professionals*” are daughters who, wanting to dedicate more time to their family and/or personal interests, have chosen a limited role in the business and left leadership to a sibling.

Valery is a “professional”

Valery: I never thought I would work in the firm. But then I married, had a child, and said to myself: “Let’s try it”. I was happy, I carved out my own space, I’m satisfied with what I do and can choose how to organize my time based on my family’s requirements. I’m not interested in running the firm, doing my job is enough for me.

Some factors that have influenced her experience:
feeling understood, accepted, appreciated and supported
by their family; good relationship with their brother or
sister who run the FB

FIVE DAUGHTERS' PATHWAYS IN FAMILY FIRMS

Leaders “*because they have to*” are those daughters who were “pushed” towards the firm by emergency (for example the illness or death of the predecessor) or need (no one is interested in the FB), and took on leadership even though their goals in life might have been completely different.

Sophia is a leader “because she has to”

With a degree in Geology, she works in this field for years and never thinks that she might work in the family firm. But when she realizes that her elder brother isn't suited to being a businessman, and her younger sister isn't interested in the family business, she feels tied to the firm and reconsiders her choices.

Some factors that have influenced her experience:
moral obligations, feeling of loyalty and gratitude towards the family, towards her father and the business

Some FACTORS that can influence the inclusion of daughters in ownership and leadership of family firm

<p>Family's role in education</p>	<ul style="list-style-type: none"> ▪ Equal professional opportunities for sons and daughters (+) ▪ Moral/emotional support (+) ▪ Development of skills (+) ▪ Encourage positive view of entrepreneurial role (+) ▪ Entrepreneurial Socialization (+) ▪ Emotional bond with family firm (+) ▪ Socialization of family firm (+) ▪ Feelings of loyalty/gratitude towards family firm (+)
<p>Figure of parent-entrepreneur</p>	<ul style="list-style-type: none"> ▪ Acceptance of children, gender notwithstanding (+) ▪ Moral and emotional support (+) ▪ Development of skills (+) ▪ Mutual admiration (+) ▪ Open dialogue (+) ▪ Integration and acceptance of the daughter (+)

<p>Motivation</p>	<ul style="list-style-type: none"> • “Pull”: the daughter is “attracted” to entrepreneurial role, to family firm, to personal/professional opportunities it can provide (+) • “Push”: the daughter is “pushed” into the family firm by “moral obligation” and feelings of “loyalty and gratitude” towards the family (+/-)
<p>Training</p>	<ul style="list-style-type: none"> • Training outside of family firm (+) • Gradual, comprehensive internal training (+)
<p>Role of other players</p>	<ul style="list-style-type: none"> • Support from brothers/sisters (+) • Acceptance by other family members inside/outside the firm (+)
<p>Chance events</p>	<ul style="list-style-type: none"> • Situations of emergency (+) • Situations of need (+)
<p>Composition of next generation</p>	<ul style="list-style-type: none"> • Only daughters (+) • Sons and daughters (+/-)

MAIN FINDINGS

When it comes to property transfer, significant differences are not encountered: the entrepreneur prefers not to create greatly imbalanced situations.

But, if on one hand we can speak of gender equality in ownership, on the other hand, gender priority in leadership is confirmed: when it comes to choosing between a son and a daughter to lead the firm, when both concerned are capable and willing to take on the future role of leader, it is still the male who prevails.

Gender of the successor still weighs heavily on the definition of succession strategies!

IMPLICATION IN PRACTICE

- ž The study focuses **BUSINESS OWNERS'** attention on mechanisms that might encourage their daughters' inclusion in the firm, and on some elements that could have a positive influence on the generational passage in their firms;
- ž Furthermore, a greater awareness of these dynamics will allow the firm to better plan the younger generation's career, helping sons and daughters to make use of their potential and increase the value of female resources.

IMPLICATION IN PRACTICE

- ž This study defines a framework that can guide **PRACTITIONERS AND ADVISORS** in their analysis of family situations in which a generational passage occurs (not only in the firm environment).
- ž It may also help them to create a “check list” to verify the presence of factors that might influence a daughter’s decision to join the firm.

IMPLICATION IN PRACTICE

Results suggest there are still typically “male” contexts.

Moreover, involving daughters in leadership might guarantee more survival opportunities for SMFEs.

- **ORGANISATIONS, ASSOCIATIONS, AND ON AN INSTITUTIONAL LEVEL** they should promote (on European level) a culture that increase the value of gender differences and the women's important contributions to the family business.

IMPLICATION IN RESEARCH

- ž The qualitative analysis carried out in this study could be enriched with **QUANTITATIVE STUDIES** that, by extending research to a statistically representative sample of firms, could confirm or disprove the validity of factors that were identified.
- ž An **INTERNATIONAL COMPARISON OF COUNTRIES WITH DIFFERENT TRADITIONS AND CULTURE** might be particularly interesting to better understand daughters' experiences in the FB (masculine countries such as Italy versus feminine countries such as Sweden or other Northern European countries).

IMPLICATION IN RESEARCH

- z Finally, new research could further **CLARIFY THE RELATIONSHIP BETWEEN DAUGHTERS AND CONTINUITY IN FAMILY FIRMS**. For example, it might be interesting to analyze, using large numbers, succession from **founder to daughter** and see whether the differences in the female style have a positive effect on the survival and development of the company, resulting in an increase in survival rates of first-generation businesses.