

INTERNATIONAL RESEARCHERS

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Volume No 1 Issue No.3 September 2012

www.iresearcher.org

ISSN 227-7471

THE INTERNATIONAL RESEARCH JOURNAL "INTERNATIONAL RESEACHERS"

www.iresearcher.org

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WOMEN IN FAMILY BUSINESSES: INSIGHTS FROM SOUTH AFRICA

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ABSTRACT

Women in family business often choose the career path in such businesses as it gives them more flexibility. However, they reportedly face challenges in order for them to make their mark in the business world. The study was embarked upon so as to determine the positive contributions that women often make in the family business environment. In this context, the difference between men and women in terms of leadership style and execution of their personalities in business was examined. The strengths and weaknesses displayed by both male and females in the family business environment were investigated. A qualitative field work led to the suggestion that women in the business environment still have difficulty in reaching the top. The difficulty might be based on the traditional roles women assume, but in many cases it was found that women are responsible for the extent of their contributions in the family business environment.

Keywords: Developing economy, Entrepreneurs, Skills, Family businesses, South Africa

1.0 INTRODUCTION

For many years woman were not given the opportunity to showcase their worth in the business environment. Family businesses, however, are creating diversity and a broader set of leadership skills as they include female leaders in their top management teams. The fact that female leadership occurs to a greater extent in family rather than non-family firms could be because family business has access to talented women through different networks and are not pressurized by public shareholders to be conventional in terms of board selection. It may also be a sign that the traditionally 'invisible' influence of females in family firms has always been there, but is now beginning to take a modern shape in officially recognized positions of leadership (Dugan *et al.*, 2008).

Women have particular qualities that can be vital to the survival and success of family businesses. Conflict and harmony in business influence men and women differently and their ability to handle these influences is also different. An investigation about women as working individuals, and about the differences between men and women at work, must include family business as an important element, because such businesses are becoming the dominant form of enterprise in both developed and developing countries since family businesses are amongst the largest contributors to employment and wealth (Eybers, 2010). The social and economic impact that family business has on the global economy cannot be underestimated. Farrington, Venter and Boshoff (2012) argued that it is vital that more care be taken by public policy makers everywhere, including in South Africa, to ensure the health, prosperity and longevity of family businesses. The importance of family owned enterprises in South Africa, both economically and socially, cannot be overemphasised, and the continued creation and survival of these businesses is vitally important to the future of the South African economy and the creation of employment opportunities.

More so, Karatas-Ozkan, Erdogan and Nicolopoulou (2011) contend that women have contributed to their family businesses significantly in Turkey. The contributions are not limited to psychological, sociological or functional contributions, but it also include important entrepreneurial contributions in a number of different ways, such as getting into new industries and markets, growing the business, restructuring the organisation, creating new ventures and shaping the direction of the business. Thus, the entrepreneurial contributions of women that are always related to

their inherent attitudes offer important dimensions to research in this subject domain (Karatas-Ozkan, Erdogan and Nicolopoulou, 2011)

2.0 THE RESEARCH RATIONALE

This study set out to identify the critical success factors that women contribute towards family businesses in South Africa and, in particular, the Nelson Mandela Metropolis and greater Eastern Cape area. In order to determine and investigate the total value of women's contributions to the small business and family business environment, the following sub-problems were also investigated in order to fully understand the situation and to suggest future recommendations where necessary:

- Is there a difference between the contributions that men and woman bring to the table?
- What are the subtle differences between women and men in terms of leadership style, management specifics and execution of their personalities in business?

Thus, the objective of this study was to determine the extent of the contributions of women to the management of family businesses from the South Africa perspective.

3.0 THE ECONOMIC STATUS OF FAMILY BUSINESSES

The literature confirms that up to 80% of South African businesses and up to 60% of companies listed on the Johannesburg Securities Exchange (JSE) are family owned (Adendorff, 2004). The expectation, however, is that the number of family businesses as well as their influence will increase in the future (Adendorff, 2004). However, the Global Entrepreneurship Monitor (GEM) report for 2009 confirmed that entrepreneurial activity in South Africa reduced from around 70% to 60% between 2001 and 2008. This deteriorating percentage can also be attributed to the effects of the recession in 2008 which continued in 2009 (Herrington, Kew and Kew, 2009).

Chua, Chrisman and Sharma (1999), however, defined the family business as "a business that can be governed by ownership and/or management" and included family owned and family managed; family owned but not family managed; and family managed but not family owned. The literature provides ample examples of how family businesses are different from traditional organisations. Cullen (2006) argued that family businesses are controlled or owned by family members and therefore the family can influence strategic decisions. This type of control can force the family business to deal with unique and complex problems not always evident in more traditional businesses, which is one significant difference of character.

Adams (2009) stated that characteristics of family owned and non-family owned business are not dissimilar, but distinguished additional components in family businesses, such as passion, loyalty, trust, shared values, determination, absence of external interference, commitment from stakeholders, as well as opportunities for personal growth. Curimbaba (2002) additionally found that the experiences of participants in family firms included the spontaneity with which they were included in the business, the integration and the autonomy of operation. These characteristics allowed them to work on their own but occasionally generated confusion between their own objectives and those of the company, although the company tended to be the primary objective of their investments. In this context, Curimbaba (2002) referred, in particular, to women as family business managers.

Nevertheless, Eybers (2010) argued that family businesses are threatened by challenges unique to them. Farrington, Venter and Boshoff (2012) identified family conflict, emotional issues, sibling rivalry, autocratic paternalistic cultures, nepotism, and confusing organisation, rigidity in innovation, succession and resistance to change as very important problems facing family businesses. Adams (2009), Adendorff (2004), and Timmons and Spinelli (2007) all identified the most important problems or challenges faced by family firms as:

- Succession from one generation to the next and the associated change of leadership;

- Leadership is seen as a drawback;
- The hardworking entrepreneur often does not have time to devote to his family;
- Ineffective communication might be an important obstacle in family business operating effectively;
- External issues, like international competition, the inability to adjust to market needs, inheritance taxes, union issues or governmental policies;
- Conflicts;
- Families assuming that their past success will guarantee their future success;
- Leaders try to balance the risk profile of their shareholders with the risk and investment demands of the market place;
- Families do not get rid of unproductive assets and underperforming businesses to reallocate resources to more productive places;
- Lack of an exit strategy;
- High turnover of non-family members, and
- Lack of training of new family members who join the business.

4.0 WOMEN IN FAMILY BUSINESSES

Family involvement is a critical defining characteristic of all family businesses. A family is considered to be involved in a business if it actively participates in its ownership, management and governance (Gupta *et al.*, 2008). Though women are an integral part of the family, the roles and contributions of this 'other half' of the family often remain invisible, both in practice as well as in literature (Gupta *et al.*, 2008).

Various authors argue that women are less advantaged than men and, in some cases; it seems that non-white women are less advantaged than white women in South Africa (Botha, 2006). Botha (2006) stated that women confront a variety of challenges in developing and running a business. Some of these barriers include difficulty to access financial resources, lack of support, prevailing negative socio-cultural attitudes, gender discrimination and bias, and personal difficulties. Further barriers are more personal and relate to softer basic life skills. These include assertiveness, self-motivation, achievement-orientation, reliability and communication skills (Botha, 2006).

Galiano and Vinturella (1995) argued that although women were accepted into managerial positions more easily in family firms, they did not necessarily escape the 'glass ceiling' so well known in the corporate environment, as they felt that women were seldom seriously included in strategic decisions in the firm. This notion was seconded by Jimenez (2009), who said that women who work in family businesses face issues similar to those faced by all businesswomen. Contrary to this view, Cole (1997) found that a growing number of women prefer to find a career in the family business, but also had to concur that even women in family business have barriers to overcome. These may not be the same as the corporate 'glass ceiling' but instead have a lot to do with overcoming family bias related to male offspring and the invisible- or multi-role women have to play in family business units.

5.0 ROLES OF WOMEN IN FAMILY BUSINESS

In the outward division of labour in the 1940s, family business seemed to be split along semantic lines: the family part belonged to the wife; the business part belonged to the husband. Mothers formerly focused primarily on meeting the needs of the family for care, intimacy and a sense of belonging. The roles that women played - as mom, spouse, caretaker, sounding board, negotiator or bookkeeper - were typically unrecognized and uncompensated. Was she an employee or shareholder? The consensus was 'no' to both, but women were surely seen as stakeholders in terms of risk, effort and commitment to the enterprise. Roles for women and men in family business were largely defined by societal norms. Father sustained and directed the business, feeding the bottom line and maximizing return in his venture (Rowe and Hong, 2000).

Cole (1997) explained that women in family business had struggled to distinguish between the expected family role and the expected business role. As women automatically accept the role of nurturer and soundboard, they are also expected to be able to make sound business decisions and act in a way a business man should. This then,

according to Cole (1997), results in a no-win choice for females in family business as they have to accept either a more traditional role or a self-promotional role in order to bring respect to her business role.

It can be difficult to understand that a woman can play a very important role in the family business, whilst not being actively involved in the day to day running of the business. In her role as a wife and part of the true partnership, the woman understands that her family's quality of life is defined by the success or the failure of the family business, and that her role is therefore important to her husband's success. She needs to be informed and be well read, and can be influential in her role as the wife in the family business (Annino, Davidow, Harrison and Davidow, 2009). As a mother, Annino *et al.* (2009) found that a woman's role had a powerful impact on the family business. To the extent that she raises her children to take responsibility for their actions, she can make an extraordinary contribution to the business. Likewise any family dysfunction in which she plays a role will also express itself in the business (Annino *et al.*, 2009).

In South Africa, the role of women in the family business were seen to be firstly as wives, mothers and daughters before they were seen as part of management or as employees. Eybers (2010) found that males mostly still played the dominant role while women mostly support in such relationships, or both are found to be equal in the roles they play. Some even confirmed that inferiority of the women was not a feature of the business at all (Eybers, 2010). Farrington, Venter and Boshoff (2012) confirmed this research in their study and found that women were seeking more active roles in their family businesses and being considered for top positions. It was however found that the position of the women could differ depending on their ethnic and/or religious ties Farrington, Venter and Boshoff (2012).

6.0 THE CONTRIBUTIONS OF WOMEN IN FAMILY BUSINESS

Jimenez (2009) argued that women possess particular characteristics and qualities that are vital for the success of business, and that therefore women are a valuable resource. The researcher found that recent changes in management practices suggest that such characteristics are becoming more valued in firms and that firms are seeking so-called 'holistic managers', with traits that ideally fall within the scope of what women contribute in family businesses (Jimenez, 2009). Women's skills include the ability to multitask, the ability to overcome contradictions and the ability to trust instinct and intuition, rather than just analysis and rationality. Women are found to be better in team leadership roles than men because women are sensitive to their colleagues' needs for consideration and affection, which could help to make the management of the family firm more efficient. Dugan *et al.* (2008) realised in their literature that family businesses were creating diversity and introducing a broader set of leadership skills as a result of including women leaders into their fold of management. They found that this might be a sign that the traditionally invisible influence of women in family businesses has always been there, but is now being openly recognized in legitimate leadership positions.

7.0 METHODOLOGY

In order to achieve the research objectives of this study, a qualitative study methodology was chosen. The reason for using this study method was to identify and understand the aspects and components of family businesses as well as the impact women and the critical factors they contribute has on the survival and success of the family business. From the aspects and components of family business identified in the literature, an interview protocol was drafted, which was also used as the guide for interviews with the individual family business owners identified in the sample.

The literature suggests that in the field of family business, family owners tend to participate in personal interviews more readily than responding to a survey. The use of personal interviews allows for a level of trust to develop as well as achieving the depth of information required in this kind of study (Cullen, 2006). In some cases further interviews were of an unstructured nature, but within the structure of the prepared interview protocol, mainly to

obtain in-depth knowledge of the individual business participants and obtain their opinions about the contributions of individual women in their roles in the family owned business

Twenty family businesses in the greater Eastern Cape region were identified, of which fifteen were approached and twelve agreed to be interviewed. Most interviews took an hour to ninety minutes to complete and, in one instance, the interview took two hours to complete as the participants had to summarise the results of five individual businesses all relating to each other

8.0 RESULTS AND DISCUSION

The sample consisted of family owned businesses in the Eastern Cape region with branches stretching throughout South Africa. The sample consisted of a variety of industries: retail in food, home ware, furniture and wholesale of cell phone airtime, transport, farming and automotive manufacturing. In terms of background information two of the family businesses were started more than 30 years ago, while 7 businesses were 20 years and older and 3 businesses were in the 10 year age bracket. Two of the respondents were founded by both husband and wife, while there were 10 male founders. After analysing the responses received the following interpretations of the most important findings can be made. The analysed findings are presented based on their focus areas as shown below.

8.1 Reason for Starting the Business

Six of the respondents confirmed that the challenges of entrepreneurship were the reason for starting their own business. Two respondents each respectively confirm that family tradition, availability of required skills and 'enjoyed working for family' was the deciding factor. Two respondents confirmed that pending unemployment was what forced them to become entrepreneurs. The results show that the respondents from both genders were motivated to become a successful entrepreneur.

8.2 Female Members as part of the Management Structure

Nine of the family businesses confirmed that only up to 25% of their management structure consists of women, while three family firms have up to 50% of their management structure consisting of women. No management structure has only women running the family businesses in its entirety. This compare with the literature that women, also in a family business environment, still have many barriers to overcome and are not able to advance to management level on their own.

8.3 Conflict Management

In most cases conflict are resolved in a calm and reserved manner and in one instance only the woman in the business normally act as mediator. In four family firms conflict can become heated and loud and the individual families agreed respectively on setting boundaries and rules to their formal meetings in order to discuss and resolve conflict differently. In at least three of these family firms the involvement of non-family management members does not make a difference in the event of conflict between management members. Some of the respondents confirmed that the women act as buffer in some instances, but that this was very informal and not openly acknowledged.

8.4 Strategic Decision-making

In at least 50% of the family firms interviewed, it was noted that women are normally part of the decision making process without placing emphasis on gender. The automotive component manufacturer confirmed that from the very beginning it was important for her to establish her presence and the result is that in all decisions she is called in as her input is valued in strategic decisions. This would not have been possible did she not stand her ground at the very beginning. In only one case the managing director, being male does not allow any influence or input from his wife or any other team members and acts autocratically in terms of decision making. It was evident that this member was quite elderly. As the responses to this important factor is varied, the researcher can only conclude that in some cases the age of the founder does play a role in including female management to discuss strategies.

8.5 Succession Planning

In more than 50% of the family firms interviewed, the respondents suggest that they would include women as successors, however only eight of the twelve respondents have a succession plan in place. The researcher established that succession planning or an exit strategy was in place in the bigger size family firms, where it was an important objective. In at least 90% of the family firms interviewed, the children that will take over are still very inexperienced and therefore not yet equipped to be a successor.

8.6 Roles of Women in Family Business

In most cases women play a very visible role as influencer, decision maker or sounding board. It is evident that in younger families women are more active and prominent than in older families, where the women tend to be the mother, the caregiver and in extreme cases, the sounding board. The empirical results seem to confirm that in the event of a mother in the family business, the role is more subdued than when a daughter is active in the family firm, where the latter is more accomplished, active and plays a prominent role. As some of the respondents were from the Greek community, it was evident that these women were very prominent and in some cases took the lead in the business. This concurs with the literature of Minoglou (2007) confirming that in the Greek community, women historically were the drivers of the economy and therefore a part of the survival of the Greek family business. The results further concurred with Dugan *et al.* (2008) in that women are much more active and visible in much greater numbers than before, which is a result of the evolution of women and business in general.

8.7 Leadership Styles

From the results of the subject sample, it was evident that men and women display different leadership styles, just as they display and have different strengths. The results confirm that men are by nature more assertive and powerful, whereas women are more participative, cooperative and can be subjective to name but a view of the responses received by the respondents in describing the leadership style of management. There are a few respondents where the women stood out in terms of being more forceful and assertive, and again this is evident in the younger generation as opposed to the older generation, however the actions by these women in executing their leadership abilities are softer, yet having the same result than their male counterparts. The overall conclusion however is that both male and female strengths are needed for the survival of a family business and leadership skills can be learned to the advantage of both the women and the family business.

8.8 Contributions of Women to a Family Business

To highlight the influence women has over the success of the family business the following individual female attributes that are inherent but can also be learned were provided by the respondents as part of women's contributions to the family business. These include:

- Women can multitask and are organised;
- Women must remain positive and keep doing what she is doing well;
- Be a good listener if you are in a supportive role, but be assertive when this is needed;
- Be ethical, honest, and stay on top of your game. Do not be aggressive, but be knowledgeable and confident;
- Embrace the fact that women have a calming effect on men, as this is important in conflict situations, and
- Keep your own identity, but do not be afraid to learn other attributes that can and will assist you in being successful.

9. THE WAY FORWARD

The study was undertaken in order to provide insights about the roles of women in the family business environment. The advice given by women and men as part of the empirical study is very valuable in recommending best practices to other women in the business environment. This can be suggested that in family businesses:

- Women need to make use of their personalities because the business environment is not a competition between male and female, but rather the different strengths of each individual can be utilised to build a formidable competitive advantage over the real external competition;
- Respect the strengths in each other, and endeavour to undertake calculated risks that can add value to the enterprise, and
- Aspire to gain the knowledge, the experience and the self-confidence to become independent in decision-making.

In a nutshell, women should strive to execute their roles in different ways to streamline the workload and best practices of women that have overcome the stereotypes and how to execute them should be made known in the developing country context. Such knowledge could enable women to adopt male dominated skills without losing their own unique abilities.

10. CONCLUSIONS

The study, which was gender related, was based on examining the contributions that women make to the management and longevity of family businesses. After a survey of relevant literature, interviews were conducted with the leading partners in twelve family businesses within the Eastern Cape region of South Africa. The interviews were guided by a protocol provided to the identified respondents before the interview commenced. The sample was taken from a variety of industries in order to obtain a diversified response.

Based on the empirical study it can be concluded that women in family businesses have difficulty in reaching the top in the region. The difficulty might be based in traditional roles women are forced into, or the refusal of male counterparts to see them as equals, but the empirical study concurred with the literature study, that women are, in many cases, responsible for their own role in the business environment. This conclusion is based on the results found in the empirical study. In some cases, women are striving to be allowed to shoulder additional responsibilities while actively working on their perceived weaknesses. In other cases, the women are happy to be in the shadow of the man or to take on the lesser task of being the administrator of the business and leave the man to be the strategist.

The conclusions are further based on the differences in leadership styles between men and women, which again concurred with the literature study. In most cases, women are the mediator, the follower, the democrat or part of the team, while men take control, command attention and strategize. From the results of the study, it was evident that there are changes in the roles women play as well as the views of men in the family business environment. These changes however are more evident in the younger generation of family business owners than in the older generation.

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