Gender Bias in Succession in Family Companies: Theoretical Analysis With Application to a Portuguese Region

Eduardo Tomé1, José de Campos2 and Elizaveta Gromova3
1Universidade Lusófona, Lisbon, Portugal
2Universidade Europeia, Portugal
3Independent Researcher
eduardo.tome@gmail.com
ackampos@me.com
lizaveta-90@yandex.ru

Abstract: In this paper we analyse the problematic of succession in family businesses, and we specifically address the situation of women within that process. The problem is important because, in one hand, family business are among the most prevalent in the economy, and because, in the other hand laws, and rules define gender equality as a very important social rule. We first make a literature review on the topic using the SCOPUS database, and after we detail the results of study made in the Portuguese region of Madeira Island. We conclude that, rather surprisingly, women are discriminated in succession, and this reality has been described in theory and in same empirical studies, and is confirmed, sadly, in our study about Madeira Island. The implications of these results should be great – it is of no use having all the laws published if they are not enforced and women are still harmed and discriminated in such an important social matter. The limitation of this study is that the sample we use in the study is small, but we would underline that the findings of our study are very much aligned with previous ideas. It seems that the old fashioned sexism so well described by Beauvoir in the middle of last century (Beauvoir, 1949) is still a fact. With those results we wonder if that sexism, culturally ignited and learnt as it, can be eliminated. Finally the paper is original because we first make a literature review and then present a case study that illustrates this theory.

Keywords Gender Bias, Succession, Theory, Portugal

1. Introduction

At the time of writing, succession in family business is an important scientific topic given that it relates to the survival of many companies worldwide. Anecdotally, succession in itself has been the focus of a very praised a seen series in the last years (HBO, 2023). Campos (2022) produced a study on the importance of knowledge management in the succession of family business in Madeira Island, a peripheral region of Portugal. While doing that study, and during a qualitative study made with 12 interviews to owners of family business, it became apparent that in this particular case, the succession is made by the male line, meaning that the owner tends to pass the power to the oldest son. This idea is very surprising, in many ways. First, it seems to go against all the current regulations on Human Rights and equality of opportunity from the European Union and other international bodies. Second it seems to be against economic reasoning, which postulates that positions of leadership must be occupied by the more efficient and reliable individuals, and at least in theory, these persons may be the daughters and not the sons. Thirdly and finally, it should be taken into consideration that in Portugal women have currently more academic achievement than men, a fact that would recommend that daughters should be the natural successors of fathers in family business, and not their male siblings; in this context, work-life-balance or maternity issues come into consideration; from the onset it seems that the old Latin and machist version of society still prevails – a boy is made to make money and have power, and a girl to make children and obey. To make things even more relevant, in the fictional series we mentioned in the beginning of the paragraph, misogyny was a relevant and dominant feature, according to the critics (Dean, 2021). All things considered, this paper addresses the possibility and reality of gender bias and misogyny in the succession in family business. To address this research question, the paper is divided in the following sections: Introduction, Concepts, Theory, Cases, Data and Analysis, Discussion, Conclusions and References. Therefore, during this paper, first we define family business, succession and gender bias; second, we expose theories relating the three concepts; third we describe empirical cases that analysed the problematic; fourth we present Campos 2022 case; fifth we discuss all the previous information; sixth and finally we draw conclusions.
2. Concepts

2.1 Family Business

Family businesses represent a considerable part of a country’s overall economy (Astrachan and Shanker, 2003; Botero et al., 20015), and are even more important in the overall progress of a society if we analyse the consequences of their business activities (Chang et al., 2008).

According to Birley (1986), only a third of family businesses in the world remain and survive into the second generation, with 10/15% reaching the third generation. Current studies show that family businesses and the training of successors are important for family businesses and the economy in general. Specifically for Portugal and according to the Portuguese Business Association AEP, (2011) the scenario is not encouraging, as 50 per cent of family businesses survive to the second generation and only 20 per cent to the third generation. After many years, this has triggered the interest of various researchers in looking for the causes and trying to understand which ones affect the succession process (Marler, Botero and De Massis, 2017).

The definition of this type of company may depend on the researcher’s objective of analysis (Astracham et al., 2002). In other words, for some of the authors, a company is only considered family-owned when its ownership and management are inherited from one generation to the next. The family business must have institutional values that are identified with the family surname or the appearance of the founder. For Westhead and Cowling (1996), a family business is defined as one in which the family group has more than 50 per cent of the voting rights, and is linked by blood or marriage.

When talking about family businesses, whatever the purpose, we must necessarily address the corporate culture, mentalities, beliefs and vision of their founders, a vision that represents the support for all their personal convictions. According to Shein (2010), culture is to groups and organisations what character is to individuals. A company’s culture is indispensable and represents a kind of benchmark for its employees, serving as a stimulus so that, in the course of their activities, the objectives are realised with maximum success.

Finally, the literature draws attention to the competitive advantages that family businesses can achieve by using, in a balanced way, the unique resources and capabilities they have, which come from the interaction between the family, its traditions and its culture, between its members, their interests and their competences and between the business, its strategies and its structures (Campos, 2022). More specifically, (Campos, 2022) when it comes to "family first" and "business first", the literature states that we have to take into account the type of family business, whether it is at an early stage of its activity, in its first generation, or whether it has already moved on to a more advanced 2nd generation stage, in which family interests are still emphasised to the detriment of the business, or whether it is already in a 3rd generation, which is usually difficult to achieve, for reasons of conflicts between family members that are created over the generations, and which can lead to its decline.

2.2 Succession

Succession is the biggest constraint facing family businesses. Succession is a major challenge for family businesses for a large number of underlying reasons related to the transfer of the business from one generation to the next (Campos, 2022). Many authors draw parallels between succession and inheritance, and even speak of them synonymously. Errington & Tranter (1991) differentiate the definition of these two concepts. They define succession as the transfer of administrative control between generations, while the concept of inheritance is related to the process of transferring ownership of land. It’s true to say that succession is a delicate subject and considered extremely important in the family environment, generating conflict, stress, anxiety and the constant fear that the business will not continue (Campos, 2022). Succession in family businesses happens when several factors come together, namely when there is a need to replace the founder and choose one of the family members as the preferred successor. There are specific (tacit) factors, characteristics of the knowledge acquired over the years, which create an ideal atmosphere for preparing and making a family member the most suitable successor (Campos, 2022). In order to better understand the development of successors in family businesses, the James, Iii & Justis (2015) have emphasised the importance of company leadership. The succession process involves trust between founders and successors (Handler, 1994). The attitude of successors
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not turning up at the family business can be difficult for historical founders (Dyck et al., 2002), a situation that can be difficult for the whole process of developing successors (Fiegener, 1994).

2.3 Gender Bias

Gender bias refers to a situation where there is an unfair difference in the way women and men are treated: most commonly women are unfairly treated; in work related environments this means that women are less paid, put doing worse jobs, get less promotions opportunities, and may be even be exploited, harassed and abused morally, emotionally and sexually. This situation which has no logic, or economic reason, amounts to sexism and misogyny. In fact it is a part of the “discrimination or screening theory” according to which people that give the “bad” signs (in this case being a woman) are disadvantaged (Stiglitz, 1975, Spence, 1981). The bad economic and social consequences of gender bias are quite obvious because if generates inefficiency and injustice. In a reaction against this strange tide, which was in fact taught as culture in societies in which machismo was deep-rooted societies, feminist studies and movements arise; Simone de Beauvoir’s Le Deuxième Sexe (Beauvoir, 1949), highlighted in monumental fashion all the cultural problematic about women in societies.

Crucially however, in the last decades, and particularly in the Western and OECD countries, the gender issue was densified and problematized in depth, and nowadays gender bias does not refer only to men versus women as we will do in this paper but it concern also the LGBT+ communities (United Nations, 2023).

3. Theories

The situation of women in family business was described by Galiano and Vinturella (1995). Basic features of that situation were the following:

1. “Women expected to remain in the back responsible for the home, while men protected their hold on the decision making in the business” (p. 179):
2. “Daughters were not generally considered serious about their business careers, particularly when they entered into marriage” (p.179); they “tended to remain insulated for major decision making roles; they often assumed roles that were highly clerical” (p.179); parents and siblings believe daughters are incompetent about business, therefore they face significant challenges to acquiring power (p.179);
3. A glass ceiling was apparent, diminishing the possibility of raising in the hierarchy after certain levels (p.180);
4. Discrimination, resulting for illegal or informal recruiting practices resulted in discrimination in pay (p.180),
5. When a woman takes the power of a company, she may have problems related to her own low self-esteem, the reluctance of the father to give her the command, or the stigma of men employees regarding a woman in command (p.180).

This traditional view, that may be considered “retrograde” and “reactionary” is more pervasive than expected. Even with social movements, education and laws that give equality of rights and tend to give equality of opportunity to women, even through positive discrimination, equality of results is not achieved.

In the same paper (Galiano and Vinturella, 1995) noticed that there were “cracks in the glass ceiling” and there were situations “breaking from the tradition”(p. 180-1). With those novelties in mind these two authors interviewed 10 women managers in the US, in search for views “from the front lines” (p.181-3). These 10 women had a “sense of achievement” and “very positive experiences” even if they felt some uncertainty about what was expected from them and how their performance was viewed (p.183-4).

4. Cases

In SCOPUS database, in January 2024, and with keywords, family business, gender bias, succession we found seven papers. The oldest one was (Galliano and Venturella, 1995), which we already referred to in the previous section. One of them was excluded after analysis. We also found two studies related to misogyny and family business. The mentioned seven studies are summarised in the following Table 1:
### Table 1: Summary of studies on Gender Bias, family business and succession

<table>
<thead>
<tr>
<th>Authors, date</th>
<th>Type of study</th>
<th>Sample</th>
<th>Topic</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bagis and al., 2023</td>
<td>Bibliometric. Performance analysis to identify the most influential journals, authors, countries, co-citation, multidimensional scaling (MDS), hierarchical cluster (HCA) and document analysis to identify dominant research themes.</td>
<td>Papers published</td>
<td>Women entrepreneurship</td>
<td>Three clusters: 1) family succession and women's roles; 2) succession process, gender bias, leadership and entrepreneurship; 3) women leaders and identity construction (Bagis, 687)</td>
</tr>
<tr>
<td>Cater and Young, 2022</td>
<td>Qualitative case study, In-depth interviews,</td>
<td>18 daughters and their parent mentors</td>
<td>preparation process for daughters as successors in family firms in the United States</td>
<td>reciprocal social exchange process between parent mentors who provided resources and daughters who acquired the knowledge to become successors in their family firms; Significant elements in the preparation process included: positive childhood experiences, choosing and earning a relevant college degree, the daughter's autonomous decision to enter the family firm, guided on-the-job training, and counsel and advice to overcome the crucial issues of male gender bias and the burden of childcare responsibility; differences that exist between mothers and fathers as mentors regarding understanding the daughters’ position in the firm and communication,(pg.1)</td>
</tr>
<tr>
<td>Urban and Nonkwelo, 2022</td>
<td>structured survey instrument; hypotheses are statistically tested using regression analyses.</td>
<td>Family business companies</td>
<td>intra-family dynamics with regard to daughters as potential successors in family businesses, in South Africa</td>
<td>business context (BC), intra-family cohesion (IFC), intra-family adaptability (IFA) as well as the parent-daughter relationship (PDR) are important in successful daughter succession planning (SP); (p 266);</td>
</tr>
<tr>
<td>Hamilton and al, 2021</td>
<td>Exploratory study using critical realist methodology</td>
<td>Daughters succession leaders de facto or in perspective</td>
<td>identify mechanisms within the family, the family business and societal social structures that caused them to experience gender bias.</td>
<td>While typically the norm of primogeniture dictates that the eldest son is the recipient, today, with changing societal attitudes toward women’s leadership, daughters often find themselves as the firm leader; when daughter successors receive validation by their father, any mechanisms that may have caused gender bias are counteracted by others that enable a daughter to be accepted as the successor-leader (p.1)</td>
</tr>
<tr>
<td>Ferrari, 2019</td>
<td>Qualitative research biographical features of the participant are investigated to highlight the culture, value systems and other background features</td>
<td>Sample of Italian SMEs</td>
<td>power dynamics involving the mother (as the founder) and the daughter (as the successor) during the business transmission process.</td>
<td>if the founder is her mother, the daughter faces further challenges. power is important in itself, regardless of the gender of those who exercise it. During business transmission, it is important to consider gender biases, both in the family and in the workplace. (p 121)</td>
</tr>
<tr>
<td>Carbone and al, 2019</td>
<td>Conceptual</td>
<td>insights from criminology, psychology, and feminist theory,</td>
<td>Rule breaking, gender bias and career</td>
<td>Women face a triple bind: 1) they cannot prevail in such competitions unless they can outmaneuver men, credibly display greater devotion to the job, or more brazenly flout the laws; 2) they are disproportionately disliked and punished for displaying the self-centered, rule-breaking behavior of men. 3) They become less likely to seek positions because they correctly perceive that they could not thrive and are more likely than men to decide they do not wish to do so on such terms;</td>
</tr>
</tbody>
</table>
It is quite interesting to note that those seven articles were all published since 2019. This is an indication that the topic is finally becoming relevant in scientific terms. Another interesting finding is that gender bias and succession was slightly more studied than misogyny – a difference from 5 to 2. Furthermore, the studies were done with a variety of methods, and in a variety of settings. Namely: the methods were bibliometric (Bagis and al, 2023), interviews (Cater and Young, 2022, Hamilton and al, 2021, Kuzmanovic (2019), biographical features (Ferrari, 2019), survey (Urban and Nonkwelo, 2022), or conceptual (Carbone and al, 2019); the samples were papers published on women entrepreneurship (Bagis and al, 2023), daughters and their parent mentors in the US (Cater and Young, 2022), family business companies in South Africa (Urban and Nonkwelo, 2022), daughters involved in succession in Canada (Hamilton and al, 2021), Italian SMEs (Ferrari, 2019), insights from criminology, psychology, and feminist theory (Carbone and al, 2019) and couple and family businesses in Serbia (Kuzmanovic (2019). There perspectives were multiple: women entrepreneurship (Bagis and al, 2023), preparation process for daughters as successors (Cater and Young, 2022), intra-family dynamics with regard to daughters as potential successors in family businesses, (Urban and Nonkwelo, 2022), identify mechanisms within the family, the family business and societal social structures that caused them to experience gender bias (Hamilton and al, 2021), power dynamics involving the mother (as the founder) and the daughter (as the successor) during the business transmission process. (Ferrari, 2019), rule breaking, gender bias and career (Carbone and al, 2019) and finally stereotypes that promote are still prevalent (Kuzmanovic, 2019) and family cohesion and father – daughter relation are essential for the women to take power (Urban and Nonkwelo, 2022).

5. Data and Analysis

In 2021 (Campos, 2022) made a large study of knowledge transmission, succession and trust within the family businesses of the Portuguese region of Madeira Island, using mixed methods. Th main result of that study was that knowledge transmission is the decisive in the succession process; that transmission is based on trust and is fundamental for the continuation of the business throughout the generations.

In the qualitative part of the study (Campos 2012) interviewed 12 founders of family businesses. They were all male, with ages between 60 and 82, had 1 to 4 children and basic but not university education. The 12 semi-structure interviews were analysed according to the predefined guidelines.
Quite crucially, in the 12 interviews daughters were never mentioned. Regarding trust interviewee I “trusts his son and the employees” (Campos, 2022, 108), has does interviewee F “and I hope one day he will be in my place (Campos, 2022, 111); interviewee H is 70 years old and does not like to talk too much about succession because the son “sometimes thinks he knows better and then it goes wrong” (Campos, 2022, 111). Interviewee M is more optimistic: “he knows everything about the company” (Campos, 2022, 111). Interviewee K hopes to pass the business to the grandsons “I share with them all I can” (Campos, 2022, 111), and Interviewee L, “trusts his sons but wants to continue a bit more for fear they would do mistakes (Campos, 2022, 111). Also, if the transmission of knowledge to the successor is essential, it is done to the boys: Interviewee D knows the difficulties their sons will face and shares everything that may beneficial in the future (Campos, 2022, 115). Interviewee G underlines that he has told his sones never to fail to clients and believes they are ready (Campos, 2022, 115), and the same intentions of success drives Interviewee E (Campos, 2022, 115). Interviewee C has difficulties currently because the sons are studying away from home but hopes they will be successful when he passes away (Campos, 2022, 115). Finally, interviewee H mentions that because of his son’s influence he began attending formal training courses and had a rather pleasant if not unexpected success (Campos, 2022, 113). Also, Interviewee I is happy because his son replaces him when needed (Campos 2022, 118) and interviewee H feels happy because his son is motivated to replace him (Campos, 2022. 119).

6. Discussion

It is said that some things are more visible when they are not in view, like the monuments hidden by the artist Christo (Vizorek, 2022). In the case of Madeira Island the complete absence of references to women in succession by the 12 founders that were interviewed in Campos 2022 is the tip of the iceberg about the situation of women in the companies of the Island. It seems that machismo still governs the Island. This situation is not entirely unexpected in theoretical terms, but it is very worrying socially and economically. One can guess that if women do not succeed their fathers many companies may just go bankrupt. One can imagine that the economic effects of those bankruptcies for the Island will be devastating. One can also guess that such discrimination has deep social consequences – probably women will try to create their own business or work in the public sector or in a company where they will not have the problem of succession. Finally, last but not the least the feeling of exploitation women may feel can have political consequences. In this context it is very interesting that last week (January 2023) a study was published in the Portuguese media showing the in Generation Z girls vote more on the left than boys. Having in mind that combating discrimination is a leftist agenda, we may imagine that the problem we studied in this paper my be one of the roots of that tendency (Vasconcelos, 2024).

7. Conclusion

Despite all the regulations, international and national, despite all efforts to promote gender equality and fairness, in theory and in practice, a gender bias exists that is not favourable regarding women in succession. The situation is almost paradoxical because women are having more academic success than men in many countries. In this paper we showed studies and a particular case that represent unequivocally that situation. Women are not represented in the calculations of founders in Madeira Island.

A deeper study should be made, with a larger sample and a broader objective

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