

Women Can Help Their Family Businesses Navigate Crisis

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Women can be indispensable in times of trouble, but the glass ceiling and the glass cliff still hold them back, even at family firms. Seven things to think about.

Crisis is part of every organization's life cycle. Many organizations are realizing that strategies that include women will help them navigate trying times. Which ones will most help family businesses harness the power of women to safely reaching the shore?

From breaking the glass ceiling ...

Gender balance laws are helping more women become directors and leaders, but the gender gap remains wide. In fact, the Global Gender Report 2020 of the World Economic Forum predicts another 100 years before gender equality is achieved. The 2020 EU Gender Equality Index noted that gender inequalities are most worrying in positions of power across the political, economic and social spheres.

So it doesn't come as a surprise when the media celebrates women who burst through the glass ceiling. Consider these headlines from early November of 2020: The Financial Times' "Kamala Harris, a moderate bursts through the glass ceiling;" the USA Today's "Smashing a glass ceiling for women;" or the NBC's "Vice President-Elect Kamala Harris shattered the glass ceiling for all women. It's about time." Originally a business term, the "glass ceiling" describes the invisible barrier preventing women from rising above a certain organizational level merely because they are women rather than because they lack job-relevant skills, education, or experience (Morrison & Von Glinow, 1990).

However, shattering the ceiling doesn't guarantee never-ending success, especially when women land on the top

of a "glass cliff."

... To surviving the glass cliff: The new normal?

The stereotype "Think Crisis, Think Female" reflects the tendency for women to be preferentially selected for leadership roles in times of crisis, setting them up for failure and letting men off the hook (Ryan & Haslam, 2007; Ryan et al., 2011).

On the bright side, studies have shown that women's innate traits (e.g., being understanding, intuitive, and creative) make them better suited to leadership during a crisis, as compared to men (Ryan & Haslam, 2007), in line with Schein's original work (1975). Female political leaders have been recently commended for their management of the Covid-19 crisis (Forbes, April 13, 2020).

However, women still face the "glass cliff" phenomena (Ryan & Haslam, 2005) that sets them up for failure (Sabharwal, 2015). They are more likely to be appointed to risky and precarious positions that challenge their leadership capabilities (Ryan et al., 2016), without the support and authority to accomplish their strategic goals. This means they don't last as long in these jobs as men would (Glass & Cook, 2016). Along with quotas, the glass cliff holds back gender equality at work.

As the predominant type of organization, family businesses might be able to eliminate the glass ceiling and glass cliff and create especially productive environments for women (Hollander & Bukowitz, 1990) while gaining in return superior performances on different levels (Amore et al., 2014; Samara et al., 2019). Here are seven things family businesses should think about.

1. Cracking the glass ceiling in the business system and beyond

While the glass ceiling has kept many women from top

management positions at many businesses, family businesses offer more opportunities for women to exert some influence. Women can exert their powers at different levels – the business, the ownership and the family - as well as the intersection of these three systems.

In family businesses, a higher percentage of women are in governance roles than in management roles, compared to non-family businesses (Songini & Gnan, 2009). While this shows the glass ceiling is still a problem at family firms, women still might play an influential role through leadership roles in governance.

Another study suggests that the effect of women on financial performance depends on the conditions under which they exercise their power in the decision-making process. Particularly, while family ownership increases the likelihood of female ownership, research has shown that female ownership leads to increasing levels of financial performance (Orozo-Collazos et al., 2019).

In family businesses, cracking the glass ceiling likely entails breaking through the business system as well as the family and ownership systems.

2. Gender quotas matter most when based on competencies

Setting gender quotas are not enough to improve organizational performance. Women must also be given the resources, authority, knowledge, and skills to perform well (Yildiz et al., 2019).

In family businesses, female directors tend to be selected because they are part of the family (Sheridan & Milgate, 2005) rather than because of experience or education - which tends to be lower than that of women in nonfamily businesses (Bianco et al., 2015; Nekhili & Gatfaoui, 2013). As a result, the performance of family business boards can suffer unless they raise the experience and education requirements for female directors (Bettinelli et al., 2019).

By implementing gender quotas and competency requirements for board members, family businesses could gain many of the advantages that female directors have been shown to offer nonfamily businesses in financial and market returns, corporate social responsibility and environmental proactiveness (McGuinness et al., 2017; Post & Byron, 2015; Xie et al., 2020).

3. Leading by example

Given the abundance of research that shows the positive effect women have on firm performance, organizations are increasingly looking to support and promote their female employees. Organizations that appear most successful in dismantling the glass ceiling tend to reflect greater gender parity and stronger shareholder protections (Jeong & Harrison, 2017; Post & Byron, 2015). Although some organizations are pushing back against gender quotas, family businesses are more likely to abide by them (Bøhren & Staubo, 2014), except in geographic areas that continue to support gender prejudices (Amore et al., 2014).

Family businesses can further show their support for women by giving them more leadership roles, setting an example in their communities, and leveraging their social capital by reaching out to local policymakers to push for greater gender equality.

4. Debunking the impossible mission of work-family balance

While men may come from Mars and women from Venus, both are victims of a culture that celebrates overwork. However, women tend to pay higher professional costs from work-family conflict than men (Ely & Padavic, 2020), which is likely exacerbated in family businesses due to the intertwining and overlapping roles between work and family.

Family businesses should therefore create human resource practices that provide the necessary support and resources for women to find the delicate balance between work and family. For example, flexibility in scheduling and working remotely, as well as assistance with childcare and eldercare, have been shown to improve women's work-family balance, putting them on a path to success.

5. Fostering healthy emotional dynamics

Although in some family businesses women continue to be overlooked, women tend to be the glue that keeps the family together. Whereas men are often motivated by power and a need for control, women tend to be more concerned about relationships (Timmers et al., 1998). Therefore, as women are becoming more and more visible in family businesses (Eddleston & Sabil, 2019), their informal role as the Chief Emotional Officer

of the family can be leveraged to benefit the family business's longevity, harmony, and reputation.

By acknowledging and formalizing the important roles women play in family governance, family businesses can create opportunities for them to serve as role models to the next generation, highlighting the importance of maintaining family harmony. In turn, as women gain more formal corporate governance roles in family businesses, they are likely to enhance their family's reputation by supporting greater philanthropic engagement (Campopiano et al., 2019). Research also suggests that in comparison to their male counterparts, female leaders are better at capitalizing on the strengths of family employees, thus achieving family and financial goals simultaneously to the firm's advantage (Cruz et al., 2012).

6. Mind the extremes and the dark side

While excluding women from boards surely leads to missed opportunities, having a strong majority of women also brings risks.

In same-gender environments, women are as likely as men to make risky decisions; it appears a lack of gender diversity impedes critical analysis and debate. Gender-mixed environments, however, improve risk-taking in ways that are economically important (Booth & Nolen, 2012). To fully realize the positive impact of women on business outcomes, the proportion of men versus women in the top ranks should reflect the overall proportion of women in the workforce (Lyngsie & Foss, 2017).

Similarly, research has shown that a gender-balanced management team and board are best for family business performance (Gallucci et al., 2015).

7. Partner and family support matters

"I have had the great good fortune to share life with a partner truly extraordinary for his generation, a man who believed at age 18 when we met, and who believes today, that a woman's work, whether at home or on the job, is as important as a man's." These were the words of Justice Ruth Bader Ginsburg upon her nomination to the US Supreme Court.

Whether in turbulent or peaceful times, a woman's

journey is never easy. A spouse or partner provides invaluable support -- moral, emotional and material -- that help them weather the storm and celebrate the calm wind. With the intersection of the family, business and ownership systems, support for women in the family system might benefit the other systems as well. Additionally, other family members can be instrumental in supporting women at work and at home, helping them to break through the glass ceiling and avoid glass cliffs.

Concluding thoughts

"Will the day ever come when beauty and knowledge, ingenuity and virtue, weakness of body and strength of spirit will be united in a woman?" That's the question Gibran asks in *Broken Wings* (1912). The day has come when science shows women managing the paradoxes of these attributes by endorsing increasingly visible roles in family businesses and contributing significantly to the predominant form of organization in the world.

But as Gibran rightly puts it as well, *"if a woman elevates herself in one respect and is held back in another, it is because the rough trail that leads to the mountain peak is not free of ambushes of thieves and lairs of wolves."* Indeed, women still experience phenomena such as the "glass ceiling" hindering their career progress and the "glass cliff" setting them up for failure. Such phenomena seem, however, less prominent in family businesses than in non-family businesses (Songini & Gnan, 2014).

Family businesses offer, indeed, a more favorable and supportive climate to exploit women's potential for exercising their roles (Dumas, 1990). While family businesses with female board members outperform those that lack female representation, research also suggests that female board members are more valuable to the performance of family businesses than non-family businesses (Nekhili & Gatfaoui, 2013).

Therefore, family businesses stand as critical organizations for promoting female leadership across the ownership, family and business systems. As they continue to set standards in their support for women, they also seem well poised to reap the rewards of female leadership. Women's contributions can not only ensure their own success, but also ensure family business continuity over generations.

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