

Women Can Help Family Firms Innovate – but Socioemotional Factors Matter

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Around Europe and elsewhere, the number of women in leadership roles is going up, and they are having a measurable impact on innovation and profits. Many researchers have found that having more women in top management, such as boards of directors, can increase innovation. Women can offer different perspectives than men and contribute to top management team's strategic decision making. Women are also more likely to welcome divergent points of view, and to let others express themselves. This inclusiveness has been shown to improve communication and knowledge sharing, which unleash the creative ideas that in turn spur innovation...all good things.

However, at family businesses other factors come into play that can complicate matters. Family traditions, attitudes, relationships, and role expectations can all spill over into the business realm and limit what women can accomplish. So even as women make their way into leadership roles at family firms, long-held attitudes and practices may prevent the business from realizing all the benefits they can bring.

We researched how women are having an impact on the boards of 287 family-owned Belgian companies, and whether other factors amplify or minimize that impact. Through a survey data collection, we discovered current CEOs who focus too hard on cementing family control can hamper the positive effect of having female family members on their board. On the other hand, firms that are focused on the future, and envision younger generations stepping up to take control, have a patient, long-term outlook and are more likely to accept the innovations that family female directors suggest.

Our Survey

We looked at 287 small- to medium-sized family firms in Belgium, all having from 10 to 250 employees.

We asked them questions to gauge how many women served on their board and how much they invested in research and development, an indicator of innovation. Then we asked them 22 questions to assess five different dimensions of socioemotional wealth (SEW), which measures important non-economic factors that influence family firms' decision-making. SEW's five dimensions include preserving family control and influence, the identification of family members with the firm, binding social ties, the emotional attachment of family members, and renewing family bonds. Respondents were asked how much they agreed or disagreed with statements such as "In my family business, family members exert control over the firm's strategic decisions," "In my family business, the emotional bonds between family members are very strong," and "Successful business transfer to the next generation is an important goal."

Through this survey we discovered that the amount that family firms devoted to R&D increased as more female relatives were added to the family business board, which suggests that boards that include more women family members are more likely to innovate. But three of those five SEW dimensions filtered this positive effect: family control and influence, family members' identification with the firm, and renewal of family bonds. Strong family control and influence weakened the positive impact of having women from the family on the board, likely because the family felt innovation would threaten this control. Firms where family members identified strongly with the business and valued the renewal of family bonds enhanced the positive

relationship between women on the board and innovation, and spent more on R&D. Those families wanted to position the business to be profitable for future generations of leaders and were willing to take a long-term approach.

Takeaways

Our study suggests that family firms should put more family women on the board, which will spur the innovation they need to stay competitive. Then they should get out of their way, and give them parity with men in decision-making power. Family businesses should also look at engrained attitudes and practices that may be hindering women's power to innovate -- and selling short future generations and the future of the business.

Watch a Video

The video explains our research and its takeaways.

[Link to video](#)

Explore the Research

[Are family female directors catalysts of innovation in family small and medium enterprises?](https://onlinelibrary.wiley.com/doi/abs/10.1002/sej.1420), (https://onlinelibrary.wiley.com/doi/abs/10.1002/sej.1420) Strategic Entrepreneurship Journal, February 2022