

# Women Show Their Strengths When Family Businesses are in Trouble

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**KEYWORDS:** Family Business, Succession, Business for women, Journal of Family Business Strategy, Help with a family business, Running a family business tips.

Around the world, women have always been part of family businesses. However, little is known about how they affect the continuity of family firms in certain areas of the world, especially patriarchal cultures where men dominate in business. Since all of us have studied family businesses and are members of business families ourselves, we wanted to explore how women helped their businesses survive crises and endure through successive generations.

Our research focused on Honduras, a Central American country. Honduras has a population of around 9.6 million and a GDP of about \$25 billion (World Bank, 2020). Most of Honduras' businesses are family firms, which previous studies have suggested are dominated by men. In cultures like this, men are anointed as the family business leaders and successors entitled to make key strategic decisions. Women, even if they are given executive titles, are often relegated to "behind the scenes" supportive or social roles with little visibility and influence.

Through in-depth research and interviews at three Honduran family firms, we saw that women's influence actually was far greater than their official roles in the firm would suggest, especially when a crisis strikes. In fact, the skills that helped them run their households and manage the children could be re-deployed to help the business when needed. Women's strengths as innovators, facilitators, bridge builders, and money managers emerged during times of trouble and helped preserve family business continuity.

## Unsung Heroes

We knew that while women around the world are often acknowledged as the "unsung heroes" who help

families stay connected and get along, they are still underrepresented in senior management roles. Previous studies have cast women in the role of stewards -- looking after the interests of both the family and the business. Latin American cultures are highly hierarchical, collectivist, and reliant on a strong family logic, with clearly defined gender roles for businesses. In these cultures women are seen as stewards who keep the peace, rather than having roles in growing and building the family's assets. We wanted to see whether women could transcend these prescribed roles.

To start deciphering how women contribute to the continuity of family businesses, we decided to examine situations in which women held visible executive or leadership positions but who also faced cultural expectations about their proper roles at home and in business.

## Our Research

We examined three family businesses in Honduras. These cases were selected because they provided the opportunity to focus on the experiences of women who hold key roles but who may not necessarily fit current models of family businesses. The small number of cases selected allowed us to study their differences in depth, while keeping in mind the formal and informal rules of the society in which they operate.

The interviews started by inviting respondents to explain about themselves and the story behind their family businesses. This produced the recollection of vivid and often emotional stories. Questions then became more focused on exploring the day-to-day activities that participants engaged in, what they perceived their contribution to be to the firm, the roles that the

respondents took on, and how they worked to get things done.

As the stories unfolded, several crises were mentioned, such as economic downturns, political crisis, and natural disasters and at that point questions were focused on who became involved in dealing with the situation and why. The participants told us powerful stories of their experiences, the situations they found themselves in, and how progress was made in resolving or managing such conditions. By doing this, they revealed how and why gendered norms played out (or not) and the sometimes complex gender dynamics of family business. This was important to examine because prior studies suggested that women's contributions are typically limited to social activities that support male family business leaders, such as hospitality for business relationships or participation in business clubs.

## The Findings

First, the study revealed an informal role that went beyond the expected gendered role of women at home. It developed in parallel with women's formal and more visible role in the firm. We labelled this phenomenon as "fluidity of norms." Being "fluid" means reaching beyond gendered norms, without causing uncertainty about intentions or responsibility. The fluidity of formal and informal roles that we uncovered reveals that stewardship approaches are transferred from the domestic sphere to the firm during a crisis, challenging gendered norms in the family business and contributing to its continuity. Oscar and Rita, first generation founders of PARK, a family business that diversified into tourism and was one of our three cases, described how this happens.

"When the crisis got worse, I thought about closing the farm, divesting the assets and doing something else," Oscar said. "Yet a new business opportunity in developing a farm shop was discussed, and Rita jumped into the opportunity with one condition: that she would manage the finances. Rita had always been good at managing money... she is our financial manager and also being a mom and wife."

Added Rita: "My role at the business is supported by how I lead my home and how I see children appreciate that."

We also discovered that the women stepped up to

influence how families engaged in business, particularly when business continuity was threatened. Our study specifically identified three ways that women contribute to family business continuity:

### They embraced a stewardship role

Women actively engaged in problem-solving strategies, by acting on how different family members' skills and bonds could be combined to benefit the business, and by encouraging exchanges and communication among family members in times of crisis. "You know your children well; you know your husband; and you know what will make them work together when a crisis hits," Rita said. "Sometimes it is about making it a game. That encouragement of being a family in this [crisis] is what has kept us together".

### They nurtured resilience

Women convinced other family members to see themselves as stewards, especially when the businesses were under threat. They helped other family members recognize the importance of an entrepreneurial mindset and of seeing themselves as custodians of the family business's well-being. Such sentiment, or emotion, revolves around a commitment to be involved in the survival of the firm by maintaining not only the family assets, but also the families' unique ways of doing things. This notion was supported by Ingrid, Oscar and Rita's daughter and the second generation in the business:

"Mom has made us realize that we cannot neglect what we have when things go awry. It will only make it worse," she said. "We have to look after what we have because then it will reflect on the products we sell in the shop and what people see when they visit. It was not easy to see this until mom looked after a rare orchid that everyone thought was going to die...even talked to it. The plant came back to life and flourished beautifully. We follow that example...Mom taught us to be always concerned for the business, which can be as delicate as a flower."

### They shaped business and family networks

Women purposefully and selectively created and strengthened formal commercial alliances, and quietly leveraged family and informal non-family relationships. While networking outside the family realm is deliberately and openly geared to gaining contacts who can help the

business, the women's role within their family businesses was more subtle but very powerful.

"When people hear about how you have faced crisis before and how you still honor your debts and compromises with banks, you develop a good reputation," Rita said. "We developed good relationships with people because of what the bank managers said about us. For a woman, it is important because you think about your children and how you do not want their name to be tarnished by our actions if we are not good in business... as a mother and business leader you look after your business name because your children will use it as a presentation card."

## Takeaways

Our study provides some insights that can help family firms everywhere appreciate the unique strengths that women can bring to the business, regardless of their official titles.

- Adverse situations are an opportunity for women to shape a stewardship approach within the family business. We uncovered that their contribution can be associated with both crafting a cooperative approach within the family and acting as entrepreneurial stewards when responding to adverse situations.
- Women can play a key role at critical times by making entrepreneurial stewardship decisions -- i.e., thoughtful, strategic decisions about family assets, with a deliberate intention to leverage them entrepreneurially. Based on the fluidity of norms based on their formal and informal roles, women can become powerful catalysts who strengthen family bonds and guide the family forward.
- Women should not be cast as victims or special cases in the Latin American family business context, but instead as potential builders of resilience and continuity for the family in business.
- When women take on formal roles in the company, they become visible in the business environment, yet what may remain disguised is their unique role in stewardship to the continuity of the firm. Women in our study strike a delicate balance by making decisions in the business world while observing traditional and socially expected gender norms.
- Finally, while previous studies have suggested

that women in Latin American family businesses are often found in supporting roles for the family and male leaders of a family business (e.g., leading social responsibility projects), we find that the public vs. private presentation may be different. Our study shows that women shape family businesses, often discreetly, by ensuring harmony and strengthening bonds within the family.

## Explore the Research

Discua Cruz, A., Hamilton, E., Campopiano, G., & Jack, S. L. (2022). Women's entrepreneurial stewardship: The contribution of women to family business continuity in rural areas of Honduras. *Journal of Family Business Strategy*, <https://doi.org/10.1016/j.jfbs.2022.100505>

*EDITOR'S NOTE: This article was produced in partnership with the Journal of Family Business Strategy, a leading journal in the field of family business, as part of our mission to bring research-proven insights and practical advice to our readers.*