

Women as Family Business Leaders

An ongoing trend is seeing women increasingly taking on leadership roles and leading family businesses to success.

As of November 2020, only 18% of family business leaders globally were women, according to research firm KPMG, with the numbers highest in Europe and Central Asia. Those numbers are rising.

“As future generations become more involved in the business, family firms’ decisions on succession are increasingly being driven on merit, capability and willingness instead of gender or kinship,” wrote KPMG in its 2020 publication “The Power of Women in Family Business: A Generational Shift in Purpose and Influence.”

BENEFITS

Not only are women’s profiles rising in family businesses, but they are seeing great success.

Research has long shown that women bring unique strengths to the business world, beginning with the work of Dr. Virginia E. Schein, a leading work and organizational psychologist, in the 1970s.

“Women’s innate traits (e.g., being understanding, intuitive, and creative) make them bet-



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ter suited to leadership during a crisis, as compared to men, in line with Schein’s original work,” writes FamilyBusiness.org. “Female political leaders have been recently commended for their management of the COVID-19 crisis.”

Not only are women good for family businesses, but putting more women in leadership seems to perpetuate those benefits throughout the company and into the future.

“Appointing women in

senior roles can create a ‘trickle-down effect,’ meaning that more gender diversity at the executive level will translate into more gender diversity across the organization,” writes KPMG. Additionally, “There is a gender-based pattern to succession. When the current CEO is a woman, there is a higher chance that the next CEO will also be a woman.”

HOW TO GET THERE

Gender balance laws and

other initiatives are helping. In 2019, of the Fortune 500 list included 33 firms helmed by women CEOs, a record in modern times. (In 1999, only two women were on the list.)

The Global Gender Report 2020 of the World Economic Forum, however predicts another 100 years before gender equality is achieved.

Because of the historically wide range of responsibilities heaped on women at both home and the workplace,

women face challenges in bringing their skills to the family business and need extra support. “Although the family business legacy may be handed down to them, many women around the world still shoulder the primary responsibility as caregivers of their families and households,” writes KPMG. The lines between work and family life can become blurred.

“As with women in non-family businesses, women in family firms require strong networks that are not dominated by family influence, as well as mentoring and guidance to orient them successfully toward management and leadership roles,” writes KPMG.

The firm also recommends legislative mandates and “organizational practices and policies ... that promote fairness and minimize bias” to help develop the pipeline of future women leaders.

“Women often feel invisible. They need skills, tools and opportunities to increase their visibility and break the stereotypes so they can’t be overlooked.”

Family businesses are uniquely positioned to help drive change. ThisisCapitalism.com reports: “A 2019 survey from Ernst & Young of 525 of the world’s largest family businesses notes that family businesses tend to foster an environment of inclusiveness and cohesiveness for both family and non-family employees that can help women rise through the ranks.”



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