

Attributes of women directors on family businesses

Irma Martínez García
Silvia Gómez Ansón
Carmen Benavides González &
Margarita Argüelles Vélez

University of Oviedo

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OBJECTIVE

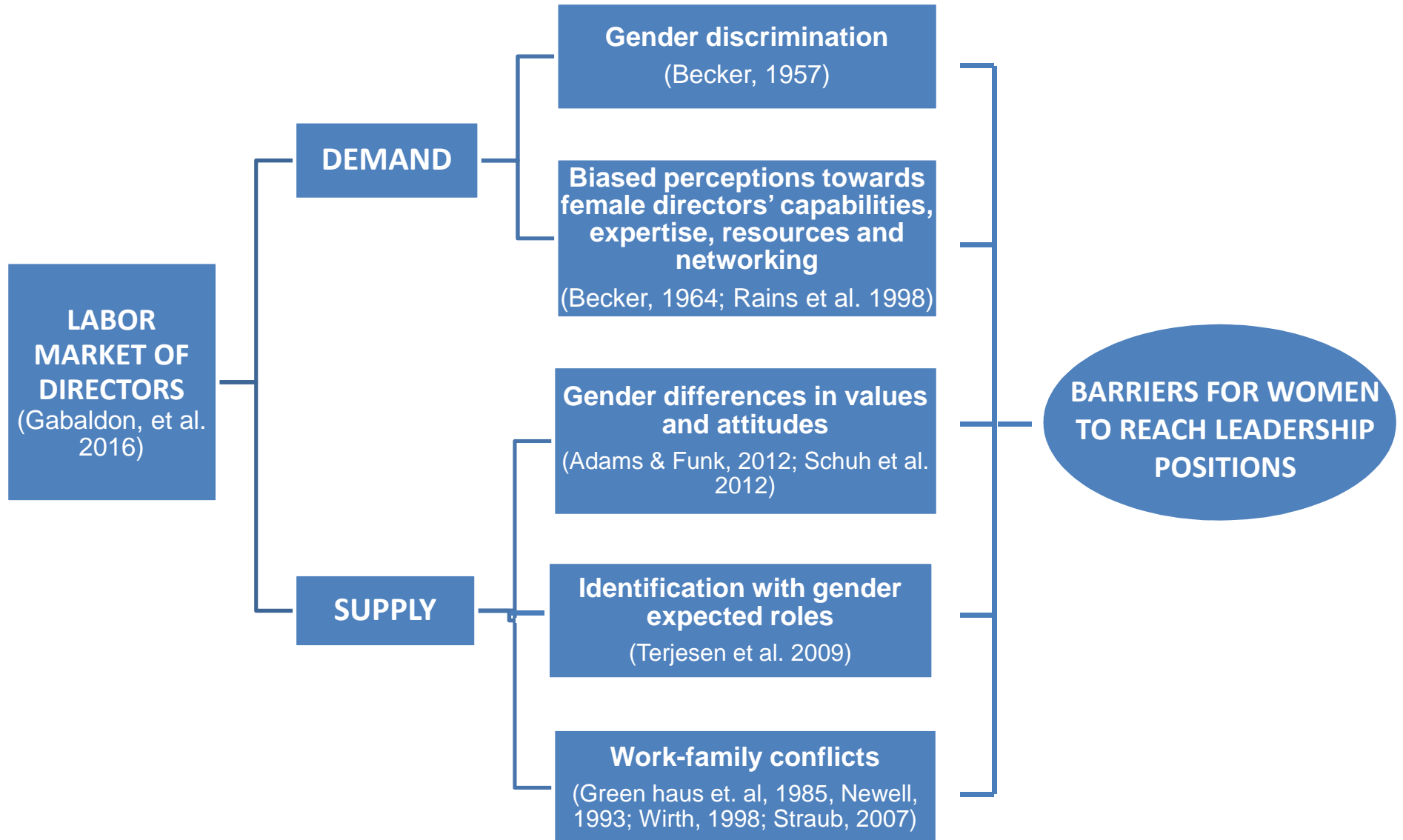
TO ANALYSE HOW
DIRECTORS'
ATTRIBUTES DIFFER
DEPENDING ON
GENDER AND FAMILY
AFFILIATION

FAMILY WOMEN
DIRECTORS VS FAMILY
MEN DIRECTORS

FAMILY WOMEN
DIRECTORS VS NON-
FAMILY WOMEN
DIRECTORS

HOW WOMEN PRESENCE ON BOARDS MAY IMPACT FAMILY
FIRMS' PERFORMANCE

THEORETICAL BACKGROUND



THEORETICAL BACKGROUND

DEMAND SIDE BARRIERS

Human capital theories: when selecting directors it is frequently assumed that women are underprepared and less effective than men (Mensi-Klarbach, 2014; Nielsen & Huse, 2010))

Social identity theory: individuals classify themselves and others as either in- or out-group member, creating barriers for women as out-group (Tajfel, 1972; Terjesen et al., 2009)

Women willing to become top managers and directors may invest more in education and in presenting an international experience than their man counterparts

H1a: Family women directors present higher educational attainment level and international backgrounds than family men directors.

H1b: Family women directors present lower leadership experience than family men directors

FAMILY FIRMS BARRIERS

Fathers seem to favor sons over daughters for management posts (Dahn & Moretti, 2008; Kuratko et al. 1993; Schöder, et al., 2011)

Family females may exert additional efforts to signal and demonstrate their ability to be considered as candidates for top positions in family firms.

THEORETICAL BACKGROUND

FAMILY FIRMS DEMAND OF WOMEN DIRECTORS

The transmission of knowledge about the business among family member is easier than with outside directors. There is a stock of family human capital (Bertrand 2006).

Family firm tend to appoint family members to board of directors. Agency theory; behavioural agency model (BAM), socioemotional wealth (SEW) theory

Female family members are not part of a minority group or a subgroup of female, they are part of the family, the controlling shareholder and therefore part of the in-group.

Social identity theory, social categorization theories; similar attraction theory and groupthinking theory

H2a: Family women directors present lower educational attainment level and international background than non-family women directors.

H2b: Family women directors present higher leadership experience than non-family women directors.

THEORETICAL BACKGROUND

RESOURCE DEPENDENCE THEORY

A variety of director's expertise profiles enhances the competence of the board.
(Pfeffer, 1972; Pfeffer & Slancik, 1978)

Directors who provide knowledge in business (senior managers, CEOs, Chairmen or Chairwomen)

Directors who come from specific professional fields close to business and bring specialist knowledge in law, banking, etc.

Directors who provide board with non-business perspectives or issues and relationships with groups in community. (consultants, professors or politician, civil servants)

Women present on a higher degree a non-business background (Dang et al. 2014; Hillman et al. 2002; Simpson et al. 2010)



Women are more likely to be appointed to be support specialists with financial or legal expertise (Dang et al. 2014; Dunn, 2012; Singh et al. 2008)



Female family directors are more likely to be appointed to board due their specific knowledge and links to the family business



H2c: Family women directors' labour background differs significantly from non-family women directors

THEORETICAL BACKGROUND

GENDER DIVERSITY

¿?

FIRMS' PERFORMANCE



“Business case”: gender diversity enhance the productivity and performance of corporations.



Agency theory; transaction cost economics and resource dependence theory gender diversity may enhance the decision making process of the board.

EMPIRICAL EVIDENCE
IS INCONCLUSIVE

Experienced and capable boards improve firms' performance
(Ahern & Dittman, 2012; Bertrand et al, 2014)



Female family directors may present lower educational attainment level and international background than non-family women directors and in turn lower leadership experience than family men directors



H3: Family women directors decrease family firms' value

SAMPLE, VARIABLES AND METHODOLOGY

FIRM- LEVEL SAMPLE

Spanish non-financial listed firms
years 2003-2013

Unbalanced panel of 103
firms and 954 observations

Family firm definition:
Companies with an
ultimate owner that is a
family or an individual who
holds more than 10
percent of the firm's voting
rights

638 (66.80%) observations
were family firms and 316
(33.12%) were non-family

Data set contains information about firms' ownership and corporate governance structures (extracted from the Annual Corporate Governance Reports; Spanish Supervisory Agency –CNMV-), economic and financial information was obtained from the CNMV, Madrid Stock Exchange and SABI data base (Sociedad de Análisis de Balances Ibéricos)

SAMPLE, VARIABLES AND METHODOLOGY

DIRECTOR- LEVEL SAMPLE

Board of directors of firm-level sample.

Unbalanced panel of 2,209 directors and 10,407 observations

Family directors definition: Directors that belong to the largest family ultimate owner holding more than 10 percent of the firm's voting rights.

1,302 (12.51%) observations were classified as family directors.

812 observations (7.80%) were classified as female directors; 241 (2.41%) as family affiliated directors (29.68% of female directors)

Data set contains information related director's sociological characteristics and educational and professional background hand-collected from the biographical section of firms' annual reports or from their official websites. If biographical information was not available, firms was directly contacted requesting board directors' curricula vitae. Missing data was obtained from the BoardEx database when available.

SAMPLE, VARIABLES AND METHODOLOGY

FIRM-LEVEL VARIABLES

Ownership structure

Board structure

Firms' characteristics

Labour directors' characteristics

DIRECTOR-LEVEL VARIABLES

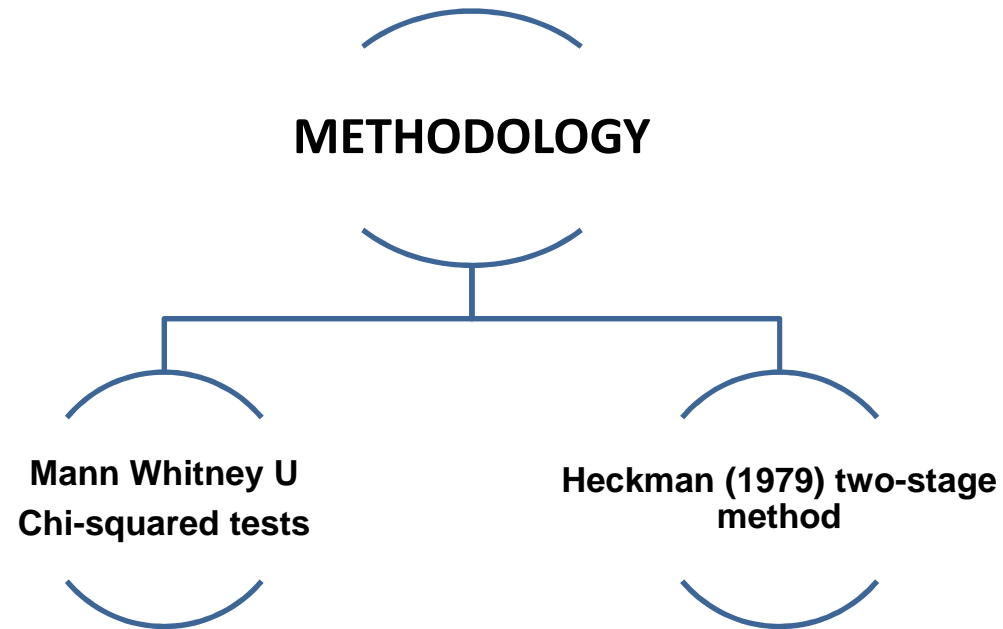
Directors' sociological characteristics

Directors' educational background

Directors' leadership experience

Other labour directors' characteristics

SAMPLE, VARIABLES AND METHODOLOGY



To control for endogeneity problems: Problematic variables are estimated at year t-1

RESULTS

Table 1: Descriptive Statistics Firm-Level (I)

Variables		All Sample	FFUO (1)	NFFUO (2)	Mann-Whitney U/ Chi-squared test (a) (1) and (2)
		N=954	N=638	N=316	
AVALUE	Mean	0.12	0.08	0.20	99,762
	Median	0	0	0	
AROA	Mean	-0.01	-0.02	0.01	86,077***
	Median	0	0	0	
BSIZE	Mean	11.19	10.88	11.82	85,591***
	Median	10	10	11	
PDIRMAIN	Mean	39.43	41.47	35.30	84,890***
	Median	40	42.86	36.36	
PDIRINDP	Mean	34.58	32.09	39.61	79,523***
	Median	33.33	30	37.98	
PDIRFEM	Mean	7.80	9.19	5.22	80,082***
	Median	6	8	0	
AGE	Mean	1,963	1,967	1956	77,846***
	Median	1,971	1975	1967	
ASSETS	Mean	7,050,392	4,612,565	11,972,333	81,612***
	Median	1,060,755	976,420	1,930,112	
LEV	Mean	0.63	0.63	0.62	91,266**
	Median	0.65	0.65	0.64	
REGUL (a)	Freq.	46.96	44.04	52.84	6,577***

Family firms present smaller boards, a higher proportion of proprietary directors, and higher gender diversity whereas the percentage of independent directors is large in non-family firms.

Family firms are younger, smaller, show higher leverage ratios and belong more often to non-regulated sectors

FFUO denotes family firms; NFFUO refers to those observations that are not classified as FFUO10. For continuous variables, the statistic we use to measure the statistical differences is the Mann-Whitney U test. For dummy variables (a), the statistic used is the Chi-squared test and the descriptive statistic is the frequency. *p < 0,10; **p < 0,05; *** p < 0,01

RESULTS

Table 2: Descriptive Statistics Firm-Level (II)

Variables		All Sample	FFUO (1)	NFFUO (2)	Mann-Whitney U/ Chi-squared test (a) (1) and (2)
		N=954	N=638	N=316	
PERGRADUATE	Mean	93.76	93.00	95.28	82,075***
	Median	100	100	100	
PERMASTER	Mean	35.42	34.90	36.65	92,669**
	Median	33.33	33.33	36.36	
PERPHD	Mean	16	15.48	17.07	95,935
	Median	14.29	14.29	15.19	
PERSMNLF	Mean	31.79	29.68	36.04	80,805***
	Median	30	28.57	33.33	
PERSMLF	Mean	31	31.81	29.27	91,179**
	Median	28.57	28.57	25	
PERCEONLF	Mean	36.88	34.25	42.19	75,769***
	Median	36.36	33.33	41.67	
PERCEOLF	Mean	27.02	27.55	25.96	97,012
	Median	25	25	25	
PERCHAIRNLF	Mean	38.47	36.28	42.89	78,549***
	Median	37.5	34.17	40	
PERCHAIRLF	Mean	20.6	20.69	20.41	100,105
	Median	20	18.18	20	

Non-family firms present higher educated boards than family firms.

Non-family firms appoint people with previous experience as executives in non-listed firms in a higher degree than family firms.

FFUO denotes family firms; NFFUO refers to those observations that are not classified as FFUO10. For continuous variables, the statistic we use to measure the statistical differences is the Mann-Whitney U test. For dummy variables (a), the statistic used is the Chi-squared test and the descriptive statistic is the frequency. *p < 0,10; **p < 0,05; *** p < 0,01

RESULTS

Table 3: Descriptive Statistics Firm-Level (III)

Variables		All Sample	FFUO (1)	NFFUO (2)	Mann-Whitney U/ Chi-squared test (a) (1) and (2)
		N=954	N=638	N=316	
PERCONSLT	Mean	11.10	10.15	13.04	92,283**
	Median	9.09	8.33	10	
PERPROF	Mean	13.91	12.51	16.73	85,317***
	Median	12.5	11.11	12.5	
PERCIVL	Mean	14.26	11.35	20.14	68,046***
	Median	12.5	10	20	
PERPOLIT	Mean	10.23	8.72	13.29	82,740***
	Median	9.09	8.33	11.11	
PEROTHER	Mean	24.13	25.26	21.86	85,117***
	Median	22.65	25	20	
PERINTERSTUDY	Mean	27.11	25.08	31.22	85,912***
	Median	25	22.22	27.27	
PERINTERJOB	Mean	30.22	27.41	35.91	78,816***
	Median	27.27	25	32.46	
AVERTENURE	Mean	85.42	86.87	82.50	93,653*
	Median	75.67	79.10	71.42	
AVERNBOARD	Mean	1.48	1.46	1.53	88,234***
	Median	1.44	1.44	1.49	

Directors with professional experiences as consultants or advisors, Professors, civil servants and politicians have higher presence in non-family firms.

Directors with international studies and labour experience have greater presence in non-family firms

Directors in family firms have more seniority within the board and belong less to other board of directors.

FFUO denotes family firms; NFFUO refers to those observations that are not classified as FFUO10. For continuous variables, the statistic we use to measure the statistical differences is the Mann-Whitney U test. For dummy variables (a), the statistic used is the Chi-squared test and the descriptive statistic is the frequency. *p < 0,10; **p < 0,05; *** p < 0,01

RESULTS

Table 4: Directors labour characteristics: Family women VS family men

Variables		TOTAL FAMILY	FEMALE (1)	MALE (2)	Mann-Whitney U/Chi-squared test (a) (1) and (2)
		N=1,302	N=241	N=1,061	
GRADUATE (a)	Freq.	86.94	78.01	88.97	20.798***
MASTER (a)	Freq.	35.64	33.61	36.10	0.530
PHD (a)	Freq.	9.29	2.49	10.84	16.240***
SMNLF (a)	Freq.	21.04	12.03	23.09	14.453***
SMLF (a)	Freq.	40.25	44.40	39.30	2.121
CEONLF (a)	Freq.	24.88	12.03	27.80	26.132***
CEOLF (a)	Freq.	41.01	6.64	48.82	144.448***
CHAIRNLF (a)	Freq.	27.11	5.81	31.95	67.917***
CHAIRLF (a)	Freq.	33.33	4.15	39.96	113.348***
CONSULT (a)	Freq.	3.76	1.66	4.24	3.614*
PROF (a)	Freq.	4.30	2.49	4.71	2.358
CIVIL (a)	Freq.	1.77	2.49	1.60	0.891
POLIT (a)	Freq.	2.53	0	3.11	7.691***
OTHER (a)	Freq.	22.58	36.51	19.42	32.845***
INTERSTUDY (a)	Freq.	19.35	14.94	20.36	3.697*
INTERJOB (a)	Freq.	23.04	2.49	27.71	70.455***
TENURE	Mean	128.23	86.76	137.65	104,122***
	Median	96	84	103	
NBOARD	Mean	1.33	1.53	1.28	103,965***
	Median	1	1	1	

Family women directors present lower educational attainment level than their men counterparts

Women family directors present lower leadership experience than family men directors

Family women directors present lower international backgrounds than family men directors.

For continuous variables, the statistic we use to measure the statistical differences is the Mann-Whitney U test. For dummy variables (a), the statistic used is the Chi-squared test and the descriptive statistic is the frequency. *p < 0.10; **p < 0.05; *** p < 0.01

The results do not support Hypothesis 1a.

The results support Hypothesis 1b.

RESULTS

Table 5: Directors labour characteristics: Family women VS non-family women

Variables	TOTAL WOMEN			Mann-Whitney U/Chi-squared test (a) (1) and (2)
	N=812	FAMILY (1) N=241	NON-FAMILY (2) N=571	
GRADUATE (a) Freq.	88.79	78.01	93.35	40.059***
MASTER (a) Freq.	36.58	33.61	37.83	1.300
PHD (a) Freq.	17.61	2.49	23.99	54.008***
SMNLF (a) Freq.	26.11	12.03	32.05	35.194***
SMLF (a) Freq.	21.80	44.40	12.26	102.691***
CEONLF (a) Freq.	18.97	12.03	21.89	10.717*
CEOLF (a) Freq.	9.73	6.64	11.03	3.726*
CHAIRNLF (a) Freq.	20.94	5.81	27.32	47.376***
CHAIRLF (a) Freq.	6.28	4.15	7.18	2.645
CONSULT (a) Freq.	12.07	1.66	16.46	34.991***
PROF (a) Freq.	13.55	2.49	18.21	35.777***
CIVIL (a) Freq.	6.65	2.49	8.41	9.557***
POLIT (a) Freq.	9.61	0	13.66	36.420***
OTHER (a) Freq.	34.61	36.51	33.80	0.522
INTERSTUDY (a) Freq.	30.91	14.94	42.03	40.946***
INTERJOB (a) Freq.	30.30	2.49	69.35	125.479***
TENURE Mean	56.45	86.76	43.66	33,941***
TENURE Median	44	84	33	
NBOARD Mean	1.54	1.53	1.55	
NBOARD Median	1	1	1	57,381***

Family women directors present lower educational attainment level than their non-family women directors

Family women directors present lower leadership experience in listed firms and higher experience as senior manager in non-listed firm than non-family women directors

Non-family women directors have higher experience as consultants or advisors, Professors, civil servants and politicians than family women directors

Family women directors present lower international backgrounds than non-family women directors.

For continuous variables, the statistic we use to measure the statistical differences is the Mann-Whitney U test. For dummy variables (a), the statistic used is the Chi-squared test and the descriptive statistic is the frequency. *p < 0.10; **p < 0.05; *** p < 0.01

The results support Hypothesis 2a.

The results do not completely support Hypothesis 2b.

The results support Hypothesis 2c.

RESULTS

Table 6: Gender diversity, directors' characteristics and family firms' performance

VARIABLES	MODEL 1 (D.V.: AVALUE)	MODEL 2 (D.V.: AROA)
PDIRFEM	-1.608*** (-2.91)	0.087 (-1.27)
PGRADUATE	-2.003*** (-3.40)	-0.260*** (-3.51)
PMASTER	-0.041 (-0.13)	-0.005 (-0.14)
PPHD	-0.588 (-1.10)	0.010 (0.15)
PSMNLF	1.209*** (3.78)	0.033 (0.82)
PSMLF	1.878*** (5.68)	0.089** (2.13)
PCEONLF	0.962*** (3.05)	0.025 (0.62)
PCEOLF	-0.793* (-1.88)	0.018 (0.36)
PCHAIRNLF	0.971*** (3.01)	-0.060 (-1.48)
PCHAIRLF	-0.324 (-0.59)	0.021 (0.32)
PCONSULT	0.417 (0.95)	-0.023 (-0.41)
PPROF	1.391** (2.09)	0.022 (0.26)
PCIVIL	1.886*** (3.21)	0.051 (0.65)
PPOLIT	0.269 (0.50)	-0.043 (-0.61)
POTHER	-0.295 (-0.86)	-0.014 (-0.33)
PINTERSTUDY	0.314 (0.94)	0.024 (0.58)
PINTERJOB	-0.129 (-0.39)	-0.007 (-0.16)
AVERTENURE	0.001 (1.09)	0.0002 (1.15)
AVERNBOARD	0.210 (0.134)	-0.007 (-0.39)

Number of observations of family = 574; * p < 0.10; ** p < 0.05; *** p < 0.01



The results seem to support Hypothesis 3 when we consider firm market to book ratio.



The percentage of directors who have experience as CEOs and Chairmen or Chairwomen of non-listed firms and as senior manager of both non-listed and listed firms increase firms performance.



Women family directors present lower degree of leadership management experience. (H1b)



Family firms' performance is negative affected by the presence of women directors

CONCLUSIONS

Hypotheses 1a & 1b

Family women directors present lower educational, international and professional background than family men directors. This result points out that women in family business still grapple with discrimination in favour of male family members.

Hypotheses 2a, 2b & 2c

Female family affiliated directors hold lower educational level, lower degree of leadership and management experience and are less exposed to international environments than non-affiliated women directors. Non-family females are also more likely to present a non-business background than family women directors.

Hypothesis 3

Family firms' performance is negatively affected by the presence of women directors since directors' executive experience significantly increases firms' performance while women directors present a lower degree of leadership/management experience.

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