

## GLASS CEILING IN SMES: WHEN WOMEN ARE IN COMMAND

**By Lucrezia Songini, Paola Dubini**

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## **GLASS CEILING IN SMES: WHEN WOMEN ARE IN COMMAND**

### **Abstract**

This paper analyses the role of women in a statistically significant sample of Italian SMEs and family owned businesses. We assume that the existence of a glass ceiling implies that women are not in the position to exercise an active role in the companies; ownership per se does not assure the elimination of the glass ceiling. Multiple literature streams on the role of women need to converge in a more holistic picture; literature on governance appears to be an interesting unifying approach, particularly the stakeholders approach, as it focuses on the assessment of the conditions under which often conflicting expectations of a variety of actors converge to grant the company's survival and prosperity. After describing the evolution over the past 10 years of the role of women in ownership, governance and managerial roles, the paper aims at identifying governance structures and leadership styles conducive to the exploitation of full potential of all stakeholders, not necessarily females.

### ***Keywords***

Women, family owned businesses, glass ceiling, governance

### ***JEL code***

M13, J16, L21

## FOREWORD

Literature on organizational behaviour and people in organizations traditionally picture the role of working women as a weak and conflictual one. Employed women are generally less flexible with regard to working time, are less paid than their male counterparts and on average have to trade off between family and career, often at the expenses of the latter (Moore & Buttner, 1997). The presence of a dominant organizational culture which is not sensitive to gender differences is often considered the main cause of the existence of the so called glass ceiling in organizations, which prevents all employees from having equal opportunities in personal and professional growth.

Things do not seem smoother in entrepreneurial companies. Both studies on small businesses and entrepreneurship have not devoted much attention to the gender differences so far, even though in many cases the companies which are set up, owned or managed by women show higher growth rates than the whole economy (Brush, 1997). Studies on entrepreneurship do not refer explicitly to gender differences, even though they consider implicitly that the entrepreneur (this role comprising ownership, governance and management) (Marchini, 1986; Stevenson, 1986) in the company should be a male. Most of the characteristics traditionally associated with the role of the entrepreneur (initiative, risk propensity, locus of control attitude toward competition, physical strength and resistance to long hours, flexibility in mobility) (Martin, 1990) are typical of the masculine symbolic world (Bruni, Gherardi & Poggio, 2000). When entrepreneurship as a discipline started to spread, in mid '80s, the vast majority of start ups analysed were led by men. The Stevenson, Roberts and Grousbeck's handbook (1985), one of the main references in MBA courses and which presents the Harvard Business School's approach to entrepreneurship, covers mainly start ups by male entrepreneurs. Similarly, one of the recent collection of contributes on entrepreneurship containing papers on the profile of the entrepreneur, seems to be gender biased (Birley & Muzyka, 1997), even though it can be argued either that female start ups are less frequent than male start ups or, more importantly, that gender should not be considered as a relevant variable in looking for a variety of cases.

Moreover, the social construct of the entrepreneur's character was based on images and representations associated to the masculine, both when the typical entrepreneur is considered as a pioneer, a leader, an inventor or a predator (Wesley & Mintzberg, 1989), focused on personal profit, competition, rationality, and when he is considered

more unselfish, aimed to assure the economic wealth for his family (Reed, 1996). It is noteworthy to point out that masculinity is hidden inside the concept of entrepreneurship, due to the fact that entrepreneurship is generally considered a universal model with which the entrepreneur (man or woman) have to comply, as far as his personal values is concerned (Connell, 1996). The majority of Gender Studies analyzed the dynamics of the construction of the feminine and made invisible the masculine, even though since 1977 Moss Kanter has pointed out the presence of a masculine ethics of rationality inside organizations. Only recently, studies on gender biased processes in the organizations have started to diffuse (Acker, 1990).

Stereotypes about female entrepreneurs are a consequence of the invisibility of masculinity inside the concept of entrepreneurship (Magatti, Monaci & Ruggeroni, 2000). On the one hand, female entrepreneurs are portrayed as women with masculine characters, on the other, female led companies are viewed as a marginal aspect of family owned SMEs. According to this vision, the female entrepreneur is mostly an entrepreneur's mother, daughter or granddaughter and she is appointed to manage the company by the entrepreneur. Generally, the social expectations towards women are mainly related to their roles of wife and mother, at least in the Italian context. As a consequence, in family owned companies, a woman either does not have any role, or she has an invisible role. Research on the relationship between the gender of shareholders and top managers and companies' dates back to the late '80s, even though the topic has not been given much attention; a research carried out in 1997 pointed out that only 7% of management publications and only 10% of total academic research were focused on women or gender (Brush, 1997)<sup>1</sup>.

Women in Entrepreneurship (WIE) studies focus on enterprises with female presence. These firms can be divided in three main groups: companies established by one or more women, who hold the control of the capital and manage the firm; enterprises which are controlled and managed by women, as a consequence of processes of acquisition or inheritance; enterprises with a significant female presence because they are family owned businesses. WIE studies can be classified in three groups, according to their aims. Firstly, there are *demographic-descriptive* studies, which aim to qualify and quantify female presence in entrepreneurial contexts; secondly there are *theoretical-explanatory* studies which analyze the determinants, mechanisms and effects of female entrepreneurship; thirdly there are *pragmatic-prescriptive* studies which suggest strategies and guidelines to favour the access of women to entrepreneurship and the consolidation and development of women led enterprises.

Women in entrepreneurship are analysed mainly from three perspectives: the circumstances and motivations to start up; the attitudes, competencies and characteristics of female entrepreneurs; the opportunities and constraints to the development of a female entrepreneurship. Less attention is paid to the distinctive features of companies started by women, with regard to governance, strategy and management.

Motivations to set up a new business for women are somewhat different from those of a man. Female entrepreneurs are often motivated by the willingness to be acknowledged for their professional and personal qualities, and by the possibility to better reconcile work with their family and personal commitments; to some extent, motivations to set up a company are a way to break the glass ceiling encountered in corporate life. These studies balance the rather stereotypical view that women entrepreneurs usually set up new companies as a consequence of negative motivations, such as financial needs or to get a job again, after their children have grown up; the firms established by female entrepreneurs are often marginal, very small, and operate in fragmented industries, characterised by low profitability. Self-employed female workers mostly co-operate in family owned businesses; they rarely establish new companies with long-term prospects or have a professional job. Studies on attitudes, competencies and features of the female entrepreneur identify archetypes of female entrepreneurs (Goffee & Scase, 1985; Carter & Cannon, 1988), mostly on the basis of the presence, number and age of children (Cromie & Hayes, 1988). Finally, studies focusing on the opportunities and constraints to the development of female driven companies stress the role of family: it provides psychological backing, the necessary network and is the main finance provider of the enterprise, as often times the financial community seem to be less eager to provide funding to women led start ups (Fay & Williams 1993; Coleman 2000). According to the common view, companies started by women usually operate in service industries and are very small (Aburrà 1989, CENSIS 1997). With regard to the Italian context, female entrepreneurs in large and medium-size enterprises are rarely founders, rather belong to entrepreneurial families (Berlusconi, Bracco, Danieli, Fendi, Marcegaglia ...).

To summarise, the main evidences of the studies on female entrepreneurship are as follows:

- Female entrepreneurs usually establish firms in service industry. These enterprises are often very small<sup>ii</sup>;

- Female entrepreneurs set up companies in new industries, not related to previous work experiences, while male entrepreneurs operate in well known sectors;
- They pursue objectives different from pure profitability and social achievement, such as: company's growth, personal and professional development, employees' involvement, personal satisfaction and fulfilment. As a consequence, profitability of female led enterprises is often lower than those whose CEO is a man;
- Female entrepreneurs follow evolutionary and incremental approaches in establishing and managing their companies, more than intentional and rationale strategies. This fact and the limited financial resources can hinder company's growth<sup>iii</sup>;
- Leadership styles focused on quality, results, commitment and motivation, more than energy, short term results and performance;
- Management styles which prefer relationship and networks, integrate work and family life, favour employees involvement and information sharing.

Sociological studies on female entrepreneurs and managers reach somewhat similar results: they point out that social structures, within family, working environment and organized social life, heavily influence the access of women to entrepreneurial activities and impact the results of their companies; gender discrimination in working environment, the limited representativeness among the top management and the expectations regarding their familiar roles make difficult the access of women to some industries and influence the expectations of success of their companies (Aldrich, 1989). To some extent, it sounds a bit odd that gender be considered as a discriminating variable in Western social and economic settings, where equality and non discrimination are granted as political rights since many years. After all, we should pay attention to the merit of individuals, and not to their gender, and we should look at the effectiveness of governance structures and mechanisms of companies or to their profitability and sustainability, and not at the gender of their members, as we are doing in this paper. The rich, multi-perspective literature on the so called "women thinking" (for a review see Mancina, 2002) has long been debating the issue of "equality" and "diversity" as the starting point in discussing the role of women in social settings. The echo of this debate appears also in the WIE literature. The *Equality model*, dates back to the early researches on female enterprises. It states that - in order to understand gender differences – it is necessary to analyse the context more than the personal

characteristics, due to the fact that women and men become socially different in their decisions about job, attitudes, capabilities and ways of managing. The context influence refers to various aspects: the existence of gender stereotypes (Buttner & Rosen, 1989); the level of education and working experience of female entrepreneurs, who have higher capabilities and competencies, but invest less in qualified education (Watkins & Watkins, 1984; Bowen & Hisrich, 1986); the processes of social construction of work sharing and development of the gender identity, which influence career related decisions and the entrepreneurial behaviour (Nelson, 1989). These studies emphasize the discrimination, especially with regard to the access to credit, the possibility to receive an adequate education and to make experience in management and entrepreneurship (Stevenson, 1986; Goffee & Scase, 1985; Hisrich & Brush, 1984). The underlying logic to the *Diversity Model* is that there are different attitudes and structures of preferences which derive from gender identity, and which identify some female specificities: the emphasis on personal relationship, intuition, sense of opportunities, logic, connections, autonomy and the double presence. Other studies consider other forms of experience and social differentiation, apart from gender, such as economic class or race (Migale, 1996). Diversity is considered a resource and heterogeneity a source of competitive advantage. The aim of this approach is to identify different enterprise styles and models based on specific differentiating characteristics, such as the gender of top management.

The two approaches have long been conflicting and have significantly contributed to the marginalization of literature on women in the public debate. To some extent, there is a philosophical mistake at the core of this debate (Agacinski, 1998): diversity is opposed to identity, not to equality; equality is opposed to inequality, not to diversity. If we want to contribute to build better organizations for women, we should analyse companies in which women do share top positions in order to understand which structures, mechanisms and culture promote the best individuals in the organization, independently from their gender.

The strikingly limited presence of women in top “public” positions in societies that have legally granted them access is the starting point of our analysis; we share the belief that the difficulty of women today in Western societies is not to accept a destiny defined a priori by gender, rather to live a very complex identity, still hard to be conceived (Mancina, 2002). The equality in political and civil rights (though fundamental) does not eliminate difficulties when women leave the domestic sphere to play a public role in organizations. Female autonomy in the public domain cannot be based on principles

rooted in the domestic role. The fact that in a few companies some top management positions are gradually being covered by women is still more the exception than the rule, but is a signal that it might be possible to design a gender friendly organizational context; the presence of a few women among the top management of enterprises- often family owned - points out that in some companies the governance systems and the organizational context allow all human resources – apart from the gender– to do their job and manage the company with both personal and company success. In this respect, literature on corporate governance (Williamson, 1984) - that deals with structures and mechanisms allowing different categories of shareholders to be adequately represented in the organization and reducing the risk of opportunistic behaviors by other categories of institutional actors (namely managers) – seem to be a very promising way to tackle the complex issue of glass ceiling removal in organizations, particularly in SMEs. More specifically, the stakeholder approach (Freeman & Reed 1983; Freeman & McVea, 2001) suggests that there is a variety of stakeholders with firm specific stakes; in family owned businesses, for instance, this is often the case of women who have inherited shares of the family business, do not play an active role in company's management and count on the dividends distributed by the company as an important source of income. Moreover, the stakeholder's approach emphasises active management of the business environment, suggesting that governance structure and mechanisms be instrumental to company's success (Charkham, 1994). This is consistent with our view that glass ceiling removal can take place only when women are not just formally in power, rather are actively involved in company's life. Lastly, the stakeholder approach suggests that each company can and should create and influence firm specific stakeholder relationships and not just take formal structure and mechanisms as a given. Therefore we expect that governance structures and mechanisms should be planned in order to accommodate the need of women to balance family and work related life.

In order to analyse the “private – public” dichotomy within companies, (which is widely acknowledged to be a female specificity), small and medium family owned companies seem to be a very interesting setting.

Small and medium-size companies play a significant role in the Italian economy (Demattè & Corbetta, 1993). They are characterized by a widespread entrepreneurship, strong linkages between the family and the enterprise, at the ownership, governance and management levels. We define a family owned business as a company where one or few families, with family ties, relationship or solid

alliances, own the majority of the capital. The main features of family businesses are: the coincidence of shareholders, governance and management roles; an intrinsic fragility related to the very strong and sometimes conflicting relationship between the family and the company interests and contexts (Gallo, 1993; Corbetta, 1995); the presence of three subsystems that need to be coordinated: the family, who consider the firm as a source of financial resources and a way to transfer the heir and heiress the identity of the family; the shareholders, who are interested in an adequate financial returns of their investment; the managers, who pursue objectives of getting on career and earning an adequate remuneration (Tomaselli, 1996). As new generations inherit shares of the company, the number of shareholders increase over time, leading to both a significant degree of fragmentation of ownership structure and the weakening of family ties among shareholders and their identification with the company. Effectiveness of governance models and their ability to adequately represent a variety of stakeholders (Freeman & McVea, 2001; Dumas, 1997; Frishkoff & Brown, 1997), often belonging to the same family prove to be drivers of continuity and prosperity for both the company and the family (Gnan & Montemerlo, 2001).

The role of family in supporting female entrepreneurship is ambivalent. On the one hand, the family gives a woman financial resources, invisible assets, such as the consolidated relationship based on trust, knowledge and the socialization to the entrepreneurial culture. On the other hand, family can be a context of constraint and economic exploitation. The family and social roles of people involved in the family business are strictly linked, so that relatives are identified more with regard to their role in the family (entrepreneur's wife, son, daughter, nephew etcetera) than in the company (Christensen, 1995; McGivern, 1978). This fact is not without consequences for women: the replication inside the firm of the same process of functional specialization of activities and the authority model typical of the family; the tendency of women to be in charge of operating and supporting roles, instead of managerial ones; the replication of patriarchy (Grant & Tancred, 1992). Moreover, many family rules are founded on gender differences and contribute to the invisibility of the women's roles in the family owned businesses (Barnes, 1996; Christensen, 1995; McGivern, 1978). The reasons which explain the invisibility of women in the family business are related to two phenomena: the discrimination, resulting from the social bias against female gender, and the typical socialization process followed by women, which can make difficult for them to develop some attitudes necessary to cope with managerial roles (Salganicoff, 1990). Even though family owned businesses should be a more

favourable context for glass ceiling removal for women belonging to the owner's family, we still expect the existence of a glass ceiling in this kind of companies too. Moreover, even though structures and mechanisms could be in place to help women in the entrepreneurial family to cope with the conflict between work and family roles (especially in the case of wife and mother) and to manage the double presence, given the continuity between the enterprise and home, involvement in a family owned business can be a weak entrepreneurial choice for a woman, particularly when the company is inherited.

To conclude:

- The family plays a critical role in the decision of a woman to set up a self-employed activities (Soru & Russo 1999).
- The presence of children influences the choice to start up an entrepreneurial activity (Cromie & Hayes 1988).
- Family resources make it easier for a woman to choose self employment as a career option, considering the difficulties for women to obtain resources from financial institutions and banks (Fay & Williams 1993; Coleman, 2000).
- The family network represents a significant resource for a woman during the start up phase (Aldrich, Dubini & Ray Reese, 1989).

## THE RESEARCH

This paper aims at verifying the existence of a glass ceiling in Italian SMEs, particularly in family owned ones. We believe that the privilege of owning shares of the family business is indeed a facilitating element for women willing to play a "public" role within the company in addition to the traditional "private" one, but is not a sufficient condition for the removal of the glass ceiling, which requires the possibility to influence the company's strategies and decisions and to actively run the company. Our main hypothesis is therefore that the presence of the glass ceiling is a consequence of the fact that women cannot exercise their power in the enterprises, even in family owned firms, because they usually are shareholders but do not hold powerful positions in the organization. Power can be exercised only if women are part of governance structures or hold top managerial positions within the organization. Thus, the presence of women in ownership, governance and management positions should be investigated not only in start ups, but also in ongoing companies, particularly at times of institutional discontinuity (as in the case of entrepreneurial succession), when potentially conflicting

views of different stakeholders might be more evident and when the existence of an effective governance structure and mechanisms is more critical. Specific structures and mechanisms of companies in which women are in power are then examined, as cases in which the design of the firm's institutional framework takes into consideration multiple stakeholders' expectations. Industry distribution and company performance when women are in power are then analysed, in order to compare existing evidence in literature with the Italian situation.

Our empirical base consists of 620 Italian small and medium-sized, partially family owned and partially not, operating in manufacturing and service industries.

For the purpose of this study, and according to the dominant definition used in Italy, we define small companies firms with less than 250 employees and 50 million EURO; and medium-sized ones those employing up to 500 employees and totalling up to 250 million EUROS' turnover.

15,157 companies were randomly extracted from the AIDA database (by Bureau Van Dijk Electronic Publishing), which contains descriptive data and balance sheets for almost 95,000 SMEs representative of the Italian population by region, range of employees, industries and relevance of family owned businesses.

A questionnaire was mailed to the extracted companies in October, 2000; it was a quite articulated one, composed of 6 sections containing anagraphical data on companies and respondents, as well as information on ownership and governance structure, strategy, performance, and entrepreneurial succession issues.

620 responses were collected through January 2001. The sample is representative of Italian SMEs according to the categories mentioned above: see some syntheses in tables 1 and 2<sup>iv</sup>.

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INSERT TABLE 1 ABOUT HERE

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INSERT TABLE 2 ABOUT HERE

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513 out of the sampled companies (83%) resulted to be family businesses. We defined family businesses as those companies that met at least one of the following requirements: i) 51% of equity or more is owned by the family; ii) family owns less than 51 but controls the company in partnership with friends, other entrepreneurs,

employees; iii) respondents perceive the company to be a family business, whatever the family share.

120 companies out of 620 qualified as feminine companies; of these 109 are family owned. We have defined “feminine companies” firms in which:

- i) a woman plays the role of President or CEO, or
- ii) leadership style is based on consensus and the majority of members of the teams at the top are women, or
- iii) more generally, women represent more than half members of the top management team (leaders + first line).

The definition of feminine company emphasizes the real presence of women in the governance structures and their possibility to influence decision-making processes, as opposed to mere possession of shares. It is quite common in Italian family owned companies that a woman formally owns shares, but delegates governance and management roles to her father or her husband. Feminine companies are in our view the organizational context in which glass ceiling has been removed (Bombelli, 2000) and should therefore be investigated in their governance structure, mechanisms and performance.

## MAIN FINDINGS

Companies in our sample have a 1999 average turnover of 30 million EUROS, 45% of turnover is made abroad. The average number of employees is 70 people, represented by 49 men and 21 women. 8,1% of interviewed people (that is 50) – defined as “head of the firm”– are women. The role of the head of the firm identifies with the entrepreneur in 42,5% of cases, with the president in 33,7%, with the CEO in 30,6%, with the managing director in 12,7% and with member of the Board in 8,2%. 84,9% of interviewed people is married and l’86,8% has children. The average number of children per interviewed person is 2,1, of which 1,1 is a son. The firstborn is a son in 52,5% of cases.

Table 3 describes the features of the sample with regard to ownership and governance structure. The entrepreneurial family owns 78,35%. of equity on average. Apart from 3 cases, all sample companies are not listed at the Stock Exchange.

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INSERT TABLE 3 ABOUT HERE

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A significant number of sample companies has already coped with entrepreneurial succession or is coping with it: table 4 presents the frequency distribution of entrepreneurial generations; in 1,4% of companies there are relatives of the entrepreneur belonging to the fifth generation.

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INSERT TABLE 4 ABOUT HERE

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In 35% of cases, rules regarding the transmission of shares among shareholders are formalized; in 61,5% of the cases pre-emption rights are formalised in the company's statute, while in 5% of cases in side contracts among the shareholders. The right of relatives and/or third parties to take up an option in case of shares conveyance for mortis causa are formalized in the statute in 45,4% of cases and in side contracts in 8,3% of firms.

#### Ownership structure

The companies in our sample have on average 3,7 shareholders, of which 1,27 women; on average, therefore, 37% of partners is a woman. Women shareholders on average hold a little less than 20% of the company's shares. Ten years ago the average was 13% and in 5.9% of the sample the majority of outstanding shares was owned by women. Nowadays, 8.9% of companies considered have the majority of shares owned by women. Women therefore are in a minority position both in absolute numbers and as a percentage of ownership, although their relative weight is increasing. In order to assess what are the antecedents of the relevance of women as shareholders in a company, we have identified (among family owned companies) the following independent variables: size of company in terms of turnover and number of employees, age of company, fragmentation of ownership structure, increase in the number of partners over time, concentration of ownership within the family, involvement of shareholders in company's activity, degree of openness to third parties, rigidity of family patrimony<sup>v</sup>. Multiple regression (Adjusted RSquare=0,374) shows the following results:

- A significant and negative correlation exists between the number of female shareholders and involvement of shareholders in company activity on the one hand and number of employees on the other. Women are therefore shareholders in

smaller companies, in which shareholders tend not to be involved in the company's governance and management. This corroborates our hypothesis that ownership per se is not a sufficient condition to eliminate the glass ceiling.

- A significant and positive correlation exists between number of female shareholders and degree of fragmentation of ownership structure, increase over time in the number of shareholders and rigidity of family patrimony (see table 5). As family businesses evolve over time and new generations owns shares of the company, chances that women might inherit shares increase; the rigidity of family patrimony makes it hard for family members to liquidate some of the partners.

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INSERT TABLE 5 ABOUT HERE

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Data in the previous table suggest that female ownership does not per se grant the removal of glass ceiling; ownership of shares seems to be the consequence of entrepreneurial succession rather than a deliberate decision; if ownership per se does not imply necessarily the possibility for different family members to play an active role in the company, it is important to analyse female involvement in governance and management roles in order to be able to determine whether glass ceiling is more easily removed in family owned businesses.

#### Governance structure

Table 6 shows the distribution of different governance structures in the sample and their evolution over time.

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INSERT TABLE 6 ABOUT HERE

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Over time, governance structures become more articulated; in the companies considered, Board of Directors consists of 4.39 members, of which on average 2.61 belong to the family owner and 21% female.

In 53.5% of the companies analysed, the governance structure is based on consensus rather than on hierarchy; 332 companies are therefore governed by a small group of people (3.4 people on average) sitting at the top and enjoying the same power. In 66.4% of cases, at least one member of the family is part of the board and in 18.3% of cases one of the members is a woman. What drives the presence of women in the

Board of directors (that is to say in the most important governance structure)? Table 7 shows that the number of women in the board of directors is heavily correlated to the number of female shareholders; this is particularly true in non family owned businesses, but is also an evidence for family owned companies.

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INSERT TABLE 7 ABOUT HERE

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#### Management structure

Top management of the companies analysed consists of 3.64 people; in 66.9% of cases, at least one of the top managers belongs to the family owner and in 17.2% of companies it's a woman. Women tend to be more frequent in non family owned businesses. In family owned companies, multiple regression (adjusted R square= 0,275) shows that the number of female managers increases if the CEO is a woman, the higher the number of female shareholders, the higher the active involvement of shareholders in the company's activity and the more rigid the structure of the family patrimony. On the contrary, the number of female managers decreases the higher the number of shareholders in the company. It can be argued that the higher the number of shareholders, the higher the number of male "candidates" for top management positions within family members, that reduces the chances for women to get to the top (Table 8).

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INSERT TABLE 8 ABOUT HERE

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#### Feminine companies

Data shown above confirm the hypothesis that family owned businesses are a more favourable environment for working women than other types of companies; table 9 shows how the incidence of female CEO in our sample is significantly higher in family owned companies. Gender of the CEO discriminates (sig. < 0.05) on the percentage of shares owned by women (today and 10 years ago), on the percentage of women owners on the total of family owned shares (today and 10 years ago).

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INSERT TABLE 9 ABOUT HERE

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At the same time, it is clear how the removal of the glass ceiling is still a slow process in Italian SMEs; female leadership is very limited and – not surprisingly – a very recent phenomenon; female CEOs are more concentrated in the <40 years range.

Ownership of shares per se is not sufficient for the effective removal of the glass ceiling, but is a facilitating factor; women are relatively slowly gaining positions in governance and management roles, which is more likely to happen when there are women among shareholders and when the structure of family patrimony makes it harder to hinder women in pursuing a managerial or entrepreneurial career. This also means that the design of governance structures and mechanisms is crucial in the removal of a glass ceiling within SMEs.

It could be argued that the involvement of women in ownership, governance and managerial positions in family owned businesses may be a “necessary evil”; statistically, it may very well happen that no men are present in the succession line and therefore women gradually build up a role within the company’s top levels. We have identified a subsample of companies in which women are overrepresented in ownership, governance and management roles, in order to assess whether significant differences exist in structure and performance with the average Italian SMEs; the subsample of the so called “feminine companies” is characterised as follows:

- The CEO or the general manager is a woman;
- The leadership style is consensus based;
- There is a predominance of women in the top management group.

Conversely, we have defined all other companies as “masculine companies”. Table 10 shows frequency distribution by type of company.

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INSERT TABLE 10 ABOUT HERE

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Not surprisingly, family owned companies are a more favourable environment to women; 90.8% of feminine companies are family owned, as opposed to 81% of masculine companies. Table 11 shows the ownership structure of the companies in our sample.

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INSERT TABLE 11 ABOUT HERE

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Feminine companies in our sample are characterised by a higher incidence of female shareholders and of female shareholders involved in governance and management

roles. The percentage of shares owned by women is significantly higher than in the overall sample, both ten years ago and today (table 12 and 13). 191 masculine companies – i.e. 38% of the sample – do not have even one female partner, while 80,1% of masculine of companies has maximum one female partner. On the contrary, only 8.3% of feminine companies does not have a female partner, while 82% of feminine companies have up to two female partners; moreover, feminine companies are characterised by an average number of partners slightly lower than their masculine counterparts:84% of feminine companies has at most 4 partners, while 85% of masculine companies has at most 5 partners.

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INSERT TABLE 12 ABOUT HERE

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INSERT TABLE 13 ABOUT HERE

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Literature on female entrepreneurship suggests that female owned companies tend to be overrepresented in some industries (services, retail, elderly and infant care...) and systematically and significantly smaller in size and performance than companies started and managed by men. This somewhat implies a marginal role played by women in entrepreneurial activity, also due to the fact that female owned companies are believed to be set up following negative rather than positive motivations.

In this paper, the construct “feminine company” has a broader and somewhat different scope than that attributed to “female owned entrepreneurial companies”, as it emphasises governance and management as opposed to mere ownership of shares as a sign of removal of the glass ceiling.

Table 14 shows somewhat contradictory results with available literature and common sense.

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INSERT TABLE 14 ABOUT HERE

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Average size of feminine companies is significantly smaller than masculine ones; moreover, feminine companies show a relatively lower willingness to grow. 88% of feminine companies in our sample declare that their market share in the past ten years has been constant or growing, as opposed to 93% of the masculine companies. However, industry distribution shows a very high presence of feminine companies in

manufacturing industries. It does not seem from our study that there are “feminine industries”, rather that there are companies (independently from the industry in which they operate) whose ownership, governance and management structures are favourable to an active involvement of women; from a slightly different perspective, it can be argued that women working in “masculine industries” find it easier to reach top positions when they belong to the family owning the company (Salganicoff 1990).

Data on economic and financial performances are also somewhat contradicting common wisdom. In 1999 family owned companies show average ROS, ROI and ROE levels of 5.25%, 7.14% e 7.44% respectively. Feminine family owned companies show higher than average results, with performance indicators of 6.52%, 7.49% e 8.66% respectively.

Table 15 compares the existence of different governance structures in masculine and feminine companies. Two elements differentiate the two categories: a stronger relevance of family boards in feminine companies, and a higher incidence of non family members in key roles. Feminine companies in our sample are characterised by a higher level of formalization and transparency of governance roles and procedures and for a higher level of openness towards non family members. It is interesting to note that family board is an important governance structure; it is an indicator of awareness of the importance - for a family owned company – of structures regulating the family – company relationship and thus the role of female family members within the company.

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INSERT TABLE 15 ABOUT HERE

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The importance attributed to the family board in feminine companies suggests that in this type of company attention is given to that all family members (independently from their gender) find an appropriate role through a consensus based decision making process. This is particularly important in time of significant institutional discontinuities, as it is the case when entrepreneurial succession takes place.

Companies in our sample have experienced last entrepreneurial succession on average in 1977 for masculine companies and in 1991 for feminine ones. In 33% of cases for both samples, succession has been planned; however, the process has followed quite different paths in the two cases: a consensus based decision making process for feminine companies, while nearly 40% of masculine companies has preferred a rather hierarchical approach (see table 16).

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INSERT TABLE 16 ABOUT HERE

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Even for the future, masculine companies rely on charismatic leaders rather than on consensus based decisions to plan succession; no statistically significant difference has been identified between masculine and feminine companies in terms of the criteria used to identify the successor. For nearly 20% of both samples, governance and management structures for the next generation are made explicit before retirement of the previous governing body and almost 36% of cases has explicitly defined requirements for admission to the ownership structure. In feminine companies, the CEO has already identified his/her successor in a slightly higher percentage than masculine companies (54.3% vs 50.6% of cases). Table 17 shows the current perceptions on future succession decision making process.

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INSERT TABLE 17 ABOUT HERE

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#### CONCLUDING REMARKS

This paper analyses the role of women in a statistically significant sample of Italian SMEs and family owned businesses. We assume that the existence of a glass ceiling implies that women are not in the position to exercise an active role in the companies in which they operate; we also assume that ownership per se does not assure the elimination of the glass ceiling. Literature on the role of women as economic players focuses either on women employed in big corporations (often in managerial positions) and explores career related issues and family – work trade offs, or on female entrepreneurs, analysed in their motivations to set up a company or in quantitative characteristics of the companies they set up. In recent times, literature on family businesses has started to analyse family – work dynamics. We feel that multiple literature streams on the role of women need to converge in a more holistic picture and to overcome the dychotomy of the two models of Equality and Diversity; literature on governance appears to be an interesting unifying approach, particularly the so called stakeholders approach, as it focuses on the assessment of the conditions under which often conflicting expectations of a variety of actors converge to grant the company's survival and prosperity. This is the reason why, in the creation of the construct "feminine companies", we have not just assumed majority of ownership by female

members as an independent variable. After describing the evolution over the past 10 years of the role of women in ownership, governance and managerial roles, the paper aims at identifying governance structures and leadership styles conducive to the exploitation of full potential of all stakeholders, not necessarily females. We share the view that in principle it shouldn't be appropriate to use gender as a variable to discriminate between companies; successful companies should be investigated without emphasising gender differences. However, the striking evidence of the very limited number of women in companies' key positions call for a careful analysis of gender friendly contexts.

Our study confirms some key findings of literature on the working conditions of women. Feminine companies in our sample are on average smaller in size and less prone to grow than their masculine counterparts; they tend to be characterised by a consensus based leadership style. Moreover, family owned businesses are more female friendly (for female family members) than non family owned companies. Still, women are systematically underrepresented (even in family owned companies) in ownership, governance and managerial positions. The methodology used (randomly selected, statistically significant sample, existence of a control group) makes it possible to generalise our findings to the universe of Italian SMEs.

Other results are less consistent with previous results, possibly due to the choice of sample and to the methodology followed in building the construct "feminine companies": there aren't "typically feminine industries" in our sample, and manufacturing companies are overrepresented vis -à -vis previous studies. More surprisingly, comparison on performance indicators shows that feminine companies are on average more successful than their masculine counterparts. The key finding of this study can be summarised as follows:

- women reach top positions in ownership, governance and management roles in companies whose institutional framework is sensitive to differences of roles and expectations of their members;
- the possibilities to effectively remove the glass ceiling are associated to the design of institutional frameworks in which women are able to play an active role in governance bodies; ownership and formal participation per se are not conducive to the removal of the glass ceiling.
- a careful design of a company's institutional framework is associated to good economic performance.

The study identifies contexts in which women are more involved in companies' strategic management processes. We have defined such contexts as "feminine companies". They are on average family owned businesses, with a relatively high level of formalization of governance structures, characterised by a consensus based decision making process, with women on top governance and /or management positions. The existence of a family board and of a consensus based leadership style are critical facilitating conditions for an active involvement of women in granting the company's continuity.

Implications of our study can be summarised as follows:

- Companies, particularly family owned ones could favor female active participation through a careful planning of governance structures and mechanisms; family board seems to be a particularly effective structure in which different expectations can converge and be aligned for the family as well as the company's best interest.
- Breakage of the glass ceiling requires an active involvement of women, not just as co owners but also in governance and management. If their involvement need to be real and not just formal, it is necessary for women to be eager and prepared to deal with the discipline that running a company requires, knowing that consensus based decision may lead to positive results .
- Women pursuing a professional or an entrepreneurial career should ask for a higher level of involvement in governance and management roles, knowing that mere ownership – although very important – does not automatically grant equal opportunities
- Policy makers interested in developing equal opportunities measures should encourage companies to carefully plan their governance structures and women entrepreneurs to pursue growth objectives as a way to grant firm's continuity.

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TABLE 1. Mailing list and sample by range of employees

Range	Mailing list		Sample	
	Number	%	Number	%
From 1 to 10 employees	6.513	43,0%	147	23,6%
From 11 to 20 employees	3.261	21,5%	134	21,6%
From 21 to 50 employees	3.234	21,3%	159	25,7%
From 51 to 100 employees	1.194	7,9%	57	9,2%
From 101 to 150 employees	391	2,6%	37	6,0%
From 151 to 200 employees	200	1,3%	15	2,4%
From 201 to 350 employees	266	1,8%	55	8,9%
From 351 to 500 employees	99	0,7%	16	2,6%
<b>Total</b>	<b>15.157</b>	<b>100,0%</b>	<b>620</b>	<b>100,0%</b>

TABLE 2. Mailing list and sample by macro-industry

Tipology		Mailing list		Sample	
		Number	%	Number	%
Manufacturing	Small	6048	40%	266	43%
	Medium	887	6%	45	7%
Non-manufacturing	Small	6181	41%	242	39%
	Medium	2041	13%	67	11%
Total		15157	100%	620	100%

TABLE 3: The relationship between family and company

	Frequency	%
Family ownership, governance and management	401	64,6
Family ownership, non family governance and management	25	4,0
Family governance and management, non family ownership	16	2,6
Non family business	120	19,3
Total respondents	569	91,6
Non respondents	52	8,4
Total questionnaires	621	100

TABLE 4: Current entrepreneurial generation

	Frequency	%
First generation	121	19,5
Second generation	216	34,8
Third generation	87	14,0
Fourth generation	13	2,1
Fifth generation	9	1,4
Other generation	2	0,3
Total respondents	448	2,1
Non respondents	173	27,9
Total questionnaires	621	100

TABLE 5: Determinants of number of female owners in family owned companies

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1,323	,069		19,251	,000
Ownership fragmentation	,584	,059	,496	9,858	,000
Increase in the number of owners	,305	,058	,258	5,228	,000
Involvement of owners in company's activity	-,261	,057	-,230	-4,543	,000
Number of employees	-1,48E-03	,001	-,133	-2,547	,011
Rigidity of family patrimony	,134	,064	,103	2,095	,037

TABLE 6: Governance structures in Italian SMEs

	Today % of answers	Today % of companies	10 years ago - % of answers	10 years ago - % of answers
Family board	7.9	30.8	8.0	26.9
Shareholder's Assembly	25.7	99.7	29.6	100.0
Holding Board	1.9	7.4	1.6	5.3
Board of operating company	4.3	16.6	4.7	15.7
Executive Board	5.7	22.1	5.5	18.6
President	15.7	60.8	15.8	53.4
C.E.O.	14.9	57.6	11.8	40.0
Sole Executive Officer	7.1	27.6	9.0	30.5
Managing committee	1.7	6.5	1.6	5.3
General manager	6.2	23.9	4.6	15.5
Board of directors	2.2	8.7	1.7	5.9
Third parties in key positions (consultants)	6.7	26.0	6.0	20.3
<b>Total (N.)</b>	<b>2403</b>	<b>620</b>	<b>1781</b>	<b>528</b>

TABLE 7: Determinants of presence of women as members of board of directors

Correlations				Board Effectiveness	Number of female shareholders	Number Of female Board Members
Non family Owned businesses	Board effectiveness	Pearson Correlation Sig. (2-tailed) N				
	Number of female shareholders	Pearson Correlation Sig. (2-tailed) N	,264* ,029 68			
	Number of female Board members	Pearson Correlation Sig. (2-tailed) N	,278** ,010 85	,517** ,000 56		
Family owned companies	Board effectiveness	Pearson Correlation Sig. (2-tailed) N				
	Number of female shareholders	Pearson Correlation Sig. (2-tailed) N	,002 ,975 452			
	Number of female Board members	Pearson Correlation Sig. (2-tailed) N	-,121* ,037 296	,423** ,000 301		

\*. Correlation is significant at the 0.05 level (2-tailed).  
 \*\*. Correlation is significant at the 0.01 level (2-tailed).

TABLE 8: Determinants of the number of women in top management positions in family owned companies

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	,228	,079		2,909	,004
Gender	,689	,163	,236	4,229	,000
Number of female shareholders	,290	,053	,369	5,522	,000
Shareholders involvement In company activity	,258	,051	,283	5,002	,000
Rigidity of family patrimony	,183	,053	,185	3,428	,001
Number of shareholders	-,148	,057	-,164	-2,583	,010

TABLE 9: Gender of CEO

			Non family owned	Family owned
Gender	Male	N°	100	467
		% of row	17.6%	82.4%
		% of col.	95.2%	91.2%
	Femala	N°	5	45
		% of row	10.0%	90.0%
		% of col.	4.8%	8.8%
Total	N°		105	512
	% of row		17.0%	83.0%
	% of col.		100.0%	100.0%

TABLE 10: Incidence of feminine companies

		Non family owned cos.	Family owned companies	Total
Masculine company	N	95	404	499
	% masculine companies	19%	81%	100%
	% fam /non fam owned	89.6%	78,8%	80.6%
	% total	15.3%	65.3%	80.6%
Feminine companies	N	11	109	120
	% feminine companies	9.2%	90.8%	100%
	% fam/non fam owned	10.4%	21.2%	19.4%
	% total	1.8%	17.6%	19.4%
Total	N	106	513	619

TABLE 11: ownership structure

		Female shareholders	Total shareholders	% female shareholders
Masculine companies	N.	433	499	433
	Mean	1.17	3,7	34.5%
	Median	1.00	3.00	20%
	Standard Dev.	4.90	3.05	2.4
Feminine companies	N.	114	120	114
	Mean	1.65	3.46	47.3%
	Median	1.00	3.00	50%
	Standard Dev.	1.24	2.60	0.2

TABLE 12: incidence of shareholders working in the company

		Female shareholders working in the company	Shareholders working in the company
Masculine companies	N.	442	438
	Mean	0.50	2.41
	Median	0.00	2.00
	Standard Dev.	3.39	1.96
Feminine companies	N.	114	113
	Mean	1.14	2.53
	Median	1.00	2.00
	Standard Dev.	1.00	1.71

TABLE 13: % of shares owned

		% of shares owned by women – 10 years ago	% of shares owned by women – today
Masculine companies	N.	438	434
	Mean	10.54%	14.82%
	Median	0.00	0.00
	Standard Dev.	19.37	20.81
Feminine companies	N.	112	114
	Mean	23.94%	36.70%
	Median	6.51	41.00
	Standard Dev.	27.51	27.22

TABLE 14: Size and industry distribution

	Masculine companies	Feminine companies
Turnover 1999 – mean	29 billion \$	23,15 million \$
Total employees 1999 – mean	97	41
Industry		
Manufacturing	40.9%	40.0%
Services	16.8%	17.5%
Constructions	4.0%	4.2%
Minerals	0.2%	0.8%
Transportation	3.8%	0.8%
Distribution	15.6%	15.0%
Retail	8.2%	15.0%
Other	6.4%	6.7%
Total N.	499	120

TABLE 15: Governance structures in masculine and feminine companies

	Masculine companies % of answers	Masculine companies % of cases	Feminine companies % of answers	Feminine companies % of cases
Family board	7,1	27,7	11,7	44,2
Shareholder's Assembly	25,5	99,6	26,5	100,0
Holding Board	2,2	8,6	0,7	2,5
Board of operating company	4,6	18,0	2,9	10,8
Executive Board	6,0	23,2	4,4	16,7
President	16,0	62,5	14,4	54,2
C.E.O.	14,9	58,3	14,6	55,0
Sole Executive Officer	6,9	26,9	8,2	30,8
Managing committee	1,7	6,8	1,3	5,0
General manager	6,6	25,9	4,2	15,8
Board of directors	2,3	8,8	2,2	8,3
Third parties in key positions (consultants)	6,2	24,2	8,8	33,3
Total (N.)	1949	390	452	376

TABLE 16: How last entrepreneurial succession has been prepared

	Masculine companies	Feminine companies
CEO has chosen autonomously his/her successor	37,3%	29,2%
Informal decision process by shareholders (family members)	45,3%	50,0%
Formal decision process by shareholders (family members)	13,4%	16,7%
Other	6,0%	4,2%
Total N.	84	28

TABLE 17: How next entrepreneurial succession has been prepared

	Masculine companies	Feminine companies
CEO has chosen autonomously his/her successor	42,4%	26,3%
Informal decision process by shareholders (family members)	5,5%	60,5%
Formal decision process by shareholders (family members)	1,2%	2,6%
Other	3,0%	10,5%
Total N.	90	32

## ENDNOTES

<sup>i</sup>The quoted study pointed out also that in “Frontiers of Entrepreneurship” (the collection of proceedings from the Babson College Entrepreneurship Research Conferences) only 13 studies out of 227 (that is 6%), which were published from 1980 to 1987, concerned women and minorities. Out of 522 studies, published from 1988 to 1993, only 3% (17 cases) concerned firms which were owned by women and only 7% (35 cases) covered gender related issues.

<sup>ii</sup> For a broader and more comprehensive study on performance of women led companies in different industries, see Anna et al 2000.

<sup>iii</sup> Recent studies questioned the prevalence of evolutionary approaches and pointed out an original combination of strategic and evolutionary approaches and intentional and fortuitous processes (Magatti, Monaci & Ruggerone, 2000). Furthermore, female entrepreneurs seemed to have significant organizational competencies, which partially derive from the competencies and styles useful to cope with the organization of the family context and to manage the double presence.

<sup>iv</sup> For more details about the research methodology, see Gnan & Montemerlo, 2001.

<sup>v</sup>The methodology followed to identify independent variables is described in Gnan & Montemerlo, 2001.

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