

## Women in family-owned businesses in Poland – structural aspects

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### Abstract

*The literature review presented in works on women in business, both empirical and theoretical studies (Al-Dajani, Marlow, 2010; Dajani, in., 2013; Dugan, in, 2008; Dumas, 1992, 1998; Gillis-Donovan, Moynihan-Bradt, 1990; Marshack, 1994) shows the changes that have occurred in recent years in the context of the increasing presence of women in corporations and in family owned businesses. Many authors (Nelton, 1998; Vera and Dean, 2005; Dugan et al., 2008) argue that there is a need for more studies, that will allow to determine the characteristics, professional and personality of women who manage family businesses, as well as their management styles as family owned businesses are backbones of world economies. In many countries, which survey the entrepreneurial families, there are no national statistical surveys about family business and women presence in business. Therefore, the aim of paper is to present the official nationwide statistics regarding women in family owned businesses in Poland. In the paper authors will focus on such aspects as: number of women as family business owners, what is the company's age, values they most identify with in the activity of running a business, how many people they employ, do they want to transfer their company to the family in the next generation?, how profitable are businesses they run?, and what is the scope of theirs family owned businesses?*

**Key words:** family business, women in family owned businesses, official statistics

**JEL Classification:** D22

### 1 Introduction

Entrepreneurship constitutes today the most critical source of economic growth in countries. In most countries, women own about 30% of the total number of small businesses. Since small businesses are the pillar of the economy, entrepreneurship is the growth engine of the economy, and women constitute about 50% of the population, it is important to research businesses and entrepreneurship among women so as to strengthen the economy. The literature review presented in works on women in business, both empirical and theoretical studies (Al-Dajani, Marlow, 2010; Dajani, in., 2013; Dugan, in, 2008; Dumas, 1992, 1998; Gillis-Donovan, Moynihan-Bradt, 1990; Marshack, 1994; Miller, i in., 2003, Hadryś-Nowak, 2014) shows the changes that have occurred

in recent years in the context of the increasing presence of women in corporations and in family-owned businesses. Many authors notice, that the family business context prepares women to the leadership and business initiative (Dajani, Zographia, Collins, Swail, 2013). Some authors (Nelton, 1998; Vera and Dean, 2005; Dugan et al., 2008) argue that there is a need for more studies, that will allow determining the characteristics, professional and personality of women who manage family businesses, as well as their management styles as family-owned businesses are backbones of world economies. In many countries, which survey the entrepreneurial families, there are no national statistical surveys about the family business and women presence in business. Therefore, the aim of the paper is to present the official nationwide statistics regarding women in a family owned businesses in Poland. In the paper, authors will focus on such aspects as a number of women as family business owners, what is the company's age, values they most identify within the activity of running a business, how many people they employ, do they want to transfer their company to the family in the next generation? how profitable are businesses they run? and what is the scope of their family-owned businesses?

### **Female entrepreneurship all over the world**

Business activity differs worldwide in terms of its level and type, but countries with a similar GDP level per capita show similar tendencies. Regardless of the gender, the level of entrepreneurship is significantly higher in groups of countries with low and average income than in wealthy ones. However, gender gap at the level of entrepreneurship is noticeable in all three groups of countries, the biggest differences being typical of countries with high income, though. Generally speaking, men are more willing to get involved in business activity than women, but there are interesting exceptions, eg. in Japan female entrepreneurship is ahead of male entrepreneurship. The greatest participation of women among entrepreneurs as a whole is in Thailand (45,4%), Peru (38,4%) and Canada (34,0%).

Companies run by women include all main industry sectors and fields, which is the case of the companies run by male entrepreneurs. However, the greatest participation of female entrepreneurs is in the fields directed at consumers, followed by processing and business services. The lowest participation is in the mining industry. Attention should be paid, though, no significant differences in women's preferences in the countries with the low or average level of GDP (Gross Domestic Product) and in countries with high level of GDP per capita. Women from the countries with average and low-income more often ran their business activity in the consumer-oriented sector (60,2%) than women from the countries with high income (45,2%). The opposite tendency is observed in terms of the business services sector. Here, women from richer countries ran their business more often than women from poorer or moderately rich countries (6,0%) (Allen et al., 2007).

### **Professional career of women in family companies**

Researchers of family companies suggest, that the specificity of a family business favors the presence of women in business (Hollander & Bukowitz, 1990) offering them independence and access to potentially better posts (Salganicoff, 1990) including the leadership and management ones (Daily, Certo, & Dalton, 1999). What is more, work in a family company means also more elastic working hours and schedule, higher security of work (Salganicoff, 1990) and possibilities of development and promotion (Lyman, 1991)? According to the research (Edlund, 1992; Salganicoff, 1990), women "humanize" working environment. They are becoming "transmitters" of the family culture to the enterprise (Hollander & Bukowitz, 1990), what can result from their

natural tendency to share, showing respect and pursuance to cooperation (Sillars, 1995). The life of women has organized “around” the life of the family, while the life of men goes around the work (Gillis-Donovan & Moynihan-Bradt, 1990). Women working in a family enterprise show loyalty towards both a family and a company, concentrating on the individual needs of all members of both subsystems of a family company. From the viewpoint of family business, this duality can occur crucial (Salganicoff, 1990). Those characteristics allow to state, that women in the family companies support, solve problems, sooth conflicts, endeavor to maintain a family unity and a harmony between a family and a company (Salganicoff, 1990). Despite the fact, that women often are taking informal roles, they still have the power and an influence on what happened in the family business (Gillis-Donovan & Moynihan-Bradt, 1990). Calas and Smircich (1993) note, that the presence of women in the business can be very profitable. Thanks to their different perspective can occur, that the employees, which were before ignored can be noticed. Women have also a special talent for making “more from the less” (Calas and Smircich, 1993).

Moreover, the family companies are thought to be the perfect workplaces for women, because give elastic work hours, which helps reconcile professional and house duties, ex. taking care of babies (Dumas, 1992, 1998; Frishkoff, Brown, 1993; Haynes, Avery, Hunts, 1999). Moreover, an employee in the family enterprise gives an opportunity to work in the areas considered “masculine” ex. car industry or construction. A family business gives also a feeling of security of an employment and satisfaction of working for themselves and their family, at the same time supporting the environment. On the other hand, Godfrey (1992) suggests, that a family company can be a sort of “testing ground” for businesswomen and it will allow to prepare themselves for the professional contact with the client, investors, as well as with the employees. According to Salganicoff (1990) family, businesses are one of the few areas that offer real opportunities for women to reach the top positions in the industry, such as the president, vice-president, board member, director, etc. Dumas (1998) claims, that a woman managing a family business can have a positive influence on the next generation of women, that would work in the family business. In turn, Allen and Langowitz (2003) conducted a study, in which they compared family businesses run by women and these run by men. The researchers noted, that the choice of a woman for a successor is crucially affected by whether in the present structures already is a woman. In 31% of the family businesses run by women for a successor were chosen also women, in comparison to 7% of successors in the businesses run by men. Rowe and Hong (2000) claim, that women are more willing to join the family business because they already had professional experience, the firm is medium or large and also in the case of health problems of the husband. Dumas (1998) in his study undertook the analysis of the participation and leadership roles of women in the family business. The aim of this study was to determine what paths of career choose women in their path to the leadership in family business, what factors impact the selection of those paths, and what attributes are both women and businesswomen to manage the family business. Dumas conducted the interviews with 702 women, which at the time of the study were working in the family businesses, took the managing positions or were potential successors. An interesting result of this study was, that those women had a crucial impact on the family enterprise management despite, that they had almost no ownership of the company. Based on the study, Dumas proposed a model of the path/ way to the participation and leadership women in the family business. The researchers identified three phases, stages of women’s “life” in the family businesses: “introduction”, “path to participation” and “path to leadership”. “Introduction” is an initiation, begins in the early childhood and lasts until the moment when a woman decides to join the family company. For all this time a daughter learns about both family and business values, discovers how the company operates, and over time more and more

involved in the life of the company. At the same time, she acquires a technical knowledge and also interpersonal and management skills. Dumas believes, that this period provides an excellent opportunity for long-term training in the direction of future work. The more positive experience of the time of “introduction”, more possible, that the woman decides to work in the family company. When it comes to the stage of “path to participation”, the author identifies four paths: setting up a business, starting from an unimportant issue and actions to increase the levels of responsibility, starting right from the managerial positions or work on special, commissioned projects. The last stage is “path to leadership”, which largely depends on the family and the situation of the company. For women, the factors motivating to take the “path of leadership” our sense of real opportunity and the possibility to gain the power (especially, if similar possibilities are limited outside the family company) and also able to use acquired during an education knowledge and skills. As it was mentioned, very important factor affects a woman’s path of leadership is the factor connected with the family. For example, illness or death of the company founder, departure from the company one of the family member or lack of brothers. The factors resulting from the situation of the family company may occur, ex.: a moment of serious crisis or rapid growth, or any other situation where additional help would be needed.

## **2 Polish family businesses owned by women**

### **Methodology**

In February 2015, the Institute of Family Business launched the project "Statistics Family Business". Funding for the project comes from a grant awarded by the European Commission (692654-18 / 12/2015).

Contracting entity is the Executive Agency. Sector of small and medium-sized enterprises (EASME). The project is implemented under the Programme for the Competitiveness of Enterprises unattended and SMEs (COSME) 2014-2020 adopted by Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013. Institute for Family Business is the coordinator of the project in Polish. The project is implemented also in Bulgaria, Italy, Denmark, Finland, the Netherlands, and Malta. Completed so far in Poland partial surveys of family businesses are based on methodologies of researchers from countries with a long history of family entrepreneurship. The difficulty of comparison shows, however, from the fact that in different countries and in different studies use different definitions of the family business.

The main goal of the research was to develop statistics of family businesses in Poland. To face the problem of ambiguity in defining the term "family business" on the one hand, on the other hand, determine the number of family businesses in Poland, the research group made the following assumptions:

- 1 Adaptation of Sten’s definition and typology of family-owned businesses
- 2 The research entity: owner, co-owner, manager
- 3 The research method: CATI
- 4 The research tool: questionnaire coupled with a Microsoft Excel spreadsheet (setting 8-minute call). The questionnaire included: questions on a dichotomous scale and open-ended questions and metrics (to assist the classification and typology)

Diagnosis included:

- The share of family businesses in the total number of companies in Poland

- The share of family businesses with the following categories: size, age, ownership, organizational form, and industries
- attitudes toward business
- The range of family activities
- expansion to foreign countries
- participation of women as owners of family businesses
- participation of women as board members
- the time the succession process

Statistical data developed in the project provided valuable information for the understanding of the processes, needs, and development of family businesses in Poland. Moreover, they can be used to develop the strategy changes in the legal conditions for the regional and national level, improving access to markets and, consequently, contribute to job creation and growth of the SME sector.

As it was mentioned before, the main objective of the study was to diagnose the numbers and assess the functioning of family businesses in selected areas in Poland. The choice of method and design of research tool require bringing specific objectives, which are formulated as a task:

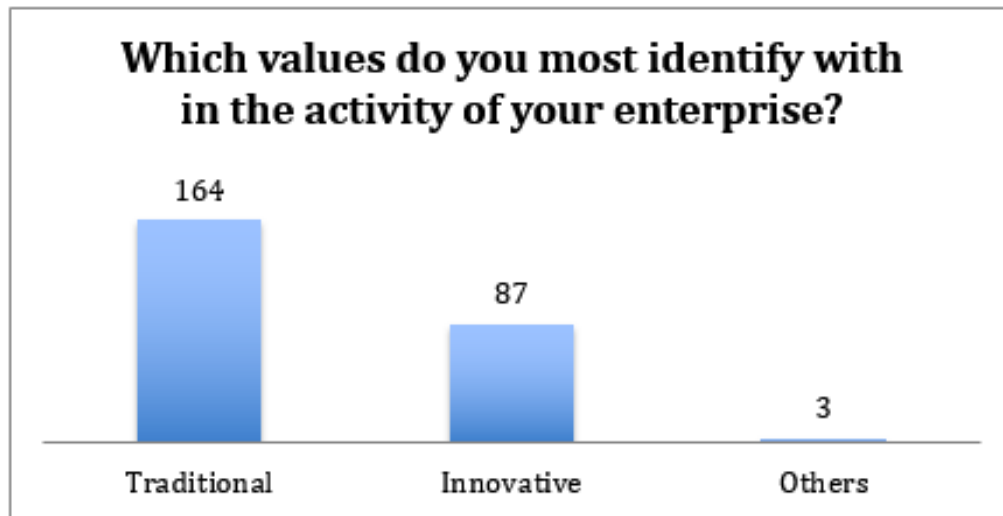
- gathering statistics on the size, age, sector, region, legal form, the gender of the owner
- evaluation of the results of the dynamics of finance development in 2016 compared to 2014
- assessment of employment growth in 2016 compared to 2014
- evaluation of business attitudes
- level of succession processes
- comparing groups of family enterprises according to different criteria

The research method was CATI: Computer Assisted Telephone Interview. In interviews conducted by this method interview with the respondent is run by the phone. The interviewer reads the questions and the responses recorded using previously developed script computer. The process of telephone interviews was carried out by pollsters hired by the partner: Centre for Research and Statistical Education GUS (Główny Urząd Statystyczny – Central Statistical Office of Poland).

The study population was estimated at 2 million 300 thousand companies. The sample was estimated at 2,000 enterprises, at the assumed minimum sample of 1,884 units of the accepted parameters: confidence level of 0.99; the fraction size of 0.5; received the maximum error of 0.03; the distribution layer 95% of micro, small 3.2%, 1.6% and 0.2% medium-high. It was founded during the test June-August 2016 study was conducted on a sample of 2,291 individuals.

### 3 The structure of polish family businesses owned by women

Graph 1 Which values do you most identify with in the activity of your enterprise?



Source: own elaboration

As we can see from above graph family businesses owned by women are driven by traditional values where family, loyalty cooperation rather than competition counts.

How do you assess the financial standing of the company, defined as the financial result/ profit of the company in 2015 in comparison with 2014?

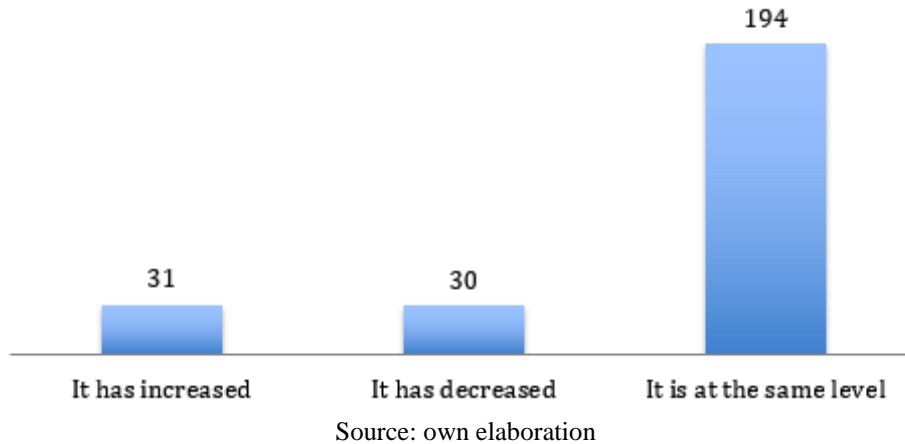
Graph 2 Financial standing of the company.



Source: own elaboration

How do you assess employment in the company in 2016 in comparison with 2014?

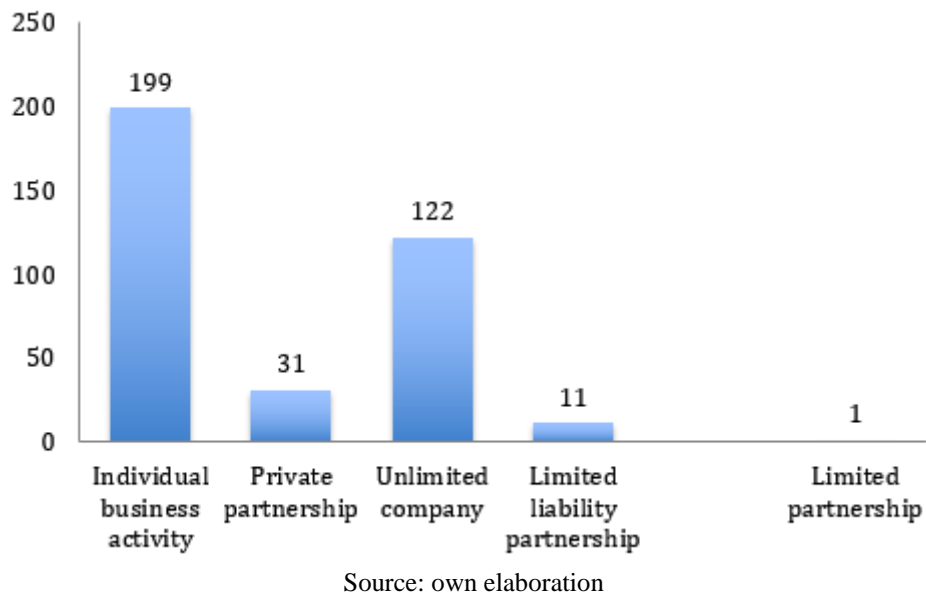
Graph 3 Employment in the company

**Employment in the company.**

Above two graphs allow to say that women in doing business value stable and sustainable development.

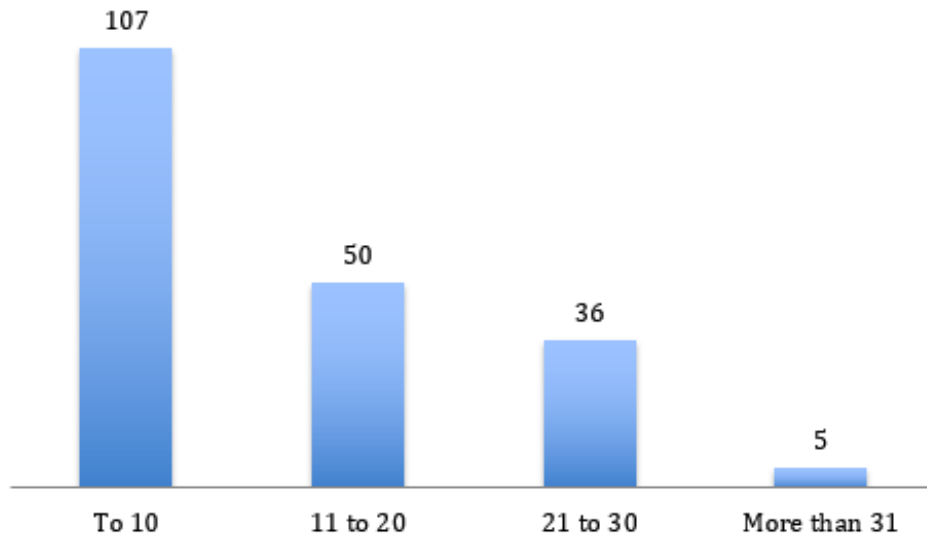
Please define the legal form of the company.

Graph 4 Please define the legal form of the company



Number of employees

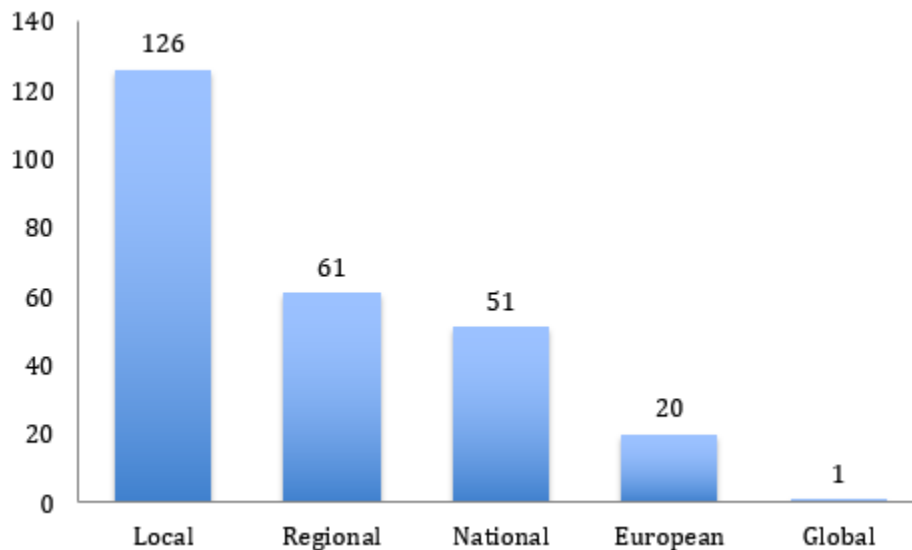
**Graph 5 Number of employees**



Source: own elaboration

Please evaluate the scope of the conducted activity.

**Graph 6 Please evaluate the scope of the conducted activity.**



Source: own elaboration

Above three graphs show that the women's businesses are mainly small companies conducted as individual business activity and they employ to ten people and they are locally oriented. What is in line with research results mentioned in theoretical part of the paper.



## 4 Conclusions

It could be concluded that the statistics reflect the process of intensive social and educational transformations. Although women constitute lower rate of entrepreneurs in comparison to men, in many countries, also those with the worse economic situation and lower level of growth, they play an active part in the economic growth and development. It is also noticeable that female entrepreneurship is influenced by education and social transformations in highly-developed countries of Europe and North America. This study focuses on presenting first official statistics of family businesses in Poland, especially selected results of women owned family businesses in Poland. Owners family-owned businesses in Poland are men in majority (69%), however, women own 1/3 of the businesses. This corresponds to trends worldwide, where women as firm owners are in minority. The legal form of the company is mostly an individual business activity possibly with some other family members working in the company. Polish family businesses owned by women are small businesses with number of employees to ten persons employed. The scope of the conducted activity is mainly local or regional. Although women owners are guided by traditional values, both employment and financial results remain unchanged from the previous years.

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