

Female vs. Male Family Business Owners: Exploring The Differences Through A Trust/Distrust Framework

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Abstract

Family business research has neglected the female family business owner. In this paper I review diverse literatures from family business to feminist theory. Using a trust/distrust framework, I propose differences between female and male owned family businesses.

Introduction

One of the main issues in family business is the interplay between family and business. The juggling act that many in family businesses maintain is to keep their work and home separate when they are in fact greatly intertwined. Conflict erupting can flood from one to the other. Recently, Lewicki, McAllister, & Bies (1998) suggested that trust and distrust were different dichotomies. This multidimensionality may help explain how men and women operate differently in order to keep this conflict from flooding across work/family boundaries.

Within the family business literature, one area that has been greatly overlooked is that of the female family business owner. Gender studies are just starting to emerge in family business (Cole, 1997; Harveston, Davis, and Lyden, 1997). In a review of 57 empirical articles on women business owners (not necessarily family business), Brush (1992) found a lack of rigor in that a majority used convenience samples and 22 did not state a theoretical base for the study, although she noted a trend toward more rigor in recent studies. Studies on individual characteristics found more similarities with men than differences, however, the psychological instruments employed by the researchers were developed from research on male samples.

Yet, women are becoming more important in the workforce and the economy. The rate of women starting and owning their own businesses has increased in recent years. From 1982 to 1987, the number of women-owned firms increased by 57.5% - more than twice the rate of all U.S. businesses during that time. From 1987 to 1992, the number of women-owned businesses increased 43%, more than one and one-half times the rate for all U.S. businesses. In 1992, the most recent census information available, women-owned businesses were 33% of all firms; including 25% of all C corporations. These over 6.4 million firms employed over 13 million persons and generated \$1.6 trillion in business revenues. According to estimates by the National Foundation for Women Business Owners (1996), women-owners will account for almost 8 million businesses in 1996, almost 1/3 of all businesses.

Women are rapidly entering the business world. As we look toward the future, we can recognize women as valuable resources (McClendon & Kadis, 1991) which may have even greater potential within the family business (Hollander & Bukowitz, 1990).

In this article I integrate literature streams from organizational behavior (conflict and gender), family business, and feminist theory to develop a model to describe differences between female-owned family businesses and male-owned family businesses and the impact of those differences.

Family Business

Family firms are unique and valuable and deserve to be studied. They have been found to be more profitable (Daily & Dollinger, 1992, McConaughy, Mendoza, & Mishra, 1996); provide better customer service (Lyman, 1991); more likely to have a commitment to the community (Dunn, 1996, Post, 1983); provide a professional background for children in the family (Dean, 1992, Wong, McReynolds, & Wong, 1992), and are positioned well for the 20th century (McClendon & Kadis, 1991). Aronoff & Ward (1995) suggest family business as a model for the future due to their commitment, values, and culture. Yet research in family business still has huge gaps. Specifically in the area of family dynamics, the research is so sparse that Gersick (1994) concluded that the seminal work in this area was still ahead of us.

Definition of Family Business

Due to disagreements among researchers on the definition of family business, one must be clear how family business is defined (Handler, 1988, 1989). Alternative definitions (Handler, 1988, 1989) include ownership/management (Barnes & Hershon, 1976, Barry, 1975, Dyer, 1986); interdependent subsystems (Beckhard & Dyer, 1983, Davis, 1983); generational transfer (Churchill & Hatten, 1987, Ward, 1987); and multiple conditions (Donnelley, 1964, Rosenblatt, de Mik, Anderson, & Johnson, 1985).

The nature of family business is the interaction of family members within that business. Therefore, for this paper, I will use a modified form of Rosenblatt's et al. (1985) definition. "Any business in which the majority ownership or control lies within a single family and in which two or more family members are ... directly involved in the business" (p. 4-5).

Theory Development and Propositions

To build a model I used the recent work of Lewicki, McAllister, & Bies (1998) as a framework to incorporate and explain the differences between female and male-owned family businesses. I reviewed the family business literature as well as the conflict literature, gender literature, and feminist theory.

From the family business literature, there is reason to believe that family businesses handle conflict differently than nonfamily businesses (Kaye, 1991), however, little has been done to study the methods that families use to manage conflict (Dyer, 1994). Numerous authors indicate that managing conflict is important to the success of a family business (e.g. Churchill & Hatten, 1987, Dyer, 1994, Goldberg, 1996, Harvey & Evans, 1994, Kaye, 1991, Kets de Vries, 1993,

Rosenblat, de Mik, Anderson & Johnson, 1985, Seymour, 1993, Ward, 1988), however, conflict in family businesses has not been explored in great depth. Dunn (1995), in a study of Scottish family enterprises, found that one criteria for a successful family business was good family relationships.

Some studies suggest that families either accept conflict or find little conflict (Dean, 1992, Lyman, 1991). Others find that families with participation, i.e., two or more family members in the business, experience more work-family conflict (Boles, 1996) or business-family conflict (Lee & Rogoff, 1996). In their survey of 231 small business firms, Lee & Rogoff (1996) found that businesses with family participation experienced more conflict but that conflict was well managed.

Shared Goals and Cooperation

In the conflict literature, conflict can be viewed as both “an enemy and a friend” (Van de Vliert, 1997, p. 208). Individuals who believe they share the same goals are more likely to cooperate using constructive controversy which then leads to improved productivity and efficiency for the organization. Individuals who believe that their goals are different tend to compete which results in close-mindedness and ineffectiveness for the firm (Tjosvold, 1993, Tjosvold, Dann & Wong, 1992).

Tjosvold, Dann, & Wong (1992) used goal interdependence to analyze specific conflicts. They found that cooperative goals and open discussion led to effective use of resources, and task completion. Common tasks and shared vision led to employees believing their goals were positively linked which led to cooperation. Employees who believed their goals were negatively linked tended toward competitive behavior.

Tjosvold (1993) found that constructive controversy and other promotive interaction were a part of cooperative goals that led to strengthened work relationships. His study provided a descriptive understanding of cooperative, competitive, and independent goals; their interactions and outcomes. Constructive controversy involves open-minded discussion integrating ideas and resources.

Cooperative Networks

Brush's (1992) review of empirical research on women business owners revealed differences between men and women in work experience and education. Studies on the organizational characteristics of women-owned businesses revealed these to be predominantly service-oriented, small, young, and more often a sole-proprietorship. Women's management style was described as more feminine and participative. Brush (1992) suggests a new perspective on women-owned businesses. She suggests that women see their businesses as “cooperative networks of relationships” in which the business is an integral part of a woman's life rather than just a separate economic unit. This relationship network leads us to the feminist perspective of the partnership or relational model.

Dominator vs. Relational Model

From the feminist literature we find two basic models of society; the dominator model and the partnership model (Eisler, 1987). In the dominator model, ranking exists in which part of humanity ranks higher than the other. In the partnership model, diversity is equitable, based on a principle of linking rather than ranking. In this move toward a partnership society, one area that needs to be addressed is how we view conflict. Based on Miller's (1976) work, Eisler (1987) suggests that; "as individuals with different needs and desires and interests come into contact, conflict is inevitable. The question ...is how to make conflict productive rather than destructive" (p.192).

Trust/Distrust Framework

Lewicki, McAllister & Bies (1998) propose that trust and distrust are separate constructs which can occur simultaneously within relationships. The social context and relationship dynamics play a role in creating these multidimensional constructs. For instance, Lewicki, McAllister & Bies (1998) suggest the concept of "bandwidth" to describe the scope and breadth of the interpersonal relating. Their 2 x 2 framework addresses both low and high trust as well as low and high distrust. High trust is characterized by hope, faith, confidence, assurance and initiative. Low trust is the absence of these. High Distrust is characterized by fear, skepticism, cynicism, wariness, and vigilance. Low distrust is the absence of these.

The low trust/low distrust cell is characterized by a relationship with low bandwidth, for example an acquaintance relationship. Within a family business in which members of the family have both family and work connections, there would most likely be many facets of the relationship leading to a high bandwidth. Therefore I am not using this cell in my model.

The low trust/high distrust cell is characterized by assuming harmful motives, paranoia, and preemption. The authors see this cell as "an uncomfortable condition for sustained working relationships" (Lewicki, McAllister, & Bies, 1998, p. 447). Thus, although it would be possible for a family business to fall into this cell, it would probably not last long or could be categorized as dysfunctional. I will focus on the functional family business and thus will not use this cell in my model.

The high trust/low distrust cell is characterized by high value congruence, promotion of interdependence, pursuit of opportunities, and new initiatives. The parties here share common objectives and have experienced a large number of positive experiences with each other.

The high trust/high distrust cell is characterized by segmented and bounded relationships, opportunities pursued but vulnerabilities monitored. A "trust but verify" relationship. The parties may have some shared objectives, but have separate objectives as well.

Table I

Integrating Trust and Distrust in Family Business

	Female Family Business Owner	Male Family Business Owner
High Trust	Relational Model ↓	Dominator Model ↓
Functional Family Model	Cooperative Behavior exhibited by “Ethic of Care”	Competitive Behavior exhibited by “Ethic of Justice”
	Low Distrust	High Distrust

Differing Paradigms

Within this framework then and integrating the above literatures, I propose that female and male owned family businesses are different. That the dominator model falls within the high trust/high distrust cell, and the relational model falls within the high trust/low distrust cell. Brush’s (1992) work suggests that women have a more integrated life framework rather than the compartmentalized male version. This leads then to the following:

Proposition 1: Differing paradigms exist for female family business owners than for male family business owners.

Proposition 2a: Female family business owners will use a partnership, or relational model.

Proposition 2b: Male family business owners will use a dominator model.

Several studies have been done on gender and leadership style (Bass & Avolio, 1994, Eagly & Johnson, 1990, Edlund, 1992). In a meta-analysis of 162 studies in the literature, Eagly and Johnson (1990) concluded that the main differences between women and men on leadership style is that women tend to be more democratic or participative than men. Bass & Avolio (1994) build on this and suggest that women’s leadership style may fit better with current organizational

trends like work teams, consensus decision making, and empowerment. They used the Multifactor Leadership Questionnaire (MLQ) which is a measure of transformational leadership to compare men and women managers. Five hundred eighty two men and two hundred nineteen women evaluated their direct manager using the MLQ. The Fortune 500 managers evaluated consisted of 150 male and 79 female managers. They found that women are perceived as transformational leaders more often than men.

Edlund's (1992) study was based on middle and upper management women in city and county governments. She used 850 questionnaires as well as a few interviews with the women singly and in groups to examine feminine leadership style. She found in areas like interpersonal relations, decision-making, and work delegation that women have a unique leadership style. This style is expressed in the ways in which they manage both work and employees.

Thus, perhaps we can say that the dominator model seems to be present in male-owned family businesses, which then tend toward more competitiveness; while women-owned family businesses use the partnership model tending toward more cooperative behavior.

Using the trust/distrust model, I propose that the linking function of the relationship model incorporates aspects of the high trust/low distrust cell. Shared common goals, mutual interdependence, and high value congruence represent both, leading to the following:

Proposition 3a: The partnership or relational model will incorporate high trust and low distrust.

Ponthieu & Caudill (1993) isolated the major factors that are important to a relationship: equality, independence, trust, and confidence. Equality refers to sharing responsibilities for both work and home. Independence describes the autonomy the partners have in decision making. Trust refers to the mutual trust the partners have in one another's autonomous business decision making. Confidence describes the partners' confidence in their own and the other's abilities in interchanging and fulfilling responsibilities.

The high trust/high distrust cell contains a bounded relationship, consisting of both one's own objectives and some that are shared with the other. I propose that the dominator model which incorporates the idea of ranking, would be representative of this "trust but verify" position, leading to:

Proposition 3b: The dominator model will incorporate high trust and high distrust.

Women's Different Voice

One of the few studies that has looked at females in family business is Dumas' (1989) study of the father-daughter relationship (Dumas, 1989). Dumas (1989) studied father-daughter dyads and compared them with the literature on father-sons. Using a naturalistic inquiry method (Lincoln & Guba, 1985), she found three constructs that support the father/son literature and four

new constructs. The three constructs that supported the father/son dyad literature were (1) role carryover, (2) identity, and (3) primogeniture. First, she found that both sons and daughters share a role carryover with conflict and ambiguity....are they the employee or the child? Second, they also shared their difficulty in establishing their own sense of identity. Correll (1989) noted his own difficulty as a third generation successor in differentiating himself from the family and defining his own dream. Third, the concept of primogeniture was alive and well even with daughters as successors. The oldest son is first considered (and sometimes the only one considered) as a successor.

The four new constructs she found were (1) triangulation including a male manager, (2) triangulation with the mother, (3) "caring" motivation, and (4) no voice. New constructs and insights she found include two types of triangulation struggles; one between father, daughter, and male manager; and the other between father, daughter, and mother. In triangulation, the daughter competed with either a male manager or her mother for her father's attention. She also found that the primary motivation of the daughters was to care for both their father and the business. Also, in some cases, the daughters had no voice - - they passively accepted their position. Dumas (1989) suggested that daughters and sons may need to use different conflict resolution strategies.

Given Dumas (1989) work, many questions are yet unanswered. Since daughters are different in so many ways from sons in family business, perhaps mothers may be different from fathers in operating a family business. Role carryover, and identity conflicts may be handled differently when it is a women working with her offspring. The "triangulation" conflicts and conflicts of "no voice" might not be present in a women-owned family business. Also, the daughter's "caring" motivation might extend to a women-owner of a family business. This leads to the following:

Proposition 4a: Female family business owners operate from an "ethic of care."

Proposition 4b: Male family business owners operate from an "ethic of justice."

Gilligan (1982; Hekman, 1995) in three studies examined perceptions of self and morality as well as experiences with conflict and choice. She found that because women construct the moral problem differently than men, they were unable to reach the highest stages of moral development as construed by Kohlberg (1981). She suggests that the assumption of a single mode of interpretation, that of the ethic of justice, stems from a lack of recognition of the different reality of women's lives. She posits two different modes for a more complete and complex picture of human experience: the ethic of justice, which stems from the idea of equality; and the ethic of care, using the idea that no harm should be done. From this "different voice," Gilligan describes women as equals in the moral sphere, not the inferiors Kohlberg describes them as (Hekman, 1995). This description by moral development theorists was due to the failure of women to fit existing models of moral development.

Impact on Family Relationships

Proposition 5: Family relationships in a family business would be impacted by these different paradigms.

In Salamon & Lockhart's (1980) study of succession in farm families, they found that how the farm elder handled certain prerogatives that came with the control of the land affected the quality of their relations with family, specifically intergenerational relations. It was viewed as a type of exchange process in which the elder dealt out resources in order to enhance his family position. The farm elders who maximized this exchange game experienced social integration with the family, while those who did not, experienced alienation. A composite of two extreme types were (1) the honored and respected elders who maintain warm interactions and are involved in the family business with their children, and (2) the isolated and lonely elders who retained autocratic and disinterested control over the family business.

Proposition 6: The nature of conflict within the family and the business will be different for female vs. male owners.

Fisher, Reuber, Dyke (1993) in a large random sample of entrepreneurs found few differences between men and women on areas of education and business motivations, although women had less experience in managing others, helping in business start-ups or working in similar firms than men. However, although women's businesses tended not to perform as well on measures of size, there were few differences on business effectiveness measures of growth, productivity, and returns. The authors suggest that women may have ways to compensate for their experience deficits that is still unknown. Perhaps the way they compensate is through cooperative behavior rather than competitive behavior.

By sharing the same goals they are more likely to cooperate using constructive controversy leading to improved productivity and efficiency (Tjosvold, 1993, Tjosvold, Dann & Wong, 1992). Individuals with differing goals and objectives tend to compete leading to close-mindedness and ineffectiveness for the firm.

Discussion and Implications

In this paper I have created a model in which I suggest that women and men operate differently in a family business. This perhaps should come as no surprise. After all in many ways women are different than men. Women even construct moral problems differently than men (Gilligan, 1982). However, the literature in family business has been mute on the subject of female-owned family businesses.

What are some of the implications of these differences? Perhaps the greatest is that we can learn from the strengths of each other. Women have for years been emulating men in the workplace. Now, perhaps we can see an area where it might be beneficial for men to emulate

women. The partnership model has been shown in history to lead to a better society (Eisler, 1987). Women tend to humanize the workplace through the way they manage employees and the work involved (Edlund, 1992). And positive organizational performance (Bass & Avolio, 1994) occurs due to a female manager who is a proactive role model, both trusted and respected, who shows concern for individuals.

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