EXPORTING FAMILY FIRMS IN SPAIN: THE ROLE OF WOMEN

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Abstract

In this study we have focused on the export activity of family firms, to see if women in governance positions have a positive effect on it. In order to clarify these effects, we have divided such positions in three different roles: ownership, boards of directors and the executive management. Data were collected from System for Analysis of Iberian Balances database (SABI) and the Spanish High Council of Chamber (SHCC) website to build a sample of Small and Medium Sized Spanish firms with some exporting activity between years 2000 and 2011. Our results suggest that female executive managers are less risk-averse and more growth-oriented than female owners and directors. Also, family firms show a worse export activity behaviour related to the number of countries and to the exported volumes than family firms. Since family SMEs play an vital role in both, the national and international economies, this study draws attention to the importance of the presence of women in government bodies in search of other markets, as internationalization is a key strategic decision for them.

Keywords: Gender, SME's Corporate Governance, Exporting Activity

1. INTRODUCTION

Family firm is the predominant form of private business in industrial capitalism, they account for more than two-thirds of all companies around the world. Nevertheless, despite their importance to the economy, there are still many aspects to be studied, especially when associated with gender.

Society is becoming aware of the importance of the incorporation of women to management positions. This is well reflected in the proposed European Directive to improve the gender balance on boards, adopted by the European Commission in late 2012[6]. However, much remains to be done in order to achieve a real parity.

In general, women have more difficulties than men in developing managerial careers. In most countries women are still responsible of family tasks making impossible for them to reach to management positions. Besides, so few women reach governance responsibilities that there is a lack of female leadership models that encourage other women to follow. It is necessary to increase the visibility of female role models.

The quotas imposed by the countries have not achieved the expected results. It is desirable that both, firms and women, are willing to solve this situation. To do so, literature has tried to demonstrate the benefits of having women taking decisions. In general, they are both ethical and economical (Walt and Ingley, 2003).

Women managers provide organizations with added knowledge and flexibility as well as cultural insight, understanding, and sensitivity critical to serve the needs of new markets segments (Cox, 1994).They also exhibit different leadership styles compared to men (Eagly *et al.*, 2003).

Following these arguments Hambrick, Cho and Chen (1996) suggest that more diverse teams benefit from the different perspectives and skills provided by individuals with different backgrounds and experiences. Other researchers suggest that heterogeneity in management teams is especially important when making complex strategic decisions, like internationalization (Boome *et al.*, 2004; Carpenter and Fredrickson, 2001; Naranjo and Hartmann, 2007).

With this study we want to focus in a strategic aspect for SMEs and especially for Family SMEs, like export activity. Internationalization is a key strategic and risk taking decision (Lazarra-Kintana *et al.* 2007). It is also strategic the design of corporate governance structures because is directly related to the competitive advantages that the firm needs to exploit.

Joining these ideas, the aim of our study is to examine the relationship between women in managerial positions and firm's exporting activity.

To analyze this issue we have selected a sample of Spanish firms with some exporting activity between years 2000 and 2011.

Spain is an interesting case study with regard to the characteristics of Exporting Family SMEs for several reasons. First, in Spain nearly 98% of the firms are SMEs, so it is important to consider their corporate governance performance. Second, many of these small companies have had to deal with the crisis seeking for foreign markets to survive and to be more competitive. Finally, Spain has Good Governance Codes in force only for listed

[6] Proposal for a Directive of the European Parliament and of the Council on improving the gender balance among directors of companies listed on stock exchanges and related measures. http://data.consilium.europa.eu/doc/document/ST-16300-2014-INIT/en/pdf

companies, so we understand that there must be studies to encourage policy-makers to regulate good governance for SMEs (Barroso et al., 2011). In fact, the ICA (Institute of Directors-Administrators) has elaborated a Good Governance Code7 of SMEs based on the existing regulation for listed companies.

Data were collected from two databases: i) financial, governance and accounting information was obtained from System for Analysis of Iberian Balances database (SABI)[8] while export variables were extracted from the ii) Spanish High Council of Chamber web page[9] for twelve consecutive years, during the period 2000 to 2011.

The information of exporting activity available at the Spanish High Council of Chamber comprises only 297 firms as it is no mandatory to provide this information. Once we get the exporting firms, we had to cross information with SABI in order to obtain financial and corporate Governance information. This has result in a complete original database created ad-hoc for this study.

The period covered is 2000-2011; however, the number of years available for each company depends upon the company's history; therefore, the data source is unbalanced and comprises 266 companies for a total of 3,039 observations, after having deleted firm/year cases with missing values. It is important to say that the firms may be non-exporters for several years.

Available data includes:

- Company identification, name, industry sector (Global Industry Classification Standard (GICS);
- Fundamental financial data.
- Corporate Governance Information.
- Economic data, mainly exporting information, namely: number of countries to which the firms exports, four levels of exporting volume.

We have observed an uneven regional distribution. Exporting family firms of the simple are predominant in Catalonia, Madrid, Andalusia and Valencia.

The companies have been classified in family and non-family businesses. There is no concise, measurable and widely accepted definition of family business. Nevertheless, literature agrees that what makes a family business is to consider the family involvement in ownership and management. In this study we consider that a company is a family firm when a family has the voting control (more than 50% of shares) and the majority of ownership (Calabrò and Mussolino, 2013).

2. FAMILY FIRMS

The importance of family businesses to the global economy is undeniable. They account for more than two-thirds of all companies around the world and 50%–80% of employment in most countries.

According to the Spanish Family Business Institute, family businesses account for 85% of the Spanish business sector, 70% of national GDP and 70% of employment in the private sector. The majority of family businesses are Small and Median Enterprises (SMEs) but this is because in general, the majority of firms are SMEs (98% in the case of Spain).

Family businesses are different than non-family businesses in terms of values, goals and strategic behavior and the reason is none other than family is involved. This is mainly due to the fact that these two types of companies differ basically on who holds the decision-making power. Family-controlled firms will cause major family influence on the objectives and strategies of the organization.

Many empirical studies have examined whether there are significant differences in economic, financial and social outcomes among family and non-family companies. The main conclusions of these studies indicate that the average return of family businesses is higher, they also observe in the financial structure of family firms a debt aversion and higher operating results. (Pindado et al., 2011)

In general, family firms are smaller than non-family firms (Chu, 2009). Small companies can maintain a better connection between family and business, it is likely that the potential benefits of family businesses are better reflected in these firms. Maintaining control and risk aversion are other characteristics of family firms that influence the capital structure and funding decision and, as a consequence, determines the size of the company.

The sample we have selected for this study shows these characteristics:

Family firms are numerous

Family businesses account for 60% of the total cases. The median and mode statistics are set to 1 (the most probable value and leaving the same probability on both sides). This means that most of the observations are family businesses.

Family firms are smaller

In our sample, we observe that family firms are more numerous between small firms.

Figure 3 shows the distribution of exporting companies by size and family character. The European Commission recommendation of May 6th, 2003, establishes the following taxonomy for classifying companies by size (see table 1). However, no statistically significant differences were found in the size of companies according to the statistical F test comparison of means. We have measured the size of the company through the variable sales volume.

[7] Principles of Good Corporate Governance for Unlisted Companies (2005)
[8] SABI database is compiled by Bureau van Dijk Electronic Publishing: http://www.bvdinfo.com/Products/Company-Information/National/SABI.aspx.
[9] http://www.camaras.org/publicado/en/ .

Figure 1. Regional Allotacion of Firms

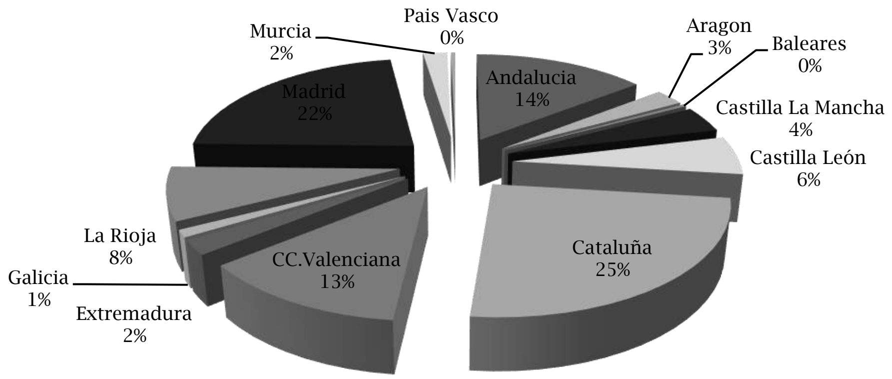


Figure 2. Percentege of Family Firms

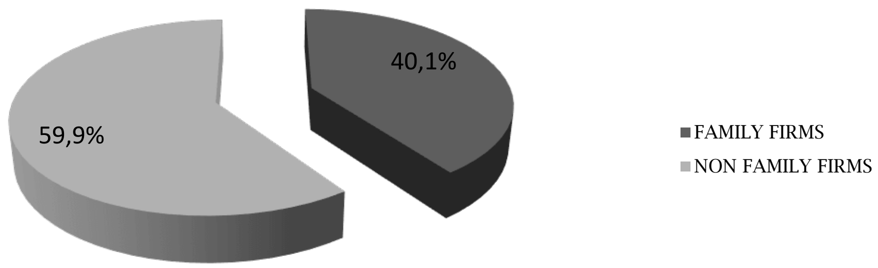
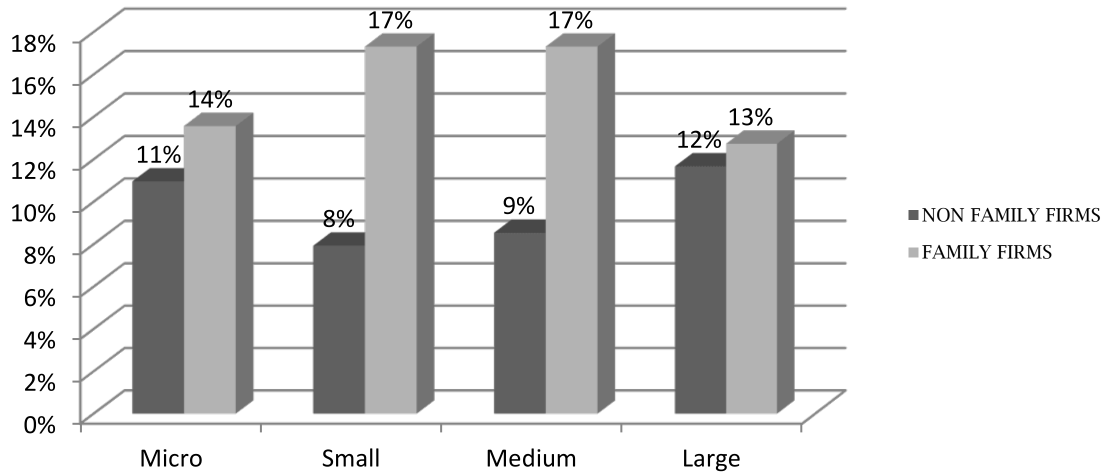


Table 1. Firms by size classification

Firm Size	*Employees*		*Sales (Million EUR)*		*Assets (Million EUR)*
Micro	< 10	&	≤ 2	or	≤ 2
Small	< 50	&	≤ 10	or	≤ 10
Medium	< 250	&	≤ 50	or	≤ 43

Source: Commission Recommendation of 6th May 2003 concerning the definition of micro, small and medium-sized enterprises

Figure 3. Family Firms by Size



Family Businesses have higher return

As we can observe from figures 4 and 5, family businesses show higher returns than non-family businesses. Both, Return on Assets (ROA) and Return on Equity (ROE) have been analyzed.

Family businesses are more liquid

Using the variable logarithm of liquidity, we note that family businesses have significantly higher liquidity ratios; its explanatory power is low: 0.5%.

Figure 4. Family Firms and ROA

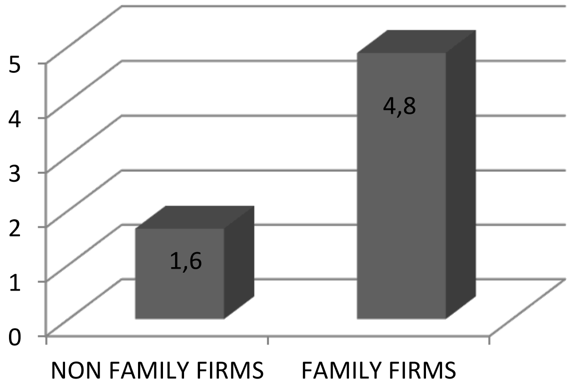


Figure 5. Family Firms and ROE

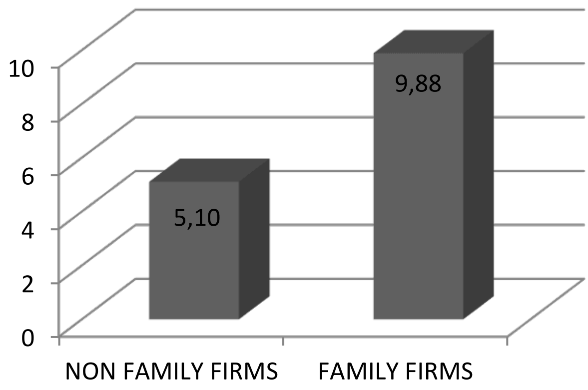


Figure 6. Family Firms and Liquidity

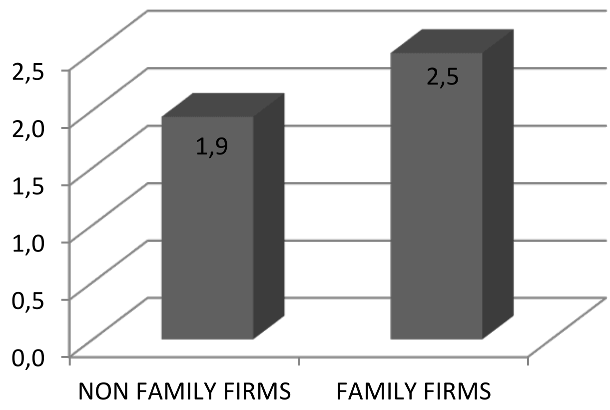
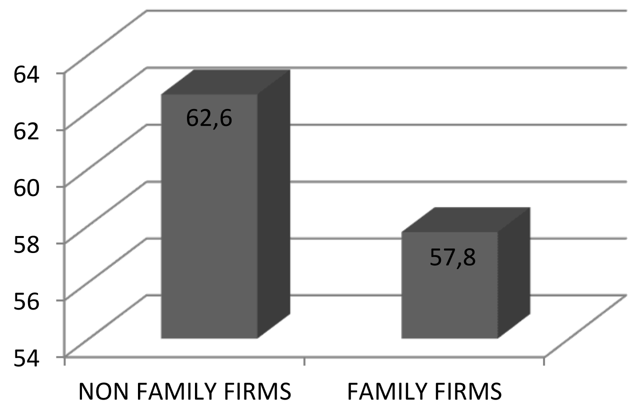


Figure 7. Family Firms and Leverage



Family businesses have less debt

Family businesses have a lower average level of debt, measured with the ratio debt to total assets. This difference, around 8%, is also statistically significant, as shown by the level of the F statistic, and its explanatory power is 0.9% according to the coefficient eta squared.

3. CORPORATE GOVERNANCE AND FAMILY FIRMS

Corporate Governance describes how companies ought to be run, directed and controlled. Research on Corporate Governance comes from "The modern corporation and private property" (Berle and Means, 1932). These authors describe the agency problem in firms where a separation of ownership and control is present. From this article different theories based on the role played by the board of directors have been developed.

The Stewardship theory (Davis *et al.*, 1997), in contrast with the agency theory, defines situations in which the managers and employers motives are aligned with the objectives of the organizations. Managers sincerely want to pursue the interest of the shareholders (Arrègle *et al.*, 2007). This theory is particularly strong in family SMEs, (Sciascia *et al.*, 2012)

Nevertheless, for an SME, the corporate governance concerns the respective roles of the shareholders as owners and the executive managers (Abor and Adjasi, 2007).

SMEs have normally a simple governance structure. In most cases, the property, the board and senior management is the same person and the separation of management and control is not so clear (Schulze *et.* al, 2001, 2003; Mustakallio, *et* al, 2002; Nordquist and Melin, 2002; Cowling, 2003; Brunninge *et* al, 2007). When this occur the executive managers assume the monitoring role instead of the board (Díaz-García and Jiménez-Moreno, 2010). The executives become more relevant and have more power because the lack of the board of directors.

As we previously commented, family businesses are usually SMEs, so they have their typical governance structure. Nevertheless some authors point out that family firms have a theoretically distinct form of governance largely due to the alignment of management, ownership, and control (Schulze et al. 2001). Historically, a family is related to its business for a long duration; furthermore each family has its own culture and set of values which are internalized by the family members.

Each individual family firm has a particular governance system of its own (Melin and Nordqvist, 2002), but basically it includes: (1) the owner(s) which is the family member(s) (the number of owners depend on the generation the firm is at), (2) the board of directors, (3) the Chief Executive Officer (CEO) and the Top Management Team (TMT).

Research on family business governance has evolved over time, from an almost exclusive focus on the role of the board of directors in the family firm, to a different approach emphasizing the governance system as a whole.

Until recently, relatively little research has been conducted on gender in businesses in general and on women's participation in family business in particular (Cappuyns, 2007). The growing interest in gender equality in all spheres of society and the increasing number of women in managerial positions has made researchers aware of the importance of developing studies in the field.

3.1. Women in governance positions

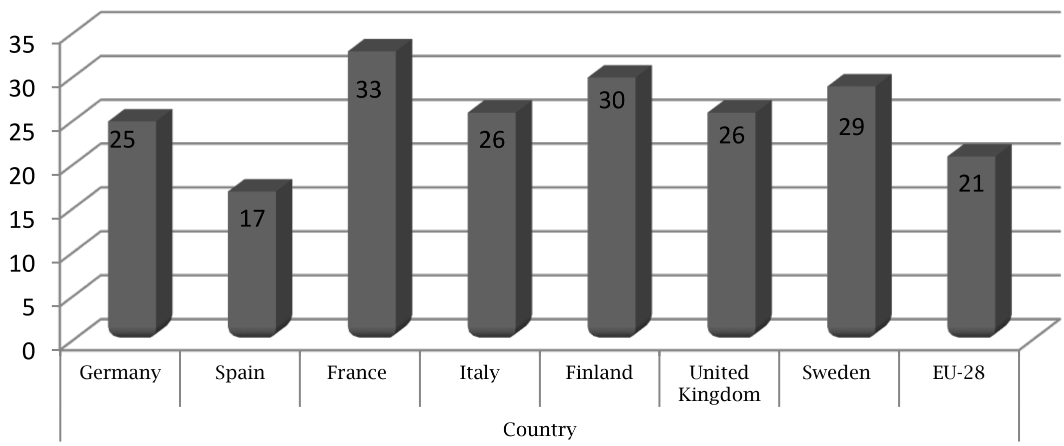
In Spain, 45.5% of labour force is made of women, but this percentage declines when it comes to reach managerial positions. This situation has created a growing interest in gender equality in all spheres of society.

This social demand is well reflected in the proposed European directive to improve the gender balance on boards, adopted by the European Commission in late 2012. In addition, many European countries have established minimum quotas for female representation on boards in publicly traded companies.

With regard to the boards in Spain, there are three key recent regulations: The *Gender Equality Act, 2007*, that aimed to reach a 40 % of women on boards of listed companies by 2015, but the latest data placed that percentage at 16.9 %; the *Law 31/2014*, in force since December 24th, 2014, amends The Companies Act (Ley de Sociedades de Capital) with the aim of strengthening the policy on Corporate Governance. Finally, the *New Good Governance Code (2015*), on Principle 10: *"…Director selection policy should seek a balance of knowledge, experience and gender in the board's membership*"; and in its Recommendation 14: *"…The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020* ".

Nevertheless, the voluntary character of the quotas, unlike mandatory established in other European countries such as France or Italy, have been insufficient so far in Spain: the relative weight of women on boards of companies in the IBEX 35 has averaged 17% last year, according to the European Commission. This percentage rises to 21% for the euro zone countries (EU-28). Despite the effort to help women reach managerial positions, Spain is among the European countries with the lowest female representation on the boards (see figure 8).

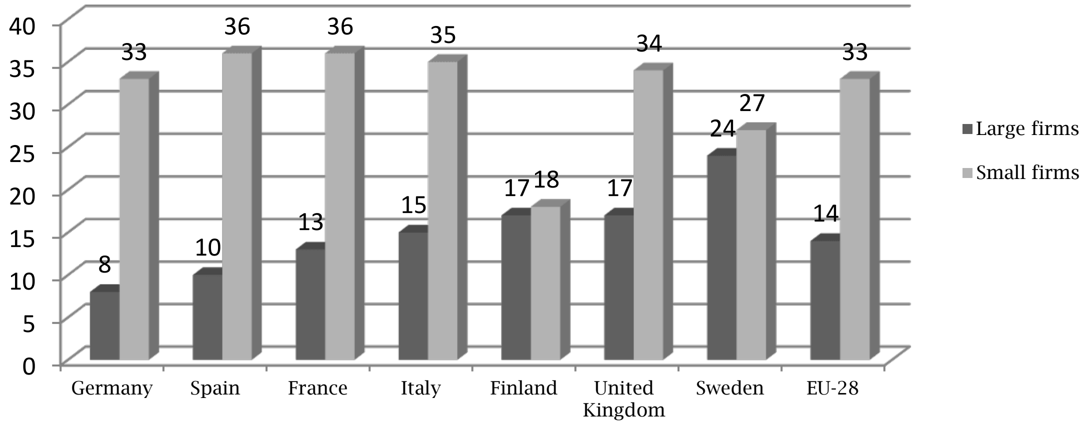
Figure 8. Women on Boards of Listed Firms by Country, %



Source: European Commission April 2015

If we look at the Small and Medium Enterprises, SMEs hereafter, the presence of women in governance positions is greater. We can observe from figure 9 that, in the case of Spain, women lead on average 36% of business, surpassing in this case the European average of 33%.

Figure 9. % Executive Women by Country



Source: European Commission April 2015

While women remain consistently underrepresented in the upper management echelons of major companies, there is one sector where they're leading in far greater-than-average numbers: family businesses. A new report by business consultancy EY and Georgia's Kennesaw State University found that, globally, family-owned and family-controlled businesses have higher percentages of women in the c-suite, as well as in top management positions and on the board, than other types of companies.

Family businesses offer women opportunities that other businesses do not. For example, Salganicoff (1990) reported better positions, higher income, more flexibility in work schedules and more job security for women who work in family businesses than for women who work in non-family businesses. Other important issue is that several studies pointed out that woman in managerial positions encourage other women to reach leadership positions. The more women in governance positions the greater the likelihood that women assume more leadership roles.

Analyzing our sample of Spanish Exporting Family Businesses we observe the following results concerning their corporate governance in general and women participation in governance positions. In order to facilitate the analysis we present the results by roles: Ownership, Board of Directors and Executives.

Ownership

The ownership concentration ranges between 0 and 100%, and takes an average of 61.77%. This variable measures the concentration shareholding or voting power in the hands of the main shareholder. However, the value that is the most repeated is 100%, i.e., all power in the hands of one person. Ownership concentration is typical of family SMEs.

Women presence as shareholder in Spanish exporting SMEs is low. Women appear as owners in 38 % of cases analyzed. But when we analyze the percentage of shares in her hands this number declines. Thus, the female shareholding average reaches only 13.83% of the capital of these companies, distributed unevenly between non-family and family businesses. Woman as owner is scarce, but occurs mainly in the family business. The average female participation in non-family businesses only reaches 6.65%, while the average family that reaches 18.25% of the capital (see figure 10

Figure 10. Family Firms and % Female Ownership

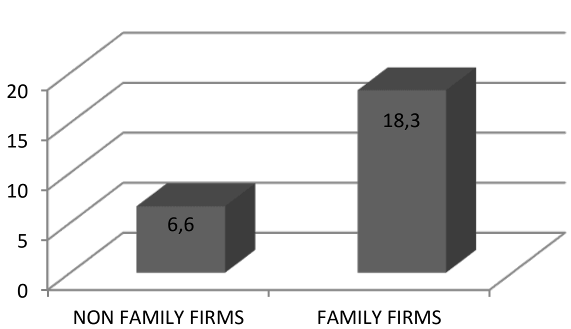
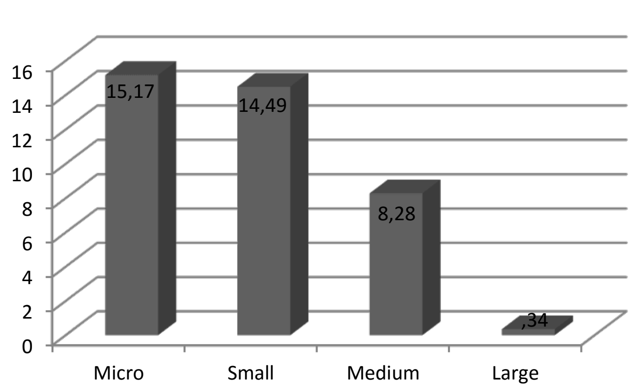


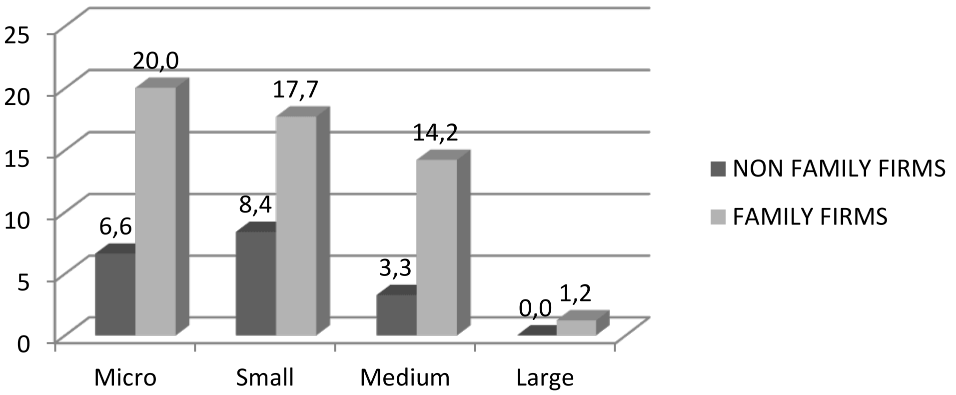
Figure 11. Female Owhership by Firm Size



We have also observed in our sample that women-owned businesses exist primarily in small to medium size (see figure 11). Diverse tests allow us to make this assertion. (Pearson correlation, the statistical significance of the ANOVA F table and the simple graphical analysis).

In conclusion, women owners in Spanish exporting SMEs are few in general, nevertheless we observe a higher representation in micro to median family businesses (see figure 12).

Figure 12. Female Ownership by Firm Size and Family Ownership

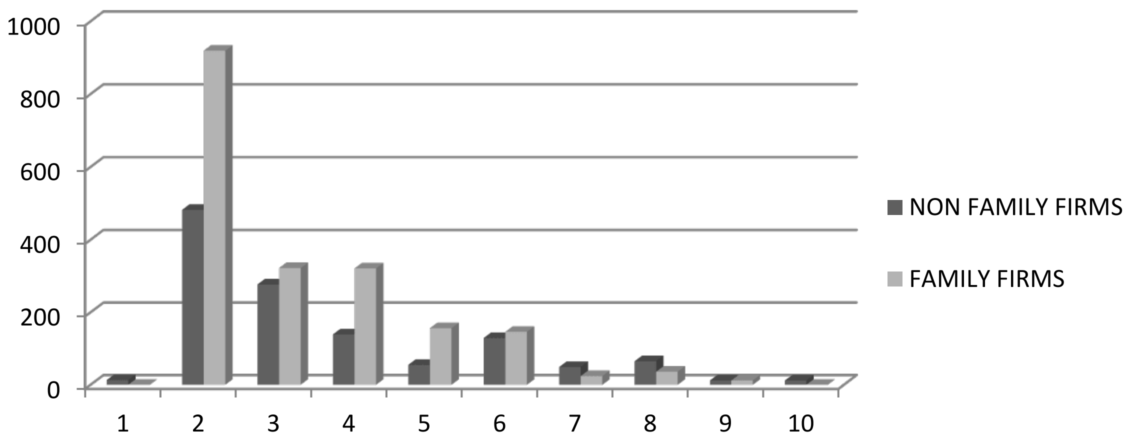


Boards of directors

Board size in our sample ranges from 0 to 12 member, however the prominent situation is that of a sole director (44.5% of observed cases).

In family firms, the average size of the board is slightly lower than in non-family firms, we have observed that this difference has statistical significance. Moreover, family businesses have a higher percentage of sole administrators than non-family businesses. This situation is reflected in the fact that in family businesses 81.29% of cases have a board of directors with a maximum of three members. In non-family businesses this percentage reaches 73.88% of the observations (see figure 13)

Fiigure 13. Board Size by Family Ownership (number of firms**)**



After analyzing the female presence on the boards of the companies in our sample we obtain the following results:

There is little female participation in the board of directors. The presence of women on boards is very low; we have observed that their representation on average is only 16.27% of the total membership. However, the most probable value is 0, i.e., that there is no woman on the board. This number is similar to the overall numbers of female participation in the board of the firms of Ibex-35.

Considering the size of the company, we observe that it is more likely to have women on the boards of microenterprises. The larger the firm is the less female presence on the board of directors. The average female participation in micro firms (19%) exceeds 580% that of large businesses, which is only 3% (see figure 14).

Figure 14. Female Board Members by Firm Size, %

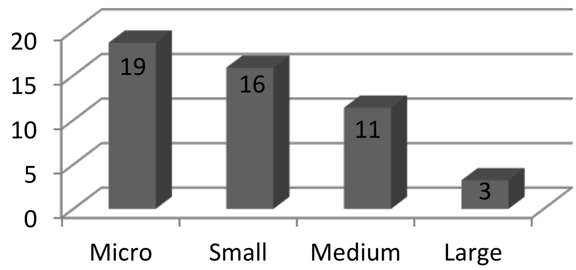
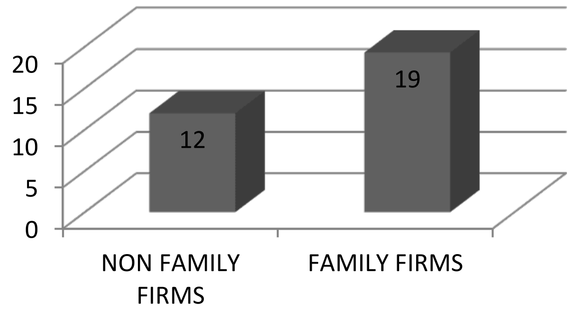


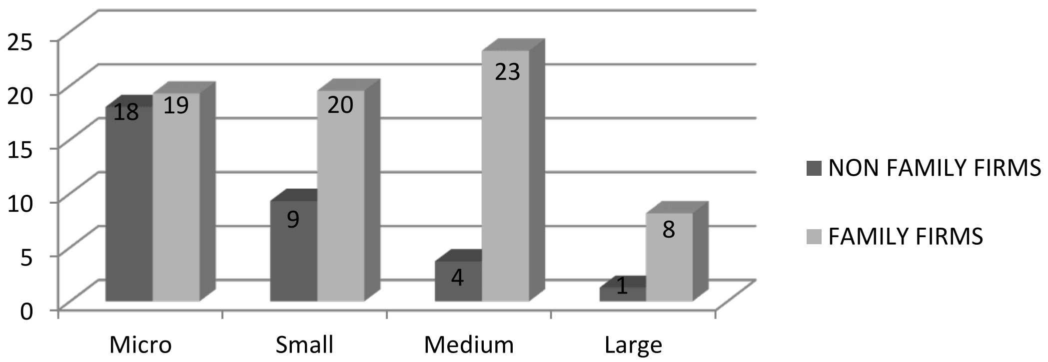
Figure 15. Female Board Members by Family Ownership, %



We observe more women on board of directors of family businesses. There is clear evidence of a significant higher propensity of the family business to have female representation on the boards, as shown in figure 15.

These differences prevail for any level of firm size, as shown in figure 16, being more pronounced in cases related to medium and large companies (companies whose sales exceed 10 million euros). In medium-sized firms, the female representation average on the boards of family companies almost multiplied by 6 that of non-family businesses. This number reaches 8 when we consider the large companies (those with more than 50 million sales).

Figure 16. Female Board Members by Firm Size and Family Ownership, %



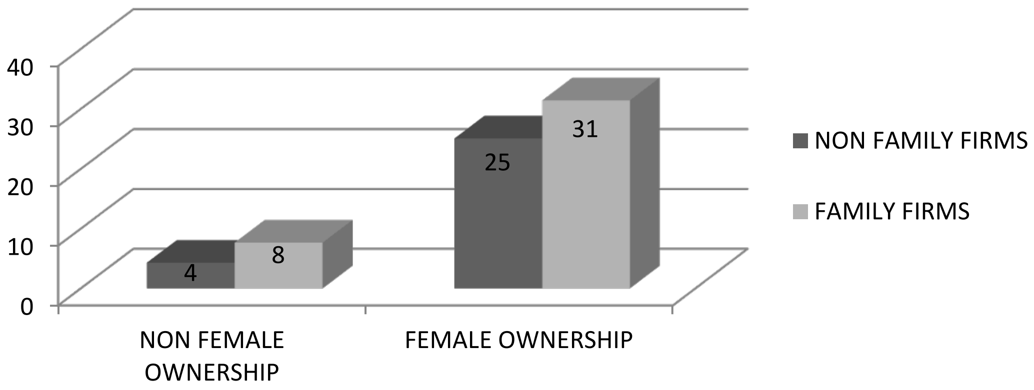
Considering the whole sample, female participation average on the board shows large differences between family vs non-family firms. Female participation average on boards of family firms is 19.28%, five times the amount of non-family businesses (11.96%). These differences are statistically significant by the F parameter, presenting an explanatory capacity of 19.5% according to eta squared.

As mentioned above, when women occupy managerial positions it encourages other women to follow their steps. Because of this, we find it interesting to analyze the female presence on the board of director in firms with female owners. Results are shown in figure 17.

We observe that there are more women in board of directors in firms with female owners. This situation is even more evident in family businesses. However, our analysis does not consider the level of coincidence or independence of these women, so there is a possibility they might be the same person.

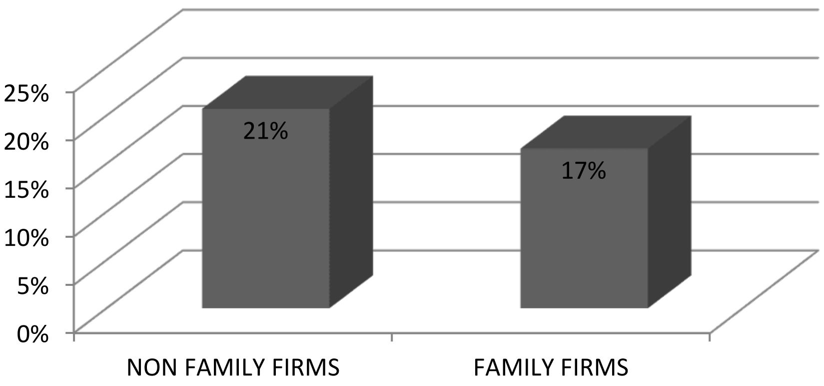
In order to clarify this issue we have created a variable to measure if women on the board are the same of those in the property. We have named it independent women and represent the number of women of the board that are not also in the property.

Figure 17. Female Board Members by Family and Female Ownership, %



Family businesses have fewer independent women. This result is consistent with the idea of coincidence between property and board of directors observed for family businesses in general. We have shown that this situation it is also true in our sample for women in governance positions (see figure 18).

Figure 18. Independent Female Board Members



Executive women

As was the case with the property and the boards of directors there are few executive women.Female participation in the top management teams of the Spanish exporting companies is low. There are executive women at 16% of the cases analyzed, but the median value is 0, what means that the more widespread is that there are no women at all.

We have also observed for our sample that there are more than double executive women in family firms (see figure 19).

Figure 19. Average Female Executive Managers by Family Ownership

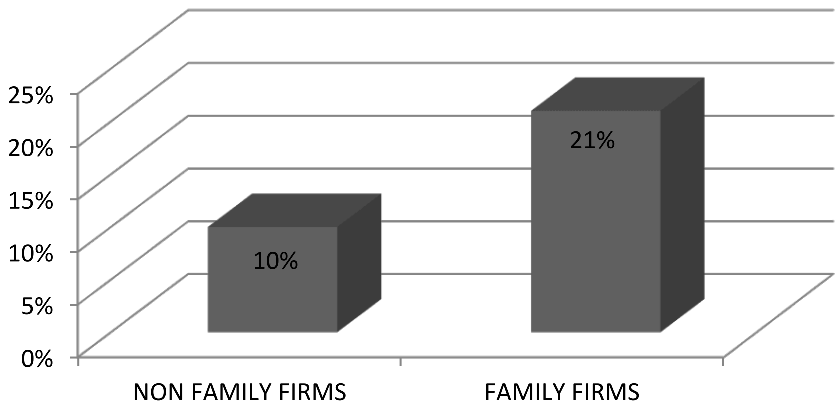
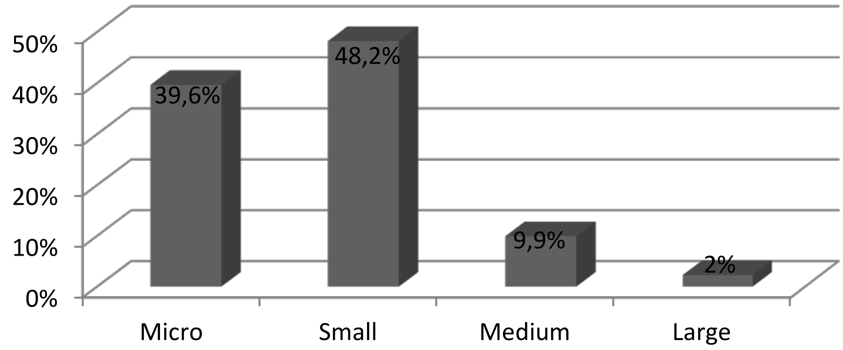


Figure 20. Executive Women by Firm Size, %



Firm size is another variable related to the presence of executive women; small business with sales EUR 2 to 10 million are those with the higher proportion of female executive managers. This percentage falls abruptly for medium to big firms with sales over EUR 10 million; the differences are statistically significant. With these results we can say that smaller companies hire more female executive managers than the medium-large firms. This conclusion is coincident with that obtained for board of directors and property.

When analyzing companies with female presence as shareholders we observe that there are more executive women. Companies with female presence in the shareholding structure have more than twice female executives than firms lacking female shareholders. These differences are statistically significant by the F parameter, presenting an explanatory capacity of 6.1% according to eta squared (see figure 21).

When we consider family businesses we obtain the following conclusions:

1- Family firms have more executive women than non-family firms.
2- When there are women in the ownership structure of family firms, the percentages of executive women are higher (see figure 22).

Figure 21. Female Executive Managers, %

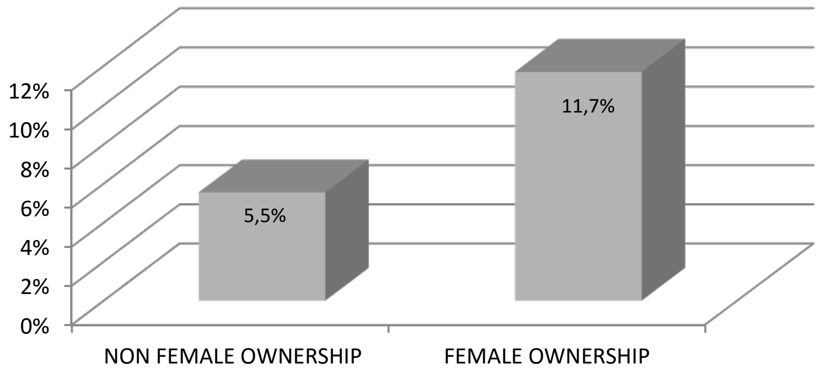
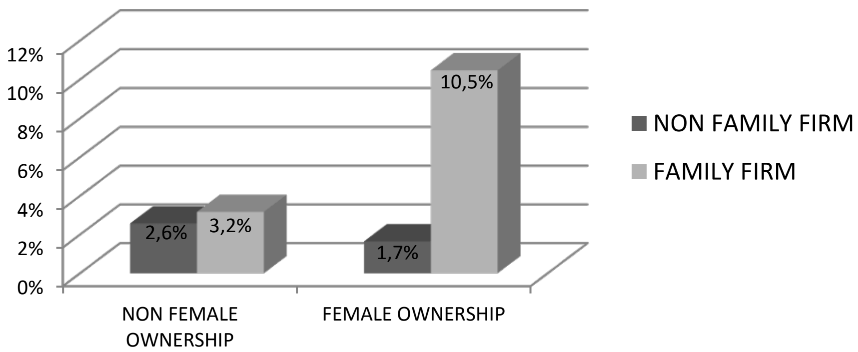


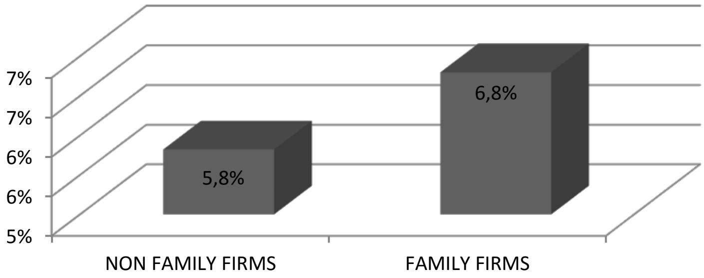
Figure 22. Female Executive Management by Female and Family Ownership, %



As we can see in figure 22, family businesses with women as shareholders have the greater number of executive women (10.47%) It is not unusual that in family firms there is a coincidence between ownership and control roles this situation also applies when it comes about women.

Nevertheless, in our sample, independent executive female managers (executive women that are not shareholders) are also predominant when considering family business. That emphasizes the fact that family firms hires more executive women, and that these women do not only depend on family ties (see figure 23).

Figure 23. Independent Female Executive Managers by Family Ownership, %



4. INTERNATIONALIZATION OF FAMILY FIRMS

Internationalization is one of the main challenges that family businesses must address in order to survive in an increasingly global and complex environment. In Spain 66% of family businesses have presence in foreign markets[10].

There are many arguments related to the need for family SMEs to internationalize. The increased competition not only on a domestic level but also on an international level has made family SMEs think about the possibility of openings into foreign markets as a way of growth (Claver *et al.* 2007). Exporting in particular is seen as an experimental tool to test international markets and a way to revitalize family SMEs through increasing productive capacity and improvements of their financial position (Claver *et al.* 2007). Moreover, it gives new employment opportunities and it is positive for the next generations (Ward 1987; Zahra 2003). Finally, export activities can positively contribute to the achievement of family SME competitive advantage (Claver *et al.*2007). However, family SMEs internationalize their business after consolidating their position in domestic markets (Fernández and Nieto 2005, 2006; Graves and Thomas 2006, 2008; Segaro 2010) and they approach international markets usually through export activities.

Family- controlled firms' access to resources may be limited (Gomez-Mejia *et al.*, 2010; Schulze *et al.*, 2001; Sciascia *et al.*, 2012), resulting in a lower inclination to internationalize (Merino *et al.* 2014; Sciacia *et al.* 2012).

Family businesses are risk averse. Precisely because of the fact that the family involved decide to go more slowly, its decision-making process is more conservative. They may be a little reluctant to export, since everything unknown to them involves risk to which they are adverse in order to protect his family. They are less growth-oriented, precisely because of risk aversion. The reality is that they prefer to have a fairly stable domestic position and stay alive or just maintain the level of profitability without trying to increase, rather than risk.

They have difficulties in obtaining the necessary resources: its capital is limited not only by having to finance the needs of the family but also the business. Its objectives are different as well as their values and needs which can lead to conflicts within the family and especially among the successors. This lack of resources severely limits the growth of small and medium-sized family businesses, together with the cultural and political problems.

Our sample confirms this particular character of family firms related to export variables. We use three different dependent variables:

i. *International Dispersion Level* (IDL). Consistent with prior research (George, *et al.,* 2005; Zahra, 2003), international scope is captured by a metric variable that comprises the portfolio of countries at which the company exports. This variable is measured by the number of countries to which a firm exports its products or services, and is expected to capture the magnitude of export in internationalized small firms. (Arregle, *et al.* 2012).

ii. *Propensity to Export* (PEX). This dichotomous variable indicates whether the firm is a non-exporter or an exporter. Firm's propensity to export is a well-established measure of a firm's export performance (Bonaccorsi, 1992; Calof, 1994; Wakelin, 1998).

iii. *Exported Volume of Sales* (in euros) (EXPVOL). This is an ordinal categorical variable with four thresholds from 0 to 3. Because of a lack of other objective classification, the companies are classified every year into one of four possible groups depending on the exported sales. The description of these groups is on table 2.

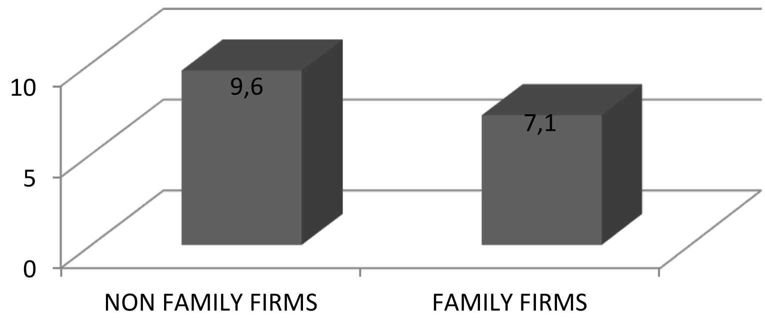
Table 2. Exported Volume of Sales (EUR)

Assigned value	*Threshold*
0	<50,000
1	50,000< x <100,000
2	100,000< x <1,000,000
3	X >1,000,000

[10] European barometer of family business. Fourth edition 2015

After analyzing the exporting variables in the family businesses of our sample we have obtained the following results:

Figure 24. Average Number of Countries to Export by Family Ownership



Family firms export to a lower number of countries (IDL)

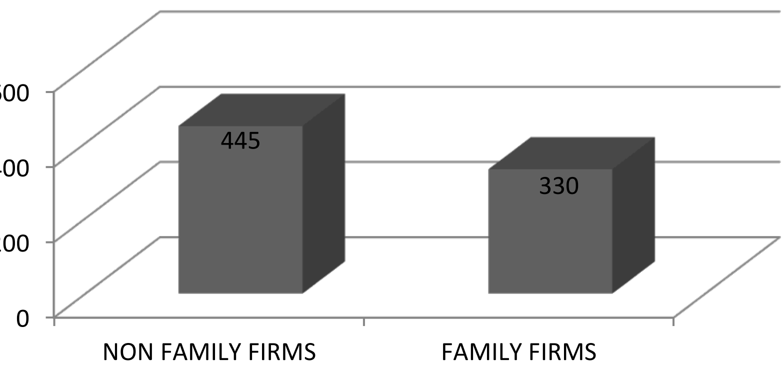
There is evidence that family firms export, on average, to a lower number of countries than non-family firms. As we can appreciate from figure 24 family firms have on average 7.13 exporting countries, while non-family firms export to 9.59 countries on average. These averages are statistically different from each other.

Family firms present a lower Propensity to Export (PEX)

The propensity to export (PEX) is lower (and statistically significant) in family businesses, although the family nature of the company only accounts for 3.8% of the decision to export.

Family firms have lower Exported Volume (EXPVOL)

Figure 25. Average Export Volume by Family Ownership (EUR thousand



A statistically significant lower average export volume is observed for family firms (see figure 25). This time the family character of the company explains only 1.2% of that variable.

From this analysis we can conclude that family businesses show a more conservative exporting character than non-family firms. We have observed that prudential character for all variables analyzed (IDL, PEX, EXPVOL). These findings are consistent with existing literature.

5. WOMEN AND INTERNATIONALIZATION IN FAMILY FIRMS

Literature has proven that women, in general are more risk adverse tan men (Chaganti, 1986; Brown and Segal, 1989; Collerett and Aubry, 1990; Olsen and Currie, 1992; Scherr *et al.*, 1993). Studies based on internationalization and export activities have also confirmed this character (Welch *et al.* 2008; Orser *et.al* 2010).

Researchers have shown that women owners have more difficulties to internationalize than men. (Orser *et al.*, 2010; Welch *et al.*, 2008; Pernía *et al.*, 2012). They are less willing to take risks and are less growth oriented (Chaganti, 1986; Sexton and Bowman-Upton, 1990). Nevertheless, this particular character of women applied to the role of women as executive in SMEs remains basically unexplored.

This risk aversion show by women, together with the prudential behavior of family businesses lead us to think that the combination of both should become in a negative relationship with export activity. Nevertheless, some studies suggest that more diverse teams benefit from the different perspectives and skills provided by individuals with different backgrounds and experiences.

Heterogeneity in management teams is especially important when making complex strategic decisions, like internationalization (Boone *et al.*, 2004; Carpenter and Fredrickson, 2001).

With this state of the matter we want to examine whether the negative relationship between women in management and export activity is maintained for all governance roles.

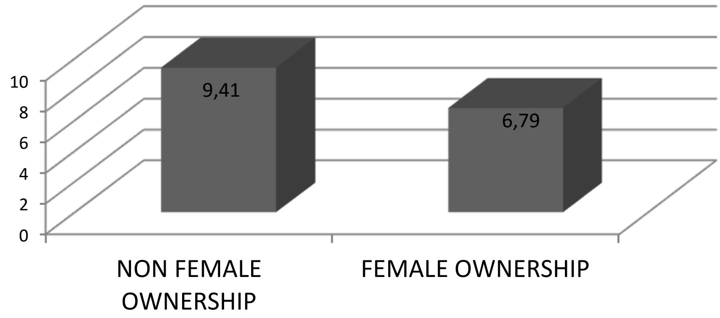
What can we expect from a woman as an owner as a board member or as an executive manager related to the export activity? Is there any difference depending on the role women have on government positions?

As we have done throughout the chapter we present the results by distinguishing the different roles of women in governance. The export variables are those presented in the previous section.

5.1. Female owners and export variables

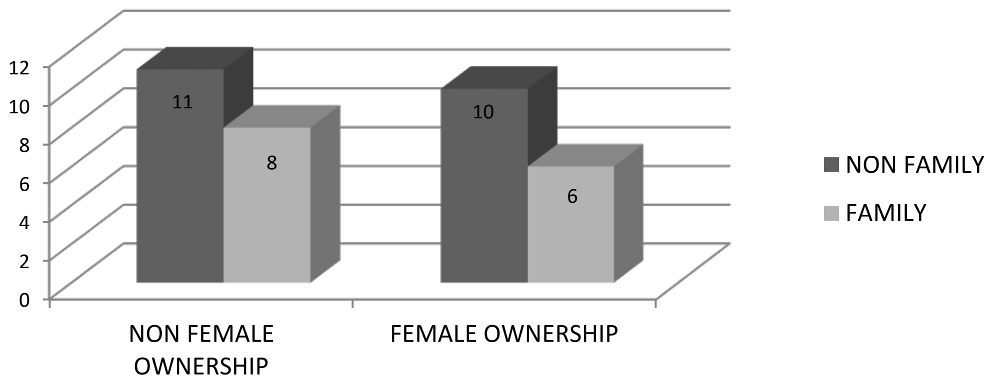
The ANOVA test determines that there are significant differences between women-owned businesses (on average the company exports to 6.79 countries) and those firms with no female owners (company export on average to 9.41countries). This means that companies with women shareholders export to fewer countries than companies with only men in their ownership structure (see figure 26).

Figure 26. Average Internatioal Dispersion Level by Female Ownership



Now taking into consideration the family nature of the business, the averages are lower in all cases. The interaction between families businesses with female participation in ownership has resulted in fewer countries to export on average (see figure 27).

Figure 27. Average International Dispersion Level by Female and Family Ownership

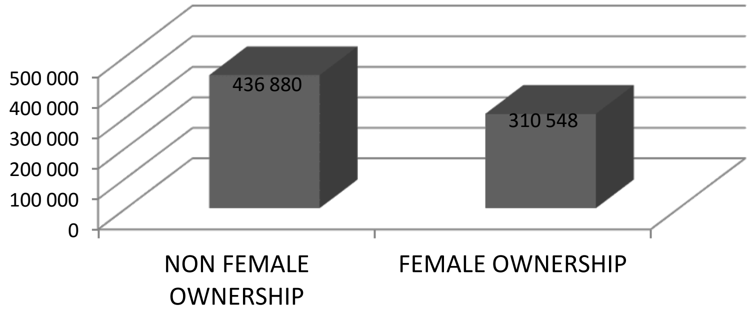


In conclusion, family businesses with women in the shareholding export to fewer countries. This result is consistent with the existing literature.

We continue the analysis with the Propensity to Export. In this case we also expect that family businesses with women among its shareholders were less likely to export than those whose property is in the hands of men. However, no significant differences were found for this test so we cannot say that companies with female owners present less likely to export than those that do have them.

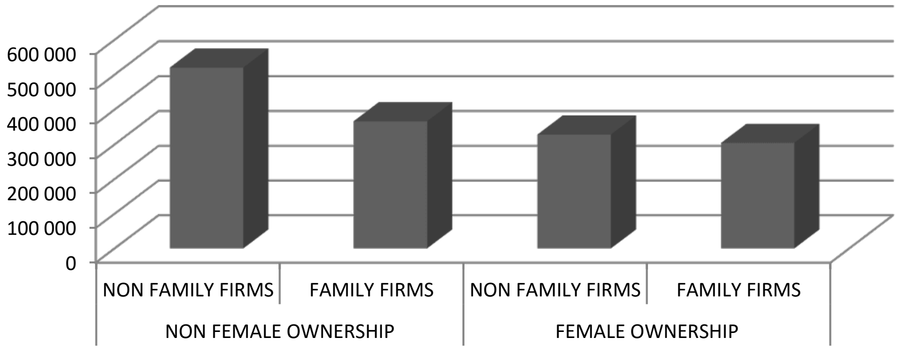
Analyzing the exported volumes, we found (through the U Mann Whitney) that there are differences in terms of export volume based on the presence of women in the shareholding companies. Companies with women in ownership export lower volumes than those with only men as owners. Figure 28 shows these results.

Figure 28. Average Exported Volume by Female Ownership (EUR)



Considering together the characteristics of female and family ownership, we observe that the lowest exported volumes are those belonging to family firms with women in the ownership, while non-family firms owned exclusively by men exhibit the highest volumes. These differences are statistically significant (see figure 29).

Figure 29. Average Exported Volume by Family and Female Ownership

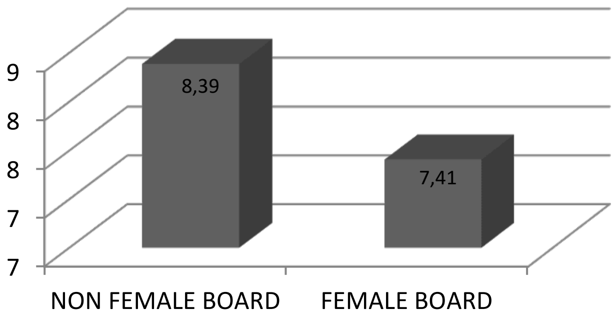


In brief, female ownership is related to fewer countries to export, and lower exported volumes, but we cannot confirm a lower propensity to export. Joining gender in ownership with family state of the company, we observe that family firms with women inside the ownership export to a lower number of countries, do not present significant differences with respect to the propensity to export, and sell lower exported volumes when comparing to their counterparts.

5.2. Women on boardrooms and export variables

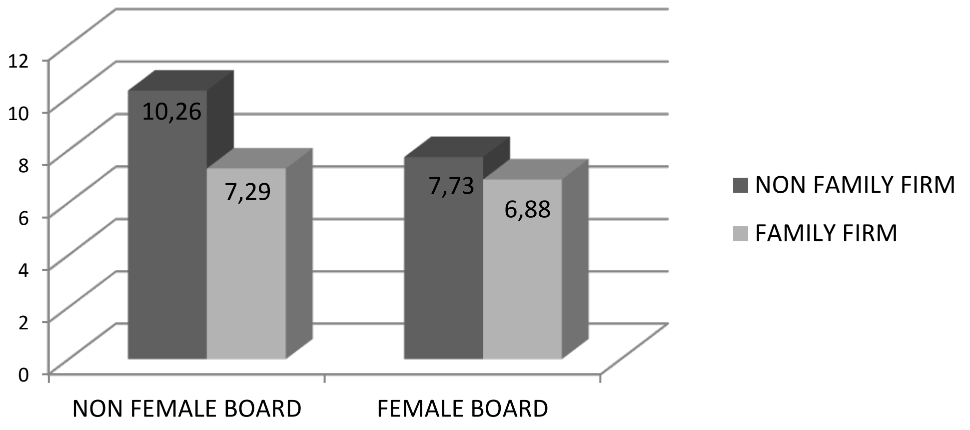
As we expected, female board is negatively related to international dispersion level; it is, firms without women on their boardrooms export to a higher number of countries. The difference is 13,18% higher on average.

Figure 30. International Dispresion Level by Female Board



Considering the family statement of the company together with the presence of women on the boards, the conclusion is that the averages are lower. Family owned business with women on their boardrooms export to a lower number of countries on average (see figure 31). This result is consistent with those obtained with female ownership and they are also statistically significant.

Figure 31. International Dispersion Level by Family Ownership and Female Board Presence

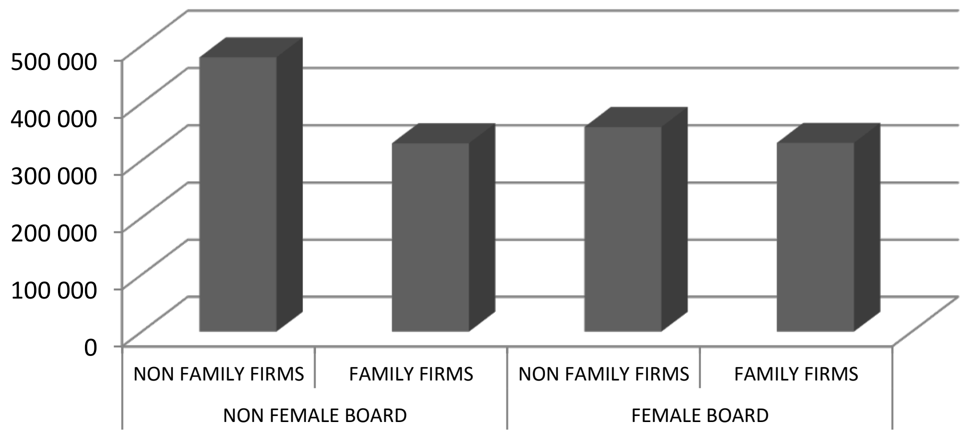


Nevertheless, we do not find any evidence about an association between the existence of women in the boardrooms and the propensity to export. It seems that female directors think twice about starting commercial relationships with many countries, but do not show more risk aversion than male directors to decide to export. The significance of the Mann-Whitney test does not suggest that there are differences between the two groups.

Analyzing the exported volumes, we do not find significant differences depending on the presence of women on the boards; therefore, we must consider that exported volumes do not depend on adding women to the boards of directors.

Considering finally these two features together (women on boards and family ownership) we find evidence about a riskier behavior of non-family owned firms, but it is not possible to conclude anything about including women on boards, as the results are non-significant.

Figure 32. Exported Volume by Family Ownership and Female Board Presence



Summarizing, the presence of women on boards of directors of family businesses is associated with a lower number of countries to which to export, but we do not find significant results with the propensity to export or with lower exported volumes.

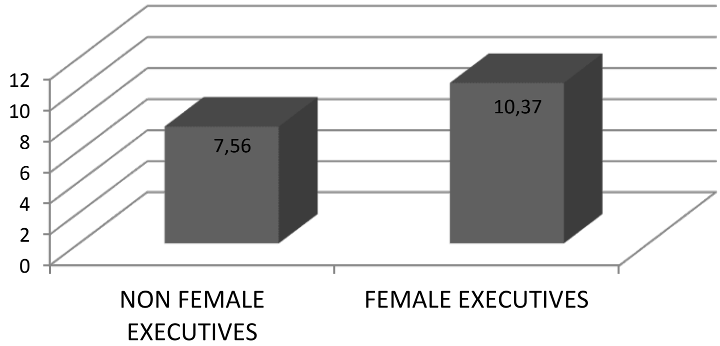
5.3. Female executive managers and export variables

As we have already mentioned, there is a growing body of literature that point out the distinctive character of executive women. TMT research suggests that gender play an important role in both strategies, the firm pursues and the day-to-day management of the organization (Dwyer *et al.*, 2003). According to Cox (1994) women managers provide organizations with added knowledge and flexibility as well as cultural insight, understanding, and sensitivity critical to serve the needs of new markets segments. They also exhibit different leadership styles compared to men (Eagly *et al.*, 2003).

Given these ideas we expect that women in the executive role may exert a positive influence on export behavior. The analysis of export variables related to the executive role of women in our sample seems to confirm our idea.

Female executive managers show the opposite effect on the international dispersion level than female board members and female shareholders. On average, firms that include women on their management teams export to almost three more countries than those compounded only by men. The differences are statistically significant (see figure 33)

Figure 33. Average International Dispersion Level and Female Executive Managers



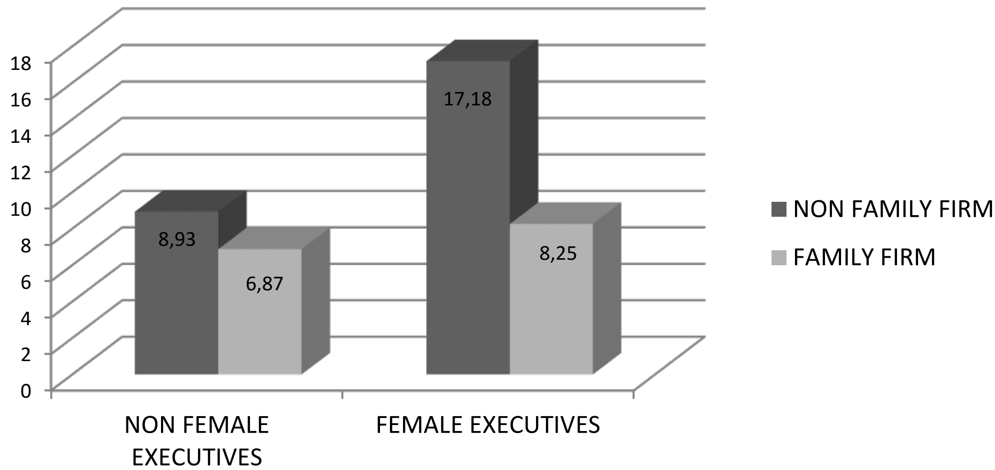
Considering now the family ownership of the company and the presence of executive women, there are several aspects to consider. To begin with, the spread of the international dispersion level is higher when there are executive women, and this holds under both situations: family and non-family firms.

Second, and as we mentioned before, family firms export to a lower number of countries, but those that include female on their management teams export to more countries.

Finally, the best results (in terms of international dispersion level) belong to non-family companies with executive women on their management teams. Moreover, including a female executive manager in a non-family firm doubles the number of countries to which it exports. Non-family firms with executive women show the most risk behavior when opening new markets abroad (see figure 34)

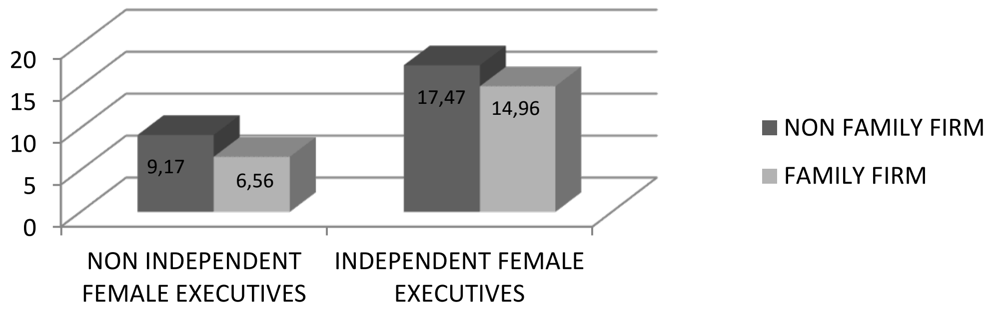
These results, statistically significant, are absolutely opposite than those related to female ownership and board membership, where women exhibit the most prudential behavior. Therefore we can assert that female executive managers make a true difference compared to the rest of the roles of corporate governance presented in this study.

Figure 34. International Dispersion Level by Family Ownership and Female Executive Presence



There are also relevant and significant results related to independent female executives, mainly for family owned firms. The average number of countries to which the companies export is always higher for companies with independent executive women; also, in family business this mean almost holds fifteen countries, and this is a big difference considering that family owned firms with female executive manager export to eight countries on average. This means that firms that export to higher number of countries are those with executive women that are not owners (see figure 35).

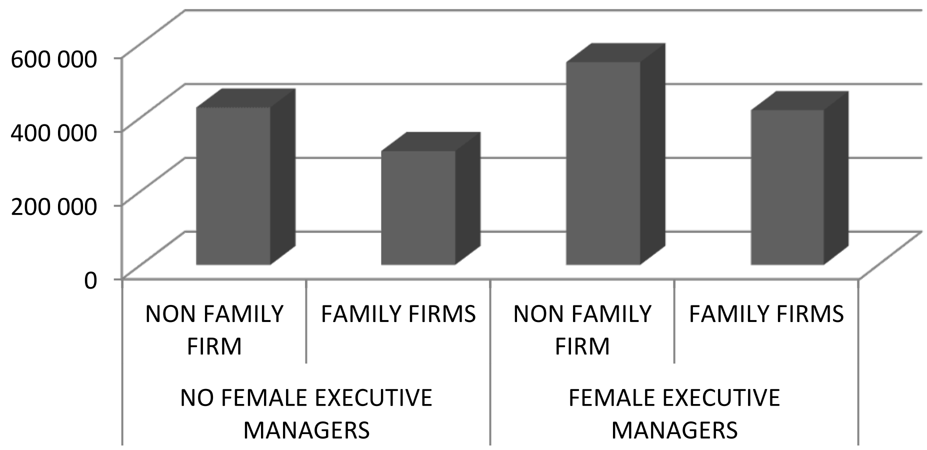
Figure 35. International Dispersion Level by Independent Female Executive Presence



Again, with respect to the propensity to export, we do not find significant differences depending on the presence of executive women. Thus, we do not find evidence of a higher risk aversion of women (in any role) related to this variable at all.

In contrast, analyzing the exported volumes, we do find significant differences depending on the presence of executive women. With these results we can conclude that firms with female executive managers export higher volumes than firms without women on the executive management teams (see figure 36).

Figure 36. Exported Volumes by Family Ownership and Female Exetuvie Manager Presence



The highest average value belongs to non-family firms with female members on their management teams.

6. CONCLUSION

Despite accounting for more than 50% of population, women remain invisible in business matters. Numbers leave no doubt of it. It is true than women have been gradually entering the labor force, however very few occupy management positions. Society is aware of this situation and nowadays governments are making efforts to help women reach top positions in companies. Recent laws have been enacted all over the world to try to solve this situation, but we still have a long way to go in this matter.

According to European Commission, Spain is even behind its European neighbors in this area. The analysis of our sample also confirms this trend. Women appear as owners in 38% of cases analyzed, but the average percentage of shares in their hands only reaches 13.83%. This implies that most of the businesses are owned by men and when we find women in the shareholding it is quite common that they do not have control of the company. In relation to the boards of directors the situation is not much better. On average, female represent 16.27% of total membership on the boards of the companies in our sample. For the executives managers the numbers are even worse, only in 16% on the analyzed cases we find women in executive positions. All this numbers improve slightly by segmenting the sample by family businesses.

But the progressive incorporation of women to leadership positions is not just a matter of social justice. Several studies have found evidence of multiple benefits women can bring to a company. Women not only better manage their resources but also bring a leadership style to the company that improves team work. There is also an increasing number of reports that maintain that gender diversity in executive teams is connected to company earnings.

In this study we have focused on the export activity of family firms, to see if women in governance positions have a positive effect on it. We have divided women presence into three different roles: owner of the company, member of the board and executive manager. Our results are very interesting.

Traditionally, women have been told to be very conservative and risk averse when taking decisions related to export activities. In our sample we can confirm this character, but only for women as owners and as board members. When we analyze the executive manager role the results are the opposite. Firms with female executive managers export higher volumes (in million EUR) and to a higher number of countries than firms with no women as executive. Non-family firms show better export activity behavior related to the number of countries and to the exported volumes than family firms.

In SMEs is very common to have the same person as owner and as executive. To control this situation we have created a variable indicating whether the owner and the executive is the same. The independent executive women are those women that are part of the executive team but are not owners of the firm.

The export activity results for the independent executive women are even better. The average number of countries the companies export to is always higher for companies with independent executive women; also, in family business.

For the variable propensity to export we have not found any relation with the presence of women in corporate governance of the firm.

Our results confirm that executives have a distinctive character, less risk averse and more growth oriented than women in ownership and in board of directors.

We consider that this study has some implications:

Since family SMEs play an important role in both the national and international economies, this study draws attention to the importance of the presence of women in government bodies in search of other markets (increasingly competitive) for the expansion of these companies. Internationalization is a key strategic decision for family firms.

As we mentioned, the Spanish government has issued a series of laws (Law on Gender Equality 2007, Law 31/2014 and the New Code of Corporate Governance, 2015) regarding the corporate governance of listed companies, but nothing has been regulated for SMEs. Perhaps these features encourage policymakers to regulate some guidelines for SMEs stating the need to include women in government bodies, as they are able to increase the value of the company and compete with other companies in search of new markets.

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