

# The More, the Merrier? Women in Top-Management Teams and Entrepreneurship in Established Firms

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Though female representation in the corporate sector has increased over the years, women continue to be underrepresented in the upper echelons of the corporate hierarchy. Little is known about the effects of women's participation in top management team on firm's entrepreneurial outcomes like, R&D activities or delegation of entrepreneurial decision-making. In order to understand these effects the authors conducted a survey in private Danish firms and analyzed 392 employer-employee paired responses. This summary succinctly presents the study, its findings and practical implications in family business context.

## **Women in Top Management Team and Entrepreneurship**

Drawing from the extant literature, the authors suggest that infusion of gender diversity in top management team is likely to be a complex phenomenon. It may have both positive and negative effects on organisational entrepreneurship. Among the positives, it is likely to promote creative thinking and entrepreneurial activity in the organisation. It may also promote entrepreneurial behaviours at lower levels of the organisation. Inclusion of women in top management team is also likely to facilitate higher levels of communication, inclusion, knowledge sharing and connect with external environment. However, there has to be a critical mass of women in the top management team for these positive effects to manifest.

On the other hand, inclusion of women in the top management team may also trigger negative effects. For instance, stereotypes and prejudiced attitudes held by employees with regard to women managers or leaders may negatively influence the positive effects.

The authors wanted to understand the factors that drive these positive and negative effects of women's participation in top management teams.

## **Probing the Phenomenon**

The authors examined these effects using survey and company data collected on the proportion of females among top management levels, proportion of females among employees, opportunities recognized by top management, firm's R&D activities, first-mover tendency, delegation of entrepreneurial decision-making, and organisational design. They also took into account the top managers' demographics like age, education, marital status, and number of children. The data were statistically analyzed using multiple regression models.

## **Key Findings**

The key findings of the study were as following:

- Increase in the proportion of female top managers was found to have a

positive effect on the firm's entrepreneurial outcomes and successful realization of emerging business opportunities.

This finding was in tune with the author's arguments that female top-managers bring a positive influence to the organisational entrepreneurship.

- However, contrary to the authors' expectations, the effect of female top managers on firm's entrepreneurial outcomes was found to be negative in firms where the proportion of female employees was high.

The authors attributed this to the fact that lower-level female employees expect female top-managers to practice gender solidarity. However, given their responsibility to act in fairness, female top-managers are restricted from indulging in gender-based favoritism. This creates a dissonance between the expected and actual behaviour of female top-managers. This leads to decline in motivation and commitment among lower-level women employees, thereby leading to the negative effect

on the firm's entrepreneurial outcomes.

### **Practical Implications**

This paper has a significant practical implication for family business. Traditionally, family firms are known for being conservative and for having limited involvement of women in top management. However, if family firms include more women in their top management team, they are likely to be benefitted on account of enhanced entrepreneurial outcomes. These benefits might include more products and services that are likely to be launched profitably, surge in R&D activities and increased delegation of entrepreneurial decision-making. Hence, family firms need to work proactively towards inclusion of more women in their top management teams. However, in case they have a high proportion of women in their workforce, they need to be cautious, make the top-management team diversification gradual and appropriately manage employee expectations.

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