

Why does more women's ownership help most firms but not family ones?

Across 10,696 Colombian SMEs, women's ownership lifts performance — except inside family firms

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The business case for women in leadership has been made for decades, mostly through one channel: put women on the board or in the C-suite, then check whether the numbers move. The evidence has been frustratingly mixed. Some studies find a lift. Others find nothing. A few find a drag. Luz Elena Orozco Collazos and Isabel Botero take a different route into the question. They ask what happens when women hold the one thing a board seat or a management title does not automatically confer: ownership.

Ownership is leverage. A formal stake carries the legal right to influence decisions and to control how they are carried out. The authors treat that stake as a form of leadership in its own right, separate from sitting on a board or running a department. And they test it where it should matter most — in small and medium-sized enterprises, where owners stay close to the action — using data on 10,696 private firms in Colombia.

WHAT THE RESEARCHERS STUDIED

The study stitches together two Colombian sources: financial statements from the Superintendencia de Sociedades and ownership records from BPR Benchmark. The main analysis covers 2011, with the years 2012 to 2016 used to test whether the results hold. Performance is measured as return on assets. Each owner's sex was coded from names and national identification numbers; where it could not be determined, the case was dropped.

Two ways of measuring women's ownership sit at the centre of the design. The first is critical mass — how many women are in the ownership group — following Rosabeth Kanter's argument that a minority needs

enough numbers before its voice carries weight. The second is power: the percentage of the company that women actually own, drawing on Naila Kabbeer's work on empowerment, where genuine choice depends on controlling resources. The distinction is not academic hair-splitting. Three women who each hold a sliver is a different situation from one woman who holds forty percent.

Underneath both measures sits social identity theory: who is in the group shapes the norms of the group. Change the composition of an ownership team and you change what gets said, heard, and acted on. That is the logic the authors are testing in hard numbers.

Family ownership enters as the context. A firm counted as family-owned when a single family held at least 51 percent of it, which described 56 percent of the sample. The expectation going in was straightforward: family firms should amplify the benefits of women's ownership, because families are thought to be more accustomed to women in decision-making roles and more receptive to their ideas. The authors controlled for firm size, age, industry, and the number of female directors. They ran the analysis in a country that scores high on Hofstede's masculinity index and sits 90th on the UN's Gender Inequality Index. That choice was deliberate. Colombia is a hard test — a traditional, male-dominated setting where any effect of women's ownership has to push against the prevailing culture to appear at all.

WHAT THEY FOUND

Numbers matter, but only up to a point

A critical mass of women owners lifted financial performance. The effect was clearest for groups of one-

to-two and three-to-four women owners, then faded once the group grew larger. The practical reading is a sweet spot of roughly one to four women in the ownership group: enough to be heard, after which the relationship flattens out.

A bigger stake, a stronger firm

The percentage route held up as well. The more of the company women owned, the better it tended to perform. This is the empowerment story in numbers – ownership hands women control over resources and a formal say in decisions, not simply a chair at the table.

Then the family firm breaks the pattern

Here the study earns its title. Family ownership on its own was positively related to performance. But once the authors examined how family ownership interacts with the percentage of women owners, the sign flipped. Inside family firms, a higher percentage of women's ownership was associated with weaker financial performance, not stronger. The advantage that appeared across firms in general was diminished by the family context – the reverse of what the authors had predicted, and a pattern that recurred across several of the 2012 to 2016 robustness years rather than showing up once and vanishing.

WHY IT MATTERS

Why would family ownership blunt the effect rather than boost it? The authors' interpretation turns on the gap between owning and deciding. In family firms, holding a larger share does not reliably convert into the power to act on it. Women in business families often occupy roles that are influential but unofficial – earlier research called them "invisible" – and their proposals can struggle to reach implementation even when they hold formal equity. A share certificate confers legal rights. It does not guarantee that the family group treats the holder as someone whose decisions stick.

That reading deserves a caveat the authors are honest about. The study measures financial performance and nothing softer, and it cannot see inside the rooms where these families make their choices. It infers the power gap from the pattern in the data rather than observing it directly. Archival records can establish that women's ownership helps, and where it stops helping, but they cannot explain the mechanism. That is a job for interviews and case studies, which the authors openly call for.

For the wider family business field, the finding complicates a comfortable assumption. Families are often described as natural incubators for women's

participation. This evidence suggests the relationship is more conditional: the family can be the context that welcomes women into ownership and, at the same time, the context that quietly limits what that ownership achieves. Advisers who treat a transfer of shares as the finish line may be declaring victory too early.

TAKEAWAYS FOR FAMILY BUSINESS LEADERS

The headline for owners and advisers is that ownership is not a ceremonial reward. It is a working instrument of influence, and it behaves differently depending on how it is structured and who sits around it.

A single woman owner rarely shifts outcomes on her own. A small group does. If the goal is to draw on women's contributions, the ownership group needs more than a token – and the share each person holds is part of the story, not a footnote to it.

The harder lesson is reserved for family firms. There, the work does not end when the shares are signed over. If women own meaningful stakes but their views still do not reach decisions, the ownership is formal rather than functional, and the performance gain the data promise will not follow. Naming that gap is the first step to closing it.

RECOMMENDATIONS

1. When allocating or transferring shares, give women a meaningful percentage rather than a nominal one. In this study the empowerment effect ran through the size of the stake, not its mere existence.
2. Build an ownership group rather than appointing a single representative. The evidence points to a practical range of two to four women owners as the point where their voice begins to carry.
3. In family firms, pair ownership with explicit decision rights. Spell out where women owners vote, what they sign off on, and how disagreements are resolved, so that equity translates into authority.
4. Check whether women owners actually shape decisions, not just hold paper. Review who speaks, who is heard, and whose proposals get implemented within the ownership group.
5. Read the family context honestly. Do not assume the family is automatically the friendliest place for women's ownership; in this data it was the place where ownership delivered least, and that warrants attention rather than comfort.

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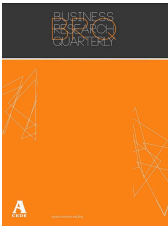
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