

Obstacles and Transformative Impact of Women's Involvement in Indian Family Businesses

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ABSTRACT

In many ways, the experiences of women in family businesses in India are different from those elsewhere especially those in the West, which has traditionally been the focus of family business research. And within India itself, the experiences of women in family businesses differ widely based on their social, cultural, economic, institutional, geographical, and generational contexts. Recent studies have shown that the number of women-led family businesses has increased in the last decade, and it will only rise from here on. Where once the daughters were not even considered to lead the family business, today we can see those very women leading the march into the future. This trend reflects not just a national but a global shift in the mindset towards meritocracy over gender-based stereotyping and heralds a new age of leadership. By not being given the same opportunities as their male siblings, for instance, they get left out of leadership positions. While this aspect is also surely and slowly evolving, there is still a lot more that needs to be done to ensure that women have a say in family businesses.

Research Objective: The purpose of the research is to attempt to find reasons for the role of women growing as leaders in Indian Family businesses.

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Introduction

Women who have triumphed against adversity serve as role models and inspirational guides, while male advocates actively championing equity contribute to dismantling entrenched gender norms. Their combined influence fosters a more inclusive environment conducive to the advancement of women in diverse spheres. Many of the younger-generation members are taking the lead in promoting gender neutrality and becoming the catalysts for change in their families. Pratima Kirloskar, Vanitha Datla, Srividya Reddy, Rishabh Shroff, Aarti Gupta, Priti Rathi Gupta, Sujatha Cecilia, Kavil Ramachandran, Sougata Ray, and Nupur Pavan Bang discussed diverse topics, ranging from multigenerational experiences of women, factors enabling or hindering the active involvement of women in family businesses, gender-inclusive family dynamics, and effective women leadership in the family business context. The roundtable also provided a collaborative platform for attendees to engage with industry leaders, fostering a vibrant exchange of ideas and experiences. It is not uncommon for women to have complete responsibility for the household while working in the family business. However, as their role in the business is often perceived as secondary, their professional contributions aren't celebrated, and they miss out on leadership and ownership opportunities. The decreasing size of the average Indian household means daughters are more likely to become involved in the business, and the increase in education for women in India complements this trend. There is also an increased awareness of

women's achievements, rights and opportunities globally, as well as in India, due to media access and widespread digitalisation. Additionally, certain government regulations have helped the cause, such as changes to inheritance laws giving rights to daughters. Salganicoff (1990) stated that women leaders play a key role in any business and are value creators, especially for family businesses, but are underutilized and unrecognized most of the time. The business world is full of stories of family businesses built on the care and sacrifices of women, whether they were mothers, wives, sisters, daughters, or daughter in laws. Arathi Krishnan, Joint MD, Sundaram Fasteners, Gursimhan Mann, Managing Director, Simbhaoli Sugar, Lakshmi Venu, Director Sundaram Clayton, just to name a few. Sharma and Rao proposed that Indian Family businesses had mostly been following the principle of primogeniture (system of inheritance or succession to the firstborn, especially the eldest son), and women are not given a significant role in a business [1]. The women, however, are provided funds to start some business of their own, which are normally different from the family business. Normally, daughters-in-law are given responsibility to manage schools/hospitals or social activities through family trusts. The only exceptions are when there is no son in the family. Even there, the preference is to pass on business to the male grandchildren rather than to daughters or sons-in-law. Carlock and Ward proposed that family business is a right platform for women leaders to develop themselves and flourish their business into a grand enterprise [2]. EY corporate boardroom report states that the world's greatest family businesses are founded on relationships and they strongly emphasize on values, and cohesive engaged environment and inclusive approach, and that

is what is driving them to bring women in leadership positions [3]. The Global Gender Gap Report (2015) stated that 57% of the total employees were females in US companies, which were that far the highest among any country, while in India, it was only 24%. India is still considered young as far as women in top leadership positions in business houses are concerned. Nevertheless, it has been moving at faster pace, and in the past two decades, women at middle level positions have been growing up faster than imagined. Further, largest, and longest family business houses across the world were breaking the glass ceiling and bringing women in the forefront. Increasing gender diversity is a positive sign of change in Indian Family business system. Sarkar and Selarka said mandatory gender quota on corporate boards of companies had been introduced in the new Companies Act, 2013 [4]. Before this, it was purely voluntary for companies to have women on board. The company act of 2013 brought compliance, but we have not seen a major difference except the addition of mandatory women member on the board. Sowmya and Rajeshwar stated that with a rise in women employees, also there was a rising question of ethical leadership in organizations [5]. Chadwick and Dawson also examined the role of women leaders in the top echelons of management and associated it with performance. They have also distinguished it based on financial and non-financial outcomes [6]. Their analysis suggests female leaders outperform in terms of non-financial performance across family businesses. In contrast, in terms of financial performance, they found satisfactory positive relationships acclaiming to many limitations and double standards adopted by the family businesses. Mittal and Lavina examined Indian companies from 2013 to 2016, and their study found an average of 9% women on the board, and only 2% of firms have chief executive officers as female [7]. According to them, there should be a significant change in companies' board, and there is a dire need for increased female representation on the board, which will undoubtedly lead to performance improvement and reduce the financial distress for the companies. Huang et al in their study, show that they have been researching this for the past 5 years, and they do not notice any progress in the representation of women at the manager level but mentions the increasing role of women at C-suits and also see a significant improvement in companies' commitment toward gender diversity, and senior leaders' accountability [8]. Women leaders still feel that their gender comes in the way of their career advancement, and there are prevalent cases of microaggression toward women that have been reported. Huang et al clearly, stated that despite progress at senior positions, gender parity remains out of reach and underrepresented at every level [8]. Still, yes, there are signs that the glass ceiling is breaking. Saurav Kumar 2023 concludes in his study "Indian women entrepreneurs as a greater proportion come from business families, they own SME's and their choice of sectors is classified by rural and urban locations in which they operate". The family business literature is sparse on this topic and in the past very few contributions were based on empirical research [9,10]. Women family members are one category of stakeholders with a vested interest in the viability of the business, next to owners and employees and they can have an important impact on the business [11]. While women tend to enhance their presence as female entrepreneurs, research on women in family businesses has suggested that the majority of women continued to remain in the background, staying 'invisible', contradicting the level of feminism [12,13]. However, for some authors occupying a subdued role has provided them with a unique vantage point allowing a rich understanding of the prevailing issues and relationship dynamics where they might make a highly valuable input to the efficient conduct of the business and the management of relationships

among family members. Sharma even says that, if used astutely, wives' observations, intuition and emotional capital can make a difference between the success or failure of a family firm [14-16].

The Role of Women in Indian Family Owned Businesses

Family-owned businesses are the backbone of the Indian economy, contributing significantly to GDP, employment, and economic development. Traditionally, these enterprises have been male-dominated, reflecting the patriarchal nature of Indian society. However, in recent years, there has been a noteworthy shift. Women are no longer merely behind-the-scenes supporters; they're at the helm, steering these businesses into the future. More women are stepping into leadership roles, influencing business decisions, and contributing to the growth and diversification of family firms. Armed with education, modern attitudes, and a dash of entrepreneurial spirit, they are redefining their roles and breaking age-old stereotypes. From being 'silent partners' to active CEOs, women are now driving innovation, succession planning, and ethical governance. In this article, author delve into the transformative journey, examining how women are not just changing family-owned businesses but revolutionizing the very concept of family and business in India. The concept of family-owned businesses in India is steeped in history and tradition, often tracing back multiple generations. These businesses, which span across sectors like agriculture, retail, manufacturing, and services, have largely been a male-dominated arena. The traditional framework typically assigns men to the roles of decision-makers and financial providers, while women are relegated to supporting tasks within the confines of the home. In this setup, women's contributions often go unnoticed and uncredited. Even when they have been involved in the business, it has generally been in roles that don't involve decision-making or financial planning. They might have been responsible for maintaining accounts, nurturing client relationships, or supervising household-related activities connected to the business. But these roles were often overshadowed by the leading roles that men played, such as being the face of the business, making high-stakes decisions, and steering the company's direction. The cultural script dictated by society often dismissed the idea that women could handle businesses. The traditional Indian viewpoint places women in nurturing and caregiving roles, emphasizing their responsibilities towards family and household chores. This mindset is not only limiting but also creates an invisible barrier for women to break out of the expectations imposed upon them. This traditional framework, deeply rooted in patriarchal norms, has for years perpetuated a cycle that failed to recognize or utilize the skills, insights, and talents that women can bring to the table. Consequently, the scope for innovation, diversification, and expansion has been limited by not capitalizing on the full human potential available within the family. However, times are changing. The modern Indian woman is educated, aware, and keen to contribute to the family business in roles that are not defined by gender. As more women break through these traditional barriers, the framework itself is evolving, ushering in a new era for family owned businesses in India.

Case Studies Women in the Leadership Roles of Family Owned Businesses

The growing presence of women in the leadership roles of family-owned businesses isn't just a trend but a transformative change that is substantiated by real-life examples. Below are some case studies that showcase the impact women are making in Indian family businesses.

Roshni Nadar Malhotra HCL Corporation

Roshni Nadar Malhotra is the CEO of HCL Corporation and the Chairperson of the CSR Committee. Her transformative leadership has led to HCL's global expansion and diversification into various sectors. She's been featured on Forbes' list of the World's 100 Most Powerful Women, exemplifying her leadership excellence.

Ananya Birla Aditya Birla Group & Own Ventures

An entrepreneur in her own right, Ananya Birla has launched ventures like Svatantra Microfinance and Mpower while still actively involved in her family's sprawling conglomerate. A Forbes Asia feature highlights how Ananya successfully marries legacy with innovation.

Nisaba Godrej Godrej Group

Nisaba Godrej, the Executive Chairperson of Godrej Consumer Products, has redefined the consumer-centric strategies and global expansion routes for the brand. Under her leadership, the company has noted a surge in profitability, as mentioned in an article in the Forbes.

Challenges Faced by Women in Family Owned Businesses

Despite the progress, women in Indian family businesses still face several challenges:

1. **Gender Bias and Stereotyping:** Women leaders often have to contend with traditional gender roles and biases that question their ability to make tough business decisions or handle crises.
2. **Work Life Balance:** Juggling between their responsibilities at home and at work can be a daunting task, often leading to higher stress levels.
3. **Lack of Mentors:** The shortage of female role models in the business landscape can be discouraging for aspiring women entrepreneurs and leaders.
4. **Limited Networking Opportunities:** There's a noticeable lack of business networks that focus on women, thereby limiting exposure, mentorship opportunities, and resource-sharing that can help them excel.
5. **The 'Double Burden' Dilemma:** Women are still largely seen as primary caregivers at home. Balancing domestic responsibilities with high-demand roles in the family business creates a challenging 'double burden.'
6. **Limited Access to Capital:** Gender bias often extends to financial institutions, making it harder for women to secure loans or investors, affecting business growth and scalability.

Breaking the Glass Ceiling in Indian Family Businesses

Most family businesses in India have historically had male successors; however, recent years have seen a progressive change with female successors rising to the challenge. Recent studies have shown that the number of women led family businesses has increased in the last decade, and it will only rise from here on. Where once the daughters were not even considered to lead the family business, today we can see those very women leading the march into the future. This trend reflects not just a national but a global shift in the mindset towards meritocracy over gender-based stereotyping and heralds a new age of leadership. The term glass ceiling refers to the phenomenon that results in a disproportionately low number of women senior executive officers at large corporations. The term is a metaphor for an unseen, but real, barrier to this pinnacle of career advancement Morrison, 1992; US Department of Labor, 1991. Women have successfully broken the glass ceiling in many family businesses. Today, they are overcoming the barriers that once limited their potential for growth. It has been observed that women are natural leaders with a profound sensitivity for people and business together. Not only

are they as adept at making important business decisions as their male counterparts, but they also lead with empathy and a spirit of collaboration rather than competition, which makes them the perfect fit for leadership positions. These women have unique and transformational leadership styles and skills, judgement and an outlook that makes them holistic managers and leaders. However, it is a fact that while there are exceptions and surely some signs of change, the norm has been that women in family-run enterprises are typically given the reins only when the male heirs refuse to take the responsibilities or when there are no male heirs in the family. Even so, women in family businesses are making great strides by continuing to work on role conflicts to pave their own path in the business and the family and resist being designated only as family caregivers. Socialisation and grooming of women while young can affect how well-acquainted they are with the various aspects of a business. By not being given the same opportunities as their male siblings, for instance, they get left out of leadership positions. While this aspect is also surely and slowly evolving, there is still a lot more that needs to be done to ensure that women have a say in family businesses.

The Transformative Impact of Women's Involvement

The involvement of women in family-owned businesses is not merely a shift in gender participation; it's a transformative change that offers multiple benefits. Below are some key points that illustrate this impact:

Innovation and Diversification

Women bring a different perspective to the business, often driving innovation and diversification. Their unique insights into consumer behaviour, employee relations, and social responsibility can be game changing.

Succession Planning

Women are now increasingly seen as worthy successors for taking over family businesses, ensuring that the enterprise remains in safe hands.

Employee Well being

Studies have shown that women in leadership roles tend to prioritize employee well-being, leading to higher job satisfaction and lower turnover rates.

Work Life Balance

Women's holistic approach to work and life often leads to the implementation of policies that promote a healthier work life balance, benefiting all employees.

Risk Mitigation

Studies have shown that companies with diverse leadership often exhibit better risk management, partly due to the varied approaches and perspectives that women bring to the table.

Enhanced Reputation and Branding

Companies that champion diversity and inclusivity often enjoy better reputations, which in turn can lead to increased business opportunities and revenue.

Result & Findings

- **The Contributions of Women often Go Unrecognised:** It is not uncommon for women to have complete responsibility for the household while working in the family business. However, as their role in the business is often perceived as secondary, their professional contributions aren't celebrated, and they miss out on leadership and ownership opportunities.

- **Women Face Challenges as in Laws:** A daughter growing up in a family business is often viewed on par with any brothers she may have and usually won't face too much discrimination. However, a daughter-in-law is treated very differently in the Indian society in terms of domestic expectations and cultural traditions, and these can become particularly difficult to manage alongside work.
- **Women's Roles in the Family Business are Changing:** The decreasing size of the average Indian household means daughters are more likely to become involved in the business, and the increase in education for women in India complements this trend. There is also an increased awareness of women's achievements, rights and opportunities globally, as well as in India, due to media access and widespread digitalisation. Additionally, certain government regulations have helped the cause, such as changes to inheritance laws giving rights to daughters.
- **Equality Needs Champions:** Indian women must find their path in business while navigating a society that often perceives them as demanding too much if they ask for anything at all. If men also start demanding equality for women and challenging the discrimination they see, the pace of change will accelerate.

Conclusion

Government and organizations should consider the following steps to facilitate the inclusion of women in family businesses:

1. **Skill Development Programs:** Specific training programs targeting women entrepreneurs can empower them with the necessary skills and knowledge.
2. **Flexible Working Conditions:** Facilitating part-time roles and offering remote working options can make it easier for women to balance home and work life.
3. **Networking Platforms:** Creating women-only business networks can offer much-needed mentorship and emotional support.
4. **Financial Incentives:** Offering tax breaks or subsidized loans can make it financially feasible for women to join or start a business.

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