



ENCONTRO
COM A CIÊNCIA
E TECNOLOGIA
EM PORTUGAL

8 - 10 JULHO 2019
Centro de Congressos de Lisboa

Female Entrepreneurship and Family Business: insights from two Portuguese case studies



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0 | SUMMARY

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1 | INTRODUCTION

1 | INTRODUCTION

In recent decades, more women have come into the labour market as a result of technological and economic changes. Women sometimes assume the leadership of businesses, particularly family businesses, even in gender atypical-businesses such as wineries, (Fernandes and Carvalho, 2019) where female leadership is still rare. Family businesses pursue financial and non-financial objectives (Tagiuri and Davis, 1992).

This research addresses the entrepreneurial profile of two women and their creative and innovative strategies to manage family businesses in two Portuguese firms associated with traditional products, namely cork and wine.

1 | INTRODUCTION

Entrepreneurship is evolving as family firms in Portugal have a great effect on the economy. About 30 per cent of family firms are owned by women. However, little is known about the leadership of the women and men starting these businesses (Sims et al., 2017).

The companies Pelcor and Ermelinda Freitas was chosen for these case studies. Both have the unique characteristic of a family business that has been successfully managed women in sectors usually dominated by men (cork and wine).

2 | LITERATURE REVIEW

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Family businesses are often multi-generational and, in these cases, they are characterised by a strong sense of history and identity with the organisation's past, which is used to legitimise present and future actions (Gioia, Schultz, and Corley, 2000; Miller, Steier, and Le Breton-Miller, 2003).

In this context, succession in family firms strives to ensure competent family leadership across generations (Le Breton-Miller et al., 2004). This process involves changes at both the management level (Alcorn, 1982), i.e. the CEO and top management (Le Breton-Miller et al., 2004), and at the ownership level (Barry, 1975).

2 | LITERATURE REVIEW

Some studies on the woman's role in managing a family business after succession draw attention to the specific features of women. The literature suggests that the management style of women is different, notably their thinking, communicating, problem solving and leadership.

The characteristics and motivations of women in business and their experiences of business ownership could shed light on some gender differences in the management of business predominantly with regard to finance, business networks, and performance (Carvalho and Williams, 2014).

2 | LITERATURE REVIEW AND HYPOTHESES

Female entrepreneurs in family business

In parallel with the growth in research publication devoted to the domain of family business there has also been a notable increase in attention to female entrepreneurs in general and this has been reflected in increasing interest in the role of women entrepreneurs in family business.

Hughes and et al (2012, p.432), for example, have suggested that more research attention be given to “new sites of women’s entrepreneurship, especially new regions, national contexts, and industries” and the present study sets out to be a contribution towards addressing this need

3 | METHODOLOGY

3 | METHODOLOGY

A case study shows the relative complexity of issues facing family firms, in which a number of players must reach a compromise in order to find a solution that works for all concerned (Carsrud and Brännback, 2012).

These companies were chosen for this research as they present the unique characteristics of a family business.

Ermelinda Freitas has been successfully managed by several generations of women in a typically male sector.

The Correia family has had a cork factory for over 40 years and they originally produced cork exclusively to sell to other companies. However, due to a crisis in their traditional markets at the turn of the century, a young woman entrepreneur introduced significant changes to the business and created Pelcor.

A qualitative methodology is used based on the documental analysis of financial reporting statements and information collected from the company website, the wine industry websites and media. Our empirical research was carried out by applying case study methodology (Yin, 1989).

4 | CASE STUDIES

ERMELINDA FREITAS

PELCOR

4 | CASE STUDY – ERMELIMNDA FREITAS FAMILY BUSINESS

Family business and women leaders

The winery Ermelinda Freitas was founded in 1920 by Deonilde Freitas; Germana Freitas followed in her footsteps. Subsequently, Ermelinda Freitas took on the running of the company after the early death of her husband, Manuel João de Freitas. She was helped by her only child, her daughter Leonor, who took charge of the company despite being untrained in the art of winemaking. This consolidated the already firmly female profile of the firm's management structure.

Ermelinda Freitas made the quality of its vineyards and wines a top priority from the very beginning. Initially, wines were produced and sold wholesale and unbranded. It was the current management that decided to take on the challenge involved in creating an own-brand wine. This new phase of the company's winemaking began in 1997 when "Terras do Pó tinto", a red wine, was the first to be produced and bottled on the premises of the Ermelinda Freitas winery.

4 | CASE STUDY – ERMELIMNDA FREITAS FAMILY BUSINESS

Responding to initial challenges

In 1978, when Ms Freitas was 38 her father died after a brief illness. An only child, she had been sent away to the city from the rural family home at the age of ten by her parents to have access to education and after completing her university course in Lisbon she continued to live an essentially urban life.

At the time she had settled in the city of Setubal where she enjoyed her work as a social worker in the health sector. Her husband was an engineer in a cellulose firm and their two children João and Joana were 10 and 4 respectively.

4 | CASE STUDY – ERMELIMNDA FREITAS FAMILY BUSINESS

A female entrepreneur in a traditionally male environment

Back in the beginning, I remember the workers saying 'let's wait until your husband comes to tell us what to do.' However, they quickly adapted.

At that time wine production was a man's world and often I was the only woman present at regional meetings. It was a bit difficult initially as I was aware of certain smirks and stares. For some events I used to make a point of attending wearing trousers. But I made it very clear what I wouldn't accept and that came to be respected. We women need to be assertive ... considerate but also reserved when necessary.

4 | CASE STUDY – PELCOR FAMILY BUSINESS

This case study explores the growth and internationalization of Pelcor, a traditional company situated in the remote south of Portugal.

The Correia family has had a cork factory for over 40 years and they originally produced cork exclusively to sell to other companies. However, due to a crisis in their traditional markets at the turn of the century, a young woman entrepreneur introduced significant changes to the business.

This case illustrates how a brand can be developed for international growth and expansion by a small family business. It also highlights the role of an entrepreneur in introducing modernity, innovation and product diversification to allow such a small family firm to reach global markets.

Additionally, by using grades of cork that were formerly rejected as waste material, the firm has contributed significantly to the sustainability of this natural resource.

4 | CASE STUDY – PELCOR FAMILY BUSINESS

Responding to initial challenges

Everything began with a problem in the family business: Sandra Correia noted that Novacortiça had excess raw material that represented costs to the company, and she identified this surplus as an opportunity to monetize the leftover cork by using it to produce fashion accessories.

This plan assumed particular importance when Novacortiça found itself facing serious challenges due to changes in the wine cork market.

At the beginning of the twenty-first century the cork industry was in crisis due to competition from substitute products. To react to this crisis, Novacortiça established an agreement with two partners from France and Spain in 2000, which committed them to supplying corks exclusively to French champagne producers Moët et Chandon. In anticipation of the enthusiasm of the new millennium, Moët et Chandon had estimated significant growth in champagne sales and placed a large order for corks. However, demand did not meet expectations, which led to a decline in the demand for cork.

4 | CASE STUDY – PELCOR FAMILY BUSINESS

A female entrepreneur in a traditionally male environment

Sandra Correia believes that her family was decisive in her personal journey and she recognizes the important role played by her father: *'my father has been my mentor all my life'*. She classifies herself as an irreverent dreamer: *'The dream is a big one. My irreverence, perseverance and will to do better are huge. This is just the beginning of the process to make cork a fashion product and to emphasize the role of cork in today's world.'*

5 | ANALYSIS OF RESULTS AND CONCLUDING REMARKS

5 | REMARKS

The principal insights concerned:

- the role of education for women from non-urban backgrounds: both of the entrepreneurs under study were the first of their family to access higher education
- the evolution of a family business and entrepreneurial growth in the context of critical innovation and creativity;
- the importance of the opportunity nexus in small business;
- the power of entrepreneurial marketing (see Morris *et al*, 2002; Sethna *et al*, 2013) and brand development via internationalization;
- strategic decision making with respect to marketing when a family-based SME aims to internationalize.
- gender differences in entrepreneurial orientation.

Carvalho, L., & Williams, B. (2014). Let the cork fly: creativity and innovation in a family business. *The International Journal of Entrepreneurship and Innovation*, 15(2), 127-133.



Thank you for your attention.