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WOMEN IN MANAGEMENT IN FAMILY BUSINESSES: ANY IMPACT ON THE FINANCIAL PERFORMANCE?

Vasco Maria y Alberty Raposo de Sousa D'Alte

Dissertation submitted in partial fulfillment of requirements for the degree of,

MSc in Business Administration

Supervisor:

Profª Dra. Alexandra Fernandes

Assistant Professor

Departamento de Marketing, Operações e Gestão Geral

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Novembro, 2022

BUSINESS SCHOOL

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Abstract

The main goal of this project is to explore and analyze the influence of women's presence in a firm’s managerial positions and whether that can benefit the firm's performance, particularly the impact on the financial performance of family businesses. Each year the number of women directors and CEOs rises, but there is still a disagreement on whether female leadership can impact the financial performance of firms. While some authors state that there is a positive correlation between female leadership and a firm’s financial performance, others agree that their presence is nonessential to a firm’s profitability, although still being an ethical and moral imperative. By analyzing existing literature, this thesis aims to understand the impact women leaders have on the firm performance of family businesses by studying the financial reports of four family-owned businesses: Coty Inc., H&M Group, Merck Group, and Eramet S.A.

Keywords: Financial Performance; Woman in Management; Family-Business

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1. Introduction

It was only in the 70s that women entered the labor market with greater force. This accomplishment took centuries to come to fruition after many feminist struggles to achieve labor equality. Now in the 21st century, equality has become imperative. Throughout the years, more women have come forth and started taking on more critical managerial positions with greater responsibility, with many receiving praises from the media and public. It seems like the stereotypes that once made women fall behind are slowly being dismantled, and women's performance in business is being more appreciated.

Furthermore, even though it is true that women are gaining force in the labor market, there is still a way to go to achieve true labor equality. According to Eurostat (2020), women take up half of all employed people in Europe (46%), yet they are still under-represented amongst managers (34%) in comparison to their male colleagues. Also, according to the Global gender gap report published by the World Economic Forum (2020), the gaps relating to gender disparity regarding economic participation and opportunity are the most difficult to close, with only 57,8% of this gap being closed so far. The report also states that the lack of progress in closing the Economic Participation and Opportunity gap leads to an extension of the time it will be needed to close this gap, and at the slow speed experienced throughout 2006-2020, it will take 257 years to close this gap (globally).

It is clear, by these numbers, that gender inequality is both a moral and social problem, but it is also both an economic problem and a major unresolved challenge. According to the Gender Pay Gap Situation in the EU (2021), women still earn 14,1% less on average per hour than their male counterparts, which means that for every 1 euro a man earns, a woman earns 86 euro cents, making women work almost two months for free, in comparison to men. Considering women's advances in the labor market and more women taking on managerial positions, it becomes inconsistent that there is still no absolute equality in the workforce.

This problem becomes even more severe when we observe that women are half of the world's working population. If women do not reach their full potential, the global economy will have significant losses. According to recent reports by the McKinsey Global Institute (2015), if both genders have an equal position in the labor market, up to 28 trillion dollars can be added to the annual world GDP by 2025.

It is safe to say that through the years, much progress has been made in this area. However, it has been a slow growth - the idea of a woman as a caretaker still influences women's progress in business greatly. Many women have trouble achieving those higher roles because companies fear putting them in higher positions as they might leave work more often to take care of their children and be more inconsistent than men. In some crucial fields, women are still underrepresented. Finance, engineering, and technology are still mostly male-dominated, despite certain areas displaying patterns of an increasing female workforce (Biernat & Fuegen, 2001). The traditional family model and the societal standards and stereotypes appear to strongly influence how women are perceived in the workplace. Culturally and socially, we still have a long way to go, as many research points to men being perceived as more competent than women (Biernat & Fuegen, 2001)

Research shows that men and women have different ways of acting, drawing upon their instinct behaviors. According to Ferris et al. (2002), there is evidence that suggests that men are more likely to use aggressive and influence tactics like assertiveness and women, in contrast, are more likely than men to use coalition-forming tactics and a need for social support and a higher level of comfort when working in groups.

However, even though stereotypical male characteristics seem more valuable in the workplace, women also retain certain qualities that many researchers find valuable for work. Some studies found that men-rated female speakers are even considered more trustworthy and influential when behaving tentatively (Buchanan & Badham, 2008). According to Devine et al. (2018), female-led businesses are more likely to see rapid growth, as it was discovered that specific types of humans and financial capital are more strongly linked to favorable growth in female-led businesses than in male-led ones. Also, according to Lobo et al. (2020), family businesses support female roles better than non-family businesses.

Despite some difficulties women may still face in the business world, there has recently been a rise in female CEOs and leaders. According to Women CEOs in America Report (2021), in December 2019, women held around 6% of CEO positions. At the start of 2020, that number was 6.7%, and at the end of 2020, the number rose to 7.8%. These numbers are expected to keep growing.

Considering the present growth of women in business and the ongoing discussion on diversity in corporate management, this thesis aims to understand whether the presence of women in corporate leadership or CEO roles can impact the financial performance of family-owned firms.

To analyze this matter in more detail, we will discuss qualitative and quantitative research. Firstly, there will be a discussion of the importance of the financial indicators in the assessment of a company's performance, followed by a discussion on family business, the presence of women in family businesses, and an analysis of researchers' opinions on the stereotypes attributed to women and why they are still - in many areas - seen as not as capable as their male colleagues.

Following this discussion, this project aims to explore how the participation of female CEOs can impact the financial performance of family businesses. To analyze this matter correctly, four family businesses were chosen: Coty Inc., H&M Group, Merck Group and Eramet S.A. In order to analyze whether their presence impacted the firms' financial performance, recent financial statements have been reviewed with an emphasis on several key performance indicators (KPIs).

2. Literature Review

2.1 Financial Performance and key performance indicators

Accounting is extremely essential to understand the financial performance of any company. According to Bogićević, Domanović and Krstić (2016), the most complete document that can help us generally in evaluating all the financial indicators, or KPIs, of any company are the financial statements. Although financial statements are complete, their users can find that they are "not only a map, but a maze" (Fraser & Ormiston, 2013, p.1). As a map, financial statements serve as a good guideline for understanding a company's financial situation and assessing its past and future possible success. Therefore, it should be no surprise that the company's balance sheet and income statement is one of the most important chapters of the document as they show us key performance indicators that are relevant for assessing the company's financial position.

According to Intrafocus (2014), a Key Performance Indicator shows how well a specific goal is being reached over a predetermined period and serves as a measure to be counted and compared. Fraser and Ormiston (2013) also state that the two best financial performance indicators are the rate of operating income and the rate of net income. However, other authors do not share the same point of view, like Doupnik and Perera (2007), that have a different line of thought where they note that financial performance measurements are indicators determined based on accounting data: growth in operational income, cost reduction, profit, and return on investment. These scholars emphasize that the fact that profit numerically describes the actions of all business functions, makes profit the most pertinent key performance indicator, thus making profit-based indicators the most common chosen KPI's, like for instance Earnings before Interest and Taxes (EBIT) and Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA).

We should consider that in the volatile market we are in, financial performance indicators no longer have the relevance they once had. Even though financial metrics are important, today, with increasing competitive environment demands, it could be misleading to only look at the financial metrics to analyze whether a company is successful (Ahmad & Zabri, 2016).

When talking about the financial performance on family-businesses, some authors defend that family-owned firms have some type of financial advantage versus non-family-owned businesses and this topic has been subject of a large discussion amongst family business researchers. For instance, some authors defend that there's a positive effect on family-businesses due to their long-term orientation and the management costs, that can be lower as with this the family doesn't need to have expenses with the control of the management of the firm, in case if the management was done by an entity other than the family (Audretsch, Hülsbeck, & Lehmann, 2013; Miller & Le BretonMiller, 2005). The ‘greater good’ of the family is shared amongst principals and agents, so unifying ownership and control in family businesses will have an impact on the reduction of agency expenses (Ang, Cole, & Lin, 2000; Chua, Chrisman, & Steier, 2003).

However, other authors defend that it is difficult for a family-business to have financial advantage over a non-family-business due to the negative effect that family altruism and family nepotism proponents have on the firm’s performance (Bloom & Van Reenen, 2007; Pérez-González, 2006). Bloom and Van Reenen defend that family members derive “amenity value” from managing the family firm and that this is sub-optimal and will impact negatively the results of the family-owned business because under this scope the family is willing to accept a weaker financial results of the firm and this complacency can be motivated by the desire to maintain the company under the family control.

Pérez-González shares the same line of thought, as he concluded that financial performance decreases are more noticeable in companies that elect a family member as the company CEO and in many cases this individual didn’t attend a selective undergraduate university. On the other hand, companies that support non-family CEOs do not see this decline in the financial performance of the family-business, even when the non-family appointed CEO did not attend top tier universities (Pérez-González, 2006).

2.2 Family Business

Many ways can be used to define family business and what it entails. According to Chua et al. (1999), many researchers have proposed a particular definition, and there is not uniformly accepted one. However, after presenting some definitions, the authors agreed that a company that is a family business behaves like one and that this behavior is much more distinct than that of non-family firms. What this means is that family business, opposing the non-family business, have a particular way of acting and is characterized by its uniqueness because each family has its own unique set of values, beliefs and ways to act or govern. “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua et al., 1999, p. 25).

According to Habbershon et al. (2003), family businesses are an interaction system of individuals, a family, and a firm. To these researchers, "familinesses" can create competitive advantage and wealth. Also, according to Chrisman et al. (2003), familinesses may help create a competitive edge directly and indirectly through its mediating effects.

Other researchers (e.g., Ahrens et al., 2015) assume that a family-owned firm must have a maximum of three natural people that own more than 50% of the enterprise and have at least one of these owners as an executive director. Chua et al. (1999) also state that the pattern of ownership, governance, management, and succession, as well as how each is developed, created, and implemented, distinguishes a family business from other types of enterprises.

What distinguishes between family businesses is the underlying mission and values that they carry. Since family businesses encompass members of the same family, each family business will act according to the values of said family. According to Hubler (2009), the values that the family advocates are usually perpetuated in the company. To have a most successful family business it is important to have good communication styles within the family, regular family meetings to create a forum of dialogue and have collaborative team skills. “To achieve a collaborative dialogue for the creation of the family point of view, the family must engage in activities that allow for its emergence, through discussion of events that occur in the family and the family business” (Hubler, 2009, p. 254).

Another important factor in a family business is sustainability to maintain the family vision of the company to succeed for more generations, “by requiring potential cross-generational sustainability, the definition incorporates controlling ownership as the predominant means to maintain or continually shape the vision” (Chua et. al, 1999, p.25).

Family businesses tend to have their own unique set of problems, usually coming from the difficulty of maintaining the same values and ethics of work through generations. Hubler (2009) mentioned that in family businesses that start to receive blessings, the adults are usually concerned that such blessings might negatively impact the grandchildren and corrupt them. This is one of the significant problems family businesses usually face, questions about succession and maintaining the company's values and performance the way it was when it was first created. According to Ahrens et al. (2015), questions like nepotism can affect family and firm performance.

Another structural problem affecting family businesses is that the ideal type of entrepreneur today is typically portrayed as a white male in his prime years who launches a business with an economic imperative and because of this, women are negatively positioned in a deficit (Taylor and Marlow, 2009) and are portrayed as outsiders or intruders in this field, undermining their current and potential contributions to economies and societal well-being as family business actors and entrepreneurs.

2.3 Women in Family Business

It is known that women can play an essential role in business and family-owned firms. According to the 2019's Global Family Business survey, one of the most significant economic shifts in the last 40 years has been the rise of women in the workforce, with family businesses having more and more women taking leadership roles in industries around the world. It was reported in the survey that 18% of business leaders were female in 2019, still a tiny percentage in comparison to men, referring to the "glass ceiling" as one of the reasons why the percentage is not higher. It was also reported in 2019 that most female CEOs in family businesses are from Europe and Central Asia (43%), followed by Latin America and the Caribbean (25%) and Asia and the Pacific (20%). North America (7%) and the Middle East & Africa (5%), which are global regions, have the lowest proportions of female CEOs.

Many researchers refer to the fact that men and women have different leadership styles, tactics and attitudes when overseeing a company and firm (Vadnjal et al., 2010; Buchanan et al., 2008; Fagenson, 1993; Lobo et al., 2020) and that could have different impacts considering the specificity of the firm itself.

According to Vadnjal et al. (2010), traditional gender roles are often present in family businesses and although gender roles in family businesses are changing, when it comes to holding the role of CEO, men mostly take center stage, and this may just be a result of the fact that they were the dominant founders who assumed control of the CEO position, leaving the women in a supporting position. Also, according to Ahrens et. al (2015), family entrepreneurs tend to prefer male successors over female successor. "We find that if both genders are represented among the predecessors' children, a male family successor is chosen in 81.2% of the single (i.e., successions with one successor) family successions cases. The presence of sons among the predecessor's children is significantly related to a higher probability of a family succession" (Ahrens et al., 2015, p. 87).

Since women only relatively recently started to occupy more essential roles in the business sphere, it is only natural that, in the majority of cases, they have to fill in or follow up on the role of the previous male in the family. In this regard, Hubler (2009) mentions that the father usually establishes most family businesses as he has an influential role as the business leader of the family company.

In Vadnjal et al. (2010) findings, the 'feminine' approach of women in family businesses is crucial for fostering positive workplace relationships, a positive work environment, and high staff morale. Women's contributions are frequently kindly acknowledged but need to be acknowledged more.

2.4 Female prejudice in the workplace and female stereotyping

Before analyzing whether women impact the financial performance of firms, the female stereotyping and prejudice that still exists today needs to be discussed as gender equality becomes more relevant each year that passes. Wilson (2002) argues that we are now witnessing a "feminization" of management', as flatter structures require skills and qualities often associated with women, such as communication, collaboration, consensus decision-making, teamwork, networking and developing others. Even though women are increasingly competent, many barriers exist between women and top management positions.

Many researchers (e.g., Wilson, 2002; Ferris et al., 2002; Eagly, 2005) believe that these barriers still happen because of the characteristics that we inherently associate with men and women, as men are generally associated with terms such as strong, aggressive, direct, and women are associated with terms like a cooperative, naive, and helpful. Because male characteristics are usually considered more useful in business, it could explain why men are offered more opportunities and are seen as generally more competent than women. To corroborate this argument, Ferris et al. (2002) argued that men are more likely than women to use tactics, including threats, assertiveness, and drawing on their expertise, while women contrast more by using coalition-forming tactics and have higher levels of comfort working with groups.

Ferris et al. (2002) makes the following observations, which are essential to understand why women are not seen the same way as men in organizational politics:

1. Women tend to use fewer influence behaviors than men.
2. Those tactics that women use most tend to be consistent with female stereotypes.
3. Organizational norms reward those who use traditional 'masculine influence tactics.
4. Women who use 'male' tactics may attract organizational rewards (promotion, pay rises) but may get less social support from colleagues.

These observations tell us that men and women usually have different ways of operating and managing their roles in a company and that, historically, the way men operate is seen as a more competent way of doing things. Research in the 1970s (e.g., Massengill & DiMarco, 1979; Powell & Butterfield, 1979; Schein, 1973, 1975) found that both men and women perceived successful managers to possess more characteristics typically associated with males than characteristics typically associated with females. In business, female characteristics are considered valuable but not as strong as male characteristics. According to Buchanan and Badham (2008), women are usually associated as being socialized to be passive and accommodating, wanting to be liked, being less prepared to hurt others, freely expressing doubt and uncertainty, and considering political behavior unnecessary, while men are socialized to be proactive and competitive, seeking to win, wanting to be 'one up', be more prepared to hurt others, freely expressing confidence and certainty, and considering political behavior as a necessity. Considering these male characteristics, and others, are seen as more valuable for a company, it makes women want to assume specific characteristics that their male colleagues have, which could make them more 'visible' in the company's space. However, Eagly (2005) argues that women who adopt that approach, prompt others to ask, 'should a woman behave like that?' (Aggressive, assertive, competitive, precise, intense). These are values and behaviors typically associated with men, and when women try to replicate them in their behavior, they are not taken seriously and are labelled as complex. Also, in the same line of thought, Ryan and Haslam (2007) argue that women who moderate their display of femininity and who model confident, authoritative masculine behaviors, are thus more likely to feel that they are inauthentic, unnatural and play-acting.

However, what are women to do in this situation, where, for many firms, women-like behaviors are seen as innocent or weak, and male-like behaviors are seen as strong or more appropriate? Even though men and women might act in different managerial styles and have different forms of leadership, both are equally relevant and important to the pursuit of successful management of a company. As stated by Hurst et al. (1989), women have something that men do not, which is the permanent focus on a climate of harmony and the pragmatism and ease in sharing information.

Women could bring much competence to the workplace, and their presence could help businesses create a more healthy and more effective workplace that achieves greater productivity. As mentioned above, women are still paid less than men and are still underrepresented in most firms and companies worldwide. Many researchers believe that even though men and women tend to have different characteristics, those are based solely on stereotypes created throughout history. If it is true that men are more aggressive or assertive (which are agreeable characteristics for leadership), it does not necessarily mean that they would be good leaders or enhance the financial performance of firms. According to Donnell & Hall (1989) and Goktepe & Schneier (1988), researchers have found little to differentiate between the managerial or leadership styles of men and women. The more significant issue, however, is the importance of perceived differences between male and female managerial styles (whether real or imagined) to corporate placement decisions. Also, as Buchanan and Badham (2008) argued, differences between the genders must not be confused with individual differences. We must recognize the danger that presenting these differences in this way may simply over-generalized stereotypes. If it is the stereotypes associated with women that usually prevent them from getting higher positions - women have to work harder to prove themselves in the workplace due to their inherent female characteristics, while their male counterparts are praised for their male characteristics. Moreover, according to Fagenson (1993), if these stereotypes are still rooted in the minds of people, there is a chance that, even subconsciously, this aspect could influence the way employers see the applicant's potential.

2.4.1 The glass ceiling theory and the glass escalator theory

Throughout the years, many authors have referred to the disparity in opportunities of men and women in the workplace as the ‘glass ceiling’. While women get slowed down by a “glass ceiling”, men have an easier climb to the top with the “glass elevator” - invisible barriers in the form of stereotypes.

According to the Federal Glass Ceiling Commission (1995, p.4), the glass ceiling is the “unseen, yet unbreachable barrier that keeps minorities and women from rising to the upper rungs of the corporate ladder, regardless of their qualifications or achievements”. Also, along with the glass ceiling concept, there is also the glass escalator that, on the contrary, helps white men have a more straightforward ascent to the top of the corporate world. As Buchanan and Badham (2008) argue, ‘the glass ceiling’ is the ostensibly invisible barrier that is erected in male-dominated company boards, while men’s careers, in contrast, are aided by a ‘glass escalator’.

Also, a 2012 study by the City University of New York on how the interaction of gender, race and ethnicity can produce wage and benefit inequality stated that the ‘glass escalator theory’ suggests that in female or minority-predominant fields, white men are promoted more quickly and with greater ease while the ‘glass ceiling theory’ tells us that there is a limit to how high women and minorities can be promoted. Despite the advancements made, these theories are still applicable today, and their prevalence makes it harder for women to get ahead in the corporate world.

This glass ceiling that women have to face happens for many reasons, socially and culturally, but also because of the traditional family model that is still very prevalent in society, meaning that the family in which the father works, and the mother takes care of the children, and the home is still very much rooted in the minds of many people, which is very much outdated.

As the years go by, we see more men becoming “stay-at-home parents" with satisfaction, and this family model is slowly being dismantled.

Also, it has been proven that women can only improve a company's performance if diversity is accepted as an intrinsic value. If a woman works in a place where diversity is not cultivated, she has a more challenging time sharing her ideas with her colleagues.

There is clear evidence that a strong representation of women in the management of companies also improves the diversity of information and social benefits. Another effect that can be observed is the fact that women who are in middle management feel more inspired and motivated because they know that in that company, they can have career advancements without any obstacles (Dezso, 2012).

Women have something that men do not, which is the permanent focus on a climate of harmony (Hurst et al., 1989) and the pragmatism and ease in sharing information (Earley & Mosakowski, 2000). Also, a direct consequence of having women on the management boards of companies is that women can identify consumer standards since the highest percentage of consumers is female, and thus make more and better strategic decisions that will undoubtedly impact the performance of a company.

There is still some disagreement in academia on whether gender diversity benefits a firm's economic performance. While some authors argue that the presence of women does not mean the economic and social growth of a company, others argue the contrary, that the presence of a diverse team could have a lot of benefits.

2.4.2 The Diversity dilemma

As mentioned before, there is an ongoing debate on whether the presence of a diverse team could be beneficial to the company's performance, particularly its financial performance. According to Skonieczna and Castellano (2020), gender-diverse teams produce better results. Women remain underrepresented when it comes to investment, both as beneficiaries of investment and as decision-makers, and in 2018, over 90% of capital raised by tech companies backed by European Venture Capital (VC) went to teams that did not have a single female founder.

To Turban, Wu and Zhang (2019), gender diversity relates to a more productive company, as measured by market value, only in contexts where gender diversity is viewed as "normatively" accepted, meaning a widespread cultural belief that gender diversity is important. These researchers, through international comparisons, found that a country's diversity norms are fundamental, saying that for diversity to work, workers must buy into the value of diversity, not just hear some rules about it. Diversity creates positive benefits when people believe in its intrinsic value. They cannot just see gender inclusion as an obligation.

This was also stated by Adams and Ferreira (2009), who concluded that for well-governed companies, introducing mandatory gender quotas could be harmful, as it could result in a negative impact on shareholders' value.

Diversity is therefore extremely important for companies' performance, which is why many multinationals have already made radical changes in their structures to adapt and perform well in these areas. Several examples like Amazon, Nike and IBM have committed to fighting gender inequality because they know it is relevant to long-term sustainability.

Authors like Galbreath (2011) suggest that greater gender diversity in the corporate boards would raise investors' confidence, who expect increasing accountability, transparency, and moral duty from the firm’s directors. Some research also suggests that the presence of women on boards helps ensure that the codes of ethics are more effectively enforced, promoting ethical behavior that protects against abusive use of investors’ capital. Also, according to Skonieczna and Castellano (2020), women tend to be associated with long-term, patient capital and more social-impact investment.

There is much evidence from researchers that shows that a gender-diverse workplace could improve a company's financial performance, however there is still not a consensus. Authors like Martín-Ugedo and Minguez-Vera (2014), among others, argued that firms with higher profitability have, on average, more female leaders, however, as the author’s debate, if it has be found that gender does not influence performance, gender diversity and women's presence would be primarily an ethical issue, and if it was evidenced that the presence of women has a negative influence on performance, a dilemma would arise, with the confrontation between economic and ethical arguments.

On the other hand, Adams and Ferreira concluded that for well-governed companies, introducing mandatory gender quotas could be harmful, as additional monitoring could be counterproductive, resulting in a negative impact on shareholder value.

Diverse teams exhibit stronger returns and outperform market benchmarks (Christiansen et al., 2016), and greater gender diversity is correlated with higher profitability, innovation, and value creation (McKinsey & Company, 2015; Nordea, 2018). It also has significant macroeconomic effects regarding GDP growth, higher productivity, and rising wages (Lagarde & Ostry, 2018; Ostry et al., 2018). The European Institute for Gender Equality (EIGE, 2017) estimates that implementing gender equality measures in our economy and society could increase per capita GDP by up to 12% in several EU Member States by 2050.

On the matter of whether women’s presence impacts firm performance, other scholars differ. While some agree that greater gender diversity leads to greater productivity, others assume that the presence of women in the management of companies is not directly correlated to the improvement of the financial performance of firms. Some authors believe that gender-diverse teams produce better results (Skonieczna & Castellano, 2020). Other studies argue that firms led by women do not possess any profitability advantage over other firms, albeit continuing to be an ethical imperative (Lobo & Maldonado, 2020).

3. Research Design

The following research was conducted to try to establish a correlation between women presence in managerial positions and the impact that may have on the financial performance of a family business. To identify this matter, four family-owned businesses were selected for this analysis, namely, Coty. Inc., H&M Group, Merck Group and Eramet SA.

These companies were selected by the following criteria: they are companies where families have large ownership stakes; are currently led by female CEOs; are publicly listed companies which have their financial information available online.

Coty Inc. is a cosmetic group founded in 1904 by François Coty and is currently owned by the German billionaire family Reimann (60% ownership); H&M Group, is a fashion and clothing brand founded in 1947, that, in present times is owned by the Stefan Persson family (75% ownership); Merck Group, is a pharmaceutical company founded in 1668 that is owned by the Merck family (70% ownership), and lastly Eramet SA, a mining company founded in 1880, currently with participation by the Duval family of 43.9%.

This evaluation will be separated in two parts: theoretical and practical part. The theoretical part will cover the historical background of all the selected family-owned firms as well as the nomination and business context in which the most recent female managers were elected for the role of CEO. This part will set the ground for a better understanding of the financial outcome that derived from all the decisions that the current female CEOs took to try to improve the financial performance of the four companies and how that impacted the businesses.

The practical part will be the demonstration of the recent financial information for the companies selected to try and draw conclusions later on. The analysis will show how items from the financial statements changed year-over-year for the most recent fiscal years (FY). This analysis starts on the previous FY where a woman took over the CEO position and goes until the most recent financial statements available, thus covering the year before a woman was appointed as CEO and all the years following her appointment, up to the present time.

3.1 Research Problem

As it was mentioned before, in the literature review, women in business and in higher managerial positions are still highly underrepresented. This is a prevalent issue that still exists in our society and in the business world, whether in non-family businesses or in family businesses. This issue is based not only on the existing discrimination against women and the positions they hold in companies, but also the discussion of whether women's presence can actually impact the financial performance of firms.

With this study it is intended to set a basis for a more profound discussion on this relevant topic and to try and prove that any type of discrimination is unfounded, and that women are a valuable asset in any company, especially in family businesses. More, the study will try to prove that many companies are 'leaving money on the table' when they do not appoint women to the firm's management.

3.2 Research Methods

As mentioned before, the present research will focus on the historical part and the financial background of the four companies on the year before the appointment of a woman as CEO. This analysis is important to have benchmark data for comparison purposes.

Following this, the financial statements issued by the companies until the present time will be analyzed. By utilizing the mentioned analysis method, the following aspects of the companies will be studied year-over-year: Net sales; Profit; Profit after tax; Liabilities; EBITDA; Cash flow; Share price and other relevant key performance indicators - each company uses unique KPIs so the financial terminology will vary throughout the analysis.

After obtaining the results for each company, they will be compared year-on-year, to comprehend whether there was any positive or negative variation. By doing so, it will become clearer whether we can form any conclusion about the correlation between having a woman in a management position of a family business and the financial performance of said business.

4. Historical background and business contextualization

4.1 Coty Inc.

Coty was founded in 1904 by François Coty and its main activity is fragrance manufacturing as well as cosmetics and other health and beauty aids. It was first established on a small flat in Paris that was quickly outgrown due to the success of the first perfume. By 1908 Coty was transferred from a small flat into a factory in the suburbs of Paris and grew exponentially from that moment on (*History of Coty, Inc. – FundingUniverse*, n.d.).

However, this growth was not constant as in recent years, Coty started to suffer disruptions in its supply chain and a reduction in distribution at big retail stores, which in turn caused a decline in annual sales, especially in the consumer beauty segment, which accounts for 40% of Coty's revenues. As a result, in 2019, Coty reported that its net revenue decreased even more than it had in the previous year, falling 8% to $8.6 billion (Abboud, 2019).

From 2015 to 2020, Coty had four different CEOs, and all could not solve the problem the company had at hand. Coty's course was about to change with the arrival of the fifth CEO. According to Coty's press release, in September 2020, Sue Y. Nabi, a successful businesswoman and entrepreneur in the cosmetics industry, assumed official leadership of Coty Inc. Prior to Coty, Nabi worked for L'Oréal in 1993, where she became the company's youngest CEO. She also joined Lancôme in 2009, guiding it to three years of double-digit growth and a record €3.2 billion in sales.

With such a strong record, Sue Y. Nabi seemed to be the right person for the role. After a year as CEO of Coty, the veteran of the beauty industry already had a growth strategy in mind based on increasing sales of "premium" cosmetics produced under license for luxury brands, as well as in China and skincare, two fast-growing markets where Coty has long lagged bigger rivals such as L'Oréal and Estée Lauder. (Abboud, 2021).

According to Abboud (2021), when Nabi first started working at Coty, she went over every brand in the portfolio, from the value brands sold in Walmart to the high-end scents offered in Harrods, to evaluate their positioning, advantages, and disadvantages. Another measure taken by Naby was to keep the focus on the CoverGirl brand, which until then had been the target of several unsuccessful changes but was a strategic point in Coty's portfolio because this was an entry-level brand with lower prices and, therefore, more accessible to the masses. As part of a push into luxury skincare in China, Nabi also wanted to change the status of some forgotten brands, such as Lancaster, a premium sunscreen brand that has a good selling point for having been used by Princess Grace of Monaco.

Analysts at Citi believe that Nabi's plan is innovative, but it is too early to assess its effectiveness, however we will observe in the financial analysis that Coty ended FY22 positive net income, a sign that Nabi’s actions are quickly having an impact on the financial performance of the company.

According to Nabi's commentary (2022) on the demonstrated results for FY 2022, she states that Coty's appealing value proposition in the historically resilient beauty market is reinforced by its balanced portfolio, which spans key categories, channels, price tiers, and geographies; its portfolio of iconic key brands, which continue to solidify their positions and gain share; and its sizable white space opportunities in China, travel retail, and skincare. Coty’s positive feedback loop will only make the Company stronger, enabling further above-market sales growth and gross margin expansion.

4.2 H&M Group

H&M was launched by Erling Persson in 1947, opening the first location in Västers, Sweden. At first, Erling Persson was only focused on ladies' clothes, hence the name of the store was "Hennes", which in Swedish means "Hers". The business's name was not changed to Hennes & Mauritz until 1968, after Persson bought the hunting gear manufacturer Mauritz Widforss to represent the brand's addition of menswear to its product line. Following the merger and the official rebranding as the abbreviated H&M, the business's expansion slowly started to spread outside of Sweden (H&M Story - Profile, History, Founder, CEO, n.d.).

Norway and Denmark hosted the first H&M stores outside of the country, and soon after followed the UK and Switzerland. In 1973, the company started selling intimate garments and underwear and hired ABBA singer Anni-Frid Lyngstad to be their first-ever celebrity endorsement. As the 1980s began, H&M focused on increasing its international reach. Steffan Persson took over as the company's CEO in 1982 after his father, Erling Persson officially passed over control of the business to him.

The first H&M store to open outside of Europe was a huge achievement for the company as it ushered in the new millennium. The first non-European city to host an H&M flagship store was New York City, it was situated on Fifth Avenue to directly compete with other well-known and competitive fast fashion businesses as well as many luxury labels that rule the famed retail district (The premier leader of Global Fast Fashion and conscious style: H&M story). Today, the H&M group has several distinct brands that together give consumers all over the world access to fashion and design.

Helena Helmersson began working for H&M in 1997 as an economist in the company's buying division. According to H&M’s website, she subsequently had several positions in both buying and production. Helmersson also worked as a production manager stationed in Hong Kong, following five years as a sustainability manager and currently she succeeded founding family scion Karl-Johan Persson to become the fast-fashion company's first female CEO, in January 2020.

According to Bloomberg (2021) when the pandemic struck, Helmersson had just begun in the position, when, in the first six weeks, she witnessed a staggering 50% decline in the stock price. Most of that has since been recouped.

According to Wilen and Mulier (2021), Helmersson also had to deal with a crisis after some H&M clothes designers provided a hat with a product name that contained a racist term during the Black Lives Matter rallies in addition to coping with the widespread Covid lockdowns. Despite the pandemic, she inherited H&M's five-year-old inventory backlog, which was the largest of any significant garment manufacturer. She announced intentions to permanently close down around 300 stores and eliminate 16,000 full-time jobs, starting H&M's largest retrenchment of its store network. This last decision was essential and a defensive measure in the long run, according to Nicklas Skogam, an analyst at Handelsbanken Capital Markets.

According to the 2021 HM’s CEO Letter, in 2021, the H&M group's comeback continued and despite supply chain disruption, geopolitical issues and the pandemic-related restrictions having a detrimental impact on sales, customers nonetheless made it obvious how much they liked HM's products. By the end of 2021 sales had returned to their pre-pandemic levels, and profitability had improved significantly. During the FY 2021, the net sales, gross income and the gross margin all increased due to H&M that continued to make decisions in accordance with its strategy to always have the best customer offering in each specific market based on a combination of fashion, quality, affordability, and sustainability. During this year, the steps taken across the various areas of the company in 2020 to control the Covid-19 crisis and its detrimental impacts, such as regarding product purchases, investments, rents, staffing, and financing, continued to pay off.

Under Helmersson's leadership, H&M continued to improve its supply chain speed, adaptability, and effectiveness, thus being capable of placing the right product in the right place at the right time at an affordable price. This is only possible due to HM’s constant investment in technology, sophisticated analytics, logistics and artificial intelligence.

Throughout FY 2021, H&M received recognition for their sustainability initiatives on several occasions, including being placed second out of 250 fashion brands in the Fashion Transparency Index. Due to its dedication to the UN Global Compact and its Ten Principles for responsible business, H&M was also chosen as UN Global Compact LEAD.

As to H&M’s future, Helmersson states that there are many difficulties that persist despite the Covid -19 restrictions being resolved: the supply chain is still subject to disruption and delays, there is a significant amount of inflation, and the circumstances related to the conflict in Ukraine are affecting the business. However, there is still potential for profitable, long-term, and sustainable growth thanks to a strong customer focus, motivated coworkers, and a healthy financial position (Shearsmith, 2022).

4.3 Merck Group

According to Merck’s website, Darmstadt is where Merck's earliest known origins may be found, dating to the 17th century. An apothecary named Friedrich Jacob Merck bought the Darmstadt Engel-Apotheke ("Angel Pharmacy") in 1668. A direct descendent of the original proprietor, Emanuel Merck, assumed control of the drugstore in 1816. He was able to successfully isolate and characterize a variety of alkaloids in the pharmacy's lab thanks to his scientific training, and as a result, he also created a number of medications. In 1827, he started producing these materials "in mass," referring to them as a "Cabinet of Pharmaceutical and Chemical Innovations".

A few years later, in 1891, George Merck arrived in the United States and founded Merck & Co. with Theodore Weicker in New York. After the First World War, Merck & Co. was taken over and established in the US as a standalone business. Currently, the American business, known as Merck Sharp and Dohme (MSD) outside of the United States and Canada, employs roughly 68,000 people throughout 120 nations. It is bigger than its German progenitor, which employs 60,334 people across 67 nations, and is among the top five pharmaceutical corporations in the world. In North America, Merck in Darmstadt is commonly referred to as the "German Merck" even though it is the actual legal heir to the original Merck and holds the name "Merck" rights in all nations except the United States and Canada (*Merck Group*, 2022).

Today the three business segments that make up the company are healthcare, life sciences, and electronics, and Merck has operations in the Americas, Europe, Africa, Asia, and Oceania. Along with other research and development facilities in Taiwan, France, Israel, South Korea, India, and the UK, it has significant research and development facilities in Darmstadt, Boston, Tokyo, and Beijing.

Currently, the CEO of Merck and Chair of the Executive Board is Belén Garijo. She began working for Merck in 2011 as COO of the Biopharma division before being named President and CEO of Healthcare in 2015. Belén Garijo held the positions of vice-chair of the executive board and deputy CEO prior to taking the role as CEO of the group in May 2021 (*Belén Garijo - company: Merck KGaA, Darmstadt, Germany*). With this outstanding achievement Belén made history for being the first woman and non-German to oversee the 350-year-old business on her own (Forinyak, *Major player: Belén Garijo, CEO of Merck* 2022). Prior to entering the pharmaceutical business, she began her career as a practicing doctor at the La Paz hospital in Madrid, Spain.

Merck became a significant international participant in oncology, immunology, and immuno-oncology under Belén's leadership of the Healthcare business. This achievement came after she realigned the business strategy, repositioned the portfolio, and reorganized R&D. Belén Garijo also created two significant international collaborations that raised the value of the Healthcare business. To strengthen Merck's position in the United States, Japan, and other fast-growing markets, she also concentrated on and improved the business' globalization strategy. Belén Garijo stated that "the transformation of enterprises is a never-ending endeavor." To sustainably boost Merck's profits over the long term, Merck needs to concentrate on technology megatrends and organic development, but it will also stay involved wherever possibilities present themselves.

During 2021, the first Fiscal Year that Belén Garijo was leading the company, Merck showed tremendous strength in a challenging market situation. Despite difficult circumstances brought on by the Covid-19 pandemic, Merck was able to manage severe interruptions to their supply chains and operations while maintaining the safety of their worldwide employees. Merck's operation was going so well that the business projection was increased three times during 2021 (*Review of the 2021 fiscal year* 2022).

The company's Big three businesses - the Semiconductor Solutions business of Electronics, innovative Healthcare items, and the Process Solutions business of Life Science - were the primary motivators. All these three business areas played a part in this revenue increase, but Life Science stood out with, for instance, the strategic collaboration between Pfizer and BioNTech on the Covid-19 vaccine as well as the initiatives to speed up the supply of crucial lipids that were urgently required for the vaccines too.

As of the FY 2022, Merck anticipates significant organic growth in net sales, driven by all business categories but particularly by the life sciences sector and on this matter, Belén Garijo stated that "Our new medium-term growth target can be summarized as '25 by 25'. In short, we are aiming for around € 25 billion in Group sales by 2025. This will see us add more than € 1 billion in organic sales growth every year on average. Our 'Big 3' will continue to be the main growth engine, with approximately 80% of projected growth to be generated from these three businesses. To succeed, we are ready to invest over € 30 billion in targeted research and development, capital expenditure, and acquisitions from 2021 until 2025. These planned investments represent an increase of more than 50% compared with the prior five-year period."

4.4 Eramet Group

Eramet is a French company that is a leader in the extraction and valorization of metals (manganese, nickel, mineral sands), as well as in the development and transformation of alloys with high added values. The corporation was founded because of the late 19th-century discovery of nickel reserves in the French colonial territory of New Caledonia.

According to Reference for Business, the first commercially viable nickel veins were found by Pierre Coste in 1873 on his land on the Mont-Dore slopes. Soon after, fresh ore discoveries with up to 14% nickel content were discovered in Bourail, Canala, Thio, and Houailou. An influx of small-scale miners and mining concessions followed Coste's finding. Jules Garnier, Jean-Louis Hanckar, and John Higginson were some of the bigger concessionaires. To find workers for his deposits, Higginson was the first to obtain a contract with the colony's prison administration in 1878 to receive permission to use prison labour work. The nickel mines of the colony adopted this method, which after that expanded to other sectors of the economy.

The nickel market proved to be quite unstable and by 1877, the nickel industry had experienced its first crisis, which led to the destruction of many small-scale miners. Due to the circumstances, the bigger mining firms, notably Hanckar, Higginson, and Garnier, were able to purchase the lesser concessions for cheap. Hanckar, Higginson, and Garnier made the decision to combine their concessions into Société Le Nickel in 1880. (SLN). The Baron de Rothschild provided financial support for the business, and the Rothschild family-maintained ownership over SLN up until the early 1970s. When SLN first started operating, it had direct control over 40 mines and ownership stakes in another 20.

The French government attempted to restore SLN's battered operations as the global nickel market emerged from the protracted economic crisis of the 1970s. A 70% stake in SLN was acquired by the French state-owned oil and gas policy instrument ERAP in 1983. By that time, ERAP had already acquired the majority of the stock in Elf Acquitaine. Imetal and Elf's respective stakes in SLN were each downsized to 15% at that point. With the establishment of the holding company Eramet-SLN, which afterwards took over the management of Société Metallurgique Le Nickel SLN, a new organisational framework was established under ERAP. As the company's largest stakeholder throughout the late 1990s, ERAP increased its ownership to 85% by purchasing Imetal's part in 1990. In 1992 the speed steel division of SLN was consolidated under a single holding company, Erasteel. Additionally, in the same year, SLN embarked on a new diversification strategy by purchasing a stake in Eurotunstene Poudres, a manufacturer of tungsten steel and cobalt powder. In 1994, that stake reached 51% and by that time, the business had undergone another restructuring, with Société Metallurgique Le Nickel SLN changing its name to Société Le Nickel and Eramet-SLN becoming Eramet.

In recent times and under Patrick's Buffet leadership, Eramet went through some difficult times, partly due to the raw material crisis. A decade ago, he warned that the nickel business of the group in New Caledonia, Societe Le Nickel (SLN), was suffering monthly losses of about US$27 million due to the worldwide overcapacity. At the time, Patrick Buffet stated that "alarming levels of overcapacity stemmed from a steep rise in production from major consumer China, which in less than 10 years has spurred its output of the metal from zero to 450,000 tons a year, after importing cut-price ore from Indonesia" (*Mining group Eramet warns of crisis in world nickel market* 2013). After ten years in charge of the mining company, Patrick Buffet ultimately gave up the role of chairman and CEO, not without facing some backlash for dubious judgments. He was succeeded by Christel Bories in May 2017, who believed at the time that while overall conditions were improving, not all divisions were benefiting from this, particularly nickel, whose price was still low.

The CEO of Eramet reiterated her commitment to giving the Caledonian subsidiary her full support, but she did not deny that the business will need to increase its competitiveness to survive. This improvement will not be brought about by a social program but rather by a 'natural' decrease in the workforce. Christel Bories will require SLN to go above and beyond the 25% decrease in production costs over an 18-month period (*Une femme à la tête d'eramet* 2017).

In a recent interview from early 2022, Christel Bories explained that there has undoubtedly been a phenomenal awakening to the urgency of the climate crisis and the need to decarbonize the economy. Everyone, including governments and business organizations, is aware that we must act immediately. Lots of metals will be needed for this energy revolution since we need them to transport energy, store it in batteries, construct wind turbines, and create hydrogen connection networks. When it comes to metals for the distribution of energy, it is predicted that we will extract more metals in the next 20 or 30 years than we have ever done since the dawn of humanity. She continues to state that we will need nickel, cobalt, and lithium to accomplish this, particularly about battery metals, and Eramet already possesses all three of these metals in its portfolio. Christel Bories finishes the interview saying that Eramet "has an historic chance and is at the heart of the solution for the energy transition."

Under Christel Bories leadership, the group intends to be at the center of the energy transition and to do so, the group announced the signing of a Memorandum of Understanding for the sale of Aubert & Duval (A&D) to a consortium formed by Airbus, Safran and Tikehau Ace Capital. A&D, an Eramet subsidiary, is a key supplier to the aerospace sector and one of the top producers of high-performance steels, superalloys, titanium, and aluminum in the world. This deal, which is anticipated to close by the end of 2022, is entirely in line with Eramet's strategic plan, which seeks to build its materials for the energy transition business and focuses on its upstream activities. On a press release on this matter, released in February 2022, Christel Bories stated that “With this divestment project, Eramet is taking a major step forward in its strategic transformation and is about to write a new chapter of its history with the ambition of becoming a reference for responsible transformation of the Earth’s mineral resources, for living well together”.

Christel Bories confirms this new company strategy by affirming that, "We, therefore, enter this new phase of the Group’s history stronger, with the ambition to become a reference for the responsible transformation of the Earth’s mineral resources for living well together”.

5.Financial Analysis

5.1 Coty Inc.

For Coty Inc., the financial reports that will be analyzed are for fiscal years 2019, 2020, 2021 and 2022 (the last report issued). In the following table we can observe the main KPIs used by the company in its financial statements. The FY 2020 is highlighted to indicate the year in which Sue Y. Nabi was appointed as CEO of the company.

Condensed Consolidated Statements of Operations Data (in millions $)	**2019**	**2020**	**2021**	**2022**
Net revenues	8.648.5	4,717.8	4,629.9	5,304.4
Gross profit	5,342	2,726.6	2,768.2	3,369.2
Asset impairment	3,851.9	434	0	31.4
Operating (loss) income	(3,471.5)	(1,236.5)	(48.6)	240.9
EBT (loss)	(3,778.1)	(1,467.6)	(239.8)	426.8
Net Income (loss)	(3,769.6)	(1,002.7)	(205.1)	267.7

Figure 1- Coty's Income Statement (FY 2019, 2020, 2021 and 2022)

For the FY 2019, Coty had $8.6 billion in net revenues, an 8% decrease versus the $9.3 billion it had in the FY 2018. The main cause for this decrease is reflected on the following:

(i) Loss of shelf space, which has notably affected CoverGirl, Rimmel, and Clairol and has contributed to the declining share trends in the North American color cosmetics and hair color categories.

(ii) Performance issues in Coty's brands across Europe are a factor in the declining share trends in the color cosmetics sector in the area.

(iii) Supply chain disruptions, which had a negative impact on net revenues largely in the first half of 2019 and were rectified in the fourth quarter of FY 2019 and moderate deterioration in the mass beauty categories in North America and Europe.

Regarding the operating income, for the FY 2019 Coty had an operating (loss) of $3.4 billion, a decrease over 100%, from an income of $153 million in the FY 2018, and this was primarily due to the asset impairment charge of $3.8 billion during the FY 2019.

During the FY 2020 the COVID-19 started to affect Coty's business and it had a major impact on every category and all markets where Coty operates and this deeply affected the group net revenues, which decreased to $4,7 billion during this year.

The operating (loss) for the FY 2020 was $1.2 billion and this operating margin gains are primarily attributable to lower asset impairment costs in FY 2020 compared to FY 2019, which are partially offset by a lower net revenue base in FY 2020 because of the COVID-19 pandemic's effects.

For the FY 2021, Coty's net revenues decreased 2% to $4.6 billion, still in part due to the COVID-19 pandemic effects, which had the greatest impact due to the facemasks which contributed to reduced demand for several products, particularly lip and face products.

Regarding the operating (loss) for the FY 2021, it was $48 million. This positive variation on the operating income was due to some initiatives performed to lower costs. Another factor that was relevant for the operating income is that for the FY 2021 there were no asset impairment charges.

In the FY 2022, the group net revenues had an increase of 15% to $5.3 billion. The recovery of COVID-19 and market share gains as a result of a repositioning and investing in important color cosmetics brands both contributed to net revenue growth in the consumer beauty area. Additionally, the continuous expansion of global e-commerce as well as the expansion of the U.S., European and Chinese markets both contributed to the rise in net sales.

The operating income for the FY 2022 was $240 million, and this marked the end of the negative trend that Coty was having, during the last three FYs. This was primarily caused by a decrease in the cost of goods sold as a percentage of net revenues, a decrease in fixed costs, a decrease in acquisition and divestiture-related expenses, gains on the sale of real estate, and a decrease in amortization costs.

Regarding the share price we can see the prices for each year end, starting in 2019 and until 2021. The most relevant factor here is the positive trend that the price had when Sue Y. Nabi was appointed CEO of the group, in September 2020. After her election, the price climbed from around the $3.87 mark all the way to $7.02 by the end of that same year.

At the end of the year 2021 the share price was sitting at a $10.50 per share, still far from the all-time high value of $32.45 back in 2015.

Share Price (in $, by EOY)	2019	2020	2021
	10.97	7.02	10.50

Figure 2 - Coty's stock price history (EOY 2019, 2020 and 2021)

5.2 H&M Group

For the H&M group I will look at the financial reports for fiscal years 2019, 2020 and 2021 (the last report issued). In the following table we can observe the main key performance indicators used by the company in its financial material. The FY 2020 is highlighted to indicate the year in which Helena Helmersson was appointed as CEO of the group.

Condensed Consolidated Statements of Operations Data (in millions SEK)	2019	2020	2021
Net sales	232,755	187,031	198,967
Operating profit	17,346	3,099	15,255
Operating margin	7,5	1,7	7.7
Profit after financial items	17,391	2,052	14,300
Profit after tax	13,443	1,243	11,010
Liabilities	63,416	119,748	119,763

Figure 3 - H&M's Income Statement (FY 2019, 2020 and 2021)

For the FY 2019, H&M group expanded internationally while the fashion sector underwent constant change. For this FY, the group's net sales climbed by 11% to SEK 232,755 m ($21.8 billion) and this positive result was due to the increase in full-price sales, fewer markdowns and the growing market share that H&M group experienced for the year.

Regarding the gross profit for the FY 2019, the group had an increase to SEK 122,453 m ($11.5 billion). The profit after financial items rose to SEK 17,391 m ($1.6 billion) and this corresponds to an increase of 11%. After the tax deduction the profit for the FY 2019 was SEK 13,443 m ($1.2 billion).

During the FY 2020, net sales for the H&M group were SEK 187,031 m ($17.5 billion) and this negative impact on the sales of the group was due to the COVID-19 pandemic, as in the second quarter H&M had about 80% of the group's stores closed worldwide.
The gross profit for the year was SEK 93,544 ($8.7 billion) and this translated in SEK 2,052 m ($192.9 million) for the profit after financial items. The profit after tax was SEK 1,243 m ($116.8 million) for the FY 2020.

H&M group had an increase of 6% regarding net sales of the FY 2021, amounting to SEK 198,967 m ($18.7 billion) and the gross profit rose to SEK 105,006 m ($9.8 billion).
For the FY 2021, the profit after financial items was SEK 14,300 m ($1.3 billion) and the profit after the tax deduction amounted to SEK 11,010 m ($116.8 million).

Regarding the share price, for the year end 2019 the share price was $18.14 per share, and it had a downtrend during the year 2020, closing the year at $16.22 per share. For the year 2021, the share price was stable, having a slight increase from the previous year to a value of $16.74.
The share price plummeted in the first three months of 2020, something that changed with the appointment of Helena Helmersson as CEO of the group, in January 2020, as it caused a positive price action that dured until May of 2021.

	2019	2020	2021
Share Price (in $, by EOY)	18.14	16.22	16.74

Figure 4 - H&M's stock price history (EOY 2019, 2020 and 2021)

5.3 Merck Group

For the Merck group I will look at the financial reports for fiscal years 2019, 2020 and 2021 (the last report issued). In the following table we can observe the main key performance indicators used by the company in its financial material and the results for each one of them. The main KPI that Merck Group uses to steer the operating business is the EBITDA pre, meaning the Earnings before interest, income tax, depreciation and amortization as well as adjustments. The FY 2021 is highlighted to indicate the year in which Belén Garijo was appointed as CEO of the group.

Condensed Consolidated Statements of Operations Data (in millions €)	**2019**	**2020**	**2021**
Net sales	16,152	17,534	19,687
Operating result	2,120	2,985	4,179
EBITDA pre	4,385	5,201	6,103
Profit after tax	1,324	1,994	3,065
Operating cash flow	2,732	3,477	4,616

Figure 5 - Merck's Income Statement (FY 2019, 2020 and 2021)

For the FY 2019 Merck Group had anticipated a moderate growth but throughout the year the Life Science business unit performed very well which made the overall net sales for the group to be at €16.2 billion during FY 2019, a growth of 8.9% year-on-year. The group's organic sales increased to €790 million, due to the good performance of some of the business categories of the group, Healthcare (6.2%) and Life Science (9.0%), this was offset by the bad result of Performance Materials, as sales were down -6.5% during FY 2019.

Regarding the EBITDA pre, the main KPI that Merck Group uses to conduct its operating business, for the FY 2019 it had an increase of 15.4%, amounting to €4.3 billion. This positive growth was due to the impact of portfolio and foreign exchange effects, and it impacted positively the group operating cash flow that amounted to €2.7 billion for the year.

As to the FY 2020, similarly to what had happen in the previous year, the Life Science category continued with its good performance, which resulted in net sales of €17.5 billion for the year and these results can be explained by the COVID-19 pandemic, that has put to test the Life Science business unit, which clearly showed to be robust. The organic net sales growth for the group was €961 million, an increase of 6.0% year-on-year.

Due to the good performance of both categories, Life Science and Healthcare, Merck Group also anticipated an organic increase in the EBITDA pre, which came out to be €5.2 billion, an increase of 18.6% year-on-year. Operating cash flow for the FY 2020 was €3.4 billion, an increase of 24.5%.

For the FY 2020, the fiscal year that was mostly affected by COVID-19 in general, I would say that Merck Group showed that their business model is effective and that their three business units allowed them to successfully navigate the challenges that arised with the pandemic.

For the last FY on record, 2021, the group net sales once again were benefited by the Life Science business unit and exceeded Merck's original prediction, as organic net sales growth had an increase of 13.8%, to €19.7 billion and this development benefited from the group organic sales that had an increase of €2.4 billion during the year. In the FY 2021, EBITDA pre amounted to €6.1 billion, an increase of 26.2% year-on-year and the operating cash flow for the year was €4.6 billion, up 32.7% year-on-year.

As to Merck's share price, for the year end 2019 the share price was €105.30 per share and it had a great price action from there, closing at €140.35 per share by the end of 2020. During 2021, and, after Belén's Garijo appointment as CEO in May of the same year, the share price continues to grow to its all-time high value of the past 5 years, €227 per share.

	2019	2020	2021
Share Price (in €, by EOY)	105.30	140.35	227

Figure 6 - Merck's stock price history (EOY 2019, 2020 and 2021)

5.4 Eramet SA

For the analysis of Eramet SA, I will look at the financial reports for fiscal years starting in 2016 all the way to the most recent report issued, in 2021.This company will have a more extended financial analysis because Christel Bories is CEO of the group for longer, since May 2017. In the following table we can observe the main key performance indicators used by the company in its financial material and the results for each one of them. The FY 2017 is highlighted to indicate the year in which Christel Bories was appointed as CEO of the group.

Condensed Consolidated Statements of Operations Data (in millions €)	2016	2017	2018	2019	2020
Sales	2,984	3,652	3,825	3,671	3,553
EBITDA	375	871	843	630	398
Current Operating Income	95	608	581	341	106
Net Income (loss)	(237)	228	126	(145)	(675)

Figure 7 - Eramet's Income Statement (FY 2016, 2017, 2018, 2019 and 2020)

For the FY 2016, Eramet's results dramatically improved with an increase in EBITDA to €375 million, a return to positive current operating income, which amounted to €84 million, and positive free cash flow in the second half of 2016. The sales of the group for the FY 2016 were €3 billion, a 4% decline year-on-year. The results for this year were largely attributable to the Group's highly ambitious plan to reduce costs and improve productivity, the conclusion of Eramet's asset sale program, and the recovery in manganese prices in the second half of FY 2016.

The FY 2017, brought amazing results to Eramet, starting with sales, which had an increase of 22% year-on-year to €3.7 billion. As for the operating income, the group saw a significant increase to €608 million, primarily due to extremely favorable price actions in the manganese business unit, but also due to productivity gains of around €99 million. During this year, the group also saw a positive trend in the EBITDA, which was €871 million. As for the net income, it increased to €228 million, a great result versus the loss in the previous fiscal year.

Regarding the FY 2018, the group saw its sales climb 5% to €3.8 billion, partially due to the good price action during the year for metals and mineral sands. The EBITDA was in line with Eramet's expectation, amounting to €843 million. As to the operating income, it was €581 million for the FY 2018, with contrasting activity-level results, including production challenges in nickel activity and an unfavorable market situation in the division's primary markets for high performance alloys. Net income wise, the group had a slight decrease year-on-year but continued on the positive trend with a value of €126 million.

The FY 2019 was marked by a decline in sales of about 4% year-on-year, to €3.7 billion, partially due to a severe -21% decrease in the price of manganese ore over the year. The EBITDA for the year was €630 million, in line with the group's projections. The operating income for the year was down 41% year-on-year, amounting to €341 million and the net income totaled to a loss of €145 million.

During the FY 2020 Eramet SA was also affected by the COVID-19 pandemic, which impacted the prices of raw material, in particular manganese and that also caused a crisis in the aerospace sector, the main consumer of Eramet's high-performance steel. The result of this was a turnover of €3.6 billion and an EBITDA result that totalled €398 million for the year. After taking into account a depreciation expense on fixed assets of -€281 million, the current operating income for the year was €106 million.

The net income of the group for the FY 2020 was -€675 million and this was deeply affected by divestment process that started during this year, of three companies of the group, Aubert & Duval, Sandouville and Erasteel. Because of this divestment the results for the FY 2020 were restated and released under IFRS 5 standard, which means that "non-current assets held for sale and discontinued operations", are presented as discontinued operations. This affected both the results of the FY 2020 and FY 2021.

An updated table for FY 2020 and FY 2021 with the numbers pursuant to IFRS 5, excluding discontinued operations:

Condensed Consolidated Statements of Operations Data (in millions €)	**2020**	**2021**
Sales	2,792	3,668
EBITDA	516	1,051
Current Operating Income	257	784
Net Income (loss)	(675)	298

Figure 8 - Eramet's Income Statement with IFRS 5 standard (FY 2020 and 2021)

For the FY 2021, Eramet only release the results under the IFRS 5 standard, where we can observe that the sales significantly improved year-on-year, amounting to €3.7 billion, and the main reason for this was the great sales that manganese, nickel and mineral sands business units had over the year. This resulted in an EBITDA that doubled year-on-year, totaling to €1 billion. The operating income for the year came out to be €784 million and the net income was €298 million.

Please note that the net income for the FY 2020 and 2021 includes the net income of discontinued operations as mentioned above, respectively -€516 and -€426 million.

Eramet’s share price, for the year closed the year 2016 at around €56 price per share and from there it followed a positive trend almost doubling its value, closing 2017 at €99.03 per share. The year 2018 brought a negative price action and the prices of the year 2016 returned, as the share price closed 2018 at the mark ok €56.85.

For the next two years, 2019 and 2020, the share price kept stable and both years had similar closing values by EOY, at €44.66 and €42.54, respectively. From there the price climbed back again slowly and closed the year 2021 at €71.65 per share.

	2016	**2017**	**2018**	**2019**	**2020**	**2021**
Share Price (in €, by EOY)	56.74	99.03	56.85	44.66	42.54	71.65

Figure 9 - Eramet's stock price history (EOY 2016, 2017, 2018, 2019, 2020 and 2021)

6.Conclusions

Despite the limitations mentioned above, with the ongoing effects of the Coronavirus pandemic and the absence of personally collected data, after analyzing and studying the effects that women have in the financial performance of family businesses, some exciting outcomes were reached, enough to draw some conclusions.

Although there is some conflict in academia, it can be concluded that there can in fact be a positive correlation between the presence of women and the financial performance of firms. Women's presence in firms is only financially beneficial if diversity is appreciated by the wholeness of the company. If the company is not willing to cultivate diversity, it is tough for women to make progress. If a healthy environment is created in the workplace, it is more likely that women’s positive traits can improve a firm's financial performance.

However, this aspect ultimately depends on many variables like the business type, different jurisdictions, the society, and each particular leader.

7. Limitations and future research

When making a study of this kind, it is expected that some limitations arise. Women's impact on the financial performance of family-owned firms is a complex topic, and to truly analyze a company's performance success, a lot of data and factors need to be considered, primarily both the financial and non-financial factors. At the time this dissertation is written, we are still feeling the side effects of a world contaminated by the coronavirus pandemic, as restrictions are slowly being lifted globally. Because of such strong outside influences, the rules for the dissertation have changed and thus suspended the need to present real data sections. Because of this, the first limitation lands on the fact that this study does not have data collected directly from the companies, instead it is based solely on data collected from the public financial information available for each company.

The second limitation presented that needs to be taken into consideration is that the data collected for this project is small at the outset, and therefore, it is not possible to draw very specific conclusions on this aspect as well.

The third limitation anchors on the fact that this project is focused only on the financial aspects of the family-owned businesses, not taking fully into account other relevant aspects that can influence a firm's performance, making it more difficult to draw concrete conclusions on the subject.

Lastly, the fourth limitation is that this study will focus on four companies, and therefore the results cannot be expected to fully reflect what is happening in other companies but only as a sample analysis.

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9. Annexes

(in millions, except per share data)		2019 [a]
Consolidated Statements of Operations Data:		
Net revenues	$	8,648.5
Gross profit		5,342.0
Restructuring costs		44.2
Acquisition-related costs		—
Asset impairment charges		3,851.9
Operating (loss) income		(3,471.5)
Interest expense, net		275.7
Loss on early extinguishment of debt		—
Other expense, net		30.9
(Loss) income before income taxes		(3,778.1)
(Benefit) provision for income taxes		(8.5)
Net (loss) income		(3,769.6)
Net income attributable to noncontrolling interests		2.5
Net income attributable to redeemable noncontrolling interests		12.1
Net (loss) income attributable to Coty Inc.	$	(3,784.2)

Figure 10 - Coty's Consolidated Statements of Operations Data for the FY 2019

	Year Ended June 30,		
(in millions, except per share data)	**2022**	**2021**	**2020 [a]**
Condensed Consolidated Statements of Operations Data:			
Net revenues	$ 5,304.4	$ 4,629.9	$ 4,717.8
Gross profit	3,369.2	2,768.2	2,726.6
Restructuring costs	(6.5)	63.6	130.2
Acquisition- and divestiture-related costs	14.7	138.8	157.3
Asset impairment charges	31.4	—	434.0
Operating income (loss)	240.9	(48.6)	(1,236.5)
Interest expense, net	224.0	235.1	242.7
Other Income, net	(409.9)	(43.9)	(11.6)
Income (loss) from continuing operations before income taxes	426.8	(239.8)	(1,467.6)
Provision (benefit) for income taxes on continuing operations	164.8	(172.0)	(377.7)
Net income (loss) from continuing operations	262.0	(67.8)	(1,089.9)
Net income (loss) from discontinued operations	5.7	(137.3)	87.2
Net income (loss)	267.7	(205.1)	(1,002.7)
Net income (loss) attributable to Coty Inc.	$ 259.5	$ (201.3)	$ (1,006.7)

Figure 11 - Coty's Consolidated Statements of Operations Data for the FY 2020, 2021 and 2022

Figure 12 - Coty's stock price history (highlighting the moment that Sue Y. Nabi took the CEO role in September 2020)

1 DECEMBER–30 NOVEMBER	2021	2020	2019
Net sales, SEK m	198,967	187,031	232,755
Change net sales from previous year in SEK, %	+6	-20	+11
Change net sales previous year in local currencies, %	+12	-18	+6
Operating profit, SEK m	15,255	3,099	17,346
Operating margin, %	7.7	1.7	7.5
Profit after financial items, SEK m	14,300	2,052	17,391
Profit after tax, SEK m	11,010	1,243	13,443
Cash and cash equivalents and short-term investments, SEK m	27,471	16,540	12,312
Stock-in-trade, SEK m	37,306	38,209	37,823
Number of shares, thousands[1]	1,655,072	1,655,072	1,655,072
Earnings per share, SEK[1]	6.65	0.75	8.12
Cash flow from operating activities, SEK m	44,619	25,900	28,896
Dividend per share, SEK[1, 2]	6.50	-	9.75
Return on equity, %	19.2	2.2	23.3
Total number of stores	4,801	5,018	5,076
Average number of employees	107,375	110,325	126,376

Figure 13 - H&M's Key Figures for FY 2019, 2020 and 2021

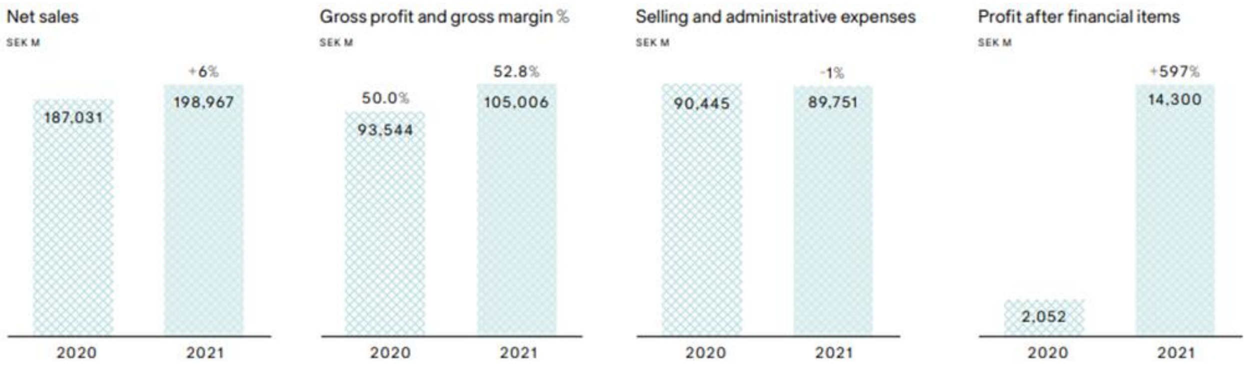

Figure 14 - H&M's Key Figures year-on-year (FY 2020 and 2021)

Figure 15 - H&M's stock price history (highlighting the moment that Helmersson took the CEO role in January 2020)

MERCK GROUP

Key figures

€ million	2019
Net sales	16,152
Operating result (EBIT)[1]	2,120
Margin (% of net sales)[1]	13.1%
EBITDA[1]	4,066
Margin (% of net sales)[1]	25.2%
EBITDA pre[1]	4,385
Margin (% of net sales)[1]	27.1%
Profit after tax	1,324
Earnings per share (in €)	3.04
Earnings per share pre (€)[1]	5.56
Business free cash flow[1]	2,732

Figure 16 - Merck's Key Figures (FY 2019)

Merck Group

Key figures

			Change	
€ million	2021	2020	€ million	%
Net sales	19,687	17,534	2,152	12.3%
Operating result (EBIT)[1]	4,179	2,985	1,194	40.0%
Margin (% of net sales)[1]	21.2%	17.0%		
EBITDA[2]	5,946	4,923	1,023	20.8%
Margin (% of net sales)[1]	30.2%	28.1%		
EBITDA pre[1]	6,103	5,201	901	17.3%
Margin (% of net sales)[1]	31.0%	29.7%		
Profit after tax	3,065	1,994	1,071	53.7%
Earnings per share (€)	7.03	4.57	2.46	53.8%
Earnings per share pre (€)[1]	8.72	6.70	2.02	30.1%
Operating cash flow	4,616	3,477	1,138	32.7%

Figure 17 - Merck's Key Figures (FY 2020 and 2021)

Figure 18 - Merck’s stock price history (highlighting the moment that Belén Garijo took the CEO role in May 2021)

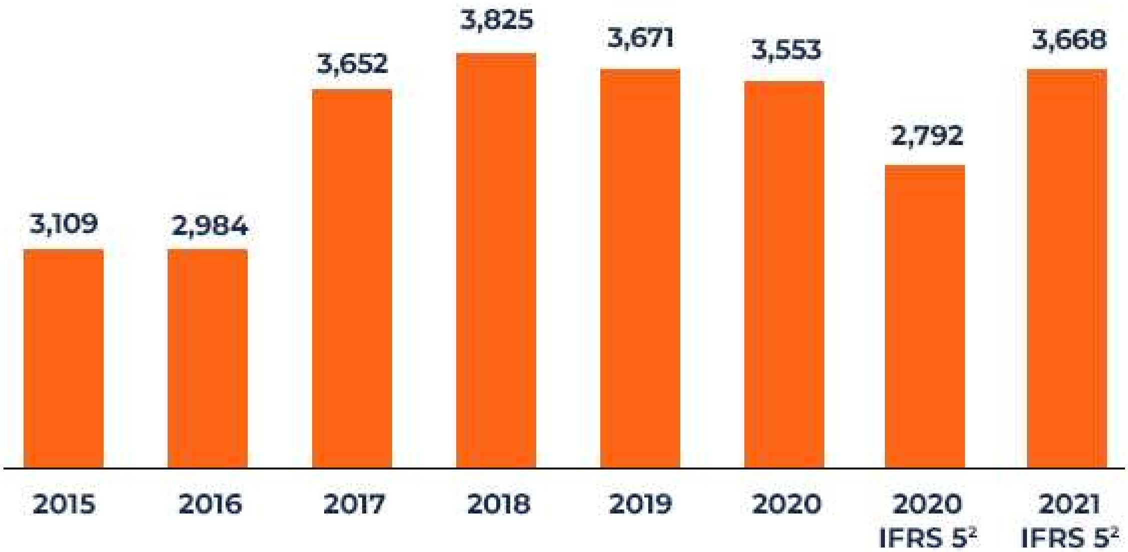

Figure 19 - Eramet's turnover since FY 2015 (in € millions)

Figure 20 - Eramet's turnover distribution by business unit

Figure 21 - Eramet's EBITDA since FY 2015 (in € millions)

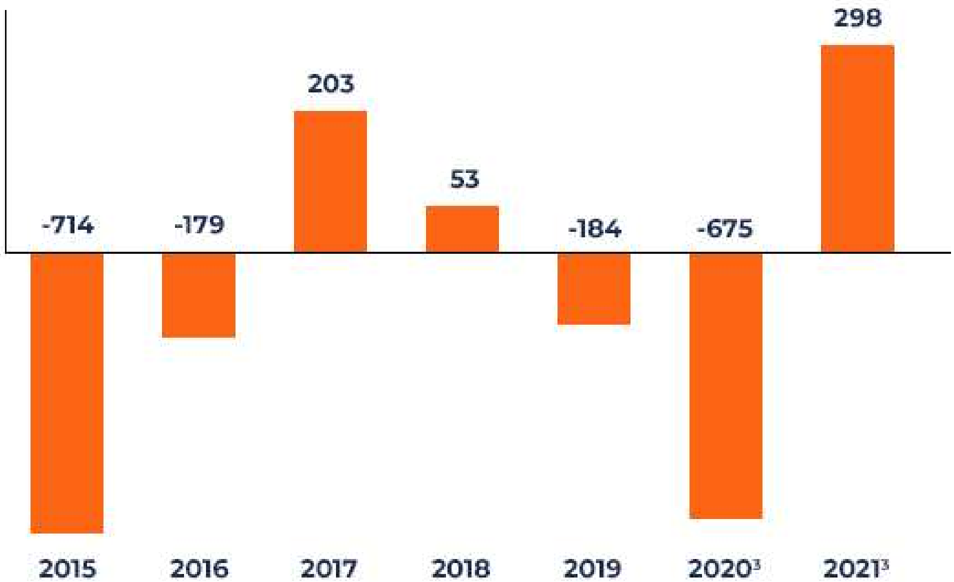

Figure 22 - Eramet's Net Income[1] since FY 2015 (in € millions)

[1] Including the net income of discontinued operations in 2020 and 2021 for respectively -€516m and -€426m.

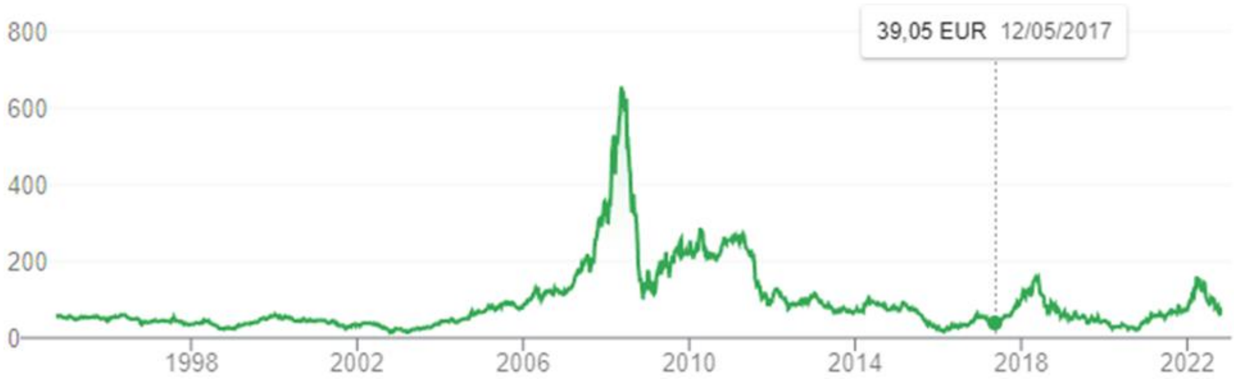

Figure 23- Eramet's stock price history (highlighting the moment that Christel Bories took the CEO role in May 2017)