Management control systems in family businesses: do women matter? Evidence from the Italian food sector

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(Article begins on next page)

MANAGEMENT CONTROL SYSTEMS IN FAMILY BUSINESSES: DO WOMEN MATTER? ~~’S INVOLVEMENT IN FAMILY BUSINESSES:~~

EVIDENCE FROM THE ITALIAN FOOD SECTOR

ABSTRACT:

The aim of the project was to investigate medium-size family firms in Italy operating in the food sector, which is crucial for the national economy as it ranks second after the metal and mechanical engineering industries. Special attention was paid to whether the presence of women in top managerial positions had any significant effect on the strategic orientation of family firm (FFs), in terms of strategy formulation and implementation of management control systems. The results of empirical analysis using a sample of family businesses show that gender diversity in top managerial positions can benefit strategic orientation, as FFs are more likely to formulate and implement strategy through advanced management control tools.

KEYWORDS: Family firms, female, gender diversity, management control systems, strategy

Introduction

Family firms have received increasing attention during the past decade and several studies have recently reported that in continental Europe, Asia and Latin America, the vast majority of firms are controlled by the founders or their descendants (La Porta et al., 1999; Claessens et al., 2000; European Corporate Governance Network, 2001; Faccio and Lang, 2002). Family businesses have a major role in economic activity worldwide. In fact, two-thirds of private enterprises in many countries are classed as family firms (Neubauer and Lank 1998, IFERA 2003), and contribute to wealth and job creation within the framework of narrow and broad family firm definitions (Astrachan and Shanker, 2003).

The last decade was also a period of increasing focus on gender diversity in top management and boards of directors. The proportion of women reaching top positions is still very low in most countries, but has been increasing in the USA and Europe (Smith et al., 2006; Salloum et al., 2016). Research by the European Commission (2013) shows that in Europe women account for just 16.6% of board members in the largest listed companies and in Italy the percentage is 12.9. Currently, in the USA there are 4.4% of women CEOs and 19.9% of board members in S&P 500 listed companies (Catalyst, 2016). Some governments, (including that of Italy), have introduced regulations on gender composition in boards of directors of listed and state-owned organisations in order to promote equal opportunities. In this respect, family businesses are under-regulated, and there is little evidence of academic and professional research projects being headed by women in top managerial positions.

Family businesses are undergoing key changes in gender equality, with women increasingly joining company management as executives and becoming entrepreneurs (Minniti, 2009; Salloum et al., 2016).

The purpose of this research project was to investigate medium-size family firms in Italy operating in the food sector, with particular reference to strategic orientation and the incidence of women in top managerial positions.~~'s involvement in such businesses~~. ~~The food industry is particularly relevant for the Italian economy as it ranks second after the metal and mechanical engineering industries.~~

~~In particula~~, ~~in this study we analyse whether female top executives and women within boards of directors have any significant influence on the strategic orientation of the family firm (FF). The strategic~~Strategic orientation was assessed based on strategy formulation and use of management control systems to enhance strategic entrepreneurship and support decision-making processes and actions~~ to orientate and support managerial decisions and actions, and, consequently, to face rationally market challenges~~.

Although highly relevant, gender diversity and management control systems were not investigated together. Therefore, to partially bridge the gap we sought to verify whether in a sample of FFs, any increased incidence of female top managers positively influenced strategy formulation and implementation through the use of specific management control systems.

Focussing on the~~The~~ food sector was justified by its relevance for ~~is particularly relevant for~~ the national economy, as it ranks ~~as it ranks~~ second after the metal and mechanical engineering industries.

Initially, analysis of FF theoretical background was matched to gender diversity and management control systems. Then, we turned to defining the research aim and methodology, followed by a description of results obtained. The study ended with discussion, conclusions and highlighting of limitations of the research project.

Review of the literature

Family firms and gender diversity

Family firms (FFs) exist throughout the world (Acquaah, 2013; Bresciani et al., 2013a; Bresciani et al., 2013b; Chrisman et al., 2014; Garcìa-Ramos and Garcìa-Olalla, 2011, Singal et al., 2015). In Italy, as in the rest of Europe, small and medium-sized companies, many family-controlled (Mediobanca, 2013) are widespread.

FFs are a complex issue, involving different features not easily defined (Hoy and Verser, 1994). Some researchers apply to FFs a mix of criteria regarding ownership and control (Smyrnios et al., 1998). Thus, FFs are considered enterprises in which (Chua et al., 1999): *i)* at least 50 per cent of shares are owned by the family who is also responsible for day-to-day management, or *ii)* at least 50 per cent of shares are owned by the family who is not responsible for management but are perceived to be FFs by the CEO, or *iii)* family ownership is less than 50 per cent, are family-run, are perceived to be FFs by the CEO and at least 50% of shares are owned by venture capital or investment companies (Culasso et al., 2013). For the purpose of our study, FFs were those including both controlled participation in the capital by the family and at least one family representative as a member of the Board.

Studies on family businesses mainly focus on organisational structures and decision-making process (Gubitta and Giannecchini, 2002; Songini, 2007), corporate governance (Corbetta et al., 2002; Montemerlo, 2000), generational renewal (Corbetta et al., 2002; Montemerlo, 2010; Zocchi, 2004a; 2004b), international development (Stampacchia et al., 2008) and performance (Broccardo and Truant, 2017; Broccardo et al., 2015; Culasso et al., 2013; Faccio et al., 2001).

Some works on FFs also involve women (Carsrud and Olm 1986; Hagan et al. 1989; Chrisman et al. 1990;~~,~~ Cole, 1997; Ramadani et al., 2015), highlighting a growing number of them taking up entrepreneurial and managerial roles in recent years (Faraudello et al. 20179. Women's role can differ depending on the size of enterprises. In some small firms, female directors are members of the controlling family (Bjuggren et al., 2015). Some authors argue that the family context may have a special meaning for women entrepreneurs (Gundry et al., 2014) as they are better able to balance work-life with family embeddedness (Brush et al. 2009).

Women in a leading position can be traced to the gender-diversity strand and female entrepreneurship. Several researches have investigated aspects such as female entrepreneur personal characteristics, features and size of enterprises and their operations, reasons for starting a business or management issues (Ramadani et al. 2013, 2015). Many papers point out the need to have gender-diverse boards as women have strengths and experience distinct from that of men, including flexible nature and financial potential (Ratten, 2016), which add value to board deliberations and management monitoring (Adams and Ferreira, 2009, Davies Report, 2011; Rhode and Packel, 2014). Gender diversity is believed to bring advantages to the organization as women are considered to have more of a cognitive feeling style (Krishnan and Park, 2005) that emphasizes organizational values (Hurst et al., 1989), encourages sharing of information and resources (Earley and Mosakowski, 2000), facilitates conflict resolution, and shows more democratic leadership (Eagly and Johnson, 1990). Women in top management teams are also considered *tough* since they have to face challenges prior to joining a male-dominated hierarchy, and this provides psychological advantages and improved interactions (Hambrick and Pettigrew, 2001; Krishnan and Park, 2005). Also, gender diversity makes for increased creativity and innovation (Campbell and MinguezVera, 2008). The accounting literature includes examples of a link between gender diversity of top management team and accounting aspects of the firm, arguing that gender diversity in senior management is positively associated with reporting quality (Krishnan and Parsons, 2008). Post and Byron (2015) also argue that boards with more female directors exhibit higher levels of strategic involvement. On the other hand, gender diversity is also likely to have disadvantages such as intra-group conflict (Richard et al., 2004; Treichler, 1995), which may slow down the decision-making process (Goodstein et al., 1994; Hambrick et al., 1996). Moreover, women are considered more risk averse than men (Jianakoplos and Bernasek, 1998). A number of studies point to a positive effect of women directors on business performance (Carter et al., 2003; Nguyen and Faff, 2007; Campbell and Minguez-Vera, 2008; Adams and Ferreira, 2009; Lukerath-Rovers, 2013; Liu et al., 2014; Nguyen et al., 2015; Orozco Collazos et al., 2017), whereas others show no such effects (Hussein and Kiwiwa, 2009; Miller and Triana, 2009; Farrell and Hersch, 2005), and yet others reveal existing negative effects (Adams and Ferreira, 2009; Ahern and Dittmar, 2012).

Of the many studies focussing on gender diversity, those about the involvement of ~~the involvement of~~ women in FFs are still few, fragmentary and empirically-based (Bowman-Upton and Heck, 1996; Danes and Olson, 2003; Jimenez, 2009; Vera and Dean, 2005). This has resulted in gender diversity in management receiving insufficient attention and, as found by Dwyer et al. (2003) *"strategic management researchers have studied diversity primarily in terms of tenure, education, and functional background*". Based on the gap highlighted in the literature, this work tried to establish whether gender diversity in top management can influence strategic orientation in family businesses.

Family firms and management control systems

In FFs, strategic planning and management control systems have received increasing attention, highlighting their positive effects on performance (Dana et al., 2016) and strategic entrepreneurship (Ratten et al., 2017).

From the literature on implementation of formal management systems in FFs, and with regard to drivers and need for managerialisation, two main groups of theories emerge (Songini, 2006), namely *i)* those which consider as positive the implementation of formal systems in FFs; and *ii)* those which consider implementation as negative.

The first group comprises two main theories, namely the agency theory and the company growth theory. According to the *agency theory,* family firms have agency costs arising from agency drawbacks such as conflict of interest between family members, as well as between family and non-family members, conflict between dominant (family) and minority (non-family) shareholders, and conflict of interest between owners and lenders (Morck et al. 1988; Daily, and Dollinger 1993; Schulze et al. 2001, 2003; Anderson, and Reeb 2003; Chrisman et al. 2003; Anderson et al. 2003; Chrisman et al. 2004; Villalonga, and Amit 2006). Formal management systems, such as strategy maps, budgeting, reporting, rewards and incentives, are agency cost control mechanisms allowing enterprises to deal with costs and achieve performance targets (Gnan and Songini, 2003; Montemerlo *et al*., 2004; Shulze *et al.*, 2001, 2003).

The *company growth theory* states that increasing FF complexity calls for increased adoption of formal control mechanisms in order to better decentralize decision-making (Moores and Mula, 2000). FFs usually are more complex above a certain size or when they reach a critical stage in their life cycle.

The second group, for which the implementation of formal management systems in FFs has negative effects, include the stewardship theory and the organizational control theory. The *stewardship theory* states that FF management tends to pursue the owner's goal, reducing agency costs (Jensen and Meckling, 1976). For this reason, the less formalized management systems are to be preferred, as they can substitute control mechanisms (Whisler, 1988). With similar consequences, the *organizational control theory* considers "familiness" a particular feature of family businesses, stating that social control and the clan are more effective than formalized systems (management control systems), especially when decision-making and power are in the hands of few people (Mintzberg, 1983; Uhlaner and Meijaard, 2004).

The above theories demonstrate the advantages and disadvantages of implementing management systems in FFs. Furthermore, this literature review brought to light the lack of research on the role and features of formalized systems in FFs. Songini et al. (2013) state that management systems in FFs is an area that requires increased attention from accounting scholars, especially as regards the use of strategic planning and management control systems. Thus, investigation of the diffusion, features and role of control mechanisms in FFs (Acquaah, 2013, Songini, 2006) is of interest.

Strategy orientation, strategy formulation and management control systems have not been specifically investigated in association with gender diversity. Some authors (Efferin et al., 2016) investigated the relationship between management control system, leadership style and gender, focussing on how female leaders' gendered personal values are formed, translated, produced, and reproduced in their leadership style, management control systems and organizational life. Another research (Wittbon, 2015) discussed the gendered dimensions of management control in terms of how a management control system functions under the pressure of mainstreaming gender into a core business.

Consequently, gender in connection with strategy formulation and use of managerial tools need further study. Also, research combining gender diversity in family firms with adoption of management control systems should be given more attention.

We tried to fill this need, trying to determine whether in a sample of FFs, there was a positive connection between women in top managerial positions and strategy formulation and implementation.

Description of methodology

The study provided evidence of medium size FFs operating in the food sector, focussing on women ~~involvement~~ in top management positions . The aim was to investigate whether the selected FFs had formulated strategies for directing and supporting managerial decisions and actions, in order to face market challenges rationally. We investigated whether FFs, according to Porter classification (1996), adopted a cost strategy or a differentiation strategy, and whether FFs had been using the right tools for best strategy. To achieve long-term goals, strategy formulation by itself is not enough, enterprises must also develop and use tools for strategy implementation. The use of management tools is fundamental to steer decision making and actions at the various organizational levels, ranging from short- to medium- and long-term objectives. Major management tools we considered were:

- Business performance models
- benchmarking
- Strategic plans
- Financial planning documents
- Financial indicators
- Non-financial indicators
- Activity based costing (ABC) / activity based management (ABM)
- Bonus plan
- Budget
- Variance analysis
- Cost accounting systems (cost centres).

To provide evidence coherent with the gender issue, we analysed FFs and results of the incidence of women CEOs and women board members, considering whether FFs with more female top managers had a better strategic orientation.
Based on these premises, the main research questions were:

- R.Q. 1: Have strategies been formulated and shared within the organization? Does the presence of women in top management influence strategy formulation?
- R.Q. 2: Have management control tools been identified and used to improve strategy formulation? Which tools have been implemented? Does the presence of female top managers influence the adoption of management control tools?

Investigation was through empirical analysis of fifty FFs.
Descriptive statistics was used.
The sample used was selected from database Aida, which enabled a choice to be made based on sector, business area, firm size, corporate governance and shareholders of medium-size family businesses (turnover €20 million to €60 million, with more than 50 employees) operating in the food sector, predominantly in Northern Italy. Dimensional features were deemed a discriminating variable because very small firms might preclude acquisition of meaningful data. Analysis was based on multiple sources of evidence, i.e. internal document analysis and semi-structured interviews with corporate management. Selected subjects held key positions in the hierarchical structure, because they were supposed to have a wide vision of corporate activities and processes and be aware of strategy and structure. Interviewing started in January 2016 and ended in December 2016, allowing ample time to acquire a thorough understanding of strategic planning, tools and dynamics.

Findings

This section provides the answers to RQs listed above.
Selected FFs were divided into three groups, according to gender-diversity, as follows:

1. Group 1: Companies with more than 30% of women in top management positions;
2. Group 2: Companies with less than 30% of women in top management positions;

3. Group 3: Companies with no women in top management positions.

By top management positions we mean women CEOs and Board of Director members.

A 30% cut-off point was selected in agreement with the percentage required by Italian Law 120/2011 in terms of quotas for women in business leadership of listed companies.

Companies were included in the first group if they met conditions for the period 2013-2015.~~next~~ Table 1 shows, for each group, the percentage of women in managerial position (first column) and belonging to the family (second column)~~companies belonging to different groups~~.

Women in top management positions	*% of women in top management position*	*% of women from the family*
Group 1	22%	91%
Group 2	68%	71%
Group 3	10%	--

Table 1: Women in top management positions

The table shows a significant difference between the three groups, the majority of FFs having few female top managers, with 22% having a significant presence of women~~s involvement~~ in top managerial positions. Only 10% did not have women in leading management positions.

~~We also investigated if the women in top managerial positions (Group 1 and 2) are family members or external managers. The results are shown in the next table.~~

~~*Are women family members?*~~	~~*Yes*~~	~~*No*~~	~~*Total*~~
~~Group 1~~	~~91%~~	~~9%~~	~~100%~~
~~Group 2~~	~~71%~~	~~29%~~	~~100%~~

~~Table 2: Women belonging to family members~~

~~From the previous table it immediately emerges that~~The majority of FFs had female top managers who were also members of the owner family. Group 2 showed a considerable presence of women external managers.

RQ1 asked whether FFs formulated strategies for directing and supporting management decisions and actions to face market challenges rationally.

Table 2 shows, for each group, the percentage of companies which had formulated a strategy according to Porter classification (1996), in terms of cost or differentiation. Findings are based on interviews with top managers and document analysis.

Strategy formulation	*Presence of a formal strategy*~~*Yes*~~	~~*No*~~*Cost*	*Differentiation*~~*Total*~~
Group 1	82%	78%~~18%~~	22%~~100%~~
Group 2	59%	65%~~41%~~	35%~~100%~~
Group 3	40%	0%~~60%~~	100%~~100%~~

Table ~~3~~2: Strategy formulation

62% of ~~selected~~ the sample had a specific strategy with a structured process. The strategy was formalized through specific documentation and was communicated to the rank and file. 38% of ~~companies~~ the sample did not have a strategy even though, in many cases there were in place long-term objectives not explicit or shared with the rank and file. As regards group classification, it emerged that strategy was more widespread in FFs of Group 1, progressively decreasing in Group 2 and Group 3.

~~Referring only to FFs that formulated a strategy and according to Porter (1996) classification, it was investigated if companies adopted a cost or a differentiation strategy~~ (Table 4).

~~*Type of strategy*~~	~~*Cost*~~	~~*Differentiation*~~	~~*Total*~~
~~Group 1~~	~~78%~~	~~22%~~	~~100%~~

~~Group 2~~	~~65%~~	~~35%~~	~~100%~~
~~Group 3~~	~~0%~~	~~100%~~	~~100%~~

~~Table 4: Type of strategy~~

As regards type of strategy, in Group 1 and Group 2 strategic orientation was primarily aimed at cost cutting, as confirmed by other studies (Sgroi et al.~~-~~, 2016), whereas in Group 3 all FFs had a differentiation strategy.
After investigating the presence or otherwise of a strategy, we looked at whether FFs implemented management control systems to drive the organization towards short-, medium- and long-term goals (RQ2).
~~The next table contains a list of management control tools and illustrates the diffusion of these tools within the whole sample. In particular, table 5 shows the percentage of FFs that uses the tools to implement the strategy, as well as guide and control day – to – day management (first column) and the percentage of FFs that doesn't use the above mentioned tools (second column).~~

~~*Use of management control tools*~~	~~*Yes*~~	~~*No*~~	~~*Total*~~
~~Business performance models~~	~~16%~~	~~84%~~	~~100%~~
~~Benchmarking~~	~~30%~~	~~70%~~	~~100%~~
~~Strategic plan~~	~~48%~~	~~52%~~	~~100%~~
~~Financial planning documents~~	~~86%~~	~~14%~~	~~100%~~
~~Financial indicators~~	~~100%~~	~~0%~~	~~100%~~
~~Non-financial indicators~~	~~80%~~	~~20%~~	~~100%~~
~~ABC/ABM~~	~~24%~~	~~76%~~	~~100%~~
~~Incentive and reward systems~~	~~54%~~	~~46%~~	~~100%~~
~~Budget~~	~~96%~~	~~4%~~	~~100%~~
~~Variance analysis~~	~~66%~~	~~34%~~	~~100%~~
~~Cost accounting (with cost centres)~~	~~78%~~	~~22%~~	~~100%~~

~~Table 5: Use of management control tools by the sample of FFs~~

~~Financial indicators, budgets and financial planning documents are the most applied managerial tools in FFs, whereas business performance models, Activity Based Costing (ABC)/Activity Based Management (ABM) and benchmarking tools are the least implemented. It must underline that we decided to separate the strategic plan and the economic and financial planning documentsin order to distinguish between FFs that only make a financial planning to those that prepare the strategic plan to describe and communicate the strategy or the strategic intentions, the actions and the impact on performances.~~
Table 3 lists management control tools and illustrates the extent to which these tools were used within the three groups. Only companies with managerial tools were considered. The first column shows the percentage relative to the whole sample.~~, the following table illustrates the diffusion of these tools within the three groups of FFs previously identified~~.

Use of management control tools	*Percentage of total*	*Group 1*	*Group 2*	*Group 3*
Business performance models	16%	55%	6%	0%
Benchmarking	30%	64%	21%	20%
Strategic plan	48%	82%	38%	40%
Financial planning documents	86%	100%	85%	60%
Financial indicators	100%	100%	100%	100%
Non-financial indicators	80%	82%	88%	20%
ABC/ABM	24%	27%	26%	0%

Incentive and reward systems	54%	73%	53%	20%
Budget	96%	100%	100%	60%
Variance analysis	66%	45%	82%	0%
Cost accounting (with cost centres)	78%	64%	88%	40%

Table ~~6~~3: Use of management control tools by the three groups of FFs

The percentage of total sample (first column) shows that f~~F~~inancial indicators, budget and financial planning documents are the most popular managerial tools in FFs, whereas business performance models, Activity Based Costing (ABC)/Activity Based Management (ABM) and benchmarking tools are the least used.
We decided to separate strategic plan and the economic and financial planning documents in order to distinguish between FFs with financial planning only and those with strategic plan to describe and share strategy or strategic intentions, actions and impact on performance.
Management control tools are generally more used by FFs with women in top management, whereas FFs without women CEO or members of the Board of Directors are not inclined to use tools of significant strategic value.

Finally, the data of the survey were analysed through Pearson correlation in order to measure the strength of the linear relationship among variables. Table 4 shows the result of statistical correlation.

Pearson correlation		Women top managers	Strategy formalized	Use of management control tools	Advanced management control tools
Women top managers	Pearson	1	,751**	,675**	,547**
	N	50	50	50	50
Strategy formalized	Pearson	,751**	1	,585**	,408**
	N	50	50	50	50
Use of management control tools	Pearson	,675**	,585**	1	,579**
	N	50	50	50	50
Advanced management control tools	Pearson	,547**	,408**	,579**	1
	N	50	50	50	50

Notes: ** Significant at 0.01 level; * significant at 0.05 level

Table 4 Pearson correlation

Table 4 confirms the results of table 2 and table 3, highlighting significant correlation among variables. Results of interest include: first, women in top management seem to strongly influence strategy formulation and use of standard and advanced management control systems; second, formalized strategy seems to encourage the use management control tools. However, strategy implementation is not guaranteed by using advanced tools (correlation is weak compared to other variables). Consequently, implementation of advanced management control tools has to do more with the presence of women on the Board of Directors.

Discussion and conclusions

Gender diversity and management control tools are topics to which scholars should pay more attention, especially in relation to family businesses. The literature on these topics is fragmented and does not facilitate ~~Indeed, it is very important to~~ understanding how female top managers and management control tools could help family businesses to improve their performance.

Our study found the incidence of women in top management to be quite limited, as FFs with more than 30% of them were only 22% of the sample. In spite of this limitation, the results of the sample exceeded those recorded at national and European level. Female top managers are also members of the family-owner, as evidenced in the literature (Bjuggren et al., 2015; Brush et al., 2009; Gundry et al. 2014). Based on the incidence of women in top management, selected FFs were divided into three groups for investigation of strategic orientation. Starting from RQ1, we observed that FFs with more female top managers were more prone to formulate and share strategy through a structured process. This attitude was confirmed in the literature which states that gender diversity encourages strategy orientation (Post and Byron, 2015) and sharing of information (Early and Mosakowski, 2000). Strategy is primarily focused on cost cutting, which could be traced back to the literature which points to a link between gender diversity and risk aversion (Jianakoplos and Bernasek, 1998).

Strategy formulation must be followed by development and adoption of tools in support of implementation and enhancement of strategic entrepreneurship. The purpose of the second RQ was to investigate the spread of management control tools. Findings show that traditional tools are the most widely used, including financial indicators (100%), budgeting (96%) and financial planning documents (86%). If not properly linked to other managerial systems, financial indicators cannot be considered as management control tools, but only financial accounting tools. These results apply to all three groups investigated, although some peculiarities arise. FFs with more women top managers exhibit satisfactory use of advanced management tools: in Group 1 strategic planning is adopted by 82% of FFs, benchmarking by 64%, business performance modelling by 55%, incentive and reward systems linked to strategic goals by 73%. These figures decrease in group 2 and more sharply in group 3, as confirmed by statistical correlation.

~~Basing on these evidences~~In our sample, gender diversity in top management facilitates strategic orientation, as FFs are more likely to formulate and implement strategy using advanced management control tools. This is in line with some research strands (Groysberg and Bell, 2013; post and Byron, 2015; Faraudello et al, 2017).

The limits of this study are that it focussed on one geographic area and on one industry, it being mainly of an exploratory nature. The results obtained will be validated or refuted through subsequent surveys of more businesses, also extending the sample to other countries or industries. Future research ~~shouldfocus more on the differences~~ might investigate gender diversity and management control systems by comparing ~~in Italian~~ FFs and ~~other types of firms~~non-family firms, or focussing on listed and non-listed FFs . Future researchers might investigate potential correlation between gender diversity, adoption of management control systems and financial performance, using more sophisticated statistical tests.

The theoretical implications of this study are that it can be considered a ~~development~~ step forward in researching family businesses, gender diversity and management control systems, contributing to bridge the existing gap and showing the way for future development.

Moreover, as highlighted in the literature on management matters (Ratten et al., 2017), even though women's entrepreneurship is increasingly gaining recognition, it is still under-represented in family businesses.

~~Though, this research has mainly explorative aims; the obtained results will then be validated or refuted through the analysis of additional companies, also extending the sample to other industries. Furthermore, it could also be interesting to address future researchers in investigating a potential correlation between gender diversity, adoption of management control systems and financial performances.~~

In terms of managerial implications, FFs need to place more emphasis on gender diversity in order to comply with government mandated programs and to increase performance, as highlighted in the literature (Carter et al., 2003; Nguyen and Faff, 2007; Campbell and Minguez-Vera, 2008; Adams and Ferreira, 2009; Lukerath-Rovers, 2013; Liu et al., 2014; Nguyen et al., 2015; Orozco Collazos et al., 2017)~~.~~.

As Italy has a large number of FFs, business management would be well served to place more emphasis on strategic planning for increasing the incidence of women in top management.

Finally, family business and gender issues are highly relevant for policymakers and authorities, especially when looking for ways to expand business activity (Ratten, 2016).

Appendix

Activity based costing

A costing model to identify company activities and assign resources for each activity to all products and services according to actual consumption. The measure of the use of a shared activity by each product is known as cost driver (applicable to any cost-incurring activity).

Business performance models

Strategic performance management tools jointly measuring financial, customer, internal process and innovation/learning perspectives. Normally dashboard monitoring financial and non-financial indicators together.

Benchmarking

A process for comparing cost, cycle time, and productivity, or the quality of a specific process (or method) to others widely considered to be an industry standard or best practice.

Bonus Plan

A tool for encouraging employees to achieve short- and long-term goals.

Budget

List of planned expenses and revenues, investment and financial resources planed for the next period, including estimated sales, estimated number of units to be manufactured and estimated costs, estimated raw materials procurement requirements, cash flow trend.

Cost accounting

Definition of budget and actual cost of operations, processes, functions or products and analysis of variances, profitability or social use of funds. Management uses cost accounting to support decision-making, cut costs and improve profitability. Costs are usually measured in units referred to as “cost centres”.

Financial measures

Traditional indicators used to monitor performances. They include ROE, ROA, ROI, leverage, gross margin, etc.

Financial planning documents

Include short- and long-term objectives expressed in monetary terms. First year economic and financial plan outlines the information necessary to set up the budgeting process.

Non-financial indicators

Include information not directly involved in measuring economic and financial results, such as market share, percentage of loyalty, number of new clients, turnover ratio, incidence of absenteeism, total number of hours for training, lead time, number of defects, incidence of rework, etc.

Strategic plan

Enables management to define and share strategy or strategic intentions, actions to be implemented and impact thereof on economic and financial performance.

Variances analysis

In budgeting, a variance is the difference between a budgeted, planned or standard amount and the actual amount incurred/sold. Variances can be computed for both costs (variable and fixed) and revenues.

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