

Transforming Family Governance: Embracing a Care Ethic

By Dr. Stacy Feiner and R. Adam Smith
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Introduction

We are living in a time when family governance is being fundamentally redefined – not by regulation, but by revelation. Across the world, family enterprises are discovering that legacy alone is not a leadership strategy. The structures once built to preserve wealth and authority are now being challenged – not only by new generations, but by deeper questions:

Whose voice matters? What values endure? How is power shared? How do we leave respectful space for differences in legacy?

In this moment of industry transition, the call for transformation is not rooted in rebellion – but in restoration. It is a call to humanize governance: to move beyond control toward care, beyond hierarchy toward inclusion, and beyond rigidity toward relevance.

The ethic of care, long considered a moral philosophy, is emerging as a vital blueprint for modern family boards seeking cohesion, trust, and meaningful continuity. When applied with intention, it has the power to evolve family governance from a fragile system of authority into a resilient culture of stewardship. This article explores how – and why – this shift matters now.

Governing with head and heart

In families of significant wealth, governance is most effective when structure reinforces empathy rather than replaces it. Too often, relational care and transactional rigor are seen as opposing forces, when their greatest strength lies in working together. Thoughtful tools like board charters, voting protocols, multi-class ownership models, and conflict resolution clauses don't erode trust – they safeguard it. By formalizing expectations and clarifying accountability, these mechanisms create conditions for emotional safety and open dialogue.

The challenge is that many families overlook these tools, especially during periods of harmony, assuming cohesion will naturally endure. But it's precisely before moments of stress – such as leadership transitions, liquidity events, or generational buyouts – that clarity must be established. These are not times to rely on memory or goodwill; they call for structure that brings fairness, not friction. When designed with care, transactional systems don't burden the family with bureaucracy – they free the next generation to lead with both clarity and connection.

A family board is a critical entity for decision-making, balancing the preservation of wealth with strategic growth across generations. However, when governance is fractured by power imbalances, communication failures, and a lack of shared responsibility, dysfunction can take root. A prime example of this dysfunction is a family board chair who was a brilliant leader with a vision for the family legacy.

Despite his considerable leadership abilities, his leadership style, driven by personal ambition and unchecked authority, led to confusion, mistrust, and disengagement. These are common pitfalls that many family boards face. Too often, legacy leadership styles are slow to adapt, even as family needs, values, and capabilities evolve.

Case Study: A patriarch's legacy – and its limits

For thirty years, the patriarch and chairman of the family's legacy was unchallenged in his leadership. A visionary and generous man, he built the family business from the ground up, transforming it into a successful family board that spanned multiple generations. His leadership, though strict and forceful, was grounded in a deep commitment to the family's welfare, wealth preservation, and philanthropy. His decisions, though often made unilaterally, were generally seen as benevolent

because of the tangible benefits they brought to family members.

During these years, the family's wealth grew, and the patriarch's leadership was unquestioned. The family members, while respecting his authority, had limited influence in the decision-making process. They were expected to defer to the patriarch's experience and wisdom. In exchange, they enjoyed a comfortable lifestyle supported by the success of the family board, as well as the patriarch's personal generosity.

However, as time passed, the next generation began to mature, and their views on the family board's future started to diverge from their father's. They were no longer content to simply enjoy the benefits of the wealth created by previous generations; they wanted to shape the future of the family business, influence philanthropic decisions, and have a say in how their inheritance was managed. This generational inflection point is a common stress test for governance systems – and often reveals their deepest vulnerabilities.

The shift: Rising tensions in the boardroom

As the children grew older and more knowledgeable about wealth management, philanthropy, and family dynamics, they started to develop their own opinions. These opinions were informed by modern financial practices, social justice values, and a desire for greater transparency in the management of family assets. However, these new perspectives were seen as a challenge by the patriarch, whose leadership had been unopposed for decades.

The patriarch, feeling increasingly threatened by the shifting dynamics, responded by tightening his grip on the family board. He began to centralize decision-making even further, limiting the input of his children and the independent board members. He believed that his experience and the legacy he had built over the years gave him the authority to make all significant decisions.

As a result, the once harmonious and unified boardroom began to fracture. The patriarch's approach to leadership became more controlling, and his decisions, though still grounded in his vision for the family's wealth and philanthropy, began to feel authoritarian. Family members who had once deferred to his wisdom started to question his methods, leading to tensions within the family and

the board. The boardroom, once a space for stewardship, turned into a source of strain and silence.

Boards often fall prey to willful blindness, where ego, status, and a desire for control limit the group's ability to engage in critical debate. When dominant personalities stifle dissent, the organization loses its ability to see risks, challenge assumptions, and make the best decisions (Heffernan, M., *Willful Blindness: Why We Ignore the Obvious at Our Peril*, 2011).

The breaking point: A divisive leadership style

The turning point came during discussions about the family board's philanthropic direction. One of the younger family members, who had become passionate about social entrepreneurship, proposed a new initiative that would align the family's wealth with causes focused on sustainability and community empowerment. While the idea was aligned with the family's values, the patriarch dismissed it outright, claiming that such initiatives were too risky and deviated too far from the family's traditional philanthropic model.

At the same time, an independent board member raised concerns about the lack of transparency in the decision-making process. The board member suggested that the family board adopt more collaborative governance practices, where all voices were heard, and key decisions were made collectively. This idea, which was intended to bring more inclusiveness and diversity of thought into the decision-making process, was rejected by the patriarch. He accused the independent board member of undermining his authority and trying to "take control" of the family's legacy.

The family members, who had initially respected their father's leadership, began to feel alienated. Some felt that their opinions were being ignored, while others were frustrated by the patriarch's refusal to adapt to changing times. The board, once a place of cooperation and shared goals, became a battleground of conflicting interests. The patriarch's decision-making became more divisive, and family members began to take sides. The tension in the boardroom grew, and the once cohesive group started to unravel. This type of fragmentation doesn't just disrupt governance – it threatens the family's identity and legacy.

How dysfunction in family governance plays out

Family governance is particularly sensitive because of the way familial relationships intertwine with professional oversight. When communication breaks down or a single voice dominates, the collective vision of the family – often shaped by multiple generations – can be lost. The unchecked influence of a patriarch, as seen in this scenario, led to divisiveness within the family. In this case, board members felt that their voices were not valued and their concerns sidelined.

In family boards, where personal relationships complicate professional boundaries, the stakes are higher. A breakdown in governance can lead to generational conflict, leaving next-generation family members feeling disenfranchised and reluctant to engage in the stewardship of the family wealth. In such an environment, major decisions are often made without proper input from all family branches, leading to compromised decision-making and potential risks to the long-term health of the family enterprise. Governance dysfunction isn't just a leadership issue, it becomes a relational crisis.

The role of the ethic of care: Transforming governance

Had the patriarch embraced a leadership style grounded in the ethic of care, the situation could have unfolded very differently. Instead of retreating into control, he could have used his experience to mentor his children and independent board members, fostering a more inclusive and collaborative environment.

The Sixth Level (2023) model, with its emphasis on mutuality, ingenuity, justness, and intrinsic motivation, could have provided a framework for transforming the family governance. Had the patriarch incorporated these principles, the board could have become a space for healthy debate, creative solutions, and collective decision-making, rather than a source of division and resentment. Leadership grounded in care doesn't diminish authority, it earns enduring respect.

Boards that actively cultivate a culture of shared decision-making and trust, empower members to voice their values, which is essential for ethical decision-making. This reinforces the need for an environment where all voices are heard, and ethical alignment takes precedence over hierarchical control

or unchallenged assumptions (Clark, C, *Giving Voice to Values in the Boardroom*, 2020).

Achieving governance excellence with the ethic of care

Imagine a family board that embraces an ethic of care – a model that fosters collaboration, transparency, and ethical decision-making. In this framework, leadership is not about control, but about creating an environment where all voices, from the eldest to the youngest family members, are heard and valued. Research into effective family governance shows that when boards embrace ethical leadership and inclusive decision-making, they not only build trust but also foster long-term sustainability (Friedman, 2020; Neubauer & Lank, 2019).

One study conducted by Friedman (2020) highlights the importance of emotional intelligence in family governance, showing that a focus on care and empathy strengthens board cohesion and leads to better decision-making. This aligns with the framework of The Sixth Level, which draws from principles of mutuality, ingenuity, justness, and intrinsic motivation. These principles support the creation of a board culture where trust and transparency are prioritized, leading to more effective governance and stronger family relationships. This evolution requires intention – but it is entirely within reach.

Mutuality: Emotional reciprocity that drives peak performance on family boards

Mutuality is the practice of two-way empathy, where family board members intentionally exchange care and understanding, strengthening relationships and displacing selfishness, leading to *selfmoreness*. In the context of family governance, this emotional reciprocity fosters open dialogue, prevents entrenched positions, and aligns the board in service of both family and enterprise. By prioritizing mutual understanding, mutuality elevates performance by creating a supportive environment where generational perspectives are respected and emotionally charged topics can be addressed without eroding trust.

Implementing Mutuality is as simple as:

- Being open to constructive criticism, instead of being defensive – even when feedback comes from a sibling or cousin;

- Taking an interest in the lives of other family members so they become teammates, not just names on a governance chart;
- Digging into communication styles and using the ones that are most effective with each individual; and
- Encouraging financial, physical, and mental well-being of the whole family, not just its financial capital.

Ingenuity: Innovation as a path to progressive family governance

Ingenuity invites creative problem-solving that prioritizes collective interests over rigid power structures often inherited through family tradition. It encourages fresh thinking – moving families beyond “how we’ve always done it” and toward “what’s needed now.”

Practicing Ingenuity allows board members to challenge long-held assumptions and invite meaningful progress, ensuring governance stays relevant and responsive as the enterprise and its stakeholders evolve. Ingenuity also disrupts the tendency to default to precedent – the very patterns that quietly entrench conflicts of interest and stall innovation. Family board leaders can encourage

Ingenuity by:

- Building mutually invested teams across generations who care about achieving shared outcomes;
- Creating affinity groups and shared experiences that support both collaboration and individuality; and
- Embracing and sharing forward-looking, strategic thinking that reflects today’s world – not just yesterday’s legacy.

Justness: Ensuring power is used for the greater good of the family

Justness creates the conditions for family boards to operate with integrity, where power serves the evolving needs of the whole family – not just those with the loudest voices or largest ownership stakes. When fairness is embedded in transparent, consistent processes, family members trust that their perspectives will be heard and taken seriously.

This trust allows them to step forward, challenge assumptions, and make bold decisions for the future.

Free from favoritism and hidden agendas, the board can function with broad visibility and true shared leadership, ensuring that all branches of the family are seen and valued. Justness enables the family board to reach its full potential – collaborating effectively, making informed decisions, and leading with purpose.

A few simple steps can build justness into the board's DNA:

- Acknowledge and celebrate each member’s positive contributions to the family and its ventures;
- Empower others to step into leadership, regardless of age, experience, or generational position;
- Develop policies that alleviate family stress and reinforce shared responsibility; and
- Welcome all voices at the board table, not just those with technical expertise or strong opinions.

Intrinsic motivation: Personal commitment to the greater good of the family

Intrinsic motivation is the internal drive that compels family board members to serve not out of obligation or control, but because they find meaning in stewarding the family’s shared future. It bridges personal commitment with the collective success of the family and its enterprises.

When family members are intrinsically motivated, they don’t just show up to board meetings – they show up prepared, engaged, and ready to contribute with care. They think critically, listen generously, and stay anchored in the family’s purpose. This mindset fosters a board culture where long-term thinking becomes second nature, and where challenging conversations are grounded in trust.

Intrinsic motivation can be enhanced by:

- Engaging with board members and inviting their perspectives, especially those less inclined to speak;
- Encouraging each person to share why they care about the family’s future – not just what they want for it; and
- Emphasizing the family’s purpose and how it contributes to broader society, not just internal legacy.

Conclusion

In a time when family governance is being redefined, one truth is clear: Legacy alone is no longer a strategy for success. To build sustainable, thriving family enterprises, governance must be grounded in care. This shift from control to care does not diminish authority, it amplifies it, making leadership more inclusive, transparent, and adaptable.

This transformation is not just about improving processes, it's about investing in people. By fostering a culture of mutual respect, collaboration, and justness, family boards can evolve into places of creativity, connection, and resilience. This is the future of family governance – one built with both head and heart.

Family boards that embrace these principles do more than improve governance – they create social conditions for legacy to thrive. When the ethic of care is practiced, families pass down health and harmony alongside wealth – preventing dysfunction from quietly becoming part of the inheritance. As Jim Collins (2009) rightly observes, the test of leadership is not short-term results, but the ability to build an enduring organization. Family boards that lead with care not only create an environment of trust and ethical stewardship, but they also lay the foundation for long-term success – ensuring that both the wealth and the values of the family are carried forward.

In short, families have a unique opportunity to redefine their governance models, moving beyond outdated practices and into a new era of leadership defined by care, cooperation, and shared success. Passing on great wealth has never been a complete vision – families are now realizing that the higher aspiration is successfully passing on emotional health. By using governance structures to elevate family dynamics, they leave nothing on the table. In fact, the table is set for stewarding greatness. In our next article, we'll introduce a practical assessment designed to help family boards evaluate the health of their dynamics – and uncover the strategies that not only prevent dysfunction but actively strengthen connection, collaboration, and continuity across generations.

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