

# Fair Does Not Always Mean Equal: Ownership Decisions in Family Business

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**KEYWORDS:** family business advice, family business succession planning, family business conflict.

Families often struggle to decide whether shares should be divided equally among children or reflect leadership, sacrifice, and “sweat equity.”

In family businesses, few conversations generate more emotion than the question of who should inherit ownership. Should shares be divided equally among children *because fair means equal*? Or should ownership and decision rights reflect contribution, leadership, sacrifice, or “sweat equity” within the business *because fair means rewarding what has been earned*?

What complicates matters is that every person in the family system may hold a different understanding of fairness. This means that conflict often emerges regardless of which path the family chooses.

With this piece, we hope to inspire meaningful conversations and provide guidance to families and advisors navigating ownership succession.

## The Myth of the 'Best' Ownership Transition Model

Families often approach ownership transition hoping there is a “correct” answer supported by research and best practice. Research, however, offers no universal blueprint; what works beautifully for one family can spark conflict in another (Sathe, Enrione & Finley, 2022).

For example, equal ownership among siblings may

reinforce family unity in a cohesive family with strong communication and shared stewardship values. In another family with unresolved rivalries or vastly different levels of engagement, the same structure may create resentment or paralysis. Likewise, unequal ownership may feel entirely appropriate in a family where one child has devoted decades to building the enterprise while others pursue different careers and have little interest in the business. Yet in another family, unequal ownership may permanently damage sibling relationships and create feelings of exclusion, diminished belonging, or favoritism (e.g. Hacker & Dowling, 2013).

These anecdotal observations are confirmed by the limited research available: We have no evidence that that an equality-oriented approach leads to better outcomes than a meritocracy-oriented approach. What studies do find consistently, however, is that relational factors are far more predictive of transition success than the transition logic (meritocracy vs. equality) and ownership structure (equal owners, minority/majority owners) (e.g., Sund, Melin & Haag, 2015).

These findings reinforce the importance of understanding the broader family system and underlying family dynamics when making ownership decisions. After all, ownership structures are rarely shaped by financial or strategic considerations alone. They are also shaped by deeply held beliefs about family, contribution, responsibility, belonging, and what fairness actually means within that particular family system.

## Equality and Fairness Are Not

## (Necessarily) the Same Thing

Let's start with this: fair is not (necessarily) equal.

In many families, the words *equal* and *fair* are used interchangeably, but they are not always the same thing. Equality focuses on sameness: Each child receives the same ownership stake regardless of role, contribution, or circumstance. Fairness, however, is often more subjective and emotionally complex. Different family members may define it very differently depending on their experiences, sacrifices, expectations, and understanding of responsibility.

For example, one family may feel that dividing ownership equally among all siblings is the fairest way to reinforce belonging and avoid favoritism. Another may view equal ownership as deeply unfair if one sibling spent decades leading and growing the business while others pursued careers elsewhere and had little involvement in the enterprise. In both cases, the family may genuinely believe they are pursuing "fairness," even though they arrive at very different ownership outcomes.

So fairness seems to be ambiguous and subjective; equality however, in terms of ownership, we can quantify. *Equal* ownership treats all children identically. Everyone receives the same ownership stake regardless of differences in contribution, capability, involvement, responsibility, or future role. *Unequal* ownership, by contrast, means that family members receive differently sized portions of the ownership pie (though not necessarily corresponding levels of control or economic benefit).

Equal ownership may reflect:

- A deeply held belief that all children should be treated the same,
- a belief that ownership is independent of effort, combined with a belief that valuing private assets is imperfect,
- a desire to preserve and strengthen family harmony,
- a recognition that it is impossible to predict where the next best leader will emerge within the family. Keeping all the growing branches as owners increases the chances of a great leader in the future,
- fear of disenfranchising certain family members,
- or an attempt to avoid difficult conversations

around merit, capability, or contribution.

For some families, equality is simply part of the family culture. Ownership has always been passed down equally and deviating from that tradition may feel morally wrong.

Unequal ownership, meanwhile, may represent:

- an attempt to recognize differing contributions or sacrifices,
- acknowledgment of future leadership responsibilities,
- concern for business continuity,
- a belief that family should only receive money if there's money left over after business needs are taken care of,
- a common belief among very small companies that those who do not contribute to the business should not own a part of it,
- or a belief that ownership should align with stewardship capability.

But unequal structures may also emerge from less constructive dynamics: emotional favoritism, unresolved conflict, guilt, punishment, or attempts to control behavior.

Now, the challenge is that children are not identical. One sibling may have spent 20 years building the company, taking financial risks, relocating for the business, or postponing personal opportunities, and been undercompensated all along. Another may have pursued a different career path but remained deeply engaged in the family through governance work, caregiving responsibilities, emotional leadership, or philanthropy. Others may simply lack the capacity, health, interest, or opportunity to contribute in similar ways.

This raises difficult questions, such as what counts as a contribution and who decides what is valuable. Or, if operational leadership is more important than emotional stewardship. Again, there are no universally right answers.

What families often discover in the process, however, is that the real complexity of ownership transition lies not only in deciding who gets what, but in understanding what ownership itself represents within the family.

## Ownership Is Emotional, Not Just Financial

Ownership often carries emotional meaning that goes far beyond financial distributions and wealth creation. Shares may symbolize love, trust, recognition, belonging, identity, or parental approval.

As a result, ownership decisions are rarely interpreted purely as financial transactions. A child receiving less ownership may hear, “*you matter less.*” A child receiving more may feel burdened rather than honored. Even equal ownership can create resentment if family members believe contributions or sacrifices have gone unrecognized.

This is one reason why ownership conversations can become so emotionally charged. Families may believe they are debating economics when they are actually dealing with issues of legitimacy, recognition, and emotional equity.

Many parents assume equal ownership will preserve harmony because “*everyone is treated the same.*” In practice, however, equal structures can generate their own forms of conflict. Equal ownership among siblings with very different levels of involvement, competence, risk tolerance, or financial dependence can create deep tension over compensation, distributions, reinvestment, leadership authority, and strategic direction. The sibling running the business may fear the risk of being constrained by owners who bear little operational responsibility or understanding. Passive owners, meanwhile, may feel excluded from decision-making or suspicious that insiders benefit disproportionately.

At the same time, unequal ownership structures can trigger feelings of rejection, humiliation, or exclusion if families fail to communicate the rationale clearly and compassionately.

The reality is this: No ownership structure eliminates conflict. Families are not choosing between conflict and no conflict. They are choosing which tensions they are most prepared to manage and which structure best supports the business's sustainability. The solution that works is the solution the family system and the business can tolerate and, importantly, sustain over time.

In our experience, families benefit enormously from creating space to discuss questions such as: *what does fairness mean in our family? Does working in the*

*business justify greater ownership? Should ownership reward past sacrifice or future responsibility? Are all forms of contribution equally valuable? What happens if levels of engagement change over time?*

## Four Factors Families Must Consider

Rather than searching for a universal rule, families are better served by examining several key dimensions before deciding how ownership should transfer. In our experience, four factors are particularly important: the relational strength of the family, the family's understanding of ownership and contribution, the capability of the governance system, and the realities of the business.

### 1. The Family's Relational Capacity

The success of any ownership structure depends heavily on the family's ability to manage relationships over time. *Can family members communicate openly? Is there trust? Can disagreements be handled constructively? Are family members willing to continue investing in the relationship system itself? Do they believe they have the time and ability to resolve differences and problems?*

Equal ownership, in particular, creates long-term interdependence. Owners must make decisions together, tolerate differences, negotiate competing priorities, and maintain working relationships across decades. In families with strong relational foundations, this can reinforce unity and continuity. In families marked by unresolved conflict, avoidance, mistrust, or emotional reactivity, equal ownership may intensify tensions rather than reduce them.

Families should therefore ask not only whether a structure appears “fair,” but whether the family system is capable of sustaining it over time.

### 2. The Meaning the Family Assigns to Ownership

Ownership is rarely experienced purely as a financial asset. It often symbolizes inclusion, trust, recognition, identity, legitimacy, or parental approval (Caicedo-Leitón et al., 2026).

Some families view ownership primarily as an expression of family membership: if you are part of the family, you belong at the ownership table equally.

Others view ownership as something tied to responsibility, stewardship, sacrifice, or contribution. Neither perspective is inherently right or wrong, but conflict often emerges when these assumptions remain unspoken.

Before deciding how ownership should transfer, families benefit from explicitly discussing what ownership *actually means* and what ownership should mean within their system.

### 3. The Relationship Between Ownership and Contribution

One of the most difficult questions families face is whether ownership should reflect contribution, and what kinds of contribution count.

Some family members may devote decades to building the business operationally, often accepting personal sacrifice, below-market compensation, or substantial risk. Others may contribute through governance leadership, emotional stewardship, philanthropy, shareholder engagement, or sustaining family cohesion. Some may pursue entirely different lives outside the enterprise.

The challenge is that contribution is rarely objective or easy to measure, particularly in family systems where emotional and relational labor also sustain continuity. If family tasks are valued less than business tasks, then that hierarchy will, over time, lead to a de-emphasis of activities that are needed to sustain a family.

### 4. The Governance and Business Context

Ownership structures do not exist independently from the business itself or the governance systems surrounding it.

A relatively simple enterprise with strong management and mature governance may accommodate broad ownership relatively well. A highly entrepreneurial, complex, or operationally demanding business may require greater clarity around authority, decision-making, competence, and accountability.

Strong governance systems can significantly reduce the emotional strain associated with either equal or unequal ownership. Shareholder agreements, trusts, voting structures, family councils, boards, employment policies, and family constitutions can create legitimacy, transparency, and processes for navigating inevitable

disagreements.

## The Real Question Families Should Ask

Ultimately, successful ownership transitions are built on thoughtful conversations, self-awareness, clear goals, and a willingness to engage honestly with both family and business realities. Perhaps most importantly, they require an understanding that fairness is something families must continuously define together over time.

Families must also examine their long-term priorities carefully. Is the goal preserving family unity across generations? Protecting control? Rewarding contribution? Creating liquidity? Encouraging entrepreneurship? Supporting family members equally, regardless of involvement? Different priorities naturally lead to different ownership structures.

Importantly, families are not limited to choosing between “equal” and “unequal.” Hybrid solutions can separate economics, control, management, and stewardship in thoughtful ways:

- financial ownership may remain equal while voting control differs;
- compensation may reflect contribution while ownership remains broad;
- trusts may balance fairness concerns across branches;
- and governance influence may vary based on capability, engagement, or responsibility.

Rather than searching for a universal rule, families are often better served by asking a different question: **What ownership structure best supports both the long-term health of our family relationships and the long-term success of the enterprise?**

The most effective ownership structures are rarely the ones that appear most “perfect” on paper. They are the ones the family understands, accepts, and can sustain together over time.

## References

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