

## ARTICLE

# Board effectiveness focus: The role of independent directors on family-owned business boards in Southeast Asia

Independent directors of family-owned businesses in Southeast Asia share their perspective on what their responsibility is and how they can be most effective in their role.



Family-owned businesses in Southeast Asia may add independent directors to their board for a variety of reasons. In some countries, for example, it's a requirement for listed companies. But beyond this, many family companies see it as an opportunity to improve governance, add expertise in certain areas, or simply inject an outside perspective. "In progressive family businesses, a lot of thought goes into making sure there is no entrenched thinking," one independent director told us. A recent survey we conducted of CEOs and board members in markets around the world found that only about half of directors at family-owned companies were satisfied with their CEO succession planning process—and a top suggestion for improvement was putting an independent director in charge.<sup>1</sup>

All that to say, independent directors can add a lot of value to the boards of family-owned businesses—if they're clear about what it is they're best positioned to provide. We spoke with several independent directors of family-owned businesses in the region to hear what they see as their responsibility to these organizations and how they can be most effective.

## The directive: Responsibilities of family-owned business independent directors



In a well-functioning board, key family owners are able to delegate decision-making to the professionals and non-family executives.

Independent directors on the boards of family-owned businesses in Southeast Asia can and should weigh in on many topics—from executive performance to strategic planning. The independent directors we spoke with noted three responsibilities, in particular, that they prioritize.

### Being a strong, empowered voice on critical decisions

First and foremost, the effectiveness of the board depends on independent directors being empowered to weigh in. Boards of family-owned companies can be insular and have a culture of little debate. Those that bring on independent directors are generally seeking broader expertise and a new perspective. That means, "In a well-functioning board, key family owners are able to delegate decision-making to the professionals and non-family executives," as one independent director put it. Furthermore, the independent directors must be comfortable leaning into their expertise and not shying away from making tough calls.

### Bridging diverse perspectives and interests

As an independent person in the room, these directors are uniquely qualified to act as a bridge—between old and new ways of working, between people with opposing positions on culture and values, and between family members with differing visions of the future. The latter can involve, as one independent director explained, "mediating disagreements and conflicts, especially intergenerational divergence." Said the director, "Some tenured directors, even non-family directors, are used to old ways of working that are more top-down and feature less debate. It's important to bridge the differences on the board to allow for more discussion and debate."<sup>2</sup>

For listed companies, independent directors can also bridge the interests of diverse shareholders or shareholders and owners. "Independent directors play a particularly important role in ensuring that the company does not ignore the interests of, and its obligation to, minority and other institutional shareholders," explained another director.

<sup>1</sup> Additional analysis of proprietary Heidrick & Struggles survey data reported in *Route to the Top 2025 | The Ascent Redefined: Charting More Effective Routes to the Summit*, Heidrick & Struggles, July 23, 2025, [heidrick.com](https://heidrick.com).

<sup>2</sup> For additional thinking about the importance of leading across boundaries and divides, see Jeremy Hanson and Jonathan McBride, "Leading across boundaries and divides," Heidrick & Struggles, November 8, 2024, [heidrick.com](https://heidrick.com).



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## Guiding succession planning and leadership development

Succession planning can be fraught in family businesses,<sup>3</sup> requiring difficult, frank conversations about who is best qualified to lead and when. Independent directors can be invaluable guides in these discussions because they bring a neutral, outside perspective. “The succession pipeline among family members might not be immediately obvious, and an independent director can effectively bridge understanding, trust, and ambition,” said one independent director.

Non-family members can also help inspire and prepare the next generation. “Coaching can take different forms,” said another independent director. “And sometimes it means doing, not telling—that is, showing the next generation what good looks like.” The role can go beyond just coaching: “Sometimes the independent director needs to be prepared to be the bridge between the first and next generations, especially when the next generation is still learning,” this person added. “Their role is not just to coach but to shield the next generation and mitigate the impact of any mistakes, so they have the space to learn and grow.” Independent directors can also help clarify how roles are defined—based on their experience in other organizations—as family businesses grow. This helps lay the foundation for healthy relationships and executive functions over time.

## The method: How independent directors can be most effective on family boards



Focus on the value you can add and not so much on whether you get the credit.

To meet these priorities, independent directors must establish a strong relationship with the family and make sure they have the right mindset about their role.

### Gaining the trust of the family

“Gaining trust and alignment with the family or owners is key,” one independent director highlighted. When they come into the role, independent directors should be prepared to invest time building this relationship. “Speak with the family outside of board meetings informally to get to know them and their point of view on strategy and people,” advised this person. And, critically, determine their appetite for change.

Doing so can not only help independent directors better understand the business, its history, and where it’s headed, but it can help the family be more open to their perspectives. “Family boards might be slow to embrace talent not in their networks,” said one independent director. “It’s important to understand the needs of the board from the business point of view first and then build a relationship with the family to make them comfortable and help them see how they can work together as owners and board members.”

### Having the right mindset

To be effective, independent directors should practice humility. “Focus on the value you can add and not so much on whether you get the credit,” said one independent director. In fact, suggested another, “let the family take the credit.”

Independent directors of family-owned businesses also highlight the importance of loyalty. As one put it, “Loyalty prevails over capability. Money can always buy capability.” But this loyalty should be to the business, not to any one stakeholder or family member. “Instead of siding with any one person or position, keep to the truth and stay objective and logical. And don’t compromise on personal integrity.”

3 For more on CEO and board succession planning at family-owned companies, see Jay Bevington and Suresh Raina, “Board effectiveness focus: Best practices for family business succession planning,” Heidrick & Struggles, forthcoming on heidrick.com.

Independent directors serve a unique purpose on the boards of family-owned businesses and can have a big impact—if they understand that purpose and how best to achieve it. As one independent director advised, “Be clear why you are joining the board and what you can bring, and if that’s aligned with what the family and company wants and needs at this moment.”

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