

# Family Business in Gulf Cooperation Council Countries: Introductory Aspects



Veland Ramadani and Mohammad Zainal

**Abstract** This chapter provides introductory information about the Gulf Cooperation Council (GCC) countries, their contexts, family business in these countries, and a brief description of the chapters included in this book.

## 1 The context

The Gulf Cooperation Council (GCC) was established on May 25, 1981, as an intergovernmental, political, and economic union of several Arab countries, such as Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (Exhibit 1). As per 2021 data, the total population of GCC countries is 65,507,000 people, with a density of 21.13/km<sup>2</sup>. The total area of GCC countries is 2,673,108 km<sup>2</sup>, where only 0.6% is a water area. The greatest country is Saudi Arabia with 34,218,169 people and 2,149,690 km<sup>2</sup>, while the smallest is Bahrain with 1,569,439 people and 780 km<sup>2</sup> (Aloulou & Al-Othman, 2021; Palalić et al., 2021).

The GCC union was created “to share common cultural values and benefits, which are based on Islamic beliefs” (Dana et al., 2021, p. 3). All GCC countries are organized as monarchies, where Bahrain, Kuwait, and Qatar are considered as constitutional monarchies, Oman and Saudi Arabia as absolute monarchies, while the United Arab Emirates (UAE) as a federal monarchy, which is consisted of seven states, and very state is ruled by its own emir (Bianco, 2020). The flag of GCC countries is presented in Exhibit 2. The flag includes on it the logo of the council as well. The logo includes the *Bismillahi-Rahmani-Rahim* phrase, which means “In the

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V. Ramadani (✉)

Faculty of Business and Economics, South East European University, Tetovo, North Macedonia  
e-mail: [v.ramadani@seeu.edu.mk](mailto:v.ramadani@seeu.edu.mk)

M. Zainal

College of Business Administration, Kuwait University, Sabah Al Salem University City,  
Kuwait City, Kuwait  
e-mail: [zainal@cba.edu.kw](mailto:zainal@cba.edu.kw)

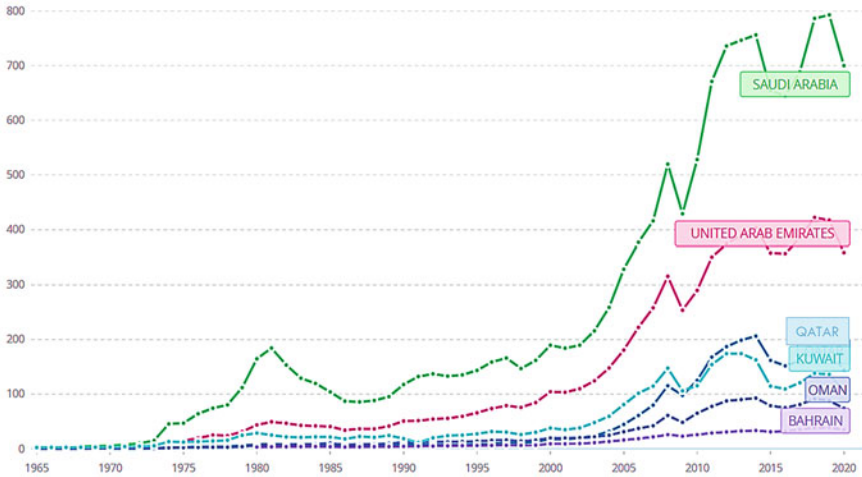


**Exhibit 1** Map of GCC countries. *Source:* This file is licensed under the Creative Commons Attribution-Share Alike 4.0 International license



**Exhibit 2** The flag of the Gulf Cooperation Council

name of God, the Merciful, the Compassionate,” and the full name of the council, written in Arabic. The logo contains the brown-colored map of the GCC countries also, included in a hexagonal shape, which represents the six council members.



**Fig. 1** GDP (current US\$) of GCC countries (1965–2020). *Source:* World Bank

Headquarters of the council is located in Riyadh, Saudi Arabia. As official language is Arabic in all GCC members. Each country uses its own currency, where Bahrain uses Bahraini Dinar (BHD), the UAE uses Emirati Dirham (AED), Kuwait uses Kuwaiti Dinar (KWD), Omani uses Omani Rial (OMR), Qatar uses Qatari Riyal (QAR), while Saudi Arabia uses Saudi Riyal (SAR).

The GCC countries are generally characterized by rapid development (Dana et al., 2022). According to Dana et al. (2021), there are several reasons for this development, such as “free movement of people, goods, and capital ensured this region very fast development. The region has been of interest to investors and venture capitalists for several decades. It is known for incredible developments where the whole world comes together. The main reason for development of this region is the discovery of oil. Although the GCC members were late in discovering this precious resource, they used it for their rapid development. The first oil discovery was in Iran in 1908, then in Iraq in 1927 (although they are both not in the GCC). The first GCC member who found oil was Bahrain in 1931, then the KSA and Kuwait in 1938, Qatar in 1940, while the UAE in 1958, and Oman 1962” (pp. 3–4).

The GDP of GCC countries in 2020 was around 1418 billion USD (Fig. 1). The data for respective countries are presented in Table 1.

In the last decade, all GCC countries are working intensively on transformation and diversification strategies of their respective economies (Alharthi, 2019). For example, they have developed detailed programs and strategies for this development, such as Saudi Vision 2030, Kuwait Vision 2035, Bahrain Economic Vision 2030, Qatar National Vision 2030, Oman Vision 2040, while the UAE has developed several national initiatives such as UAE Vision 2021 and UAE Centennial 2071.

Generally, these programs and initiatives are focused on (Santosdiaz, 2020):

**Table 1** GDP (current US\$) of the respective GCC countries in 2020

Country	GDP (current US\$/thousands)
Bahrain	34,729,228.72
Kuwait	105,960,225.69
Oman	73,971,391.42
Qatar	144,411,363.35
Saudi Arabia	700,117,873.25
United Arab Emirates	358,868,765.17
<b>Total</b>	<b>1418,058,847.60</b>

Source: World Bank



**Exhibit 3** Downtown Dubai. Source: Roshan Rajopadhyaya from Pixabay (Note: Free for commercial use)

- *Economic sectors diversification*—The GCC countries are working on creating economies that will not rely on just one sector (e.g., oil), but on various economic sectors, such as transportation, tourism, finance, tech, and fintech.
- *Innovation and entrepreneurship*—Authorities are tailoring special programs that promote and support creativity, innovation, and entrepreneurship in order to provide opportunities, especially to young people, to develop their own businesses.
- *Digital transformation*—The GCC countries are investing huge amounts on digitalization of business processes and creation of the proper infrastructure. COVID-19 gave even more impetus to this process and justified the importance of the technology nowadays.
- *Job creation and economic growth*—Most of the strategies are focused on job creation and economic growth as the main pillars of economic development.

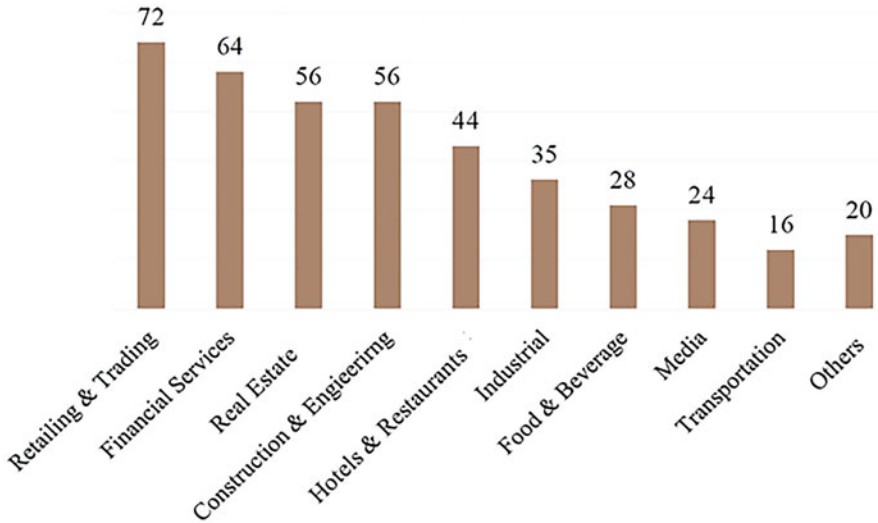
Considering that most of these different national programs and strategies have already started to be implemented in the GCC, even before “2030 Visions,” the successes in the context of economic development and diversification are more than evident. Here we could single out Downtown Dubai (Exhibit 3), Dubai International Airport (DXB), Dubai International Financial Centre (DIFC), Smart Dubai 2021, Abu Dhabi Global Markets (ADGM), Ferrari World (Exhibit 4), Fintech Saudi, DIFC Fintech Hive, Bahrain Fintech Bay, Qatar Fintech Hub, etc.



**Exhibit 4** A pan-sharped multi-spectral image of Ferrari world in Abu Dhabi. *Source:* Emirates Institution for Advanced Science and Technology/Wikimedia Commons, the free media repository

## 2 Family Business in GCC Countries

Family businesses, all over the world, play an important role in the economy and society (Ramadani et al., 2020). Their importance is identified in the GCC countries as well. Around 75% of active private businesses in GCC are family businesses, while 60% of them are considered as young businesses, established in the 1970s (AT Kearney, 2010). The majority of family businesses operate in retailing and trading, financial services, real estate, construction, and engineering; very few of them operate in media and transportation (Fig. 2). According to Purfield et al. (2018), 60% of the GCC's gross domestic product (GDP) is contributed by family businesses. These businesses employ more than 80% of the labor force in the region. Al-Abdel et al. (2017) noted that family businesses make up 90% of the private sector in the UAE and Saudi Arabia.



**Fig. 2** Percentage of family businesses in respective sectors. *Source:* Darwish et al. (2020)

Family businesses in GCC countries are characterized by low survival rates in GCC, where the average life of these businesses is around 23 years (Al-Barghouthi, 2016). According to Darwish et al. (2020), the main reasons for the short life cycle of the family businesses in GCC are the following: increased market rivalry, lack of competitiveness, weak leadership of succession process, lack of trust among family members, insufficient resources to meet and balance the business and family needs and resistance to change. Ali and Ali (2018) found that around 70% of family businesses in GCC countries struggle to pass the business to the second generation and most of them are sold before this generation takes them over. As cited in Darwish et al. (2020), based on the data from the Family Business Institute, “only 30% of families live in the second, 12% in the third, whereas only 3% in the fourth and after generation” (p. 10). The TOP 20 family businesses in GCC countries are presented in Table 2.

Table 1 shows that Saudi Arabia dominates the TOP 20 list, with nine entries. The UAE follows with five family businesses; Kuwait is next with four family businesses in the list. This Forbes ranking is done based on several criteria, such as Group investments in regional and global stock exchanges and real estate assets; Business diversification and the number of sectors in which they have significant operations; Types of business activity and to what extent they have been affected by this crisis; Number of employees; Number of countries they are present in and geographical diversification; and Date of the establishment.

**Table 2** TOP 20 family businesses in GCC countries

Rank	Company	Country	Establishment	Chairperson
1	Al-Futtaim Group	UAE	1930	Abdullah Al Futtaim
2	Olayan Group	Saudi Arabia	1947	Hutham Olayan
3	Majid Al Futtaim	UAE	1992	Michael Rake
4	Rashed Abdul Rahman Al Rashed & Sons Group	Saudi Arabia	1950	Abudlaziz Al Rashed
5	Abdul Latif Jameel	Saudi Arabia	1945	Mohammed Abdul Latif Jameel
6	Al-Ghurair	UAE	1960	Abdul Aziz Abdulla Al Ghurair
7	Alghanim Industries	Kuwait	1932	Kutayba Y. Alghanim
8	Al Ghurair Group	UAE	1960	Abdul Rahman Saif Al Ghurair
9	Zamil Group Holding	Saudi Arabia	1920	Khalid A. Al-Zamil
10	Al Muhaidib Group	Saudi Arabia	1943	Sulaiman Al Muhaidib
11	Yousuf M.A. Naghi & Sons Group	Saudi Arabia	1911	Mohammed Yousuf Naghi
12	Al Nahla Group	Saudi Arabia	1996	Abdulrahman Hassan Sharbatly
13	Alshaya Group	Kuwait	1890	Mohammed Al Shaya
14	E. A. Juffali & Brothers	Saudi Arabia	1946	Khaled Al Juffali
15	S.S. Lootah Group	UAE	1956	Saeed Bin Ahmed Al Lootah
16	Suhail Bahwan Group	Oman	1965	Suhail Bahwan
17	M.A. Al-Kharafi & Sons	Kuwait	1956	Fawzi Al-Kharafi
18	Morad Yousuf Behbehani Group	Kuwait	1935	Ali Morad Behbehani
19	Sedco Holding	Saudi Arabia	1976	Saleh Salem Bin Mahfouz
20	Zubair Corp	Oman	1967	Rashad M. Al Zubair

Source: Forbes Middle East (2022)

### 3 Structure of the Book

The book “Family Business in Gulf Cooperation Council Countries” is consisted of 8 chapters. This first chapter, *Family business in Gulf Cooperation Council Countries: Introductory aspects*, written by Veland Ramadani and Mohammad Zainal, provides a general overview of the GCC context and family businesses in this region.

Chapter 2, *Family business in Bahrain*, is written by Ramo Palalić, Mohamed Rezaur Razzak, Said Al Riyami, Léo-Paul Dana, and Veland Ramadani. This

chapter shed light on business environment and family business in Bahrain. In this chapter, the authors provide valuable facts about the business ecosystem in the country and family businesses in Bahrain, focusing on their abilities, possibilities, participation, and contribution to the socio-economic development of the country. The final section of this chapter emphasizes the current status of family businesses and their future perspectives.

Chapter 3, *Family business in Kuwait*, is written by Veland Ramadani, Vladimir Dzenopoljac, Mohammad Zainal, and Aleksandra Dzenopoljac. This chapter discusses important characteristics of family business in Kuwait, by looking into the links between entrepreneurship, small and medium-sized enterprises, family businesses, and their growth over the years. The authors start by giving a general overview of Kuwait's business ecosystem, which served as predominant external factor for the development of successful family businesses. One of the key factors in family business development in Kuwait was the economic growth of the country after the oil discovery. Many family businesses were driven by this growth. Besides this, the tribal and family linkages were identified as an important driving force. Lastly, the chapter identifies the most successful family businesses in Kuwait and tries to assert the major common characteristics of these companies.

Aidin Salamzadeh and Léo-Paul Dana are the authors of Chap. 4, *Family business in Qatar*. The authors noted that leading families of these countries dominate the public, private, and third sectors, and based on this, they will lead most socio-economic activities. Qatar is a leading country in terms of managing public and private sectors by families. Therefore, this chapter investigates the general business ecosystem of the country and then further discusses the dominant families and family businesses in Qatar. It also provides more details about the dynamics of Qatari family businesses, and the chapter concludes with some remarks for policymakers and practitioners. Besides, it suggests some directions for future research about family businesses in Qatar.

Chapter 5, *Family business in Oman*, is authored by Mohammad Rezaur Razzak, Ramo Palalić, and Said Al-Riyami. In this chapter, the authors examine the existing academic literature as well as non-academic publications from dependable sources such as reports from international consulting firms, to compile a nuanced analysis of how Omani family businesses are different in many ways because of the idiosyncratic cultural context of Oman. An overview about the Sultanate of Oman and the business ecosystem is presented. The subsequent sections elaborate on the idiosyncrasies of Omani family businesses along with anecdotal evidence through examples of a few Omani family businesses, both large and small. Finally, the chapter ends with concluding remarks that relate the previous discourse about family businesses to the context of Omani family businesses.

Chapter 6, *Family business in Saudi Arabia*, is written by Wassim J. Aloulou and Riyadh AlShaeel. This chapter provides an understanding of the dynamics of family business phenomenon in Saudi Arabia. Initially, the authors provide a general information about the main characteristics of the country and its performance in terms of development, growth, and value. After this part, the authors describe the family business phenomenon in Saudi Arabia, its importance, and key success



factors in the GCC region, new perspectives on the phenomenon by renewing it through fostering entrepreneurship outside the family business and empowering the role of women as leaders in Saudi family business. The chapter ends with concluding remarks about how to sustain the family business phenomenon from generation to another in the country and how to pursue its contribution to its economic development and to achieve the Saudi Vision 2030.

Luan Eshtrefi authored the chapter on *Family business in the United Arab Emirates*. He noted that family businesses are the backbone of the UAE. These businesses create jobs, add economic value to countries, and are pioneers in entrepreneurship and innovation. This chapter examines why the UAE is the premier country that supports family businesses. By closer view of the business ecosystem in the UAE, the chapter provides insight into five main stakeholders that together create the most effective environment for businesses to prosper. Later, the chapter focuses attention on the characteristics of Emirati family businesses and offers some insight into succession in family businesses from one generation to another.

The last chapter, *Family business in Gulf Cooperation Council Countries: Towards the future*, written by Wassim J. Aloulou, highlights the critical weight of the GCC family businesses according to main key observers. After presenting the profile of these businesses and outlining their main characteristics, the chapter sets the main challenges of family businesses in the region and identifies the most important opportunities to seize by them in the future to sustain their businesses. Some perspectives of research are advanced for scholars and practitioners. The chapter ends with proposals for future research on these businesses in a such geographical area.

## 4 Conclusion

The editors and authors of this book expect that these collected chapters will provide a sizable contribution to the field of family business, primarily in terms of elucidating the relevance of this field in specific regions, such as the Gulf Cooperation Council region. Even as research on general business and entrepreneurship in GCC is increasing, research focused on family business is less developed (Abdullah, 2021; Zainal, 2022). This region has not been a focal point in the current literature related to this topic and this book aims to overcome this deficit within the literature. Taking into consideration that there have only been a few studies that have paid attention to family business centered in GCC countries, this book is considered to be very welcomed by researchers all over the world and by those who are interested to know more about family business in GCC countries.

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**Veland Ramadani** is a Professor of Entrepreneurship and Family Business at the Faculty of Business and Economics, South-East European University, North Macedonia. His research interests include entrepreneurship, small business management, and family businesses. He authored or co-authored around 180 research articles and book chapters, 12 textbooks, and 22 edited books. He has published in *Journal of Business Research*, *International Entrepreneurship and Management Journal*, *International Journal of Entrepreneurial Behavior and Research*, and *Technological Forecasting and Social Change*, among others. Dr. Ramadani has recently published the co-authored book *Entrepreneurial Family Business* (Springer). Dr. Ramadani is co-Editor-in-Chief of the *Journal of Enterprising Communities* (JEC). He has received the Award for Excellence 2016—Outstanding Paper by Emerald Group Publishing. In addition, Dr. Ramadani was invited as a keynote speaker at several international conferences and as a guest lecturer by President University, Indonesia, and Telkom University, Indonesia. During the 2017–2021, he served as a member of the Supervisory Board of Development Bank of North Macedonia, where for 10 months acted as Chief Operating Officer (COO), as well. In 2021, in a study conducted by Stanford University (USA), he was ranked among the Top 2% of the most influential scientists in the world.

**Mohammad Zainal** is a Professor of Applied Statistics at the College of Business Administration, Kuwait University, teaching Business Statistics and Computer Courses. He is also the current Dean of the College, and the Chair of the Board of Trustees at the Center of Excellence in Management. Mohammad's research interests include Parametric Estimation in the Skew-Symmetric Distributions, Optimization in High Dimensions, Goodness-of-Fit and Nonparametric Estimation, and the Application of Computer Methodologies to facilitate “Real-World” Solutions to Complex Business problems. Also, his research involves providing Applied Problem Solving in Operations Strategies in SMEs and Innovation Orientation and Performance of Family Businesses. He has published in the *Journal of Family Business Management*, *Journal of Enterprising Communities: People and Places in the Global Economy*, *Frontiers in Immunology*, *Sustainability 2022*, *Periodicals of Engineering and Natural Sciences*, and the *International Journal of Business and Globalisation*.