

# Family Business in the United Arab Emirates



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**Abstract** Some of the most famous corporations in the world have roots in family business. Ford Motor Company, JP Morgan, and Walmart are just a few examples of family businesses that became large corporations in the United States. Family businesses are the backbone of many economies, including the United Arab Emirates (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 characteristics of Emirati family businesses and offers some insight into succession in family businesses from one generation to another. The chapter ends with some concluding remarks on how family businesses survived during the pandemic.

## 1 Introduction

The United Arab Emirates (UAE), a relatively young country that just celebrated its fiftieth birthday, continues to be a leader in the Gulf Cooperation Council (GCC), the Middle East, and even West Asia when it comes to entrepreneurship (Eshtrefi, 2021). Historically, the level of Foreign Direct Investment (FDI) into the UAE has been far higher than any other nation in the region, whether nearby or in the broader region (Dana et. al., 2022). Continuous innovation, flexibility, and attraction make the UAE a certain environment for business to thrive and prosper.

Family-owned businesses provide an important contribution to gross domestic product (GDP) while also employing a significant portion of the global workforce. This can be seen in the UAE. The bulk of the Emirati economy can be contributed to

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family-owned businesses. Family businesses in the UAE are involved in many sectors including automotive, real estate, fashion, and retailing, making them the fabric of the UAE economy (Khansaheb, 2008). Reports indicate that family-owned businesses represent approximately 60% of UAE GDP while employing the vast majority of the country's workforce (Vargese, 2021). This is a significant difference in the makeup of the Emirati economy with the binary Oil–Non-Oil sectors. Fifty years ago, the oil sector made up 90% of the UAE economy while today this sector only makes up 30% of the economy (Ministry of Economy, 2021a). This transformation has yet to occur in many other Gulf countries or other countries in the region.

The Emirati economy has therefore shifted its economy from one based on pure petrochemicals to a diversified economy based on entrepreneurship and innovation, or a knowledge-based economy. The vision of Emirati leaders to develop the nation as a foreign direct investment haven has not only been met but exceeded expectations, by far. An important approach that the UAE has implemented to attract businesses is infrastructure transformation. One particular infrastructure project that can be identified is the Dubai canal. This project spurred business growth and allowed for new developments. Exhibit 1 provides an illustration of the Dubai canal project, which has paved the way for business investments in the surrounding areas.

Many of the foreign businesses that have made the UAE home have chosen this country over others in the region given its forward-looking strategy—supporting business development. Many examples of infrastructure projects can be showcased to influence business development.

This chapter sheds some light on a few topics of family businesses in the UAE. First, a closer examination is offered to illustrate the main stakeholders of the superb business ecosystem in the country. Five main players in the UAE business ecosystem have created an environment in which family businesses in the UAE have thrived. Second, the chapter takes a closer look into the specifics of family businesses in the UAE—highlighting the top family businesses, a closer examination of the Dubai Law on Family Business, and finally noting some perceptions on generational succession in Emirati family businesses. Last, the chapter provides some concluding thoughts on the subject.

## 2 Business Ecosystem

The UAE is seen as the benchmark country in the GCC, the Middle East, and the broader region when it comes to business support and practices. It has been and continues to be a pioneer in creating a visionary and forward-thinking approach to attract talent, business, and innovation. This has been possible given the business ecosystem that has developed in the UAE in the past three decades.

The UAE has played an instrumental role in engaging the necessary stakeholders as participants in the business ecosystem development for family businesses. The major business ecosystem stakeholders include the UAE Government, UAE free zones, academic institutions, various agencies, and business investors.

**Exhibit 1** Dubai Canal, Dubai, United Arab Emirates Source: ©Luan Eshtrifi



These five business ecosystem stakeholders, together, create the right environment for the UAE to continue to lead the region in business growth potential. The UAE government is fast and efficient in enacting legislation to support businesses. UAE free zones have become model organizations for nurturing Emirati businesses. Universities and research institutions in the UAE are offering, more and more, undergraduate teaching and training in entrepreneurship, albeit lagging in family business courses in particular. The small and medium size business support offered through various governmental and nongovernmental agencies has spurred business growth in country. Lastly, the UAE is a haven for venture capital companies that invest heavily in growing companies.

Gulf country governments are unique from other governments around the world given that in many, the decision-making process—enacting legislation—is streamlined, in many cases. The UAE executive government is no different. The Supreme Council of the UAE is the highest decision-making authority in the UAE. This council is made up of the rulers of each of the seven Emirates that constitute the UAE.

**Table 1** Members of the Supreme Council of the UAE

• H. H. Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi
• H. H. Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai
• H. H. Sheikh Sultan bin Mohammed Al Qasimi, Ruler of Sharjah
• H. H. Sheikh Humaid bin Rashid Al Nuami, Ruler of Ajman
• H. H. Sheikh Saud bin Rashid Al Mualla, Ruler of Umm Al Quwain
• H. H. Sheikh Saud bin Saqr Al Qasimi, Ruler of Ras Al Khaimah
• H. H. Sheikh Hamad bin Mohammed Al Sharqi, Ruler of Fujairah.

Source: Government of Dubai (2021)

The UAE has a unique political system given that it does not possess political parties. The UAE is rather ruled by the Supreme Council, the highest constitutional authority of the UAE. Table 1 illustrates the eight current members of the Supreme Council.

The UAE President and Head of State, H.H. Sheikh Khalifa, has not made a public appearance in many years. The Crown Prince of Abu Dhabi, H.H. Mohammed bin Zayed Al Nahyan, has taken on his brother's role in the Supreme Council until any further notice to the public will be made on succession to the Ruler of Abu Dhabi. As the Crown Prince of Abu Dhabi, it is assumed that H.H. Mohammed bin Zayed Al Nahyan will be chosen as the next President of the UAE. Exhibit 2 shows the Presidential Palace from afar, a symbol of the house of the Zayed and the rulership of Abu Dhabi.

The Prime Minister of the UAE, who is coincidentally the Vice President and Minister of Defence, is also simultaneously the ruler of Dubai, H.H. Sheikh Mohammed bin Rashid Al Maktoum (Government of Dubai, 2021).

As a federation, much emphasis is placed on local government initiatives in the country. Each of the seven emirates has its own local government and local government legislation and initiatives. The UAE's constitution defines the working relationship between federal and local governments and allows some flexibility in the distribution of authority and scope of work between them in line with the vision of the leadership at the highest levels (Government of Dubai, 2021).

The UAE Ministry of Economy has developed strategies to continue to welcome small and medium size (SME) companies. Table 2 showcases the UAE Ministry of Economy's eight work directives to support SMEs.

One of the most important elements as shown in Table 2 is the fact that the Ministry of Economy has clear intentions to help Emirati businesses succeed in the market. This can be seen in all directives, but a particular emphasis is placed on Emirati-owned businesses as first priority in bidding for and winning UAE government contracts.

Moreover, the Ministry of Economy has also published the various themes of the UAE national agenda for entrepreneurship and SMEs. The seven themes are very much related to one another in that there is clear cohesion and a general theme: How



**Exhibit 2** Presidential Palace, Abu Dhabi, United Arab Emirates ©Luan Eshtrefi

**Table 2** Eight work directives to support SMEs

1	Constant review of business environment based on requirements of start-ups.
2	Facilitating the process of establishing small and medium-sized enterprises in the UAE.
3	Providing knowledge and inspiration for future generations to start their own businesses.
4	Supporting the productivity of SMEs and improving their performance.
5	Giving priority to Emirati-owned companies in government contracts.
6	Increasing the contribution of SMEs to the GDP.
7	Attracting international technology start-ups.
8	Accelerating the transformation of start-ups into public joint stock companies.

Source: Ministry of Economy (2021a)

can the UAE government support local entrepreneurs and help them create innovative businesses that can thrive? Table 3 lists the seven themes.

All seven themes are necessary to increase business growth, but themes one and six are highlighted here. The UAE has been a real pioneer in creating legislation to support businesses. A recent example of the Emirati experience in how legislation keeps up with innovation is the UAE initiative Regulations Lab or RegLab. RegLab works with regulators and the private sector, including innovators and business leaders, to co-create legislation that is in step with the speed of innovation (Regulations Lab, 2022). Later in the chapter, we will see how the Dubai Emirate spearheaded the Law on Family Business, for example. Theme six is also addressed

**Table 3** Seven themes of the UAE National Agenda for entrepreneurship and SMEs

Theme	Action
1. Ease of doing business	Reviewing and developing legislation and policies to facilitate doing business
2. Innovation	Stimulating innovation in priority economic sectors
3. Business support.	Providing solutions to support SMEs and increasing their efficiency
4. Digital transformation	Building a supportive environment and developing incentives that support digital transformation
5. Funding	Providing various channels for financing start-ups and SMEs
6. Human capital	Encouraging various segments of society to enter the field of entrepreneurship
7. Increasing demand	Enable SMEs to access different markets

Source: Ministry of Economy (2021a)

below by research and universities in the country providing students of all majors learning experiences in concrete business principles irrespective of university major.

One of the most contemporary examples of how the UAE Government is a major stakeholder in the business ecosystem is its efficient management of the pandemic. The global public health crisis in 2020 brought on by the novel Coronavirus (COVID-19) created some of the most difficult challenges for households and businesses around the world, including the UAE. The incentives and measures taken by the UAE government include a diverse set of policy initiatives and tools to support large companies, SMEs, entrepreneurs, and other economic enterprises (Ministry of Economy, 2020). Table 4 provides a snapshot of some of the expansionary monetary and fiscal policies provided by the UAE Central Bank and federal government respectively to support businesses and households during the worst months of the pandemic.

The four expansionary monetary and three expansionary fiscal policies addressed in Table 4 above clearly illustrate the seriousness and effective economic stimulus and market liquidity provided by the federal government and central bank of the UAE. The unprecedented liquidity by the UAE Central Bank was well accepted by many businesses while the fiscal stimulus by the UAE federal government supported household consumption and thus aggregate demand. A reduction of base interest rates, bank reserve requirements, and liquidity to commercial banks simultaneously calmed markets and provided market liquidity as well.

Given the nature of the UAE as a federal organization, the seven Emirates have also provided specific local fiscal expansionary relief, specifically to businesses operating in the respective Emirate. A closer examination of the financial support of the Government of Dubai is provided in Table 5. The Government of Dubai launched a package of economic incentives worth AED 1.5 billion that includes 15 initiatives serving specific sectors to support businesses during the worst months of the pandemic.

**Table 4** Highlights of Expansionary Monetary and Fiscal Policies of the UAE Federal Government

Expansionary Monetary Policy Initiative → UAE Central Bank reduced the monetary policy interest rate twice since the beginning of 2020, with a total value of 125 basis points.
Expansionary Monetary Policy Initiative → Line of credit to commercial banks in the UAE amounting to AED 50 billion at zero cost.
Expansionary Monetary Policy Initiative → Reduction of Reserve Ratio of demand deposits by half, from 14% to 7%, which will enhance liquidity and inject an estimated AED 61 billion of liquidity in the banking sector for new loans.
Expansionary Monetary Policy Initiative → Other liquidity mechanisms for private sector borrowers such as temporary exemption from principal and interest payments on existing loans, new regulations to reduce fees on debit or credit cards, and new regulations setting limits for fees imposed by banks on SMEs including the removal of the minimum balance threshold.
Expansionary Fiscal Policy Initiative → Fiscal stimulus valued at AED 16 billion to support business continuity and provide additional stimulus for the national economy.
Expansionary Fiscal Policy Initiative → Fiscal stimulus package aimed at businesses includes reduction of electricity and water consumption bills by 20% for select sectors, freezing utility fines, postponing instalment fees, and extending deadlines for financial disclosures.
Expansionary Fiscal Policy Initiative → Fiscal stimulus package aimed at households includes extending residency permits, halt on administrative fines, extending government services, and allowing vehicle registration without paying fines.

Source: Ministry of Economy (2020)

**Table 5** Highlights of the Dubai Government Fiscal Expansionary Policies

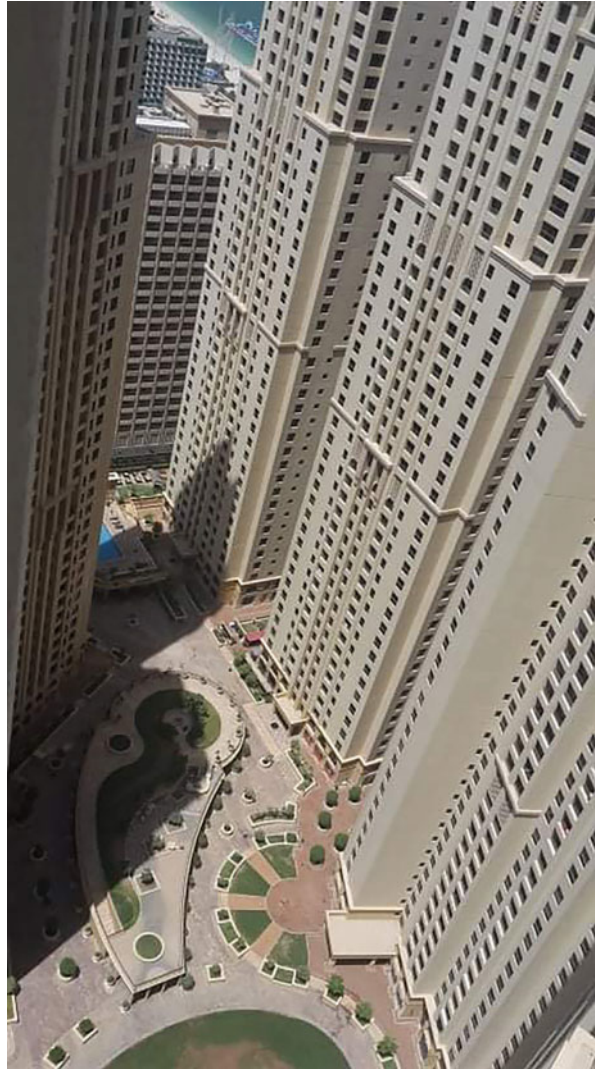
→ Refunding a portion of the 5% customs tariff paid for imported goods that are sold locally.
→ Reducing costs related to registration, licensing, and related administrative fees by half or more for companies operating at Jebel Ali Free Zone.
→ Exempting companies from fees of new sales permits and commercial offers in order to boost foreign trade and enhance competitiveness.
→ Renewing commercial licenses without obligatory renewal of lease contracts and cancelling applicant fee down payments.
→ Reducing municipality fee by half on hotel sales, a reduction from 7% to 3.5%.
→ Postponing rent payment up to six months.

Source: Ministry of Economy (2020)

The fiscal stimulus package offered by the Dubai Government in the early months of the pandemic eased pressures on businesses that were experiencing the economic shocks not seen in recent history. One of the most important stimulus issues was that offered to the entertainment industry, reducing municipality fees in half. Given the importance of tourism in Dubai, the hotel industry greatly benefited from these macroeconomic policy tools. In particular, the Jumeriah Beach Residence development in Dubai, as depicted in Exhibit 3, is one of many example areas in Dubai that required fiscal relief in order to ensure continued business activity.

Without going into much detail, various economic Free Zones have also implemented fiscal stimulus packages for businesses that operate in those various areas across the nation. The UAE free zone authorities provided further relief to

**Exhibit 3** Jumeriah Beach Residence Area, Dubai, United Arab Emirates  
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businesses and tenants. The below will highlight the importance of UAE free zones as yet another important stakeholder in the business ecosystem.

The UAE is a leader in attracting foreign direct investment given its commitment and development of economic free zones. The UAE has over 40 free zones, allowing full foreign ownership of a business in the UAE (Invest in UAE, 2020). This ownership structure has revolutionized the old local content requirement of the need to obtain local partnership with Emirati companies or citizens that needed to provide sponsorship of foreign companies wishing to do business in the UAE. This



**Table 6** A snapshot of some free zones in Dubai based on category

Name	Category
Dubai Maritime City	Maritime Services
Dubai Commercocity	E-Commerce
Dubai Textile City	Textiles
Dubai South	Artificial Intelligence and Futuristic Activities
Dubai Airport Free Zone	Mixed-use
Dubai World Trade Centre	Events and Conferences
Dubai Design District	Creative Design
Dubai Science Park	Scientific Research
International Humanitarian City	Humanitarian Hub
Dubai Multi Commodities Centre	Commodity Trade
Dubai Outsource City	eCommerce and Support Services
Dubai Silicon Oasis	Technology
Dubai International Financial Centre	Financial Hub
Dubai Internet City	Technology
Meydan Free Zone	Mixed use
Dubai Healthcare City	Healthcare
Dubai International Academic City	Academic
Dubai Production City	Media
Dubai Studio City	Media
Dubai Media City	Media

Source: Ministry of Economy (2021b)

has relaxed regulations on businesses entering the UAE from abroad, but also paved a new path for local businesses as well.

Over 50% of all UAE free zones are found in two particular Emirates: Dubai and Abu Dhabi. Independent free zone authorities (FZAs) govern these unique districts and are solely responsible for issuing operating licenses and supporting business establishment (English Business Council, 2020). In other words, free zones can be considered as micro governments within the local government structure of any particular Emirate. Procedures for establishing free zone international businesses are quick and efficient given the support they receive from the respective FZA authority they operate in.

Table 6 illustrates 20 free zones that operate in the Emirate of Dubai. A closer examination of any of these state-of-the-art free zones showcases the interest made by SMEs to obtain space. For example, the Dubai Airport Free zone or DAFZA is a mixed-use type of free zone strategically located next to the Dubai International Airport. As shown in Exhibit 4, DAFZA boasts over 1800 businesses operating in dozens of sectors and various industries with nearly 20,000 workers, who benefit from a business-focused regulatory and tax environment that offers full ownership and complete repatriation of earnings to the businesses' home country (DAFZA, 2021). Many free zones in the region have copied the footprint of DAFZA, creating free zones in or around international airports and terminals has had tremendous



**Exhibit 4** Dubai Airport Free Zone, Dubai, United Arab Emirates ©Luan Eshtrifi

effects on products being loaded off airplanes and into retail shops with great efficiency and ease.

The third in a series of stakeholders or parties involved in creating the vibrant ecosystem in the UAE are universities and research institutions. One of the most innovative policy shifts in the UAE includes the obligation for higher education institutions to provide more learning opportunities in entrepreneurship and family business. This moves forth the Emiratization process, or the desire for the UAE Government to support more Emirati nationals to enter the private sector employment. Most Gulf countries have initiated a similar policy to transform local citizenry into private sector employment, however, the UAE has seen real and measured change.

In order to foster Emiratization, all public universities at the national level are obliged to offer specific courses to Emirati nationals—no matter their undergraduate major. This aims with UAE policy to incorporate an entrepreneurial oriented perspective in higher education (Basco, 2021). However, research suggests that too few courses are offered in the family business in Emirati universities for far too small a group of students, noting the need to create a roadmap by the Ministry of Education for higher education institutions in the country (Basco, 2021). Basco et al. (2021) also triangulates the relationship between student, university, and UAE government by addressing University management in altering educational programs to include family business education into curriculums, perhaps as entrepreneurship and innovation courses have been implemented in various departments and majors, not necessarily related to business-oriented programs.

In particular, the United Arab Emirates University (UAEU) can be seen as a benchmark educational institution that supports an innovation ecosystem by developing research in health and space sciences while also attracting business start-ups and setting up business incubators (Debbage & Al Kaabi, 2019). The take here is that Emirati universities are addressing the real need to offer all undergraduates some business training, whether these students study business, engineering, health sciences, or other disciplines. This is something that many other Gulf countries have yet to plan or implement.

Yet another important stakeholder in the UAE business ecosystem includes support agencies (governmental and non-governmental) that have supported local businesses with vast amounts of capital and expertise. Emirati businesses can receive special support for growth from various government and nongovernment agencies. These businesses, owned by Emirati nationals, have specialized treatment from at least eight agencies, backed by government funding, either local government funding or federal funding. Table 7 illustrates the agency fund name and some basic information for each fund.

Although all eight agencies support local businesses in the UAE, one, in particular, stands out. The Khalifa Fund for Enterprise Development has provided a staggering AED 1.32 billion in funds for local businesses and provides tailor-made trainings on business financing. This organization is considered the model agency that UAE businesses turn to for support. Another large agency that supports Emirati businesses is the Mohammed Bin Rashid Innovation Fund (MBRIF). MBRIF is a federal agency initiative sponsored by the federal government of the UAE, via the Ministry of Finance, to support innovators with affordable government-backed financing (Ministry of Finance, 2021). The significant financing that MBRIF provides to local businesses topped a total of AED 2 billion up to date. Last, the Emirates Development Bank (EDB) backs start-ups and micro-businesses with loans and business support, with an impressive AED 1.8 billion in loans to 550 companies in the UAE (Ministry of Economy, 2021c). And the ambitions of the EDB are to provide AED 30 billion in business loans to 13,500 businesses, with an extra AED 10 billion in extra contribution to UAE GDP (Emirates Development Bank, 2021). The stunning increase in business loans by the EDB in the next few years signifies the increasing interest of this agency to support Emirati businesses.

Other than government, university, free zone authority, and nonprofit stakeholders, venture capital companies have an important role in the business ecosystem. The UAE boasts hundreds of private equity companies that heavily invest in business start-ups and those with scaling potential. Table 8 provides a list of the top seven venture capital business investors in the UAE based on the number and volume of capital provided.

Altogether, these various venture capital companies have provided over USD 235 million in funding to local businesses in the UAE. Most venture capital companies in the region have their headquarters in the UAE given the excellent infrastructure and environment. As depicted in Table 8, Wamda Capital provided significant capital to LambdaTest, Nana, and Tamatem companies, totalling USD 37.5 million in funding in Both Series A and B financing rounds.

**Table 7** Eight agencies that support Emirati-owned businesses

Agency	Business support brief	Activities
Khalifa Fund for Enterprise Development	Aims at encouraging entrepreneurship, inculcating the culture of innovation, and supporting the SMEs, KFED is running several highly targeted financing and training initiatives	AED 1.32 billion in loans and over 900 workshops to promote business development
Mohammed Bin Rashid Establishment for SME Development (Dubai SME)	Offers a wide range of services to entrepreneurs and businesspersons right from planning a project to reaching its full potential	AED 823 million in financial incentives to date
Sharjah Foundation to Support Pioneering Entrepreneurs (RUWAD)	Provides financial and technical support to entrepreneurs and small businesses in the emirate, creating a business-focussed environment for effective development of projects	Over 400 projects in 2019 and 2020 combined and more than 5300 professionals and business owners trained
Taziz Programme for the development of SMEs by Ajman Department of Economic Development	Aims to encourage citizens to engage in economic activity, support their projects, create more job opportunities, provide an investment environment that incubates entrepreneurship and develops small and medium enterprises	More than 450 registered members and over 800 individuals trained
Saud Bin Saqr Establishment for Youth Enterprise Development	Aims to nurture youth entrepreneurship and develop an SME culture, thereby focusing on diversification of UAE's national economy	Over 3000 beneficiaries and over 800 training courses to date
Sharjah Entrepreneurship Centre (Sheraa)	Established to support the business environment incubating entrepreneurship in Sharjah and aims to stimulate the establishment and growth of start-up companies	Over USD 130 million revenue generated by Sheraa supported companies and over USD 87 million capital raised
Mohammed Bin Rashid Innovation Fund	Aims to achieve the goals of the National Innovation Strategy, fill the funding gap in innovation projects, and attract the best talents of start-up companies from all over the world	AED 2 billion in capital provides support in certain sectors of the National Innovation Strategy
Emirates Development Bank	Established to meet the goals of the national agenda to create and offer financing solutions with flexible terms for SMEs	AED 1.8 billion in business loans provided to 550 companies

Source: Ministry of Economy (2021c)

**Table 8** Top venture capital companies operating in the UAE by number of investments

Investor name	Brief information	Latest investment rounds
Wamda Capital	A leading regional Venture Capital Firm focused on deploying growth capital in the Middle East and North Africa's leading entrepreneur-led technology companies	LambdaTest: Venture capital (Series B) (\$16 M) Nana: Venture capital (Series B) (\$18 M) Tamatem: Venture capital (Series A) (\$3.5 M)
500 Global	A venture capital firm that invests early in founders building fast-growing technology companies	FarMart: Venture capital (Series A) (\$10 M) Productfy: Venture capital (Series A) (\$16 M) Sarwa: Venture capital (Series B) (\$15 M)
Middle East Venture Partners	A venture capital firm that invests in the early stages of innovative technology companies run by talented entrepreneurs in Beirut, Dubai, and throughout the MENA region	VertoFX: Venture capital (Series A) (\$10 M) Sarwa: Venture capital (Series B) (\$15 M) Bykea: Venture capital (Series B) (\$13 M)
BECO Capital	A leading MENA venture capital investor, focused primarily on the GCC and based in Dubai, investing in technology companies from the seed stage onwards	Taager: Seed fund (\$6.4 M) MaxAB: Venture capital (Series A) (\$40 M) Proximie: Venture capital (Series B) (\$38 M)
STC Ventures	A venture capital fund investing in IT, telecommunications, and digital media, investing across the MENA region and internationally	YallaCompare: Venture capital (Series C) (\$8M) yallacompare: Venture capital (Series C) (\$8M) yallacompare: Venture capital (Series B) (\$3.5 M)
Jabbar Internet Group	A venture capital in the consumer e-commerce sector in the Arab World	Kitchenful: Venture capital (Series A) (\$1.9 M) Arzoo.com: Venture capital (Series A) (\$7.5 M) GrocerApp: Seed fund (\$1 M)
Shorooq Investments	A leading technology investor in the Middle East, North Africa, and Pakistan	Clara: Seed fund (\$2 M) RentSher: Venture capital (\$1.1 M) joi Gifts: Seed fund (\$1.5 M)

Source: Index (2021)

Another significant investment can be seen by the venture capital company Global 500, which has also provided significant financing to three Emirati companies in the amount of USD 41 million, namely to FarMart, Productfy, and Sarwa companies, respectively.

### 3 Family Business

Well before the glamour and lour of Dubai or the UAE, family businesses have been an important part of the UAE economy. Even before it gained independence from the British crown, the UAE had many successful family-owned businesses. This section of the chapter examines family businesses in the UAE and showcases many successful Emirati companies. Moreover, a look into the contemporary issues of Emirati family businesses along with generational succession challenges. These issues are not faced only in the UAE—family businesses all over the world have similar successes and challenges.

Table 9 provides a synopsis of the top 10 family businesses in the UAE for 2020, ranked by Forbes Middle East (Forbes Middle East, 2021). What is striking from this list is the fact that all of the top 10 listed companies are Emirati family businesses owned, that is, these are local companies established and owned by Emirati nationals and have, or will have, generational family succession.

Second, all companies are diversified in the sectors and industries they serve and operate in. In terms of wealth, these are the most capital-wealthy companies in the UAE, and many are even benchmarked as capital wealthy in the GCC. In the region, the top 10 family-owned businesses employ over half a million workers and comprise a total net worth of over USD 31 billion (Vargese, 2021).

The most successful Emirati family business, now a conglomerate company, is also one of the oldest companies in the country. The Al-Futtaim Group was founded over 90 years ago and has achieved much success—it has brought the family ownership to over USD 2 billion in wealth. This sparked another division for the family with Majid Al Futtaim company, now listed on Forbes Middle East as the second-ranked family business in the UAE (Forbes Middle East, 2021). The Al-Futtaim family, therefore, controls both first and second place in the Forbes Middle East Rankings for the UAE.

The same circumstances seem feasible for the Al-Ghurair conglomerate. Another company that was founded decades ago involved in real estate, food industry, and then moved to the finance industry coming in at a third place in the top 10 Forbes list (Forbes Middle East, 2021). These family-owned businesses are worth billions and are considered not only top companies in the UAE but also in the Arab world.

To top off the top five Emirate family businesses, the Lootah group has impressive construction projects that support the development of many areas in the UAE. Most notably, Lootah Group is constructing a 700-megawatt solar hybrid project in Mohammad Bin Rashid Al Maktoum Solar Park, Dubai, one of the largest solar park construction projects in the Gulf (Lootah Group, 2021). Other notable Emirati

**Table 9** Forbes Middle East: UAE's Top 10 Family Businesses in 2020

Rank	Company	Establishment and leadership	Quick facts
1.	Al-Futtaim Group	1930—Abdullah Al Futtaim, net worth of >USD 2.1 billion	Al-Futtaim Group today has >200 businesses in sectors including automotive, financial services, real estate, retail, and health categories
2.	Majid Al Futtaim	1992—Majid Al Futtaim, net worth of >USD 3.3 billion	Retailing and entertainment giant currently owns and operates 27 shopping malls and 13 hotels
3.	Al-Ghurair	1960—Abdul Aziz Abdulla Al Ghurair, net worth of USD 3.7 billion	Portfolio includes Al Ghurair Properties, Al Ghurair Foods, and founded Mashreq Bank
4.	Al-Ghurair Group	1960—Abdul Rahman Saif Al Ghurair	Real estate portfolio, petrochemical business for food packaging. The group is also involved in metal manufacturing through Al Ghurair Iron and Steel
5.	S.S. Lootah Group	1956—Yahya Lootah	Founded Dubai Islamic Bank and established the UAE's first contracting company and medical college. Other businesses include construction, energy, real estate, food and hospitality, and healthcare sectors
6.	Juma Al Majid Holding Group	1950—Juma Al Majid	Consists of 33 companies operating in automotive, shipping, real estate, contracting, construction, FMCG, and travel
7.	AW Rostamani Group	1954—Khalid Al Rostamani	Fourteen companies representing automotive, real estate and construction, retail, logistics, information technology, travel, and consultancy
8.	Easa Al Gurg Group	1960—Easa Saleh Al Gurg	Group's portfolio today has 27 companies and > 370 international brands, including Osram, SieMatic, British American Tobacco, Dunlop, Danfoss, Smeg, and 3 M
9.	Al Habtoor Group	1970—Khalaf Al Habtoor	Sectors such as hospitality, automotive and car-leasing, real estate, education, and publishing
10.	Al Naboodah Holding	1958—Abdullah Mohammed Juma Al Naboodah	Other than construction, the group is into automobile, travel, electrical, logistics, agriculture, fit-out, and renewable energy

Source: Forbes Middle East (2021)

businesses not on the list include those that are not considered family businesses but are well-known national companies, such as Emaar, one of the largest construction companies in the UAE but also in the Middle East which is most notable for constructing the landmark Bur Khalifa in Dubai, the tallest building in the world



**Exhibit 5** Burj Khalifa, Dubai, United Arab Emirates ©Luan Eshtrifi

as shown in Exhibit 5. As of May 2021, Emaar has a market capitalization of USD 7.6 billion (Forbes, 2021).

One of the many reasons the UAE continues to have family business success stories is because of the support and efficiency of the government. Understanding that, the top family businesses were on the verge of having succession phases from one generation to another, the authorities drafted and enacted laws to support these family businesses.

Family businesses need to grow in order to maintain healthy business prospects. PwC Middle East suggests that family businesses that have endured and prospered on those that have put in place clear legal structures and governance mechanisms aimed at ensuring growth and continuity (PwC Middle East, 2019). Moreover, if



**Table 10** Family considerations to exit a family business

→ Perceived unfairness between active and passive family members
→ Family conflict
→ Issues around family members working in the business
→ Choosing future leaders of the family and business (succession considerations)
→ Liquidation of assets / cash-out decision for departing shareholder
→ Shareholder seeking personal or professional fulfilment outside of the family business

Source: PwC Middle East (2019)

**Table 11** Dubai Family Law Nr. 9 of 2020 Objectives

1. Developing a comprehensive and clear legal framework to regulate family ownership in the Emirate and facilitate its smooth and easy transmission among successive generations.
2. Maintaining the continuity of family ownership and enhancing the role it plays in achieving economic and social growth in the Emirate.
3. Maintaining social cohesion and avoiding anything that might provoke disputes among members of the same family.
4. Reuniting family members in strong and solid partnerships that can compete in all economic activities and motivating them to serve society, particularly in the fields of education, health, and culture.
5. Fulfilling the needs of development and growth, by developing the capacity of young leaders from succeeding generations to administer family property and enabling them to benefit from the experience of parents and grandparents.

Source: Trowers and Hamlins (2021)

business growth is not achieved, new generations may not achieve similar wealth as the previous generation. Of the many family considerations for exiting a family-owned business, a few major reasons are highlighted in Table 10.

Family members exit a family business based on some of the reasons shown above in Exhibit 15. Perceptions of who, from the family owners, works harder, can trickle down to family conflicts and the business could easily suffer. Given the vast experience of family business in the UAE, and given the country's lead position in the Gulf, the UAE has been the pioneer in attempting to create more effective and efficient growth strategies for its family businesses.

In August 2020, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Ruler of Dubai, Vice President, and Prime Minister of the UAE, issued Law No. (9) of 2020. This law created a new law that regulates the way family businesses operate (PwC Middle East, 2021). The law sets out to promote the preservation, sustainability, and scalability of a family's wealth in a business while also promoting smooth cohesion among family members, ensuring a smooth transition of the family business from generation to generation (Omari, 2020). The objectives of the Family Business Law are provided in Table 11.

In the GCC, approximately 80% of family businesses are at a critical transition phase of first to second, or second to third generations (Alghanim, 2021). Being aware of this, bright minds in the UAE have decided to support family businesses, for example, by enacting legislation such as that of the Dubai Family Law.

The Law contains specific provisions for risk mitigation in management and ownership as a family business transition from one generation to another (Hammadeh, 2020). The first objective alone of the new law on family business notes the need to provide the new generation of the family business ease in succession.

One of the biggest challenges for family businesses in the Middle East lies in family relationships. There have been hints of an increase in family conflicts of family businesses in the Middle East, although the respect held for the older generation, has helped to contain conflict somehow (PwC Middle East, 2021). Moreover, many family businesses in the Middle East are also reaching a critical succession phase as second-generation family members have already become majority shareholders in more than 50% of businesses in the region (PwC Middle East, 2021). This is exactly why the Dubai Emirate acted correctly to create a more precise family business law in order to preserve the succession of family ownership of businesses from one generation to the next.

Considering next-generation family business owners, studies indicate the lack of interest of the next generation (NextGen) in succession. In a study conducted by the American University of Sharjah, in which 200 respondents whose parents had family businesses in the UAE, only one-fifth of NextGen's had an intention to join their family businesses (Basco et al., 2021). This strikingly low number needs further analysis on the reasons which leads NextGens away from the family business. It is worth noting, however, that the percentage of NextGens that intend to take over the family business drops further in the Arab world and more so in the rest of the world (Basco et al., 2021).

## 4 Concluding Remarks

This chapter has provided insight into family businesses in the UAE. First, the chapter showcased the five business ecosystem stakeholders that have supported small businesses in the UAE. The UAE Government, free zone authorities, university and research institutions, support agencies, and venture capital companies, have together made the business ecosystem the most dynamic in the Arab world, by far.

Second, the chapter particularly focused on family businesses in the UAE, highlighting the top performing Emirati businesses, the chapter provided information on the similarities and differences between the big ten. The chapter provided insight into some of the main reasons for family business conflict and why some family members exit the business. The chapter also focused on specific measures taken in Dubai to ensure smooth generational succession with new legislation to ensure business continuity. The UAE should take initiative to enact the Dubai Law on Family Business in all seven Emirates in order to standardize family business planning efficiency. The section ended with some information on how NextGens perceive their role in the family business in the UAE as the carriers of the baton as older generations of the family businesses retire.

The main issue now with UAE family businesses is the pandemic risks. In a recent study of nearly 2500 family business owners from around the world, nearly 70% of the respondents reported revenue losses during COVID-19, with those family businesses in the Middle East and Africa reporting a staggering 84% of revenue losses (KPMG, 2021). The pandemic had a particular effect on the UAE economy, given its economic diversity into tourism, among others. This prompted the unprecedented fiscal stimulus to bring economies out of deep recession but also support family businesses. In the same study addressed above, more than three-quarters of family businesses globally accessed some form of government subsidies or other forms of financial support—43% acquired financial support while 36% made use of tax reduction and tax filing deferral opportunities (KPMG, 2021).

As a result, the UAE has handled the pandemic in a more efficient way than other governments in the Gulf or wider Arab world. At the height of the pandemic, the UAE has had consistently low death rates per million inhabitants than, for example, the United Kingdom (Statisa, 2020). With innovative ways to maintain low levels of positive infection of the virus such as contact tracing, digitalization of multiple government agencies, and innovation in the education sector, the UAE was able to reopen its borders to tourists in mid-2020 (KPMG, 2020). Given the significant proportion of the UAE economy related to tourism, this is an encouraging development. It remains to be seen how the different variants of the virus may affect COVID-19 policy or even results, however.

This chapter has showcased the UAE as the place for family businesses to thrive. Given its strategic location in the Middle East, the infrastructure available, and economic diversity, the UAE will continue to stand out in a crowd of nations as a place where family businesses will continue to thrive. Looking toward the future of family business in the UAE and the Middle East, some clear conclusions have been observed as shown in a survey of 2801 family businesses in the region. Notably, the top priorities of more than half of the family businesses are planning to expand into new markets or client segments (PwC, 2021). Lastly, in terms of new urgency during the pandemic, 75% of surveyed respondents noted that digital, technology, and innovation initiatives are key priorities for family businesses (PwC, 2021). This shift to digitization and technology will move family businesses to new heights in both the UAE and the region. Especially for the UAE, where digitization and technology have been part of the business ecosystem for years.

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