

2

Challenges Facing Family Companies in the Gulf Region

John A Davis, Elye L Pitts and Keely Cormier

The paper looks at the central role family companies play in the Gulf Region, describes the key challenges facing them, and speculates on their future. The family household unit, the extended family, and the family's close allies are the chief nurturers and arbiters of individuals' values, attitudes, and beliefs in the Gulf.

This research is based on interviews in 1997 with 56 family business leaders, 20 non-family managers of family companies, and 26 experienced observers of the region, as well as an extensive review of statistics and literature on the economic and social life of the region. The Gulf family businesses operate within an environment of the patriarchal system of government; comfort with traditional, seniority-based leadership; social and economic protectionism; the importance of the oil industry; welfare-state economics; fast-paced economic development; and a reliance on expatriate labor.

Modified and reprinted with permission of Blackwell Publishing. Copyright © 2000, Blackwell Publishing. All rights reserved. This article may not be photocopied or reproduced by any means without prior consent. Originally published as "Davis JA, Pitts EL, & Cormier K (2000). Challenges facing family companies in the Gulf Region. *Family Business Review*, 13(3), 217-237."

3

Scale and Scope of Family Business in the Middle East

Dianne H B Welsh and Belaid Rettab

The Middle East is full of opportunity for those who are educated in the intricacies and nuances of its family businesses. Indeed, family businesses are the key to unlocking the full potential of the region's emerging economies. In two parts, this chapter describes the unique features of the family businesses in the Middle East and provides data on the family businesses in Dubai.

4

The Unique Approaches of Family Businesses in the Middle East

Josiane Fahed-Sreih

This article looks into family businesses of the Middle East and highlights the distinctive challenges, problems and opportunities facing these businesses. It highlights specific aspects of family businesses in the Middle East and the unique ways of dealing with them. The article will look into the trends currently existing worldwide in family businesses and how these trends apply to the Middle East. An in-depth analysis is done of the Lebanese context.

Corporate Governance in Lebanese Family Businesses

Josiane Fahed-Sreih

This paper looks at the concept of corporate governance and its application on Lebanese family firms. The topic of corporate governance has gained interest and familiarity as a result of both external and internal factors. The internal factors include control, more emphasis on rules and procedures and more system's orientation. The external factors stem from the fact that organizations in Lebanon always try to follow the western models of management, the willingness to attract international investors and to be transparent to be able to better govern their systems which is difficult in the Lebanese context.

The paper investigates 106 boards in Lebanon. It highlights the problems encountered for using corporate governance principles and suggests a number of board practices that should work and add value to organizations and more specifically to family businesses in Lebanon. It also highlights how corporate governance and transparency can be effectively implemented in Lebanese family firms through the creation of value adding boards.

6

Performance and Succession in Palestinian Family Businesses

Nidal Rashid Sabri

This paper looks at the life cycles and the succession processes of the family firms in the Palestine economy. The issue of performance and good governance practices is explored, along with the issues of entrepreneurial culture and values in family businesses. The major merits and disadvantages of the Palestinian family businesses are examined in light of the Palestine culture and economic situation.

7

Effect of Father-Daughter Relation on Daughter's Role in Egyptian Family Businesses

Ghadeer Nassar

The study aimed to describe the effect of the father-daughter relation on different processes of daughter's inclusion into the family firm and her interactions during conflict with her father and highlighted how these processes and interactions affected the role of the daughter.

Through in-depth interviews, we studied how 27 daughters were considered in their family businesses (inclusion). We also interviewed 9 fathers who already considered their daughters in their family firms, two fathers who did not consider their daughters in their family firms and one brother who did not encourage the idea of daughters joining the family firm. We examined how fathers considered their daughters to join the business and how they interacted during conflict with their daughters.

Findings show that some daughters had an appropriate inclusion but had difficulties in the control interactions and therefore the daughter had very limited authority in decision-making. Other daughters did not have appropriate inclusion, but had good control interactions and they reached the integration (full decision-making authority).

8

Gender and the Lifecycle of a Family Atelier in Turkey

Jenny B White

Family labor and small-scale atelier production is nothing new in Turkey. However, it became linked to the global economy in the 1980s as a result of Turkey's move to a neoliberal economy that subsidized exports. This article is based on two years of anthropological field research in Istanbul between 1986 and 1988 in squatter areas and working-class neighborhoods that were the primary sites for piecework subcontracting. I discuss individual production in the home (independently for friends or on an organized piecework basis), in a piecework atelier, or in a family workshop where production occurs entirely on the premises. All use family labor, particularly that of women, whose work in the production process is associated with their communal or family identity and consequently is devalued as a resource. Related to this "kinship rationality" in piecework production is an avoidance of risk-taking and an attitude toward growth and reinvestment that emphasizes social status and immediate benefit over long-term strategy and growth.

Modified and reprinted with permission of Routledge. Copyright © 2004, Routledge. All rights reserved. This article may not be photocopied or reproduced by any means without prior consent. Originally published as "Money Makes Us Relatives: Women's Labor in Urban Turkey, 2nd edition. London: Routledge, 2004."

9

The House of Kanoo: Foundations of Succession and Success

Khalid M Kanoo

Y B A Kanoo is a Muslim family business, established in the late 19th century. Since then it has grown to become one of the largest and the most reputed family businesses in the Middle East. In this article, the author describes his personal experience as a member of the Kanoo family and traces the history and practices of the group using company documents and interviews. How the group operates within the limits of the Sharia Law, while still competing successfully, is emphasized.

Pride and Purpose: Reflections on an Arabian Family Business

Khalid M Kanoo

Modern management textbooks abound with theories about how companies may plan to succeed. Business schools devote endless time to the study of case-histories. Obviously, hard work, planning and control will help an enterprise to survive, as will an element of good luck too. Yet, as we know, not all enterprises are successful. The author explores the deeper reasons for Y B A Kanoo's success as a leading and reputed family business in Bahrain, something useful that may be passed onto the next generation.

Al Fahim Group: Developing a Long-Term Business in a Young Country

Alma Kadragic and Marsha Ludwig

Since its founding in 1958, the Al Fahim company has been tied to the development of Abu Dhabi and – later when Abu Dhabi joined with six other emirates to form the United Arab Emirates – the UAE. The story of Abu Dhabi is also the story of how that family business, today the Al Fahim Group, developed from rags to riches and grew along with the country. In 1969, Mohammed Al Fahim began the process of converting a typical family business in the Gulf to a corporate giant with total assets exceeding \$690 million on revenues of \$459 million in 2005 and its own charitable foundation with an endowment of more than \$100 million.

The problem for Mohammed and, in time, others in the Al Fahim family was to make a traditional one-man family business into a legal company no longer solely dependant on the health and whims of one person and able to absorb the next generation of Al Fahims while continuing to grow at the headlong pace of Abu Dhabi Emirate and the UAE. Today, as the third generation is increasingly involved in running Al Fahim Group, the fourth generation is being prepared to enter the business and take it through the 21st century all the while remaining faithful to family values of ethical behavior and superior client service.