

ADIL ALZAROONI

CEO of Al Zarooni Emirates Investments and Al Bidayer Holding,
Founder of Citizens School

I will be sharing a few statistics on family businesses in the GCC and the challenges they are facing. Basically, family businesses in the GCC represent almost 80% of jobs and, depending on the country, anywhere between 60% and 70% of GCC GDP. Most of these families found wealth, mainly in the fifties and sixties, with the discovery of oil and many of them got into fields that are relevant or related to development, so a lot of them got most of their money from real estate or oil and gas and trading. A lot of them also got a lot of their wealth from agencies for different supplies from all around the world. Most of these families are moving into their second or third generation, most of them have no experience in sustaining their wealth, and almost a trillion dollars are supposed to shift from one generation to another within the next 20 years. Most of these people have stumbled onto wealth and they are not educated enough to know how to manage it in the long-term. In a fast-moving world with ever-changing technologies, their role as family businesses is in danger today in countries where the governments are taking the lead in top business sectors; you can definitely see that in the UAE and now in Saudi Arabia and others too.

What does that mean when it comes to economies? It means that family businesses lose their role as the holders of the major portion of jobs and as pockets of collective wealth with the fear that social fabric in the regions will deteriorate. Very soon, those family businesses will have to become involved but to do that, they need to be equipped and structured properly legally and financially, and future generations need to understand why, moving forward, money needs to be kept together for reasons of efficiency as well as to secure private jobs. According to the World Economic Forum, 40% of nursery-aged kids will have to feed themselves because there will be no more jobs coming their way. Securing an education infrastructure as well as family business ecosystems is absolutely necessary to make sure that there are opportunities for many future generations by the time they are ready to join the workforce, to find jobs or to grow their own ventures, for which they would predominantly get investments from family businesses in this region. Therefore, the subject of sustaining family businesses is super crucial for maintaining the social fabric in the GCC, and for maintaining the possibility of investing in new start-ups and maintaining efficient pockets of wealth to keep driving economies in the region.