

Saudi Arabia's High Percentage of Family Owned Companies: The Advantages and Disadvantages

Background

Why isn't Albaik Restaurant has branches in the other 22 Arab countries, while McDonald's is in every corner of the world?

- Well, the biggest goal of every company is to be global because it means more profits.
- And for a company to be global in needs a huge capital
- And having a huge capital is by incorporating the company and selling part of it as shares to attract investors.

Problem statement

- With 95% family owned companies Saudi Arabia's and other Gulf countries are the highest in the world.
- Most of the these companies are headed by the founding father as the CEO and his children as the board members.
- So, this causes many problems like:

Hiring is for the relatives not by qualification,

Limiting the promotion up the hierarchic structure

Missing the advantage of incorporation (*as mentioned in the above slide*)

Research questions:

1. Is it normal that 95% of the companies in Saudi Arabia are family owned?
2. Are there advantages for a family to run its own company?
3. Are there disadvantages for a family to run its own company?