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■ Panellists discuss challenges and opportunities for family businesses

Family firms facing major challenges

By AVINASH SAXENA

MANAMA: GCC family businesses lack succession planning, sound corporate governance and transparency making them vulnerable to global headwinds, a leading expert has said.

However, KPMG in Bahrain partner Harish Gopinath feels regional family businesses are much younger and more diversified compared with their Western counterparts and also open to technology adoption, making them more likely to achieve sustainable growth.

Talking to the *GDN* on the sidelines of the Middle East and South Asia (MESA) Family Business Conference at the Art Rotana Amwaj Islands Hotel, Mr Gopinath said the success of family businesses was critical to the regional economies as around 75 per cent of the GCC's private sector was family-owned.

Also, more than half of regional family businesses are in the midst of a transition from the second to the third generation and it is feared that a third of them will not last until the fourth generation, he added.

The MESA Family Business Conference brought together family business from across the region to learn from the KPMG team and international experts. The event was attended by key officials including Tamkeen chairman Shaikh Mohammed bin Essa Al Khalifa who attended a reception organised on the sidelines of this key event.

Speaking during the opening session, Economic Development Board (EDB) chief executive Khalid Al Rumaihi also stressed the

importance of succession planning and sustainable growth to ensure the well-being and legacy of family businesses.

He said the EDB was working with various technology partners to develop a platform for entrepreneurship projects, details of which would be announced shortly.

KPMG Fakhro managing partner Jamal Fakhro elaborated on the challenges faced by family businesses in balancing between business and family perspectives during the decision-making process.



■ Mr Fakhro

"Having worked with family businesses across the region, we have come to realise that succession, building next generation leaders, wealth preservation and governance are issues that the sector regularly faces. We have themed our event around transition to new generation, to share perspective and insight to help family business owners consider these issues," Mr Fakhro added.

A highlight of the conference was a presentation by Professor Randel Carlock, founding director of the Wendel International Centre for Family Enterprise and professor in entrepreneurial leadership, on next generation perspective, developing a family constitution, talent development, and wealth preservation and stewardship.

KPMG's Global head of family business Christophe Bernard shed light on transition in family enterprises and preparing the next generation to move into leadership roles.

Prominent business owners in Bahrain and the region concluded the event with a panel discussion on "first generation".

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■ Participants at the event