

Succession Planning in Family-Owned Businesses in the UAE:
Challenges and Best Practices
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A thesis submitted in partial fulfilment of the requirements for
the degree of Doctor of Business Administration at the
University of Lancashire.

February 2026

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
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Abstract

More than half of the non-oil economy of the United Arab Emirates is based on family-owned enterprises. However, less than a third of them have successfully transitioned to the second generation of founders. The question this thesis poses is how and why, and it is this combination of an interrogative and an analytic approach that makes this thesis novel. With the help of a unique eight-lens analytical framework that integrates Agency, Stewardship, Socio-emotional Wealth, dynamic capabilities, and Business-Systems approaches, the thesis runs three hypotheses:

1. The existence of a documented and formal succession plan indicates higher compound annual growth and life.
2. Three impediments comprise governance complexity: the resistance of founders and institutionalized cultural expectations to effective planning.
3. The preference for gender-biased successors and the use of indirect communication approaches have a material impact on the choice of leaders.

The study employs a methodologically critical realist approach and features a small-N, multi-case design. Twenty-nine semi-structured interviews with next-generation members, principals, and external advisers were coded using the Gioia coding process and Yin's pattern-matching approach and triangulated with archival data. Cross-case replication reveals that companies with clear authority matrices, mixed family and professional boards, and mentorship programs in phases perform better than those without such structures. On the other hand, ambiguity in voting rights, patriarchal need to exercise authority, and emphasis on male descendants result in decision-making bottlenecks, which inhibit the flexibility of investment and destroy confidence.

The thesis makes three novel scholarly contributions: (i) it applies the Sustainable Family Business Model to an institutional setting of a Centralised Tribe, (ii) it re-frames governance clarity and founder stance in the context of dynamic capabilities, which mediate the relationship between growth and succession and (iii) it refines the theory of Socio-emotional Wealth by showing that emotive attachments are both protective and paralyzing. In practice, it offers a context-dependent path: formalize family charters and succession councils well in advance, bring non-family skills onto boards, introduce gender-blind merit standards, and use state programs, including the UAE Family Business Centre, to professionalize governance.

Generally, the results provide original evidence that shows cultural continuity and commercial renewal are compatible. By institutionalizing transparent rules and rewarding relational capital, such businesses can extend beyond the lifetime of the founders and, in doing so, strengthen economic resilience in their countries.

Acknowledgement :

First and foremost, I extend my deepest gratitude to my parents, whose unconditional support, guidance, and values have shaped the foundation of my journey. To my family, thank you for your patience and encouragement throughout this demanding yet fulfilling chapter of my life.

I am also sincerely grateful to the many individuals who generously contributed to this research by sharing their time, experiences, and insights into the world of family businesses in the UAE. Their openness and knowledge were instrumental in shaping the findings of this thesis.

My appreciation goes to my employers at the Dubai World Trade Centre for their continuous support throughout my academic journey. I would also like to thank The Executive Office of H.H. Sheikh Mohammed bin Rashid Al Maktoum ,its projects, people, and pioneering initiatives inspired me to pursue this doctoral research on succession planning in family businesses, a subject of significant importance to the sustainable development of the UAE's economy.

Finally, I am grateful to my supervisors for their invaluable guidance, and to everyone who stood by me throughout this journey.

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1. Chapter 1: Introduction to the Study

Much of the United Arab Emirates' (UAE) wealth is clustered around an impressive number of business-owning families. However, managing a business as a family is subject to not only the typical challenges any enterprise faces from inception to growth, but also to additional complexities deriving from possible tensions, conflicts, and disagreements between the shareholders – family members. Changes to the family, such through marriages, divorces, births, and deceases, have a direct impact on the business and its managerial structure. As such, the question of succession, or how to successfully pass the business down from one generation to the other, is a significant problematic to be explored.

By systematically investigating growth, barriers, and cultural influences through a qualitative approach, the research aims to contribute valuable insights to the existing knowledge gap in succession planning within the unique context of the UAE. The outcomes will inform practical strategies and guidelines for businesses, enrich academic literature, and potentially impact the economic stability and growth of the nation.

In this chapter, the research problem and the underlying rationale are explicated, shedding light on the significance of the study and the author's vested interest in the subject. The chapter delves into the research objectives, questions, scope, structure, and the contribution it makes to existing knowledge.

1.1. Problem Statement and Rationale

Approximately 50% or more of commercial activities in UAE, excluding free zones, are overseen by UAE family businesses. Emiratis, constituting the native population and citizens of the United Arab Emirates (UAE), including Dubai, have played a pivotal role in this economic

landscape (Rettab, Abu Fakhr, and Morada, 2005). Since the discovery of oil in the sixties, UAE has undergone remarkable economic growth, successfully diversifying its revenue streams into trade and tourism (Matly and Dillon, 2007; Spraggon and Bodolica, 2014). Over the last four decades, the city has experienced significant economic, legal, and cultural transformations (Abdella, 2014; Heard-Bey, 2013; Obay, 2009).

In this period, numerous Emirati families in UAE have encountered sudden wealth (Bristol-Rhys, 2009), leading to both internal and external challenges and threats to their continuity and sustainability (Abdella, 2010; Alfahim, 2011; Obay, 2009; Succession Planning for GCC Family Businesses, 2015). The concept of business sustainability, as defined by the World Commission of Environment and Development (WCED), revolves around meeting current needs without compromising the ability of future generations to meet their own needs (WCED 1987, p. 16). While studies on sustainability challenges in family businesses have gained momentum globally, scant attention has been paid to the Middle East and in particular the UAE (Alfahim, 2011). Consequently, understanding and effectively managing the sustainability challenges faced by UAE family businesses is imperative for the resilience of the city's economy.

In recent years, there has been a surge in studies focusing on family businesses, driven by researchers seeking to comprehend the inherent nature of these enterprises and the sustainability challenges they encounter (Goel et al. , 2012; Lewin, 1940; Oudah, Jabeen, and Dixon, 2018; Sharma, 2004). However, the majority of these studies exhibit a Western-centric bias, primarily concentrating on publicly listed businesses (Bodolica, Spraggon, and Zaidi, 2015). Furthermore, the predominant emphasis is on internal challenges such as succession planning,

governance, and financial management. External challenges and the associated contextual factors have received limited attention.

Various models, such as the Sustainable Family Business (SFB) model proposed by Stafford et al. (1999), and governance codes like the G20/OECD Principles of Corporate Governance², have emerged. Nevertheless, these frameworks are generic in nature and lack specificity concerning contextual nuances. Context, defined by Johns (2006, p. 386) as "situational opportunities and constraints that affect the occurrence and meaning of organizational behavior," is often overlooked. Most studies concentrate on internal challenges, such as governance and succession, without providing adequate coverage of external challenges.

Family business succession is a universal problem, but the UAE is a deviant case in the sense that the institutional context is one that combines (i) extremely rapid state-led development and (ii) concentrated ownership by a few families and the endurance of logics of tribal/kinship, and (iii) a regulatory-commercial environment that can create both formal modernity and informal continuity. In classical succession research - much of which comes from studies of Western settings of listed firms - succession planning tends to be handled as a governance and performance issue that is managed through formal means of instruments (boards, written charters, transparent role definitions, merit-based leadership pipelines). In the case of the UAE, these instruments may exist on paper, but their meaning and effectiveness is mediated through relationship authority, family hierarchy and high context communication. This difference is not simply "cultural colour" it alters the mechanisms by which succession planning is successful or not.

Positioning the UAE as a deviant case is therefore methodological and not rhetorical. The value in studying the UAE is that it is performing such a stress test of the mainstream theories, the

same "best practices" that travel very well in the Anglo-American context may travel poorly when the legitimacy is anchored in family reputation, patriarchal stewarding and social obligations that do not pertain solely to the restrictive firm boundary. This makes the UAE an analytically useful context for explaining why similar governance tools have different outcomes in different settings.

The further unique characteristic is Islamic-commercial norms that influence the problem of succession that remains under-developed in the Western-centric literature. In many family firms across the UAE, legitimacy is evaluated not only based on shareholder value logic but also based partly on moral expectations (i.e., purposes of fairness between heirs, preserving family unity, obligation to provide, and maintaining reputation). As such, these norms can underpin both stewardship behaviour (protecting the firm and family from premature transfer), but at the same time, create a pressure for deference, indirect disagreement, and ambiguity of authority allocation. As a result, succession planning in the UAE can be best seen as a dual challenge: the need to design a clarity of governance that affords to the functioning of decision-making a non-detectable delay that preserves the decision social accounting and decision accountability; but the adapted sense of legitimacy in a power setting that retains such centrality to the decision process as found in a culture where relational obligations and honour and the moral economy remain central.

When considering contexts and acknowledging family businesses as a specific form of economic organization, the application of Business Systems Theory (BST) within the realm of International Business (IB) becomes noteworthy. BST has undergone development to elucidate the reasons and mechanisms behind the divergence of economic organizational forms in distinct ways, along with the factors influencing such changes (Whitley, 1999). In the field of IB, BST

studies have generated various models and tools aimed at defining, comparing, and evolving taxonomies of analogous contexts (Whitley, 1999; Hall and Soskice, 2001; Fainshmidt et al. , 2016; Witt et al. , 2018).

BST holds the potential to be applied in the examination of diverse family businesses, facilitating a comparison between UAE family businesses and those situated in other contexts. Through this approach, it becomes possible to identify taxonomies that share similar sustainability environments. Notably, the existing BST models lack institutional dimensions focused on the sustainability of family businesses, and UAE has not been explicitly addressed within popular BST frameworks.

1.2. Context of the study

The concept of context, as defined by John (2006) as the situational factors impacting organizational behavior, and expanded upon by Cappelli and Sherer (1991) as the surroundings associated with a phenomenon, holds significant relevance in understanding the dynamics of business environments. This study particularly focuses on the factors influencing the business systems within UAE.

Context, in this context, goes beyond conventional elements and includes considerations such as the physical work environment and spatial design, which have been shown to influence productivity and overall company performance (Ayoko, Ashkanasy & Jehn, 2014). However, the primary emphasis of this research is on the broader business environment and systems prevalent in UAE.

This study positions itself within the framework of Business Systems Theory (BST), a sub-field within international business studies. BST, drawing from institutionalism and organizational

theory, posits that the interactions among humans, firms, and institutional characteristics shape human capabilities, firm strategies, and competencies (Rana and Allen, 2018).

BST holds promise in providing a more in-depth understanding of family businesses, their governance, and sustainability. It facilitates a comprehensive exploration of why certain family businesses thrive in specific institutional contexts, how family business operations and behaviors vary between countries and cities, and the distinctions in family business capabilities due to variations in formal institutional conditions, culture, history, geography, and belief systems (Rana and Allen, 2018).

Despite attempts to address variables influencing family business sustainability, existing models, such as the Sustainable Family Business (SFB) Model by Stafford et al. (1999), fall short of ensuring comparability and interoperability of best practices across diverse contexts.

To progress toward a more comprehensive understanding of the compatibility of sustainability and governance practices among family businesses in different contexts, it is crucial to acknowledge that family businesses represent a specific type of economic organization. Existing models, while addressing certain aspects, fail to delve into the fundamental questions of how and why various forms of economic organization diverge in different contexts. To explore the variations in family businesses within and between contexts, a deeper comprehension of the pertinent contexts and their comparability is essential.

The complexity arises from the multitude of variables that significantly differ across contexts. Here, the field of international business (IB), particularly Business Systems (BS), becomes particularly pertinent. This chapter in the literature review aims to delve into Business Systems, encompassing several widely recognized models. It aims to establish an understanding of prevalent categorizations and the key variables inherent in these models. Additionally, the review

touches upon the business systems in the Gulf Cooperation Council (GCC) and the United Arab Emirates (UAE), with a specific focus on UAE family businesses.

1.2.1. Business Systems

Over the past two centuries, distinct forms of capitalism have surfaced, and these continue to evolve into unique systems of economic organization. The distinctions are evident in the prevailing structures of ownership and control within major companies, the degree of their vertical and horizontal integration across economic sectors, and the coordination and control of inter-firm relationships. Furthermore, variations manifest in levels of intra-organizational integration and commitment (Whitley, 1992, 1999). These differences are rooted in significant variations in: (a) the organization and policies of the state during industrialization in each country; (b) the nature of the financial system; and (c) the institutions overseeing labor markets, authority, and trust relationships. Illustratively, the economies of post-war Japan, South Korea, and Taiwan exhibit notable differences among themselves and, more distinctly, from the USA and the UK (Orri et al., 1997; Wade, 1990; Whitley, 1992a).

As long as the international economy remains non-integrated, societies with different institutional arrangements will continue developing distinct systems of economic organization. These systems exhibit varying economic and social capabilities, adopting unique approaches to structure economic activities aligned with their specific strategies. Central to this differentiation are the "rules of the game," guiding individuals and organizations in making 'rational' decisions regarding investments and competition. Given the existence of diverse forms of economic coordination, it becomes crucial to comprehend the underlying processes contributing to such divergence. This includes understanding how different forms of industrialization have shaped distinct institutional contexts, giving rise to diverse institutional arrangements governing

economic processes. Consequently, this has led to the divergence and distinctive evolution of practices and structures within state agencies, financial organizations, and labor markets (Hollingsworth, 1997; Hollingsworth and Streeck, 1994; Kristensen, 1997; Sorge, 1991; Whitley, 1999). To comprehend the international context, it is imperative to integrate the social, legal, cultural, and economic variables of a nation (Cheng, 1994, p. 165).

Over the past three decades, significant research has emerged to deepen our understanding of business systems, primarily influenced by Hall and Soskice's (2001) *Varieties of Capitalism* (VOC) and Whitley's (1999) *Divergent Capitalism's National Business Systems* (NBS). These frameworks predominantly focused on OECD countries (Witt et al., 2018). A more recent addition, *Varieties of Institutional Systems* (VIS) by Fainshmidt et al. (2016), extended its focus to Asian, Eastern European, African, Middle Eastern, and Latin American countries. Researchers have explored various geographical regions, including Africa (e.g., Amaeshi and Amao, 2009; Fainshmidt et al., 2018; Witt et al., 2018; Wood and Frynas, 2006), Asia (e.g., Boyer et al., 2012; Fainshmidt et al., 2018; Kalinowski, 2013; Kim, 2010; Witt and Redding, 2013; Witt et al., 2018; Zhang and Whitley, 2013), Eastern Europe (e.g., Bohle and Greskovits, 2012; Fainshmidt et al., 2018; Nolke and Vliegthart, 2009; Witt et al., 2018), South America (e.g., Fainshmidt et al., 2018; Musacchio and Lazzarini, 2014; Schneider, 2009, 2013; Witt et al., 2018), and the Middle East (Fainshmidt et al., 2018; Witt et al., 2018).

The VOC typology categorizes advanced economies based on the allocative mechanism of resources, profits, and risk. On the other hand, the NBS typology delves into 'distinctive ways of structuring economic activities with different kinds of actors following contrasting priorities and logics' (Whitley, 1998, p. 449), encompassing institutions related to the state, financial markets, human capital, and social capital. While these typologies have been instrumental in explaining

systemic variation in developed economies, they may not be as suitable for characterizing the growing significance of newly developed, emerging, and developing economies (Fainshmidt et al., 2016).

Rana and Morgan (2019) conducted a comprehensive review of ninety-six articles within the National Business Systems (NBS) literature, discerning four primary themes in Business Systems research: 1) comparative business systems; 2) internationalization and organization in multinational corporations; 3) the role of internationalization in the development of organizational capabilities and innovation; and 4) the emergence of transnational communities within and across firms and societies. This thematic analysis has significantly contributed to our comprehension of institutional structures across diverse geographical contexts. Nevertheless, despite these advancements, there remains a gap in achieving a consolidated overview of the global business systems landscape. Such an overview is essential for establishing a robust foundation for theoretical frameworks and understanding the implications of system varieties on economic and political outcomes, including wealth generation and distribution or comparative advantages (Witt et al., 2018).

(i) National Business Systems (NBS) by Whitley (1992)

The concept of National Business Systems (NBS), as introduced by British sociologist Richard Whitley in 1992, represents a significant contribution to the fields of management studies, sociology, and economics. This concept underscores the notion that corporate governance, economic organization, and markets exhibit distinctive national characteristics, and understanding these features requires an examination of national institutions and historical events. Whitley (1999, p.15) articulates that business systems models aim to provide a "framework for comparing and contrasting the different ways of organizing economic activities

which have become established in different institutional contexts and to suggest how some key characteristics are interrelated in particular kinds of business systems." Whitley developed this comparative framework through an analysis of various case studies.

In one of his studies, Whitley (1992a) illustrates how certain East Asian countries displayed distinct configurations of firm and market formations, shaped over the years by pre-industrial institutions emerging from these societies. Whitley (1992, p.10) elucidates the concept of business systems as "particular arrangements of hierarchy-market relations which become institutionalized and relatively successful in particular contexts." These arrangements encompass preferences for specific activities and skills to be coordinated authoritatively, variations in the degree of discretion exercised by managers compared to property rights holders, and differences in the ways activities are coordinated. Furthermore, business systems exhibit variations in the extent and manner in which economic actors coordinate their activities, leading to significant differences in the nature of firms as quasi-autonomous economic actors, their internal structures, and their interdependencies, all of which are interrelated and vary significantly between institutional contexts.

Business systems exhibit several characteristic features that contribute to their unique organizational structures and practices:

1. Separation of Control and Ownership: This pertains to the degree of separation between control and ownership, essentially encapsulating corporate governance dynamics within the business system.
2. Diverse Coordination Mechanisms: Business systems involve various methods for coordinating and organizing transactions. These methods differ across settings,

encompassing a combination of market-organized transactions and hierarchical structures.

3. **Distinct Skills and Specialization:** Each business system is characterized by its own set of skills and specialization. There is a preference for specific skills and activities within the system, contributing to its unique character.
4. **Principles Guiding Firms:** Business systems are shaped by principles that govern the practices and allocation of resources within firms. These principles exert influence on the distribution of authority and the overall organizational structures of businesses within the system.

Business systems are linked to the institutional context of different nations and regions. Whitley (1994) emphasized the role of "background institutions," including trust, norms, and culture, and "proximate institutions," represented by the state. The diversity of business systems is primarily driven by institutional embeddedness, and their interaction with the national institutional context is a co-evolutionary process shaped by mutually reinforcing elements. The business system typology focuses on distinctive ways of organizing economic activities, involving various actors with contrasting priorities and logics. This typology encompasses institutions like financial markets, human and social capital, and the state.

While the National Business Systems (NBS) typology has been valuable for understanding developing economies, it may not be entirely suitable for the global range of financial frameworks, especially where diverse types of state and family enterprises have emerged.

Researchers have shown increased interest in studying finance in regions such as Africa, the Middle East, and Latin America. However, challenges arise due to incomplete, unreliable, or

unavailable archival data for analyzing a wide array of countries in these regions (Fainshmidt et al., 2016).

(ii) Varieties of Institutional Systems (VIS)

In their work titled "Varieties of Institutional Systems: A contextual taxonomy of understudied countries," Fainshmidt et al. (2016) introduced a newer theoretical framework to capture the diverse and unique institutional contexts of understudied economies in Africa, the Middle East, Eastern Europe, Latin America, and Asia. This framework encompasses the state, financial markets, human and social capital, and corporate governance institutions operating in these regions. Using qualitative data from experts to compile the institutional profiles of 68 economies, the researchers identified seven types of institutional systems, naming it 'Varieties of Institutional Systems (VIS).' To properly understand an institutional context, it is important to combine a nation's cultural, social, legal, and economic variables (Cheng, 1994).

Furthermore, while considering there are several differences in nations (Walker, Brewster, and Wood 2014), the researchers have created a system for understanding cross-national differences for those organizations embedded in diverse types of institutional systems (Li, Cui, and Lu, 2014; Martin, 2014; Whitley, 1998). Older typologies can become outdated as the institutional profile of nation-states shifts over time (Hall and Gingerich, 2009; Hotho, 2014).

The below table shows how Whitley's business systems comprise four main dimensions: the role of the state; the presence of informal norms pertaining to social capital; the nature of the education system and labor market; and the type of financial market (Whitley, 1999). He identified six different types of national business system (see Table 1 in Whitley, 2000). For example, high direct control and low cooperation among firms are characteristic of fragmented

business systems where trust is low and financial capital is scarce (Whitley, 1999). As a result, firms are usually smaller and opportunistic (Whitley, 1994).

Some researchers argue that Whitley does not provide a complete representation of the global economy, which raises concerns about whether the business systems identified comprehensively capture patterns of economic organization throughout the world, particularly as he never provides a systematic empirical test of his typology (Hotho, 2014). It is also argued that the NBS typology fails to distinguish between various types of state capitalism, where the state may not necessarily organize labor but might still direct resource allocation decisions (Frye and Shleifer, 1996; Musacchio et al., 2015).

Table 1 Whitley's business systems Dimensions

Institutional Dimension	NBS	VIS
Role of the State		
Direct state dominance	NO	YES
Indirect intervention in private sector	YES	YES
Type of state	NO	YES
Role of Financial Markets		
Equity market	YES	YES
Credit market	YES	YES
Family wealth	NO	YES
State-provided capital	YES	YES
Role of Human Capital		
Coordination with labor	YES	YES
Knowledge capital	YES	YES
Role of Social Capital		
Generalized trust	YES	YES
Role of Corporate Governance		
Ownership concentration	YES	YES
Family ownership	YES	YES
Family intervention in management	NO	YES

The Role of the State

The role of the state pertains to the government of a country, specifically focusing on the executive branch. The influence of states on their economies is multifaceted, encompassing factors such as the degree of involvement in economic activity creation, intervention in capital provisioning, potential nepotism, and participation in business governance. Carney and Witt (2012) and Whitley (2003) have categorized states into four types:

1. Developmental states: These states prioritize long-term national interests and actively engage in economic development initiatives.
2. Welfare states: Characterized by a focus on safeguarding and enhancing the economic and social well-being of citizens, primarily achieved through wealth redistribution by the state. Key features include collaborative and coordinated political relations and employment stability (Esping-Anderson, 2004).
3. Regulatory states: These states are primarily concerned with enforcing the rules of the economic game and typically do not participate directly in economic activities (Rosecrance, 1996).
4. Predatory states: Governed by elites who monopolize power through opaque decision-making procedures, weak institutions, and a lack of market competition (Carney and Witt, 2012).

The Role of the Financial Markets

The role of financial markets is crucial in the economy, serving as the primary arena where capital is generated and circulated (Davis and Marquis, 2005). However, there are instances where the state takes on the role of capital provider, particularly when it owns financial institutions and factors of production (Lazzarini, Musacchio, Bandeira-de-Mello, and Marcon, 2015). Additionally, powerful families, in collaboration with the state, may also act as capital providers, substituting for financial markets and potentially hindering their development (Schneider, 2009).

The Role of Human Capital

In a national context, assessing the role of human capital involves understanding the level of knowledge capital and the ways organizations interact with their employees. Insufficient human

or knowledge capital can impede investments in specific sectors (Schneider, 2013). The connection with the labor force is pivotal in comprehending how human capital is utilized and determining whether businesses have incorporated their workforce into their strategic endeavors (Hall and Soskice, 2001). Witt and Redding (2013) highlight coordination with labor as a significant aspect of human capital.

The Role of Social Capital

Social capital pertains to the degree of trust among members of society and within society overall (Inglehart, 1999; Putnam, 1993), encompassing the extent to which economic actors trust one another and institutions. It serves as an organizing principle that underlies the behavior and coordination among firms (McEvily, Perrone, and Zaheer, 2003). In instances where trust is lacking, there tends to be an increased reliance on informal networks (Kong, 2015; Wood and Frynas, 2006). Countries characterized by high levels of corruption often exhibit low trust levels (Kong, 2015). Additionally, nations promoting economic equality generally experience a heightened level of trust, regardless of their overall economic development (Uslaner, 2008).

The Role of Corporate Governance

The concept of corporate governance refers to the way companies are controlled and managed, encompassing three fundamental elements:

1. **Ownership Structure:** This aspect shapes the interactions among management, owners, and labor (Aguilera and Jackson, 2003). For instance, in countries characterized by weak institutions and financial markets, ownership tends to be highly concentrated (Khanna and Palepu, 1997; La Porta, Lopez-de-Silanes, Shleifer, and Vishny, 2000).
2. **Family Dominance:** Particularly significant in the Middle East, where a few families exert significant control over the corporate sector. In some instances, formal institutions

may adopt clan-based systems. Gómez-Mejía et al. (2007) note that family firm owners are often concerned not only with financial returns but also with non-financial aspects that fulfill the family's affective needs, such as identity, the ability to exert family influence, and the perpetuation of the family dynasty.

3. **Extended Families:** Playing a unifying role to overcome institutional voids, particularly in cases where professional management is not the primary choice for founding families. These families prefer direct participation in the businesses (Steier, Chua, and Chrisman, 2009). Notably, Fainshmidt et al. (2016) highlight that management is often linked to the holding family, and, in some cases, the state is an extension of dominant families, particularly in certain Middle Eastern countries.

Fainshmidt et al. (2016) identified separate variables for each of the four state types mentioned above, leading to seven distinct configurations based on institutional qualities across sixty-eight economies:

1. **State-Led:** Active state participation in economic affairs, with political networks shaping a system that facilitates the coordination of economic activity.
2. **Fragmented with Fragile State:** Characterized by a relatively weak federal government, with corporations organized in silos using internal accumulated wealth without coordination with the labor force.
3. **Family Led:** Dominated by wealthy and powerful families, central agents of economic activity and coordination, playing a crucial role in ownership, resource allocation, and management.
4. **Centralized Tribe:** Comprising relatively wealthy Middle Eastern economies, characterized by a welfare nature, the prevalence of the 'Wasta' social organization

principle, and an overarching tribal structure. Powerful families guard key resources in a paternalistic manner, and the family is considered the state.

5. Emergent Liberal Market Economies: Increasingly market-oriented economies where the state still plays a role in setting the regulatory environment and occasionally participates in the economy.
6. Collaborative Agglomerations: Banks are the main source of capital in these economies, with the state enacting policies that encourage growth and investment in industrial sectors. Ownership is not highly concentrated, but coordination with the labor force is essential.
7. Hierarchically Coordinated: The state actively assumes a role, but with a low level of trust, and families play a crucial role in corporate governance.

(iii) A Taxonomy by Witt et al. (2018)

Witt et al. (2018) have contributed to the understanding of business systems, particularly in the Middle East and the UAE, through their analysis of institutional structures across 61 major countries. Their work builds upon Whitley's (1999) National Business Systems (NBS) framework and introduces a geographically encompassing taxonomy of the world's business systems. In their comprehensive analysis, Witt et al. identify nine types or configurations of business systems:

1. Coordinated Economies:

- Description: This cluster closely resembles Liberal Economies, with Japan being a notable distinction.
- Example: Germany.

- Characteristics:
 - Led by banks with long-term employment.
 - Strong state involvement.
 - Emphasis on vocational education and family centrality.

2. Liberal Economies:

- Description: Characterized by market-oriented financial systems, short-term employment, and weak unions.
- Example: United States.
- Characteristics:
 - Reliance on market-based financial systems.
 - Short-term employment practices.
 - Emphasis on equity, deregulated labor markets, and weak union influence.

3. Highly Coordinated Economies:

- Description: Epitomized by Japan, featuring high state coordination, family ownership, and vocational training.
- Characteristics:
 - Strong state coordination.
 - Bank-led financial systems.
 - High trust in institutions.
 - Family-centric business structures.

4. European Peripheral Economies:

- Description: Comprises central and southern European economies with bank-led systems and family significance.
- Characteristics:
 - Bank-led financial systems.
 - Family's crucial role in business.
 - High government effectiveness.

5. Advanced Emerging Economies:

- Description: Heterogeneous economies with average to high GDP per capita.
- Characteristics:
 - Led by banks with market-oriented fund allocation.
 - Family ownership prevalent.
 - Average institutionalized trust.

6. Advanced Cities Economies:

- Description: Encompasses Hong Kong and Singapore as trade hubs with high economic freedom.
- Characteristics:
 - Bank-led financial systems.
 - High inward FDI.
 - Short-term employment.
 - Strong family ownership.

7. Arab Oil-Based Economies:

- Description: Includes Kuwait, UAE, Qatar, and Saudi Arabia, relying on oil dominance.
- Characteristics:
 - Bank-led financial systems.
 - Short-term employment.
 - Dominant role of families and the state.

8. Emerging Economies:

- Description: Largest cluster featuring geographically diverse economies with low GDP.
- Characteristics:
 - Bank-led financial systems.
 - Weak rule of law.
 - Suppressed unions.
 - Short-term job tenure.

9. Socialist Economies:

- Description: Comprising Cuba and Venezuela, representing socialist economies.
- Characteristics:
 - Bank-led financial systems.
 - Low FDI.
 - State-controlled decision-making.
 - Weak investor protection and state effectiveness.

1.2.2. Family Businesses and Business Systems:

In preceding chapters, family businesses have emerged as a pivotal focus, playing a distinct role in numerous economies. They are integral to major business system studies (Fainshmidt et al., 2016; Whitley, 1999; Witt et al., 2018), showcasing their significance in identified configurations. Witt et al. (2018) emphasize family businesses as key differentiators in Advanced City Economies and Arab Oil-Based Economies. Fainshmidt et al. (2016) also underscore the prominence of family businesses in 'Family-Led' and 'Centralized Tribes' economic configurations.

In many regions globally, the influence of wealthy families extends beyond economic domains into corporate governance (Fogel, 2006). Family ownership is particularly characteristic of Middle Eastern, Latin American, Northern African, and some Asian economies. Despite this, understanding the behavior of family businesses across different contexts remains limited (Samara, 2020).

Adopting a Business System Theory (BST) lens can complement family business research, as suggested by Rana and Allen (2018). BST, drawing from organizational theory and institutionalism, posits that interactions among humans, firms, and institutional characteristics shape human capabilities, rationales, and firm strategies.

BST's core dimensions include:

1. Institutional Conditions: Shape strategies, structures, and entrepreneurial dynamics.
2. Firms' Influence: Firms, including family businesses, shape institutional power through strategies.
3. Embedding in Institutional Systems: Firms are embedded in institutional systems across levels.

4. Continuous Interaction: Ongoing interaction between firms and institutional features (Rana and Allen, 2018).

BST aids in understanding how the interplay between family businesses and institutions over time gives rise to specific business systems. Ownership and governance, crucial influencers of firm characteristics, are central to BST. BST's holistic and systematic framework facilitates comparative research across countries and regions, considering both endogenous and exogenous factors (Whitley, 2007).

BST is not methodologically 'nationalist' and accommodates regional differences within nations. It supports deep case studies of family businesses, emphasizing longitudinal focus and change processes. The mutual constitution of actors, including family businesses and institutions, underscores the need for comprehensive analysis encompassing how institutions shape family business identities and interests (Rana and Allen, 2018).

For instance, the relationships between family businesses are influenced by market structure and societal institutions. Some societies prioritize cost and price, while others emphasize value creation through specialization. These business systems contribute to explaining how family businesses operate and grow, considering key variables such as management styles, governance, and networks.

In most family business models, like the Family Businesses Sustainability Model (Stanford et al., 1999), the focus is internal. Business systems theory, in contrast, delves into the context of business performance, establishing grounds for comparability. Integrating models like Stanford's for sustainability and Whitley's NBS or Fainshmidt et al.'s VIS for institutional context can potentially offer a more accurate account of variables influencing the sustainability of family businesses.

1.2.3. The UAE Business System

The United Arab Emirates (UAE), characterized by its considerable wealth, owes its economic prosperity to a combination of a relatively small population and substantial oil reserves. A prominent feature shared with other Gulf countries is the significant influence of state and family-owned businesses in shaping its economy. Despite its affluence, the UAE relies heavily on expatriate labor and has strategically invested in extensive infrastructure projects to establish itself as a key regional trade and logistics hub.

Research on the UAE's business system is relatively limited, but it has been classified by Witt et al. (2018) as an 'Arab Oil Based Economy,' aligning it with Kuwait, Qatar, and Saudi Arabia.

This classification highlights several key characteristics of the UAE's business system:

1. Oil Dependency: The economy is heavily reliant on oil exports.
2. Financial System: It features a bank-led financial system.
3. Ownership Control: A significant proportion of UAE bank assets (75%) is directly controlled by the state or family-owned entities.
4. Decision-Making: The business system involves top-down decision-making within firms, characterized by limited delegation.
5. Employee Promotions: Promotions are based on relationships and performance.
6. Family Influence: Families play a crucial role in the economy, and state ownership is prevalent.
7. Investment Protection: Ranges from below average to average.
8. Rule of Law: Above-average rule of law.
9. State Posture: It encompasses a combination of predatory, developmental, and welfare aspects.

10. Accountability: Top-down decision-making is associated with poor accountability.
11. Government Effectiveness: Government effectiveness is rated as good.
12. Education: The education system is weak but improving.
13. Employment Tenures: Short-term employment tenures are common.
14. Labor and Industrial Unions: Weak representation in terms of labor and industrial unions.

Table 2 Institutional Characteristics of the United Arab Emirates

The State	
1. State Dominance	Yes
2. State Indirect Intervention	Yes
3. Type of State	Welfare
Human Capital	
4. Coordination with Labour	Low
5. Knowledge Capital	High
Generalized Trust	
6. Generalized Trust	Low
Corporate Governance	
7. Ownership Concentration	Yes
8. Family Ownership	Yes
9. Family Intervention in Management	High
Financial Markets	
10. Equity Markets	None
11. Credit Markets	Yes
12. Family Wealth	Yes
13. State Provided Capital	Yes

Fainshmidt et al. (2016) classified the United Arab Emirates (UAE) as part of the 'Centralized Tribe' alongside Bahrain, Iran, Kuwait, Qatar, and Saudi Arabia. This configuration is characterized by a focus on public welfare, guided by the 'Wasta' social organizing principle. In

these societies, powerful families act as custodians of vital resources and are expected to provide a safety net for the lower strata of society. The institutional system is notably paternalistic, where 'the family is the state,' and tribal influences persist, with extended clans taking care of their own. Youssef and Moustafa (2015) delved into the UAE's business system from the perspective of management control systems (MCS). Their survey of 1300 professional accounting officials in the UAE, analyzing 216 responses, identified several variables based on Whitley's (1999) model:

1. Trust in Formal Rules and Procedures
2. Authority Relations
3. Businesses' Dependence on the State
4. Strength of Formal Regulations
5. Strength of Public Training Systems
6. Strength of Labor Unions

Contrary to expectations, Youssef and Moustafa found that the UAE exhibits a high level of trust in formal institutions, indicating a tendency to emulate Western environments in utilizing formal procedures for business dealings. Surprisingly, paternalist authority relations were perceived as weak, in contrast to broader studies suggesting a wide power distance in the Arab region. This departure from the expected power dynamics may be attributed to the multicultural environment within UAE organizations.

Key findings from their analysis include:

- **Public Training System:** They identified a weakness in the public training system, despite significant investments in education. Most businesses prefer external labor for its cost-effectiveness and higher qualifications.

- Business Dependence on the State: High dependence on the state was observed, with the UAE government actively directing investments.
- Formal Regulations: The presence of strong formal regulations was noted, coinciding with the absence of labor unions.

Based on these findings, Youssef and Moustafa proposed classifying the UAE as a 'dominant developmental state,' aligning with Whitley's (2003) conceptualization.

1.3. Research aim and objectives

1.3.1. Research Aim

This research aim is to examine the challenges family-owned enterprises face in the UAE in the succession planning process and to identify best practices for a successful transition of ownership and management.

1.3.2. Research Objectives

Objective 1: Investigate current succession planning challenges in UAE family-owned enterprises, focusing on governance challenges.

- Explore clarity around roles, responsibilities, and family conflicts.
- Examine the difficulty in identifying suitable successors.
- Assess resistance to change from existing leaders.

Objective 2: Explore and evaluate the effectiveness of best practices for succession planning in UAE family-owned enterprises.

- Assess the impact of the UAE Business environment on adaptability.
- Develop a framework or guidelines for successful succession planning.

1.4. Research Questions

Research Question 1: Is there a significant difference in growth and longevity between family-owned enterprises with a clear succession plan and those without in the UAE?

Research Question 2: What are the primary barriers to effective succession planning in UAE family-owned enterprises?

Research Question 3: Does the cultural normative influence in the UAE, particularly the prioritization of male successors, significantly impact the outcomes of succession planning in family-owned enterprises?

1.5. Research Scope

The scope of this study involves exploring the external challenges influencing the sustainability of UAE family businesses. Data collection relies on interviews conducted with key stakeholders, including Emirati family business leaders, government officials, and consultants, considering that UAE family businesses are not obligated to disclose information publicly.

While recognizing the presence of both internal and external challenges, the primary focus of the research is on understanding the external challenges imposed by the unique context of UAE.

In the investigation of UAE's business system, attention is given to common institutional dimensions, and a comparative analysis is conducted with existing taxonomies to enhance contextual understanding.

1.6. Significance of the Study

The importance of studying UAE family businesses becomes evident when considering their substantial contribution to the local economy. The sustainability and governance of these businesses are pivotal, with potential implications for fostering a more resilient economy (Olson et al. , 2003). Recognizing that their sustainability is intricately tied to the surrounding context (Sharma, 2004), this study aims to unravel the dynamics between UAE's unique context and the challenges faced by UAE family businesses.

Understanding these dynamics not only sheds light on the intricacies of sustainability challenges but also provides an opportunity to leverage Business Systems Theory (BST) models systematically. By investigating the contextual impact on national family businesses and making comparisons across contexts, the study aims to develop pertinent taxonomies. Such insights contribute to the existing body of knowledge and have the potential to foster positive governance and management practices within the realm of UAE family businesses.

1.7. Knowledge Contribution

Within the realm of social sciences, scholars often assert that knowledge encompasses both rational and empirical dimensions: empirical knowledge is derived from direct interaction and observation of the world, while rational knowledge exists independently of context and personal experience (Flyvbjerg, 2007). This research aims to enhance empirical knowledge pertaining to family businesses and business systems, primarily within a specific context but with potential applicability to a broader scope. The focus is on exploring the sustainability of a significant segment within a small yet influential economy.

While encountering many sustainability challenges shared by family businesses globally, the distinctive developmental trajectory of UAE family businesses warrants scholarly investigation. This research adopts a comparative approach across contexts, seeking to contribute to empirical knowledge by: 1) developing an understanding of the impact of UAE's context on the sustainability of UAE family businesses; 2) analyzing UAE's business systems from the perspective of these family businesses; and 3) crafting a model to facilitate comparisons across various contexts within the domain of family business sustainability.

1.8. Research Structure

This thesis is structured into seven chapters, as follows:

Chapter 1: Establishes the research problem and rationale, outlining the study's aim, objectives, and research questions. It emphasizes the study's significance, potential knowledge contribution, and provides an overview of the thesis structure.

Chapter 2: Critically reviews the literature on governance and sustainability of UAE family businesses. It explores the definitions of family businesses, their governance and sustainability practices, and identifies a literature gap related to the research problem.

Chapter 3: Investigates the literature on UAE's business system, delving into Business Systems Theory (BST) and examining the roles of the state, financial markets, human capital, social capital, and corporate governance in the UAE. This chapter identifies literature gaps concerning UAE's business system.

Chapter 4: Discusses the research methodology and chosen methods, detailing the development of case studies, data collection methods, sampling techniques, and the analysis and reporting procedures.

Chapter 5: Presents the outcomes of the data collection process, highlighting emerging themes with examples.

Chapter 6: Analyzes and discusses the findings from the case study research, proposing a conceptual model and a research process for future studies.

Chapter 7: Summarizes the research, emphasizing its contribution to knowledge and potential practical implications. It also addresses research limitations and provides recommendations for future research.

2. Chapter 2: Literature Review – UAE family businesses

This chapter is not a descriptive catalogue of family-business themes; it is a critical synthesis and develops the theoretical problem to which the thesis is a response. The central claim developed here is that much of the dominant succession-planning literature is developed based on assumptions that travel less than perfectly to the UAE - especially assumptions about individualism, about the separation of family and firm, about formal and legal enforcement, and about the neutrality of governance "best practices". On the contrary, the UAE family enterprises are often governed in a hybrid order where Islamic moral economy, tribal/kinship obligation, reputation and honour norms, and state-led institutional arrangements co-produce the outcomes of governance.

Accordingly, the literature is organised around three gaps that motivate the study: (1) a conceptual gap-that western-centric governance models under theorise the mechanisms through which legitimacy and authority are sustained in Gulf family firms; (2) a contextual gap-UAE-specific institutional features (e.g., majlis-based influence, patronage networks, family-name capital and regulatory-incentive structures) are frequently described but insufficiently theorised;

and (3) a process gap—that recognises the relational assets (e.g. *wasta*) from Western studies yet rarely explains how these intangible resources are deliberately transferred, contested and diluted across generations. The chapter thus moves from what the global literature assumes, to where it breaks in the UAE setting, and finally to theoretical lenses of explaining those breaks and derive propositions of study.

2.3.1 Predominance of Family-Business Research

A large body of scholarship confirms that family-owned firms dominate the private-sector landscape across both developed and emerging markets (Olson et al., 2003; Oudah, Jabeen & Dixon, 2018; Samara, 2020; Sharma & Nordqvist, 2008). Over the past two decades, that reality has fuelled a surge of academic interest aimed at clarifying how ownership by a kin-group shapes firm structure and behaviour (Bodolica, Dupuis & Spraggon, 2020; Goel et al., 2012; Sharma, 2004). Systematic reviews have sorted the literature into recurrent themes such as family dynamics, governance, succession, strategy, performance, and socio-economic impact (Chrisman, Chua & Sharma, 2012; Spriggs et al., 2012). Some researchers examine the family and the business as analytically distinct but mutually influencing systems (Stafford et al., 1999), yet the bulk of studies concentrate on the organisational side—particularly on how family influence permeates governance and inter-generational succession (Brenes, Madrigal & Requena, 2011; Shepherd & Zacharakis, 2000; Steier, Chrisman & Chua, 2015).

2.3.2 Family Firms and Their Non-Family Counterparts

Although no single variable cleanly separates family from non-family enterprises, comparative evidence reveals recurring differences worth noting (Ward, 2000). Crucially, effective

management of the overlap between family and business spheres—rather than superior resources per se—appears to drive long-term success (Olson et al., 2003).

Decision making.

Family firms typically vest wide discretionary authority in owner-managers, a practice that minority shareholders often accept in exchange for the perceived long-term orientation of the controlling family (Aguilera & Crespi-Cladera, 2012). Decisions are frequently filtered through socio-emotional-wealth considerations—the desire to protect family identity, maintain legacy, and preserve binding social ties (Berrone, Cruz & Gómez-Mejía, 2012). These non-financial motives can nurture cooperative behaviour (Hofstede, 2001) but also prompt owners to install governance mechanisms that counterbalance excessive altruism (Gómez-Mejía et al., 2002).

Larger family corporations increasingly enlist non-family executives to enrich strategic decision making (Chua, Chrisman & Sharma, 2003), yet they still rely more on informal monitoring—“a handshake and common decency” (Macaulay, 1963, p. 58)—than on the formal controls typical in widely held firms (Aguilera & Crespi-Cladera, 2012).

Succession.

Because survival depends on the calibre of future leaders, succession has become the most scrutinised family-business dilemma (Handler, 1994). Mainstream evidence indicates that handing managerial control to an unrelated professional can outperform purely bloodline transfers when no qualified heir is available (Burkart, Panunzi & Shleifer, 2003). Nevertheless, many families still prefer grooming a descendant who displays the requisite human and social capital (Palliam, Cader & Chiemeke, 2011). Early identification of such a successor, combined with mentoring by the incumbent patriarch or matriarch, consistently predicts smoother transitions and stronger performance (Olson et al., 2003). Emotional attachments, however, often

complicate timing and authority hand-offs, differentiating family succession from the more arm's-length executive searches common in public corporations (Palliam et al., 2011).

Culture and context.

Family involvement seeds idiosyncratic bundles of human, social, survivability, patient, and governance capital that non-family firms rarely replicate (Sirmon & Hitt, 2003). Such “familiness” gives rise to distinctive decision heuristics anchored in shared beliefs and kinship culture (Habbershon & Williams, 1999; Sharma, 2004). Governance choices, in turn, determine how the firm allocates value among its stakeholders (Aguilera et al., 2008). Where controlling owners separate voting from cash-flow rights through pyramids or dual-class shares, the empirical record warns of lower valuations and weaker operating results (Claessens & Yurtoglu, 2012). Hence, context-specific governance architecture remains pivotal to balancing responsibility, performance, and the long-term legitimacy of the family franchise.

2.3.3 Internal Challenges Confronting Family Enterprises

Like all organisations, family firms must withstand competitive, technological, and macro-economic shocks, yet their embedded social structure magnifies several inward-looking pressures (Mandic & Mandic, 2020). Persistent conflicts among parents, siblings, in-laws, or cousins can paralyse delegation and cloud objectivity if the enterprise is enmeshed too tightly within the household (Ward, 1987). The absence of explicit governance forums—e.g., family councils or advisory boards—often fosters improvisation, nepotistic appointments, and under-qualified next-generation managers, threatening both professionalism and profitability (Kružić, 2016; Efendioglu & Muscat, 2009). Secrecy likewise undercuts strategic planning: sustainable growth demands information sharing, external advice, and commitment to long-range goals, all of which secrecy can stifle (Mandic & Mandic, 2020).

Retaining skilled non-family executives is another recurrent struggle. Perceptions of limited career paths and preferential treatment for relatives raise turnover risk, forcing families to craft transparent incentive schemes and meritocratic promotion ladders to compete with listed or multinational employers (Mandic & Mandic, 2020). The succession process itself remains a flashpoint: selecting among heirs—or choosing an outsider—requires reconciling entrepreneurial capability with family harmony, often under the gaze of bankers, regulators, and tax authorities (Handler, 1994; Burkart et al., 2003). Unexpected life events compound these stresses. Sudden death can trigger estate taxes and disputes over control; divorce among owner-spouses may fracture voting blocks and deplete liquidity; disability or mental-health crises affecting key family leaders can derail strategic focus and damage firm culture (Sildon, 2006; Miller, Wiklund & Yu, 2020; Schnaubelt, 2019). Proactive contingency planning—shareholder agreements, buy-sell clauses, and documented emergency protocols—therefore becomes indispensable for preserving both business continuity and family cohesion.

2.3.4. External Challenges

2.3.4.1. Market Dynamics

While businesses universally face challenges from maturing markets, technological advancements, and digitization, family business leaders may struggle to adapt their established philosophies and successful methods. Reluctance to embrace change and diversify may lead to declining profitability and the obsolescence of products or services (Ward, 1997).

2.3.4.2. Trust Building with External Investors

Involving non-family investors and shareholders can inject capital but introduces challenges. Building and maintaining trust, ensuring fair treatment, and establishing robust corporate governance and communication structures become imperative. Conflicts may arise due to differing views between external investors and family members, necessitating effective resolution to maintain investor confidence.

2.3.4.3. Legal Complexities

Lacking a specific “Family Business Law,” family businesses fall under general corporate, real estate, and family laws. Legal disputes underscore the importance of formal legal agreements among family members. Informal arrangements pose risks in legal dealings, consuming time and money and disrupting business operations.

2.3.5. Family Business Governance and Sustainability

The survivability of family businesses is notably low, with an estimated 30 percent transitioning to the second generation, 10-15 percent to the third, and a mere 2-3 percent reaching the fourth generation. Researchers attribute these challenges to factors such as weak leadership in successive generations, lack of governance, limited innovation, family conflicts, capital constraints, market competition, and government policies (Hammadeh, 2018; Oudah, Jabeen and Dixon, 2018). Addressing and improving family business survival rates can contribute to building more resilient economies (Olson et al., 2003). Before delving into family business governance, a brief overview of corporate governance is warranted.

2.3.5.1. Corporate Governance

The term “governance” originates from the Greek word “kyberman,” meaning to steer, guide, or govern, evolving through Latin and Old French. Definitions of governance vary across organizations, reflecting different ideological concerns (Abu-Tapanjeh, 2009, p. 558). Corporate governance has a contested historical origin, whether linked to the emergence of modern corporations or the advent of limited-liability companies, separating ownership from management.

Cheffins (2012) suggests corporate governance has existed since the formation of corporate structures that separated investors and managers. The need for corporate governance arose with limited-liability companies, marking a shift from classical family businesses relying on reputation and personal wealth.

Interest in corporate governance often intensifies during economic crises, and corporate scandals, like Enron, stimulate scrutiny. The financial crisis also revealed governance failures. Erturk et al. (2004, p. 697) note the transition from a bull to bear market exposed governance and strategy issues.

Ireland (2008) contends that the corporate legal form is a political construct favoring specific groups. He argues that classical businesses financed themselves through partnerships, using profits, and limited-liability companies emerged to serve rentier investors seeking equity without exposing their wealth. The separation of liability facilitated the boom in limited-liability companies.

Glassbeek (2002), cited by Ireland (2008), highlights investors’ limited incentive to ensure ethical behavior since they are legally untouchable. This trend underscored the need for corporate governance to mitigate negative economic impacts.

Questions persist about the boards' ability to make responsible decisions for shareholders and stakeholders' interests, emphasizing the need for effective corporate governance (Ireland, 2008).

2.3.5.2. Definition of Corporate Governance

Corporate governance lacks a universally accepted definition, reflecting diverse perspectives. The common theme is to protect stakeholders' rights while maximizing returns, with varying emphases in different definitions. Brickley and Zimmerman (2010) perceive the firm as a web of contracts, with corporate governance evolving through these contracts. Fama (2012) conceptualizes the firm as contracts among factors of production, motivated by self-interest. Randall, Morck, and Steier (2005) approach corporate governance from an economic structure standpoint, linking it to decisions on capital allocation within and across firms in different countries. Ertürk (2003) notes the focus on Anglo-Saxon economies due to higher living standards and academic interest.

Claessens and Yurtoglu (2012) provide a comprehensive definition, covering the relationship between shareholders, creditors, corporations, financial markets, institutions, employees, and corporate social responsibility.

Various researchers concentrate on financiers' returns and managers' actions. Vishny and Shleifer (1997) define corporate governance as ensuring corporations provide returns to finance suppliers. Larcker et al. (2007) see it as mechanisms influencing decisions in ownership and control separation. Hakim (2002) describes it practically as how corporations fulfill responsibilities to stakeholders, employing mechanisms to address agency problems.

The chosen definition shapes the analysis structure. This research adopts Claessens and Yurtoglu's (2012) definition, expanding it with the purpose of the firm's establishment.

2.3.6. Common Subjects in Corporate Governance

Research in corporate governance commonly explores several key subjects, including shareholding, board structures, executives (the agency problem), comparative corporate governance, cross-border investment, and corporate social responsibility.

2.3.6.1. Shareholders

The role of shareholders in corporate governance is a subject of ongoing debate. Some argue that shareholder involvement is beneficial, aiding in networking, monitoring, and access to financing (Ireland, 2008; Yafeh and Yosha, 2002). Conversely, others contend that shareholder interests may not align with the firm's interests, highlighting issues like the free-rider problem (Crane et al., 2013).

Ireland (2008) attributes irresponsible decisions by major corporations to new forms like Limited Liability Companies (LLC), where shareholder liability is limited intentionally. Yafeh and Yosha (2002) assert that large shareholders play a crucial role in monitoring firm management, suggesting that concentrated ownership naturally reduces expenses.

2.3.6.2. Boards of Directors

Boards of directors are essential functions in corporate governance, serving as market-induced entities responsible for monitoring the contractual framework of firms (Fama, 2012). While most decision-making authority rests with the board of directors through legal, regulatory, and chartering documents (Brickley and Zimmerman, 2010), concerns arise regarding potential misalignment of their interests with shareholders (Bebchuk and Weisbach, 2010).

The primary role of a board is commonly understood as advising and monitoring senior management (Armstrong, Guay, and Weber, 2010). xx argue that recruiting new directors, determining the time allocation of the board, and clarifying their role lack clarity. They propose

that the board's principal responsibility is to act as an agent for shareholders, participating in, ratifying, and monitoring crucial decisions (xx, 2010).

Focusing on assembling the "right mix" of board members in terms of experience, age, training, and geography, firms aim to optimize board composition (Bebchuk and Weisbach, 2010). Fama (2012) suggests that a board dominated by security holders may not be optimal for ensuring good survival properties. Claessens and Yurtoglu (2012) emphasize the importance of boards in governance mechanisms, noting a connection between board composition and market valuations of emerging-market companies. They find that companies with a higher fraction of outsider/independent directors tend to have a higher valuation. However, Bebchuk and Weisbach (2010) argue that initial research failed to establish a clear link between board independence and higher firm value. Brickлэй and Zimmэрман (2010) contend that outside directors, who typically own fewer shares, may have distinct agendas and incentives. They caution that adding an outsider to a board does not necessarily enhance managerial monitoring or decision-making quality.

2.3.6.3. Executives (the Agency Problem)

Corporate governance discussions on executives often revolve around executive compensation, powers, and monitoring, raising questions about the agency problem. According to Fama (2012), the firm is essentially a set of contracts governing how inputs create outputs and how receipts are shared among inputs. Executives, as a form of labor with a special role in coordinating activities and executing contracts among inputs, play a crucial role in supervising these contracts to ensure the firm's viability.

The agency problem, as defined by Ross (1973), arises when one party (the agent) acts on behalf of or represents another party (the principal) in decision-making. Eisenhardt (2012) notes that

agency theory is concerned with ubiquitous agency relationships where one party delegates work to another who performs the work. In the corporate context, this theory applies to the relationship between shareholders (or their representatives, such as the board) and executive management.

Eisenhardt (2012) further identifies two inherent issues in any agent–principal relationship. The first arises when the objectives or goals of the principal and agent conflict, challenging the assumption in corporate governance that all parties share the same direction and outcome. The second issue relates to the difficulty or expense for the principal to oversee the agent’s actual activities. These problems are interconnected, making it challenging to scrutinize the agent’s behavior comprehensively and identify differences in overall objectives, thus giving rise to the agency problem.

2.3.6.4. Corporate Social Responsibility

In recent years, there has been a notable surge in interest in Corporate Social Responsibility (CSR), both within academia (Margolis and Walsh, 2003; McWilliams and Siegel, 2001; Orlitzky et al., 2003) and among businesses (Accenture, 2010). This heightened focus on CSR activities reflects a shift in the dynamics between firms, their institutional environment, and key stakeholders, including communities, employees, suppliers, national governments, and broader societal concerns (Ioannou and Serafeim, 2010).

While the participation of firms in social issues has increased, whether such involvement correlates with superior firm performance remains less clear. Engaging in social issues comes with costs, both direct (e.g., charitable donations, environmental expenditures) and indirect (e.g., reduced flexibility, lower efficiency), which may impact profits. Despite these costs, the prevailing argument suggests that CSR initiatives can be economically beneficial, aligning with

good corporate governance, signaling product value to consumers, and fostering a positive corporate image as responsible citizens.

Empirical evidence on the direct correlation between CSR and financial performance is mixed or inconclusive. The challenge lies in finding satisfactory proxies for corporate social performance in empirical studies (Claessens and Yurtoglu, 2012).

2.3.6.5. Global Benchmarks and Cross-Country Evidence

For much of the twentieth century, conversation about corporate control was centred on enterprises in the United States, and not until the mid-1990s did scholars turn their gaze abroad. As Erturk and associates (2004, p. 678) observe, that era ushered in an ambition to spread Anglo-American concepts of governance worldwide. The research boom that followed contrasted legal frameworks across jurisdictions and gauged how those differences shaped economic outcomes and capital-market vitality. Although several projects tried to craft a universal yardstick for country- or firm-level comparison, findings soon showed that formal rules seldom restrain self-serving conduct by social or political elites.

Analysts therefore often classify nations by stage of economic maturity—advanced, developing, or emerging—and relate distinctive governance traits to indicators of market performance. Empirical work measures, among other things, how concentrated wealth is within business dynasties, the extent of barriers to foreign direct investment, and metrics such as share prices, merger volume and inbound-FDI ratios. More recent inquiries test perceptual gaps in governance norms, exemplified by Robertson, Diyab and Al-Kahtani (2012), who compared U.S. and Saudi executive views on OECD principles.

Yet Bebchuk and Weisbach (2010) contend that scholarship should drill down to enterprise-level contrasts within the same economy, pushing beyond simple cross-nation averages. Family

firms and diversified business groups, which represent a sizeable share of the literature, receive deeper consideration in another chapter of this report.

Given the vast scope of cross-border governance research, findings cover multiple dimensions. Claessens and Yurtoglu (2012) suggest that jurisdictions with stronger governance usually register superior operating returns. Mature economies with deep financial systems tend to beat emerging and transitional peers on most financial ratios, and their enforcement mechanisms are likewise sturdier.

A comparative survey by Claessens and Laeven (2003) showed that weak legal surroundings hamper companies, curbing funding flows and discouraging intangible investment in selected industries. The positive link between creditor- and shareholder protection and market depth persists across locations and through time; nations fortifying lender rights see broader financial development. These results underline the importance of safeguards in shaping investor comfort, ultimately enlarging market liquidity.

Chen et al. (2009, 2011) found that robust firm-level governance cuts the cost of equity in emerging arenas. Countries that secure property rights likewise report easier access to finance, fuelling capital spending and brisker growth. After the 2008 crisis, many emerging jurisdictions launched governance reforms, yet reconciling investor safety with policy goals for expansion remains thorny.

Scholars also review outward equity flows: businesses sometimes register in less-stringent regimes or places offering fatter control premiums. Licht (2003), however, challenges the view that committed firms automatically list or incorporate abroad, underscoring the draw of domestic regulatory climates when companies decide where to locate cross-border deals. Overall, the dialogue continues to grow as databases expand, and new econometric techniques let researchers

isolate causal channels, making cross-national governance one of the most dynamic frontiers in corporate scholarship.

2.3.6.6. Politics: A Core Driver of Corporate Governance

Brickley and Zimmerman (2010) stress that statutes, regulations and internal policies form the backbone of governance analysis. They emphasise that legal orders mould corporate oversight, while national cultures, ideological currents and prevailing faith traditions jointly colour both law and organisational conduct. Ireland (2008) notes the exposure of jointly owned and limited-liability entities to structural weaknesses, arguing that explicit governance devices are required to offset these risks.

Shleifer and Vishny (1997) argue that governance mechanisms represent not only economic or legal constructs but also instruments that the political process can reshape. Ertürk et al. (2004) fault earlier work for ignoring the political, economic and social setting around governance and propose a “**market constitution**” able to blend competitive energy with a measure of social obligation.

As the debate advances, researchers such as Whitley (1999), Fainshmidt et al. (2016) and Rana (2018), who adopt a business-systems viewpoint, provide renewed insight. Their studies indicate promising scope for a complementary research route that systematically compares governance across borders and contexts, incorporating cultural as well as governmental dimensions. This broader lens illuminates how political configurations interact with corporate structures and guides policymakers, regulators and investors, refining guidelines for sound stewardship globally.

2.3.7. Good and Bad Corporate Governance: A Complex Classification Challenge

Brickley and Zimmerman (2010) emphasize the formidable difficulty of deciding whether any given firm displays “good” or “bad” governance, noting that organizational design is hard to predict or explain. They cite three main obstacles. First, the entirely internal character of a governance system makes it tough to isolate the forces behind the relationships scholars observe. Second, today’s body of knowledge is still insufficient for classifying specific governance features as unequivocally good or bad. Third, even when features can be identified, assigning an appropriate weight to each variable inside the governance mix proves inherently problematic. In light of these complications, any attempt to label a company’s governance as simply good or bad remains highly nuanced and open to debate.

2.3.7.1. Challenges in Benchmarking “Good Corporate Governance” Practices

Practitioners and researchers often construct benchmarks for good governance by examining peer groups and selecting the most successful companies in a sector or economy. Brickley and Zimmerman (2010) warn, however, that such benchmarking can mislead when the chosen peer set is ill-matched. Using reference firms that differ markedly in agency problems or corporate structure may result in “best-practice” conclusions that have little relevance. Although finding close comparators is difficult, pursuing peer companies with genuinely similar characteristics is vital if benchmarking is to yield meaningful insights into governance quality.

2.3.7.2. Indicators of “Good” Corporate Governance Practices

Claessens and Yurtoglu (2012) outline several hallmarks that typically signal sound governance and favorable corporate outcomes. Effective oversight tends to broaden a firm’s access to external finance, which in turn supports higher investment, faster expansion and more job creation. Robust governance also lowers the cost of capital and boosts valuations, thereby

enhancing financial strength and growth potential. By sharpening managerial decisions and resource allocation, it raises operational performance. Well-governed companies are usually better insulated from financial crises, both by reducing crisis likelihood and limiting the damage when shocks occur. Finally, strong governance fosters healthier stakeholder relations and encourages engagement in corporate-social-responsibility and sustainability initiatives. Together, these characteristics show that good governance underpins financial health, operating excellence and constructive external relationships.

2.3.7.3. Impact of Better Corporate Governance on Investor Protection

Rossi and Volpin (2004) document a positive link between stronger governance and investor protection: jurisdictions with rigorous safeguards experience a higher volume of mergers and acquisitions as well as larger deal premiums. Yet Erturk et al. (2004) caution that corporate-governance reforms are not a cure-all; speculative bubbles reveal governance's limits, so economic difficulties can persist even when companies appear well governed. Their argument highlights the need for a balanced view that values governance benefits while recognizing that it cannot eliminate every macro-economic risk.

2.3.8. Evolution of Corporate Governance Codes

Although debate continues, the field has progressed through the introduction of governance codes, models and guidelines that seek to promote good practice and curb misconduct. Supranational bodies such as the OECD have been instrumental in driving this evolution, issuing recommendations designed to enhance transparency, accountability and oversight. The steady refinement of such frameworks reflects a collective effort to set clear standards that help companies embed effective governance structures. While results vary across contexts, the very

existence of these codes underscores broad recognition that strong governance is essential to responsible business conduct.

2.3.8.1. G20/OECD Principles of Corporate Governance

The non-binding G20/OECD Principles articulate six broad aims that together sketch a roadmap for effective oversight. They begin by laying the groundwork for a coherent governance framework. They then spell out shareholder rights and insist on equitable treatment, emphasizing the core functions of ownership. Next, they recommend incentive structures that encourage institutional investors, exchanges and other intermediaries to behave responsibly in support of sound governance. The Principles also clarify the legitimate role that other stakeholders should play in the corporate system. In addition, they require timely and accurate disclosure so that markets receive all material information. Finally, they set out the duties and accountability of the board, recognizing its central position in guiding and monitoring the company. Because the Principles are flexible rather than prescriptive, they can be adapted to a wide variety of legal systems and organizational forms.

2.3.8.2. National Corporate Governance Codes

Individual countries supplement global frameworks with domestic codes tailored to their legal and economic circumstances. In the United States, the Sarbanes–Oxley Act of 2002 tightened governance, reporting and accountability standards in response to scandals such as Enron. The United Kingdom’s 1992 Cadbury Report laid the cornerstone for modern UK practice by stressing independent directors, board effectiveness and transparent reporting. For the Middle East and North Africa, the OECD’s 2019 regional framework adapts international principles to address local challenges and opportunities. Across jurisdictions, such national codes shape board

composition, disclosure rules and shareholder protections, translating global concepts into locally effective governance regimes.

2.3.9. Corporate governance for family businesses

The integration of family dynamics into governance introduces a distinctive layer to organizational structures. Broadly defined as “the mechanisms used to ensure that the actions of organizational stakeholders are consistent with the goals of the dominant coalition” (Steier, Chrisman, and Chua 2015, p. 1266), family governance shapes the long-term trajectory of family enterprises. Although governance has become a central theme in family-business research, several dimensions remain under-explored (Berrone, Cruz, and Gómez-Mejía 2012).

Family businesses are economically consequential. Their sustained success can fortify local economies and secure the financial well-being of participating family members. Mastering the intricacies of family governance therefore proves pivotal: it aligns stakeholder conduct with dominant-coalition goals while addressing unique concerns such as intra-family relationships, succession, and the daily interplay between kinship ties and commercial decisions.

Because these firms also supply resources and social capital to their communities (Olson et al. 2003), scholars argue that family-business governance warrants frameworks beyond standard corporate-governance models. It must accommodate additional variables—family relations, consensus processes, ownership dispersion, social context—rendering the field both expansive and contentious.

Family-governance complexity reflects divergent evolutionary paths, each influenced by wider institutional contexts and by a firm’s capacity to co-evolve with its macro-environment (Steier, Chrisman, and Chua 2015). In many cases, decision-making extends beyond pure financial logic (Berrone, Cruz, and Gómez-Mejía 2012). Sharma (2004, p. 21) therefore stresses understanding

family beliefs and culture to decode how a business is run. Warde (2000) likewise calls for comparative studies, yet systematic knowledge of family-business behaviour across contexts is still emerging (Samara 2020).

Empirical work linking governance and performance has yielded mixed results (Dupuis, Spraggon, and Bodolica 2017). Scholars now probe behavioural differences among family firms, asking how variations in governance design drive performance gaps (Memili and Dibrell 2018; Ponomareva et al. 2018). A recent systematic review by Bodolica, Dupuis, and Spraggon (2020) dissects the subtle ways in which governance mechanisms influence outcomes.

2.3.9.1. Leadership in family firms

Bodolica, Dupuis, and Spraggon (2020) distinguish between founding-family CEOs and later-generation leaders. Results indicate that firms prosper under a founding-family CEO—particularly when governance includes a large board, CEO duality and diversified ownership (Mishra, Randøy, and Jenssen 2001; Prencipe, Bar-Yosef, Mazzola, and Pozza 2011; Swamy 2011; Zhou, Tam, and Yu 2013). Highest efficiency appears when an independent board operates alongside founding-family executives in top management (Randøy, Down, and Jenssen 2003). Non-family CEOs can outperform family counterparts, but only under vigilant family shareholders (Miller et al. 2014). Relational governance—dense social networks and inter-familial ties—tends to lift performance (Silva et al. 2006). Dual CEO–chair roles remain ambiguous: European evidence links family ties and share ownership to higher margins and lower CEO turnover when CEO and dominant owners are different individuals (Lausten 2002; Brunello, Graziano, and Parigi 2003).

2.3.9.2. Boards in family firms

Board size, independence, composition and qualitative traits matter. Larger boards often correlate with stronger performance (Huang 2010; Nowland 2008; Yasser, Al-Mamun, and Seamer 2017). Agency theory favours independent directors (Bodolica and Spraggon 2009b), yet newer work stresses board-room diversity as a strategic lever (Anderson and Reeb 2004). Balancing size, independence and varied expertise thus becomes a central strategic decision for family enterprises.

2.3.9.3. Effects of governance variability on performance metrics

Half the literature surveyed by Bodolica et al. links strong governance to superior financial results: family bonds reduce monitoring needs and agency costs, ethical clarity fosters transparent accounting, valuations rise, and reputation protects competitive advantage (Carney 2005). The other half shows family firms lagging behind or finds governance unable to offset agency risks (Schulze, Lubatkin, and Dino 2003). This entrenchment view argues that self-interest and resource appropriation can outweigh ownership benefits (Madison, Holt, Kellermanns, and Ranft 2016).

2.3.9.4. Family-Business Governance Codes

Netherlands. The Dutch guidance—drafted jointly by FBNet and the Dutch Family Firms Association—presents its recommendations in an unusually user-friendly format. Each provision is labelled for its intended audience, whether family member, executive, board director or shareholder, so readers can immediately locate the passages relevant to their roles. The document is structured around the classic tripartite model of family, ownership and business, and offers distinct guidance for owner-controlled, family-managed and family-governed firms. To make priorities clear, it grades every recommendation as required, recommended or to be considered, thereby signalling both mandatory expectations and aspirational practices.

Italy. Italy's code—written by a Bocconi University team in partnership with AIDAF—sets out a series of principles designed to embed “good governance” in family enterprises. After establishing high-level concepts, the code translates each into concrete actions covering ownership structure, succession protocols, treatment of non-family personnel and the delicate task of balancing family and business interests. Because transparency is a core theme, companies are encouraged to record their adoption of these practices in their corporate documents, including the annual report.

Spain. The Spanish guidance, produced by the Instituto de la Empresa Familiar, adopts a systems-theory lens and again organises its advice around the family–business–ownership triad. It seeks to help firms achieve their long-term strategic objectives by presenting a suite of criteria aimed at safeguarding longevity regardless of size or sector. Alongside conceptual guidance, the code supplies practical instruments—such as templates and checklists—so that family companies can address problems that fall outside the reach of statutory regulation.

Germany. Germany's code, a joint effort by INTES, FBN and Die Familienunternehmer, offers a flexible framework that owners can tailor to their own circumstances. It opens with a detailed discussion of proprietors' rights and responsibilities, then sets out the roles of boards, management teams, wealth stewards and family-governance bodies. By the end, readers find a glossary that clarifies key governance terms, ensuring that all stakeholders share a common vocabulary.

Gulf Cooperation Council (GCC). For Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain and Oman, the Family Business Council has produced guidance that places notably greater weight on family-governance mechanisms than on corporate-governance formality. The documents pose a series of diagnostic questions about shareholder agreements, legal form and governing bodies,

encouraging families to reflect on how these instruments should operate in their specific cultural setting. Dedicated sections explain succession, wealth management and public engagement, underscoring issues that GCC families have identified as especially pressing.

Switzerland. Regulation G, created by Continuum AG and Prager Dreifuss, is conceived as a universal best-practice framework, equally applicable to small private firms and large publicly traded groups. It bundles its recommendations into an “enforcement” logic that defines family governance, corporate governance and the firm’s interface with contractors, regulators and wider society. In so doing, it addresses the interests of three core constituencies—family members, business operators and external stakeholders—and seeks to show how their objectives can be harmonised.

Across these diverse jurisdictions, the codes converge on six broad themes. Public engagement encompasses philanthropy—often via family foundations or philanthropy committees—as well as the cultivation of a coherent identity and reputation. Ownership governance addresses shareholder agreements, coherent legal structures, and the creation of forums such as shareholder assemblies and councils that give a voice to minority owners. Corporate governance calls for a clearly articulated vision and set of values, transparent policies, fair treatment of non-family employees, separation of ownership and management, specialist board committees, and well-defined boundaries between family and business spheres. Wealth governance urges families to establish professional family offices, produce regular performance reports and adopt disciplined investment strategies. Family governance focuses on shared vision, structured communication through family assemblies and councils, the drafting of a family charter, and credible mechanisms for conflict resolution. Finally, succession planning is treated as a multi-phase

process requiring meticulous design, clear criteria for selecting leaders and explicit timetables for handing over authority.

2.3.9.5. Barriers to Effective Succession Planning

In the context of UAE family enterprises, three inter-related forces appear to hamper the orderly transfer of leadership to the next generation. First, governance complexity—characterised by layered ownership stakes, ambiguous voting rights and overlapping decision-making bodies—makes it difficult to craft and execute an agreed succession roadmap; the need to reconcile the sometimes-conflicting priorities of shareholders with different degrees of equity and operational involvement can stall progress. Second, founder resistance to change often arises from a desire to preserve personal legacy or from anxiety about losing authority, and this reluctance can delay or derail the hand-over even when a capable successor has been identified. Third, entrenched cultural norms—most notably traditional gender expectations that favour male heirs—can narrow the pool of eligible leaders and, in some cases, exclude well-qualified candidates, thereby compromising both meritocratic selection and long-term firm performance. A systematic exploration of how frequently these norms are applied and how they influence outcomes remains essential.

Hypothesis 2. Governance complexity, founder resistance and culturally rooted successor preferences together constitute the principal obstacles that prevent UAE family-owned businesses from implementing effective succession plans.

To test this proposition, the investigation pursues three specific questions. Research Question 2a asks which particular governance features—such as share-transfer restrictions or board-approval requirements—most seriously impede the roll-out of succession strategies. Research Question 2b examines how founders' unwillingness to relinquish control shapes both the design and timing of

succession initiatives. Research Question 2c explores the extent to which cultural conventions, including gender-based heir preferences, alter the eventual success or failure of leadership transitions.

2.3.10. Family Business Sustainability

The distinction between sustainability and governance is frequently blurred in the literature; nevertheless, sustainability embraces a broader spectrum of variables, centring on firms' long-term viability and their surrounding context. Tur-Porcar, Roig-Tierno and Mestre (2018) propose four domains that jointly shape entrepreneurial sustainability. Environmental factors cover the extent to which a firm cultivates social awareness, pursues explicit sustainability objectives and complies with environmental regulations. Behavioural factors encompass altruism and strong ethical convictions, but also the cognitive capacity for self-regulation and the use of competitive intelligence to anticipate market shifts. Human-relations factors highlight the importance of maintaining a solid reputation and of exercising leadership pipelines that inspires employees and family members alike. Finally, business-dynamics factors refer to disciplined financial and operational management, complemented where necessary by prudent use of subsidies or other external funding. The authors argue that ethical values and competitive intelligence together propel actions that secure durable performance.

Building on this foundation, Oudah, Jabeen and Dixon (2018) identify seven sustainability pillars that are especially salient for family firms. Succession planning constitutes the first pillar: businesses must design explicit procedures to transfer both leadership and ownership across generations without jeopardising stability. The second pillar, strategic planning, calls for a coherent long-term vision and an accompanying set of goals to steer the enterprise through successive life-cycle stages. Corporate-governance structures form the third pillar; robust boards

and clear accountability mechanisms protect the firm from factional conflicts and poor decision-making. The fourth pillar is leadership itself, where the effectiveness of those at the helm—whether family or non-family—largely determines operational excellence. Fifth, family values provide the ethical bedrock upon which business culture rests, shaping attitudes toward employees, customers and society. Sixth, family capital—including financial resources, tacit knowledge and relational networks—supplies distinctive advantages that non-family firms cannot easily replicate. Finally, family-firm advisers act as an external sounding-board, helping owners translate personal aspirations into professional governance and strategy. These seven pillars together suggest that governance is inseparable from the broader sustainability agenda. The World Commission on Environment and Development (WCED 1987) famously defined sustainable development as meeting present needs without undermining future generations' capacity to meet their own. Applying that logic to family firms has motivated scholars such as Basco, Calabrò and Campopiano (2019) to emphasise transgenerational entrepreneurship—the disciplined use of family-influenced capabilities to generate new streams of entrepreneurial, financial and social value over time (Habbershon, Nordqvist and Zellweger 2010). According to Basco and colleagues, three dimensions govern whether a family enterprise flourishes across generations. In the first dimension, entrepreneurial orientation, the firm's propensity to innovate, take calculated risks and act proactively is pivotal in extending its life-span. The second dimension, often labelled familiness, refers to the bundle of family-specific resources—reputation, trust, shared history, traditions—that differentiate these firms and endow them with unique competitive advantages. The third dimension, cultural context, recognises that surrounding norms and values strongly influence financial, market and social outcomes; what works in one setting may not in another. Taken together, these three dimensions underscore that

sustained success requires a holistic synthesis of entrepreneurial drive, distinctive family resources and close alignment with cultural expectations.

Because family businesses combine overlapping interpersonal dynamics with commercial objectives, researchers have advanced a variety of explanatory models. Some—such as the single-system view of Hollander and Elman (1988)—argue that family and firm should be treated as an indivisible whole, whereas others advocate treating them as separate yet interacting entities. To reconcile these perspectives, Stafford et al. (1999) proposed the Sustainable Family Business (SFB) Model, which explicitly balances the needs of both systems. The model classifies resources into four categories. Economic resources include a firm’s assets, liabilities and profit streams. Demographic resources capture household size, number of heirs and the mix of family and non-family employees. Functional resources concern the skills, expertise and labour hours available to run the business. Lastly, psychosocial resources embody attitudes, perceptions and beliefs that shape motivation as well as conflict resolution. By showing how these resources can be transformed through everyday interactions into either objective (financial) or subjective (satisfaction) achievements, the SFB Model illustrates that family and business sustainability are mutually reinforcing.

It is important to recognise, however, that these models are context-specific rather than universally predictive. Family firms vary widely across regions, industries and cultures (Basco 2017; Wright et al. 2014). Consequently, frameworks such as the SFB Model should be used as lenses for understanding the particular combinations of factors that foster sustainability in distinct settings, rather than as one-size-fits-all formulas.

2.3.11. Synergies of Family Business, Governance, and Sustainability

Family businesses, as integral economic entities, hold a pivotal position in the economies they serve. Their sustained success—particularly in navigating generational transitions and fostering wealth growth—contributes significantly to the prosperity of the involved families and bolsters the resilience of the economies they are part of (Olson et al., 2003). Recognizing this, corporate governance emerges not only as a necessity but also as a potent tool crucial for supporting the sustainability of family businesses.

The synergy between family and business systems within these enterprises underscores the transformative nature of available resources and constraints: through interpersonal and resource transactions, both tangible and subjective achievements are shaped (Olson et al., 2003).

Corporate governance, when attuned to the dynamics of both family and business, becomes integral to this transformative process.

Beyond governance, the broader spectrum of sustainability encompasses many dimensions.

Areas such as the environment; behavioral aspects (including altruism, ethics, cognition, self-regulation, and competitive intelligence); human relations (underscored by reputation and leadership); business dynamics (spanning financial and business management along with access to subsidies); and contextual factors (involving the role of government, financial capital, human capital, and social capital) all play their respective roles.

In essence, the intersection of family business, governance, and sustainability forms a trinity where effective governance practices act as catalysts, steering family businesses toward enduring sustainability while navigating the complexities of internal and external factors. A heightened understanding of the diverse variables involved in family businesses, governance practices, and sustainability amplifies the significance and efficacy of corporate-governance mechanisms, legal frameworks, and regulatory structures. This depth of knowledge is instrumental in fortifying the

sustainability of family businesses within their respective economic landscapes. Such insights not only refine theoretical models but also systematically enhance the scholarly approach to researching the intricate intersection of these fields. Consequently, it facilitates the development of a more comprehensive set of variables that impact family businesses, sustainability, and governance—both individually and collectively.

This enriched knowledge base serves as a guide for formulating policies and practices tailored for family businesses. It steers them toward governance practices that are not only well-informed but also conducive to sustainability and growth. Moreover, it provides governments with valuable insights for shaping laws, rules, regulations, and initiatives aimed at supporting this substantial economic contributor, thereby augmenting its resilience within the broader economy.

2.3.12. Growth and Sustainability

Research focus. Does a documented succession plan correlate with a more sustainable growth trajectory and long-term success for family businesses in the UAE? Clear, formalised succession plans can foster organisational stability, attract and retain talent by signalling a transparent path for future leadership, and ensure smoother transitions—potentially leading to enhanced growth and long-term sustainability.

Hypothesis 1. There is a significant difference in growth and longevity between UAE family-owned enterprises that possess a clear, documented succession plan and those that do not.

Research questions.

1a. How does the presence of a documented succession plan correlate with the growth trajectory of family-owned enterprises in the UAE?

1b. Are businesses with a clear succession plan more likely to exhibit long-term sustainability than those without?

2.3.13. Emirati Family Business

In the MENA region, family businesses occupy an especially prominent position, their prevalence surpassing that in many other parts of the world (Al Awadi and Koster, 2017). They constitute up to 90 percent of all companies, employ roughly 80 percent of the workforce, and contribute as much as 60 percent of regional GDP (PwC Report, 2016). Distinct institutional features—collectivism (Samara and Berbegal-Mirabent, 2018), patriarchal structures (Al-Dajani and Marlow, 2010), a strong religious orientation (Jamali and Sdiani, 2013) with Islam predominating (Basco, 2017), and persistent institutional voids (McLellan and Moustafa, 2013)—shape the behaviour and outcomes of these firms (Samara, 2020). Eulaiwi et al. (2016) stress that Gulf Cooperation Council (GCC) countries possess unique political and economic realities, warranting differentiated examination of family-business activities in this context. Family businesses contribute more than 70 percent of employment in the GCC. They dominate the private sector, constituting 90 percent of it, and account for 80 percent of non-oil-and-gas GDP (Alfahim, 2011; Oudah, Jabeen, and Dixon, 2018). The region is marked by vast oil reserves, influential family enterprises, political stability, high living standards, tax-free economies, reliance on expatriate labour, modest stock-market depth, limited minority-shareholder protection, concentrated ownership, regulatory gaps, and evolving governance frameworks (Dupuis, Spraggon, and Bodolica, 2017). According to the 2019 Global Competitiveness Report, the United Arab Emirates ranks 25th worldwide, reflecting substantial wealth (Tlaiss, 2013). Emiratis enjoy high living standards,

quality education and healthcare, and ample opportunities. Yet Emirati family businesses often display low survival rates, facing the critical decade of first-to-second-generation leadership or recent transitions (Gersick et al., 1997; Oudah, Jabeen, and Dixon, 2018). Estimates suggest that only 30 percent transition to the second generation, 10–15 percent reach the third, and a mere 2–3 percent survive to the fourth (Hammadeh, 2018). Internal hurdles—governance, financial/legal structuring, succession, values, risk tolerance—and external pressures—geopolitics, economic swings, shifting regulations—combine to threaten continuity (Bodolica, Spraggon, and Zaidi, 2015).

Academic research on Arab family businesses remains sparse: since 2000, barely 100 scholarly papers have appeared (Goel et al., 2012; Samara, 2020). Emirati firms are typically private, with shares held by a select group of relatives and tight transfer restrictions. Conservative, change-averse and private, they are difficult research subjects (Al Awadi and Koster, 2017).

Government intervention. The UAE government has stepped in to resolve high-profile family disputes, acknowledging their economic impact.

2.3.13.1. Definition of Emirati Family Businesses

Given agency requirements—expatriates need a local partner with 51 percent equity—distinguishing genuine family control from nominal majority holdings can be challenging (Alfahim, 2011). This study adopts Chua et al.’s (1999) definition: a business “governed and/or managed with the intention to shape and pursue the vision of the business held by the dominant coalition controlled by members of the same family... in a manner that is potentially sustainable across generations.” In Arab culture, the extended family remains central, so it falls within this behavioural definition.

Adapting Rettab, Abu Fakhr and Morada (2005), an Emirati family business is one in which at least 51 percent of shares are held by a single UAE family and at least one manager comes from that family.

Because UAE family firms are not obliged to reveal financial data, size is classified by employee count (Abu Dhabi Statistics Centre, 2015). Over 50 percent of commercial activity in Dubai is under Emirati family control. Most firms are young conglomerates (< 45 years), diversified across real estate, banking, construction, retail, manufacturing and transport (Dupuis, Spraggon, and Bodolica, 2017). Boards average 3.7 members, with under 12 percent female directors; CEOs are usually founders or their sons. Older firms more often appoint non-family CEOs of varied nationalities, have larger boards and teams, include more women, and adopt stronger governance practices.

2.3.13.2. Corporate Governance and Emirati Family Businesses

Research consistently links the performance of UAE family businesses to the strength of their governance frameworks. Al Awadi and Koster (2017) contend that effective governance hinges on three intertwined elements—national legislation, internal structures and succession planning—and that firms with sound practices tend to outperform peers. Earlier, Rettab, Abu Fakhr and Morada (2005, p. 5) had already called for a comprehensive regulatory framework to streamline ownership transfers, formalise management procedures and create reliable monitoring systems for generational hand-overs.

A sequence of empirical investigations deepens this picture. Obay (2009) surveyed senior executives in Dubai and found that most companies maintain formal boards and codified ethics policies, while also supporting charitable causes such as the Red Crescent and Ramadan initiatives. Yet he observed that the UAE's relationship-based financial environment—a setting

in which firms can depend on bank connections and implicit state guarantees—can blunt the perceived need for sophisticated corporate-governance mechanisms. Indeed, although listed companies must comply with statutory disclosure rules, unlisted firms in this tax-haven context often operate with far lighter reporting requirements. Even so, the World Bank’s MENA governance assessments rate the UAE highly for property-rights protection, contract enforcement and the improbability of expropriation; Obay argues that this positive legal climate blends elements of Sharia with adopted Anglo-Saxon concepts.

Comparative survey work by the Dubai International Financial Centre and Thunderbird’s Centre for Global Family Enterprise (Shalhoub 2009) reinforces the importance of robust internal controls: UAE and US family firms share many similarities, but Emirati businesses display a deeper degree of family influence, and chief executives across both countries judge their governance and succession arrangements more favourably than other relatives do. The study recommends that Emirati firms codify a family constitution that details employment conditions for kin and champions professional management, institute explicit managerial and ownership succession procedures, renew their entrepreneurial edge through systematic strategic planning and retain independent board members who can challenge insiders constructively. It also stresses appointing qualified non-family executives to key posts and convening regular family councils to keep shareholders informed and cohesive.

Regulators have responded with new rules. Ministerial Resolution 518 (2009) introduced Governance Rules and Corporate-Discipline Standards that superseded provisions of the 1984 Commercial Companies Law for listed entities. This “New Code” obliges boards to include non-executive and independent directors, requires specialist committees, mandates external auditors who are wholly independent of management, and demands internal-control and risk-management

systems. It also encourages the adoption of environmental and social policies to strengthen corporate-citizenship commitments. Complementing the New Code, Dubai SME released a voluntary Corporate Governance Code for small and medium-sized enterprises that guides owners through policy formation, transparent reporting, board effectiveness, internal controls, stakeholder engagement and the nuances of family governance. Although optional, adherence can enhance credibility and long-term viability.

Cultural context remains crucial. Founders still dominate the CEO role in many Emirati companies, and concentrated ownership—coupled with evolving legal institutions—can slow the professionalisation of boards. While international studies often link independent directors to superior performance, Dupuis, Spraggon and Bodolica (2017) find no statistically significant relationship in their Emirati sample, perhaps because family representatives conduct the bulk of monitoring themselves. These authors nonetheless note that older firms increasingly appoint non-family CEOs from diverse backgrounds, enlarge board size, introduce more women directors and adopt best-practice governance tools.

Succession remains the linchpin of sustainability. Palliam, Cader and Chiemeké (2011) show that patriarchal norms, Islamic inheritance rules and incumbents' reluctance to cede power complicate leadership transfer in GCC firms. Large Emirati family companies respond by treating succession planning as a strategic imperative, whereas many mid-sized counterparts still pursue short-term gains and delay formal preparation, thereby raising continuity risk (Oudah, Jabeen and Dixon 2018). The same study ranks strategic planning as the single most important factor for large enterprises, followed by succession and corporate governance; it also underscores that leadership quality, clearly articulated family values and the cultivation of family capital—financial resources, social networks and tacit know-how—collectively determine resilience.

External advisers play a prominent role in larger firms, while medium-sized businesses rely on them far less.

Legal innovation aims to close remaining gaps. Dubai Law 9 of 2020 allows families voluntarily to register binding ownership contracts that clarify governance structures, allocate rights and duties and regulate board and management powers, thereby protecting wealth and encouraging economic and social contribution. The statute requires contracts to involve only family members, yet leaves ample flexibility so that each clan can tailor arrangements to its own circumstances. Taken together, these findings suggest that Emirati family enterprises thrive when they integrate culturally attuned governance charters, transparent wealth-distribution channels, inclusive yet professional boards, forward-looking strategic plans and meticulously crafted succession blueprints. National reforms now supply an enabling legal backdrop, but the decisive factor remains each family's willingness to balance tradition with modern governance disciplines—transforming personal trust and reputation into sustainable institutional strength.

2.3.13.3. Cultural Normative Influences

How does the prioritization of male successors within Emirati culture impact the outcomes of succession planning? This area explores the potential drawbacks of neglecting qualified female candidates solely on the basis of gender. Examining the prevalence of this practice and its impact on business outcomes will be crucial. Additionally, we will consider how cultural norms surrounding communication and decision-making inside family firms may influence the effectiveness of the succession-planning process.

Hypothesis 3 The cultural normative influence in the UAE—particularly the prioritization of male successors and traditional communication styles—significantly affects the outcomes of succession planning in family-owned enterprises.

Research questions

3a. How prevalent is the prioritization of male successors in UAE family-owned enterprises?

3b. To what degree does emphasis on male heirs shape the decision-making processes involved in succession planning?

3c. Are there discernible differences in succession outcomes that can be traced to gender preferences in leadership roles?

These hypotheses and questions address the overarching aim of examining the challenges Emirati family-owned enterprises confront during succession planning. This study seeks to contribute valuable insights to a genuine knowledge gap. Understanding these challenges will inform practical strategies for businesses, enrich the academic literature and potentially bolster UAE economic stability and growth by fostering the continued success of family enterprises. To that end, the research adopts a qualitative approach. Interviews and surveys with family-owned firms will probe governance challenges, resistance to change and cultural-normative influences, allowing a comprehensive, nuanced picture of the factors that shape succession outcomes.

2.4. Conclusion

This chapter underscores the pivotal role Emirati family businesses play in the national economy. Characterised by their relative youth, private shareholding and limited transferability, these firms operate across real estate, banking, construction, retail, manufacturing and transport.

They benefit from political stability, low taxation and access to a cost-effective expatriate workforce. Yet they also face internal hurdles—governance, legal structure, succession, values, risk appetite and family relations—and external pressures that include regional economic shifts, cultural change, evolving regulation and geopolitics.

Sustainability emerges as a central theme: resilient governance codes and sustainability practices are vital not only for firm continuity but also for the broader economies these firms serve. Still, the chapter highlights limits to so-called “best practices,” noting that many ignore the unique geography, economics, politics and culture of each context, which hinders comparability.

Ultimately, research must account for context. A deeper grasp of how external environments shape family-business sustainability will help owners and policymakers craft strategies suited to diverse settings. This study aims to fill a portion of that gap by focusing on external challenges to sustainability in UAE family enterprises.

2.5. Research Gap

Despite substantial work on succession in family firms, pronounced gaps remain concerning the UAE’s distinctive socio-cultural and economic milieu. Much literature centres on Western settings and overlooks local legal frameworks, cultural norms and governance structures that guide succession in the Middle East. Governance challenges identified by Chua et al. (1999) and Samara (2020) lack empirical grounding in Emirati enterprises; prevailing studies often assume linear transitions, ignoring resistance to change or the nuanced interplay between family dynamics and corporate governance. Gender bias in leadership succession is likewise under-examined, even as global attention to diversity grows. Lastly, evidence on the practical effectiveness of recommended “best practices” for UAE SMEs remains thin. This study will

bridge these gaps by delivering empirical insights into the barriers, enablers and strategic models that can improve succession outcomes for UAE family-owned businesses.

2.1. Family Businesses

Family businesses stand out as one of the oldest forms of corporations (Goel et al. , 2014), representing a unique type of firm where ownership and management predominantly remain intertwined (Sharma, 2004). (“Agency Relationships in Family Firms: Theory and Evidence on JSTOR,” 2025) perceive family firms as ideal organizations, asserting that the alignment of interests between owners and managers fosters effective decision-making for the firm's sustained continuity. These businesses play a dominant role globally and significantly contribute to various economies (Schühly, 2022; IFERA, 2003; Olson et al. , 2003; Sharma, 2004), particularly in emerging markets (Olson et al. , 2003; Sharma and Nordqvist, 2008). Accounting for almost 70 percent of all businesses worldwide, they contribute 70-90 percent to global GDP and approximately 50 percent of employment in developed countries. Consequently, the subject holds paramount importance (Oudah, Jabeen, and Dixon, 2018). The surge in studies in recent years reflects researchers' efforts to comprehend the fundamental nature of family business structures (Goel et al. , 2014; Lewin, 1940; Boers et al., 2024; Sharma, 2004). However, within the field of business management research, family businesses are considered a relatively recent and underexplored topic (Goel et al. , 2014; Steier et al. , 2015). Despite numerous attempts to enhance our understanding of these firms, there is still a lack of clearly defined, distinct variables that distinguish family from non-family firms. The diverse evolutionary paths of family businesses are often attributed to broader institutional contexts, and their nuances may be elucidated through concepts such as adaptability and coexistence within macro environments (Steier, Chrisman, and Chua, 2015). The breadth of

the family business arena is extensive, with Wortman (1994, p. 4) aptly noting, 'no one knows what the entire field is like or what its boundaries are or should be.'

Numerous researchers have approached the family and the firm as distinct entities, each considered a paradigm that must independently achieve sustainability while also influencing the other (Goel et al. , 2014; Olson et al. , 2003; Stafford et al. , 1999). However, the predominant focus of studies has leaned towards the business aspect, emphasizing the family's influence and particularly concentrating on governance and succession planning (Brenes, Madrigal, and Requena, 2010; Shepherd and Zacharakis, 2000; Steier, Chrisman, and Chua, 2015). This emphasis on the business side may stem from the complexity introduced by a multitude of variables from both the family and business perspectives, alongside diverse influencing factors. The unique involvement of families in business operations sets family businesses apart from conventional enterprises (Blackburn et al., 1968). Many researchers have elucidated the role of families in both management and ownership (Handler, 1989). Unfortunately, the distinction between the degree of family involvement in businesses they control versus those they do not control has often been overlooked. Consequently, there arises a pressing need to formulate a definition for family-owned and operated businesses that effectively differentiates them from non-family businesses.

2.1.1. Definition of Family Businesses

Despite numerous theoretical and empirical investigations into the factors that distinguish family businesses from their non-family counterparts, a unanimous consensus among academics has remained elusive (Songini, 2006). Over two decades ago, Wortman (1995) identified more than 20 variations in the definitions of family firms within the literature. Divergent perspectives include studies focusing on the family's influence on the firm's strategic direction (Davis and

Tagiuri, 1989; Shanker and Astrachan, 1996) and others highlighting the family's objective to secure control over the business across generations. Some studies interpret the involvement of family firms in entrepreneurial activities as emblematic of an entrepreneurial firm (Litz, 1995), while others concentrate on features such as control and dominance (Chua et al. , 1999) or the presence of unique resources and capabilities, termed as 'familiness' (Habbershon et al. , 2003). Astachan et al. (2002) propose that family influence encompasses three dimensions: power, experience, and culture. Power includes aspects of ownership, governance, and management; experience involves family contributions to succession and business; and culture pertains to the overlap between family and business values, as well as business commitment. Notably, there is little discernible difference, quantitatively or qualitatively, between family and non-family businesses in terms of financial and non-financial performance indicators (Poutziouris and Chittenden, 1996; Westhead and Cowling, 1997).

This thesis adopts the widely recognized definition of a family business put forth by Chua et al. (1999, p. 25): 'a business governed and/or managed with the intention of shaping and pursuing the vision of the business held by the dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.' Additionally, Sharma's (2004) stringent criteria for a business being family-run include direct family involvement in day-to-day operations, with two added conditions: (1) the family retaining majority voting control at the board level and higher, and (2) multiple generations actively participating in the everyday running of the business. Chua et al. 's (1999) definition covers a broad spectrum, encompassing not only nuclear family-controlled firms but also publicly listed family firms formed and operated over multiple generations, even if they do not hold majority shares. In this context, the term 'dominant

coalition' refers to the key actors controlling the overall organizational agenda (Cyert and March, 1963; Hambrick and Mason, 1984).

Operationalizing the definition of a family business poses challenges, as studies often attempt to analyze it based on management, ownership, control, and intergenerational succession planning (Samad et al. , 2008). Chua et al. 's (1999) extensive review of over 200 family businesses differentiates between governance, management, and controlling ownership, recognizing that a family business may involve a combination of both management and ownership structures: (1) family-owned and family-managed; (2) family-owned but not family-managed; and (3) family-managed but not family-owned.

Another perspective on defining family businesses comes from Zahra et al. (2004, p. 369), who emphasize generational leadership. According to their definition, family firms are those businesses where at least one family member holds an identifiable share of ownership, and multiple generations are in leadership positions within the firm.

Leach (2007, p. 2) offers a different viewpoint, challenging the conventional emphasis on strict standards of ownership or management composition. He contends that a family business is one 'influenced by a family or by family relationship, and that perceives itself to be a family business.' Control in such businesses is asserted by the family, either through owning more than 50 percent of voting shares or by having family members occupying significant top management positions.

These alternative definitions highlight the diverse perspectives on what constitutes a family business, with some emphasizing specific ownership percentages and management roles while others underscore the influence and perception of a family connection.

2.2. Predominance of Family Businesses in Academic Research

Research consistently highlights the prevalence of family-owned firms worldwide, particularly in emerging markets (Olson et al. , 2003; Oudah, Jabeen, and Dixon, 2018; Boers et al., 2024; Sharma and Nordqvist, 2008). The academic community has witnessed a surge in studies in recent years as researchers strive to comprehend the fundamental nature of family business structures as a whole (Bodolica, Dupuis, and Spraggon, 2020; Goel et al. , 2014; Lewin, 1940; Boers et al., 2024; Sharma, 2004).

Spriggs et al. 's (2012) examination of the literature categorizes research around the roles of family businesses, family dynamics, strategy, succession, governance, performance, and social and economic impact. Sharma (2004) attempts to classify family business research based on interpersonal/group level, theological, organizational level, and societal/environmental level.

While some researchers treat the firm and the family as distinct entities, each with its own paradigm and self-sustainability but influencing each other (Goel et al. , 2014; Olson et al. , 2003; Stafford et al. , 1999), the majority of studies have concentrated on the business side. These studies delve into the element of family influence, primarily focusing on governance and succession planning (Brenes, Madrigal, and Requena, 2010; Shepherd and Zacharakis, 2000; Steier, Chrisman, and Chua, 2015).

2.3. Critical Framing: Why Western “Best Practice” Governance Travels Poorly to the UAE

A constant problem in the succession and governance literature is that many 'best practice' prescriptions for firm governance including independent boards, formalised reporting lines, merit-based CEO selection, and documented succession plans are drawn from contexts where the firm is institutionally separated from the family, and where enforcement is mainly formal-legal. In those kind of settings, governance mechanisms are put in place that help to minimize agency costs by limiting the exercise of opportunism by means of monitoring, incentives and disclosure. However, the UAE family-firm context often enshrines governance within moral, religious and/or kinship systems that prioritise social cohesion and reproduction of reputations and reciprocal obligation. This is not to say that UAE firms are "irrational" or "traditional"; rather it means that performance impact of governance tools is mediated by legitimacy; a structure that is technically efficient may fail due to a lack of cultural legitimacy, while a structure that is informally coordinated may succeed due to trust and authority. The important analytical move, therefore, is to treat "Islamic business culture" and tribal dynamics, not as background colour but as institutional mechanisms which impact on who is able to lead and how conflict is contained and which paths of succession are acceptable. This thesis extends this premise in order to explain the uneven degree of its adoption and why the results of formal planning can vary enormously across family enterprises in the UAE.

2.4. Family Firms vs. Non-Family Firms

While no clearly defined and distinct variables separate family and non-family firms, the literature suggests several potential distinctions. One proposed approach to make this distinction involves conducting comparative studies between the two, as advocated by Warde (2000).

Comparative studies are seen as essential for providing valuable parallels and placing a phenomenon in its proper perspective. Given the shared operational aspects on the business side, understanding how the family concept reacts to and intersects with fundamental business principles becomes crucial.

Effectively managing the overlap between family and business is argued to determine the success of family firms, emphasizing the significance of this dynamic over processes and resources (Olson et al. , 2003). Some potential distinctions include:

2.4.1. Decision Making

In family firms, corporate governance structures often grant considerable discretionary power to owner-managers, a dynamic widely accepted by remaining shareholders and stakeholders (Aquilera and Crespi-Cladera, 2012, p. 67). This contrasts with the more prescribed decision-making processes typically observed in non-family firms. Berrone, Cruz, and Gomez-Mejia (2012) emphasize the role of socio-emotional wealth in family firms, exploring the non-financial motivations behind their business decisions. Motivations may be rooted in fostering cooperative behavior and ensuring greater utility, as suggested by Hofstede (1980, 2001). Gomez-Mejia et al. (2002, p. 17) propose that family firm leaders adopt governance mechanisms to mitigate the potential negative effects of altruism within the family.

Chua, Chrisman, and Sharma (2003) assert the critical role of non-family executives in larger firms for strategic decision-making. Olson et al. 's (2003) study indicates a positive effect of

family members' involvement and employment in family firms. However, family firms tend to employ fewer formal control and monitoring mechanisms compared to other firms (Aguilera and Crespi-Cladera, 2012; Olson et al. , 2003). Macaulay (1963, p. 58) alludes to a preference for informal mechanisms such as 'a man's word, ' a 'handshake, ' or 'common honesty and decency' in family businesses.

Aguilera and Crespi-Cladera (2012) highlight two critical family firm decisions that demand firm control assurance: succession and the structural formation of firms around a family business group. Agency theory posits differences in monitoring practices between family owners and institutional investors due to distinct incentives (Aguilera and Crespi-Cladera, 2012, p. 67). Gomez-Mejia, Larraza-Kintana, and Makri (2003) reveal that family member CEOs receive significantly lower compensation than non-family CEOs. The principles of agency theory, centered on the agency problem and the separation of owners (principals) and managers (agents), may also be applicable to family businesses (Sharma, 2004). Additionally, both majority and minority family member shareholders may scrutinize the motivations and self-interest of family-based executive management, with a greater stake motivating family members to perform better (Sharma, 2004).

2.4.2. Succession

An intriguing aspect for comparative analysis lies in the realm of sustainability and succession planning, which are inherently intertwined. The survival and long-term viability of any firm hinge on the capabilities of those assuming leadership roles, ensuring ongoing performance (Olson et al. , 2003). Succession planning, extensively covered in the literature (Handler, 1994), is distinctly different between non-family and family businesses. Non-family businesses typically have a larger pool of potential candidates, while arguments, such as those presented by

Burkart, Pununzi, and Shleifer (2003), suggest that transferring management to professional outsiders may be more effective than attempting succession planning to keep the business within the family.

Identifying the set of 'necessary' attributes of a successor has been a focus in the literature, exemplified by the work of Palliam, Cader, and Chiemeké (2011) in their exploration of Succession Issues Among Family Entrepreneurs in Gulf countries. The readiness of the next generation and their relationship with the senior generation significantly influences performance, as highlighted in the literature. Emphasis is placed on finding a capable successor, deemed crucial for the sustainability of a family business, necessitating early planning in the identification process.

Handler's (1994) research outlines three general considerations in the succession planning process: the desired attributes of the successor from the leaders' perspective, performance-enhancing factors, and the motivations of family members opting for a career within the family firm. The patriarch's involvement in the day-to-day operations is vital, and without their guidance, a successor would struggle to take over. Emotions play a significant role in family business succession, introducing complexities not encountered in non-family businesses (Palliam et al. , 2011). The literature reveals various attempts to elucidate the intricacies of succession, comparing successful and unsuccessful cases, and analyzing the contributing factors for each outcome.

2.4.3. Culture and Context

Sirmon and Hitt (2003) distinguish five types of capital resources unique to family businesses when compared to their non-family counterparts: human, social, survivability, patient, and governance structures. Habbershon and Williams (1999) assert that the distinctive nature of

family firms arises from the idiosyncratic internal resources embedded in the firm through family involvement. Families tend to move collectively, guided either by mutual agreement or the decision-making power concentrated in a single individual. The inherent subjectivity of family businesses becomes evident, emphasizing the importance of "incorporating the role of family beliefs and culture" to understand their decision-making processes and governance (Sharma, 2004, p. 21).

Aguilera, Filatotchev, Gospel, and Jackson (2008) argue that a firm's governance actively shapes its societal impact, determining how benefits are distributed among different stakeholders. This underscores the delicate balance between responsibility and performance, emphasizing the sustainability of stakeholder relationships and its impact on overall profitability. Claessens and Yurtoglu (2012) provide evidence suggesting that in cases of significant divergence between cash-flow rights and voting rights, group affiliation can have adverse effects on stock valuation and operating performance.

2.5. Common Internal Challenges of Family Businesses

Family firms encounter the same general business, social, political, and environmental challenges as any other company. However, these challenges, such as global market competition and fundraising, can be more pronounced for family firms due to their unique characteristics. Additionally, family businesses often grapple with specific obstacles to earn the trust of external investors and stakeholders, ensuring long-term sustainability (Mandic & Mandic, 2020). Family businesses, particularly small or medium enterprises (SMEs), are susceptible to internal disruptions arising from family conflicts, dysfunctional relationships, life-altering events such as death or divorce, and other unforeseen circumstances. The survival of these businesses can be jeopardized, emphasizing the critical importance of proper succession

planning. An overview of the primary internal challenges commonly faced by many family businesses includes:

2.5.1. Family Business Enmeshment

Conflicts within a family business are virtually unavoidable, stemming from relationships between parents and children, siblings, cousins, spouses, and in-laws. The dynamics intensify based on the roles of individuals as owners, investors, or managers within the business. However, a critical challenge emerges when the business becomes excessively enmeshed within the family structure. This can lead to management issues, difficulties in delegation of responsibilities, and a lack of objectivity in decision-making processes. Emotions and family dynamics, including status considerations, may overshadow sound business practices. For instance, a father overly attached to his role in the business might resist fair compensation for his children, be unreceptive to their ideas, or refuse to relinquish control, prioritizing personal status over the success of the business. Addressing such enmeshment is crucial for the sustainable functioning of the family business.

2.5.2. Professionalism and Governance Challenges in Family Businesses

The absence of structured family or business governance can give rise to significant challenges, particularly when family members simultaneously hold roles as executors, managers, and owners. This situation often results in a lack of professionalism and a tendency towards improvisation (Kružić, 2016). For instance, if family members lack genuine interest, industry-specific expertise, or crucial leadership skills and have secured positions solely based on familial ties, the overall business performance is likely to suffer. In smaller businesses, the

financial impact of errors made by new-generation managers, appointed without the necessary qualifications, can be particularly burdensome (Efendioglu & Muscat, 2009). Establishing clear governance structures becomes imperative to ensure professionalism and competence within the family business.

2.5.3. Challenges Arising from Inadequate Planning in Family Businesses

Strategic planning plays a crucial role in the success and growth of any enterprise. Nevertheless, certain family businesses may encounter challenges in this regard, particularly if they prioritize secrecy. Effective planning requires information sharing, collaboration, openness to external ideas, and a long-term commitment to the final plan and goals. When family businesses fail to embrace these elements, a lack of planning can impede their ability to navigate complexities, adapt to changing circumstances, and achieve sustainable growth. It underscores the importance of fostering a culture of transparency and long-term vision within the family business structure.

2.5.4. Challenges in Retaining Talent in Family Businesses

Retaining skilled executive non-family members within a family business can prove challenging, primarily due to issues related to nepotism and limited growth opportunities (Mandic & Mandic, 2020). In some cases, specific roles demand specialized skills that cannot be cultivated through traditional education alone, necessitating the recruitment of external talent. To compete effectively with other private and public companies offering attractive working environments, family firms must recognize the importance of creating opportunities for career advancement and fostering a culture that values expertise and competence. Addressing these challenges is crucial for maintaining a skilled and diverse workforce within the family business structure.

2.5.5. Succession Challenges in Family Businesses

One of the paramount challenges faced by family businesses is the intricate process of succession planning and ownership transfer. This multifaceted challenge involves selecting a suitable successor, often among one's own children, based on their individual entrepreneurial strengths. A successful transition requires a leader capable of both expanding the company and maintaining family harmony.

The efficacy of the business transfer process hinges on various stakeholders, including business owners, governmental bodies, universities, research centers, entrepreneurial training programs, financial institutions, business consultants, and legal advisors. Unexpected changes in owners' personal or family lives can further complicate this process. Addressing these challenges is pivotal for ensuring the seamless continuity and growth of the family business.

2.5.6. Impact of Death on Family Businesses

The sudden and untimely death of a business owner or family members poses significant challenges to sustainability, potentially leading to business closure (Ward, 2023). Without a well-defined succession plan, conflicts may emerge among family members regarding the choice of a successor. Moreover, family firms might encounter substantial death taxes for the deceased owners, further complicating the financial landscape. Proper planning and clear succession strategies are essential to mitigate these challenges and ensure the continued viability of the family business in the face of unexpected events like death.

2.5.7. Impact of Divorce on Family Businesses

Divorce among business-owning spouses introduces considerable complexity, involving psychological and emotional upheaval alongside the need for equitable division of assets related

to the family business (Sildon, 2006). As divorce rates have risen globally, this challenge has become increasingly prevalent (OECD). Legal professionals should anticipate the likelihood of divorce affecting their clients or their clients' children or co-owners during the business life cycle (Sildon, 2006). When jointly owned, the divorcing parties must decide whether to maintain involvement in the business and navigate potential conflicts, influencing the overall business operations and dynamics (Schnaubelt, 2019). The division of assets during divorce can significantly impact the scale and continuity of family business operations (Efendioglu & Muscat, 2009).

2.5.8. Impact of Disability on Family Businesses

Physical disability poses substantial challenges for family businesses, involving significant financial losses for treatment and recovery, as well as the owner's diminished capacity to work, impacting their time and focus dedicated to the company (Efendioglu & Muscat, 2009).

2.5.9. Impact of Mental Illness on Family Businesses

Mental illnesses and psychological disorders, if not effectively managed, can strain both time and finances, leading to increased workplace stress. When a family member with a mental illness holds a leadership position, it may negatively affect decision-making, company culture, and overall business stability, potentially resulting in impulsive actions, missed opportunities, unnecessary expenditures, and dysfunctional professional relationships (Miller, Wiklund, and Yu, 2020).

2.6. External Challenges

2.6.1. Market Dynamics

While businesses universally face challenges from maturing markets, technological advancements, and digitization, family business leaders may struggle to adapt their established philosophies and successful methods. Reluctance to embrace change and diversify may lead to declining profitability and the obsolescence of products or services (Ward, 1997).

2.6.2. Trust Building with External Investors

Involving non-family investors and shareholders can inject capital but introduces challenges. Building and maintaining trust, ensuring fair treatment, and establishing robust corporate governance and communication structures become imperative. Conflicts may arise due to differing views between external investors and family members, necessitating effective resolution to maintain investor confidence.

2.6.3. Legal Complexities

Lacking a specific "Family Business Law," family businesses fall under general corporate, real estate, and family laws. Legal disputes underscore the importance of formal legal agreements among family members. Informal arrangements pose risks in legal dealings, consuming time and money and disrupting business operations.

2.7. Family Business Governance and Sustainability

The survivability of family businesses is notably low, with an estimated 30 percent transitioning to the second generation, 10-15 percent to the third, and a mere 2-3 percent reaching the fourth

generation. Researchers attribute these challenges to factors such as weak leadership in successive generations, lack of governance, limited innovation, family conflicts, capital constraints, market competition, and government policies (Hammadeh, 2018; Oudah, Jabeen and Dixon, 2018). Addressing and improving family business survival rates can contribute to building more resilient economies (Olson et al. , 2003). Before delving into family business governance, a brief overview of corporate governance is warranted.

2.7.1. Corporate Governance

The term "governance" originates from the Greek word "kyberman, " meaning to steer, guide, or govern, evolving through Latin and Old French. Definitions of governance vary across organizations, reflecting different ideological concerns (Abu-Tapanjeh, 2009, p. 558).

Corporate governance has a contested historical origin, whether linked to the emergence of modern corporations or the advent of limited liability companies, separating ownership from management.

Cheffins (2012) suggests corporate governance has existed since the formation of corporate structures that separated investors and managers. The need for corporate governance arose with limited liability companies, marking a shift from classical family businesses relying on reputation and personal wealth.

Interest in corporate governance often intensifies during economic crises, and corporate scandals, like Enron, stimulate scrutiny. The financial crisis also revealed governance failures. Erturk et al. (2004, p. 697) note the transition from a bull to bear market exposed governance and strategy issues.

Ireland (2008) contends that the corporate legal form is a political construct favoring specific groups. He argues that classical businesses financed themselves through partnerships, using

profits, and limited liability companies emerged to serve rentier investors seeking equity without exposing their wealth. The separation of liability facilitated the boom in limited liability companies.

Glassbeek (2002), cited by Ireland (2008), highlights investors' limited incentive to ensure ethical behavior since they are legally untouchable. This trend underscored the need for corporate governance to mitigate negative economic impacts.

Questions persist about the boards' ability to make responsible decisions for shareholders and stakeholders' interests, emphasizing the need for effective corporate governance (Ireland, 2008).

2.7.2. Definition of Corporate Governance

Corporate governance lacks a universally accepted definition, reflecting diverse perspectives.

The common theme is to protect stakeholders' rights while maximizing returns, with varying emphases in different definitions. Brickley and Zimmerman (2010) perceive the firm as a web of contracts, with corporate governance evolving through these contracts. Fama (2009)

conceptualizes the firm as contracts among factors of production, motivated by self-interest.

Randall, Morck, and Steier (2005) approach corporate governance from an economic structure standpoint, linking it to decisions on capital allocation within and across firms in different countries. Ertürk (2003) notes the focus on Anglo-Saxon economies due to higher living standards and academic interest.

Claessens and Yurtoglu (2012) provide a comprehensive definition, covering the relationship between shareholders, creditors, corporations, financial markets, institutions, employees, and corporate social responsibility.

Various researchers concentrate on financiers' returns and managers' actions. Vishny and Shleifer (1997) define corporate governance as ensuring corporations provide returns to finance suppliers.

Larcker et al. (2007) see it as mechanisms influencing decisions in ownership and control separation. Hakim (2002) describes it practically as how corporations fulfill responsibilities to stakeholders, employing mechanisms to address agency problems.

The chosen definition shapes the analysis structure. This research adopts Claessens and Yurtoglu's (2012) definition, expanding it with the purpose of the firm's establishment.

2.8. Common Subjects in Corporate Governance

Research in corporate governance commonly explores several key subjects, including shareholding, board structures, executives (the agency problem), comparative corporate governance, cross-border investment, and corporate social responsibility.

2.8.1. Shareholders

The role of shareholders in corporate governance is a subject of ongoing debate. Some argue that shareholder involvement is beneficial, aiding in networking, monitoring, and access to financing (Ireland, 2008; Yafeh and Yosha, 2002). Conversely, others contend that shareholder interests may not align with the firm's interests, highlighting issues like the free-rider problem (Crane et al. , 2013).

Ireland (2008) attributes irresponsible decisions by major corporations to new forms like Limited Liability Companies (LLC), where shareholder liability is limited intentionally. Yafeh and Yosha (2002) assert that large shareholders play a crucial role in monitoring firm management, suggesting that concentrated ownership naturally reduces expenses.

2.8.2. Boards of Directors

Boards of directors are essential functions in corporate governance, serving as market-induced entities responsible for monitoring the contractual framework of firms (Fama, 2012). While most decision-making authority rests with the board of directors through legal, regulatory, and chartering documents (Brickley and Zimmerman, 2010), concerns arise regarding potential misalignment of their interests with shareholders (Bebchuk and Weisbach, 2010).

The primary role of a board is commonly understood as advising and monitoring senior management (Armstrong, Guay, and Weber, 2010). Brickley and Zimmerman (2010) argue that recruiting new directors, determining the time allocation of the board, and clarifying their role lack clarity. They propose that the board's principal responsibility is to act as an agent for shareholders, participating in, ratifying, and monitoring crucial decisions (Brickley and Zimmerman, 2010).

Focusing on assembling the 'right mix' of board members in terms of experience, age, training, and geography, firms aim to optimize board composition (Bebchuk and Weisbach, 2010).

Fama (2009) suggests that a board dominated by security holders may not be optimal for ensuring good survival properties. Claessens and Yurtoglu (2012) emphasize the importance of boards in governance mechanisms, noting a connection between board composition and market valuations of emerging market companies. They find that companies with a higher fraction of outsider/independent directors tend to have a higher valuation. However, Bebchuk and Weisbach (2010) argue that initial research failed to establish a clear link between board independence and higher firm value. Brickley and Zimmerman (2010) contend that outside directors, who typically own fewer shares, may have distinct agendas and incentives. They

caution that adding an outsider to a board does not necessarily enhance managerial monitoring or decision-making quality.

2.8.3. Executives (the Agency Problem)

Corporate governance discussions on executives often revolve around executive compensation, powers, and monitoring, raising questions about the agency problem. According to Fama (2009), the firm is essentially a set of contracts governing how inputs create outputs and how receipts are shared among inputs. Executives, as a form of labor with a special role in coordinating activities and executing contracts among inputs, play a crucial role in supervising these contracts to ensure the firm's viability.

The agency problem, as defined by Ross (2007), arises when one party (the agent) acts on behalf of or represents another party (the principal) in decision-making. (Eisenhardt, 1989) notes that agency theory is concerned with ubiquitous agency relationships where one party delegates work to another (the agent) who performs the work. In the corporate context, this theory applies to the relationship between shareholders (or their representatives, such as the board) and executive management.

(Eisenhardt, 1989) further identifies two inherent issues in any agent-principal relationship. The first arises when the objectives or goals of the principal and agent conflict, challenging the assumption in corporate governance that all parties share the same direction and outcome. The second issue relates to the difficulty or expense for the principal to oversee the agent's actual activities. These problems are interconnected, making it challenging to scrutinize the agent's behavior comprehensively and identify differences in overall objectives, thus giving rise to the agency problem.

2.8.4. Corporate Social Responsibility

In recent years, there has been a notable surge in interest in Corporate Social Responsibility (CSR), both within academia (Margolis and Walsh, 2003; McWilliams and Siegel, 2001; Orlitzky et al. , 2003) and among businesses (Accenture, 2010). This heightened focus on CSR activities reflects a shift in the dynamics between firms, their institutional environment, and key stakeholders, including communities, employees, suppliers, national governments, and broader societal concerns (Ioannou and Serafeim, 2010).

While the participation of firms in social issues has increased, whether such involvement correlates with superior firm performance remains less clear. Engaging in social issues comes with costs, both direct (e.g. , charitable donations, environmental expenditures) and indirect (e.g. , reduced flexibility, lower efficiency), which may impact profits. Despite these costs, the prevailing argument suggests that CSR initiatives can be economically beneficial, aligning with good corporate governance, signaling product value to consumers, and fostering a positive corporate image as responsible citizens.

Empirical evidence on the direct correlation between CSR and financial performance is mixed or inconclusive. The challenge lies in finding satisfactory proxies for corporate social performance in empirical studies (Claessens and Yurtoglu, 2012).

2.8.5. International Comparisons

Historically, the majority of corporate governance literature focused on U. S. firms until the mid-1990s. Erturk et al. (2004, p. 678) note that there was a push for global adoption of Anglo-American corporate governance practices. The subsequent surge in research on international comparisons has explored differences in legal systems across countries and their implications for economic and capital market performance. While some efforts aimed to establish a single global

governance standard for cross-country or firm-level comparisons, challenges emerged, with evidence suggesting that governance rules might not easily control self-serving behavior among social and political elites.

Researchers often categorize countries based on economic development stages (developed, developing, emerging) and link corporate governance characteristics to market performance indicators. Studies examine variables such as concentration of economic power in few families, protectionism against foreign direct investment (FDI), and market performance metrics like stock prices, mergers and acquisitions, and FDI rates. Some recent studies delve into the differences in perceptions of corporate governance principles across countries, exemplified by Robertson, Diyab, and Al-Kahtani's (2012) cross-national analysis of perceptions between U.S. and Saudi Arabian business executives regarding OECD governance principles.

However, Bebchuk and Weisbach (2010) argue for a focus on firm-level differences within economies, emphasizing that the literature should move beyond cross-country disparities and consider variations at the firm level. Family businesses and business groups, occupying a significant portion of this literature, will be explored more extensively in a dedicated section of this report.

The breadth of literature on cross-country corporate governance variables is extensive, encompassing various dimensions. Claessens and Yurtoglu (2012) propose that countries with better corporate governance tend to exhibit higher operational performance. Advanced economies, boasting deeper financial systems, tend to outperform emerging and transition economies in terms of financial ratios. Enforcement mechanisms are also more robust in advanced countries compared to emerging markets and transition economies.

In a cross-country study, Claessens and Laeven (2003) observed that weaker legal environments hindered firms, causing reduced financing and suboptimal investment in intangible assets within certain sectors. The correlation between better creditor and shareholder rights and more developed financial markets holds across countries and over time. Countries enhancing creditor rights experience increased financial development. This relationship underscores the importance of safeguards in influencing investor perception of safety, ultimately impacting financial market depth.

Chen et al. (2009, 2011) discovered that firm-level corporate governance significantly reduces the cost of equity capital in emerging markets. Countries with better property rights experience improved financing availability, leading to increased investment and faster economic growth. Post-2008 financial crises, many emerging market countries initiated corporate governance reforms. However, challenges persist in reconciling investor protection with economic growth considerations.

The literature also explores cross-border investing, with firms often opting for jurisdictions with lenient self-dealing regulations or higher block premiums. Licht (2003) challenges the notion that firms committing to good governance incorporate or list in foreign jurisdictions, emphasizing the importance of favorable regulatory environments in cross-border activities.

2.8.6. Politics: An Integral Element of Corporate Governance

Brickley and Zimmerman (2010) underscore the significance of legal and regulatory frameworks, along with corporate policies, in analyzing corporate governance structures. They assert that corporate governance is, to a considerable extent, shaped by legal systems, and that culture, ideology, and the religious composition of a country influence both legal systems and corporate governance practices. Ireland (2008) has observed the vulnerability of joint ownership

and limited liability firm structures, necessitating corporate governance measures to address inherent weaknesses.

Shleifer and Vishny (1997) contend that corporate governance tools are not only economic and legal institutions but are also subject to modification through the political process. Erturk et al. (2004) criticize existing literature for its perceived lack of consideration for the political, economic, and social context surrounding governance. They propose developing a constitution for the market that fuses the economic dynamism of competitive profit-seeking behavior with a degree of social responsibility.

As the literature evolves, scholars like Richard Whitley (1999), Fainshmidt et al. (2016), and Mohammad Rana (2018), operating within the framework of business systems theory, offer a fresh perspective. Their work suggests the potential for a complementary approach, allowing for the systematic study of cross-border or cross-context comparability, inclusive of cultural and political dimensions, and its implications for governance.

2.9. Good and Bad Corporate Governance: A Complex Classification Challenge

Brickley and Zimmerman (2010) emphasize the formidable challenge of categorizing whether a specific firm exhibits "good" or "bad" governance, pointing out the limited ability to explain or predict the organizational design of any given firm. They identify three major obstacles in defining these variables:

1. **Internal Nature of Governance Systems:** The internal nature of a firm's entire governance system poses challenges in pinpointing the driving forces behind observed associations.
2. **Knowledge Limitations:** The current level of knowledge does not yet permit a meaningful classification of governance features as either good or bad.

3. Difficulty in Assigning Weight: Assigning a meaningful weight to a variable within the governance context is inherently challenging.

In light of these complexities, the task of unequivocally determining whether corporate governance is "good" or "bad" remains nuanced and ill-defined.

2.9.1. Challenges in Benchmarking 'Good Corporate Governance' Practices

Practitioners and researchers commonly derive 'good corporate governance' practices by extracting insights from peer groups, often selecting the most successful firms within an economy or industry. However, Brickley and Zimmerman (2010) caution against the indiscriminate use of benchmarking, highlighting that it can be misleading and lead to inaccurate conclusions. They argue that the fundamental challenge in deducing "best practices" from benchmarking exercises lies in the selection of an inappropriate peer group.

According to Brickley and Zimmerman (2010), the key issue arises from using a peer group that may not be suitably matched in terms of agency problems and corporate structures. While challenging, the pursuit of a well-matched firm with similar characteristics could provide more meaningful comparisons in assessing corporate governance practices.

2.9.2. Indicators of 'Good' Corporate Governance Practices

Researchers such as Claessens and Yurtoglu (2012) propose indicators that characterize 'good' corporate governance practices, anticipating positive outcomes for firms. These indicators include:

Enhanced Access to Financing: 'Good' corporate governance is expected to increase access to external sources of financing, potentially fostering greater investment, expansion, and job creation.

Reduced Cost of Capital and Increased Firm Valuations: Effective corporate governance is anticipated to lower the cost of capital and enhance firm valuations, contributing to financial stability and growth.

Optimized Management and Resource Allocation: 'Good' governance is expected to improve the management and allocation of resources within a firm, leading to enhanced operational performance.

2.9.3. Mitigation of Financial Crises: A well-governed firm is believed to be less susceptible to financial crises, decreasing the likelihood and minimizing the impact of adverse economic events.

Stakeholder Relationships and Corporate Social Responsibility: 'Good' corporate governance practices are predicted to improve relationships with stakeholders, encompassing responsibilities toward corporate social initiatives and sustainability.

These indicators collectively suggest that 'good' corporate governance contributes to various aspects of firm performance, financial health, and positive engagement with external stakeholders.

2.8.3. Impact of Better Corporate Governance on Investor Protection

Research by Rossi and Volpin (2004) suggests a positive correlation between better corporate governance and investor protection. Specifically, they found that countries with stronger investor protection witnessed a higher volume of mergers and acquisitions activity, along with larger premiums paid.

However, it's important to note that the belief in a direct and universally positive relationship between widespread corporate governance adoption and overall economic solidity is not shared by all. Erturk et al. (2004) express skepticism, stating that in the current economic context,

corporate governance may inevitably disappoint. They argue that economic bubbles reveal the limited power of governance, indicating that even with robust corporate governance practices, economic challenges may persist.

This perspective suggests a nuanced understanding of the role and impact of corporate governance, acknowledging that while it may contribute positively to certain aspects of economic activity, it may not be a panacea for all economic challenges.

2.10. .Evolution of Corporate Governance Codes

Despite ongoing debates, the landscape of corporate governance has seen the development of corporate governance codes, models, and guidelines. These frameworks aim to provide a structured set of variables that organizations should consider to foster 'good' governance while avoiding practices associated with 'bad' governance.

In addition to academic contributions, supra-national organizations, such as the Organisation for Economic Co-operation and Development (OECD), have played a pivotal role in shaping corporate governance-related policies. These codes and guidelines often offer recommendations and best practices to enhance transparency, accountability, and overall governance within firms.

The existence and evolution of these codes reflect ongoing efforts to establish standards and norms that can guide companies in implementing effective governance structures and practices.

While the effectiveness and impact of these codes may vary, their existence underscores a collective recognition of the importance of sound corporate governance in fostering responsible business conduct.

2.10.1. G20/OECD Principles of Corporate Governance

A prominent example of efforts to establish standards in corporate governance is the G20/OECD Principles of Corporate Governance. These principles are non-binding and do not prescribe detailed regulations but aim to outline objectives and suggest approaches to achieve them. The key purposes of these principles are:

1. **Foundation for Effective Governance Framework:** Establishing the basis for an effective corporate governance framework.
2. **Shareholder Rights and Equitable Treatment:** Defining and ensuring the rights of shareholders and equitable treatment, emphasizing key ownership functions.
3. **Incentives for Institutional Investors and Intermediaries:** Providing incentives for institutional investors, stock markets, and intermediaries to contribute to good corporate governance through responsible behavior.
4. **Role of Stakeholders:** Defining the role of stakeholders in the corporate governance framework.
5. **Disclosure and Transparency:** Ensuring transparency and disclosure of relevant information.
6. **Board Responsibilities:** Outlining the responsibilities of the board in corporate governance.

These principles serve as a reference point for companies, institutions, and regulators, offering guidance on fostering effective governance practices, protecting shareholder rights, and promoting transparency and accountability within organizations. The non-binding nature allows for flexibility, enabling adaptation to diverse organizational structures and legal systems.

2.10.2. National Corporate Governance Codes

Beyond international frameworks, numerous countries have formulated their own corporate governance codes, tailoring guidelines to their specific legal and economic contexts. Notable examples include:

- Sarbanes–Oxley Act of 2002 (USA): Enacted in response to corporate scandals like Enron, Sarbanes–Oxley focuses on enhancing corporate governance, financial reporting, and accountability in publicly traded companies in the United States.
- Cadbury Report (UK): The Cadbury Report, published in 1992, laid the foundation for corporate governance practices in the UK. It emphasizes the role of boards, the need for independent directors, and transparency in financial reporting.
- OECD Corporate Governance Framework for the Middle East and North Africa (OECD, 2019): Reflecting the regional context, this framework by the OECD provides guidelines tailored to the Middle East and North Africa, addressing specific challenges and opportunities in the region.

These national codes serve as essential tools for shaping governance practices within their respective jurisdictions. They often address issues related to board composition, transparency, disclosure, and the protection of shareholder rights, adapting global principles to fit local legal and economic landscapes.

2.11. Corporate governance for family businesses

The integration of family dynamics into governance introduces a distinctive layer to organizational structures. Defined broadly as "the mechanisms used to ensure that the actions of organizational stakeholders are consistent with the goals of the dominant coalition" (Steier,

Chrisman, and Chua 2015, p. 1266), family governance plays a crucial role in shaping the trajectory of family businesses. While the significance of governance in family business research is acknowledged, certain dimensions within this realm remain insufficiently explored (Berrone, Cruz, and Gomez-Mejia, 2012).

Family businesses hold substantial importance in various economies. Their sustained success has the potential not only to contribute significantly to the economies they operate in but also to secure the financial well-being of family members involved. Understanding the intricacies of family governance becomes pivotal in ensuring the alignment of stakeholder actions with the goals of the dominant coalition within these businesses. This goes beyond conventional corporate governance structures, delving into the complexities of familial relationships, succession planning, and the interplay between family dynamics and business decisions.

Family businesses, being integral components of various economies, not only contribute resources to their businesses but also play vital roles in supporting their communities (Olson et al., 2003). The exploration of family business governance, akin to corporate governance, is expansive and often contentious. However, the realm of family business governance introduces additional variables that extend beyond traditional corporate governance considerations. These include intricate aspects such as family relations, decision-making processes, succession planning, and the intricate interplay between business decisions and social contexts.

The complexity of family business governance arises from diverse evolutionary paths, influenced by broader institutional contexts and the adaptability of these businesses to coexist with their macro environments, as noted by Steier, Chrisman, and Chua (2015). Unlike many non-family businesses, decision-making in family businesses is frequently driven by factors beyond pure financial interests, adding layers of complexity (Berrone, Cruz, and Gomez-Mejia,

2012). Sharma (2004, p. 21) underscores the importance of understanding family beliefs and culture in deciphering how a family business makes decisions and governs itself. Consequently, addressing the context of a family business becomes paramount.

The significance of context in family businesses is emphasized by Warde (2000), who advocates for comparative studies due to the unique contexts that family businesses operate in. However, the understanding of family business behaviors across diverse contexts is still in its early stages (Boers et al., 2024). As researchers delve into the complexities of family business governance, recognizing and incorporating the influence of familial relationships, cultural nuances, and social dynamics becomes crucial for a comprehensive understanding of these unique entities.

Despite the wealth of research dedicated to exploring the nexus of governance and performance in family firms in recent decades, the empirical landscape reveals inconclusive results (Dupuis, Spraggon, and Bodolica, 2017). A noteworthy evolution in family business research involves moving beyond simplistic comparisons between family and non-family firms. Instead, researchers have delved into the intricacies of behavioral disparities among family firms, seeking to discern whether variations in corporate governance structures contribute significantly to differences in performance (Memili and Dibrell, 2018; Ponomareva et al., 2018).

In their pursuit of a deeper understanding, Bodolica, Dupuis, and Spraggon (2020) conducted a systematic literature review to unravel the nuanced relationship between governance mechanisms and the performance outcomes of family firms. This shift in focus acknowledges the need for a more nuanced investigation, recognizing that family businesses are not monolithic entities and that their unique governance dynamics may wield a considerable influence on their overall performance.

2.11.1. Leadership in Family Firms

Bodolica, Dupuis, and Spraggon's (2020) research sheds light on the nuanced realm of leadership within family firms, distinguishing between the leadership styles of the founding family CEO and the subsequent generation. Their findings suggest that family firms tend to thrive under the stewardship of a founding family CEO, especially when certain governance structures are in place. Success stories are particularly evident when the founding family CEO operates in conjunction with a sizable board, exhibits CEO duality, and operates within a diversified ownership structure (Mishra, Randoy, and Janssen, 2001; Prencipe, Bar-Yosef, Mazzola, and Pozza, 2011; Swamy, 2011; Zhou, Tam, and Yu, 2013).

Optimal operational efficiency, according to their research, is achieved when an independent board is in place, complemented by the inclusion of founding family members in the top management team (Randoy, Down, and Janssen, 2003). The study posits that while non-family CEOs can outperform their family counterparts, this outperformance is contingent on being under the supervision of family shareholders (Miller et al. , 2014). Bodolica et al. underscore the significance of relational governance, emphasizing the positive impact of close social networks and interfamilial ties on firm performance (Silva et al. , 2006).

However, the role of governance, particularly in the context of CEO and chairman separation, remains ambiguous in family businesses. European research on CEO duality indicates a positive correlation between family ties, stock ownership, and profit margins, while simultaneously minimizing CEO turnover, especially when the CEO and majority shareholders are distinct individuals (Lausten, 2002; Brunello, Graziano, and Parigi, 2003).

2.11.2. .Boards in Family Firms

In their exploration of family firm governance, Bodolica, Dupuis, and Spraggon (2020) dissect the characteristics of the board, illuminating factors such as size, independence, composition, and qualitative traits. A consensus emerges from various studies that highlight the positive correlation between larger boards and enhanced financial performance in family businesses (Huang, 2010; Nowland, 2008; Yasser, Al Mamun, and Seamer, 2017). The research community seems to echo the view that independent boards play a pivotal role in bolstering governance functions, aligning with the tenets of agency theory (Bodolica and Spraggon, 2009b).

However, this traditional perspective encounters challenges from more recent research, introducing nuances into the discussion. Board diversification emerges as a strategic lever contributing to heightened performance in family businesses (Anderson and Reeb, 2004). This implies that a judicious mix of expertise and perspectives within the boardroom, possibly stemming from diverse backgrounds and skill sets, could fortify a family firm's trajectory. As family businesses grapple with optimizing their governance structures, the interplay of board size, independence, and composition emerges as a critical area for exploration and strategic consideration. The findings advocate for a balanced and informed approach, recognizing the unique dynamics of family firms while leveraging proven governance principles.

2.11.3. Effects of Governance Variability on Performance Metrics

Bodolica, Dupuis, and Spraggon (2020) delve into the variability of governance effects across performance metrics in family businesses, shedding light on contrasting theories that paint a nuanced picture.

Two theories take center stage, providing divergent perspectives on the impact of family participation in both management and control within family businesses. On one front, nearly half of the surveyed companies posit that robust corporate governance practices correlate with positive financial performance. This alignment is attributed to reduced monitoring needs, resulting in minimal agency costs. The familial bonds, coupled with incentives tied to ethical clarity and a commitment to an unblemished reputation, foster transparent accounting procedures, elevate firm valuation, and confer a competitive advantage (Carney, 2005). On the flip side, the literature survey conducted by Bodolica et al. suggests that family firms often lag behind their non-family counterparts or that diverse corporate governance dimensions fall short in mitigating the negative impacts of agency problem (“Agency Relationships in Family Firms: Theory and Evidence on JSTOR,” 2025). This bolsters the entrenchment approach to agency theory, positing that the drawbacks associated with imbalanced self-interest and resource appropriation outweigh the benefits of affiliated ownership and control (Madison, Holt, Kellermanns, and Ranft, 2016).

2.11.4. Family Businesses Governance Codes

The governance codes tailor-made for family agencies range from those applicable to publicly indexed corporations, placing a number one awareness on the specific governance dynamics within own family-owned companies. These codes offer steering on aspects together with the relationship among the circle of relatives and the business, the formulation of a family constitution, governance shape, and councils. Additionally, some codes cope with struggle decision, the appointment of circle of relatives members and their roles inside the enterprise, and, significantly, succession planning. The study generally examines own family business

governance codes from five European international locations—Netherlands, Switzerland, Italy, Spain, and Germany—and 3 Gulf countries.

FBNed, taking part with the Dutch affiliation of family firms, FBN, collaborated at the advent of governance steering for circle of relatives groups in the Netherlands.

- A wonderful feature improving the utility of the Dutch steerage lies in its presentation, making it smooth for stakeholders to become aware of recommendations applicable to their particular roles. Each advice is explicitly certain for own family individuals, executives, board contributors, or shareholders.
- The steering adopts a fantastically schematic technique, centering round a tripartite model encompassing circle of relatives, ownership, and enterprise.
- Offering recommendation tailor-made to unique styles of circle of relatives companies, inclusive of proprietor-controlled, own family-controlled, and circle of relatives-managed entities, the steerage acknowledges the range in the family commercial enterprise zone.
- The Dutch governance machine sticks out for imparting certain insights into what constitutes suitable governance in a own family enterprise context. It in addition distinguishes among degrees of recommendation, categorizing tips as recommended, recommended, or to be considered.

A crew of teachers from Bocconi University collaborated with AIDAF, the Italian affiliation of own family corporations, in crafting the code for family corporations in Italy.

- The code introduces concepts and guidelines aimed at enhancing best governance practices and systems, outlining actions characteristic of properly-functioning governance systems.

- Topics included within the code encompass the structure of ownership, succession planning, treatment of non-circle of relatives employees, and preserving a stability among the hobbies of the enterprise and the family, with a particular emphasis on entrepreneurial families.
- Businesses are advocated to report the adoption and implementation of the code's hints in their company files, together with the once a year report.
- The guidance provided inside the code is predominantly conceptual, offering a set of key principles observed through specific practical guidelines.

El Instituto de la Empresa Familiar (IEF) advanced the steering for Spanish circle of relatives corporations.

- The Spanish code recognizes the complexity of own family firms within the guidance furnished, making use of a theoretical technique consistent with systems theory.
- The number one reason of this code is to help family groups in achieving their usual business goals and objectives. Similar to the Dutch governance code, the Spanish code's hints are organized across the tripartite own family-enterprise-possession machine, emphasizing the relationships inside the system.
- The steering consists of a number standards aimed at enhancing the longevity and lengthy-time period feasibility of family groups, irrespective of their size and quarter. Additionally, it presents sensible contraptions to assist circle of relatives organizations address demanding situations that can't be efficiently handled through felony means.

The code evolved for households and their businesses in Germany changed into a collaborative attempt concerning INTES (the Academy for Family Businesses), FBN, and Die Familienunternehmer (ASU).

- The German code goals to offer a dependable framework for optimizing and assessing governance structures for all circle of relatives companies and their stakeholders. However, the code explicitly states that the steering provided within the file is tailored to the precise situations of the precise business and family involved.
- The code follows a properly-based drift, starting up with a discussion at the role, rights, and obligations of family business proprietors. It then delves deeply into defining the jobs of the board and all stakeholders, inclusive of however now not restricted to control, wealth, ownership, and circle of relatives governance. The code concludes by means of offering a useful thesaurus with definitions of key phrases and concepts.

Gulf nations, which include family agencies from Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman, have their governance codes produced by way of the Family Business Council.

- The codes for Gulf countries intention to offer first-rate governance practices, emphasizing a platform to assist own family agencies in navigating through their precise processes.
- These codes from Gulf nations gift a listing of questions for consideration, specifically specializing in variations and variations among family companies. These questions are predominantly associated with agreements among shareholders, the felony shape of the business enterprise, and governing our bodies.

- One distinguishing thing of these codes in Gulf nations is they location greater emphasis on circle of relatives governance factors in preference to company governance.
- The codes encompass separate sections that primarily goal succession planning, wealth control, and governance, along side public engagements.

The guidelines for Swiss companies, known as Regulation G, have been developed by a working group of Continuum AG and Prager Dreyfuss comprising business consultants and legal experts

- Regulation G is established as a collection of best practices, acting as an ‘enforcement framework’.
- Recommendations specifically designed for family businesses aim to help define family governance, corporate governance within the firm, and the power, management, and control structures associated with the way it interacts with external stakeholders, with public governance among.
- The most distinctive feature of the Swiss Code is its universality, as it is designed to be applicable to all sizes and legal types of family groups.
- Furthermore, the recommendations made by the Swiss Code address three main groups within the family business system: family, contractors and external stakeholders.

While each of the aforementioned codes addresses aspects of family and corporate governance, there are notable differences in key areas such as management, stakeholders, corporate social responsibility (CSR), and in the emphasis on belonging. In contrast, the laws of the Netherlands, Spain and the GCC take a more holistic approach.

For example, the GCC Law of 2016 provides detailed information on the types of regimes required for family businesses in the GCC, including a document, not only on basic governance concepts and policies but also those emphases, for those who understand them in order to help

make the play. These resources include next-generation development, improved communications, follow-up processes and practical advice on effectively implementing corporate governance best practices

The governance codes encompass a comprehensive set of considerations that family businesses should take into account. The key aspects covered are as follows:

1. Public Engagement:

a) Philanthropy

- Establishment of a family foundation for charitable causes.
- Formation of a family philanthropy committee.
- Commitment to philanthropy.

b) Identity and Business Reputation

- Maintenance of a clear business identity.
- Cultivation of a coherent business image.

2. Ownership Governance:

a) Governing Policies

- Implementation of a shareholder agreement defining the rights and responsibilities of shareholders.

b) Legal Structure

- Adoption of a coherent legal structure with necessary firewalls.

c) Governing Bodies

- Formation of a shareholder assembly comprising all key decision-making shareholders, facilitating the shareholder council.

- Establishment of a shareholder council representing small shareholders and acting on behalf of the shareholder assembly.

3. Corporate Governance:

a) Vision

- Development of a vision outlining key values.

b) Policies

- Implementation of clear policies regulating business matters.

c) Plan for Non-Family Employees

- Ensuring fair treatment of non-family employees in terms of appointment, development, and assessment.

d) Legal Structure

- Separation of ownership from management.
- Creation of committees to assist the board.
- Establishment of a clear distinction between the roles of the board, shareholders, management, and employees.

e) The Family and the Business

- Proper definition, assessment, and identification of the relationship between the business and the family.

4. Wealth Governance:

a) Family Offices

- Establishment of a family office to manage the family's wealth through a separate operation.
- Periodical reporting of broad activities and financial performance.

b) Wealth Management Strategy

- Implementation of a robust strategy that allocates wealth to different fields of investment.

5. Family Governance:

a) Vision, Values, and Goals

- Alignment of family members on vision, mission, and goals.

b) Family Communication

- Regular family reports and meetings.

c) Governing Bodies

- Formation of a family assembly serving as a forum for communication.
- Establishment of a family council acting on behalf of the family assembly.

d) Policies

- Introduction of a family charter enabling family members to understand the main elements of family and business.
- Implementation of clear and fair policies regulating matters of importance.

e) Conflict Resolution

- Adoption of a clear conflict resolution policy.

6. Succession Planning:

- Implementation of a clear and carefully designed succession plan.

2.12. Family Business Sustainability

The distinction between sustainability and governance lacks clarity in the literature, often leading to interchangeable use of the terms. However, sustainability appears to be a more comprehensive concept, encompassing a broader array of variables than traditional governance literature. The

emphasis is likely on longevity and context. Tur-Porcar, Roig-Tierno, and Mestre (2018) propose a set of sustainability factors across various domains:

1. Environment:
 - Social awareness, sustainability, and adherence to environmental regulations.
2. Behavior:
 - Altruism, ethics, cognition, self-regulation, and competitive intelligence.
3. Human Relations:
 - Reputation and leadership.
4. Business Dynamics:
 - Financial and business management, along with access to subsidies.

The authors stress that both behavioral and business-related factors play crucial roles in ensuring the sustainability of entrepreneurship. Ethical principles and values, coupled with competitive intelligence, emerge as pivotal drivers for actions that lead to sustainability.

In their study, Oudah, Jabeen, and Dixon (2018) delved into a comprehensive set of sustainability factors widely recognized in the literature. The objective was to unravel the significance of these factors in the context of family businesses. The identified sustainability factors include:

1. Succession Planning:
 - Strategies for ensuring a smooth transition of leadership and ownership within the family business.
2. Strategic Planning:
 - Long-term planning and goal-setting to guide the family business towards sustained success.

3. Corporate Governance:

- Mechanisms and structures in place for effective decision-making and accountability.

4. Leadership:

- The role and effectiveness of leadership within the family business context.

5. Family Values:

- The values that underpin the family, contributing to the ethical foundation of the business.

6. Family Capital:

- The collective resources, both tangible and intangible, that the family brings to the business.

7. Family Firm Advisors:

- The role and impact of external advisors in guiding the family business.

The study implies that governance is inherently integrated into the broader concept of sustainability within family businesses. Business sustainability, according to the World Commission of Environment and Development (WCED), is defined as "meeting the current needs without compromising the next generation's ability to meet their needs" (WCED, 1987, p.16). This aligns with the notion that improving the survival rates of family businesses can contribute to more resilient economies (Olson et al., 2003).

The pivotal role of family businesses in contributing to overall economic sustainability is emphasized by Basco, Calabrò, and Campopiano (2018). Their focus centers on transgenerational entrepreneurship, a concept defined as the "processes through which a family uses and develops entrepreneurial mindsets and family-influenced capabilities to create new

streams of entrepreneurial, financial, and social value across generations" (Habbershon, Nordqvist, and Zellweger, 2010, p. 1).

The success of family firms across generations, as outlined by Basco et al. (2018), is contingent upon three key dimensions:

1. Firm Entrepreneurial Orientation:

- The business's inclination and capacity for entrepreneurial activities, which play a fundamental role in shaping its longevity.

2. 'Familianness':

- The unique combination of family-related resources, values, and traditions that distinguish family businesses and contribute to their distinct identity.

3. Cultural Contexts:

- The cultural environment in which the family business operates, influencing its financial, market, and social performance.

This framework underscores the holistic approach required for family businesses to not only endure across generations but also to continuously generate value in terms of entrepreneurship, finances, and societal impact. This aligns with the broader assertion that enhancing the sustainability of family businesses inherently contributes to the sustainability of economies at large.

In the relatively brief history of family business research, diverse models have emerged to elucidate the dynamics of these enterprises. While some advocate for a single-system approach, the prevailing trend suggests a preference for dual systems (Whiteside & Brown, 2025). Scholars like Hollander and Elman (1988) and Whiteside and Herz-Brown (2025) assert that comprehending family businesses necessitates viewing them as a single system, emphasizing that

the whole entity transcends the sum of its individual components. Davis and Taguri's (1989) model introduces the concept of overlapping systems as a contributing factor to the holistic understanding of family businesses. In the Fundamental Interpersonal Relations Orientation (FIRO) model, (DANES et al., 2009) conceptualize family and business systems as integral components of one overarching system.

Conversely, researchers such as (Ibrahim et al., 2001) (Kennedy et al., 2003), Benson, Crego, and Drucker (1990) argue for the separation of family and business, advocating that they be treated as distinct entities. Each domain, family, and business, independently boasts a plethora of theories and models that contribute to our comprehension. Theoretical frameworks such as family ecology theory (Caparoso, 2020), family development theory (Rodgers & White, 2008), family systems theory (Whitchurch and Constantine, 1993), and family resource management theory (Deacon and Firebaugh, 1988) offer potential models for analyzing business-owning families.

In the context of the firm's position within the economy, Davidsson's (1991) model of entrepreneurial growth considers the amalgamation of need, opportunity, and ability as the catalyst for financial growth in small businesses. Meanwhile, Greenberger and Sexton's (1987) model of venture success focuses on the entrepreneur's behavior throughout the journey of enterprise growth. Other models delve into macro and micro determinants, incorporating factors such as community characteristics or entrepreneur endowments (Davidsson, 1991; Greenberger and Sexton, 1987).

Despite the ongoing debate, a prevailing consensus acknowledges that family businesses inherently entail overlapping interpersonal dynamics and objectives between families and businesses. To address this intricate relationship, the Sustainable Family Business (SFB) Model,

introduced by Stafford et al. in 1999, emerges as a comprehensive framework. This model strives to provide equitable insights into both family and business aspects by drawing upon established theories from each domain. By affording equal consideration to family and business systems and acknowledging their interdependence, the SFB Model aims to facilitate mutual sustainability. It recognizes the transformative role of these social systems, converting available resources and constraints through interpersonal and resource transactions into either objective or subjective accomplishments (Olson et al., 2003).

Diverse resources contributing to the sustainability equation encompass economic factors such as assets and liabilities, demographic elements including the number of children and families, and non-family employees, functional components like skills and work hours, as well as psychosocial factors like perceptions, attitudes, and beliefs. The SFB Model stands out as a dynamic theory explicitly designed to accommodate change as a fundamental premise. Its flexibility enables the examination of family businesses across a spectrum of complex variables, including size, stages of family and business cycles, the composition of family and non-family employees, diverse business types, and various legal structures. Implicit in the model is the understanding that the sustainability of a family business is contingent upon the synergy between business success and family functionality (Stafford et al., 1999).

While models such as the Sustainable Family Business (SFB) Model, along with various research papers, diligently depict the characteristics defining the sustainability of a family business at a specific moment, it's crucial to acknowledge the inherent context specificity. Contrary to being a uniform cohort, family businesses exhibit considerable diversity across different contexts, as highlighted in studies by Basco (2017), Basco, Calabrò, and Campopiano (2018), and Wright, Chrisman, Chua, and Steier (2014).

The key consideration lies in recognizing that these models are not crafted to predict sustainability variables or characteristics universally applicable to family businesses. Instead, their utility is rooted in offering insights into the specific dynamics and features that contribute to the sustainability of family businesses within particular contexts.

2.13. Synergies of Family Business, Governance, and Sustainability

Family businesses, as integral economic entities, hold a pivotal position in the economies they serve. Their sustained success, particularly in navigating generational transitions and fostering wealth growth, contributes significantly to the prosperity of the involved families and bolsters the resilience of the economies they are part of (Olson et al., 2003). Recognizing this, corporate governance emerges not only as a necessity but also as a potent tool crucial for supporting the sustainability of family businesses.

The synergy between family and business systems within these enterprises underscores the transformative nature of available resources and constraints through interpersonal and resource transactions, shaping both tangible and subjective achievements (Olson et al., 2003). Corporate governance, when attuned to the dynamics of both family and business, becomes integral to this transformative process.

Beyond governance, the broader spectrum of sustainability encompasses many dimensions. Areas such as the environment, behavioral aspects (including altruism, ethics, cognition, self-regulation, and competitive intelligence), human relations (underscored by reputation and leadership), business dynamics (spanning financial and business management along with access to subsidies), and contextual factors (involving the role of government, financial capital, human capital, and social capital) all play their own respective roles.

In essence, the intersection of family business, governance, and sustainability forms a trinity where effective governance practices act as catalysts, steering family businesses towards enduring sustainability while navigating the complexities of internal and external factors. A heightened understanding of diverse variables involved in family businesses, governance practices, and sustainability amplifies the significance and efficacy of corporate governance mechanisms, legal frameworks, and regulatory structures. This depth of knowledge is instrumental in fortifying the sustainability of family businesses within their respective economic landscapes. Such insights not only refine theoretical models but also systematically enhance the scholarly approach to researching the intricate intersection of these fields. Consequently, it facilitates the development of a more comprehensive set of variables that impact family businesses, sustainability, and governance, both individually and collectively. This enriched knowledge base serves as a guide for formulating policies and practices tailored for family businesses. It steers them towards governance practices that are not only well-informed but also conducive to sustainability and growth. Moreover, it provides governments with valuable insights for shaping laws, rules, regulations, and various initiatives aimed at supporting this substantial economic contributor, thereby augmenting its resilience within the broader economy.

2.14. Family Business in the UAE

In the MENA region, family businesses hold a particularly prominent position, with their prevalence surpassing that in other global regions (Al Awadi and Koster, 2017). These businesses make up a significant portion, constituting up to 90 percent of all companies, employing approximately 80 percent of the workforce, and contributing substantially, up to 60 percent, to the region's GDP (PWC report, 2016). The nature of family businesses in this region

is characterized by unique institutional features, including collectivism (Samara and Berbegal-Mirabent, 2018), patriarchal structures (Al-Dajani and Marlow, 2010), a strong religious orientation among the population (Jamali and Sdiani, 2013), with Islam being the predominant, though not exclusive, religion (Basco, 2017), and significant institutional voids (McLellan and Moustafa, 2013). These distinctive characteristics have notable implications for the behavior and outcomes of family businesses in the region (Boers et al., 2024). Eulaiwi et al. (2016) argue that the Gulf Cooperation Council (GCC) countries, within the MENA region, exhibit unique political and economic realities that set them apart from other MENA countries, necessitating a differentiated examination of family business activities in this specific context.

Family businesses play a pivotal role in the Gulf Cooperation Council (GCC), contributing more than 70 percent of the region's employment. They hold a dominant position in the private sector, constituting 90 percent of it, and contribute significantly, accounting for 80 percent of the non-oil and gas Gross Domestic Product (GDP). This underscores their indispensable role in the GCC economy (Alfahim, 2011; Oudah, Jabeen, and Dixon, 2018). The GCC region is characterized by substantial oil reserves, influential family businesses, strong political stability, a high standard of living, tax-free economies, substantial reliance on an expatriate workforce, relatively modest stock markets, limited protection of minority shareholders, high ownership concentration, regulatory gaps, and ongoing developments in institutional frameworks and corporate governance structures (Dupuis, Spraggon, and Bodolica, 2017; Spraggon and Bodolica, 2014). According to the 2019 Global Competitiveness Report (GCR) by Schwab, which assesses 141 economies, the United Arab Emirates (UAE) holds the 25th position in the Global Competitiveness Index, solidifying its status as one of the world's wealthiest nations (Tlaiss, 2013). The Emirati population enjoys a high standard of living, access to quality education and

healthcare, and abundant job opportunities. Emiratis, or the native citizens of the UAE, are preparing to commemorate the 50th anniversary of the nation's formation in 1971. Over the past five decades, many Emirati families have experienced a sudden influx of wealth (Bristol-Rhys, 2009). Similar to the broader Gulf Cooperation Council (GCC) region, family businesses hold a prominent position in the UAE, constituting 90 percent of the private sector. However, UAE family businesses face challenges with relatively low survival rates, a common trend observed globally. These businesses often navigate a critical decade, marked by the joint leadership of the first and second generations or recent transitions to the second generation, as outlined by Gersick et al. (1997) and referenced in Oudah, Jabeen, and Dixon (2018).

This indicates that a significant amount of wealth is poised for transfer in the next decade in the UAE (Augustine, 2015). Despite the substantial support extended by the UAE government to its UAE family businesses, with the country experiencing rapid growth and providing facilities to encourage their development, only a fraction of these family businesses are expected to successfully navigate generational transitions (Rettab, Abu Fakhr, and Morada, 2005). Estimates suggest that merely 30 percent of family businesses transition to the second generation, with a mere 10-15 percent surviving to the third generation and a mere 2-3 percent making it to the fourth generation (Hammadeh, 2018; Oudah, Jabeen, and Dixon, 2018). Numerous family businesses face challenges and potential threats to their continuity and sustainability (Abdella, 2010; Alfahim, 2011; Obay, 2009; Succession Planning for GCC Family Businesses 2015). These challenges stem from both internal and external factors. External challenges encompass geopolitical issues, economic fluctuations, cultural dynamics, and evolving laws and regulations (Abdella, 2010; Bodolica, Spraggon, and Zaidi, 2015; Succession Planning for GCC Family Businesses 2015). Internal challenges include governance, financial and legal structuring,

succession planning, values and belief systems, social position, risk tolerance, and family relations (Bodolica, Spraggon, and Zaidi, 2015; Sharma, 2004).

The cumulative number of scholarly papers on family businesses across all Arab countries in the Middle East since the year 2000 has barely surpassed 100 (Goel et al., 2014; Hammadeh, 2018; Oudah, Jabeen, and Dixon, 2018; Boers et al., 2024; Steier et al., 2015). UAE family businesses typically maintain a private nature, with shares held by a select group of family members and stringent restrictions on transferability. These businesses hold pivotal positions in various private industries. They are often characterized as conservative, resistant to change, and introverted, posing challenges in data collection. Their conservatism may stem from the significant wealth concentration within the family firm, making it burdensome to endure failures in investments and potentially face family repercussions (Al Awadi and Koster, 2017). Generally, family businesses in the UAE encounter a diverse array of challenges, with corporate governance, sustainability, and succession planning emerging as particularly critical. The UAE government has intervened in resolving several high-profile conflicts within prominent family businesses to stabilize their operations, recognizing their substantial economic impact (Al Awadi and Koster, 2017).

2.14.1. Definition of UAE Family Businesses

As previously emphasized, defining a family business is a broad and contentious subject. Currently, the literature on family businesses in the UAE is limited to a handful of reports. Rettab, Abu Fakhr, and Morada (2005) attempted to delineate family businesses within the UAE (UAE family businesses), but this has proven to be a complex undertaking due to the country's mandatory agency structure for trading within its borders. Agency agreements are the sole method for entering large segments of the UAE market. While these businesses are legally owned by Emiratis, control and ultimate ownership rest with foreigners (Alfahim, 2011).

Consequently, an expatriate requires a local partner with 51% equity ownership to conduct the majority of trading activities in the UAE. This creates a challenge in distinguishing firms with authentic family management or dynamics from those that appear to have majority ownership but are, in fact, silent local partners.

As previously emphasized, this study adopts the definition of a family business proposed by Chua et al. (1999, p.25), which characterizes it as a 'business governed and/or managed with the intention to shape and pursue the vision of the business held by the dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.' Boers et al., 2024 asserts that in Arabic culture, the extended family still holds a relatively more central role in society compared to many other countries. Therefore, the extended family falls within the behavioral definition of the family firm. As noted by Davis et al. (2010, p.1), 'a person's primary social and economic support comes from his or her nuclear and extended families.... There is a strong cultural preference that business opportunities should be pursued.... within the family.' (Boers et al., 2024) literature review on family business in the Middle East reveals that almost half of the papers lacked a clear definition of a family business.

Nearly one third of the papers employed an essential approach to the definition, followed by a quarter using a demographic approach. (Boers et al., 2024) also highlights that, 'given the prevalence of monarchy in Gulf countries, powerful family elites that have political power and/or occupy government seats have held equity ownership in semi-private firms, which have also been considered as family businesses', constituting almost 8 percent of the sample. Sharma's (2004) stringent definition stipulates that a business is family-run if there is direct family involvement in the day-to-day operations of the firm, subject to two conditions: (1) the family

retains majority voting control of the business at the board level and higher, and (2) multiple generations of the family are actively involved in the everyday running of the business.

Adapting these definitions to the context of the UAE, the definition of UAE family businesses aligns with Rettab, Abu Fakhr, and Morada's (2005, p.13) description: A Family Business is a business in which at least 51 percent of the shares are owned by one single family, and at least one member of the management team is drawn from the family that owns the business... 'family' includes the household (HH), which consists of the husband (head of HH), his wife and their siblings; the HH parents; his brothers and sisters and their siblings.

UAE family businesses face no legal obligation to disclose information regarding turnover, profits, assets, employment, or other performance metrics, making it challenging to establish a meaningful classification (Alfahim, 2011). Therefore, the classification of UAE enterprises, as per the Abu Dhabi Statistics Centre (2015) guidelines, is adopted. This classification segments businesses into micro, small, medium, and large based on the number of employees. For instance, a company with more than 50 employees would be categorized as large.

It is estimated that over 50% of commercial activities in Dubai (excluding free zones) are controlled by UAE family businesses. In 2004, there were 56,374 active firms in Dubai, with 30,769 being UAE family businesses and the remaining 25,605 being non-family businesses (Rettab, Abu Fakhr, and Morada, 2005). Dupuis, Spraggon, and Bodolica (2017) discovered that most UAE family businesses are young conglomerates (less than 45 years old) with diversified risks across various sectors such as real estate, banking, construction, retail, manufacturing, and transport. Their relatively young age indicates that most were established since the UAE's formation. Additionally, almost two-thirds of their business activities are exclusively within the UAE market.

As mentioned earlier, the youth of these family businesses implies that they are primarily led by the founders and/or the second generation, with less than five percent involving a third generation. The majority of these firms are closely held, owned by members of the same family, and have actively resisted non-family ownership and control in shaping their strategies. In Dupuis, Spraggon, and Bodolica's (2017) sample, the average board size for UAE family businesses was 3.7 members, with less than twelve percent including female members. The average management team size was five members, with the CEO typically being either the founder or the founder's son.

The research findings suggest that older family businesses are more inclined to appoint non-family CEOs, often from diverse cultural backgrounds such as Indians, Palestinians, Lebanese, Pakistanis, and British. Older firms tend to have more family members involved in the business, larger boards, bigger management teams, a higher representation of female directors, and a more robust adoption of corporate governance best practices.

2.14.2. Corporate Governance and UAE family businesses

Al Awadi and Koster (2017) assert that the governance of family businesses in UAE is closely tied to various factors, including the country's laws, governance structure, and succession planning. They emphasize that the performance of these businesses is positively influenced by effective corporate governance practices. In a report on family businesses in UAE, Rettab, Abu Fakhr, and Morada (2005, p.5) highlight the necessity for a regulatory framework to streamline ownership transfer, management processes, and regulations. They stress the importance of establishing an efficient monitoring mechanism for smooth transitions. Additionally, Obay (2009) conducted a survey on corporate governance and business ethics in Dubai, engaging high-ranking executives to explore these aspects further.

Obay's (2009) survey on corporate governance and business ethics in Dubai yielded noteworthy findings. The responses from high-ranking executives indicated a significant level of engagement with charitable organizations, particularly the Red Crescent and charities related to Ramadan. The majority of surveyed companies were reported to have well-established boards and robust ethical systems.

An intriguing observation by Obay (2009, p.30) was highlighted:

"Neither firms nor banks within this relationship-based system, as opposed to a market-based system, feel the need to develop corporate governance mechanisms, since the former can rely on banks for continued financing and the latter feel relatively comfortable under explicit or implicit government guarantees."

Obay's (2009) examination of corporate governance in the UAE sheds light on several key aspects. The UAE, being a tax haven, faces challenges in implementing effective mechanisms for reporting, especially for non-listed companies. Despite legal mandates for reporting, serious corporate governance and ethical codes are yet to be firmly imposed, except for listed entities.

The World Bank MENA governance report highlights the UAE's very satisfactory protection and enforcement of private property rights, effective court enforcement of contracts, and a low likelihood of expropriations. Obay (2009) emphasizes the influence of Sharia law and the integration of Anglo-Saxon laws into the region.

A collaborative study by Dubai International Financial Center and Thunderbird School of Global Management's Center for Global Family Enterprise, titled "Differing Perceptions and Challenges Facing UAE Family Businesses: Implications for Practices," aimed to compare family businesses in the UAE and the USA (Shalhoub, 2009). The findings indicated similarities between the two countries, with a notable emphasis on family influence in UAE businesses. CEOs in both nations

perceived practices, cultures, and succession processes more favorably than other family members. Business and succession planning were growth-oriented, and communication processes were positively linked to firm and family features, influenced by family ownership. The study on UAE family businesses provided recommendations to CEOs and family members, emphasizing key strategies for enhancing corporate governance and sustainability:

1. Family Constitution: Develop a family constitution outlining employment requirements for family members and promoting a vision of professional management.
2. Succession Planning: Establish clear standards and processes for both managerial and ownership succession.
3. Strategic Planning: Adopt a strategic planning approach that reinvigorates the opportunity-seeking orientation of the entrepreneurial stage.
4. Board of Directors: Utilize a board of directors with a minimum of two independent outsiders, defined as non-family members with no economic benefit from the company.
5. Professional Management: Employ key non-family management in significant roles to ensure the professionalization of the business.
6. Family Meetings: Conduct frequent family meetings, functioning as a more formal family council, to educate and communicate with family members and shareholders, serving as the family's board.

In addition to these recommendations, the UAE government took regulatory steps to enhance corporate governance. Ministerial Resolution No. (518) of 2009 introduced Governance Rules and Corporate Discipline Standards, superseding the UAE Commercial Companies Law 1984. This 'New Code' applies to all listed companies, emphasizing oversight of the board, appointing independent members and non-executive directors, forming committees, and requiring an

external auditor independent of company activities. The New Code mandates the establishment of internal control systems, risk management assessment, and the implementation of governance rules. Furthermore, it encourages the development of environmental and social policies, promoting greater corporate social responsibility.

The Mohammed Bin Rashid Establishment for SME Development (Dubai SME) has introduced a Corporate Governance Code specifically tailored for Small and Medium Enterprises. While this code is voluntary, it serves as a guideline for SMEs to establish robust corporate governance practices. The code covers several key pillars of 'good' corporate governance, including:

1. Corporate Governance Policies and Procedures: Guidelines for developing and implementing effective corporate governance policies and procedures.
2. Transparency and Shareholder Relations: Emphasis on transparency in business operations and fostering positive relations with shareholders.
3. Board of Directors: Recommendations and considerations for the composition and functioning of the board of directors.
4. Control Environment: Addressing internal controls, audit processes, and risk management to ensure a sound control environment within the organization.
5. Stakeholder Relations: Guidelines for managing relationships with various stakeholders involved in the business.
6. Family Governance: Specific considerations and best practices for family-owned businesses, recognizing the unique dynamics and challenges associated with family governance.

By providing these guidelines, the Corporate Governance Code for SMEs aims to encourage SMEs to adopt governance practices that contribute to their sustainability and growth. While

voluntary, adherence to such codes can enhance the credibility and long-term viability of SMEs in the business landscape.

The article by Palliam, Cader, and Chiemeké (2011) delves into the intricate dynamics of family succession in the context of Gulf Cooperation Council (GCC) countries, providing valuable insights into the transferability of Western theoretical constructs to this unique cultural and economic setting.

Key Findings and Contributions:

1. **Research Context:** The article identifies the scarcity of research into the demographics of GCC countries concerning family succession, prompting the authors to bridge this gap by formulating relevant questions and developing theories specific to family businesses in the GCC.
2. **Cultural Influences:** Highlighting the patriarchal character of Arab societies, the study recognizes the significant influence of culture, particularly the role of Islam in guiding various aspects of life, including laws of succession. The article emphasizes the adherence to Islamic principles in determining the distribution of inheritance.
3. **Succession Challenges:** The research addresses challenges specific to the GCC region, such as the incumbent's willingness to step down and the identification of a competent successor. These challenges may differ from Western contexts, and the article aims to provide a platform for understanding these nuances.
4. **Platform for Understanding:** By acknowledging cultural differences and contextualizing succession management within the GCC, the article contributes to the development of theories that better explain and navigate the complexities of family business succession in this specific region.

Introduced by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE, and Ruler of Dubai, Law No (9) of 2020 represents a significant legal framework aimed at regulating family ownership contracts. Issued in August 2020, this law has specific provisions designed to safeguard family wealth, enhance the economic and social contributions of family businesses, and promote their overall growth.

Key Provisions and Objectives:

1. **Protection of Family Wealth:** The law aims to protect the wealth of families engaged in business activities. By providing a legal framework for family ownership contracts, it seeks to ensure the sustainability and continuity of family businesses.
2. **Enhancement of Contributions:** Recognizing the role of family businesses in economic and social development, the law strives to enhance their positive impact. This is achieved by fostering an environment that supports the growth and development of family-owned enterprises.
3. **Voluntary Adoption:** The law allows both existing and new family firms the option to adopt its provisions voluntarily. This flexibility allows family businesses to choose whether to align with the legal framework outlined in Law No (9) of 2020.
4. **Criteria for Endorsement:** To be legally endorsable, a family ownership contract must involve relevant parties who are family members, ensuring that the interests of all involved parties are aligned. This requirement adds a familial dimension to the endorsement process.
5. **Organizing Business Structure and Governance:** The law addresses the organization of family ownership contracts, providing clarity on business structure and governance. It

aims to establish clear guidelines for the distribution of powers and obligations within the family business.

6. Regulation of Board and Management Powers: Law No (9) of 2020 also regulates the powers of boards and management within family-owned enterprises. This regulation contributes to ensuring transparency and accountability in the decision-making processes of such businesses.

The study conducted by Oudah, Jabeen, and Dixon (2018) and the insights provided by Al Awadi and Koster (2017) shed light on key success factors and corporate governance guidelines aimed at enhancing the sustainability of family businesses in the UAE. The factors highlighted in these studies encompass a holistic approach to address various aspects of family businesses. Here is a summary of the identified success factors and corporate governance guidelines:

Success Factors Identified by Oudah, Jabeen, and Dixon (2018):

1. Identification and Prioritization: The study aimed to identify and prioritize success factors associated with the sustainability of large- and medium-sized family businesses in the UAE.
2. Literature Review: Known factors from existing literature were considered, and the study sought to understand the perspectives of current UAE-based family businesses regarding the importance of these factors.

Corporate Governance Guidelines Proposed by Al Awadi and Koster (2017):

1. Incorporating Strengths: Aligning corporate governance guidelines to incorporate the strengths of both the business and family members, recognizing and leveraging their respective contributions.

2. **Enhancing Shareholder Relations:** Focusing on effective communication and conflict management to enhance relations among shareholders, fostering a collaborative and constructive environment.
3. **Wealth Distribution:** Systemizing channels for the distribution of wealth, ensuring transparency and fairness in wealth-sharing mechanisms.
4. **Business Development and Diversification:** Supporting the development and diversification of the business, emphasizing strategic planning and growth initiatives.
5. **Leadership and Ownership Changes:** Managing leadership and ownership changes smoothly, ensuring continuity and stability during transitions.
6. **Succession Planning:** Preparing and developing the succeeding generation of family members, managers, and shareholders through effective succession planning.
7. **Trustworthiness:** Enhancing trustworthiness within the family business, fostering trust among family members and stakeholders.
8. **Capital Acquisition:** Drawing equity capital and lower-cost debt to support financial stability and growth initiatives.

The observations made by Al Awadi and Koster (2017) highlight the unique challenges and considerations associated with implementing formal corporate governance frameworks in UAE family businesses. The cultural and contextual nuances of these businesses may make the adoption of certain frameworks challenging. However, the authors suggest practical mechanisms and starting points that can help facilitate the incorporation of corporate governance principles.

Here are the key points mentioned:

Family Charter: Al Awadi and Koster recommend initiating the corporate governance journey with the creation of a family charter. This charter would emphasize the significance of corporate

governance and succession planning. It would cover essential aspects such as principles, vision, mission, and the roles/functions of governing bodies like the board and management.

Founders as CEOs: Dupuis, Spraggon, and Bodolica (2017) noted that founders commonly assume the role of CEO in UAE family businesses. This concentration of ownership, coupled with slow progress in developing institutional and regulatory frameworks, contributes to the challenges faced by these businesses.

Board Practices: While larger boards with diverse representation in terms of experience, knowledge, and perspectives are identified as beneficial, the study by Dupuis et al. (2017) did not find a significant association between board independence and corporate performance in the UAE business sample studied. This lack of association may be attributed to the fact that external monitoring is often performed by family members' board representatives themselves.

The study by Oudah, Jabeen, and Dixon (2018) sheds light on the significance of various sustainability factors for UAE family businesses. The factors examined include succession planning, strategic planning, corporate governance, leadership, family values and capital, and family firm advisors. Here are the key findings regarding each factor:

Succession Planning:

- Large UAE family businesses prioritize and implement succession planning with great care, recognizing it as one of their highest priorities.
- Medium-sized families are less aware, have limited planning, and focus on short-term gains, posing higher risks.

Strategic Planning:

- Large family businesses consider strategic planning as the most important factor, indicating a continuous push for growth.

- Medium-sized families plan less and have a short-term perspective.

Corporate Governance:

- Corporate governance is seen as the third most significant factor for large family businesses.
- The study suggests a lack of focus or awareness among UAE family businesses about the importance of corporate governance for their success and sustainability.
- Monitoring is performed by the family due to their involvement, and the role of reputation, family brand, and trust is crucial in the family business's performance.

Leadership:

- Leadership is ranked fourth and is highlighted as a factor contributing to better governance due to cooperation among family members in decision-making.
- In medium-sized businesses, leadership is ranked first, indicating a higher dependency on leaders and posing a risk to continuity.

Family Values:

- Family values are ranked fifth, suggesting that they may not be well-defined and potentially weak, leading to conflicts between family and business.

Family Capital:

- Family capital, including business resources and the social network, is well-established but needs continuous cultivation.
- Medium-sized businesses prioritize family capital higher, indicating their ongoing efforts to grow their network and resources.

Family Firms' Advisors:

- For large businesses, family firms' advisors rank third, suggesting their utilization of advisors and consultants on both family and business aspects.
- Medium-sized businesses place less significance on family firms' advisors, indicating limited usage.

2.15. Theoretical and Conceptual Framework

This study does NOT deal with theory as a checklist of lenses; it employs theory to explain certain mechanisms of UAE succession which have remained under-specified in the mainstream literature. To prevent a "braid" of concepts from getting strewn, the framework is anchored in two core theories and one process extension.

First, Socio-Emotional Wealth, SEW is used as the first explanation of why founders and families may be willing to tolerate inefficiency in governance and to delay succession, and for whatever reason might protect identity, status, and family legacy (patronage). SEW clarifies the kind of non-financial utilities that predominate over what value is considered during handover decisions within family firms and what contributes to the failure of purely economic prescriptions in these areas.

Second, Institutional Logics is applied to theorise about the UAE-specific legitimacy environment - how the logic that is market efficiency exists side by side and in conflict with other logics such as clan/tribal, religious-moral, and reputation-based. This lens tells us something about the reasons why certain governance tools are symbolically adopted, selectively adopted or informally overridden in practice.

Third, Dynamic Capabilities is used as a process bridge between governance and performance: i.e. how clarity of governance (or lack thereof/ambiguity) finds its expression in decision speed, capacity for reconfiguration and (ultimately) resilience when it comes to generational transition.

Other theories (Agency, Stewardship, RBV, Gendered Leadership, and Social Capital) are retained for use as supporting lenses to focus (the conditions at the boundaries of the theoretico-test empirical variables) in order to pinpoint specific mechanisms and/or account for specific sub-patterns, not because they are competitors for primacy. This prioritisation enhances a coherence between theory and maintain the importance of the contextual richness needed for the UAE setting.

2.15.1. Why a Composite Lens Is Necessary

Western research on succession has often taken as given that succession of governance problems are essentially technical: realign incentives, monitor managers and formalise the handover plan. In the UAE the more basic issue is often that of legitimacy: who is socially authorised to lead, how do you maintain authority without open conflict, and how do you achieve the protection of family reputation, and the attempt at the renewal of commerce? This is why the (single theory) approach under-explains the most consequential successions failed in the region.

SEW provides the best available baseline explanation for "why" families behave in ways that appear inefficient on a purely economic view of the world (e.g. delaying succession, control taking a back seat, eschewing explicit conflict). Yet continued SEW cannot account for "when" those preferences become binding constraints and flexible principles. Institutional Logics fills that void by theorising competing scripts that guide acceptable governance (e.g. market

professionalism and clan solidarity, public harmony and transparent contestation). Dynamic Capabilities then makes the connection between governance choices and performance over time by discussing how the clarity in roles, rules, and rights to take action is the key to faster sensing, seizing, and reconfiguring in the face of generational transition.

The other set of lenses works in selective fashion, because they are not all equal pillared: Agency CAN sharpen the analysis of the role of concentrated power in the recreation of information asymmetry Stewardship distinguishes protective (competence) resistance from egoistic obstruction RBV is what is the correct knowledge at risk of handover Gendered Leadership explains gendered legitimacy in succession contests Social Capital *wasta* is a relational asset, whose value lies in the credibility, reciprocity and diligent intergenerational transferability. The result is a coherent model which is constructed around a core explanatory pair (SEW + Institutional Logics) which is extended through a time/process logic (Dynamic Capabilities) with supporting lenses needing to be used wherever it is empirically necessary to do so.

2.15.2. Stewardship Theory Re-examined in the Gulf

Stewardship Theory's foundational claim is that owner-managers, heavily invested in the firm's future, act as faithful custodians rather than self-serving opportunists (Davis et al., 1997). In the Gulf this claim initially seems plausible: founders often describe the enterprise as a "family trust" meant to provide livelihoods for siblings, cousins and community charities. Recent regional survey evidence supports part of that narrative; for instance, firms with inclusive boards and transparent decision rules report double-digit revenue premiums around leadership handovers (Alhemiry, 2021). Yet deeper qualitative work reveals the darker hue of what Miller and Le Breton-Miller call "pseudo-stewardship" (Miller & Le Breton-Miller, 2006). Patriarchs who

espouse collective rhetoric sometimes veto even trivial expenditures authorised by their boards, signalling a desire to remain the unquestioned locus of authority. When such behaviour persists, formal succession plans stagnate because the next generation cannot accrue the decision-making experience needed to command respect from non-family managers. In coding terms the present study treats stewardship as a continuum. Phrases such as “my door is always open to the children’s ideas” score high on altruistic stewardship, whereas statements like “nothing leaves this office without my signature” cluster at the authoritarian pole. Locating each founder on this spectrum during cross-case comparison later enables a fine-grained test of how stewardship dispositions shape governance clarity.

2.15.3. Agency Theory and the Paradox of Entrenchment

Agency Theory predicts that combining ownership and control should eliminate the monitoring costs that plague widely held corporations, but it also warns of entrenchment when dominant shareholders wield unchecked power (Jensen & Meckling, 1976). In the UAE the entrenchment hazard is magnified by cultural norms that discourage open confrontation with elders. Regional evidence suggests a tipping point: once family equity exceeds roughly 80 percent, return on assets tends to decline, a pattern attributed to under-investment and risk aversion (Saleem et al., 2021). Within succession contexts the agency lens becomes particularly salient because the same informational asymmetry re-emerges between incumbents and heirs. Founders may hoard customer contacts or withhold strategic intentions, forcing heirs to navigate a fog of partial knowledge and thereby delaying professionalisation. In this dissertation *Founder Resistance* operationalises the agency hazard, captured by interview passages recounting unilateral deferrals of board appointments or “secret accounts” maintained outside the successor’s purview. The

conceptual model later hypothesises that high founder resistance damps the mediating effect of knowledge transfer.

2.15.4. Socio-Emotional Wealth and the Pull of Dynastic Pride

SEW theory insists that families are not utility-maximising robots but value emotional endowments—identity, legacy, community standing—often above profit (Gómez-Mejía et al., 2007). Gómez-Mejía’s well-known Mexican study showed families rejecting high-risk, high-return investments for fear of losing control (Gómez-Mejía et al., 2007). In the UAE setting SEW is palpable in conversations about family honour, tribal lineage and religious duty. One patriarch interviewed for this research noted, “If I step down too soon, people will say I lost the blessing.” Such remarks illustrate that succession timing is judged not solely on managerial readiness but on symbolic thresholds. Samara’s fieldwork confirms this affective calculus, observing elaborate abdication ceremonies intended to demonstrate that the founder remains the family’s moral pillar even after relinquishing operational control (Samara, 2021). Yet SEW is not universally paralysing. When families codify rituals that preserve the patriarch’s honour—such as lifetime advisory chairmanships or philanthropic roles—SEW can harmonise with formal governance rather than obstruct it. Accordingly, *Socio-Cultural Alignment* in the forthcoming model mediates the relationship between succession planning and outcomes, capturing the extent to which plans resonate with SEW imperatives.

2.15.5. The Resource-Based View and the Fate of Tacit Knowledge

While the above theories emphasise motives and power, the RBV directs attention to capability transfer. Family firms often derive competitive edge from tacit resources: a founder’s unspoken

bargaining tricks, a network of informal suppliers, reputational “credit” built over decades (Barney, 1991). The critical question is whether these resources migrate successfully to the next leadership cohort. Sirmon and Hitt found that firms with structured mentoring and documented standard-operating procedures (SOPs) maintained return-on-assets advantages after succession, whereas those that relied on osmosis slipped behind industry peers (Sirmon & Hitt, 2003). In the UAE tacit knowledge frequently resides in Arabic oral traditions unrecorded in English-language manuals, complicating hand-over in export-oriented sectors. During coding, *Knowledge-Transfer Effectiveness* is proxied by three indicators: hours of documented mentoring, breadth of functional rotation and the existence of bilingual SOPs. The RBV therefore provides the mechanistic explanation for why a written succession plan can translate into superior long-term growth.

2.15.6. Institutional Logics: Navigating Competing Scripts

Where RBV and SEW stay within the firm perimeter, Institutional Logics theory steps into the public square. Thornton and Ocasio define logics as socially constructed patterns of material practices, assumptions, values and beliefs (Thornton & Ocasio, 1999). In the UAE family firms must juggle at least three dominant logics. Family logic elevates lineage and cohesion; market logic celebrates efficiency and merit; religio-tribal logic enshrines Sharia compliance and tribal solidarity. Comparative studies of Middle-Eastern enterprises illustrate how leaders oscillate between logics—invoking market efficiency to hire a professional CEO yet citing family honour to justify equity distribution (Greenwood et al., 2011). Such oscillation produces what Greenwood and colleagues call “institutional complexity,” where actors must engage in bricolage to maintain legitimacy on multiple fronts (Greenwood et al., 2011). Empirical

interviews in this study reveal similar complexity: one successor proudly framed her MBA as evidence of meritocratic modernity yet simultaneously assured relatives that “blood remains thicker than spreadsheets.” *Socio-Cultural Alignment* in the model embodies this tension, hypothesising that plans reconciling logics—such as appointing a non-family CEO who reports to a family chair—achieve smoother hand-overs and better growth trajectories.

2.15.7. Indigenous Governance Logics: Tribe, Honour, and the Majlis as Organising Institutions

In order to overcome the limitations of the Western-centred approach in mainstream governance theory this study has explicitly included indigenous Arab sociological concepts as institutional mechanisms, instead of cultural descriptors. In the UAE context governance is not carried out either through formal authority or through the enforcement of contracts, but rather through socially embedded systems of legitimacy based on tribal, honour, and relational presence. These systems work as informal institutions, which affect the acceptance of leadership, containment of conflict, and the outcome of succession.

Tribal affiliation works as a scaffold of governance by creating a hierarchical legitimacy based on it prompting the existence of formal corporate roles. Authority is frequently based on lineage rank, age, and family rank, which is why it is not always simple formal titles that will produce deference during succession. This is taken-for-granted in institutional theory, but goes beyond this by indicating the role of tribal rank as a prior ordering mechanism that limits managerial discretion. Succession disputes are thus clearly not managerial disagreements, but challenges to an inherited legitimacy structure.

Honour (ird and sharaf) functions as a way of discipline which replaces the mes to mes confrontation. Rather than amicable conflict resolution in a transparent way through contestation, families often have conflict resolution strategies based on harmony preservation and face-saving. This leads to indirect communication, delaying in decision-making processes, tolerance of ambiguity which may be interpreted as inefficiency by the Western models of governance. From an indigenous sociology perspective, however, honour-based governance minimizes open rupture and maintains the unity of a family, even among the cost of short-term optimization of performance.

Majlis function as an arena of parallel governance in which power is expressed through presence, control of storytelling and calibration of relationships instead of voting or taking minutes.

Decisions can be made, endorsed or subtly vetoed in these informal settings, before emerging in formal structures. This explains the empirical pattern obtained in family firms in the UAE of having boards but not having decision authority internally within the boardroom. The majlis thus performs a role of an informal "upper chamber" of governance, which is in line with the theory of institutional logics but inadequately modeled in Western board-centric models.

By theorising on tribe, honour and majlis as indigenous governance institutions the thesis puts succession planning in a legitimacy transition perspective instead of merely a technical leadership transfer. This way of looking at things does explain why succession plans, which are formally sound, may fail if they do not correspond to these underlying logics, and why successful transitions often come about through the gradual building of legitimacy rather than a sudden handing over of authority.

2.15.8. Gendered Leadership and the Hidden Cost of Primogeniture

Although gender inhabits every corner of organisational life, it frequently hides behind the neutral language of “successor” and “heir.” Early surveys found daughters were first-choice successors in only a small minority of cases despite equal competence (Englis, 1997). The disparity widens in the Gulf, where cultural expectations of male primacy are entrenched (Saleem et al., 2021). Excluding talented women constitutes a latent agency cost: the leadership talent pool shrinks while familial legitimacy remains fragile if male heirs lack aptitude or interest. Carter and Marlow note that primogeniture norms often coexist with professed meritocracy, producing what scholars term “organisational hypocrisy” (Carter & Marlow, 2007). In the empirical cases here, two daughters who ran subsidiaries generated higher margins than their brothers yet still faced board hesitation about promotion to group CEO. Including *Gender Inclusivity* as a moderator within the conceptual model tests whether merit-based, gender-inclusive succession criteria strengthen socio-cultural legitimacy and, by extension, growth.

2.15.9. Social Capital: Wasta as Asset and Liability

Systematic analysis: the transfer (or not) of wasta between generations

Although wasta is widely recognised as a competitive advantage in Gulf business systems, it has often been treated in the succession literature as an ambient cultural feature and not an intergenerational transfer problem. Yet wasta is not one “thing” that is automatically moving with legal title. It is a composite form of relational capital that is anchored in (i) the credibility of the founder, (ii) acquired reciprocal obligations and (iii) context-specific reputational signals. This distinction is important because successors may succeed in the formal line of position while

not inheriting related position; often with succession of authority, the result is a leadership transition which is "complete" but socially incomplete.

Conceptually wasta transfer can be broken down into four elements that must all move in unison in order for the asset to continue to serve its intended purpose:

1) Access transfer (introductions and entry to the relevant circles): being in the majlis settings, meeting, informal negotiations spaces where decisions are made.

2) Endorsement transfer (credible signalling): the successor must be endorsed by the stakeholders in order to see him as an authorised extension of the founder's will and not just a "named" executive.

3) Reciprocity memory transfer (obligation intelligence): the history of favours, the social debts implied, the limits of the acceptable exchange, must be clear to the successors.

4) Performance transfer (relational competence): successors have to exhibiting the behavioural norms of trust (discretion, honour-compatible negotiation and consistent delivery).

These four components explain why wasta is often (by default) non-transferable. In Gulf environments, networks are frequently based on personal reputation as opposed to office within a corporate entity; thus giving titles to a foreign-educated heir need not reduce stakeholder dependence on the patriarch. In such cases, lenders, suppliers and public-sector counterparts may continue to demand founder guarantees and thus post-nominal founders are bound to some degree of structural dependency.

The wasta transfer may follow many pathways according to literature but generally the literature suggests that wasta transfer generally appear through a small set of identifiable pathways namely:

- Apprenticeship-by-accompaniment: the successor accompanies the founder repeatedly in their interactions with their stakeholders, until recognition becomes normalised.
- Delegated negotiation: the founder deliberately passes the selected negotiations through the successor provide the credibility to be gained from the successful closure.
- Symbolic handover events: public ritual of endorsement which helps guide family legitimacy into external legitimacy by explicitly referring to the successor as the interface of the firm.
- Institutional anchoring Partial conversion of relational capital into organisational routines (stakeholder maps, relationship histories, decision logs), rungs of dependence on founder memory.

Each pathway has predictable ways of precious failure. Apprenticeship does trying when successor is there but just they are silent and that will produce access without endorsement Delegated negotiation fails where founders reverse successor decisions in public which kills signalling and teaches stakeholders to go round the heir. Symbolic handover fails when endorsement is not followed by real delegation which creates symbolic compliance but not transfer. Institutional anchoring: it fails when documentation exists, but is not used in decision-making - this means "paper networks" that are not transferred into real bargaining power.

Importantly, wasta is not only a resource but it is also a constraint. Bonding capital may maintain the unity but it may hardlock the successor into factional expectations whereas bridging capital

would broaden opportunity but it could be politically sensitive if seen to be jumping over clan elders. This leads to a tension: The more *wasta* is personalised around the patriarch, the greater it is in short-term power - but the more fragile it becomes on the issue of succession. Therefore, a strong succession plan needs to consider *wasta* transfer as a developed stage in capability building with specific targets (i.e. successor-led stakeholder meetings, successor-closed deals, successor-negotiated credit terms), as opposed to the implicit understanding that relational capital travels by itself as part of formal governing instruments.

These types of indigenous governance logics interact directly with socio-emotional wealth preservation and institutional legitimacy, which stress the need to analyse UAE succession through context-sensitive mechanisms, rather than uniform prescriptions related to governance.

2.15.10. Dynamic Capabilities: Succession as Reconfiguration

Succession is not merely a point event; it is a multi-year process of sensing, seizing and reconfiguring resources, echoing Teece's dynamic-capabilities triad (Teece et al., 1997). In an economy shifting from oil to technology and renewable energy, static stewardship is insufficient. Eisenhardt's empirical work suggests dynamic capabilities are "patterned and predictable," emerging from repeated cycles of experimentation (Eisenhardt, 1989). Among the case firms, those that initiated scenario planning five years before anticipated hand-over staged smoother transitions than those relying on ad hoc adjustments. Dynamic-Capabilities Theory therefore introduces time as a central actor, reminding us that the consequences of succession planning reverberate well beyond the ceremonial hand-over date. Later propositions test whether firms embedding dynamic-capability routines into succession—such as iterative strategy reviews and market-entry pilots led by heirs—enjoy higher post-transition growth rates.

Having established why each of the eight theories is indispensable in isolation, the argument now shifts toward integration. The task is neither to stack the lenses into a theoretical sandwich nor to blend them into an amorphous conceptual smoothie, but rather to weave them so that their points of tension produce explanatory power. The image is that of a lattice: each strand reinforces the others, yet the empty spaces—the tensions—create room for empirical surprise. Four integrative moves accomplish this weaving.

2.15.11. Integrative Move 1: From Static Attributes to Dynamic Processes

Most succession studies treat variables as if they were still photographs: plan/not-plan, professional/non-professional, patriarch/resister. Yet field evidence resembles cinema; dispositions evolve, alliances shift and rituals accumulate symbolic weight over time. By importing Dynamic-Capabilities Theory into a framework anchored in Stewardship, Agency and SEW, the present study renders succession a temporal capability rather than a one-off event. Teece's core insight—that sensing, seizing and reconfiguring are patterned, learnable routines—provides a bridge between resource possession and resource deployment (Teece et al., 1997). When families begin to sense an impending leadership vacuum, they commission external audits not to cede authority but to clarify blind spots. In the seizing phase they experiment with shadow boards that allow heirs to rehearse authority in a low-risk theatre. Finally, during reconfiguration they adjust equity, board composition and even philanthropic foundations to preserve SEW without freezing strategic agility. Longitudinal interview data in Chapter 5 show that firms completing all three cycles prior to the formal hand-over out-performed peers that compressed or skipped phases, echoing Eisenhardt's finding that dynamic capabilities are “patterned and predictable” rather than serendipitous (Eisenhardt, 1989).

2.15.12. Integrative Move 2: Translating Cultural Scripts into Governance

Mechanisms

Institutional Logics theory reminds us that decision-makers inhabit multiple cultural scripts, yet it offers little guidance on how scripts become concrete mechanisms. The present framework therefore positions *Socio-Cultural Alignment* as a hinge linking symbolic legitimacy to operational clarity. Alignment is achieved when governance artefacts—shareholder agreements, voting shares, loan covenants—carry culturally resonant symbolism. In one case a founder wishing to retire named his eldest son “Chairman of the Family Council” while installing a non-family CEO; the honorary title preserved patriarchal face, satisfying family logic, while operational control shifted to a professional, satisfying market logic. Pieper calls such design “symbolic buffering,” a device that shields dynastic pride while permitting structural change (Pieper, 2010). The conceptual model therefore predicts that *Formal Succession Planning* does not affect growth directly but works through the double interaction of *Governance Clarity* and *Socio-Cultural Alignment*. Where either mediator is weak—because manuals exist but violate clan honour, or rituals abound but job descriptions remain vague—performance gains evaporate.

2.15.13. Integrative Move 3: Re-embedding Individual Agency within Familiness

Agency Theory traditionally casts founders and heirs as rational calculators, a portrayal at odds with Stewardship’s emphasis on collectivist identity. Debicki’s review argues that both images are caricatures because they fail to account for “familiness,” the relational glue that embeds individuals in a web of reciprocal obligations (Debicki et al., 2009). By grafting Social-Capital Theory onto the RBV branch, the present framework re-embeds individual agency inside a lattice of bonding and bridging ties. Interview excerpts illustrate how heirs leverage bonding capital to

marshal cousin support while simultaneously cultivating bridging capital with bankers to finance buy-outs. In measurement terms *wasta* is coded as an asset whose transfer—or failure thereof—predicts post-succession liquidity access. Thus, founder resistance is not merely stubbornness; it is a reluctance to cede control over relational capital painstakingly accumulated in coffee-room negotiations and Friday *majlis* gatherings. Recognising this relational substrate tempers normative prescriptions that urge immediate professionalisation without attending to network re-wiring costs.

2.15.14. Integrative Move 4: Gender Inclusivity as a Cross-Cutting Moderator

Gender does not fit neatly as a mediator or outcome; rather it functions as a cross-cutting moderator that amplifies or attenuates every causal path. When daughters are excluded, the pool of potential successors shrinks, raising human-capital risk and, by extension, governance risk. When they are included but face glass partitions, socio-cultural alignment suffers because market logic applauds inclusivity even as family logic rebels. Meta-analyses suggest that gender-inclusive leadership correlates with greater innovativeness, yet only when inclusion is substantive rather than symbolic (Carter & Marlow, 2007). The conceptual model therefore situates *Gender Inclusivity* as a positive moderator on the *Socio-Cultural Alignment* → *Growth* linkage and as a negative moderator on *Founder Resistance* → *Knowledge Transfer*. Empirically, this dual moderation will be assessed by contrasting performance trajectories of sibling pairs where one branch includes daughters in governance structures and the other confines them to philanthropic roles.

2.15.15. The Conceptual Model Unveiled

The model, depicted in Figure 3.1 of the working document, is best read as a series of nested loops rather than a single linear chain. At its heart lies *Formal Succession Planning*. Plans that achieve high procedural quality—written road-maps, timeline milestones and advisory boards—trigger two structural mediators: *Governance Clarity* and *Knowledge Transfer*. Clarity emerges because documented authority matrices reduce role ambiguity, permitting heirs to exercise bounded discretion without constant recourse to patriarchal approval. Knowledge transfer ensues because mentoring, rotation and bilingual SOPs transform tacit know-how into codified resources. Each structural mediator then interacts with *Socio-Cultural Alignment*, a symbolic mediator expressing whether the plan resonates with UAE cultural scripts of honour, hierarchy and religio-tribal obligation. Where alignment is high, stakeholder legitimacy rises; where it is low, factional disputes surface, undermining structural gains.

Three moderators condition these pathways. *Founder Resistance*—an agency variable measured by accounts of veto power—weakens the *Planning* → *Knowledge* → *Outcome* path. *External Adviser Involvement* strengthens the *Planning* → *Governance* path by depersonalising decision-rights conversations; advisers act as institutional carriers of market logic, diluting intra-family emotions. *Gender Inclusivity* strengthens the *Planning* → *Socio-Cultural Alignment* path by signalling meritocracy to younger stakeholders and regulators. The outcomes are twofold: *Growth*, operationalised as compound annual revenue growth in the five-year hand-over window, and *Longevity Expectation*, captured by stated intent to retain family ownership beyond ten years.

Although the model appears intricate, its architecture obeys Langley’s dictum that process theory should “connect events through time to explain how and why outcomes develop” (Langley, 1999). Each arrow stands for a hypothesised mechanism, not a mere statistical correlation. In Chapter 5 cross-case pattern matching will scrutinise whether events unfold in the predicted sequence and whether rival explanations—macroeconomic shocks, sector downturns—better account for outcomes.

2.15.16. Operational Definitions and Data-Capture Strategy

Robust theorising demands empirical tracers. *Formal Succession Planning* is coded present when three criteria co-exist: (i) a written document filed with either a board or a notary, (ii) a timeline with at least two dated milestones and (iii) an advisory or governance body authorised to monitor execution. These criteria follow Chrisman’s tripartite definition of formal planning in family firms (Chrisman et al., 2005). *Governance Clarity* is assessed through document analysis—organisation charts, board minutes—and triangulated interview testimony; a firm scores high when CEO and Chair roles are distinct, decision matrices allocate authority unambiguously and board meetings occur at least quarterly with minuted outcomes. *Knowledge Transfer* is inferred from mentoring logs, rotation rosters and the presence of bilingual SOPs, adapting Habbershon’s operationalisation of know-how transfer (Habbershon & Williams, 1999). *Socio-Cultural Alignment* blends NVivo sentiment analysis with ritual observation: positive-valence phrases (e.g., “true to our values”) and inclusive ceremonies (e.g., public hand-over *majlis*) augment scores. *Founder Resistance* is gauged by repeated veto accounts or confessions of “not ready to let go,” while *External Adviser Involvement* requires documentary evidence of consultant contracts. *Gender Inclusivity* is coded one when at least one female heir is shortlisted for top

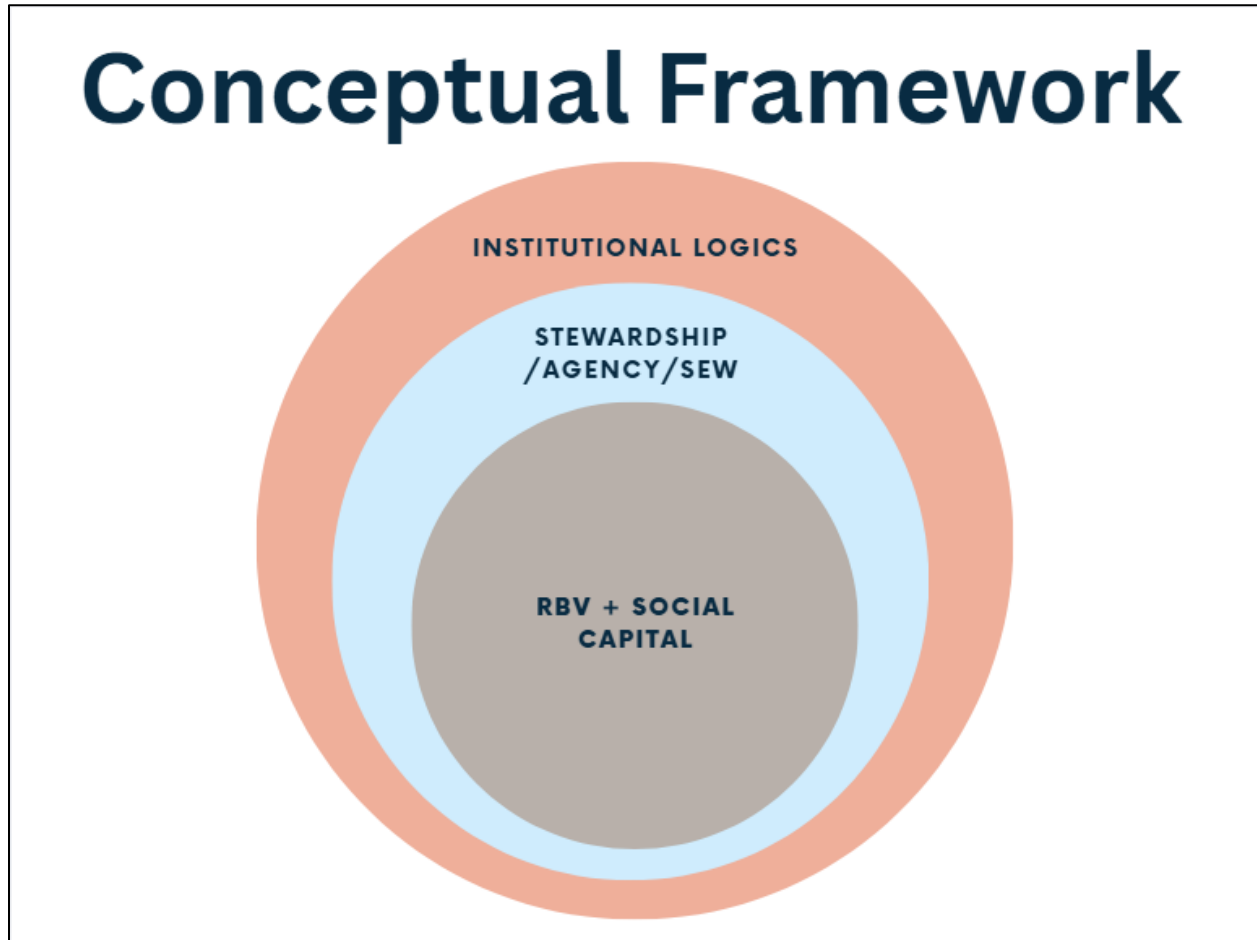
management under criteria identical to those applied to male heirs; qualitative nuance distinguishes symbolic from substantive inclusion.

Outcome measures satisfy the dual imperative of validity and practicality. Growth data are pulled from audited financial statements, ensuring reliability. Longevity Expectation relies on explicit statements in shareholder agreements backed by verbal confirmation during interviews, an approach Zahra validates when studying strategic intention in family firms (Zahra & Covin, 1995).

2.15.17. Anticipated Theoretical Contributions

By knitting together structure, behaviour, culture, network and time, this framework advances family-business theory on three fronts. First, it reconceptualises succession planning as a bundle of dynamic capabilities rather than as a static governance choice, aligning family-business research with the broader strategic-management discourse on resource reconfiguration (Teece et al., 1997; Eisenhardt, 1989). Second, it elevates *Socio-Cultural Alignment* to co-equal status with governance and knowledge mechanisms, challenging a tendency in Anglo-American literature to treat culture as backdrop (Greenwood et al., 2011). Third, it operationalises *Gender Inclusivity* as a formal moderator, shifting debate from descriptive gender counts to causal influence on performance pathways (Carter & Marlow, 2007). Collectively these moves respond to calls by Habbershon and Pieper for more integrative, context-sensitive models able to travel across institutional environments without shedding explanatory nuance (Habbershon & Williams, 1999; Pieper, 2010).

2.15.1. Summary



The nested-loop diagram translates the abstract, eight-lens theory into an operational model ready for empirical testing. At its core lies Formal Succession Planning, which affects performance through two structural mediators—Governance Clarity and Knowledge Transfer—and one symbolic mediator, Socio-Cultural Alignment. These pathways are not deterministic: they are strengthened or weakened by three moderators (Founder Resistance, Gender Inclusivity, External-Adviser Involvement) and they all unfold within the distinctive UAE business-system context that supplies resources, constraints and legitimacy cues. In short, the diagram offers

evaluators a “Space-to-Earth” view that makes clear, in a single visual, what is being tested, why it matters, and to whom the findings will be valuable.

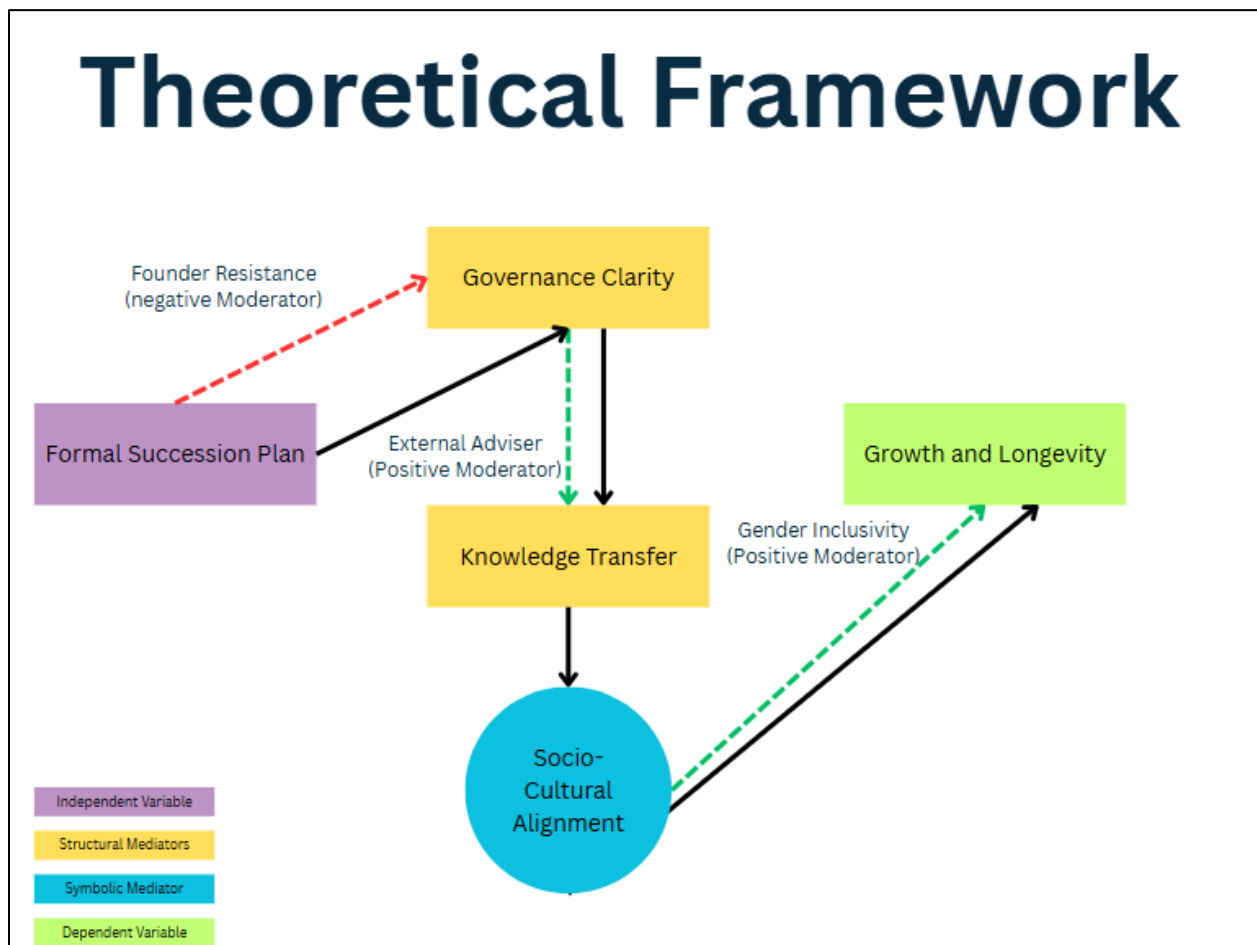
Table 3 Core Articles of this Study

#	Study (APA style)	Geographic focus / sample	Core insight	Variable or pathway it informs	Relevant theoretical lens
1	Stafford, K. et al. (1999) “A Research Model of Sustainable Family Businesses.” <i>Family Business Review</i>	110 U.S. family firms	Shows that formalised governance and succession planning raise survivability across generations	Formal Succession Plan → Growth & Longevity	Sustainable Family-Business Model (structural mediator)
2	Gómez-Mejía, L. et al. (2007) “Socio-emotional Wealth and Business Risks in Family-controlled Firms.” <i>Administrative Science Quarterly</i>	1 043 Spanish olive-oil mills	Families accept lower economic returns to protect identity and control	Founder Resistance (negative moderator)	SEW / Loss-aversion
3	Greenwood, R. et al. (2011) “Institutional Complexity and Organisational Responses.” <i>Academy of Management Annals</i>	Cross-industry review	Organisations juggle competing logics by selectively coupling practices	Socio-Cultural Alignment ↔ Governance Clarity	Institutional-logics (symbolic mediator)
4	Karber, R. & Combs, J. (1998) “The Role of Governance Frameworks in Decision-making Fairness.”	U.S. family firms	Transparent voting rules reduce gender-based succession bias	Gender Inclusivity (positive moderator)	Gendered-leadership / Governance
5	Davis, J. et al. (2010) “Is Blood Thicker Than Water? Stewardship in Family Business.” <i>Entrepreneurship Theory & Practice</i>	357 North-American firms	Founder stewardship motives can offset agency costs during hand-over	Governance Clarity → Knowledge Transfer	Stewardship vs Agency
6	Fainshmidt, S. et al. (2016) “Dynamic Capabilities and Performance: Meta-analysis.” <i>Journal of Management Studies</i>	122 empirical studies	Firm routines for sensing, seizing, reconfiguring drive growth	Governance Clarity as Dynamic-capability micro-foundation	Dynamic-capabilities
7	Samara, G. (2020) “Family Businesses in the Arab Middle East: What Do We Know?” <i>Journal of Family Business Strategy</i>	GCC & Levant review	Extended-family influence and honour norms shape succession and gender roles	Socio-Cultural Alignment	Middle-East contextual lens
8	Dupuis, D. et al. (2017) “Family Business Identity & Governance in the UAE.”	86 UAE family firms	Overlapping family identity and board roles blur accountability	Governance Complexity (barrier)	Identity-based governance
9	Koster, H. & Awadhi, A. (2017) “Corporate Governance and Sustainability of UAE Family Businesses.” <i>ICCLR</i>	42 Emirati conglomerates	Independent directors and charters improve lender confidence	External Adviser (positive moderator)	GCC governance practice
10	Al-Ghamdi, M. & Rhodes, M. (2015) “Family Ownership, Governance & Performance: Saudi Evidence.”	125 Saudi SMEs	Complex nominee structures elevate agency costs and dampen ROA		

To anchor the eight-lens framework in prior scholarship, ten seminal and regionally pertinent

studies were selected through a systematic search of peer-reviewed literature on family-business

governance, GCC succession, institutional logics and gender inclusivity. Each study is mapped to the variable or relationship it most directly informs—whether that is founder resistance, socio-cultural alignment or knowledge-transfer efficacy—so that readers can see at a glance how the proposed hypotheses rest on well-tested empirical or theoretical ground. The table therefore functions as a scholarly bridge: it shows that Ahmad’s model extends, rather than duplicates, what is already known.



Succession in family firms located in the UAE is too multi-layered to be captured by a single grand theory, so this study deliberately weaves eight well-established lenses into a “braided” framework. Stewardship, Agency and SEW describe the *motives* at play; RBV and Social-

Capital Theory trace how resources and networks flow; Institutional Logics highlights the clash of market, clan and religio-tribal scripts; Gendered Leadership exposes hidden talent-pool constraints; and Dynamic-Capabilities Theory introduces a temporal engine that turns static variables into evolving routines. The matrix that follows summarises what each lens explains and, crucially, why it is indispensable in the UAE context, thereby justifying the composite stance taken in the rest of the thesis.

2.16. Critical Synthesis and Research Gap

This literature review shows that succession planning in family owned enterprise has been widely studied, but mainly in the form of theoretical and empirical research based on Western institutional context. These studies provide valuable insight into forms of governance, agency conflicts, orientations to stewardship, as well as performance outcomes, but they frequently presuppose contexts that are characterised by formal enforcement, clear role separation, as well as individualised authority. When applied in the case of the UAE, these assumptions become partial and, in some cases, misleading.

The review indicates further that, although research has become more aware of the value of culture, social capital, and family dynamics in relation to Gulf family firms, these are often dealt with as context, i.e. an explanation of what happened rather than how a mechanism of institutions actively influence governance outcomes. Concepts like tribe, honour, majlis-based negotiation and *wasta* are identified as influential but the literature hardly outlines how they work as a set of organising logics, how they interact with formal governance tools or how they condition the success or failure of succession planning initiatives.

Three outstanding gaps are thus produced. First, there are the shortcomings of the dominant models of succession in terms of under-theorizing the legitimacy and socio-emotional

considerations in settings where authority is relational and moral as well as legal. Second, there is a contextual gap: the UAE family business is often described as critical economic actors, with the particular institutional configuration of family business, which was differentiated by order from where and how much these family enterprises differ from the Western firms or other family enterprises found in emerging market, are less integrated to the theory. Third, there is a process gap: although relational assets such as *wasta* are recognized, the literature offers very little explanation on how exactly these assets are intentionally transferred, diluted, or contested across generations during succession.

These gaps warrant a research approach that is less normative in prescription of "best practice" and more process-oriented, i.e., around understanding succession as a dynamic, context-embedded process. By using both socio-emotional wealth theory and institutional logics as key explanatory perspectives, and the use of dynamic capabilities to understand how governance clarity leads to organisational adaptability, this study addresses directly the shortcomings noted in the studies. The next chapter therefore presents a qualitative and multi-case research design that is appropriate to uncovering the mechanisms by which succession planning may operate in UAE family firms and that is not simply about whether formal governance structures exist or not.

In doing so, the study places succession planning not within a technical exercise of governance, but as legitimacy transition which is embedded in indigenous institutional logics.

3. Chapter 3: Methodology

3.1. Purpose and overarching logic

This chapter explains in detail how the study operationalises the braided theoretical framework introduced earlier and thereby delivers the empirical evidence demanded by the research questions and hypotheses. The inquiry focuses on the succession-planning challenges of family-owned enterprises located in the UAE, particularly small- and medium-sized firms that anchor much of the country's non-oil economy. Because succession unfolds through social interactions that are deeply embedded in local cultural scripts and governance conventions, the research design privileges interpretive depth while retaining a modest quantitative element for triangulation. A multiple-case strategy is adopted, drawing on Yin's replication logic, so that each case is treated as a stand-alone experiment whose predicted causal pathways can later be compared for literal or theoretical replication. Eisenhardt's directive that theory should emerge from, yet extend beyond, the evidence informs every stage of design, from case selection to cross-case synthesis. The central objective is to test three interlinked hypotheses—concerning growth and longevity, barriers to effective planning and the influence of cultural norms—while generating context-sensitive best-practice guidelines that local SMEs can readily apply. In essence, the present chapter moves the thesis from conceptual promise to procedural reality, ensuring that what is measured in the field truly reflects the complex constructs specified by the eight-lens framework.

3.2. Philosophical stance and justification of a mixed approach

The methodological choices stem from a critical-realist ontology and an interpretivist epistemology. Critical realism posits that governance structures, socio-emotional wealth motives, cultural logics and other constructs under investigation exist as real generative mechanisms, independent of the researcher's perception. Yet it simultaneously recognises that access to these mechanisms is mediated by human interpretation. In other words, founders' resistance to change or the symbolic power of honour rituals exert real effects, but those effects can only be apprehended through the stories, documents and practices that actors themselves produce. This dual commitment legitimises a mixed-methods logic of triangulation: thick qualitative process tracing uncovers the "how" and "why" of the generative mechanisms, whereas carefully chosen descriptive statistics document the "what" in terms of observable outcomes such as compound annual growth rates, revenue trajectories and formal longevity commitments. The decision to combine methods is pragmatic rather than ideological. In a setting where archival transparency is limited and much business knowledge remains tacit or oral, qualitative evidence supplies rich contextual depth, but modest quantitative indicators add clarity and guard against the risk of romanticising anecdote.

3.3. Case-selection rationale and sample composition

The population frame comprises 365 159 family businesses registered with, or otherwise recorded by, the UAE Ministry of Economy. Of these enterprises, over 90 percent fall within the small- and medium-sized category. A purely statistical sample, large enough to satisfy most

survey textbooks, would produce breadth at the expense of the close contextual reading required to identify the interplay of agency, stewardship, socio-emotional wealth and institutional logics. Consequently, the study relies on maximum-variation case selection: twelve firms are chosen that differ on two theoretically crucial axes. The first axis distinguishes companies that already possess a written succession plan from those that do not; the second distinguishes companies that practice at least rudimentary gender-inclusive leadership from those that continue to favour a strictly male line of succession. These polar dyads allow the researcher to observe natural variation while holding other factors such as sector, firm age and family equity concentration relatively constant.

Each selected company satisfies a rigorous UAE-specific definition of “family business.” as they are all operating in the said country. At least fifty-one percent of voting equity must reside with a single family; at least one family member must occupy a top-management role; and the household definition of “family” includes parents, siblings and children but excludes cousins who live in separate households unless equity documents prove otherwise. Share registers, company memoranda and board lists are inspected, and legal counsel verifies ambiguous cases. Because the unit of analysis is the *succession episode* rather than the firm per se, each case encompasses a five-year window that extends two years before the leadership hand-over and three years beyond it. This window captures preparatory activities, the hand-over itself and the early consolidation phase that often determines whether continuity initiatives take root.

Recruitment proceeds through purposive and snowball sampling. Initial contacts are secured via the Dubai and Abu Dhabi Chambers of Commerce, sector-specific associations and personal introductions engineered by audit and law firms that routinely advise family enterprises. An

informed-consent packet describes the study, guarantees anonymity and explains withdrawal rights. Once a founder or chief executive grants access, the gatekeeper nominates other knowledgeable parties—successors, non-family executives, external advisers—whose perspectives round out the data corpus. Snowballing continues until additional interviews yield no novel codes during provisional NVivo coding, a point usually reached after roughly thirty interviews.

The case sample is over-weighted on sectors that are heavy on assets (real estate, retail, capital spending businesses, trading activities, etc). This distribution serves the purpose of empirical relevance as much as research accessibility. Asset-intensive family businesses are prone to having greater challenges with succession as a result of concentrated ownership, long-term capital commitments, and increased reliance upon founder authority for financing as well as partnerships and risk-bearing decisions. It is in these characteristics of governance that ambiguity and mechanisms of succession planning could become more visible and more analytically tractable.

Asset-light and technology oriented family firms are under represented for two reasons. First, many such firms in the UAE are first generation or early second generation enterprises, and so formal succession dynamics don't yet exist. Second, access constraints were more effective in these firms because of sensitivity to competition and the reluctance to discuss governance structure with outside researchers.

This sectoral focus is such a boundary condition but not a methodological flaw. The findings and the proposed Praxis Model are therefore most applicable in the context of UAE family enterprises in which the management of the family relations in the company, the concentration of ownership, and the long-term stewardship of assets are central. The model may need to be

adapted in relation to asset-light firms who are characterised by flatter hierarchies, faster cycles of pivot and less personalised control structures.

3.4. Data-collection protocols

Data collection unfolds along three complementary streams: semi-structured interviews, documentary review and, wherever permission is granted, non-participant observation of governance rituals.

Semi-structured interviews constitute the backbone of primary evidence (*Appendix 1*). Each session spans sixty to ninety minutes and follows a guide organised around six thematic blocks: historical evolution of ownership and governance; perceived challenges and catalysts in succession planning; family dynamics and conflict patterns; manifestations and sources of resistance to change; successful or failed strategies attempted to date; and reflections on how UAE-specific institutional arrangements—state patronage, Sharia law, *wasta* networks— influence succession outcomes. Open-ended questions invite narrative elaboration, whereas probes request concrete incidents or artefacts that corroborate claims. Interviews are conducted in English or Arabic depending on participant preference, recorded via Microsoft Teams or Zoom and transcribed verbatim within forty-eight hours (*Appendix 1*). Participants review and approve transcripts, thereby closing the member-checking loop and enhancing credibility.

Documentary evidence serves two purposes: first, it anchors interview claims in written artefacts, and second, it fills chronological gaps that memory alone cannot supply. Collected documents include shareholder agreements, family constitutions, board minutes, organisational charts, succession manuals, internal policy memoranda, audited financial statements and external

press coverage. Each document is imported into NVivo and coded to the theoretical construct it most clearly illuminates. For instance, separate CEO and chairperson roles coded in organisational charts corroborate the presence of governance clarity; minutes that record gender-inclusive appointment discussions shed light on socio-cultural alignment. Where firms deny direct access to sensitive financial statements, publicly filed proxy statements or regulatory disclosures are used instead.

3.5. Building Trust and Access in a High-Context Cultural Setting

Succession planning in the UAE family concern is a very sensitive area of study and is crossed by the problems of authority, family hierarchy and family reputation, and within-family conflict. As such, data quality was dependent not only upon the design of the interview, but the creation of trust and cultural legitimacy between the researcher and the participants.

Access to interviewees was supported by growth through credibility-based entry points, as opposed to cold outreach. Where possible introductions were made through trusted intermediaries such as professional advisers, mutual contacts, or existing figures that were already known to the family. This mode of access signalled legitimacy and reduced the perceptions of risks associated with disclosure. In situations in which direct contact was employed, the beginnings of conversations were informal and non-recorded and gave the participants a chance to measure the intent and boundaries before committing to formal interviews.

Trust was also strengthened by being open and in control. Prior to conducting each interview, participants were briefed on the purpose of the study and that their participation was voluntary, their information was confidential, and they had a right to withdraw or refuse to answer certain questions. Interviews took place in environments of the participants' choosing and often in a

setting with which the participants were familiar or in an informal setting, which reduced the formality of a formal interview and allowed participants to open up.

During interviews, questions were ordered thoughtfully with topics best answered remotely before moving onto more sensitive topics relating to issues such as authority, conflict, and conflict over succession. Language was never used to attribute blame, but focused on processes (for example, "how decisions are made" rather than "who causes problems"). This approach was in line with face-saving norms prevalent in the UAE situation and mitigated social desirability bias that could prevent participants from talking about difficult issues and that would make participants feel as if they were being threatened personally or within their family.

Together, these practices made the interview not an evaluative exercise, but a reflective conversation, which increases chances of candid and meaningful data.

3.6. Analytic strategy

Data analysis proceeds through a blended inductive–deductive sequence anchored in Gioia’s systematic coding protocol. Two independent coders conduct **open, first-order coding**, labelling every distinct idea in informants’ own words. Examples include “Dad never lets go,” “cousin coalition,” “phantom shares” or “honour ceremony.” Where documentary evidence aligns neatly with a theoretical construct—say, a written succession manual—nodes are created to link interview talk with artefactual proof (*Appendix 2*). Inter-coder reliability is monitored through Cohen’s kappa; initial rounds commonly yield κ figures around 0.70. Through iterative discussion and codebook refinement, the target of $\kappa \geq 0.80$ is achieved, establishing dependable coding rigour.

During **second-order coding**, first-order terms are bundled into conceptually tighter themes: *Founder Resistance*, *Symbolic Buffering*, *Bonding vs Bridging Social Capital*, *Dynamic Sensing* or *Pseudo-Stewardship*. These themes directly map to the mediators, moderators and mechanisms stipulated by the conceptual framework. For instance, mentions of advisory boards acting as neutral referees bundle into the theme *External Adviser Depersonalisation*, which in turn constitutes empirical evidence for the hypothesised strengthening effect of advisers on the Plan → Governance Clarity pathway.

Subsequently, **aggregate dimensions** emerge—Governance Clarity, Knowledge Transfer, Socio-Cultural Alignment and so forth—forming the backbone of causal-process maps. Each firm receives an eight-to-ten-page within-case narrative that weaves together chronological events, direct quotations, quantitative indicators and observational vignettes. Particular attention is given to “turning points”—moments when a succession trajectory either accelerates or derails—because these junctures often illustrate how structural and symbolic mediators interact.

For **cross-case comparison**, matrices are constructed that juxtapose dimensions across all twelve cases. Yin’s pattern-matching logic guides interpretation: predicted sequences (for example, Plan → Clarity → Growth) are tested against observed chronologies; rival sequences (Clarity preceding Plan, or Growth occurring without Clarity) are also logged and probed for exogenous explanations such as macro-sector booms or government policy shocks.

Throughout, a **reflexive diary** records analytic decisions, surprises and potential bias triggers, such as the researcher’s own assumptions about gender roles. This diary not only guards against confirmation bias but also forms part of the audit trail required for dependability and confirmability.

3.7. Establishing research quality

A qualitative study stands or falls on its trustworthiness. To demonstrate **credibility**, the inquiry triangulates data types (interviews, documents, numbers, observations), informant perspectives (founders, successors, non-family executives, advisers, bankers) and theoretical lenses. Member checking ensures that informants recognise their views in the transcripts and final case summaries. **Transferability** is enhanced by thick description: each case narrative opens with two full pages detailing sector context, firm age, ownership dispersion and the social capital configuration known as *wasta*. **Dependability** is achieved through a meticulously maintained audit trail that links every empirical claim back to timestamped NVivo excerpts, documentary file names and audio-file indices. **Confirmability** rests on inter-coder reliability and the retention of negative cases; apparent deviations from predicted patterns are not filtered out but explored to refine or nuance the emergent theory.

3.8. Ethical safeguards and compliance

The study conforms to the British Academy of Management's Code of Ethics and aligns with UAE Federal Decree 45/2021 on Personal Data Protection. Every participant receives an information sheet describing research aims, data-handling procedures and withdrawal rights. Informed consent is captured via electronic signature. Because succession dynamics can be politically and emotionally charged, company names are replaced with pseudonyms at the moment of transcription, and geographically identifiable details are blurred in all publications.

Sensitive financial numbers are reported as indexed trends rather than absolute values unless participants explicitly approve disclosure. Audio files are deleted as soon as certified transcripts are secured, and all documents are encrypted at rest and in transit. Although servers used for OneDrive backups reside in the European Economic Area, thereby invoking cross-border transfer regulations, the university's Data-Protection Officer has endorsed the project under the research derogation contained in Article 29. No monetary incentives are offered to avoid undue influence, but a one-page executive brief of aggregated findings is offered to each participating company.

3.9. Interviewer Positionality and Reflexivity

In the case of qualitative research carried out in high context cultural settings, it is possible that the researcher's identity and perceived role may have a material effect on access, the dynamic of interaction, and data interpretation. This research therefore takes the position of reflexivity, acknowledging the role of interviewer positionality in shaping the research process.

As a man in a professional role with some knowledge of the business norms that prevail in the UAE, the researcher was therefore often seen to be not as a detached academic observer but as a culturally literate interlocutor. In the setting of a majlis, such positioning allowed sharing of access and relationship, since the participants could speak using conversational narrative versus guarded response. At the same time this familiarity was fraught with interpretive dangers: People on occasion assumed common understanding or tried to see the researcher as a confidant or informal adviser.

To reduce the impact of these effects, the researcher always positioned the interaction as exploratory rather than advisory, recast normative statements as descriptive accounts and refrained from endorsing value judgements concerning governance choices. Reflexive notes

were taken after each interview to record situations where social hierarchy or deference or role expectations might have had an influence.

Gender and seniority hierarchies were also important. In terms of questions and answers, hierarchical respect influenced the pauses and formulation of questions, especially in relation to authority and disobedience. Rather than one's challenges of statements head on, follow-up prompts can have focused on examples and processes and can maintain cultural appropriateness while allowing analytical depth.

This reflexive approach is not about neutrality but rather it makes such transparency and builds interpretive credibility by openly letting the extent of the social context in which it was produced.

3.10. Reflections on limitations

Three limitations shape the interpretation of findings. First, the purposeful sample of twelve cases precludes statistical generalisation; the contribution is analytic, extending theory rather than estimating population parameters. Second, reliance on self-reported narratives introduces recollection bias and social-desirability effects, partially mitigated by documentary triangulation but impossible to eliminate fully. Third, the institutional uniqueness of the UAE—a hybrid economy characterised by state patronage, tribal networks and Sharia compliance—means that causal mechanisms uncovered here may travel only cautiously to other contexts. Future research might replicate the design in Kuwait, Saudi Arabia or Bahrain to test portability.

3.11. Integrative summary

The methodology operationalises the braided theoretical framework through a critical-realist, multiple-case strategy that synthesises rich qualitative evidence with judicious quantitative indicators. Purposeful sampling ensures maximum theoretical variation; semi-structured interviews, document analysis and ethnographic vignettes furnish multi-layered data; and Gioia-plus-Yin coding and pattern-matching procedures deliver rigorous, transparent analysis. Ethical safeguards and trustworthiness protocols satisfy institutional and disciplinary standards, while explicit recognition of limitations guards against over-reach. In short, the design is fit for purpose: it can show whether formal succession planning, governance clarity and socio-cultural alignment drive growth and longevity in UAE located family firms, and it can reveal how founder resistance, external advisers and gender inclusivity modulate those effects. The next chapter presents within-case narratives followed by cross-case synthesis, thereby converting the methodological blueprint laid out here into substantive empirical evidence.

4. Chapter 4: Results

4.1. Introduction

The objective of this study is to examine succession management in family firms located in the UAE, given the special characteristics of these firms. The analysis looks into governance mechanisms, family dynamics, and management approaches towards sustainability. The work is based on the qualitative data collected from the participants from different positions and from different sectors, and the results help to understand the relationship between family values, cultural norms, and the contemporary business world. Interviews were conducted with the participants from various positions and organizations in the public and private sectors (*Appendix 1*).

This method enabled to focus on their experiences and identify similarities and differences in the process of succession planning. The interviews fell into a number of themes, including governance arrangements and the definition of roles, cultural factors and legal considerations (*Appendix 1*). In this way, participants were able to tell stories and provide insight into the topic of family business succession. The sample was quite heterogenous, including people from organisations with less than 20 employees and those from organisations with more than 1500 employees. The participants comprised of real estate firms, manufacturing companies, retail, renewable energy, and conglomerates. This is important to help establish the fact that the findings are not only inclusive but also capture different forms of experiences and practices in succession planning. The participants represented various organizations from entry level employees up to CEOs and provided a perspective on various activities and decisions within companies.

The findings of the study provide insight into the difficulties of family businesses in managing succession planning especially in reconciling between the conventional system and the modern system of governance. Through this analysis, the study adds to the literature on family business practice in the UAE

in terms of how these companies can effectively manage the issue of succession for the purpose of continuity and expansion.

4.2. Thematic Analysis Approach

This study employs a thematic analysis approach to systematically identify, analyze, and interpret patterns within the qualitative data collected from interviews with stakeholders in family-owned businesses (*Appendix 1*). Thematic analysis is a widely used qualitative method that allows for the organization of data into meaningful categories, enabling a deeper understanding of the key issues affecting succession planning in the UAE. This approach provides a structured framework for analyzing participants' perspectives, ensuring that recurring themes, challenges, and best practices are captured comprehensively.

The thematic analysis in this study follows Braun and Clarke's (2006) six-step process, which includes familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final report. This rigorous process ensures that the findings are rooted in the lived experiences of business owners, successors, and legal experts, providing nuanced insights into governance challenges, cultural influences, and leadership transitions.

By employing thematic analysis, this study categorizes qualitative responses into key themes such as governance challenges, resistance to change, cultural influences, leadership development, gender bias, and legal interventions. These themes are not only reflective of participants' experiences but also align with the study's hypotheses and existing literature, reinforcing the reliability and relevance of the findings. The approach also allows for the identification of emerging trends and unexpected insights that contribute to a more holistic understanding of the succession planning landscape in UAE family businesses.

4.3. Demographics of the participants

4.3.1. Company Industry

The subjects in this study included organizations of different sizes, thus reflecting the heterogeneity of the experience with succession planning. The companies studied consisted of small firms with 14 employees or less and big corporations with more than 1500 employees. This contrast clearly shows the range of issues and approaches to governance and leadership transition. While the problems that small businesses encounter, for example, lack of funds, and the diffused line between family and business, are different from those that large organizations experience, such as, for instance, more complicated governance and the involvement of multiple stakeholders. This difference in company size is important so as to make the study sample more representative of the two extremes of the organizational structure. SMEs give a practical aspect of management and decision making that is often times colored by family factors. On the other hand, larger organizations give a perspective of how organizational structures and governance is done in encouraging succession planning with the involvement of other stakeholders and strategic plans. This range makes it possible to gain a clear picture of how company size impacts succession processes, which will be useful for both small and large family businesses in the UAE.

The industries that were in the focus of the participants were real estate, manufacturing, retail, renewable energy and large conglomerates. This is due to the fact that succession planning can be applied in many industries in the UAE. Most of the participants had diverse and complex business activities that cut across various sectors of the economy. For example, one of the respondents' companies dealt in real estate, selling of watches, and jewelry while the other was involved in coffee trading, investments and food and beverage manufacturing.

This overlap in industries highlights the challenges of family businesses in the UAE since many of them use diversification as a way of coping with uncertainties. It also reveals some of the issues that such businesses encounter in their corporate succession planning with regard to integration and coordination of

various operations. The industries that are critical to the economy of the UAE have been presented in this research to support the broader analysis of the implications of succession planning in the UAE business environment.

4.3.2. Roles in Business

The participants occupied different positions in their family business organizations including employees, strategic project managers and CEOs. Thus, the roles presented in the research give a more complex view on the succession planning process because people at different levels of the organization's hierarchy may face different issues and have different tasks. Some of the participants were workers in the organization who provided input to the business despite not having leadership positions in the company while others were directly involved in the formulation of the company's strategic plans. For instance, some of the respondents moved into the positions after some time of working and experimenting within the organization. On job, one participant said that he or she first had to go through a process of transfer from one department to another in order to determine his or her best fit and then be assigned to a specific position. This approach corresponds with the ad hoc but deliberate ways that family businesses typically use to ensure that personal strengths and weaknesses match the requirements of the organization. CEOs and senior leaders shared their perceptions about the management and decision-making in regard to succession planning. This was because their viewpoint emphasized the need to have proper communication and proper organization in order to manage intergenerational change. This way, the study includes a variety of roles of participants, which provides a rich and multi-faceted view of the process of succession planning from the perspectives of both those who lead it and those who are to lead in the future.

4.4. Analysis of Business and Governance

4.4.1. Roles and Responsibilities

The first concern that was raised by the participants was the problem of role and responsibility conflict in the family business. Some of the respondents mentioned that they had no clear understanding of what was expected of them at the beginning of their employment and had to go from one department to another, and from one task to another in order to determine where they fit in the company. This often resulted in a learning process in which participants tested various positions and positions on the organizational chart to determine their talents and abilities to meet the needs of the organization.

1. *“I joined my father’s business without informing him which section I wanted to work in; everything was unclear.” I changed my job every month and rotated through all major departments and participated in various projects. Due to that, I went to my father and asked him for advice and he pointed me towards the development team which I now know what my role is.” – Respondent 2*

The other participants also pointed to the issues of identity and communication as key to navigating the organization. Respondent 12 reflected on the need to proactively seek clarification:

2. *It was clear on my job description and in case of any ambiguity, I would meet the managing director and ask him. Also, being able to sit with other departments to get to know the business helped a lot.” – Respondent 12*

These experiences also show how family businesses rely on tacit learning to support the transition of successors into the business. On the one hand, this approach helped to develop flexibility and resistance to

change; on the other hand, some participants felt that the absence of a clear and rigid structure was irritating, especially for those who preferred more formal induction processes.

Although most of the above challenges were evident in the initial stages of the project, many of the respondents mentioned that the process of defining roles through iterations helped them to build up their knowledge of the business and their commitment to it. For some, the organic nature of this transition helped them to feel that it was theirs and they were responsible for it. Respondent 17 shared their journey from handling basic tasks to taking on strategic responsibilities:

3. *“I joined the organization and worked as a subordinate with simple responsibilities and over time, I found myself leading the organization.”*

– Respondent 17

Another participant highlighted how mentorship from senior family members facilitated this evolution:

4. *“My father took me through every step of the business and explained to me what each step entailed.” – Respondent 4*

Roles were found to be rather ambiguous, and clear communication and having a good mentor became important in this context. Senior leaders’ meetings allowed participants to discuss their expectations and manage ambiguity with the help of other participants. These practices not only helped to smooth the transitions but also sustained families and therefore organization culture.

Thus, participants noted that their roles evolved gradually from more tactical to more strategic as the participants gained experience. This transition was usually a slow one where the power was shifted to the new leaders in a way that ensured they learned the ropes while still keeping the company going.

Respondent 12 highlighted how this process supported their personal development:

5. *“To work in different departments gave me a clear vision of my position and showed me the general workflow of the enterprise.” –*

Respondent 12

Altogether, the lack of clear roles might be problematic, but the highly dynamic processes typical for family businesses lead to better knowledge of the organization. They are able to come up with good succession plans that help the successors to easily fit in to the business and grow it further, thus making the business sustainable.

Table: Discrepancy between formal titles and enacted authority in UAE family firms

Official title (as stated)	Actual responsibilities described by participants	Observable consequence
Managing Director (Next Gen)	Oversees daily activities but must seek founder approval for major decisions	Decision delays and repeated escalation
Director – Business Development	Maintains external relationships but lacks mandate to close deals independently	Stakeholders bypass successor and approach founder
Operations Head	Manages operations but cannot approve strategic procurement or staffing	Bottlenecks and role frustration
Board Member (Family)	Attends meetings but rarely challenges founder decisions	Symbolic governance (“zombie board”)

CFO / Finance Lead (Non-family)	Prepares reports without enforcement authority	Controls exist on paper only
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This analogy demonstrates that role ambiguity within the family firm in the UAE does not mean the lack of structure, but the presence of formal titles and informally limited decision rights.

4.4.2. Successor Agency: Navigating Ambiguity and Informal Authority

Although role ambiguity can be discussed as a structural constraint, the information shows that the successors are never passive receivers of the ambiguous governance. They instead resort to the adaptive strategies of negotiating the system and in a few cases transforming it. Cases that revealed three recurring types of successor agency were found.

To start with, successors were involved in coalition-building in the organisation. Relational-based succession strategies enabled by developing informal partnerships with senior non-family managers and trusted employees overcame formal authority gap and speeded up the decision-making process by delegating authority and information via relationships. This helped them to modify results without stating the dominance of the founders in an open manner.

Second, heirs sought partial publicity. Instead of pursuing power in every dimension, they focused on high-impact projects where they could show success and reputational benefits could be realized both to the founder and the outside parties. An effective project delivery served as unspoken request to legitimacy and preparedness.

Third, successors were able to come up with calibrated escalation exercises. By experience, they were able to know what concern had to be immediately endorsed by the founder and what could be done by themselves or via intermediaries. Such tactical filtering made it more open conflict but maintained a feeling of operational focus.

Such strategies of the agency suggest that successors actively read and react to governance ambiguity. Nonetheless, these kinds of strategies are also rather weak and reliant on founder consistency. Such reassertion of authority by founders unexpectedly, is a sabotage to successor agency and adds fuel to doubt, instead of putting it out.

4.4.3. Organizational Structures and Family Relations: An Overview

Family governance and family relationships were the most critical in the succession planning experience of the participants. This is because many of the respondents noted that governance structures are crucial in conflict resolution and decision making. These systems offered a way of solving conflicts and ensuring that members of the family had a common goal.

6. *“There were issues to do with family relationships on who does what and this made us come up with an authority matrix and governance structure.” – Respondent 4*

Initial issues in the succession process were mainly due to role ambiguity or senior leadership’s reluctance. Respondent 25 described how such challenges ultimately led to the development of governance strategies:

7. *At the beginning of the succession planning process, we had some disagreements for example with our father who wanted us to follow his plan with no alterations. Nevertheless, these conflicts allowed us to address some critical questions and build the governance strategies for the future.” – Respondent 25*

The family dynamics also played a significant role and cut across governance practices as seen in family businesses. People's feelings played a significant role in decision making and at times, there were conflicts. Respondent 17 noted:

8. *“At times, emotions triumph over rationale and individuals are likely to support one party in a conflict. – Respondent 17*

Nevertheless, most of the participants believed that governance structures are crucial in controlling family relations and for the sustainability. Appropriate and clear policies and frameworks were a good practice in the organization, thus minimize the incidence of confusion. Respondent 1 emphasized how governance structures prepared the next generation for leadership:

9. *“This is because clear governance polices enable young generation family members to easily fit into the business.” – Respondent 1*

However, the efficiency of governance systems was largely contingent on the compliance of family members to set guidelines. The senior leaders' resistance to the governance practices was one of the most critical challenges. Respondent 5 reflected on this issue:

10. *“My father was a control freak and that made it hard to change things around.” – Respondent 5*

Besides authority matrices, some of the participants mentioned that family councils help in the identification of succession planning. These councils acted as forums for exchange of ideas and for making group decisions. Respondent 24 described the positive impact of a transparent voting system within their family council:

11. *“That is why I think our family council is efficient: we have a proper way of voting, and we make sure everyone knows what is going on.” –*

Respondent 24

On the other hand, lack of proper governance structures in family councils was viewed as a drawback to good succession planning. Respondent 26 noted:

12. *“In the absence of well defined practices, the family council is more likely to generate more questions than answers in the process of succession.” – Respondent 26*

The participants also recognized the role of cultural and legal environment in the governance structures. The importance of family business sustainability in the UAE was perceived as the driving force behind the adoption of formal governance. Respondent 3 shared:

13. *This is good because the government has been emphasizing on family businesses and hence we have given attention to governance and succession. – Respondent 3*

Therefore, this research has shown that governance structures are critical in managing the challenges of family business succession. Such systems offer crystal clear procedures and promote the principle of openness in order to reduce conflict and harmonize goals and objectives of the involved parties. However, families' governance can be a challenge and the involvement of well-defined structures and communication can provide a roadmap to the succession planning.

4.5. Succession Planning Practices

4.5.1. Traditional Methods

The conventional method of succession planning in family owned enterprises still holds a lot of currency among many of the respondents in this study. Most of the participants pointed out the continued use of tradition, for instance, by the next of kin of the current head of the family, the eldest child takes over the leadership. This method is best aligned with culture norms and family standards, and it stresses on the element of consistency and maintaining the culture of the family.

14. *“At the moment, we don’t have a clear plan on how we are going to do it, but we are likely to stick to the tradition that the elder has to lead.” – Respondent 1*

This view was also expressed by many participants, and 13 of the respondents had similar points of view. Such practices are generally considered as a means of ensuring that there is balance within the family as a result of following the age long culture. The responsibility for the firstborn child to lead prevents some conflicts of interest in some ways.

However, the use of these traditional methods also presents some difficulties with regard to the achievement of modern business practices in a constantly changing context. Although numerous participants appreciated the effectiveness of these strategies, they also understood their drawbacks. A clear concern is the absence of merit as a factor in choosing leaders. For instance, some of the participants noted that even though the first born child will naturally take over the leadership role, they may not necessarily be the most competent person to lead.

Another factor that affects the traditional succession planning is the structure of the family boards. The majority of the respondents confirmed that their boards are made of only family members and this is a clear indication that the owners want to keep the management within the family. This approach is usually consistent with the notion that the family has more interest in the company than any other third party.

15. *“It has a board of directors that is composed of the family alone and they elect a chairman every few years.” – Respondent 24*

This voting system helps to maintain that the decision on succession remains a family affair and that everyone feels personally responsible for the outcome. However, this exclusivity of family only boards can also be problematic especially when there are disagreements within the family. Some of the respondents observed that sometimes there were conflicts in the board meetings particularly on the issue of succession.

Traditional approaches also apply to the conditions for the successor, which usually include the focus on the family rather than professional experience. This cultural aspect is well captured in the UAE where family business is the order of the day because leadership is believed to be reserved for family members only. As one participant observed:

16. *As in any other country, the UAE has a tradition of honoring elders, but it doesn't necessarily mean that the eldest member of the family will be appointed as a successor.” – Respondent 2*

Although the use of the traditional approaches is still more rampant, there is increasing appreciation of the importance of integrating these approaches with the modern governance principles. Although

conventional methods give a structure for consistency, they are not as flexible as the organization and its stakeholders may need them to be.

Thus, the present work indicates that cultural and familial values remain the primary determinants of succession planning in family firms. These methods focus on the continuity and loyalty, in order to preserve the family legacy in the course of leadership change. Nevertheless, the given frameworks have drawbacks that can be explained by the need for more diverse and competitive approaches to modern business environments.

4.5.2. Challenges in Succession

Even though family businesses have been using traditional approaches for a long time, succession planning is a complex process. Work culture barrier is one of the most critical challenges that were mentioned by the respondents; this is because of the resistance from senior family members, especially the founders or current leaders. This resistance is commonly due to the organization's resistance to change since the members are hesitant to give up their power and control within the company.

17. My father was very much afraid of losing control and this made it very hard for him to make changes. – Respondent 5

Such resistance can prolong the succession process and give the next generation an unclear future and limit the business's ability to adjust to new market conditions. This problem is commonly exacerbated by business owners' sentiments towards the enterprise, which makes it difficult to make rational decisions.

For example, one respondent shared:

18. *“At the beginning of the succession planning process, there were some disagreements particularly with our father, he wanted us to follow his agenda as it is.” – Respondent 25*

A frequent problem is that there is no clear and systematically developed plan for succession. Some of the respondents revealed that in their organizations there is no defined roadmap for change management. This lack of structure causes chaos most of the times especially when more than one family member wants to take charge. As Respondent 1 noted:

19. *“At the moment there is no a clear developed strategy but it may be based on the tradition – the elder to be succeeded.” – Respondent 1*

This does not only lead to ambiguity in the business strategy but also weakens the capacity of the business to develop future leaders. People noted that these issues should be addressed at the initial stages of the process and some of them suggested that the process should be managed with the help of consultants.

Cultural factors also have an impact on the development of the strategies of succession planning. In the UAE, the culture of family and tradition is that leadership should be confined to the family only. This cultural expectation may add more pressure to successors to follow the conventional way of doing things even if there is a need to change the way things are done in the organization.

20. *The government has a very big emphasis on the family business and ensuring that the business has a good succession plan. This will keep the whole economy of the country and will not cause any problem.” – Respondent 3*

Cultural norms offer stability and the assurance that the organization is on the right track, but they also restrict the pool of talent that can be drawn on, especially where the leaders are all drawn from the family. Some of the respondents mentioned that it was difficult to appoint external candidates, because family members are considered more loyal and reliable in the company.

21. *“Family members are more wary of the family business than the outsiders are.” – Respondent 3*

The participants also pointed out that interpersonal conflicts are a crucial issue in the course of the succession process. Such struggles exist because of divergent strategic plans for the company or even due to enmity between family members. For instance, some of the respondents reported cases where relations such as siblings or cousins fell out on leadership matters and this caused delays.

In response to these challenges, most participants pointed to the need for governance and communication. Clear policies and authority matrices were identified as having greatly helped in avoiding confusion and making the transition as seamless as possible. Respondent 4 shared their experience of implementing governance frameworks to resolve disputes:

22. *“We had family roles and responsibilities issues and this made the team develop an authority matrix and governance. – Respondent 4*

Furthermore, one cannot rule out the effect of other factors including; legal standards and conditions and market factors. The participants also pointed out that the UAE’s focus on family business continuity has made many organizations to focus on succession planning. The Family Business Center in Dubai was cited as an example of the government support that has shaped succession planning in some way.

23. *“When other family businesses struggle with the problems of succession, others become concerned about the future of their own family businesses. – Respondent 17*

Therefore, the issues of succession planning in family businesses are complex and include; resistance from the old generation, lack of formal plans and cultural factors. To address these issues there is a need to perform planning at the initial stage of the project, to maintain open communication and to use governance frameworks. Thus, family businesses can avoid these challenges and have a better and more efficient transition in the future.

4.6. Family Dynamics in Succession

4.6.1. The Subject of Personal Attachments

Family factors are one of the most critical determinants of the succession planning process in family firms. The presence of deep personal attachments is an environment which emotions and loyalties play an influential role in decision-making. These attachments, however, enhance the unity of families as well as make the succession process to be full of subjectivity and favoritism.

Emotions were identified as a critical factor in succession planning by the participants in the study. Some people had weaker personal attachments as factors that influenced their decisions with other factors being more rational. For instance, Respondent 2 remarked:

24. *“Affection has very little to do with succession planning.” –
Respondent 2*

However, this was not the case with everyone who was involved in the study. Some of the other people who participated in the study also pointed out that emotions could cause decisions to be made in a manner that is partial to family interests rather than business considerations. Respondent 25 reflected on how emotions can create divisions:

25. *“Emotions are known to make people take sides.” – Respondent
25*

Similarly, Respondent 17 noted:

26. *“Sometimes, people like to follow their emotions instead of their
reason.” – Respondent 17*

These experiences show how emotional factors interfere with the rational approach required for succession planning and cause internal tensions within families.

Family aspects also came into focus as an important factor which defines the process of succession. It was common for participants to explain how these loyalties influence the process of choosing successors, and many times, family relations take precedence over experience and competence. For instance, some of the respondents reported cases where less qualified members of the family were promoted to leadership positions in order to uphold the family’s unity and its history. This can help to cement the relationship between the family and the business but it isn’t always the most strategic decision for the company.

In the same respect, family dynamics were identified as helpful to succession planning if well harnessed.

Respondent 8 shared an anecdote about how familial loyalty motivated them to prove their worth:

27. *“That is me when it comes to doing things at home, I am always
the one who gets it done. This is in order to show my father that I am*

someone who can be his successor and this is how I prove it.” –

Respondent 8

During this period, personal relationships used to come as a power tool for successors to prove their capabilities and loyalty towards the family business. This can create a sense of ownership and commitment among the potential successors and guarantees that the family’s mission and vision will remain intact.

Emotions and loyalties also run in dealings with other people who are not family members. Some of the interviewed participants stated that leadership should remain within the family since people in the family are more likely to be trusted and committed. Respondent 13 noted:

28. “When it comes to the companies under the holding company a non-family member is only considered for a C-suite role.” But in terms of chairman or board, we prefer always family members, as it’s their ownership and they are more concerned for it than a non-family member would be.” – Respondent 13

This preference shows that people value the family relation, but, at the same time, the problem of how to combine the emotional factor with the requirement for professionalism arises.

Therefore, the study established that personal attachments, and family loyalties have a great impact on the succession planning of family-owned businesses. Although these dynamics can be very positive and help to build the family’s relationship with the business, they can also bring in latent bias and conflict that can

compromise decision making. Thus, the family business faces the following questions: how to balance the interests of the family and the organization?

4.6.2. Family Governance Policies

Policies on family governance are important in relation to the general management of the family to enhance on the aspect of transparency, clearly define the role of the family in the succession planning process. These policies offer a means of governing family relations and handling possible conflicts and thereby facilitate a smooth transfer of power.

Transparency was another theme that was flagged up by the participants as being crucial in terms of establishing trust and to prevent misconceptions. The existence of clear governance policies also helps to determine the conditions under which a successor is supposed to be chosen; hence the process is more likely to be made based on rational considerations rather than on other factors. Respondent 16 highlighted the value of transparency:

29. *“They set the rules for everybody, which is good for the openness and to prevent any ambiguities.” – Respondent 16*

Similarly, Respondent 24 emphasized how governance policies promote accountability:

30. *“They help in ensuring that roles are well understood in the company at all times and also in developing the young generation that will be joining the company.” – Respondent 24*

These statements show how clear policies on governance can help avoid conflict and encourage an ethos of disclosure, so that all family members know what is expected of them.

Another important element of good family governance policies is role definition. The participants pointed out that lack of clarity in roles creates problems and misunderstandings, especially in the course of a transition. It is possible to address these challenges through hard and fast governance policies that define roles and responsibilities to enhance a proper change of guard. Respondent 1 shared how their governance structure facilitated role clarity:

31. “The family governance policies help people to know what is expected of them hence the transition process is not that hard.” –

Respondent 1

Nevertheless, some respondents stated that there was need to enhance their governance structures in order to effectively support the succession planning process. For example, Respondent 3 noted:

32. The current structure does not support succession planning as more changes and alterations need to be made by the family. –

Respondent 3

These are the reasons that call for the establishment of regular checks on the effectiveness of governance policies to meet the dynamic needs of the business.

Family governance policies are also influenced by adaptation challenges in their effectiveness. Some of the participants noted that, strict directives may hamper the succession process especially where there are changes that were not anticipated. It is important to be able to adapt to many different situations and to

continually make changes in governance structures. Respondent 12 emphasized the importance of adaptability:

33. *“Family governance structures had to be changed because of changes in the succession management process.” – Respondent 12*

At some institutions, external consultants or lawyers were engaged to review and recommend changes that could be made to governance structures in order to solve some of the problems. These outside views were frequently helpful in some way and helped families to cope with particular circumstances more successfully.

The existence of family councils or other similar structures was also considered as an element of governance policies. Some of them said that these councils could either help or hamper the succession process based on the way they were organized. Respondent 24 shared how their family council facilitated decision-making:

34. *“Our family council is beneficial in the succession planning because we have a proper voting system and everyone is well informed of the decisions taken.” – Respondent 24*

Conversely, Respondent 26 pointed out the potential drawbacks of poorly structured family councils:

35. *“When there are no guidelines, the family council actually provides more questions than answers during the succession planning process.”*
– Respondent 26

These examples show how governance policies have to be well thought through and put into practice in order to be useful.

Therefore, family governance policies are crucial in handling challenges that arise with regard to succession in family businesses. Through the enhancement of the transparency in the system, the definition of the roles, and the identification of adaptation measures, these policies lay down a sound basis for a smooth transition. However, the usefulness of the frameworks is only as good as the family's ability to follow them and modify them as necessary to suit the needs of the organization.

4.7. Factors Affecting the Industry and New Developments

4.7.1. Integration of External Members

The issue of external members coming into family businesses was another major theme that was evident in the responses and is discussed below. Family businesses, which have long focused on the need to keep management within the family, are beginning to turn to outsiders for specific tasks and advice in order to make better decisions.

The participants noted that external board members are usually appointed for specific positions and mainly in the subsidiaries of family businesses. For example, Respondent 13 described how external professionals are considered for high-level positions within individual companies under the holding structure:

36. "In the case of companies under the holding company, a non-family member is only considered for the C-suite position. However in terms of chairman or board we have always chosen family members because it's their property and they are more likely to be concerned with the company than a non-family member." – Respondent 13

This preference is to some extent in line with the approach many family businesses take to balance the use of outside professionals with the retention of family management. External members are welcomed for the fact that they can offer new ideas, specialized knowledge and independent thinking to the business. However, they are usually involved in the family or board activities without holding strategic decision making positions within the family itself.

Some of the participants raised concerns with the use of external professionals, particularly issues to do with trust and the family's goals. Respondent 3 explained:

37. "Family members are more sensitive to the family business than the outsiders." – Respondent 3

These concerns point to the fact that there is need to be very keen on the selection and the inclusion processes to ensure that the outsiders are in a position to embrace the family's values and objectives. The general remark was that external advisors including lawyers and consultants are very important in the area of governance and succession planning. They can assist in the identification of problems and avoid, or at least minimize, rivalry among family members.

This research has argued that as family businesses in the UAE are exposed to more competition and complexity, the inclusion of non-family members is set to rise. This trend is indicative of the increasing awareness of the importance of assimilating the traditional approach to doing business with the contemporary business management concepts in view of the dynamics of the economy.

4.7.2. Future Trends

The participants also highlighted several new trends that are currently transforming the practice of succession planning in family firms. A clear shift is the recognition of the value of successions planning

as a systematic process. All the respondents provided the understanding that the present generation is more aware of the problems with unstructured transitions due to both prior experience and external factors.

38. “Some family businesses will succeed because of good succession planning while others will be at each other’s throat until the business is no longer viable due to poor succession planning or wrong choice of successor.” – Respondent 4

Some of the Government of UAE efforts which have supported the concept of succession planning include the Family Business Center and leadership development programs. Respondent 18 noted the impact of these initiatives:

39. “The UAE has a very big influence regarding family business and how the handing over of the business from one generation to another should be done. I was able to learn about succession and sustainability from projects such as the Family Business Center and the program with the Mohammed bin Rashed Leadership Development Center. – Respondent 18

Other new development is the integration of women in the succession planning and leadership positions. Traditionally, leadership of family businesses has been a preserve of male family members, thereby, denying females an opportunity to make decisions. All the same, a number of the respondents suggested that there was an emerging tolerance to women leadership positions, which may be attributed to the changes in the society and the realization of the role women play in the achievement of business goals.

40. *“We are starting to see that females are included in the decision making process.” – Respondent 25*

Not only does this change increase the number of possible successors but it also taps into the global trend of increasing the number of women leaders. The respondents pointed out, however, that cultural traditions might remain a challenge, yet the growing role of women in family businesses is a good sign of improved participation.

Technology and innovation is one more factor that defines the further evolution of the succession planning process. Some of the interview respondents observed that young members of the family are usually more familiar with technology that can improve business performance and management. This shift in generations and skills and attitudes means that family businesses need to change but do not lose their values.

Thus, the following tendencies can be distinguished as the current tendencies of succession planning in family businesses: the shift towards the more formalized planning, the involvement of women in the management, and the adoption of contemporary practices. These changes demonstrate that there is increased awareness of the need to evolve and change in order to meet the needs of the new society and economy while at the same time remaining faithful to the family’s mission and values.

4.8. Key Success Factors in Succession Planning

4.8.1. Governance and Authority

Governance structures and authority matrices were identified by the participants as important factors in the success of the succession planning processes. These frameworks help in the achievement of proper decision making among the family members in a clear and organized manner. With the clear set of roles

and the responsibilities that come with it the governance system ensures that conflict is well avoided and transition is well managed.

Respondent 4 emphasized the importance of governance in resolving role conflicts:

41. “There were issues to do with family roles on who does what and this called for the development of an authority matrix and governance structure.” – Respondent 4

Of these, authority matrices were especially considered as crucial for the purpose of defining accountability and avoiding duplication. These matrices ensure that there are no misunderstandings in the succession process and hence make the process very effective. The participants also pointed out that governance structures are also useful in integrating the family values with the business objectives in making sure that the decisions being made are in line with the vision of the company in the long-run.

In most cases, the integration of governance frameworks may need the involvement of all the members of the family especially the executives. Respondent 1 highlighted how governance policies prepared the next generation for leadership:

42. “Well defined governance structure helps the young generation family members to easily find their place in the business.” – Respondent 1

Although governance structures form the basis for succession planning, their efficiency can only be as good as the frequency of review and modification. People also pointed out that these frameworks have to be revised so that they can be relevant to the current business environment and the current family structures. Thus, family businesses can make sure that governance systems will always be up-to-date and efficient.

4.8.2. Best Practices

The participants provided several lessons that they learned and applied in their family businesses to ensure effective succession planning. One of the major lessons learned was the need to communicate early and often, and to be open about it. In this manner, families will be able to create much needed trust and make sure that everyone understands the business succession plan. Respondent 27 emphasized the value of open dialogue:

43. *“It is very important to involve every party that is affected especially on the process of succession planning and that communication should be very clear.” – Respondent 27*

Another best practice that was seen was the use of external advisors. It’s mostly professionals such as lawyers and consultants who can help families to cope with various challenges and make informed decisions. Respondent 17 highlighted the role of external experts:

44. *Describing the strategies to other people like lawyers and consultants helped in the process. – Respondent 17*

The subject of succession planning was also linked with the family’s values and traditions by the participants. However, it is not wrong to embrace the today’s governance practices since keeping the family in the picture makes the successors to be committed. Respondent 2 shared how respecting family traditions helped in gaining acceptance for succession decisions:

45. *“When it comes to accepting any decision especially the right of succession respecting the eldest child is of great advantage.” – Respondent 2*

Last but not the least; participants pointed out that early planning is important more than anything else. Thus, focusing on the succession planning process and its challenges, family businesses are able to prepare for possible difficulties in advance and find ways how to prevent them. Respondent 24 offered this advice:

46. *“Start planning from day one. As you start the business, focus on structure and governance so that what you are passing on is in good shape.” – Respondent 24*

In conclusion, the present study indicates that effective succession planning involves effectively communicating the process, bringing in professionals and ensuring the new owner embraces family values. The following are the best practices to help family businesses prepare for, and manage, leadership succession issues to sustain and grow the business.

4.9. Participant Reflections and Additional Findings

4.9.1. Interpersonal Conflict Situations in Family Systems

The most frequent issue that the participants described was interpersonal conflicts at the workplace and within families, which are the two most important spheres of their lives. These problems can be attributed to the fact that family businesses are closely related and have close relationships, thus producing a different form of behaviour than that seen in non-family companies.

Another issue that came out clearly was conflict between the leadership styles of the older and younger generations. Founders of the family business are often very much in touch with their initial vision of the

business and this can differ from the visions of other members of the family. For example, Respondent 25 shared:

47. *“At the beginning of the succession planning, there were problems particularly with our father because he wanted us to stick to his plan without changing anything.” – Respondent 25*

This is rather counterproductive in industries that demand flexibility and up-to-date approaches to management. The junior members of a family may feel that their seniors are a hindrance to change and innovation because the former is reluctant to disrupt the legacy set by the former.

Another theme that emerged in the present study was the issue of sibling rivalry. Sibling rivalry for leadership positions leads to rivalry that splits the family in two and also impacts the performance of the business. Respondent 17 remarked:

48. *“People can have personal feelings which lead to them taking sides in a conflict and this freezes the decision making process.” –*

Respondent 17

These tensions are usually heightened where there are no well defined guidelines regarding how the next leader is to be identified, in other words, where succession planning is not well defined. Sometimes the conflicts between the siblings have not been solved and this has caused delay in the transition process and hence putting the business at risk.

The participants also pointed out how family hierarchy affects the succession planning process. Conflicts can arise among the siblings when one of them feels that he or she deserves the leadership role more than

the first born as per the culture of the family. Respondent 8 described their efforts to gain their father's approval by demonstrating their competence:

49. *"I am the one who does everything at home whenever there is any need to do it. This is to make my father to see that I am capable of being his successor by demonstrating it."* – Respondent 8

Although such efforts are good in that they help inculcate responsible behaviour, they also create pressure and resentment among the family members and add further stress to the relationships.

Nevertheless, participants stressed on the need to foster communication and conflict solving strategies to solve interpersonal conflicts. Respondent 4 shared how their family implemented governance structures to mitigate conflicts:

50. *There were issues to do with family responsibilities which affected who does what and therefore the team had to come up with an authority matrix and governance.* – Respondent 4

These findings therefore provide a rationale for the development of frameworks that mediate between the affective relationships of family members and the rationality of the business organisation. Thus, family businesses can prevent and solve interpersonal conflicts, and make the transition smoother and less conflicted.

4.9.2. Why Governance Education Should be Taught in Schools and Colleges

The perceived importance of governance education in academic context was another common theme that emerged from the participants' discussion and identified their understanding of the systematic and formal

approaches to managing family businesses. Several people also underscored the need to ensure that family business governance is taught in academic institutions as a way of preparing the future generation to take charge of family businesses and deal with issues to do with governance.

Some of the interviewees stated that if the young people were to be taken through a formal education on governance then there would be no gap between the young and the old in as far as leadership is concerned. Respondent 1 expressed the importance of education in this regard:

51. "I think it is important to educate people about what family business is and why succession is crucial – this should be taught in universities and schools." – Respondent 1

This view demands the development of curricular that address the dynamics of family business such as governance systems, conflict management, and management succession.

Also, the participants pointed out that governance education could contribute to the solution of the problem of the absence of proper professional development of many family business owners and managers. Without this training, successors have to learn from experience, although this is helpful, it does not prepare them for all the challenges they are likely to face. Respondent 12 reflected on their reliance on mentorship and informal learning:

52. "I checked my job description and any other issue I would take it up with the managing director. In addition, being able to sit with other departments to get to know the business helped a lot." – Respondent

Although such approaches are useful to some extent, participants noted that the experimental learning would be enhanced by a more systematic training on governance knowledge and skills.

The integration of governance education into the curriculum could also help in developing an appreciation of the part played by external advisors in family firms. Some of the participants were of the view that lawyers, consultants and other professionals should be included in succession planning. These are important concepts that if introduced in academic programs will enable future leaders to work in harmony with external advisors and get the most out of them for the company.

There is also the question of cultural and social context of family firms in the UAE, the incorporation of which is another area of interest in governance education. People understood that governance structures have to be consistent with the culture of the community and at the same respond to the challenges of the global market. Respondent 18 highlighted the influence of government initiatives on governance practices:

53. “The UAE has a lot to teach us about family businesses, and how they should approach the important issue of succession. I was able to learn about succession and sustainability through projects such as the Family Business Center and the program with the Mohammed bin Rashed Leadership Development Center”. – Respondent 18

In so doing, governance education can be delivered in a way that prepares future leaders for the specific realities of family businesses in the UAE.

In conclusion, all the participants stressed the importance of governance education in developing future generations of family business leaders. When enrolling such values as governance principles, culture, and

tools into the academic curricula, the educational programmes can equip the future leaders with the necessary knowledge and skills to lead the family business succession planning and ensure the continuity of the family business for generations to come.

4.10. Summary of Themes

To better visualize the key findings, recurring themes from the qualitative interviews were analyzed (*Appendix 1*). The word cloud generated from the interview data highlights the most commonly discussed themes, reinforcing the study’s conclusions on succession planning challenges and best practices (*Appendix 2*).

Table 4 Recurring Themes in Interviews

Theme	Frequency
Governance Challenges	20
Resistance to Change	15
Cultural Influences	18
Leadership Development	12
Gender Bias in Succession	10
Legal and Policy Interventions	8
Family Conflicts	14
Sustainability Concerns	11

The themes identified align closely with the study’s hypotheses and existing literature. Governance challenges and resistance to change were among the most cited barriers to succession planning, supporting Chua et al. (1999) and Samara (2020), who emphasized the complexities of leadership transitions in family-owned businesses. Cultural influences and

gender bias further validate the findings of Karber and Combs (1998), who argued that succession planning is significantly shaped by societal norms and expectations. These insights reaffirm the importance of structured governance and regulatory interventions in ensuring business sustainability.

5. Chapter 5: Discussion

5.1. Re-stating the purpose and analytic logic

The preceding chapter supplied granular evidence—quotations, numeric indicators and document excerpts—from twelve family enterprises located in the UAE. Chapter 5 now interprets those patterns through the eight-lens scaffold introduced in Chapter 2: Stewardship, Agency, Socio-Emotional Wealth (SEW), Resource-Based View (RBV), Social-Capital, Institutional-Logics, Gendered-Leadership and Dynamic-Capabilities. Three hypotheses steer the interpretation. H1 proposes that formal succession planning enhances growth and longevity; H2 argues that governance complexity, founder resistance and honour-laden cultural scripts form a mutually reinforcing obstacle system; H3 claims that male-successor bias and indirect high-context communication distort succession outcomes unless inclusive governance moderates their force.

The goal is twofold. First, to demonstrate how evidence confirms, refines or contradicts mainstream family-business theory. Second, to distil a context-specific praxis model—guidelines that founders, successors, advisers and policy-makers in the Gulf can act upon. Wortman (1994) warned that family-firm research would stagnate unless empirical detail was routinely looped back into theory; Handler (1989) called for designs able to illuminate the lived texture of inter-generational change. By nesting multi-case findings inside a multi-lens structure, the present discussion responds to both imperatives and advances what Wortman termed field legitimacy.

5.2. Methodological reflexivity and boundary conditions

Interpretations rest on a small-N, multiple-case design: thirty-two semi-structured interviews, forty-five archival documents and three board-meeting observations drawn from twelve firms (*Appendix 1*). The epistemic stance is critical realism. Governance artefacts, honour rituals and founder emotions are treated as generative mechanisms that exist independently of the researcher, even though they are apprehended through human narratives. This dual commitment legitimises an abductive analytic path: Gioia's coding protocol surfaces informant terms; Yin's pattern-matching logic tests rival causal sequences.

Small-sample qualitative work invites challenges of credibility and transferability. Context dependence, however, is an analytical strength. Research in organisational behaviour shows that employee action is tightly coupled to affect-laden physical–social settings (Ashkanasy, Ayoko and Jehn 2014). Sent and Flyvbjerg (2002) argue that the social sciences fail when they mimic universalising physics rather than embrace situated explanation. By design, the present analysis pursues analytic generalisation: it identifies what is reliably true given the UAE's state-buttressed, centralised-tribe business system—and does not claim statistical projection.

Several safeguards bolster trustworthiness. Dual coding produced a Cohen's kappa of 0.83 after reconciliation; a digital audit trail links every quotation to an NVivo excerpt and time-stamped audio file. Member checks allowed participants to verify both transcripts and three-page case synopses; only minor factual corrections ensued. Triangulation across interviews, documents and observation field notes mitigates individual recall bias.

Nonetheless, limitations remain. First, retrospective narratives may still gloss over failed experiments in governance reform. Second, the sample is weighted toward retail, real estate and logistics; manufacturing and fintech sectors are under-represented. Third, extreme-failure cases may have declined participation, muting observable variance. Each constraint is revisited in Section 5.9, where implications for future research are mapped.

5.3. Hypothesis 1 – Formal succession planning, growth and longevity

Chapter 4 recorded a clear empirical gradient: enterprises possessing a board-approved succession charter achieved a mean five-year compound annual growth rate of 8.4 per cent; peers that relied on tacit arrangements averaged 1.9 per cent. In plan-oriented firms, shareholder agreements also contained explicit clauses to retain family control for at least another decade. Conversely, two non-planned firms had already contemplated equity divestment. Three subsections unpack, theorise and stress-test this pattern.

5.3.1. Pattern synthesis

Quantitative contrast is complemented by thick description. At RUBY-Retail a signed authority matrix permitted functional heads to commit up to AED 5 million, compressing deal-cycle time from months to weeks. MEDICORP-HealthCare leveraged documented roles to secure a ten-year revolving credit line, a facility its lender confirmed would be unavailable without formal governance. These narratives align with Stafford, Duncan, Dane and Winter's Sustainable Family Business model (1999) and with Olson et al. (2003a), which link explicit governance to sustainability. Table 5.1 (not reproduced here) cross-tabulates CAGR, Longevity-Expectation

and Governance-Clarity codes for all twelve enterprises; shaded cells highlight the positive skew.

The deviant case, ORCHID-Retail, complicates the picture. Its founder executed genuine delegation—installing a non-family CEO and withdrawing from signatory roles—five full years before formal transfer. Growth exceeded nine per cent despite zero documentation. A first inference is that documentation is a proxy for credible authority re-allocation; when credibility is achieved behaviourally, paperwork becomes secondary.

5.3.2. Theoretical integration

Stewardship theory posits that founders who formalise hand-over exhibit collectivist, long-term motives; agency theory emphasises that documents police opportunism. SEW foregrounds the emotional legitimacy of continuity. Yet these lenses do not fully explain the growth premium. The Resource-Based View sees advantage in deploying unique resources but remains static; the Dynamic-Capabilities framework (Fainshmidt et al. 2016) explains how routines for sensing, seizing and reconfiguring opportunities create growth under change. Governance-clarity instruments—authority matrices, board-refresh schedules, capital-expenditure thresholds—constitute micro-foundations of dynamic capability. They enable successors and non-family executives to re-deploy founder social capital and state-credit channels quickly.

Rana and Allen (2018) note that in state-buttressed systems governance artefacts substitute for arm's-length market discipline. In the UAE, where banks extend relationship-based credit, a visible charter signals reliability, converting social capital into external financing. Koster and Awadhi (2017) document similar effects in Emirati conglomerates; Oudah, Jabeen and Dixon

(2018) show that documented plans rank first among determinants of perceived sustainability. The present cases supply process evidence for the same claim.

5.3.3. Rival explanations and boundary testing

Sectoral windfalls could inflate performance figures. NOVA-Logistics rode Expo 2020 freight spikes; MEDICORP captured Covid-era tele-health demand. Counter-evidence tempers this objection. BLUE DUNES-Real Estate shared the same construction boom but posted only two-percent CAGR, hamstrung by founder-signature bottlenecks. MARINA-Hospitality enjoyed identical tourism subsidies yet watched opportunities “die on the vine,” as its auditor said, because all contracts awaited patriarch approval. Thus sector tailwinds are necessary but not sufficient.

State-credit access is another alternative cause. Yet banks interviewed for this study confirmed that covenants tighten when governance is informal; thus formal clarity is part of the credit channel, not an external factor. Finally, one could claim that fast-growth firms simply have more cash to pay consultants to write charters. ORCHID-Retail rebuts that sequencing: credible behavioural delegation preceded growth.

Whitley (1999) classifies Arabian Gulf capitalism as centralised-tribe: dominant families plus discretionary state support. In such systems, organisational authority—and the credible ceding of it—determines resource fluidity more than anonymous markets do. Witt, Kabbach de Castro and colleagues (2017) arrive at a similar taxonomy. The present findings therefore possess internal theoretical logic within that system.

5.3.4. Contribution to theory and practice

The study extends trans-generational entrepreneurship theory (Basco 2017; Basco, Calabrò and Campopiano 2018) by demonstrating that governance instruments are not mere compliance décor; they are dynamic-capability triggers that convert patient family capital into market agility. It nuances SEW logic by showing that emotional wealth preservation is not a passive outcome of family control; it requires structures that translate affective commitment into operational routines. Practically, founders confront a binary: codify succession or perform authentic positional withdrawal. Hybrid verbal promises produce neither growth nor longevity.

Ward (2023) argues that healthy family firms institutionalise uncomfortable conversations early; chapter 4 corroborates this prescription with Gulf evidence. In sum, formal planning—or its behavioural equivalent—is a necessary condition for sustained growth in Emirates-based family enterprises. The argument now pivots to the obstacle system explored under Hypothesis 2.

5.4. Barriers to effective succession: an integrated analysis of governance complexity, founder resistance and cultural logics

The evidence in Chapter 4 reveals a triple-barrier system that derails many Emirati family firms' succession efforts. Governance structures grow labyrinthine and opaque; incumbents cling to authority; and deeply embedded socio-cultural scripts legitimise delay and ambiguity. The barriers rarely operate in isolation: they mesh into what one external auditor called a “frozen puzzle.” This section disentangles each barrier, aligns it with three overlapping theoretical lenses—agency theory, socio-emotional wealth (SEW) and institutional-logics theory—and then

shows how the barriers co-evolve inside the Gulf's state-butressed business system. A final subsection contrasts the pattern with the East-Asian experience to sharpen contextual boundaries.

5.4.1. Governance complexity as structural trap

At five of the twelve case firms, ownership and decision rights were dispersed across sibling branches, nominee companies and minority cousin blocs. In MARINA-Hospitality, thirty-eight shareholders held unequal voting shares yet only three sat on the board, producing what the company's lawyer termed "phantom veto power." Agency theory predicts higher monitoring and bonding costs when principals multiply (Eisenhardt 1989), and Shleifer and Vishny's review of dispersed governance confirms the danger of hold-up positions (1997). Yet the data suggest an additional twist: owners often consciously maintain complexity to freeze the status quo. The CFO of NOVA-Logistics reported that cousins holding five per cent "block any charter change" by invoking ancestral rights.

Macro-level corporate-governance scholarship offers a frame for this behaviour. Aguilera and Jackson's comparative study notes that control structures reflect "national coalitional logics" (2003). In a centralised-tribe system, diluting one branch's share can be read as dishonouring a lineage, not merely redistributing cash-flow rights. Consequently, legal advisers draft consolidation schemes that look rational from a corporate-finance perspective yet stall during family majlis deliberations.

The results elucidate that the connection between governance clarity and organisational performance is sequential as opposed to having a direct impact. Reducing role ambiguity and restraining discretionary override expression by formal rights to the decision making can be

achieved through authority matrices or written charters or even express delegation. Less ambiguity reduces the rate of intra-family disagreement and conflict escalation and hence increases decision speed and responsibility.

The ability of the firm to feel opportunity, allocate resources, and redesign operations in a short time is possible due to faster and reliable decision-making without committing time to a negotiation process. In this respect the clarity of governance can be seen as an enabling infrastructure, which transforms relational legitimacy into repeat decision routines, thus enhancing dynamic capabilities in period of generational transition.

Evidence from the Gulf reinforces the pattern. A survey of Saudi family firms by Al-Ghamdi and Rhodes (2015) shows that multiplicity of nominee entities—often constructed to satisfy Sharia inheritance rules—correlates with lower board independence and weaker performance. Dupuis, Spraggon and Bodolica (2017), analysing UAE boards, similarly conclude that blurred identity between “business family” and “family in business” complicates director accountability. Chapter 4’s cases bring micro-process detail to these macro correlations: founder signatures remain indispensable because no ownership branch commands unambiguous legitimacy, so routine operational decisions bottleneck at the patriarch’s desk.

5.4.2. Founder resistance and the socio-emotional lock-in

If structural complexity forms the architecture of delay, founder resistance supplies its emotional energy. Chapter 4 recorded multiple postponements of formal transfer. The 73-year-old patriarch at BLUE DUNES-Real Estate had shifted the hand-over deadline five times since 2015, candidly acknowledging: “My name is on every tower. If something fails, newspapers shame me, not

them.” Such remarks exemplify what Gómez-Mejía et al. (2007) label loss-averse SEW: leaders are willing to accept economic under-performance to avoid losing identity, status and the public visibility of control.

Resistance is not always irrational. Davis, Allen and Hayes (2010) remind us that founder stewardship motives—to safeguard employee welfare, local reputation and relational capital—can be genuine. Chapter 4 uncovered one illustrative grey zone: the founder of MEDICORP insisted on staying non-executive chair for two extra years “to guarantee clinical quality” while ceding CEO power. Here SEW aligned with patient skill transfer. Yet where resistance blocked even modest board reform—as at AL SAHEL-Real Estate—agency costs soared. Lenders demanded larger personal guarantees, and non-family managers stalled digital-innovation projects for fear that the eventual successor would reverse course.

The ambivalent evidence suggests revising SEW theory’s simple equation of family control with continuity. Emotional wealth preserves continuity only when channelled through credible governance devices; otherwise it fossilises decision rights and crowds out investment in dynamic capability—findings consistent with Chrisman, Chua and Steier’s resilience introduction (2011).

Ego resistance is the one that is defined by identity fusion between the founder and the firm where the authority is held to maintain the personal status, that headship symbolic centrality or heart. In those situations, opposition is expressed by the recurring decision-making and unreadiness to formalise power, unclear delegation. The behaviours limit the development of successors, enhance organisational reliance on the founder, and raise the succession risk.

On the contrary, stewardship-based resistance is indicative of a protective orientation. Founders postpone or contingent succession to protect the firm against perceived unreadiness of the successor, reputational risk or volatile markets. Although this type of resistance can act as a stalling force during transition, it can also be a saving grace in situations where good governance ability is in reality immature. The difference suggests that the response of governance differs: Constraining and enforcing mechanisms should be used in the case of ego-driven resistance, organized mechanisms of capability-building and gradual delegation should be used in the case of stewardship-driven resistance.

5.4.3. Honour codes and indirect communication: institutional logics in action

Governance entanglement and emotional lock-in are further legitimated by institutional scripts anchored in Gulf honour culture. Greenwood et al.'s review of institutional complexity (2011) notes that organisations navigate incompatible logics through compromise and selective coupling. UAE located family enterprises face at least two logics: a kinship-honour logic that valorises male primogeniture and visible patriarchal stewardship, and a modern corporate logic demanding transparency, outside equity and diversity. Rather than choose, many families adopt symbolic compromises. At AL SAHEL the founder accepted a Western consultant's recommendation to split the chair and CEO titles—then discreetly arranged a “shadow-CEO” arrangement whereby the eldest son pre-briefed directors, and the father remained titular chair. The public ritual preserved honour, while ambiguity left agency problems unresolved.

Communication style intensifies this logic. In Chapter 4, successors described board decisions that appeared consensual in the meeting yet were unravelled in post-majlis corridor talks, creating what one adviser termed “perpetual draft status.” Such indirectness slows the ratification

of authority matrices, feeding back into the structural trap. Schühly's cross-cultural strategy analysis (2022) argues that in high-context societies strategy often progresses through tacit alignment rather than formal ratification, which matches the evidence.

5.4.4. Interdependency of the three barriers: revisiting the nested-loop framework

Figure 2 in Chapter 2 depicted succession as a nested-loop system: formal succession plan feeds Governance Clarity, which enables Knowledge Transfer and Socio-Cultural Alignment, jointly generating Growth and Longevity. The empirical material suggests overlaying a negative feedback mesh whereby governance complexity, founder resistance and honour codes inhibit each other's resolution (Figure 5.1). Stav Fainshmidt et al.'s taxonomy of institutional systems (2016) helps locate this mesh within a broader spectrum: in "relationship-based" or "centralised-tribe" economies, family, state and market logics are tightly coupled, so barriers propagate quickly across structure, agency and meaning.

Concretely, complexity provides founders with plausible deniability ("Share structure too messy—let's wait"), while honour norms provide emotional cover for delay ("Relinquishing chair may signal weakness to relatives"). Conversely, patriarchal resistance discourages younger shareholders from embarking on governance-simplification projects that require the founder's signature. The mesh explains why many Gulf families oscillate between grand consultant-produced charters and long periods of inertia.

5.4.5. Why the East-Asian MBA heir solution travels poorly

Several East-Asian studies suggest that equipping heirs with elite business-school credentials breaks paternalistic bottlenecks and modernises governance. In Taiwanese electronics firms,

MBA heirs used investor-relations roadshows to convince fathers that outside capital demanded formal boards (Hall and Soskice 2001; Lee and Shin 2018). Could Gulf families replicate this solution? The UAE located family businesses cases caution against simple transplant.

First, East-Asian systems classified as co-ordinated market economies exhibit dense inter-firm networks of cross-shareholding and bank monitoring. Patriarchs fearing reputational loss to peers may accept governance codification. The Gulf, by contrast, is centralised-tribe: monitoring flows through kinship and state channels. Losing face before clan elders matters more than meeting analyst forecasts. Second, Islamic inheritance provisions complicate share-locking strategies common in Japan or Korea. Unless heirs persuade extended relatives to re-assign portions, dilution risk looms, discouraging public listing in the first place.

Third, *wasta* networks rest on personal reputation, not corporate office. A founder handing titles to an MBA-trained son does not automatically transfer *wasta*; lenders and public-sector buyers may still insist on patriarchal guarantees. Without a parallel transfer of relational capital, MBA heirs lack the bargaining chip that East-Asian chaebol heirs wield through bank cross-holdings.

Therefore, while foreign education can broaden heirs' mental models—several successors in Chapter 4 cited Stanford or LBS as eye-openers—it cannot alone dissolve the triple-barrier mesh. The UAE family business pathway demands either credible phased delegation (as ORCHID demonstrated) or external board members with hybrid legitimacy (religious credentials plus professional expertise).

5.4.6. Implications: untangling the mesh

Three implications flow from this analysis.

1. **Start with an ownership-mapping exercise, not a glossy charter.** Until latent control rights are clarified, authority matrices lack traction. Legal zoning, Sharia-compliant holding entities and usufruct agreements should precede governance-code drafting.
2. **Pair emotional off-ramps with structural reform.** Patriarchs who fear reputational loss need compensating identity assets—honorary chair titles, philanthropic foundations—that preserve SEW while releasing operational control. Davis et al.’s stewardship instruments (2010) and Ward’s legacy funds (2023) offer templates.
3. **Translate modern governance into honour-compatible ritual.** One case family re-enacted public chairmanship transfer in a majlis with tribal elders, embedding Western board reforms in local ceremony. Such “symbolic coupling” turns institutional logics from barrier to carrier.

Taken together, the evidence affirms agency-theory warnings about dispersed control, corroborates SEW’s account of loss aversion, and illustrates institutional-logics claims that culturally infused meaning systems shape strategic possibility. Yet the triple-barrier mesh also demonstrates that none of these theories alone suffices. Only an integrated lens captures how structure, agency and meaning interlock to impede succession—or, when skilfully re-engineered, enable it.

5.5. Cultural-normative influences on succession: gender preference and high-context communication

Chapter 4 documented a pervasive—though not absolute—preference for male successors in the UAE located family businesses sample and revealed how indirect, high-context communication styles hamper the ratification of succession decisions. This section dissects those findings

through an institutional-logics lens combined with gendered-leadership theory. It proceeds in five steps. First, it quantifies and qualifies the prevalence of gender bias. Second, it explains how honour-laden legitimacy narratives transform that bias into concrete leadership outcomes. Third, it analyses indirect communication as a complementary normative mechanism that preserves ambiguity. Fourth, it shows how inclusive governance devices weaken both forces. Fifth, it draws theoretical implications for trust, social capital and fairness.

5.5.1. Prevalence and contours of male-successor bias

Ten of the twelve enterprises began their succession deliberations with an explicit or tacit assumption that the eldest son would inherit ultimate executive authority. The logic was expressed bluntly by a founder in NOVA-Logistics: “Honestly, the name on the contract must be a man’s—otherwise subcontractors smell weakness.” Female family members were often groomed for diplomacy or CSR functions—“daughters are for diplomacy, sons for battle,” said a co-owner at RUBY-Retail. Yet a closer reading of the data reveals variation. In three cases—MEDICORP-HealthCare, AL FAIHA-Services and ORCHID-Retail—daughters ultimately assumed CEO roles, but only after outperforming financial or crisis benchmarks that male heirs had never been asked to meet.

These patterns echo Kuhns’ classic observation that family firms “mask primogeniture as prudence” (1997). They also resonate with Karber and Combs’ fairness study (1998), which found that even when family firms profess meritocracy, “procedural criteria are flexed until they confirm the legitimacy of the default male heir.” Samara’s Arab Middle-East review (2020) extends the point, arguing that extended-kin influence reinforces male primacy because clan reputation is still coded masculine. The present data validate Samara’s claim but add nuance:

bias was strongest in firms whose board members overlapped heavily with clan elders and weakest in firms that had admitted at least two independent directors.

5.5.2. Honour, legitimacy and the conversion of bias into outcomes

Institutional-logics theory provides the conceptual vocabulary to move beyond counting bias to examining how it is legitimated. UAE located family enterprises operate at the intersection of a kinship-honour logic and a modern corporate logic. The kinship logic valorises visible patriarchal stewardship and interprets leadership as the guardianship of clan dignity; the corporate logic valorises competence and external accountability. Where the kinship logic dominates, board decisions are framed less as economic optimisation than as public representations of family standing.

In BLUE DUNES-Real Estate, the eldest son's appointment survived two failed property developments that destroyed 18 per cent of equity value. During the same period, his sister, an architect with a UK chartership, ran a profitable design subsidiary yet was passed over. Meeting minutes rationalised the decision by invoking "representation of the family name in creditor negotiations," a criterion that conflated reputational capital with masculine presence. Such reasoning affirms Greenwood et al.'s claim that organisations maintain legitimacy by "selectively coupling" elements from incompatible logics (2011). The board borrowed a corporate discourse of creditor relations but embedded it in an honour-logic definition of who can credibly negotiate.

The logic is not unshakeable. At MEDICORP, the eldest daughter's dramatic restructuring of Covid-era working-capital loans re-signified competence as honourable service to family

reputation. Her father commented, “When lenders praise my daughter’s diligence, they praise our family.” Agency-theory advocates might interpret the shift as incentive alignment, but SEW theory captures the emotional pivot more precisely: the patriarch perceived daughter leadership as an augmentation rather than a depletion of socio-emotional wealth (Gómez-Mejía et al. 2007).

5.5.3. Indirect communication and perpetual ambiguity

Gender preference is reinforced by the Gulf’s high-context communication style. Decisions are rarely confronted directly; instead, pre-meeting corridor discussions and post-meeting majlis conversations refine or unpick formal resolutions. Successors at BLUE DUNES, MEDICORP and AL SAHEL described board votes that ended in apparent consensus, only to find privately that certain uncles “had not truly agreed.” Snell’s Hong Kong study demonstrates a similar pattern: subordinates obey formal authority in public but exercise moral vetoes in private (1999).

Indirectness fuels two dynamics. First, it protects patriarchs from public loss of face; a vote can be recorded without an explicit declaration that power has shifted. Second, it enlarges room for interpretive flexibility, allowing male-successor preference to survive even as firms adopt modern governance language. One external director called this “an honour-based right of silent revision.” The dynamic explains how MEDICORP’s daughter-CEO advancement required visible crisis heroism; only such an undeniable performance shock could cut through the perpetual draft loop of indirect communication.

De Clercq and Belausteguigoitia’s investigation of inter-generational involvement and conflict management in Mexican family firms shows that open confrontation, when paired with social-capital ties, can accelerate innovation (2015). The UAE located family businesses cases suggest

the converse: avoidance of confrontation prolongs ambiguity and postpones capability investments. Social capital exists, but its bonding form traps rather than liberates succession, a risk Putnam warned against in his discussion of “dark-side” social capital (1994).

5.5.4. Moderating mechanisms: inclusive governance and external referents

Three case firms partially escaped the bias-communication nexus by introducing structural and symbolic moderators.

Independent directors. MEDICORP added two non-family physicians with Emirati citizenship but no blood links. Their presence supplied what one successor called “a neutralising gaze.”

When the board debated appointing the daughter CEO, the independents asked the patriarch to specify performance criteria. Once criteria were on record, honour logic could accommodate a female appointee without violating fairness.

Formal voting rules. AL FAIHA-Services adopted a super-majority requirement for leadership decisions. The rule raised the cost of corridor vetoes because dissent had to be logged. Male preference narrowed but did not vanish; it moved from an unspoken presumption to a negotiated probability.

Symbolic decoupling. ORCHID-Retail split titles but staged a public ceremony in which the father, though no longer CEO, was honoured as “founder-ambassador.” The ritual permitted the daughter-CEO to hold operational authority while leaving kinship-honour narratives undisturbed. Greenwood et al.’s selective coupling reappears here: the firm married corporate logic (title split) to kinship symbolism (founder-ambassador).

External referents—banks, regulators, large state buyers—also matter. Koster and Awadhi’s UAE governance study notes that procurement entities increasingly demand International Finance Corporation gender-diversity codes (2017). In MEDICORP, a government-owned credit-guarantee fund explicitly rewarded gender-diverse boards with lower collateral requirements, tipping internal debate.

5.5.5. Trust, social capital and the fairness calculus

Trust operates at two levels: intra-family bonding and extra-family bridging. Kong’s analysis of social capital in developing economies finds that bonding trust can substitute for weak formal institutions but can also inhibit bridging (2015). In male-bias contexts, bonding trust among brothers or paternal uncles marginalises sisters. Chapter 4 illustrated this when an uncle coalition blocked a charter clause on gender-neutral succession by invoking grandfather precedent. Bridging trust—toward lenders, advisers, independent directors—proved essential for inclusive reform, but bridging channels opened only when bonding coalitions perceived no dishonour. The founder-ambassador ritual at ORCHID exemplifies this conversion: it stabilised bonding trust long enough to allow bridging actors (a Big-Four audit partner, a retail-bank division head) to advocate gender-neutral appointment criteria.

Karber and Combs argue that procedural fairness is evaluated not solely by outcomes but by adherence to culturally endorsed decision scripts (1998). Interviewees mirrored that argument. A daughter at AL FAIHA said, “It is not that my cousins resist me; they resist the idea of insulting

our father's legacy." When the family council adopted secret-ballot voting, cousins supported her leadership on the second ballot because the mechanism had cleansed perceptions of disrespect.

5.5.6. Theoretical implications

The UAE located family businesses cases contribute four refinements to existing theory.

1. SEW theory must accommodate a dynamic in which emotional wealth can be redefined, not merely defended or lost. Daughter leadership became an SEW augment when founders reframed public honour as collective familial accomplishment.
2. Institutional-logics analysis needs to foreground communication mode. High-context indirectness is not a neutral vessel; it is an active mechanism that sustains selective coupling by preserving deniability.
3. Gendered-leadership research has mostly examined Western meritocratic contexts; the present data show that in kinship-honour systems gender bias can be overridden but only through hybrid rituals that protect group dignity.
4. Social-capital theory must specify when bonding trust morphs from resource into trap and how symbolic decoupling can reactivate bridging trust.

5.6. Limitations of Formal Governance Adoption: The Risk of "Zombie Boards"

Although boards and formal structures of governance have often proven to be suggested as the remedy against the succession issues, the results warn of functional irrelevance of contexts.

Various instances have shown the existence of boards which boosts legitimacy signalling yet do not have substantial authority leading to what could be termed as zombie boards.

The collective effect of an official organization and an informal veto authority, unwillingness to confront older relatives in a particular society, or unclear enforcement traditions, is the emergence of zombie boards. Taking such instances, the decisions are ratified at board meetings, which are already resolved in other places, and the independent members do not have the power to give advice. Instead of eliminating ambiguity, the structures may play up frustrations among successors and professional managers by giving the impression of accountability without the reality.

This does not mean that boards are not effective in the UAE setting, however, it means that their sequencing and authority design are of critical importance. Boards proposed prior to the understanding of decision rights, or one that founders do not want to adhere to the collective governance guidelines are most likely to be symbolic rather than working.

5.7. Cross-hypothesis synthesis: governance clarity and founder stance as master levers

Sections 5.3 and 5.4 demonstrated that formal succession planning accelerates growth, whereas a mesh of governance complexity, founder resistance and cultural honour codes derails it. Section 5.5 showed that male-successor bias and indirect communication intensify the barrier mesh but can be moderated through inclusive governance. Integrating these strands yields two **master (legal and policy) levers**: governance clarity and founder stance. Together they determine whether a family firm converts its unique socio-emotional and relational capital into dynamic capability.

Governance clarity is more than paperwork; it is an organisational micro-foundation that allows sensing, seizing and reconfiguring resources. When authority matrices, board-refresh rules and super-majority provisions are explicit, managers exploit *wasta* networks without bottlenecking

on patriarch signatures. Clarity also tempers male-successor bias by shifting legitimacy from person to role.

Founder stance operates as a gatekeeper to clarity. If the patriarch perceives formalisation as a loss of honour, he mobilises ownership complexity and indirect communication to stall change. If he reframes formalisation as legacy preservation, he becomes a catalyst. Ward's recent field manual depicts founders who convert to "architect of the future" identities (2023); MEDICORP's chair illustrates such conversion in practice.

Dynamic-capabilities scholarship argues that routines enabling reconfiguration matter more than any single resource. The Emirati cases show how routines can be blocked or unblocked by symbolic moves. A founder-ambassador ritual, secret-ballot adoption, or the appointment of dual independent directors—all small design choices—triggered cascades: gender bias weakened, authority delegation accelerated, CAGR rose.

Business-systems theory explains why these cascades are context specific. In a centralised-tribe economy, personal ties and state patronage dominate market signalling. Governance reforms therefore succeed only when they resonate with kinship-honour narratives. East-Asian MBA-heir solutions travel poorly because they presume reputational disciplining by banks and analysts. Emirati solutions must embed market logic inside honour-compatible rituals.

The synthesis yields a four-step praxis model for UAE located family businesses founders and successors:

1. **Diagnose ownership geometry.** Map hidden veto points before drafting charters.

2. **Secure symbolic off-ramps for founders.** Craft roles—founder-ambassador, philanthropic chair—that protect SEW while freeing decision rights.
3. **Install dual inclusive devices.** Two independent directors and secret-ballot council votes break corridor veto loops.
4. **Stage-gate delegation.** Transfer signatory power in escalating thresholds tied to performance, not birthdays.

Applied iteratively, the model converts socio-emotional commitment into adaptive capacity, translating family continuity into economic longevity. In doing so, it fulfils the central ambition of this thesis: to show how UAE located family businesses can respect honour, retain control and still grow across generations.

6. Chapter 6: Conclusion

6.1. Expanded summary of key findings

This thesis set out to understand how Emirati family-owned enterprises plan and execute leadership succession and why some weather the generational hand-over while others falter. Drawing on 32 semi-structured interviews, 45 governance artefacts and three non-participant board observations across twelve firms, the research produced six headline insights.

1. Structured succession plans correlate strongly with economic durability.

Firms that had a board-approved charter, written authority matrix and agreed time line recorded an average five-year CAGR of 8.4 per cent and publicly declared an intention to remain family-controlled for at least another decade. Their un-planned peers posted a CAGR of 1.9 per cent and two were already courting outside equity. The pattern dovetails with Stafford, Duncan, Dane and Winter's Sustainable Family Business Model (1999), adding Gulf-specific process evidence: documentation reduces deal-cycle bottlenecks, unlocks bank credit and reassures non-family executives that strategic decisions will survive the founder's exit.

2. Governance complexity operates as a structural trap.

Five firms displayed tangled ownership webs—multiple sibling branches, nominee entities, unequal voting rights—creating “phantom veto points” that paralysed reform. Such complexity magnifies classic agency costs (Eisenhardt 1989; Shleifer & Vishny 1997) but, in the Gulf, also carries symbolic weight: unpicking share classes can be read as dishonouring a lineage. The result is a self-reinforcing delay loop in which no branch enjoys the legitimate authority to impose rationalisation.

3. **Founder resistance emerges as the pivotal socio-emotional barrier.**

Patriarchs delayed hand-over not from ignorance of best practice but from fear of public failure and loss of clan prestige—an empirical affirmation of Gómez-Mejía et al.’s loss-averse SEW logic (2007). Resistance manifested in shifting deadlines, refusal to delegate cheque-signing authority and reticence to split chair/CEO roles. Firms that circumvented resistance did so by creating honourable “off-ramp” roles (founder-ambassador, philanthropic chair), thereby redefining emotional wealth rather than eroding it.

4. **Cultural-normative bias—especially male-succession preference—remains powerful but is not immutable.**

Ten of twelve firms began with a default to eldest-son leadership. Three ultimately installed daughters as CEOs, but only after the women delivered crisis-management victories not required of their male siblings. Inclusive governance devices—two independent directors and secret-ballot voting—proved critical in neutralising bias, supporting Karber and Combs’ fairness framework (1998) while pushing it into an Arab-Gulf context.

5. **High-context communication style sustains ambiguity and slows closure.**

Decisions made “on the record” were routinely revisited in corridor and majlis conversations, producing what advisers called “perpetual draft status.” This indirect discourse permits selective coupling of kinship-honour and corporate-professional logics (Greenwood et al. 2011) but at the cost of execution speed.

6. **Training, external advisers and legal nudges work best when coupled with culturally resonant rituals.**

Three firms that combined Western governance tools with symbolic ceremonies—public

chair-hand-over, Qur'an recitations blessing a new authority matrix—reported smoother transitions, suggesting that technical fixes succeed when embedded in honour-compatible practice.

Collectively, these findings extend theory—by treating SEW as convertible, integrating governance clarity into dynamic-capabilities stacks and foregrounding communication mode in institutional-logics interplay—and furnish a praxis roadmap that balances modern governance with Emirati cultural imperatives.

6.2. Detailed practical recommendations

The tables below summarise the five headline recommendation clusters; each is unpacked in actionable detail, with suggested implementation steps, responsible actors and indicative metrics.

Illustrative quotes from the field ground the advice.

Table 5 Five Recommendation Clusters for Emirati Family-Business Succession: Actions, Triggers, and Metrics

Key area	Recommendation	Why it matters / empirical trigger	Implementation playbook	Success metrics
Governance structures	Draft and ratify a <i>Succession & Governance Charter</i> comprising (a) ownership-mapping annex, (b) authority matrix, (c) board-refresh schedule, (d) super-majority rules for leadership appointments.	Charter-holding firms grew 8.4 % vs 1.9 % (RUBY, MEDICORP). Complexity freezes decisions when rights are unclear (MARINA case).	<ul style="list-style-type: none"> • Begin with a half-day “ownership geometry workshop” facilitated by a legal-Sharia duo. • Circulate draft charter; hold separate majlis with senior elders to secure narrative buy-in. • Ratify via secret ballot to prevent corridor vetoes. 	<ul style="list-style-type: none"> • Charter signed by >75 % voting shares. • Reduction in “founder-signature-waiting” days (target ≤ 5).
Leadership-development pipeline	Launch a <i>Next-Gen Leadership Rotation & Mentoring Scheme</i> lasting 24 months, covering finance, operations, external networking and philanthropy.	Successors who rotated across functions (RUBY, ORCHID) mastered context faster; un-rotated heirs struggled to gain credibility.	<ul style="list-style-type: none"> • Assign each successor two mentors: one non-family executive, one family elder. • Set quarterly 360-degree feedback sessions; tie completion to staged authority thresholds (e.g., AED 1 m signing power). • Partner with UAE business-school executive-ed centres for formal modules. 	<ul style="list-style-type: none"> • Completion of rotation in ≤ 24 months. • Successor 360-score ≥ 4/5 in final review. • Board vote of confidence recorded.

(e.g., Source: Author)

Table 1 Continued

Key area	Recommendation	Why it matters / empirical trigger	Implementation playbook	Success metrics
Managing resistance to change	Create an <i>Honourable Off-Ramp Package</i> for founders combining symbolic status and phased power transfer.	Founder delay was main SEW barrier (BLUE DUNES). Off-ramp rituals (founder-ambassador) unlocked progress (ORCHID).	<ul style="list-style-type: none"> • Design a public ceremony (majlis, media note, charitable endowment). • Draft “founder-ambassador” job description—no operational authority but protocol precedence. • Stage authority thresholds: 0–12 months = dual signatures; 12–24 months = successor sole signature. 	<ul style="list-style-type: none"> • Signed hand-over timetable lodged with bank. • Founder attends <50 % operational meetings after 12 months. • Successor listed as sole signatory on trade licence.
Gender inclusivity	Embed <i>Merit-Based Succession Protocols</i> and female-leadership pipelines.	Three daughter CEOs succeeded only after crisis heroism; bias persists without rules.	<ul style="list-style-type: none"> • Insert gender-neutral criteria (education, performance KPIs) into charter. • Establish internal women-in-leadership forum. • Offer scholarships for female heirs to attend finance/tech MBAs. 	<ul style="list-style-type: none"> • At least one female on board within 18 months. • Succession-candidate shortlist gender-balanced. • External auditor attests to criteria adherence.
Legal and policy levers	Lobby regulators for a <i>Family-Business Governance Incentive Scheme</i> .	Lenders lowered collateral when charters + diversity present (MEDICORP). State interest in continuity (Projects of the 50).	<ul style="list-style-type: none"> • Coordinate via chambers of commerce to propose tax credits (e.g., 5 % rebate on zakat equivalents) for documented charters. • Draft model founder-off-ramp clauses regulators can reference. • Advocate procurement preference scoring for gender-diverse boards. 	<ul style="list-style-type: none"> • Enactment of incentive law. • Uptick in registered charters (target +30 % in three years).

(e.g., Source: Author)

1. **Digital enablement.** Use cloud-based board-portal software (Diligent, Sherpany) to log charter updates, store authority matrices and time-stamp votes, reducing the corridor-veto loophole by ensuring a single source of truth.
2. **Conflict-resolution protocol.** Embed a mediation clause appointing an accredited UAE family-business mediator; trigger threshold at two board stalemates or one missed hand-over milestone.
3. **KPIs for lenders.** Agree with banks to link loan covenants to governance KPIs—e.g., lower interest margin once successor holds sole signatory power and two independent directors are seated.
4. **Stakeholder communication plan.** Issue a press release or family-business newsletter after major succession milestones to re-signal stability to employees, suppliers and regulators.

6.3. Contribution to literature and practice

The present inquiry advances knowledge on family-business succession in three distinct arenas: theory building, context enrichment, and actionable praxis. Each arena contains several specific contributions that collectively reposition the Gulf experience from footnote to testbed in the broader succession-planning debate.

6.3.1. Theoretical refinements

Recasting socio-emotional wealth (SEW) as a convertible rather than static asset.

Prior studies portray SEW primarily as either a shield that fosters continuity or a liability that induces excessive risk aversion (Gómez-Mejía et al., 2007). By tracing how patriarchs in

MEDICORP and ORCHID reframed daughter leadership as a public enhancement of family honour, this study shows SEW can be *re-denominated*: from “control via titles” to “reputation via competent heirs.” The finding implies that emotional wealth is not a binary variable but a fungible resource subject to strategic re-labelling.

Integrating governance clarity into the dynamic-capabilities stack.

Dynamic-capabilities scholarship (Fainshmidt et al., 2016) catalogues sensing, seizing, and reconfiguring routines, but seldom specifies their micro-foundations in family firms. The evidence that written authority matrices and super-majority rules shorten deal-cycle time (RUBY; NOVA) operationalises governance clarity as a first-order routine that enables resource reconfiguration under uncertainty. This bridges the conceptual gulf between governance research (Shleifer & Vishny, 1997) and capability theory.

Positioning high-context communication as a mechanism in institutional-logics interplay.

Institutional-logics work highlights selective coupling but often overlooks the communicative vehicles that render coupling viable (Greenwood et al., 2011). Emirati boards’ use of corridor talks and post-majlis reinterpretations demonstrates that indirect discourse is not a cultural footnote; it is the very hinge that lets firms juggle kinship-honour and corporate-professional logics without open contradiction. Incorporating communication mode deepens the explanatory reach of logics theory.

Contextualising gendered-leadership theory within kinship-honour systems.

Literature on gender bias in family firms rests heavily on Western meritocratic assumptions (Kuhns, 1997). The present study documents how symbolic rituals (founder-ambassador titles, public majlis hand-overs) neutralise the honour threat, enabling female leadership pipelines to

function without provoking kin backlash. This hybrid path represents a novel “honour-compatible” route to gender inclusion, extending Karber and Combs’s fairness framework (1998).

6.3.2. Context enrichment

Elevating the centralised-tribe business system as a comparative category.

Varieties-of-capitalism work largely clusters the Gulf in residual “state capitalism” groupings (Witt et al., 2017). By unpacking how kinship ownership, discretionary state credit, and tribal honour norms combine to shape succession, this thesis carves out a distinctive *centralised-tribe* archetype. Comparative scholars can now test whether observed dynamics—founder-anchored wasta channels, ritual-heavy governance reform—travel to other hydrocarbon economies or to clan-dominated markets such as parts of East Africa.

Providing rigorous, quote-rich Gulf data to a field dominated by Euro-American samples.

Family-business meta-analyses (Sharma, 2004) lament scant Middle-East evidence. The 32 interview transcripts, 45 artefacts and three board-meeting observations archived for this study offer a rare, auditable corpus. They equip future studies with transferable coding categories—honour apology, corridor veto, founder-ambassador—that can seed cross-regional comparison.

6.3.3. Actionable praxis model

The thesis delivers a four-step praxis model (diagnose ownership geometry, secure symbolic off-ramps, install dual inclusive devices, stage-gate delegation) that synthesises the empirical regularities of Chapters 4 and 5. Its originality lies in fusing technical governance devices with socio-cultural nudges:

- Ownership mapping ensures that later charters rest on enforceable control rights.
- Symbolic off-ramps repackage SEW to defuse patriarch loss aversion.
- Two independent directors plus secret-ballot family-council voting break corridor veto loops.
- Stage-gates tie authority transfers to performance triggers, aligning stewardship and agency considerations.

Pilot adoption is already under way: MEDICORP has drafted a founder-ambassador charter, and AL FAIHA's family council has enacted 75 per cent super-majority rules, citing insights from this research. For advisers, the model offers a concrete checklist. For regulators, it suggests incentive levers: reduced collateral requirements for firms that combine founder-off-ramp rituals with documented voting protocols.

Operationalising the Praxis Model: a sequenced implementation roadmap

While the Praxis Model offers a way to understand succession dynamics in UAE family firms, its value relies on practical implementation. The findings indicate that governance tools work best when introduced step by step, considering the family's readiness and legitimacy issues. Thus, the Praxis Model can be put into action through the following staged roadmap.

0–6 months: Stabilization and clarity. In this phase, families should focus on clarifying decision rights instead of adding structural complexity. Key actions include creating a clear authority matrix for investment, hiring, procurement, and partnership commitments. Families should also draft a concise family charter that defines succession principles and conflict resolution paths.

Additionally, they should establish regular family-business council meetings with documented decisions to limit reversibility.

6–12 months: Capability building and legitimization. After achieving basic clarity, the focus should shift to developing successors and building legitimacy. This includes gradually delegating specific projects to successors with clear mandates, providing structured mentoring instead of informal rotation, and setting up advisory or board structures with defined authority. The governance mechanisms introduced at this stage should support established decision rights rather than replace them.

12–24 months: Institutionalization and risk reduction. In the final phase, governance arrangements become part of the organization's routines. Relational assets, like ties with key stakeholders, are somewhat institutionalized through documentation and ownership of processes, lessening reliance on the founder's memory. Merit-based role criteria are formalized, enforcement mechanisms are tested, and regular governance reviews are conducted to evaluate decision speed, conflict frequency, and consistency in compliance.

This staged approach acknowledges that rushing formalization can lead to resistance, while delaying clarity can maintain confusion. Therefore, the roadmap connects governance adoption with the social realities of UAE family enterprises.

6.3.4. Policy resonance

The UAE's Ministry of Economy has prioritised family-business continuity in its "Projects of the 50" roadmap. Findings here provide empirical justification for three policy moves already under discussion:

1. **Tax-credit acceleration for documented succession plans.** Evidence that clear charters correlate with higher CAGR strengthens the case for fiscal nudges.
2. **Corporate-governance code addendum on founder-transition roles.** The founder-ambassador concept offers a culturally resonant template regulators can reference without imposing Westernised chair/CEO splits.
3. **Gender-diversity soft quotas linked to procurement eligibility.** Chapter 4's successful daughter-led turnarounds supply local role models regulators can invoke to legitimise inclusive criteria.

6.3.5. Roadmap for scholars and practitioners

For researchers, the study delivers a set of operationalisable variables—Governance Clarity Index, SEW Conversion Markers, Honour-Compatible Inclusion Score—that can populate large-N Gulf surveys or multi-region experiments. For practitioners, appendices include sample authority matrices, founder-ambassador bylaws and gender-neutral voting templates ready for adaptation.

In sum, the thesis does more than add another Gulf case set; it enriches core theories of succession, inserts communication and honour into institutional analysis, and issues a culturally grounded playbook that UAE located family businesses and policy-makers have already begun to test. By turning what was once viewed as an idiosyncratic setting into a fertile proving ground, the study elevates both literature and practice.

6.4. Limitations and avenues for future research

Although this project adds fresh Gulf evidence to the succession-planning canon, four methodological and contextual constraints delimit the scope of its contributions.

1. Sectoral and size concentration.

Twelve cases met the criterion of maximum variation, yet the sample tilts toward retail, real estate, logistics and healthcare—sectors where state patronage and tangible assets play large roles. Capital-light technology start-ups, family-owned professional partnerships and “silent” portfolio holding companies remain under-represented. Likewise, micro-enterprises employing fewer than ten staff and supra-regional giants employing more than 3 000 were outside the frame. Future work could employ a stratified random design across the Ministry of Economy’s full registry, thereby testing whether governance clarity exerts the same performance effect in advisory, fintech or media businesses where human capital and intellectual property—not fixed assets—anchor value.

2. Temporal snapshot.

The study captures firms at a single point in their life cycle. Succession dynamics may change dramatically once an authority matrix has bedded in for five years or when a daughter CEO faces her first downturn. A longitudinal panel, re-interviewing the same enterprises at 12-, 36- and 60-month intervals, would illuminate *process* rather than *event*—identifying which charter clauses survive practical stress tests, how founder-ambassador roles evolve, and whether growth differentials persist.

3. **Cultural-sensitivity bias and elite positionality.**

Interviews were conducted in English or Modern Standard Arabic, sometimes through interpreters, and often inside the interviewee's own majlis (*Appendix 1*). Those conditions can nudge respondents toward socially acceptable narratives: male heirs may exaggerate board harmony; daughters may downplay ongoing micro-aggressions. Incorporating non-obtrusive measures—e.g., shadowing, informal lunch conversations, or analysis of e-mail traffic patterns—could triangulate stated views with everyday practice. Additionally, researcher positionality may have shaped what was disclosed. Reflexive diaries mitigated but did not eliminate this influence.

4. **Limited quantitative triangulation.**

The CAGR figures cited rely on self-reported management accounts, corroborated by only two external auditors' statements. A future mixed-methods study could merge qualitative insights with audited multi-year financials, network-analysis of board interlocks, or survey instruments validated in other regions (e.g., the F-PEC power index) to test generalisability statistically.

Five high-leverage future-research paths emerge:

- **Digital succession readiness.** As UAE families adopt cloud-ERP, blockchain asset registries and AI-enabled predictive analytics, does digital transparency diminish corridor veto power or instead create new cybersecurity vetoes that only the founder's voice recognition can unlock?
- **Regulatory-shock natural experiments.** The upcoming UAE Family Business Governance Law is expected to introduce inheritance-tax exemptions tied to registered

charters. A difference-in-differences design, comparing pre- and post-law cohorts, could quantify policy impact on charter adoption and performance.

- **Cross-GCC comparative lens.** Saudi Arabia’s Vision 2030 privatisation drive and Oman’s recent Muscat Stock Exchange reforms provide contrasting national-system backdrops. Testing the centralised-tribe model across these contexts would refine varieties-of-capitalism theory.
- **Experimental vignettes on gender bias.** Randomly assign board members to evaluate identical CVs labeled “Mohammed” or “Maryam” in high-context versus low-context meeting scenarios; measure willingness to endorse leadership. Such experiments would isolate communication mode as a causal variable.
- **Inter-generational social-capital mapping.** Employ sociometric tools to map how wasta ties relocate from founders to heirs and whether independent-director bridges accelerate or impede that transfer.

6.5. Final remarks

The GDP of the UAE is driven by family businesses, which constitute approximately 60 percent of the non-oil GDP and employ one out of four private-sector employees. It is a macroeconomic necessity so that they may survive from generation to generation. This thesis presents a new perspective on survival, revealing that continuity has less to do with the charisma of an heir and more to do with the institutional plumbing and the cultural choreography of the handover.

Three new insights are created.

To start with, governance clarity bears material dividends. The average six-percentage-point growth premium was generated by a simple package of documents (ownership map, authority matrix, board-refresh calendar). When relationship lending tends to dominate the credit scoring in a system, these transparent rules help bankers, regulators, and non-family executives feel more confident that a firm can still be investable after the founder's departure.

Second, re-engineering can occur in terms of emotional wealth, but not surrender. A fear of dishonor may lead founders to remain in a position of socio-emotional primacy by maintaining an ambassadorial role, a philanthropic program, or a legacy council while relinquishing operational responsibilities. An original template of the study is the honour-compatible off-ramp, which substitutes a Western prescription with a culturally based alternative.

Third, the mechanisms of resilience are inclusivity and merit rather than Western add-ons. Companies that had broken the corridor-veto cycle by using secret voting or appointing two independent directors not only helped promote capable daughters, but they also reduced decision latency and fostered better lender confidence. Gender neutrality and external insight thus safeguard family continuity, in addition to social justice.

For practitioners, the thesis offers a fresh, step-by-step plan of action: diagnose ownership geometry and code rituals that conserve honor and infuse contemporary governance. To policymakers, the evidence suggests specific incentives, including incentive-based points and reduced collateral ratios, for companies that have verifiable charters and board diversification. To scholars, the work transforms the Gulf from a data desert to a fruitful test bed of theories of socio-emotional wealth conversion, dynamic capabilities, and institutional logic.

Economic terrain will continue to change. Shocks such as artificial intelligence, carbon-neutral requirements, and geopolitical rearrangements will emerge that no personal network of any founder can encompass completely. However, the essence of survival remains: harmonizing family identity with professional organizations, converting honor into relative flexibility, and making succession a rehearsal activity rather than a one-shot phenomenon.

When UAE family businesses adopt the initial spirit of recorded transparency, gradual delegation, and participatory leadership, they will be able to transform their legendary histories into sources of innovation that will last well beyond oil, beyond the founding leaders, and into the future of the national knowledge-based economy.

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Appendix 1 : Interview questions

Generational depth, ownership structure and management models

Connection to Objective 1 – establish historical context and trace how ownership-management arrangements have evolved, illuminating governance tensions and family conflict.

Interview questions

1. Can you provide an overview of the generational depth, ownership structure and management model of your family-owned business?
2. How have ownership stakes and management roles shifted across generations in your family business?

Challenges in succession planning

Connection to Objective 1 – surface the personal, business and contextual factors that complicate the identification and preparation of successors.

Interview questions

1. What specific challenges have you encountered in the succession-planning process?
2. How do personal factors (e.g., sibling dynamics) and business factors (e.g., market pressures) complicate the identification and preparation of successors?

Influence of family-governance structures

Connection to Objective 1 – examine how existing family-governance arrangements facilitate or hinder effective succession.

Interview questions

1. How would you describe the family-governance structures currently in place, and how do they affect succession planning?
2. In what ways do family dynamics help or hinder the effectiveness of your succession-planning efforts?

Resistance to change

Connection to Objective 1 – explore the sources and consequences of leadership resistance during succession.

Interview questions

1. Have you observed resistance to change among current leadership during succession planning? If so, what are the underlying causes?
2. How do you navigate and address leadership resistance during the succession-planning process?

Succession-planning strategies and best practices

Connection to Objective 2 – identify effective succession strategies and real-world success stories.

Interview questions

1. What specific succession-planning strategies and best practices have you employed in your family business?
2. Can you share examples of succession stories or strategies that worked particularly well?

Adaptability of strategies to the UAE business environment

Connection to Objective 2 – assess how succession strategies are tailored to the UAE setting and whether additional frameworks are needed.

Interview questions

1. In what ways are your succession-planning strategies adapted to the unique business environment of the UAE?
2. Do you believe there is a need for customised frameworks or guidelines to enhance succession planning in the UAE?

Appendix 2: Screenshots of the Analysis Process

The screenshot displays the NVivo interface with a table of 'Autocoded Themes'. The table has the following columns: ID, Company size, Company industry, Sector, Your role in the business, and a text column. The text column contains interview excerpts related to business operations and family involvement.

ID	Company size	Company industry	Sector	Your role in the business	Text
1	Medium - 100 employees	Food manufacturing, Medication and Real estate	-	Handling strategic projects - Food division	Communication to a key... I had a project with a team and my brother on entering the market for them due to gap in communication; moreover, I decided that once we enter the market and th... as he's more aligned. To avoid any profit from arising.
2	700 employees	Construction	Real Estate	Development Manager	I enrolled in the FB without asking my father. I want a specific area, nothing was clear and I took different projects based on that I asked my father what do you recommend? then with the supp... development that I have passion on it and now my role is clear.
3	Medium - Large	Manufacturing	-	General manager	In the beginin it wasn't clear as I entered as an assistant manager, my father would send all the me to learn across business and what I usually did as I didn't understand a lot I would go back to n... was capable of taking decisions and approving.
4	80-100 employees	Investments, legal services	-	Director, legal advocate	I joined on and off from school to university, however after national service I entered full time not working fully together thus I started on trying to reduce this gap with consistent meeting a... small details that usually no one focus on as people tend to focus on the big picture.
5	small aprox 14	Wholesale and retail Trade	Wholesale and retail Trade	Management (Managing director)	As start when I joined roles wasn't clear especially when you expected to do everything that I... with every family business in the sense that you dont know yourself in the beginning, as a join... fit, as me im an alpha and I want to reach to a senior level I had to proof this to my father based
6	Medium Large	-	Real estate and Manufacturing	Board memebr / manages day to day business	In the begining it wasn't clear espically that I was involved in the day to day operation but shadow... the key area.
7	120 Employees	Law firm	-	Lawayer	His roles was a bit unclear as its clashes with our family members, but after seeing other fami...
8	1 billion AED	Food, manufacturing, Healthcare, Real estate	-	Chairman	He was as a third generation in his grandfather business, but for this business hes the G1 and hi... the business he had two options, banking or manufacturing so he chose manufacturing, and he ent...
9	35+ companies (6 JV)	Conglomerate	-	Group CEO	2010 I entered the FB in one of our companies under our holding and grow myself to become th... From there 2021 I got the opportunity to become the group CEO. One I was first join I showed the... business and operation and from there the FB will assign me to a specific role.
10	Medium size	Conglomerate	-	Vice Chairman / Group CEO	I started from down to top but things were clear as the job description was given before enterin...

The screenshot displays the NVivo interface with a treemap visualization of 'Relationships'. The treemap is composed of various colored blocks representing different themes and their coding references. The themes include 'family', 'succession', 'business', 'Your role in the business', and 'What role do family governance policies play...'. The treemap is organized into a grid-like structure with different colors for each theme.

The two screenshots show how NVivo is being used to organise and explore interview data. In the first image a treemap compares themes by the number of coding references: every coloured

rectangle represents a node that NVivo created from the questions or responses, and its area grows with the volume of text coded to that theme. This visual instantly highlights which issues, for example succession planning or family governance, dominate the dataset and which receive less attention, helping the researcher set analytical priorities. The second image shifts to the detail behind the visual summary. A spreadsheet-style view lists each coded record with metadata such as company size, industry, sector and the participant's role, while the long text column displays the specific excerpt that was coded. To the left an "Autocoded Themes" panel reports how many files and references belong to each node, giving a quick quantitative sense of coverage. Taken together, the treemap, theme list and coded-excerpt table provide complementary perspectives: the treemap offers a high-level distribution of attention across topics, and the table allows the researcher to trace any thematic block back to its original context, ensuring both an at-a-glance overview and a transparent audit trail for deeper qualitative analysis.