

## **Family businesses in Saudi Arabia contribute 25% to GDP**

Saudi Arabian family business firms constitute the backbone of the nation's economy. Family businesses in that country account for 350 billion Saudi Riyals that is equivalent to 25% of Saudi gross domestic product (GDP). Majority of these businesses are non-listed privately owned firms.

According to Mr. Saleh Kamel, Chairman - Jeddah Chamber of Commerce and Industry (JCCI), there are about 5000 family owned business in the Saudi Kingdom. Out of these, 156 family firms are listed on the Saudi bourse. Recently, speaking at the opening of a forum on 'Family-owned businesses versus Saudi stock companies,' Kamel said, *"This is a small figure compared to the prospects this market holds."*

In his view, a slew of factors play a role in preventing the family business owners from converting their businesses to joint stock firms. Inheritance related issues, worries of losing family revenue and technical difficulties are some of the reasons that stop the owners short of converting their businesses in joint stock firms. He opined that conversion of family businesses to joint stock companies would open new investment opportunities for the businesses and help them grow. Additionally, such a move would bring stability to millions of employees that work in these family firms.

He said that family owned firms are trying to restructure themselves to cope with market changes. They are diversifying their business portfolios, investment strategies and are adopting plans inspired by the post-global financial crisis.

**Source:** Economic Times, July 26, 2012