


Chapter 14

Gulf Business Environment for the Arabic Family Firms: Evidence From Oman During the COVID–19 Pandemic

Irfan Saleem

 <https://orcid.org/0000-0002-1564-6053>

Sohar University, Oman

Tahir Masood Qureshi

 <https://orcid.org/0000-0002-1749-2297>

American University in the Emirates, UAE

Muntazir Hussain

Sohar University, Oman

Amitabh Verma

Sohar University, Oman

ABSTRACT

The purpose of this chapter is to understand the business environment for the family businesses in the Gulf Cooperation Council (GCC) based on the theoretical foundation of organisational ecology and open system perspective during the COVID-19 pandemic. More specifically, the reader can understand the business environment of the family firms and how firms can recover from the pandemic by fighting against the infodemic in the GCC region. The authors have used a survey to collect data online from the family firms from Oman during the first and second waves of COVID-19 (i.e., Feb.-Dec. 2020). The results of the study demonstrate that business infodemic negatively moderates the linkage between the business environment-innovation performance nexus and positively moderates between the business environment-commerce association. This research implies the scanning of the Gulf business environment and continuous innovation by family-owned enterprises is vital to avoid a U-shaped recovery in the Arab economies.

DOI: 10.4018/978-1-7998-7164-4.ch014

INTRODUCTION

Seven pandemics have been recorded in the last 130 years of human's history, including COVID-19. Nevertheless, the recently COVID-19 epidemic has not only worsened the world's economies but also the business environment in the Gulf region, including top-performing economies of the Gulf Cooperation Council (GCC). When family businesses face the dual challenge of survival and growth in a turbulent Gulf business environment, then the family firm's survival becomes difficult without scanning for the business environment of oil-dependent GCC economies like Oman, Saudi Arabia, Qatar, Kuwait and UAE. For instance, family firms may avoid investing in innovative business plans due to potential social, technological, political and economic factors.

Family firms in the emerging market are unique and somewhat different from the western family-owned enterprises (Saleem et al., 2019). The research on Arabian family firms is also scarce when we talk about the business environment in specific (Mariotti et al., 2020). For instance, a recent study reveals that the families mainly control the corporations in the GCC. However, ownership concentration in the family firms of the GCC does not influence the family firm's performance (Matinez-Garcia et al. 2020). Similarly, a recently published statistical report about 692 listed firms in the GCC by Family business in the Arab World confirms that mostly the families own the company in the GCC region. Thus family firms in the GCC are suffering from the recent pandemic and need to understand the post-pandemic business environment for survival. For instance, the report reveals that financial firms in Kuwait, Oman and Qatar have a higher degree of ownership concentration than those in the UAE Saudi Arabia, and Bahrain (Basco et al., 2020).

Furthermore, a shareholder is found to be positively related to a firm's size in the GCC and the families as the largest shareholder across the GCC countries, with Qatar having the lowest proportion the UAE having the highest (Basco et al., 2020; Matinez-Garcia et al. 2020). The key shareholders of the GCC business, the ownership concentration, the ownership identity and control mechanisms of the family firms are presented in Appendix 2, which demonstrate the significance of studying the family firms in the GCC. Thus further investigation is required, how the family firms can further expand the business by scanning the business environment of the GCC.

The COVID-19 has also caused wide spread of both inaccurate and accurate information about the business environment. The business infodemic is the type of disinformation, which is circulated during the period of economic distress and a health crisis like COVID -19 to gain a short term profit and to kill the competition (Okan et al., 2020). Such disinformation is usually based on rumours in the market, deception of the underestimated business environment, and gossip (See, e.g. Bunker, 2020). The business infodemic is generally spread by social media such as WhatsApp, YouTube and Facebook have confused not only the business leaders of multinationals firms operating in the GCC but also the family firms. Because such disinformation not only impacts negatively on the performance of the family businesses in general but has consequences for employees in the form of job loss, psychological and physical health, poor performance for the expatriate - workforce working (Mariotti et al., 2020) in the GCC region since last many decades. Sooner or later, the COVID-19 maybe finished; nevertheless, the role of infodemic may continue on the Gulf's businesses for several more years to come, and economic recovery could be in many shapes.

The objectives of this chapter include followings:

- To familiarise readers with the GCC business environment.

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