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Why a Guide to Family Wealth in the Arab Region?

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Family Legacies

*Wealth and Philanthropy
in the Arab World*

Barbara Ibrahim and Heba Abou Shnief

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The American University in Cairo

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Contents

Foreword *by Atef El Toukhy*

1	Why a Guide to Family Wealth in the Arab Region?	1
2	Family Fundamentals: Solidarity and Cultures of Giving	5
3	Building Successful Families: Stories, Values, Direction	21
4	Arab Families Give Back: Why and How	39
5	Families Moving Forward: Preparing the Next Generation	61
	Conclusion	77

Appendices

I	Organizing Successful Family Meetings	81
II	A Self-Assessment Planning Tool for Family Philanthropy	87
III	Image Credits	93
IV	Further Reading	95
	Endnotes	97

CHAPTER 1

Why a Guide to Family Wealth in the Arab Region?

“Do good and good will come back.” Arabic proverb

Families everywhere are feeling the pressures of life in a rapidly changing world. Perhaps no other place has experienced more rapid economic and social development than the Arab region. Over the last 40 years, family expectations for where adult children will live, whom they will marry, or the occupations they will follow have shifted dramatically. Technology and globalization are impinging on our grandparents' slower patterns of life. This reality was stated succinctly by a Saudi business leader who has observed profound changes over his 60-year lifetime. He recalls that his father grew up in a village where pencils and paper were a novelty. Now his own children use smartphone technologies for writing and communication that he struggles to keep up with. We are only beginning to understand what these changes mean for families, parenting, and preserving family values.

Adding to this pressure has been the emergence of wealth in oil-rich countries and the rapid expansion of the private sector due to economic liberalization in labor-rich economies. So while wealth and the rise in national incomes have created opportunities for improved family well-being and allowed more freedom of choice, they have also awakened the responsibility to harness wealth in a manner that confronts the challenges of a rapidly changing world. Rather than trying to reverse this tide of change, successful families are thinking about how to foster long-term wealth and shared value. Central to

2 Chapter 1

this thinking is the balancing act among family values, wealth management, and philanthropic giving.

Those who have led the unprecedented transformations in the Arab world are rightly proud of their roles as entrepreneurs, professionals, and institution builders. These successful individuals want to preserve the family values that helped them to create progress and wealth. They are passionate about their philanthropy. And they want to pass on the ability to enjoy a better life to their children and grandchildren. One father expressed his concern that the expansion of choices and material comforts today enables families to prosper, but can also bring new problems. Levels of childhood obesity and diabetes related to a sedentary lifestyle raise alarms in the Gulf countries, while some parents in Egypt worry that their children are growing up in suburban ‘bubbles’ having little contact with life in the rest of the country. Families in many parts of the region worry that rapid growth has diluted the sense of being part of a single community that their families once enjoyed. All families in one way or another are grappling with how they will preserve the solidarity and values that make family ties the bedrock of Arab culture.

At the American University in Cairo, our educational mission involves a similar task: how do we help each generation of students choose wisely what is of value in their past while preparing to adapt successfully to future change? We engage in those conversations as well with parents and with the alumni and donors who contribute to sustain the mission of the university. This book was created to share some of the ideas we have gleaned about how families are dealing with the dilemmas they face—regarding family legacy, continuity, and change. In particular, we have found that there is great interest in sharing the ‘good practices’ that families are employing and the discussions they have about managing family wealth and giving back to society.

In writing this book we were inspired and guided by a wonderful publication from Harvard University authored by Charles Collier, *Wealth in Families*.¹ His decades of experience in Harvard’s Development Office brought him into close contact with the university’s major American donors. Their stories about family money management and passing on the habits of philanthropy resonated with so many readers of *Wealth in Families* that the book has been reprinted six times in two editions. We thought of publishing an Arabic translation, but soon realized that a more useful contribution could

be made by writing a new volume that reflects the culture and realities of the contemporary Arab world.

In the pages that follow we draw on Collier's ideas as well as those of Arab philanthropists, family psychologists, scholars, and wealth and philanthropy advisors. However, our main source of insights is our extensive interviews with twenty-one Arab philanthropists and family business leaders from around the region. They responded to our invitation to share their thoughts and advice with readers in both Arabic and English versions. We selected that group to include women and men from a diversity of backgrounds, ages, and professions—ranging from board chairs of private foundations, to self-made businessmen, to the president of a large family holding company. Some have inherited wealth from parents or grandparents. Others started with very little and built successful careers in the private sector. All of these exceptional individuals display aspects of entrepreneurship and innovation in their lives. They have strong opinions on the importance of family and the meaningful uses of wealth.

In conducting the background research for this volume we found few sources of information on the topic of wealth and families tailored to the Arab context. Thus we started by outlining the key issues that define this topic, from Arab culture and family dynamics to the ways family businesses are managed. We then created a list of interview questions that follow the chapter sequence in the book, paying special attention to the values families place on both their material and their intangible assets. We asked in depth about how they make decisions about charitable giving.

The subject of family legacy is an overarching concept that encompasses business and creative ventures, giving back to society, and passing on values about wealth to the next generation. We have illustrated the ideas from our interviewees with detailed examples of their family practices around communication, problem-solving, and helping children learn to make wise decisions about the role of money in their lives. The book ends with some ideas for helping families to evaluate their progress in meeting these goals.

One does not have to be wealthy to care about the topics covered in *Family Legacies*. All families can benefit from being more deliberate about how and when important values surrounding money are discussed in the family. We hope this volume opens an opportunity for readers to more mindfully

4 Chapter 1

approach their own family's decision-making about acquiring, spending, and giving funds, whether the amounts are large or modest. As the examples presented throughout the book attest, that is a proven route to preserving family solidarity—and legacy—in a changing world.