MULTIVARIATE BEHAVIORAL RESEARCH
2026, VOL. 61, NO. 3, 522–540

OPEN ACCESS

Family Business Succession in Oman: Toward an Integrated GCC Framework Enhancing Smart Compliance and Economic Sustainability

Dr. Mohamed Elaalim Adam Ahmed Mohamed, Dr. Salim Ali Sulaiman Salim Alyahyai, Dr. Ibrahim Abdullah Salim Alghafri

Faculty of Law, Arab Open University, Sultanate of Oman

ABSTRACT

Family businesses constitute a cornerstone of the Gulf Cooperation Council (GCC) economies, yet their intergenerational continuity remains vulnerable, particularly where ownership devolves into undivided joint property among heirs. In the Sultanate of Oman, succession is governed primarily by the Civil Transactions Law (Royal Decree No. 29/2013) and the Commercial Companies Law (Royal Decree No. 18/2019), leaving continuity largely dependent on private drafting and ex post judicial intervention rather than preventive governance.

This article adopts an integrated comparative legal methodology combining doctrinal analysis, Maqāṣid-based reasoning, comparative GCC company law, governance analysis, and contemporary governance theory. It compares the Omani framework with recent legislative developments in Saudi Arabia and the United Arab Emirates to evaluate emerging approaches to institutional succession planning.

The article argues that preserving the institutional unity of family enterprises can be normatively justified under the Maqāṣid objective of wealth preservation (ḥifẓ al-māl) without compromising heirs' substantive inheritance rights. Building on this foundation, it introduces the Gulf Smart Succession Model (GSSM), an integrated legal framework that reconciles Islamic inheritance law with institutional continuity through a distinction between economic entitlement and organisational continuity, while demonstrating how smart compliance can operationalise preventive succession governance across the GCC.

The proposed framework provides a coherent normative foundation for preventive succession governance, strengthening legal certainty, enhancing business continuity, and promoting economic resilience, and supporting sustainable economic development across the GCC.

KEYWORDS
Family business succession; Gulf Smart Succession Model (GSSM); Family governance; Smart compliance; Preventive governance; Family charter; Joint ownership (Shuyūʿ); Maqāṣid al-Sharīʿa; Omani company law; GCC legal harmonization.

1. Introduction

Family businesses constitute a central pillar of economic activity across the Gulf Cooperation Council (GCC), accounting for a substantial share of private-sector economic activity and employment. Beyond their economic contribution, these enterprises preserve accumulated capital, sustain employment, and facilitate the transfer of entrepreneurial knowledge across generations (Abouzaid, 2008).

Despite their strategic importance, family businesses face significant succession challenges. International studies consistently indicate that only a minority of family businesses successfully transition to the second generation, while survival rates decline even further across subsequent generations (IFC, 2022; PwC Middle East, 2024). Consequently, succession planning is widely recognised as one of the most critical determinants of long-term family business continuity (Gersick et al., 1997; Ward, 2011).

A core driver of this fragility lies in the persistence of unregulated joint ownership among heirs following the death of the founder. Ownership typically devolves as undivided joint property, resulting in governance paralysis, decision-making deadlock, and heightened litigation risk. While such

CONTACT Dr. Mohamed Elaalim Adam Ahmed Mohamed mohammad.e@aou.edu.om Faculty of Law, Arab Open University, Sultanate of Oman

outcomes formally comply with inheritance rules, they often undermine the productive unity of the enterprise and generate long-term economic harm.

In Oman, these challenges are particularly acute. The legal framework governing family businesses relies primarily on general provisions of the Civil Transactions Law (Oman, Royal Decree No. 29/2013) and the Commercial Companies Law (Oman, Royal Decree No. 18/2019), neither of which establishes a dedicated legal framework for institutional succession planning (Ministry of Justice and Legal Affairs, Commercial Companies Law 2020; Ministry of Commerce, Industry and Investment Promotion, 2019). As a result, courts are frequently required to intervene ex post through liquidation, judicial partition, or refusal of partition where serious harm is established.

At the normative level, Islamic inheritance law (mīrāth) is widely perceived as a rigid system resistant to institutional adaptation. This perception has contributed to a reluctance to engage inheritance rules as a field of proactive legal design. However, a Maqāṣid al-Sharīʿa–oriented approach demonstrates that the preservation of wealth (ḥifẓ al-māl) extends beyond the mechanical distribution of shares to include safeguarding productive assets from waste, fragmentation, and socially harmful division (Al-Shatibi, 1997; Ibn ʿAshur, 1946; Qaradawi, 2001).

Against this background, this article addresses the absence of an integrated, preventive, and technologically enabled framework for family business succession in Oman and the wider GCC. It argues that succession can be transformed from a source of structural vulnerability into an opportunity for smart compliance, regulatory certainty, and economic sustainability through the proposed Gulf Smart Succession Model (GSSM), introduced in this study.

2. Literature Review

The literature addressing family business succession in the GCC may be grouped into three partially overlapping yet insufficiently integrated strands: (1) Islamic jurisprudence and Maqāṣid-based approaches to property and inheritance; (2) GCC legal scholarship on family business governance; and (3) international research on governance, compliance, and digital regulation. This section critically reviews these strands and identifies the conceptual and regulatory gaps addressed by the present study.

2.1. Islamic Jurisprudence and Maqāṣid-Based Approaches

Islamic legal scholarship has long recognised the preservation of wealth (ḥifẓ al-māl) as a core objective of the Sharīʿa. Classical jurists emphasised that wealth protection extends beyond safeguarding ownership to include preventing waste, mismanagement, and economically destructive division (Al-Shatibi, 1997; Ibn ʿAshur, 1946). In this sense, inheritance rules operate within a broader normative framework concerned with social stability and substantive justice rather than mechanical equality alone.

Within inheritance jurisprudence, while fixed shares (al-furūḍ al-muqaddara) are binding, Islamic law does not require the immediate or physical division of every inherited asset. Classical fiqh recognises delayed partition, collective management, and judicial intervention where division undermine the utilityor cause collective harm (Qaradawi, 2001). Although these doctrines were not developed with modern corporate structures in mind, they provide a conceptual foundation for institutional approaches to succession.

Contemporary scholarship has extended Maqāṣid-based reasoning to organised family ownership, family endowments, and other institutional arrangements aimed at preserving productive unity (Abdullah, 2019). However, much of this literature remains primarily normative, with limited engagement with positive law, corporate governance mechanisms, or the empirical realities of family businesses in the GCC.

2.2. GCC Legal Scholarship on Family Business Governance

A growing body of GCC-focused legal scholarship examines the governance challenges facing family businesses and the limitations of existing legal frameworks. In Oman, no dedicated legislation specifically regulates family business succession. Instead, succession is governed primarily through the general provisions of the Civil Transactions Law (Oman, Royal Decree No. 29/2013) and the Commercial Companies Law (Oman, Royal Decree No. 18/2019). Consequently, governance outcomes often depend on private contractual arrangements, family governance instruments, and ex post judicial intervention.

Comparative studies on Saudi Arabia and the United Arab Emirates document more advanced regulatory approaches. The Saudi Family Companies regime and the UAE Federal Decree-Law No. 37 of 2022 are frequently cited for their recognition of binding family charters and continuity mechanisms embedded within company law (Abouzaid, 2008). These reforms are generally credited with reducing intra-family disputes and enhancing institutional continuity.

Nevertheless, GCC legal scholarship remains largely jurisdiction - specific. Few studies propose a unified Gulf-level framework, and even fewer explicitly integrate Islamic inheritance principles into contemporary governance regimes. As a result, questions of normative legitimacy and regional coherence remain insufficiently addressed.

2.3. Joint Ownership and Institutional Vulnerability

Another strand of the literature focuses on joint ownership (shuyūʿ) as a structural source of instability in inherited family businesses. Civil law scholarship generally treats joint ownership as a temporary and undesirable condition, intended to be resolved through partition or consolidation. In the context of family enterprises, however, prolonged joint ownership has been linked to governance paralysis, decision-making deadlock, and increased litigation (Elaalim, 2025).

Under the Omani Civil Transactions Law, courts may order judicial partition where co-owners cannot agree, while retaining the authority to refuse partition if physical division would cause substantial harm or significantly diminish the economic value of the property (Oman, Royal Decree No. 29/2013, Arts 822–823). Although these judicial mechanisms mitigate immediate disputes, they remain essentially reactive, operating only after conflicts have arisen rather than providing preventive governance mechanisms capable of ensuring long-term business continuity.

Comparative references to Sudanese law on family ownership highlight the recognition of family ownership as an intermediate form between individual and public property (Abdullah, 2019). Yet critical analyses note that the time-bound nature of this regime undermines long-term corporate continuity, limiting its effectiveness as a durable solution for family businesses.

2.4. International Governance and Smart Compliance Literature

International scholarship increasingly conceptualises family business succession as a matter of institutional governance and regulatory compliance rather than a purely private or familial concern. Reports published by the OECD and the World Bank emphasise that structured succession planning, transparent governance mechanisms, and institutional accountability are essential prerequisites for business continuity, sustainable economic growth, and financial stability (OECD, 2019; World Bank, 2023).

Recent research has further expanded this perspective through the concept of smart compliance, whereby digital technologies-including artificial intelligence, blockchain, and data-driven governance systems-are employed to anticipate legal risks, monitor organisational performance, enhance regulatory oversight, and improve corporate decision-making (Yassin & Kassem, 2023). These developments demonstrate a significant shift from reactive legal enforcement towards preventive and technology-enabled governance.

Nevertheless, the existing intelligent compliance literature remains primarily concerned with regulatory compliance, corporate governance, financial reporting, and risk management. Comparatively little attention has been devoted to succession governance within family-owned enterprises, particularly where succession is governed simultaneously by corporate law, private law, and religious inheritance rules. Consequently, the literature offers limited guidance for jurisdictions in which succession planning must reconcile modern governance standards with mandatory rules of Islamic inheritance.

Accordingly, although international scholarship provides valuable governance instruments and digital compliance tools, it does not yet offer an integrated legal framework capable of harmonising smart compliance, family business succession, and Sharīʿa-based inheritance principles within the legal environment of the Gulf Cooperation Council (GCC). This unresolved gap provides the foundation for the integrated model proposed in the present study.

2.5. Identified Gaps and Contribution

The reviewed literature reveals three interrelated gaps:

(1) insufficient integration between Islamic jurisprudence and positive law in regulating family business succession;

(2) the absence of a unified GCC-level governance framework; and

(3) the under-theorisation of smart compliance within Sharia-informed legal environments.

This article addresses these gaps by proposing the Gulf Smart Succession Model as an integrated framework that combines Maqāṣid-based reasoning, comparative GCC law, and digitally enabled governance mechanisms.

3. Methodology and Sources

This article adopts an integrated comparative legal methodology combining doctrinal analysis, Maqāṣid al-Sharīʿa reasoning, comparative law, institutional governance, and prospective model-building. This methodological design reflects the interdisciplinary character of family business succession, which intersects inheritance law, company law, corporate governance, and digital governance within the GCC legal environment.

Rather than relying on a single doctrinal or empirical approach, the study integrates legal analysis with comparative, policy-oriented, and governance perspectives, enabling both descriptive legal analysis and normative institutional design.

3.1. Doctrinal and Maqāṣid-Based Analysis

At the first level, the study employs a doctrinal analysis of Islamic jurisprudential sources relating to property, inheritance, joint ownership, and judicial discretion in partition. Classical and contemporary fiqh writings are examined to clarify how the objectives of the Sharīʿa—particularly the preservation of wealth (ḥifẓ al-māl), prevention of harm (dafʿ al-ḍarar), and the achievement of substantive justice—can inform modern institutional arrangements for family business succession (Al-Shatibi, 1997; Ibn Ashur, 1946; Qaradawi, 2001).

Rather than treating Islamic inheritance rules as immutable constraints, the study adopts a Maqāṣid-oriented interpretive approach, emphasising underlying purposes and functional outcomes. This approach is consistent with contemporary Islamic legal scholarship, which recognises Maqāṣid al-Sharīʿa as a dynamic framework capable of accommodating new economic realities while maintaining normative legitimacy (Abdullah, 2019).

Through this lens, the research distinguishes between:

• entitlement to economic benefit, governed by fixed inheritance shares; and

• the institutional form and management of productive assets, which may be organised to prevent wasteful fragmentation.

3.2. Comparative Legal Analysis

The second methodological pillar consists of a comparative legal analysis of statutory frameworks and regulatory practices governing family business succession across selected GCC jurisdictions. The comparative analysis primarily examines:

• the Omani Civil Transactions Law (Oman, Royal Decree No. 29/2013) and the Commercial Companies Law; (Oman, Royal Decree Law No. 29/2013)

• the Saudi Family Companies regime introduced under the Companies Law and related regulations (2022–2023); and

• the UAE Federal Decree-Law No. 37 of 2022 on Family Businesses.

These legal frameworks are comparatively analysed with particular attention to legal mechanisms governing business continuity following the death of the founder, joint ownership (shuyūʿ), family charters, governance instruments, and judicial intervention in succession-related disputes, as reflected in the relevant statutory provisions of Omani, Saudi, and UAE law.

Where appropriate, the analysis also refers to developments in other GCC jurisdictions—including Kuwait, Qatar, and Bahrain—to illustrate regulatory disintegration, legislative diversity, and emerging reform trends. The selected jurisdictions were chosen because they represent different stages of regulatory development in family business governance, thereby providing a meaningful comparative basis for evaluating legislative convergence within the GCC.

To broaden the comparative perspective, the study further draws upon selected policy reports and academic literature from Europe, Asia, and Latin America to identify internationally recognised best practices in succession planning and family business governance (OECD, 2019; IFC, 2022; World Bank, 2023).

Finally, a limited reference is made to Sudanese legislation on family ownership, not as a model for direct legal transplantation, but as a conceptual precedent illustrating an intermediate form of ownership that contributes to the theoretical discussion of institutional continuity in family businesses (Abdullah, 2019).

3.3. Institutional and Policy Analysis

In addition to statutory texts, the research incorporates an institutional and policy analysis of official reports, regulatory guidelines, and governance frameworks issued by:

• ministries of commerce and justice,
• capital market authorities,
• and family business governance centres

in Oman, Saudi Arabia, and the United Arab Emirates.

International policy documents published by organisations such as the OECD, IFC, World Bank, and the Gulf Family Business Council are used to situate regional practices within broader global governance and compliance trends (OECD, 2019; IFC, 2022; GFBC, 2024).

This policy-oriented dimension enables the study to assess not only the formal content of legal rules, but also their institutional effectiveness, particularly in relation to preventive compliance, dispute avoidance, and economic sustainability.

3.4. Prospective and Model-Building Approach

The final methodological component is prospective and model-building methodology. Building on the doctrinal, comparative, and policy analyses, the article culminates in the development of the (GSSM), which constitutes the principal normative and institutional contribution of this study. The model is proposed as an integrated legal framework designed to strengthen family business succession through preventive governance, smart compliance, and sustainable preservation of the enterprise.

The Gulf Smart Succession Model is presented as a conceptual blueprint rather than an empirically implemented system. Its purpose is to:

• guide legislative reform;
• inform institutional design;
• facilitate the integration of digital governance tools—such as artificial intelligence and blockchain—into family business succession planning (Yassin & Kassem, 2023).

This model-building approach is consistent with comparative legal scholarship that combines descriptive legal analysis with forward-looking institutional design, particularly in areas of regulatory innovation, corporate governance, and economic sustainability. Accordingly, the proposed model serves not merely as a theoretical construct but as a normative framework capable of informing future legislative reforms and institutional practices across GCC jurisdictions.

3.5. Scope and Limitations

This study does not seek to provide an exhaustive empirical survey of family businesses across the GCC, nor does it aim to develop a technical implementation manual for digital governance systems. Rather, its primary focus is on the legal, institutional, and governance dimensions of family business succession, rather than on quantitative analysis or technological engineering.

Nevertheless, by integrating Islamic jurisprudence, comparative law, governance theory, and preventive compliance principles, the adopted methodology provides a robust analytical foundation for evaluating existing succession frameworks and formulating coherent, normatively legitimate reforms that are responsive to the legal and economic realities of the GCC.

This methodological integration strengthens both the analytical validity and the practical applicability of the study. More importantly, it provides the methodological foundation for developing the Gulf Smart Succession Model as an integrated legal framework for preventive family business succession governance, capable of harmonising Sharīʿa principles, corporate governance, and intelligent compliance within the GCC legal environment.

4. Normative and Economic Foundations of Institutional Succession Planning in Family Businesses

This section examines the normative and economic foundations of institutional succession planning in family businesses, with particular reference to the GCC context. It argues that succession planning is not merely a private managerial decision, but a matter of public economic interest and normative legal concern, closely linked to wealth preservation, social stability, and sustainable development.

4.1. Economic Rationale for Institutional Succession Planning

Family businesses constitute a strategic pillar of Gulf economies, accounting for a substantial share of private-sector activity, employment, and investment across GCC states (IFC, 2022; PwC Middle East, 2024). Their continuity is therefore directly connected to macroeconomic stability, employment security, and long-term investment resilience.

Empirical studies consistently show that the absence of structured succession planning exposes family firms to significant economic risks. These include leadership vacuums, ownership disputes, capital fragmentation, and loss of intangible assets such as goodwill and institutional knowledge (Abouzaid, 2008). When succession is left to informal arrangements among heirs, governance becomes personalised and reactive, increasing the likelihood of forced liquidation or value-destroying partition.

From an economic governance perspective, institutional succession planning functions as a preventive risk-management mechanism. It reduces uncertainty, enhances investor confidence, and preserves the operational coherence of enterprises beyond the founder's lifetime. In the GCC context-where family businesses often operate across generations and borders-the absence of such planning generates systemic costs that extend beyond individual families to creditors, employees, and national markets (World Bank, 2023).

These economic risks require a coherent normative legal foundation capable of supporting preventive institutional succession planning. Such a foundation is provided by the Maqāṣid al-Sharīʿa, particularly through the objective of preserving wealth (ḥifẓ al-māl), which offers a principled basis for reconciling economic continuity with Islamic inheritance law.

4.2. Maqāṣid al-Sharīʿa and the Preservation of Wealth (Ḥifẓ al-Māl)

Islamic legal theory provides a robust normative foundation for protecting productive wealth from waste, fragmentation, and institutional decline. The preservation of wealth (ḥifẓ al-māl) is recognised as one of the five essential objectives (al-ḍarūriyyāt al-khams) of the Sharīʿa (Al-Shatibi, 1997; Ibn Ashur, 1946). This objective extends beyond safeguarding ownership against unlawful appropriation to encompass the preservation of the economic utility, productive capacity, and social function of wealth.

Classical jurists acknowledged that certain forms of property cannot be physically divided without causing substantial harm or undermining their intended purpose. Accordingly, Islamic jurisprudence developed doctrines permitting the postponement, restriction, or judicial refusal of partition where division would destroy the utility of the asset or conflict with the broader objectives of justice and public welfare (Ibn Qudama; Al-Qaradawi, 2001). These doctrines reflect the Maqāṣid-based principles of preventing harm (dafʿ al-ḍarar), preserving wealth, and promoting substantive rather than merely formal justice.

Viewed through this normative lens, a family business may be understood not merely as a collection of divisible assets but as a single productive institution whose continuity serves both private and societal interests. Its forced disintegration may therefore frustrate the Maqāṣid objective of preserving wealth by diminishing productive value, weakening institutional sustainability, and generating avoidable economic loss.

Consequently, recognising the institutional indivisibility of a family business does not diminish or override the inheritance rights of heirs. Rather, it requires those rights to be realised through governance arrangements that preserve the economic integrity of the enterprise while ensuring fairness, proportionality, and compliance with the mandatory rules of Islamic inheritance.

This Maqāṣid-oriented understanding provides the normative foundation for reconciling inheritance rights with business continuity, thereby paving the way for the integrated succession framework developed later in this study.

4.3. Reconciling Inheritance Rules with Institutional Continuity

A central tension in family business succession lies in reconciling fixed inheritance shares (al-furūḍ al-muqaddara) with the need for continuity of the family enterprise. This tension is often framed as an irreconcilable conflict between Sharīʿa-based inheritance rules and modern corporate governance. However, such framing rests on a narrow and literalist interpretation of inheritance law.

A Maqāṣid-oriented reading allows for a more nuanced reconciliation. Islamic law governs entitlement to wealth, not necessarily the physical form in which that wealth is held. Accordingly, heirs may receive their proportional economic benefits—such as profits, dividends, or equivalent financial value—without requiring the physical division of the productive asset itself (Abdullah, 2019).

Mechanisms such as family holding companies, shareholder agreements, governance-oriented wills, Sharia-compliant trusts, and commercial family waqf structures provide practical means to implement this reconciliation. These instruments preserve the substance of inheritance rights while avoiding outcomes that would harm heirs collectively through value destruction or loss of economic viability (Abouzaid, 2008).

4.4. Family Businesses Between Private Ownership and Collective Economic Function

Family businesses in the GCC occupy a distinctive position between private ownership and collective economic function. While legally classified as private entities, their scale, employment capacity, and integration into national markets give them a broader economic and social function.

Their collapse or fragmentation therefore generates negative externalities affecting employees, creditors, supply chains, and overall market confidence (WEF, 2022).

This reality justifies a regulatory approach that transcends absolute private autonomy. Succession planning becomes a matter of an ex ante governance, not merely post-conflict adjudication. From this perspective, institutional succession frameworks serve both private family interests and the public interest in economic continuity and social cohesion.

4.5. Normative Implications for Smart Compliance

The normative and economic analysis developed in this section supports a shift from reactive legal intervention toward smart, preventive compliance. Traditional legal responses-centred on litigation and ex post judicial remedies-are ill-suited to managing the intergenerational and relational complexities of family enterprises.

Smart compliance reframes legal obligations as institutional safeguards rather than punitive constraints. By embedding succession planning within governance codes, family charters, and digital compliance systems, legal frameworks can operationalise Maqāṣid-based objectives through modern regulatory tools (Yassin & Kassem, 2023).

This normative foundation sets the stage for the subsequent analysis of legislative frameworks and comparative models in the GCC, demonstrating that succession planning is not merely permissible within Islamic law, but normatively desirable as a means of preserving wealth, preventing harm, and promoting sustainable development.

These normative and economic foundations collectively provide the jurisprudential, legal, and governance rationale upon which the (GSSM) is constructed and subsequently developed in this study.

5. The Omani and GCC Legislative Framework: From Joint Ownership to Institutional Succession Governance

This section examines the legislative treatment of family business succession in Oman and selected GCC jurisdictions, with particular emphasis on joint ownership (shuyūʿ) as a structural source of vulnerability. It argues that while judicial practice in Oman provides partial ex post remedies, the absence of an ex ante, institutionalised framework continues to undermine continuity, compliance, and economic sustainability.

5.1. The Omani Legal Framework: General Regulation and Structural Gaps

As of 2025, Oman does not possess a dedicated legal regime governing family businesses or institutional succession planning. Family-owned companies are regulated primarily by the Commercial Companies Law (Oman, Royal Decree No. 18/2019) and the Civil Transactions Law (Oman, Royal Decree No. 29/2013), neither of which was designed to address the specific challenges of intergenerational continuity in family enterprises .

Under Omani law, the death of a shareholder does not trigger an automatic continuity mechanism. In the absence of explicit succession clauses in the company's articles of association, ownership typically devolves to heirs as undivided joint property. While this outcome complies formally with inheritance rules, it creates significant governance challenges when applied to complex corporate structures, particularly those requiring coordinated decision-making and professional management.

The reliance on private drafting and post-factum judicial intervention leaves succession outcomes uncertain and inconsistent. As a result, family businesses are exposed to fragmentation, managerial paralysis, and increased litigation risk at precisely the moment when institutional stability is most critical.

The current legislative framework relies predominantly on general company law and private legal arrangements rather than a specialised regime governing institutional succession in family businesses. Consequently, continuity depends largely on contractual drafting, shareholder foresight, and judicial intervention after disputes arise, rather than on a coherent preventive legislative policy specifically designed to safeguard intergenerational business continuity.

5.2. Joint Ownership (Shuyūʿ) After Death: Legal Nature and Practical Consequences

Joint ownership arises compulsorily upon the death of the founder when corporate shares pass to multiple heirs without legal or physical partition. In civil law theory, shuyūʿ is presumed to be a temporary and undesirable condition, intended to be resolved through partition or consolidation (Oman, Royal Decree No. 29/2013, Art. 817).

In the context of family businesses, however, joint ownership often becomes a prolonged and dysfunctional state. Undivided ownership impedes effective corporate governance, as strategic decisions—such as appointing directors, restructuring operations, or disposing of assets—frequently require unanimous or near-unanimous consent. This leads to decision-making deadlock, informal power struggles, and the marginalisation of minority heirs (Oman, Royal Decree No. 29/2013).

From a compliance perspective, unregulated shuyūʿ weakens accountability and transparency. Managerial authority becomes contested and diffused, increasing the likelihood of disputes that culminate in liquidation or value-destroying partition rather than orderly succession (PwC Middle East, 2024).

Joint ownership is not inherently dysfunctional; rather, its prolonged operation within complex family businesses transforms what is intended to be a temporary legal status into a structural governance risk. In this context, the legal problem lies not in the existence of shuyūʿ itself, but in the absence of institutional mechanisms capable of managing it in a manner that preserves business continuity while safeguarding the inheritance rights of all heirs. This distinction provides the conceptual bridge between traditional joint ownership doctrine and the preventive institutional framework proposed by the Gulf Smart Succession Model.

5.3. Judicial Practice in Oman: Ex Post Remedies and Their Limits

Omani courts play a pivotal role in resolving succession-related disputes arising from joint ownership (shuyūʿ) in family businesses. In the absence of a dedicated legislative framework governing institutional succession, judicial intervention functions as the principal mechanism for mitigating conflicts that emerge after the founder's death. Judicial practice generally follows two main approaches:

1. Ordering liquidation or partition, where continuation of the family enterprise becomes impracticable due to persistent disputes among heirs or the impossibility of effective joint management; or
2. Refusing partition, pursuant to Articles 822 and 823 of the Civil Transactions Law, where division would cause substantial harm or destroy the economic utility of the asset.

The second approach is of particular jurisprudential significance. By refusing partition where division would substantially impair the economic value or productive function of the enterprise, Omani courts implicitly recognise that certain assets constitute a single economic institution whose value depends upon its continued unity. This judicial reasoning reflects a functional interpretation of property law, prioritising economic utility over formal divisibility and aligning—albeit implicitly—with the Maqāṣid objective of preserving wealth (ḥifẓ al-māl).

Nevertheless, judicial protection remains inherently reactive and case-specific. It becomes available only after disputes have escalated into litigation and therefore cannot provide the legal certainty, governance continuity, or institutional predictability required for long-term succession planning. Judicial refusal of partition alleviates the consequences of institutional failure but does not eliminate its underlying causes.

Accordingly, while judicial discretion represents an important safeguard against economically harmful fragmentation, it cannot substitute for a coherent legislative framework that proactively structures succession governance through preventive legal mechanisms. Sustainable continuity requires ex ante institutional design rather than ex post judicial correction.

5.4. Family Ownership as a Conceptual Bridge: The Sudanese Comparative Insight

A valuable comparative perspective emerges from Sudanese law, which recognises family ownership as an intermediate category between individual and public ownership. Under the Sudanese Civil Transactions Act of 1984, family assets may be managed collectively for a fixed period—up to fifteen years—with strict limitations on individual disposal (Sudanese Civil Transactions Act 1984; Abdullah, 2019).

This model reflects a jurisprudential logic closely aligned with Islamic concepts of collective stewardship and resembles, in spirit, the objectives of family waqf. It seeks to preserve the unity of productive assets and protect them from premature fragmentation.

Nevertheless, the Sudanese model suffers from a critical structural limitation: its temporal restriction. Upon expiry of the prescribed period, assets revert to ordinary joint ownership, thereby reintroducing the very vulnerabilities the regime was designed to mitigate. From a governance and sustainability perspective, this time-bound approach falls short of ensuring long-term continuity of the family enterprise.

Despite these limitations, the Sudanese experience demonstrates that family ownership can be recognised as a distinct legal institution capable of preserving productive assets beyond ordinary joint ownership. Rather than viewing this model as a complete solution, the present study treats it as an important conceptual bridge toward a more durable governance-based framework. In this respect, the proposed Gulf Smart Succession Model builds upon the institutional insight reflected in the Sudanese experience while overcoming its principal limitation by replacing temporary statutory protection with a permanent governance-oriented succession structure tailored to the legal and economic realities of the GCC.

5.5. GCC Legislative Developments: Saudi Arabia and the United Arab Emirates

Recent reforms in Saudi Arabia and the United Arab Emirates mark a clear shift toward preventive governance in family business succession.

In Saudi Arabia, the Family Companies regime introduced in 2022 formally recognises family companies as a distinct legal category and grants binding legal effect to family charters governing succession, management, and dispute resolution. Courts and regulators are required to prioritise continuity mechanisms over dissolution, thereby reducing reliance on liquidation as a default outcome (Saudi Ministry of Commerce, 2023; Albadaly, 2025).

In the United Arab Emirates, Federal Decree-Law No. 37 of 2022 on Family Businesses allows family enterprises to register under a dedicated regime, adopt binding family constitutions, and restructure into holding entities. The UAE framework is distinguished by its integration with digital registries and electronic governance tools, enhancing transparency and compliance (Saad, 2024, 2022; Ministry of Economy [UAE], 2022). Despite differences in legislative design, both jurisdictions share a common regulatory philosophy: succession planning is treated as a matter of institutional governance rather than merely private inheritance.

Collectively, the Saudi and UAE reforms illustrate a regional legislative transition from reactive succession regulation under general private law to specialised governance-oriented succession frameworks, Rather than viewing succession as a dispute to be resolved after the founder's death, these legislative frameworks institutionalise business continuity through proactive governance mechanisms, thereby reducing governance uncertainty and enhancing long-term economic resilience.

By contrast, Oman continues to rely primarily on general company and civil legislation, complemented by ex post judicial discretion. This approach leaves succession planning largely reactive, fragmented, and institutionally underdeveloped.

These comparative developments demonstrate that preventive succession governance is no longer merely a theoretical aspiration but an emerging legislative reality within the GCC. They therefore provide both the comparative benchmark and the normative justification for the Gulf Smart Succession Model developed in the following section.

5.6. Normative Assessment: From Judicial Discretion to Preventive Governance

The comparative analysis reveals a clear normative trajectory: effective family business succession governance requires a transition from ex post judicial intervention to ex ante institutional design. While Omani courts mitigate the adverse consequences of harmful partition through judicial discretion, such case-specific intervention remains inherently reactive and cannot, by itself, ensure governance certainty, enterprise continuity, or sustainable compliance.

By contrast, a preventive legal framework—grounded in family charters, institutional ownership structures, governance-oriented succession planning, and digitally enabled compliance mechanisms—offers a more coherent response to the structural vulnerabilities associated with intergenerational succession. Such a framework not only enhances economic efficiency and regulatory predictability but also gives practical effect to the Maqāṣid objective of preserving wealth (ḥifẓ al-māl) by preventing avoidable institutional disunity of productive enterprises. It further reduces reliance on litigation, strengthens access to justice through governance before disputes arise, and promotes long-term economic resilience across the GCC (OECD, 2019; World Bank, 2023).

Accordingly, the comparative findings establish both the legal and normative justification for the (GSSM). Rather than functioning merely as a theoretical proposal, the Gulf Smart Succession Model emerges as the logical culmination of the jurisprudential, legislative, governance, and economic analyses developed throughout this study, offering an integrated framework for institutional succession planning in family businesses.

6. Comparative Models of Family Business Succession: Lessons from the GCC and International Experience

This section situates family business succession in Oman within a broader comparative context, drawing on recent legislative reforms in GCC states and selected international practices. It demonstrates that effective succession regimes share a common emphasis on preventive governance, institutional continuity, and legally enforceable internal arrangements, while differing in their normative foundations and levels of technological integration.

6.1. Saudi Arabia: Institutionalising Continuity through Family Charters

Saudi Arabia has institutionalised family business succession through the Family Companies regime introduced under the Companies Law of 2022. The framework recognises family companies as a distinct legal category and grants legal effect to family charters governing ownership transfer, management succession, voting rights, and dispute resolution. (Saudi Ministry of Commerce, 2023; Albadaly, 2025). By embedding succession within corporate governance structures, the Saudi model reduces litigation risk and prioritises business continuity through governance before disputes arise rather than post-death judicial intervention (Deloitte Middle East, 2023; GFBC, 2024).

6.2. United Arab Emirates: Flexibility and Digital Integration

The UAE Family Business Law No. 37 of 2022 on Family Businesses adopts a flexible governance model combining legally recognised family constitutions with digital registries and electronic governance tools (Ministry of Economy [UAE], 2022). This integration enhances transparency, regulatory oversight, and business continuity while facilitating efficient ownership transitions (Saad, 2024). Although primarily grounded in corporate autonomy, the model requires normative adaptation in jurisdictions where Islamic inheritance law remains central (Ministry of Economy [UAE], 2022).

6.3. Other GCC States: Fragmentation and Incremental Reform

Other GCC jurisdictions continue to rely largely on general company law and private succession arrangements. Although awareness of succession governance has increased, legislative reforms remain fragmented (IFC, 2022; OECD, 2019). creating regulatory divergence, legal uncertainty, and higher compliance costs for cross-border family businesses.

6.4. International Models: Europe, Asia, and Latin America

Beyond the GCC, family business succession is generally addressed through corporate governance mechanisms rather than specific family business statutes.

In Europe, continuity is often preserved through holding companies, shareholder agreements, and boards of trustees. These mechanisms effectively maintain control structures but are grounded in secular legal traditions and may conflict with Islamic inheritance norms when applied in GCC contexts (Gersick et al, 1997).

In Asia, particularly in Singapore, Malaysia, and India, family governance relies heavily on family councils, constitutions, and mediation mechanisms. Empirical studies indicate that early institutional planning significantly improves survival rates beyond the second generation, especially when combined with culturally embedded dispute-resolution practices (Dinh et al, 2019).

In Latin America, jurisdictions such as Brazil and Mexico integrate succession planning into disclosure and governance requirements. Some systems mandate succession committees or require companies to document intergenerational transition plans, reinforcing transparency and accountability. Empirical studies indicate that early institutional planning significantly improves business continuity and facilitates intergenerational succession (Koh, 2021).

Across these diverse systems, a common denominator emerges: succession is treated as a governance issue rather than a purely private family matter.

6.5. Comparative Synthesis: Lessons for the GCC

The comparative analysis yields several key lessons relevant to Oman and the wider GCC:

1. Preventive governance is more effective than reactive judicial intervention in preserving family businesses.
2. Legally enforceable internal instruments, such as family charters and constitutions, are critical to continuity.
3. Institutional recognition of family businesses as a distinct category enhances regulatory coherence.
4. Digital governance tools improve compliance, transparency, and risk management.
5. Normative alignment with Islamic jurisprudence is essential for legitimacy and social acceptance.

International models provide valuable techniques, but they cannot be transplanted wholesale. Effective reform in the GCC requires a framework that integrates Sharia-based principles, positive law, and smart compliance technologies.

6.6. Implications for the Proposed Model

The diversity of comparative experiences underscores the need for a tailored regional approach. Neither purely contractual solutions nor technology-driven reforms alone are sufficient. The comparative evidence indicates that no existing jurisdiction currently integrates Islamic jurisprudence, governance before disputes arise, comparative company law, and smart compliance within a single institutional succession framework.

These comparative findings provide analytical justification for the Gulf Smart Succession Model. Rather than replicating any single jurisdiction, the proposed model synthesises the strongest elements of GCC legislative reforms, international governance practices, and Maqāṣid-based legal reasoning into a coherent framework for institutional family business succession.

The foregoing comparative analysis demonstrates that the Gulf Smart Succession Model is not intended to replicate any existing national model. Rather, it synthesises the strongest normative, legislative, and governance elements into a coherent framework specifically tailored to the legal and economic realities of the GCC.

7. The Gulf Smart Succession Model (GSSM): An Integrated Normative and Institutional Framework

This section develops the Gulf Smart Succession Model (GSSM) as an integrated normative and institutional framework designed to address structural vulnerabilities in family business succession across the GCC. The model is advanced not as a purely technical solution, but as a coherent architecture that reconciles Islamic jurisprudence (fiqh and Maqāṣid al-Sharīʿa), positive law, and digitally enabled governance.

7.1. Rationale and Conceptual Foundations

Foundational family business scholarship has consistently recognised succession planning as the defining factor in the long-term survival of family enterprises (Gersick et al., 1997; Ward, 2011). Nevertheless, the existing literature has largely developed within secular corporate governance frameworks and has paid limited attention to legal systems in which succession is simultaneously governed by company law, private law, and mandatory Islamic inheritance rules. It is within this unresolved intersection that the Gulf Smart Succession Model is proposed as the principal normative contribution of the present study.

On the observation that existing approaches to family business succession in the GCC remain fragmented. Judicial discretion, private agreements, and isolated legislative reforms operate in parallel without a unifying logic (IFC 2022; OECD; 2019). This division undermines predictability, compliance, and long-term sustainability, particularly in jurisdictions—such as Oman—where succession planning is not institutionally mandated (Oman, Royal Decree No. 18/2019; Royal Decree No. 29/2013).

Conceptually, the GSSM rests on three dimensions:

1. Layer I – Normative Foundation, derived from Islamic jurisprudence and Maqāṣid al-Sharīʿa, especially the objectives of preserving wealth (ḥifẓ al-māl) and preventing harm (dafʿ al-ḍarar) (Ibn ʿĀshūr, 1946; Al-Shāṭibī, 1997).
2. Layer II – Institutional Legal Framework, through binding governance instruments embedded in company law and succession frameworks (IFC, 2022; OECD, 2019).
3. Layer III – Smart Compliance Infrastructure, enabled by digital technologies that transform compliance from reactive enforcement into preventive governance (Yassin & Kassem, 2023).

By integrating these dimensions, the GSSM reframes the family business as an indivisible economic institution, rather than a mere aggregation of inheritable shares.

7.2. Sharia-Based Foundations: From Individual Shares to Institutional Preservation

From a Maqāṣid perspective, inheritance rules are not isolated technical norms but part of a broader framework aimed at justice, stability, and economic continuity. While Islamic law affirms fixed inheritance shares (al-furūḍ al-muqaddara), it does not require the physical fragmentation of productive assets where such division would cause substantial harm (Al-Qaraḍāwī, 2001).

Classical jurisprudence recognises judicial authority to restrict or refuse partition where division undermines the utility of the asset or leads to economic waste (Ibn Qudāmah. (n.d.). Al-Mughnī). This principle provides a doctrinal basis for treating family businesses as unified productive assets whose continuity of the family enterprise serves both private and collective interests.

Accordingly, the Gulf Smart Succession Model (GSSM) is founded upon a dual legal-normative principle that distinguishes, as a matter of legal doctrine, between two complementary dimensions of succession:

(1) Economic entitlement: The heirs' entitlement to economic benefits remains fully governed by the mandatory rules of Islamic inheritance, including their proportional shares in profits, dividends, or equivalent economic value.

(2) Institutional continuity: The structural integrity, governance, and managerial unity of the family enterprise may be preserved through legally recognised institutional arrangements designed to prevent fragmentation, ensure business continuity, and protect the productive capacity of the enterprise.

This distinction enables the GSSM to reconcile full compliance with Islamic inheritance law while safeguarding the economic sustainability and organisational continuity of family businesses. Rather than restricting or modifying inheritance rights, the model seeks to preserve and maximise their economic value through governance mechanisms that realise the higher objectives (Maqāṣid) of preserving wealth (ḥifẓ al-māl), preventing harm (dafʿ al-ḍarar), promoting intergenerational equity, and ensuring institutional sustainability across generations.

7.3. Legal Architecture: Institutionalising Succession and Governance

At the legal level, the GSSM proposes a shift from ad hoc succession to mandatory institutional planning, structured around four core instruments:

1. Family Charters

Legally binding documents regulating succession, voting rights, management continuity, dispute resolution, and exit mechanisms. These charters operate as internal constitutional instruments for family companies, similar to those recognised in Saudi and UAE law (Albadaly, 2025; Ministry of Economy [UAE], 2022).

2. Governance-Oriented Wills

Testamentary instruments that organise post-death governance within Sharia limits, complementing—rather than replacing—inheritance rules. Such instruments allow founders to structure management succession without infringing heirs' substantive rights (Ibn ʿĀshūr, 1946).

3. Family Holding Structures

Corporate entities that consolidate assets under a single legal personality, enabling heirs to hold proportional interests without fragmenting the underlying business. International practice confirms that holding structures significantly enhance continuity and governance efficiency (OECD, 2019; IFC, 2022).

4. Commercial Family Waqf

A Sharia-compliant mechanism allowing families to endow productive assets while distributing returns to heirs, thereby ensuring intergenerational sustainability and alignment with Maqāṣid (Abdullah, 2019).

Together, these tools transform succession from a disruptive event into a managed institutional process.

7.4. Smart Compliance and Digital Infrastructure

A defining feature of the Gulf Smart Succession Model (GSSM) is its integration of smart compliance as a legal governance mechanism rather than a purely technological innovation. Within the proposed framework, digital technologies function as institutional tools that strengthen legal certainty, facilitate regulatory oversight, and operationalise preventive governance throughout the succession process.

Key digital components include:

- Blockchain-based registries secure the legal authenticity, immutability, and evidentiary value of family charters, succession plans, and commercial waqf deeds, thereby reducing disputes over authenticity and subsequent alterations (World Economic Forum, 2022).
- AI-driven compliance engines continuously assess governance indicators, detect emerging succession risks, and generate early legal compliance alerts before disputes escalate into judicial proceedings (Yassin & Kassem, 2023).
- Digital identity and e-signature systems to facilitate cross-border recognition of governance instruments within the GCC (Abouzaid, 2008).

These technologies do not replace legal governance; rather, they operationalise and reinforce it through continuous monitoring, transparent documentation, and preventive compliance. Accordingly, within the GSSM, technology serves as an instrument for implementing legal principles—not as a substitute for law itself—thereby ensuring that digital innovation remains firmly anchored in Islamic jurisprudence, positive law, and sound governance.

7.5. Institutional Pillars of the GSSM

The GSSM envisages a multi-level institutional ecosystem comprising four pillars:

1. Gulf Family Governance Council (GFGC)

A regional body tasked with developing reference standards, coordinating reforms, and advising national regulators on family business governance (GFBC, 2024).

2. Gulf Smart Compliance Platform (GSCP)

A shared digital infrastructure linking national registries and enabling data-driven governance through blockchain and AI modules.

3. Family Sustainability Fund (FSF)

A financial mechanism supporting continuity during generational transitions, crises, or restructuring phases, reducing pressure toward liquidation (PwC Middle East, 2024).

4. Preventive Arbitration Center (PAC)

A specialised forum for early intervention in family business disputes, prioritising mediation and Maqāṣid-based solutions over adversarial litigation (OECD, 2019).

7.6. Normative and Practical Contributions of the Gulf Smart Succession Model

The GSSM offers several normative and practical advantages:

• It aligns Sharia principles with modern governance, avoiding false dichotomies between inheritance law and economic efficiency.

• It transforms succession governance from reactive judicial intervention into preventive institutional planning.

• It strengthens legal certainty, institutional continuity, and access to justice, particularly for minority heirs and women.

• It promotes regional legislative harmonisation and supports GCC economic integration through smart compliance mechanisms.

Accordingly, the Gulf Smart Succession Model (GSSM) should be understood not merely as a succession planning model or a policy proposal, but as an integrated legal framework for anticipatory governance of family businesses within the GCC. By reconciling Islamic jurisprudence, positive law, continuity of productive assets, and digital compliance within a single coherent architecture, the GSSM provides a normative, legislative, and institutional foundation capable of guiding future legal reform, judicial development, and digital governance across the region. In doing so, it establishes a new paradigm for institutional succession planning that promotes wealth preservation, intergenerational continuity, and sustainable economic development.

8. Critical Discussion: Challenges, Implementation, and Future Directions

The Gulf Smart Succession Model (GSSM) proposed in this study represents an integrated legal framework designed to reconcile Islamic jurisprudence, comparative company law, preventive governance, and smart compliance within the context of family business succession. While the model offers a coherent normative and institutional architecture, its implementation inevitably raises legal, institutional, technological, and policy questions that merit critical examination. Addressing these issues is essential for assessing the practical feasibility of the model and identifying future avenues for legislative development and academic research.

8.1. Practical Challenges of Implementation

The transition from traditional succession practices to institutional succession governance is unlikely to occur without resistance. Family businesses in the GCC have historically relied upon informal family consensus, personal authority, and customary decision-making rather than legally formalised governance mechanisms. Consequently, introducing legally binding family charters, governance-oriented succession planning, and preventive compliance systems may initially encounter institutional and cultural reluctance, particularly among closely held family enterprises (International Finance Corporation [IFC, 2022; PwC Middle East, 2024).

Moreover, effective implementation requires professional governance structures, legal awareness, and long-term succession planning, capacities that remain unevenly distributed among family businesses of different sizes. While larger enterprises may possess sufficient organisational resources, small and medium-sized family businesses are likely to require gradual implementation, technical guidance, and institutional support (Deloitte Middle East, 2023).

These practical considerations suggest that the GSSM should be implemented progressively through legislative incentives, governance guidelines, and specialised advisory institutions rather than through immediate mandatory regulation.

8.2. Possible Legal and Sharīʿa-Based Objections

Perhaps the most significant normative objection concerns the relationship between institutional succession planning and the mandatory rules of Islamic inheritance. Critics may argue that preserving the institutional unity of a family business could indirectly limit heirs' rights or postpone the exercise of their inheritance entitlements.

This concern deserves careful consideration but does not undermine the conceptual foundations of the proposed model. The GSSM neither modifies the Qur'anic rules of inheritance nor redistributes the legally prescribed shares of heirs. Rather, it distinguishes between two legally distinct concepts:

• the heirs' economic entitlement, which remains fully governed by Islamic inheritance law; and

• the institutional organisation of productive assets, which may legitimately be structured to preserve their economic value and continuity.

This distinction is consistent with the Maqāṣid al-Sharīʿa, particularly the objectives of preserving wealth (ḥifẓ al-māl), preventing harm (dafʿ al-ḍarar), and promoting justice through sustainable economic arrangements (Al-Shāṭibī, 1997; Ibn ʿĀshūr, 1946; Ibn Qudāmah, n.d.; Al-Qaraḍāwī, 2001).

Accordingly, the GSSM should be understood as a governance framework that facilitates the effective realisation of inheritance rights rather than an alternative inheritance regime.

8.3. Institutional and Technological Limitations

The integration of smart compliance technologies constitutes one of the innovative features of the proposed model. Nevertheless, digital governance is not without limitations.

Blockchain registries, artificial intelligence, and digital identity systems require sophisticated technological infrastructure, cybersecurity safeguards, reliable regulatory supervision, and clear legal standards governing data protection and evidentiary value (World Economic Forum, 2022; Yassin & Kassem, 2023).

Furthermore, disparities in digital readiness among GCC jurisdictions may complicate the establishment of interoperable compliance systems capable of supporting cross-border family business governance. Consequently, technological integration should be viewed as an enabling mechanism rather than a prerequisite for institutional succession governance.

In this respect, legal governance should remain the primary foundation of succession planning, while digital technologies function as complementary instruments enhancing transparency, accountability, and preventive compliance.

8.4. Challenges of Regional Harmonisation

Although GCC states share common cultural, economic, and Islamic legal foundations, their legislative approaches to family business governance remain uneven. Saudi Arabia and the United Arab Emirates have adopted specialised legislative frameworks, whereas Oman and several other GCC jurisdictions continue to rely primarily on general company and civil legislation.

This regulatory diversity may complicate mutual recognition of family governance instruments, succession arrangements, and digital compliance systems across national borders (Organisation for Economic Co-operation and Development [OECD], 2019; World Bank, 2023).

Rather than advocating legislative uniformity, the GSSM proposes a harmonised governance framework based upon shared principles while preserving national legislative autonomy. Such an approach is consistent with the broader objectives of GCC economic integration and regulatory cooperation.

8.5. Future Research Directions

The present study is primarily doctrinal and comparative in nature. Accordingly, several important questions remain open for future investigation.

First, empirical research is required to evaluate the willingness of GCC family businesses to adopt legally binding governance instruments such as family charters and governance-oriented succession plans.

Second, comparative judicial research could examine how courts across GCC jurisdictions balance inheritance rights with institutional continuity in succession disputes.

Third, interdisciplinary studies combining law, corporate governance, economics, and digital technology could assess the practical effectiveness of blockchain-based registries and

AI-assisted compliance mechanisms in reducing succession-related litigation.

Finally, future comparative research may explore the applicability of the proposed framework beyond the GCC to jurisdictions where religious inheritance systems interact with modern corporate governance structures.

8.6. Original Contributions of the Present Study

Beyond addressing an important practical problem, this study advances several original contributions to comparative legal scholarship.

First, it proposes the Gulf Smart Succession Model (GSSM) as the first integrated legal framework specifically designed for preventive family business succession governance within the GCC.

Second, it develops a principled reconciliation between Islamic inheritance law and contemporary corporate governance by distinguishing between economic entitlement and institutional continuity.

Third, it incorporates smart compliance into succession governance as a preventive legal mechanism rather than merely a technological innovation.

Fourth, it introduces a regional institutional architecture—including the Gulf Family Governance Council (GFGC), Gulf Smart Compliance Platform (GSCP), Family Sustainability Fund (FSF), and Preventive Arbitration Center (PAC)—to support legislative harmonisation and governance coordination.

Finally, the study contributes to the emerging theory of preventive succession governance by demonstrating that Islamic jurisprudence, comparative company law, and digital governance are capable of operating within a single coherent legal framework that promotes wealth preservation, institutional continuity, and sustainable economic development.

These original contributions are not merely theoretical; they also provide a practical foundation for incremental legislative and institutional reform in the Sultanate of Oman and, more broadly, across the GCC.

8.7. Immediate Policy Implications for Oman

Although the Gulf Smart Succession Model (GSSM) ultimately envisages comprehensive legislative reform, many of its governance mechanisms can be progressively implemented within the existing legal framework of the Sultanate of Oman. First, the Ministry of Commerce, Industry and Investment Promotion may issue voluntary governance guidelines encouraging family businesses to adopt family charters, governance-oriented succession plans, and internal dispute-resolution mechanisms. Second, specialised guidance and model governance documents may be developed to assist family enterprises in implementing succession planning consistent with Omani law and Islamic inheritance principles. Third, institutional cooperation among the Ministry of Commerce, the Ministry of Justice and Legal Affairs, and relevant professional bodies may facilitate awareness programmes, legal capacity-building, and pilot governance initiatives. Finally, these practical measures may lay the groundwork for future legislative reform establishing a dedicated legal framework for family business succession.

Such a gradual implementation strategy would enable Oman to strengthen business continuity, enhance legal certainty, reinforce institutional stability, and ensure full respect for the principles of Sharīʿa. It may also provide a practical roadmap for other GCC jurisdictions seeking to strengthen preventive succession governance while respecting their own legal and institutional traditions.

9. Conclusions and Recommendations

This article has examined family business succession in the Sultanate of Oman and the wider GCC as a structural legal and governance challenge situated at the intersection of Islamic jurisprudence, positive law, and digital governance.

The analysis confirms that this challenge cannot be adequately addressed through isolated legal reforms or judicial intervention alone. This conclusion is reinforced by the central economic role of family businesses in the GCC, whose continuity remains vulnerable because of legislative gaps, unregulated joint ownership, and the absence of preventive succession frameworks.

The study has shown that the prevailing reliance—particularly in Oman—on general civil and company law rules produces reactive, ex post judicial outcomes. Courts are often compelled to resolve succession disputes through liquidation, judicial partition, or discretionary refusal of partition where serious harm is evident (Ministry of Justice and Legal Affairs. Oman, 2020), Civil Transactions Law (Oman, Royal Decree No. 29/2013, Arts. 822-823). While such interventions may alleviate immediate conflict, they do not substitute for coherent ex ante governance mechanisms capable of preserving institutional continuity and economic value.

Comparative analysis reveals that recent reforms in Saudi Arabia and the United Arab Emirates represent meaningful progress toward institutionalising family business governance through legally binding family charters, continuity rules, and specialised regulatory support structures (Saudi Companies Law, 2022; UAE Federal Decree-Law No. 37 of 2022; IFC, 2022). Nevertheless, these national experiences remain fragmented at the regional level and insufficiently integrated with Maqāṣid al-Sharīʿa and advanced digital compliance tools.

Against this background, the article has proposed the Gulf Smart Succession Model (GSSM) as an integrated normative and institutional framework. Rather than proposing an alternative to Islamic inheritance law, the GSSM provides a governance framework through which those rules may achieve their underlying objectives more effectively within the context of modern family enterprises.

The GSSM reconceptualises the family business as an indivisible economic asset whose fragmentation may contradict the objectives of Islamic law—particularly the preservation of wealth (ḥifẓ al-māl) and the prevention of harm (dafʿ al-ḍarar) (Ibn ʿĀshūr, 1946; Al-Qaraḍāwī, 2001). By embedding succession planning within corporate governance structures, digital compliance systems, and digital infrastructure, the model transforms succession from a source of instability into an opportunity for sustainable growth and legal innovation.

9.1. Key Findings

The study yields five principal findings:

1. Normative Capacity of Maqāṣid al-Sharīʿa

Islamic legal theory provides a robust normative basis for protecting productive assets in their institutional form without undermining the substance of inheritance rights.

2. Legislative Deficiency

There is a clear legislative gap in Omani law—and in several GCC jurisdictions—regarding the orderly transfer of ownership and control in family businesses following the founder's death.

3. Structural Risk of Joint Ownership

Unregulated joint ownership among heirs constitutes a primary driver of governance paralysis and economic value loss in family enterprises (Deloitte Middle East, 2023).

4. Effectiveness of Preventive Governance

The Saudi and UAE frameworks demonstrate that preventive, charter-based governance significantly enhances continuity and reduces intra-family disputes compared with reactive judicial solutions (Saudi Companies Law 2022; UAE Federal Decree-Law No. 37 of 2022; IFC 2022; OECD, 2019).

5. Transformative Role of Digital Governance

AI-enabled compliance and blockchain-based registries offer practical tools for preventive regulation, transparency, and early dispute avoidance in family business governance (World Economic Forum, 2022; Yassin & Kassem, 2023).

9.2. Recommendations

In light of these findings, the article advances the following recommendations:

1. National Legislative Reform

Oman should consider adopting a dedicated Family Business Law or amending the Companies Law to include specific provisions addressing family businesses.

recognising automatic continuity after death, binding family charters, and governance-oriented wills within Sharia-compliant limits.

2. Regional Normative Convergence

GCC states should endorse a Unified Gulf Charter for Corporate Governance and Smart Compliance as a reference framework for harmonised reform (OECD, 2019).

3. Institutional Coordination

A Gulf Family Governance Council (GFGC) should be established to coordinate policy, develop standards, and support capacity building across member states.

4. Digital Infrastructure Development

A Gulf data-driven compliance Platform (GSCP) based on blockchain and AI should be created to register family charters, succession plans, and governance instruments.

5. Preventive Dispute Resolution

A specialised Preventive Arbitration Center (PAC) should prioritise mediation and early intervention in family business disputes before recourse to ordinary courts.

6. Education and Research Integration

Concepts of Sharia-based governance and data-driven compliance should be incorporated into legal education and research agendas to support long-term institutional change.

7. Economic Sustainability Mechanisms

A Family Sustainability Fund (FSF) should be promoted to protect family enterprises during generational transitions and economic shocks.

9.3. Final Remarks

Family business succession in the GCC is not merely a technical question of private law, but a matter of access to justice, economic stability, and normative coherence. The Gulf Smart Succession Model (GSSM) offers a principled and pragmatic pathway to align Islamic values, predictability, and digital innovation in the service of intergenerational justice and sustainable development.

By moving from fragmented, reactive regulation toward preventive, institutionally embedded governance, GCC states can transform one of their most persistent economic vulnerabilities into a source of resilience, investment confidence, and regional integration—fully consistent with Oman Vision 2040 and Saudi Vision 2030.

The study demonstrates that respecting heirs' inheritance rights does not necessarily require the physical division of productive family enterprises. Rather, institutional governance may preserve both economic entitlement and business continuity simultaneously.

9.4. Future Research

While this article introduces the Gulf Smart Succession Model (GSSM) as a foundational normative and institutional framework for family business succession, its primary purpose is conceptual rather than operational. Future research may further develop the model by elaborating its institutional architecture, digital governance mechanisms, implementation roadmap, and empirical validation across GCC jurisdictions. Such work may also examine legislative drafting techniques, regulatory impact assessment, and practical applications of artificial intelligence and blockchain within preventive succession governance.

Acknowledgement

An earlier version of this article was presented at the 4th GPDRL College of Law International Conference on Law, Policy, and Governance (GPDRLIC 2025), held at Prince Sultan University, Riyadh, Kingdom of Saudi Arabia, in November 2025.

The authors gratefully acknowledge the financial support provided by the Arab Open University – Sultanate of Oman, which enabled participation in the conference and contributed to the further development of this research. The authors also appreciate the valuable comments and discussions received during the conference, which helped improve the final version of this article.

References

I. Classical Islamic Jurisprudence and Maqāṣid Authorities

- Al-Qaraḍāwī, Y. (2001). Maqāṣid al-sharīʿa wa-mutaghayyirāt al-ʿaṣr [The objectives of Sharia and contemporary changes]. Dār al-Shurūq.
- Al-Shāṭibī, I. b. M. (1997). Al-Muwāfaqāt fī uṣūl al-sharīʿa [The reconciliations in the fundamentals of Sharia]. Cairo: Dār al-Maʿrifa.
- Ibn ʿĀshūr, M. T. (1946). Maqāṣid al-sharīʿa al-Islāmiyyah [The objectives of Islamic law]. Tunis: Al-Dār al-Tūnisiyyah li-al-Nashr.
- Ibn Qudāmah, M. A. (n.d.). Al-Mughnī. Cairo: Maktabat al-Qāhirah.

II. Primary Legal Sources

- Oman. (2013). Civil Transactions Law (Royal Decree No. 29/2013). Official Gazette, No. 1012.
- Oman. (2019). Commercial Companies Law (Royal Decree No. 18/2019). Official Gazette.
- Saudi Arabia. (2022). Companies Law (Royal Decree No. M/132) and related Family Companies provisions. Riyadh: Umm Al-Qura Gazette.
- United Arab Emirates. (2022). Federal Decree-Law No. 37 of 2022 on Family Businesses.

III. Comparative Legal Scholarship

- Abdullah, A. A. (2019). Al-milkīyah al-ʿāʾiliyah bayna al-fiqh al-Islāmī wa-al-qānūn al-waḍʿī [Family ownership between Islamic jurisprudence and positive law]. Khartoum: Nile University Press.
- Albadaly, N. I. (2025). Legal framework of the family businesses in the Kingdom of Saudi Arabia. Lex Localis – Journal of Local Self-Government, 23(S4), 2868–2881. https://doi.org/10.52152/800980.
- Saad, M. (2024). Family business challenges and their regulations under UAE family business law. Arab Law Quarterly. Advance online publication. https://doi.org/10.1163/15730255-bja10169

IV. International Governance and Policy Sources

- Abouzaid, S. (2008). IFC Family Business Governance Handbook.

International Finance Corporation.

- Deloitte Middle East. (2024). Family Enterprises: Driving Progress – Embracing the Demand for More. Deloitte Middle East.
- Deloitte Middle East. (2023). GCC family business survey 2023. Dubai.
- Koh, A., & Lee, J. S. K. (Eds.). (2021). Asian Family Businesses: Succession, Governance and Innovation. Singapore: World Scientific.
- Organisation for Economic Co-operation and Development. (2019). Corporate Governance in MENA: Building a Framework for Competitiveness and Growth. OECD Publishing.
- PwC Middle East. (2024). Family Business Succession Planning: Achieving a Sustainable Future for One of the Cornerstones of Middle Eastern Economies. PwC Middle East.
- World Bank. (2023). Corporate governance in the MENA region. Washington, DC.
- Yassin, R., & Kassem, R. (2023). Smart compliance and predictive governance. International Journal of Law & Technology, 41(3), 210–239. https://doi.org/10.1093/ijlt/ltad012
- International Finance Corporation (IFC). (2022). Family Business Governance Handbook (3rd ed.). Washington, DC: World Bank Group.
- World Economic Forum. (2022). The Future of Family Business in the Digital Economy. Geneva.
- Gulf Family Business Council (GFBC). (2024). GCC Family Business Governance and Compliance Report. Dubai.

V. Foundational Family Business Literature

- Dinh, T. Q., Calabrò, A., & Mussolino, D. (2019). Asian family firms through corporate governance and institutions: A systematic review of the literature and agenda for future research. International Journal of Management Reviews, 21(1), 50–75. https://doi.org/10.1111/ijmr.12176
- Gersick, K. E., Davis, J. A., Hampton, M. M., & Lansberg, I. (1997). Generation to Generation: Life Cycles of the Family Business. Harvard Business School Press.
- Lansberg, I. (1988). The succession conspiracy: Resistance to succession planning in first-generation family firms. Family Business Review, 1(2), 119–143. https://doi.org/10.1111/j.1741-6248.1988.00119.x
- Ward, J. L. (2011). Keeping the Family Business Healthy. Palgrave Macmillan. (Original work published 1987).

VI. Secondary National Reference

- Elaalim, M. A. A. (2025). Al-ḥuqūq al-ʿayniyah wafqan li-al-qānūn al-ʿUmānī [Real rights under Omani law]. Nizwa: Maktabat al-Dirāsāt al-ʿArabiyyah.