



**HAWKAMAH**  
THE INSTITUTE FOR CORPORATE GOVERNANCE

...an autonomous international association promoting corporate governance in the Middle East North Africa, Central Asia and beyond

## **Powering Women: Corporate Governance in Arab Boardrooms**

Arab International Women's Forum

Dubai, DIFC

11 December 2007

**Dr. Nasser Saidi**

**Executive Director**

**Hawkamah Institute for Corporate Governance**

# Agenda

- **Why Corporate Governance and Why Does It Matter?**
- **Where does the MENA stand on Corporate Governance?**
- **Arab Women entrepreneurs and Corporate Governance**
- **Hawkamah Institute for Corporate Governance**
- **AIWF & HICG CG Partnership**

## Definitions of CG

Broad Definition of Corporate Governance:

“Corporate governance is the **system by which business corporations are directed and controlled**. The corporate governance structure specifies the **distribution of rights and responsibilities** among different participants in the corporation, such as, the **board, managers, shareholders and other stakeholders**, and spells out the **rules and procedures for making decisions** on corporate affairs.” OECD Principles of Corporate Governance, 1998

Focused definition:

“Corporate governance is about **promoting corporate fairness, transparency and accountability**.” James Wolfensohn, President of the World Bank, 1999

# Structure of a Well Governed Company

## Board

- Active, knowledgeable, independent, high-integrity board
- Active and appropriate committees

## Controls

- Strong financial, risk and auditing controls
- Active audit (and risk) committees
- Limited if any related-party transactions

## Compensation, succession

- Strong pay-for-performance, shareholder-friendly metrics
- Compensation promotes long-term shareholder interests
- Robust management succession planning, controlled by board

## Ownership and transparency

- Open governance disclosure, willingness to share information
- Simple ownership structure, no real shareholder dissension

# Good Governance Structures

## Good Governance Structure for Shareholders

```

graph TD
    SH[SHAREHOLDERS] --> M[MANAGEMENT]
    SH --> D[DIRECTORS]
    D --> M
        
```

**Appoint = Right to vote**

- ✓ Attend shareholder meetings
- ✓ Vote through proxy
- ✓ Recommend director candidates
- ✓ Gain access to information



## Good Governance Structure for Management

```

graph TD
    SH[SHAREHOLDERS] --> M[MANAGEMENT]
    SH --> D[DIRECTORS]
    D --> M
        
```

**Manage = Right to reward for performance**

- ✓ Remuneration mitigates principle-agent problem
- ✓ Performance depends on:
  - Ability to execute strategy
  - Internal control and financial reporting structure
  - Risk assessment
  - Achieving other financial and non-financial objectives

IIF © 2007

## Good Governance Structure for Directors

```

graph TD
    SH[SHAREHOLDERS] --> M[MANAGEMENT]
    SH --> D[DIRECTORS]
    D --> M
        
```

**Supervise = Right to investigate and inquire**

- ✓ Independent directors
- ✓ Related expertise on board
- ✓ Access to information
- ✓ Involvement in overall operational and financial strategy of the company

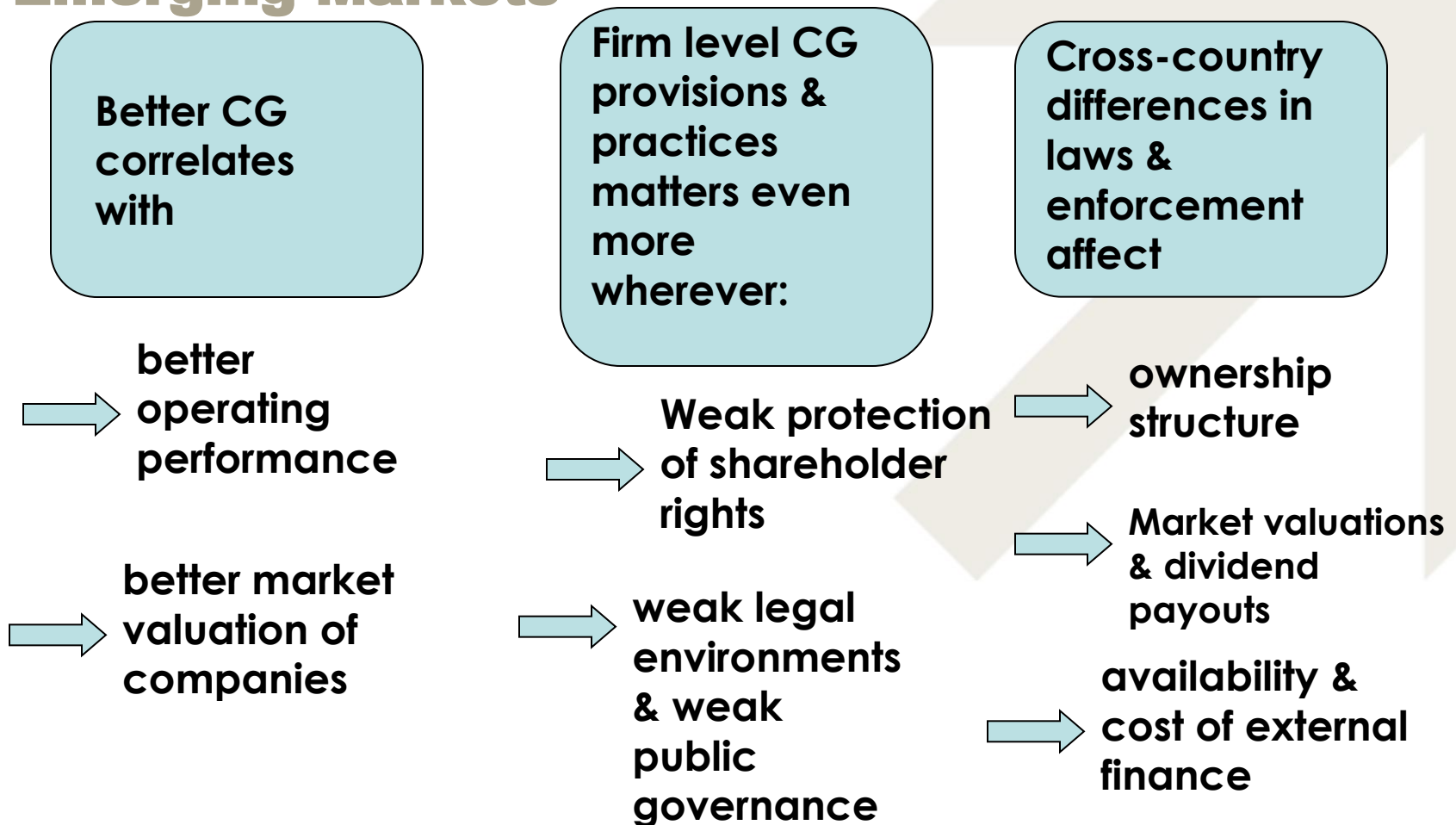
IIF © 2007

# Does Corporate Governance Matter? Impact of Good CG

- At the country level, countries with strong shareholder rights and investor protection tend to have larger capital markets, companies with less debt and perform better during periods of crisis
- Public Governance matters. In particular:
  - **Control of corruption**
  - **Regulatory quality**
  - **Rule of law**
  - **Government effectiveness**
- At a company level, companies with good governance tend to have higher values in the market, better access to finance & higher credit ratings
- Institutional investors consistently express preferences for companies with good governance.

(Sources: WB, OECD, CIPE)

# Corporate Governance : Performance in Emerging Markets

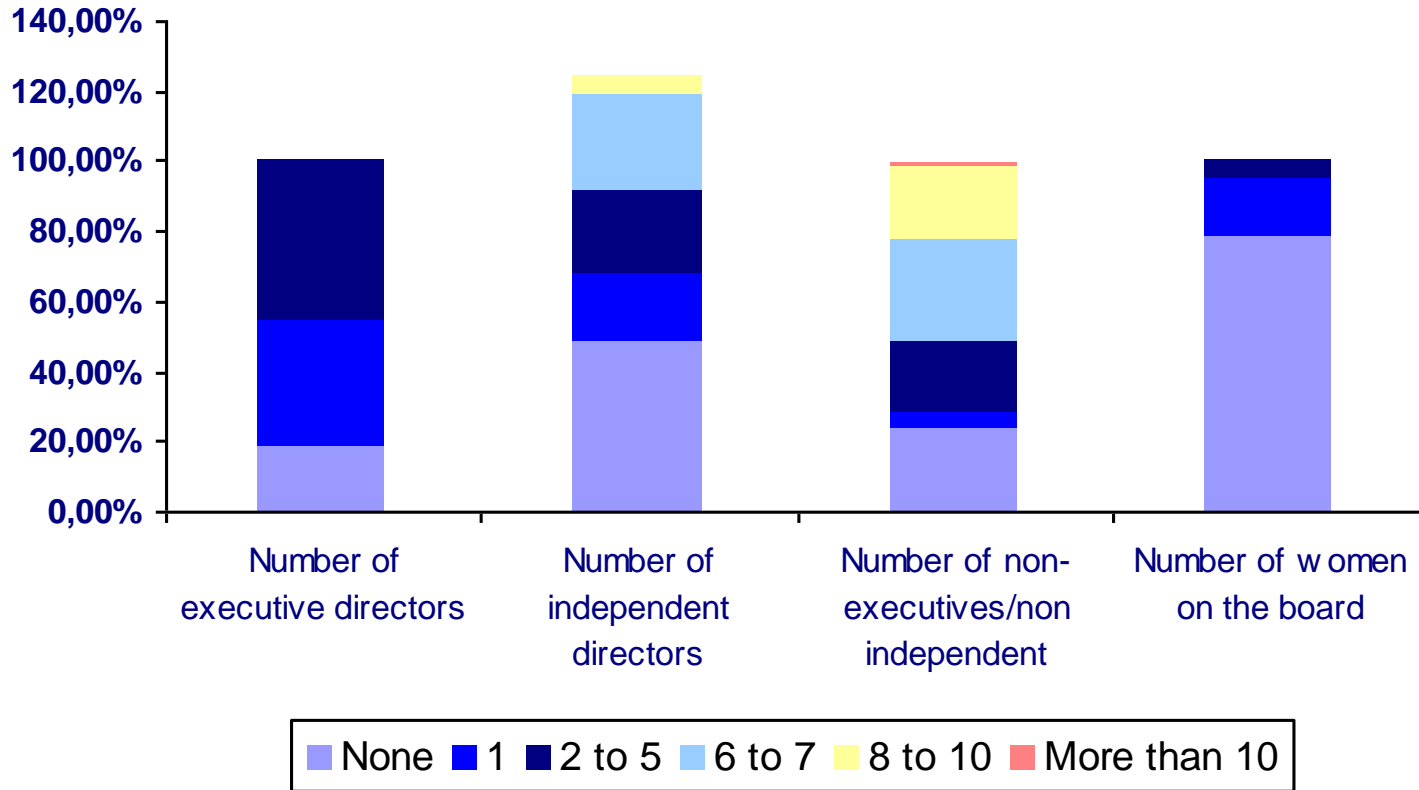


# IFC – Hawkamah CEO CG Survey

- Scope: **Listed Companies and Banks**
- 11 IFC member countries with stock exchanges:
  - Maghreb: **Morocco and Tunisia**
  - Mashrek: **Egypt, Jordan, Lebanon and West Bank**
  - GCC: **Bahrain, Kuwait, Oman, Saudi Arabia and the UAE**
- Over 400 CEOs



# The Region Has Still Ways To Go to Build Strong Boards



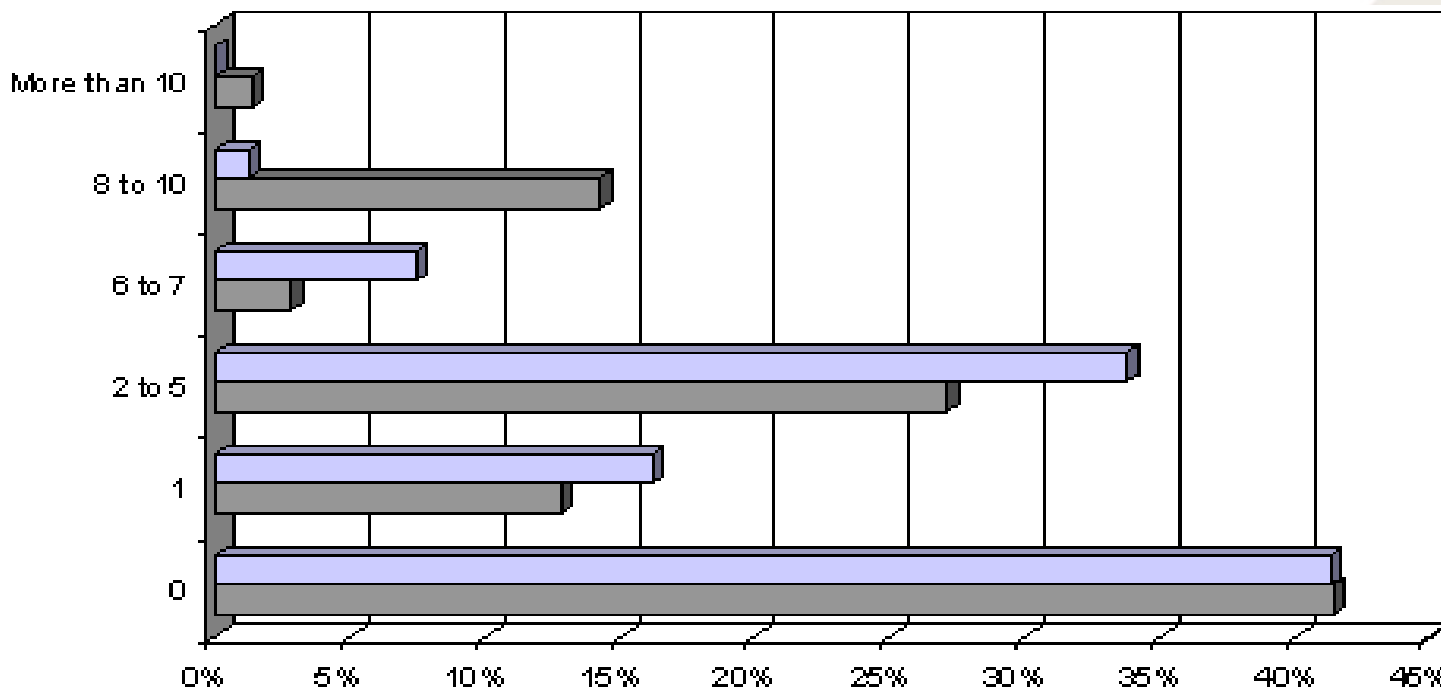
**Strength: Majority of boards consist of non-executives**

**Weakness: Executive and independent elements**

**68% have one or no independent directors**

**54.7% have one or no executive directors**

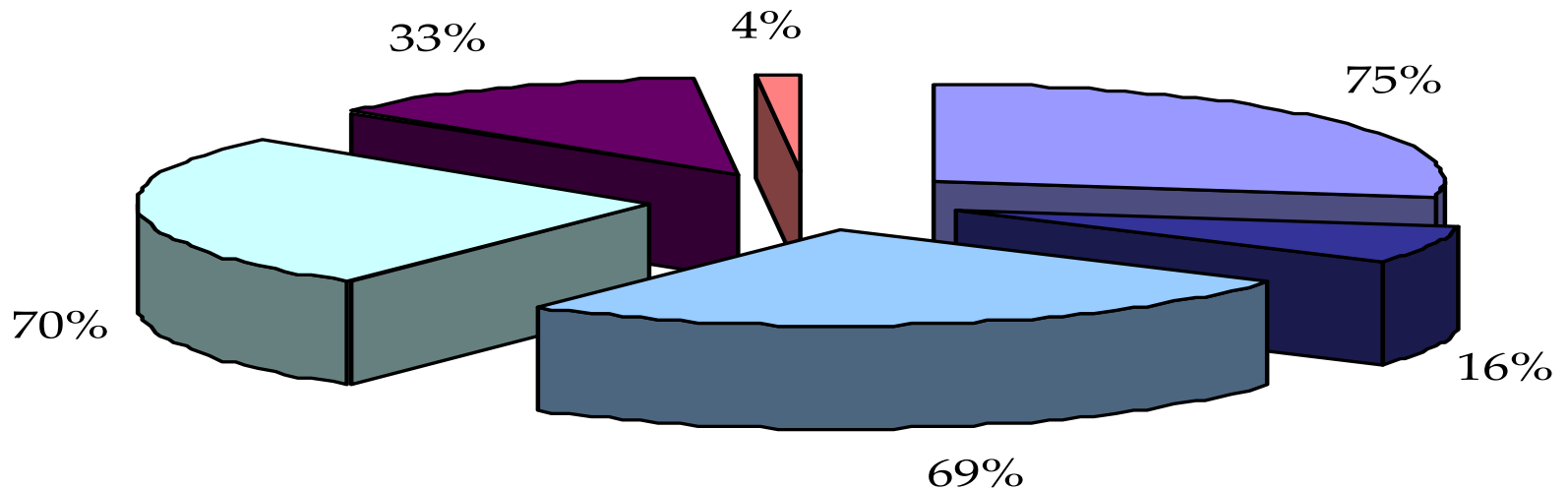
# More than 40% of banks and listed companies don't have any Independent Directors



|                  | 0     | 1     | 2 to 5 | 6 to 7 | 8 to 10 | More than 10 |
|------------------|-------|-------|--------|--------|---------|--------------|
| Listed companies | 41,3% | 16,3% | 33,8%  | 7,5%   | 1,3%    | 0,0%         |
| Banks            | 41,4% | 12,9% | 27,1%  | 2,9%   | 14,3%   | 1,4%         |

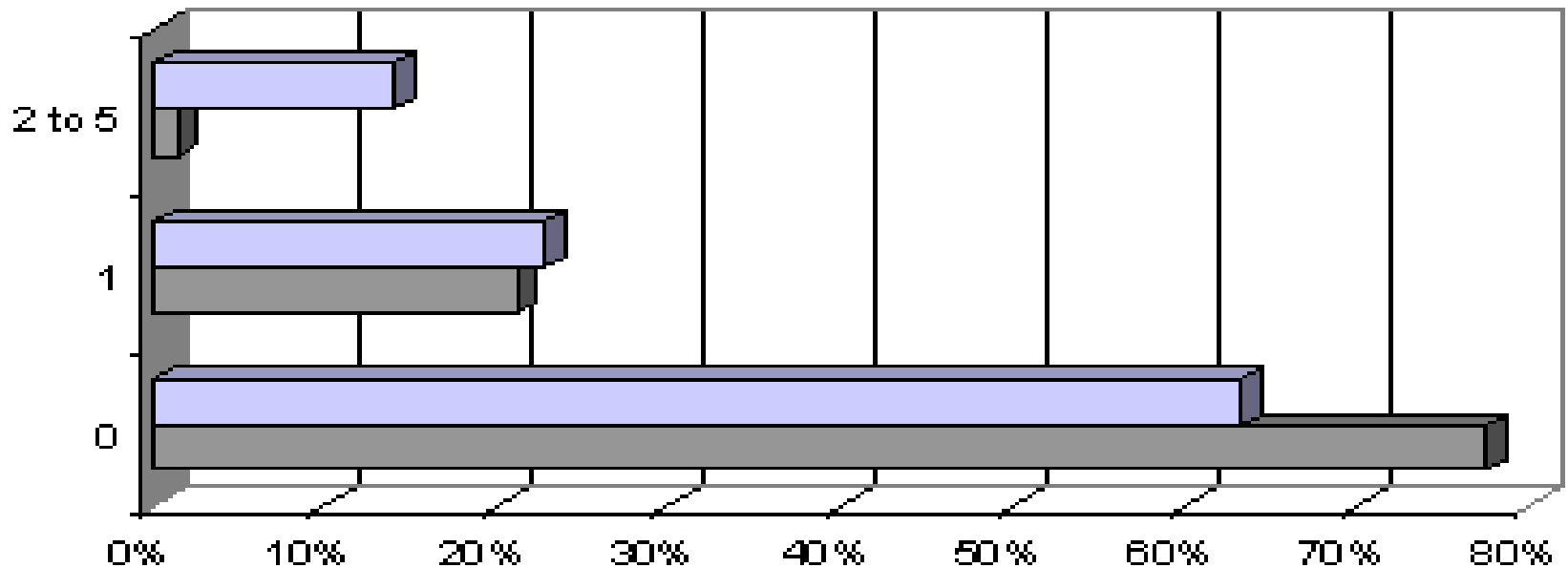
■ Banks ■ Listed companies

# Identifying the Right Mix Skills of the Board



- Being a shareholder
- Age limitations
- Professional experience
- Integrity
- Qualifications requirement included in a governing document
- None of the above

## And...Number of Female Board Members



78% of banks state that there is not a single female board member !

Only 1% of banks answer that there is more than one !

63% of Listed Companies answered that there is not a single female board member !

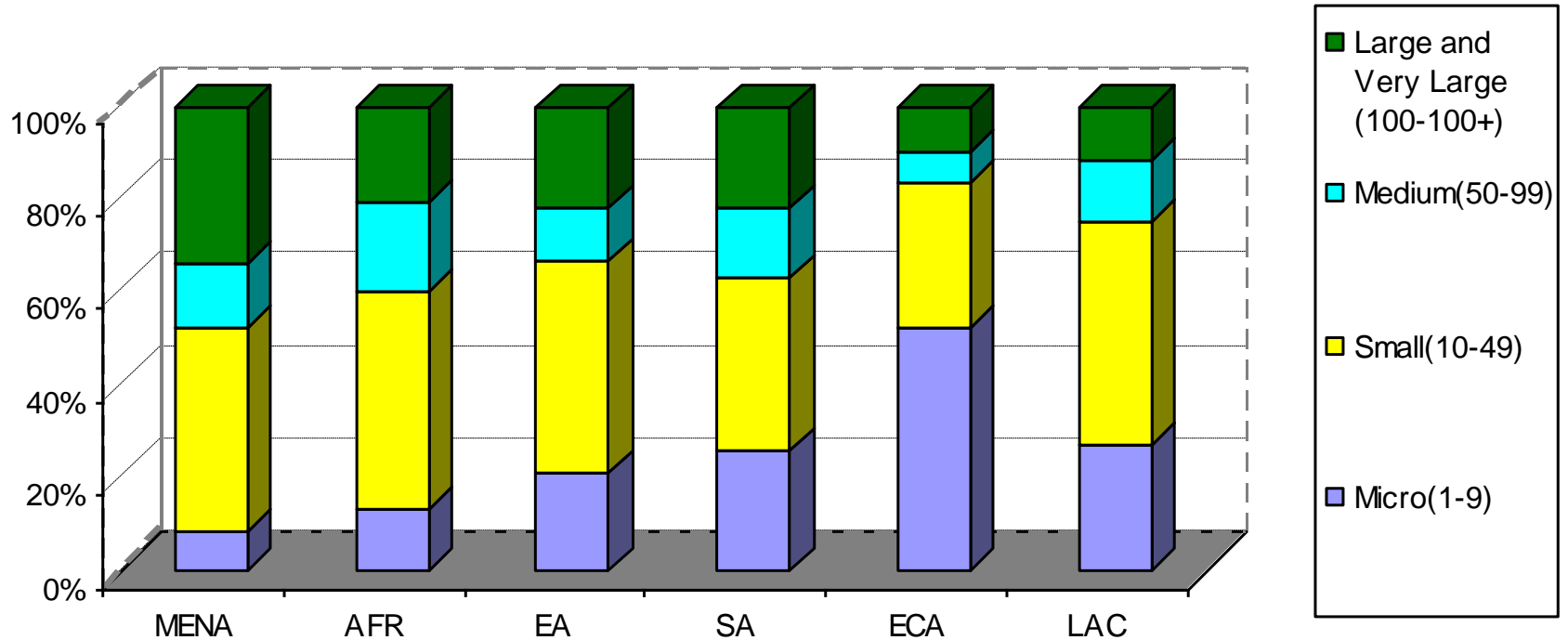
## Board Composition: UAE

- Scope: Listed Companies
  - 738 Listed Companies
  - 6 women on Boards
  - 0.82% of the total board seats

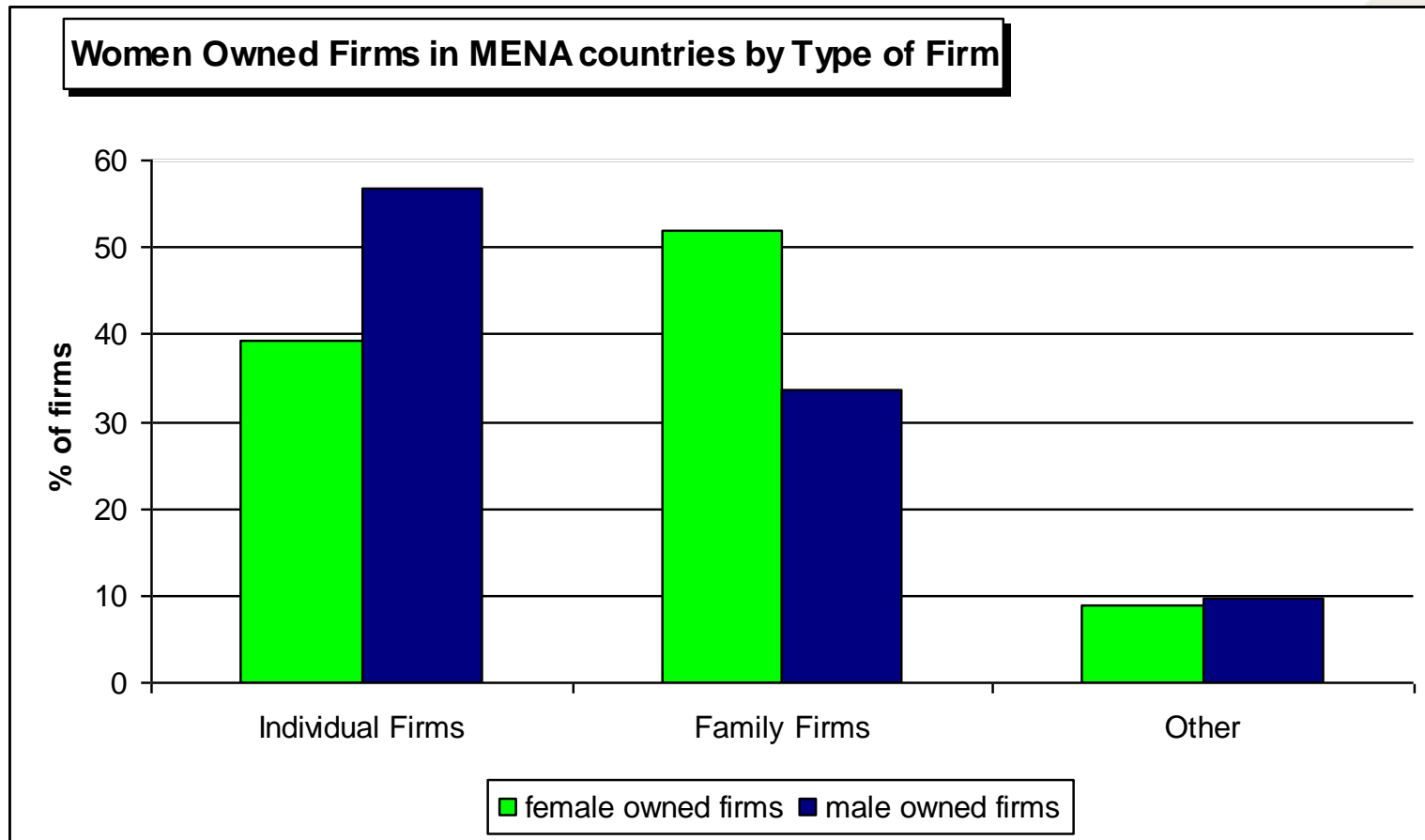


# MENA women's businesses are among the large scale and sizable entities .....

## Share of women-Owned firms by size



## A larger share of women are principal owners in family businesses...where good corporate governance is needed



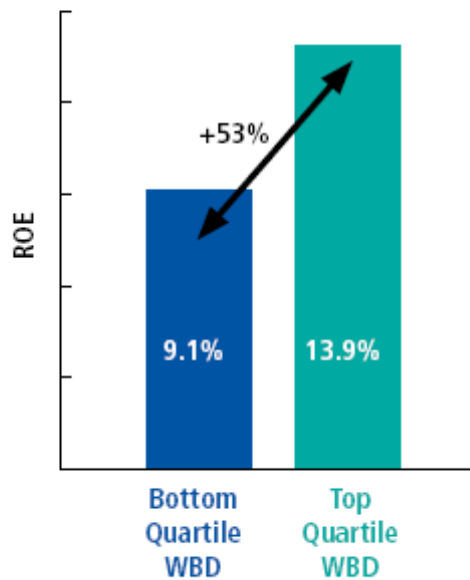
# Corporate Performance and Women's Participation in Boards

## Women Board Directors (WBD) Align With Strong Performance at *Fortune* 500 Companies<sup>1</sup>

Financial measures excel where women serve<sup>2</sup>

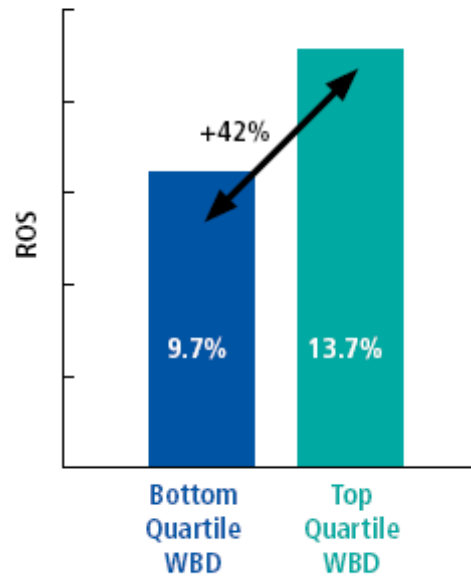
### Return on Equity<sup>3</sup> by Women's Representation on the Board

Companies with more WBD outperform those with the least by 53%



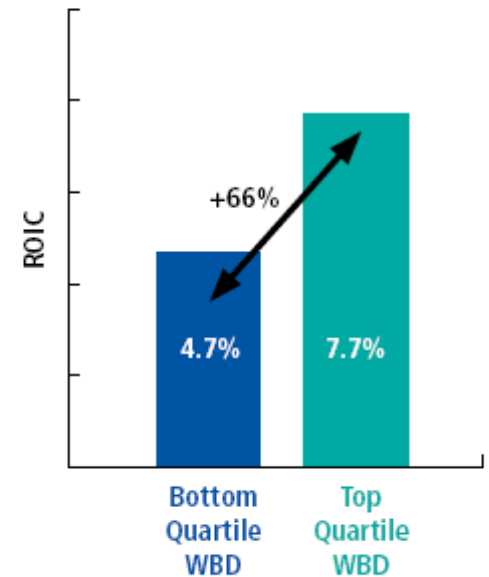
### Return on Sales<sup>4</sup> by Women's Representation on the Board

Companies with more WBD outperform those with the least by 42%



### Return on Invested Capital<sup>5</sup> by Women's Representation on the Board

Companies with more WBD outperform those with the least by 66%

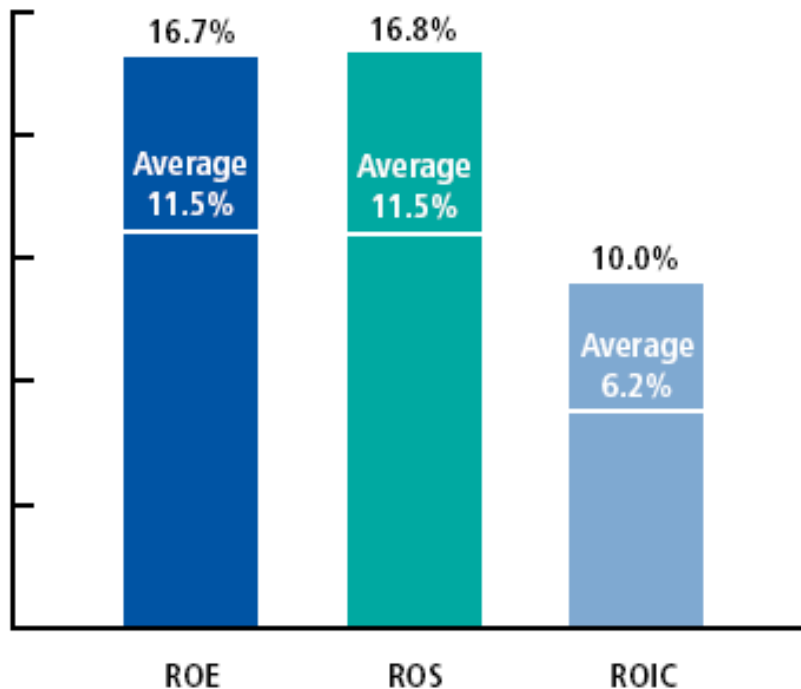




## Is Three a Charm?

Stronger-than-average results prevail at companies where at least three women serve

### Financial Performance at Companies With Three or More Women Board Directors (WBD)



Having three or more women board directors appears to be a precursor for notably stronger-than-average performance



**HAWKAMAH**  
THE INSTITUTE FOR CORPORATE GOVERNANCE

...an autonomous international association promoting corporate governance in the Middle East North Africa, Central Asia and beyond

## Hawkamah Mission and Vision

- Bridge the ‘Corporate Governance gap’
- Assist the **countries** and **companies** of the region in developing sound, ‘home grown’ and globally well integrated CG frameworks:
  - Coordinate and sequence the designing, and implementation of CG reforms
  - Monitor the outcomes of CG policies at the public and private sector level.
- *“Hawkamah-ICG will serve as a platform for regional co-operation, based on a concrete agenda for measurable and time-bound action, aiming to raise awareness of national, regional and global initiatives and build a coalition for reform”, Joint Declaration OECD-UAE, 2005.*

## **We Serve and Partner with ...**

- Central Banks and Regulatory Agencies
- Banks and Financial Institutions
- Government Ministries and Agencies
- Listed Companies, Capital Market Authorities, Stock Exchanges
- Family Owned Enterprises
- State Owned Enterprises
- Private sector institutions
- Media
- Academics

## Activities...

### WHAT WE DO:

- Hawkamah is a “*Think and Do Tank*”
- Provide technical assistance on regulatory and firm levels to develop the optimal corporate governance environment
- Conduct CG assessments and prepare CG improvement plans
- Provide advisory services
- Conduct consultations with various stakeholders
- Develop and implement training programs: Board Development Programme, Board Secretary Programme
- Serve as a knowledge centre and clearinghouse for corporate governance best practices from the region and beyond.
- Monitor & Report on the state of corporate governance

## Our approach...



## Accomplishments To Date

Conducted an assessment of the corporate governance environment in the Gulf Cooperation Countries from an investor's perspective.

The publication, *IIF/Hawkamah GCC Comparative Corporate Governance Survey* and the six country specific reports, is a result of Hawkamah's meetings with over 100 stakeholders all over the GCC.



# Accomplishments To Date

Developed a capacity building programme to address **independent directors**:



## Director Development Programme An Introduction to Board & Corporate Governance

A Two-Day Programme  
Oct 22 - 23, 2007  
Dec 03 - 04, 2007



Leading the way in Corporate Governance

### Practical tools for strategic guidance and managerial oversight Date: 24th & 25th October, 2007

#### Who should attend

- Directors.
- Board Members.

#### Topics

- The role of the Board in setting strategy
- Interaction between Board and management
- Choosing and evaluating the CEO
- What every Director needs to know about a
- A guide to succession planning: what every
- Case Study: The Board's changing role - fro

#### Learning objectives

- Define and clarify your role on the Board
- Work towards effective Board communication
- Equip yourself with practical information on
- Understand financial basics and proper fina
- Gain practical information on the need and
- Get practical information about the changin

#### How will you learn

The programme will be conducted along workshop principles and case studies will be provided to allow participants to benchmark their practices with other companies in emerging markets.

#### Cost and Location

Cost: 2,000 USD for non-members and 1,800 USD for Hawkamah members.  
Location: Jumeirah Emirates Towers Hotel, Dubai – UAE.

#### Programme Registration

- By Telephone: +971 4 362 2551
- By Fax: +971 4 362 2552
- By Email: info@hawkamah.org
- By Post: Hawkamah Institute for Corporate Governance

#### Enrolment Policies

Incidental expenses: Hawkamah is not responsible for incidental expenses. Cancellation Policy: A full refund of the course fee will be provided if cancellation must be made in writing. No refunds will be provided for cancellations made after the event.

Disclaimer: Hawkamah reserves the right to alter the programme content due to circumstances beyond its control. Hawkamah will endeavour to provide you with our information service.

Leading the way in Corporate Governance

### The role of the board in disclosure and transparency Date: 5th & 6th December, 2007

#### Who should attend

- Directors.
- Board Members.

#### Topics

- The Board's role in information disclosure and
- The Board and Enterprise Risk Management (ERM)
- Establishing effective internal audit and control
- The Board and its audit committee
- How to interact with the external auditor
- Developing a model annual report

#### Learning objectives

- Get practical information on specific disclosure
- Determine the major elements of Enterprise Risk Management
- Understand the role and importance of internal audit
- Gain insights into the role, functions and processes of the audit committee
- Determine the importance of external audit and
- Familiarise yourself with the major elements of

#### How will you learn

The programme will be conducted along workshop principles and case studies will be provided to allow participants to benchmark their practices with other companies in emerging markets.

#### Cost and Location

Cost: 2,000 USD for non-members and 1,800 USD for Hawkamah members.  
Location: Jumeirah Emirates Towers Hotel, Dubai – UAE.

#### Programme Registration

- By Telephone: +971 4 362 2551
- By Fax: +971 4 362 2552
- By Email: info@hawkamah.org
- By Post: Hawkamah Institute for Corporate Governance

#### Enrolment Policies

Incidental expenses: Hawkamah is not responsible for incidental expenses. Cancellation Policy: A full refund of the course fee will be provided if cancellation must be made in writing. No refunds will be provided for cancellations made after the event.

Disclaimer: Hawkamah reserves the right to alter the programme content due to circumstances beyond its control. Hawkamah will endeavour to provide you with our information service.

Leading the way in Corporate Governance

Leading the way in Corporate Governance

### The Role of the board in protecting shareholders rights Date: TBA

#### Who should attend

- Directors.
- Board Members.

#### Topics

- An introduction to the Board's role in protecting shareholder rights
- The role of the Board in related party transactions
- The role of the Board in setting the company's dividend policy
- The role of the Board's preparing and conducting the general meeting of shareholders
- The role of the Board in managing corporate conflicts
- Corporate governance: improvement planning

#### Learning objectives

- Get recommendations on the best methods to protect shareholder rights
- Learn how to detect and approve related party transactions and minimise their risks
- Gain first hand information about forming the model dividend policy
- Identify best practices of a general shareholders meeting and how to ensure the legality of its decisions
- Master how to resolve internal and external corporate conflicts
- Improve your skills on how to plan and implement corporate governance practices

#### How will you learn

The programme will be conducted along workshop principles with case studies and interactive work examples. Relevant case studies will be provided to allow participants to benchmark their Board practices with other companies in emerging markets.

#### Cost and Location

Cost: 2,000 USD for non-members and 1,800 USD for Hawkamah members.  
Location: Jumeirah Emirates Towers Hotel, Dubai – UAE.

#### Programme Registration

- By Telephone: +971 4 362 2551
- By Fax: +971 4 362 2552



# Accomplishments To Date

## Board secretaries

**The Role of the Company Secretary and Corporate Governance Workshop**



DIFX | Academy  
Invest in your future



**A one day programme featuring:**

- ◆ Compliance for the Company Secretary – DIFC Companies Law
- ◆ The Role of the Company Secretary in Corporate Governance
- ◆ Hawkamah and Corporate Governance in the Region
- ◆ The international perspective on Corporate Governance
- ◆ Does Corporate Governance improve a Firm's Performance
- ◆ Corporate Failures: When Corporate Governance goes wrong

May 23, 2007  
Dubai, U.A.E.



**HAWKAMAH**  
THE INSTITUTE FOR CORPORATE GOVERNANCE

Offered In Association With:  
Hawkamah Institute for Corporate Governance

## and Asset managers

**Corporate Governance for Investments, Mergers & Acquisitions**



DIFX | Academy  
Invest in your future



**Mitigate your risk  
Maximize your return**

May 3, 2007  
Dubai, U.A.E.



**HAWKAMAH**  
THE INSTITUTE FOR CORPORATE GOVERNANCE

Offered In Association With:  
Hawkamah Institute for Corporate Governance and the Institute of International Finance (IIF)

# Hawkamah Accomplishments To Date

Since its official launch in Q2-2006, Hawkamah has:

- Addressed over 5,000 market players in conferences, seminars, and workshops all over the Middle East, North Africa (to include Pakistan) advancing corporate governance reform and the role Hawkamah plays in achieving regional buy-in.
- Attracted over 200 members
- Signed 27 MOU's with international and regional partners
- Received institutional support from a diverse regional & international constituency including ministries, central banks, regulators, banks, chambers of commerce and others
- Launched with UAB an **Arab Banks' Corporate Governance Award**
- Launched **Regional Task Forces**:
  - CG of Banks,
  - CG of Insurance companies
  - CG of State Owned Enterprises
  - Insolvency

# Strategic Partners

## International Partners

- Organisation for Economic Co-operation and Development (OECD)
- World Bank-International Finance Corporation
- WB Global Corporate Governance Forum
- Institute of International Finance (IIF)
- Financial Services Volunteer Corps (FSVC)
- INSOL (Insolvency Professionals)
- Information Systems Audit and Control Association (ISACA)
- Amsterdam Institute of Finance
- Institute for Internal Audit
- Center for International Private Enterprise

## Other Institutions

### Dubai School of Government

- Young Arab Leaders
- Countries participating in the MENA-OECD Investment Program
- American University of Sharjah
- Corporate Governance centers, universities

## Regional Partners

- Dubai International Financial Centre
- Union of Arab Banks
- UAE Ministry of Economy
- Egyptian Ministry of Investment/Egyptian Institute of Directors
- Yemen Ministry of Finance
- Central Bank of Jordan
- Jordan Insurance Commission
- Jordanian Corporate Governance Association
- Central Bank of Egypt/Egyptian Banking Institute
- Oman Capital Market Authority
- Emirates Securities and Commodities Authority
- Abu Dhabi Chamber of Commerce and Industry
- Dubai Chamber of Commerce and Industry
- Economic Research Forum
- Oman Economists Association
- Corporate Governance Association of Turkey
- Lebanese Corporate Governance Task Force
- Arab Federation of Insurance Regulatory Commissioners
- **Arab International Women's Forum (AIWF)**

## Beyond the institution building -

- Corporate governance reform starts in the Boardroom;
- Region needs more independent directors;
- Regional companies are looking at international board practices;
- And more important, the regulatory climate is moving towards greater transparency and accountability.

## Hawkamah offers Director Development Programs

- Capacity Building initiative
- Open to private and public sector companies, family businesses, entrepreneurs of start-up companies and people responsible for the strategic direction of a business organization
- Services offered include:
  - ✓ Training and certification programs
  - ✓ Executive coaching
  - ✓ Workshops, seminars and conferences

## Hawkamah is a membership organization -

| Benefits   | Individual | Research Institution | Corporate |
|--|------------|----------------------|-----------|
| Subscription to newsletters.   | √          | √                    | √         |
| Listing in the membership directory  | √          | √                    | √         |
| Access to members only information on <a href="http://www.hawkamah.com">www.hawkamah.com</a> | √          | √                    | √         |
| Receipt of quarterly and annual reports on corporate governance in the region.               |            | √                    | √         |
| Discounted registration fees for Hawkamah sponsored conferences.                             |            |                      | √         |
| Discount for training programs offered by Hawkamah   |            |                      | √         |
| Discounts on advisory services provided by Hawkamah.   |            |                      | √         |

## ➤ Hawkamah, the Institute for Corporate Governance

## ➤ Media Centre

**21 November 2007**

Minister for Finance & Industry calls for Regional Transparency at Hawkamah Conference

[read more...](#)

**07 November 2007**

Abraaj Capital Supports Hawkamah in Promoting Corporate Governance in MENASA Region

[read more...](#)

**26 September 2007**

Get Updates on Hawkamah's Activities: Hawkamah's Newsletter

[read more...](#)

**06 September 2007**

Corporate Governance Revealed: Hawkamah & Zawya Dow Jones Announces Corporate Governance Training Day for UAE Business Journalists

[read more...](#)

Hawkamah, the Institute for Corporate Governance, constitutes a groundbreaking development for institution building, corporate sector reform, good governance, financial market development, investment and growth in the region.

Hawkamah was created for the region, by the region, and of the region to advance corporate governance reform.

[What is Corporate Governance?](#)

### Events

▶ **21 November**

2nd Annual Hawkamah Conference DIFCweek/ Hawkamah  
Dubai, UAE

▶ **22 November**

OECD-MENA Working Group 5 Meeting  
Dubai, UAE

▶ **03-04 December**

Director Development Workshop  
An Introduction to Board and Corporate Governance  
Dubai, UAE

▶ **05-06 December**

Director Development Workshop  
Role of Board in Disclosure and Transparency  
Dubai, UAE

▶ **11 December**

Corporate Governance Across Borders: A Best Practices Workshop

## AIWF & HAWKAMAH Partnership for Corporate Governance

- MOU signed 11 December, 2007 to promote awareness and strengthen Corporate Governance practices in women's businesses
- Conduct joint workshops, seminars, conferences to increase awareness and understanding of best CG principles and practices
- Focus on Family and Women Owned Enterprises
- Conduct Board Development Programmes tailored for women entrepreneurs
- Hawkamah invites AIWF members to become individual and/or corporate members of Hawkamah
- Hawkamah is offering to conduct 3 CG assessments of AIWF member companies *pro bono*



## Bottom line:

- Our region is living an economic & financial renaissance
- Better corporate governance is an imperative to sustain the growth of our economies and markets
- Stronger CG of Family Owned Businesses is the foundation
- Women's increased:
  - Labour force participation
  - Entrepreneurship & business formation

***Can increase the size of our economies (GDP) by 15% to 205% !***

***Hawkamah – The Institute for Corporate Governance***

***DIFC, The Gate Level 14***

***T: +9714-362-2551 F: +9714-362-2552***

***E: [info@hawkamah.org](mailto:info@hawkamah.org)***