The 7th Hawkamah Conference was opened by H.E. Hamad Buamim, the Chairman of Hawkamah Institute for Corporate Governance and addressed by H.E Sultan Al Mansoori, Minister of Economy, United Arab Emirates, who called for corporate governance to be viewed as an enabler of sustainability of companies, as an enabler of better decision making, and as a pillar for company performance, and not as a compliance exercise.

**Governance and leadership**

The contribution of good governance to leadership was the overarching theme of the conference. It should not be seen as a framework requiring compliance for its own sake. “Governance is not only for control, but an instrument to do better,” said Osman Sultan, Chief Executive of the Emirates Integrated Telecommunications Company, du. A key point was a clear definition of the role of the board and its relationship to management. If governance isn’t taken seriously by the leadership of the company it, won’t be taken seriously elsewhere, but companies with good governance have more efficient management and command a premium.

Iyad Malas, Chief Executive of Majid Al Futtaim, said family-owned businesses need to make many decisions. They need to understand the difference between ownership and management, but set in place an appropriate framework. His company had started having independent directors in 2005 and now the holding company had only one family member on its board.

Majid Jafar, Chief Executive of Crescent Petroleum, said it was important for family companies to make the transition to good governance earlier before they had to deal with succession, because after succession, the family ownership could become fragmented and then succession was more difficult.
Convergence or divergence

Emerging markets should not seek simply to converge corporate governance practices with those in developed markets, Mak Yuen Teen, of the National University of Singapore, told a panel on the ethical and cultural dimensions of corporate governance. Singaporean companies tended to have block holders, so it did not help much to buy in best practice from countries such as the UK which gave shareholders the right to move a resolution to dismiss a board on the basis of ten per cent shareholder support.

This did not mean, however, that companies in emerging markets had an excuse for ignoring governance. There were some absolute principles which applied everywhere, he said, including respect for the rights of shareholders and equitable treatment of stakeholders. The requirement was to tailor specific requirements to the local background. The experience of Asean countries with their different legal and cultural backgrounds had meant that even regional convergence was difficult. Ludo van der Heyden of France’s INSEAD business school agreed. The European Union had struggled to produce single rules.
Who believes in diversity?

Everybody does, according to a straw poll at the conference as part of an Oxford University Union style debate on the subject. The result made life harder for “Team B” led by Francois de Montaudouin, founder of Orbite Middle East, whose task was to argue the case against gender diversity as an issue for boards. But they weren’t to be defeated that easily. Effective boards were the real issue, his team argued. It was right to remove obstacles to women in furthering their careers. Perhaps maternity leave should be lengthened, said Doraliz Ortiz, ENOC Group Legal Adviser, but diversity for its own sake was not the point. Both sides argued against quotas, which are being imposed in a range of European countries with Germany set to become the most recent convert. Roberta Calarese, Chief Legal officer of the DIFC, made perhaps the most effective point when she said diverse boards brought a better perspective. But Team B, with its careful denunciation of box-ticking, got an accolade at the end for the most thought-provoking arguments, even if it lost the case.

Meanwhile H.E. Mona Al Marri, Chairperson of the Dubai Women Establishment launched the results of a study on the challenges facing women on boards in the UAE. Interviewees quoted in the study had some pertinent advice for fathers. Send your daughters abroad for education, include them in family business succession plans and be proud of them, the study reported them as saying.
Governance commands a premium

Half the delegates to the conference said they would pay a premium of up 30 per cent premium or even more, according to a poll conducted during the last panel. “There is a premium for good governance,” said Holly Gregory of the US law firm Weil, Gotshal & Manges. “The more regulation a country has and the more mandatory disclosure and transparency, the more the premium goes down.

But what makes for good governance besides transparency. Frank Dangeard, Chairman of the Hawkamah International Advisory Council and Deputy Chairman of Telenor in Norway, said that what really matters is a functioning board. Boards should ensure they have a good management team, added Gregory. If the team is weak the board should not start to do their executive job for them, they should replace them. Good boards and a bad management team are easier to deal with than a good management and a bad board. Management can’t fire the board, said Dangeard.