



## Take on Board

# Transcript – Maali Khader

Helga Svendsen 0:00

Today on the Take On Board Podcast, I'm speaking with Maali Khader about, well, we might talk about culture in the boardroom, we might talk about ESG. We might talk about something else. Let's just see how the conversation goes. First, let me tell you about Maali. Maali's a highly experienced, effective and trusted lawyer. She's also a leading regional expert in corporate governance and sustainability, and the Chief Executive Officer of the Middle East Institute of directors. In just 18 years, Maali's career, which began as a legal adviser for a legal firm has rapidly evolved to her position today as a luminary in the corporate governance, sustainability, training and advice sectors. her talents were rewarded early on in her career, when she was recognised as a rising star of corporate governance by milestone centre, Yale University in 2010. And one of the top 100 thought leaders in Europe and the Middle East from trustworthy business behaviour in 2011. Welcome to the Take On Board Podcast Maali.

Maali Khader 1:00

Thank you. Helga. Thank you for having me.

Helga Svendsen 1:03

Absolute pleasure. So, Maali, like we've heard, you've got a wealth of experience already, just from your bio. But I'm wondering, can you tell us a little bit more about you, and maybe what your earliest experience of governance was?

Maali Khader 1:20

I can try. So I'm one of the lucky or unlucky ones where I've, I've always known my future. And I was diligent to become a lawyer. And it wasn't I really didn't have to waver much, or think about where and what to study. So that was a smooth transition. And I studied law. And I worked in law, and it was a satisfactory career for some time. But I realized that it was missing something. It wasn't addressing the issues that I would like to to address. So I was very disappointed by the legal profession. And something happened in one with one of my clients that really struck me very, very close to my heart. And I realized that people really don't know the difference between what's legal, and what's right. And and that comes into a spiral, there has to be more than just is it legal? Or is it not legal, and up until that point, after practicing for what, six, seven years, I've had very good clients, that, I'd say, this is the legal thing to do. And they'd always do that and do 10 times more and say, because that's the

right thing for letting someone go, these are their dues, but they've been really good to us. So here's a large bonus for all the hard work and, and, you know, our commitment and our gratitude. And then when I came across this one client, that wasn't that I kind of like, What do you mean, there's so much more, you should be doing the right thing. And that spiral took me into the world of governance and sustainability. And, you know, I didn't have a term at the time, or I didn't realize what the term was, I think it started off at some point as a responsible business, what is the responsible business, how to have a responsible business, that over the years kind of translated into how to be sustainable, and then how the governance and how to take the right decisions and do the right thing? And just kind of took a life of its own from there. And here I am, many, many years later. I don't know if that answers your question, or did I just ramble on?

Helga Svendsen 3:28

No, like, it does answer the question. It explains. And I love that comparison of what's legal. And what's right. You know, it doesn't have to be the lowest common denominator. In fact, good governance, I would say it's not just inverted commas, compliance, it's way beyond compliance, it's about doing things well and as the best you can, rather than just what you need to comply with, which is the lowest common denominator.

Maali Khader 3:53

I'm gonna I'm gonna jump in here. And that's for me where the cultural component comes up. Because it's having a value system that then drives all the decisions and all the practices and all the structures and all the frameworks. Yeah, I don't talk about culture in the sense or, for me, at least, culture is not you know, I come from the Middle East, you come from Australia, somebody else comes from Europe and so forth. Yes, we all have different cultures, but, but there are operating cultures, if you will. Yeah. Do I just tick the box? Do I look for the lowest common denominator? Or do I look for the highest common denominator? Do I even try to look for the highest common denominator? And that's a lifelong journey. I mean, it's not something that any boardroom can really sit there and say, Yes, I did that last year. worked it out. We're good. We're sorted. It's ongoing process.

Helga Svendsen 4:45

Yeah, that's right. It's not a set and forget thing, is it? I don't think so. You know, I would say it's because it's around dynamics, you know, and dynamics as they sound, fluid and move and the way the relationships in them move around. So you can't just go Thank heavens, we've got it, right, let's just keep doing whatever this is for the next year or two years, because the relationships and so on move. I mean, in your experience as the CEO of the Middle East Institute of Directors, you must say a lot about what's working well. And indeed, I'm guessing sometimes what's not working well, in relation to culture in the boardroom, in as much detail as you're able to share? Can you tell us some

of those things about what you see that is working well, and maybe those things that are not working? So? Well,

Maali Khader 5:31

I think, interesting question. So even though I lumped the Middle East as a region, it's actually very diverse, and rich country does have its own nuances, its own cultural challenges, if you will. Um, but there are common themes that cut across one that I find, I always find fascinating, which is respect. I think we have way too much respect for each other that often this veers away from an open and frank conversation, in as much as this is a good thing. And respect is important. The minute it becomes a debilitating variable, and takes away from the ability to have an open and frank discussion for the business sake, it becomes a negative aspect. That's a common theme I find in many boards. often hear board members say I can't say that, so and so would get upset with me or or it would seem disrespectful for so and so you know, if I imply that they're potentially too old to be on the board. Or, you know, if I suggest that this person step out of the room, because it's a conflict of interest issue, you know, that that's just rude. So it's, it's interesting managing these concepts and holding on to the respect variable, because that's very much a part of the culture, but at the same time focusing on it is, it is actually more respectful for you to speak your mind than to think it and not share, something I find is that we're also not taught how to communicate effectively. It's not a skill that is embedded in us, whether it be through our academia, or education, or even our family structures, to communicate, so to know what to say how to say it in a respectful yet impactful way. So working with directors on communication, effective communication has been has been a journey. Interesting, but still a journey nonetheless. And there's been great successes, some dips in the road, but overall, I'd say it's been a, it's been quite positive. And to be able to receive constructive communication is also it takes two to tango

Helga Svendsen 7:45

You're right, those things are connected. It's so interesting, when you started saying then that about respecting the boardroom, where I thought you were going to go was around, you know, we need to have more respect, but in fact, straight after that you went, there's too much of it. Well, that's not quite how you put it, but something like that. So it's interesting around even what that definition of respect is, and I guess encouraging robustness in that and being able to challenge being able to deal with different opinions in a constructive way, I would say is part of that respect, if you can do it well.

Maali Khader 8:19

It's a new skill. And I mean, I say this to all board members, you may be a perfect person, just not perfect for the sport. Yes. And we need to be okay with that. So if you're not able to accept constructive criticism, if you're not able to give constructive criticism, and it's, you know, purely a Yes, sir, or, you know, okay, begrudgingly, then you're not doing the board any favours or the company any favours.

Helga Svendsen 8:43

So in working with directors, through the Institute of directors, and in, presumably, in training directors around those robust conversations around shellings, and around receiving feedback, and giving feedback, those sorts of things. You don't need to name names, but there's any stories you can tell about either organisations or people that you've worked with, where there has been some shifts in what, either in their individual practice or around the board as a whole.

Maali Khader 9:14

One activity that sort of brings all of this together is board evaluations. And as we know, this is a relatively challenging practice worldwide. I mean, the Middle East is unique in that, because of the respect factor, it kind of becomes a bit more challenging, and transforming boards to understand the value behind word evaluations, I find to be very satisfying, very satisfying, because I often start with, you know, who are you to evaluate? And what I'm not evaluating you, you're evaluating each other. And then it's like, On what basis is somebody is going to evaluate me? I'm like, Well, are you there? Are you ready? Are you prepared? Have you read or do you just ask questions? Are you just a devil's advocate all the time, I'm meeting is taking five hours instead of two, because you haven't read the board path, there's a lot of things that really any observer can evaluate you on, without necessarily evaluating you as a person. And again, to the point, it's not about you, as a person, it's about your performance. As a member of a team, you may be a genius of the century, but you don't necessarily bring in the necessary skills that the company needs at this time. You don't necessarily have the right dynamics, character wise, to play well with others. None of these are bad. But there just may not be the right fit today for this organisation at this time. And we should be okay with that. So that's one angle. And another angle is evaluation is really for your own good. I'd love for somebody to come to me at the end of each year and kind of say, you know what, man, you did really well on this. But you know, you could improve on that and be like, great. Show me the way. How can I improve on ABC skills? Learning is a lifelong journey. It's not something that we ever really finished doing. To show a transition. There are many companies where I stayed with and they always turn around, say, our evaluation, we have a stellar board. Word I've heard recently, way too many times. And you know, we raised our board at five out of five. Yeah, we were at 4.8. But this year, we're at five, I'm like, That's impossible. Yeah, it is just fundamentally impossible. And you're not doing yourselves any favour. So that was a few years ago. They just redid the evaluation. And, and now they call me in a panic and saying we're at 3.6. And I'm like, that's wonderful. You actually have identified, you were able to identify areas, which you can now focus on improving. Yeah, like, Oh, yes, great. So we need an improvement plan that we can work with. And they were very engaged in that. Okay, we need to learn, we need to do better. So making that shift, I think from a board development perspective, was very positive, I think.

Helga Svendsen 12:04

Hmm, I'm interested in for that board. What was it that shifted in them in a way that that got them to that point where they're a bit more realistic about assessing themselves?

Maali Khader 12:15

It's realizing that it's not a competition, that is fine. There's, there's no cookies at the end of the road. But it's also realizing that it's not negative, it's not a bad thing, to not have five out of five. Yeah, and it's actually a learning curve. And we need to be, we need to be ready for that. And at the end of the day, we serve on a board for the best interest of this organization, in the best interest of this organization. So that was one another is that it's not the personal assessment. Yeah. It's like, What do you mean, I rated at a four, but I'm brilliant, like, but I'm not treating you. I think that your performance in this collective environment? Yes. So it was both individual and collective shift, mindset shift that facilitated that evolution.

Helga Svendsen 13:05

So because you were involved in the Institute of directors, I'm guessing, you are also involved with other Institute's of directors around the world. I'm wondering in your role in the Middle East, and you've already said the Middle East is not one homogenous? Well, there's the Middle East, here's how the Middle East operates. There's different parts of the Middle East that operate in different ways. So both within the Middle East, but also the Middle East and other areas around. What do you see the similarities in governance practice? And what are some of the differences in governance practice, both within the Middle East, but also with the Middle East in other areas,

Maali Khader 13:42

There is in the Middle East, we have one advantage is that we were all for lack of a better word birthed by the IFC International Finance Corporation. And they facilitated our setup, and supported our existence through technical knowledge and experience and expertise. So by virtue of that fact, we meet together every TOT, they bring us together every so often. So we know of each other. And there are a lot of collaborative efforts that happen. We call across for trainers we call across for programs. There is that collegiate presence outside the Middle East. We've reached out to and collaborated with other IoT around the world, but it's a formal relationship. There's no centralized IoT entity from which we're that we're all affiliated to. So it's a courteous and professional and cordial partnership, if you will, although not necessarily a formal one. And now in terms of differences of governance practices. Well, guess that's that's very different. I think it's where are we today In the Middle East, again, brought many countries, different regulations exist in each country. different practices exist in each country, different legislative, understanding, oversight over governance law. So the laws could exist, but there's no regulatory oversight or the laws don't exist. There's also a difference in the strength of stakeholder activity, how much influence they can have on organizations? It's very different. Yeah. All in all, I'd say, we're still a little behind in institutionalizing governance practices. And if I was to pick one key activity that I'd like to see a lot more of, would be

disclosure. Because without disclosure, it's hard for me either from an academic or even a professional perspective to kind of say, here's what's best practice. Here's what other companies in the same sector in the same country are doing. There's a data scarcity of where we should be looking or what practices we should be considering. Yeah, more disclosure would be very helpful.

Helga Svendsen 16:09

And so in your role as part of the IOD, do you advocate around those issues within and across the Middle East as well?

Maali Khader 16:19

As much as we can, and to anyone that would listen to us. We also try to, and this is why I say research is a very important part of our presence. We also tried to collect a lot of data and correlate it to present facts and figures and practices, and show trends either in alignment with global practices or in conflict with global practices. But we're not always very successful. I mean, we try and we keep trying. And, again, we need to reach a tipping point where it becomes common practice. So when I'm from an advisory perspective, we're working with organizations and encouraging them to disclose and commonly we get but nobody else's. Yeah. Yeah. And so we haven't quite reached that tipping point where it's like, well, actually, there's another, you know, 20, 30, 50, 100 organisations that are, why aren't you? We're getting there. We're better than we were having done this for over a decade. It's I've seen a lot of progress. Yeah. So it's nice to see that progress. But I think there's still a lot more to go.

Helga Svendsen 17:25

Yeah. And it's difficult, because you're, as you said, you're dealing with a whole bunch of different systems that have different levels of regulation, disclosure, whatever it may be. So trying to bring alignment in all of that, you know, I don't envy you in that role to be able to influence that. Because also, presumably, it's an influencing piece and an advocacy piece, you don't have the power to implement it, you've just got the power to influence and advocate around it. Exactly. I want to change tech slightly, I just Well, I just see where this takes us. So in a couple of weeks time, you will be speaking at the decision at full conference. And you're on a panel, which is called I think something like the wisdom of the crowd that is that they're crowdsourcing questions, so you don't know before the session? What might come up. But, you know, you've probably got some favourites, and so on amongst this. So I'm wondering, what would you like to be asked? And once I know what that is, I'm going to ask you what the answer is. So yeah, what would you like to be asked at that panel?

Maali Khader 18:30

That's a that's an interesting question. Happy to be asked anything, but I'm a lot more personally invested in how the board operates inside the boardroom, the board has a lot of rules inside and outside the boardroom, sometimes a lot of the work gets done outside the boardroom. So how do you sway skeptical board members? Or how do you convince board members of the value of governance or structure or institutionalization of businesses? And if you ask me for the answer, my honest answer would be I don't have I don't have an answer. But it's an interesting debate. It's it's little red flag. I mean, I turn it around and say, What do you think would be a good selling point? I mean, we all know the benefits of governance, better operational efficiency, better financial performance, lower risk, lower cost of capital, and higher shareholder valuation. They all sound lovely. But still, a lot of businesses and a lot of individuals resist governance, what would be a even further or additional value add that would sway or convince these people have the value that governance can bring to the table?

Helga Svendsen 19:53

Yeah that sounds like a great thing to explore. I don't have the magic wand on that either. And I imagine in a way that links back To what we were saying previously in your role, it's around influencing organisations and influencing directors about that practice. I mean, I think it's all about building those relationships and listening to what is important to people and being able to communicate that in that way. It's back to the communication piece in a way that we started with and being able to communicate with people in a way that they can hear the message. So I might be delivering the message. But if they can't hear it, then I need to change the way I'm delivering it so they can hear it. How has this happened? It goes so quickly, and we've traversed a number of different things in a way. So what are the key things you want people to take away from the conversation that we've had today?

Maali Khader 20:41

I would say holding on to the positives of culture such as respect is important. But using it also as a tool to better communicate within the boardroom. And to be more open to communicating and more receptive to constructive criticism, with the mindset that this is not a personal attack, but but for the betterment or for the improvement of the board as a whole and the organization to not resist board evaluations for the same reasons. And I suppose I'd also say, listen, listen carefully, because I think we're generally very caught up in our day to day, we're very caught up in our thoughts. And we often don't hear what people are trying to say. And I think focusing on that element of emotional intelligence in the boardroom, is probably a critical success factor for every board to succeed.

Helga Svendsen 21:47

It's such an important point, isn't it? I think board directors often think about what they want to say, rather than what they need to hear or need to listen to. It's such a Yeah, it's a fabulous point. Thank you. Is there a resource that you would like to recommend to the take onboard community?

Maali Khader 22:06

Well, I did suggest, actually, quite a few. But one that's relevant, I think, is the *The Handbook of Board Governance* by Richard Leblanc. It's actually quite a hefty book. So it's not bedtime reading book. But I, I did find it to be very beneficial. It does touch on quite a lot of board issues, and from many different angles, which I really appreciated. What he done is he bought different writers to write about each topic. And some of them are academics. Some of them were practitioners, some of them are directors, some of them are advisors. So you do get it from different perspectives. And it's, again, not a reading book, per se, but it's a good reference. I have resorted to it on several occasions for various topics. And, yeah, it's a good resource for anybody in the governance world to keep handy and accessible. For reference for any, I think board related or key governance method. Fantastic.

Helga Svendsen 23:07

It's always good to have a good handbook around that you can dip into when needed. You don't necessarily need to read it cover to cover, but you know, it's there when you need it. I'm a bookworm. So I had to do it cover to cover but yes, I mean, it might be one where we're just putting together a take on board book club. If it's a large tome, maybe we'll use it I'm not sure. Oh, thank you so much, Maali, for being open to the call for coming on. take on board today and sharing some of your wisdom around culture and influence in good governance and what makes that up. It's such an important topic. And as I say, there is no magic wand so I'd been fabulous to be able to pull apart some of that here today. So thank you for sharing your wisdom with the take onboard community today.

Maali Khader 23:58

Thank you very much for having me. It's been a pleasure and I look forward to listening to more of your podcasts.