

Corporate Governance: Effective Implementation

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A Bit of History

- Background of me, Dr. Omar F. Daoud
 - Academics and academia
 - Governance
 - Law
 - Research



A Bit of History

- Background of Mike Masoud
 - Academics and academia
 - Internal control
 - Auditing
 - External
 - Internal
 - Investigator for 13 years
 - Conferences
 - Research
 - Author a few articles / a book in process / Exam Unit
 - Have not seen it all, but have worked many cases!



Seminar Outline

- Dr. O. Daoud
 - **Part One:** Definition and Foundations of Corporate Governance.
 - **Part Two:** Corporate Governance Regulatory Framework in Relation to the Corporate Governance Goals.
- Mike Masoud
 - **Part Three:** Implementation of Corporate Governance and
 - Achieving Measurable Results.



Part One

Definition and Foundations of Corporate Governance



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Historical Perspective

- Emergence of New Type of Corporate Ownership
- Evolution of the Dispersed Ownership



Separation of Ownership and Control

- Sole Proprietorship
- Partnerships
- Corporations



Agency Theory

- What is Agency Theory?
- Principal/ Agent Relationship
- Duties of Agent



Ownership, Control, and Agency Theory

Owners are managers: They control and direct its / their destiny

Sole
Proprietorship

Partnership

Corporation

Owners are not managers: They cannot control and direct its / their destiny



Part Two

Corporate Governance Regulatory Framework in Relation to the Corporate Governance Goals



Regulatory Framework

- Corporate Law in Jordan
- Governance Code of the Central Bank
- Governance Code of Jordan Securities Commission
- Others



Corporate Governance Objectives

- Better Performance and Sustainability
- Protecting Company's Assets
- Transparency
- Achieving the Companies Strategic Objectives



Challenges for Implementation

- Compliance
- Informal Governance Systems
- Comply or Explain



Part Three

Implementation of Corporate Governance and Achieving Measurable Results



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What Do Companies Do?

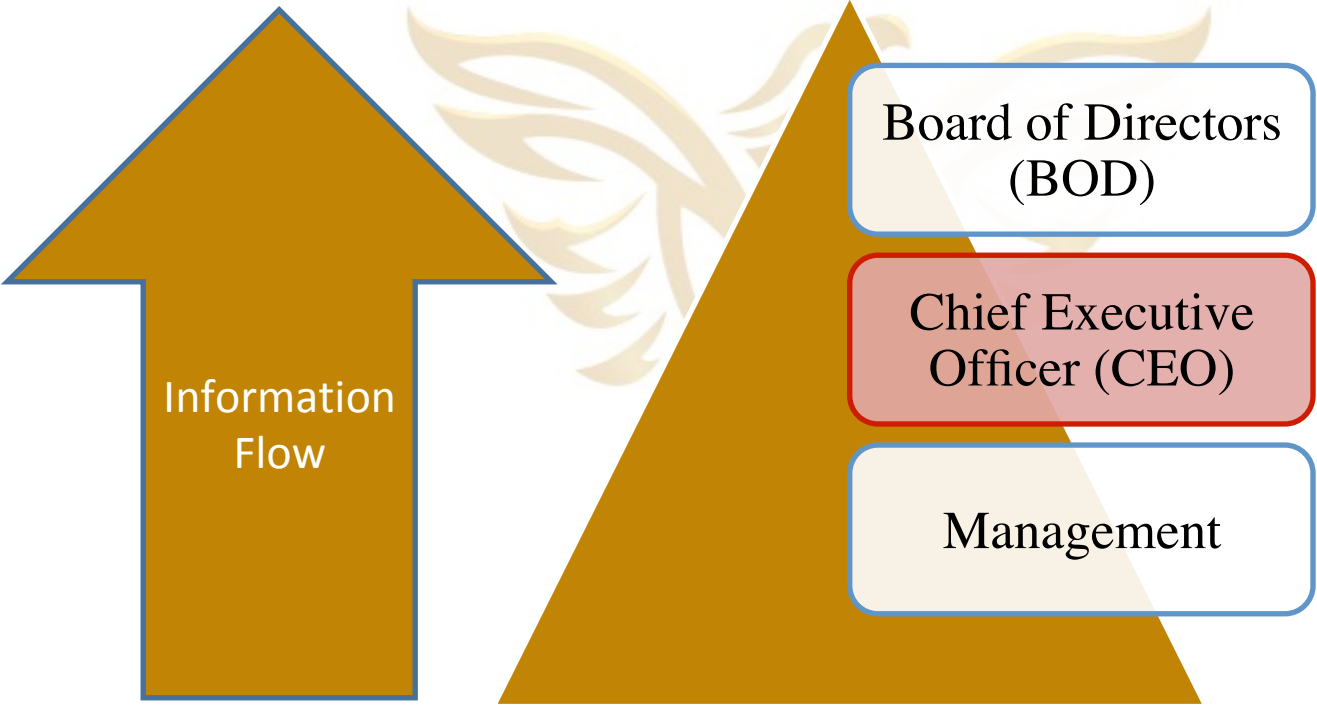
- They Provide Goods / Services for a Profit
- They Seek to Meet Stakeholders' Expectations
- Stakeholders Evaluate Companies' Performance Based on Measurable Results (Financial and Non-Financial)



The leadership of CG Effective Implementation



Decision Making Processes and Information Flows



Measurement of CG Effectiveness

- You Manage It When You Measure It!
- The Least Effective Measurement is Compliance. What Does It Guarantee?
- Input-Based Measures Have Flaws
- Firm-Based Vs. Sector-Based Vs. Country-Based Measures



Measurement of CG Effectiveness (Cont.)

Internal Environment

BOD

- Trust, Respect, and Engagement
- Leadership
- Integrity
- Evaluation and Feedback

Company

- Internal Control
 - Culture, Norms, and Values
- Corruption Prevention Policy



External Environment

- Rule of Law
- Prevalence of Corruption
- Nepotism
- Unfair Competition
- Ineffective Regulatory Supervision
- Uncertainty – Legislations
- Freedom of Access for Information

Thank You. Questions and Comments

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