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Development of corporate governance codes in the GCC: an overview

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Abstract

Purpose – *This paper aims to discuss and compare the corporate governance codes in Gulf Cooperation Council (GCC) countries.*

Design/methodology/approach – *The development of corporate governance codes in the GCC is considered using an analytical approach.*

Findings – *Efforts and initiatives are underway in the GCC towards improving the corporate governance environment and coping with international developments. Although most GCC codes are comprehensive compared to those of other Middle East North Africa (MENA) countries, and are similar to international codes, as with almost all countries in the region, there is room for development. Updated codes that address the unique nature of these countries could enhance corporate governance.*

Research limitations/implications – *This comparison between GCC corporate governance codes provides opportunities to empirically compare the corporate governance status in these countries through indices or checklists based on the current comparison.*

Practical implications – *The research facilitates future evaluations of corporate governance in Gulf countries. In other words, different stakeholders, including investors and analysts, can utilise this paper during decision-making. Moreover, comparing GCC codes to others in the MENA region would help to assess the GCC's position in the region regarding these codes, and also alert firms to corporate governance reforms occurring in the region.*

Originality/value – *The paper analyses the corporate governance codes issued in the GCC, which represents a group of countries with similar characteristics that are thus studied separately from other MENA countries, and compares the corporate governance codes issued for non-financial listed companies.*

Keywords *Qatar, Corporate governance, Bahrain, UAE, MENA, Kuwait, Oman, Saudi Arabia, Gulf, GCC*

Paper type *General review*

Introduction

The Gulf Cooperation Council (GCC) is a group of six countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). These countries share similar characteristics in terms of their ethnicity (Arab), religion (Islam), political regime (monarchy) and culture and traditions (Benbouziane and Benmar, 2010). They are also rich countries in terms of their oil resources (IFC, 2008), with Saudi Arabia being the largest oil exporter in the world. The GCC countries are classified by the World Bank as having high income (World Bank, 2013). They also enjoy rapid development of their capital markets (IFC, 2008).

According to the Organization for Economic Co-operation and Development (OECD) (2005, pp. 7-10) and Tricker (2009, p. 207), the characteristics of the corporate sector in the Middle East North Africa (MENA) region are as follows:

- Concentration of ownership by either families or the state, with strong family domination in private-listed companies, non-listed companies and small- and medium-sized enterprises (SMEs).

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- Family ownership and control, where leadership is usually provided by the head of the family, rather than the board; entrepreneurial decision-making is usually conducted by the family; and board selection and nomination decisions are also strongly driven by families, leading to strong family presence on boards.
- Debt financing often derived from bank loans rather than equity finance, which can also be explained by the dominance of family owners who want to maintain ownership and control; banking-sector equity investment, with banks holding significant shares in companies.
- Development of capital markets, where foreign participation has been limited, until recently, due to a recognised need to attract capital.
- Legal traditions and enforcement patterns, within which the GCC countries follow the common-law system and the legal system complies with religious rules and principles.
- Opaque communication
- Privatisation, which has started to increase intensively since the 1990s.

In the past few decades, corporate governance has become a major concern for investors. The main reason for this has been the corporate scandals that occurred in different countries all over the world, including: Enron and WorldCom in the USA, Nortel and Crocus in Canada, Parmalat and Royal Ahold in the European Union, Renong in Malaysia and HIH Insurance in Australia, as well as other scandals in the MENA region (Ho and Wong, 2001; Mitton, 2002; Gul and Leung, 2004; CSR, 2010). In addition, the Asian financial crisis drew more attention to corporate governance (Ho and Wong, 2001; Mitton, 2002; Gul and Leung, 2004), where weak governance was considered the main reason for the crisis.

Developing and emerging countries need effective corporate governance due to several reasons, amongst which structural problems are of major concern (Rabelo and Vasconcelos, 2002; Reed, 2002; Ahunwan, 2002; Tsamenyi *et al.*, 2007; Young *et al.*, 2008). Structural problems include:

- weak legal controls and investor protection;
- weak and illiquid stock markets;
- government intervention;
- economic uncertainty;
- high ownership concentration;
- state ownership;
- closely held family companies; and
- poor performance (Rabelo and Vasconcelos, 2002; Reed, 2002; Ahunwan, 2002; Tsamenyi *et al.*, 2007; Young *et al.*, 2008).

Several structural problems have already been addressed with reference to the corporate characteristics of MENA countries; therefore, due care should be given to enhancing and improving corporate governance in the MENA region, including the GCC countries. The benefits of improving corporate governance in the region should comprise enhancing the international competitiveness of the MENA economies, increasing and attracting both local and foreign investment and building domestic financial and capital markets (OECD, 2005). The GCC has already started to take steps towards developing and improving its corporate governance systems. This paper aims to discuss the development of corporate governance codes in the six GCC countries, and provide a comparison between them. The extensive overview of the development of codes provided in this paper will allow interested parties to evaluate the GCC corporate governance environment. In other words, different stakeholders, including investors and analysts, will be able to make use of this paper in their decision-making.

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The paper is divided into five sections: the next section discusses the international support provided to the GCC to help develop their codes, and this is followed by a summary of the codes in the GCC. The subsequent section provides a comparison between the corporate governance codes issued to non-financial companies in the six GCC countries, and this is followed by a comparison of the codes in the GCC to those of other countries in the MENA region. Finally, summary and conclusion are presented.

International support

Hawkamah, The Institute for Corporate Governance, was established in 2005 to help the MENA region overcome the governance gap by developing and implementing well-integrated corporate governance frameworks in the countries, as well as the companies in the MENA region. Hawkamah's objective is to "shape corporate governance practices and framework throughout the region by promoting the core values of transparency, accountability, fairness, disclosure and responsibility" (Hawkamah, 2011).

A joint report by Hawkamah and the Institute of International Finance (IIF) on the development of corporate governance codes in the GCC was identified in 2006 to be important due to four factors (Hawkamah–IIF, 2006):

1. capital-market regulators are using the recent price correction in GCC stock markets to "upgrade" corporate governance frameworks;
2. increased corporate activity by GCC corporations in international markets is contributing to improvements in private-sector standards, in line with international best practice;
3. the banking sector in the GCC has made a significant contribution, following undertakings by central banks to comply with Basel I and II requirements; and
4. the opening of GCC stock markets to foreign investors is expected to improve standards in GCC-listed companies, due to higher expectations from these investors.

The OECD has supported the MENA initiatives for the development of public governance and investment through a programme started in 2003. The MENA–OECD programme (OECD, 2005) sponsors development reforms that aim to enhance the investment climate, modernise governance structures and operations, strengthen regional and international partnerships and promote sustainable economic growth throughout the MENA region (www.oecd.org/mena). In 2005, according to Tricker (2009, p. 208):

> (T)he OECD has recommended the adoption of rules-based corporate governance because of the state of financial markets, the lack of experience, and poor corporate discipline. In other words, they call for legal and regulatory control not self-control by management, shareholders, and creditors.

In addition, among the initiatives that have helped in developing GCC corporate governance codes was the Global Corporate Governance Forum (GCGF), which was co-founded by the World Bank and the OECD. In 2006, the Forum produced a toolkit on how to craft, develop and implement corporate governance codes, and it was available in the Arabic language (IFC, 2008).

Efforts by international organisations are evident in the openings of the GCC codes. For example, the Bahraini code was revised by the International Finance Corporation (IFC) and the GCGF. The Kuwaiti code clearly states that it is based on the international best practices and the corporate governance principles issued by the OECD. Qatar also took into account international best practices such as the OECD principles, and the International Corporate Governance Network global governance principles.

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Country codes

The GCC corporate governance codes were developed using international best practices, as discussed earlier, as well as corporate governance principles. For example, the Kuwaiti code (Capital Standards Rating Agency, 2010, p. 6) mentions in its references that "CSR's corporate governance code includes principles and recommendations which are primarily based on international best practices and the corporate governance principles issued by the [OECD]".

Moreover, other MENA corporate governance codes were used in developing the GCC codes. For example, the Kuwaiti code refers to both international and MENA codes (CSR, 2010). The following paragraphs discuss the development of the corporate governance codes in each of the six GCC countries.

Oman

The Omani code of corporate governance, entitled "Code of Corporate Governance for MSM [Muscat Securities Market] Listed Companies" was the first to be issued in the region in 2002, and was then amended and replaced in 2003 (Oyelere and Al-Jifri, 2011). The code was issued by the Omani Capital Market Authority on a comply/explain basis, and is applied to all companies listed on the MSM. According to the code, listed companies are required to publish a separate section on corporate governance in their annual reports. The code comprises 28 articles. It has a suggested list of 11 items in Annexure 4 to be covered in the report on corporate governance. According to Oyelere and Al-Jifri (2011, p. 12), the Omani code provides "adequate coverage of the key disclosure issues of relevance in a market with a nascent disclosure culture".

The 11 items suggested in the Omani code are:

1. company's philosophy;
2. board of directors;
3. audit committee and other committees;
4. process of nomination of the directors;
5. remuneration matters;
6. details of non-compliance by the company;
7. means of communication with shareholders and investors;
8. market price data;
9. specific areas of non-compliance with the provisions of corporate governance, and reasons for this non-compliance;
10. professional profile of the statutory auditor; and
11. any other important aspects.

Saudi Arabia

In 2006, the Saudi Arabian Capital Market Authority (SACMA) issued a corporate governance code entitled "Corporate Governance Regulations in the Kingdom of Saudi Arabia". The code was amended in 2009, and is applicable to all listed companies on a comply/explain basis. The code recommends that corporate governance information be disclosed by all listed companies. In case of non-compliance with the code, listed companies must report the reasons to SACMA. The code was part of SACMA's efforts to overcome the severe losses that occurred in the market in 2006 (Hussainey and Al-Nodel, 2008). Hussainey and Al-Nodel (2008) argue that the code covers the main five principles of the OECD. It comprises 19 articles divided into five parts:

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1. preliminary provisions;
2. rights of shareholders and the general assembly;
3. disclosure and transparency;
4. board of directors; and
5. closing provisions.

Article 9 of the Saudi code, "Disclosure in the Board of Directors' Report", has only been mandatory for all listed companies since 2008. It states that in addition to what is stipulated by the listing rules in connection with the content of the report of the board of directors, which is appended to the annual financial statements of the company, the report shall include seven items:

1. the implemented provisions of these regulations, as well as the provisions that have not been implemented, and the justifications for not implementing them;
2. names of any joint stock company or companies in which a member of the company's board of directors acts as a member of its board of directors;
3. formation of the board of directors and classification of its members as follows: executive board member, non-executive board member or independent board member;
4. a brief description of the jurisdictions and duties of the board's main committees, such as the audit committee, the nomination committee and the remuneration committee, including their names, the names of their chairmen and members and the aggregate of their respective meetings;
5. details of compensation and remuneration paid to each of the chairmen, members of the board of directors, and the top five executives who received the highest compensation and remuneration from the company. The chief executive officer (CEO) and the chief finance officer must be included if they are not within the top five;
6. any punishment, penalty or preventive restriction imposed on the company by the authority, or by any other supervisory, regulatory or judiciary body; and
7. results of the annual audit of the effectiveness of the internal control procedures of the company.

The Saudi Arabian Monetary Agency (SAMA) issued its "Principles of Corporate Governance for Banks Operating in Saudi Arabia" in 2012. The code is recommended for banks and financial institutions. The code has six principles:

1. board members' qualifications;
2. board composition and appointment;
3. board responsibilities;
4. board committees;
5. rights of shareholders; and
6. disclosure and transparency.

United Arab Emirates

Efforts towards developing corporate governance codes in the UAE date back to 2004, when drafts were released by the Abu Dhabi Securities Market, and were then refined in 2005 (Foster, 2007). In 2006, The Emirates Securities and Commodities Authority (SCA) drafted the corporate governance code that was released in 2007 (Foster, 2007). The code was issued on a mandatory, comply/penalise basis starting from 30 April 2010; in other words, companies had three years (2007-2010) to adjust to the new regulations (Foster,

2007). Foster (2007) argues that the comply/penalise basis is needed for enhancing transparency and shareholder rights.

Finally, the SCA issued the most recent corporate governance code in 2009; this replaced the 2007 code (Hassan, 2009). The new code, entitled "Governance Rules and Corporate Discipline Standards", covers new issues of board structure and directors' duties and responsibilities, and it stipulates that the chairman and CEO role must be separated; board committees must appoint nomination and remuneration committees; internal controls must be implemented; external auditors must follow restrictions; and companies must provide governance reporting to shareholders and to the Emirates SCA. This code is applicable to all domestic non-financial companies listed on the securities market in the country, other than those that are wholly owned by the government. The code includes 16 articles. According to the code, a corporate governance report must be disclosed by companies, and cover all information and details in the code, in particular:

- the requirements and principles of completion of the corporate governance system, and their application;
- violations committed during the financial year, including their causes and the methods of remedy and avoidance of future occurrences; and
- method of formation of the board of directors in terms of member classes, terms of membership, means of remuneration fixation and remuneration of the general manager, executive director or chief executive.

The UAE Central Bank also issued "Corporate Governance Guidelines" for UAE Bank Directors in June 2009. The new 2009 corporate governance code is mandatory, meaning that if listed companies do not comply with it, they will be penalised. Penalties range from addressing a warning notice to the company to remove causes of violation, suspension of the company's security listing, delisting, suspension of the company's security listing or payment of a financial penalty.

The "Corporate Governance Code for Small and Medium Enterprises" was issued in 2011 by the Mohammed bin Rashid Establishment for SME Development (abbreviated as "Dubai SME") and Hawkamah. The code is recommended for all SMEs in Dubai. It includes nine corporate governance principles:

1. adopt a formal corporate governance framework outlining the roles of the key bodies, such as partners, shareholders, board of directors and management;
2. conduct a succession-planning process;
3. establish a timely, open and transparent flow of information with shareholders;
4. endeavour to set up a formal board of directors to accompany the growth of the company;
5. develop a clear mandate for the board of directors to oversee the operational performance of the business, as well as evaluate and improve business strategies;
6. maintain credible books of accounts, which are annually audited by an external auditor;
7. set up an internal control framework and conduct a regular review of risk;
8. recognise the needs of stakeholders; and
9. formulate a framework that sets out the family's relationship with the business.

Kuwait

According to the Hawkamah–IIF report published in 2006, the Kuwaiti corporate governance code began to be drafted from 2006, and was expected to be implemented in 2007. However, "CSR's Corporate Governance Code: Principles and Recommended Best

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Practices for Public Companies" was actually issued in 2010. It is applicable to listed companies, and comprises seven principles of corporate governance:

1. rights of shareholders;
2. ownership structure;
3. equitable treatment of shareholders;
4. role of stakeholders;
5. disclosure and transparency;
6. responsibility of the board; and
7. management effectiveness.

Appendix B of the code recommends eight major items for corporate governance disclosure:

1. the company's mission, vision and objectives, and its philosophy on corporate governance code, which includes the general governance structure, and compliance with and adherence to the corporate governance principles and recommendations;
2. board of directors;
3. composition, working procedure and nomination process of the audit, remuneration, nomination or any other specialised board committee;
4. executive management team;
5. communication policy for disclosure of information to shareholders and investors, whether financial or not;
6. description of internal control, as well as internal and external audits and risk-management procedures;
7. professional profile of the statutory auditor; and
8. any infringement of the stock exchange rules applicable to the company.

The code recommends that companies disclose a separate section on corporate governance in the annual report. Before the release of the Kuwaiti corporate governance code on a comply/explain basis in 2010 by the Kuwaiti Capital Standards Rating Agency, there were 12 provisions in the Company Law (15/1960) that reflected corporate governance practices. These provisions were minimal; they addressed issues only regarding board elections, terms of office and the minimum number of annual meetings (Al-Shammari and Al-Sultan, 2010).

Bahrain

According to the Hawkamah–IIF report published in 2006, the Bahraini corporate governance code began being drafted from 2006, and was expected to be implemented in 2007. However, again, the "Corporate Governance Code" was not issued until 2010. It was formulated by the Ministry of Industry and Commerce on a comply/explain basis, in cooperation with the Central Bank of Bahrain. The code is applicable to listed companies and financial institutions. It comprises nine principles of corporate governance:

1. the company shall be headed by an effective, collegiate and informed board;
2. the directors and officers shall have full loyalty to the company;
3. the board shall have rigorous controls for financial audit, internal control and compliance with law;
4. the company shall have rigorous procedures for appointment, training and evaluation of the board;

5. the company shall remunerate directors and officers fairly and responsibly;
6. the board shall establish a clear and efficient management structure;
7. the board shall communicate with shareholders and encourage their participation;
8. the company shall disclose its corporate governance; and
9. companies that refer to themselves as "Islamic" must follow the principles of Islamic Shari'ah.

Appendix E of the Bahraini code is considered relatively detailed with respect to the recommended items to be disclosed. The items are categorised into six major groups: ownership of shares; board, board members and management; committees; corporate governance; auditors; and other. The code recommends that corporate governance should be detailed as a separate section in the annual report. Before issuing the corporate governance code in 2010, the Commercial Companies Law was amended in 2001 to cover corporate governance issues such as identifying the board of directors' responsibilities, composition and voting rights (Hussain and Mallin, 2002, 2003).

Qatar

According to the Hawkamah–IIF report published in 2006, the corporate governance code in Qatar began being drafted from 2006, and was expected to be implemented in 2007. However, the "Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority" was not issued until 2009. Formulated by Qatar Financial Markets Authority, the code follows a comply/explain basis and is applicable to listed companies. The code comprises 31 articles divided into ten sections: preamble, definitions and scope; compliance with corporate governance; board of directors; internal controls; external auditor; disclosure; shareholder rights; stakeholder rights; corporate governance report; and code enforcement.

According to Qatar Exchange, the code is based on seven guiding principles:

1. commitment to good corporate governance;
2. commitment to proper company management, to include fiduciary duties, the role of non-executive directors, and independence of directors;
3. separation of power between chairman and CEO;
4. identification of conflicts;
5. transparent remuneration procedures;
6. audit guidelines; and
7. commitment to shareholders' rights, to include equitable rights, the right to call meetings and a protection mechanism for minorities.

Article 30 states that the board should prepare an annual corporate governance report signed by the chairman. This report must include the board's assessment of the company's compliance with the provisions of this code. It must be published, and include all information related to the application of the code, including 10 items:

1. procedures followed by the company in this respect;
2. any violations committed during the financial year, their reasons and the remedial measures taken, as well as measures used to avoid the same in the future;
3. members of the board of directors and its committees, and their responsibilities and activities during the year, according to the categories and terms of office of these members, and the method of determining the directors and senior executive managers' remuneration;

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4. internal control procedures, including the company's supervision of financial affairs, investments and risk management;
5. the procedures followed by the company in determining, evaluating and managing significant risks; a comparative analysis of the company's risk factors; and a discussion of the systems in place to confront drastic or unexpected market changes;
6. assessment of the performance of the board and senior management in implementing the internal control systems, including identification of the number of times when the board was notified of control issues (including risk management), and the way in which such issues were handled by the board;
7. internal control failures, or weaknesses or contingencies that have affected or may affect the company's financial performance, and the procedures followed by the company in addressing internal control failures (especially such problems as disclosed in the company's annual reports and financial statements);
8. the company's compliance with applicable market-listing and disclosure rules and requirements;
9. the company's compliance with internal control systems in determining and managing risks; and
10. all relevant information describing the company's risk-management operations and internal control procedures.

In 2008, Qatar Central Bank issued its "Corporate Governance Guidelines for Banks and Financial Institutions". The code has 11 sections: introduction; definitions; principles of the guidelines; shareholders; board of directors; executive management; internal audit; external audit; stakeholders; transparency and disclosure; and conclusion.

Comparison between GCC codes

A comparison between the six GCC corporate governance codes is shown in Tables I-X, with a different aspect addressed in each, as follows:

- an overview of the codes addressing non-financial companies is provided in Table I;
- board composition is discussed in Table II;
- independence of board members is compared in Table III;
- board training and development is addressed in Table IV;
- board committees are discussed in Table V;
- audit committees are compared in detail in Table VI (this is given its own table due to its importance);
- audit committee duties are addressed in Table VII;
- risk management is summarised in Table VIII;
- remuneration is discussed in Table IX; and
- corporate social responsibility is compared in Table X.

The ten tables focus on comparing the codes issued for listed non-financial companies for the purpose of consistency, as not all countries have different codes applicable to financial companies. A comparison of the codes of five countries (UAE, Saudi Arabia, Oman, Qatar and Bahrain) has been provided by Hawkamah (2010); a modified version is presented here, and it incorporates other comparison items, along with the Kuwaiti corporate governance code, which was not found in Hawkamah's comparison. A comparison of the ten tables is provided in detail in the following paragraphs.

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Table I Overview

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Name of code	Corporate governance code	Code of corporate governance for MSM-Listed companies	Corporate governance code for companies listed in markets regulated by the Qatar Financial Markets Authority	Corporate governance regulations in the Kingdom of Saudi Arabia	Governance rules and corporate discipline standards	CSR's corporate governance code: Principles & Recommended Best Practices for Public Companies
Date of publication	2010	2002	2009	2006	2009	2010
Organisation issuing the code	Ministry of Industry and Commerce, in cooperation with the Central Bank of Bahrain	Capital market authority	Qatar Financial Markets Authority	Capital market authority	Ministry of Economy and the Securities and Commodities Authority	Capital Standards Rating Agency
Legal status	Comply/explain basis	Comply/explain basis	Comply/explain basis	Comply/explain basis	Comply/penalise basis	Comply/explain basis

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Table II Board composition

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Non-executive directors	At least 50 per cent of the board should be non-executive	The majority of board members should be non-executive directors	The majority of board members should be non-executive directors	The majority of board members should be non-executive directors	The majority of board members should be non-executive directors	The majority of board members should be non-executive directors
Board independence	At least three independent directors. One-third should be independent in companies with a controlling shareholder	A minimum of one-third independent directors	A minimum of one-third independent directors	A minimum of one-third independent directors, or two members, whichever is greater	A minimum of one-third independent directors	A minimum of one-third independent directors, or two members, whichever is greater. One-third should be independent in companies with a controlling shareholder
Roles of the Chairman and CEO	Must be separate	Must be separate	Must be separate	Must be separate	Should be separate	Should be separate
Board size	Not more than 15 members	Not stipulated	Not stipulated	Not less than three, not more than 11 members	Not stipulated	Not stipulated
Meeting frequency per year	At least four times	At least four times	At least six times	Not stipulated	At least six times	At least four times
Nomination procedure	In nominating board members, the nomination committee should consider any criteria approved by the board, such as judgement, specific skills, experience with other comparable businesses, and the relation of a candidate's experience with that of other board members	The code lists characteristics that board members should possess. The board should review annually the skills needed by the board, and make recommendations on nomination on the basis of this review	There should be a formal, rigorous, and transparent procedure	The board has responsibility for setting specific policies, standards, and procedures for the membership of the board of directors	Not specified for board positions, but the remuneration committee is responsible for determining the necessary human resources for the company and the required qualified experts for the company's senior executive management determining the selection criteria	In nominating board members, the nomination committee should consider any criteria approved by the board, such as competence, knowledge, specific skills, and experience with other comparable businesses
Succession planning	At least annually, the board should review and concur on a succession plan, addressing the policies and procedures for selecting a successor to the CEO The succession plan should include an assessment of the experience, performance, skills, and planned career paths for possible successors to the CEO	Not stipulated	The board should ensure succession planning concerning the company's management	Not stipulated	Not stipulated	The board should draft and annually review the management succession planning and strategies with the CEO The CEO should provide recommendations and evaluations of potential successors to succeed the CEO and other senior management positions

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Table III Independence of board members

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Being former employees or senior executives	Employee or senior executive within the preceding one year	Senior executive within the preceding two years	Employee or senior executive within the preceding three years	Senior executive within the preceding two years	Senior executive within the preceding two years	Employee or senior executive within the preceding two years
Material business relationship directly or as a partner, shareholder, director, or senior employee of a body that has such a relationship	A financial relationship amounting to 31,000 BD within the preceding one year	Any relations with the company, its parent company, or its affiliated or sister companies which could result in financial transactions are entered into through open tendering or in the ordinary course of business	If the member or any one of the member's relatives has, currently or within the last three years, direct or indirect substantial commercial or financial transactions with the company An employee, board member, owner, partner or large shareholder of a consultant to the company (including the external auditor of the company)	Employee or holder of controlling interests in the preceding two years at an affiliate (auditor, supplier)	A financial relationship amounting to 5 per cent of paid-up capital or 5 million AED with the company, parent company, sister company, or allied company within the preceding two years A direct relationship with a company that provides consultation services to the company, or any parties related thereto An employee of any party related to the company during the last two years A relationship with a non-profit organisation that receives considerable financing from the company	Direct or indirect engagement as an auditor or supplier of goods and services to the company
Has received or receives additional remuneration from the company, apart from a director's fee	A financial relationship amounting to 31,000 BD (not counting director's remuneration) within the preceding one year	Not stipulated	Currently receiving, or has received during the last three years, substantial compensation from the company other than board fees	Not stipulated	Has a personal service contract with the company, or with any party related to the company or the executive management of the company	Not stipulated
Has close family ties with any of the company's advisers, directors, or senior employees	A family connection with 5 per cent ownership within the preceding one year	First-degree relative of any senior executive within the preceding three years	A relative of any senior executive. Substantial financial transactions by any relative up to the fourth degree	First-degree relative of a senior executive of the company or in a group company Related to any employee of auditor of the company, or any party related to the company within the preceding two years	First-degree relative of any senior executive within the preceding two years	Not stipulated
Represents a significant shareholder	Connected to a shareholder holding more than 10 per cent of voting shares within the preceding one year	Not stipulated	Connected to a shareholder holding more than 10 per cent of voting shares	Controlling interest in the company, or in a group company	Director's children have shared ownership of more than 10 per cent	Controlling interest in the company or in a group company
Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies	Not stipulated	Not stipulated	Employee of a legal entity, where a senior executive manager of the company, or any one of his relatives or any other person who is under the control of any of them, is a member of the board of directors, a senior executive, or a large shareholder (at least 10 per cent of voting shares) of that legal entity	Board membership in any group company	Not stipulated	Board membership in any group company within the preceding two years
Long board tenure	Serving more than six years is considered relevant to the determination of independence	Not stipulated	Board membership for more than 9 consecutive years	Not stipulated	Not stipulated	Not stipulated

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Table IV Board training and development

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Induction	The chairman of the board shall ensure that each new director receives a formal and tailored induction, which should include meetings with senior management, visits to company facilities, presentations regarding strategic plans, significant financial, accounting, and risk-management issues, compliance programs, its internal and independent auditors, and legal counsel	The company should arrange a process of induction for newly appointed directors, including some form of internal and external training, particularly in the areas of financial and legal affairs	The board shall put in place an induction program for newly appointed board members	The board shall put in place an induction program for newly appointed board members	Induction by management to brief new directors	Director training courses should be developed for new directors to increase their skills and knowledge New directors should be required to attend a corporate governance orientation program or training course offered by a reputed institution or trainer
On-going development	All directors shall continually educate themselves as to the company's business and corporate governance	Not stipulated	All directors are responsible for educating themselves as to the company's financial, business, and industry practices, as well as the company's operations and functioning Thus, the board should adopt a formal training program to enhance board members' skills and knowledge	Not stipulated	Development programs for all directors to improve their knowledge and skill are needed to ensure their efficient participation in the board	Director training courses should be developed to enable directors to continually increase their skills and knowledge
Board evaluation	The board should conduct an evaluation of its own performance, as well as the performance of its committees and its individual directors	Not stipulated	The chairman's duties include ensuring an annual evaluation of the board's performance The nomination committee should carry out an annual board self-assessment	Not stipulated	Not stipulated	The board and the board committees should annually self-evaluate the board's size, composition, organisation, tasks and performance, as well as the contribution made by each of its members and the chairman

Table V Board committees

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Audit	Yes	Yes	Yes	Yes	Yes	Yes
Nomination	Yes	Not stipulated	Yes	Yes	Yes	Yes
Remuneration	Yes	Not stipulated	Yes	Yes	Yes	Yes
Corporate governance	Yes	Not stipulated	Not stipulated	Not stipulated	Not stipulated	Yes
Risk management	Yes	Not stipulated	Not stipulated	Not stipulated	Not stipulated	Yes
Executive	Yes	Not stipulated	Not stipulated	Not stipulated	Not stipulated	Not stipulated
Investments	Not stipulated	Not stipulated	Not stipulated	Not stipulated	Not stipulated	Yes

Table I starts by providing basic information about the codes in terms of their name, year of issuance, issuing organisation and legal status. From Table I, it is clear that the first corporate governance code was issued in Oman in 2002 on a comply/explain basis. The most recent codes were issued in Kuwait and Bahrain. The UAE code is the only code that was issued on a comply/penalise basis, as discussed in detail in the previous section.

Table II discusses board composition, and it indicates that the six countries require the majority (or at least 50 per cent) of the directors to be non-executives, while also requiring separate roles for the CEO and chairman. All countries require at least one-third of the board members to be independent, except in Saudi Arabia and Kuwait, where the requirement is for a minimum of one-third or two members, whichever is greater. Bahrain and Saudi Arabia only determine the number of members on the board, where the other countries do not address this issue in their codes. Board meeting frequency varies between at least four times in Bahrain, Oman and Kuwait, and six times in Qatar and the UAE, while this is unspecified for Saudi Arabia. Nomination procedures are addressed in all six codes where the nomination committee is in charge of determining the selection criteria for board members. Finally, succession planning for the CEO and top management is stipulated only in the Bahraini, Qatari and Kuwaiti codes, where this area has to be reviewed annually with the CEO.

A detailed discussion on the definition of board independence is provided in Table III with respect to seven different criteria that violate board independence. The six codes require independence of the board members in terms of their being former employees or senior executives; the Qatari code is the strictest, as members must not have held these positions within the preceding three years, while codes issued in the rest of the countries determine a period of two years, except Bahrain which is the only one that defines a period of one year for board independence. Having a material business relationship directly or as a partner shareholder or senior employee of a body that has such a relationship has also been used by the six codes to define the independence of the board members, where the financial relationship amount is specified only in the Bahraini and UAE codes. Family connections are considered in relation to defining board independence in all codes, except in Kuwait, whereas board tenure duration is addressed only in Bahrain and Qatar, where the former specifies a maximum of six years and the latter nine. Holding a significant number of shares is also included in all countries' codes, except for that of Oman. Finally, cross-directorship is discussed only in Qatar, Saudi Arabia and Kuwait.

Table IV addresses board training and development; induction is discussed in all codes, while a variation exists with respect to on-going development and board evaluation. All codes except for those of Oman and Saudi Arabia recommend providing board members with development programs to increase their skills and knowledge. Board evaluation is required in the Bahraini and Kuwaiti codes, where the board should evaluate its own performance, as well as that of individual board members and the different committees. In Qatar, the nomination committee must conduct annual board self-assessments.

Board committees are addressed in Table V, where all countries require an audit committee to be formed, with variety in other committees' requirements, including nomination, remuneration, investment, risk management and executive and corporate governance

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Table VI Audit committee

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Composition	At least three members	At least three non-executive directors	At least three non-executive directors	At least three non-executive directors	At least three non-executive directors Board chairman cannot be a member	At least three non-executive directors
Independence	Majority independent	Majority independent	Majority independent (any person who is or has been employed by the company's external auditors within the last two years may not be a member of the committee)	Not stipulated	Majority independent	Majority independent
Committee chair	Independent non-executive director	Independent non-executive director	Independent non-executive director if the number of available independent board members is not sufficient	Not stipulated	Independent non-executive director	Independent non-executive director (should not be a member of any other committee)
Financial experts	Majority should be financial experts	At least one financial expert	At least one financial expert	At least one financial expert	At least one financial expert	At least one financial expert
Other	Non-board members (experts) can be appointed	Non-board members (experts) can be appointed if necessary	Non-board members (experts) can be consulted	Executive board members are not eligible for committee membership	Non-board members (experts) can be appointed in case no sufficient number of NEDs is available A former partner of the external audit office charged with the audit of the company's accounts may not be a member of the audit committee for a term of one year from the expiry date of his/her partnership capacity or any financial interest in the audit office, whichever is later	Not stipulated
Meeting frequency per year	At least four	At least four	At least four	Not stipulated	At least four	At least four
Terms of reference	Not stipulated	Brief description of terms of reference should be disclosed in the corporate governance report	Must be publicly disclosed	Not stipulated	Not stipulated	Not stipulated

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Table VII Audit committee duties

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Monitor the integrity of the financial statements	Yes	Yes	Yes	Yes	Yes	Yes
Monitor the effectiveness of the internal audit function	Yes	Yes	Yes	Yes	Yes	Yes
Recommend the appointment of the external auditor	Yes	Yes	Yes	Yes	Yes	Yes
Non-audit work carried out by the auditor	The audit committee should determine whether the auditor's independence was compromised by non-audit work The committee may establish a formal policy specifying the types of non-audit services that are permissible	The auditor shall not be allowed to provide non-audit services, which may affect their independence The board should adopt a policy on awarding consultancy work to the auditors	The external auditor shall not be contracted by the company to provide any advice or services other than carrying out the audit of the company	Audit committees should approve any activity beyond the scope of the audit work assigned to them during the performance of their duties	While conducting the audit, the external auditor shall not perform any technical, administrative or consultation services or works in connection with its assumed duties that may affect its decision or independence, such as performing a valuation of the company, or providing human resource services to the company for positions of heads of departments and above	The audit committee ensures that the external auditor performs no functions that are likely to impair their independence
Auditor rotation	Not stipulated	Every four years, with a two-year cooling off period	Every three years as a maximum	Not stipulated	Not stipulated	Not stipulated
Whistle-blowing	The board should adopt a "whistleblower" program, under which employees can confidentially raise concerns about possible improprieties in financial or legal matters	Not stipulated	The board should adopt a whistle-blowing mechanism, and ensure confidentiality and non-retaliation	Not stipulated	The audit committee should develop a whistle-blowing mechanism that ensures confidentiality	The audit committee should develop a whistle-blowing mechanism

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Table VIII Risk management

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Accountability	The audit committee should review risk-management systems	The audit committee should review risk-management policies	The audit committee should review risk-management systems	The board should establish, review and update the risk-management policy	The audit committee should review risk-management systems	The board should establish risk-management systems, whereas the audit committee should review and monitor their effectiveness
Other	Director's induction should include presentations regarding risk-management issues	Not stipulated	Not stipulated	Not stipulated	Not stipulated	Not stipulated
Internal audit risk management	The internal auditor's duties include a review of the adequacy and effectiveness of the company's risk-management process	Not stipulated	The internal auditor's duties include a review of the company's risk-management process	Not stipulated	Not stipulated	Not stipulated
Disclosure	The management discussion and analysis report, included in the annual report, should identify and comment on the management of principal risks and uncertainties faced by the business	The management discussion and analysis report, included in the annual report, should contain a discussion on risks and concerns	The corporate governance report should set out the procedure used in determining, evaluation and managing risks, a comparative analysis of risk factors, and a discussion of systems in place	Not stipulated	Not stipulated	Risk-management system and procedures should be disclosed

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Table IX Remuneration

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Remuneration committee	The remuneration committee should make recommendations on remuneration policies	The company should develop a transparent and credible policy for determining the remuneration of directors and key executives	The remuneration committee sets the remuneration policy for board members and senior executive management	The nomination and remuneration committee formulates remuneration policies	The nomination and remuneration committee formulates and reviews remuneration policies	The remuneration committee should make recommendations on a clear remuneration policy
Remuneration guidelines	All performance- based incentives should be awarded under written, objective performance standards that have been approved by the board and are designed to enhance shareholder and company value, and under which shares should not be vested and options should not be exercisable within the first two years of the date of award of the incentive	Performance-related elements should form a significant portion of the total remuneration package of the CEO, executive directors, and key executives	Remuneration shall take into account responsibilities and scope of the functions of the board members and executives, as well as the performance of the company Remuneration may include fixed and performance-related components, noting that such performance-related components should be based on the long-term performance of the company	When formulating remuneration policies, the committee should follow standards related to performance Remuneration includes salaries, allowances, profits and similar compensation, annual and periodic bonuses related to performance, long- or short-term incentive schemes, and any other rights in rem	Board members shall be awarded a percentage of net profit The company may pay additional expenses, fees, or a monthly salary in the amount fixed by the board In all cases, the remuneration shall not exceed 10 per cent of the net profit after deduction of depreciations, reserves and after distribution of dividends to shareholders of at least 5 per cent of the company's capital	The remuneration policy should cover all types of pay and remuneration, including salary, performance-related schemes (including share-based remuneration), pension schemes, severance pay, etc Management remuneration should be linked to the company's performance
Disclosure	The company should disclose Remuneration paid to each board member, divided into sitting fees and other remuneration (split between performance- and non-performance-based) Remuneration paid to each person in the executive management divided in each case into salaries, perquisites, bonuses, gratuities, pensions, and any other components Details of stock options and performance-linked incentives available to senior executives The remuneration policy	The company should disclose Details of remuneration paid to all board members and the top 5 senior executives individually, including salary, benefits, perquisites, bonuses, stock options, gratuity, and pensions Details of fixed component and performance- related incentives, along with the performance criteria Service contracts, notice period, and severance fees	The company should disclose The remuneration policy The method of determining the board and senior executives' remuneration should be disclosed in the CG report	The company should disclose Details of remuneration paid to the chairman, all board members, and the top 5 senior executives who have received the highest remuneration from the company. The CEO and the chief finance officer shall be included if they are not within the top five	The company should disclose: Means by which directors' remuneration is determined. Remuneration of the general manager	The company should disclose The remuneration of individual directors, divided into sitting fees and others (split between performance- and non-performance-based). Total remuneration paid to the executive management, including salaries, perquisites, bonuses, stock options, gratuities, pensions, and any other components Details of fixed remuneration component and performance-linked incentives, along with the performance criteria The remuneration policy
Shareholder approval	Shareholders should approve the remuneration policies and all performance-based incentive plans	Not stipulated	Shareholders should approve the remuneration policies	Not stipulated	Not stipulated	Not stipulated

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Table X Corporate social responsibility

Item	*Bahrain*	*Oman*	*Qatar*	*Saudi Arabia*	*UAE*	*Kuwait*
Code of ethics/conduct	The company should disclose whether the board has adopted a written code of ethical business conduct, and if so the text of that code and a statement of how the board monitors compliance	Not stipulated	The board should review and update professional conduct rules that set forth corporate values	The board should outline a written policy that covers a code of conduct for the company's senior executives and employees, compatible with the proper professional and ethical standards, and regulate their relationship with stakeholders The board should establish procedures for supervising this code and ensuring compliance	Companies are required to adopt rules of professional conduct that apply to their directors, managers, employees, and internal auditors	The board should establish and adopt a code of business conduct that states professional and ethical standards The code should be approved by the general assembly and disclosed to the public The board should also ensure that all of the company's operations are carried out in accordance with the company's code of conduct, and compliance should be monitored
Corporate social responsibility	Not stipulated	Not stipulated	The board should ensure that employees are treated fairly	It is the board's responsibility to formulate a written policy to manage stakeholder relationships While stakeholders are not defined, the code mentions suppliers and customers	Companies must apply an environmental and social policy towards the local society	The board should identify each group of stakeholders (internal and external) and recognise their rights The company should encourage employees to become involved in the process of corporate governance and motivate them to work efficiently for the company's benefit The company should adopt principles of corporate social responsibility with regards to the environment (if applicable) and other social issues
Charitable giving	Not stipulated	Not stipulated	Not stipulated	The board must outline a written policy on the company's contributions	Not stipulated	The company should be considerate of its social responsibility to ensure its contribution to sustainable economic development

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committees. The Omani code places great emphasis on the audit committee, while all other codes discuss nomination and remuneration committees in addition to the audit committee.

Because audit committees are considered a cornerstone in corporate governance, more details on this are discussed in Tables VI and VII, with respect to the committee structure and duties, respectively. All codes require the presence of at least three non-executive directors, where at least one of these should be a financial expert, except in Bahrain where the majority should be financial experts. The independence of the audit committee members is provided in all codes except the Saudi code; the majority of the members and the committee chair should be independent. Similarly, meeting frequency is set to a minimum of four meetings in all codes except that of Saudi Arabia. All codes include the following three duties of the audit committee: to monitor the integrity of the financial statements, as well as the effectiveness of the internal audit function, and to recommend the appointment of the external auditor. Whistle-blowing is discussed and recommended in all codes except in the Omani and Saudi codes. Finally, auditor rotation is determined in only two codes. In Oman, this rotation is stipulated as every four years, with a two-year cooling off period; in Qatar, this is every three years as a maximum.

Table VIII discusses the risk management requirements outlined in the six corporate governance codes. All codes require the audit committee to review the risk-management systems in place. Other comparison items included in Table VIII vary across the six codes. Internal auditor duties should include a review of the risk-management process according to the Bahraini and Qatari codes, whereas including risk management in the directors' induction program is required in the former code. Risk management processes and procedures should be disclosed in the annual report, according to the codes of Bahrain, Qatar, Oman and Kuwait.

Remuneration of the board members is compared in Table IX, where all codes require the remuneration committee to determine and formulate the remuneration policy by providing details on the guidelines. Moreover, it is required in all codes that companies should disclose information on the remuneration of the board members and senior management. Bahrain and Qatar require shareholders' approval of the remuneration policy.

Finally, Table X includes a discussion of the corporate social responsibility, which is addressed in all codes but the Omani one. The codes state that companies must have a written code of conduct or ethics. All but the Bahraini code recommend having social responsibility toward different stakeholders, while charitable giving is discussed in the Kuwaiti and Saudi codes.

Comparison between GCC codes and other codes

Countries in the MENA region are usually classified into three groups according to their economic status and performance (IFC, 2008; Sourial, 2004). The first group, the early reformers, includes Egypt, Jordan, Morocco and Tunisia. These countries started implementing economic liberalisation programs in the mid-1980s; they reduced their budget deficit and inflation, opened up their economies to foreign investments, privatised state-owned enterprises and liberalised their trade. The second group, oil exporters, includes those countries whose economies are heavily dependent on oil production and exportation (Sourial, 2004) – that is, the GCC countries. The last group includes countries that suffer from economic instability due to political reasons, including West Bank, Gaza and Iraq, and countries in the early reform stages, including Lebanon, Syria, Algeria, Sudan, Libya and Yemen. Countries in the third category have few or no securities markets (Sourial, 2004), are underdeveloped, and are dominated by very small companies (IFC, 2008). This section will compare between the GCC codes and the codes of the early reformers: Egypt, Jordan, Morocco and Tunisia, to help position the GCC in relation to other countries in the MENA region.

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When the GCC countries are compared to the early reformers, it is evident that several GCC countries have novel corporate governance codes, where the Jordanian code was issued in 2003 (Ministry of Industry and Trade and IFC, 2003), the Egyptian corporate governance code was issued in 2005 (EIoD, 2005), whereas the Tunisian code (IACE-CJM and CIPE, 2008) and Moroccan codes (National Commission on Corporate Governance, 2008) were published in 2008. On one hand, the Jordanian and Moroccan codes follow a comply/explain basis, which is similar to all GCC countries except the UAE. On the other hand, the Egyptian and Tunisian codes provide guidelines and recommendations. This means that the UAE has the strictest code, which uses a comply/penalise basis.

In terms of board composition, the Tunisian code states a preference that the CEO and chairman roles are separate, but in case one person fills both positions, the board is requested to account for this choice to shareholders. The same case is applicable in Egypt; however, shareholders should be notified about it in the annual report, and a non-executive vice chairman should be appointed. It is recommended to have separate roles in Morocco, but the posts can still be filled by one person. Jordan is as strict as the GCC about separating the two positions.

The board should comprise, in Tunisia, of one-third independent members as a minimum, whereas at least two members should be independent in Jordan. This is not the case in Egypt and Morocco, where a minimum number of independent board members is not specified in the codes. Accordingly, the six GCC countries seem to pursue more steps toward enhancing board independence, as per their codes. Board independence is defined in all codes except that of Egypt, while the financial relationship amount is not specified in Egypt, similar to the majority of GCC countries. This means that Bahrain is the strictest country in the region because it is the only one that defines the financial relationship, as discussed in the previous section. With respect to board tenure, the Tunisian code stipulates the maximum tenure length as three years, with the role being renewable only once, while the tenure length is six years in Bahrain. Egypt states that the tenure period for executive board members must not exceed three years, while in Jordan, this is set to between two and four years, and renewable for three additional terms. Morocco does not specify the tenure period, similar to the majority of GCC countries.

It should be noted that a unique point about the Tunisian code with respect to board composition is that it includes recommendations about age, in that one-third of the directors are preferred to be less than 40 years, and one-third to be more than 60 years. The reason for this is that it facilitates management by ensuring intergenerational alliances. Accordingly, there are clear guidelines in place on the diversity of Tunisian boards, which is a rarity compared to almost all other codes being addressed.

Board induction and training programs are required under the Jordanian and Moroccan codes, as in all GCC countries. The board is required to meet at least four times per year in Egypt and Jordan, while this is set as at least once in Morocco. Accordingly, Qatar and the UAE require the highest meeting frequency at six times; this is to facilitate sustained board communication, which can have a positive impact on the company.

The audit committee is discussed in depth in all codes, due to its importance and the core role it plays in corporate governance. Egypt and Tunisia define the minimum number of members to be three non-executive directors; this is the same as all GCC codes except that of Bahrain. The Jordanian and Moroccan codes mention that the majority should be independent members, which is in line with all GCC codes except that of Saudi Arabia. This proves that all countries in the MENA region are aware of the importance of the audit committee, and believe that it should be present. Egypt specifies the meeting frequency of the audit committee to be at least four times per year, which is the same as all GCC codes except that of Saudi Arabia. According to the Moroccan code, the audit committee should meet at least twice a year. No meeting frequency is stipulated by the Jordanian or Tunisian codes. The Jordanian code is the only one among the early reformers that has a

whistle-blowing policy, while this is required in the majority of the GCC codes. Accordingly, the GCC codes are generally stricter than the early reformers with respect to the audit committee, as they include more details about the committees' structure, experience and meeting frequency.

All codes clearly mention that nomination and remuneration committees are recommended to be present, either as one committee or two separate committees, except in Egypt where, similar to Oman, these committees are not included in the codes. Risk management is required in all codes; in Jordan, a risk management committee is stipulated, as is also the case in Bahrain and Kuwait. All codes, including the GCC and early reformers' codes, require disclosure of the directors' remuneration; however, this is not the practical case in Egypt (Shehata and Dahawy, 2014) or in the GCC (Shehata, 2013). Finally, all of the early reformers' codes mention corporate social responsibility in separate sections. Thus, it is clear that the GCC, as well other countries in the MENA region, appreciate the importance of corporate social responsibility.

Summary and conclusion

This paper provided an overview and in-depth discussion of all corporate governance codes issued in the GCC countries to date. The Omani code, "Code of Corporate Governance for MSM Listed Companies" was issued in 2002 and amended in 2003. The Saudi Arabian code, "Corporate Governance Regulations in the Kingdom of Saudi Arabia" was issued in 2006, while another code for banks in the country was issued in 2012, entitled "Principles of Corporate Governance for Banks Operating in Saudi Arabia". The UAE has three codes: "Governance Rules and Corporate Discipline Standards" was issued in 2009 for all listed non-financial companies, while "Corporate Governance Guidelines" was also issued in 2009 for UAE bank directors and "Corporate Governance Code for Small and Medium Enterprises" was issued in 2011 for SMEs. The Qatari corporate governance code, "Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority", was issued in 2009, while another code, "Corporate Governance Guidelines for Banks and Financial Institutions" was previously issued in 2008. Lastly, the Kuwaiti code, "CSR's Corporate Governance Code: Principles and Recommended Best Practices for Public Companies", as well as the Bahraini code "Corporate Governance Code" were both issued in 2010.

The paper provided a comparison between the GCC corporate governance codes, which helps to clarify areas of similarities and differences between the points covered and required by each code. Similarities exist in several items, including board compositions and audit-committee requirements, whereas major differences are found in relation to corporate social responsibility. Moreover, a comparison between the GCC codes and those of other countries in the MENA region – that is, the early reformers group including Egypt, Jordan, Morocco and Tunisia – was also presented. The MENA region's codes of corporate governance are more recent compared to those of developed countries such as the UK, where the Cadbury report was first issued in 1992. This implies that there is still much to be done in the MENA region, including the GCC, to reach the current status of corporate governance found in developed countries. However, the fact that these countries are starting to recognise the importance of corporate governance, as discussed earlier, shows that the region is going in the right direction towards further improvements, where the issuance of new legislation within the codes is considered the first step. Even though there is a lack of current research that assesses corporate governance in the GCC empirically, providing a detailed discussion on corporate governance development would help shape future research with respect to those countries.

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