

The Board Evaluation Paradox: Why Compliance Won't Save You in a Transforming Region

Moving from a tick-box exercise to a strategic lever for performance in the Middle East.

In boardrooms across the GCC, a familiar annual ritual is underway. A questionnaire circulates, directors dutifully complete it, and the results—invariably positive—are noted and filed. The compliance box is ticked, and the board moves on.

This is the board evaluation paradox. We conduct them to fulfill regulatory requirements, yet we often fail to use them for their most critical purpose: **survival and growth**.

In a region undergoing the most ambitious economic transformation in a generation—from Saudi Vision 2030 to the UAE's drive for a new economic model—boards are being asked to do the impossible. They must oversee rapid expansion into new sectors, navigate volatile global markets, and refresh their own capabilities at unprecedented speed. In this context, a "ceremonial" board is a liability. And a tick-box evaluation is not just a missed opportunity; it's a strategic risk.

The Shams Infrastructure Co Syndrome: A Familiar Story

Consider the fictional, yet representative, case of **Shams Infrastructure Co**. On paper, their board is exemplary: a mix of family founders, institutional investors, and international experts. Their annual internal evaluations show "strong strategic oversight" and "high collegiality." On the surface, all is well. But beneath the surface, tensions simmer. A major acquisition is underperforming. Two directors are silent participants. ESG oversight is reactive. Younger executives whisper that the board feels "ceremonial." This is the reality check that compliance-driven evaluations fail to capture.

The debate at the Shams board table is one playing out across the region. The Chair, a long-serving veteran of 12 years, fears that external scrutiny will "damage trust" in a culture that values respect and consensus. The founding shareholder asks, "We are compliant. Why complicate it?" Meanwhile, the independent director argues that without independent facilitation, "difficult issues never surface."

This tension—between polite collegiality and necessary challenge—is the central governance challenge for Middle Eastern boards today.

The Cost of "Polite Culture"

High collegiality is often celebrated as a strength, but in a governance context, it can be a mask for underperformance. When everyone is "too polite" to question the Chair's assumptions, challenge a dominant shareholder's priorities, or admit that a long-serving director's skills are now obsolete, the board fails in its primary duty: to provide constructive challenge.

An effective evaluation should not be a happiness survey. It should be a diagnostic tool that uncovers:

- **The Quality of Debate:** Is there genuine cognitive conflict, or just polite nodding?
- **Contribution Gaps:** Who is contributing, and who is coasting?
- **Future-Proofing:** Do we have the right skills for the strategy of tomorrow, or are we anchored to the skills of yesterday?

When evaluations fail to surface these issues, they reinforce the status quo. They allow boards to remain comfortably misaligned with the strategic reality their executives face every day.

From Compliance to Strategy: Redesigning the Process

So, how do we transform evaluations from a backward-looking compliance exercise into a forward-looking strategic lever? It requires a fundamental shift in ownership and design.

1. Own the "Why" Before the "How" (And What If They Are the Problem?)

Who owns the evaluation? In too many organizations, it is owned by the secretariat or the compliance officer—a process manager rather than a performance driver. True transformation requires ownership at the highest level: the Chair and the Nomination Committee must frame the evaluation as a strategic review of the board's "fitness for purpose."

But this raises a difficult question: **What if the Chair or the Nomination Committee is the problem?**

In boards where a long-serving Chair has become complacent, or where the Nomination Committee acts as a gatekeeper for the status quo rather than a champion of refreshment, assigning them ownership can actually deepen the dysfunction. This is the "Shams Dilemma": the Chair resists external reviews, while the nomination committee hesitates to link evaluation results to director reappointment.

So, who drives the process when the drivers are the obstacle?

This is where the distinction between process ownership and structural safeguards becomes critical.

- **If the Chair is the barrier:** The Senior Independent Director (SID) or Lead Independent Director must step up, empowered to lead the Chair's own performance review and advocate for external facilitation.

- **If the Nomination Committee is entrenched:** A subset of independent directors can form an ad-hoc committee to oversee a special external review, reporting directly to the full board.
- **If the entire board is captured:** Minority shareholders and institutional investors become the de facto drivers, using AGM questions to force a board to confront what it has ignored internally.

If the process owners are unwilling to look in the mirror, someone else must hold it up for them.

2. Move from Checklists to Dynamics

Stop asking questions like "Are financial reports reviewed adequately?" (a compliance question). Start asking:

- "Does the board challenge management's assumptions on new market entries?" (a strategic contribution question).
- "Does the board have the courage to address disruptive behaviors by individual directors?" (a cultural/dynamics question).
- "What single skill are we missing to oversee our digital transformation?" (a future-skills question).

3. Embrace the Discomfort of External Facilitation

When is an external review not optional? It becomes necessary when internal dynamics prevent honest conversation. A skilled external facilitator is not there to "damage trust"; they are there to create a safe space where difficult issues can be surfaced without political fallout. They can ask the questions that peers cannot. As the Shams case highlights, without that independent voice, boards risk becoming echo chambers.

4. Close the Loop: Link Evaluation to Action (and Consequences)

This is the hardest part. An evaluation is meaningless if its findings don't influence director succession, skills-based refreshment, and even reappointment decisions.

- If the evaluation reveals a gap in digital or sustainability expertise, the Nomination Committee must act.
- If it reveals that a director no longer contributes meaningfully, the Chair must have a difficult conversation.
- If the process is captured by dominant shareholders, the independent directors must push back.

An evaluation that leads to no change is worse than no evaluation at all—it creates an illusion of rigor while masking decay.

The Question for Every Board

As you prepare for your next AGM and your next evaluation cycle, ask your fellow directors a version of the question facing Shams Infrastructure Co: **Are we using our evaluation to simply confirm our own excellence, or are we using it to expose our weaknesses so we can grow?**

In a region building for the next fifty years, the boards that thrive will be those brave enough to look in the mirror—honestly and with the help of an independent lens—and act on what they see.

Compliance gets you a tick in the box.

Strategy gets you a seat at the table of the future.

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