

Strengthening SME Growth Through Good Governance

July 2025

In-Person Roundtable Discussion & Networking Session 4th July 2025 | 10:00 – 11:30 AM | At Chalhoub Green House, Dubai

Pearl Initiative, in partnership with the Chalhoub Greenhouse, hosted an exclusive in-person Round Table Discussion and Networking Session for SMEs titled 'Strengthening SME Growth Through Good Governance.'

This roundtable brought together senior leaders from accelerators and founders to explore how corporate governance can support SME growth and long-term sustainability.

The discussion focused on how building governance early on can help SMEs establish credibility, attract investors, manage risks, and build operational efficiencies needed to scale sustainably.



The facilitated interactive session focused on the sharing of experiences, challenges, and practical insights on embedding governance into day-to-day operations. Below are the key insights from the session:

Understanding Governance

- Governance is the structure and processes that support clarity, accountability, and effective decision-making within an organisation.
- It is less about control and more about defining roles, responsibilities, and communication especially between co-founders, teams, and investors.
- Many early-stage SMEs lack a shared or practical understanding of governance, often relying on ad hoc systems until external demands arise (e.g., fundraising or partnerships).



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Importance of Early Governance and Non-Negotiables

- Early implementation of governance frameworks, even in a minimal form, can prevent confusion and conflict, especially in high-growth or high-pressure environments.
- While formal structures (e.g., boards or shareholder agreements) might seem premature at early stages, basic rules of engagement, roles, and responsibilities are essential.
- Delay in governance until later in the growth stage can lead to credibility issues and operational inefficiencies.
- Encouraging a mindset shift is essential, where governance needs to be seen as a tool for clarity and resilience rather than a constraint.
- It is important that founders have clarity on roles, responsibilities, and equity distribution, documented in founder or co-founder agreements.
- Operating models and internal policies, even if basic, should be in place to handle finances, operations, and decision-making.
- Data tracking, regular reporting, and clear documentation are essential to demonstrate readiness and build investor trust.

Common Governance Challenges & Barriers

- Founders often resist governance due to perceived complexity, cost, or time constraints.
- Governance is often confused with bureaucracy and avoided until necessary, leading to rushed or inadequate frameworks later.
- Lack of awareness, and prioritization of speed over structure often delays the adoption of good governance practices.
- The personal and relational dimensions of governance, such as trust, communication, and consistency are as important as policies.
- Total absence of governance structures can lead to internal conflicts and internal disagreements due to lack of clear processes, authority, and operational decision-making.



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Evolving Governance with Growth

- Governance must be flexible and adaptable, evolving as the business scales. Governance structures need to move from basic informal processes to formal structures, processes, policies, documentation, and reporting.
- There is a strong need for scalable models that grow with the business without hindering innovation.
- Governance should reflect the company's operational maturity and not be treated as a one-size-fits-all solution.

What can support a stronger uptake of corporate governance amongst SMEs

- Incubators and accelerators can play a more proactive role in introducing governance early, alongside other capacity-building efforts.
- Need for mentorship and tools that help demystify governance and embed it into the SME ecosystem.
- Need for corporate governance roadmaps and toolkits tailored to the needs of SMEs.