



PEARL INITIATIVE | GOVERNANCE IN TECH PROGRAMME

# GOVERNANCE FOR GROWTH

## A MATURITY MODEL

AUGUST 2025





## WHY THIS MATTERS NOW

According to MAGNITT's 2024 MENA Venture Investment Summary, the UAE saw over \$1.2 billion invested across 145 tech startups. While capital is flowing, founders and boards are increasingly being held to higher standards by investors who seek not just growth, but resilience, transparency, and strategic foresight. The presence of formal governance structures is becoming a precondition for securing late-stage funding and international expansion.

# GOVERNANCE AS A CONTINUUM

Governance in tech companies is not one-size-fits-all. What works for a bootstrapped startup is not sufficient for a firm navigating international compliance or managing a board of directors. Instead, it must grow in layers, aligning with the company's size, complexity, sector, and strategic objectives.

**The Governance Maturity Model** below identifies three stages:

FOUNDATIONAL

MATURING

ADVANCED

**Each stage is mapped across six key dimensions:**

1. Decision-Making Structures
2. Roles and Accountability
3. Policies and Controls
4. Founder and Shareholder Agreements
5. Transparency and Reporting
6. Risk and Compliance

# GOVERNANCE MATURITY MODEL FOR TECH COMPANIES

DIMENSION	FOUNDATIONAL	MATURING	ADVANCED
<b>Decision-Making Structures</b>	Informal or founder-led. Decisions made ad hoc.	Emergence of leadership teams and operational roles. Decision rights start to be defined.	Functional governance bodies such as a Board of Directors or advisory board. Clear decision-making hierarchies.
<b>Roles and Accountability</b>	Co-founders juggle multiple roles with blurred boundaries.	Job descriptions, accountability matrices, and role clarity introduced.	Performance-linked roles, senior leadership succession planning, and stakeholder accountability embedded.
<b>Policies and Controls</b>	Few to no written policies. Reliance on founder discretion.	Key policies such as expense approval, data access, and hiring developed.	Formal internal controls, regular audits, ESG-linked policies, and compliance mechanisms.
<b>Founder and Shareholder Agreements</b>	Minimal or template-based agreements. No equity vesting.	Founders revisit and professionalize agreements, equity vesting and cap table clarified.	Fully structured shareholder agreements, anti-dilution clauses, and conflict resolution protocols.
<b>Transparency and Reporting</b>	Little to no reporting outside core team.	Internal reporting structures introduced. Metrics discussed with investors.	Standardized reporting across teams. Regular investor updates and ESG disclosures.
<b>Risk and Compliance</b>	Risks handled reactively. No compliance framework.	Risk registers, insurance, and some regulatory compliance in place.	Proactive risk management. Regional and global compliance mapped. Dedicated internal legal or compliance function.

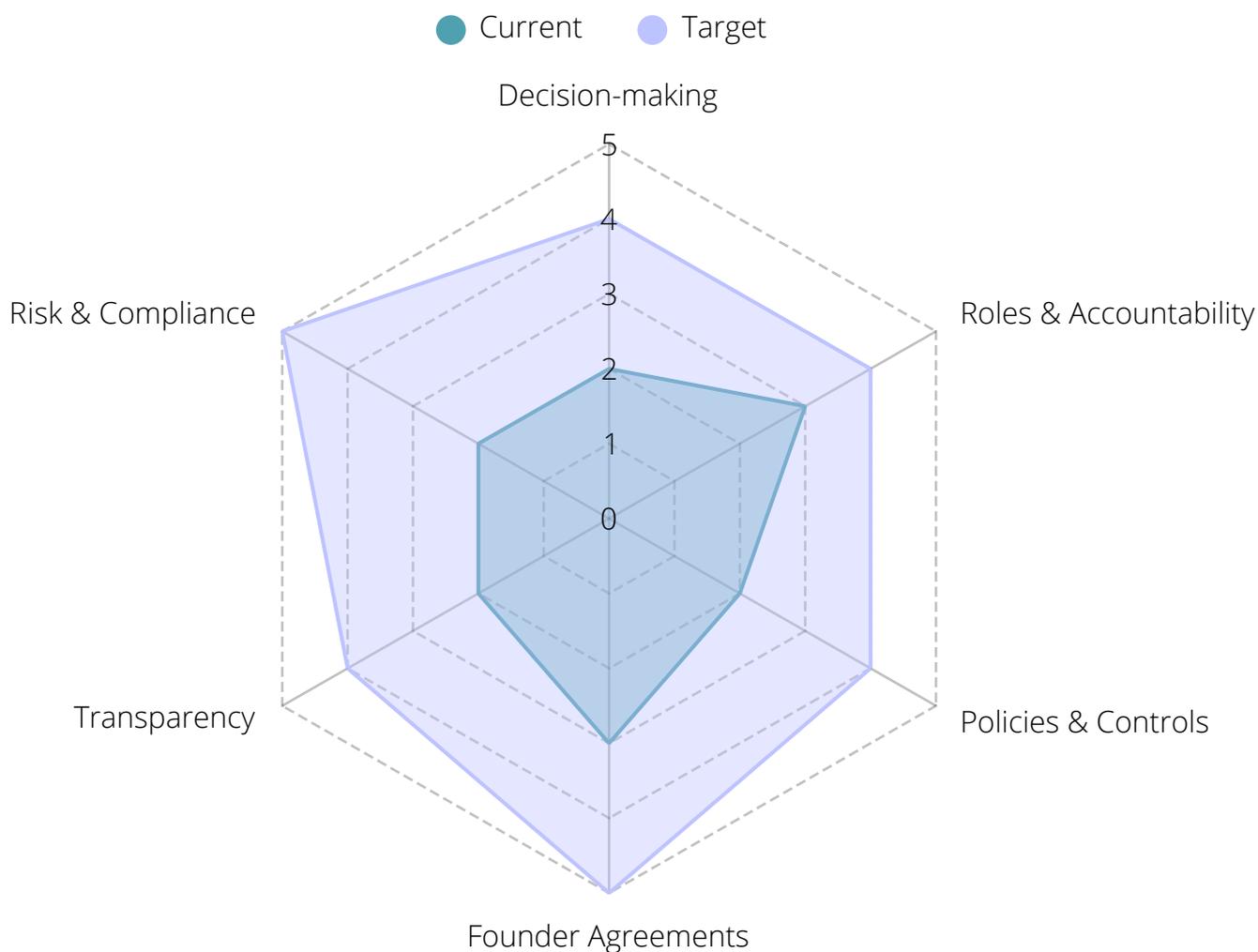
# USING THE MATURITY MODEL

This model can be used as a diagnostic tool for tech founders, investors, and boards. Companies do not need to tick every box in a stage before progressing, nor is progression always linear. The point is not perfection, but preparedness.

More importantly, this model invites a mindset shift: governance is not about imposing bureaucracy, but about designing the guardrails that keep innovation moving in the right direction.

## GOVERNANCE READINESS RADAR

A side-by-side view of a hypothetical company's current versus target governance maturity across six key dimensions. A useful diagnostic to identify priority areas for development.



# GOVERNANCE READINESS INDEX

The following index can be used by **startups** and **scaling tech firms** to self-assess their governance maturity. The scorecard is best completed by the leadership team and can be revisited every 6 to 12 months as the company grows.

**For each statement below, rate your organization from 1 (strongly disagree) to 5 (strongly agree).**

## A. Strategy and Decision-Making

1. Our company has a clearly defined vision and mission that informs strategic decisions.
2. Decision-making roles and responsibilities are clearly documented and understood.
3. Strategic decisions are made collaboratively, not solely by founders.

1	2	3	4	5
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## B. Role Clarity and Leadership

1. Each team member has a clear job description and reporting line.
2. Founders have begun delegating operational responsibilities to team leads.
3. There is a structured performance review process in place.

1	2	3	4	5
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## C. Foundational Documents and Agreements

1. We have a signed founder agreement that outlines equity, roles, and conflict mechanisms.
2. We maintain an up-to-date cap table and understand our equity structure.
3. Shareholder rights, dilution clauses, and exit terms are documented.

1	2	3	4	5
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## D. Internal Policies and Controls

1. We have written policies for key areas such as expenses, hiring, and data access.
2. There are internal financial controls in place, including approval workflows.
3. We track and review key performance indicators regularly.

1	2	3	4	5
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## E. Risk and Legal

1. Our company is compliant with all local licensing and registration requirements.
2. We have identified major operational and legal risks and taken steps to mitigate them.
3. We have access to legal counsel when needed (internal or external).

1	2	3	4	5
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## F. Transparency and Reporting

1. We prepare monthly or quarterly reports that are reviewed by leadership.
2. Investors receive regular updates on performance and key developments.
3. We are transparent about challenges and setbacks within our team and with stakeholders.

1	2	3	4	5
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## SCORING

- **18-35:** Foundational
- **36-54:** Maturing
- **55-90:** Advanced

**Note:** This is a directional tool, not a prescriptive one. Low scores in certain areas may reflect early-stage realities rather than poor governance. The goal is to track progress and identify areas for improvement.

# INTERPRETING YOUR GOVERNANCE READINESS SCORE

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Governance is not a fixed destination but a spectrum, one that reflects the unique journey of each tech company, shaped by its business model, growth stage, sectoral risks, and leadership approach. **The Governance Readiness Index (GRI) is designed to help founders and leadership teams take stock of where they currently stand in that spectrum, not in comparison to others, but in comparison to their own strategic needs and future ambitions.**

A high score is not the only sign of a healthy governance culture. A low score does not mean failure. Rather, the GRI should be treated as a self-awareness tool, a snapshot that highlights strengths, reveals gaps, and serves as a starting point for intentional action.

If your responses showed **low agreement** across multiple areas, this likely indicates your company is still operating in a founder-driven, informal setup where decision-making and controls are intuitive rather than structured. This is entirely normal in early stages and should not be perceived as a problem, but rather a prompt for prioritisation as your venture begins to grow, take on investors, or face regulatory scrutiny.

If your score reflected **middle-range maturity**, your governance model may be partially developed, some policies exist, founder agreements may be signed, and teams are forming, but key risks may remain unaddressed. You are likely in the transition phase where operational complexity is increasing faster than structure, and putting systems in place can reduce internal friction and prepare for scale.

A **higher score** suggests that you've started formalising your governance practices and embedding them across the organisation. Perhaps you've begun investor reporting, clarified cap tables, or created early board mechanisms. The challenge at this stage is to institutionalise governance in a way that is not founder-dependent, building a resilient structure that can withstand scale, market shifts, and leadership transitions.

The **roadmap** that follows offers a practical set of priorities and guidelines depending on your GRI score. While each company's journey is unique, these tiers provide a baseline for action and help ensure that governance evolves not as a static checklist, but as a dynamic driver of sustainable growth.

# GOVERNANCE ROADMAP

## Total Score Guide:

- 18–35: Foundational Stage
- 36–54: Maturing Stage
- 55–90: Advanced Stage

Each stage has specific recommendations across the six governance dimensions to help the company progress to the next level.

## IF YOUR SCORE IS 18-35 (FOUNDATIONAL STAGE)

**General Priority:** Establish core governance structures and formalize key decisions and agreements.

### ACTION PLAN

Dimension	Key Next Steps
Decision-Making Structures	Define roles clearly among founders. Begin documenting key decisions.
Roles & Accountability	Create basic job descriptions and assign clear responsibilities.
Policies & Controls	Draft essential policies: expense approvals, hiring, and data access.
Founder & Shareholder Agreements	Sign a simple founder agreement covering equity, roles, and exit terms.
Transparency & Reporting	Start monthly internal updates. Share basic metrics with early stakeholders.
Risk & Compliance	Register formally. Ensure licenses are up to date. Identify 2-3 key risks.

**Quick wins:** Founder agreement, Cap Table clarity, hiring policy draft, recurring internal check-ins.

## IF YOUR SCORE IS 36-54 (MATURING STAGE)

**General Priority:** Strengthen operational governance and prepare for external stakeholder engagement.

### ACTION PLAN

Dimension	Key Next Steps
Decision-Making Structures	Establish a leadership team with defined decision-making protocols.
Roles & Accountability	Build an accountability framework. Conduct regular performance reviews.
Policies & Controls	Expand to include data protection, procurement, and conflict of interest policies.
Founder & Shareholder Agreements	Review existing agreements, add vesting clauses and investor protections.
Transparency & Reporting	Implement structured reporting dashboards. Share quarterly updates with investors.
Risk & Compliance	Conduct a basic risk assessment. Engage part-time legal/compliance advisor.

**Quick wins:** Internal controls checklist, investor update templates, updated founder/shareholder terms.



## IF YOUR SCORE IS 55-90 (ADVANCED STAGE)

**General Priority:** Institutionalize governance and align with global standards for scale and sustainability.

### ACTION PLAN

Dimension	Key Next Steps
Decision-Making Structures	Establish a functioning board or advisory council. Consider board committees.
Roles & Accountability	Build a succession plan. Tie leadership performance to OKRs or KPIs.
Policies & Controls	Formalize an internal control framework. Conduct audits. Align with ESG goals.
Founder & Shareholder Agreements	Introduce exit, dilution, and dispute mechanisms. Comply with investor terms.
Transparency & Reporting	Publish ESG reports or impact metrics. Create a data room for due diligence.
Risk & Compliance	Implement regulatory mapping. Train team on compliance and cybersecurity.

**Quick wins:** Forming an advisory board, external compliance review, ESG/impact reporting framework.

## TREATING GOVERNANCE AS A QUARTERLY SPRINT

**Use your GRI score as a baseline, then:**

- Pick **1-2 dimensions to improve** every quarter.
- Assign ownership across the leadership team.
- Reassess every 6-12 months using the GRI to track progress.

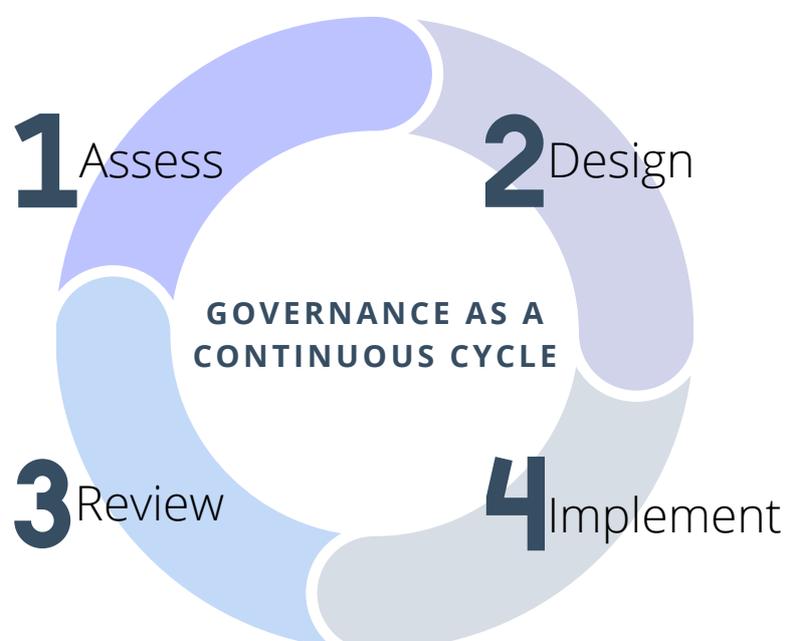
# CONCLUSION

As the GCC continues its rapid digital transformation and positions itself as a regional hub for technological innovation, the governance practices of its tech companies must keep pace. In an era defined by scale, speed, and shifting regulatory expectations, the presence of robust governance frameworks is no longer a luxury or a late-stage priority; it is a prerequisite for long-term success.

This maturity model serves as both a diagnostic and a developmental tool, offering tech founders, boards, and ecosystem enablers a structured way to assess progress and identify areas for strategic improvement. By embedding governance from the outset and evolving it as the company scales, tech leaders can mitigate risks, build investor confidence, and create companies that are not only agile, but also accountable.

The Pearl Initiative remains committed to supporting the region's technology sector in fostering a culture of ethical, resilient, and forward-looking governance. We invite startups, scale-ups, investors, accelerators, and policymakers to engage with this model, adapt it to their realities, and contribute to a broader movement where innovation is matched by integrity.

In the journey from prototype to IPO, governance is the scaffolding that enables growth without collapse. When designed thoughtfully and applied consistently, it transforms from a burden into a strategic advantage, helping founders not only build fast, but build right.



# CONTACT US

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