



Corporate Leaders Conference

2017

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President's Message

David Changaz

President

Advanced
Accounting LLC



Let me take the opportunity and welcome you all to the Corporate Leaders Conference 2017. I hope the conference has met the expectations of our distinguished participants -- the young emerging leaders. This conference, affirmatively, is an enormous turning point for business-related and management-related staff in terms of engaging at a series of dialogues on related topics, listening to unique experience, and servicing a healthy platform so that the participants can enrich their network for probing collective opportunities and mutual cooperation in the future and get a perceptive outlook of corporate leadership.

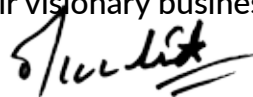
Today the Corporate Leaders are grappling with diverse rigors and challenges in Afghanistan. A business leader must increase business value through acquiring set of skills in the field of management and leadership for exploiting current business opportunities. In order to have effective role, the corporate leaders should understand and interpret the business environment in which they operate, and then integrate integration of the interests of multiple stakeholders in the business. It is also involving a state of constant learning -- the desire to acquire knowledge, and new practices.

Corporate leaders have a critical responsibility for the direction and successful operation of all business units within their organizations by overseeing its operations and plotting its strategies in the future. They have to think and act smart and innovatively about how their company can craft sustainable business values. For them in order to achieve extra ordinary results, they have to instill the quality of extra ordinary performance at fore hand. Corporate leaders demonstrate strength, perseverance, business acumen and innovative leadership. "Leaders have self-awareness, self-regulation, motivation, empathy, and social skills," writes David Goleman in his "Harvard Business Review" article titled, "What Makes a Leader?"

After all, it is said true, heavy is the head that wears the crown.

I would like to share my sincerest appreciation to all our delegates, the top-level management, speakers, sponsor and supporting partners for their untiring efforts in making this conference a success.

We profoundly believe that such conferences can pave the way and contribute in the growth of the existing business market in the country and send forth a platform for our young promising leaders in bring about their visionary business ideas both in theory and practice.



David Changaz
President Advanced
Accounting LLC

About Advanced Accounting LLC and IBS

We are proud initiators of activities such as Colloquium on Accounting, Young Leaf, Corporate Leaders Conference and Afghan Girls Debating Project. Each activity has significance of their own. The scope of activities varied from finance, management, social innovation, social change, peace building, debating, negotiation to role modeling.

Since 2001 - New York, USA

Since March 2016 - Kabul Afghanistan

- Audit and Assurance Services
- Advisory Services
- Strategic Communication
- Training and Development
- Business Development Services
- Event management

Advanced Accounting L.L.C is a U.S-based accounting and audit firm that has been serving clients for more than a decade in the United States of America and Canada. With a team of experienced staff, Advanced Accounting L.L.C. launched its Kabul branch in March 2016, which has been serving the market in the fields of Audit, Advisory, Event Management and Training & Development.

Institute of Business Studies (IBS) is our capacity building program which offers ACCA, FIA and other finance, management and accounting courses based on practical approaches. IBS also provides different workshops, seminars, events and conferences in areas of Accounting, Finance, Management and Leadership.



Our Initiatives:

- Corporate Leaders Conference 2017
- Colloquium on Accounting 2017
- Afghan Girls Debating Project
- Young Leaf
- Volunteer Workshops and Seminars



About Corporate Leaders Conferece

Advanced Accounting LLC and IBS (Institute of Business Studies) organized the Corporate Leaders Conference 2017 (CLC) in collaboration with ACCI and WECC.

The CLC was based on training sessions, and penal discussions in the areas of management and leadership. In addition to above, the participants got a chance to interact with 200 CEOs, CFOs, Presidents, Directors, HoDs, Business Leaders and other experienced qualified staff from different sectors in Afghanistan.

Obiectives

- To work on the Capacity Building of corporate leaders in the areas of management and leadership.
- To update corporate leaders about the current and future business activities of Afghanistan in order to cope with future challenges and opportunities.
- To provide a healthy platform at strengthening their networking to achieve the desired objectives.

Guests and Participants

- CFOs, CEOs, MDs, Chairman, Presidents and Directors
- Firm partners and leaders
- University Chancellors
- Head of Departments
- Business Leaders



Corporate Leaders
Conference (CLC)



Hotel Inter-Continental
Kabul



8:00AM-5:00PM



200+
Participants



13 Speakers
and
Trainers



6 Training Sessions

Organizations: 152
CEO: 22
CFO: 8
Directors: 18
Senior Managers: 45
Business Founders: 9
Specialists: 15
Middle Level Management: 80+



62%



38%

Trainers and Speakers

Brief Profile of the Trainers and Speakers at CLC

Atiqullah Nusrat,
CEO
Afghanistan Chamber
of Commerce &
Industries (ACCI)



**Mr. Rahimullah
Mojaddedi,**
CEO
Afghanistan
Holding Group

Topic: Business
Ethics



**Mr. Abdul Wali
Noori,**
Director of Legal
Service & Policy
Afghanistan
Revenue
Department
MoF

Topic: Update on
Finance and Tax
policies



**Ms. Barbie
Reynolds,**
Managing
Director
Rebuild
Consultants

Topic: Managing
Yourself and
Leading Others



**Mr. Shabbir Yunus
Khairullah**
Assurance
Services Partner
Ernst & Young

Topic: Risk
Management
and Financial
Reporting



**Mr. Bishwajit
Mazumder,**
Internal Audit
Head
AIB

Topic: Creating
Dynamic
Culture



Ms. Faye Hall,
Master Trainer
Rebuild Consultants
Topic: How to
Duplicate Yourself
and Define the
New Normal



Panel Speaker
Mr. SyedYounas
Sadat,
CFO
Central Bank of
Afghanistan
Topic: Corporate
Governance



Umar Daraz,
Partner Assurance
& Office In charge
Deloitte

Topic: SWOT
Analysis and
Management Tips



Faizan Ahmed
CFO
Bakhtar Bank

Topic: Change
Management



Mr. Abdullah
Stanezkai Master
Trainer
Afghanistan
Center for
Excellence

Topic:
Organizational
Conflict
Management



M.Zarif Ludin,
CEO
CPA Afghanistan-
MoF



CORPORATE LEADERS CONFERENCE 2017

Mr. Feroz Khan
Masjidi,
Deputy Minister
MoCI



The Current Business Situation in Afghanistan

Key Speaker

Mr. Atiqullah Nusrat

I am sure today's conference provides a good opportunity to learn about new opportunities for investment and existing challenges as well as an opportunity for exchange of views on economic activities and businesses and norms in business management in accordance with international standards.

Dear friends, as all of us know, Afghanistan's economy transited from a contract-driven economy to a real economy after the 2014 withdrawal of international troops from the country. But the very fact also had negative implications. Our economic growth declined from a two-digit growth to under 2 percent, creating an uncondusive economic environment that led our economy almost to a crisis. Resultantly, we witnessed a decrease in investments, investment flight, increase in unemployment in the country. Of course all these were a product of lack of technical and professional facilities in the country but fortunately, as the government placed a priority on economy, we, the private sector restarted our economic activities and investments. Upon assumption of office, the National Unity Government (NUG) prioritized the economic sector in the first days and recognized the private sector as a partner, unlike the past administration where, we always lobbied on behalf of the private sector to get attention of the government to recognize the private sector as a partner.

Seizing the opportunity, ACCI brought together around 250 representatives from the private sector to work on reform recommendations in the private sector to be presented to the government. The recommendations were aimed at creating a conducive environment for investment. The product of this gathering was 11 recommendations that we presented to the London Conference where it was welcomed and approved by the NUG as well as the International Community. Based on those recommendations, the High Economic Council was established under the leadership of the President himself and in its first session, emphasized on implementation of the recommendations. Thus, those recommendations became part of the everyday activities of the sectoral ministries. In the light of those recommendations, the Executive Committee of Private Sector was established under the H.E. CEO Abdullah Abdullah, and with that, the practical phase of implementation of the 11 priorities in accordance with indices from the World Bank was started. Prior to the Brussels Conference, we had suggested a number of reforms that were approved by the NUG.

What the NUG has done is appreciable. Here, I want to mention some of the reforms that have taken place. One of our recommendations was simplification of the licensing procedures for investment and entrepreneurship and elimination of multiple licensing . Fortunately, with the establishment of one center for issuing licenses, the license issuing departments at the ministry of commerce were merged and the duration of licenses were extended from one year to three years. Another important achievement was completion of accession process to the World Trade

Organization that opened new opportunities for Afghanistan. Thus, Afghanistan's role in connecting the region became more significant. As a result of our accession to the WTO, 27 of our laws, regulations and policies were revised and amended, all of which made the legal environment for investment and trade more conducive.

We also witnessed launch of a number of projects that turned us into a trade and transit hub. For instance, we witnessed inauguration of the Aqina-Atta Murad railway project in November last year. Fortunately, we will be connected to the regional countries and through the regional countries to European and world markets through Lapis Lazuli railway that connects Afghanistan to the Caspian Sea-Azerbaijan-Georgia-Turkey to Europe. As you know, in 2013 our trade volume with Pakistan was USD 2.5 million according to official records, but with the opening of alternative trade and transit routes, this volume has decreased to USD 1.1 billion and instead, our trade volume with Kazakhstan, China and Central Asia increased. Some challenges still, this is yet a significant achievement and a good start.

With regards to attracting foreign investors, the issuing of trade visas for foreign investors. It is also worth mentioning that the visa issuing process has also been simplified.

Another issue that I should mention is the launch of the air cargo between Afghanistan and India. You might have heard from the media that over the past two months, we have exported one thousand tons of fresh and dried fruit to India through the air corridor. Although compared to the total export volume, this is a small volume but it is a good start.

In the legal field, a number of important laws have been signed into law and have become effective as per request of the private sector. For instance, the Public Private Partnership Law which incentivizes PPP investments, so the private sector can invest jointly with the government, became effective.

Dear friends, with all the mentioned achievements, there are still challenges ahead of the private sector which discourages the sector from investing in Afghanistan. In other words, what the government has done by now is not enough.

The biggest challenges that obstructs investment in Afghanistan are insecurity, kidnapping, lack of market-decline and demand, need for administrative reforms and corruption and lack of infrastructural facilities for manufacturing sector.

In order to improve our trade relations with neighboring countries, we also need to sign a number of trade and transit agreements with them. We have transit problems with Uzbekistan, therefore, we need to sign trade and transit agreement with Uzbekistan so as to expand our trade relations with Central Asia and Russia.

In spite of all these challenges, I have a positive message for the private sector. Afghanistan is a land of opportunities. There are various investment and business opportunities in this country in agriculture, energy, mines, infrastructure, and services sectors.

When you don't have enough awareness, naturally tax administrations will create problems for you. See, corruption has two aspects: corruption supply and corruption demand. The demand is provided by the private sector. A company refers and offers bribe to get its works done. He encourages the government employee to commit corruption. As a result, in future the employee will ask bribe from other companies as well. We should do our business in a responsible, transparent and honest way to have a significant and practical contribution in fighting corruption.

BUSINESS ETHICS

Panel Discussion

Mr. Rahimullah Mojaddedi

The Business Ethics concept has come to mean various things to various people. Generally speaking, it is to know what is right or wrong in the workplace and to do what is right. This is in regard to effects of products or services and in relationships with stakeholders, clients, employees, partners, competitors and others.

Of the many attempts to define and explain the concept, I would like to quote the following two:

- Business ethics is the behavior that a business adheres to in its daily dealings with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer (wiseGEEK)
- Business ethics is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations (Wikipedia)

Evolution of norms and values have gone through enormous change over different periods of history. The development of business ethics in contemporary history, can be summarized in the following three phases during the past 5-6 decades:

- Early 1970s – proper use of the term “Business Ethics”
- 1980s – training, education, courses, formation of societies/networks/centers, launch of journals, publishing of books, etc.
- 1990s – attention of academia, media, firms – firms highlight ethics stature, attempt to distance from business scandals

There are different varieties of Business Ethics. Looking at the larger picture, we can talk about Descriptive and Normative business ethics

- Descriptive discusses the topic from an academic perspective. Social scientists attempt to answer questions such as: Does ethics pay? Why do people engage in unethical behavior?
- Normative is the study of professional practices designed to guide the actions of people engaged in business activities. It focuses on what is ethical and unethical business

In practice, the concept of business ethics is supported in various ways. Professional Associations such as those for lawyers, accountants, doctors, etc. have their own Codes of Conduct.

Businesses, corporations and firms reflect upon business ethics by developing and adopting.

- Overall Corporate Code of Ethics which specifies the ethical rules of operation.
- Codes of Conduct for different programs/departments within a company.
- A wide range of policies such as financial policy, anti-bribery & anti-corruption policy, gifts & hospitality policy, whistle-blowing policy, anti-slavery, anti-trafficking policy, and green & environmental policy
- Procedures, Rules & Regulations
- Morals, Values and Norms.

Structurally, they will have Ethics & Compliance Departments to ensure compliance and address non-compliance issues.

Other Organizations, whether NGOs, international organizations, foundations, charities, and so forth have similar documents to make their business dealings ethical.

Business challenges in the Afghan context such as bureaucracy & red tape, issues with laws, policies & regulations, lack of incentives for investment, unjust competition, bribery & corruption, etc. put business ethics to real tests. One should not indulge in unethical practices in the face of challenges and obstacles.

All the above help provide guidelines and support adherence to business ethics but at the end of the day it is the personal values, ethics and character of individuals that make the real difference.

In this regard, I believe that the Islamic perspective to business ethics is invaluable. The perfect example of Prophet Mohammad (peace be upon him)'s business ethics in managing the trade of Hazrat Bibi Khadija (may Allah be pleased with her) with dignity which resulted in multiplied dividends, is a beacon of guidance for all. Relevant Islamic values of trust, honesty, integrity, righteousness and moral character are the corner stone of ethical compliance.



The “Corporate Leaders Conference” was a great move of Advanced Accounting LLC. It has provided the opportunity of learning and networking, fulfilling the prerequisites of corporate leaders. It has opened the eyes and doors of the corporate world to recognize the importance of such conferences and pave the way to organizing more of these. I appreciate and congratulate the entire team of Advanced Accounting LLC for managing a successful business event

Adnan Ali
Financial &
Investment Adviser
INVESTONE CORPS INC





Thanks to Advanced Accounting LLC for organizing such an amazing conference. This conference will help expand the knowledge of business and professionalism and it will also help us gain national and international recognition.

Atiqullah Nusrat
CEO
Afghanistan Chamber of Commerce & Industries (ACCI)



Companies have goals and targets to achieve. They develop codes of conduct, policies and procedures to run their businesses on ethical basis. No doubt ethical norms and values help in the achievement of set goals.

Rahimullah Mojaddedi,
CEO
Afghanistan Holding Group

Tax Laws of Afghanistan

Amendment Recommendations and Facilities in Administration

Panel Disussion

Abdul Wali Noori

For the purpose of revenue increase from domestic sources and standardizing the laws the Ministry of Finance has started tax systems reforms from the beginning of 1383. These reforms have been implemented in numerous phases, including tax laws amendment, changes in organization structure and tax administration and creating remarkable facilities in payment of tax liabilities based on strategic plans.

Following to the systems reforms, new amendments in tax laws and more facilities in tax administration have been proposed based on studies, proposal of private sector, related offices and international taxation standards. These reforms will be explained in two sections 1. Amendment of Laws 2. Administration Facilities.

Amendments in Tax laws

1.1. Proposed amendments in income tax law:

Since the income tax law has been adjusted several times over the past years and on the other hand the administration and enforcement provisions transferred to the tax administration law after its codification and also there were some other problems in the law, therefore, the following amendments are provided in the income tax law:

- I. Rewrite and arrange the articles of the law in accordance with their similarity and relevance.
- II. Modifying and simplifying some of the law's provisions for better understanding;
- III. Adding some articles in the law to eliminate existing gaps and deficiencies; and
- IV. Removing the articles that previously transferred to the Tax Administration Act.

1.2. Proposed amendment in Tax Administration Law:

Based on the proposal of the private sector and relevant departments to raise the level of compliance and create facilities in the tax administration and reduction of penalties, the following changes in the tax administration law are proposed:

- I. Decrease tax penalties.
- II. Create further facilities for the taxpayers.
- III. Remove the errors and deficit of the law.

1.3. Codification of Value Added Tax Law

Based on long term approach of revenue increase from domestic resources, tax collection based on principle of applying the law on all the citizens of the country and the uniform application of the law, the value added tax law was proposed and after ratification of national assembly was signed by the president and published in official gazette. According to operational plan this law shall apply from the beginning of December 21, 2020.

At the beginning of the implementation of the law, a significant number of taxpayers with more revenue will be covered by this law and will gradually be implemented on all taxpayers and citizens of the country according to the plan in the coming years, by applying this tax law BRT which is collected in accordance with the provisions of the Income Tax Law will be repealed. With the implementation of this law, it is expected that the level of national income will increase substantially.

2. Administration facilities:

The Ministry of Finance has always tried to implement the systems and new standards in the tax offices in order to provide all taxpayers with modern, fast and uniform services and to avoid problems in paying taxes. To this end, the various procedures were established to expedite the issuance of clearance and taxpayer liabilities, filing returns, implementation of the SIGTAS system in center and most provinces.

In the near future, the issue of filing return will promptly be introduced into a specific mechanism, paying taxes through commercial banks and other facilities. Recently, the Telephone Service Center was established at the Large Taxpayers' Office, which deals with taxpayer complaints and grievances every day.



I liked CLC. It was not only theoretical but based on practical works with packed training sessions

Zhara Jafari
President
PEACE THROUGH
BUSINESS



“Managing Yourself and Leading Others”

Training Session

Barbie Reynolds

Fifty years ago Afghanistan was extraordinary! I know because I was here!

I fell in love with this beautiful country with its tree-lined Dar-ul Aman, modern buildings with flush toilets and running hot water (which we didn't have where I grew up in India). The Kabul River with its deep flowing water and the mystic of the rugged mountains begged for adventurers to come and explore.

But most of all, it was the people that were amazing. Industrious, dedicated and remarkably talented, the Afghan people, rich in their diverse cultural heritage, were some of the most hospitable people I had ever met. After centuries of isolation, they were embracing the 'outside world' and forging their way towards the twenty first century with breathtaking speed.

And now...50 years later....

We need a Tsunami of Hope! Afghanistan CAN rise to destroy hopelessness and become a change-leader in the world.

No! Not in 100 years but NOW in our lifetime.

HOW? By learning to manage ourselves & lead others

1. With a new Afghan Identity!

It's time to stop imagining 'golden years' of the past. We ourselves must create 'the golden years' for the future of our children and grandchildren. It's time to stop talking about how bad everything is. It's time to stop talking about leaving for somewhere that might be better and to 'become the change we want to see' right here. (to quote Mahatma Gandhi.)

We are not victims. Afghans are strong, resilient and resourceful. An amazing mix of men and women, young and old from different ethnicities and tribes, with varying religious viewpoints, different life-styles and of worldviews. MOTANOWE (diversity) is a wonderful OPPORTUNITY!

It's time to create a new identity for Afghanistan...the land of hospitality, rich in cultural diversity, resource and outstanding scenic beauty.

2. Leading by example – not our title or position.

Good leadership is needed everywhere – in family, home, business, workplace, civil society, government, science & technology, the media, finance. Where ever people are there is need good leadership.

Lead strategically:

a. Know where you're going

i. Have a clear vision of what the future will look like for the people you lead. Share your vision in a way that inspires people to follow.

ii. Engage your workforce – don't tell people, lead people

b. Put people before profit - create the environment for change

Best-selling author & business leader, Anthony Tjan says;

“The number one responsibility of a leader is the success of his followers.” Anthony Tjan (Good People, 2017)

- Look for the best way of improving what you do, not just ‘the way we always do them’

- Empower others to work well and increase in their ability and responsibility. Don't just tell them – teach them!

c. Create a place for people to thrive. To feel safe physically, psychologically, emotionally, socially and spiritually.

i. Develop environments of trust and mutual respect. Share the rewards with those who have worked hard.

ii. “Good leaders inspire and shape others to become the best and fullest version of themselves” Anthony Tjan

iii. Recognize ability, talent and never worry about others getting the credit. The best leaders influence others to do something and think it was all their idea!

iv. Increase your social & emotional intelligence. Lack of EQ is said to be one of the main causes of failure among executives. However, high emotional capability results in success of entire organizations.

v. Refuse to speak negatively. Instead continuously speak of Afghanistan's great future!

In conclusion to be effective leaders in Afghanistan we must stop blaming others, making excuses and model the change we want to see.

- LEAD with true passion. People say, “I'm passionate about my country” – but they leave at the first opportunity.

My definition: “Passion is the degree of difficulty I am willing to endure in order to achieve my goals and fulfill my vision”.

- Celebrate Afghanistan's wonderful plurality and diversity with genuine love and acceptance of one another at every opportunity. (Invent the opportunities if necessary)

- Together let's create Afghanistan's new identity as change leaders and make our children and grandchildren proud!!

CLC in Photos



Corporate Leaders Conferenc

26th October 2017
Inter-Continental Hotel







Risk Management and Internal Controls

Panel Discussion

Mr. Shabbir Younus Khairullah

Mr. Shabbir Younus spoke on the basic concepts of risk management and internal controls which indicated that how an organization can identify, assess and deal with the risks on a day to day basis. He specifically talked on the elements of risk, common types of risks, risk assessment tools and common ways of treatment risks within the organization. He defined risk as a threat that an event, action, or non-action could adversely affect an organization's ability to achieve its business objectives and execute its strategies successfully. The basic elements of risk are the impact and likelihood. The impact is the extent to which the risk, if realized, would affect the company. The likelihood is the probability of a risk occurring over a predefined time period. Typical type of risks includes financial risk, operational risk and compliance risk. The most common ways of treating risks could be to either accept, transfer, eliminate or having in place internal controls to mitigate a risk to an acceptable level. He also explained the basic concepts of internal controls and how these can help the organizations in dealing with the risks they face. Specifically, he described the features of a typical internal control system, its objectives, primary types of controls and cost/benefit elements of having internal controls for an organization. He described an internal control system as a whole network of systems established in an organization to provide reasonable assurance that organizational objectives will be achieved. The key objectives of an internal controls system include:

- The orderly and efficient conduct of its business, including adherence to internal policies;
- The safeguarding of assets of the business;
- The prevention and detection of fraud and error;
- The accuracy and completeness of the accounting records; and
- The timely preparation of financial information.

The internal controls can be sub categorized into preventive, detective and corrective controls. A few examples of internal controls are segregation of duties, authorization controls, organizational controls, arithmetic and accounting checks, management controls, supervision, physical and personnel controls. With the help of examples, he also explained how various risks can be mitigated through having appropriate internal controls and an internal control system. The table below provides mapping of some of the risks with possible internal controls:

Risks Internal Controls

Chances of customer credits going bad Credit is only given after stringent credit checks

Chances of theft of cash, Physical controls over cash with periodic reconciliations
Transactions may be incorrectly recorded. All transactions recorded are reviewed and approved

All cash recorded is not deposited in the bank, Regular bank reconciliations are performed

An inappropriate purchase is made, resulting in additional expenditure being incurred Supervisory review and authorization of purchases prior to processing

Data may be lost Maintaining data back ups

He further spoke on the recent developments in the financial reporting standards. These included the recent changes in IFRS 9 (Financial Instruments), IFRS 15 (Revenue from Contracts with Customers) and IFRS 16 (Leases). The following lists some of the key changes implemented over these standards:

IFRS 9 – Financial Instruments:

- Classification and measurement
- Impairment testing (recognition of loss from Day 1)
- ECL model
- Applicable to all financial instruments including trade receivables, loans, etc.

IFRS 15 - Revenue from Contracts with Customers:

- A five-step model for revenue recognition
- Revenue recognition now linked to performance obligations

IFRS 16 – Leases:

- For Lessees - Single on-balance sheet accounting model for most leases
- Operating Leases, no more allowed
- No significant changes for lessor

He also shed light on the challenges organizations face in financial reporting and how they can overcome these challenges. Some of these are listed below:

- Compilation of financial statements from the accounting records
- Awareness of applicable laws and regulations
- Application of IFRS (including compilation of disclosures)



I was fortunate to be a part of the Corporate Leaders Conference. It helped me to make friends and talk business. More importantly, it helped me how to lead others

Freshta Sarwaree
Vice President
The Blossoms of Hope



Creating Dynamic Culture

Training Session

Mr. Bishwajit Mazumder

Organisations are set up for delivering goods and services. The involvement of human beings is crucial at all stages of this process starting from the entrepreneur, to workers and the ultimate beneficiary of these goods and services so produced. These organizations have been set up since times immemorial but only few have been able to make their mark globally and for a long time.

A corporate image develops when the ultimate beneficiary gets the best of its kind of goods and services, which then goes on to become big brands. Since human skills are involved at every stage of such cycle; there happens to be a culture mix brought together by all these individuals, which also goes on to form the culture of organization or Organizational Culture.

Each organization has its own culture or an image of its culture e.g. Army, Governmental Organizations or Corporates, which shows the innovativeness, aggression, stability and so forth as the basis of forming such image. The bottom line of organizational culture is what works and what does not in any organization. Culture in itself has multiple parameters such as diversity, religion, family and social norms and has strong interaction both within and outside the organization. Without a strong corporate culture, a company can never become great. This is important because if different cultures can't work together smoothly, companies wouldn't be able to grow and expand.

Dynamism of culture was the term coined by Ms. Virginia Postrel, who believed that it is the force of change in culture. It comes from people of different cultures and backgrounds interacting in business world. Human behavior as an individual (such as masculinity/femininity, long term/short term, distance from power, indulgence/restraint) and in a group is not same all times. Individual seeks more acceptability in the group and gets in turn impacted by the group culture.

Every individual has its own baggage of culture. Organizational culture gets hugely impacted by such baggage and tends to build up a culture of its own, which could be a mix of all these individual culture. Individual cultures are the hidden part of the Cultural Iceberg which actually gets things done. People, process and systems are the visible part of this Cultural Iceberg. In other words, the outcome that is expected from bringing people, process and systems together will greatly vary depending on the organizational culture. Individual behavior along with assumptions goes on to give the results that are expected from the group.

The Lewis Model divides the world in three major groups which are Linear-active, who are cool, factual and decisive planners; Multi-active, who are warm, emotional,

loquacious and impulsive; and Reactive, who are courteous, amiable, accommodating, compromiser and good listener. Afghanistan, is close to India/Pakistan in this matter and can be taken as Multi-active.

A dynamic company culture can be created by some foundational steps such as establishing your values and mission, hiring people to fit your culture, promoting team spirit, and a strong company culture. There is always a huge push and pull forces such as individual, collective, interior and exterior working on the organization culture thereby impacting the overall performance. A.T. Kearny has also mentioned that inside the articulated exterior shell of any Corporate, lies the behavior of the people who are inside it.

Organizational culture is setup by the Leader of the organization, which is precisely the belief of the entrepreneur, who has set up a business to deliver goods and services. Apple is a great example of such belief, which delivered one innovation after another and most of the time when its customers were not even asking for these products. However, these products have now become the life of the users. We have discussed above the relationship of performance with culture, both are into each other impacting and changing all the time. The guidance or the force to keep this change on track is the belief and values of leadership. In the organizational cultural alignment forces of independence Vs dependence, Flexibility Vs stability play a vital role and needs to be balanced by the leadership.

According to Jim Collins, the leadership that can make a good company great should have strong professional will and humility. Companies, who have made a remarkable shift in their life had such leaders at the control. He mentions that the leaders need to hire people not just because they can do the job but primarily because they share the values and motif of the leader. Companies like Wells Fargo, Kimberley Clark, Abbot, Circuit City, Fannie Mae, Gillette and Philip Morris all have gone through such transformations to become a great company that they are today.

Culture is an integral factor, which has an impact on and co-exists with Leadership, Organization and business processes. Creating a company which is based on values of leadership is the only way to experience real and long-term success. Have a team that believes in what you believe and create room for team spirit. Your company will grow without depending much on the other perquisites that you may or may not provide. Have people who believe what you believe, give them space to fly and see the results.

Corporate Governance & Banking Sector

Panel Discussion

Mr. Syed Younas Sadat

What is corporate Governance? System by which corporations are directed & controlled, the manner in which the business and affairs are governed by boards of directors and senior management, which affects how they:

Set corporate objectives Operate the bank's business on a day-to-day basis; Meet the obligation of accountability to their shareholders and take into account the interests of other stakeholders; Align corporate activities and behavior with the expectation that banks will operate in a safe and sound manner; and in compliance with applicable laws and regulations Protect the interests of depositors.

Who are stakeholders for a bank?

- Shareholders – by exercising shareholder rights
- Depositors and other customers – by avoiding business with unsound banks
- Auditors – through an established and qualified audit profession, audit standards and communication to boards and supervisors
- Banking industry associations – initiatives re. best practices and training
- Professional risk advisory firms and consultancies – assisting banks in implementing sound corporate governance practices
- Governments – through laws, regulations, enforcement and an effective judicial framework
- Credit rating agencies – through review and assessment of the impact of corporate governance practices on a bank's risk profile
- Securities regulators, stock exchanges and other self-regulatory organizations – through disclosure and listing requirements

Corporate Governance Matters for Banks Themselves, and Economic Development

1. Increases access to finance results in increase in Investment, growth, employment opportunities and Lowers cost of capital and improves valuation
2. Improves operational performance by better allocation of resources & better decision-making creates wealth, builds and restores a bank's reputation by build trust between banks and its stakeholders, including shareholder, investors, regulator, depositors, employees – key in weak external environment
3. Less and better managed risk fewer defaults, fewer financial crises bring economic stability
4. The impact of advances in technology

Well-governed banks will play a positive role in the economy as they help mobilizing and allocating society's savings, they also play a role by providing finance to firms.

While poorly-governed banks can lead to disastrous outcomes, the take away confidence of savers which prevent access of finance to investors, it means there will be a lot of business ideas which cannot be financially feasible.

5. Corporate Governance Also Matters to the Firms and Households Banks

Lend to Banks' valuation & cost of capital Bank performance, i.e. costs of financial intermediation Why Corporate Governance is Different for Banks Than for Firms as banks are carrying complex structures so they need more prudent behavior in perspective of corporate governance

6. Most banks are (publicly or privately held) companies themselves! And so banks also have shareholders, directors and managers, with the same agency conflicts and costs corporate governance issues relevant to companies are thus also relevant to banks,

- A vigilant and independent board,
- The protection of (minority) shareholder rights and
- Appropriate disclosure and transparency

7. Studies and Practice on Bank Corporate Governance Have a Simple, Yet Telling Story
Banks are more difficult to monitor for instance Moody's and S&P disagreed on only 15% of all 'firm' bond issues, but disagreed on 34% of all financial bond issues

- Recessions increases spreads on all bond issues, but increases spreads on riskier banks more than for 'firms'
- Partly result of a flight to safety, but also greater vulnerability of banks compared to non-financial firms
- In practice, banks with weak corporate governance have failed more often
- Accrued deposit insurance, good summary measure of riskiness of banks, higher for weaker CG

• State-owned banks enjoy even larger public subsidy, that is often misused: poor allocation, large NPLs, e.g., Indonesia, South Korea, France, Thailand, Mexico, Russia

8. What Does This Imply for Bank Corporate Governance and Regulation?

Two approaches to corporate governance related laws & regulations

1. Monitor banks through laws and regulations, based on international best practices (Basel I & II)

2. Empower banks through information and best practices, e.g. through a code based on the OECD Principles and Basel Committee Guidelines

I. Ensuring for Good Board Practices

- Are the bank's board members qualified?
- Right mix-of-skills in banking, finance & risk management etc, are the right election procedures in place can directors commit sufficient time and energy
- Do they have a clear understanding of their role?
- Setting overall strategy and managerial oversight, not day-to-day fiduciary duties of care and loyalty to act in the interest of the company and all shareholders fit and proper tests; succession planning
- Are they able to exercise independent judgment?
- Free from any conflicts of interest, and thus able to monitor financial reporting, remuneration and nomination procedures
- Right board size, leadership and procedures in place?
- Do key committees exist: audit, risk, nomination and remuneration
- Are they able to obtain material information in timely manner?
- do tough, but quality discussions take place

II. Establishing Strategic Objectives and a set of Corporate Values

- Board should establish strategic objectives and ethical standards, *conditio sine quo non* to bank activities
- Interests of stakeholders should be taken into account
- Best if explicit rather than implicit, but corporate culture and 'tone at the top' turnkey (practice vs. theory)
- Whistle-blowing procedures should be implemented
- Key issues to address: corruption & bribery, self-dealing, unethical behavior and conflicts of interest
- Communicated throughout bank
- Board is responsible for proper implementation of corporate governance, incl. internal and related party lending



We need a Tsunami of Hope! Afghanistan CAN rise to destroy hopelessness and become a change-leader in the world. No! Not in 100 years but NOW in our lifetime. HOW? By learning to manage ourselves & lead others.

Barbie Reynolds
Managing Director
Rebuild Consultants



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We are living in a very dynamic business environment where each move requires different attitude from organizations who are keen to avail opportunities and cope with challenges. If we want to survive the current competitive environment, we must update ourselves with the latest organizational tool

Riyasat Ali
General Director
Advanced Accounting LLC

Conflict Management

Training Session

Mr. Abdullah Stanekzai

If sources of conflict are not resolved, the dispute will arise again.

Being a student of Management Sciences, I believe that the time of introductions and basics of common functions in organizations is gone. A new revolution in the field of Management Sciences has emerged which mostly deals with power, politics, change, innovation, and the associated conflict with all of them.

Although conflict is often perceived as something negative, research suggests that some conflict can actually improve organizational effectiveness and can overcome inertia and leading to learning, change and development. It is not a fight or disaster but only the clash that occurs when the goal-directed behavior of one group blocks or prevents the goals of another and this blockage is unavoidable because of education, experience, age, gender and other differences of employees within an organization.

When we deeply look into the Greiner's Model of Organizational Growth, we can find that every conflict or crisis has been the reason of development so it goes safe to say that conflicts become the cause of development in breaking the status quo.

However, organization conflict can escalate rapidly and sour an organization's culture so it is very necessary for all top-level managers and especially the CEO's to balance the need to have some "good" conflict without letting it escalate into "bad" conflict. I believe that it should remain a priority for every organization and top-level managers as beyond a certain point, conflict becomes a cause for organizational decline as a result of no agreement and too much energy spent on bargaining rather than development.

In 1967, Pondy developed a process model of conflict which is very useful in understanding how conflict starts and what stages it goes through. Pondy identifies five stages in what he calls a "conflict episode" According to Pondy's Model of Organizational Conflict, it is a process that consists of five sequential stages which start with Latent conflict where no outright conflict exists, but there is a potential for conflict because of several latent factors. Top-level managers, today in many top organizations with having rich experience fail to identify this stage of the conflict because the intention behind every step is very positive but they can't measure the future results of it. Experience has shown that the main source of conflict at this stage include interdependence of employees, difference in goals and priorities, difference in working style and values, bureaucratic systems, incompatible performance criteria, competition for rare resource, self-defined standards and etc. In the second stage of conflict which is a perceived conflict, subunits become aware of conflict and begin

to analyze it. In third stage of conflict, subunits respond emotionally to each other, and attitudes polarize into “us-versus-them” where cooperation between units decreases and this stage is a felt conflict. In the manifest stage of conflict, organizational effectiveness completely suffers as subunits try to get back at each other where fighting and open aggression starts and the energy of organizations is spent on managing fights and aggressions and the doors of development are blocked. The last stage is conflict aftermath where conflict is somehow resolved whether positively or negatively but if sources of conflict are not resolved, the dispute will arise again.

Choice of conflict resolution method depends on the source of the problem but we have two measures for managing it. The preventive measures are used for avoiding any kind of future conflicts and you apply the techniques of establishing common goals, reduction in interdependence, reduction in shared resources, building trust and communication, proper coordination, exchange of personnel, usage of superior authority and reorganization of groups having commonality. The curative measures are used once there is an existing conflict and usually top-level managers compete, avoid, accommodate or compromise the conflict but the best technique is clear collaboration where senior officials analyze the problems and clearly and honestly find a perfect solution for it. In collaboration, the tops-level managers are confident, they listen carefully and use manners and communication for finding a win-win result. To summarize I have to write that organizations go through some phases and conflicts which are always there because of size and age of the organizations, So when conflicts are managed properly we are moving towards development and when we fail to manage them we are actually threatening our long-term survival.



As a board member of a community development organization, I have found this conference really inspirational for obtaining, sharing and networking of thoughts for better improvement and personal development of organization and societies. I really appreciate the initiatives that have been carried out in the conference and will surely utilize the knowledge and experience gained throughout.

**Dr. Zabihullah
Najib**
Program Director
Bakhter
Development Network



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