

Grant Thornton Tower, Chicago: GT is happy to ride just outside the leading pack of the Big Four accounting firms.



Interview

HISHAM FAROUK
UAE CEO, GRANT THORNTON

An audit of the Gulf's transformation

As UAE head of Grant Thornton, Hisham Farouk has had a ringside seat to some radical regional changes

Frank Kane Dubai
Illustration by Luis Grañena

Grant Thornton is riding just outside the leading pack of the Big Four accounting and consulting giants and, talking to the chief of its UAE business, Hisham Farouk, that's exactly how the firm likes it. While the Big Four — PwC, Deloitte, Ernst & Young and KPMG — have been getting increasingly embroiled in battles with regulators over perceived conflicts of interest and other abuses of the auditing system, the 40-year-old Grant Thornton (GT) is happy to leave them to it. In a calculated move, GT recently decided not to bid for any more audit contracts from the biggest firms in its native UK.

Farouk, born in Dubai but of Egyptian heritage, recently became the first Arab to hold a seat on GT's global board of governors. "We believe the expectation gap of what is expected by an audit firm and (where) our contractual, market and fiducial responsibilities lie has widened given the economic disparity across the world," he said. "It is critical that professional service firms and regulators work hand-in-hand to define and agree what the new world-class requirements are and support the changes we are witnessing to create the new norm of economic balance, transparency and regulatory oversight."

Nowhere is that "new norm of economic balance" more evident than in the Middle East, where GT has a growing business, from its base in the UAE but spreading increasingly to Saudi Arabia and Egypt, the three biggest economies in the region.

"The region is experiencing a very transformational time. The past few years have reshaped the economic and geopolitical landscape significantly. With the oil price recession ... and a significant shift of economic oil dependency, the region has witnessed material changes to what were key attributes of (the) ethos of Gulf countries," Farouk said.

Such transformations include the removal of subsidies on energy, reviews of benefits structures in the public sector, the introduction of sales taxes, and a shift toward economies less dependent on oil and government spending.

"This has all created the volatility we have experienced over the past few years. GT is very excited about this transitional phase as we experience what the new norm will be like," Farouk said.

Farouk has in the past underlined the potential for the UAE of the approaching Expo 2020 extravaganza. While some commentators think the economic "boom" associated with the Expo has been slow to have an impact, he thinks the real effect is still to come.

"You can surely see Dubai emerging into what it will be with the Museum of the Future, all the real estate developments like Dubai South and Dubai World Central airport. While we may have not witnessed the strength of the public relations effect of Expo yet, I suspect 2019 will be that year. Many expected the benefit to have been in the run-up years, yet we believe that Expo will be showcasing Dubai and the UAE to the world. It will attract a new caliber of companies and people and mark a new dawn for the nation's presence in the global arena," Farouk said.

His native Egypt will also benefit from the regional "feel-good factor" of Expo, Farouk thinks. "Watch and discover every opportunity Egypt has yet to offer. It is indeed not only a gateway to 100 million people, but an access point to Africa and the greater region," he said.

GT has had a presence in Saudi Arabia for years, with offices in Riyadh, Jeddah and Alkhobar, working with corporates and with family offices — a mainstay of its business in the region — as well as being closely involved in one of the most high-profile business situations the Kingdom has experienced: The long-running standoff between the Al-Gosaibi family and entrepreneur Maan Al-Sanea.

The involvement in Saudi Arabia has given Farouk a ringside seat to the great transformation under way in the Kingdom. "Over the past two years, Saudi Arabia is undergoing a very radical pace of change relative to what the world has witnessed before from it. These changes are impacting the fundamentals of its social, economic and political fabric. None of this can be easy and we expect both challenges to be faced there, as well as opportunities," he said.

Farouk believes that while there is still caution on the part of international investors considering involvement in the Vision



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2030 transformation strategy, the fundamentals of the Saudi proposition will prove decisive in the long term.

"We have heard from the media that there is caution still and this is expected as the changes are major and you

would expect some social and economic volatility from them. The fundamentals of Saudi Arabia still don't change, given its population — which is characterized with relatively one of the largest youth populations — and the magnitude of the percentage of global oil production it controls. Globally, emerging markets have not had a strong year and this naturally reflects on Saudi Arabia as well," he said.

Farouk believes that, with the right focus and leadership, the Vision 2030 goals are eminently achievable. "It will take a concerted effort from all stakeholders, including the public, and yes, I believe anything is achievable if there is a sincere alignment between all parties involved. We have seen radical changes take place in Estonia, Rwanda, Singapore and Dubai, so anything is possible if there is clear focus and directive that benefits and prospers the people of the nation."

Family offices — one of the great investment pools of capital in the Arab world — have traditionally been a focus for GT, and that will continue, even as regional economies are modernizing and their stock markets advertise the attractions of initial public offerings as a way to bring traditional businesses into the 21st century.

"Family offices are living through the changing times and many of them are pivoting to new sectors and services. It's a critical time as they adjust to the new norm of the economy and market. IPOs have been in the forefront for many of them, and while market confidence is needed to revive capital markets in the region, it is important for many family offices to experience this transitional change prior to being ready for public offering and scrutiny," Farouk said.

In any case, he believes, people are more important than stock markets or IPOs. "We must appreciate and take care of our people and be aligned with the visions and dreams of our clients. That is our true role in society. I am privileged to lead a team of highly proficient, sincere professionals that want to support the ever-changing world and work closely with our clients to fulfill their ambitions," Farouk said.

"There are many discussions on how technology will change the face of this earth, but I am a true believer that it is people who create the future."

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BIO

BORN
Dubai 1977

EDUCATION

- American University of Cairo
- American Intercontinental University in London
- Insead
- Harvard Business School

EMPLOYMENT

- Grant Thornton since 1999
- Currently Chief Executive Officer, UAE

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