



مركز الحوكمة
CENTER FOR GOVERNANCE

EXECUTIVE CHAIRMANSHIP

Legitimate model or governance taboo?



A PIF COMPANY

2026



Center for Governance

Report

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EXECUTIVE SUMMARY

This report examines the Executive Chair model, a hybrid governance structure in which the Chair combines traditional board leadership duties with defined executive responsibilities.

Conventional governance doctrine maintains that Chairs should not participate in organizational management, so that they can maintain independent oversight. Consequently, most jurisdictions discourage or prohibit Executive Chairmanship and instead favour independent, non-executive Chairs.

The report sets out four models of chairmanship - one of which is the Executive Chair model - and identifies five distinct Executive Chair archetypes. It evaluates their performance using the latest empirical evidence and assesses how these models function across different regulatory environments. Perspectives from global board members further illustrate how each model operates in practice.

We find no Chair model that is universally associated with superior outcomes. However, the evidence suggests that the Executive Chair structure can add distinctive value in certain circumstances - particularly during leadership transitions, major organizational transformations, or crises, when continuity of strategy, investor confidence, executive capacity, and experienced oversight are critical.

At the same time, the model entails governance trade-offs, including the risk of excessive power concentration, blurred lines of accountability between the Chair and CEO, a weakened executive team, and reduced independent challenge in the boardroom.

Strong regulatory and governance safeguards are therefore essential. These may include a clear allocation of responsibilities between the Executive Chair and CEO, the appointment of a Lead or Senior Independent Director, an enhanced proportion of independent directors on the board, and a robust board evaluation regime.

Recent UAE reforms - introducing a new exception permitting Chair/CEO duality under certain conditions - demonstrate that regulatory flexibility can coexist with an underlying preference for independent board leadership. An implication for Saudi Arabia is whether the Capital Market Authority might, in future, consider a similarly well-specified Executive Chair model within its Corporate Governance Regulations for listed companies.

In conclusion, Executive Chairmanship represents a legitimate option within the broader spectrum of chairmanship models. As with many aspects of governance, no single approach is optimal for all organizations. In certain contexts, Executive Chairmanship may provide the most effective solution, notwithstanding the reservations common in contemporary governance debates.

INTRODUCTION

The role of the Chair is central to effective board leadership and sound corporate governance. Expectations, responsibilities, and time commitments for Chairs have expanded markedly over the past decade. Yet systematic analysis of different Chair models remains limited. Most regulatory and academic debate continues to focus narrowly on whether the roles of Chair and CEO should be separated or combined, overlooking the hybrid arrangements that fall between these poles.

This report examines the Executive Chair model, a hybrid governance structure in which the Chair combines board leadership and strategic oversight with a defined set of executive functions. It outlines how the model is regulated across major jurisdictions, assesses its potential benefits and risks, and reviews emerging evidence on its performance. Unlike full Chair/CEO duality - where one individual holds both positions - the Executive Chair model typically assigns the Chair a limited portfolio of high-level executive responsibilities while leaving primary operational leadership to the CEO.¹ Variants of this model can be found in several markets, including the United States, Italy, Spain, Switzerland, and Singapore.

This report focuses on listed companies across key markets, where the Chair's role may be defined by company law, listing requirements, and corporate governance codes. It identifies four Chair models and five recurring Executive Chair archetypes. It also maps regulatory approaches across leading jurisdictions, including a feature on recent changes in the United Arab Emirates (UAE). The link between Chair models and company performance is evaluated based on the latest academic research and the views of global board members. The paper then assesses the benefits and risks associated with the model through the four core Chair functions: Oversight and monitoring, board leadership, strategy, and executive contribution.

A key conclusion of this paper is that, when clearly defined and appropriately regulated, an Executive Chair can strengthen strategic and executive capacity and enhance board effectiveness in promoting the ongoing success of the company. However, it requires robust safeguards and transparency to avoid power concentration or governance erosion. The model, therefore, provides strong leadership but comes with governance trade-offs.

This conclusion is particularly interesting in the Saudi Arabian context. Saudi Arabia is one of the few one-tier board jurisdictions that formally prohibits the combination of the Chair role with executive responsibilities in listed companies.² By contrast, although many other one tier jurisdictions discourage such arrangements through corporate governance codes, they still permit their adoption if a company considers them appropriate.

¹ Zhang, Y. and Rajagopalan, N. (2004) 'When the known devil is better than an unknown god: An empirical study of the antecedents and consequences of CEO Chair duality', *Academy of Management Journal*, 47(6), pp. 1023–1039.

² Capital Market Authority (Kingdom of Saudi Arabia) (2017, as amended 2023) *Corporate Governance Regulations*, Article 23. Riyadh: Capital Market Authority. Available at: <https://cma.gov.sa>

The report recognises two overlapping realities. First, that in specific circumstances - such as leadership transitions, transformations, or crises - an Executive Chair can play a legitimate and valuable role. Second, in some complex companies or highly regulated sectors, the Chair role has evolved to demand near executive-level time commitment and engagement. This shift has given rise to quasi or de facto Executive Chairs, even in jurisdictions where the model is formally prohibited or discouraged. The evidence reviewed in this report finds that no Chair model is universally superior in terms of company performance; outcomes are context-dependent and shaped by company circumstances, governance design and practice, and the individuals involved.

Drawing on international experience, including recent changes in the UAE that allow Chair/CEO duality under strict conditions, this report seeks to inform a constructive debate on whether a clearly defined and safeguarded Executive Chair model could, in due course, be considered under Saudi regulation or elsewhere. The findings suggest that allowing such a model could enhance transparency, accountability, and leadership effectiveness – a view that contrasts with much contemporary governance discussion on the role of the Chair.

FOUR MODELS OF CHAIRMANSHIP

The Chair role influences company performance in several significant ways. Amongst other things, Chairs play a central role in defining strategic direction; supporting and challenging the CEO; and ensuring that the board functions in a coordinated and effective manner. The Chair’s skill in navigating these areas helps explain a significant degree of variance in company performance across different contexts.³

Yet, many discussions about Chair responsibilities typically center on whether the role should be separate from that of the CEO. Alternatively, should the two roles be combined in the form of a Chair/CEO duality, a structure common in the United States? In practice, however, there are four rather than just two Chair models that are utilized to varying degrees across major capital markets, and which are worthy of serious analysis. These are described in Table 1.

The four Chair models

The U.S. experience is particularly insightful when considering these four Chair models due to the flexibility of its regulatory system. Unlike in many other markets, all of them are legally permissible and exist in the U.S. to a greater or lesser extent.

U.S. company data collected by Spencer Stuart in 2025 shows a continued shift towards separating the Chair and CEO positions.⁴ 61% of S&P 500 boards now do so (up from 60% in 2024 and just 16% in 1998). Of these, around 42% have an Independent Chair (Model 1), while 7% are led by a Non-Independent Chair (Model 2), such as a founder or former CEO. A further 13% of boards have an Executive Chair (Model 3), a non-CEO Chair who carries out some executive functions, and 39% continue to combine the Chair and CEO roles (Model 4).

Table 1: the four chairs model

Source: CFG research and analysis

	Non-Executive	Executive
Independent	<p>Model 1: Independent Chair Chair with no executive functions or other significant ties to the company</p>	
Non-Independent	<p>Model 2: Non-Independent Chair Chair is the founder, former CEO, shareholder, or has other significant ties to the company</p>	<p>Model 3: Executive Chair Chair with ongoing executive functions</p> <p>Model 4: Chair/CEO duality One individual holds both the Chair and CEO roles.</p>

3 Langan, R., Krause, R. and Menz, M. (2023) 'Executive board chairs: Examining the performance consequences of a corporate governance hybrid', Journal of Management, 49(7), pp. 2218–2253, at p. 2219

4 Spencer Stuart (2025) 2025 U.S. Board Index, p. 51.

These figures have remained relatively stable in recent years but illustrate a clear trend towards independent, non-executive board leadership over the last decades, even in a U.S. system that allows significant flexibility for hybrid or executive models. It should be noted, however, that the Executive Chair model is widely used in U.S. CEO transitions, in which the outgoing CEO serves temporarily as the Executive Chair.

This report focuses on Model 3, the Executive Chair, a role distinct from the Chair/CEO duality that is commonly observed in the U.S. (for example, Jamie Dimon at JPMorgan Chase). The Executive Chair model remains relatively under-examined by commentators. Yet it offers an avenue to strengthen the strategic function of the Chair and bolster senior executive capacity by giving the Chair a more active role in strategy and execution. It is also typically underpinned by an employment contract and remuneration structure for the Chair which is similar to those of an executive.

In addition to the U.S., the Executive Chair model is common in European markets such as Italy, Spain, and Switzerland⁵ (see Table 2 below), as well as in Singapore, where, in 2022, 23% of Straits Times Index Chairs were Executive Chairs.⁶

Across all four Chair models, the Chair's responsibilities can be grouped into three core functions:

- 1. Independent management oversight and monitoring function:** assessing company performance, governance, risk management, and accountability of executives.
- 2. Board leadership function:** shaping board composition, effectiveness, and culture.
- 3. Strategy function:** guiding and challenging management on strategy development and implementation.

Table 2: Prevalence of the Executive Chair model in key European markets

	Executive Chair	Chair/CEO duality	Non-executive Chair
Italy	27%	18%	45%
Spain	26%	25%	49%
Switzerland	11%	2%	87%

Source: Source: Spencer Stuart. Note data relates to the following: Italy (top 100 listed companies, including FTSE MIB), Spain (Top 100 listed companies, including IBEX 25), Switzerland (SMI and SMI Mid).

⁵ Spencer Stuart (2023) *When an executive chair helps or hinders company performance*, p. 3. December. (Accessed November 2025)

⁶ Spencer Stuart (2022) *2022 Singapore Board Index*, p. 9. (Accessed November 2025)

To capture the distinct features of the Executive Chair and combined Chair/CEO models, the framework used in this report adds a fourth function: the executive function.

Recent academic work by Robert Langan and his colleagues at the University of Geneva argues that the relative emphasis placed on core Chair functions is likely to vary systematically across the four Chair models.⁷

The perspective of these authors draws on established governance theory, which holds that as a Chair's involvement in executive matters increases, their capacity to perform independent monitoring and facilitative board leadership is likely to diminish.⁸

Conversely, higher levels of independence - while strengthening oversight - tend to constrain direct involvement in strategy formulation and execution.

This theoretical perspective is reinforced by empirical research on board behaviour, which consistently finds that boards chaired by independent directors focus primarily on reviewing, challenging, and ratifying management-proposed strategy, rather than actively designing it themselves.⁹

Taken together, these insights provide a conceptual basis for understanding how different Chair models may distribute emphasis across oversight, board leadership, strategy, and executive activity. A stylized description of these differences is provided in Table 3.

Table 3: Emphasis of Chair functions across Chair models

Source: Adapted from Langan et al (2023).

Chair model	Independent Oversight & Monitoring Function	Board Leadership Function	Strategy Function	Executive Function
Model 1 Independent Chair	● ● ●	● ● ●	●	○
Model 2 Non-Independent Chair	● ●	● ●	● ●	○
Model 3 Executive Chair	● ●	● ●	● ● ●	● ●
Model 4 Chair/CEO	●	●	● ● ●	● ● ●

● ● ● Strong ● ● Moderate ● Limited ○ Minimal

7 Langan, R., Krause, R. & Menz, M., 2023. Executive Board Chairs: Examining the Performance Consequences of a Corporate Governance Hybrid. *Journal of Management*, 49(7), pp.2218–2253.

8 Adams, R.B., Hermalin, B.E. and Weisbach, M.S. (2010) 'The role of boards of directors in corporate governance', *Journal of Economic Perspectives*, 22(2), pp. 171–192.

9 McNulty, T. and Pettigrew, A. (1999) 'Strategists on the board', *Human Relations*, 52(1), pp. 47–74.

Under the Independent (non-executive) Chair model, the Chair's primary focus is likely to be on safeguarding effective governance processes.¹⁰ This will typically include leading the board, ensuring the quality and integrity of information flows, facilitating robust debate, and holding management to account. While Independent Chairs are routinely involved in strategic discussions, their contribution is more likely to be evaluative than formative. As a result, Model A is characterised by a strong emphasis on oversight and board leadership, more limited involvement in strategy, and minimal executive engagement.

The Non-Independent (non-executive) Chair model represents a partial departure from this baseline. Where a Chair lacks full independence - for example due to founder status, significant shareholding, or prior executive service - greater involvement in strategic matters is commonly observed.¹¹ Such Chairs often bring deep firm-specific knowledge, informal authority, and the legitimacy to shape long-term direction. This enables more substantive engagement in strategic decision-making than is typical for fully independent Chairs. Nonetheless, because these Chairs remain formally non-executive and removed from day-to-day operations, their strategic involvement generally remains advisory or directional rather than formative.

The Executive Chair model occupies a distinct position as a governance hybrid. Executive Chairs retain elements of board leadership and monitoring while deliberately expanding their involvement in both strategy and selected executive activities. In this model, the Chair may play a substantive role in strategy development and implementation and may assume responsibility for specific executive tasks, such as overseeing major strategic initiatives, supervising senior executives, or acting as a conduit between the board and management.

This increased executive involvement inevitably weakens the Chair's capacity for independent monitoring of management, placing greater reliance on independent directors, board committees, and other governance mechanisms to preserve effective oversight.¹²

At the far end of the spectrum lies the combined Chair/CEO model, in which strategic leadership and executive authority are fully consolidated in a single individual. In this configuration, responsibility for strategy formulation, execution, and day-to-day management is concentrated at the top of the organisation. Independent oversight of management is therefore exercised primarily by independent directors, board committees, and external governance mechanisms rather than by the Chair. The functional emphasis in this model is correspondingly weighted towards strategy and executive activity, with limited scope for independent monitoring by the Chair.¹³

While individual priorities, and personal style will inevitably influence how any Chair approaches the role in specific instances, these stylised descriptions highlight how structural differences across Chair models might be expected shape governance dynamics and outcomes. The practical implications of these differences - particularly in relation to the Executive Chair model - are explored in the subsequent section on Executive Chair archetypes.

10 Useem, M. and Zelleke, A. (2006). 'Oversight and delegation in corporate governance'. *Harvard Business Review*, 84(11), pp. 98–106.

11 Charan, R., Carey, D. and Useem, M. (2014) *Boards That Lead: When to Take Charge, When to Partner, and When to Stay Out of the Way*. Boston, MA: Harvard Business Review Press.

12 Finkelstein, S. and D'Aveni, R.A. (1994). 'CEO duality as a double-edged sword: How boards of directors balance entrenchment avoidance and unity of command'. *Academy of Management Journal*, 37(5), pp. 1079–1108.

13 Jensen, M.C. (1993). 'The modern industrial revolution, exit, and the failure of internal control systems'. *Journal of Finance*, 48(3), pp. 831–880.

Distinguishing features of Executive Chairs

As we have described, an Executive Chair is a Chair of the board who exercises a role that goes beyond the core Chair board leadership functions to include distinct executive responsibilities.

To categorize a Chair as an Executive Chair, the following are key indicators:

Contractual arrangement

The existence of an executive contract or employment arrangement setting out specific executive duties is the most compelling test for Executive Chair status. This typically applies where the Chair is explicitly designated as an Executive Chair.

Time commitment, remuneration, and board mandates at other organizations

The Chair's level of time commitment (e.g., is it a full-time job?), their type of remuneration (e.g., performance-related pay in addition to fees), the absence of other major mandates or roles, and the nature and scope of the work undertaken are supporting indicators. Such indicators may suggest that a quasi-Executive Chair role exists in practice. Although such indicators may be highly indicative, they do not, in themselves, definitively establish formal executive status (they may simply indicate a "busy" non-executive Chair).

Authority and influence

The Chair's actual power and influence over employees and other stakeholders, which may differ according to the Chair's background (for example, if they are a founder or former CEO). This is relevant when assessing if the Chair role embodies executive characteristics.

Paying regard to various indicative criteria – and not just relying on formal job titles – is useful when evaluating if an individual is functioning as a quasi-Executive Chair.¹⁴ These individuals will, by definition, not have an executive-type contractual arrangement with the company. Nor will they be formally described as Executive Chairs. However, based on one or more of the indicators above, there may be grounds for inferring that they perform the role of Executive Chair on a de facto rather than a de jure basis.

In the next section, we explore in more detail how the Executive Chair role manifests in different circumstances using a framework of Executive Chair archetypes.

¹⁴ A study by the European Central Bank found that the Chairs of Europe's largest banks devoted 100-156 days per year to their role: European Central Bank (2019) Report on declared time commitment of non-executive directors in the SSM. Frankfurt am Main: European Central Bank. Currently there is a lack of empirical evidence establishing whether a significant time commitment from non-executive Chairs necessarily implies a blurring of executive/non-executive boundaries, although it seems reasonable to infer that it occurs in some cases.

THE FIVE EXECUTIVE CHAIR ARCHETYPES

Recent U.S.-focused research shows that around a third (35%) of Executive Chairs are founders (e.g., Jeff Bezos at Amazon), and a further 11% are members of founding families (e.g., Bill Ford at Ford Motor Company). Roughly 40% are retired CEOs, who are neither founders nor family members.¹⁵

Globally, five archetypes of Executive Chair roles emerge, with the first two being the most common. Each illustrates a distinct rationale for combining board leadership and executive functions. These archetypes are not mutually exclusive and can overlap.

The following section briefly describes each archetype and provides company case examples that showcase each Executive Chair model.

Table 3: Emphasis of Chair functions across Chair models

Source: CFG research and analysis

Archetype	Explanation	Examples
1. Founder (or family) transition to Executive Chair	A founder or family member steps down as CEO but remains Executive Chair to provide leadership, cultural and strategic continuity, investor confidence, and/or executive capacity in specific areas.	Amazon – Jeff Bezos Oracle – Larry Ellison Alibaba – Jack Ma Spotify – Daniel Ek Ford – Bill Ford
2. Non-founder CEO transition to Executive Chair	A professional (non-founder) CEO transitions to Executive Chair to ensure strategic continuity, external representation, and oversight while supporting leadership transition or organizational restructuring.	Iberdrola – Ignacio Galán Alphabet – Eric Schmidt
3. Temporary Executive Chair	A Chair or outgoing CEO temporarily assumes Executive Chair duties – often to provide stability, reassure investors and regulators, and guide the company through a leadership transition or crisis.	Morgan Stanley – James Gorman Disney – Bob Iger Barclays – John McFarlane
4. Transformational Executive Chair	An outsider is appointed to strengthen leadership and restore credibility, for example, during a transformation, with an explicitly strategic and governance-focused remit.	Barrick Gold – John Thornton Vontobel – Andreas Utermann
5. Quasi or de facto Executive Chair	These may be formally non-executive Chairs who operate with near full-time commitment, often due to sectoral complexity or demands in challenging circumstances. Alternatively, they could be a board member with executive responsibilities who is not formally the Chair, but who in practice operates as an Executive Chair.	HSBC – Mark Tucker UBS – Colm Kelleher ACWA Power – Mohammad Abunayyan

¹⁵ Langan et al. (2023), p. 223

ARCHETYPES I

Founder (or family) transition to Executive Chair

This archetype describes founders or family members who transition to Executive Chair roles after stepping down as CEO. It enables continuity of vision and credibility with key stakeholders, including investors, while separating daily management from long-term strategic direction and oversight. Founders may provide executive capability in specific areas. This archetype is common in both tech and family-controlled firms.

Jeff Bezos | Amazon, U.S.

Jeff Bezos, the founder and long-term CEO of Amazon, became Executive Chair in 2021. In his announcement, he explained that in the new role he would focus on “new products and early initiatives”.¹⁶ As Executive Chair, he remains involved in Amazon’s long-term strategy and new venture agenda. As the company’s founder and a significant shareholder, Bezos therefore continues to exert substantial influence at Amazon, helping to provide continuity from its origins to its future evolution.

Larry Ellison | Oracle, U.S.

Larry Ellison, who co-founded Oracle, stepped down as CEO in 2014 but assumed the role of Executive Chair and Chief Technology Officer. In this role, he continues to shape Oracle’s strategic and technological direction while delegating day-to-day management to the CEO. Ellison’s continued influence as a founder, major shareholder, and Executive Chair ensures continuity of vision and clear strategic direction.

Jack Ma | Alibaba, China

Jack Ma, the co-founder and long-term CEO of Alibaba, became Executive Chair in 2013, a position he held until 2019. In that role, Ma focused on strategic vision, external representation, and governance, while daily management was delegated to the CEO. Alibaba’s partnership governance structure - which gives a group of senior partners the right to nominate a majority of board directors - enabled Ma to retain significant influence even after his retirement.

Daniel Ek | Spotify, Sweden

Daniel Ek co-founded Spotify in 2008 and has served as its CEO since then. He will transition to the role of Executive Chair in January 2026. Two senior executives will become co-CEOs and assume operational responsibility, while Ek will focus on long-term strategy, capital allocation, and regulatory efforts.

Bill Ford | Ford Motor Company, U.S.

A member of the founding family, Bill Ford became Chair of Ford Motor Company in 1999 and served concurrently as CEO from 2001 to 2006. Since 2006, as Executive Chair, he has focused on long-term strategy and the company’s transformation towards sustainable, smart mobility, including electrification and digital innovation. His continuing leadership provides stability and continuity, linking the founding family’s values with modern corporate management.

¹⁶ Bezos, J. (2021) [Email from Jeff Bezos to employees](#), 2 February. (Accessed November 2025)

2

Non-founder CEO transition to Executive Chair

This archetype describes situations in which a long-serving professional CEO transitions to an Executive Chair role to maintain strategic continuity, build stakeholder confidence, serve as external representative, and support succession.

Ignacio Galán | Iberdrola, Spain

Ignacio Galán was appointed CEO of Iberdrola in 2001 and became Executive Chair in 2006. Over his tenure, he has positioned Iberdrola among the global leaders in clean energy. In 2022, a separate CEO was appointed, and Galán remains Executive Chair, overseeing strategic direction, corporate governance, and continuity of the company's long-term strategy and successful transformation.

Eric Schmidt | Alphabet/Google, U.S.

Eric Schmidt served as Google's CEO from 2001 to 2011, when he became Executive Chair of Google. Following the 2015 reorganization, he served as Executive Chair of its parent company, Alphabet, until 2018. In these roles, Schmidt provided strategic input, helped oversee major transactions, and offered continuity and mentorship to the founders. He brought seasoned management experience, industry credibility, and stability during the company's leadership handover and structural evolution.



3

Temporary Executive Chair

This archetype is adopted temporarily and typically involves an outgoing CEO or Chair assuming the Executive Chair role to support a leadership transition or help manage a crisis. While valuable for ensuring stability and reassuring stakeholders, these roles can be ill-defined and, at times, prolong governance ambiguity.

James Gorman | Morgan Stanley, U.S.

James Gorman served as Executive Chair of Morgan Stanley during 2024, after leading the bank as CEO since 2010 and as Chair and CEO since 2012. Following his 2023 announcement that he would step down as CEO, Gorman oversaw a succession process that resulted in the appointment of Ted Pick as his successor. As Executive Chair, Gorman remained involved throughout 2024 to ensure continuity and provide support to the new leadership team before retiring at the end of the year.

Bob Iger | Disney, U.S.

Bob Iger served as Disney's CEO from 2005 until February 2020, when he became Executive Chair to oversee creative direction and content strategy - areas where his successor, Bob Chapek, had less experience. The arrangement aimed to ensure continuity and reassure investors and creative teams during the transition. Iger remained Executive Chair through December 2021, before retiring from the board. In November 2022, he returned as CEO following Chapek's dismissal, widely viewed as evidence that the succession plan had not fully succeeded and that his ongoing influence may have limited his successor's autonomy.

John McFarlane | Barclays, England

John McFarlane joined Barclays as Chair in 2014 and assumed Executive Chair duties in July 2015, following the board's decision to remove CEO Antony Jenkins. In this highly unusual step for a major UK company, McFarlane temporarily took on executive responsibilities while the search for a new CEO was underway. His appointment brought continuity and reassurance to investors during a period of strategic uncertainty and regulatory scrutiny, helping stabilize the bank and allowing the board time to conduct a careful succession process.

4

Transformational Executive Chair

Occasionally, an external leader is appointed as Executive Chair with a defined strategy or governance mandate. This archetype is rare and typically used to strengthen leadership when restoring credibility, driving a transformation, or embedding strong strategic oversight and implementation.

John Thornton | Barrick Gold, Canada

John Thornton, a former President and Asia Chair at Goldman Sachs, joined Barrick's board in 2012 and became Executive Chair in 2014 following the retirement of founder Peter Munk. His appointment came amid investor dissatisfaction over governance and performance, with Munk seeking an outsider to restore credibility and strengthen Barrick's global partnerships. Thornton's international network - particularly his ties to China - was seen as vital for the next growth phase. As Executive Chair, he abolished the CEO role and introduced a "partnership" management model. In his own role, he focused on strategy, governance reform, and major deals. Under his leadership, Barrick rejuvenated its board (over two-thirds of its members were independent by 2014), improved financial discipline, and executed transformative transactions, including the 2018 Randgold merger. His role was explicitly strategic rather than operational - shaping company direction, culture, and capital discipline while daily operations were managed by co-presidents and later the CEO. Thornton transitioned to non-executive Chair in 2024.

Andreas Utermann | Vontobel, Switzerland

Andreas Utermann, former CEO of Allianz Global Investors, joined Vontobel's board in 2021 and became Chair in 2022. The company's disclosures confirm that, although formally non-executive, he holds an ordinary employment relationship in Switzerland and serves on a full-time basis, with compensation comparable to a member of the Executive Committee. He therefore functions as an Executive Chair in all but title. This arrangement continues a long-standing Vontobel practice. Utermann's mandate centers on strategic direction, risk oversight, and the bank's international growth agenda. By leveraging his global asset-management experience, he plays a central role in shaping Vontobel's strategy and culture, illustrating a Swiss variant of the Executive Chair model that balances governance independence with continuity and industry expertise.

5

Quasi or de facto Executive Chair

Some formally non-executive Chairs operate with near full-time commitment and executive-level engagement due to the complexity, circumstances, and resulting work demands of their company or sector. They may exercise influence and assume responsibilities beyond those of a strictly non-executive Chair. Most common in global financial institutions, such commitment may blur governance lines but bring capacity, deep understanding, and oversight to the Chair role, often working in close partnership with the CEO.

Mark Tucker | HSBC, England

Sir Mark Tucker, a veteran insurance executive with extensive experience in Asia, became HSBC's Chair in 2017 after leading Prudential and AIA. Although formally a non-executive, he has been highly active in shaping HSBC's strategic direction, overseeing major restructurings and multiple CEO successions, and maintaining close engagement with global regulators and investors. His time commitment and influence have exceeded typical non-executive Chair expectations, reflecting the complexity of HSBC's business, its pivot toward Asia, and a demanding regulatory environment. Under his leadership, the board provided continuity and disciplined oversight through a period of significant transformation and geopolitical challenge.

Colm Kelleher | UBS, Switzerland

Colm Kelleher joined the board and was elected as UBS's Chair in April 2022, bringing deep experience in investment banking and risk governance. In 2023, Kelleher played a central role in UBS's acquisition of Credit Suisse, leading negotiations during a weekend of intense crisis negotiations with the Swiss authorities. Although his role was formally non-executive, Kelleher's visible, directive leadership throughout the rescue and early integration efforts underscored an executive-style approach. He also led the board's decision to replace UBS CEO Ralph Hamers with former CEO Sergio Ermotti just days after the deal.

Mohammad Abunayyan | ACWA Power, Saudi Arabia

Mohammad Abunayyan is the founder, Chair, and a significant minority shareholder of ACWA Power.¹⁷ A Saudi entrepreneur in the energy and water sectors, he retains strategic influence as the company's non-executive Chair. He leads a five-member Board Executive Committee, composed exclusively of non-executive directors and delegated broad authority to review and approve investment and divestment proposals; to review and recommend five-year business plans, operating plans, and capital programs; to oversee the company's business and investment operations; and to ensure the integration of sustainability into strategy. The committee met 22 times in 2024. This unusually high cadence and the committee's authority to endorse or approve strategic and investment decisions gave the Chair a central and continuous role in strategic execution, while maintaining a formally non-executive status. Abunayyan's founder legacy, ownership position, and leadership of a board committee with a wide strategic and oversight remit exemplify a quasi-Executive Chair model in the Saudi context.

¹⁷ ACWA Power (2024) [Integrated annual report 2024](#), p. 181 (biography) and p. 223 (share ownership of board members).

In Saudi Arabia, some board members adopt the combined title of Vice Chair and Managing Director to remain technically compliant with the CMA's Corporate Governance Regulations, which prohibit combining the role of Chair with executive responsibilities.

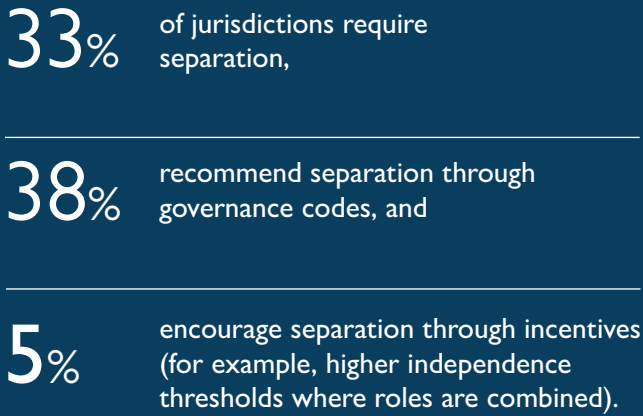
However, based on our interviews with experienced Saudi board members, those who occupy this Vice Chair/MD role may sometimes function as de facto Executive Chairs, exercising high-level strategic influence and executive decision-making authority over the company.¹⁸



¹⁸ The role of the Managing Director in Saudi companies is explored in detail in a forthcoming CFG White Paper.

REGULATION AND PRACTICE OF CHAIRMANSHIP

Regulation is central to analyzing the Executive Chair model because it defines the legal permissibility of different Chair models. According to OECD data, there is a clear global regulatory trend towards the separation of the Chair and CEO roles in one-tier board systems:¹⁹



In total, 76% of jurisdictions now require or encourage separation at listed companies, up from 44% in 2014. Two-tier board systems, such as that in Germany, achieve this separation structurally.

This global trend strengthens expectations for independent board leadership and frames Chair/CEO duality and Executive Chairs as exceptions that require justification and safeguards.

Against this global backdrop, national frameworks differ significantly in how they regulate Chairs who retain executive functions.

Table 5 focuses specifically on whether Chairs may hold executive functions short of full CEO responsibilities, i.e., the Executive Chair model, identifying three regulatory approaches: full flexibility, exemplified by the U.S.; conditional flexibility, as in Singapore; and legal prohibition, as in Saudi Arabia.

Table 5: Permissibility of the Executive Chair model – three regulatory approaches

Source: CFG research and analysis

Approach	Core Principle	Implications	Markets
A. Full flexibility	Chairs may hold executive functions	Executive Chair fully permitted; no preference for specific Chair model	United States
B. Conditional flexibility	Chairs may hold executive functions with safeguards	Executive Chair possible with explanation; enhanced independence requirements	United Kingdom; Singapore
C. Legal prohibition	Structural separation or rules-based prohibition of executive functions	Executive Chair not permitted; Chair must be non-executive	Germany; Saudi Arabia;

¹⁹ OECD (2025) *OECD Corporate Governance Factbook 2025*. Paris: OECD Publishing, p. 155

The three regulatory approaches (full flexibility, conditional flexibility, and legal prohibition) provide a framework for comparison, but their application varies widely across markets. Differences in company law, listing rules, governance codes, and enforcement mechanisms shape whether Executive Chairs are permitted and the safeguards attached to them.

Table 6 provides a comparative overview of how both Executive Chairs and combined Chair/CEO roles (i.e., Chair/CEO duality) are regulated in selected key jurisdictions. It is worth noting that, amongst jurisdictions utilizing a one-tier board structure, Saudi Arabia is one of the few countries to fully prohibit Chairs from acquiring executive responsibilities at listed companies.

Table 6: Executive Chair and Chair/CEO duality - jurisdictional overview

Source: CFG research and analysis

Market	Executive Chair	Chair/CEO duality	Key safeguards (selected)
United States²⁰	✔ Permitted	✔ Permitted and common	General: Majority-independent board; non-management board sessions
United Kingdom²¹	! Permitted but discouraged	! Permitted but discouraged	General: Majority independent board; Senior Independent Director
Singapore²²	! Permitted with safeguards	! Permitted with safeguards but discouraged	General: Appropriate level of independence; Lead Independent Director Non-independent Chair: Majority-independent board
India²³	! Permitted with safeguards	! Permitted with safeguards	Majority independent board
China²⁴	✘ Not permitted	✔ Permitted	Chair/CEO duality must be allowed by the articles of association
United Arab Emirates (UAE) (2025)²⁵	✘ Not permitted	! Permitted with strict conditions	Chair/CEO duality: Special shareholder resolution; at least 75% independent board; fully independent committees; Governance Committee

Market	Executive Chair	Chair/CEO duality	Regulatory approach
Saudi Arabia²⁶	✘ Prohibited	✘ Prohibited	Rules based prohibition
Germany²⁷	✘ Prohibited	✘ Prohibited	Structural separation of oversight and management (two-tier board system)

20 New York Stock Exchange (NYSE), *Listed Company Manual*, §§303A.01–303A.03.

21 Financial Reporting Council (FRC) (2024) *UK Corporate Governance Code*, Principle G; Provision 9.

22 Monetary Authority of Singapore (MAS) (2018, last amended in 2023) *Singapore Corporate Governance Code*, Principle 3; Provision 3.1.

23 Securities and Exchange Board of India (SEBI) (2015) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Mumbai: SEBI.

24 National People's Congress of the People's Republic of China (2023) *Company Law of the People's Republic of China* (revised 29 December 2023, effective 1 July 2024). Beijing: National People's Congress

25 Securities and Commodities Authority (SCA) (United Arab Emirates), *Corporate Governance Guide* (Decision No. (3/R.M) of 2020) as amended by Board Resolution No. (24) of 2025. Available at: *SCA Regulations*. Article (7B) prohibits Chairs from holding "any other executive position in the company".

26 Capital Market Authority (Kingdom of Saudi Arabia) (2017, as amended in 2023), Article 23 prohibits the Chair from holding "any other executive position in the company".

27 Federal Ministry of Justice, *Stock Corporation Act* (AktG) §§76–111. §105(1) states that a member of the Supervisory Board may not at the same time be a member of the Management Board, a permanent deputy member of the Management Board, or a managing director of the company.

CHAIR/CEO DUALITY IN THE UNITED ARAB EMIRATES AFTER THE 2025 AMENDMENTS

The UAE is an example of a jurisdiction applying the “legal prohibition” approach to Executive Chairs, as outlined in Table 4: the Chair of a listed company is prohibited from holding “any other executive position in the company”.²⁸ However, with the 2025 amendments to the Securities and Commodities Authority’s Corporate Governance Guide, the UAE has introduced a narrow, highly regulated exception that allows the combination of the Chair and Company Manager - meaning the CEO in the UAE context. The duality of the Chair and CEO roles is now permissible under strict conditions, while maintaining a default expectation of non-executive board leadership.²⁹

This reform does not change the underlying principle that the Chair should be non-executive. Rather, it creates a mechanism for justifying duality in exceptional circumstances, subject to unusually stringent safeguards. The UAE remains in the “legal prohibition” category for Executive Chairs, while shifting to a form of strict and conditional flexibility for Chair/CEO duality.

A new Article sets out a multi-layered approval regime:

Constitutional permissibility: Articles of association must expressly permit the combination of Chair and CEO.

Board independence: At least three-quarters (75%) of the board must be independent directors.

Committee independence: All members of the permanent committees must be independent.

Shareholder approval: The General Assembly must adopt a special resolution approving the combination, based on a board-submitted study explaining:

- the justification for duality;
- its impact on the board’s independence, oversight, and control mechanisms;
- the procedures ensuring impartiality and independence of board decision-making.

Approval is valid only for the duration of the board’s term and must be renewed by another special resolution thereafter.

To mitigate risks associated with combining oversight and executive functions in the Chair role, the reform introduces a strengthened internal architecture:

A mandatory Governance Committee:

A new committee, in addition to existing committees, responsible for:

- supervising the performance evaluation of the CEO;
- annually reviewing whether duality remains justified and its impact on board decision-making, oversight, and control mechanisms;
- recommending renewal or cancellation of the arrangement based on the annual reviews;
- defining circumstances in which the Chair must step aside from chairing and voting (e.g., evaluation of executive performance, remuneration of the CEO, audit findings related to executive management, approval of restructuring plans, or shareholder complaints).
- Recusal and alternative chairing: In cases defined by the Governance Committee, the Chair must recuse themselves from chairing and voting, with the Vice-Chair (who must be independent) assuming the role.

Compared with the UK and Singapore (conditional flexibility with explanation), the UAE imposes mandatory, highly prescriptive, and structural safeguards. This targeted mechanism reflects a regulatory preference for non-executive board leadership, while recognizing that in exceptional circumstances a carefully controlled duality may be appropriate when supported by robust governance checks and balances.

²⁸ SCA, Corporate Governance Guide (2020 as amended), Article (7B)

²⁹ SCA, Board Resolution No. (24) of 2025

It is clear from Table 6 that Executive Chairs - while permitted in some markets - are increasingly treated as exceptions that must be justified, supported with safeguards, and balanced by independent oversight.

Where Executive Chairs and/or Chair/CEO duality are allowed, safeguards relied upon include:

- shareholder approval,
- independence thresholds,
- independent committees,
- lead or senior independent directors, and
- disclosure or comply-or-explain obligations.

Rather than signalling a broader trend towards greater flexibility, the UAE reform illustrates a tightly regulated exception set against the wider global movement toward separation of Chair and management roles.

But is this global regulatory trend towards independent, non-executive Chairs justified by superior company performance? We explore this question in the next section.



CHAIRMANSHIP AND PERFORMANCE

Most empirical studies, including large-sample and meta-analytic work, find no consistent relationship between organizational performance and whether the roles of Chair and CEO are separated (see Box for a summary of these findings).³⁰

- **Baliga, Moyer, and Rao** examine changes in Chair/CEO duality status and find that the market is largely indifferent to such announcements and that there is little evidence of changes in operating or long-term performance around these events.³¹
- **Brickley, Coles, and Jarrell** find that the costs of separation of the Chair and CEO roles may outweigh the benefits for most large companies.³²
- **Dalton et al.** conduct a meta-analysis of 31 empirical studies and find little evidence of a systematic relationship between board leadership structure and company performance.³³
- **Dey, Engel, and Liu** report adverse outcomes when companies are compelled to split the Chair and CEO roles in response to external pressure, rather than internal need.³⁴
- **Krause and Semadeni** find that separating the Chair and CEO roles boosts future performance when current performance is poor and harms it when current performance is strong, with the most pronounced effects arising when the CEO is demoted from the Chair role.³⁵
- **Krause, Semadeni, and Cannella** review 48 published studies and conclude that there is no consistent or generalizable evidence that separating or combining the Chair and CEO roles improves company performance, with findings across governance-related outcomes similarly mixed and highly contingent on context.³⁶ They conclude that Chair/CEO duality is “too idiosyncratic for all firms to adopt the same structure under the guise of ‘best practice.’”

30 Most empirical research focuses on the U.S., reflecting the flexibility of its Chair model system, large sample sizes, and high data availability. There are also studies on individual markets, including Saudi Arabia; see Boshnak, H.A. (2021) ‘Corporate governance mechanisms and firm performance in Saudi Arabia’, *International Journal of Financial Research*, 12(3), pp. 446–465, which analyses a period during which Chair/CEO duality was still permissible for listed companies.

31 Baliga, B.R., Moyer, R.C. and Rao, R.S. (1996) ‘CEO duality and firm performance: What’s the fuss?’, *Strategic Management Journal*, 17(1), pp. 41–53

32 Brickley, J.A., Coles, J.L. and Jarrell, G. (1997) ‘Leadership structure: Separating the CEO and Chairman of the Board’, *Journal of Corporate Finance*, 3(3), pp. 189–220

33 Dalton, D.R., Daily, C.M., Ellstrand, A.E. and Johnson, J.L. (1998) ‘Meta-analytic reviews of board composition, leadership structure, and financial performance’, *Strategic Management Journal*, 19(3), pp. 269–290

34 Dey, A., Engel, E. and Liu, X. (2011) ‘CEO and board chair roles: To split or not to split?’, *Journal of Corporate Finance*, 17(5), pp. 1595–1618

35 Krause, R. and Semadeni, M. (2013) ‘Apprentice, departure, and demotion: An examination of the three types of CEO-board chair separation’, *Academy of Management Journal*, 56(3), pp. 805–826

36 Krause, R., Semadeni, M. and Cannella, A.A. (2014) ‘CEO duality: A review and research agenda’, *Journal of Management*, 40(1), pp. 256–286

“

The performance advantage is most substantial when the CEO is relatively empowered, even in the presence of the Executive Chair. It declines in circumstances of greater organizational complexity or when the demands on the Chair to manage the board increase.

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More generally, the evidence suggests that there is no statistically significant correlation between board leadership structures and company performance.³⁷ Such a finding is consistent with the view that optimal corporate governance arrangements are contingent on context.³⁸

The quality of board leadership appears to depend on the individuals involved, board composition, culture, and engagement, as well as on company-specific and external factors that may moderate the advantages and disadvantages of different Chair models.³⁹ As Krause and Semadeni argue, the central question might not be whether the roles should be separated, but when and how a company should choose to do so.⁴⁰

Academic attention to the specific case of the Executive Chair model - the focus of this report - has historically been limited. However, recent studies have begun to explore the performance effect of this hybrid arrangement.

One such study examined a sample of S&P 1500 constituents over the period 2003-2017. It found that companies tended to perform better under an Executive Chair than under either a non-executive Chair or a combined CEO/Chair.⁴¹

The authors concluded that the Executive Chair model bridges the traditional divide and trade-off between Chair independence and strategic involvement, offering the best of both worlds: it provides deeper insight into operations and strategy while maintaining separation from the CEO role.

According to the same study, around 70% of press releases announcing an Executive Chair appointment explicitly cited a strategic mandate, and most of the Executive Chairs were either founders, retired CEOs, or family members with deep company-specific knowledge.

This unique positioning may explain the observed performance benefits. By bridging the gap between an independent Chair and the CEO role, an effective Executive Chair can both support and challenge the CEO, bringing extra leadership capacity to pursue long-term strategic initiatives without compromising board oversight.

37 Larcker, D.F. and Tayan, B. (2021) Corporate governance matters: A closer look at organizational choices and their consequences. Hoboken: Pearson, pp. 115–116

38 Hirt, H.-C. and Melvin, C. (2008) 'Corporate governance and performance – the missing links', in Rushton, K. (ed.) The business case for corporate governance. Cambridge: Cambridge University Press, pp. 201–221

39 See for example, Duru, A., Iyengar, R.J. and Zampelli, E.M. (2016) 'The dynamic relationship between CEO duality and firm performance: The moderating role of board independence', Journal of Business Research 69(10), pp. 4269–4277

40 Krause and Semadeni (2013), p. 806

41 Langan et al. (2023), pp. 2218–2253

The authors have summarized these findings in the Harvard Business Review, emphasizing three questions: the relative power of the CEO (and whether closer strategic oversight is needed), the complexity of the organization (and the risk of “too many cooks” in strategy execution), and the overall board leadership demands placed on the Chair (which may make a non-executive Chair model more effective).⁴²

Thus, clarity of roles and alignment, as well as organizational complexity, appear paramount: the Executive Chair model seems to deliver superior results primarily in contexts where the complementary leadership it provides outweighs the costs of having “two leaders”.

In contrast to these positive findings, a recent non-academic study by Spencer Stuart found no consistent performance advantage for companies adopting the Executive Chair model.⁴³

Among 203 U.S.-listed firms with market capitalization above \$500 million, 54% underperformed their peers during the Executive Chair’s tenure by an average of 14%, while 46% outperformed by a similar margin.

Comparable analysis of leading companies in Italy, Spain, and Switzerland showed similarly mixed outcomes. In Spain, Executive Chair-led firms outperformed those with combined Chair/CEOs, but underperformed those with non-executive Chairs, while in Switzerland, Executive Chair and non-executive Chair models performed nearly identically.

Together, these factors were identified as critical to realizing the potential value of an Executive Chair arrangement and to reducing the risks associated with having two prominent leaders at the top of the organization.

While emerging evidence on the performance impact of Executive Chairs shows that outcomes are highly context-dependent, understanding the mechanisms through which Executive Chairs can add or destroy value requires a closer look at the benefits, risks, and safeguards associated with the role.

“

The Spencer Stuart study highlighted four ground rules for boards considering or managing Executive Chair arrangements, particularly in leadership transition scenarios: (1) the handover should be clear, visible, and quick; (2) trust between the outgoing and incoming CEO is paramount; (3) the Executive Chair and CEO must be explicit about the division of labor between them; and (4) the board should be built around the needs of the new CEO.

”

⁴² Menz, M., Langan, R. and Krause, R. (2022) ‘Does your board need an executive chair?’, Harvard Business Review, November

⁴³ Spencer Stuart (2023) [When an executive chair helps or hinders company performance](#). December.

BENEFITS AND RISKS OF EXECUTIVE CHAIRMANSHIP

In most markets, corporate governance regulations and best-practice codes express a clear preference for separating the roles of Chair and CEO. The rationale is that separating the positions enhances governance by strengthening board oversight and preventing the conflicts of interest inherent in the Chair/CEO duality. According to this perspective, the Chair leads the board while the CEO leads management, allowing both to focus on their respective roles. It also eliminates conflicts in areas such as evaluation of management performance, executive remuneration, and succession planning.

However, separation of the Chair and CEO roles can reduce clarity of leadership, add complexity, and impair decision-making, particularly in times of crisis. Furthermore, as we saw in the previous section, empirical evidence provides only limited support for the assumption that separating the roles of Chair and CEO improves corporate financial performance.

The following section examines the key benefits, risks, and safeguards associated with the Executive Chair role, drawing on global examples. These are summarized in Table 7.

Table 7: Executive Chair - benefits, risks, and safeguards

Source: CFG research and analysis

Key benefits	Key risks
Continuity of leadership, strategic vision, and institutional stability	Power concentration and governance erosion
Strategic clarity, CEO challenge, support, and stakeholder confidence	Blurred accountability and role ambiguity
Targeted contribution to key executive value drivers	Undermined CEO authority and team effectiveness
CEO succession support and mentorship	Prolonged governance ambiguity or failed transitions
External representation and crisis leadership	Market- and stakeholder - confidence risks

The benefits of executive chairmanship

Continuity of leadership, strategic vision, and institutional stability

Executive Chairs often act as stabilizing forces during leadership transitions. Founders, long-serving CEOs, or transformational leaders may move into the role to preserve strategic continuity, anchor the company's long-term vision, and sustain institutional relationships. Their presence reassures stakeholders and helps maintain strategic momentum through periods of change.

Jeff Bezos transitioned to Executive Chair of Amazon in 2021 after nearly three decades as CEO. In this role, he focuses on "new products and early initiatives" and maintains strategic influence.

Ignacio Galán at Iberdrola remained as Executive Chair following the appointment of a CEO in 2022, continuing to guide the company's green energy strategy while overseeing governance and board continuity.

Strategic clarity, CEO challenge and support, and stakeholder confidence

In high-growth or transforming companies, particularly if previously founder-led, Executive Chairs can sharpen strategic direction, provide seasoned counsel to the CEO, and reinforce credibility with investors, business partners, and policy makers. Because they are often more involved in strategy development and oversight of implementation, they can combine the roles of effective sparring partner and independent monitor, providing constructive challenge alongside informed support to the CEO.

Larry Ellison, Oracle's co-founder, serves as Executive Chair and CTO, preserving strategic alignment with the company's long-term technology agenda.

John Thornton at Barrick Gold assumed an Executive Chair mandate to reorient the company's governance and global strategy, driving transformative M&A and governance reforms.

Mark Tucker at HSBC and **Colm Kelleher** at UBS, while formally non-executives, have worked closely with their CEOs on strategic direction and business transformations, assuming a quasi-Executive Chair role.

Targeted executive contribution to key value drivers

Executive Chairs may continue to contribute to distinct strategic, operational, or technical domains, such as innovation, capital allocation, partnerships, talent, or technology, drawing on their experience and skills.

Jeff Bezos, while no longer CEO, focuses on Amazon's innovation pipeline, leveraging his experience and skills, and backing bold experiments.

Larry Ellison continues to lead Oracle's core technological direction, including its push into cloud services, as both Executive Chair and CTO.

John Thornton at Barrick Gold shaped capital allocation and global partnerships, drawing on his experience and network in Asia.



CEO succession support and mentorship

Executive Chairs can support CEO succession by ensuring a smooth transition, mentoring the incoming CEO, and managing stakeholder expectations.

Eric Schmidt at Alphabet transitioned from CEO to Executive Chair, guiding the company through structural changes and mentoring the founders as they assumed operational leadership.

James Gorman remained Executive Chair at Morgan Stanley during 2024 to help ensure a stable handover and advise the new CEO.

External representation and crisis leadership

In periods of volatility, transformation, or crisis, Executive Chairs can provide visible and credible leadership for regulators, investors, and business partners, adding stability and authority at the top of the company. They offer additional executive capacity and ensure continuity of decision-making and communication during periods of pressure.

Mark Tucker at HSBC, though formally non-executive, exercised executive-like authority during strategic restructurings, regulatory scrutiny, and successive CEO transitions.

Similarly, **Colm Kelleher** at UBS played a central role in the 2023 Credit Suisse emergency acquisition, leading negotiations and overseeing the immediate leadership transition.



The risks of executive chairmanship

Power concentration and governance erosion

Executive Chairs may dominate both strategic and governance functions, affecting board dynamics and reducing the board's ability to provide effective challenge and oversight. Where the Executive Chair controls agendas, information flow, or key decision points, scrutiny may weaken, increasing the risk of unchecked authority.

Blurred accountability and role ambiguity

If the boundaries between the Executive Chair and CEO are unclear, decision-making can become inconsistent or conflicted. Strategic initiatives may stall due to competing visions, differences in strategic direction, or unclear mandates. Management may face uncertainty about authority, leading to organizational friction and delays in execution.

Undermined CEO authority and team effectiveness

Executive Chairmanship can constrain the authority and autonomy of the CEO, particularly where the Chair assumes responsibility for functions that would ordinarily fall within the CEO's remit, such as technology, transformation, or major strategic initiatives. This can make it more difficult for the CEO to establish clear leadership within the organization. Where the Chair is both the board leader and the CEO's executive superior, even in limited areas, CEOs may also find it harder to openly challenge decisions, raise concerns, or advocate for alternative priorities.

At Disney, **Bob Iger's** continued presence as Executive Chair appeared to constrain his successor's autonomy. His return as CEO raised questions about whether the transition had been fully executed and whether the successor had genuine room to lead.



Prolonged governance ambiguity or failed transitions

Without clear parameters, Executive Chair arrangements risk becoming extended or indefinite, complicating succession planning and potentially limiting access to external talent. Boards may find it challenging to disengage influential founders or former CEOs, even if their continued involvement becomes counterproductive. A prolonged “interim” Executive Chair may limit the new CEO’s freedom to set strategy and build their leadership team.

Market and stakeholder confidence risks

Executive Chair structures can raise investor concerns, particularly when governance norms favor fully independent Chairs or when the rationale is poorly communicated. Shareholders and proxy advisors may question board independence and leadership clarity. Absent a clear justification, the structure can trigger scrutiny from governance-focused investors and stewardship teams, potentially affecting reputation and sentiment.

THE VIEWS OF BOARD MEMBERS

During our conversations with global board members, mixed views were expressed about the role of the Executive Chair.⁴⁴ Some described it as a stabilizing force, while others saw it as a governance risk. One UK director remarked:

“The Executive Chair can provide strategic coherence, or it can erode the boundaries between governance and management. Everything depends on how individuals interpret their boundaries.”

Some board members felt the model worked exceptionally well during leadership transitions, such as when the CEO moved to the Executive Chair role. Amazon’s 2021 leadership shift was cited as a successful example. Board members who had experienced other founder transitions, however, were more cautious. One European board member noted:

“If the chair refuses to step back from operational activities, the CEO starts the job already boxed in.”

Several directors described instances where the Executive Chair had overshadowed the CEO. A UK non-executive recalled executives turning instinctively to the chair when faced with difficult questions:

“That was the moment when it became obvious the CEO had slipped into the role of chief operating officer rather than chief executive officer.”

A North American lead director made a similar point:

“Without active care, the Executive Chair will naturally dominate, and the CEO will become a glorified head of operations.”

In innovative, fast-moving sectors, several board members felt the Executive Chair could help maintain a strong focus on long-term innovation. A US technology director said:

“A traditional non-Executive Chair often isn’t close enough to the cutting edge of innovation. An Executive Chair can ask the questions that really matter.”

One director cited Alphabet’s leadership shift in 2019. Larry Page and Sergey Brin stepped back from executive roles but remained influential as board members and major shareholders, helping sustain a long-horizon innovative mindset. A European director made a similar point as follows:

“Our Executive Chair spends their time thinking ten years ahead. If management tried to do that, the business would fall over very quickly.”

Even supporters of the Executive Chair model acknowledged the risks of concentrating authority. Institutional investor sentiment is often even more skeptical. One audit committee chair noted,

“We spent half our time explaining to investors why this wasn’t a power grab. By the end, I think we were reassuring ourselves as much as the shareholders.”

Many board members emphasized that culture and behavior matter more than formal structure. According to a US board member:

⁴⁴ This section is based on confidential interviews conducted with board members serving across multiple jurisdictions during November 2025.

“I’ve served on boards where independent chairs micromanaged and Executive Chairs who fostered genuine engagement. What matters is whether directors feel empowered to challenge, whether information flows freely, and whether the board adds real value.”

Cultural expectations play a key role in affecting attitudes to the Executive Chair role. A German supervisory board member said:

“In our two-tier board model, the separation between oversight and management is so ingrained that the very idea of an Executive Chair feels completely alien. German board members would struggle to understand how someone can simultaneously manage and oversee.”

In Saudi Arabia, these debates take on a distinctive shape. The CMA’s Corporate Governance Regulations prohibit the chair of a listed company from holding any executive role, such as CEO or Managing Director. As a result, listed companies do not use the title “Executive Chair,” even though such arrangements still exist in private and family-owned enterprises. However, some board members in listed companies (especially those representing family or controlling shareholders) seek to create something similar by combining the Vice Chair and Managing Director roles. As one Saudi director explained:

“We don’t call it an Executive Chair, but everyone knows that’s more or less what it is. The Managing Director sets strategy, decides the big calls, and the CEO implements the strategy.” Another added: “On paper, it’s compliant with the Corporate Governance Regulations. In practice, you have a central focus of authority - just with different labels.”

Across global markets, attitudes toward the Executive Chair reflect governance traditions and regulatory requirements. In the UK and much of Europe, the separation of CEO and Chair roles is strongly supported. A FTSE chair said:

“I spend my time thinking about board effectiveness and representing the board to shareholders. The CEO focuses on running the business. When I see someone attempting a combined role, I wonder how they could do both jobs well.”

North American practice remains mixed. One Canadian director observed:

“Canadian board members now view separation of Chair and CEO as natural, while US directors still debate it case by case.”

In Asia-Pacific markets, formal governance codes encourage separation, but in practice, the situation is more complicated. As a Singaporean director put it:

“Codes favor the separation of roles, but boardroom reality is more nuanced, especially in family-owned companies.”

A UK board member offered a final reflection that aligned with the views of many board members:

“Early in my board career, I believed separation was always superior. Experience has taught me that structure alone doesn’t guarantee good governance.”

CONCLUSIONS AND POLICY IMPLICATIONS

The evidence reviewed in this report finds no generally discernible relationship between any particular Chair model and superior company performance. However, our analysis suggests that the Executive Chair model can play a legitimate and sometimes necessary role within modern corporate governance.

An Executive Chair appears to add particular value in specific circumstances, such as leadership transitions, major transformations, or crises. In these cases, continuity of strategy, credibility with investors, specific executive capacity, and experienced oversight are critical.

However, the role comes with governance trade-offs and risks that need to be carefully evaluated. This reinforces the case for relevant checks and balances, which should aim to mitigate the risks while maximizing the benefits.

Before adopting the Executive Chair model, what kind of safeguards and best practices should be considered? We provide below a checklist of relevant considerations which should be calibrated to match the extent of the executive responsibilities being adopted by the Executive Chair.





Create a formal role description

for the Executive Chair, with distinct boundaries between the CEO and Executive Chair.

Define a delegation of authority matrix

for the Executive Chair, which could be revoked at any time by a vote of the independent directors or a shareholder resolution.

Publicly disclose the Executive Chair's

mandate and responsibilities.

In transition or crisis circumstances,

specify the expected tenure of the Executive Chair or define a sunset clause.

Require a regular formal board review

of the Executive Chair arrangement and its rationale.

Appoint a Lead Independent Director or

Senior Independent Director with joint authority over agenda-setting and associated information flows, and to act as an investor liaison.

Appoint independent directors as the chairs

of board sub-committees and ensure adequate overall board independence (e.g., by increasing the proportion of independent board members).

Conduct independent board effectiveness

reviews to monitor Executive Chair-CEO dynamics.

Where the Executive Chair is the outgoing

CEO, they should visibly transfer authority, for example, by vacating the CEO's office location.

Build a strong partnership between the

Executive Chair, CEO, and Lead Independent Director focused on support, not control.

Limit the Executive Chair's executive functions

to specific domains such as strategy, technology, partnerships, innovation, or capital allocation.

Avoid Executive Chair involvement

in the more operational aspects of executive management.

Policy implications for Saudi Arabia

As noted earlier, Article 23 of the CMA's Corporate Governance Regulations currently prohibits Chairs from assuming executive responsibilities. An implication of this paper is that the CMA might consider whether a carefully specified Executive Chair model could be accommodated within the existing regulatory framework.

In particular, the current outright prohibition on Chairs taking on executive responsibilities may have led some board members to adopt job titles (e.g., Vice Chair and Managing Director) that obscure rather than illuminate the true nature of their governance role. A properly regulated Executive Chair model could increase transparency in the eyes of investors (especially international investors) and other stakeholders.

Our analysis suggests that, with the proper safeguards, an Executive Chair structure can successfully combine strategic leadership and limited executive involvement with robust independent oversight. Rather than diluting governance standards, it can reinforce them. The recent UAE reforms - introducing a tightly defined exception for Chair/CEO duality - demonstrate that regulatory flexibility is possible within a system that still upholds a strong presumption in favor of independent board leadership.

At the start of this paper, we asked whether executive chairmanship was a legitimate governance model or a governance taboo. Our conclusion is clear: in specific circumstances, and subject to transparent definition and proportionate checks and balances, Executive Chairs can add material value without compromising governance integrity. The role is therefore a legitimate option within the spectrum of potential chairmanship models. As in many areas of governance, no single approach is optimal for all organizations. In specific contexts, executive chairmanship may provide the most appropriate pathway, despite the reservations embedded in much contemporary governance debate.







مركز الحوكمة
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ABOUT THIS PUBLICATION

Authors

Dr. Roger Barker

Chief Research and Thought Leadership Officer,
Center for Governance.

Dr. Charles Mario Abela

Director, Research and Thought Leadership,
Center for Governance.

Armando Cruz Maria

Assistant Director, Research and Thought Leadership,
Center for Governance.

Dr. Tara Vanli

Research and Thought Leadership Assistant Manager,
Center for Governance.

We are grateful to **Hans-Christoph Hirt, PhD**, for his contribution to this paper. We also wish to thank the board members and experts who provided their views and ideas on a confidential basis.

All data is correct as of 19 December 2025.

We welcome comments and feedback on this paper. Please get in touch with us at research@cfg.sa

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