

2026 Board Monitor Saudi Arabia

Closing the gap between current strengths and future needs

Saudi boards are better prepared for volatility than many regional peers—but future success will depend on strengthening strategic foresight, organizational alignment, and capacity for board renewal.



Over the past decade, Saudi Arabia has pursued an ambitious economic transformation, seeking to diversify beyond oil, develop new industries, and attract record levels of foreign investment. As the scale and complexity of this transformation have grown, so have the demands placed on the

organizations and leaders driving it. Sustaining this momentum will require governance to evolve in tandem, with boards equipped to navigate greater complexity, provide effective strategic oversight, and translate long-term ambition into sustained performance.

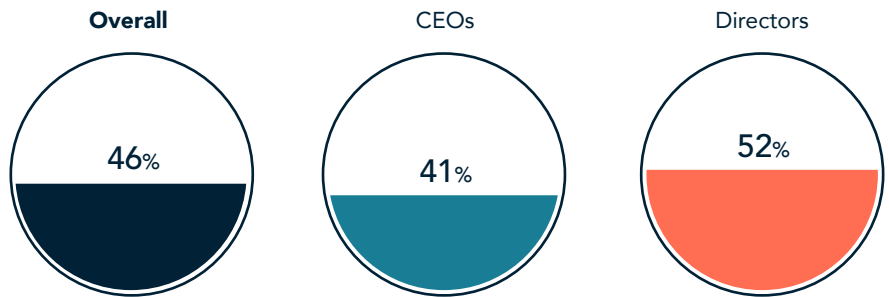
A gap between ambition and readiness

Despite significant progress, nearly half of CEOs and board directors in Saudi Arabia say a gap remains between the skillsets directors need for future success and their current strengths. This was a key takeaway from our recent survey of 1,033 CEOs and directors globally, 56 of whom were in Saudi Arabia: 82% of CEOs and directors expect their organization’s strategy and operating model to change over the next two to three years, and 46% say they recognize a gap between the capabilities their boards need for long-term success and the current strengths of their boards.

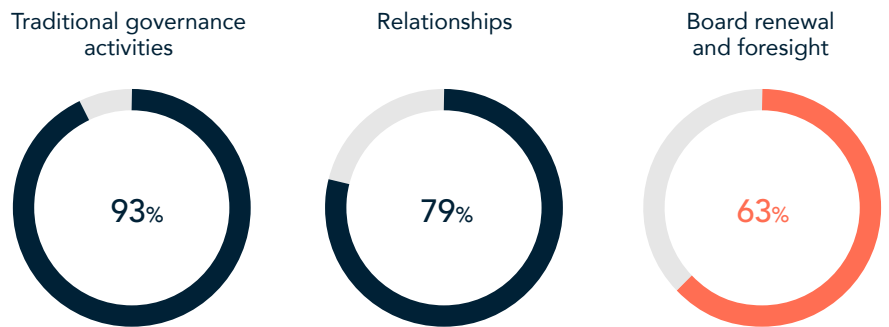
The gap between capabilities and what lies ahead is substantial, but it is less pronounced than in some other global markets. In the United States, for example, 61% of respondents report a capability gap.

Limited board turnover may be a contributory factor to this capability gap. In an earlier survey of ours, half of CEOs and directors in the Middle East reported they don’t regularly replace underperforming directors or directors whose skillsets are no longer aligned with organizational needs. This may explain why capability gaps persist rather than close over time. Without a consistent cadence of turnover, boards miss the chance to bring in the skills and perspectives needed to meet evolving strategy demands.

Nearly half of CEOs and directors report a gap between the most important factors for future success and current board strengths.



Saudi boards are more likely to have strengths in traditional governance activities and relationships than renewal and foresight.



Few boards demonstrate the foresight and capacity for renewal needed to stay effective as organizational needs evolve. Indeed, CEOs and directors are considerably more likely to cite strong relationships as a board strength than they are to report strength in foresight and renewal.

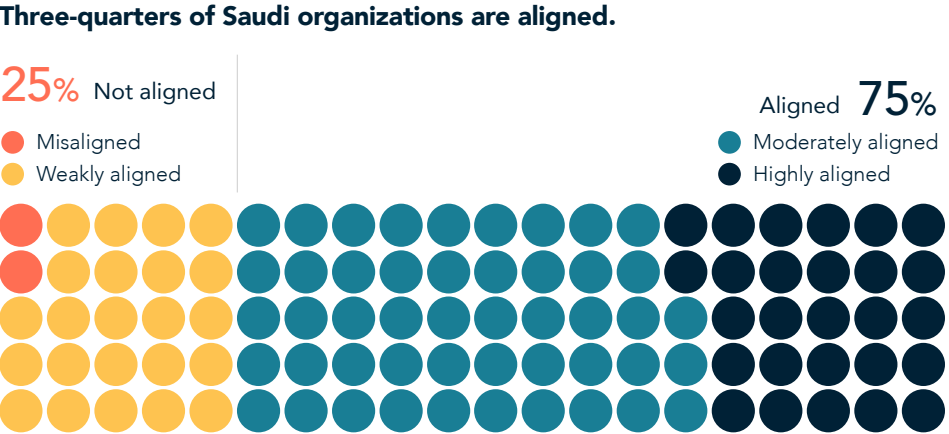
Aligning strategy and succession planning

Excelling at relationship building is a vital skill for boards to provide effective oversight, challenge management constructively, and maintain productive engagement with executives—but strong relationships alone don’t close capability gaps. Translating that strength into organizational performance requires alignment across the enterprise by connecting strategic priorities with the leadership capabilities, talent pipeline, and management processes needed to deliver them.

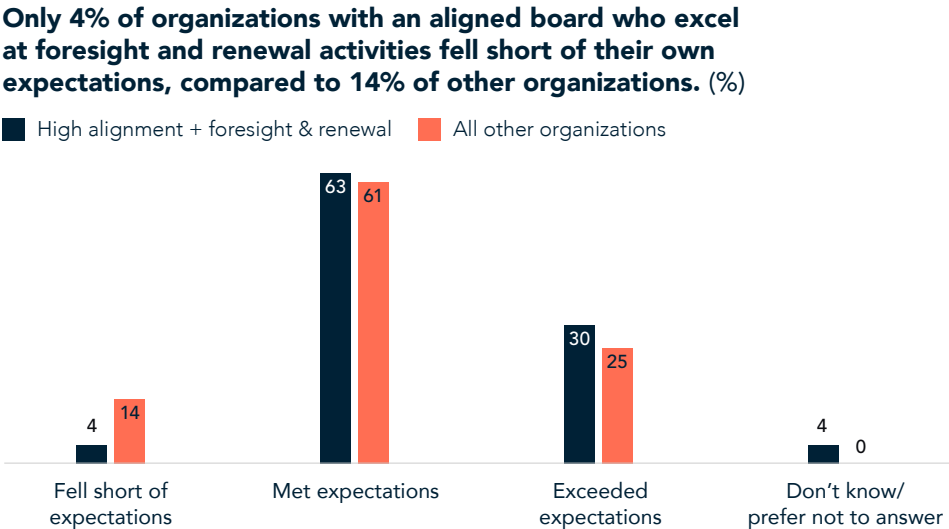
In our previous work, board members and CEOs consistently said succession planning would improve with closer alignment between business strategy and succession planning strategy. This year, we dove deeper into this topic by considering three aspects:

- 1 Alignment among senior leaders.
- 2 Alignment between business strategy and leadership pipeline management.
- 3 Alignment among executive development and succession planning processes.

After assigning an aggregate alignment score based on responses, we found that Saudi companies are more aligned than their regional peers: 75% are moderately or highly aligned compared with about half in those other markets.



When companies are aligned and have strong foresight and renewal capabilities, directors report measurable benefits. For one, the combination of alignment and foresight is a predictor of stronger financial performance relative to expectations. Only 4% of organizations with high alignment and a board that prioritizes foresight and renewal report their 2025 financial performance falling short of their expectations at the beginning of the year, compared with 14% of all other organizations.



Note: Numbers may not total 100% due to rounding.

That’s not the only benefit. The combination of alignment and board strength in foresight and renewal is also positively associated with higher total shareholder return (TSR). And directors at those organizations say they’re better at other leadership and governance activities, such as effective decision making, volatility management, and adopting AI at the right pace. When boards anticipate and adapt, they’re in a stronger position to support organizational performance.

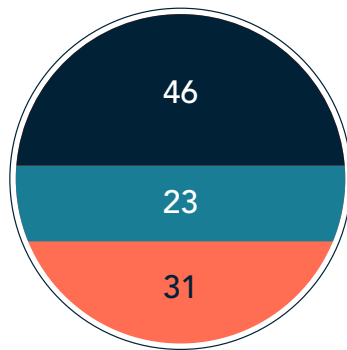
In addition to an improved likelihood of success now, the combination of foresight and renewal gives organizations a better opportunity for future success as well. Boards that are aligned and have strong foresight and renewal are about four times as likely to treat board succession as a true priority and actively refresh board composition. In contrast, 39% of all other organizations do not view board succession as a high priority. Boards that intentionally renew and refresh composition keep pace with strategy shifts, while others risk falling further behind.

These insights raise the question of why more boards don’t prioritize enterprise-wide alignment, particularly around strategy and talent. Part of the reason may be that boards often see their primary role as providing organizational oversight rather than shaping strategy. But strategy and risk management are closely linked, and since overseeing risk is unquestionably part of a board’s mandate, engaging in strategic discussions should be, too.

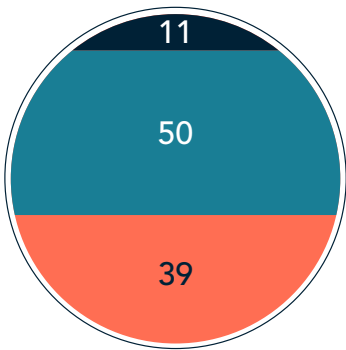
Organizations with high alignment and a board that prioritizes foresight and renewal were more than four times as likely to treat board succession as a priority. (%)

■ Top priority, treated like one ■ Top priority, overlooked ■ Not a high priority

High alignment + foresight & renewal



All other organizations



Three priorities for Saudi boards

While Saudi Arabia has a larger portion of aligned organizations than other regional markets, there are three areas in which boards can improve:

Strengthen foresight and renewal capabilities. The current capability gap is surprisingly large, given that addressing it sits squarely within the board's remit. Boards should focus on building a regular cadence for reviewing emerging strategic priorities and setting aside time for scenario planning.

Improve strategy–talent alignment. Financial benefits are most evident among organizations that combine strong strategy alignment with talent foresight. To achieve this, organizations must ensure leadership systems support strategy execution and don't just close current capability gaps.

Treat board refreshment as a strategic process. Boards with comprehensive succession plans ensure they have access to external experts, have set criteria and a clear timeline for decision making, and update their capability matrices regularly. Organizations that are highly aligned and strong on foresight and renewal are more likely to do all of these.

Some boards may be concerned about integrating new members more often. But the data suggest that boards at aligned companies tend to have more constructive, purpose-driven dynamics, so are often better at integrating new members. A continual cadence of board refreshment can also help normalize director reviews as part of a consistent governance process. Establishing regular intervals for periodic review creates a more predictable and transparent approach to board composition, rather than addressing changes only as specific needs arise.

As Saudi Arabia's economic transformation matures, the demands on boards will grow more complex. Saudi boards are already ahead of many regional peers in performance, but the next phase may depend on their willingness to strengthen foresight, improve alignment, and refresh board capabilities before gaps emerge.

The organizations best positioned to meet that moment may not be the ones with the most ambitious strategies, but those whose boards have built the processes, talent pipelines, and renewal habits to keep pace with evolving strategies. For Saudi boards, the opportunity is to convert today's advantage in alignment into a lasting advantage in readiness.

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CEO & Board of Directors Practice

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