GCC Board Directors Institute

HEIDRICK & STRUGGLES

Board Effectiveness Review 2025

At a glance: 10 takeaways

1.

Board effectiveness comes from clear governance boundaries and thoughtful oversight. In the GCC, 91% of respondents agreed that boards should concentrate on policy and strategy, leaving day-to-day operations to management, although this principle is not always followed in practice. So, while 78% are reporting progress on board effectiveness, many boards still struggle to separate governance from management, which can frustrate executives and diminish the board's influence.

2.

Strategy and value creation continue to get too little time Most respondents believe boards should devote more time to strategy (83%), business risk management (69%), and succession planning (62%), often identifying more than one priority. Board agendas continue to prioritise past performance, compliance, and audit matters, leaving insufficient time for forward-looking strategy and value creation.

3.

Board composition remains largely relationship-driven, with added challenges in family businesses. Only 32% of respondents indicated that their boards have a formal selection, induction, review, development, and deselection process in place. Instead, board appointments are frequently shaped by family ties, personal relationships, and former executive relationships, potentially undermining independence and limiting diverse perspectives. Governance is typically top-down, while joint ventures can face added complexity from shareholder misalignment.

4.

AI is on the agenda, but board oversight remains superficial. As technological capabilities continue to advance at a rapid pace, AI is becoming a more prominent discussion point on board agendas. However, most boards are still in the early stages of engagement, with 58% of respondents indicating that they are not confident or are neutral about their board having a clear understanding of AI's strategic implications, and 59% indicating their boards do not spend enough time on generative AI. Boards' understanding of technology is often limited to cybersecurity and basic productivity tools, with broader AI adoption seen as a future goal.

5.

Geopolitical risks are a key concern for GCC companies with global operations. Sixty-four percent of respondents rated their boards' capability to assess and respond to regional geopolitical risks as good or excellent, and 69% indicated that their boards have or are developing or are discussing a framework to incorporate geopolitical risk management into decision-making. Global boards, especially those in sectors like energy and infrastructure, are proactively addressing these risks through scenario planning and frameworks.

6.

Board development and succession planning remain largely informal and reactive. The importance of director development and succession planning is recognised, yet most boards do not have formal, ongoing programmes to support these imperatives. Onboarding processes for new board members are improving, but few boards provide structured learning opportunities, peer exchanges, or mentoring for directors. Succession planning is usually addressed reactively rather than as a proactive, strategic priority, with 67% of respondents reporting that their boards have no formal succession plan in place. Some directors undertake external training on their own initiative, though this remains uncommon.

7.

Overall board effectiveness is improving, but operational discipline remains uneven. According to the survey, 78% of respondents agree that board effectiveness in the GCC has improved over the last two years. Despite this, some operational challenges continue to hinder further improvement.

8.

Board diversity is improving but still limited. Boards are making gradual progress toward greater diversity, though women, younger professionals, and non-GCC experts continue to be underrepresented. Survey results show that perceived cultural obstacles to appointing women have declined from 33% in 2023 to 28% in 2025. "Overboarding" – where directors hold multiple board seats – is a persistent challenge to board diversity, limiting opportunities for prospective directors from different backgrounds or demographics.

9.

Board resilience depends on agility, preparedness, and willingness to adapt. Resilient boards combine an adaptive mindset with practical systems, enabling them to navigate dynamic market and regulatory environments and external shocks. Proactive scenario planning, open dialogue, and a willingness to challenge or adapt are crucial to resilience, particularly in family and IPO-bound companies.

10.

Board dynamics show a generally high level of engagement but also the impact of influential members. Overall board effectiveness appears to be improving, survey results show that around two-thirds of respondents said all board members actively participate in discussions (67%) and are well prepared (63%), indicating relatively high levels of engagement overall. Interviews also suggest that in a few boards, limited director engagement persists. Interviews also indicated that the role of the chair or a few influential voices can shape outcomes disproportionately.

To explore the full Board Effectiveness Review 2025 visit gccbdi.org