

CEO Succession Planning in Saudi Arabia

What Saudi governance rules and nationalisation data settle about succession, and what a chair must still decide at appointment.

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1 NOVEMBER 2026 · 8 MIN READ

CEO succession planning in Saudi Arabia begins at appointment. In Saudi Main Market companies the rules place the appointment and the succession plan with the same board: it appoints the chief executive and must develop succession plans for management. We read the two as one decision. The provisions we reviewed leave open what the plan must contain. The chair can settle that in the appointment mandate, before the market is approached, by stating what the executive must deliver and what succession capability the appointment should leave behind. This article concerns Saudi Main Market boards; a later section covers unlisted companies.

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- 04 The appointment mandate is where the succession horizon belongs: what the appointee leaves behind, by when, judged by whom.

01 · The Rules

What the Saudi Governance Rules Already Settle

The decision begins with who holds it. Under the Capital Market Authority's Corporate Governance Regulations, the board of a Saudi Main Market company selects and appoints the chief executive officer and must develop succession plans for the company's management. Each board member is also required to take part in developing the succession and replacement plans for executive positions.

The Regulations also separate the roles. Saudi Capital Market Authority rules prohibit the chairman of a Main Market listed company from holding any other executive position in it at the same time, including chief executive officer, managing director or general manager.

A committee of the board owns the description of what executive roles require. The Regulations bar executive directors from a Main Market company's nomination committee and require at least one independent director among its members. They give the committee responsibility for describing the capabilities required for executive management positions, reviewing the skills required of executive management each year, and setting the procedure to follow when a senior executive position becomes vacant.

Taken together, these provisions give a Saudi Main Market company's chair a defined position. The board appoints the chief executive and develops the succession plan, and the nomination committee holds the capability description. The same board therefore owns both the appointment and the plan for what follows it. That is our reading of the rules, not a provision in them. It means the successor question has an owner on the board before any search begins.

02 · Nationalisation

What Nationalisation Policy and Statistics Do Not Show

A board might assume that nationalisation policy answers the successor question: that the regulator, not the board, decides whether a national successor is expected. The public record we reviewed does not address it. In February 2026 the Saudi Ministry of Human Resources and Social Development announced a new three-year phase of its Nitaqat Mutawar programme, starting in 2026, with a target of localising more than 340,000 additional private-sector positions for Saudis.

That is a programme target for private-sector employment in aggregate. As we read the announcement, it says nothing about chief executive or other senior appointments, and nothing shows that Nitaqat sets a quota for them. Absence from the page we read is not proof of absence, so how the programme treats senior roles is a question for an adviser on Saudi labour regulation.

The national statistics are no closer to the decision. Saudi Arabia's General Authority for Statistics estimates that 7.9% of employed Saudis worked in the managers occupational group in the second quarter of 2026, against 3.2% of employed non-Saudis. The estimates come from the Authority's Labour Market Statistics, second quarter 2026.

These are shares within each group of workers, and the managers group does not isolate chief executives, so they cannot tell a board whether a national successor exists for its own chief executive.

Policy therefore does not settle whether this appointee should leave a national successor. National participation is a stated priority of policy; how much of it this appointment should carry is the board's judgement. Where an adviser confirms a specific obligation for a role or sector, that obligation sits inside the mandate. Where no specific obligation applies, the successor expectation is the board's own, and it should be written down as one.

03 · The Succession Horizon

What the Appointment Mandate Can Settle

The rules fix the duty, and the policy evidence does not fill the gap. As we read the provisions cited, they specify no content, timeframe or nationality for a succession plan. A plan can be a compliant document that decides nothing, or the written answer to three questions: what the appointee must leave behind, by when, and who judges it.

Because one board owns the appointment and the plan, there is a case for taking the two decisions together. The rules do not require it. A mandate written only for delivery treats the appointment as settled once an executive is chosen. A mandate with a succession horizon treats the appointment as the first step of the plan.

The comparison below sets the two side by side. It is our own judgement, not a finding of the research above, and the right frame depends on the business and its owners.

A DELIVERY MANDATE AND A MANDATE WITH A SUCCESSION HORIZON

	DELIVERY ONLY	WITH A SUCCESSION HORIZON
Question answered	Who can deliver the plan now	Who can deliver it, and what they will leave behind
Field searched	Proven operators for the role	Operators who have also built successors
Package	Built around the incumbent	Includes development and handover commitments
Assessment tests	Delivery record and fit	Delivery record and record of developing others
Measure at first review	Business results	Results and progress on the successor milestone
Main risk	The successor question arrives unplanned	A milestone that competes with delivery

A plan can be a compliant document that decides nothing, or the written answer to three questions: what the appointee must leave behind, by when, and who judges it.

04 · Where This Does Not Hold

When the Rules Do Not Reach the Decision

The Regulations cited govern companies listed on the Main Market. Unlisted companies, including unlisted family groups and government-related entities, fall outside them, and no Capital Market Authority rule on succession applies to them directly. Other laws, regulators and the owner's own governance documents may apply. We have not reviewed them, and an adviser should be asked about the group's charter and shareholder agreements.

In our experience, a brief written for delivery can sit on top of an unspoken expectation about the successor that only the owner holds. Where that is so, the owner should agree the horizon, because a successor timetable written into the mandate by a committee may overreach. Its content may also differ: not a national executive in training, but what the appointee must build around a family successor. The second decision is still taken explicitly; only its owner changes.

A further limit concerns regulation itself. A rule that requires a plan does not show that the plan changes outcomes, and we did not review research on whether succession horizons lead to better appointments. The case for deciding rests on the board's accountability for the appointment, not on a measured benefit.

Finally, where the field for a role is genuinely thin, delivery may rightly outrank succession in selection. The horizon then becomes a development commitment made after appointment, not a criterion applied to the shortlist.

This article concerns the chief executive. Board succession planning, the parallel question of who will sit on the board, is a separate decision, and a board search mandate is where it is taken.

05 · The Takeaway

What to Settle Before the Market Is Approached

Write the successor requirement into the mandate in three parts: what the appointment must leave behind, the period in which it is reviewed, and who judges it. In a Saudi Main Market company, the nomination committee's remit over executive-position capabilities is the natural place to hold it. That is a governance fit, not a rule requiring nationality to be addressed.

A structured leadership assessment can then test the horizon as well as the delivery record. The executive search that follows is briefed against the same written requirement.

Two boards applying this could reach different answers: one may set a horizon of the appointee's first term, another may decline to set one. The discipline is the same in both. Write the decision down, name its owner and set a date to test it against current rules, which may change.

QUESTIONS CHAIRS ASK ABOUT CEO SUCCESSION IN SAUDI ARABIA

Does a Saudi Main Market company have to plan for succession?

The board of a Main Market company must develop succession plans for management under the Capital Market Authority's rules, as set out above. The rules we read do not say what a plan must contain or over what period.

Does Nitaqat set a quota for chief executive appointments?

We found nothing in the ministry's announcement that does. We did not open the programme rules for senior roles, so treat the question as one for an adviser on Saudi labour regulation.

Do these rules apply to an unlisted company or family group?

Not if the company is unlisted. The Capital Market Authority's rules cover companies listed on the Main Market; a family-controlled company listed on the Main Market is covered, and an unlisted one is not. In an unlisted company the owner, with the chair, is the likely decision-maker, but who holds it depends on the group's charter and any other law that applies, which we have not reviewed.

06

Sources & References

Saudi Capital Market Authority, Corporate Governance Regulations (English translation of the official Arabic text, version on the CMA website incorporating the 2023 Board amendments), provisions on separation of positions, board duties and the nomination committee.

General Authority for Statistics (Saudi Arabia), Labour Market Statistics, KSA, Second Quarter 2026, Table 3-4.

Saudi Ministry of Human Resources and Social Development, Ministry of Human Resources Announces the Launch of a New Phase of the Nitaqat Mutawar Program, 19 February 2026.

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