EFFECTIVENESS OF THE BOARD OF DIRECTORS IN MONITORING EXECUTIVE MANAGEMENT: PRELIMINARY EVIDENCE FROM SAUDI ARABIA

Khalid Al-Adeem *, Ibrahim Y. Al-Sogair **

* *Corresponding author,* Accounting Department, College of Business Administration, King Saud University, Saudi Arabia
Contact details: College of Business Administration, King Saud University, P.O. Box 71115, Riyadh 11587, Saudi Arabia
** Saudi Electronic University, Saudi Arabia

OPEN ACCESS

How to cite this paper: Al-Adeem, K., & Al-Sogair, I. Y. (2019). Effectiveness of the board of directors in monitoring executive management: Preliminary evidence from Saudi Arabia. *Journal of Governance & Regulation, 8(3)*, pp. 72-82.
http://doi.org/10.22495/jgr_v8_i3_p7

ISSN Print: 2220-9352
ISSN Online: 2306-6784

Received: 15.05.2019
Accepted: 13.09.2019

JEL Classification: K22, L21, L51, M1, M48, M52, M120, M140, M410
DOI: 10.22495/jgr_v8_i3_p7

Abstract

Elements of corporate governance must be activated at all scales for the efficient functioning of a nation's capital market. The effectiveness of the board of directors depends on factors related to, for example, the composition of the board and its independence. This study aims to investigate empirically whether the board of directors is an effective mechanism for monitoring managers in Saudi Arabia through a survey. A questionnaire that was developed and employed by Elyas (2015) is utilized for data collection after modifying it and judging its appropriateness. We targeted individuals who had relevant experience as members of the board of directors as our respondents. Only 29 subjects took the survey. The results indicate that the respondents generally disagree with the survey items, pointing out the ineffectiveness of the board of directors in monitoring executive management. Although the subjects' credible experience can be assumed, the generalizability of our research findings is limited because of the low number of respondents.

Keywords: Board of Directors, Executive Management, Monitoring, CEO, Effectiveness

Authors' individual contribution: Conceptualization – K.R.A; Methodology-K.R.A and I.Y.A; Validation – K.R.A and I.Y.A; Formal Analysis – K.R.A; Investigation – K.R.A; Writing – Original Draft – K.R.A and I.Y.A; Writing – Review & Editing – K.R.A.

Acknowledgment: We thank Dr. Ahmed Al-Hadi Karimuddin, King Saud University; Prof. Murya Habbash, King Khaldi University; Dr. Abdulaziz M. Alwathnani, Alfaisal University; Dr. Mohammed Albader, the Institute of Public Administration and AlAnoud AlShaikh, adjunct lecturer, Al Immam University for reviewing the research instrument and supplying us with comments that assist us in developing it. We also thank the anonymous reviewers and the editorial board for their comments. All remaining errors are our own.

1. INTRODUCTION

The beginning of this millennium witnessed several corporate failures and scandals that were associated with accounting fraud. Enron and WorldCom were both audited by Arthur Andersen, then one of the Big 5 auditing firms, whose founder had envisioned a culture valuing the public's best interests above all other aspects (Beattie et al., 2001).

Arguably, Enron's filing for bankruptcy in 2002 indicates abuse of investors' trust in the market system (Levitt & Breeden, 2003), discouraging future investments and thereby threatening the economic continuum (Adelopo, 2012, p. 183). In Saudi Arabia, the adverse auditor opinion issued to Bishah

Agriculture Development Corporation along with the awkward revenue recognition by both Mohammad Al-Mojil Group (Al-Adeem, 2015a) and Mobily drew public attention. These breaches of the public's confidence threaten the existence of the entire accounting profession (Carey, 1946).

Internal control is believed to be an effective mechanism to mitigate corporate corruption (Salehi & Mayou, 2016). However, the lack of professionalism and independence among internal auditors in companies, for example in Saudi Arabia, raises major concerns regarding their effectiveness (Al-Twaijry et. al., 2004). Therefore, elements of corporate governance must be activated at all scales for the efficient functioning of a nation's capital market. Corporate governance is a mechanism for restoring the confidence of the investors and other participants in the capital market (Ahmed & Hamdan, 2015). US President George W. Bush declared that no boardroom is above the law (McLean & Elkind, 2003, p. 426). The US Government enacted the Sarbanes–Oxley Act (SOX) in 2002, considered the most significant piece of legislation since the 1933 and 1934 Securities Acts.

Similar to the US Government's action, the Government of Saudi Arabia has also taken several initiatives for restoring confidence in the capital market, such as by issuing the Corporate Governance Regulations bulletin in 2006, which underwent two amendments in 2009 and 2015. In 2017, a new version of the bulletin was reissued following the enactment of the new Company Law in 2015. Despite the higher governance levels (61.4%) in the Saudi stock exchange, "there is no significant impact for corporate governance adoption on firm's operational and financial performance in the listed companies in Saudi stock exchange" (Buallay et al., 2017, p. 94).

The impact of corporate governance on entities' performance has attracted the attention of economists, financiers, behavior scientists, legal practitioners, and business managers (Bonazzi & Islam, 2007) and has been empirically tested (Ahmed & Hamdan, 2015; Alshtewe, 2017; Borokhovich et al., 1996; Habbash, 2014; Habbash & Bajaher, 2015; Hamdan, 2016, 2019; Najjar, 2012; Hamdan & Al Mubarak, 2017; Hamdan & Al-Sartawi, 2013; Hamdan et al., 2013; Yousif, 2012).

While external factors such as ownership structure (Al-Janadi et al., 2016; Habbash, 2014; Hamdan & Al-Sartawi, 2013) influence the effectiveness of corporate governance, the internal dimensions of the board of directors, such as its composition and independence of its members in fulfilling their roles, may equally influence its effectiveness. Particularly, firms operating in the Gulf Cooperation Council countries consider several factors for ensuring proper board effectiveness and shareholder rights (Pillai & Al-Malkawi, 2016).

Despite the variety of corporate governance mechanisms mandated and recommended by bulletins and other official statements as well as pronouncements, the effectiveness of these mechanisms remains debatable primarily because of the involvement of executive managers (Adelopo, 2012; Al-Adeem, 2015a; Fogarty, 2003). For example, academics doubt the effectiveness of the audit committee in a publicly held corporation (Adelopo, 2012). Audit fees are positively correlated with changes in the audit committee chair (Haq et al., 2019). Audit fees may thus be a function of factors, one of which might be the effectiveness of the audit committee. Hence, this paper empirically explores the effectiveness of the board of directors in governing executive managers of companies in Saudi Arabia.

The remainder of this paper is organized as follows. Section 2 reviews the literature on corporate governance. Section 3 presents the research method used to address the research question and the scale developed and employed in the study as an instrument to collect data. Section 4 discusses the results and research findings. Section 5 concludes the paper, presents the limitations and suggests directions for future research.

2. LITERATURE REVIEW

This section reviews literature related to the need for governance as a result of emerging agency issues in corporations. Moreover, studies on factors affecting the effectiveness of the board of directors are discussed. This section also offers a closer look at the Saudi capital market.

2.1. Agency issue and the need for governing corporations

At the beginning of the 2000s, the US market experienced a wave of corporate corruption scandals associated with audit failure, resulting in the bankruptcies of two particularly large corporations, namely, Enron and WorldCom. A lack of corporate governance was the main reason that led to the collapse of these companies (Umm Kulthum et al., 2014). Consequently, the US Government enacted SOX in 2002. Corporate governance was among the mechanisms introduced or reinforced in the Act to restore confidence in the capital markets. Although the "not-to-do list" in Section 201 of the Act[1] may be viewed as laying emphasis on auditor independence, some sections, for example, Sections 204,[2] 301,[3] and 305,[4] can be perceived as mitigations of the agency issue requiring more involvement from the board of directors. The management team of a corporation should be monitored so that managers' interest is aligned with the interests of those who finance its operations. Agency theory suggests that cooperating with other parties motivates opportunistic behavior in which self-interest is optimal even at the expense of the other party (Jensen & Meckling, 1976) because it is human nature to exploit existing opportunities (Jensen & Meckling, 1994). Still, researchers argue whether corporate governance is a mechanism that protects the interests of shareholders and other stakeholders (Merag & Adam, 2012; Hermalin & Weisbach, 1998, 2003). Empirically, the board size, as an element of corporate governance, is negatively related to cash holdings where holding less cash signals a reduction in agency conflicts (Al-Najjar & Clark, 2017).

[1] The section is titled Services Outside the Scope of Practice of Auditors.
[2] The section is titled Auditor Reports to Audit Committees.
[3] The section is titled Public Company Audit Committees.
[4] The section is titled Officer and Director Bars and Penalties.

2.2. Effectiveness of the Board of Directors and factors affecting it

Using a sample consisting of the top 460 listed companies in the United Kingdom, Florou and Pope (2008) did not find evidence supporting the effectiveness of the board monitoring function. However, empirical evidence from other parts of the world suggests otherwise. The effectiveness of corporate governance has a significant positive relationship with the decrease in financial and administrative corruption in Syrian banks (Zaher et al., 2014). Similarly, in Egypt, corporate governance is found to reduce earnings management practices (Riyadh, 2012). Moreover, the board of directors in Iraq plays a significant role in controlling earnings management (Alfaddel & Hamad, 2015). Furthermore, an empirical study in Brazil suggests that better governance practices decrease the risk related to external audits (Bortolon et al., 2013). In markets where corporations face takeover threats, the board of directors acts in the shareholders' interests by preventing the takeover (John & Senbet, 1998). The presence of a board of directors and audit committee members with corporate or financial backgrounds are associated with firms that have smaller discretionary accruals (Xie et al., 2003). In addition, boards of directors with less complex monitoring tend to link CEO pay less tightly with firm performance by providing lower stock-based incentives. Moreover, there is a stronger tendency for a large board of directors to decrease outcome-based CEO pay when they are not busy or in less complex monitoring contexts (Seo, 2017).

Analytically modeling the determinants of board compositions stresses the role of active monitoring (Hermalin & Weisbach, 1998, p. 111). The effectiveness of the board of directors in carrying out the monitoring function is an explanatory variable in the corporate model (Bonazzi & Islam, 2007). Corporate governance dimensions such as CEO duality, chairperson of the audit committee, number of non-executive directors, concentrated ownership structure, and institutional investors affect firms' financial performance (Amba, 2014).

The effectiveness of the board of directors depends on factors related to, for example, its composition and independence. Studies have found that playing a dual role as an executive director and a chairperson of the board adversely affects the quality of accounting information (Yousif, 2012). In Saudi Arabia, independence of the board members and segregation between the roles of CEO and chairperson of the board of directors positively affect firm performance (Habbash & Bajaher, 2015). Moreover, in Saudi Arabia, corporate governance through, for example, the independence of the board of directors, is positively associated with voluntary disclosure (Habbash, 2014). In Bahrain, Ahmed and Hamdan (2015) document a positive effect of corporate governance mechanisms on listed companies' performance. However, another study in Bahrain shows a reverse relationship between the independence of the board of directors and the company's performance (Hamdan, 2016). Performance of Bahraini insurance companies, although not associated with some dimensions of corporate governance, namely CEO status, ownership concentration, the number of employees, industry performance, and number of shares traded, is positively associated with other dimensions of corporate governance, namely board size, firm size, and number of block-holders (Najjar, 2012). In Kuwait, Hamndan and Al-Sartawi (2013) and Hamdan et al. (2013) find that corporate governance does influence firm performance.

The company's internal members on the board of directors manage the company better because of the absence of information asymmetry and their knowledge of the day-to-day operations in comparison with external members (Hamdan, 2016). Studies in both Saudi Arabia and Bahrain reveal similar findings that information asymmetry and a lack of firm-specific experience deter independent directors from making proper decisions that contribute to the enhancement of the firm's performance, indicating that internal directors are better (Hamdan & Al Mubarak, 2017). However, several studies reveal divergent evidence. For example, defining independence as the ratio of external members in the board of directors, Yousif, (2012) finds that independence of the board positively affects the quality of reported data related to corporate profit in Egyptian companies. In Saudi Arabia, a positive relationship exists between multiple memberships of directors and their independence on one side and firm performance on the other side (Alshtewe, 2017). Borokhovich et al. (1996) associate better firm performance with external directors who selected external executives to lead the firm. In addition, Hamdan (2019) confirms the positive relationship between multiple memberships of directors and firm performance.

Furthermore, in relatively small business environments, a small size of the board of directors may be optimal (Hamand, 2016). Although the size of the board does not affect the quality of accounting information (Yousif, 2012), a small-sized board of directors with external members has been found to have a lower tendency to manage earnings (Alfaddel & Hamad, 2015). However, this is not always the case. Studies based on empirical data conclude that board size does not affect the relevance of information with regard to earnings management (Yousif, 2012). On the contrary, a recent study on the Middle-East and North African countries empirically determines that board size reduces agency conflict (Al-Najjar & Clark, 2017).

When the optimal number of members is reached (five in the Bahraini setting), external members benefit the board (Hamdan, 2016). Wang (2014) finds that no significant difference exists between insider and outsider board monitoring of an external CEO who was originally appointed outside of the firm. This is particularly true in the post-SOX environment (Wang, 2014). In the pre-SOX era, outside board members are positively associated with selecting external executives (Borokhovich et al., 1996).

In sum, the composition of the board of directors does influence corporate performance. Other factors, for example, a tenure-diverse board of directors, show significantly higher CEO performance-turnover sensitivity (Li & Wahid, 2018). Other factors in relation to the Saudi market will be explored in this study.

2.3. The Saudi capital market: A closer look

Saudi Arabia is "one of the pioneers in corporate governance in the Middle East" (Al-Aali et al., 2014, p. 1332). Research on the efficiency of the Saudi capital market suggests the existence of such efficiency (Al-Adeem, 2017; Al-Salman, 2007; Alzahrani, 2010; Al-Abbas, 2008). However, it can be argued that the market operates with weak efficiency.

The Company Law was first enacted in 1965 by the Government of Saudi Arabia. Publicly-traded corporations were further organized based on special governmental resolutions. In 1994, the Government of Saudi Arabia issued Ministerial Resolve 903 to organize the audit functions in corporations (Ministry of Commerce, 1994). Further requirements related to the audit committee's role were later issued in 1997 and 1998, encouraging corporations to form audit committees (Al-Aali et al., 2014, p. 1323, footnote 1).

The Saudi Capital Market Authority (CMA) was established in 2003 to regulate the capital market and to oversee publicly held corporations traded in the Saudi stock market. In 2006, Corporate Governance Regulations were first issued (CMA, 2006). Then in 2009 and in 2015, they were further revised (CMA, 2009, 2015). Following the enactment of a new Company Law in 2015, new Corporate Governance Regulations were issued in 2017. Chapters 3 and 4 of Article 5 in the Company Law focus on matters related to the board of directors and the audit committee, while in the new regulations, two major parts have been devoted to the board of directors and its committees including the audit committee. On April 23, 2018, the Corporate Governance Regulations was slightly amended.

Despite the Saudi Government's attempts to protect stakeholders' interest, in particular, that of stock owners, the managers of Saudi corporations enjoy a powerful position. As stipulated in the law, the general assembly is in charge of selecting the auditor; however, in practice, it is the management that appoints auditors in Saudi Arabia (Ba Suddan et al., 2004; Al-Adeem, 2015a) and other similar markets, for example, Iraq (Abu Alhassan, 1993).[5]

Contrary to the requirements of many capital market authorities for disclosing audit and non-audit fees in the annual reports of publicly traded corporations, disclosing audit fees in the Saudi market has not been mandated yet despite a documented recommendation by Alhumaid (1988) 30 years ago, which empirical research has recently re-emphasized (Al-Adeem, 2015b). In addition, the lack of defined objectives in terms of the "work scope, independence of AC members, a working relationship with external and internal auditors, and financial expertise" has diluted the effectiveness of the audit committee, which is an "*infant* stage" of development (Al-Aali et al., 2014, p. 1327, emphasis in original). Empirical findings reveal the absence of the role of the audit committee in governing corporations in Saudi Arabia (Al-Moataz & Basfar, 2010). In a similar vein, the independence of the audit committees has also been called into question (Al-Twaijry et al., 2002). A recent study recommends a council to oversee publicly traded corporations in Saudi Arabia (Al-Adeem, 2017, p. 253).

However, similar to managerial behavior observed in other capital markets, managers of listed corporations in the Saudi stock market are motivated to manage corporate earnings for several reasons, such as managers' compensation, obtaining debt finance, and reporting reasonable profit (Habbash & Alghamdi, 2015). Other stakeholders in the Saudi market may not perceive such type of management of earnings as unethical (Al-Shabeeb & Al-Adeem, 2019).

The independence of external auditors is a matter of concern to accounting academics even after the enactment of laws and regulations regarding the accounting profession (Al-Adeem, 2015a; Bazerman, 2002; Bazerman et al., 2002; Bazerman & Moore, 2011; Kleinman & Palmon, 2001, p. 9; Mautz & Sharaf, 1982, p. 210; Moore et al., 2006; Xu & Wang, 2004). Therefore, the question of whether corporations should be governed and monitored deserves further inquiry. Specifically, whether the board of directors is an effective mechanism in monitoring managers in the Saudi environment is an empirical question that must be addressed. The investigation carried out in this paper regarding the effectiveness of this mechanism from the perspective of the members of the board of directors contributes to the literature on corporate governance.

3. RESEARCH METHODOLOGY

This study collected data by surveying the opinions and the perceptions of individuals who have served and are serving as members of the board of directors. The questionnaire developed and employed by Elyas (2015)[6] is utilized for data collection. It was originally written in the Arabic language and was translated into English for the purpose of this study.[7] The English language is the language of business in Saudi Arabia.

The survey is composed of two parts. The first part comprises the items of the survey adopted from Elyas (2015), and the second part contains general questions about the subject such as age, education, and professional designation. The second part also contains questions related to the subject's experience as a member of the board of directors, a factor that may cause variation in the subject's experiences.[8] Two more items are included in the

[5] This study was conducted at a time when the Republic of Iraq was run by a legitimate and established government.

[6] Retrieved from http://archives.univ-biskra.dz/bitstream/123456789/7743/1/%D9%85%D8%B3%D8%A4%D9%88%D9%84%D9%8A%D8%A9%20%D9%87%D9%8A%D8%A6%D8%A9%20%D9%85%D8%AC%D9%84%D8%B3%20%D8%A7%D9%84%D8%A5%D8%AF%D8%A7%D8%B1%D8%A9%20%D9%81%D9%8A%20%D8%AA%D9%81%D8%B9%D9%8A%D9%84%20%D8%AD%D9%88%D9%83%D9%85%D8%A9%20%D8%A7%D9%84%D8%B4%D8%B1%D9%83%D8%A7%D8%AA.pdf

[7] After translating the items, we tested the validity of the translated items using two steps. In the first step, the original items in Arabic along with the translation were sent to two different accounting academics. Following their comments and suggestions incorporated in the translated questionnaire, we modified the set of items. The new version of the questionnaire was then sent to a third accounting academic, who also commented on the items. The items in the original language were provided to the third reviewer as well. Based on his suggestions and comments, the set of items was once again modified and sent to a fourth reviewer who majors in accounting. No major comment was provided for this round. The items in the third version were used for preparing an electronic survey.

[8] A question labeled "Number of Boards of Directors in which you are a member now" was removed from the analysis because of an issue related to the measures. That is, the options given to the respondents were irrelevant to the question. The respondents were given the following options: 1 year, 2 years, 3 years, 4 years, 5 years, 6 years, 7 years, 8 years, 9 years, more than 10 years, and none. We were notified by some respondents about this error but could no longer fix it because we had already started collecting data. It would be unethical to modify the

second part to control for nationality and geographic location. Omitogun and Al-Adeem (2019) recommend that studies that are intended to explore experiences of subjects in a particular nation or society should contain an item inquiring about the geographic location. Noncitizens who are residents of the intended nation are members of the research population. The experiences they acquired qualify them to be included in the sample; not including them in the sample may represent a threat to the validity of the study, thereby jeopardizing the study's generalizability.

A pilot study was conducted in which the questionnaire was sent electronically to accountants: some of them are accounting practitioners, while a few are lecturers who work in universities. Moreover, all of them hold a master's degree in accounting and are sufficiently knowledgeable in this research area, which makes them good subjects for the pilot survey. They provided further comments that helped improve the research instrument. No technical issues were reported. However, they generously provided comments on how the letter for the respondents should be worded. All comments and suggestions were incorporated, which enhanced the readability of the research instrument remarkably. The questionnaire was distributed using social media platforms and was then sent to the email address of our target respondents who all have relevant experience as members of the board of directors. We obtained their information from their companies' website and through personal communication.

4. RESULTS AND DISCUSSION

4.1. Demographic data

Tables 1-6 collectively show respondents' prior knowledge and experience as members of the board of directors. As presented in Table 1, the average experience they have is approximately 6.5 years. Approximately 40% of respondents have chaired the board of directors. The same percentage has also been CEO. Although the equal proportion of those who served as directors on the board and those who have been CEOs can be attributed to coincidence, it can also be attributed to respondents' misunderstanding. Therefore, such research findings must be treated with caution; we were not present when the respondents answered the survey to provide clarification or assistance. This study is preliminary in nature, and our research findings do not intend to provide generalization because of the low number of respondents. As shown in Table 4, slightly more than 55% of the respondents did not hold professional designations.

Table 5 reveals that only one respondent is currently living outside Saudi Arabia. Table 6 presents the respondents' age. Therefore, the subjects who took the surveys are a good representative for obtaining preliminary evidence for the study.

research instrument. Hence, we decided to proceed and remove the items from the analysis. For those who are considering employing the same instrument, the proper answers supplied to the respondents should be as follows: 0, 1, 2, 3, 4, 5, 6, 7, 8, 9, and more than 10.

Table 1. Years of experience in the board of directors

Years of experience	*Frequency*	*Percent*
No experience	1	3.4
1	1	3.4
2	2	6.9
3	4	13.8
4	2	6.9
5	2	6.9
6	2	6.9
7	0	0
8	4	13.8
9	2	6.9
More than 10	9	31
Total	29	100

Table 2. The number of the boards in which the respondent is a current member

Number of boards	*Frequency*	*Percent*
None	1	3.4
1	0	—
2	5	17.2
3	6	20.7
4	3	10.3
5	3	10.3
6	3	10.3
7	2	6.9
8	1	3.4
9	1	3.4
More than 10	4	13.8
Total	29	100

Table 3. The number of respondents who have chaired the board of directors and who have been CEO

		Frequency	*Percent*
Have you been a chairperson of a board of directors?	No	18	62.1
	Yes	11	37.9
	Total	29	100
Have you been a Chief Executive Officer (CEO)?	No	18	62.1
	Yes	11	37.9
	Total	29	100

Table 4. Number of respondents with professional designation (e.g., CPA, ACCA, CIA, CISA, CFA)

	Frequency	*Percent*
No professional designation	16	55.2
With professional designation	13	44.8
Total	29	100

Table 5. The geographical location of the respondents

	Frequency	*Percent*
Currently outside Saudi Arabia	1	3.4
In Saudi Arabia	28	96.6
Total	29	100

Table 6. Respondents' age

Age	*Frequency*	*Percent*
More than 30 years but less than 35 years	2	6.9
More than 35 years but less than 40 years	6	20.7
More than 40 years but less than 45 years	3	10.3
More than 45 years but less than 50 years	7	24.1
More than 50 years but less than 55 years	5	17.2
More than 55 years but less than 60 years	3	10.3
More than 60 years.	3	10.3
Total	29	100

4.2. Perception about the effectiveness of the Board of Directors

Table 7 presents the mean and standard deviation (SD) for items included in the survey. Although the subjects express consensus (mean value of 4.41 with SD of 0.78) on the item "CEO Duality: the CEO is the Chairman of the Board as well," the respondents do not agree that "A company's management is accountable to the Board of Directors" (the mean for this item was 1.34 with SD of 0.67). The respondents generally disagree with the survey items; the disagreement is measured by calculating the grand mean, which is approximately 2. This finding indicates that subjects who responded to the survey do not perceive the board of directors to be effective in monitoring executive management.

Table 7. Mean and standard deviation of items

Statement	*Mean*	*SD*	*Min*	*Max*
The Board of Directors develops and strengthens outlines for responsibility and accountability.	1.55	0.632	1	3
The Board of Directors ensures that senior management is appropriately supervised to develop and implement strategic objectives in a manner consistent with the Board policies.	1.66	0.67	1	3
The Board of Directors ensures that financial statements are disclosed in a timely manner.	1.55	0.686	1	4
Paying attention to the implementation of the applicable laws ensures the good management and organization of the company and minimizes risks.	1.69	0.85	1	5
As the primary responsibility for overseeing the performance of the company, the Board of Directors are held accountable.	1.45	0.736	1	4
A company's management is accountable to the Board of Directors.	1.34	0.67	1	4
The Board of Directors is primarily responsible for overseeing and monitoring management performance in achieving appropriate returns for shareholders while preventing conflict of interest and balancing competing demands on the company.	1.48	0.688	1	4
Transparency in the process of nomination and election of board members is ensured.	1.86	0.99	1	4
Board members have the ability to effectively commit themselves to their responsibilities.	1.9	1.012	1	4
The Board of Directors ensures that senior management develops and implements the company's strategic objectives.	1.86	0.915	1	5
The Board of Directors determines and assigns responsibilities and tasks in a way that serves the company's objectives.	2.24	1.091	1	4
Board members discharge their responsibilities with good faith, seriousness, and commitment to the best interests of the company.	1.79	0.861	1	4
The company's management discloses any damages that may harm stakeholders' interests.	1.97	1.017	1	4
The Board of Directors supervises the preparations of financial reporting and financial statements.	2.1	1.205	1	4
Stakeholders have the rights to contact the Board of Directors and report illegal or unethical practices.	2.03	1.18	1	5
Board members are elected based on their expertise and experiences.	2.45	1.183	1	5
Senior management holds periodic meetings with the company's employees for work-related feedback and suggestions on methods for work implementation and performance improvement.	1.86	0.99	1	4
The Board of Directors has adequate policies to ensure proper and efficient administrative homogeneity.	2.11	0.994	1	4
The Board of Directors forms sufficient committees and subcommittees to ensure that various functions of the company are working in a safe, sound, and efficient manner.	1.72	0.702	1	4
New members of the Board of Directors are always provided with sufficient information about the company and its financial and non-financial reports.	2.17	1.167	1	5
The Chairman of the Board of Directors shall attend, at least, one of the General Assembly's regular meetings.	1.86	1.217	1	5
CEO Duality: the CEO is the Chairman of the Board as well.	4.41	0.78	2	5
Stockholders are allowed to contact the Board of Directors to express their concerns about illegal behavior.	2.1	1.012	1	4
The Board of Directors is responsible for the development of the company's strategy and identifying its risk exposures.	2	1.254	1	5
The Board of directors meets, at least, once every three months.	1.66	0.814	1	5
Grand mean	1.9524			
Maximum mean	4.41			
Minimum mean	1.34			

5. CONCLUSIONS, LIMITATIONS, AND FURTHER RESEARCH

The general disagreement of the respondents toward survey items points to the ineffectiveness of the board of directors in monitoring executive management from the perspective of these respondents. Such a perception may raise concerns regarding the effectiveness of elements of corporate governance in ensuring the functionality of the Saudi capital market, given the role of corporate governance as a mechanism for restoring the confidence of investors and other participants in the capital market. Specifically, the board of directors' internal dimensions included in the survey, such as the board's composition and members' independence in fulfilling their roles, may not be perceived by respondents as being as effective in monitoring executive management as they should be. This may leave the agency issue unmitigated in Saudi corporate entities.

However, the small number of respondents limits the formation of any conclusions about the effectiveness of the board of directors in Saudi Arabia. Moreover, the study's conclusion cannot be generalized to those other than who participated in the survey. Hence, future studies wishing to replicate this study or examine the same research question are encouraged to increase the size of their samples. Employing other research methods may contribute to increasing the sample size. For example, future studies should attempt to collaborate with the board of directors through interpersonal interviews. This will be an effective way to obtain more data. Another possible way to increase the number of respondents would be to use the instrument in the Arabic language. Respondents may be comfortable in expressing their views in their mother tongues.

This study is exploratory in nature. Although it neither establishes association nor draws causality among the factors affecting the effectiveness of the board of directors in governing executives, its findings lay a foundation for further research questions. Future studies on the topic of corporate governance in Saudi Arabia should consider factors affecting the effectiveness of corporate governance, such as the structure of ownership, which is found to affect both voluntary disclosure (Habbash, 2014) and corporate governance (Al-Janadi et al., 2016) in Saudi corporations. In general, institutional ownership (Hamdan & Al-Sartawi, 2013) and government ownership (Al-Janadi et al., 2016) influence the dimensions of corporate governance. Furthermore, other models for corporate governance should be considered, for example, Mudarabah (Amer & Sajjad, 2014).

REFERENCES

1. Abu Alhaasn, A. A. (1993). Potential reasons for switching auditors: A field study on publicly held corporation in Saudi Arabia. *Journal of Public Administration*, Institute of Public Administration, *77(1409H),* 39-77. Retrieved from https://lib.ipa.edu.sa/59269/book.pdf
2. Adelopo, I. (2012). *Auditor independence: Auditing, corporate governance, and market confidence*. London, UK: Gower Publishing Limited. https://doi.org/10.4324/9781315568300
3. Ahmed, E., & Hamdan, A. (2015). The impact of corporate governance on firm performance: Evidence from Bahrain Bourse. *International Management Review, 11(2),* 21-37. Retrieved from https://www.researchgate.net/publication/299991166_The_Impact_of_Corporate_Governance_on_Firm_Performance_Evidence_From_Bahrain_Bourse
4. Amba, S. M. (2014). Corporate governance and firms' financial performance. *Journal of Academic and Business Ethics, 8(1),* 1-11. Retrieved from https://www.academia.edu/28655127/Corporate_governance_and_firms_financial_performance
5. Amer, S., & Sajjad, M. A. M. (2014). Mudarabah – A new paradigm for corporate governance. *European Journal of Business and Management, 6(6),* 98-102.
6. Al-Aali, A., Chang, K., & HassabElnaby, H. (2014). Audit committee effectiveness: Evidence from an emerging market economy. *International Research Journal of Applied Finance, 5(11),* 1324-1342. Retrieved from https://nebula.wsimg.com/f4cd8a31591d738956fef52ecc2f92bf?AccessKeyId=A83663472B839ECDD54B&disposition=0&alloworigin=1
7. Al-Abbas (2008). Effect of information about audit quality and audit reputation on Saudi stock market: An empirical study for market efficiency. *Accounting Research, 9(1),* 9-26. Retrieved from http://www.saa.org.sa/coimages/pdfs
8. Al-Adeem, K. (2015a). Sustaining mutual and market interests in the auditor and corporate client relationship. In S. Chung (ed.), *Proceedings of the American Accounting Association Mid-Atlantic Region Meeting 2015* (pp. 37-54). Retrieved from http://aaahq.org/Portals/0/documents/misc/Mid-Atlantic%202015%20Proceedings%20up%20to%20p217.pdf
9. Al-Adeem, K. (2015b). Analyzing the relationship between audit fees and non-audit fees. *Arabian Accounting Journal, 18(2),* 99-119. http://dx.doi.org/10.12785/AJA/180204
10. Al-Adeem, K. (2017). Significance of announcing auditor switch by corroborations in Saudi Arabia: Analysis of professional and legal requirements. *Accounting Thought Journal, 21(2-1),* 223-262. Retrieved from https://www.researchgate.net/publication/319666545_ahmyt_alalan_n_tghyyr_almraj_alkharjy_llshrkat_almsahmt_fy_almmlkt_alrbyt_alswdyt_drast_thlylyt_llmttlbat_alnzamyt_walmhnyt_Significance_of_Announcing_Auditor_Switch_by_Corporations_in_Saudi_Arabia_An
11. Alfaddel, & Hamad (2015). Corporate governance and its role in mitigating earning management. *Al-Qhadisiyah Journal for Administrative and Economic Sciences, 17(3),* 192-221. Retrieved from https://www.iasj.net/iasj?func=article&aId=107369
12. Alhomaid, I. (1988). Factors affecting determining audit fees: A field study on public corporation in Saudi Arabia. Public Management. *Institute of Public Administration, 59,* 405-451. Retrieved from https://lib.ipa.edu.sa/47908/book.pdf
13. Al-Janadi, Y., Abdul Rahman, R., & Alazzani, A. (2016). Does government ownership affect corporate governance and corporate disclosure? Evidence from Saudi Arabia. *Managerial Auditing Journal*, 31(8-9), 871-890. https://doi.org/10.1108/MAJ-12-2015-1287
14. Al-Moataz, E., & Basfar, A. (2010). The role of audit committees in corporate governance: An empirical investigation on Saudi corporations. *Journal of King Abdulaziz University: Economics & Administration, 24(2),* 193-239. https://doi.org/10.4197/Eco.24-2.5
15. Al-Najjar, B., & Clark, E. (2017). Corporate governance and cash holdings in MENA: Evidence from internal and external governance practices. *Research in International Business and Finance, 39,* 1-12. https://doi.org/10.1016/j.ribaf.2016.07.030
16. Al-Salman, A. (2007). Relation of firm market values with reported financial figures in emerging markets. *Accounting Research, 8(2),* 65-104. Retrieved from http://www.saa.org.sa/coimages/pdfs
17. Al-Shabeeb, R., & Al-Adeem, K. (2019). Whether earning management is an ethical practice: An exploratory study. *Global Journal of Economics and Business, 6(1),* 62-80. https://doi.org/10.31559/GJEB2019.6.1.5

18. Alshatwi, M. A. (2017). The relationship between firm's characteristics and multiple directorship: Evidence from Saudi Arabia. *Arab Journal of Administrative Sciences, 24(3),* 363-382. Retrieved from http://pubcouncil.kuniv.edu.kw/ajas/home.aspx?id=8&Root=yes&authid=1066
19. Al-Twaijry, A. A., Brierley, J. A., & Gwilliam, D. R. (2002). An examination of the role of audit committees in the Saudi Arabian corporate sector. *Corporate Governance: An International Review, 10(4),* 288-297. https://doi.org/10.1111/1467-8683.00293
20. Al-Twaijry, A. A., Brierley, J. A., & Gwilliam, D. R. (2004). An examination of the relationship between internal and external audit in the Saudi Arabian corporate sector. *Managerial Auditing Journal, 19(7),* 929-944. https://doi.org/10.1108/02686900410549448
21. Alzahrani, A. A. (2010). Are stock returns predictable in the Saudi market? An investigation of returns around earnings announcements. *International Review of Business Research Papers, 6(4),* 1-17. Retrieved from https://www.researchgate.net/publication/228373290_Are_Stock_Returns_Predictable_in_the_Saudi_Market_An_Investigation_of_Returns_Around_Earnings_Announcements
22. Ba Suddan, Y. A., Mustafa, H., & Almotaz, E. S. (2004). An empirical study for factors affecting audit switch by publicly held corporations in Saudi Arabia. *Journal of Public Administration, 44(1),* 137-187.
23. Bazerman, M. H. (2002). *Research in action: The impossibility of auditor independence*. Hillsdale, NJ: Lawrence Erlbaum Associates.
24. Bazerman, M.H., Loewenstein, G., & Moore, D. A. (2002, November). Why good accountants do bad audits. *Harvard Business Review*. Retrieved from https://hbr.org/2002/11/why-good-accountants-do-bad-audits
25. Bazerman, M. H., & Moore, D. A. (2011). Is it time for auditor independence yet? *Accounting, Organizations and Society, 36(4-5),* 310-312. https://doi.org/10.1016/j.aos.2011.07.004
26. Beattie, V., Fearnley, S., & Brandt, R. (2001). *Behind closed doors: What company audit is really about.* The Institute of Chartered Accountants in England and Wales: Palgrave. https://doi.org/10.1016/j.aos.2011.07.004
27. Bonazzi, L., & Islam, S. M. N. (2007). Agency theory and corporate governance: A study of the effectiveness of board in their monitoring of the CEO. *Journal of Modelling in Management, 2(1),* 7-23. https://doi.org/10.1108/17465660710733022
28. Borokhovich, K. A., Parrino, R., & Trapani, T. (1996). Outside directors and CEO selection. *Journal of Financial and Quantitative Analysis, 31(3),* 337-355. https://doi.org/10.2307/2331395
29. Bortolon, P. M., Sarlo Neto, A., & Santos, T. B. (2011). Audit costs and corporate governance. *Revista Contabilidade & Finanças, 24(61),* 27-36. https://doi.org/10.1590/S1519-70772013000100004
30. Buallay, A., Hamdan, A., & Zureigat, Q. (2017). Corporate governance and firm performance: Evidence from Saudi Arabia. *Australasian Accounting, Business and Finance Journal, 11(1),* 78-98. https://doi.org/10.14453/aabfj.v11i1.6
31. Capital Market Authority (CMA). (2006). *Corporate Governance Regulations in the Kingdom of Saudi Arabia.* Retrieved from https://ecgi.global/sites/default/files//codes/documents/cg_regulations_saudi_arabia_nov2006_en.pdf
32. Capital Market Authority (CMA). (2009). *Corporate Governance Regulations.* Amendment of Saudi Arabia.
33. Capital Market Authority (CMA). (2015). *Corporate Governance Regulations.* Saudi Arabia.
34. Capital Market Authority (CMA). (2017). *Corporate Governance Regulations.* Retrieved from https://cma.org.sa/en/RulesRegulations/Regulations/Documents/CGRegulations_en.pdf
35. Capital Market Authority (CMA). (2018, March 28). *The Capital Market Authority approves the amendments of the corporate governance regulations* [Press release]. Retrieved from https://cma.org.sa/en/MediaCenter/PR/Pages/CGRAmendments.aspx
36. Carey, J. L. (1946). *Professional ethics of public accountant*. New York: The American Institute for Certified Public Accountant.
37. Elyas, A. (2015). *The responsibility of the board of directors in activating corporate governance* (Unpublished Master's Thesis). Mohammed Khidder University, Algeria. Retrieved from http://archives.univ-biskra.dz/bitstream/123456789/7743/1/%D9%85%D8%B3%D8%A4%D9%88%D9%84%D9%8A%D8%A9%20%D9%87%D9%8A%D8%A6%D8%A9%20%D9%85%D8%AC%D9%84%D8%B3%20%D8%A7%D9%84%D8%A5%D8%AF%D8%A7%D8%B1%D8%A9%20%D9%81%D9%8A%20%D8%AA%D9%81%D8%B9%D9%8A%D9%84%20%D8%AD%D9%88%D9%83%D9%85%D8%A9%20%D8%A7%D9%84%D8%B4%D8%B1%D9%83%D8%A7%D8%AA.pdf
38. Florou, A., & Pope, P. (2008). Are boards and institutional investors active monitors? Evidence from CEO dismissal. *Managerial Auditing Journal*, 23(9), 862-872. https://doi.org/10.1108/02686900810908427
39. Fogarty, T. J. (2003). Circle 'round' the wagons: Sarbanes Oxley and impression management. *The American Accounting Association (AAA) Annual Meetings.*
40. Habbash, M. (2014). The impact of corporate governance and ownership structure on voluntary disclosure in annual reports of Saudi listed firms. *Accounting Research, 13(1),* 58-96. Retrieved from http://www.saa.org.sa/cm4EN.asp
41. Habbash, M., & Alghamdi, S. (2015). The perception of earnings management motivations in Saudi public firms. *Journal of Accounting in Emerging Economies, 5(1),* 122-147. https://doi.org/10.1108/JAEE-06-2012-0025
42. Habbash, M. S., & Bajaher, M. S. (2015). An empirical analysis of the impact of board of structure on the performance of Saudi firms. *Arab Journal of Administrative Sciences, 22(1),* 91-105. https://doi.org/10.34120/0430-022-001-005
43. Hamdan, A. (2016). The relationship between the board of directors' independence and the performance of the company: Evidence from Bahrain. *Jordanian Journal in Business Administration, 12(3),* 481-504. https://doi.org/10.12816/0033306
44. Hamdan, A. (2019). The effect of multiple membership in board of directors on firm performance. *Arab Journal of Administrative Sciences, 26(1),* 87-117. Retrieved from http://pubcouncil.kuniv.edu.kw/ajas/home.aspx?id=8&Root=yes&authid=2133
45. Hamdan, A. M. M., & Al Mubarak, M. M. S. (2017). The impact of board independence on accounting-based performance: Evidence from Saudi Arabia and Bahrain. *Journal of Economic and Administrative Sciences, 33(2),* 114-130. https://doi.org/10.1108/JEAS-03-2017-0012

46. Hamdan, A. M., & Al-Sartawi, A. M. (2013). Corporate governance and institutional ownership: Evidence from Kuwait's financial sector. *Jordan Journal of Business Administration, 9(1),* 1-26. https://doi.org/10.12816/0002053
47. Hamdan, A., Al-Sartawi, A., & Jaber, R. (2013). The effect of corporate governance on the financial and operational performance and of stock performance in Kuwait stock exchange. *Arab Journal of Administrative Sciences, 20(2),* 255-302. Retrieved from http://pubcouncil.kuniv.edu.kw/ajas/home.aspx?id=8&Root=yes&authid=918
48. Haq, I., Smith, W., & White, M. (2019). The relationship between an audit committee chair change and audit fees. *Journal of Finance and Accountancy, 24,* 1-15. Retrieved from https://www.aabri.com/manuscripts/182840.pdf
49. Hermalin, B. E., & Weisbach, M. S. (1998). Endogenously chosen boards of directors and their monitoring of the CEO. *The American Economic Review, 88(1),* 96-118. Retrieved from https://ideas.repec.org/a/aea/aecrev/v88y1998i1p96-118.html
50. Hermalin, B. E., & Weisbach, M. S. (2003). Boards of directors as an endogenously determined institution: A survey of the economic literature. *Economic Policy Review – Federal Reserve Bank of New York, 9,* 7-26. https://ideas.repec.org/a/fip/fednep/y2003iaprp7-26nv.9no.1.html
51. John, K., & Senbet, L. W. (1998). Corporate governance and board effectiveness. *Journal of Banking and Finance, 22(4),* 371-403. https://doi.org/10.1016/S0378-4266(98)00005-3
52. Jensen, M., & Meckling, W. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3(4),* 305-360. https://doi.org/10.1016/0304-405X(76)90026-X
53. Jensen, M. C., & Meckling, W. H. (1994). The nature of man. *Journal of Applied Corporate Finance, 7(2),* 4-19. https://doi.org/10.1111/j.1745-6622.1994.tb00401.x
54. Kleinman, G., & Palmon, D. (2001). *Understanding auditor–client relationships: A multi-faceted analysis.* Princeton, NJ: Markus Wiener Publishers.
55. Levitt, A., & Breeden, R. C. (2003). *Our ethical erosion.* Wall Street Journal (Eastern edition).
56. Li, N., & Wahid, A. S. (2018). Director tenure diversity and board monitoring effectiveness. *Contemporary Accounting Research, 35(3),* 1363-1394. https://doi.org/10.1111/1911-3846.12332
57. Mautz, R. K., & Sharaf, H. A. (1961). *The philosophy of auditing* (6th ed.). American Accounting Association. Retrieved from https://library.lincoln.ac.uk/items/3193
58. McLean, B., & Elkind, P. (2013). *The smartest guys in the room: The amazing rise and scandalous fall of Enron* (10th ed.). New York: Penguin.
59. Merag, H., & Adam, H. (2012). Toward effective institutional governance to control earnings management in the finance section in Algeria. Paper presented at *Conference on Corporate Governance as a Mechanism in Limiting Corruption.*
60. Ministry of Commerce (1994). Ministerial Resolve 903. Government of Saudi Arabia, 12/8/1414 H.
61. Moore, D., Tetlock, P., Tanlu, L., & Bazerman, M. H. (2006). Conflicts of interest and the case of auditor independence: Moral seduction and strategic issue cycling. *Academy of Management Review, 31(1),* 1-20. https://doi.org/10.5465/amr.2006.19379621
62. Najjar, N. (2012). The impact of corporate governance on the insurance firm's performance in Bahrain. *International Journal of Learning and Development*, 2(2), 1-17. https://doi.org/10.5296/ijld.v2i2.1412
63. Omitogun, A., & Al-Adeem, K. (2019). Auditors' perceptions of and competencies in big data and data analytics: An empirical investigation. *International Journal of Computer Auditing, 1(1),* 92-113. Retrieved from https://www.researchgate.net/publication/331496178_Auditors'_Perceptions_of_and_Competencies_in_Big_Data_and_Data_Analytics_An_Empirical_Investigation
64. Pillai, R. R., & Al-Malkawi, H. A. N. (2016). Corporate governance in the GCC countries: Empirical assessment using conventional and non-conventional indices. *The Journal of Developing Areas, 50(6),* 69-88. https://doi.org/10.1353/jda.2016.0136
65. Riyadh, S. M. R. (2012). Role of corporate governance in reducing earning management: Applied study on Egyptian companies. *Arabian Accounting Journal, 15(1),* 8-51. https://doi.org/10.12785/aja/150101
66. Salehi, Y., & Mayou A. (2016). The role of internal audit in activating the principles of corporate governance – field study. *Algerians Journal for Economic Development, 4,* 45-55.
67. Saudi Companies Law. (2015). Enacted by the Royal Decree No. 3 on 1/28/1437 H.
68. Seo, J. (2017). Board effectiveness and CEO pay: Board information processing capacity, monitoring complexity, and CEO pay-for-performance sensitivity. *Human Resource Management, 56(3),* 373-388. https://doi.org/10.1002/hrm.21769
69. Umm Kulthum, B. N., & Gawaryyryy, A. (2014). *Role of the Board of Directors in activating corporate governance at the Level of economic institutions: A case from the Algerian post office* (Master's Thesis).
70. Wang, Y. (2014). Monitoring CEOs: Can insider-dominated boards do a good job? *Managerial Finance, 40(4),* 355-375. https://doi.org/10.1108/MF-02-2013-0048
71. Xie, B., Davidson III, W. N., & DaDalt, P. J. (2003). Earnings management and corporate governance: The role of the board and the audit committee. *Journal of Corporate Finance, 9(3),* 295-316. https://doi.org/10.1016/S0929-1199(02)00006-8
72. Xu, Y., & Wang, K. J. (2004). Whither the public accounting as a profession: Auditor independence and non-audit services. Paper presented at the *10th World Congress and the AAA Annual Meeting.*
73. Yousif, A. (2012). The impact of the board's independence on the appropriateness of accounting profit information for investor decisions in financial markets: An applied study. *Damascus Journal for Economics and Legal Sciences, 28(2),* 223-254. Retrieved from http://damascusuniversity.edu.sy/mag/law/images/stories/2-2012/a/223-254.pdf
74. Zaher, T., Ali, G., & Khader, A. (2014). *Institutional governance and its role in reducing financial corruption and managing operations in Syria.* Tishreen University.

APPENDIX

Research instrument

Dear Member of Board of Directors,

Based on your own experience as a member of the board of directors, share with us the extent to which you agree/disagree with the following statements. The objective is to explore the effectiveness of the board of directors in monitoring executives of corporations they govern. The scope of the study covers all type of entities whether profit or not for profit organizations. As long as the execution of the organization's operations and day-to-day activities in your organization is delegated to management governed by a Board of Director in which you are a Board of Director member, then you are a good fit for taking this questionnaire.

This research is not funded by any type of organization, institution, university, or agency. It is conducted by the authors for the sake of furthering knowledge and for the benefit of humanity in general. By taking some of your valuable time, you are contributing to such causes. You do not need to share any personal information. Your responses will be confidential and will be used just for research.

Should you have any question, feel free to contact us at our emails or cell phones. If you need a copy of the paper after it is publication, we will be happy sharing it with you if it is not copyrighted by the journal.

1. Survey Items

No.	Statement	Strongly Agree	Agree	I do not know	Disagree	Strongly Disagree
1	The Board of Directors develops and strengthens outlines for responsibility and accountability.					
2	The Board of Directors ensures that senior management is appropriately supervised to develop and implement strategic objectives in a manner consistent with the Board policies.					
3	The Board of Directors ensures that financial statements are disclosed in a timely manner.					
4	Paying attention to the implementation of the applicable laws ensures good management and organization of the company and minimizes risks.					
5	As the primary responsibility for overseeing the performance of the company, the Board of Directors are held accountable.					
6	The company's management is accountable to the Board of Directors.					
7	The Board of Directors is primarily responsible for overseeing and monitoring management performance in achieving appropriate returns for shareholders while preventing conflict of interest and balancing competing demands on the company.					
8	Transparency in the process of nomination and election of board members is ensured.					
9	Board members have an ability to effectively commit themselves to their responsibilities.					
10	The Board of Directors ensures that senior management develops and implements the company's strategic objectives.					
11	The Board of Directors determines and assigns responsibilities and tasks in a way that serves the company's objectives.					
12	Board members discharge their responsibilities with good faith, seriousness, and commitment to the best interests of the company.					
13	The company's management discloses any damages that may harm stakeholders' interests.					
14	The Board of Directors supervises the preparations of financial reporting and financial statements.					
15	Stakeholders have the rights to contact the Board of Directors and report illegal or unethical practices.					
16	Board members are elected based on their expertise and experiences.					
17	Senior management holds periodic meetings with the company's employees for work-related feedback and suggestions on methods for work implementation and performance improvement.					
18	The Board of Directors has adequate policies to ensure proper and efficient administrative homogeneity.					
19	The Board of Directors forms sufficient committees and subcommittees to ensure that various functions of the company are working in a safe, sound, and efficient manner.					
20	New members of the Board of Directors are always provided with sufficient information about the company and its financial and non-financial reports.					
21	The Chairman of the Board of Directors shall attend, at least, one the General Assembly's regular meetings.					
22	CEO Duality: the CEO is the Chairman of the Board as well.					
23	Stockholders are allowed to contact the Board of Directors to express their concerns about illegal behavior.					
24	The Board of Directors is responsible for the development of the company's strategy and identifying its risk exposures.					
25	The Board of directors meets, at least, once every three months.					

2. Personal Information:

1. Education:
- PhD
- Masters
- Bachelor
- Diploma or associate degree after high school
- High school
- Other
- None

2. Number of Boards of Directors in which you were/are a member throughout your career:
- More than 10 years
- 9 years
- 8 years
- 7 years
- 6 years
- 5 years
- 4 years
- 3 years
- 2 years
- 1 year
- No Experience

3. Number of Boards of Directors in which you are a member now: [9]
- More than 10 […]*
- 9 […]*
- 8 […]*
- 7 […]*
- 6 […]*
- 5 […]*
- 4 […]*
- 3 […]*
- 2 […]*
- 1 […]*
- None

4. Have you been a chairperson of a Board of Directors?
- Yes
- No

5. Have you been a Chief Executive Officer (CEO)?
- Yes
- No

6. Do you have any professional designation, for example, CPA; ACCA; CIA; CISA, CFA……etc.?
- Yes
- No

7. How old are you?
- Less than 25 years
- More than 25 years but less than 30 years
- More than 30 years but less than 35 years
- More than 35 years but less than 40 years
- More than 40 years but less than 45 years
- More than 45 years but less than 50 years
- More than 50 years but less than 55 years
- More than 55 years but less than 60 years
- More than 60 years

8. Nationality:
- Saudi
- Non Saudi

9. Geography:
- Saudi Arabia
- Outside Saudi Arabia

[9] See footnote No. 8,
* see footnote No. 8.