



Sole directorship vs collegial boards

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Summary

The purpose of this study is to investigate the evolution of governance in SME's, and assess if there are any changes because of the new Belgian Code on Companies and Associations. More specifically:

- if there is an increase in **sole directorship**, resulting in less external and/or different viewpoints.
- if there is an increase in **collegial boards**, resulting in balanced decision making and checks & balances.

1. Introduction

Good governance & SMEs

Good governance is not a luxury; it is a **strategic necessity** for every business, including small and medium-sized enterprises (SMEs). In an increasingly complex and fast-changing environment, corporate governance provides a **framework** that fosters transparency, accountability, and **long-term value creation**. It is not merely about complying with legal requirements, it is about building **trust** among shareholders, employees, customers, and external partners.

For SMEs, governance often acts as a **lever for growth**: it helps to manage risks, professionalizes strategic decision-making, and ensures continuity, particularly during generational transitions. A well-composed governing body can also bring **expertise and external perspectives**.

Size and Composition of the Governing Body

In 2019, the Belgian legislator introduced a **new Code on Companies and Associations (“BCCA”)**. One of its main objectives was to **simplify** the range of different legal entity types and to provide greater flexibility, especially for the private limited liability company (*besloten vennootschap (BV)*/*société à responsabilité limitée (SRL)*) and public limited liability company (*naamloze vennootschap (NV)*/*société anonyme (SA)*), the two most common company forms chosen in Belgium.

The way governance is organized is closely linked to the size and complexity of the company. The BCCA offers significant flexibility today:

- **BV/SRL** can choose between a sole director, multiple directors with individual powers, or a collegial governing body (“college”)¹.
- **NV/SA** can, since the reform, also operate with a sole director, alongside the traditional collegial board model. Furthermore, the collegial board model can be a one tier or a two tier model².

These choices matter. A sole-director model may offer speed and simplicity, but it limits deliberation and diversity of viewpoints. Elements that become critical as a company grows or operates in complex sectors. Conversely, a collegial board fosters dialogue, strategic oversight and balanced decision-making, which are essential for larger SMEs and NVs/SAs with broader shareholder bases.

Zooming in on these specificities, we assess whether the new Belgian Code on Companies and Associations has had a measurable **impact** on the corporate governance maturity of companies.

To do so, we use data collected by GUBERNA’s partner **openthebox** (part of Mediafin), who has compiled and structured a substantial amount of financial and governance-related information based on publicly available sources. As such we were able to assess the situation in **more than 100,000 Belgian BVs/SRLs and NVs/SAs**, giving this study an unprecedented scope, enabling us to effectively assess the Belgian situation.

¹ Article 5:70 §1 BCCA

² Article 7:85 §1 BCCA

2. Why corporate governance matters for SMEs?

For SMEs, which form the **backbone** of the Belgian economy, governance provides clarity in decision-making, strengthens trust among stakeholders, and creates a foundation for long-term success.

SMEs often operate with **limited resources and concentrated ownership** structures. This makes them agile, but also vulnerable to risks such as overdependence on a single decision-maker, lack of succession planning, and insufficient checks and balances. Governance frameworks help mitigate these risks by introducing structure, transparency, and accountability without compromising entrepreneurial flexibility.

Key Benefits of Good Governance

1. Risk Management & Financial Health

SMEs face financial, operational, and reputational risks that can threaten **continuity**. A governance structure ensures systematic oversight, proactive risk mitigation³, and ongoing financial health assessments.⁴ Internally, understanding debt capacity supports stable growth; externally, transparency strengthens investors and lenders confidence.⁵

2. Strategic Guidance & Growth Enablement

Boards or advisory bodies bring **external expertise** and diverse perspectives, helping SMEs navigate complex challenges such as digital transformation, internationalization, and talent shortages. Formal planning, such as a business plan, increases a start-up's chances of success by making experimentation more effective and identifying potential challenges early⁶.

3. Access to Capital & Credibility

Investors and lenders increasingly value governance quality as a signal of **reliability and professionalism**. Well-governed SMEs enjoy better financing conditions and stronger partnerships. Studies show that good governance reduces agency conflicts, lowers cost of capital, and is associated with higher valuations⁷. Investors are even willing to pay a premium for companies with strong governance practices⁸.

4. **Generational Transition & Shareholder Alignment**
Family-owned SMEs often struggle with succession and growing shareholder complexity. Governance frameworks provide **clarity on roles**, responsibilities, and decision-making, reducing conflict, and ensuring continuity. Active communication, protection of shareholder rights, and conflict-mitigation mechanisms help maintain trust and long-term engagement.

The key questions for every SME are therefore:

- I. How can the composition of the governance body impact corporate governance in an SME?
- II. (Why should an SME consider moving from a sole-directorship model to a collegial body ("college" in a BV/SRL or "Board of Directors" in an NV/SA)?

We do see opportunities for small Belgian companies to organize their governance in such a manner that **actual discussion** can take place. According to a study of DeminorNXT less than 30% of the surveyed companies accept external input from a board of directors or advisors.⁹ This is a pity, given the fact that companies may strongly benefit from advisors or a formal board of directors as explained earlier.

Our goal is to **understand** how SMEs are looking into their governance model and whether the legal flexibility has been translated into **governance practices** in the field and identify if the possibility of a sole directorship has not led to too many large(r) SMEs turning towards this practice, potentially harming the **quality of their decision-making**.



3 Mathew, Sudha, Salma Ibrahim, and Stuart Archbold. "Corporate governance and company risk." *Corporate Governance: The international journal of business in society* 18.1 (2018): 52-67. Dionne, Georges, and Thouraya Triki. "Risk management and corporate governance: The importance of independence and financial knowledge for the board and the audit committee." *Risk Management and Insurance Review* 22 (2005): 247-277.

4 GUBERNA, Voordelen van goed bestuur voor KMO's, 2023

5 Madhani, Pankaj M. "Corporate Governance: Journey from Compliance to Competitive Advantage." *Enhancing Enterprise Competitiveness (Strategy, Operations and Finance)*, RK Jain, P. Gupta, U. Dhar, eds (2007): 19-33.

6 GUBERNA, Voordelen van goed bestuur voor KMO's, 2023

7 Shank, Todd, Ronald Paul Hill, and John Stang. "Do investors benefit from good corporate governance?." *Corporate Governance: The international journal of business in society* 13.4 (2013): 384-396.

8 Balachandran, Balasingham, and Robert Faff. "Corporate governance, company value and risk: Past, present, and future." *Pacific-Basin Finance Journal* 35 (2015): 1-12.; Bonazzi, Livia, and Sardar MN Islam. "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 (2007): 7-23.

9 Deminor NXT, Positie van aandeelhouders, governance en ESG in Belgische kmo's, 2024

3. Impact of the number of directors on corporate governance

Research and governance guidelines often suggest that **optimal board sizes** for larger companies range between six and eleven directors. Such a composition allows for a broad range of expertise and experience, contributing to more balanced and robust decision-making. The presence of multiple viewpoints enhances the quality of strategic discussions and oversight, while still allowing for agility in the decision-making process.¹⁰

Organisation size

Although legally permitted, the use of a **sole directorship** is generally not considered good corporate governance practice despite the convenience and speed it may offer some company owners. This is especially the case in **larger companies with 200+ FTE's**¹¹. In organizations of this scale, the presence of multiple directors (two or more) enhances decision-making through dialogue and debate. Larger companies typically face more **complex organizational structures**, making strategic control and leadership decisions more demanding¹² for a single individual. For this reason, appointing only one director in large, and even medium-sized companies, is considered suboptimal from a governance perspective.

Sector

Next to size, **sectoral differences** may also impact the ideal number of directors in companies. Academic literature has indicated that complex companies who have more diversified activities, have more benefit from more directors than those in smaller or less complex organizations.¹³ Industrial companies¹⁴, holdings¹⁵ and banks¹⁶ have for example proven to gain benefit from larger boards, also due to the fact these are often highly regulated business that require a more diverse skill set.

Netherlands

In the **Netherlands**, we have seen an evolution towards boards comprising more directors. A recent study by **Nyenrode Business Universiteit** showed that Dutch companies are opening up to include the views of advisors or board members. Among larger family-owned SMEs (with more than 200 employees), there has been a significant **increase** over the past ten years in the number of companies with a board of directors ("raad van commissarissen") or advisory board: from 21.7 percent in 2013 to 59.7 percent in 2023. Strong increases were also observed in the other categories: e.g. among the smallest family-owned SMEs (with fewer than 50 employees), the number rose from 6.5 percent in 2013 to 21.6 percent in 2023 – in both cases, roughly a threefold increase. Moreover, the same study demonstrated that 82.8 percent of boards included non-family members. According to one of the researchers, this was caused by an increased need to transfer the company to the next generation.¹⁷

¹⁰ Dehaene, Alexander, Veerle De Vuyst, and Hubert Ooghe. "Corporate performance and board structure in Belgian companies." Long range planning 34.3 (2001): 383-398.; Jensen, Michael C., and Richard S. Ruback. "The market for corporate control: The scientific evidence." Journal of Financial Economics 11.1-4 (1983): 5-50.; Lipton, Martin, and Jay W. Lorsch. "A modest proposal for improved corporate governance." The business lawyer (1992): 59-77.; Ooghe, Hubert, and Tine De Langhe. "The Anglo-American versus the Continental European corporate governance model: empirical evidence of board composition in Belgium." European Business Review 14.6 (2002): 437-449.

¹¹ According to the European Commission, SMEs are companies that

- employ less than 250 people,
- have either:
 - » turnover of less than or equal to 50 million euros,
 - » balance sheet total of no more than 43 million euros.

¹² Ali, Muhammad. "Determinants and consequences of board size: conditional indirect effects." Corporate Governance: The international journal of business in society 18.1 (2018): 165-184 ; Coles, Jeffrey L., Naveen D. Daniel, and Lalitha Naveen. "Boards: Does one size fit all?." Journal of financial economics 87.2 (2008): 329-356.

¹³ Coles, Jeffrey L., Naveen D. Daniel, and Lalitha Naveen. "Boards: Does one size fit all?." Journal of financial economics 87.2 (2008): 329-356

¹⁴ Ali, Muhammad. "Determinants and consequences of board size: conditional indirect effects." Corporate Governance: The international journal of business in society 18.1 (2018): 165-184.

¹⁵ Dehaene, Alexander, Veerle De Vuyst, and Hubert Ooghe. "Corporate performance and board structure in Belgian companies." Long range planning 34.3 (2001): 383-398.

¹⁶ Belkhir, Mohamed. "Board of directors' size and performance in the banking industry." International Journal of Managerial Finance 5.2 (2009): 201-221.

¹⁷ Flören, Robert, et al., *Familiebedrijven en goed bestuur*, 2024, Nyenrode Business Universiteit

Board of advisors

At the same time, one should not automatically interpret the presence of a sole director as a total absence of corporate governance. Some companies have **boards of advisors**, which are not included in the openthebox data, however, we do notice an increased interest in this practice in Belgium.

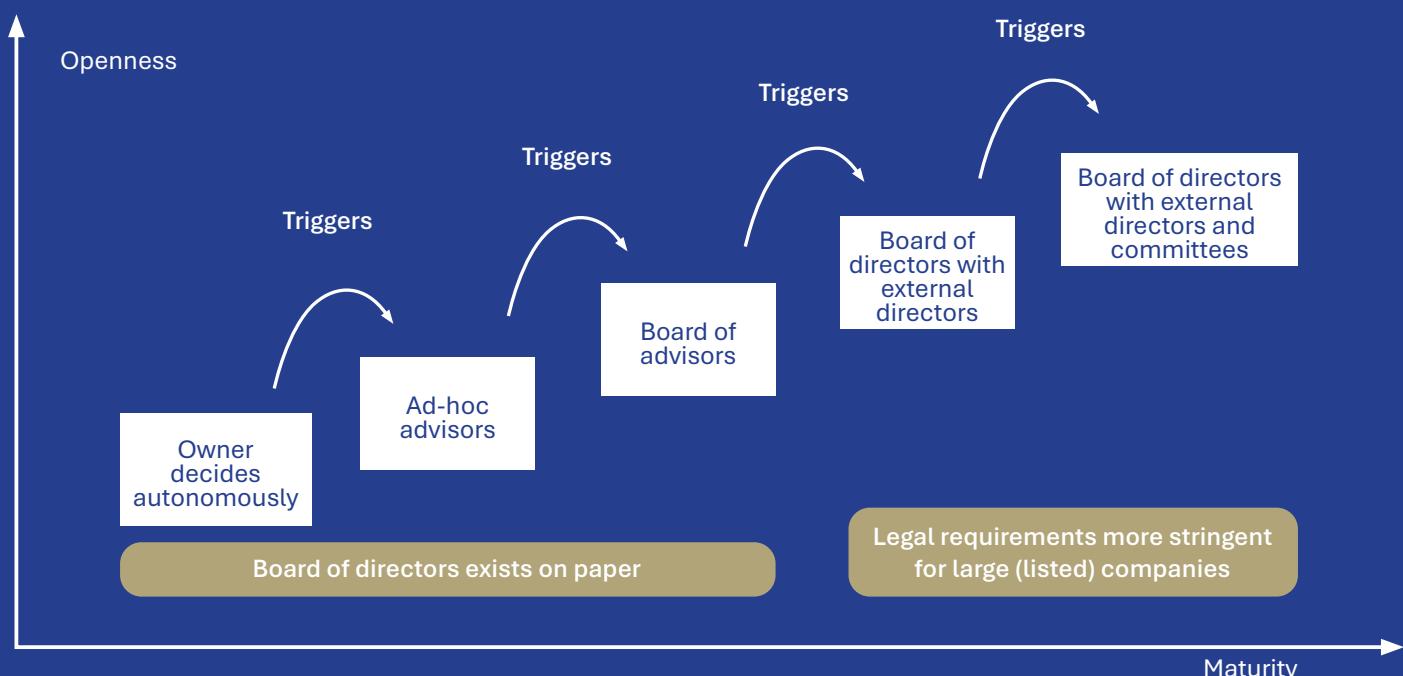
Such boards of advisors may also be a driver for better governance, when the advisors bring in their governance experiences e.g. (former) company owners, CEO's, etc. It is important to underline that advisors never make decisions, they only advise the board/sole director! The advisors can bring in their expertise on how to set up governance structures, define roles, etc. They even may exist next to a full functional board in a hybrid way. For example, GUBERNA published an article on Idevax, where the board of advisors provides scientific and relevant market information to the board of directors:

www.guberna.be/nl/know/vrouwelijk-ondernehemerschap-en-doorgedreven-governance-het-idevax-succesverhaal.

Advisory Board	Board of Directors
No liability (in principle)	Directors liability
Independent, neutral advisory body	Formal decision-making
No legal authority to represent the company	Legal authority to represent the company
Strictly an advisory role	Oversight (monitoring role)

- An Advisory Board is not legally defined, which means the influence of its members is limited to making recommendations. Final decision-making authority always remains with the owner(s).
- The Board of Directors holds ultimate responsibility and safeguards the interests of the company (including the shareholders). This body is legally established, and its members can be held liable.

Image 2:
phases of corporate governance



The maturity journey

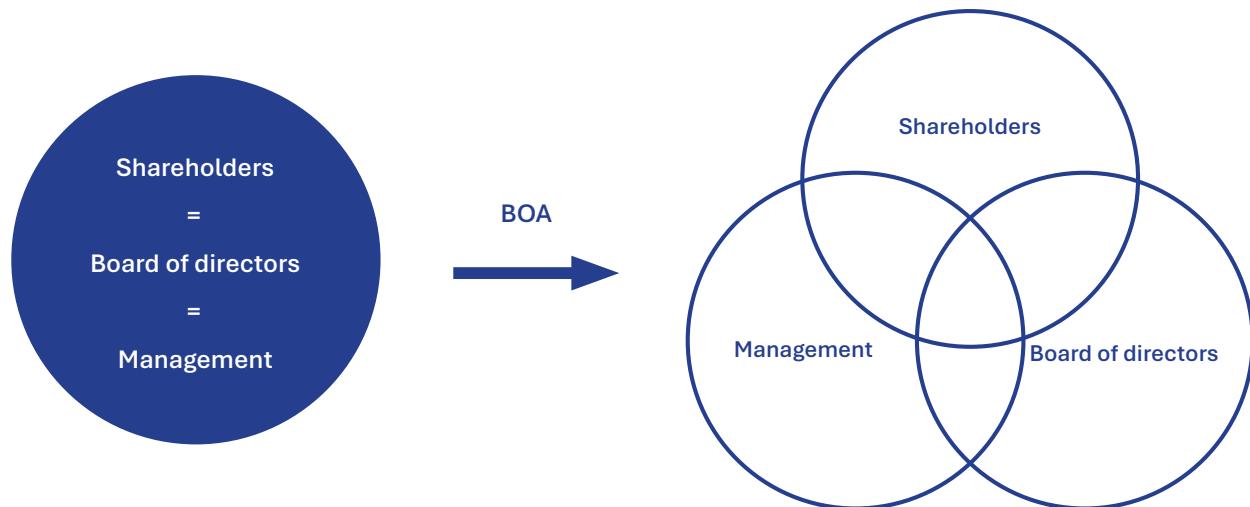
Still, the sole directorship often serves a purpose at **the start of a company's journey**, as we can see in scheme 1. At this point in time the entrepreneur decides autonomously. The maturity of the company, in combination with the openness (and necessity) to include the vision of others, may subsequently induce companies to take the next steps in their corporate governance trajectory. Over time it will be necessary to include advisors in the governance of the company, what helps to define the different roles within the company.

Once the company becomes even **more mature and complex**, it also becomes more open for outside voices. This may trigger the owners of the company to install an active board with external directors (and if necessary, also committees). An important trigger for installing such a board of directors is the transfer of power to **the next generation**, with a board enabling a smooth(er) transition.¹⁸ To help organisations with assessing their own corporate governance situation; GUBERNA recently developed a tool for SME's to assess their current maturity on a governance level and provide recommendations for further growth (<https://www.guberna.be/en/act/governance-maturity-scan>).

Image 3

the transition into more defined roles as a result of growth

Growth: more defined roles



The cost

In this regard, it is important to understand that corporate governance **does not have to be expensive**. In its study on remuneration practices in non-listed companies, GUBERNA stated that a board of directors does not have to cost more than a middle-class car per year.¹⁹ Even if the cost of a board of directors is too high for a company, or if the owner is not ready to hand over the power of the company to the board of directors, (a board of) advisors can (partially) fill this gap.

Given these considerations, the aim of this study is to examine to what extent different sorts of BVs/SRLs and NVs/SAs (considering their size and sectors), have **made use of the possibility** to appoint a sole director, two or more directors acting individually or to appoint three or more directors in a collegiate body ("college" or "board of directors"). We seek to analyze how many companies have adopted this simplified governance model, and how many operate with a larger board structure.

18 Flören, Robert, et al., Familiebedrijven en goed bestuur, 2024, Nyenrode Business Universiteit

19 GUBERNA, Study on the remuneration of non-executive directors in Belgian non-listed companies, 2025

4. Methodology

To investigate this question, we made use of a dataset compiled from the database of our partner [openthebox](#). Openthebox collects comprehensive financial and governance-related data on a wide range of companies and organizations. Among other variables, their database includes information on both the **number of board members** and the **legal form** of each entity. This enables us to gain a broad overview of board composition across many organizations.

About openthebox: it is a transparency website that provides insight into, on the one hand, the structure and financial statements of companies, and on the other hand, the connections between directors and politicians (in Belgium). It makes commercial reuse of (amongst others): the address registry from Digitaal Vlaanderen, the mandate database from the Agency for Home Affairs (ABB), the Crossroads Bank for Enterprises (KBO), and the annual accounts from the National Bank of Belgium (NBB). The product is offered through a freemium model: simple and infrequent queries are free; paid subscriptions are available for frequent access. In 2024, openthebox became a partner of GUBERNA. More info on <https://openthebox.com>

In the openthebox database, we filtered out all organizations that were not classified as either NV/SA or BV/SRL (e.g., cooperatives or VZW/ASBL). Additionally, we used the **31st of December 2023** as the reference date for measurement. This date was chosen because it is the most recent date for which sufficient data is available (not all data for 2024 are submitted/available yet). Consequently, companies for which no data was available by that date, or those that were established after it, were excluded from the analysis. This approach ensured that the database was not only recent but also as complete as possible.

Given that board size is often linked to the complexity and scale of a company, we incorporated it into our analysis. To categorize company size, we applied the European thresholds used to define SMEs (KMO/PME). The openthebox database provided the necessary data, including headcount, turnover, and total balance sheet to facilitate this classification.

Table 1

Thresholds used to assign a company to a size category

Company category	Staff headcount	Turnover	or	Balance sheet total
Large companies	≥ 250	> € 50 m		> € 43 m
Medium-sized companies	< 250	≤ € 50 m		≤ € 43 m
Small companies	< 50	≤ € 10 m		≤ € 10 m
Micro companies	< 10	≤ € 2 m		≤ € 2 m

Within the database, we excluded all companies for which we could not determine the company size, due to inaccessible data. The available **sample of 105,527 companies** (out of 248,015 companies available in the database) is sufficiently large to draw meaningful preliminary conclusions—albeit with the appropriate level of caution, as noted earlier. The following number of companies (with data valid as of the cut-off date of 31/12/2023) were successfully extracted from the openthebox database.

Table 2

Number of BV/SRL and NV/SA by company size

Company category	BV/SRL	NV/SA	Total
Large companies	153	639	792
Medium-sized companies	952	2,676	3,628
Small companies	8,851	8,255	17,106
Micro companies	70,617	13,384	84,001
Total	80,573	24,954	105,527

Next to size, sector is also associated with **the number of directors**. Therefore, it can be beneficial to delve deeper into the different sorts of companies as well. We were able to identify for all the above companies to which sector they belong and grouped them based on their level 1 NACEBEL codes.

5. Study findings

5.1 General overview

We will start with an assessment of the number of **directors per legal form**: BVs/SRLs and NVs/SAs (see Table 3). This table reveals several noteworthy findings. Firstly, 0.8% of BVs/SRLs and 1.5% of NVs/SAs report having **zero (or no known) directors**. As both legal forms are required by law to have at least one director, a check of the annual reports of a sample of companies with 0 directors hint at different reasons:

1. Directors that are still referred to as zaakvoerder/gérant.
2. No one is appointed as director and thus the company is not in compliance with legal requirements.

Table 3

the distribution of the number of directors in Belgian companies by legal form

Number of directors	BV/SRL (2023)	NV/SA (2023)	Total (2023)
0	0.8%	1.5%	1.0%
1 (sole director)	55.3%	13.3%	45.9%
2	30.7%	27.9%	30.0%
TOTAL: 3 or more directors	13,2%	57,3%	23,1%
3	8.3%	27.1%	12.5%
4	3.0%	14.9%	5.6%
5	1.0%	7.0%	2.3%
6	0.4%	3.3%	1.1%
7	0.2%	2.0%	0.6%
8	0.1%	1.0%	0.3%
9	0.0%	0.6%	0.2%
10	0.0%	0.4%	0.1%
<i>More than 10</i>	<i>0.2%</i>	<i>1.0%</i>	<i>0.4%</i>

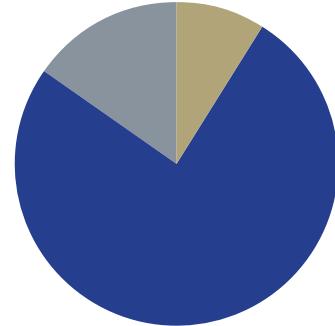
Among BVs/SRLs, 55.3% **operate with a single director**, suggesting that the sole-director model is the norm within this legal form. On the other hand, 30.7% of the companies operate with two directors whereas only a total of **13.2% of the companies are provided with a board of three directors potentially functioning as a collegial body**.

5.2 Collegial boards remain the exception in BVs/SRLs.

We reviewed the articles of association of **200 BVs/SRLs**, to see whether they indeed opted for a **collegial body** or if, on the contrary, the three directors operate in an **individual and competing** manner.

Out of those 200 companies, we observed:

- Collegial: 18 (9%)
- Individual: 151 (75%)
- Transition into collegial board: 31 (15%)



Governance structure: individual vs. collegial

- The majority operates with individual authority for directors.
- In 15% of the companies, the articles of association provide an automatic transition into a collegial board once there are 3 directors (in one case even from 2 directors onwards).
- Some articles of association include internal restrictions on authority (e.g., joint decision-making required above a certain amount, such as €25,000 or €100,000). For the sake of clarity, we note that such quantitative restrictions are not opposable towards third parties.

Flexibility of the Code on Companies and Associations (BCCA) is utilized

- The variation in clauses shows that companies actively use the freedom offered by the BCCA to provide tailored solutions, like:
 - » Share classes linked to governance rights (e.g., “Class A & B shareholders”).
 - » Specific signing rules (e.g., “individual authority, except in certain cases where a collegial decision is required”). For the sake of clarity, we note that such restriction is not opposable towards third parties.
 - » Representative power is granted in the articles of association to a single director or two directors acting jointly.

Trends and key considerations

- Small BVs often opt for simplicity: one director with full authority.
- Larger BVs or those with multiple shareholders choose a collegial board and internal restrictions to manage risks.
- In larger BVs (e.g. social housing companies), there is more complex governance with many directors, indicating a link between scale and governance structure.
- No one size fits all! There is no uniform practice: governance is strongly tailored to the nature, size, and risks of the company.

Three versus one? NVs/SAs opt for a collegial board, BVs/SRLs for individual powers. In contrast, **only 13.3% of NVs/SAs have opted for a sole director**. While this percentage is significantly lower, it however shows that four years after the introduction of the new Company Code, **a notable portion** of NVs/SAs are opting for the newly permitted single-director structure.

The dataset does not provide insights into the specific motivations behind this shift. It is plausible that, under the previous legal framework, some NV/SAs had previously appointed a second—often symbolic—director (such as a spouse, business partner, or family member) simply to meet the legal requirement of having at least two directors. Another possibility is that the sole director is a legal entity which, in turn, has a collegial board (e.g. TINC BV). The recent reform appears to have

enabled these companies to bring their formal governance structures more in line with **operational realities**. However, this remains an assumption that requires further research.

For BVs, the option to appoint a sole director already existed under the former BVBA/SPRL and EBVBA/SPRLU structures. It was relatively common in BVBA/SPRL entities, and especially in the EBVBA/SPRLU, which was designed for single-shareholder companies. However, the latter form came with a stricter capital requirement: a minimum of two-thirds of the share capital had to be paid up, compared to one-third in the standard BVBA. In 2014, EBVBAs/SPRLUs accounted for approximately 20% of all SME-type private limited companies (i.e., the combined total of BVBA/SPRL and EBVBA/SPRLU entities).²⁰

Image 4:

a substantial number of NVs/SAs currently work with only one director.



When examining organizations with two directors, we observe that 30.7% of BVs/SRLs and 27.9% of NVs/SAs fall into this category. **This makes two-director setups the most common within NVs/SAs.**

As mentioned above, among BVs/SRLs, only 13.2% have three or more directors, while **57.3% of NVs/SAs** have chosen the form of the **(monistic) collegial board of directors** composed of a **minimum of three directors**. The fact that more than half of NVs/SAs have three or more directors can be linked to the broader shareholder base typical of these (larger) companies. In such cases, genuine collegial discussions are more likely, which tends to be especially beneficial for larger companies with more complex business activities.

5.3 Size does matter!

This leads us to a second point: did larger or smaller organizations tend to opt for a **sole director, or was company size irrelevant in this choice?** This question allows us to assess whether larger companies tend to have larger boards and less sole directorships. The dataset from openthebox enables us to explore the distribution of board sizes relative to company size in greater detail, independently of the legal form of the company.

Table 4

The distribution of the number of directors in BV/SRL and NV/SA according to board size (2023):

Number of directors in large companies (staff of ≥ 250 and revenue of $> € 50 \text{ m}$ of balance total of $> € 43 \text{ m}$)	BV/SRL	NV/SA	Total	Number of directors in middle-sized companies (staff of < 250 and revenue of $\leq € 50 \text{ m}$ of balance total of $\leq € 43 \text{ m}$)	BV/SRL	NV/SA	Total
0	1,3%	0,3%	0,5%	0	1,1%	1,0%	1,0%
1	19,6%	3,3%	6,4%	1	29,2%	7,4%	13,1%
2	25,5%	12,8%	15,3%	2	28,4%	18,6%	21,2%
3	15,7%	21,9%	20,7%	3	19,3%	26,6%	24,7%
4	10,5%	20,7%	18,7%	4	9,6%	19,5%	16,9%
5	5,9%	13,8%	12,2%	5	4,7%	10,7%	9,1%
6	5,2%	6,6%	6,3%	6	2,4%	6,4%	5,3%
7	4,6%	5,6%	5,4%	7	1,3%	3,7%	3,1%
8	3,9%	3,0%	3,2%	8	0,3%	2,0%	1,5%
9	1,3%	2,7%	2,4%	9	0,4%	1,4%	1,1%
10	0,7%	1,9%	1,6%	10	0,1%	0,7%	0,6%
More than 10	5,9%	7,5%	7,2%	More than 10	3,3%	2,0%	2,3%
3 or more directors	53,6%	83,6%	77,8%	3 or more directors	41,3%	73%	64,7%
% of large companies	19%	81%	100%	% of middle-sized companies	26%	74%	100%

Number of directors in small companies staff of < 50 and revenue of ≤ € 10 m of balance total of ≤ € 10 m)	BV/SRL	NV/SA	Total	Number of directors in micro company (staff of < 10 and revenue of ≤ € 2 m of balance total of ≤ € 2 m)	BV/SRL	NV/SA	Total
0	0,8%	1,3%	1,0%	0	0.8%	1.5%	1.0%
1	39,5%	11,3%	25,9%	1	55,3%	13,3%	45,9%
2	34,8%	25,3%	30,2%	2	30,7%	27,9%	30,0%
3	13,4%	28,1%	20,5%	3	8,3%	27,1%	12,5%
4	6,1%	16,6%	11,2%	4	3,0%	14,9%	5,6%
5	2,4%	8,1%	5,1%	5	1,0%	7,0%	2,3%
6	1,2%	4,0%	2,6%	6	0,4%	3,3%	1,1%
7	0,5%	2,3%	1,4%	7	0,2%	2,0%	0,6%
8	0,2%	1,1%	0,6%	8	0,1%	1,0%	0,3%
9	0,2%	0,6%	0,4%	9	0,0%	0,6%	0,2%
10	0,0%	0,5%	0,2%	10	0,0%	0,4%	0,1%
More than 10	0,9%	0,8%	0,9%	More than 10	0,2%	1,0%	0,4%
3 or more directors	24,9%	62,1%	42,9%	3 or more directors	13,2%	57,3%	23,1%
% of small companies	52%	48%	100%	% of micro companies	85%	15%	100%

As the data shows, **larger companies make less use of the sole directorship model** compared to smaller companies. While almost half of micro companies have a sole director, this percentage drops to 26% in small companies, 13% in medium-sized companies, and just 6% in large companies. This trend is **particularly evident among NVs/SAs**, which make up the vast majority of large (81%) and medium-sized companies (74%).

In contrast, **within BVs/SRLs we observe that 20% of larger companies still operate with a sole director**. In medium-sized BVs/SRLs, this rises to 29%—almost **one-third of such companies**. This may reflect a legacy from the founding phase, when many of these companies were de facto fully owned by a single founder. As the business grew, its governance structure may not have evolved accordingly. NVs/SAs, by contrast, are often more inclined to adapt their governance over time, in line with their typically broader and more open shareholder base.²¹

Whereas both the micro- and small companies have 57% and 77% of the cases respectively, less than three directors, we see that a **majority of the NVs/SAs** in this category have three or more directors, strengthening the possibility of real discussions within the board.

5.4 Sector & complexity can increase board size

The final aspect we will discuss is the number of directors in different sectors. As mentioned earlier, certain sectors face **more complex challenges**²², which may increase the need for a larger number of directors. Therefore, it is important to examine whether we can discern any patterns in Belgium. Are there specific sectors where companies are more likely to have more directors or sectors where a sole director is more prevalent?

Looking at the average number of directors by company size and sector in Table 5, several notable trends emerge. Sectors such as **real estate activities, electricity, gas, steam, HVAC, public administration, defense, and compulsory social security** tend to have higher average numbers of directors. This trend is also somewhat evident in the financial and insurance sectors.

Unsurprisingly, most companies active in **service sectors** tend to have smaller boards. Due to their less complex supply chains and financing structures, they are often perceived as requiring less support from large boards.²³

Interestingly, **industrial companies** stand out as an exception. While literature often associates these companies—especially publicly listed ones—with larger boards due to their operational complexity²⁴, the data shows that their **average board size is quite close to the overall average** for companies of the same size. In fact, micro companies within the industry sector tend to have –on average- some of the smallest boards.



22 Coles, Jeffrey L., Naveen D. Daniel, and Lalitha Naveen. "Boards: Does one size fit all?." *Journal of financial economics* 87.2 (2008): 329-356

23 Ali, Muhammad. "Determinants and consequences of board size: conditional indirect effects." *Corporate Governance: The international journal of business in society* 18.1 (2018): 165-184.

24 Ali, Muhammad. "Determinants and consequences of board size: conditional indirect effects." *Corporate Governance: The international journal of business in society* 18.1 (2018): 165-184.

Table 5:

Average number of directors per sector, split up by size (red/green scale indicating the positive or negative distance with the average of the total by size).

	Large	Middle-sized	Small	Micro
Total	4.8	3.6	2.7	1.8
N/A	3.0	0.6	1.0	1.6w
Administrative and Support Services	3.2	2.5	2.4	1.8
Construction	4.9	3.3	2.2	1.6
Water Supply; Waste Management and Remediation Services	5.9	5.3	2.9	2.2
Real Estate Activities	20.5	16.0	8.6	2.1
Financial and Insurance Activities	8.4	6.1	4.5	2.3
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	4.2	3.4	2.6	1.8
Industry	5.0	3.6	2.7	1.5
Information and Communication	6.7	3.9	3.1	1.9
Arts, Entertainment and Recreation	4.0	3.8	2.8	2.1
Agriculture, Forestry and Fishing	12.0	2.5	2.1	2.0
Human Health and Social Work Activities	3.0	2.7	2.3	1.9
Education	4.0	6.7	2.8	1.5
Public Administration, Defense; Compulsory Social Security	N/A	17.0	11.5	1.9
Other Services	3.0	3.4	2.2	1.6
Electricity, Gas, Steam and Air Conditioning Supply	17.0	11.0	5.3	3.1
Accommodation and Food Service Activities	4.8	3.2	2.5	1.8
Transportation and Storage	4.0	3.3	2.0	1.7
Professional, Scientific and Technical Activities	5.6	4.3	3.4	1.8
Mining and Quarrying	14.5	3.6	3.7	2.8

However, the average number of directors does not fully reveal whether sole directorship is more common in certain sectors. It is possible for a sector to have a small average board size (e.g. 2 or 3 members) while having very few sole directors because most of the companies have indeed boards of 2 or 3 members. Conversely, another sector might have a slightly higher average with a considerable number of larger boards, while at the same time including a significant number of sole directorships.

In table 6 we provide the percentages of companies with sole directors within the different sectors, again including company size. When we examine the data, we observe some **overlap** with the average number of directors, shown in table 5. Sectors with higher average numbers of directors tend to have fewer companies with a sole directorship. For example, sectors such as mining and quarrying, water supply, waste management and remediation services, electricity-, gas-, steam-, and HVAC, real estate and financial and insurance activities all show relatively high average board sizes, while also having a lower proportion of companies led by a sole director.

Conversely, in most service sectors, the proportion of companies with **sole directors remains high**, mirroring their lower average number of directors. This again reflects the lower operational complexity typically faced by companies in these sectors.

In addition, there are sectors where sole directorship appears to be closely tied to company size. For instance, micro industrial companies have a higher incidence of sole directorship compared to the average for companies of that size, whereas in larger size categories, industrial companies have significantly fewer sole directors. A similar pattern is seen in the education sector, where sole directorships virtually disappear once companies reach medium size.

Interestingly, there are also cases where the **relationship** between the average number of directors and the prevalence of sole directorship is **less consistent**. In the human health and social work sector, for example, sole directorship remains common even though small and medium-sized companies in the sector have a higher-than-average number of directors. Even among very large organizations, sole directorship is not uncommon. A similar observation can be made for the wholesale and retail trade sector and the repair of motor vehicles and motorcycles sector. Although companies in this sector have an average number of directors that is equal to or below the overall average, the proportion of sole directorships is also equal to or lower than average—effectively inverting the relationship one can observe in the other sectors.

Table 6

Number of companies with sole directorship

	Large	Middle-sized	Small	Micro
Total	6,4%	13,1%	25,9%	51,2%
N/A	0,0%	14,3%	16,7%	52,1%
Administrative and Support Services	14,7%	31,9%	34,1%	53,7%
Construction	3,3%	15,8%	33,3%	58,9%
Water Supply; Waste Management and Remediation Services	0,0%	7,9%	16,2%	39,7%
Real Estate Activities	0,0%	0,0%	12,2%	41,2%
Financial and Insurance Activities	9,1%	3,8%	9,7%	39,2%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	6,4%	9,3%	23,5%	48,6%
Industry	3,2%	7,9%	20,5%	61,3%
Information and Communication	0,0%	8,8%	16,4%	45,0%
Arts, Entertainment and Recreation	0,0%	3,3%	19,6%	44,1%
Agriculture, Forestry and Fishing	0,0%	31,3%	35,0%	43,1%
Human Health and Social Work Activities	27,3%	27,0%	35,4%	46,7%
Education	0,0%	0,0%	23,3%	68,3%
Public Administration, Defense; Compulsory Social Security	N/A	0,0%	0,0%	50,3%
Other Services	14,3%	0,0%	34,2%	58,8%
Electricity, Gas, Steam and Air Conditioning Supply	0,0%	0,0%	10,5%	23,1%
Accommodation and Food Service Activities	4,5%	15,6%	25,3%	50,9%
Transportation and Storage	7,7%	18,8%	41,4%	46,3%
Professional, Scientific and Technical Activities	4,5%	8,7%	17,9%	55,6%
Mining and Quarrying	0,0%	0,0%	8,3%	13,8%

6. Conclusion

In our study, we have identified that the **majority of the BV/SRL have opted for the possibility of a sole director**. Furthermore, we identified that (4 years after the introduction of the new Belgian Code on Companies and Associations), we see that at the end of 2023, **1 out of 10 NVs/SAs have also opted for the possibility of a sole director**.

As such, one can say that at least in the case of the **NV/SA**, an **important shift** in the structure of the corporate governance has taken place. Even though a lot of companies have chosen for the sole director the question remains to what degree this shift has changed the corporate governance **reality** in these companies.

Meanwhile, this study has also shown that **the concept of sole directorship is less present in larger companies**, especially in NVs/SAs. Still, almost 20% of the large BVs/SRLs have a sole director.

When examining sectoral differences, it can generally be observed that **companies operating in service sectors tend to have smaller boards and a higher prevalence of sole directorships**. In contrast, companies in sectors such as infrastructure, mining, and banking typically have larger boards on average and a lower incidence of sole directors.

Additionally, this study demonstrates **that the relationship between company growth and changes in board composition is not uniform across sectors**. The increase in the number of directors and the decrease in sole directorships as companies grow occurs at different rates, with each sector following its own distinct trajectory.

The sole directorship should be seen as a less-than-ideal corporate governance practice in some of the small but definitely in middle-sized and large companies. Especially if these companies operate in more complex sectors. Companies that make use of the sole director may have important blind spots in their skillset needed to run a more complex organization. As such, companies with a larger size or in more complex sectors may benefit from **additional viewpoints and experience** from others. In practice we notice that most of these large companies do not tend to opt for the sole directorship, although there remains an indication that especially in the Belgian BVs/SRLs, this type of companies does not always adapt their governance while growing.



7. Recommendations

While sole directorship is permitted by the Belgian legislator and may appear to offer the agility that some companies seek, companies—particularly larger ones—generally benefit from the feedback and strategic oversight provided by a board of directors or advisors. In light of this, the following recommendations are made by GUBERNA.

1. Establish a Formal Board of Directors (or Advisory Board as a first step)

Once companies have reached a certain maturity, they should move beyond sole directorship and actively involve a board of directors. As a first step, the establishment of an Advisory Board may be a solution to evolve towards further professionalisation. But advisors never take decisions, that always remains the privilege and responsibility of the owner.

2. Define Clear Governance Structures and Responsibilities

Implementing a structured hierarchy improves internal oversight and clarifies responsibilities. This helps management operate more efficiently and aligns with research linking corporate governance to better CSR disclosure and operational performance.

3. Enhance Risk Management and Financial Oversight

Good corporate governance should include mechanisms for ongoing risk assessment and financial health monitoring. Boards should guide debt management, ensure compliance and reinforce investor confidence, thereby lowering the cost of capital and support sustainable growth.

4. Prepare for Shareholder and Generational Transitions

As ownership structures evolve over time, governance frameworks must support transparency, shared goals, and conflict prevention (e.g. with next gen). This includes setting clear rules for board participation and implementing tools for shareholder alignment and communication.

5. Leverage the Strategic Expertise of a Skilled Board

A knowledgeable board can add strategic value by supporting business planning, guiding growth, and aligning resources—without interfering in daily operations. Especially in growing or transforming companies, this oversight contributes to long-term value creation.

6. Focus on Governance to Increase Company Valuation

Empirical evidence shows that strong governance increases company valuation—particularly for SMEs. Investors are more likely to pay a premium for companies with transparent reporting, fair treatment of shareholders, and a professional board structure.

7. Adopt Best Practices in Transparency and Disclosure

Companies should commit to financial transparency, timely disclosure, and respect for shareholder rights. These practices not only improve reputation but also facilitate better access to financing and stronger relationships with external stakeholders.

