



How to cite this article:

Tohidlou, H. & Badini, H. (2026). Comparative Study of the Legal Status and Position of the Chief Executive Officer in Commercial Companies: Codification and Reform of Relevant Regulations with Reference to the Commercial Laws of Iran, the United States, and England. *Journal of Historical Research, Law and Policy*, 4(4), 1-17. <https://doi.org/10.61838/jhrp.257>



Article history:
Original Research

Dates:

Submission Date: 10 November 2025

Revision Date: 12 February 2026

Acceptance Date: 19 February 2026

First Publication Date: 23 February 2026

Final Publication Date: 01 July 2026

Comparative Study of the Legal Status and Position of the Chief Executive Officer in Commercial Companies: Codification and Reform of Relevant Regulations with Reference to the Commercial Laws of Iran, the United States, and England

1. Hamid. Tohidlou¹: PhD Student, Department of Private Law, Kish International Campus, University of Tehran, Tehran, Iran
2. Hasan. Badini^{2*}: Associate Professor, Department of Private Law, Faculty of Law and Political Science, University of Tehran, Tehran, Iran

*corresponding author's email: hbadini@ut.ac.ir

ABSTRACT

The Chief Executive Officer plays a central role in the governance and legal functioning of commercial companies, serving as the primary executive authority responsible for managing corporate affairs, implementing strategic decisions, and representing the corporation in legal and commercial relations. Despite the universal recognition of this role, the legal status and institutional position of the CEO vary significantly across legal systems, reflecting differences in legislative structure, doctrinal development, and corporate governance traditions. This study aims to analyze comparatively the legal status, authority, and institutional position of the CEO in commercial companies under the commercial laws of Iran, the United States, and England, and to identify legal gaps and propose reforms to enhance the clarity and effectiveness of executive governance in Iranian corporate law. The research adopts a doctrinal and comparative legal methodology, examining statutory provisions, judicial interpretations, and corporate governance principles governing executive authority. The findings reveal that while U.S. and English corporate law provide relatively clear and coherent frameworks recognizing the CEO as an institutional corporate officer with defined authority and fiduciary responsibilities, Iranian corporate law continues to exhibit doctrinal ambiguity regarding the legal nature and institutional status of the CEO. This ambiguity affects corporate governance effectiveness, executive accountability, and legal certainty in corporate transactions. The study concludes that recognizing the CEO as an institutional organ of the corporation and establishing clear statutory provisions governing executive authority, fiduciary duties, and accountability mechanisms are essential for improving corporate governance in Iran. The proposed reforms would strengthen legal certainty, enhance investor confidence, and align Iranian corporate law with international corporate governance standards.

Keywords: Chief Executive Officer, Corporate Law, Corporate Governance, Legal Status of CEO, Comparative Corporate Law, Commercial Companies, Executive Authority, Corporate Management, Iranian Commercial Law, Corporate Governance Reform



Introduction

Commercial companies constitute the institutional backbone of modern economic systems and serve as the primary vehicles through which capital is mobilized, economic production is organized, and business risk is allocated across investors and stakeholders. The corporate form allows the separation of ownership from management, enabling shareholders to contribute capital while entrusting operational decision-making to professional managers who act on behalf of the legal entity. This separation has been recognized as one of the defining features of corporate organization and a central mechanism facilitating economic growth and efficiency, particularly in developed market economies where corporations dominate industrial and financial sectors (1). The emergence of complex corporate structures, multinational enterprises, and sophisticated governance frameworks has further enhanced the importance of executive management, particularly the Chief Executive Officer (CEO), whose role extends beyond mere operational supervision to encompass strategic leadership, legal representation, and fiduciary responsibility.

Within this framework, the CEO occupies a uniquely pivotal position in corporate governance, serving as the highest executive authority responsible for implementing corporate policy, directing operational activities, and representing the company in its interactions with third parties, regulators, and contractual counterparties. Corporate law scholarship has consistently emphasized that the effective functioning of corporations depends significantly on the proper allocation of authority between shareholders, boards of directors, and executive officers, with the CEO acting as the primary agent responsible for translating corporate strategy into operational reality (2). This executive authority is not merely managerial in nature but is also deeply embedded within the legal structure of the corporation, as the CEO often exercises powers that legally bind the company in contractual and legal relations. In many jurisdictions, the CEO is recognized as a corporate officer possessing both actual and apparent authority to act on behalf of the corporation, reinforcing the legal significance of the position beyond administrative functions.

The legal status and position of the CEO have been the subject of extensive doctrinal analysis and judicial interpretation across different legal systems, particularly in common law jurisdictions such as the United States and England, where corporate governance frameworks have evolved to clearly define executive authority and fiduciary duties. Under U.S. corporate law, particularly as reflected in the Delaware General Corporation Law, the CEO is considered a senior corporate officer whose authority derives from both statutory provisions and delegation by the board of directors, enabling the CEO to act as the operational embodiment of the corporate entity (3). This conceptualization is reinforced by judicial decisions such as *Smith v. Van Gorkom*, in which the Delaware Supreme Court emphasized the importance of executive responsibility and fiduciary accountability in corporate decision-making, underscoring the legal obligations associated with executive authority (4). Similarly, in *Guth v. Loft Inc.*, the court recognized the fiduciary obligations of corporate executives and emphasized the duty of loyalty owed by corporate officers to the corporation, highlighting the legal and ethical dimensions of executive authority (5). These developments demonstrate that the CEO's position is not merely contractual or managerial but is intrinsically linked to the corporate legal structure and governance framework.

In English company law, the CEO often functions as the managing director, and the Companies Act 2006 provides a comprehensive statutory framework governing the duties and authority of corporate directors and officers (6). English law recognizes that the authority of executive officers arises from a combination of statutory provisions, board delegation, and corporate constitutional documents, reflecting the institutional nature of executive power

within the corporate structure. Judicial interpretation, particularly in cases such as *Meridian Global Funds Management Asia Ltd v Securities Commission*, has reinforced the principle that the acts and intentions of senior corporate officers may be attributed to the corporation itself, illustrating the organic relationship between corporate executives and the legal personality of the company (7). This attribution principle reflects a broader legal understanding that corporations, as artificial legal entities, act through natural persons who serve as their decision-making organs, thereby establishing the CEO as a central component of corporate legal identity.

The theoretical foundations of corporate law further support the recognition of executive officers as integral components of corporate governance structures. The anatomy of corporate law framework emphasizes that corporations operate through specialized governance mechanisms that allocate decision-making authority among various corporate actors, with executive officers exercising managerial authority under the supervision of the board of directors (8). This governance model is designed to balance efficiency and accountability, ensuring that executives possess sufficient authority to manage corporate affairs while remaining subject to oversight and fiduciary obligations. Corporate governance theory also highlights the role of agency relationships within corporations, as executives act as agents of the corporate entity, creating potential conflicts of interest that must be addressed through legal and institutional mechanisms (9). These agency relationships underscore the importance of clearly defining the legal status and responsibilities of the CEO to prevent abuse of authority and protect the interests of shareholders and stakeholders.

Corporate governance principles developed by international organizations further reinforce the importance of clearly defining executive authority and accountability within corporate structures. The OECD Principles of Corporate Governance emphasize that corporate executives, including the CEO, play a central role in implementing corporate strategy and ensuring compliance with legal and regulatory obligations, while also remaining accountable to the board and shareholders (10). These principles recognize that effective corporate governance requires a clear allocation of roles and responsibilities among corporate actors, with the CEO serving as the primary executive authority responsible for operational leadership. Similarly, corporate governance scholarship has emphasized that the effectiveness of corporate governance systems depends on the proper balance between executive authority and oversight, highlighting the need for legal clarity regarding the CEO's powers and duties (11). These international governance standards reflect a broad consensus that the CEO occupies a central position within corporate legal and organizational frameworks.

Despite the global recognition of the CEO's importance within corporate governance, the legal status and position of the CEO remain subject to significant doctrinal debate, particularly in jurisdictions where corporate law frameworks have evolved through multiple legislative reforms and doctrinal influences. In Iran, the Commercial Code of 1932 established the basic legal framework for corporate governance but did not provide a comprehensive and explicit definition of the CEO's legal status, leaving significant ambiguity regarding the nature and scope of executive authority (12). Subsequent legislative reforms, including the Amended Commercial Code of 1967, introduced provisions governing corporate management and executive authority, but these provisions did not fully resolve the doctrinal uncertainties surrounding the CEO's legal position (13). More recent legislative developments, including the Commercial Code Reform of 2023, have sought to modernize corporate governance regulations and clarify executive authority, but doctrinal and interpretive ambiguities continue to persist (14). These legislative developments reflect the ongoing evolution of Iranian corporate law and highlight the need for comprehensive doctrinal analysis and legislative reform.

The ambiguity surrounding the CEO's legal status in Iranian law is further complicated by the coexistence of multiple legal theories that seek to explain the relationship between the CEO and the corporation. Some legal scholars view the CEO primarily as an agent of the corporation, whose authority derives from delegation by the board of directors and whose legal actions bind the corporation only within the scope of delegated authority. Others argue that the CEO should be regarded as an organ of the corporation, whose authority arises directly from the corporate legal structure and whose actions are legally attributable to the corporation itself. This doctrinal debate reflects broader theoretical tensions within corporate law, particularly regarding the nature of corporate personality and the mechanisms through which artificial legal entities exercise legal authority. Comparative corporate law scholarship has emphasized that different legal systems adopt varying approaches to executive authority, reflecting differences in legal tradition, governance structure, and institutional development (15). These variations highlight the importance of comparative analysis in understanding the legal status and position of corporate executives.

In addition to statutory and doctrinal considerations, the legal status of the CEO is closely linked to broader corporate governance principles and economic considerations. Corporate governance theory emphasizes that executive authority must be balanced with accountability to prevent managerial opportunism and protect shareholder interests. The separation of ownership and control creates inherent agency problems, as executives may pursue personal interests that conflict with the interests of shareholders, necessitating legal mechanisms to align executive incentives with corporate objectives (9). Corporate law addresses these agency problems by imposing fiduciary duties on corporate executives, including duties of care and loyalty, which require executives to act in the best interests of the corporation and its shareholders. Judicial decisions and statutory provisions reinforce these fiduciary obligations, establishing legal accountability mechanisms that constrain executive authority and promote corporate integrity (16).

The comparative analysis of corporate law systems reveals that developed legal systems have adopted comprehensive frameworks to define executive authority and ensure accountability. U.S. corporate law, particularly in Delaware, provides detailed statutory and judicial guidance regarding executive authority, fiduciary duties, and corporate governance mechanisms, creating a relatively clear and coherent legal framework (2). English corporate law similarly provides comprehensive statutory provisions governing director duties and executive authority, reflecting the institutionalization of corporate governance principles within the legal system (17). These legal frameworks provide valuable comparative models for evaluating and reforming corporate governance regulations in jurisdictions where executive authority remains doctrinally ambiguous.

The importance of clearly defining the legal status and position of the CEO extends beyond theoretical considerations and has significant practical implications for corporate governance, legal accountability, and economic efficiency. The CEO's authority to represent the corporation in contractual and legal matters directly affects the rights and obligations of the corporation, shareholders, and third parties. Uncertainty regarding the scope of executive authority may create legal risks, undermine contractual certainty, and weaken corporate governance mechanisms. Conversely, clear legal rules defining executive authority and accountability enhance corporate transparency, promote investor confidence, and contribute to economic stability and growth (18). These considerations highlight the importance of developing coherent legal frameworks governing executive authority.

The purpose of this research is to conduct a comprehensive comparative analysis of the legal status and position of the CEO in commercial companies, with particular emphasis on the legal systems of Iran, the United States, and England, and to propose legal reforms aimed at clarifying and strengthening the regulatory framework governing

executive authority in Iranian corporate law. This analysis seeks to identify doctrinal inconsistencies, legislative gaps, and comparative best practices, thereby contributing to the development of a more coherent and effective legal framework governing corporate executive authority.

Theoretical and Legal Foundations of the CEO's Legal Status

The legal status of the Chief Executive Officer in commercial companies is rooted in the broader legal architecture governing corporate personality, authority allocation, and institutional representation. Corporate law recognizes companies as artificial legal persons distinct from their shareholders, directors, and officers, capable of owning property, entering contracts, and bearing legal rights and obligations. This foundational principle establishes the need for human agents who act on behalf of the corporation, since an artificial legal entity cannot express will or perform actions independently. The existence of corporate officers, particularly the CEO, is therefore a structural necessity, enabling the corporation to function in both legal and economic spheres. The conceptualization of corporate actors as instruments through which corporate will is expressed has long been acknowledged in corporate law theory and practice, as corporations operate through internal governance mechanisms designed to allocate decision-making authority efficiently while maintaining accountability (8). This allocation of authority distinguishes shareholders as owners, directors as policymakers, and executives as operational decision-makers responsible for implementing corporate strategy and representing the corporation externally.

Within this governance framework, the CEO occupies a uniquely significant role as the highest-ranking executive authority responsible for managing the day-to-day affairs of the corporation and executing the policies established by the board of directors. The CEO serves as the operational embodiment of corporate management, translating corporate strategy into action while ensuring compliance with legal obligations and corporate objectives. Corporate law scholarship emphasizes that executive officers are integral components of corporate governance systems, acting as agents of the corporate entity while also functioning as institutional actors whose authority derives from the corporate structure itself (2). This dual character reflects the complexity of executive authority, which cannot be fully understood solely through traditional agency principles or contractual relationships but must also be analyzed in light of corporate personality and organizational law. The legal recognition of executive authority is thus essential for ensuring the functionality of corporate governance and facilitating economic transactions involving corporate entities.

One of the most influential theoretical frameworks for understanding the legal status of the CEO is agency theory, which conceptualizes the relationship between corporate executives and the corporation as a principal-agent relationship. Under this theory, the corporation acts as the principal, while the CEO functions as its agent, exercising delegated authority to manage corporate affairs on behalf of the corporation. Agency theory emphasizes that executive authority arises from delegation and is therefore subject to limitations imposed by the principal, typically represented by the board of directors. This theoretical model explains the legal basis of executive authority and highlights the potential for conflicts of interest arising from the separation of ownership and control, as executives may pursue personal interests that diverge from the interests of shareholders (9). The agency framework provides a powerful analytical tool for understanding executive accountability, as it justifies the imposition of fiduciary duties designed to align executive conduct with corporate interests. The separation of ownership and control, which is a defining feature of modern corporations, necessitates legal mechanisms to ensure that executives exercise their authority responsibly and in accordance with corporate objectives (1).

Despite its explanatory value, agency theory alone does not fully capture the legal and institutional dimensions of executive authority within corporate structures. Corporate law has increasingly recognized that executives, particularly the CEO, may function not merely as agents but as institutional actors whose authority is embedded within the corporate legal framework. This perspective is reflected in the organic theory of corporate representation, which conceptualizes corporate executives as organs of the corporation rather than mere agents. According to this theory, the acts of corporate executives are legally attributable to the corporation itself, reflecting the principle that corporations operate through their designated institutional representatives. This organic conception of corporate authority has been reinforced by judicial decisions recognizing that the actions and intentions of senior corporate officers may be treated as the actions and intentions of the corporation itself. The attribution principle articulated in *Meridian Global Funds Management Asia Ltd v Securities Commission* demonstrates that corporate officers may be regarded as the embodiment of corporate legal personality, highlighting the institutional nature of executive authority (7). This approach reflects a broader shift in corporate law toward recognizing the structural role of executives within corporate governance systems rather than treating them solely as contractual agents.

The legal recognition of executives as institutional actors is further reflected in statutory frameworks governing corporate governance in major legal systems. Under English company law, corporate officers, including managing directors and CEOs, derive their authority from a combination of statutory provisions, board delegation, and corporate constitutional documents, reflecting the institutional nature of executive authority (17). The Companies Act 2006 establishes a comprehensive framework governing the duties and responsibilities of corporate directors and officers, emphasizing the importance of fiduciary duties and accountability in corporate governance (6). These statutory provisions reflect the recognition that corporate executives exercise authority not merely as agents but as integral components of the corporate legal structure. The statutory regulation of executive authority reinforces the institutional character of corporate governance and ensures that executive authority is exercised within a clearly defined legal framework.

Corporate law scholarship has also emphasized the importance of fiduciary duties in defining the legal status of corporate executives. Fiduciary duties represent a central mechanism for ensuring executive accountability and preventing abuse of corporate authority. Corporate executives are required to act in the best interests of the corporation and to avoid conflicts of interest that may undermine corporate integrity. The duty of loyalty requires executives to prioritize corporate interests over personal gain, while the duty of care requires executives to exercise reasonable diligence and competence in managing corporate affairs. These fiduciary obligations have been recognized as essential components of corporate governance, ensuring that executive authority is exercised responsibly and in accordance with legal and ethical standards (16). Judicial decisions such as *Guth v. Loft Inc.* have reinforced the importance of fiduciary duties, emphasizing that corporate executives must not exploit their positions for personal benefit at the expense of the corporation (5). These fiduciary obligations underscore the legal and ethical dimensions of executive authority and highlight the importance of legal mechanisms to ensure executive accountability.

The legal status of the CEO is also shaped by statutory and regulatory frameworks governing corporate governance, which define executive authority, responsibilities, and accountability mechanisms. Corporate governance regulations emphasize the importance of transparency, accountability, and oversight in corporate management, recognizing that executive authority must be balanced with mechanisms designed to protect shareholder interests and promote corporate integrity. The OECD Principles of Corporate Governance emphasize

that corporate executives play a central role in implementing corporate strategy and ensuring compliance with legal and regulatory obligations, while also remaining accountable to shareholders and boards of directors (10). These governance principles highlight the importance of clearly defining executive authority and ensuring effective oversight to prevent abuse of power and promote corporate efficiency. Corporate governance scholarship similarly emphasizes that executive authority must be exercised within a framework of accountability designed to protect stakeholder interests and ensure corporate sustainability (11).

Comparative corporate law analysis further demonstrates that executive authority is shaped by both statutory frameworks and judicial interpretation, reflecting the dynamic interaction between legal rules and institutional practice. U.S. corporate law, particularly as reflected in the Delaware General Corporation Law, provides a comprehensive framework governing executive authority, emphasizing the importance of fiduciary duties and corporate governance mechanisms (3). Judicial decisions such as *Smith v. Van Gorkom* illustrate the legal consequences of executive decision-making and highlight the importance of fiduciary responsibility in corporate governance (4). These legal frameworks recognize that executive authority must be exercised in accordance with legal obligations designed to protect corporate and shareholder interests. Corporate law scholars have emphasized that executive authority represents a core component of corporate governance, reflecting the institutional allocation of decision-making authority within corporate structures (15).

The legal status of the CEO is further influenced by statutory provisions governing corporate formation and management in national legal systems. In Iran, the Commercial Code of 1932 established the foundational legal framework governing corporate organization and executive authority but did not provide a comprehensive definition of executive status, leaving significant interpretive ambiguities regarding the legal nature of executive authority (12). Subsequent legislative developments, including the Amended Commercial Code of 1967, introduced provisions governing corporate management and executive authority but did not fully resolve the doctrinal uncertainties surrounding executive status (13). More recent legislative reforms, including the Commercial Code Reform of 2023, have sought to modernize corporate governance regulations and clarify executive authority, reflecting the evolving nature of corporate governance in Iran (14). These legislative developments highlight the importance of statutory frameworks in shaping executive authority and underscore the need for comprehensive legal analysis to clarify executive status.

The legal foundations of executive authority are also closely linked to corporate governance structures and the allocation of authority between corporate actors. Corporate governance frameworks are designed to ensure efficient management while maintaining accountability and protecting stakeholder interests. The CEO functions as the primary executive authority responsible for implementing corporate strategy and managing corporate affairs, while the board of directors exercises oversight and establishes corporate policy. This division of authority reflects the institutional structure of corporate governance, ensuring that executive authority is balanced with oversight mechanisms designed to prevent abuse and promote accountability. Corporate governance scholarship emphasizes that the effective functioning of corporate governance systems depends on the proper allocation of authority and responsibility among corporate actors, highlighting the importance of clearly defining executive authority within legal frameworks (18). This allocation of authority reflects the fundamental principles of corporate governance and underscores the importance of legal clarity in defining executive roles and responsibilities.

The theoretical and legal foundations of the CEO's legal status reflect the intersection of agency theory, organic theory, statutory regulation, and corporate governance principles. The CEO functions simultaneously as an agent

of the corporation, an institutional actor within corporate governance structures, and a fiduciary responsible for protecting corporate interests. This multifaceted legal status reflects the complexity of corporate governance and highlights the importance of legal frameworks designed to ensure executive accountability and corporate efficiency. Understanding the theoretical and legal foundations of executive authority is essential for analyzing the legal status of the CEO and developing effective corporate governance frameworks capable of promoting corporate integrity, accountability, and economic growth.

Comparative Legal Analysis of the CEO's Status and Position

The legal status and position of the Chief Executive Officer vary significantly across different legal systems, reflecting distinct historical traditions, statutory frameworks, and corporate governance philosophies. Comparative corporate law analysis demonstrates that while the fundamental role of the CEO as the highest executive authority is universally recognized, the legal characterization of that role differs in terms of doctrinal classification, statutory definition, and institutional integration. These differences are particularly evident when comparing civil law-influenced jurisdictions such as Iran with common law systems such as the United States and England, where corporate law has evolved through a combination of legislative development and judicial interpretation. Comparative corporate law scholarship emphasizes that corporate governance structures and executive authority frameworks reflect broader legal and institutional contexts, including the allocation of authority between shareholders, directors, and executives, as well as the legal mechanisms used to ensure accountability and efficiency (8). Understanding these differences is essential for evaluating the strengths and weaknesses of each system and identifying potential areas for legal reform.

In Iranian commercial law, the legal status of the CEO is governed primarily by the Commercial Code of 1932 and its subsequent amendments, particularly the Amended Commercial Code of 1967 and the recent Commercial Code Reform of 2023. The Commercial Code of 1932 established the basic legal framework for corporate organization, including provisions relating to corporate management and representation, but did not provide a comprehensive or explicit doctrinal definition of the CEO's legal nature (12). This legislative framework reflects the influence of continental European legal traditions, particularly French corporate law, which historically emphasized the role of corporate management without fully articulating the theoretical foundations of executive authority. The Amended Commercial Code of 1967 introduced more detailed provisions governing corporate governance, including the appointment and authority of executive managers, but these provisions did not fully resolve the doctrinal ambiguity surrounding whether the CEO should be regarded as an agent, representative, or organ of the corporation (13). This ambiguity has persisted in Iranian legal doctrine, creating uncertainty regarding the precise legal classification of executive authority and the relationship between the CEO and the corporate entity.

The recent Commercial Code Reform of 2023 represents an effort to modernize Iranian corporate governance and clarify executive authority, reflecting the evolving nature of corporate law in response to economic development and globalization (14). These reforms have sought to enhance corporate governance mechanisms, strengthen executive accountability, and improve legal certainty in corporate management. However, despite these reforms, Iranian corporate law continues to lack a fully coherent doctrinal framework clearly defining the CEO's legal status as either an agent or an institutional organ of the corporation. This doctrinal uncertainty has practical implications for corporate governance, as it affects the scope of executive authority, the attribution of legal responsibility, and the relationship between corporate executives and other corporate actors. Corporate governance regulations,

including the Securities Market Law of 2005 and the Corporate Governance Instructions issued by the Securities and Exchange Organization, have attempted to enhance executive accountability and transparency, reflecting the increasing importance of effective corporate governance in modern economic systems (19, 20). These regulatory developments highlight the recognition of executive authority as a central component of corporate governance while also underscoring the need for clearer doctrinal articulation.

In contrast, the legal status of the CEO in the United States is more clearly defined within the framework of corporate law, particularly under the Delaware General Corporation Law, which serves as the dominant model for corporate governance in the United States. Under U.S. corporate law, the CEO is classified as a corporate officer whose authority derives from statutory provisions, corporate bylaws, and delegation by the board of directors. This classification reflects the institutional nature of executive authority, recognizing that corporate officers act as integral components of corporate governance structures rather than merely contractual agents. The American Law Institute's Principles of Corporate Governance emphasize that corporate officers possess authority derived from their institutional roles within corporate governance frameworks, highlighting the importance of executive authority in implementing corporate policy and ensuring organizational effectiveness (3). This institutional characterization reinforces the legal recognition of executive authority as an essential element of corporate legal personality and governance.

Judicial interpretation has played a crucial role in shaping the legal status of corporate executives in U.S. corporate law, particularly through decisions emphasizing fiduciary duties and executive accountability. The Delaware Supreme Court's decision in *Smith v. Van Gorkom* illustrates the legal significance of executive decision-making and emphasizes the fiduciary obligations of corporate officers to exercise due care in managing corporate affairs (4). This decision highlights the legal recognition of executive authority while also reinforcing the accountability mechanisms designed to ensure responsible corporate management. Similarly, the decision in *Guth v. Loft Inc.* underscores the fiduciary duty of loyalty owed by corporate officers, emphasizing that executives must act in the best interests of the corporation and avoid conflicts of interest that may undermine corporate integrity (5). These judicial precedents demonstrate that U.S. corporate law recognizes the CEO as a central institutional actor whose authority is accompanied by significant legal responsibilities.

Corporate governance scholarship in the United States further emphasizes the importance of executive authority in corporate management while recognizing the need for oversight and accountability mechanisms. Corporate law scholars have emphasized that executive authority is essential for ensuring efficient corporate management, as centralized executive authority enables corporations to respond quickly to changing economic conditions and implement strategic decisions effectively (2). At the same time, corporate governance frameworks impose fiduciary duties and oversight mechanisms designed to prevent abuse of executive authority and protect shareholder interests. This balance between executive authority and accountability reflects the core principles of corporate governance and highlights the importance of legal clarity in defining executive roles and responsibilities. Corporate law theory has also emphasized that executive authority represents a fundamental component of corporate governance structures, reflecting the allocation of decision-making authority within corporate organizations (16).

English corporate law similarly provides a comprehensive framework governing executive authority, although the CEO is often referred to as the managing director rather than by the specific title of Chief Executive Officer. The Companies Act 2006 establishes the statutory foundation for corporate governance in England, defining the duties and responsibilities of corporate directors and officers and emphasizing the importance of fiduciary duties and

corporate accountability (6). Under English law, the managing director functions as the chief executive authority responsible for managing corporate affairs and implementing corporate strategy, reflecting the institutional role of executive authority within corporate governance structures. The statutory recognition of fiduciary duties reinforces the legal accountability of corporate executives and ensures that executive authority is exercised in accordance with corporate interests and legal obligations.

Judicial decisions have also played a significant role in defining executive authority in English corporate law, particularly through the application of attribution principles that treat the actions of senior corporate officers as the actions of the corporation itself. The decision in *Meridian Global Funds Management Asia Ltd v Securities Commission* illustrates this principle, emphasizing that corporate executives may be regarded as the embodiment of corporate legal personality for the purposes of legal attribution (7). This judicial approach reflects the organic theory of corporate representation, which recognizes that corporations operate through their designated institutional actors. This principle reinforces the legal recognition of executive authority as an essential component of corporate legal identity and governance.

Comparative corporate governance scholarship emphasizes that both U.S. and English corporate law recognize executive authority as an institutional function embedded within corporate governance structures, reflecting the evolution of corporate law toward greater clarity and coherence in defining executive roles (17). These legal frameworks emphasize the fiduciary duties of corporate executives, ensuring that executive authority is exercised responsibly and in accordance with corporate interests. Corporate governance theory further emphasizes that effective corporate governance requires a clear allocation of authority between corporate actors, with executives responsible for operational management and boards responsible for oversight and strategic direction (11). These principles highlight the importance of clearly defining executive authority to ensure effective corporate governance and legal accountability.

The OECD Principles of Corporate Governance also emphasize the importance of executive authority within corporate governance frameworks, recognizing that corporate executives play a central role in implementing corporate strategy and ensuring compliance with legal and regulatory obligations (10). These principles reflect the global consensus that effective corporate governance requires clearly defined executive authority and accountability mechanisms. Comparative analysis demonstrates that both U.S. and English corporate law have developed comprehensive legal frameworks governing executive authority, reflecting the institutionalization of corporate governance principles within these legal systems.

In contrast, Iranian corporate law continues to exhibit doctrinal ambiguity regarding the legal status of the CEO, reflecting the historical evolution of corporate law and the influence of multiple legal traditions. While statutory reforms have sought to modernize corporate governance and enhance executive accountability, the absence of a clear doctrinal framework defining the CEO as either an agent or an institutional organ of the corporation continues to create legal uncertainty. Comparative corporate law analysis highlights the importance of adopting clear legal frameworks governing executive authority, as legal clarity enhances corporate governance effectiveness, strengthens investor confidence, and promotes economic efficiency (15). The comparative experience of U.S. and English corporate law provides valuable insights for evaluating and reforming executive authority frameworks in jurisdictions where legal ambiguity persists.

The comparative analysis of the CEO's legal status and position demonstrates that executive authority is universally recognized as essential for corporate governance but is subject to varying doctrinal classifications and

statutory frameworks across different legal systems. U.S. and English corporate law provide relatively clear and coherent legal frameworks recognizing the CEO as an institutional corporate officer with defined authority and fiduciary responsibilities, while Iranian corporate law continues to exhibit doctrinal ambiguity and regulatory inconsistency. These differences highlight the importance of comparative legal analysis in identifying best practices and informing legal reform efforts aimed at enhancing corporate governance and executive accountability.

Legal Gaps, Conflicts, and Needed Reforms

The legal framework governing the status and position of the Chief Executive Officer in commercial companies plays a decisive role in determining the effectiveness of corporate governance, the clarity of corporate authority, and the enforceability of corporate obligations. A coherent legal system must clearly define the CEO's authority, responsibilities, and relationship with the corporation and other corporate organs to ensure both operational efficiency and legal accountability. However, in jurisdictions where corporate law frameworks have developed incrementally or have been influenced by multiple legal traditions, gaps and inconsistencies may emerge that undermine the effectiveness of executive governance. This issue is particularly evident in the Iranian legal system, where the statutory provisions governing corporate executives, although extensive in some respects, do not fully resolve fundamental doctrinal questions concerning the CEO's legal status and institutional position. The Commercial Code of 1932, which remains a foundational source of Iranian corporate law, established the general structure of corporate governance but did not provide a comprehensive legal theory explaining the CEO's relationship to the corporate entity, thereby leaving significant room for interpretive ambiguity (12). This lack of doctrinal clarity has created uncertainty regarding whether the CEO should be regarded primarily as an agent, a contractual representative, or an institutional organ of the corporation.

Subsequent legislative reforms, including the Amended Commercial Code of 1967, sought to enhance corporate governance by introducing provisions governing corporate management and executive authority, but these provisions did not explicitly resolve the conceptual ambiguity surrounding executive status (13). While the amended law recognized the CEO as an executive authority responsible for managing corporate affairs and representing the corporation, it did not clearly articulate the theoretical foundation of executive authority, leaving unresolved questions regarding the legal nature of executive actions and their attribution to the corporation. This ambiguity has significant practical implications, particularly in determining the scope of executive authority and the extent of corporate liability arising from executive conduct. In the absence of clear statutory guidance, courts and legal practitioners must rely on general principles of civil law and contractual interpretation, which may not adequately reflect the institutional nature of executive authority in modern corporate governance. The recent Commercial Code Reform of 2023 represents an important step toward modernizing corporate governance regulations, but further clarification is needed to establish a coherent doctrinal framework defining executive authority and corporate attribution (14).

One of the most significant legal gaps in Iranian corporate law relates to the attribution of executive actions to the corporation and the legal consequences of executive misconduct. Corporate law must provide clear rules determining when the actions of the CEO are legally binding on the corporation and when the CEO may be held personally liable for corporate misconduct. The absence of a clearly defined doctrinal framework creates uncertainty regarding the legal consequences of executive decisions and undermines the predictability of corporate transactions. Corporate governance theory emphasizes that executive authority must be clearly defined to ensure

legal certainty and facilitate economic transactions involving corporate entities (15). Without clear legal rules governing executive authority, third parties may face uncertainty regarding the enforceability of corporate contracts, and corporations may encounter difficulties in managing legal risk. This uncertainty can weaken investor confidence and reduce the effectiveness of corporate governance mechanisms.

Another critical area of legal conflict concerns the relationship between the CEO and the board of directors. Corporate governance systems are designed to allocate decision-making authority between executive management and oversight bodies, ensuring that executives possess sufficient authority to manage corporate affairs while remaining subject to oversight and accountability. However, in the absence of clearly defined statutory provisions governing this relationship, conflicts may arise regarding the scope of executive authority and the extent of board oversight. Corporate governance scholarship emphasizes that effective corporate governance requires a clear division of authority between executive management and oversight bodies to ensure both efficiency and accountability (11). In legal systems where executive authority is not clearly defined, the relationship between the CEO and the board may become a source of legal uncertainty and governance inefficiency. Iranian corporate law, while recognizing the authority of both executive management and boards of directors, does not fully clarify the institutional relationship between these corporate actors, thereby creating potential conflicts regarding the allocation of corporate authority.

Comparative analysis reveals that common law jurisdictions such as the United States and England have developed more coherent legal frameworks governing executive authority, providing valuable models for legal reform. In the United States, corporate law clearly recognizes corporate officers, including the CEO, as institutional actors whose authority derives from statutory provisions, corporate bylaws, and board delegation. The American Law Institute's Principles of Corporate Governance emphasize the importance of clearly defining executive authority and fiduciary responsibilities to ensure effective corporate governance (3). U.S. corporate law also imposes fiduciary duties on corporate executives, including duties of care and loyalty, which ensure that executives act in the best interests of the corporation and its shareholders. Judicial decisions such as *Smith v. Van Gorkom* have reinforced the importance of executive accountability, demonstrating that corporate executives may be held liable for failing to exercise due care in managing corporate affairs (4). These legal mechanisms ensure that executive authority is exercised responsibly and in accordance with corporate interests.

English corporate law similarly provides a well-developed statutory framework governing executive authority, particularly through the Companies Act 2006, which establishes comprehensive rules governing the duties and responsibilities of corporate directors and officers (6). The statutory recognition of fiduciary duties ensures that corporate executives remain accountable for their actions and reinforces the institutional nature of executive authority. Judicial interpretation has further clarified executive authority through attribution principles, as demonstrated in *Meridian Global Funds Management Asia Ltd v Securities Commission*, which recognized that the actions of senior corporate officers may be attributed to the corporation itself (7). This legal principle reflects the recognition that corporate executives function as institutional representatives whose actions may bind the corporation. The clarity of these legal frameworks enhances corporate governance effectiveness and promotes legal certainty.

The absence of similarly clear attribution principles in Iranian corporate law represents a significant legal gap that should be addressed through legislative reform. Corporate law must clearly establish that the CEO functions as an institutional organ of the corporation in order to ensure legal certainty and facilitate corporate governance.

Corporate law scholarship emphasizes that recognizing executives as institutional actors is essential for ensuring the effective functioning of corporate governance systems (8). Without clear legal recognition of executive authority as an institutional function, corporate governance systems may become fragmented and inefficient, undermining corporate accountability and operational effectiveness. Legislative reform should therefore explicitly recognize the institutional nature of executive authority and establish clear legal rules governing executive actions and corporate attribution.

Another important area requiring reform concerns fiduciary duties and executive accountability mechanisms. Corporate governance theory emphasizes that fiduciary duties are essential for ensuring executive accountability and preventing abuse of corporate authority (16). Iranian corporate law currently imposes certain legal obligations on corporate executives, but these obligations are not as clearly defined or systematically structured as those found in U.S. and English corporate law. Legislative reform should establish comprehensive fiduciary duty provisions clearly defining executive obligations, including duties of care, loyalty, and good faith. The imposition of clear fiduciary duties would enhance corporate governance effectiveness and ensure that executives act in the best interests of the corporation and its shareholders.

The development of clearer statutory provisions governing executive authority would also enhance corporate governance effectiveness and investor confidence. Corporate governance frameworks must ensure that executive authority is exercised transparently and in accordance with corporate objectives. The OECD Principles of Corporate Governance emphasize that effective corporate governance requires clear legal frameworks governing executive authority and accountability (10). Legislative reform should therefore establish clear statutory provisions governing executive authority, responsibilities, and accountability mechanisms. These reforms would enhance legal certainty and promote corporate governance effectiveness.

Another area requiring reform concerns the relationship between executive authority and corporate liability. Corporate law must clearly establish the circumstances under which corporate executives may incur personal liability and the circumstances under which corporate liability arises from executive actions. U.S. corporate law provides valuable guidance in this regard, as judicial decisions such as *Guth v. Loft Inc.* have clarified the fiduciary obligations of corporate executives and established legal standards governing executive conduct (5). These legal standards provide clear guidance for determining executive liability and corporate attribution, enhancing legal certainty and corporate governance effectiveness. Iranian corporate law should adopt similar legal standards to clarify executive liability and ensure effective corporate governance.

The need for legal reform also reflects broader economic and institutional considerations. Corporate governance systems play a crucial role in promoting economic development by facilitating investment, enhancing corporate transparency, and ensuring efficient resource allocation. Corporate governance scholarship emphasizes that clear legal frameworks governing executive authority are essential for promoting investor confidence and ensuring corporate accountability (18). Legal uncertainty regarding executive authority may discourage investment and undermine economic development. Legislative reform aimed at clarifying executive authority and strengthening corporate governance would therefore contribute to economic stability and growth.

Ultimately, the legal gaps and conflicts identified in Iranian corporate law highlight the need for comprehensive legislative reform aimed at clarifying the legal status and position of the CEO. Such reform should explicitly recognize the CEO as an institutional organ of the corporation, establish clear fiduciary duties and accountability mechanisms, clarify the relationship between executive authority and corporate liability, and strengthen corporate

governance frameworks. Comparative analysis demonstrates that adopting legal principles and governance mechanisms similar to those found in U.S. and English corporate law would enhance corporate governance effectiveness and promote legal certainty. These reforms would strengthen the legal foundations of corporate governance and ensure that executive authority is exercised responsibly and in accordance with corporate interests.

Conclusion

The legal status and position of the Chief Executive Officer constitute one of the most fundamental yet complex components of corporate governance in modern commercial law. As corporations have evolved into the dominant organizational form for economic activity, the need for effective executive management has become indispensable. The CEO functions as the primary executive authority responsible for implementing corporate policies, managing corporate affairs, and representing the corporation in its interactions with external parties. This position is not merely administrative or managerial in nature but represents a critical legal institution through which the corporation exercises its legal personality and operational autonomy. The effectiveness of corporate governance, the clarity of corporate authority, and the accountability of corporate management all depend significantly on the legal framework governing the CEO's authority and responsibilities.

The analysis conducted in this research demonstrates that the legal characterization of the CEO varies significantly across different legal systems, reflecting differences in legislative development, legal tradition, and institutional structure. In jurisdictions such as the United States and England, corporate law has evolved to clearly define the CEO's legal status as an institutional executive officer whose authority derives from statutory provisions, corporate governance structures, and delegation by the board of directors. In these systems, the CEO is recognized as an integral component of corporate governance, possessing defined executive authority while remaining subject to fiduciary duties and oversight mechanisms designed to ensure accountability. The legal clarity provided by these frameworks enhances corporate governance effectiveness by establishing clear lines of authority and responsibility, reducing legal uncertainty, and promoting confidence among investors, stakeholders, and business partners.

In contrast, the legal framework governing the CEO's status in Iranian corporate law has historically exhibited doctrinal ambiguity and structural inconsistency. Although Iranian commercial law recognizes the CEO as the primary executive authority responsible for managing corporate affairs, it does not provide a fully coherent doctrinal framework clearly defining the CEO's legal nature. The coexistence of multiple theoretical interpretations, including agency theory, representation theory, and institutional or organic theory, has contributed to uncertainty regarding the precise legal classification of executive authority. This ambiguity has practical implications for corporate governance, particularly in areas such as the attribution of legal responsibility, the scope of executive authority, and the relationship between executive management and corporate oversight bodies. The absence of clear legal rules governing executive authority may create uncertainty in corporate transactions, undermine corporate accountability, and reduce the effectiveness of corporate governance mechanisms.

The comparative analysis conducted in this study highlights the importance of clearly defining the CEO's legal status as an institutional component of the corporate legal structure rather than merely as a contractual agent or employee. Modern corporate governance systems recognize that corporations operate through their designated institutional actors, and the CEO functions as the principal executive organ responsible for expressing corporate will and implementing corporate decisions. Recognizing the CEO as an institutional organ of the corporation provides a more accurate reflection of the practical and legal realities of corporate governance. This recognition

ensures that executive authority is exercised within a structured legal framework that balances operational autonomy with accountability and oversight. It also enhances legal certainty by clearly establishing the conditions under which corporate actions and liabilities arise from executive conduct.

The study also demonstrates that effective corporate governance requires a careful balance between executive authority and accountability. While the CEO must possess sufficient authority to manage corporate affairs efficiently and respond to changing business conditions, this authority must be accompanied by legal mechanisms designed to ensure responsible conduct and prevent abuse of power. Fiduciary duties, oversight by boards of directors, and clear statutory rules governing executive authority are essential components of effective corporate governance systems. These mechanisms ensure that executive authority is exercised in the best interests of the corporation and its stakeholders while maintaining transparency and accountability. The comparative experience of the United States and England demonstrates that well-defined legal frameworks governing executive authority contribute significantly to corporate governance effectiveness and economic stability.

Another important finding of this research is that legal clarity regarding executive authority enhances the predictability and reliability of corporate transactions. Corporate entities engage in complex legal and commercial activities that require clear legal rules governing the authority of corporate representatives. When the legal status of the CEO is clearly defined, third parties can rely on executive actions with confidence, reducing legal risk and facilitating economic activity. Conversely, legal ambiguity regarding executive authority may create uncertainty regarding the validity of corporate transactions, potentially undermining contractual relationships and reducing investor confidence. Establishing clear legal rules governing executive authority is therefore essential for promoting economic development and ensuring the effective functioning of corporate markets.

The analysis also underscores the importance of legislative reform in addressing existing gaps and inconsistencies in Iranian corporate law. While recent legislative developments have sought to modernize corporate governance frameworks, further reforms are necessary to establish a coherent and comprehensive legal framework governing executive authority. Such reforms should explicitly recognize the CEO as an institutional organ of the corporation, clearly define the scope of executive authority, and establish comprehensive accountability mechanisms. These reforms would enhance legal certainty, strengthen corporate governance, and align Iranian corporate law with international best practices. Adopting a clearer legal framework would also facilitate the integration of Iranian corporate law into the global economic system, promoting foreign investment and economic development.

In addition to legislative reform, the development of consistent judicial interpretation and legal doctrine is essential for clarifying the legal status of corporate executives. Courts play a critical role in interpreting corporate law and resolving disputes involving executive authority and corporate governance. Consistent judicial interpretation can help establish legal principles governing executive authority and provide guidance for corporate actors and legal practitioners. Over time, the development of coherent legal doctrine can enhance the clarity and effectiveness of corporate governance frameworks, even in the absence of comprehensive legislative reform. Judicial recognition of the institutional nature of executive authority would contribute significantly to the development of a more coherent corporate law framework.

The findings of this research also have broader implications for corporate governance theory and practice. The legal status of the CEO reflects fundamental principles of corporate governance, including the allocation of authority, accountability, and responsibility within corporate organizations. Understanding the legal foundations of executive

authority is essential for designing effective corporate governance systems capable of balancing efficiency and accountability. The comparative analysis conducted in this study demonstrates that corporate governance effectiveness depends significantly on the clarity and coherence of legal frameworks governing executive authority. Legal systems that clearly define executive authority and establish effective accountability mechanisms are better equipped to promote corporate integrity, investor confidence, and economic growth.

This research also highlights the importance of adopting a functional and institutional approach to understanding corporate executive authority. Rather than viewing the CEO solely as a contractual agent or employee, corporate law should recognize the CEO as an institutional actor whose authority arises from the corporate legal structure. This institutional perspective provides a more accurate understanding of corporate governance and reflects the realities of modern corporate organization. Recognizing the CEO as an institutional organ of the corporation ensures that corporate authority is exercised within a structured legal framework that promotes accountability and legal certainty.

Ultimately, the legal status and position of the CEO represent a central component of corporate governance and corporate law. The comparative analysis conducted in this research demonstrates that while significant progress has been made in developing legal frameworks governing executive authority, further reforms are necessary to enhance legal clarity and governance effectiveness, particularly in jurisdictions where doctrinal ambiguity persists. Establishing clear legal rules governing executive authority, accountability, and corporate representation is essential for ensuring the effective functioning of corporate governance systems and promoting economic development.

The reform and clarification of legal rules governing the CEO's status and authority will contribute to the development of more effective corporate governance systems capable of supporting economic growth, promoting investor confidence, and ensuring corporate accountability. By adopting a coherent legal framework recognizing the CEO as an institutional organ of the corporation, corporate law can better reflect the realities of modern corporate governance and provide a solid foundation for the continued development of corporate institutions.

Acknowledgments

We would like to express our appreciation and gratitude to all those who helped us carrying out this study.

Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adhered in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

Funding

This research was carried out independently with personal funding and without the financial support of any governmental or private institution or organization.

References

1. Fama EF, Jensen MC. Separation of Ownership and Control. *Journal of Law and Economics*. 1983;26(2):301-25.
2. Bainbridge SM. *Corporate Law*. 4 ed. St. Paul, MN: West Academic Publishing; 2021.
3. American Law I. *Principles of Corporate Governance: Analysis and Recommendations*. St. Paul, MN: American Law Institute; 1994.
4. *Smith v. Van Gorkom*. Delaware Supreme Court; 1985.
5. *Guth v. Loft Inc*. Delaware Supreme Court; 1939.
6. *Companies Act*, (2006).
7. *Meridian Global Funds Management Asia Ltd v Securities Commission*. UK Supreme Court; 1995.
8. Kraakman R, Armour J, Davies P, Enriques L, Hansmann H, Hertig G, et al. *The Anatomy of Corporate Law: A Comparative and Functional Approach*. 3 ed. Oxford: Oxford University Press; 2017.
9. Jensen MC, Meckling WH. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*. 1976;3(4):305-60.
10. Oecd. *OECD Principles of Corporate Governance*. Paris: OECD Publishing, 2015.
11. Tricker B. *Corporate Governance: Principles, Policies, and Practices*. 4 ed. Oxford: Oxford University Press; 2019.
12. *Commercial Code of Iran*, (1932).
13. *Amended Commercial Code of Iran*, (1967).
14. *Delaware General Corporation Law*, (2023).
15. Armour J, Hansmann H, Kraakman R. *What is Corporate Law?* Oxford: Oxford University Press; 2009.
16. Clark RC. *Corporate Law*. Boston: Little, Brown and Company; 1986.
17. Davies PL, Worthington S. *Gower's Principles of Modern Company Law*. 11 ed. London: Sweet and Maxwell; 2021.
18. Macey JR. *Corporate Governance: Promises Kept, Promises Broken*. Princeton: Princeton University Press; 2008.
19. *Securities Market Law of the Islamic Republic of Iran*, (2005).
20. *Corporate Governance Instructions of the Securities and Exchange Organization of Iran*, (2021).