

When people talk about a corporation, they often blur the lines between its owners, its leadership, and its managers. In reality, each group (shareholders, directors, and officers) plays a distinct legal and practical role. The table below is a quick-reference template you can share with clients, new team members, or students to clarify who does what, how they get the position, and where their responsibilities (and liabilities) begin and end. Use it as a primer before drafting bylaws, electing a board, or appointing executives so everyone understands the corporate “chain of command” and the protections that come with properly observing these separations.

ASPECT	SHAREHOLDERS	DIRECTORS (BOARD)	OFFICERS (E.G., CEO, CFO, SECRETARY)
Core role	Owners of the corporation; supply capital and ultimately benefit from profits.	Governing body that sets broad strategy and oversees management.	Day-to-day managers who run the business and implement board policies.
How they obtain the position	Purchase/receive shares through issuance, transfer, or inheritance.	Elected (or sometimes appointed) by the shareholders, usually at annual meetings.	Appointed (and removable) by the board of directors.
Primary powers & decisions	<ul style="list-style-type: none"> - Vote on fundamental changes (elect directors, approve major mergers, amend charter). - Bring derivative suits. 	<ul style="list-style-type: none"> - Declare dividends, issue or repurchase shares. - Approve major transactions, budgets, executive pay. - Set corporate policies, risk tolerance. 	<ul style="list-style-type: none"> - Enter contracts, hire and fire staff, run operations. - Sign filings and financial statements. - Represent the corporation in everyday dealings.
Fiduciary duties to corporation	Usually none (unless majority/controlling shareholder; then limited duties of fairness and good faith).	Duty of care (informed, diligent decisions) and duty of loyalty (act in corporation’s best interest, avoid self-dealing).	Same fiduciary duties as directors, but focused on operational decisions.

Liability exposure	Limited to investment at risk (share value) unless they personally guarantee debts or pierce-the-veil factors apply.	Personal liability for breaches of fiduciary duties or certain statutory liabilities (e.g., unpaid taxes, unpaid wages in some states).	Similar personal liability for duty breaches and certain statutory obligations; may also face regulatory or criminal exposure for misconduct.
Compensation	Return on investment through dividends and stock appreciation; not salaries.	May receive director fees, stock grants/options; compensation set by board or shareholders.	Paid salaries, bonuses, benefits, and stock-based pay; terms set by board (often Compensation Committee).
Removal / exit	Sell or transfer shares (subject to restrictions) or via redemption/merger.	Can usually be removed by shareholder vote (majority or as set in bylaws/charter).	Serve at board's pleasure; can be removed or replaced by board resolution.
Meeting requirements	Annual meeting (or written consent) to elect directors and vote on major items.	Periodic board and committee meetings with minutes and formal resolutions.	No statutory meeting requirements, but officers report to board and keep corporate records.
Typical titles	Common vs. preferred shareholder; controlling shareholder.	Chair, Vice-Chair, Audit Committee Chair, Independent Director.	Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Corporate Secretary, Treasurer.

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