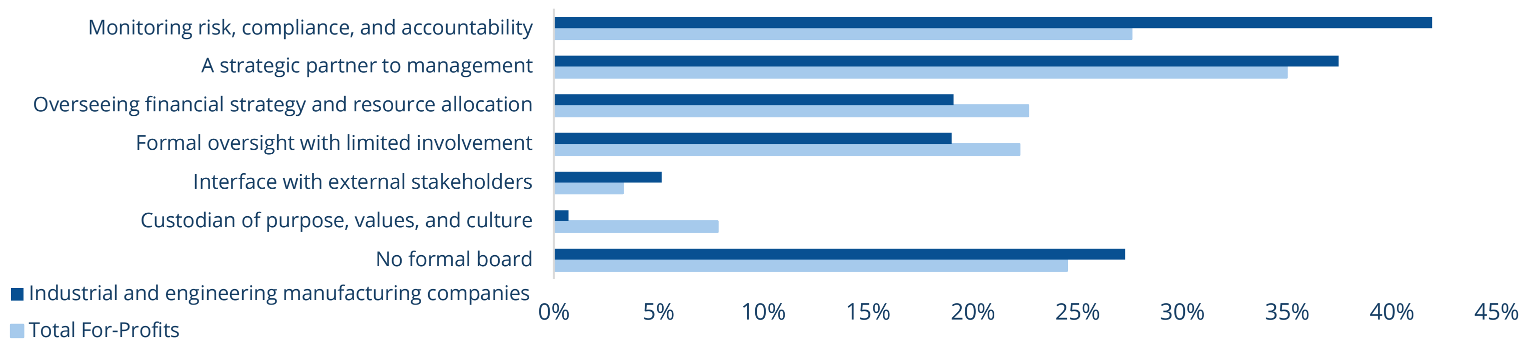
Industrial and engineering manufacturing: 22 CEOs

June 2026

Section 1: Purpose-led Governance and Board Leadership

Primary Purpose of Board



CEOs most frequently identify their board's primary purpose as monitoring risk, compliance, and accountability (42%), followed by a strategic partner to management (37%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%). Industrial and engineering manufacturing companies were 14 percentage points more likely than total for-profits to report monitoring risk, compliance, and accountability as their board's primary purpose.

Board and management alignment

Alignment between board and management roles is important for governance because it underpins clear decision rights, accountability, and effective oversight. Alignment is generally strong, with 27% of CEOs stating that the roles are completely aligned. However, some organisations may still face risks associated with role ambiguity or boundary overlap. It highlights an opportunity to enhance role clarity and optimise governance effectiveness.

Board structure and composition for effective governance

Boards most commonly report that their structure ensures integrated financial and non-financial reporting (56%) and aligns composition to reflect skills and expertise for long-term strategy oversight (25%). In contrast, fewer report that their board structure ensures culture aligns with strategy and purpose (19%) and aligns composition to reflect the gender and ethnic diversity of stakeholders (19%), highlighting an opportunity to strengthen how board structures support broader organisational priorities. Industrial and engineering manufacturing companies are 15 percentage points less likely to report that their board fully aligns composition to reflect skills and expertise for long-term strategy oversight.

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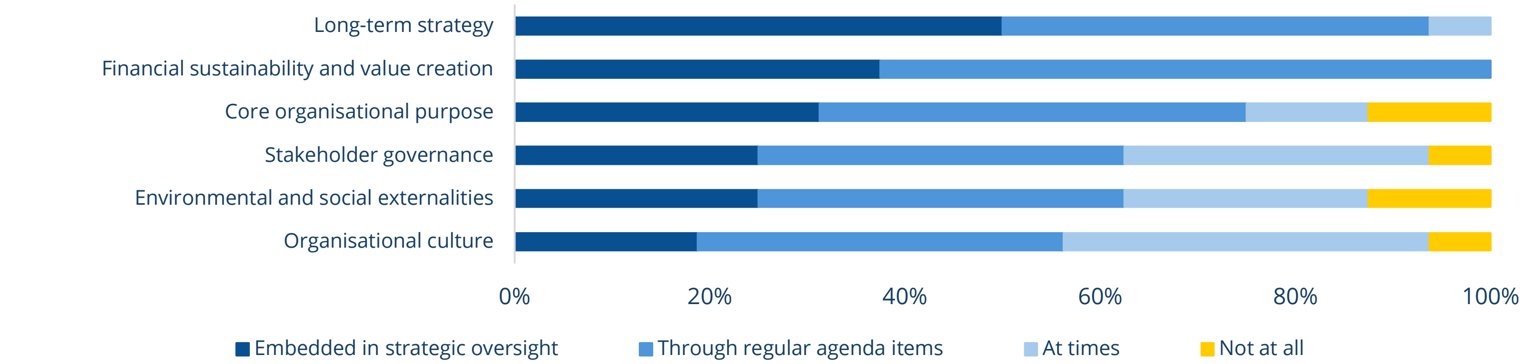
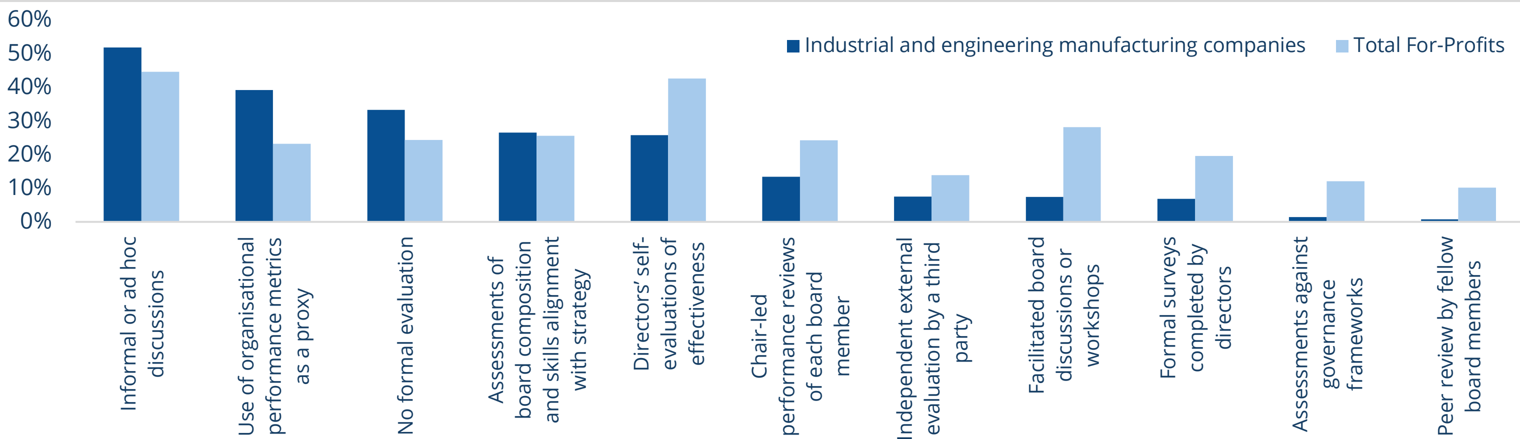
Extent of formal board oversight across key areas



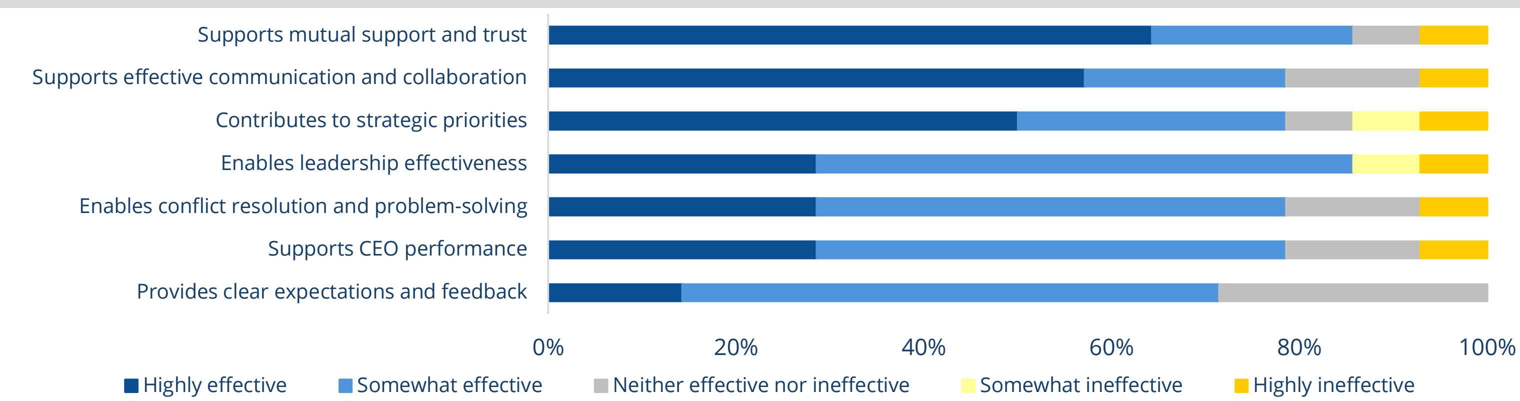
Many boards embed oversight of long-term strategy (50%), financial sustainability and value creation (38%), and core organisational purpose (31%) within strategic oversight. However, fewer boards embed stakeholder governance (25%), environmental and social externalities (25%), and organisational culture (19%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value. Industrial and engineering manufacturing companies are less likely to report that their board embeds core organisational purpose into strategic oversight.

Board methods of evaluating own governance and oversight effectiveness



While organisations routinely evaluate management and organisational performance, board governance itself is often assessed more informally. With 52% relying on informal or ad hoc discussions and 39% relying on the use of organisational performance metrics as a proxy, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods. Industrial and engineering manufacturing companies are less likely to rely on facilitated board discussions or workshops.

Effectiveness of CEO–chair relationship



The CEO–Chair relationship is central to governance, sitting at the interface between board and management and shaping oversight, communication, and strategic alignment. CEO–Chair relationships are generally strong: 64% of CEOs rated the chair ''highly effectively'' 'supports mutual support and trust', followed by 'supports effective communication and collaboration' (57%), and 'contributes to strategic priorities' (50%). The lower ratings for 'enables leadership effectiveness' and 'provides clear expectations and feedback' indicate opportunities to strengthen these relationships to enhance the CEO's ability to lead optimally.

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Board effectiveness in enabling organisational purpose

Even some of the strongest boards have room for improvement: 63% of CEOs rate their board as 'highly effective' in supporting long-term orientation, followed by 31% in providing strategic guidance and decision-making, and 31% in supporting the right level of strategic risk taking. More than 38% of boards are not highly effective in enabling organisational purpose in these factors; if these are not addressed, they risk leaving value on the table. Industrial and engineering manufacturing companies are more likely than total for-profits to rate highly on 'supporting long-term orientation' in enabling organisational purpose.

Areas the board could more effectively support and enable leadership

CEOs view board effectiveness as an important contributor to organisational performance. CEOs identify that boards could more effectively support and enable leadership, with 56% highlighting agreement on clear metrics for organisational value and impact, 38% more frequent reflection on board effectiveness, and 38% provide stronger support for the long-term strategic plan. Industrial and engineering manufacturing companies are 31 percentage points more likely than total for-profits to identify 'agreement on clear metrics for organisational value and impact to enable organisational purpose' as a way to enhance organisational performance.

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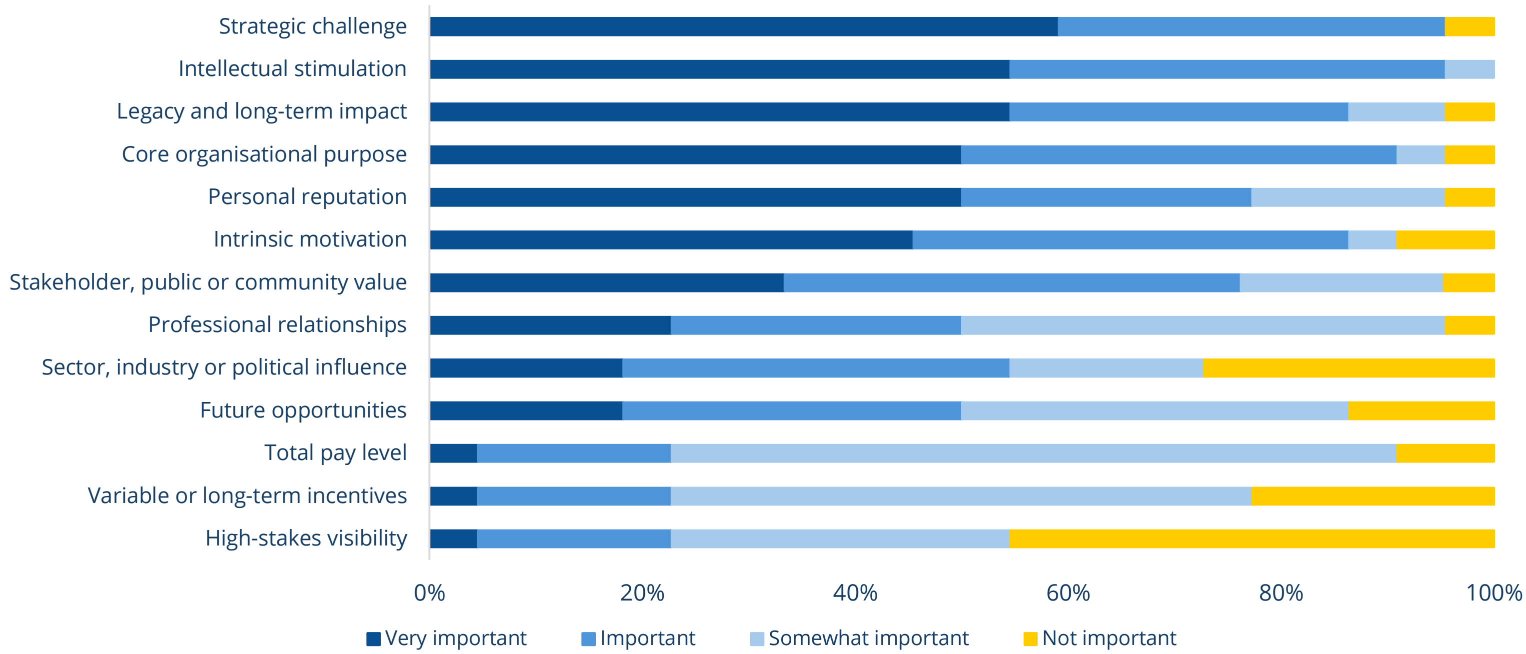
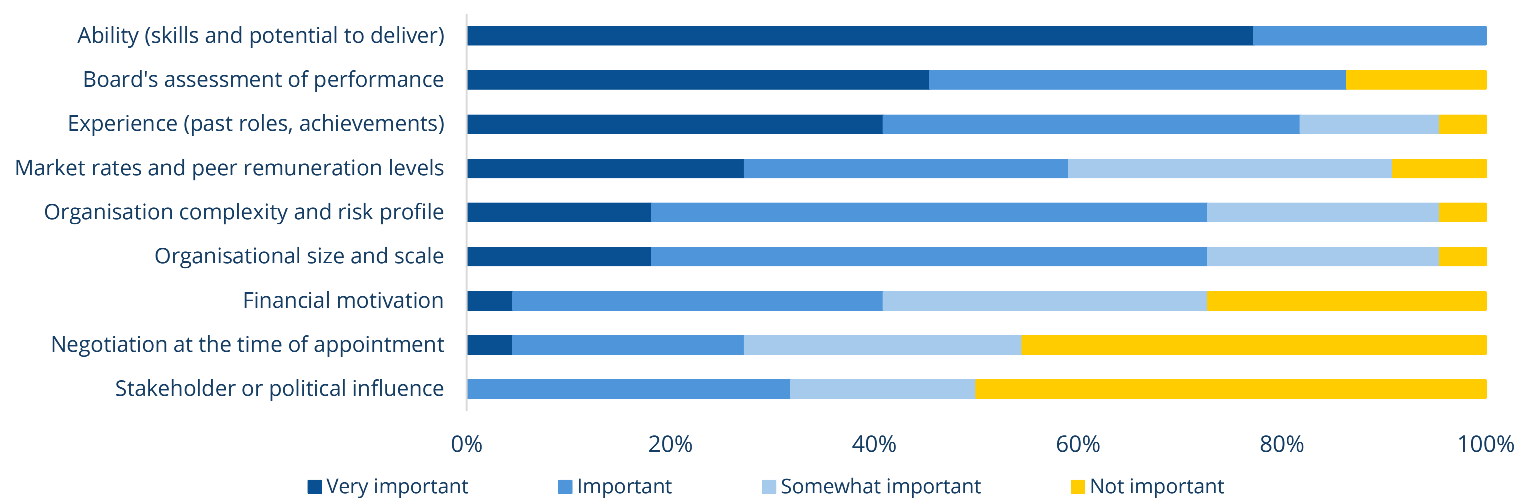
Section 2: CEO Personal Motivation, Values, and Alignment

Personal CEO motivations



CEO motivation is an important issue that has not been studied directly by asking CEOs. Attracting and retaining the right CEO is an important governance issue. The existing literature does not directly measure CEO motivation, instead inferring it from incentive structures (such as compensation design), observed CEO behaviour (e.g. risk-taking or earnings management), and governance outcomes (e.g., pay–performance sensitivity or compensation levels). CEO responses suggest that intrinsic and purpose-driven motivations rank highest, followed by reputation-related motivations, while financial or visibility-related factors are least prominent. Specifically, 59% of CEOs rated strategic challenge as very important, followed by intellectual stimulation (55%) and legacy and long-term impact (55%), whereas only 5% rated variable or long-term incentives and 5% rated high-stakes visibility as very important motivators.

Key factors CEOs view as determinants of their pay



While the literature emphasises market benchmarks, managerial bargaining power, and incentive alignment, CEOs instead view pay as primarily driven by perceived individual ability and board judgment, with relatively little importance placed on negotiation or financial motivation. Specifically, 77% rating ability (skills and potential to deliver), 45% board's assessment of performance and 41% experience (past roles, achievements) as very important determinants of pay, compared with 5% for financial motivation, 5% for negotiation at the time of appointment and 0% for stakeholder or political influence. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes. Industrial and engineering manufacturing companies are 14 percentage points less likely than total for-profits to consider the organisation complexity and risk profile as a key determinant.

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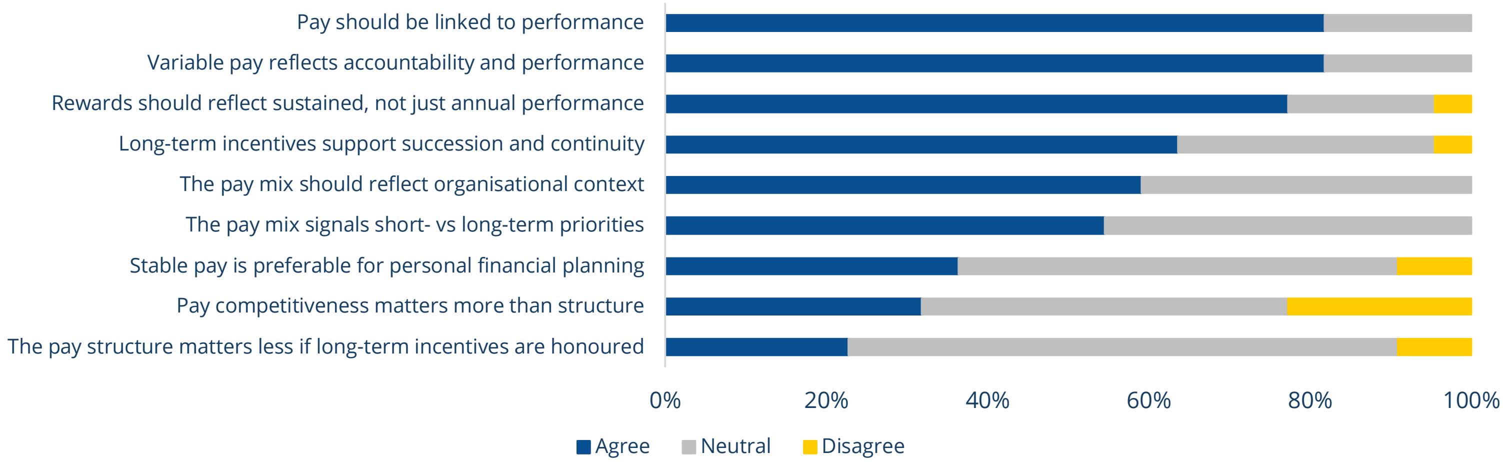
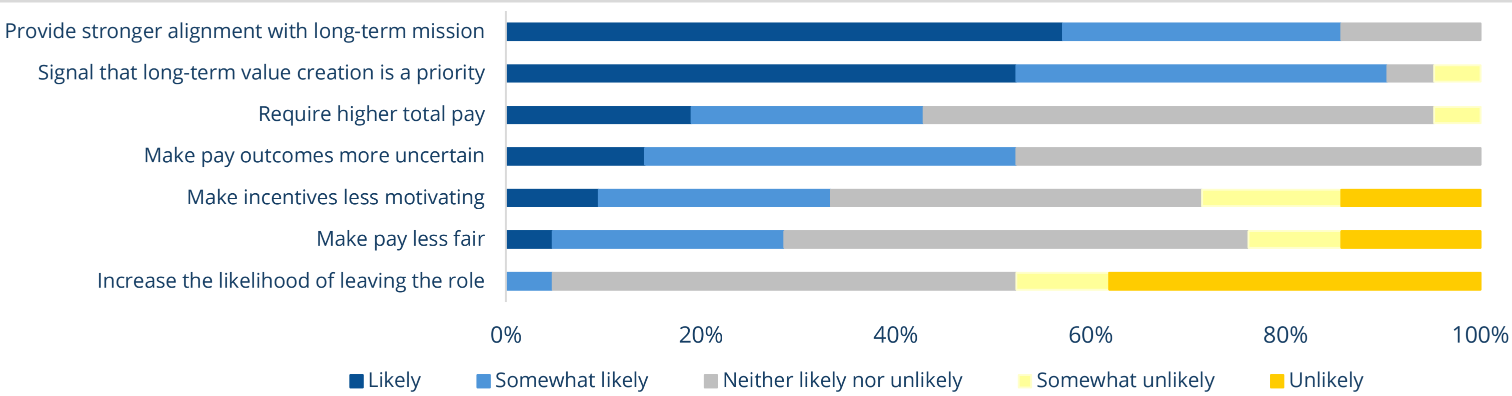
CEO's views on fixed and variable pay



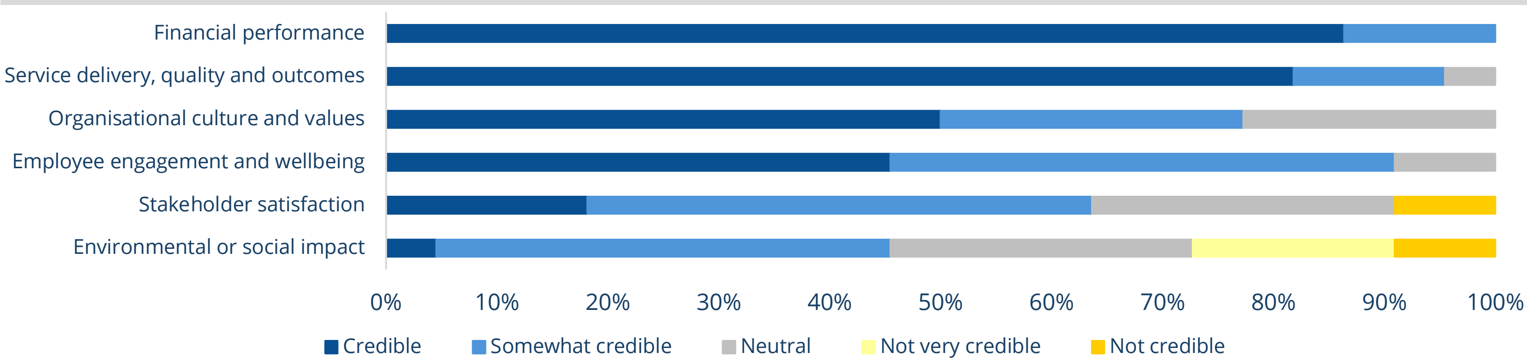
Most CEOs agree that 'pay should be linked to performance' (82%), that 'variable pay reflects accountability and performance' (82%), and that 'rewards should reflect sustained, not just annual performance' (77%). In comparison, CEOs are most neutral on 'the pay structure matters less if long-term incentives are honoured' (68%) and on whether 'pay competitiveness matters more than structure' (45%), indicating comfort with variable-based pay structures. CEO responses show limited evidence of self-interested, short-term or rent-extractive behaviour as assumed in the academic literature.

CEO perspective on the impact of current incentives being made longer-term



Most CEOs agree that longer-term incentives tend to 'provide stronger alignment with long-term mission' (86%) and 'signal that long-term value creation is a priority' (90%). Despite academic research suggesting executives prefer more immediate pay, CEOs are most neutral that they 'make pay less fair' and 'make pay outcomes more uncertain'. Most said it is unlikely or somewhat unlikely that it would 'increase the likelihood of leaving the role'.

CEO's views on the credibility of pay-linked KPIs for their own performance



CEOs believe that pay-linked KPIs are most credible for 'financial performance' (86%) and 'service delivery, quality and outcomes' (82%), moderately credible for 'organisational culture and values' (50%) and 'employee engagement and wellbeing' (45%), and least credible for 'stakeholder satisfaction' (18%) and 'environmental or social impact' (5%). Many see these measures as somewhat credible, with very few rating any measure as not credible. Industrial and engineering manufacturing companies are 13 percentage points less likely than total for-profits to agree that stakeholder satisfaction is a credible and fair way to assess CEO performance.

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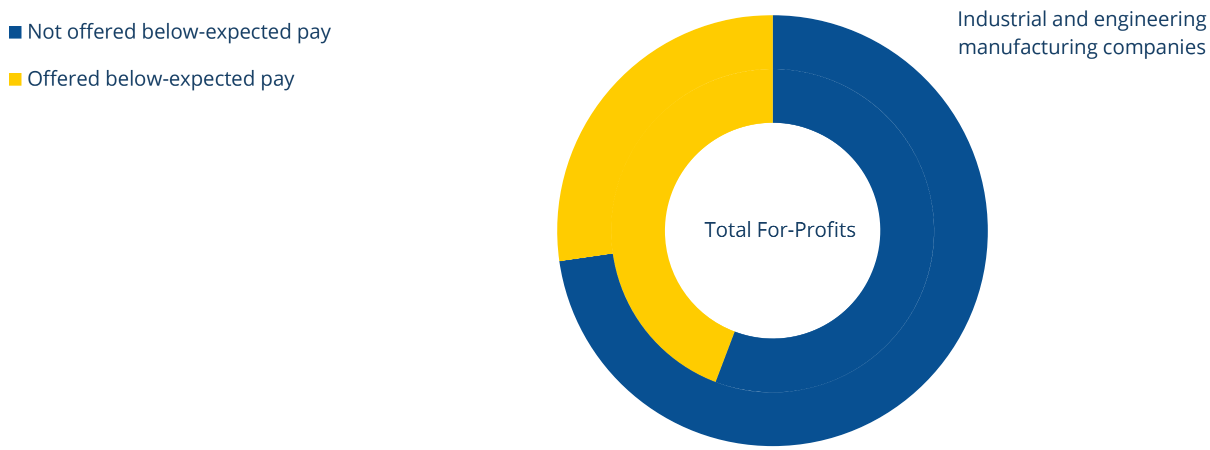
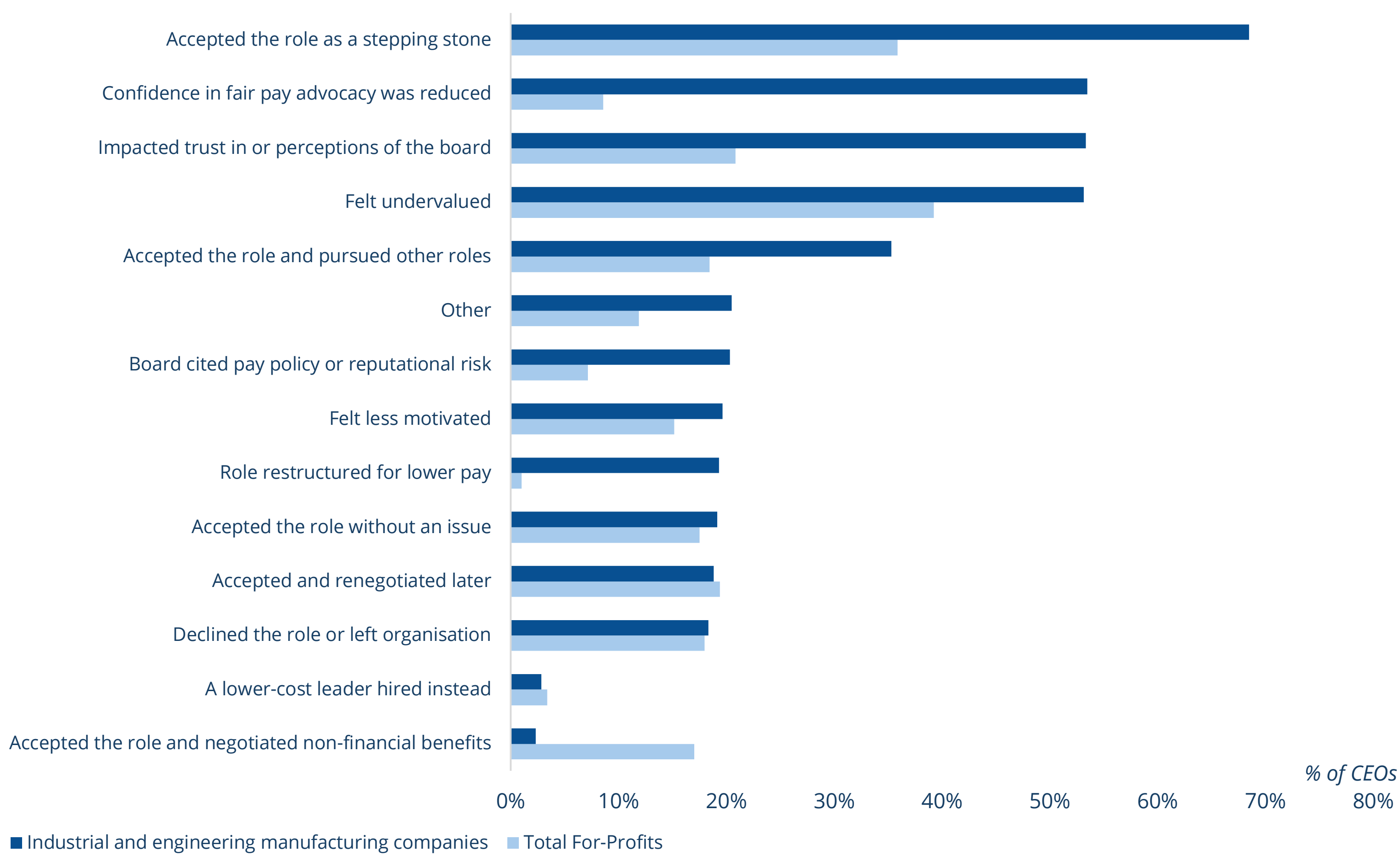
CEOs offered below-expected remuneration during their time in leadership



A key governance signal is potential misalignment between CEO remuneration and candidate expectations, creating attraction, retention, and leadership continuity risk. During their time in leadership, 27% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 73% did not. CEOs in industrial and engineering manufacturing companies were 16 percentage points less likely than total for-profits to have been offered below-expected pay.

Leader consequences of lower-than-expected pay offers



Boards risk weaker leadership quality, poorer strategic continuity, and reduced ability to attract and retain capable CEOs when pay is set below appropriate market levels. The most common responses for CEOs who received lower than expected pay offers included that they accepted the role as a stepping stone (69%) and confidence in fair pay advocacy was reduced (54%), highlighting that executives often respond to perceived underpayment by managing their career trajectory around it, with potential implications for longer-term commitment and board–CEO alignment. CEOs in industrial and engineering manufacturing companies were 45 percentage points more likely than total for-profits to cite that confidence in fair pay advocacy was reduced.

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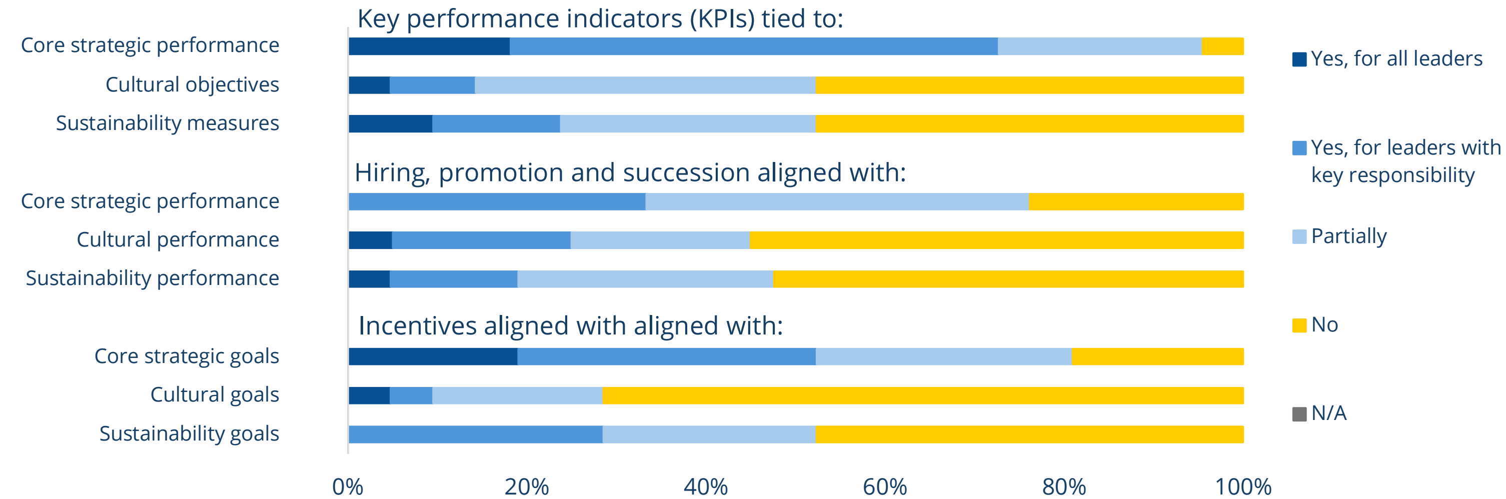
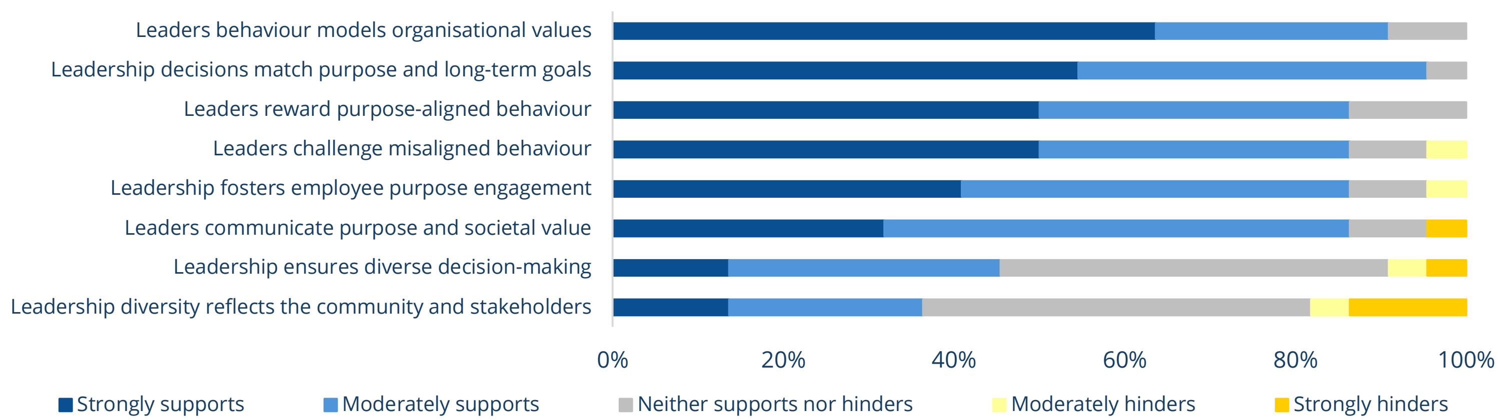
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

Signals of strategy, culture, and sustainability for executive & senior leaders



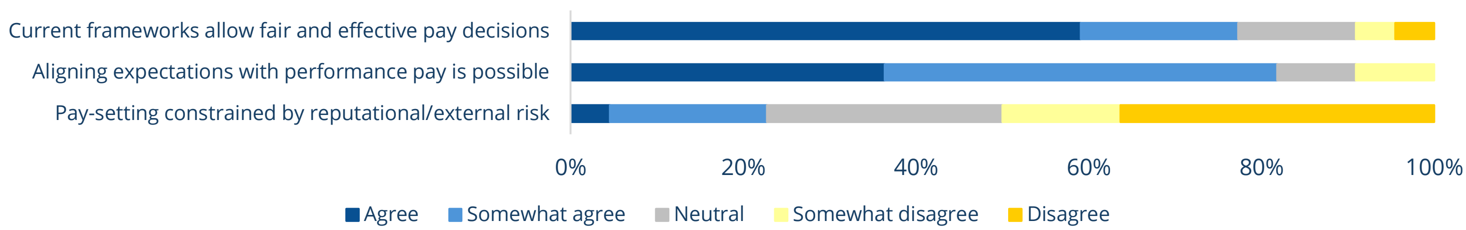
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 33%–73% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 14%–25% for culture and 19%–24% for sustainability. Reward systems have a stronger focus on strategic goals rather than their execution (culture) or being a responsible citizen (sustainability).

Senior leader behavioural alignment with organisational purpose and values



Alignment between leadership behaviour, decision-making and representation influences organisational trust, inclusivity and long-term effectiveness. Between 50% and 64% of CEOs report that senior leaders strongly support organisational purpose through modelling, decision-making and behavioural reinforcement. In comparison, only 14% believe leadership ensures diverse decision-making, and 14% say leadership diversity reflects the community and stakeholders, highlighting an opportunity to align behaviour and structural inclusivity.

Executive remuneration framework effectiveness



Effective remuneration systems are important because they support fair, performance-linked pay, strengthen accountability, and help align leadership behaviour with organisational objectives while maintaining trust in social and governance processes. 77% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 82% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 23% perceive pay-setting to be constrained by reputational or external risk.

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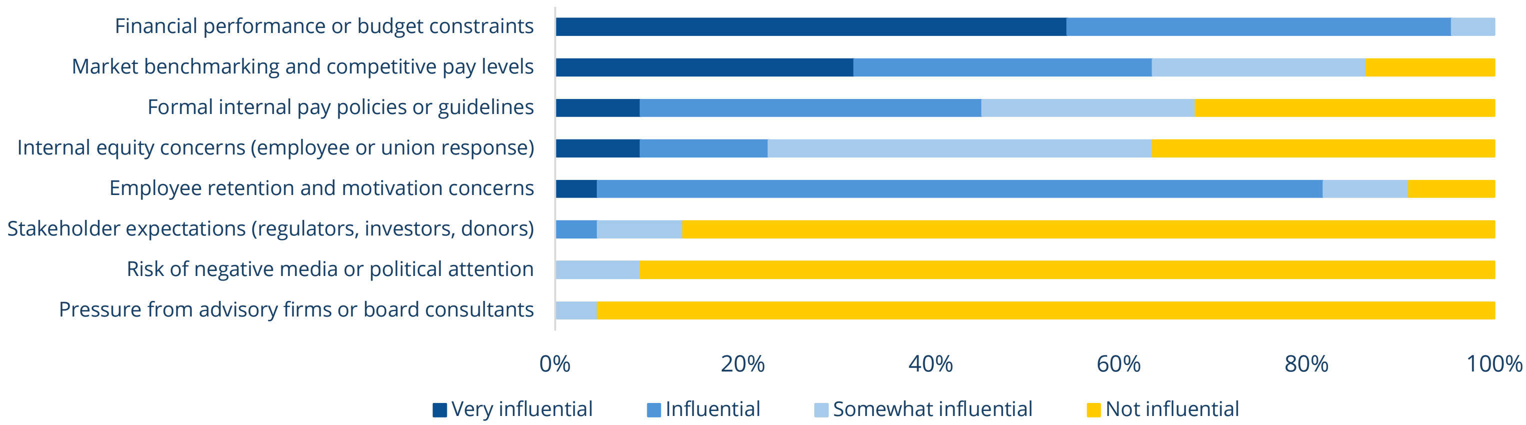
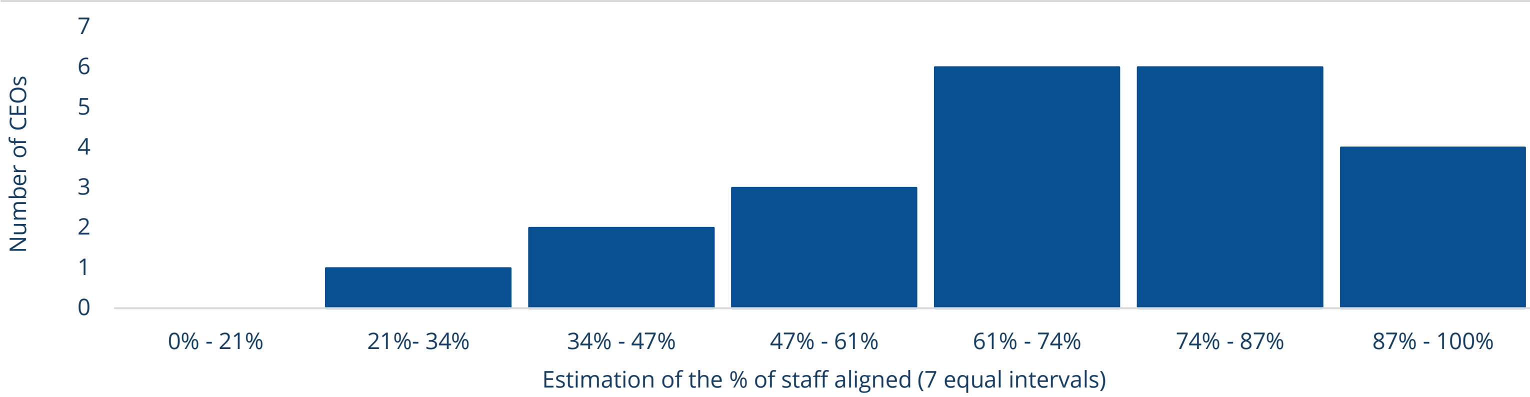
Factors influencing executive or senior leader pay decisions



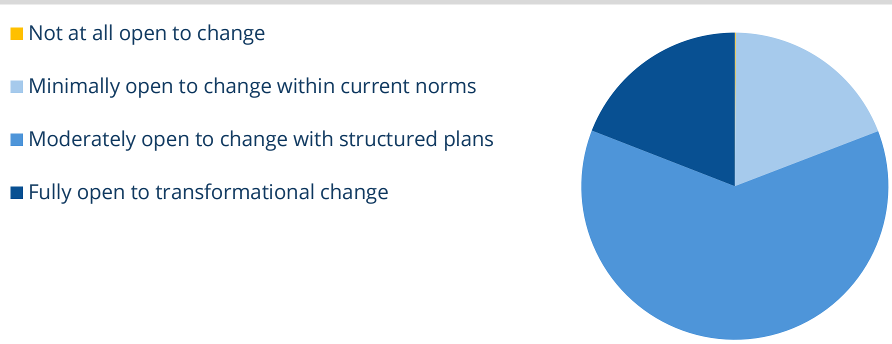
Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. Social factors are also evident, with employee retention, motivation and internal equity concerns reflecting workforce and cultural implications of executive pay decisions, including fairness, trust and cohesion. Comparatively, external pressures such as advisory firms, media or political risk have limited influence. CEOs in industrial and engineering manufacturing companies were 21 percentage points less likely than total for-profits to cite employee retention and motivation concerns.

Percentage of staff motivated by sustainability goals



The majority of CEOs believe that staff are highly aligned with the organisation's purpose, including social, environmental, and broader stakeholder objectives, with the average CEO estimating alignment at around 66% of all staff. This percentage is meaningful because it indicates the extent to which that purpose is embedded in employee behaviour, shaping execution capability, cultural coherence, and the credibility of the organisation's ESG commitments.

Willingness to support culture shift for sustainability goals



An organisation's willingness to pursue cultural change for sustainability is important because it signals whether environmental and social commitments can be embedded in organisational behaviour and governance, rather than remaining at the level of policy or reporting.81% of organisations are willing to pursue cultural change to support sustainability goals, with 62% favouring structured change and 19% open to transformational change. Because willingness is high, organisations may benefit from targeted support such as practical tools for embedding sustainability, leadership guidance, and staff or board training to enable deeper, systemic change. CEOs in industrial and engineering manufacturing companies were 14 percentage points more likely than total for-profits to be moderately open to change with structured plans.

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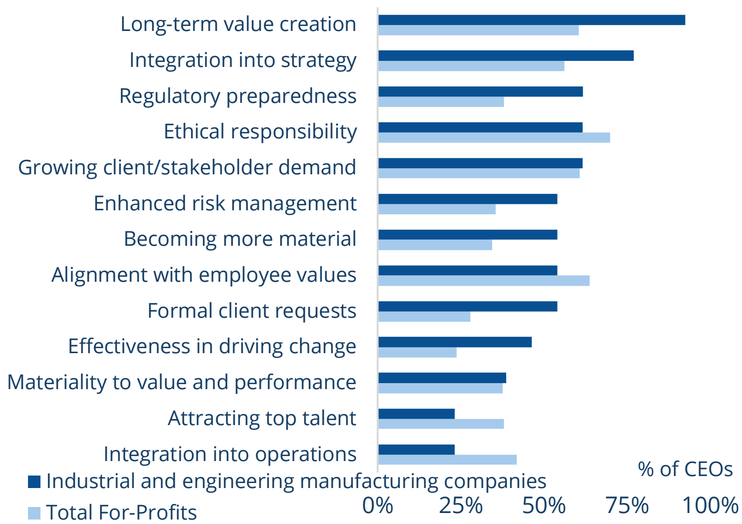
Section 4: Sustainability Strategy and Investment Priorities

Impact of **environmental** and **social investments** on organisational value

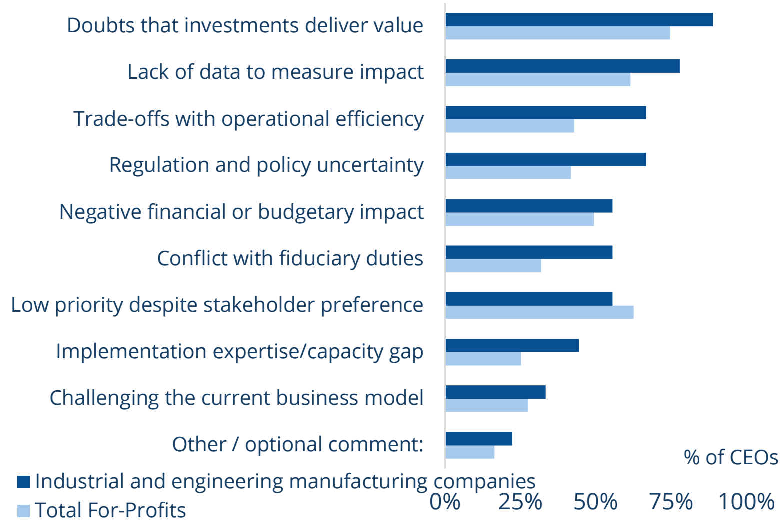
The majority of CEOs (59%) believe investing in environmental and social practices enhances their organisation's value, while 41% say it does not. This highlights that most CEOs view environmental and social practices as value-enhancing, reinforcing their role as a core driver of long-term strategic decision-making rather than a peripheral concern. CEOs in industrial and engineering manufacturing companies were 22 percentage points less likely than total for-profits to believe these practices add value.

Reasons sustainability adds value



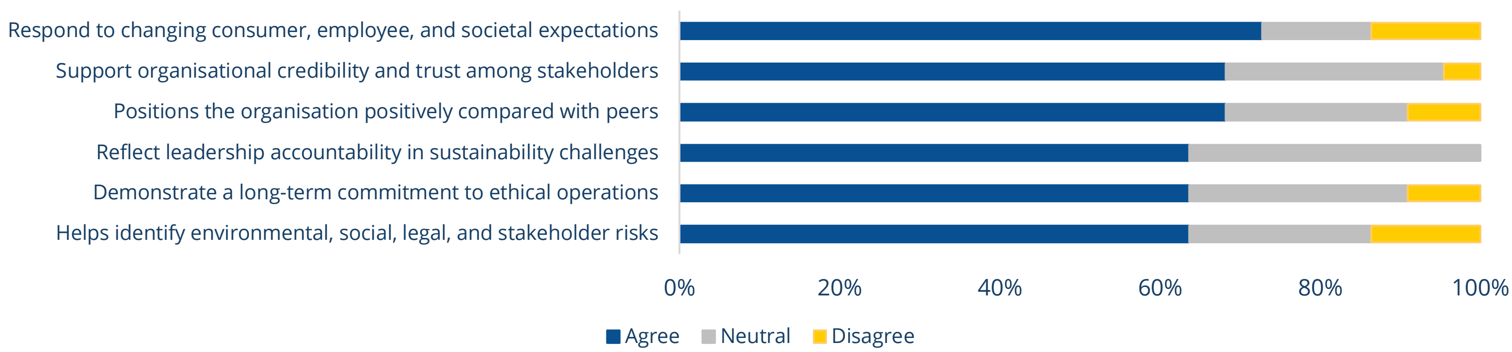
59% of CEOs say sustainable practices enhance their organisation's value, primarily due to long-term value creation (92%) and integration into strategy (77%). CEOs in industrial and engineering manufacturing companies were 32 percentage points more likely to believe these practices aid in long-term value creation.

Sustainability does not add value due to:



41% of CEOs do not believe that sustainable practices enhance organisational value, primarily due to doubts that investments deliver value (89%) or a lack of data to measure impact (78%). CEOs in industrial and engineering manufacturing companies were more likely to reference regulation and policy uncertainty.

Agreement with statements on sustainable business practices



The majority of CEOs agree that sustainable practices respond to changing consumer, employee, and societal expectations (73%), support organisational credibility and trust among stakeholders (68%) and positions the organisation positively compared with peers (68%). Sustainable business practices are viewed as an integrated driver of competitiveness, stakeholder trust, and risk management, rather than a peripheral activity.

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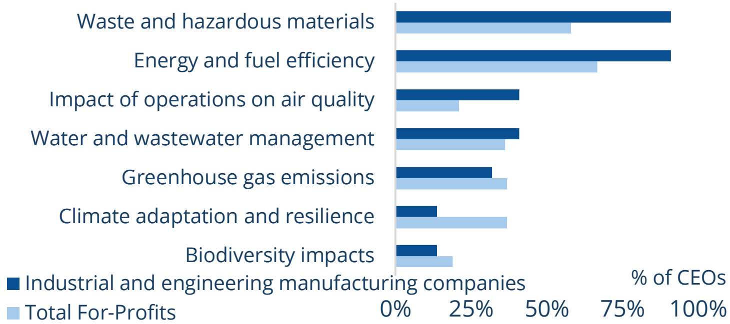
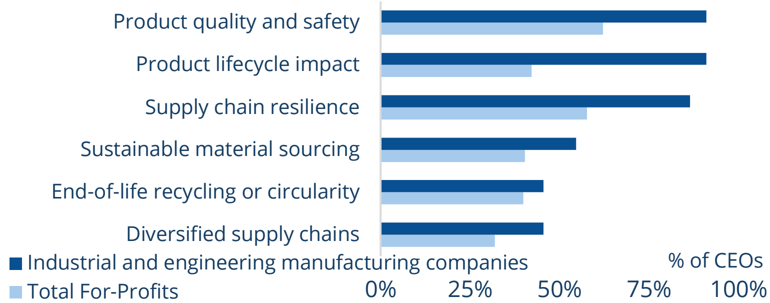
Material **environmental** factors driving strategic priorities and long-term value

Environmental sustainability factors



Industrial and engineering manufacturing companies consider waste and hazardous materials (91%) and energy and fuel efficiency (91%) as the primary drivers of long-term environmental value and are more likely than total for-profits to view waste and hazardous materials as material.

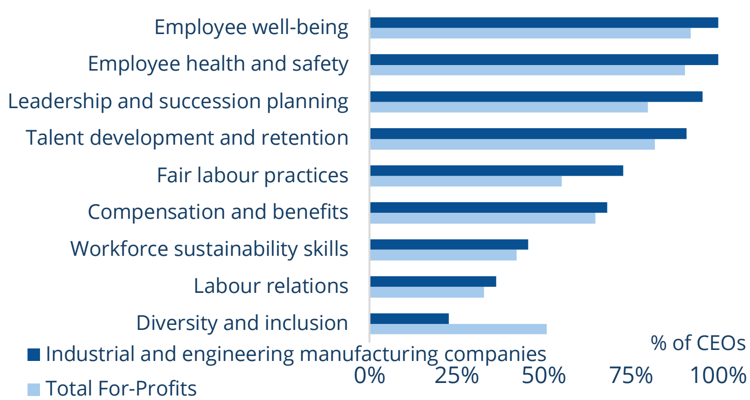
Product and supply chain sustainability factors



CEOs view product quality and safety (91%) and product lifecycle impact (91%) as the primary drivers of long-term product and supply chain value. Industrial and engineering manufacturing companies are more likely to view product lifecycle impact as material.

Material **social** factors influencing strategic priorities and long-term value

Workforce sustainability factors



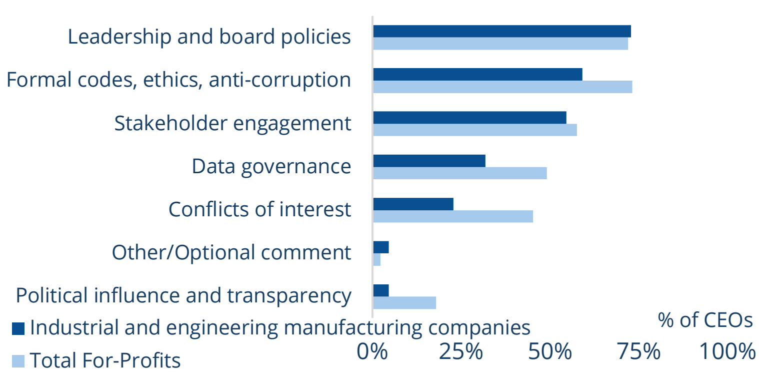
CEOs view employee well-being (100%) and employee health and safety (100%) as the primary workforce sustainability value drivers. Industrial and engineering manufacturing companies are less likely to consider diversity and inclusion as material.

Stakeholder sustainability factors

CEOs view customer sustainability satisfaction (64%) and data security and privacy (59%) as the primary social stakeholder drivers of long-term value. Industrial and engineering manufacturing companies are less likely to view human rights as material.

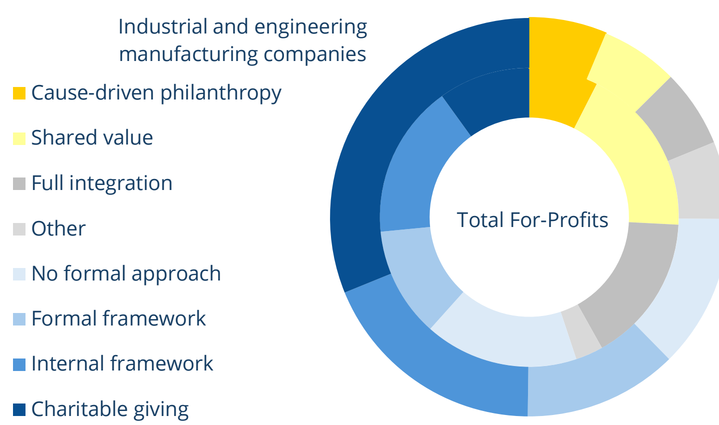
Material governance factors

Governance sustainability factors



CEOs view 'leadership and board policies' (73%) and 'formal codes, ethics, anti-corruption' (59%) as the primary governance drivers of long-term value. Industrial and engineering manufacturing companies are less likely to consider 'conflicts of interest' as material.

Approach to sustainability strategy



The most common approach to sustainability is charitable giving: ad hoc donations or community support, often linked to organisation but not to core strategy (31%).

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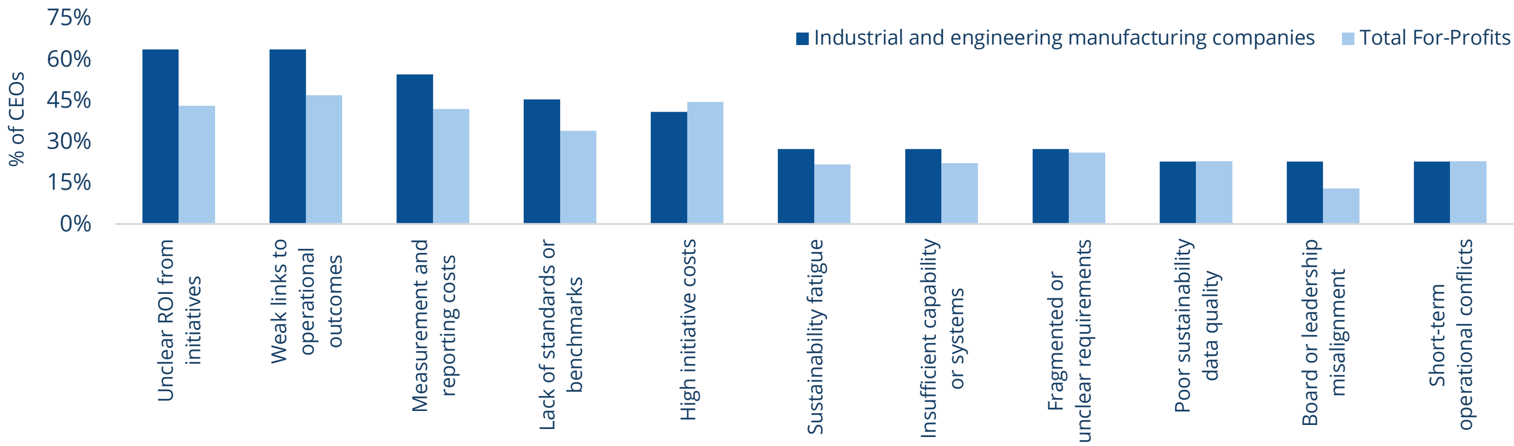
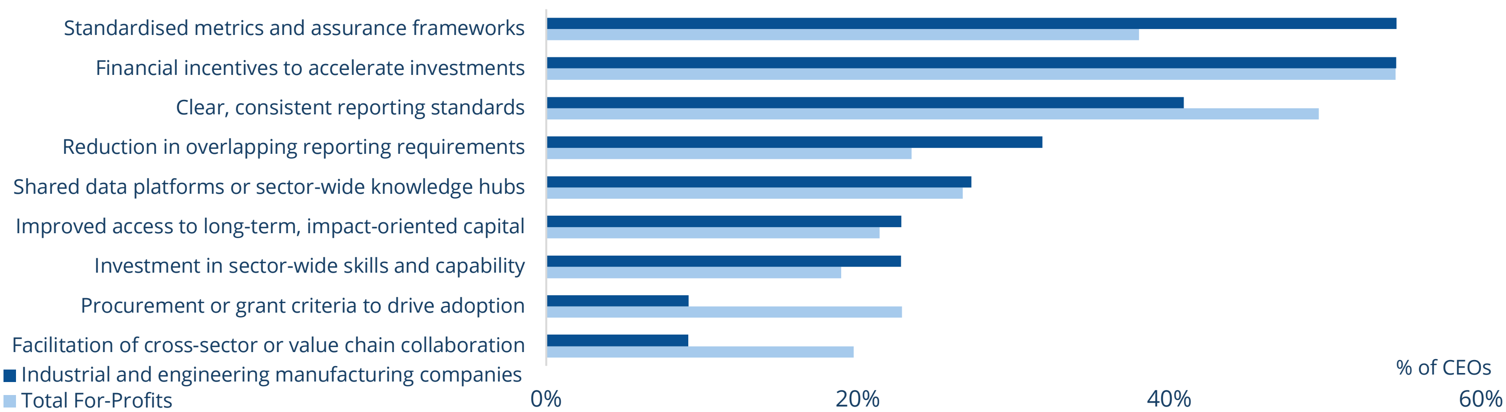
Key barriers to integrating sustainability into strategy and operations



Organisations see unclear ROI from initiatives (64%) as the most common barrier to integrating sustainability into strategy and operations, followed by weak links to operational outcomes (64%) and measurement and reporting costs (55%). CEOs in industrial and engineering manufacturing companies were 20 percentage points more likely than total for-profits to see unclear ROI from initiatives as a barrier.

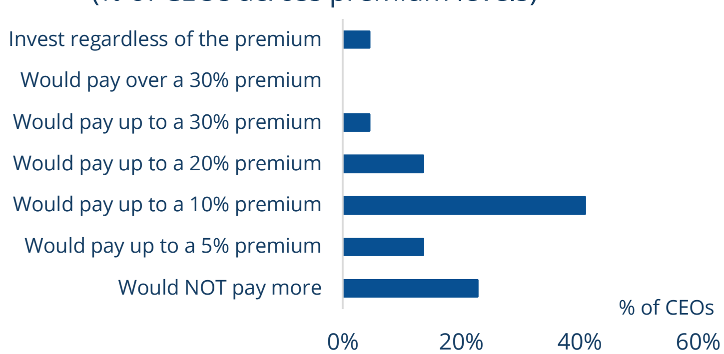
Government or industry body actions that most support sustainability goals



Based on selection frequency, CEOs identify standardised metrics and assurance frameworks (55%) and financial incentives to accelerate investments (55%) as the most important actions government or industry bodies can take to support sustainability goals, followed by clear, consistent reporting standards (41%). CEOs in industrial and engineering manufacturing companies were 17 percentage points more likely than total for-profits to see standardised metrics and assurance frameworks as important.

Willingness to pay for greener outcome

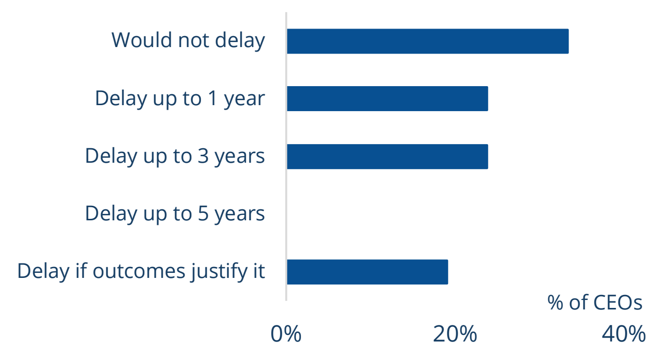
Greener versus conventional options
(% of CEOs across premium levels)



55% of CEOs would pay a moderate premium (5%–10%) for greener technology: 23% would pay a premium of over 20%, while 23% would not pay more. CEOs in industrial and engineering manufacturing companies were 8 percentage points more likely than total for-profits to say they would pay up to a 10% premium.

Tolerance for sustainable project delays

Time delay for environmental or social gains
(% of CEOs by delay length)



Most CEOs tolerate short delays for higher environmental or social gains: 24% up to 1 year, 24% up to 3–5 years, and 33% would not delay. CEOs in industrial and engineering manufacturing companies were 18 percentage points more likely than total for-profits to say they delay up to 3 years.

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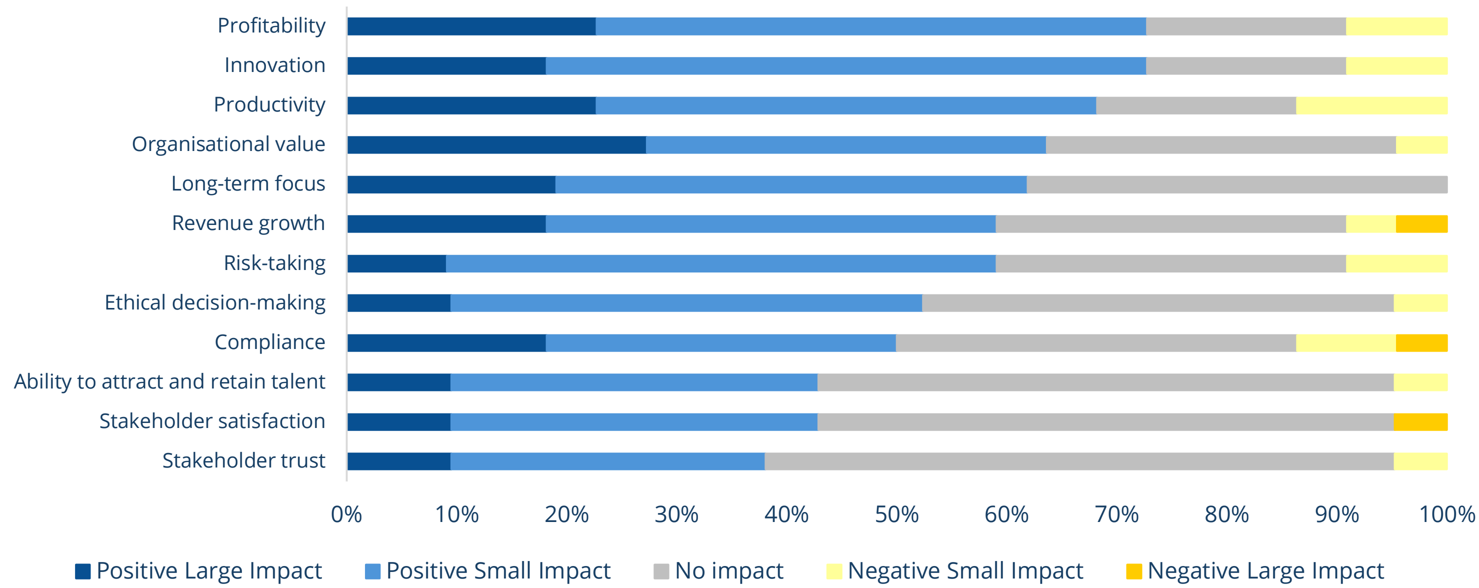
Summary: Overall influence on long-term organisational performance

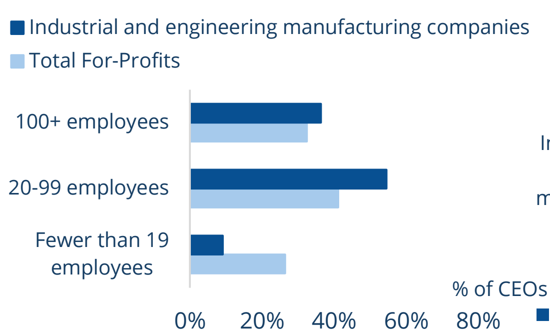
Impact of environmental, social and governance sustainability on factors



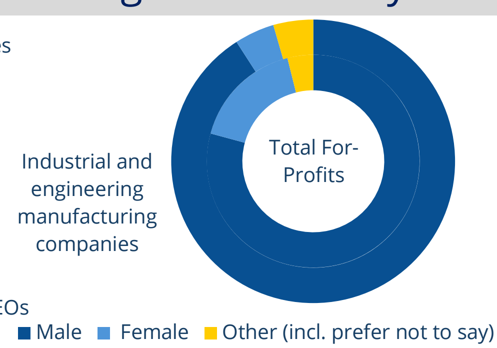
Environmental, social and governance sustainability positively impacts long-term performance, particularly profitability and innovation. CEOs in industrial and engineering manufacturing companies were 33 percentage points less likely than total for-profits to say their ESG approach positively impacts stakeholder trust.

Demographics: Industrial and engineering manufacturing CEOs and Boards

Number of employees

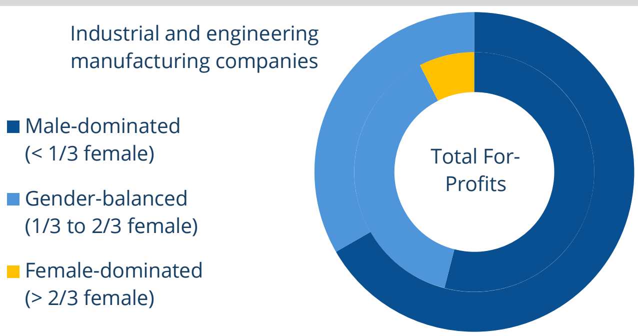


CEO gender identity



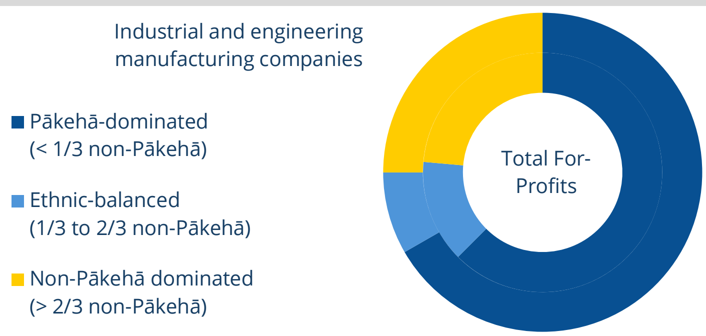
For-profit / not-for-profit

Female board representation



Women comprise 47.4% of the NZ workforce (Household Labour Force Survey, June 2023, highlighting the importance of examining the systemic barriers that limit their progression to leadership and governance roles.

Ethnic board representation



The 2023 NZ Census showed 47% identify as either Māori (17.8%), Pasifika (8.9%), Asian (17.3%), or other (3%), with 53% primarily NZ European/Pākehā. Boards do not reflect this, emphasising the need to understand the barriers.

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