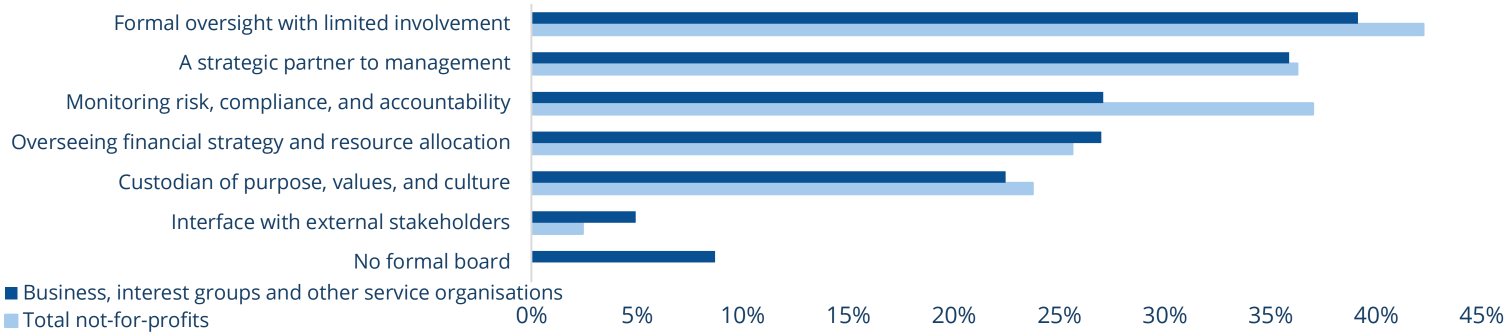
Business, interest groups and other services: 23 CEOs

June 2026

Section 1: Purpose-led Governance and Board Leadership

Primary Purpose of Board

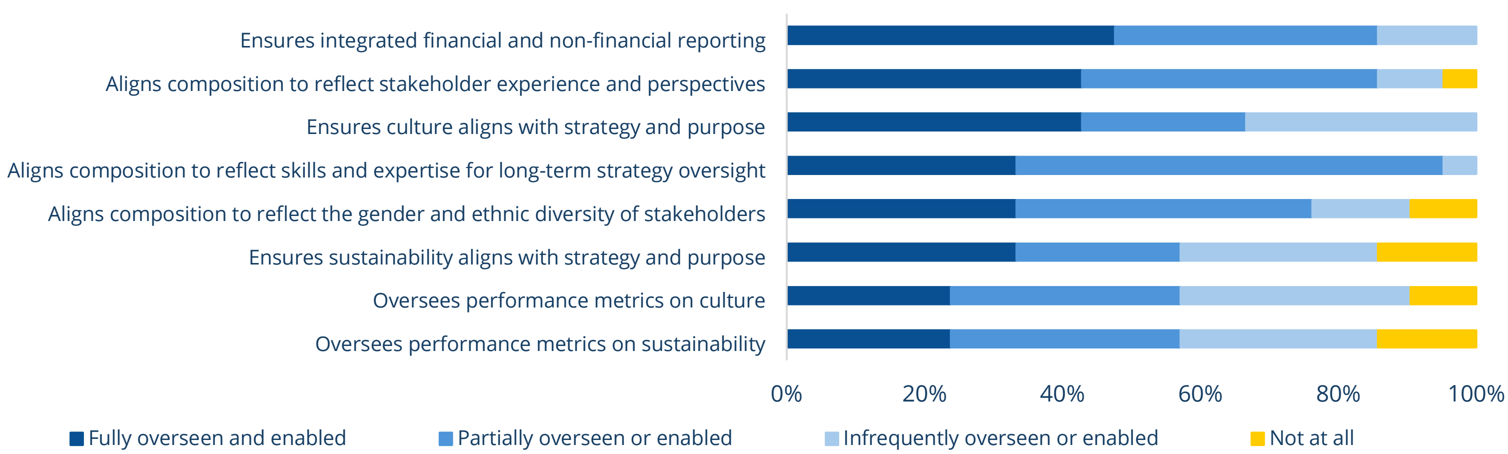


CEOs most frequently identify their board's primary purpose as formal oversight with limited involvement (39%), followed by a strategic partner to management (36%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%). Business, interest groups and other service organisations were 10 percentage points less likely than total not-for-profits to report 'monitoring risk, compliance, and accountability' as their board's primary purpose.

Board and management alignment

Alignment between boards and management understanding and respecting their roles is generally strong, with 37% 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. Business, interest groups and other service organisations are 18 percentage points less likely to report that roles are mostly aligned.

Board structure and composition for effective governance



Boards most commonly report that their structure ensures integrated financial and non-financial reporting (48%) and aligns composition to reflect stakeholder experience and perspectives (43%). In contrast, fewer report that their board structure oversees performance metrics on culture (24%) and oversees performance metrics on sustainability (24%), highlighting an opportunity to strengthen how board structures support broader organisational priorities. Business, interest groups and other service organisations are 9 percentage points more likely to report that their board fully ensures culture aligns with strategy and purpose.

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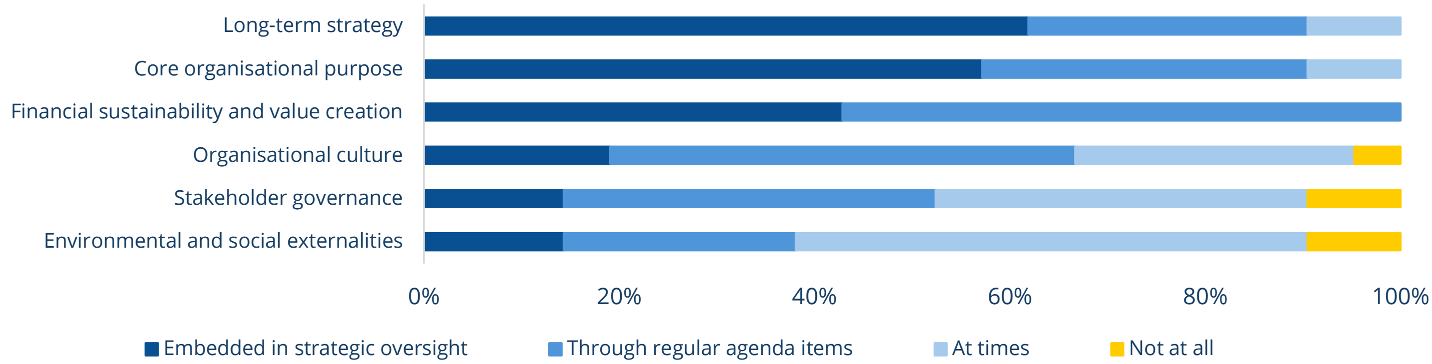
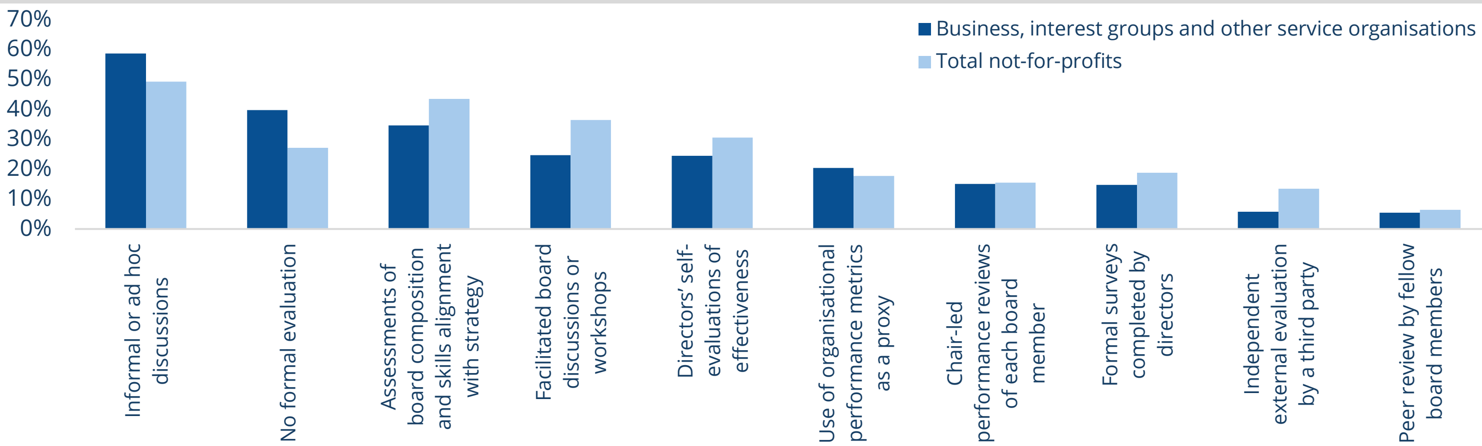
Extent of formal board oversight across key areas



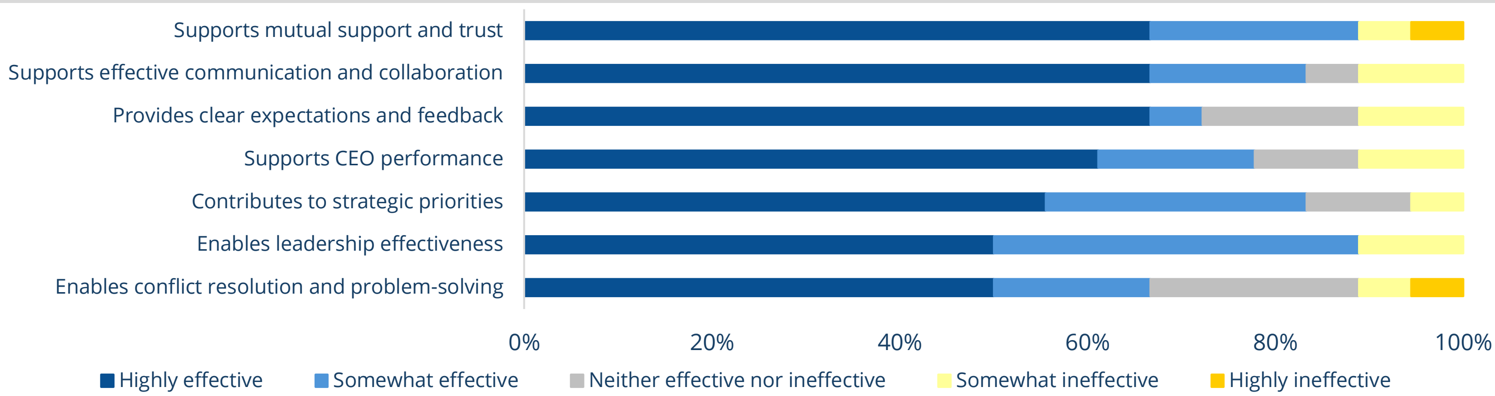
Many boards embed oversight of long-term strategy (62%), core organisational purpose (57%), and financial sustainability and value creation (43%) within strategic oversight. However, fewer boards embed organisational culture (19%), stakeholder governance (14%), and environmental and social externalities (14%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value. Business, interest groups and other service organisations are less likely to report that their board embeds organisational culture 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 59% relying on informal or ad hoc discussions and 40% using no formal evaluation, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods. Business, interest groups and other service organisations are more likely to rely on 'no formal evaluation'.

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: 67% of CEOs rated the chair ''highly effectively'' 'supports mutual support and trust', followed by 'supports effective communication and collaboration' (67%), and 'provides clear expectations and feedback' (67%). The lower ratings for 'enables leadership effectiveness' and 'enables conflict resolution and problem-solving' 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: 40% of CEOs rate their board as 'highly effective' in supporting long-term orientation, followed by 38% in supporting oversight of compliance and organisational risks, and 38% in supporting the right level of strategic risk taking. More than 60% 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. Business, interest groups and other service organisations are more likely than total not-for-profits to rate highly on 'supporting environmental sustainability initiatives' 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 48% highlighting more diverse skills and expertise on the board, 48% enhanced alignment between board members on organisational priorities, and 38% more frequent reflection on board effectiveness. Business, interest groups and other service organisations are 20 percentage points less likely than total not-for-profits to identify agreement on clear metrics for organisational value and impact to enable organisational purpose as an area for improvement.

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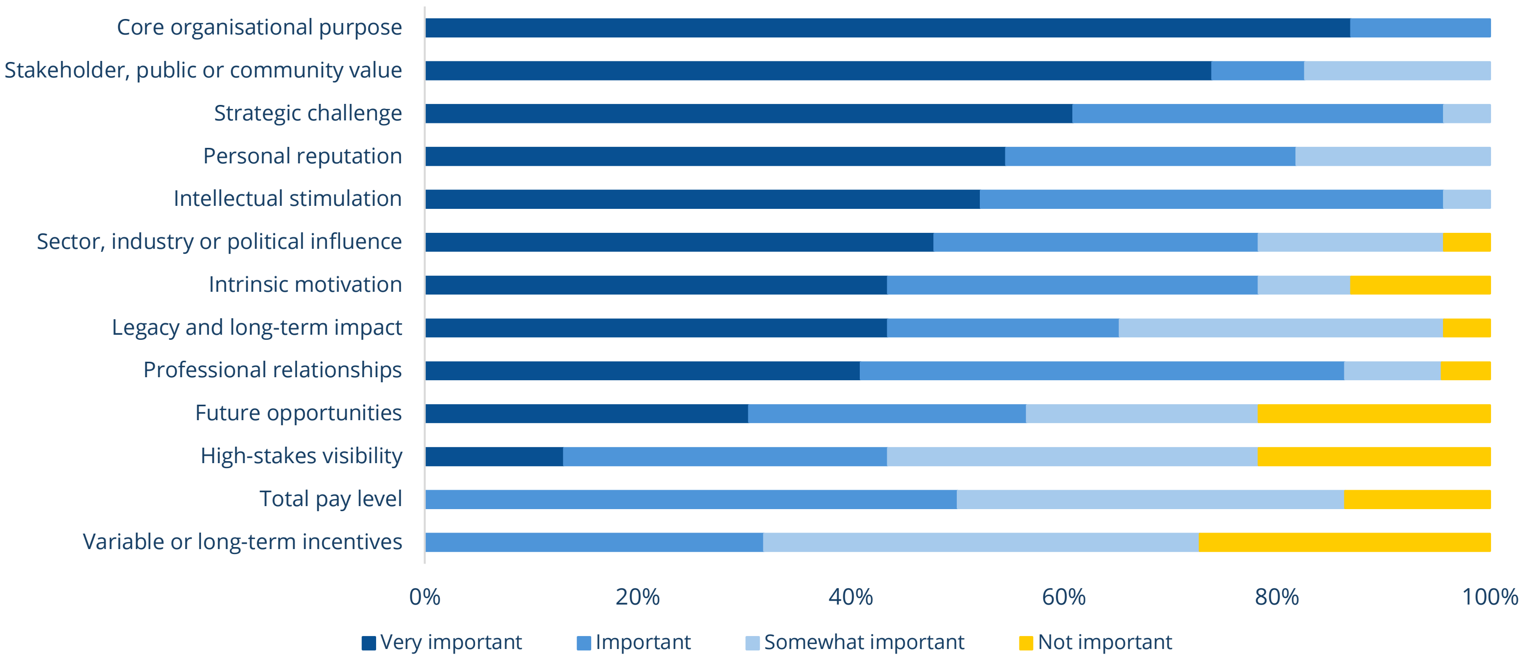
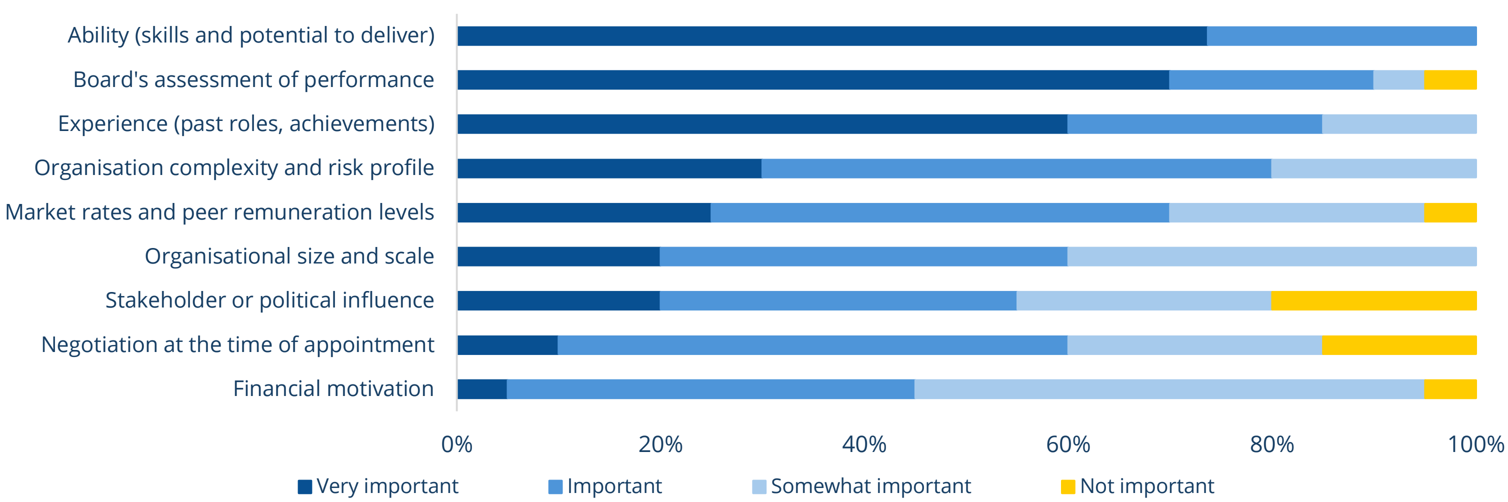
Section 2: CEO Personal Motivation, Values, and Alignment

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, 87% of CEOs rated core organisational purpose as very important, followed by stakeholder, public or community value (74%) and strategic challenge (61%), whereas only 0% rated total pay level and 0% rated variable or long-term incentives 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, 74% rating ability (skills and potential to deliver), 70% board's assessment of performance and 60% experience (past roles, achievements) as very important determinants of pay, compared with 20% for stakeholder or political influence, 10% for negotiation at the time of appointment and 5% for financial motivation. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes. Business, interest groups and other service organisations are 27 percentage points less likely than total not-for-profits to consider the organisational size and scale as a key determinant.

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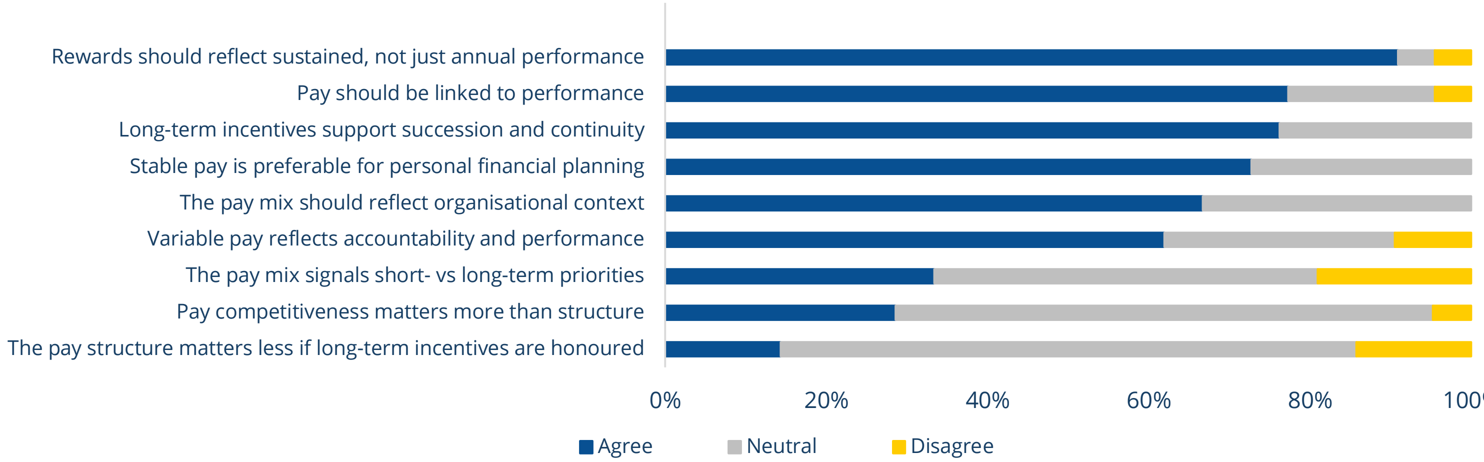
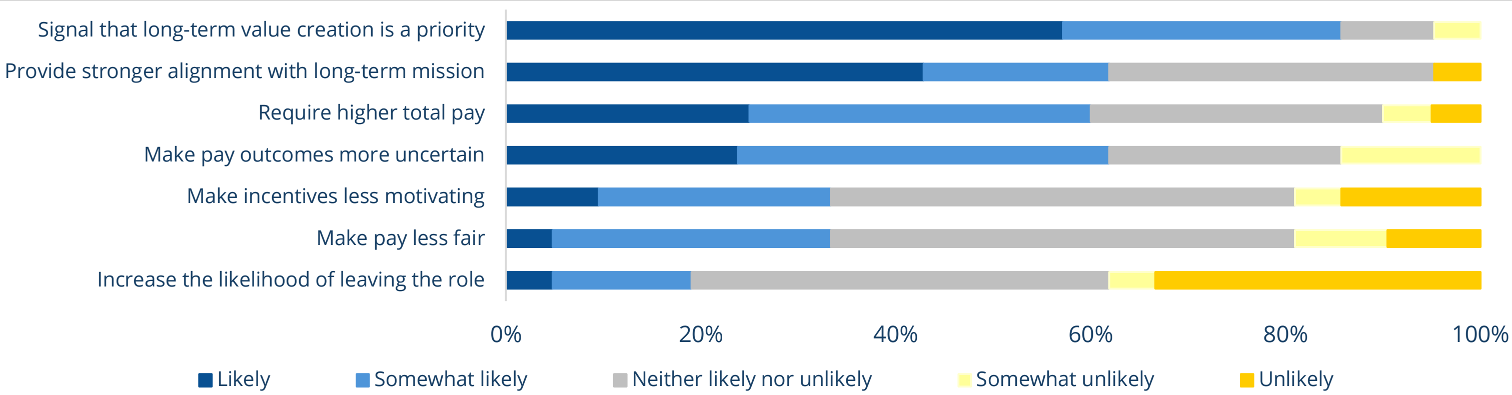
CEO's views on fixed and variable pay



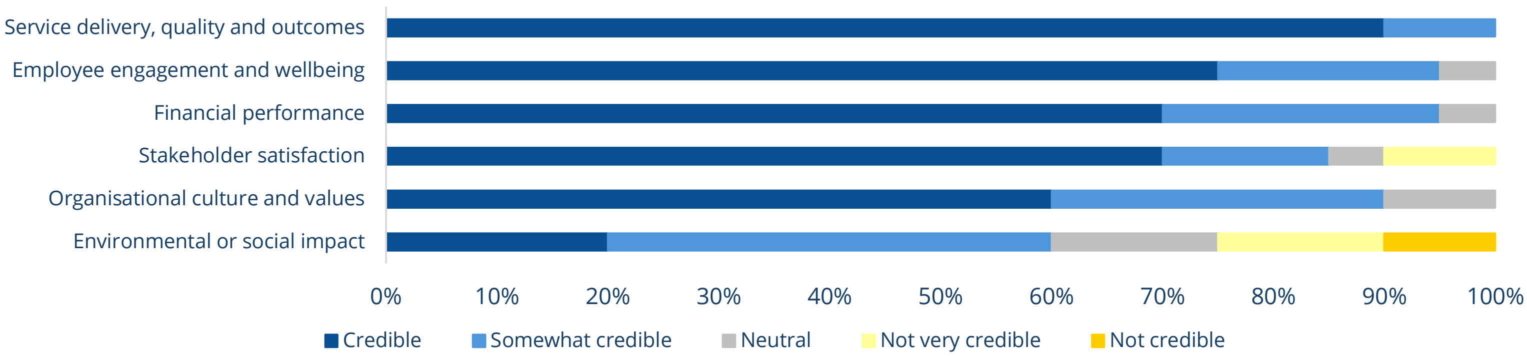
Most CEOs agree that 'rewards should reflect sustained, not just annual performance' (91%), that 'pay should be linked to performance' (77%), and that 'long-term incentives support succession and continuity' (76%). Not-for-profit CEOs are 26 percentage points more likely than for-profit CEOs to agree that stable pay is preferable for personal financial planning, showing a stronger preference for income predictability, likely reflecting lower, more constrained remuneration levels. Overall, CEO responses show no evidence of self-interested, short-term, or rent-extractive behaviour 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 'signal that long-term value creation is a priority' (86%) and 'provide stronger alignment with long-term mission' (62%). Despite academic research suggesting executives prefer more immediate pay, CEOs are most neutral that they 'make pay less fair' and 'make incentives less motivating'. Many 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 'service delivery, quality and outcomes' (90%) and 'employee engagement and wellbeing' (75%), moderately credible for 'financial performance' (70%) and 'stakeholder satisfaction' (70%), and least credible for 'organisational culture and values' (60%) and 'environmental or social impact' (20%). Many see these measures as somewhat credible, with very few rating any measure as not credible. Business, interest groups and other service organisations are 29 percentage points more likely than total not-for-profits to agree that stakeholder satisfaction is a credible and fair way to assess CEO performance.

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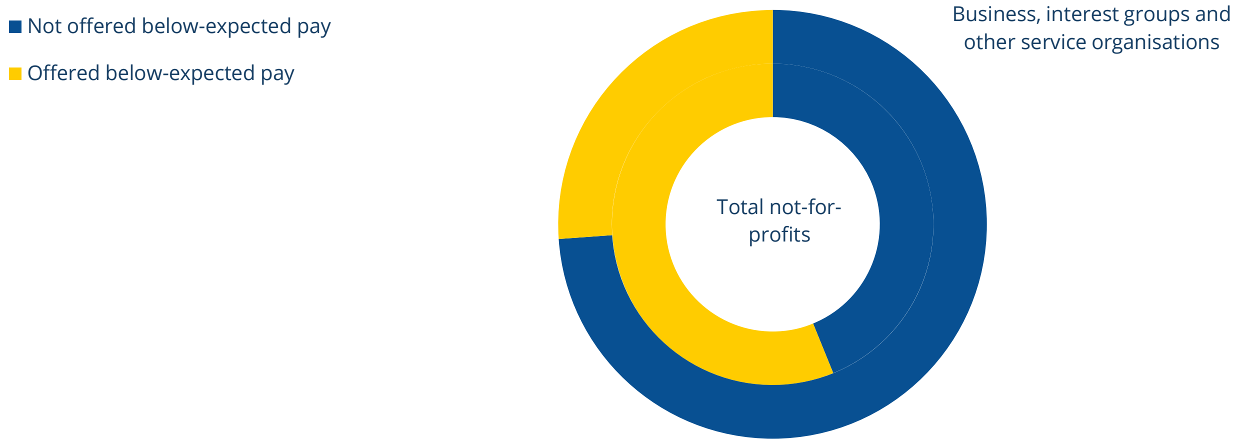
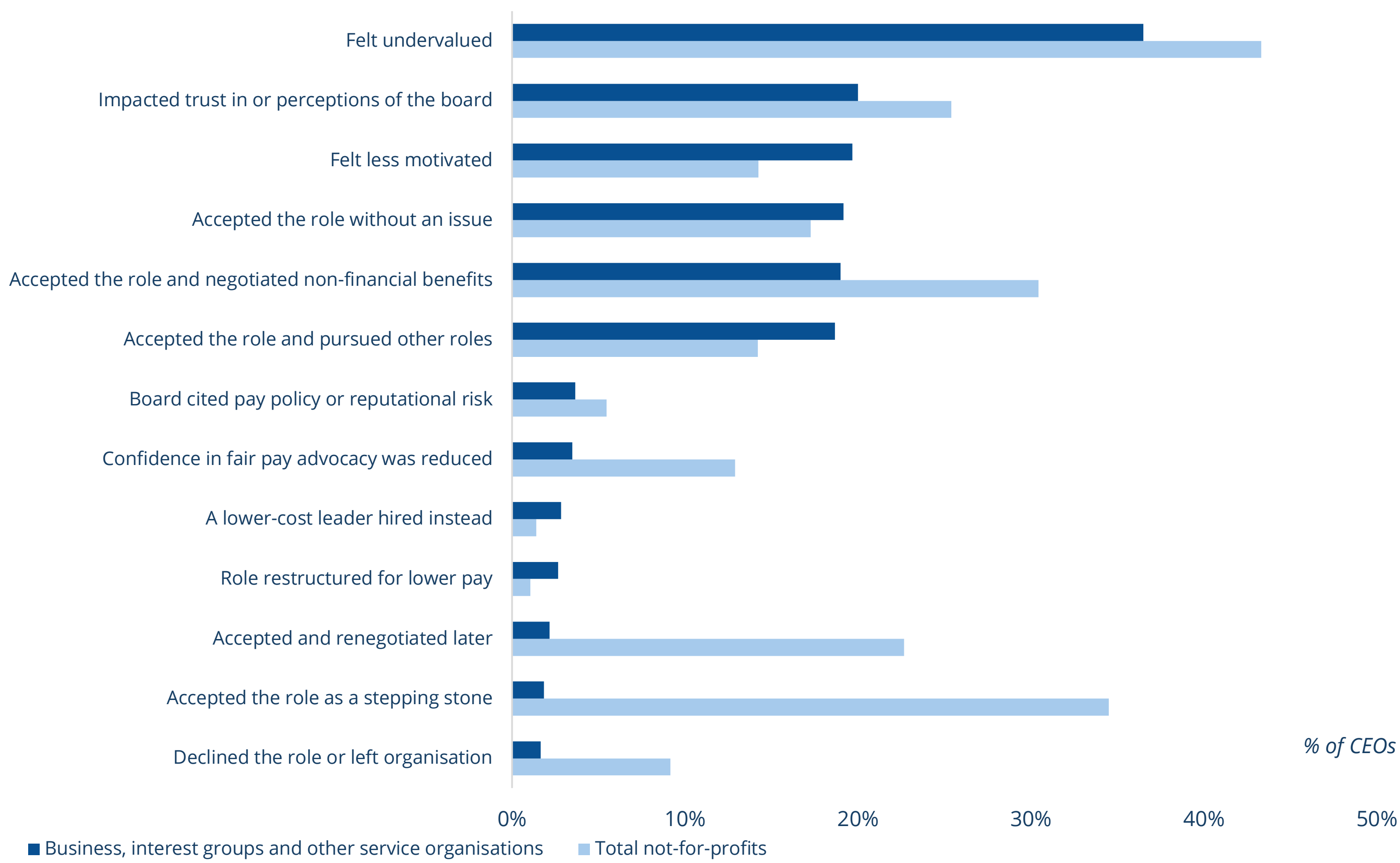
CEOs offered below-expected remuneration during their time in leadership



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, 26% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 74% did not. CEOs in business, interest groups and other service organisations were as likely as total not-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 felt undervalued (37%) and impacted trust in or perceptions of the board (20%), 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 business, interest groups and other service organisations were 33 percentage points less likely than total not-for-profits to have accepted the role as a stepping stone.

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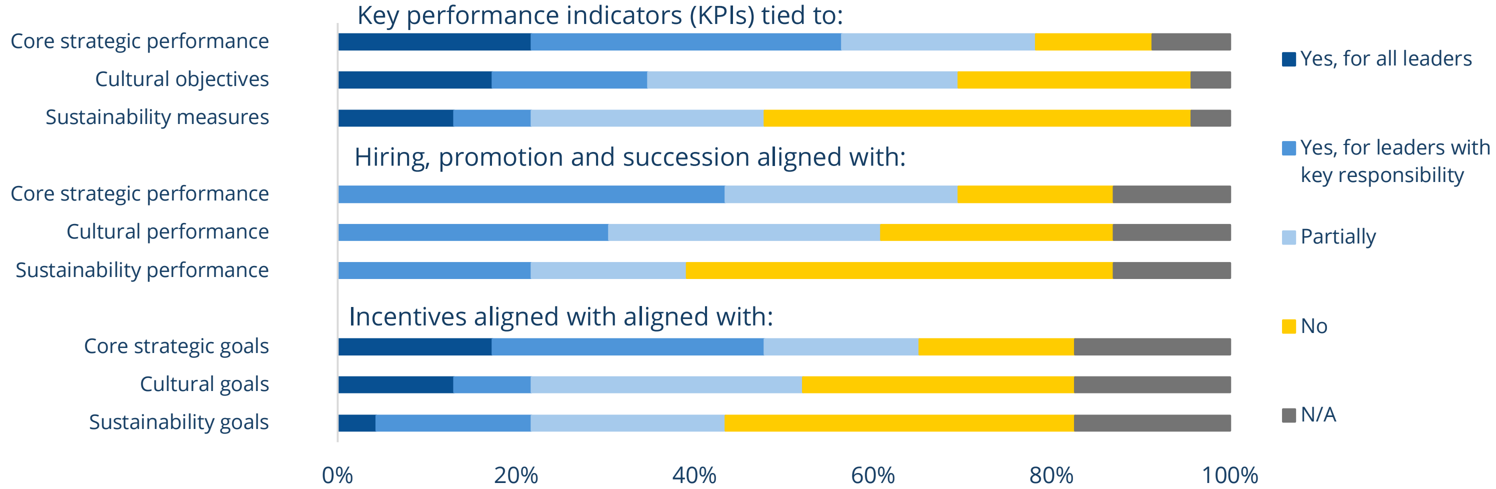
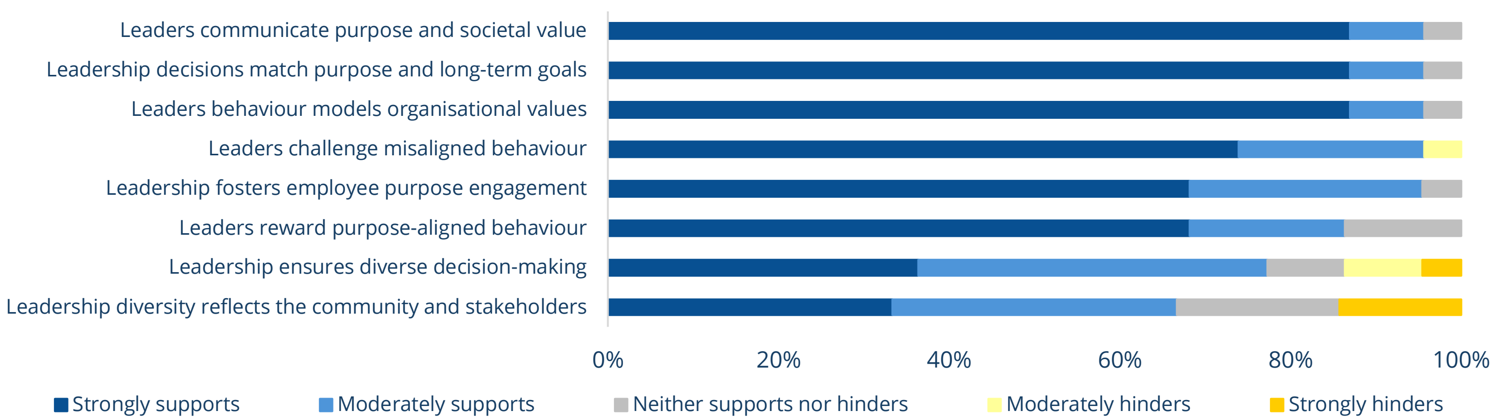
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

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



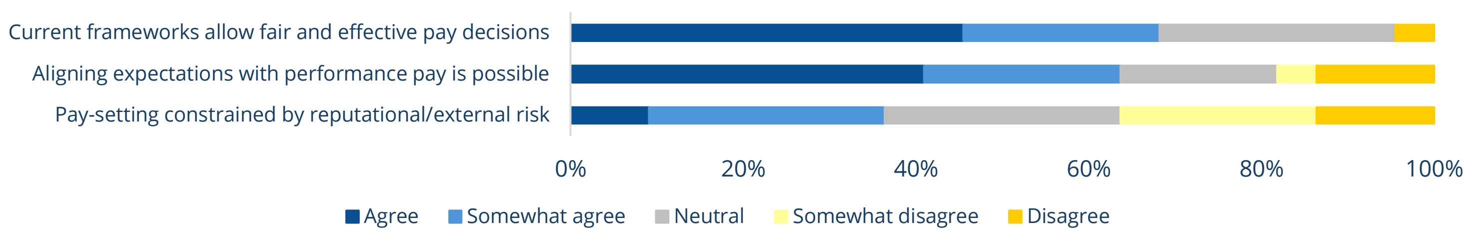
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 43%–57% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 30%–35% for culture and 22% 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. 87% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling and decision-making. In comparison, only 36% believe leadership ensures diverse decision-making, and 33% 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. 68% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 64% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 36% perceive pay-setting to be constrained by reputational or external risk.

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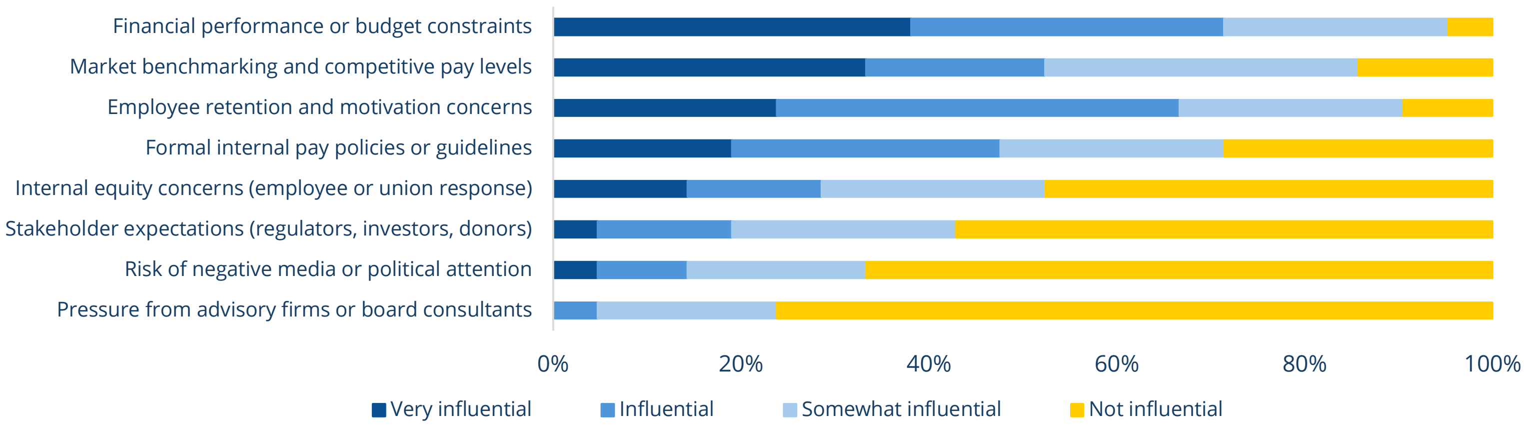
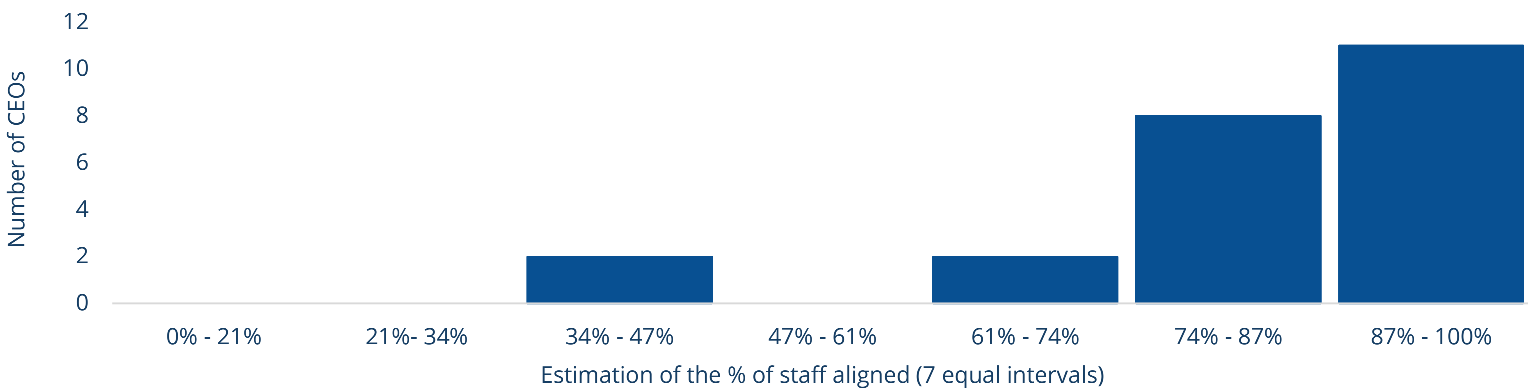
Factors influencing executive or senior leader pay decisions



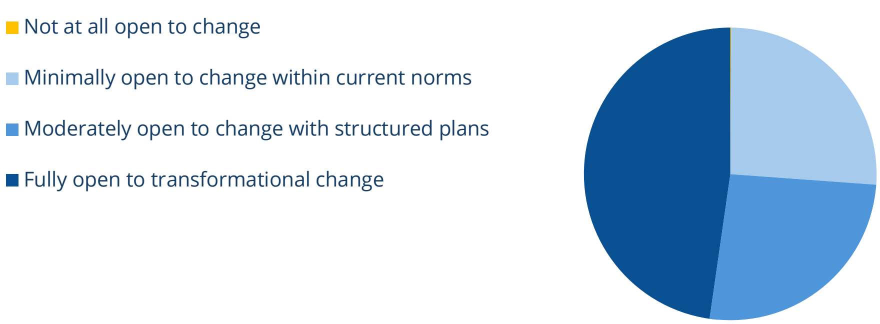
Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. 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 business, interest groups and other service organisations were 23 percentage points less likely than total not-for-profits to cite financial performance or budget constraints.

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 83% 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.74% of organisations are willing to pursue cultural change to support sustainability goals, with 26% favouring structured change and 48% 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 business, interest groups and other service organisations were 20 percentage points more likely than total not-for-profits to be minimally open to change within current norms.

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Section 4: Sustainability Strategy and Investment Priorities

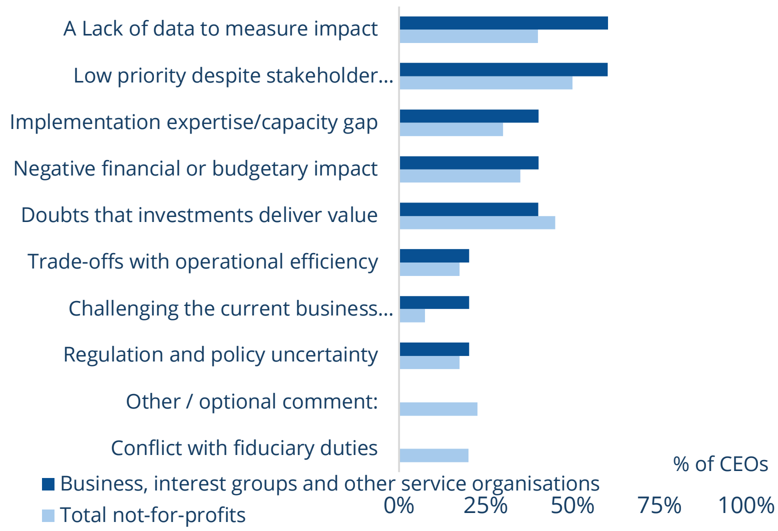
Impact of **environmental** and **social investments** on organisational value

The majority of CEOs (77%) believe investing in environmental and social practices enhances their organisation's value, while 23% 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 business, interest groups and other service organisations were 15 percentage points less likely than total not-for-profits to believe these practices add value.

Reasons sustainability adds value

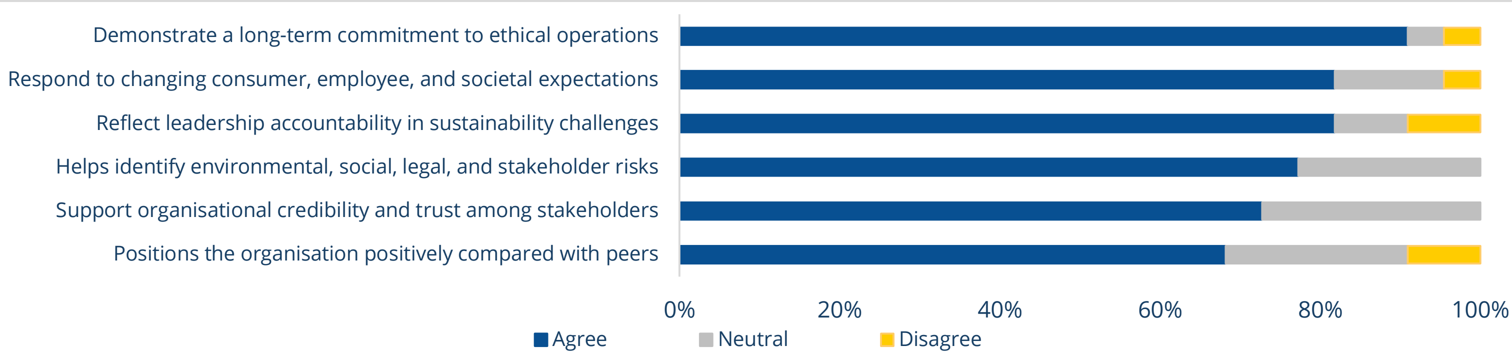
77% of CEOs say sustainable practices enhance their organisation's value, primarily due to ethical responsibility (65%) and growing client/stakeholder demand (65%). CEOs in business, interest groups and other service organisations were 28 percentage points less likely than total not-for-profits to believe these practices aid in effectiveness in driving change.

Sustainability does not add value due to:



23% of CEOs do not believe that sustainable practices enhance organisational value, primarily due to a lack of data to measure impact (60%) or low priority despite stakeholder preference (60%). Business, interest groups and other service organisations were 20 percentage points less likely to note the conflict with fiduciary duties.

Agreement with statements on sustainable business practices



The majority of CEOs agree that sustainable practices demonstrate a long-term commitment to ethical operations (91%), respond to changing consumer, employee, and societal expectations (82%) and reflect leadership accountability in sustainability challenges (82%). 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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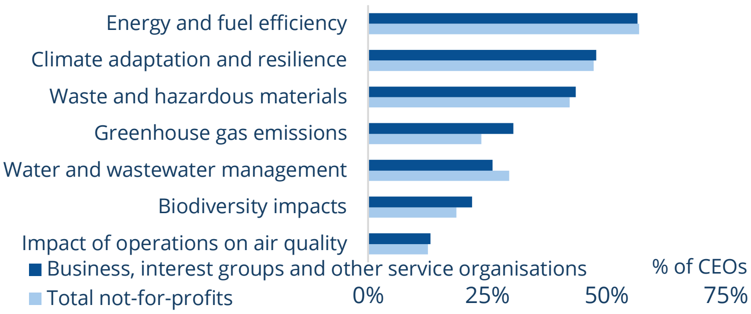
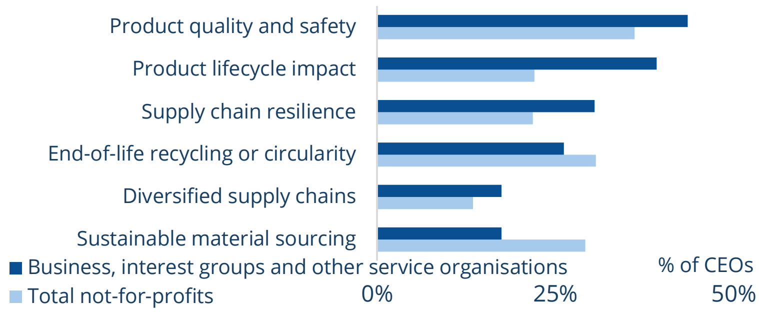
Material **environmental** factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view energy and fuel efficiency (57%) and climate adaptation and resilience (48%) as top environmental drivers of value. Business, interest groups and other service organisations are more likely to see greenhouse gas emissions as material.

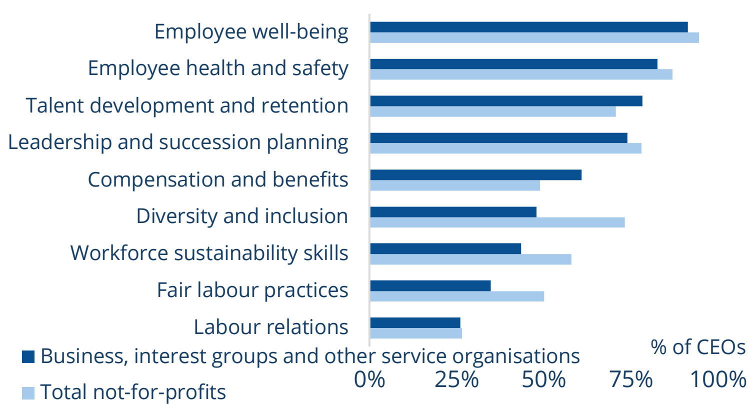
Product and supply chain sustainability factors



CEOs view product quality and safety (44%) and product lifecycle impact (39%) as the primary drivers of long-term value. Business, interest groups and other service organisations are more likely to view product lifecycle impact as material.

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

Workforce sustainability factors



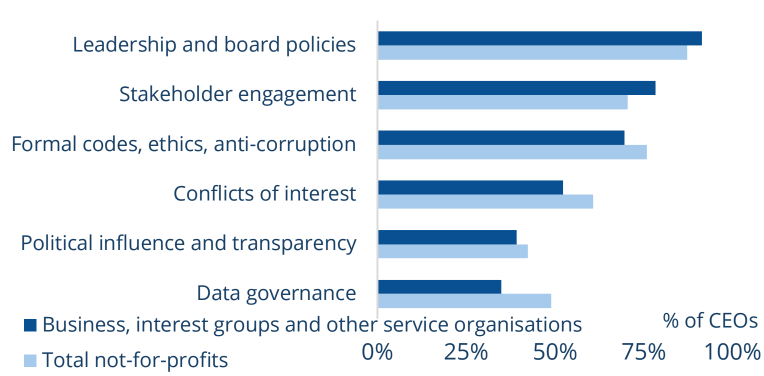
CEOs view employee well-being (91%) and employee health and safety (83%) as the primary workforce sustainability value drivers. Business, interest groups and other service organisations are less likely to consider diversity and inclusion as material.

Stakeholder sustainability factors

CEOs view community relations (65%) and customer sustainability satisfaction (65%) as top social drivers of long-term value. Business, interest groups and other service organisations are less likely to see accessibility and inclusive design as material.

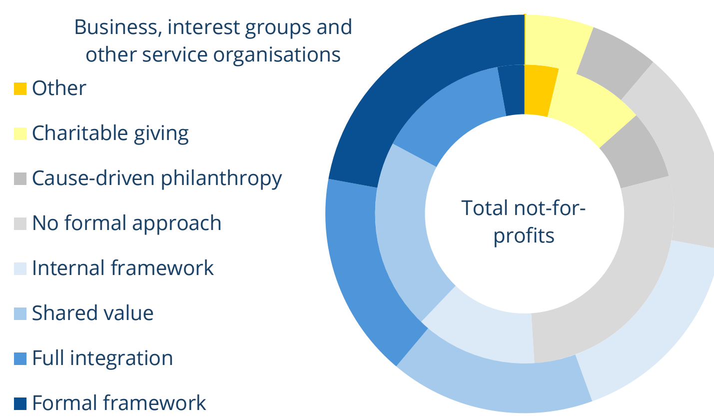
Material governance factors

Governance sustainability factors



CEOs view 'leadership and board policies' (91%) and 'stakeholder engagement' (78%) as the primary governance drivers of long-term value. Business, interest groups and other service organisations are less likely to consider 'data governance' as material.

Approach to sustainability strategy



The most common approach to sustainability is a formal framework: for example CSR, ESG, GRI, TCFD, compliance with standards, reporting, and risk management (22%).

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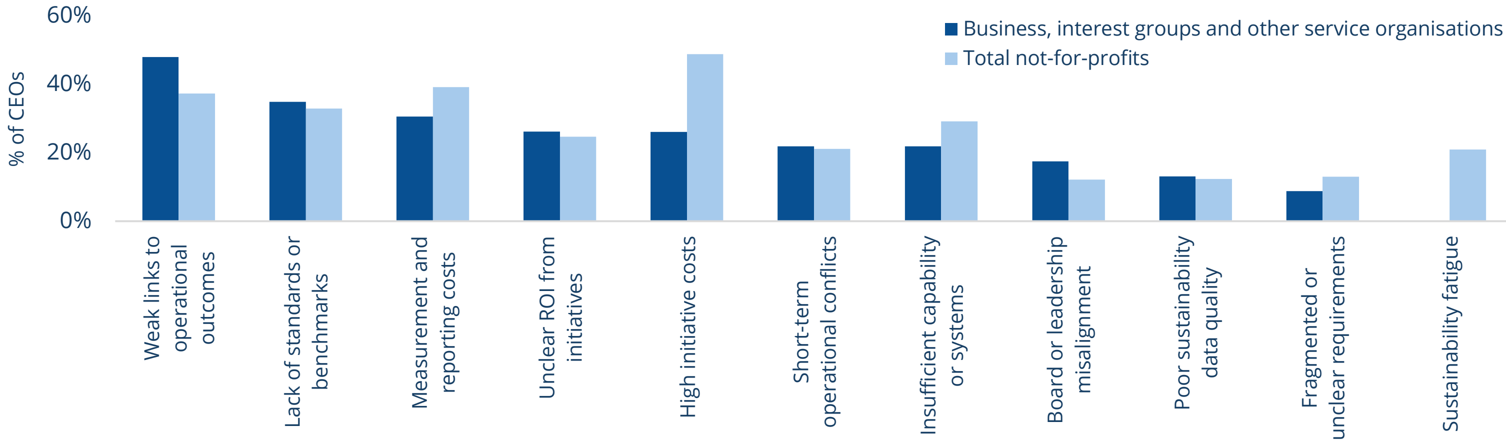
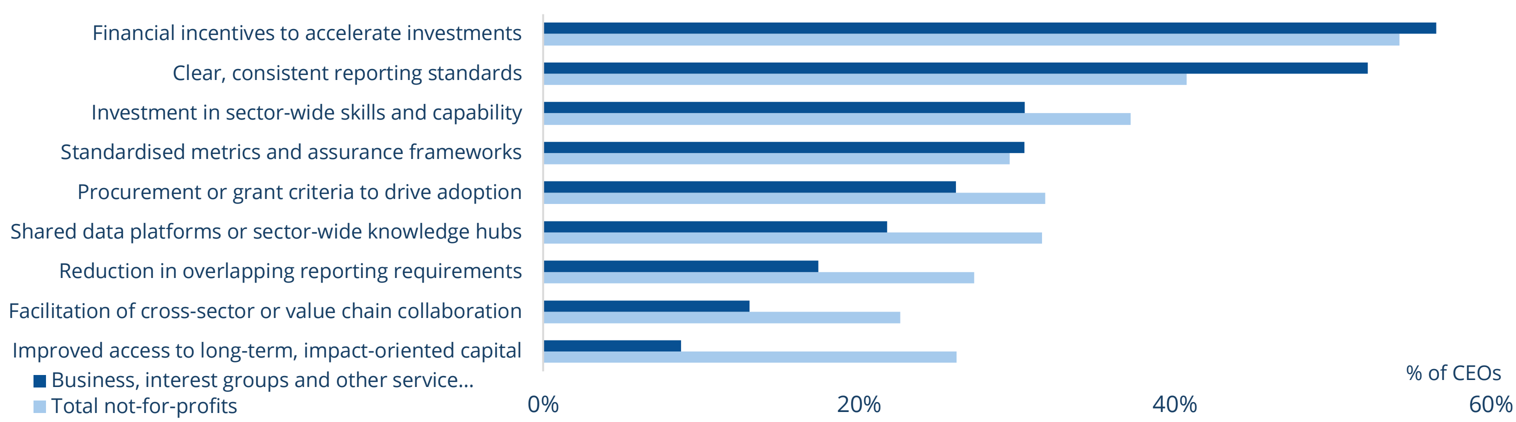
Key barriers to integrating sustainability into strategy and operations



Organisations see weak links to operational outcomes (48%) as the most common barrier to integrating sustainability into strategy and operations, followed by lack of standards or benchmarks (35%) and measurement and reporting costs (30%). CEOs in business, interest groups and other service organisations were 23 percentage points less likely than total not-for-profits to see high initiative costs as a barrier.

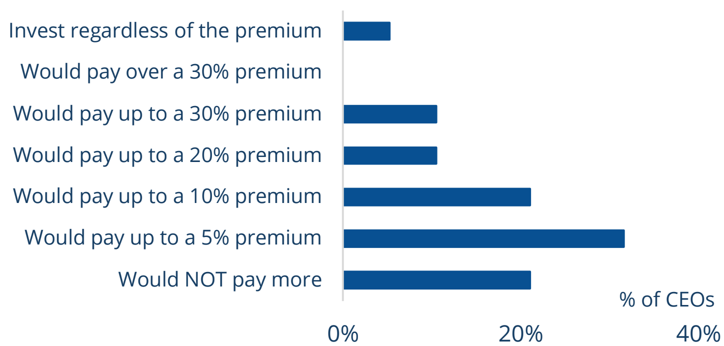
Government or industry body actions that most support sustainability goals



CEOs identify financial incentives to accelerate investments (57%) and clear, consistent reporting standards (52%) as the most important actions government or industry bodies can take to support sustainability goals, followed by investment in sector-wide skills and capability (30%). CEOs in business, interest groups and other service organisations were 17 percentage points less likely than total not-for-profits to see improved access to long-term, impact-oriented capital as important.

Willingness to pay for greener outcome

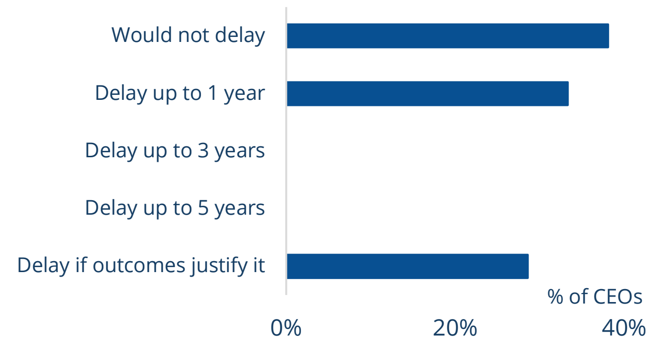
Greener versus conventional options (% of CEOs across premium levels)



53% of CEOs would pay a moderate premium (5%–10%) for greener technology: 26% would pay a premium of over 20%, while 21% would not pay more. CEOs in business, interest groups and other service organisations were 13 percentage points more likely than total not-for-profits to say they would pay up to a 5% 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: 33% up to 1 year, 0% up to 3–5 years, and 38% would not delay. CEOs in business, interest groups and other service organisations were 17 percentage points more likely than total not-for-profits to say they would not delay.

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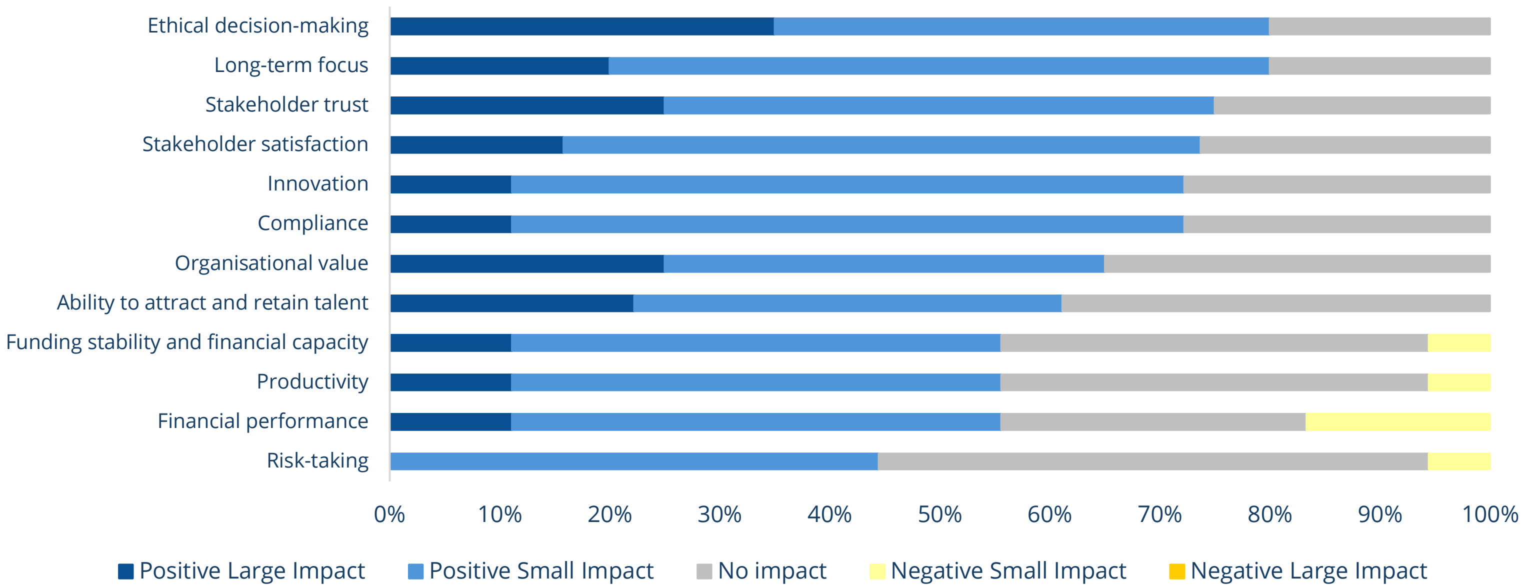
Summary: Overall influence on long-term organisational performance

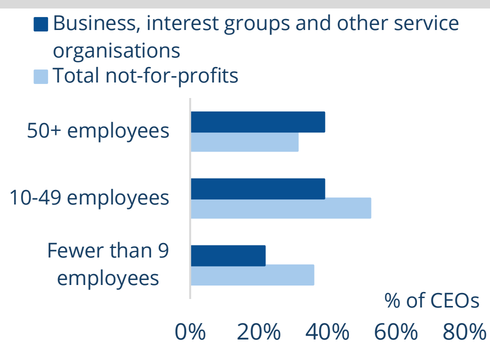
Impact of environmental, social and governance sustainability on factors



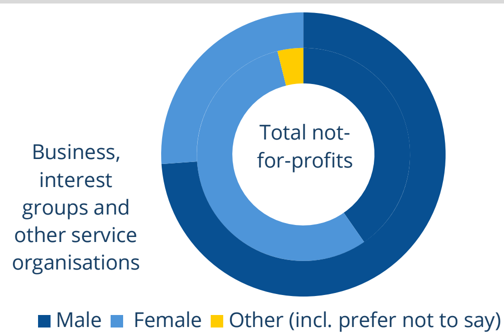
ESG sustainability positively impacts long-term performance, particularly ethical decision-making and long-term focus. CEOs in business, interest groups and other service organisations were 19 percentage points less likely than total not-for-profits to say their ESG approach positively impacts risk-taking.

Demographics: CEOs and Boards

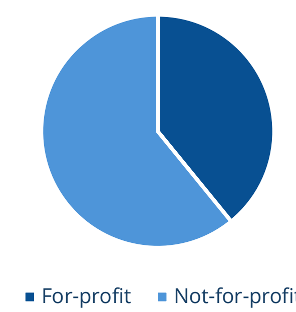
Number of employees



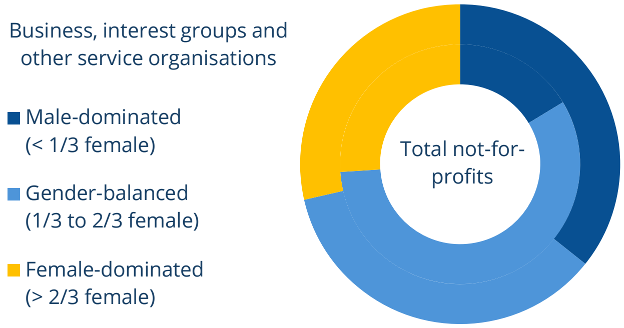
CEO gender identity



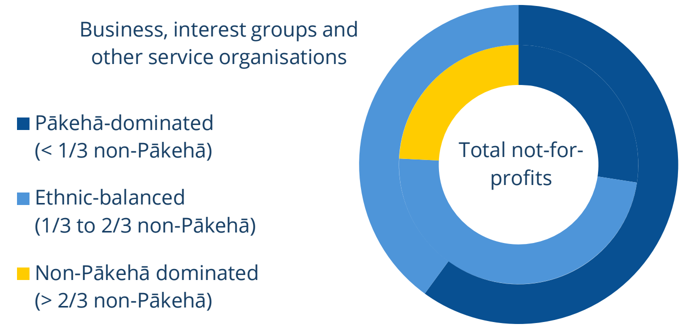
For-profit / not-for-profit



Female board representation



Ethnic board representation



Women comprise 47.4% of the NZ workforce (Household Labour Force Survey, June 2023). The not-for-profit sector is more gender-balanced than the for-profit sector, with just over half of CEOs being women and most boards gender-balanced, with slightly more female- than male-dominated boards.

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. Not-for-profit boards closely reflect this ethnic diversity, indicating comparatively stronger ethnic representation in governance than in for-profit boards.

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