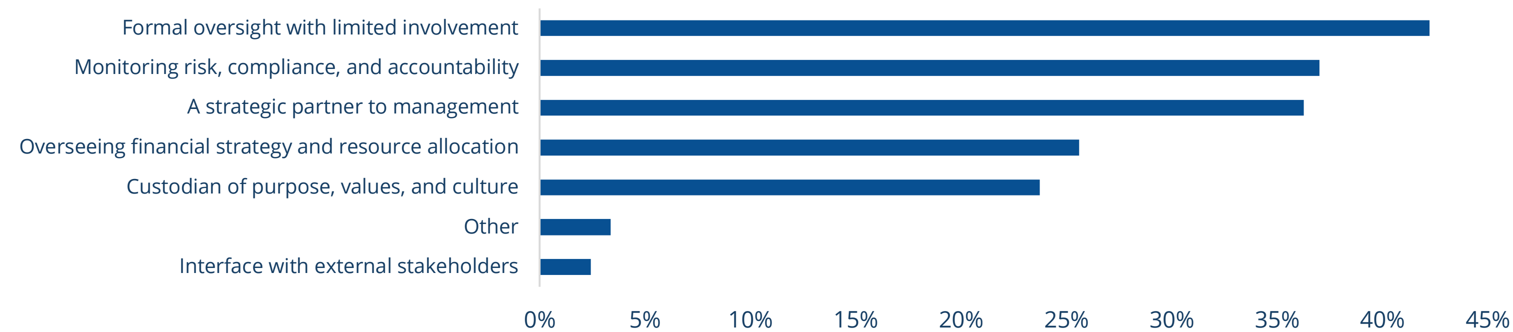
Not-for-profit: 535 CEOs

May 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 (42%), followed by monitoring risk, compliance, and accountability (37%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%).

Board and management alignment

Alignment between boards and management understanding and respecting their roles is generally strong, with 33% 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 (53%) and aligns composition to reflect stakeholder experience and perspectives (50%). In contrast, fewer report that their board structure oversees performance metrics on sustainability (26%) and oversees performance metrics on culture (18%), highlighting an opportunity to strengthen how board structures support broader organisational priorities.

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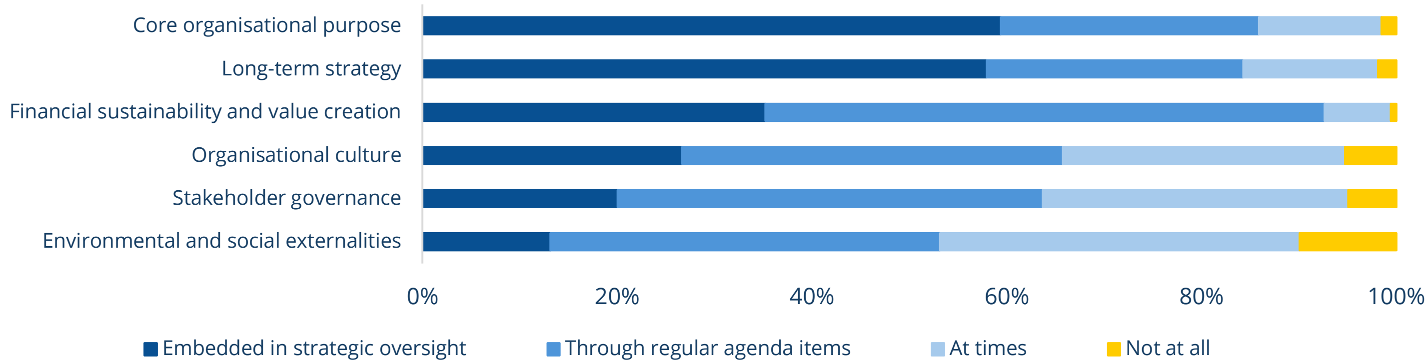
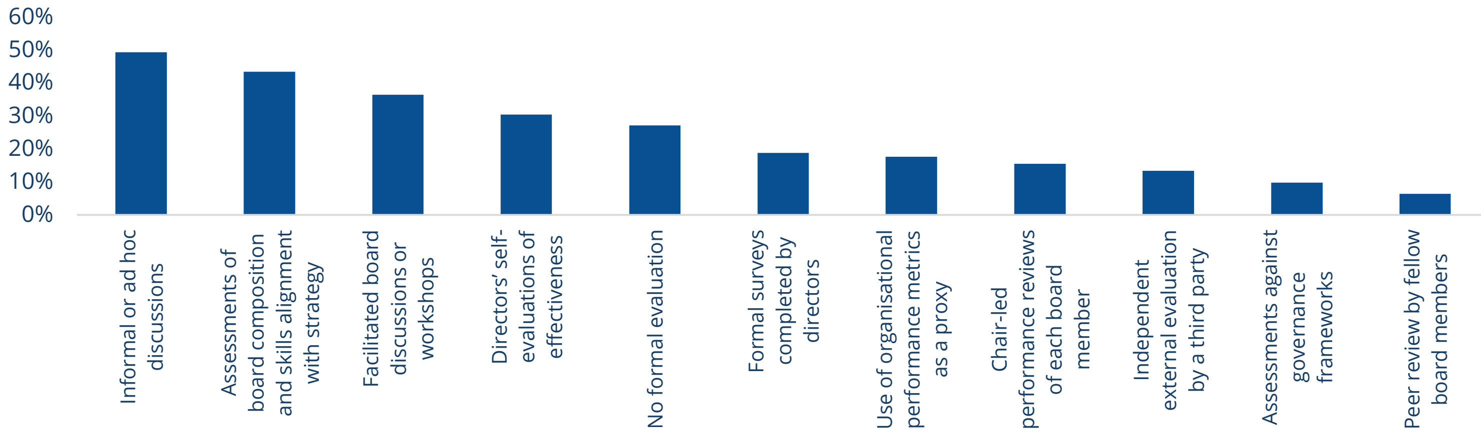
Extent of formal board oversight across key areas



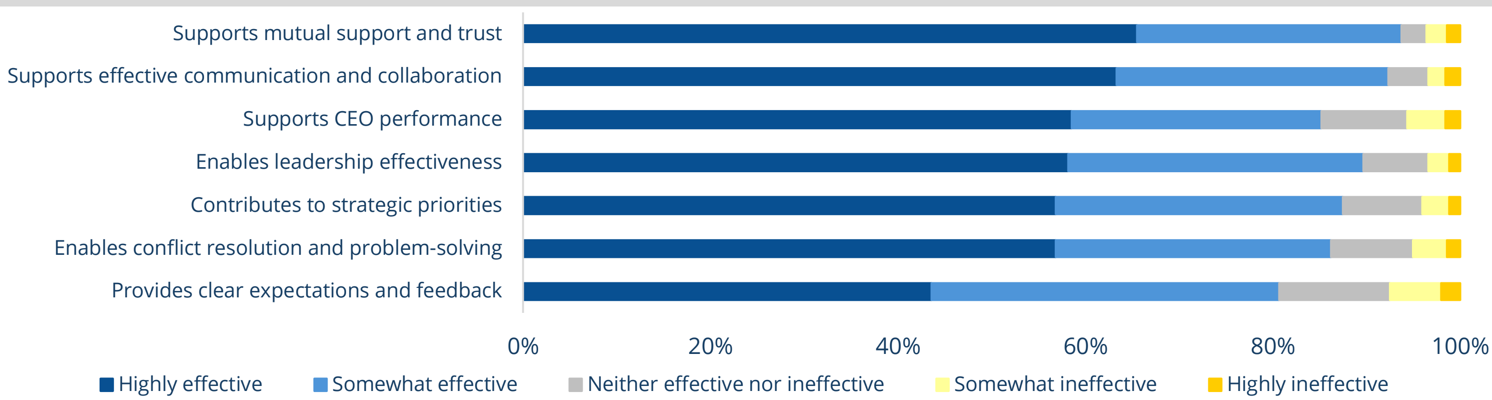
Many boards embed oversight of core organisational purpose (59%), long-term strategy (58%), and financial sustainability and value creation (35%) within strategic oversight. However, fewer boards embed organisational culture (27%), stakeholder governance (20%), and environmental and social externalities (13%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value.

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 49% relying on informal or ad hoc discussions and 43% using assessments of board composition and skills alignment with strategy, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods.

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: 66% of CEOs rated the chair ''highly effectively'' 'supports mutual support and trust', followed by 'supports effective communication and collaboration' (63%), and 'supports CEO performance' (59%). The lower ratings for 'enables conflict resolution and problem-solving' 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: 39% of CEOs rate their board as 'highly effective' in supporting oversight of compliance and organisational risks, followed by 39% in supporting constructive board culture and dynamics, and 38% in supporting long-term orientation. More than 61% 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.

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 52% highlighting more frequent reflection on board effectiveness, 39% improved focus on long-term rather than short-term concerns, and 38% more diverse skills and expertise on the board.

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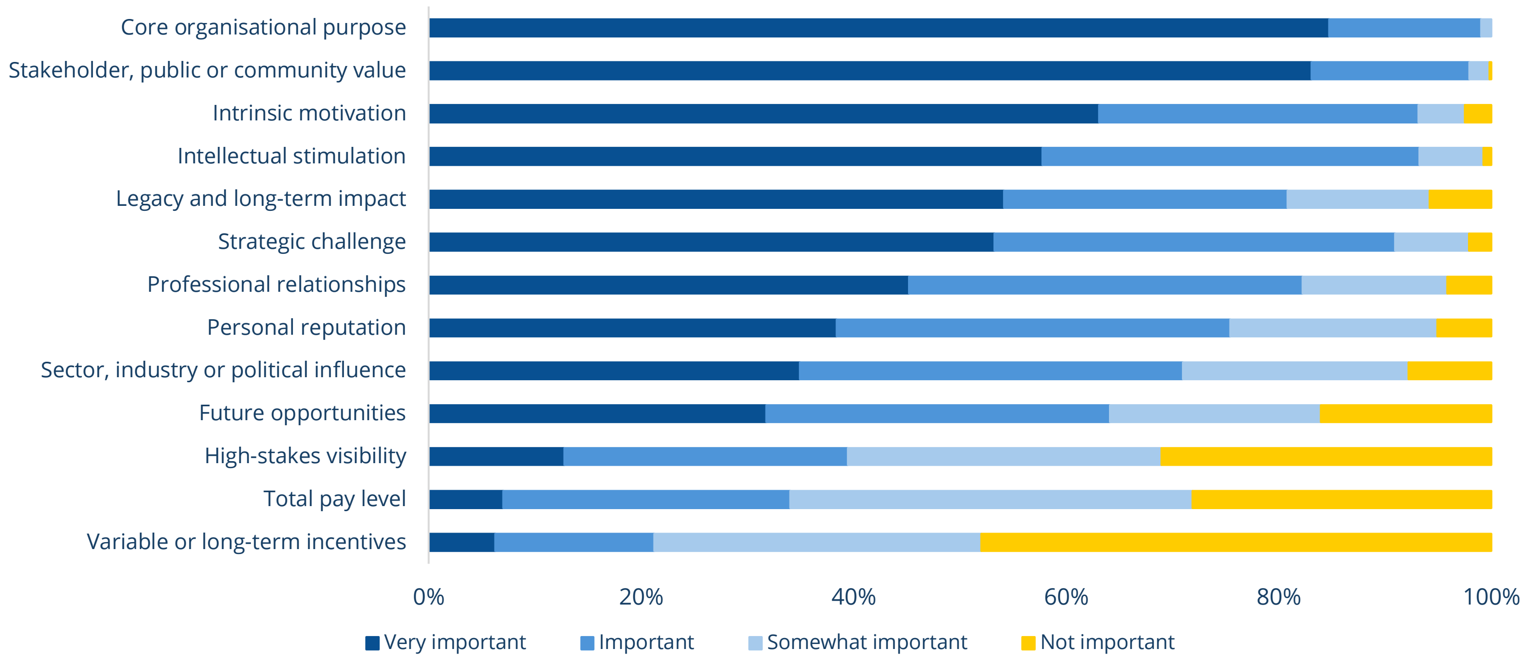
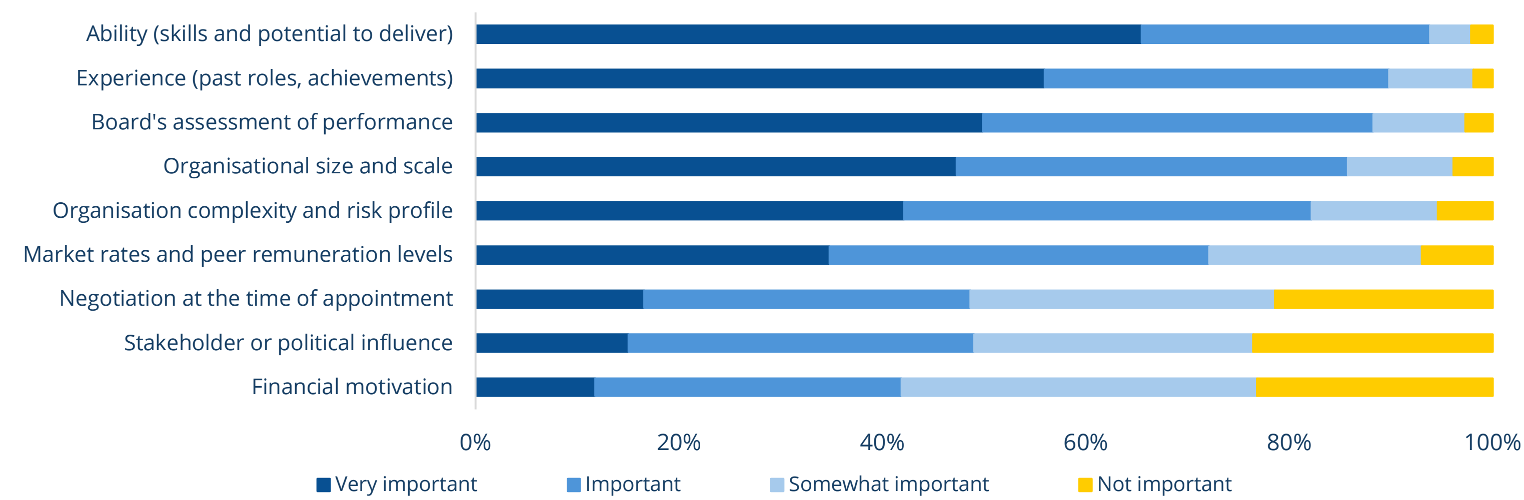
Section 2: CEO Personal Motivation, Values, and Alignment

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, 85% of CEOs rated core organisational purpose as very important, followed by stakeholder, public or community value (83%), and intrinsic motivation (63%), whereas only 7% rated total pay level and 6% 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, 66% rating ability (skills and potential to deliver), 56% experience (past roles, achievements) and 50% board's assessment of performance as very important determinants of pay, compared with 17% for negotiation at the time of appointment, 15% for stakeholder or political influence and 12% 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.

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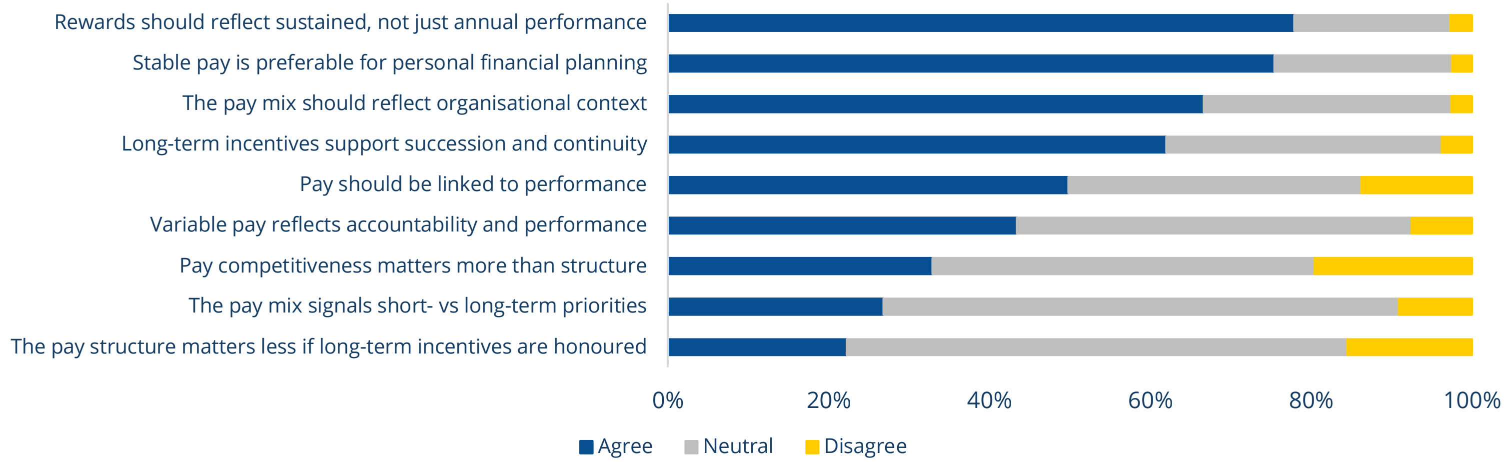
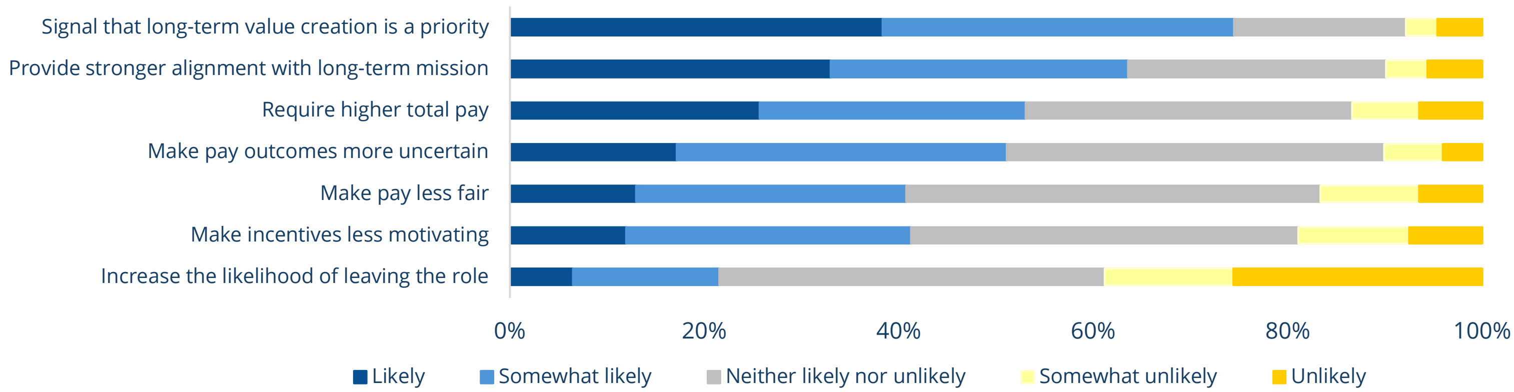
CEO's views on fixed and variable pay



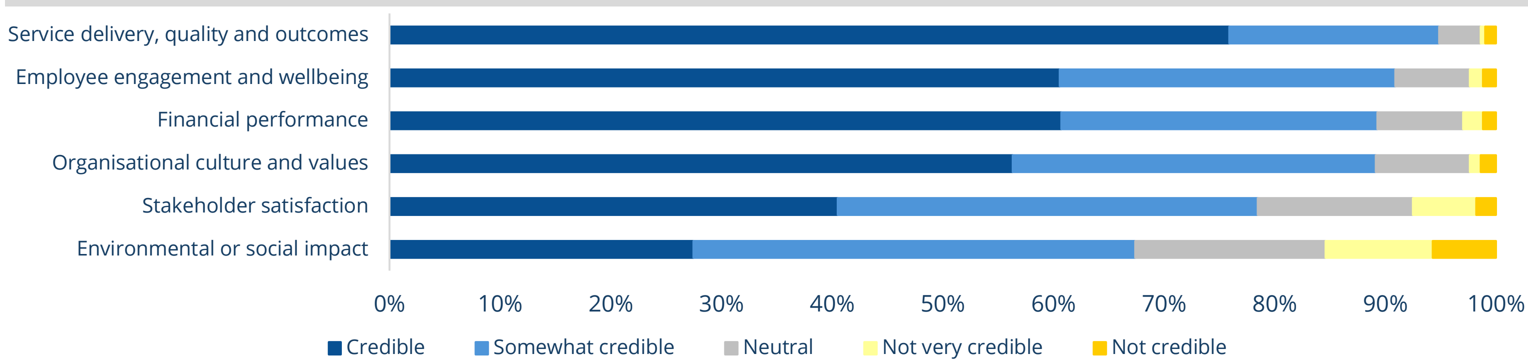
Most CEOs agree that 'rewards should reflect sustained, not just annual performance' (78%), that 'stable pay is preferable for personal financial planning' (75%), and that 'the pay mix should reflect organisational context' (67%). Not-for-profit CEOs are 32 percentage points more likely than for-profit CEOs to agree that stable pay is preferable for personal financial planning, suggesting a stronger preference for income predictability, likely reflecting lower and more constrained remuneration levels. Overall, CEO responses show no strong 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 'signal that long-term value creation is a priority' (74%) and 'provide stronger alignment with long-term mission' (64%). Despite academic research suggesting executives prefer more immediate pay, CEOs are most neutral that they 'make incentives less motivating' and 'make pay less fair'. 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' (76%) and 'employee engagement and wellbeing' (61%), moderately credible for 'financial performance' (61%) and 'organisational culture and values' (56%), and least credible for 'stakeholder satisfaction' (41%) and 'environmental or social impact' (27%). Many see these measures as somewhat credible, with very few rating any measure as not credible.

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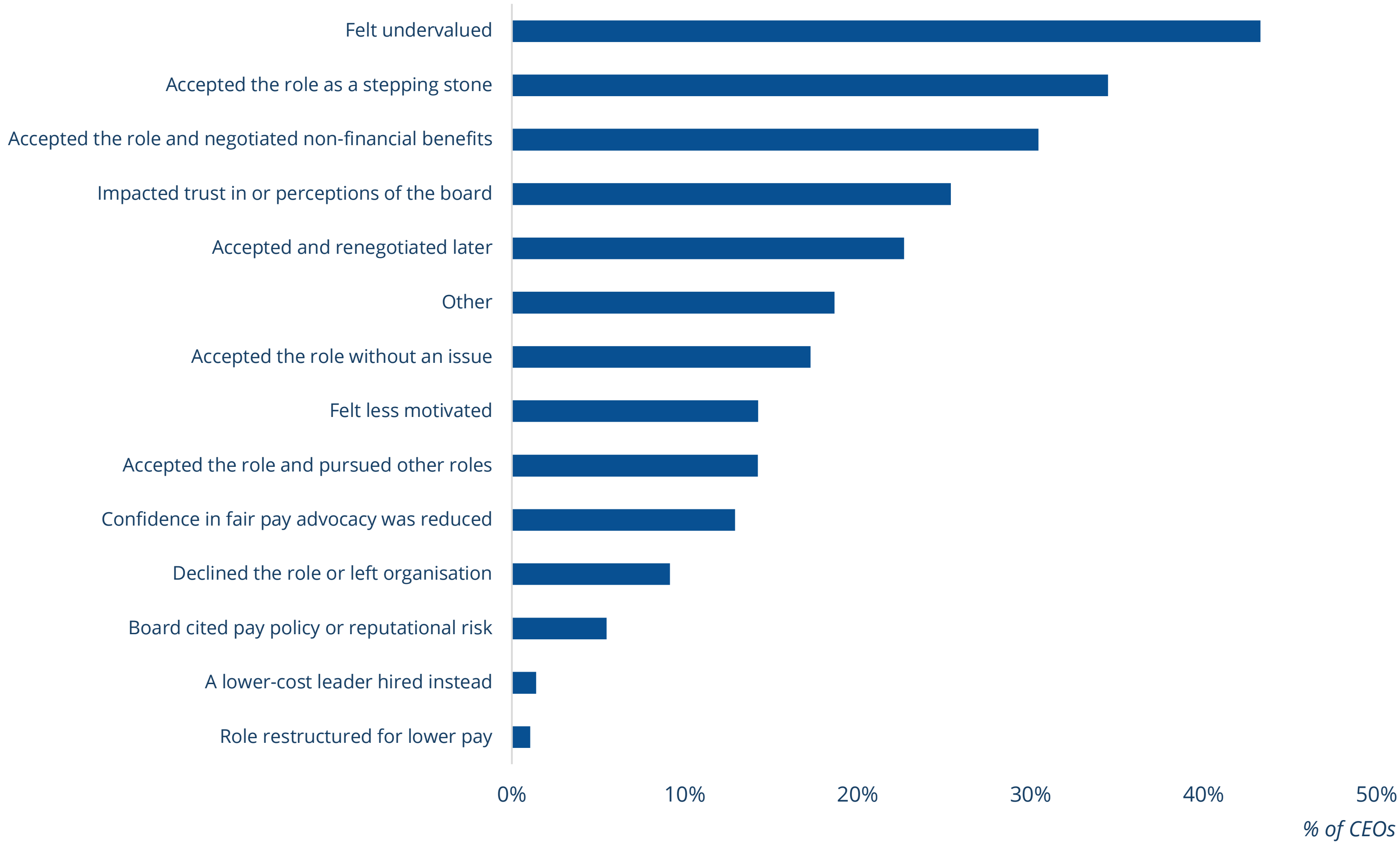
CEOs offered below-expected remuneration during their time in leadership

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, 55% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 43% did not.

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 (43%) and accepted the role as a stepping stone (34%), 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.

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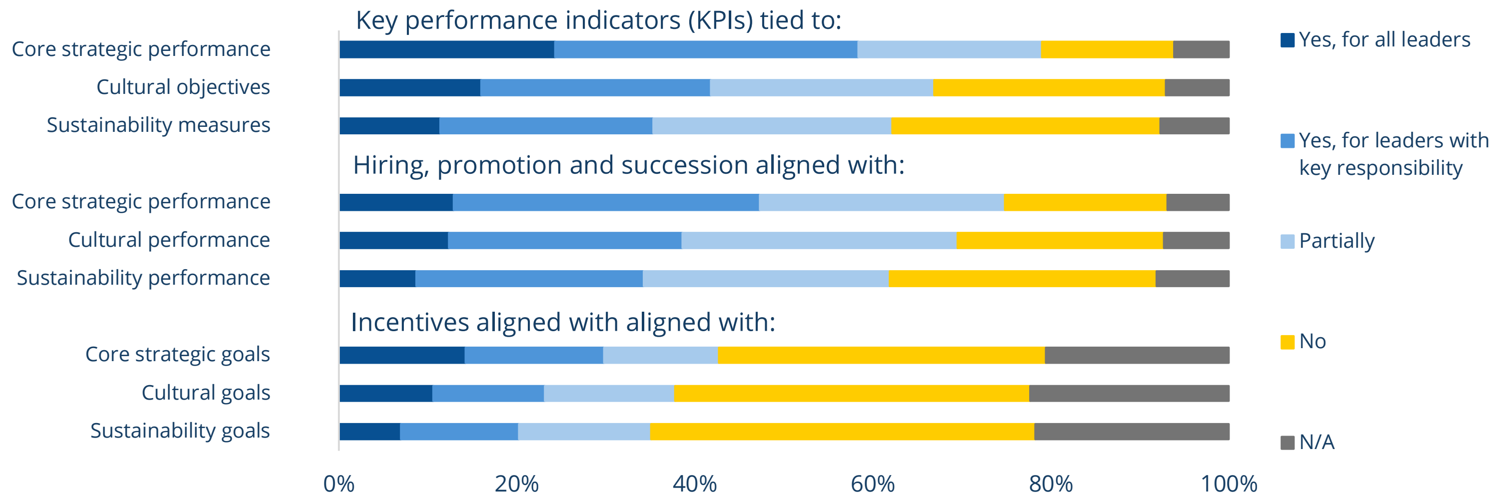
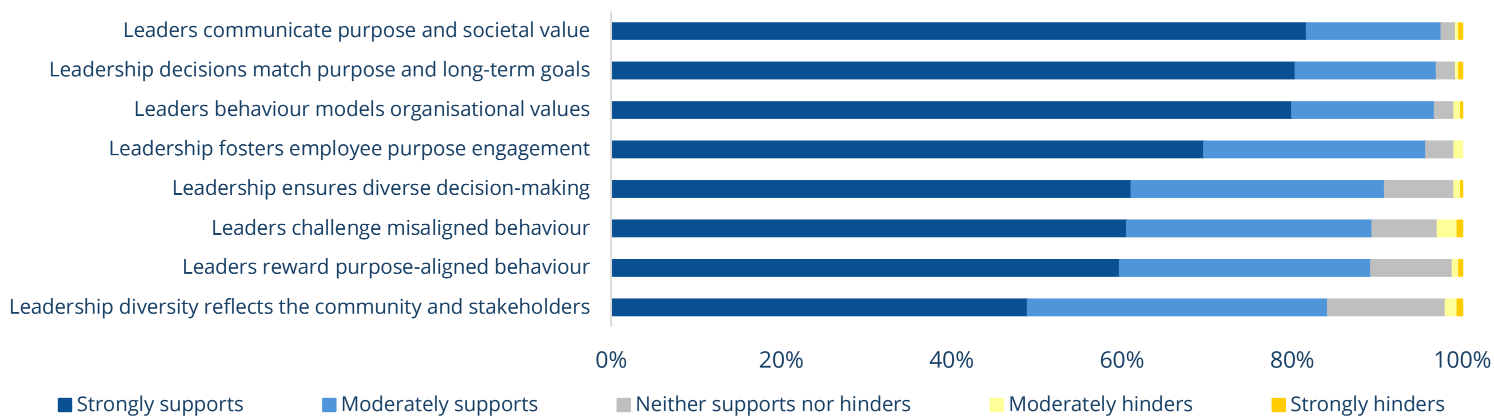
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

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



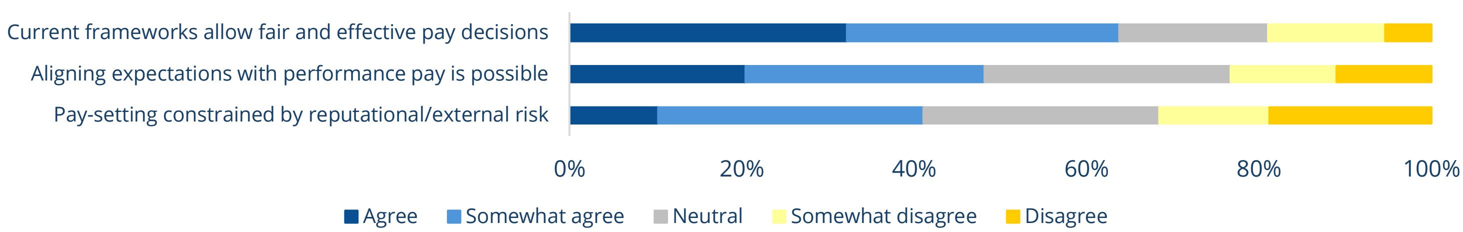
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 47%–58% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 39%–42% for culture and 34%–35% 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 80% and 82% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling and decision-making. In comparison, only 60% believe leaders reward purpose-aligned behaviour, and 49% 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. 64% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 48% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 41% perceive pay-setting to be constrained by reputational or external risk.

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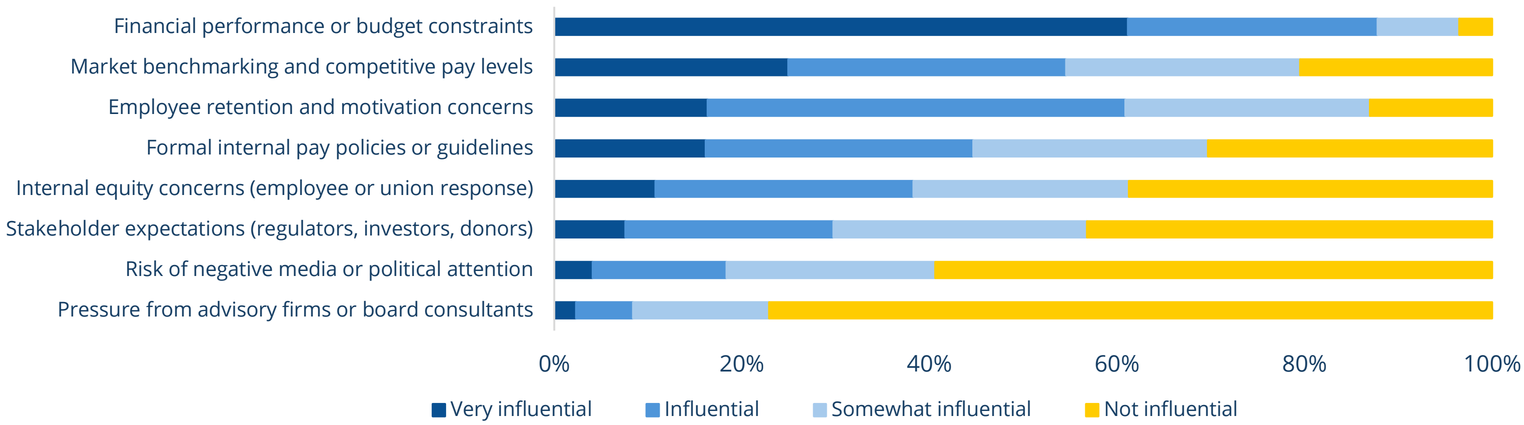
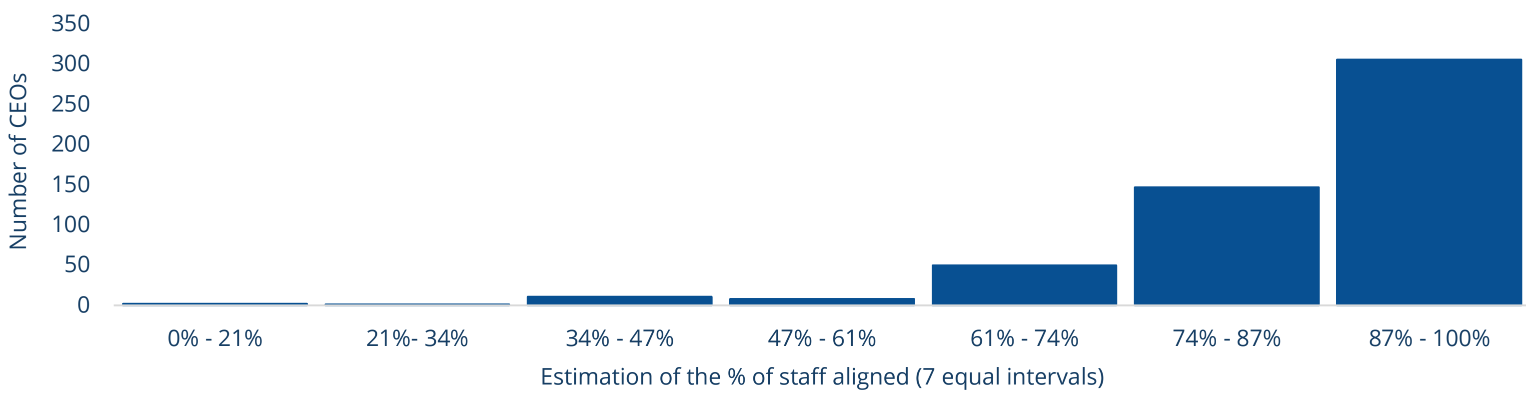
Factors influencing executive or senior leader pay decisions



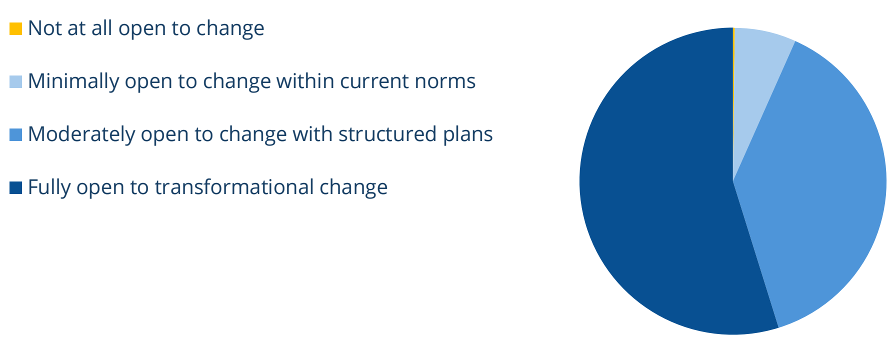
Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. 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.

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 86% 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.93% of organisations are willing to pursue cultural change to support sustainability goals, with 39% favouring structured change and 55% 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.

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Section 4: Sustainability Strategy and Investment Priorities

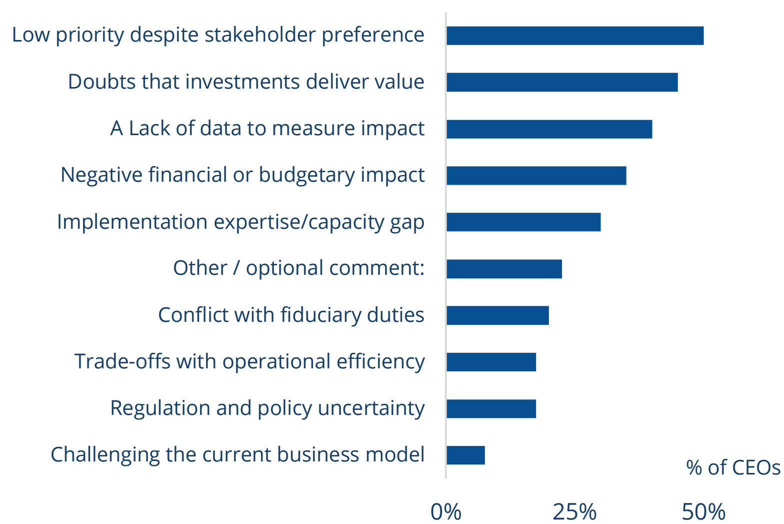
Impact of **environmental** and **social investments** on organisational value

The majority of CEOs (92%) believe investing in environmental and social practices enhances their organisation's value, while 8% 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.

Reasons sustainability adds value

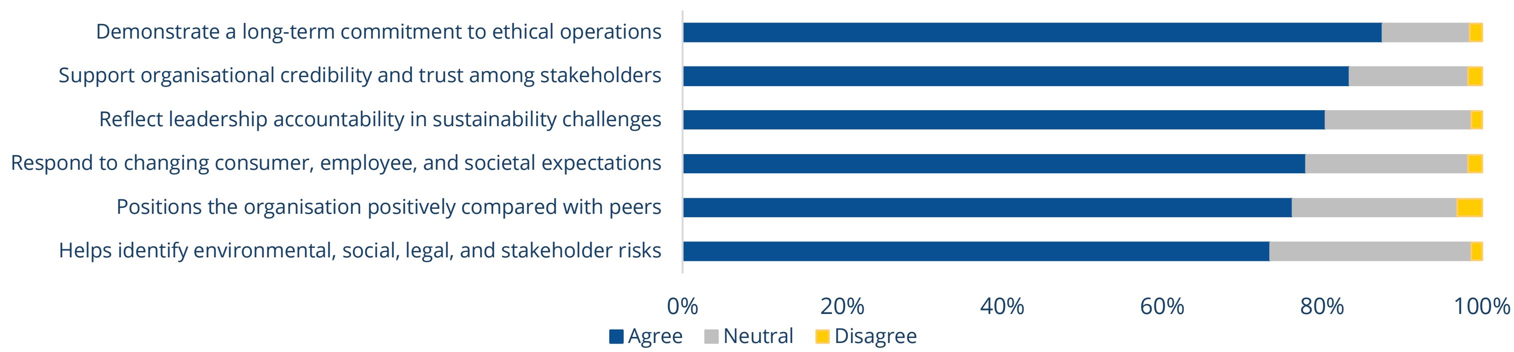
92% of CEOs say sustainable practices enhance their organisation's value, primarily due to ethical responsibility (79%) and integration into strategy (63%).

Sustainability does not add value due to:



8% of CEOs do not believe that sustainable practices enhance organisational value, primarily due to low priority despite stakeholder preference (50%) or doubts that investments deliver value (45%).

Agreement with statements on sustainable business practices



The majority of CEOs agree that sustainable practices demonstrate a long-term commitment to ethical operations (88%), support organisational credibility and trust among stakeholders (83%) and reflect leadership accountability in sustainability challenges (80%). 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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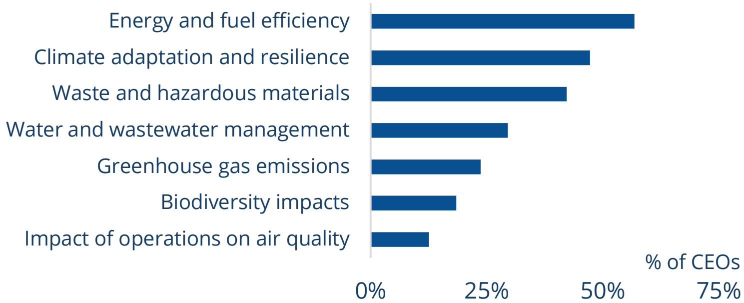
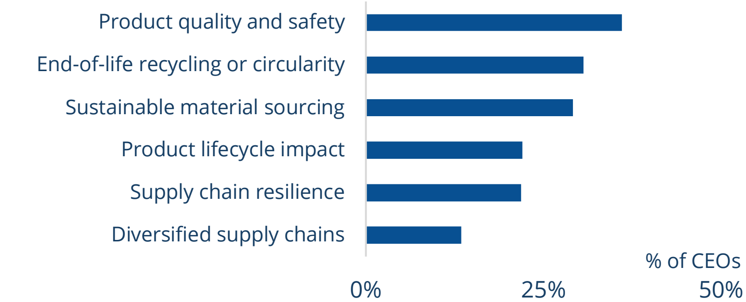
Material **environmental** factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view energy and fuel efficiency (57%) and climate adaptation and resilience (47%) as primary environmental drivers of long-term value.

Product and supply chain sustainability factors



CEOs view product quality and safety (36%) and end-of-life recycling or circularity (31%) as the primary drivers of long-term value for products and the supply chain.

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

Workforce sustainability factors

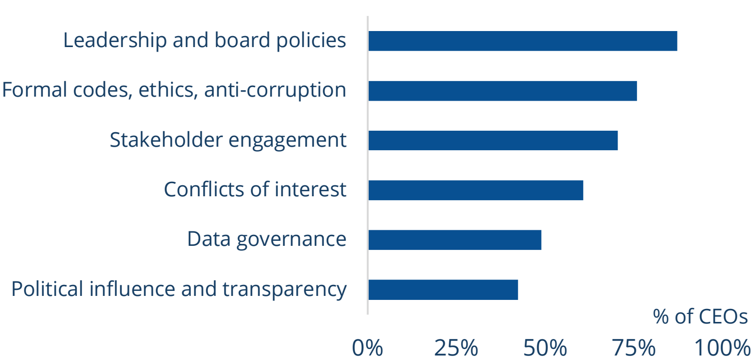
CEOs view employee well-being (95%) and employee health and safety (87%) as the primary workforce sustainability value drivers.

Stakeholder sustainability factors

CEOs view community relations (85%) and data security and privacy (70%) as primary social stakeholder drivers of long-term value.

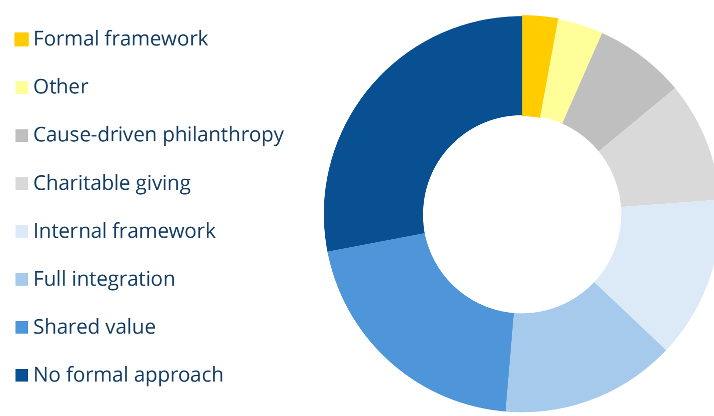
Material governance factors

Governance sustainability factors



CEOs view 'leadership and board policies' (87%) and 'formal codes, ethics, anti-corruption' (76%) as the primary governance drivers of long-term value.

Approach to sustainability strategy



The most common approach to sustainability is none: no formal sustainability approach or initiatives (28%).

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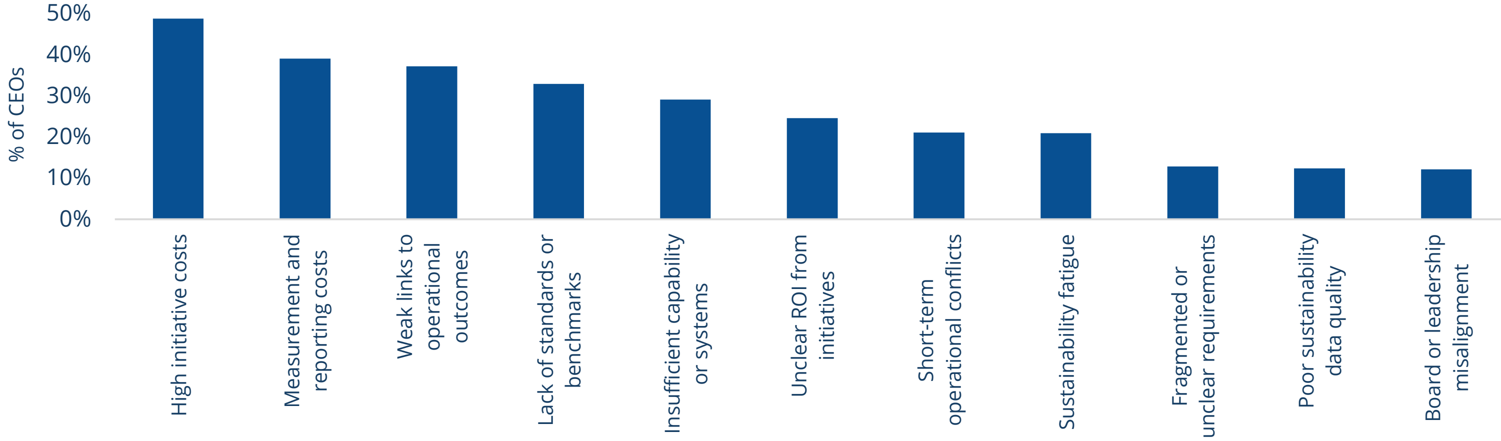
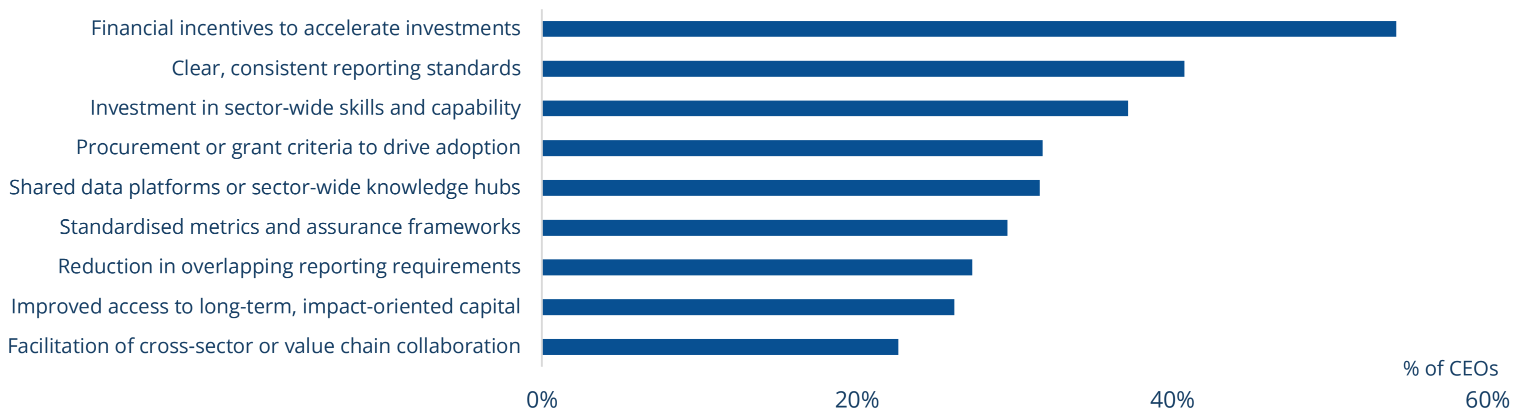
Key barriers to integrating sustainability into strategy and operations



Organisations see high initiative costs (49%) as the most common barrier to integrating sustainability into strategy and operations, followed by measurement and reporting costs (39%) and weak links to operational outcomes (37%).

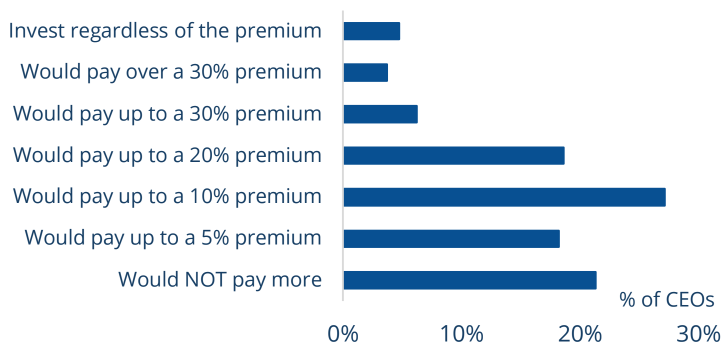
Government or industry body actions that most support sustainability goals



Based on selection frequency, CEOs identify financial incentives to accelerate investments (54%) and clear, consistent reporting standards (41%) as the most important actions government or industry bodies can take to support sustainability goals, followed by investment in sector-wide skills and capability (37%).

Willingness to pay for greener outcome

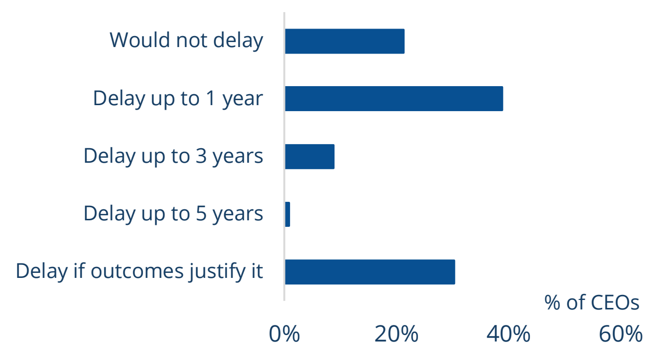
Greener versus conventional options (% of CEOs across premium levels)



45% of CEOs would pay a moderate premium (5%–10%) for greener technology: 33% would pay a premium of over 20%, while 21% would not pay more.

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: 39% up to 1 year, 10% up to 3–5 years, and 21% would not delay.

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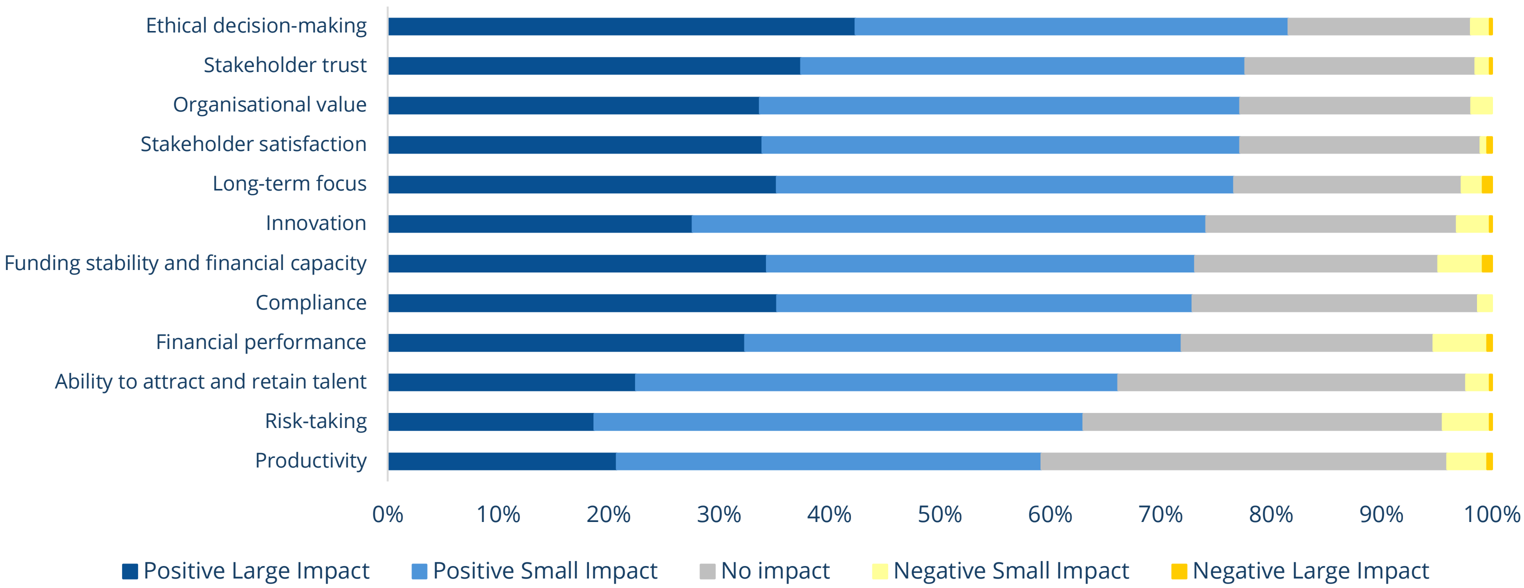
Summary: Overall influence on long-term organisational performance

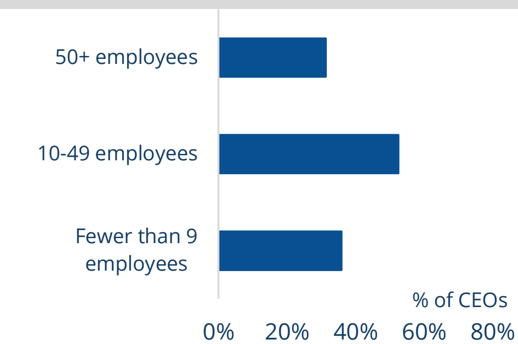
Impact of environmental, social and governance sustainability on factors



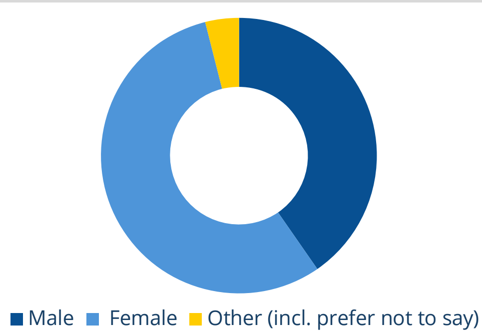
ESG sustainability positively impacts long-term performance, particularly ethical decision-making, stakeholder trust and value creation.

Demographics: CEOs and Boards

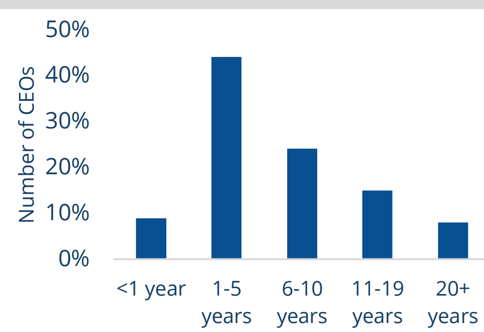
Number of employees



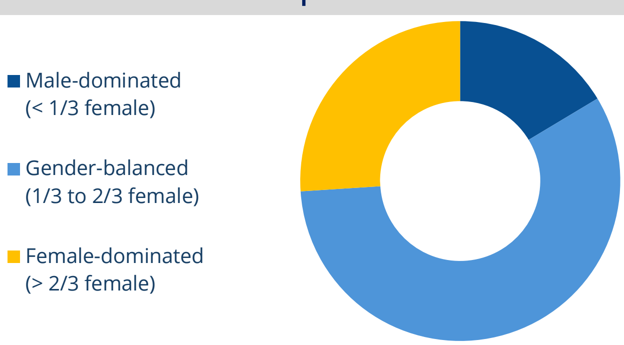
CEO gender identity



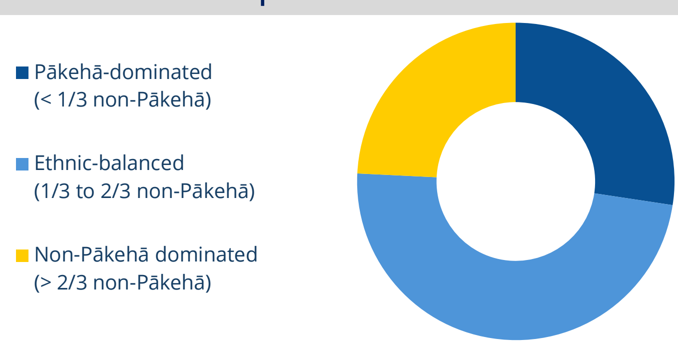
Tenure as CEO



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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