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# Getting on board with diversity

A guide to getting diverse talent on boards





Change is constant. We live in a dynamic and complex world with AI, climate change and geopolitical pressures reshaping the business landscape. It is more important than ever that the best talent is sourced for our boards.

Boards are at their best when they are distinguished by diversity of thought and capability.

The Institute of Directors in New Zealand (IoD) has long held that diversity of thought and perspective in the boardroom improves business performance and innovation.

We know diversity is important to boards, with directors continuing to identify diversity of skills, experience and perspective as a key consideration in board appointments.

While early efforts focused primarily on gender, board diversity encompasses a wide range of dimensions, including ethnicity, age, culture, disability, background, professional and lived experience and perspective.

A very different New Zealand is emerging, with a younger demographic that is increasingly drawn from minority, ethnic, immigrant and indigenous communities. Over the next two decades, almost 20% of New Zealanders will be a member of an Asian community, about 20% will self-identify as Māori and another 11-12% will identify as Pasifika.

**This guide sets out practical steps and tips to help boards improve board capability. It will help them attract and retain the best talent onto the board and to lead an inclusive culture that enables diverse thinking to thrive in the boardroom.**

Embracing diversity does not mean compromising on the skills, experience and professional qualifications of board members. It is about appointing people on merit who also bring diversity of thought and perspective to enhance board decision-making. This will help drive better outcomes, and long-term success.

**“Diversity on a board is vital but should always be approached through the lens of demonstrated competence.”**

THE FOUR PILLARS OF GOVERNANCE BEST PRACTICE, IoD

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## Create an inclusive culture

Take active steps to ensure people with different perspectives and experiences can contribute and work well together.

Leading an effective culture is fundamental to how a board adds value. Board composition and a commitment to a high-performance culture focused on engaged, quality governance underpins an effective culture. An effective board champions debate, diversity, thoughtful challenge and dissent.

The board also sets the tone for the culture of the organisation. The importance and value of diversity needs to be integrated and embedded into the culture of both the board and the organisation.

Current research highlights that achieving meaningful diversity requires a merit-based culture supported by inclusive board practices. It is about nurturing, accessing and enabling diverse talent to enhance individual and collective capability.

Central to this is recognising and addressing biases, assumptions and language that underpin the existing culture. For example, unconscious bias (see Step 2) can be embedded in organisational structures and processes, such as recruitment,

performance management and talent selection, and can undermine the achievement of meritocracy.

There are big challenges in re-shaping a culture. It is not about a 'bad' culture becoming 'good', but instead it is lifting the game to get the best out of everyone. Inclusion is about taking active steps to ensure people with different perspectives and experiences can contribute and work well together. An inclusive culture helps ensure diverse voices are not only present, but genuinely heard, respected and considered in board discussions.

The chair has a pivotal role in leading the board, but every board member contributes to the culture of the board. Individual board members can have different degrees of influence and power within a board and actively avoiding a 'pecking order' will help foster inclusion.

All board members have a responsibility for creating an inclusive culture that enables contribution with respect and supports thoughtful challenge without fear of dismissal or marginalisation.

**“We know that having more women in leadership not only brings about greater diversity but is better for business with a positive impact on financial performance and better decision making.”**

HON NICOLA GRIGG, MINISTER FOR WOMEN (JUNE 2025)

### Tips for creating an inclusive culture:

- Put a stake in the ground. Be explicit that diversity matters and be prepared to assess progress
- Have an open mindset that values diversity of thought and facilitates full participation of all members
- Address expectations about board inclusiveness in the interview and orientation process
- Respect and treat people fairly based on abilities
- Put diversity on the agenda for regular discussion, for example, annually, as part of strategy, board evaluation and succession planning
- Encourage diversity throughout the organisation – especially in middle and senior management – and across executive and governance pathways
- Actively encourage constructive challenge to reduce the risk of groupthink
- Focus not only on who is around the table, but on whether different perspectives are actively welcomed and valued in discussion

**“True diversity is about having different perspectives through a balance of expertise, knowledge, gender, ethnicity, age and background. We encourage boards to think about how they can improve diversity for their organisation, and get the best mix of talent, diverse thinking and capability.”**

KIRSTEN PATTERSON, CHIEF EXECUTIVE, IoD

### Role of the chair

The chair plays a pivotal role in leading an inclusive culture and promoting diversity on the board and within executive management.

Effective leadership from the chair can make the difference between a high- or low-functioning board. The chair frames and stimulates debate on issues while overseeing the conduct of the meeting. Good chairs draw out the views of more reticent board members and manage the more zealous contributors. They help create a culture where directors can bring a robust, independent view to the table, and where appropriate dissent is valued.

Research highlights the need for inclusive leaders to adapt to different contexts and this includes diversity of thinking. Leading a diverse group is more challenging than leading people who are similar. Courage and self-awareness are key enablers.

### Tips for chairs:

- Champion diversity and lead by example – set the tone from the top
- Demonstrate a commitment to inclusive behaviour
- Take an active role in promoting diversity through appointment and selection processes
- Seek and welcome different and contrary views in discussion
- Dig for value: recognise that dissent and different perspectives have value and manage them appropriately
- Recognise differing boardroom styles to get the best from each director
- Draw out quieter voices and ensure diverse perspectives are integrated into deliberations, not sidelined

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## Recognise and address bias

Increase objectivity by reducing biased decision-making.

Bias can come in different forms. It includes using stereotypes and the tendency to gravitate toward those we immediately recognise as familiar (think about who you choose to sit next to on the bus). Bias is a human trait, used to make quick decisions about our personal safety and who we surround ourselves with. We use biases every day to make decisions from what bread to buy to how we travel to work.

The downside of bias is that we can make quick and final judgments about others. It provides a fast track for decision-making that leads us toward the familiar. In board composition terms, we can end up surrounding ourselves with similar people.

There are many types of biases. For example, *confirmation* bias is when one actively seeks information and interpretation which affirms established beliefs while missing information that contradicts established beliefs.

*Unconscious* bias is the product of unconscious knowledge (what we know) and unconscious thinking processes (how we think) and can happen automatically or quickly (fast thinking).<sup>1</sup>

This may seem more efficient, but if relevant information isn't considered, then decision-making, for example on appointments, may not be optimal.

Unconscious bias can be mitigated in recruitment by ensuring a merit-based appointment process. For example, the New Zealand Treasury introduced blind recruitment for its graduate intake, removing names and other personal details from applications and broadening outreach to diverse groups. Over time it helped maintain gender balance while substantially increasing ethnic diversity in cohorts, compared with earlier intakes.

A lack of board diversity can indicate unconscious bias influencing decision-making about board appointments. This could mean the composition of the board may not be based on what the company needs and therefore not as effective as it could be.

1. Ministry of Women's Affairs, Realising the opportunity: Addressing New Zealand's leadership pipeline by attracting and retaining talented women (2013)

The thing about unconscious biases is that we are not aware of them. Even if you support diversity there will be biases that have shaped your world and continue to do so. The challenge is to be aware of, and overcome biases, both conscious and unconscious. Online tools and tests can provide a good starting point for identifying individual biases.

**In 2017, only 19% of directors on NZX-listed boards were women. This has since risen to 31%, however, New Zealand still lags behind Australia (36%) and the United Kingdom (42%).**

### **Tips for recognising and addressing unconscious bias:**

- Acknowledge that unconscious bias exists
- Question assumptions and build awareness of biases, for example, through reflective tools or assessments
- Take time to consider and evaluate decisions, for example, by seeking an independent or peer review
- Ensure there is an objective competency and merit-based appointment process, for example, by removing personal information from CVs
- Give appropriate weight to intrinsic competencies and capabilities, rather than over-valuing certain kinds of experience

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## Review board composition, skills and effectiveness

Ensure the board has the right mix of skills, experience and perspectives to support effective governance.

### Board composition and skills mix

Board composition is about culture, as well as structure, and it is a direct contributor to board performance. It is not just about pulling together a group of high-performing individuals, it is also about getting the right mix of people.

There are common attributes that all directors need such as intelligence, diligence, honesty, independent thought and sound business judgement. Other attributes such as skills, knowledge, expertise, experience, communication styles and interpersonal skills can differ. They all contribute to an effective board by having a diverse range of perspectives and insights that enhance board decision-making.

Diversity is about looking at the whole board and its strategic needs, rather than individual appointments. Tenure should also be considered in this way so that the board as a whole maintains a balance of newer and longer-serving directors. Good diversity means experience and wisdom combine with fresh ideas, appropriate to the needs of the organisation.

Key mechanisms that contribute to continuous improvement in board composition and capability are:

- Assessment of board skill and attribute needs, for example, using a board skills matrix
- Ongoing governance education and development to address capability gaps
- Succession planning
- Formal evaluation of board performance

Consideration of board diversity needs should be embedded in all of these processes.

When assessing board diversity, avoid a compliance or tick-box approach. It is about building a board that considers diverse perspectives in discussion and decision-making to add greater value to the business.

It can be a lonely and difficult job for the one woman or one person from a different ethnic background to bring different views to the discussion, if everyone else around the board table is from one homogeneous group.

### Tips for reviewing board composition:

- Understand the mix of attributes around the table, including experience, skills and diversity
- Assess the composition and capability of the board and the aspects of diversity it has, or needs, including how they relate to:
  - the business and sector it operates in
  - customers, strategy and future needs
- Avoid a compliance or tick-box approach to board diversity; focus on genuine contribution and effectiveness
- Ensure the composition of the nomination committee demonstrates a commitment to diversity
- Consider tenure and refreshment alongside diversity, to support both continuity and renewal

## Succession planning

Board composition will not, and should not, be transformed overnight.

Succession planning is about taking a strategic approach to refreshing the board. It is having a formal process and plan to ensure the board has the skills and attributes it needs now and for the future to ensure quality, continuity and a balanced mix.

### Look to the medium-term for succession planning

Develop medium-term succession plans that identify the balance of experience and skills the board will need to recruit for over the next two to three years. Thinking longer term allows the whole board to plan and does not concentrate on individual hires.

Providing directors with opportunities to chair committees or take on other leadership roles can support both succession planning and director development. These roles help build experience, test capability, and strengthen the pipeline for future board and chair leadership.

#### Tips on succession planning:

- Develop succession plans that identify the balance of experience and skills the board will need over the next two to three years that strengthens board diversity and maximises board effectiveness
- Integrate board diversity targets into succession planning
- Embed succession planning as a regular part of the board's ongoing cadence, rather than a reactive response to vacancies

**“Diversity is the mix.  
Inclusion is making the  
mix work.”**

ANDRÉS TAPIA, SENIOR CLIENT PARTNER AND GLOBAL DIVERSITY AND INCLUSION STRATEGIST, KORN FERRY (JUNE 2024)

2. IoD/ASB Director Sentiment Survey 2025

## Board evaluation

Board and individual director evaluations are important to hold the board accountable and support continuous improvement.

Less than half (46.2%) of boards reported undertaking a formal board performance evaluation at least biennially, despite rising expectations of board effectiveness and accountability.<sup>2</sup> Regular board evaluation provides a key opportunity to ensure the board has the skills and capability it needs now and for the future – and that it has sufficient diversity.

Individual self-evaluations enable board members to assess personal performance, including whether they bring the skills and attributes the board needs for future success – and, if not, to consider stepping down. This can be difficult for both individuals and the board as a whole. Courage may be needed to combat ‘vested interests’.

Effective boards do not assume that good intentions or well-designed processes are sufficient. Evaluation provides a feedback loop to reflect on how the board is operating in practice, including whether different perspectives are being tested and whether decision-making remains aligned with strategy and risk.

Evaluation can be formal or informal, simple or comprehensive, unstructured or highly structured, verbal or written – or a mix of all of these over time.

Importantly, effective evaluations look beyond technical measures, such as attendance and compliance, to examine behavioural dynamics, decision-making quality, culture, challenge and inclusiveness.

When undertaken well, board evaluations provide a safe and structured way to surface blind spots, counter complacency and strengthen collective performance.

#### Tips on board evaluation:

- Undertake regular and formal board evaluation, and consider including diversity questions
- Undertake regular, individual self-evaluations to ensure current board members have the skills and attributes the board needs
- Ensure the performance of the chair is included as part of the evaluation process
- Ensure there are follow-up actions regarding evaluation findings

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## Identify and appoint diverse talent

Undertake an open and independent recruitment process casting a wide net to find the best people for the board.

Board appointments must be based on merit, the needs of the board as a collective and its strategic objectives. A robust and objective process will enable the best talent to be put forward for consideration.

Director candidates are often identified through personal networking or word of mouth. By focusing on 'who we know' and shoulder-tapping, potential candidates may come from similar social circles or professional relationships which can perpetuate the status quo in board composition.<sup>3</sup> This can limit the range of experience, perspectives and capability available to boards. There needs to be clarity about what skills are required, rather than who the board may know. Formal and transparent appointment processes will help ensure appointments are based on merit.

Diversity is not about displacing experience or institutional knowledge. We need to retain the wealth of knowledge and experience of senior directors and ensure they are supported and champions for diversity, reflective practices and capability development.

It is important to also look beyond traditional sources of potential directors (such as chief executives, senior managers, lawyers and accountants) to identify candidates who have business acumen, core director capabilities, and diverse skills, experience and attributes.

Intentional approaches to identifying and developing future directors can help broaden the pool of candidates while maintaining high standards of governance capability.

### Tips for identifying and appointing diverse talent:

- Skills first: recruit on the basis of merit, capability and board needs
- Use a structured and transparent appointment process, with consistent criteria for all candidates
- Ensure nomination committees and interview panels reflect diverse perspectives
- Be clear and transparent about how board appointments are made
- Use techniques to reduce unconscious bias, such as removing unnecessary personal identifiers from early-stage CVs
- Expect diversity in candidate pools; if shortlists are narrow, consider returning to the market
- Look beyond traditional director profiles to identify candidates with governance capability and diverse experience
- Advertise board roles to broaden the range of applicants
- Provide appropriate information and support to candidates throughout the process
- Use search firms carefully, and ensure they demonstrate a commitment to diversity

3. Institute of Directors in New Zealand & EY, IoD Directors' Fees Report 2025/26

Using a range of methods to identify candidates, such as search firms, databases and advertising will ensure the short list has a diverse range of candidates with the required skills and competencies.

Executive search firms provide services to identify and appoint board members, as do a number of other specialist services such as the IoD's director search.

Several government agencies provide diversity nomination services for their respective areas. These include:

- Ministry for Women
- Te Puni Kokiri
- Office of Ethnic Communities
- Treasury

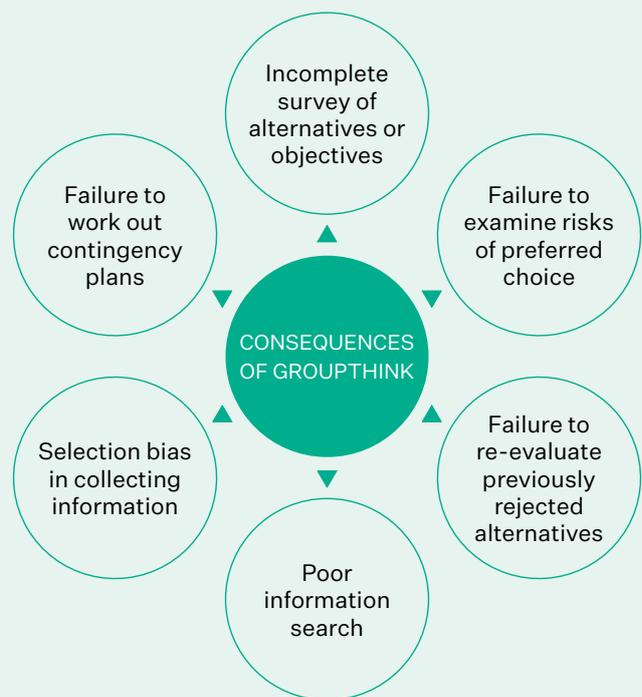
### Reducing the risk of groupthink

Board diversity is not an end in itself but a means to improve board effectiveness, decision-making and organisational performance. When presented with options, a board with a variety of perspectives is likely to ask a wider range of questions. Overly homogeneous boards run the risk of groupthink and can struggle with change.

Groupthink can occur when boards become deeply cohesive and of one mind. Members try to minimise conflict and reach consensus without considering alternatives. They can fail to weigh decisions against strategic objectives and assess risks of the preferred option. Groupthink is often characterised by suppressed dissent, limited challenge and an uncritical acceptance of prevailing views. Irving Janis (1918-1990), a research psychologist who coined the phrase groupthink, identified eight symptoms that can indicate a groupthink problem exists.

There is a need to widen the kinds of thinking we typically see at New Zealand board tables. Thought leadership tends to be broader and deeper if the group has a balance of problem solving approaches, including through discipline and functional/role diversity, gender and ethnicity/cultural background.

### Consequences of groupthink



**“Complexity cannot be successfully tackled by one frame of reference, one mindset or one world view.”**

LLOYD MANDER CMIInstD

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## Set targets and measure progress

Strengthen accountability by measuring what matters.

Ultimately, what gets measured gets done. In corporate New Zealand, employers need to understand their employee pipeline. That includes diversity at all stages in the hiring process, promotion rates, performance ratings and allocation of stretch and high-visibility assignments, compensation and reasons for exit at all levels.

Targets and disclosure policies can and do make a difference. Targets are not quotas – they are voluntary, measurable objectives that support transparency and progress without overriding merit-based appointment processes. In New Zealand there has been some improvement at a macro level on gender diversity. Women held 52.1% of Cabinet-appointed public sector board and committee roles as at 31 December 2024, marking the fifth consecutive year at or above parity. Women also held 44.5% of chair roles. Across NZX-listed issuers, women comprised 31% of all director positions in 2023, up from 22.5% in 2020, reflecting steady progress following NZX reporting requirements on the gender breakdown of directors and officers. The lesson for boards is straightforward: what gets measured, resourced and reviewed improves.

However, this is still slow progress and the proportion of women on NZX-listed companies lags behind other countries.

At the entity level, boards need to lead the way in changing culture and making diversity a priority. This includes setting diversity objectives aligned to board review findings, and ensuring the board has the skills and experience it needs now and for the future to understand and respond to the needs of a diverse customer and stakeholder base.

**“If we want meritocracy to succeed, DEI is essential. ... The link between diverse organisations and firm performance is empirically evident - both internationally and in New Zealand.”**

GAIL PACHECO, EEO COMMISSIONER  
(OCTOBER 2025)

It also includes holding management to account for leading and embedding diversity in the organisation.

Increasing board diversity should not be about compliance, but about improving board effectiveness and ensuring boards are equipped with the range of perspectives needed to navigate complexity and change. One woman or one Māori member on the board does not mean there is board diversity. There needs to be a critical mass for diversity of thought and perspective to flourish. For example, 30% representation is regarded as a level at which minority voices can be heard.

Setting targets and measuring progress will provide boards with the information they need to track progress and achieve diversity goals. Reporting on progress in an open and meaningful way that goes beyond compliance, is simply good governance and reinforces accountability to stakeholders over time.

**Tips for setting targets and measuring progress:**

- Develop and implement diversity policies and establish measurable diversity objectives for the board and the organisation
- Tailor targets to the board's needs and strategic objectives
- Ensure there is sufficient and transparent disclosure about board diversity processes, for example, board evaluation and appointments, and progress in achieving objectives
- Consider setting targets for short lists, such as a gender balance of between 30% and 50%
- Hold management to account for leading and embedding diversity in the organisation
- Review progress regularly and use findings to inform succession planning and future appointments

**“A growing body of research shows having more women on corporate boards leads to better decision-making, stronger governance and improved environmental, social and governance (ESG) performance.”**

DR RAMONA ZHARFPEYKAN, UNIVERSITY OF AUCKLAND

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## A final word

Organisations and boards need to harness the full breadth of talent to support long-term success and sustainability. Diversity of thought, experience and perspective strengthens governance and decision-making in an increasingly complex operating environment.

There is no one-size-fits-all solution, and making a difference can take longer than we think, requiring sustained commitment and leadership.

Better gender balance and greater ethnic, cultural, skill, experience and age diversity on the board requires attention to both board composition and culture. An inclusive culture underpins diversity of perspective and thought on the board, and enables better decision-making and long-term organisational sustainability.

Achieving meaningful change requires a deliberate and multi-pronged approach. Real change will take time and consistent focus.

There are many organisations and initiatives focused on supporting diversity, such as Global Women and Champions for Change, NZ Asian Leaders and the Ministry for Women. The IoD runs a number of in-house programmes to support aspiring and diverse directors and initiatives such as Mentoring for Diversity and the Future Directors programme.

This guide aims to complement these initiatives to help boards get on board with diversity and access the best talent to help drive success and business sustainability. Ultimately, however, it is up to boards and chairs to commit to making diversity and inclusion a priority.

Further information and resources are available at [iod.org.nz](http://iod.org.nz)

# What the IoD is doing

The IoD has long held that diversity of thought and perspective add value to boards and board decision-making. We are advocating for greater board diversity through media commentary and a range of programmes and initiatives.

## Mentoring for Diversity

The IoD Mentoring for Diversity programme started in 2012. Initially focused on women, the programme was expanded in 2015 to consider mentees in terms of ethnicity, age, skill set and background, in addition to gender. The programme targets high-potential directors and pairs them with a leading New Zealand director or chair for a 12-month period.

## Future Directors

Founded by Sir Stephen Tindall, Michael Stiassny and Des Hunt, Future Directors helps develop the next generation of directors by providing the opportunity for successful candidates to gain board experience by participating on a board of a large New Zealand organisation for a year.

## Supporting aspiring and emerging directors

Informal and formal initiatives, including awards and scholarships, offered by IoD branches around the country to foster upcoming talent in governance through mentoring, formal training and access to leading speakers at branch events.

## DirectorSearch

DirectorSearch is an impartial and professional service, helping organisations find the right director for their board. We search our database with diversity top of mind. It is not just about finding the right person but also about ensuring they add balance to the board as a whole. Our searches focus on candidates' skills and sector experience and we include a mix of diverse candidates in each long list, ensuring our clients have a wide pool of potential candidates from varying backgrounds.

## Shared Interest Groups

The Institute also offers a range of Shared Interest Groups (SIGs) which provide opportunities for members with shared identities or lived experience to connect, share insights and build governance capability. These include the Women Directors' Network, Pasifika Governance, Rainbow Directors' Network and the Young Directors' Network. SIGs support peer learning, informal mentoring and targeted events, helping directors broaden perspectives, strengthen networks and deepen their contribution to effective governance.

## Branch networks

The IoD has a regional network of eight branches throughout New Zealand, five in the North Island and three in the South Island. Branches provide networking opportunities through regular events.



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