



What is governance and what does it mean to get a seat at the table?

What does it mean to have a seat at the table when you're sitting on a board? This first episode of Across the Board looks at what it takes to get your first board role as well as breaking down some old stereotypes. **Kirsten Patterson** and **Sonia Yee** delve into the responsibility and role of boards, and look at how the decision making process trickles down through an organisation.

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**Sonia Yee:**

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**Kirsten Patterson:**

Your alarm goes off. Step in the shower, get dressed, type a message, read the news, check your socials, or listen to tunes. Have breakfast, lock the door, get in the car, or race to the train.

Audio:

Ah, damn it, there's a half-hour delay.

**Kirsten Patterson:**

Walk to the bus, cell phone rings.

Audio:

Yeah, I'll be there soon. Yeah. Talk to you soon. All right, bye.

**Kirsten Patterson:**

From the food you eat to the bus you've just missed, the car you drove to work or school, to the newsfeed you devour every single day, every element of your waking life has involved some form of governance. So, what does it mean? Well, a group of people sitting in a room have made decisions that affect the survival of the company or organization that produces the products or services you've just used. It could be your workplace, a hair salon, your school, down to the charities who collect your spare coins on a Friday morning or online. All, or at least most, are likely to have a board of advisors, a council, or directors that are making decisions about the way that business or organization operates. Kia ora I'm **Kirsten Patterson**, otherwise known as KP.

**Sonia Yee:**

And I'm **Sonia Yee**, the producer of this seven-part podcast, Across the Board.

**Kirsten Patterson:**

Made by the Institute of Directors in association with the New Zealand Herald. Through the series, we'll be looking at a whole host of things, including the use of technology in and out of the boardroom.

**Sonia Yee:**

The rise of social movements that impact gender diversity and inclusion, the climate emergency, and how that's playing out for boards.

**Kirsten Patterson:**

Insights and stories from non-executive and executive directors about what success and failure looks like. But in this first episode, we look at what governance is, how it really affects us, and why we should care. Sonia hit the streets to find out.

**Sonia Yee:**

What do you think boards of directors do? What's their job?

**Speaker 1:**

They direct boards.

**Sonia Yee:**

You don't know anything about what...

**Speaker 2:**

No, sorry.

**Sonia Yee:**

Okay. No, no, that's cool.

**Speaker 3:**

Well, they should be taking control and making money for these shareholders.

**Speaker 4:**

Delegate different portfolios and projects and things like that.

**Sonia Yee:**

Do you think their role is important?

**Speaker 5:**

I do think it is important. I think it's the people on the ground don't necessarily understand what's going on behind the scenes, and it's important that that communication spread throughout the organization.

**Speaker 6:**

There should be more visibility across all organizations for what they do and what they are going to do.

**Sonia Yee:**

And what about when proverbial (beep) hits the fan?

**Kirsten Patterson:**

Good question. Well, we'll get to that in good time. Now, when we think about directors and boards, it's often the negative stories that make the headlines. A company goes under because of mishandling. Someone says

something that brings down an organization's reputation, and the board have to deal with the fallout.

**Dr Michael Fraser:**

When we think about what poor governance looks like, we are familiar with some of those stories and the detrimental impact on people's lives.

**Kirsten Patterson:**

Dr. Michael Fraser from the Institute of Directors.

**Dr Michael Fraser:**

I'm the general manager of learning and branch engagement.

**Kirsten Patterson:**

So, bringing it back to basics, if we know what bad governance can do, what does good look like?

**Dr Michael Fraser:**

Great governance that has the power to do great things. If you zoom right out and take it out from an individual level and think about us as a country and our institutions within it, how we get our food, our security, our general wellbeing is all underpinned by great governance. It's just not always so visible.

**Kirsten Patterson:**

There are a number of things that make up great governance, and these, according to Dr. Fraser, filter right through and can be felt in a company or organization.

**Dr Michael Fraser:**

What organizational entity would not want purpose and to follow through on that purpose? Second is accountability. Accountability sounds like a really formal kind of term, but actually, it's a really simple concept. "Where have you been this morning?" is a form of account. These formal terms actually have really simple, pragmatic implications that we are across each day. And then there's compliance and culture, so how we are carrying on.

But what does that look like? Do you enjoy your job as an employee? Well, a lot of that will stem from what the tone at the top is. What's the culture that's been set by the board, and how does that permeate down to the

leadership team and around the organization? Governance doesn't just happen in boardrooms. Governance happens with a lot of these individuals in much more informal settings. It happens with touring a factory and having a look at our latest product. That's not just a member of the governance group or board conducting a factory tour. They're looking for culture. They're looking for, "This is what I read in a board paper, and this is what I'm seeing." That's accountability in action. They're testing the temperature of the organization.

**Kirsten Patterson:**

And despite any preconceived ideas you might have of what boards and their members look like, that's also changing rapidly.

**Dr Michael Fraser:**

We know that actually, to be successful, the composition of the board, people don't all look the same and think the same and talk the same. The misconception is it's really fancy, formally educated people sitting in cliché-looking boardrooms. But the reality is, actually, great governance is happening all around us. It happens at the most informal end, people's living rooms, school classroom, right through to more formal boardrooms. But it happens with a diverse group of people in a whole lot of different ways. But there is one common thing. It matters, because to get the best, to be our healthiest, best selves, to make New Zealand the best country it can be and those organizations the best they can be, those are critical conversations.

**Kirsten Patterson:**

But before you accept an appointment or you're trying to figure out what kind of board is a good fit for you, Michael says there's one important question you need to ask yourself first.

**Dr Michael Fraser:**

Why? I think they should be really clear about their why, because their why will drive whether they care or not. You've got to care for that organization and its people, and you've got to ask why you're doing it in terms of the purpose. If you haven't nailed your why, the work is too hard, and the complexities will get on top of you, but if you've nailed the why, that will drive you through.

**Kirsten Patterson:**

So, what does it take to get on a board? I'm sure there's an assumption that you need to be a certain kind of person or personality to sit on a board in the first place.

**Sonia Yee:**

Well, hold tight, because **Clare Swallow** comes from the tech space and specializes in design thinking. Her take on the matter is that EQ, emotional quotient, might be equally or as valuable on a board as a high IQ.

**Clare Swallow:**

If someone with an extremely high IQ was hired on that basis and that basis alone, and someone else was there that may have had a lower IQ but a really high EQ, then I think that person would outperform the person with a high IQ in terms of leadership. I teach design thinking to not-for-profits like governments. I'm teaching MBA students, and that whole premise is, we have to understand from the people that are impacted by our products and services what their world looks like. What is the motivation for them? Until we do that, we will never define the right solution.

**Sonia Yee:**

And solutions are crucial when you're sitting on a board, because the role is about critical thinking, dealing with emergency situations, and being able to handle a crisis as well as taking care of the financial side of things. The only problem is that with so much of our lives turning to tech, AI, and our lives operating online, there's also a concern that the human side of things might just get swallowed up.

**Clare Swallow:**

We've spent the last hundred years, I think, since the Industrial Revolution, trying to treat humans as robots or machines. How do we have a standard operating procedure for everything? How do we have a policy for everything? How do we put everything in a box that humans can't get it wrong? And actually, I think we'll spend the next hundred years trying to undo that and get humans back to being humans so that robots can come and do all of that stuff that we don't need people to do. So, how do we get people to think creatively? How do we get them to be creative? How do we get them to connect so they trust each other? All of that kind of human stuff

is the bit we'll have to teach, I think, which seems counterintuitive, but it's super important.

**Sonia Yee:**

Claire believes that a high IQ is a valuable asset in the boardroom, but she feels the definition of it needs to be broader.

**Clare Swallow:**

If you expand IQ out into the ability to learn and relearn, I do believe it's probably one of the most important skills in the boardroom. Theoretically, the more likely we are to be able to learn, and as the world continues to change and chaos continues to reign, then we're going to have to learn and relearn skills all the time.

**Sonia Yee:**

I guess being on the board of directors, it's a given that you need to come with a lot. You need to come with X, Y, and Z, and that's a lot of logical thinking. So, that might be where the balance of scales is. It's logical and rational versus emotional and how you deal with people.

**Clare Swallow:**

Yeah. And there's still a baseline of IQ that you need around the board table. It's not to say that isn't important. You do need specialist skills, and there's times that we're negotiating, and those expertise only come from years of experience within that industry. So, there's absolutely a place for it, and risk is generally the place that comes in, I think. But there's also a place for all of the other stuff, too.

**Sonia Yee:**

Is it where the strength would come to in dealing with the finer details? Do you think that's an IQ thing? Attention to detail?

**Clare Swallow:**

I think it's an expertise-dominant thing, yeah. In a logic and a reasoning process, in dealing with people's lives, if you're thinking about health and safety, we'd all be comfortable that there's an expert in the room helping navigate those scenarios that comes with experience built on science and understanding and rationality. From a board perspective, we think we have to have that at the table, but actually, we could pull in those expertise in

times when we need them, and then you've got people around the table that can do all that connection piece and actually work really well together and go out and actually understand from a customer's perspective or a team's perspective.

**Sonia Yee:**

Claire has a simple way to sum up what she thinks brings the best of both EQ and IQ together.

**Clare Swallow:**

If we say IQ is the race car and EQ is the driver, there's no point in having the race car without the driver. You have to have both in order to be able to perform. But equally, the driver can't drive nothing, so there has to be some knowledge as a base to start with as well. It's almost like arguing which part of the body's more important, the heart or the brain? Well, they're both more important.

**Sonia Yee:**

From racing cars...

**Kirsten Patterson:**

To airplanes.

**Angela Swann-Cronin:**

I look at a boardroom exactly like I do the flight crew of an aircraft.

**Kirsten Patterson:**

**Angela Swann-Cronin** is the first and only Maori woman since 1999 to become a pilot in the Royal New Zealand Air Force.

**Angela Swann-Cronin:**

It was a dream that started from about the age of 14. But you know what? I wasn't brought up in an aviation background. I knew no one that was a pilot. It's quite crazy to think about it, but I saw an ad on television advertising pilot in the Air Force, and that really sparked my interest for looking at a career that provided real adventure, challenge, and reward, and travel as well. I liked the role of being able to serve your community as well. I used to fly in a C-130 when I was in the Air Force. Everyone has their own role, whether it's the captain, the co-pilot, flight engineer,



navigator, and the load masters down the back. We all have our unique skills that we bring.

**Kirsten Patterson:**

Angela lives in Rotorua and travels to work in Tauranga for her full-time role as an airline pilot.

**Angela Swann-Cronin:**

But I live here in Rotorua, and this is where my heart is, and where my [foreign language 00:12:27] is, and where we've built our dream home, too.

**Kirsten Patterson:**

You can only imagine that being in the Royal New Zealand Air Force takes guts and a huge amount of courage. Angela has this in spades, but is she also a risk taker?

**Angela Swann-Cronin:**

I wouldn't consider myself a risk taker. I evaluate risk every day in my job, my day-to-day job. I guess I'm more of an analyst on looking at risk, but I'm not afraid to take challenges, and I guess that's part of being courageous and stepping into spaces that have minority representation like myself.

**Kirsten Patterson:**

Angela is also new to governance and now sits on two boards.

**Angela Swann-Cronin:**

The Search and Rescue Services Limited, which provides aeromedical services south of the Bombays to Wellington, and it's the operational entity of five charitable trusts. And then, it's my children's high school board here in Rotorua, too, which I have to say I reluctantly joined, but it's been a really good experience, too.

**Kirsten Patterson:**

Being on two very different boards, are there crossovers when it comes to the type of issues raised in the boardroom? And how does Angela bring her unique experience to the table?

**Angela Swann-Cronin:**

I think in every industry, it has been dealing with the immediate COVID response, but long term, it's dealing with trying to... and for me, being a representative of Maori on the boards is trying to elevate Maori into a position where they're achieving at the same rate as their non-Maori peers. So that's what I'm there for, and that's what I advocate for on all boards, and very much so with education. Now that I am on a couple of boards, I'm really excited to be able to offer that voice and quickly address any issues that might be boiling away in the company, so yeah, I'm thrilled that I can be given that platform to do so.

**Kirsten Patterson:**

Governance roles require a huge amount of work. And like Michael said earlier, you have to care. So did being in the Air Force give Angela the kind of thick skin she needs for the boardroom, and did she ever feel that she had to fit in and be one of the boys?

**Angela Swann-Cronin:**

I didn't have a thick skin when I first joined the military, because I grew up in an all-girls family. I went to an all-girls school, so it really hadn't prepared me much for the environment that I was about to go into. But I didn't have a thick skin. I tried to blend in, but when I realized that I'd become the first Maori woman to gain a pilot brevet in the Air Force, that kind of changed my thinking a little bit, too, because I was shocked and embarrassed at the time that they wanted to make a big deal about it. But I realized that I was stepping into a space where I was going to become a role model for others, and I reluctantly did so, and I am grateful that I have, because even yesterday, I got a message from a young woman at Gisborne Girls' High School who said she wants to become a pilot one day, and can she korero with me? I'm really excited about delivering those opportunities.

When it comes to the governance work, again, all those skills that I developed through the military, through general aviation, through working in tourism, working with the airlines now, have all given me such valuable, transferable skills. I might just be a pilot in my full-time job, but I know I've got really valuable skills for the boards that I'm on. I encourage more women, more Maori, to step into this position so that we can simply have a voice at the top.

**Sonia Yee:**

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**Kirsten Patterson:**

Having a voice at the top requires passion and dedication.

**Sonia Yee:**

And someone else who knows what it takes to get there is **Rhiannon McKinnon**. She's the CEO of investment company Kiwi Wealth, a role she landed in 2021.

**Rhiannon McKinnon:**

Yes, it's just been just over a year in the role, and it was obviously great to be moved to a permanent position, which obviously gives you a sort of... feels less like a long-term job interview as something that you are actually doing.

**Sonia Yee:**

So, when you become a CEO of a company, does that mean there are expectations to present yourself in a certain way? Well, it seems the mood has shifted, and suiting up in the office might be a thing of the past.

**Rhiannon McKinnon:**

Part of that is being approachable, and therefore, I haven't gone out and bought a whole load of power suits on the other side of getting this appointment. I still want to look the same as I ever did. I mean, over the last 20 years, work wear for everybody has become a lot less formal, so if I actually think about what I wore 20 years ago, I do wear a suit. I'd wear quite a smart shirt or a top. I'd wear heels each day. Whereas my husband's uncle often sees me on a working day and says, "Is this what CEOs wear these days?" And I'll be wearing jeans, a pair of flat shoes, and a reasonably smart top. I think things have changed a lot in terms of expectations, but I've got a board meeting later, and I certainly would put on a smarter top rather than a less smart top.

**Sonia Yee:**

As the CEO of Kiwi Wealth, Rhiannon has to attend board meetings, but more about the board role she had earlier. Her first board role was within New Zealand Film Commission.

**Rhiannon McKinnon:**

Very lucky to be in the right place in the right time. I was nominated by the then-Minister of Culture and Heritage, Chris Finlayson, to go onto that board. That was a huge opportunity which I grasped with both hands. I was on that for six years. And then, while I was serving on that board, I was asked to join the CFA Society of New Zealand, and I was quite excited to join something that was slightly more industry-specific.

**Sonia Yee:**

And later, she joined Dress for Success Wellington, as an organization that provides quality used clothing for women going for job interviews, graduation ceremonies, house viewings, and more.

**Rhiannon McKinnon:**

I was about to go on, I think, maternity leave with my third kid. I was pregnant with my third child, and I thought that serving on a voluntary board might be a really good way of keeping me in touch with a world outside of motherhood for a period. But really, it was around... interested in not-for-profit governance and a real, deep belief in the mission of Dress for Success and what they do.

**Sonia Yee:**

First impressions always count. So, are there any tips for upping your game if you want a seat at the table?

**Rhiannon McKinnon:**

One, wear what you feel most confident in. There are some outfits that if you put them together and you've given them some thought will probably make you feel confident on the day. Having said that, I think it's probably worth trying to understand a little bit about the company and what sort of style might suit, and there's no doubt that I dress differently for different occasions. For Dress for Success, you wouldn't want to turn up formally, but I wanted to look stylish, because everyone did at the Dress for Success board, because everyone cared about clothes. And that might be how you

accessorize that day as well. Yeah, I think you need to get an understanding of the sort of business and the formality of that board and then try and match that to the extent you can, but find the thing that you're most confident in as well.

**Kirsten Patterson:**

Today, the look and feel of boards has changed considerably, but there is still a long way to go. We'll get more into the diversity and inclusion side of the picture in the next episode.

**Sonia Yee:**

But first, where did modern governance begin in New Zealand?

**Dr Jim McAloon:**

My name is Jim McAloon. I'm a professor of history at Victoria University of Wellington. My main research interests are in New Zealand economic and political history across decades.

**Sonia Yee:**

When we are looking at the history of governance and, I guess, politics, how do those two things connect?

**Dr Jim McAloon:**

Well, sometimes they're very close, and sometimes they're a bit more at arm's length from each other. It's the same sorts of people for a lot of our history have run both the state and the public sector and private business and nonprofits as well. That is, really until about the 1970s, it was pretty overwhelmingly white and male and reasonably well-off in most cases, too.

**Sonia Yee:**

I mean, when we are looking at some of those bigger companies or organizations that were exporting overseas, are we still looking at the primary sector, and did they even have a board structure, and how far back does that go?

**Dr Jim McAloon:**

We are looking at the primary sector and the bits that go with it, so as well as meat and dairy, you're looking at banking, at stock and station agencies, at shipping. Your board structure for those parts of the economy go back to

the 1860s, 1880s, especially in the four main cities, of course. As in many places, those boards were what we call interlocked. A relatively small number of directors sat on quite a number of boards. Nothing unusual in that. Sometimes, indeed, it can be quite efficient. If people know each other, there's a high level of trust, but sometimes, it can perhaps become a little bit too close, a little bit too cozy. One great advantage of it is the degree of trust, but yes, it also means that they were often from the same sorts of backgrounds and perhaps could become an elite that was a little bit resistant to new ideas.

**Sonia Yee:**

I'm curious, though, did the businessmen have a link with politics, and were they getting involved in the political sphere?

**Dr Jim McAloon:**

Sometimes. In Auckland in the 1860s, for instance, perhaps the two most powerful figures were Frederick Whitaker and Thomas Russell. They were law partners. They were briefly both in Cabinet during the Waikato War. They were strong supporters of the invasion and confiscations, by the way. They were also very closely linked with the Bank of New Zealand and with land development. So, in contexts like that, the boundaries between public and private did become a little bit blurred. Mostly, and I think by the 1890s, directors stayed out of Parliament. They kind of got the impression that that wasn't where they wanted to put their energies. James Mills, who founded the Union Steam Ship Company, one of our most important businessmen, was briefly in Parliament, but basically said just that, "Look, this is not where I get done what I want to get done." Much better to stay on reasonable terms with politicians of whatever background and concentrate on business. And that, I think, was the way a lot of those Dunedin merchants operated in the 1890s, early 1900s.

**Sonia Yee:**

I understand that from the mid to late 19th century, Dunedin had the highest population, so there were thriving businesses, it was a business capital, and there was also a distinctive feature of the majority of business owners at the time. Is that right?

**Dr Jim McAloon:**

Yeah. Well, the Tartan Mafia, so called because many of them were of Scots birth or heritage. That's hardly surprising in Dunedin, given Otago's foundation as a Scottish settlement. It probably made for sort of a degree of common experience, common background. If they'd come out to Otago at different times, still, they had the sort of lingering sense of Scottishness, a certain approach to business which I think emphasizes a view of probity, of honesty, of integrity which is not incompatible with driving a hard bargain. Certainly, there's a strong sense of knowing their own minds and of pretty forceful personalities. You often need those qualities in business. I would not say that most of them wanted the sort of ego power that you might associate with some modern billionaires. It was, again, a kind of longer term vision. You see this, too, perhaps, in some cases where families became associated with certain fields of business over a number of generations, too.

**Sonia Yee:**

And again, that's that interlocking that Jim talked about earlier.

**Dr Jim McAloon:**

They enjoyed the wealth and the comfort that their businesses brought them, but I think they also had a very clear idea that they were developing a colony, so there was that sort of bigger picture. If they and their families prospered, well and good, but might suit you better to maintain a relationship over the longer term. The other thing about a lot of these Scots is that they had a slightly independent frame of mind, especially when it came to relationships with their own boards of directors based in London. One of my favorite stories is John Macfarlane Richie, who ran National Mortgage Stock and Station Agency. He complained often privately about how his London directors didn't just understand circumstances in New Zealand. He even called them gentlemanly imbeciles at one point. So, I think there was a certain sort of independence and perhaps a feeling that they could develop things in this colony in a way that might not have been possible back home.

**Sonia Yee:**

So, did they have any formal business training?

**Dr Jim McAloon:**

The interesting thing about New Zealand's managerial class until really the 1970s is that most of them learned on the job. Professional university training in management's relatively recent. These merchant princes, if you want to call them that, most of them began as very young men in the field of enterprise that they would become eminent in, and they really worked their way up. I suppose what they brought with them from the United Kingdom was a pretty good commercial training, but it was a training that they got by apprenticeship in the office rather than by extensive study. And as I say, that really continues into the 1950s, 1960s. But I think perhaps we didn't have the academic infrastructure that some of the big American universities have in terms of business schools. You learn on the job, but that means that you tend to stay in one sector for most, if not all, of your working life, and that means you develop a good degree of expertise and institutional memory as well, I think, as knowing everybody who's involved in the sector.

**Sonia Yee:**

But maybe that's where the challenge of change and the old guard holding tightly onto the reins comes from, that interconnectedness. But as Jim says, it had its benefits, because it also meant that there was a lot of institutional knowledge.

**Hugo Bedford:**

Being a director since 1963...

**Kirsten Patterson:**

**Hugo Bedford** lives in Auckland and started his governance and directorship career 59 years ago. You could say he's part of those old days where familiar names and faces held the ranks.

**Hugo Bedford:**

I joined the board of a manufacturing company in 1963. My father died in 1962, and he'd been on that board, and I was elected onto the board in '63 and another one after that. I've been on all sorts of boards with all sorts of people, importing, manufacturing, and with a wide range of fellow directors, some fantastic people, which helped me a lot. Sir Clifford Plimmer...

**Kirsten Patterson:**



Plimmer is a Scots College old boy who later went on to become a director for Wright Stephenson and chair of the A&P Society.

**Hugo Bedford:**

And Sir Ron Trotter.

**Kirsten Patterson:**

In 1981, Trotter was instrumental in the formation of Fletcher Challenge Corporation, where he was also the chairman and managing director. And there was also Sir Walter Hadlee, New Zealand cricketer and test match captain, and of course, father of Sir Richard Hadlee.

**Hugo Bedford:**

I was fortunate to be on boards with them in the 1970s. They were extraordinary directors. They were thoughtful, fair, and looking after both sides.

**Kirsten Patterson:**

Hugo's board and directorship roles have included working for large companies here and overseas, including the company that made parts for Toyota, which later became Toyota New Zealand Limited.

**Hugo Bedford:**

I was on the board of that for some years. On the board of Steel Brothers in Christchurch, who were assembling those vehicles. Those are semi-public companies.

**Kirsten Patterson:**

He was also on a board for a family business as an outsider.

**Hugo Bedford:**

Norton Moller from Taranaki. He's 93. The Moller family, going back to his father and my father, have worked together, and I was appointed on the board of their Yamaha importing company 20-odd years ago. Different experience entirely, dealing with a family. It was all family and myself.

**Kirsten Patterson:**

So, what are Hugo's views on the role of a director today?

**Hugo Bedford:**

Seen quite a lot of changes and more responsibilities. Over the years, the government has made responsibility more real. Dealing with other people's lives and money is, in my opinion, a great responsibility. It's very important. It's a big responsibility, especially in a big company, and even more so in a company with lots of shareholders who are hoping for the best.

**Kirsten Patterson:**

And today, hoping for the best isn't enough. Directors increasingly face greater personal liability for the decisions they make, and if things turn sour, they have to face the music and sometimes step down from their roles, or at least be held to account. Social movements and issues around climate change and responsibility are also informing decisions made at the top.

**Sonia Yee:**

And one man who believes that changes need to be made to director duties in light of all of this is Dr. Duncan Webb, a former lawyer. Duncan is a Labor MP for Christchurch Central. He's also been described in Wikipedia as a socialist politician.

**Dr Duncan Webb:**

Oh, look, that term's bandied about a bit. If what socialism means is that you think there's a really important place for government to spread risk and make sure that those who are least well-off are properly looked after, then I'm a socialist.

**Sonia Yee:**

So, Dr. Webb, you trained as a lawyer. What did you specialize in?

**Dr Duncan Webb:**

I had a long time in the law one way or another. I taught law for quite a while, and one of my areas there was professional ethics, and that was really interesting. But also, I taught some commercial areas, including insurance law, and when I started practicing law full-time in Christchurch in 2010, there was an earthquake, which meant that my practice turned pretty much into an insurance practice. You're dealing with governance issues all of the time, because a lot of what you are dealing with is various

organizations, companies, not-for-profits, and so on, and assisting them in decision making. So, you've got to have a governance lens over that.

**Sonia Yee:**

So, what are some of his proposed changes to director duties, and how did this come about?

**Dr Duncan Webb:**

Obviously in Parliament, one of the fun things that you can do is put in member's bills into the ballot. One of the bills I was working on was this bill on director's duties, the ability for companies to take wider matters into account when making decisions for the company. We can do that already, but I think what this does is a couple of things. It clarifies the law, and it also kind of gives permission to directors to be much more expansive in the way they think about what's in the interests of the organizations that they're directing.

**Sonia Yee:**

So, that would be that social responsibility.

**Dr Duncan Webb:**

It doesn't mean that there's no place for private enterprise. It doesn't mean that there's no place for people to be rewarded for the work they do, but it certainly means that everyone's got a responsibility to look after the wider community.

**Sonia Yee:**

But why are the changes needed, and why now?

**Dr Duncan Webb:**

There hasn't really been a significant shift in what director's duties are, even with the '93 act. That act really just encapsulated the law that existed before, which was an act from the 1950s. The shift has been the way we look at what companies are and what they do and what corporate entities more generally are, because I think there was a kind of a zenith in the 1970s where agency theory won through, and people thought that companies were simply vehicles for profit-maximizing enterprises and that anything other than that was some kind of breach of faith with the shareholder. I think we recognize now that people don't invest in

enterprises only to make money. They actually now have... many people have a real interest in what it is that's being done with their money and what their actual mission is.

**Sonia Yee:**

So, basically, what you're saying is that if you're running a company, how you envisage that company should be more than just making money.

**Dr Duncan Webb:**

Not that it should be, because that's kind of imposing a moral judgment, but that it can be, and that it's entirely appropriate. That over the years, we've narrowed our vision, and we assume that it's profit, but it needn't be. It can be any of those wider purposes, and that's really important to kind of allow, permit, and also just encourage people to think, what is the purpose of this enterprise? What is its wider purpose?

**Sonia Yee:**

That was Dr. Duncan Webb. You also heard **Rhiannon McKinnon, Hugo Bedford**, Dr. Jim McAloon, **Angela Swann-Cronin, Clare Swallow**, and the Institute of Directors' Dr. Michael Fraser.

**Kirsten Patterson:**

The voice at the start of the episode was Damien Gelvin, and the sound engineer for the series was Mark Chesterman. I'm **Kirsten Patterson**.

**Sonia Yee:**

And I'm producer **Sonia Yee**. That was the first episode of Across the Board.

**Kirsten Patterson:**

You can download or subscribe on iHeartRadio, Apple, Spotify, or wherever you get your podcasts. And if you'd like to find out more about governance or what it means to sit on a board, head to [iod.org.nz](http://iod.org.nz). In the next episode, we'll look at the changing of the guard, old versus new, board dynamics, and diversity.

**Sonia Yee:**

And what it means to push for change.

**Kirsten Patterson:**  
Thanks for listening.

**Sonia Yee:**  
Catch you next time.