Director Sentiment Survey 2026

INSIGHTS FROM THE NEW ZEALAND DIRECTOR COMMUNITY



Institute of DIRECTORS NEW ZEALAND

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Director Sentiment Survey 2026

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November 2026

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Survey insights



Strategy has moved to the front of the board agenda as concern about New Zealand's long-term economic direction has risen and concern about financial market volatility has eased. Almost half of directors now expect their board structures to need revision as business models evolve, a substantial increase from last year. The 2026 results point to a boardroom with a stronger strategic focus, raising questions about whether capability, information, succession and decision disciplines are keeping pace with the change directors themselves expect.

Longer-term direction has moved up the agenda

After several years dominated by immediate financial and operating pressure, the 2026 results suggest boards may be recovering some strategic bandwidth. Strategy and growth is now the leading priority, and the language directors use is telling: strategic direction and refresh, revenue growth, execution and sustainable or profitable growth all feature strongly.

The wider results reinforce that shift. Concern about the lack of a long-term economic strategy has risen sharply, while market and financial volatility has become less prominent. Financial pressures have not disappeared, but attention is being directed towards how constrained resources should be deployed, where organisations should invest and what needs to change to support

Image by: Yumu on Unsplash

future growth. Operations, productivity and assets emerged as a leading theme in the open-ended responses, featuring in 45.2% of respondents' priorities. This points to a focus on the practical capacity to deliver, including productivity, efficient use of resources and whether assets and infrastructure can support strategic ambitions.

This makes the quality of strategic challenge more important. Strategy can sit prominently on the agenda without its underlying assumptions being tested regularly. Only 35.7% of boards do so regularly. In an environment where directors already expect disruption, the value of scenario thinking is in identifying where a strategy could come under pressure and what would trigger a different decision before choices narrow.

Governance design is becoming a strategic choice

One of the strongest movements in this year's survey is the increase in directors expecting their board structure, including committees, to need revision as business models evolve: 46.4%, up from 31.2%.

If an organisation's business model changes, its governance may need to change with it. Committee structures, information flows, access to specialist expertise and even the way board time is used may need to be reconsidered. The traditional assumption that the organisation adapts while the board's operating model stays largely intact looks difficult to defend.

Almost two-thirds now seek external expertise to support strategy and risk management, while only about half believe their board already has the right skills and experience to deal with increasing complexity and risk. External expertise can be a pragmatic way to access capability quickly, but it raises an important question: which capabilities can be brought in when needed, and which need to reside around the table?

Diversity is now a key consideration in board appointments for fewer than half of directors, the first time the measure has fallen below 50% in the 10-year series, even though more than eight in 10 describe their board culture as inclusive. As boards reconsider the skills and experience they will need, renewal provides an opportunity to broaden the capability and perspectives around the table rather than simply replace like with like.

Visibility matters more as scrutiny widens

The sources of pressure on boards are also broadening. More than eight in 10 directors expect some form of external challenge over the next two years, with political or policy pressure, regulator or funder scrutiny, and member or customer challenge the leading concerns. Shareholder or investor activism remains significant for publicly listed companies.

That makes the quality of the board's internal line of sight particularly important. Boards generally feel confident about CEO oversight and almost three-quarters regularly discuss organisational culture. Fewer than half assess ethical risks or receive comprehensive reporting on ethical and conduct matters, while discussion of whistleblowing and workplace conduct issues has declined.

Culture and conduct problems rarely arrive at the board as a neatly labelled governance issue. They may first appear

through staff turnover, complaints, whistleblowing, stakeholder relationships or patterns of behaviour. The chief executive is also one of the board's principal sources of organisational information. Independent routes for concerns and other uncomfortable information to reach the board are therefore part of effective oversight, particularly when external scrutiny can turn an internal problem into a governance and reputational issue with little warning.

Risk becomes more tangible when it reaches a decision

Boards appear more likely to act when a risk translates into a recognisable organisational exposure or decision.

Climate is a good example. Broader climate engagement has softened, but the ***2026 IoD Risk Survey*** found that boards facing more immediate climate exposure were much more likely to have examined physical risks, business continuity, insurance and scenarios. Where climate risk is already influencing decisions, boards are more likely to consider it in relation to assets, costs, resilience and capital.

Geopolitical uncertainty can arrive through fuel prices, freight, tariffs, customers or critical inputs. Technology risk can appear through cyber exposure, workforce capability or information integrity. Supply chain dependencies can carry climate, human rights, financial and operational consequences simultaneously. How a risk is labelled may matter less than whether boards understand how it reaches the organisation and which decisions it could change.

Stronger formal risk processes do not necessarily produce the same depth of oversight across every exposure. Nearly three-quarters now report appropriate processes to identify, assess, mitigate and monitor risk, while around six in 10 say risk appetite is clearly defined and used. Yet attention remains very uneven across specific exposures, with modern slavery and worker exploitation one of the clearest examples at only 20.3%.

The 2026 results show boards placing greater emphasis on strategy while recognising that their governance arrangements may need to change. Testing assumptions, refreshing capability, planning succession, strengthening independent information and using risk appetite to guide decisions can help boards adapt before circumstances make the choices for them.

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Methodology



The 13th annual Institute of Directors' (IoD) Director Sentiment Survey provides a broad view of the issues shaping boardrooms across New Zealand in 2026. Drawing on the perspectives of directors and other governing body members from a wide range of organisations, it explores confidence, priorities, strategy, risk, capability and oversight. The IoD again partnered with ASB, with Acting Chief Economist Kim Mundy providing economic analysis and commentary to support the business and economic confidence findings.

The online survey ran from 10 August to 8 September 2026, against a backdrop of heightened geopolitical, economic and political uncertainty. Internationally, conflict involving Iran and reduced shipping flows through the Strait of Hormuz were contributing to elevated oil and diesel prices, while a new 12.5% US tariff on most New Zealand exports had come into force on 24 July. These developments added to ongoing uncertainty around global trade, markets and supply chains.

Image by: Getty Images on Unsplash

At home, economic conditions had also shifted. Annual CPI inflation reached 4.1% in the June quarter, unemployment rose to 5.6% – its highest level in 11 years – and, during the survey period, the Reserve Bank increased the official cash rate by 25 basis points to 2.75%, signalling further increases could follow. The survey also coincided with the beginning of the regulated period for the 7 November general election.

Regulatory and policy change remained prominent. During the survey period, the Government launched public engagement on an illustrative National Policy Direction for the replacement planning system, covering housing and development, infrastructure, primary production and environmental protections. Other developments included proposals to cap council rates, progress on modern slavery legislation and anti-money laundering reform, and continuing consultation on capital markets reform. Severe weather across both islands and a heightened cyber threat environment provided further reminders of the range of physical and operational risks facing organisations. AI and digital infrastructure were also moving higher up the agenda, with growing data centre investment raising questions about electricity demand, infrastructure capacity and the resources needed to support AI.

A total of 1,126 people responded to this year's survey. Respondents were asked to answer with their most substantial directorship or board role in mind. More than half (56.2%) had at least six years' governance experience, including 32.3% with 10 years or more. The 2026 survey expanded the role categories to include executive directors and advisory board or committee members. Among respondents currently holding governance roles, 34.5% were independent or non-executive directors or board members, 33.8% were board or committee chairs, 18.6% executive directors, 10.5% trustees or members of another governing body and 2.7% advisory members.

Percentages are based on respondents who answered each question. Percentages are generally rounded to one decimal place. Combined measures are calculated from the underlying responses rather than by adding rounded percentages. Multiple-response questions may total more than 100%.

As in previous years, results have also been analysed across organisation categories:

- Medium-to-large private companies (>$10 million turnover or 20+ employees) = large private companies
- Not-for-profit organisations = not-for-profit (NFP) organisations
- Small companies (<20 employees) = small companies
- Government organisations/state owned enterprises, including Crown entities = government organisations
- Publicly listed companies, including subsidiaries = publicly listed companies
- Māori organisations/iwi = Māori organisations
- Local authorities/council-controlled organisations = local authorities

Six directors from across sectors and organisation types were also interviewed to add qualitative perspectives and context to the survey findings.

The full Director Sentiment Survey report is accompanied by a focused not-for-profit insights report and a one-page infographic highlighting key findings.

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Key findings

Business and economic confidence

Board priorities through to 2027

Boardroom pressures and preparedness

Determining purpose

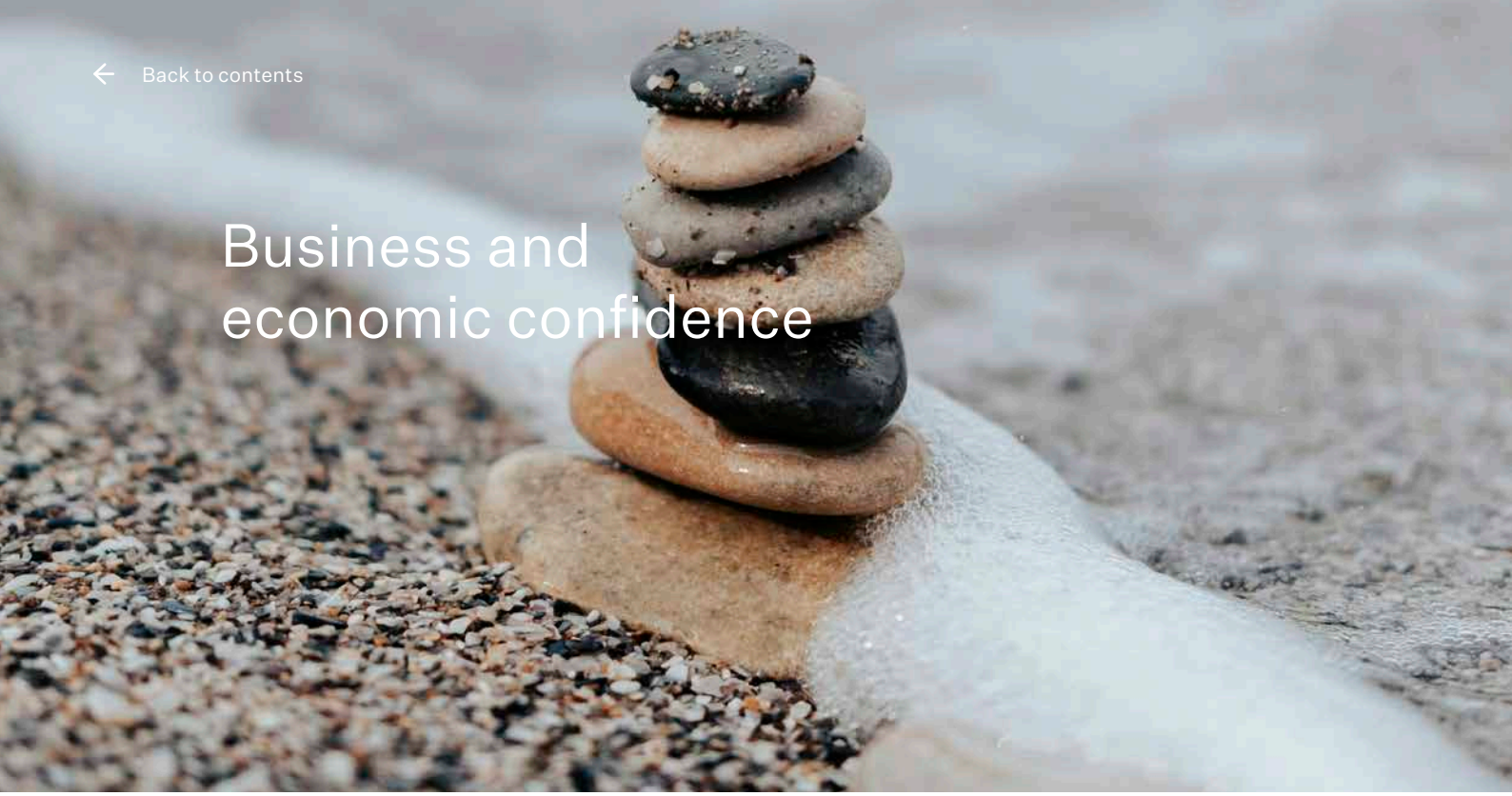
An effective governance culture

Holding to account

Effective compliance

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Business and economic confidence

Directors' outlook has shifted towards stability rather than stronger confidence. Expectations for both the national economy and their own organisations remain relatively positive, but uncertainty around global conditions, policy settings and longer-term economic direction continues to weigh on directors' outlook.

New Zealand economic performance[1]

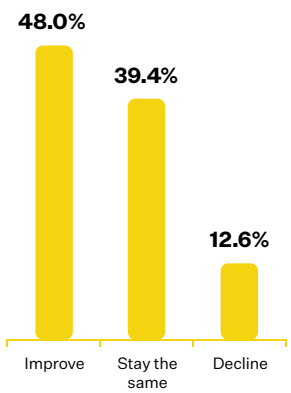
The survey closed before the relatively resilient June quarter GDP figure was reported. However, it captured the second 25 basis points hike by the Reserve Bank of New Zealand (RBNZ) in early September amid ongoing inflation concerns. The hike was interpreted as reasonably dovish at the time, with the RBNZ signalling a preference for the gradual removal of policy support.

Nearly half of directors (48%) expect the New Zealand economy to improve over the next 12 months, while 39.4% expect conditions to remain the same. Compared with 2025, fewer expect both improvement and deterioration, leaving the net outlook broadly unchanged and pointing to greater expectations of stability (see Figure 1).

Directors' expectations for economic stability follow a (brief) period of decent economic

Figure 1.

NZ's economic performance



1 **Question 1:** How do you expect the New Zealand economy to perform over the next 12 months?

Image by: Ahmed-Wu on Unsplash

momentum. However, 2026 has again been affected by external shock that risks delaying the much-anticipated economic recovery. Despite this, rural and export sectors continue to perform well and this is likely helping to offset some of the uncertainty stemming from the conflict in Iran and higher oil prices.

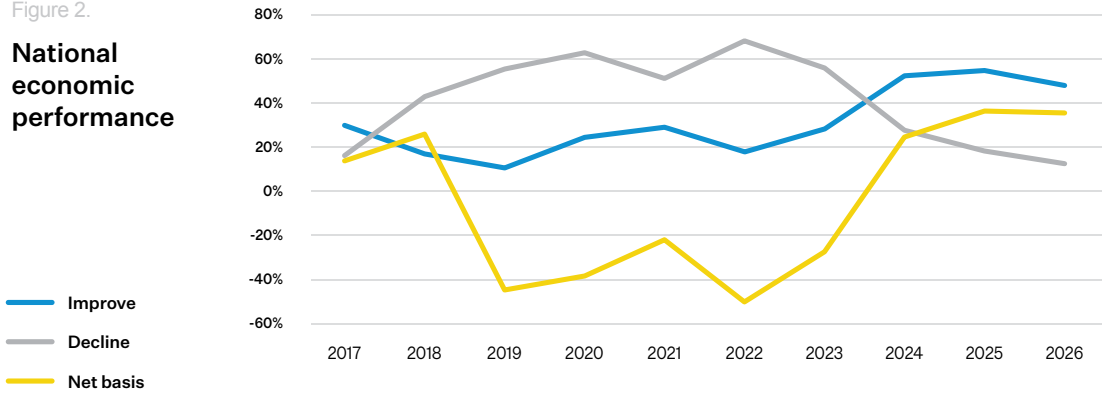
We expect these two opposing forces to continue to shape the economy. Export incomes are expected to remain robust while commodity prices are high, the NZD is weak, and tourism continues to recover. On the other hand, higher interest rates alongside elevated retail fuel prices and broader uncertainty will delay the recovery in household spending and the housing market. This suggests the nascent broadening in the economic recovery evident at the start of the year now faces some new hurdles, which may be reflected in directors' responses.

The survey also shows directors are concerned about global conditions, political and policy uncertainty and rising prices.

The longer-term trend shows how far sentiment has shifted from the prolonged period of pessimism earlier in the decade. The 35.5% net balance is the third consecutive positive result after six years of negative net sentiment from 2018 to 2023, and remains close to the 36.4% recorded last year (see Figure 2).

Figure 2.

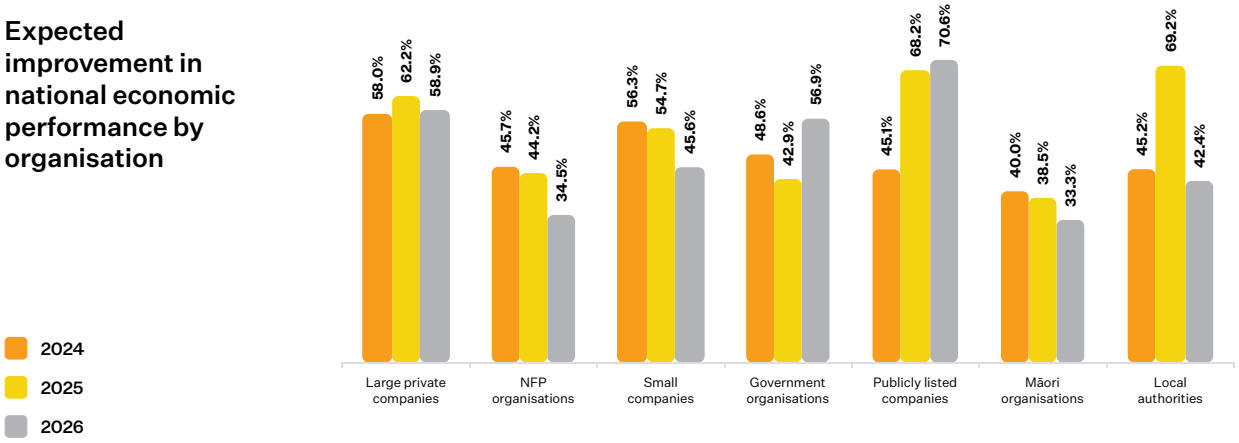
National economic performance



In this year's survey, directors of publicly listed companies were the most optimistic about national economic performance (70.6%). Large private companies and government organisations were the next most optimistic. Māori organisations and NFP organisations were the least optimistic about the outlook (see Figure 3).

Figure 3.

Expected improvement in national economic performance by organisation

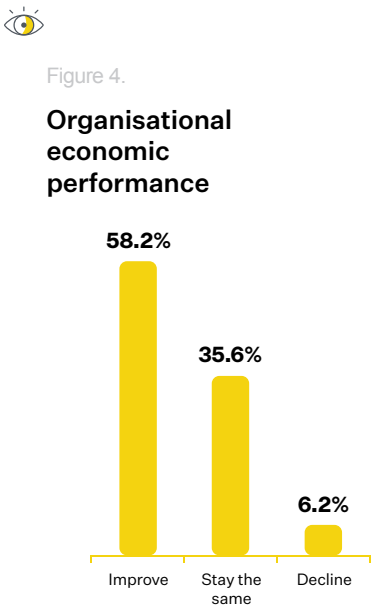


Organisational performance[2]

A similar trend was evident to expectations for the national economy when it came to directors' views of the outlook for their own organisations. 35.6% of respondents expected their organisation's performance to stay the same, up from 24.8% last year (see Figure 4). At the same time, there was a drop in those expecting their organisations to improve (to 58.2%) and also those who expected a decline (to 6.2%). Overall, a net 52% of directors expect their organisation's performance to lift over the next year, a slight improvement on last year's 51% (see Figure 5).

Figure 4.

Organisational economic performance



The net balance of optimism is the highest since 2017, the tail end of a string of very positive outlooks covering a period from the survey's 2014 inception. Despite ongoing external challenges, the survey's increasing trend towards stabilisation is encouraging.

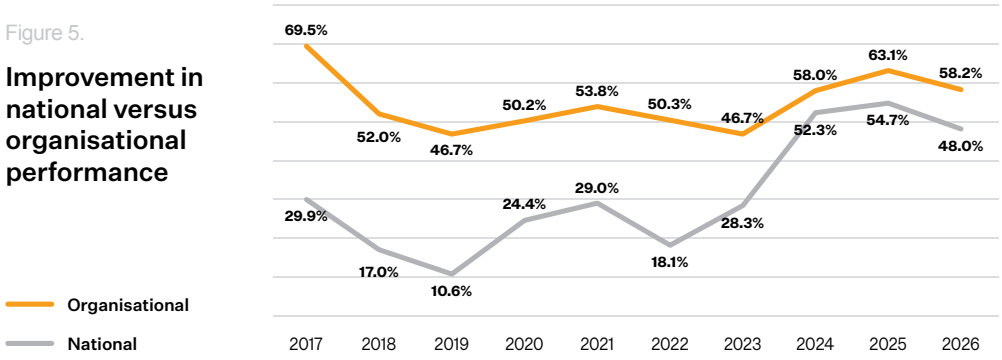
The recent trend of organisations' optimism being more closely aligned to the economic outlook continued into 2026. However, the gap between the two widened slightly relative to 2025. Historically, there has been a sizeable gap between the two, with directors tending to be significantly more optimistic about their own outlook, than about the general economic outlook. This difference has often been accounted for by directors having a thorough understanding of external influences and a direct ability to shape their organisation's direction. In contrast, the economy faces a much wider set of uncertainties, less complete information, and is not something directors can exert direct influence over. It was surprising to see the gap did not widen further off the back of the sizeable oil price shock and associated uncertainty that has impacted the economy this year.

2 **Question 2:** How do you expect your organisation to perform over the next 12 months?

Economic conditions remain the biggest single organisational risk that is top of mind for directors. This could go some way to explain why firm and economic outlooks remain reasonably closely aligned. Policy uncertainty, global growth and geopolitical uncertainty, and the cost of living and inflation, are also high on the list of directors' concerns. Notably, AI, cyber and technological disruption rose to sixth spot of the biggest risks facing directors' organisations and is likely to remain front of mind as technological developments continue to evolve rapidly. Lack of demand fell from 8.8% to 5.5%; however, this was before the most recent lift in retail fuel prices in New Zealand.

Figure 5.

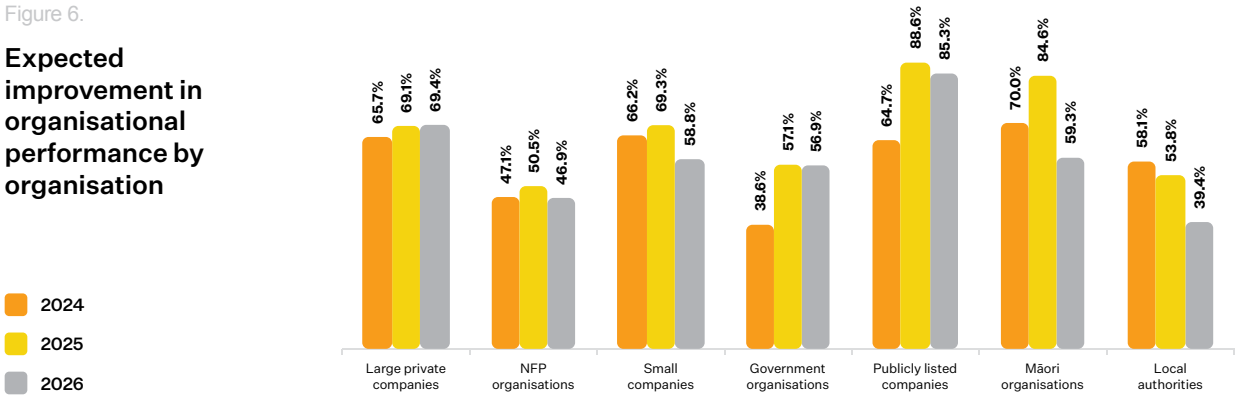
Improvement in national versus organisational performance



Publicly listed companies (85.3%) were most likely to expect their organisations' performance to improve, in line with these directors' relatively optimistic views on economic prospects. Large private companies (69.4%) were the next most optimistic, followed by Māori organisations and small companies (59.3% and 58.8% respectively). For Māori organisations, this contrasts quite sharply to their more marked pessimism about the economic outlook, although the 59.3% result is well down from 84.6% in 2025. Signs of a nascent economic recovery (albeit facing a number of risks) have likely contributed to a still-optimistic outlook (see Figure 6).

Figure 6.

Expected improvement in organisational performance by organisation



Impediments to national economic performance[3]

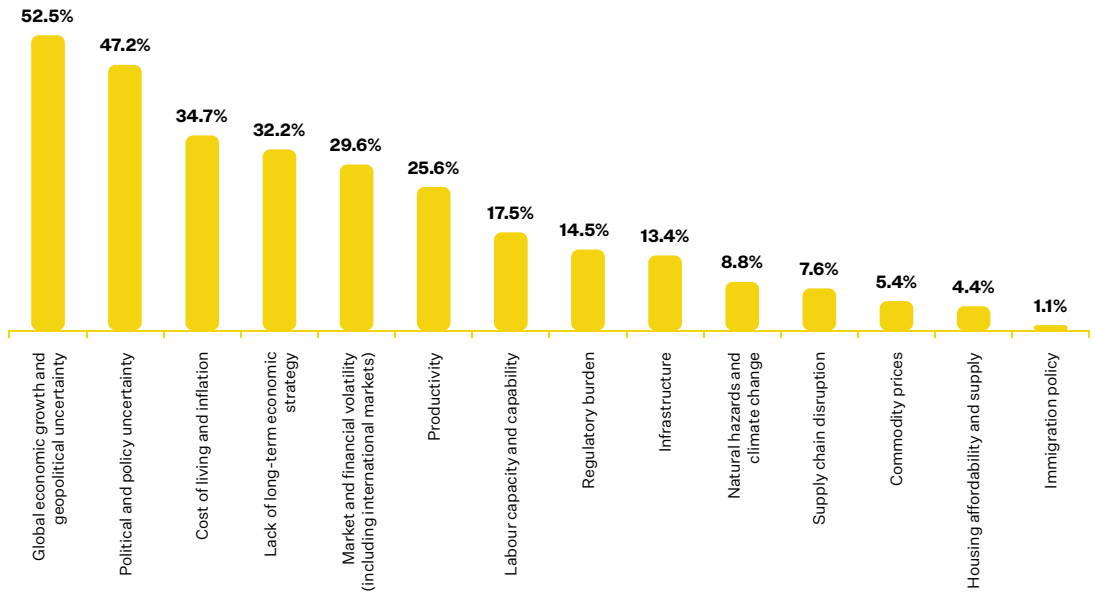
Directors chose up to three factors they view as the biggest economic impediments to New Zealand's economic performance. Global growth/geopolitical uncertainty remains the top concern, selected by 52.5% of directors. In last year's survey this impediment was also top, chosen by 45.2% of directors (see Figure 7). Geopolitical uncertainty remains a key global theme, with last year's Liberation Day tariffs followed in 2026 by the US-Iran war and associated oil price shock. With no clear end to the conflict in sight, low global oil reserves and elevated oil prices, risks to the economic outlook remain significant.

Mentions of political and policy uncertainty lifted again this year, increasing 6.3 percentage points to 47.2% and moving into second place. This is not surprising given the general election was approaching at the time of the survey. The polls remained tight and the form the government would take in the next parliamentary term was unclear. There was also uncertainty during the survey period about the leadership of the National Party, with Prime Minister Christopher Luxon calling an urgent caucus meeting before surviving a leadership confidence vote. Looking ahead to the election, tax policies, fiscal settings and even the RBNZ's mandate could change based on the outcome affecting the business operating environment.

The cost of living/inflation fell to 34.7% from 40.3% but remained the third most cited impediment.

Figure 7.

Impediments to national economic performance

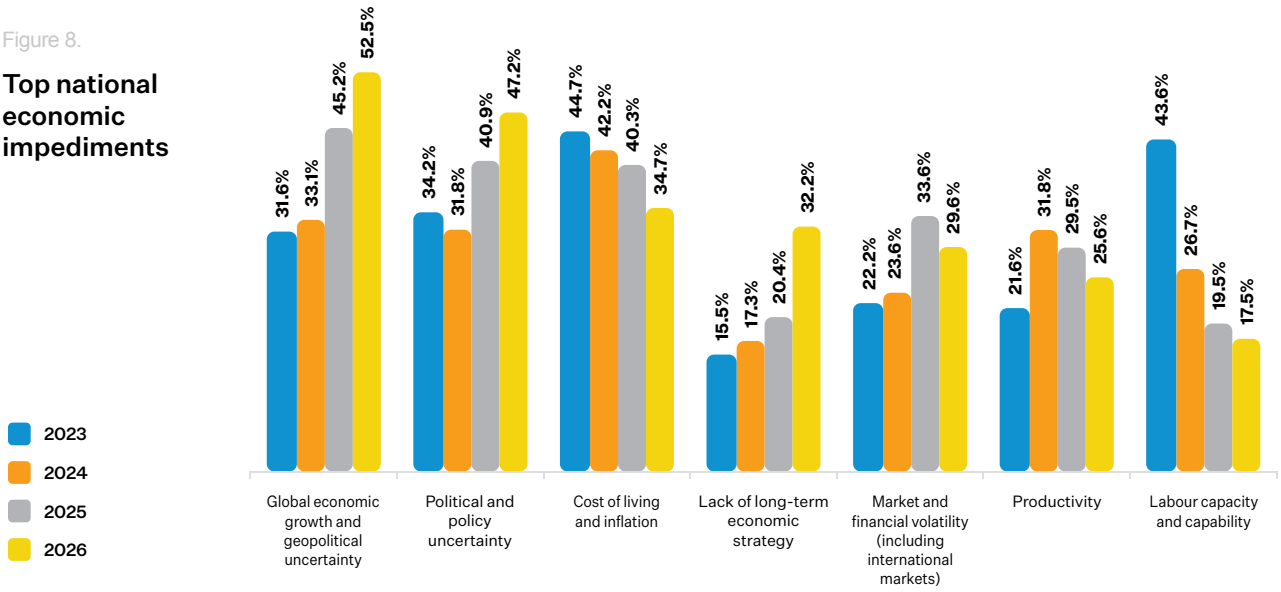


Inflation has remained elevated, staying above 3% for the first three quarters of 2026. Moreover, inflation is expected to lift well above 4% in the fourth quarter of 2026 given the recent moves increases in global oil prices (and New Zealand retail fuel prices). A peak in inflation above 4% would still be significantly lower than when inflation breached 7% in 2022. Nevertheless, the outlook suggests the environment of high input costs and soft demand will now persist for longer than assumed at the start of the Middle East conflict.

3 **Question 3:** What, in your view, are the biggest impediments to national economic performance?

Figure 8.

Top national economic impediments



Looking across the four-year series, the mix of leading economic impediments has shifted considerably (see Figure 8). Global and political uncertainty have moved higher, while cost of living and inflation has receded from its earlier prominence.

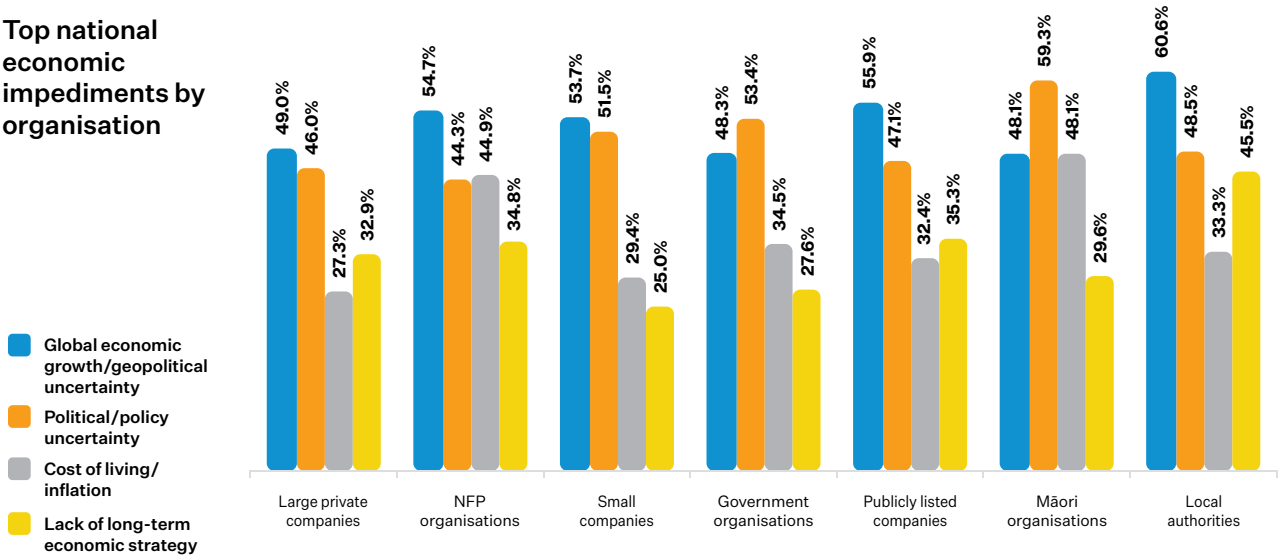
Among the more notable shifts, concern about the lack of a long-term economic strategy rose nearly 12 percentage points to 32.2%, possibly linked to election-related conversations, and potentially reflecting broader concern about New Zealand's longer-term economic direction, including the policy certainty and investment conditions needed to support growth. Market and financial volatility fell 4 percentage points to 29.6%. Despite the oil crisis, financial market volatility in 2026 has been more contained than in the immediate aftermath of the Liberation Day tariff announcement. Strong investment in AI and technology has also supported many equity markets in 2026.

Top-of-mind economic impediments appear to be more consistent than has been the case in recent surveys, although some differences remain across organisations.

All but government and Māori organisations saw global factors as the main impediment. Current geopolitical factors are having real impacts on both demand and input costs for many businesses. There was, however, only a small difference among small companies in concerns about geopolitical developments and political/policy uncertainty (53.7% versus 51.5%), with a similarly small gap among large private companies (49% versus 46%). This suggests private companies were watching policy announcements ahead of the general election closely to understand how policy settings might affect their organisations (see Figure 9).

Figure 9.

Top national economic impediments by organisation



Government organisations' main impediment was political/policy uncertainty, reflecting their exposure to government policies and stances. For Māori organisations, political and policy uncertainty replaced market volatility as the biggest concern with market volatility dropping from 61.5% in 2025 to 29.6%. Lack of a long-term economic strategy was particularly prominent for local authorities (45.5%), publicly listed companies (35.3%), NFP organisations (34.8%) and large private companies (32.9%).

Single biggest organisational risk[4]

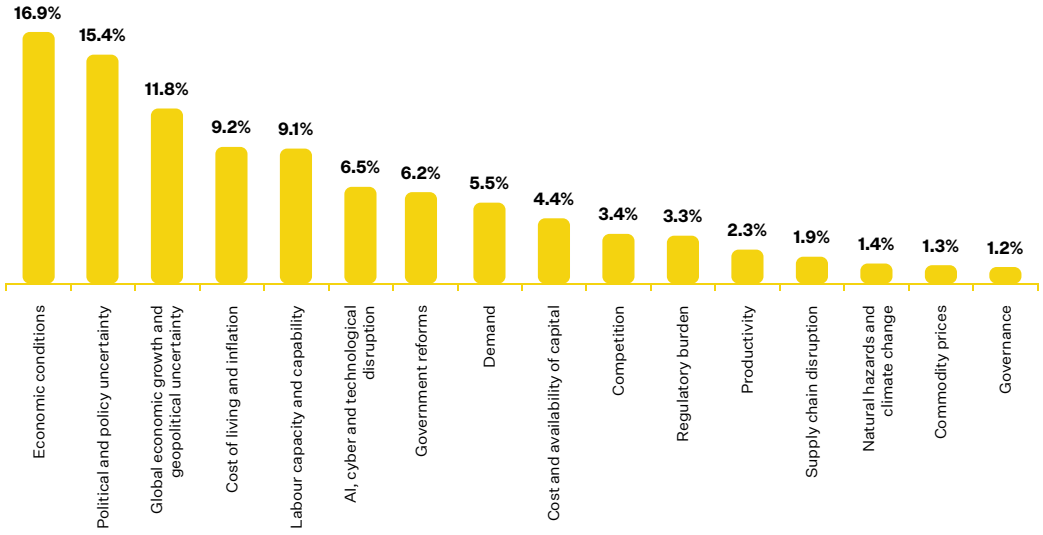
Directors were also asked to select the biggest single risk facing their organisation. There were few changes in the top three selections this year compared to 2025.

Economic conditions – the second time this category has been included – remained at number one (16.9% down from 20.2%) but only by a narrow margin. Political/policy uncertainty remained in second place and saw a slight rise in the proportion of directors choosing it (15.4% up from 14.2%). Rounding out the top three was global economic growth and geopolitical uncertainty at 11.8%, nearly unchanged from third place on 11.4% last year (see Figure 10).

4 **Question 4:** What, in your view, is the single biggest risk facing your organisation?

Figure 10.

Single biggest organisational risk



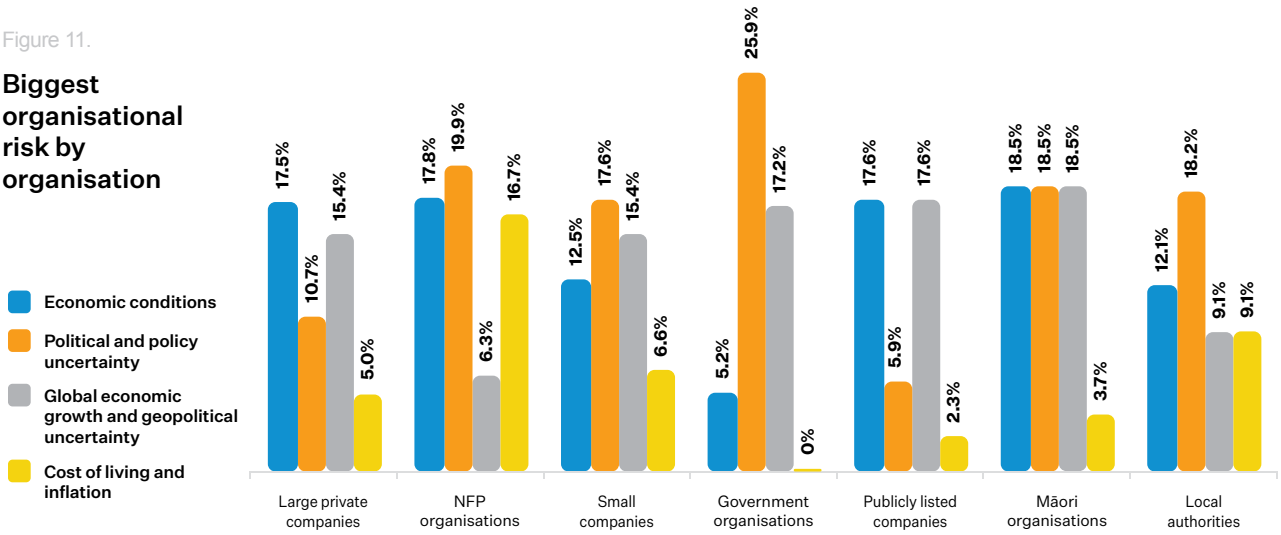
Cost of living jumped from seventh place to fourth and was chosen by 9.2% of directors. It is unsurprising to see this getting more airtime with inflation back at 4%, although the most recent rise in fuel prices occurred after the survey period. Demand dropped from fifth place to eighth (5.5%) although this could be understating concerns based on the proportion selecting economic conditions. AI/cyber/technological disruption is also rising as a concern reaching sixth place this year. Growing focus on AI capabilities and technological security could mean this will remain a focus for directors.

Labour capacity and capability lifted one spot to the fifth most mentioned risk. That relative rise comes even as it has continued to fall as an impediment to national economic performance, to 17.5% this year. There is plenty of slack in the labour market, with high unemployment and underemployment. However, until recently record numbers of New Zealand citizens have been heading offshore to seek other opportunities. At the same time, net migration remains below average. This combination may point to skill mismatches in the market despite the large pool of available workers.

The organisation breakdown suggests the wider risk environment is being experienced quite differently depending on where organisations are exposed (see Figure 11). For NFPs, global economic and geopolitical uncertainty is much less prominent than political and policy uncertainty, economic conditions and cost of living/inflation, which may reflect their generally more domestic operating and funding context. By contrast, global economic and geopolitical uncertainty features more strongly for large private and publicly listed companies, while cost of living/inflation is relatively subdued for both. Government organisations differ, with political and policy uncertainty clearly dominant, reflecting their much closer exposure to changes in government direction and policy settings.

Figure 11.

Biggest organisational risk by organisation



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Board priorities through to 2027[5]

Strategy and growth has moved ahead of finance as the most common board priority through to the end of 2027. Finance remains close behind, while five priorities – people and workforce, risk and policy, technology, customers and markets, and operations – are tightly clustered below the top two. The prominence of strategy also coincides with a sharp rise in concern about the lack of a long-term economic strategy at the national level. Boards appear focused on growth and resilience, although the balance between these priorities and the capability needed to deliver them varies across sectors.

Directors were given an opportunity to provide open-ended responses indicating their board's top five priorities through to the end of 2027. The 4,397 responses from 960 survey participants were grouped into 10 broad categories reflecting the themes emerging from the responses: strategy and growth; finance, funding and capital; people, culture and workforce; risk, compliance and the policy environment; AI, digital and cyber; customers, markets and stakeholders; operations, productivity and assets; governance, leadership and succession; business model and transformation; and climate and sustainability.

Two categories stand out: strategy and growth, and finance, funding and capital. Five areas then form a tightly clustered middle (see Figure 12), while governance, leadership and succession and business model and transformation sit further back. Climate and sustainability, which are less frequently identified among boards' top five priorities.

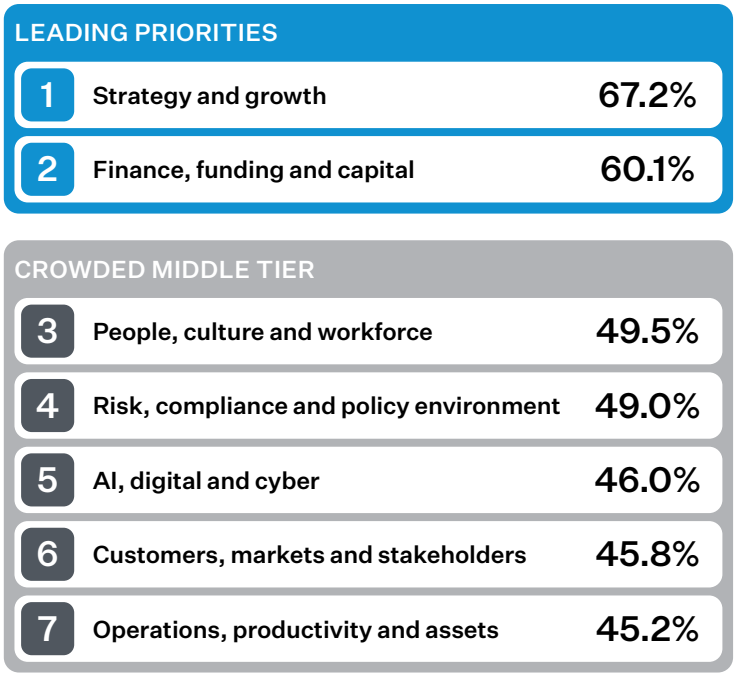
The priorities vary by sector, region and operating model, reflecting the different pressures boards are navigating. Interviews with directors highlighted contrasting experiences across technology, manufacturing, energy, food and fibre, and the not-for-profit sector.

5 **Question 5:** What will be your board's top five priorities through to the end of 2027?

Image by: Taha Mazandarani on Unsplash

Figure 12.

Top priorities through to 2027



Strategy moves to the front

Strategy and growth was the most widespread priority, identified by 67.2% of respondents. Finance, funding and capital followed at 60.1%. At the level of broad themes, this reverses last year's ordering, when financial performance and resilience was the strongest theme and strategy and growth was second. The responses show strategy and growth extends beyond expansion. Strategic direction and refresh, revenue growth and strategy execution all feature strongly, with some directors explicitly referring to profitable or sustainable growth.

That shift is notable in the context of the wider survey. Net confidence in the national economy is almost unchanged from last year: fewer directors expect conditions to deteriorate, but substantially more expect them to stay the same rather than improve.

DIRECTOR INSIGHT

"We put our strategy at the beginning of every board meeting to keep it front of mind. Every discussion and decision should advance our strategic objectives, and we regularly challenge whether we're making the progress we need."

– Kevin Law MInstD

At the same time, concern about the lack of a long-term economic strategy rose nearly 12 percentage points to 32.2%, while market and financial volatility fell four percentage points to 29.6%. That combination is consistent with boards looking beyond immediate financial resilience and placing greater emphasis on longer-term direction, growth and execution.

Elsewhere in the survey, 87.7% of boards discuss innovation and strategic opportunities and 82% consider the long-term sustainability of their business model. There is, however, an important tension between the priority placed on strategy and the way it is tested. While 78.9% of boards test strategy against future scenarios or critical assumptions at least occasionally, only 35.7% do so regularly. Regular testing matters when the assumptions underpinning strategy may change.

Strategy and growth leads for listed companies (79.3%), small companies (75.6%) and large private companies (70.4%), but is also high for local authorities (69.7%). NFPs placed it second at 64.6%, behind finance, funding and capital.

Financial capacity remains fundamental

Strategy moving into first place does not mean financial pressure has receded. Finance, funding and capital was identified by 60.1% of respondents and was the leading priority for NFPs (67.2%) and Māori organisations (81.5%), as well as being particularly high among listed companies (75.9%). The responses span financial sustainability and stability, profitability, cash flow and funding security through to capital allocation and investment, showing finance being considered both as a pressure to manage and as capacity to invest and deliver.

Last year, financial performance dominated the open-ended responses and was closely associated with resilience, cashflow and the capacity to withstand a difficult operating environment. Strategy moving into first place should not be read as evidence that those financial pressures have eased. The director interviews reinforce that point, particularly in the NFP sector, where funding constraints accumulated over several years are being compounded by rising unavoidable costs, including technology, cybersecurity and compliance.

Directors remain more positive about their own organisations than the wider economy, but the slight improvement in net organisational confidence is driven by fewer expecting performance to decline, rather than more expecting it to improve. Financial capacity therefore remains central, but sits within a broader question of what organisations can fund, invest in and deliver.

The crowded middle

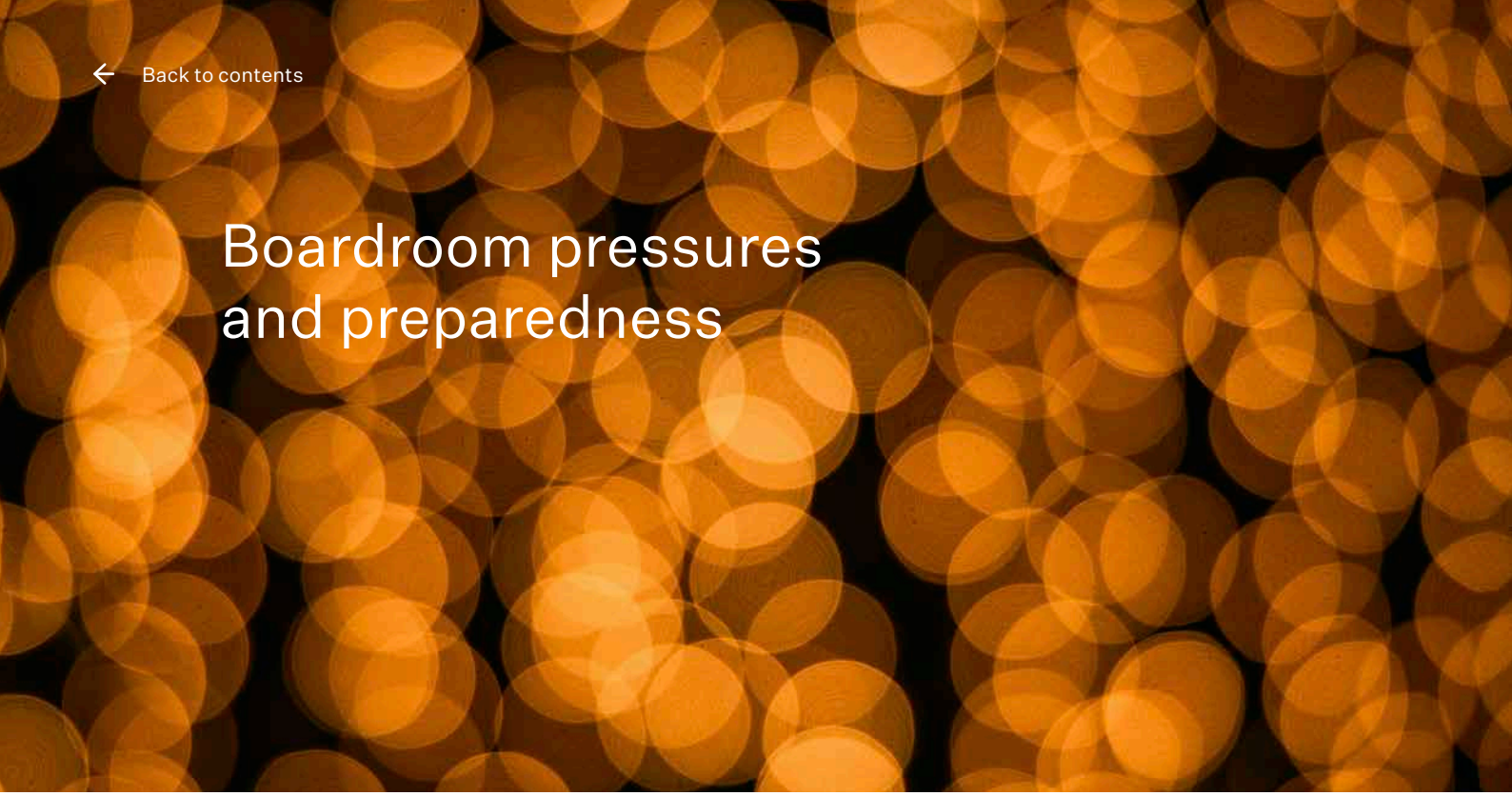
Below strategy and finance, five priorities are tightly clustered, with no single issue clearly dominating the next tier of board attention.

1. **People, culture and workforce** was identified by 49.5% of respondents, remaining the third most common priority. That persistence is notable as unemployment remains elevated and labour capacity and capability has become less prominent as an impediment to national economic performance. The open-ended responses point to a broader people challenge, encompassing workforce capability and capacity, recruitment and retention, talent development, culture and wellbeing. The wider survey also shows how technology is changing that challenge: 63.5% of boards have assessed the impact

of digital technology on the organisation and its future skills needs, while only 27.8% are investigating technology or AI to reduce headcount. The immediate focus appears to be less on wholesale job substitution than on having the skills and capability needed as work changes. However, the longer-term workforce implications of AI remain uncertain, including how organisations redesign roles, develop skills and maintain capacity as technology changes the nature of work.

2. **Risk, compliance and the policy environment** was almost level at 49%. The responses span risk management, resilience and business continuity as well as regulatory, political and policy change, with health and safety also recurring. The category therefore brings together risks organisations can actively manage with uncertainty arising from the external policy and regulatory environment. That breadth is also evident in the wider survey, where political and policy uncertainty is seen as one of the leading external concerns and organisational risks, while 44.5% of boards say they are spending more time on compliance-related activities and 40.7% more money. The organisation results show how differently those pressures are experienced: risk, compliance and policy is the leading priority for local authorities (81.8%) and second for government organisations (59.6%), reflecting their particularly close exposure to regulatory and policy change.
3. **AI, digital and cyber** was identified by 46% of respondents. The open-ended responses include AI adoption, integration and implementation alongside digital systems, cybersecurity and data security. The responses point to a shift from whether organisations should engage with emerging technology towards how it can be used productively while managing the accompanying risks. That practical emphasis is also evident elsewhere in the survey: 68.4% of boards are working with management on how technology and AI can improve productivity and processes, while 47.9% regularly discuss AI ethics and impacts. AI, digital and cyber is particularly prominent for listed companies (69%) and large private companies (56.7%), but considerably lower for NFPs (35.1%), reflecting how the pace and nature of technology adoption varies with scale, capability and operating context.
4. **Customers, markets and stakeholders** was identified by 45.8% of respondents. The underlying responses range from attracting and retaining customers, clients and members to market position, competition, partnerships and stakeholder relationships. The responses highlight where future demand will come from, how organisations maintain or strengthen their market position, and the relationships needed to support growth. The category is particularly prominent for Māori organisations (59.3%), listed companies (55.2%) and small companies (53.4%), suggesting customer, market and stakeholder considerations take different forms but remain central across quite different operating models.
5. **Operations, productivity and assets** sits immediately behind at 45.2%. The responses place particular emphasis on productivity, efficiency, cost control and delivery capacity, alongside asset management, infrastructure and supply chain issues. Here, ‘operations’ largely reflects the organisation’s capacity to execute: getting more from constrained resources, maintaining delivery and ensuring assets and infrastructure can support what the organisation is trying to achieve. Government organisations stand out, with operations, productivity and assets their leading priority at 67.3%, while local authorities and large private companies are also above the overall result.

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Boardroom pressures and preparedness

External challenge extends beyond shareholder activism[6]

Political or policy pressure and regulator or funder scrutiny are the external challenges boards most expect to face over the next two years, followed by member or customer challenge. The results broaden the picture of activism seen in last year's survey: pressure can come from governments, regulators, funders, customers, members, communities and the media, with the mix varying across organisation types.

More than eight in 10 respondents anticipate at least one form of external challenge or activism. Political or policy pressure leads at 40.3%, followed by regulator or funder scrutiny (37.0%) and member or customer challenge (32.2%). Media or public scrutiny was identified by 20.1%, community or stakeholder campaigns by 15.9% and shareholder or investor activism by 14.7% (see Figure 13).

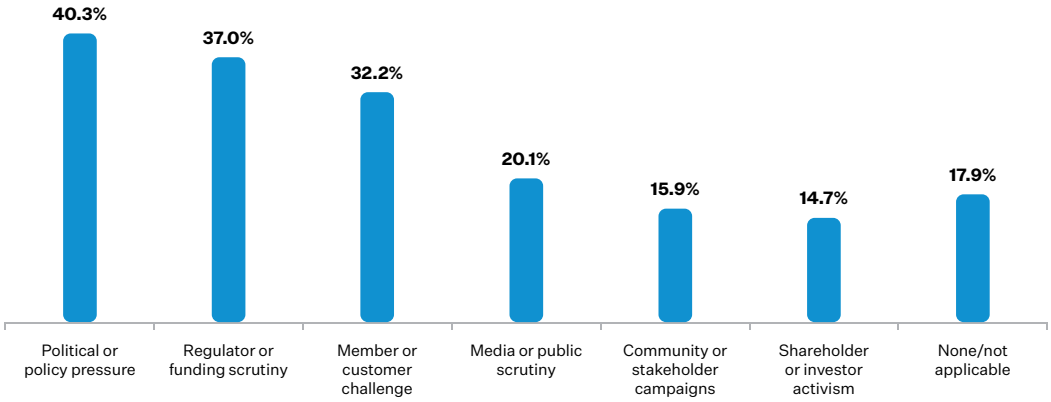
With political or policy pressure leading, the findings reinforce the wider survey results. Political and policy uncertainty has risen as an impediment to national economic performance and ranks second among organisational risks, behind economic conditions. The prominence of regulator or funder scrutiny and member or customer challenge also highlights the different relationships through which organisations may face direct external pressure.

6 **Question 6:** What forms of external challenge or activism is your board most likely to face over the next 1 – 2 years? (Choose up to 3).

Image by: Patrick Fore on Unsplash

Figure 13.

External challenge and activism pressures



Where the pressure comes from

The organisation breakdown reveals considerable variation in the sources of expected external challenge (see Table 1). Political or policy pressure ranks first in five of the seven organisation groups, reaching 75.9% among government organisations and 63.0% among Māori organisations. Regulator or funder scrutiny leads among large private companies (33.8%) and publicly listed companies (47.1%).

Member or customer challenge features in the top three for large private companies, NFPs, small companies and Māori organisations. For NFPs, it follows political or policy pressure (46.0%) and regulator or funder scrutiny (43.6%), with 39.7% anticipating member or customer challenge. This highlights the range of relationships through which organisations may face challenge and accountability.

Publicly listed companies stand out for shareholder or investor activism (41.2%), while local authorities report equal levels of community or stakeholder campaigns and media or public scrutiny (45.5%). Media or public scrutiny is also prominent among government organisations (48.3%). The differences reinforce a theme emerging from the director interviews: organisations can operate in the same economic and geopolitical environment while experiencing its pressures differently, depending on who funds, regulates, uses or is affected by their services.

Media or public scrutiny is among the top three challenges for government organisations, publicly listed companies and local authorities. The information environment adds another dimension to that pressure. Misinformation and disinformation ranked third among emerging social issues in the ***2024 Director Sentiment Survey*** at 31.5%, and wider evidence suggests the risk has continued to evolve. In the 2026 ***Global Risks Report***, misinformation and disinformation was ranked as the second most severe global risk over the next two years, while New Zealand's National Cyber Security Centre warns AI is making deepfakes, impersonation and other forms of social engineering more convincing and easier to produce. For organisations, that can complicate public scrutiny by accelerating the spread of inaccurate or fabricated content and increasing risks to trust and reputation.

Table 1: Top three external challenges by organisation

Organisation type	1st	2nd	3rd
Large private companies	Regulator or funder scrutiny **(33.8%)**	Member or customer challenge **(30.0%)**	Political or policy pressure **(27.6%)**
NFP organisations	Political or policy pressure **(46.0%)**	Regulator or funder scrutiny **(43.6%)**	Member or customer challenge **(39.7%)**
Small companies	Political or policy pressure **(38.2%)**	Regulator or funder scrutiny **(29.4%)**	Member or customer challenge **(27.9%)**
Government organisations	Political or policy pressure **(75.9%)**	Media or public scrutiny **(48.3%)**	Regulator or funder scrutiny **(44.8%)**
Publicly listed companies	Regulator or funder scrutiny **(47.1%)**	Shareholder or investor activism **(41.2%)**	Media or public scrutiny **(29.4%)**
Māori organisations	Political or policy pressure **(63.0%)**	Member or customer challenge **(29.6%)**	Community or stakeholder campaigns **(25.9%)**
Local authorities	Political or policy pressure **(54.5%)**	Community or stakeholder campaigns **(45.5%)**	Media or public scrutiny **(45.5%)**

Shareholder activism remains a distinct pressure

Last year, 43.7% of directors expected shareholder or member activism to have a moderate or high impact over the next two years. The measures are not directly comparable: last year asked about the expected impact of shareholder or member activism, while this year asked respondents to select up to three forms of external challenge or activism. In 2026, shareholder or investor activism was selected by 14.7% of respondents. It was particularly prominent among publicly listed companies (41.2%), followed by large private companies (22.3%).

That relatively modest overall ranking sits alongside several highly visible campaigns in the New Zealand market. Since 2025, publicly reported campaigns at NZME, Bremworth, Rakon and EROAD have involved attempts to replace directors, influence board composition or change company direction. Publicly visible cases may not represent the full picture because some campaigns are resolved privately before reaching market announcements or the media. A form of challenge can rank below others across boards overall while still having significant consequences when it occurs.

Campaigns can use a range of tactics, including director nominations, voting campaigns, litigation and public or social media pressure. In 2026, shareholder activist Stephen Mayne nominated himself for the Vista Group board as part of a campaign advocating for New Zealand dual-listed companies to introduce shareholder votes

on remuneration reports. Vista shareholders ultimately rejected his nomination.

The global backdrop is also one of sustained activism. The 2026 annual ***Diligent activism report*** highlighted more than 1,000 companies globally were publicly targeted for the third consecutive year in 2025, while activists gained 385 board seats worldwide. This suggests conventional shareholder activism remains a significant source of external pressure, even though it ranks below other forms of challenge in the 2026 survey.

The breadth of expected challenge also raises a preparedness question. With more than eight in 10 directors anticipating some form of external challenge or activism, an **IoD Pulse Check** earlier this year provided a useful counterpoint: 53% of respondents considered most New Zealand boards underprepared for shareholder or stakeholder activism, while 40% considered them somewhat prepared but often reactive. Respondents placed greatest emphasis on checking decisions against organisational purpose and strategy, followed by early engagement with stakeholders.

CEO oversight goes beyond performance[7]

Directors express high confidence in their oversight of chief executives, but the wider findings suggest confidence is not always matched by equally strong visibility into conduct, culture and ethical risk. Recent New Zealand cases and director interviews reinforce that effective oversight depends on clear expectations, independent lines of sight, effective escalation and a willingness to address concerns before they become crises.

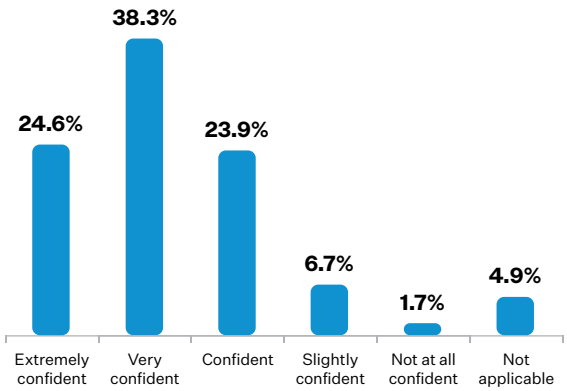
Most directors are confident their boards are effectively overseeing the conduct, judgement and leadership impact of their chief executive. Other survey measures point to less consistent board visibility into conduct, culture and ethical risk, while recent cases have reinforced how quickly concerns about a chief executive can become issues of culture, reputation and board accountability.

Overall, 86.8% of respondents are at least confident their board has effective oversight of the CEO, including 62.9% who are very or extremely confident (see Figure 14).

That confidence is broad-based rather than concentrated in one organisation type, remaining above 80% across each of the four larger organisation groupings – large private companies (93.8%), NFPs (82.9%), small companies (84.4%) and government organisations (84.2%).

Figure 14.

Confidence in CEO oversight



7 **Question 7:** How confident are you that your board has effective oversight of the CEO's conduct, judgement and leadership impact?

Confidence needs to be supported by visibility

The high level of confidence sits alongside a more mixed picture of the mechanisms boards use to understand conduct and culture. Almost three-quarters (74.6%) regularly discuss or monitor organisational culture, but fewer than half assess ethical risks (45.7%) or receive comprehensive reporting on ethical and conduct matters (44.9%). Regular discussion of workplace bullying has also fallen to 39.4%, while whistleblowing is discussed by 37.4%.

These measures do not in themselves determine whether a board is effectively overseeing its CEO. They do, however, indicate the extent to which boards have visibility beyond financial performance and formal KPIs. Problems with senior leadership may emerge first through staff turnover, complaints, culture indicators, whistleblowing, stakeholder relationships or patterns of behaviour rather than through conventional performance reporting.

That creates a particular challenge in CEO oversight. The chief executive is both the subject of oversight and one of the board's principal conduits for information about the organisation. Boards therefore need independent lines of sight into what is happening across the organisation and ways to test what they are being told. The issue is not whether every category of misconduct appears routinely on the board agenda, but whether concerns can reach the board when they need to.

Recent IoD commentary makes the same distinction: the difficult cases are rarely those involving obvious illegality or deliberate deception, but situations where strong organisational results coexist with concerns about behaviour, culture or judgement. Effective oversight therefore depends on clear escalation processes, good information, and a chair and board willing to have difficult conversations before a problem becomes a crisis.

Recent New Zealand cases have shown how that oversight can be tested. In August 2026, MBIE launched an independent investigation into workplace conduct and culture at the Financial Markets Authority (FMA), while the board commissioned an employment investigation concerning its chief executive. The chief executive subsequently left the role in September while the MBIE investigation continued. No findings had been reached when those processes were announced. Earlier in the year, Xero appointed external counsel to review both historical allegations concerning their former chief executive and the company's handling of them at the time; Drury denied wrongdoing. These cases are different, but their relevance for boards lies less in the underlying allegations than in the governance questions they expose: whether concerns can reach the board independently, how they are assessed and escalated, and whether investigation and response processes are sufficiently robust.

The harder conversations

The director interviews also highlighted the importance of clarity in the board–CEO relationship. Having performance measures, feedback processes and development support in place does not necessarily mean expectations are being understood or acted on. As operating conditions become more complex, boards may need to be more explicit about what they expect, how quickly change is required and when established approaches are no longer working.

Interviewees also suggested some boards are becoming less tolerant of prolonged underperformance or a mismatch between the leadership required and the leadership being provided. That puts greater weight on the quality of board judgement. Changing a chief executive can itself create significant organisational disruption and loss of senior capability, so boards need clarity about the evidence, the opportunity for improvement and whether the organisation's leadership needs have fundamentally changed.

The wider survey adds another dimension. While confidence in current CEO oversight is high, only 53.1% of boards discuss CEO succession at least annually. Oversight therefore involves supporting and challenging the incumbent; considering whether leadership needs are changing, and being prepared if a transition becomes necessary.

Testing the assumptions behind strategy[8]

Most boards test their strategy against different future scenarios or critical assumptions at least occasionally, but only around a third do so regularly. With strategy and growth the leading board priority, concern about the lack of a long-term economic strategy rising sharply, and disruption expected across many industries, the findings raise questions about how routinely boards challenge whether the assumptions underpinning strategy still hold.

More than three-quarters of boards (79%) test their strategy against different future scenarios or critical assumptions, but only 35.7% do so regularly (see Figure 15).

Half of directors expect major disruption in their industry within the next two years, underscoring the value of regularly testing strategic assumptions. Doing so can help boards recognise when conditions are changing and when a different course may be needed.

From forecasting to testing assumptions

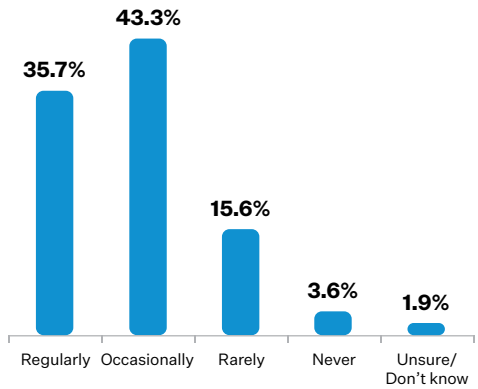
Scenario analysis does not require boards to predict which future will occur. Its value lies in identifying the assumptions most critical to the strategy, considering what might cause them to change and understanding the points at which a different decision may be needed. Used well, it can help boards identify strategic pathways and trigger points in advance, rather than waiting until circumstances force a decision.

Recent IoD workshops used familiar tools including scenario analysis, value chain analysis, pre-mortems and business continuity reviews to test strategy against disruption. A pre-mortem, for example, assumes a strategy has failed and works backwards to identify what might have caused the failure. These approaches can expose vulnerabilities before boards are forced to respond under pressure and can also help identify opportunities that may otherwise be missed.

The discipline can be proportionate to the organisation. For smaller businesses, testing assumptions may begin with regular challenge of cashflow, budgets, forecasts and solvency rather than complex scenario modelling.

Figure 15.

Testing the strategy



8 **Question 8:** How often does your board test its strategy against different future scenarios or critical assumptions?

Scenario use remains uneven

There are significant differences across organisations. Regular testing is most common among local authorities (54.5%) and publicly listed companies (52.9%), followed by large private companies (40.4%) and small companies (39.3%).

The ***2026 IoD Risk Survey*** provides another perspective on how boards use scenario analysis in practice. In response to geopolitical and geoeconomic risk, 39.4% had undertaken scenario analysis, rising to 58% among respondents where those risks were already actively shaping decisions. By contrast, only 17% had undertaken scenario analysis or stress testing for climate or natural hazard risks, although this rose to 43.4% among respondents where climate risk was actively shaping decisions.

The pattern is consistent with scenario analysis being used more often once a risk is already shaping decisions, rather than being embedded as a routine strategic discipline before disruption becomes immediate. This sits alongside relatively well-established formal risk processes: the Risk Survey found 63.4% review enterprise risk quarterly or more often. Regular risk review and regular testing of strategic assumptions are related, but they are not the same thing. A risk register may identify what could go wrong; testing strategic assumptions asks whether the organisation's chosen direction still makes sense if important conditions change.

In an environment where key assumptions about markets, supply chains, funding, technology, people, assets and regulation can change quickly, strategy needs more than periodic review. Testing critical assumptions and identifying decision points can help boards recognise when a strategy remains robust, when it needs to adapt and when waiting for greater certainty may itself narrow the available options.

DIRECTOR INSIGHT

"Sometimes making a decision is progress. You won't always have perfect information, but often an interim decision gives the organisation something to work towards."

– Scott Mason CFInstD

Where supply chain risk meets opportunity

Supply chain disruption still looks relatively modest when treated as a standalone risk. It was selected by 7.6% of directors as an impediment to national economic performance, up from 3.4% in 2025, and by 1.9% as their organisation's single biggest risk, up from 0.7% in 2025. Yet 52.5% selected global economic growth and geopolitical uncertainty, and much of that uncertainty reaches New Zealand organisations through fuel, freight, tariffs, critical inputs, suppliers, customers and markets.

The timing of the survey illustrates that connection. The Iran conflict and reduced flows through the Strait of Hormuz were contributing to higher oil and diesel prices, while a new 12.5% US tariff linked to its forced labour investigation had just come into force for most New Zealand exports. These may start as geopolitical or trade issues, but they can quickly become higher operating costs, delivery constraints, changing demand and cash flow pressure.

Supply chain risk often arises from the accumulation of dependencies across multiple links. Fuel is an obvious example: disruption can affect freight, contractors, employee movement, distribution and service continuity at the same time. Climate events can affect ports, roads, power and water. A cyber incident at a critical third party can stop an organisation whose own systems are still functioning. And apparent diversification may not be diversification at all: several suppliers may ultimately depend on the same port, freight route or upstream producer. Trade policy can also become a standing cost rather than a temporary disruption to wait out, changing sourcing, inventory and investment decisions.

What constitutes supply chain risk is also broadening, extending beyond continuity and logistics into market access, traceability and labour practices. Yet only 20.3% of directors said their board had assessed modern slavery and worker exploitation risk in its supply chain, effectively unchanged from 2025. The **Modern Slavery Bill** now before Parliament would require reporting from entities meeting the proposed $100 million revenue threshold.

Treating this simply as a compliance issue misses the wider shift. New Zealand businesses may also face requirements from customers and international supply chains around labour practices, emissions, provenance and traceability. The commercial question can become not whether an organisation has to report, but whether it can continue to supply a particular customer or market. Conversely, being able to demonstrate reliability, transparency and traceability may help an organisation become a more attractive supplier.

This also challenges the old efficiency equation. Lean inventory, single sourcing and concentrated logistics can all make commercial sense when conditions are stable. They can also quietly remove options. Resilience does not mean duplicating every supplier or carrying unnecessary stock. It means knowing where efficiency has concentrated risk and deciding where alternatives, inventory, contractual flexibility, insurance or spare capacity justify their cost. In some cases, the better response may be to redesign an input, product or operating model altogether, reducing dependency while creating new commercial options.

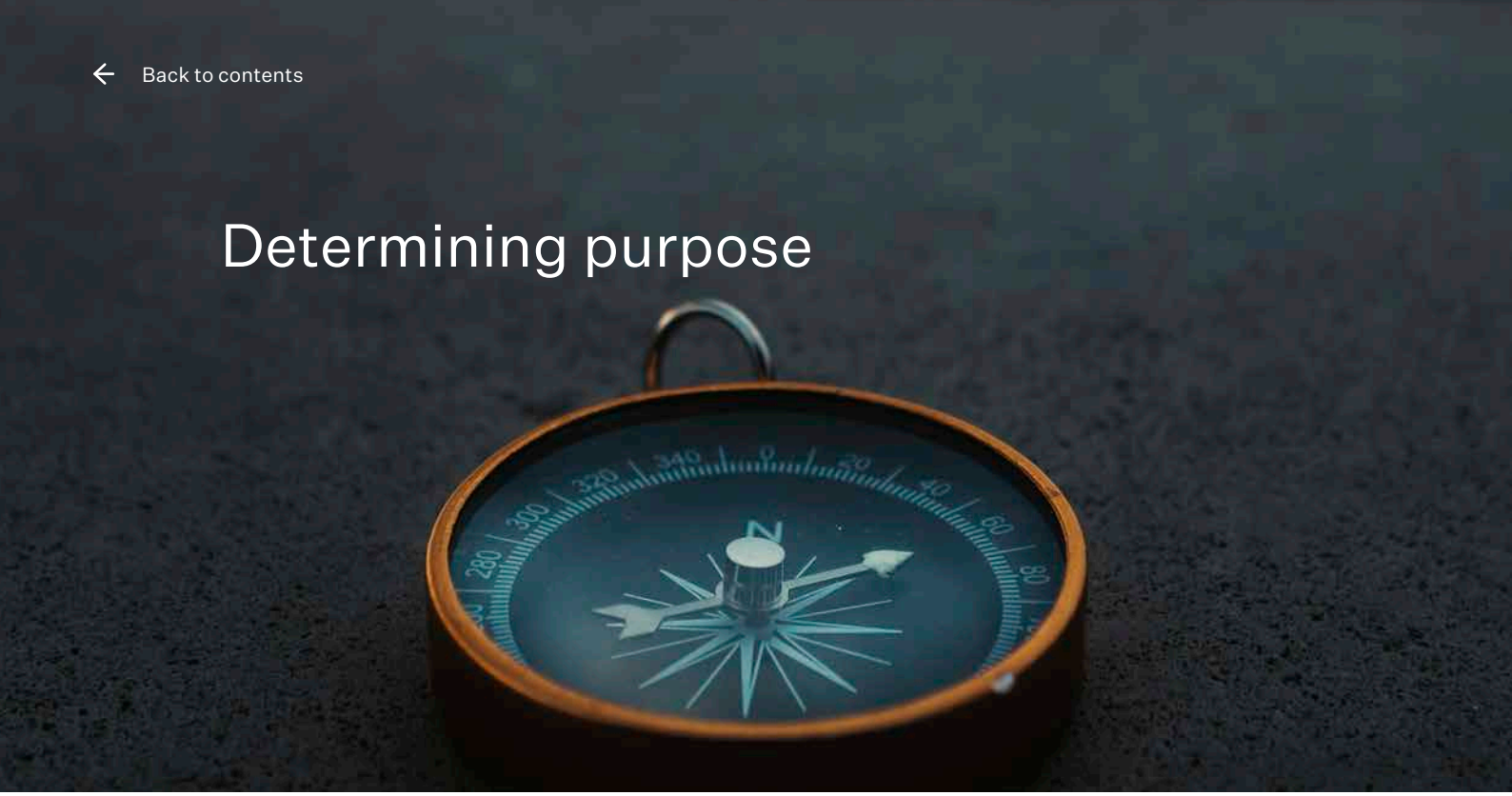
Resilience can also create opportunity. When others cannot deliver, organisations that can keep supplying, adapt quickly or offer an alternative may be able to win business and strengthen their position as a trusted supplier or partner.

Scenario testing can help expose these choices before they become urgent. What happens if a critical supplier fails, an export market closes or fuel or freight is constrained? And if a competitor cannot deliver, does the organisation have the capacity and flexibility to step in?

Supply chains are no longer simply a procurement issue at the edge of strategy. They are where geopolitics, climate, technology, human rights, finance and reputation meet – and where apparently separate risks can converge. They can also be where resilience turns into competitive advantage.

Read more about the dependencies that can sit beyond conventional supply chain reporting **here**.

Determining purpose



Strategy[9]

Boards continue to focus strongly on innovation, long-term sustainability and the wider forces shaping strategy. The standout change this year is almost half now expect their board structure, including committees, to need revision as business models evolve.

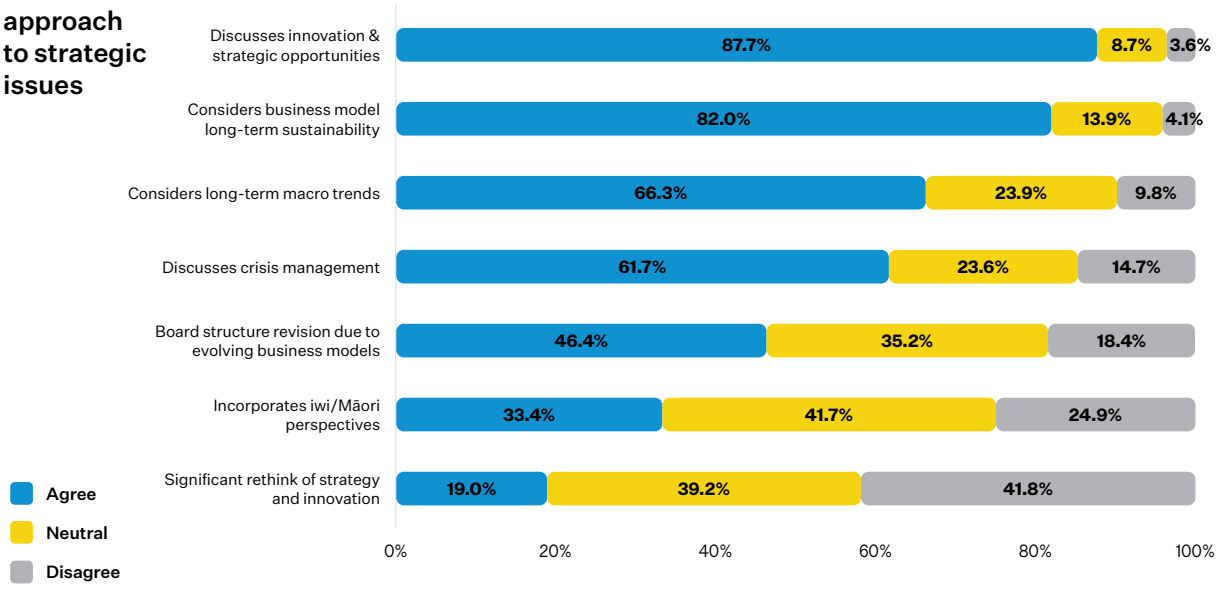
Innovation and strategic opportunities remain firmly on board agendas with 87.7% of directors saying these are discussed regularly. A similarly high proportion (82%) regularly considers the long-term sustainability of the organisation's business model. Both results are broadly stable compared with 2025, while only 19% of directors say their approach to strategy and innovation needs a significant rethink. Most boards appear to see the need for continued adaptation rather than wholesale strategic reset (see Figure 16).

9 **Question 9:** Please indicate whether you agree or disagree with the following statements about your board's approach to strategy (agree, neither agree nor disagree, disagree).

Image by: Getty Images on Unsplash

Figure 16.

Board's approach to strategic issues

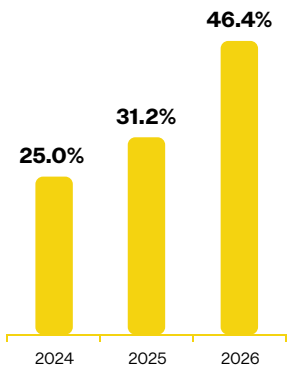


The clearest change is in how boards expect governance to adapt. Almost half of directors (46.4%) say their current board structure, including committees, will need to be revised as business models evolve, up from 31.2% last year. This is a much larger movement than seen across the other strategy measures (see Figure 17).

The shift suggests boards are asking whether their governance arrangements remain appropriate as business models evolve. This could involve committee structures, the way specialist capability is accessed, information flows or how the board works. The theme is picked up again in the findings on future board practices, where only 49.2% say their board currently has the right capabilities to deal with increasing complexity and risk, while 63.3% are seeking external expertise and advice.

Figure 17.

Board structure revision



Two-thirds of boards (66.3%) say they consider long-term macro trends such as demographics, geopolitics and environmental limits as part of strategic planning. That proportion is virtually unchanged from last year, but considering long-term trends is not the same as testing strategy against them. As the scenario findings show, only 35.7% regularly test strategy against different futures or critical assumptions. With half of directors expecting major disruption in their industry over the next two years, boards need to regularly test whether their strategies and underlying assumptions remain relevant as circumstances change.

Other movements are more modest. Discussion of crisis management plans has increased from 57.6% to 61.7%, reversing some of the recent decline, while the proportion of boards looking for better ways to incorporate iwi/Māori perspectives has fallen from 39.2% to 33.4%. The latter result should be interpreted with care: it measures whether boards are actively looking for better ways to incorporate those perspectives, not the extent to which iwi/Māori perspectives are already incorporated into strategy or decision-making. The decline therefore cannot by itself be read as reduced engagement.

DIRECTOR INSIGHT

"Sometimes the long-term strategy remains directionally correct, but the pathway to achieving it needs to change. Boards need to keep testing what's working and be prepared to adjust their approach."

– Justine Gilliland MInstD

Social, environmental and sustainability[10]

Boards continue to give strong attention to people and social impact, while broader climate engagement has softened further. Around seven in 10 oversee workplace mental health and wellbeing and regularly discuss social impact and value, and nearly six in 10 consider their organisation's social licence to operate. Environmental and nature-related oversight remains lower, although the IoD Risk Survey points to more practical activity around continuity planning, physical exposure and insurance.

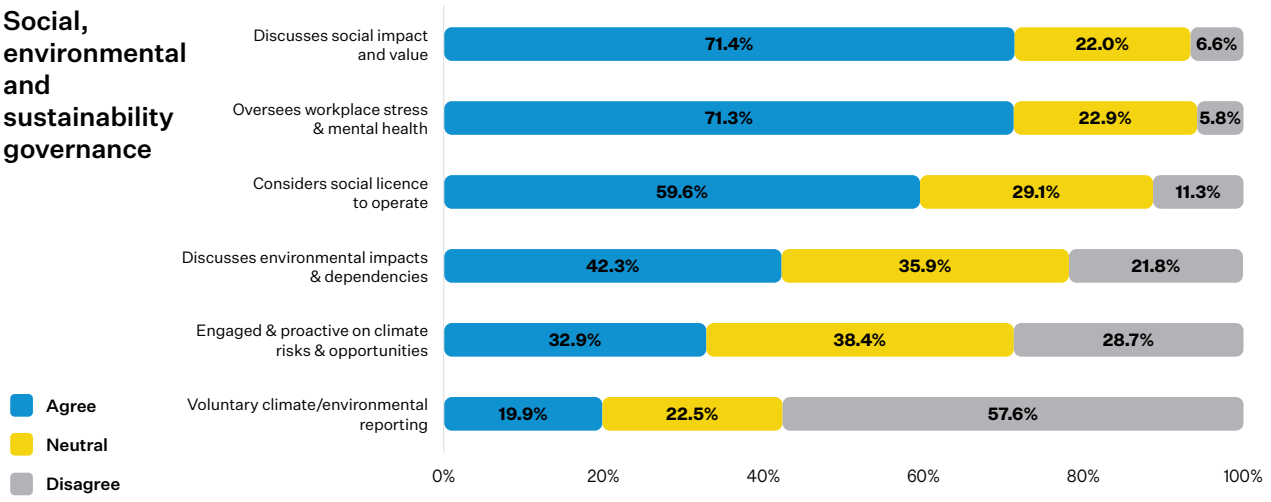
Regular discussion of the organisation's social impact and value is the most common of these measures at 71.4%, up from 63.5% last year. Workplace mental health and wellbeing remains similarly prominent, with 71.3% of directors saying their board oversees initiatives in this area, compared with 69.8% in 2025. Despite year-to-year movement, neither measure shows a clear long-term directional trend; both have remained relatively prominent on board agendas over recent years (see Figure 18).

A new measure this year adds another dimension to the social governance picture. Almost six in 10 directors (59.6%) say their board regularly considers how the organisation maintains its social licence to operate. This reinforces the wider finding that external challenge can come from across an organisation's stakeholder relationships. Maintaining social licence depends on how an organisation engages externally and whether its culture, conduct and decision-making support the trust it seeks to maintain.

10 **Question 10:** Please indicate whether you agree or disagree with the following statements about your organisation's social, environmental and sustainability governance (agree, neither agree nor disagree, disagree).

Figure 18.

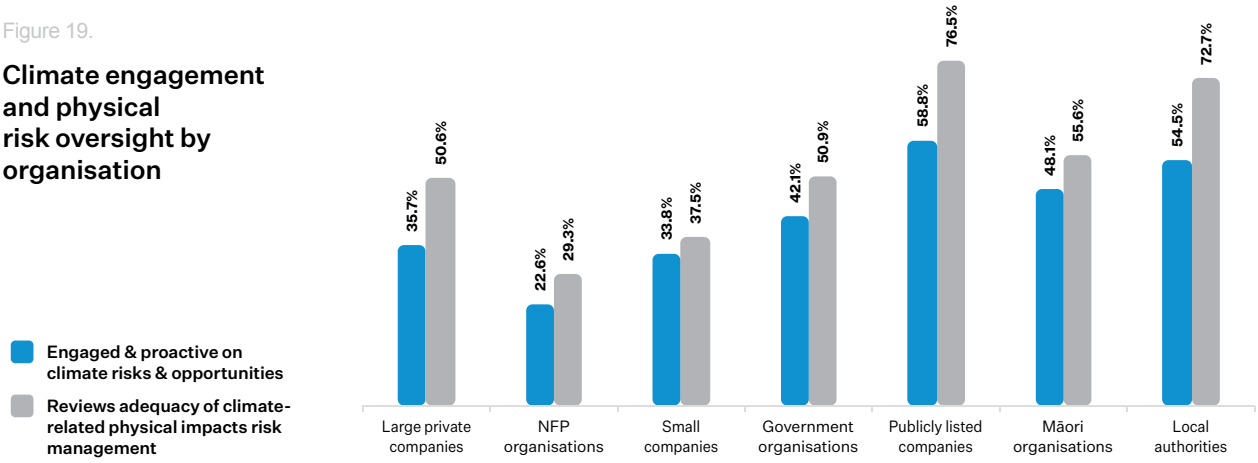
Social, environmental and sustainability governance



The climate and environmental results show a different pattern (see Figure 19). Some 42.3% of directors say their board regularly discusses environmental and nature-related impacts and dependencies, little changed from 41.7% in 2025. However, only 32.9% say their board is engaged and proactive in managing climate-related risks and opportunities, down from 36.6% last year. Voluntary reporting on climate, sustainability or environmental risks has also fallen, from 24.4% in 2025 to 19.9%, the same level as 2024.

Figure 19.

Climate engagement and physical risk oversight by organisation



Oversight is stronger when the focus shifts specifically to physical climate and environmental risk. Overall, 43.8% say their board regularly reviews the adequacy of its approach to physical impacts, higher than the 32.9% who describe their board as engaged and proactive on climate-related risks and opportunities. That pattern holds across every organisation type, with some of the largest gaps among publicly listed companies and local authorities. This suggests practical risk oversight may be more established than the broader climate engagement measure alone implies.

There is also a divergence between national and organisational perceptions of climate risk. Natural hazards and climate change as an impediment to national economic performance rose from 5.8% in 2025 to 8.8%, while remaining unchanged at 1.4% as organisations' single biggest risk. This suggests growing recognition of the wider economic significance of climate and natural hazards without a corresponding increase in the number of directors who see them as their organisation's most immediate risk.

The ***IoD Risk Survey 2026*** provides further insight into how boards are responding to climate and natural hazard risks through resilience and risk management processes. Some 59.2% had discussed business continuity and disaster recovery, 43.8% had reviewed the exposure of key assets or operations to physical risks and 39.6% had reviewed insurance coverage and affordability. By comparison, only 17% had undertaken scenario analysis or stress testing and 18.8% had considered long-term adaptation or relocation.

Among Risk Survey respondents whose decisions had already been shaped by climate-related risk, activity was markedly higher. Of those who answered the action question, 83% had reviewed physical asset or operational exposure and the same proportion had discussed business continuity and disaster recovery. More than three-quarters (77.4%) had reviewed insurance coverage and affordability, while 43.4% had undertaken scenario analysis or stress testing.

Boards facing tangible impacts are much more likely to act on exposure, continuity, insurance and scenarios, even as broader climate engagement has softened.

Finding certainty in uncertainty

Uncertainty runs through the 2026 Director Sentiment Survey. Geopolitical and political uncertainty are prominent concerns, half of directors expect major disruptive change in their industry within two years, and boards are navigating rapid shifts in technology, markets and regulation. Yet focusing too heavily on what cannot be predicted can obscure something equally important: not everything about the future is uncertain.

The timing, scale and consequences may remain unclear, but the direction of travel is often much less so. Four in five directors (80.4%) expect technology and AI to significantly reshape board practices by 2030, while 18.9% have already overseen a cyber incident in the previous 12 months. The ***IoD Risk Survey 2026*** adds to that picture: 75.9% had discussed generative AI use and 61.6% AI-amplified cyber risk. AI capability will continue to develop and cyber threats will evolve alongside it, even though no board can predict the next attack or technological breakthrough.

Physical risk presents a similar distinction. New Zealand's ***2026 National Climate Change Risk Assessment*** identifies new and intensifying hazards, with more frequent, intense and compounding extremes including rainfall and flooding, heat and drought, alongside progressive changes such as rising seas. While the exact timing and location of the next damaging event may be unknown, the broad direction of physical risk is clearer.

Demographic change is slower moving, but many of its effects are also foreseeable. New Zealand is already moving towards an older, more culturally diverse population, alongside declining fertility and significant differences in growth between regions. These shifts will change workforces, customers and communities regardless of short-term migration movements. **Treasury similarly describes** population ageing, rising health costs, climate adaptation and debt servicing as structural pressures that are already compounding rather than distant risks.

These are not certainties in the sense of precise forecasts. Rather, they narrow the range of plausible futures. Some of the most useful certainties may also be the ones organisations would prefer not to confront: assets will age, some skills will become obsolete, physical exposures will change and demographic shifts will alter demand and labour markets.

Waiting for greater certainty is not always neutral. Long-lived decisions often have to be made with imperfect information, and delay can narrow future choices or increase eventual costs – a tension explored at the **IoD's 2026 conference**.

Scenario analysis helps boards distinguish what remains genuinely uncertain from what is already sufficiently clear to test assumptions and decisions against. Two-thirds of directors (66.3%) say their board considers long-term macro trends, and 78.9% test strategy against different futures or critical assumptions at least occasionally. But only 35.7% do so regularly.

The task is to identify what is already clear enough to act on, while continuing to test assumptions where uncertainty remains.

You can download the Chapter Zero NZ scenario analysis guide **here**.

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An effective governance culture

Board culture[11]

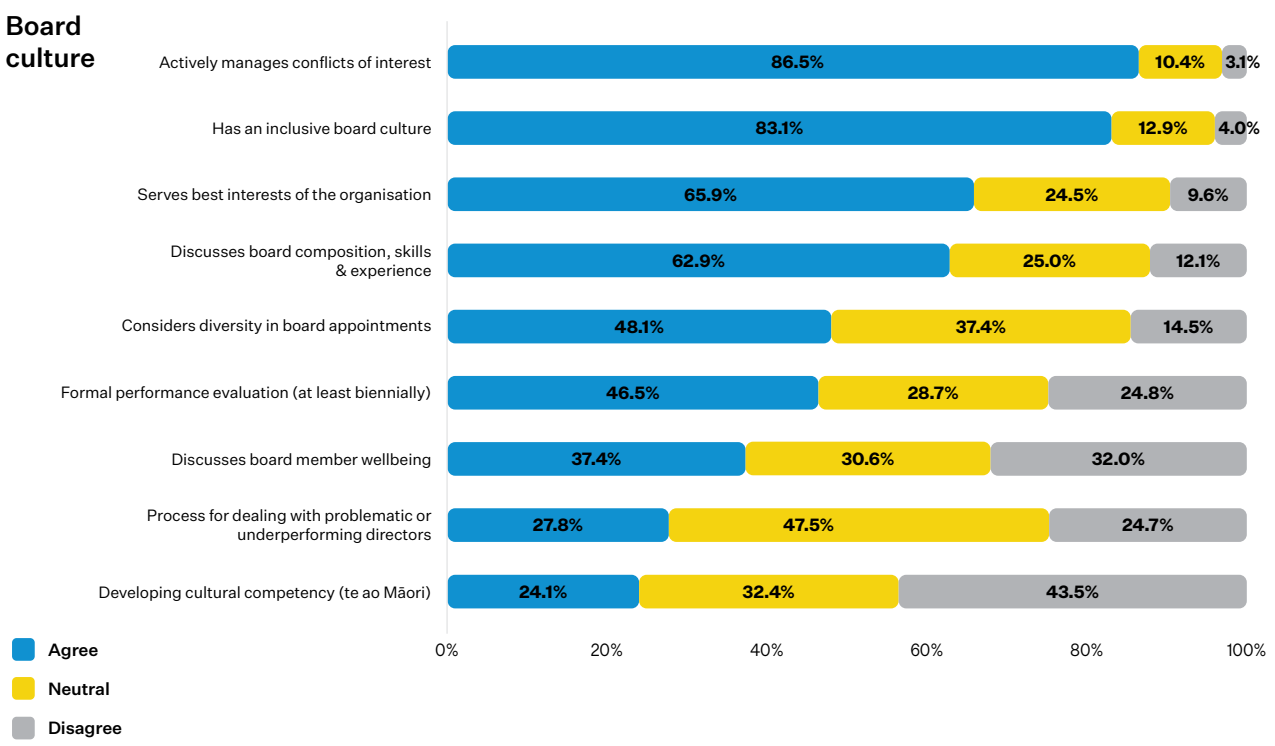
Boards continue to rate their culture strongly on inclusion and the management of conflicts, but the practices that support renewal and accountability are less consistent. Diversity in board appointments has fallen below 50% for the first time in the 10-year series, despite more than eight in 10 directors describing their board culture as inclusive. Formal evaluation remains below half, and fewer than three in 10 boards say they have adequate processes for dealing with problematic or underperforming directors.

Managing conflicts of interest remains one of the strongest areas of board practice, with 86.5% of directors saying their board has a process to actively recognise, declare and manage conflicts. A similarly high 83.1% say their board culture encourages and includes different views and perspectives around the table. Both measures are broadly stable. There has also been an increase in the proportion saying their board regularly assesses whether its decisions and performance serve the best interests of the organisation, from 60% in 2025 to 65.9% this year (see Figure 20).

11 **Question 11:** Please indicate whether you agree or disagree with the following statements about board culture (agree, neither agree nor disagree, disagree).

Image by: Hai Nguyen on Unsplash

Figure 20.

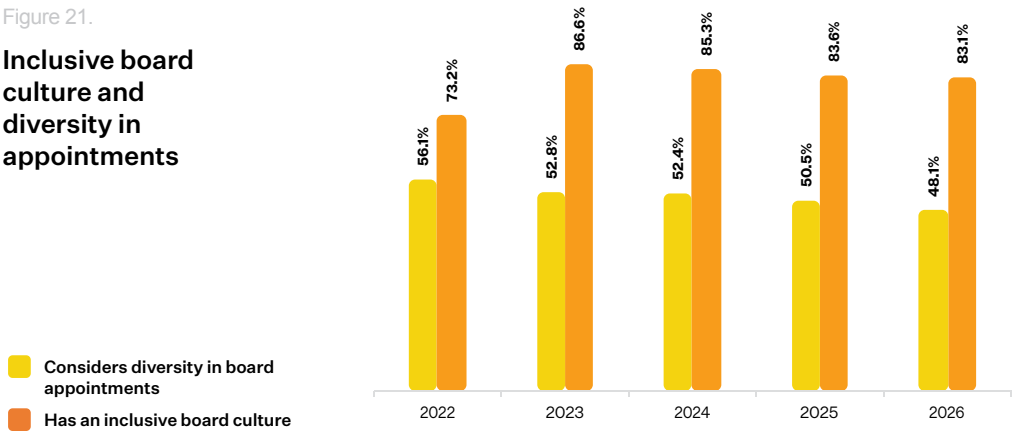


The longer-term picture on diversity is less positive. Just 48.1% now say diversity is a key consideration in board appointments, down from 50.5% last year. This is the first time in the 10-year series that the measure has fallen below half and is well below the 68% recorded in 2018. The five-year trend also shows a steady decline, from 56.1% in 2022, while the proportion describing their board culture as inclusive has remained above 80% since 2023 (see Figure 21).

The gap between the two measures now stands at 35 percentage points and has widened markedly from 17.1 points in 2022. An inclusive board culture is valuable, but it is not the same as diversity in board composition or appointment practice. The IoD's 2026 ***Governance diversity in New Zealand*** report found diversity needs to be considered across representation, leadership, renewal and capability, and that diversity of thought should not be treated as a substitute for demographic diversity. Different perspectives add value when both the composition of the board and its culture enable them to influence discussion and decision-making.

Figure 21.

Inclusive board culture and diversity in appointments



NFP organisations stand out, with 88.1% reporting an inclusive board culture and 68.5% saying diversity is a key consideration in appointments. Elsewhere, the gap is considerably wider. Among small companies, 85.9% describe their culture as inclusive but only 37.5% prioritise diversity in appointments; for large private companies the figures are 79.2% and 35%, and for publicly listed companies 87.9% and 44.1%. Māori organisations record the highest result for inclusive culture, at 92.6%, while 48.1% say diversity is a key appointment consideration. The results suggest boards can perceive themselves as open to different perspectives without necessarily bringing the same emphasis to how the board is composed and renewed.

Appointments are one of the points at which boards can actively shape their future capability. The governance diversity research found traditional pathways relying on networks, reputation, prior executive experience and visibility can narrow the candidate field, and highlighted more transparent appointment processes, refreshed skills matrices and deliberate succession planning as ways to access a wider range of talent. It also cautions that renewal alone does not guarantee more diverse outcomes; how vacancies are planned, searched and filled still matters.

The wider board culture results suggest related renewal and review practices are not strengthening markedly. Some 62.9% regularly discuss board composition, renewal and the skills and experience needed for the future, little changed from 61.9% last year. Formal board evaluation is also essentially flat at 46.5%. Meanwhile, 46.4% now expect their current board structure, including committees, to need revision as business models evolve, up sharply from 31.2% last year. The contrast raises a practical question: if boards expect governance arrangements to change, are evaluation, succession and renewal processes keeping pace?

DIRECTOR INSIGHT

> “Boards need to think ahead about how they’ll deal with an underperforming or problematic director. It’s unfair to leave it to the chair to have difficult conversations without the policies and constitutional provisions to support them.”

– Carol Scholes CMInstD

Processes for dealing with board performance remain a particular weakness. Only 27.8% say their board has adequate processes and systems for dealing with problematic or underperforming members, down slightly from 29.4%. Formal evaluation is not solely about identifying underperformance, but together the findings point to relatively limited formal mechanisms for testing whether the board continues to have the contribution, behaviours and capability it needs.

The largest year-on-year fall in this group of measures is in cultural competency in te ao Māori. Just 24.1% say their board is engaged and proactive in developing competency in te ao Māori, including tikanga and mātauranga Māori, down from 31.5% last year. The decline was evident across most organisational categories, including NFP organisations, large private companies and small companies, suggesting a broader softening rather than a movement concentrated in one part of the survey. However, the measure captures active development of competency rather than the level of competency already present, so results may also reflect where boards are in their development journey and the extent of further development they consider necessary. Discussion of board member wellbeing moved in the opposite direction, increasing from 34.3% to 37.4%, although it remains a minority practice.

Future boards[12]

Boards expect significant change in the environment in which they govern, but their preparedness remains mixed. Half expect major disruptive change in their industry and almost half expect external pressures to change the way their board operates. Yet only 49.2% believe their board currently has the right capabilities to deal with increasing complexity and risk, while regular professional development has edged down again. Boards are, however, making greater use of external expertise and advice.

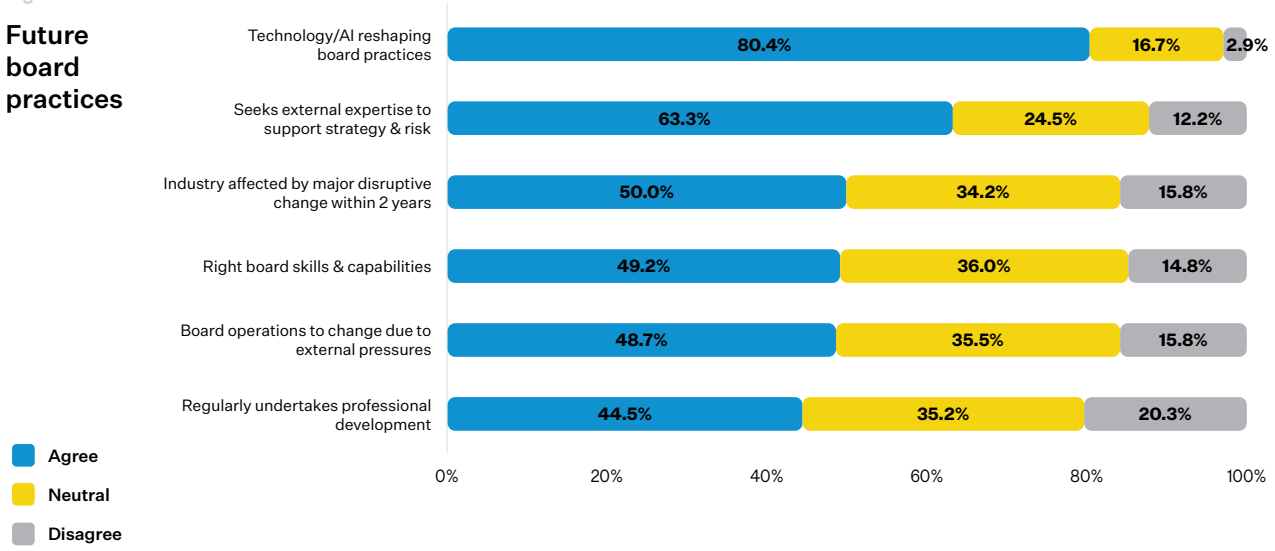
Expectations of technological change remain particularly high. Some 80.4% expect technology and AI to significantly reshape board practices by 2030, little changed from 79.4% last year but well above 62.8% in 2024. The result suggests the sharp rise seen last year has been sustained, rather than being a temporary response to the rapid emergence of generative AI (see Figure 22).

Half of directors (50%) expect their industry to experience major disruptive change within the next two years, while 48.7% expect their board to change the way it operates over the next three years in response to external pressures such as supply chains, geopolitical tensions and legislative change. These measures are broadly stable, but point to an environment in which adaptation is becoming an ongoing governance requirement rather than a response to an occasional disruption.

12 **Question 12:** Please indicate whether you agree or disagree with the following statements about future board practices (agree, neither agree nor disagree, disagree).

Figure 22.

Future board practices



That expectation of change is not yet matched by a corresponding shift in perceived board capability. Only 49.2% say their board has the right skills and experience to deal with increasing business complexity and risk, essentially unchanged from 48.4% last year. At the same time, 46.4% expect their current board structure, including committees, to need revision as business models evolve.

Professional development has not kept pace with expectations of change. Some 44.5% say their board regularly undertakes professional development and supports a culture of continuous learning for directors, down from 46% last year and from 49.1% when the measure was introduced in 2023. The movement is gradual rather than dramatic, but its direction is notable when boards are anticipating greater technological change, disruption and complexity.

Boards appear more willing to supplement their internal capability with outside expertise. Almost two-thirds (63.3%) say their board seeks external expertise and advice to support strategy and risk management, up from 59.4% last year and reversing much of the previous decline. External advice can give boards access to specialist capability that may not need to sit permanently around the board table, particularly as the range of technical, regulatory and strategic issues expands. But it does not remove the need for directors to have sufficient capability to interrogate that advice, understand its assumptions and exercise independent judgement.

Boards clearly recognise their operating environment and governance practices are changing, and many are drawing on external expertise to help navigate that change. The question is whether board composition, development and learning are evolving quickly enough to ensure directors can continue to provide effective challenge and oversight as complexity increases.

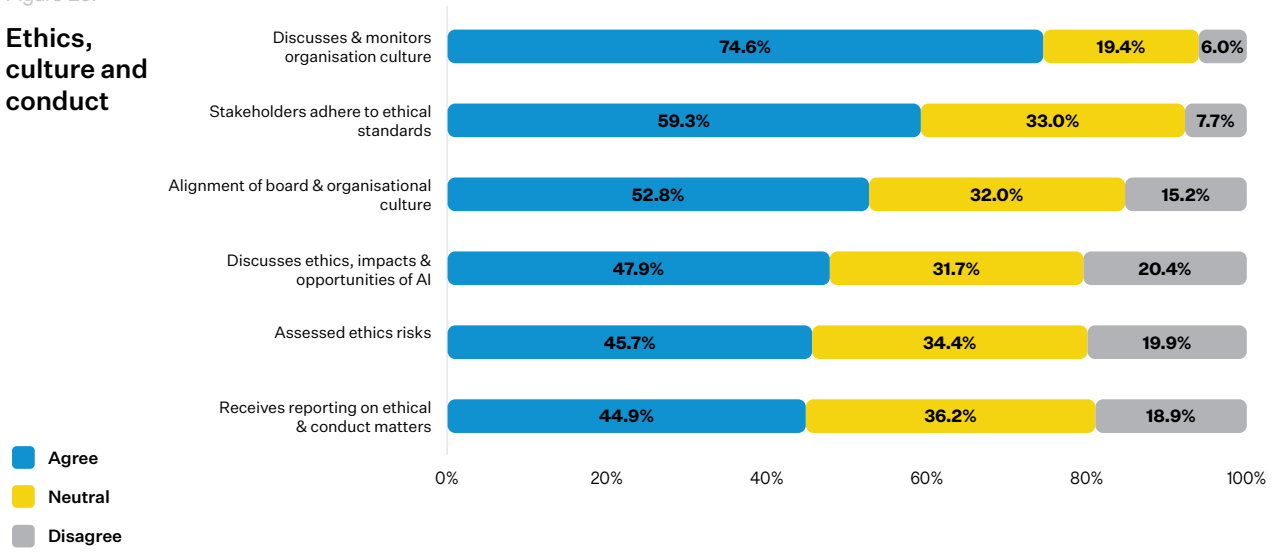
Ethics, culture and conduct[13]

Boards continue to put organisational culture on the agenda, but the mechanisms that help boards test culture and conduct are more uneven. Nearly three-quarters regularly discuss and monitor culture, yet fewer than half have assessed ethical risks or receive comprehensive reporting on ethical and conduct matters. Attention to AI ethics is increasing, while board discussion of whistleblowing, bullying and sexual harassment has declined this year.

Organisational culture remains the strongest measure in this area. Some 74.6% of directors say their board regularly discusses and monitors organisational culture, essentially unchanged from 73.9% last year. Just over half (52.8%) regularly discuss the alignment between board and organisational culture, also little changed, while 59.3% are confident the board, staff, business partners and suppliers understand and adhere to the organisation's ethical standards (see Figure 23).

Figure 23.

Ethics, culture and conduct



The results are weaker when the focus shifts from discussing culture to the systems that help boards test what is happening in practice. Fewer than half of boards have assessed ethical risks in the past 12 months (45.7%) or receive comprehensive reporting from management on ethical matters, conduct incidents and the actions taken in response (44.9%). Reporting has now declined for two consecutive years, having fallen from 50.1% in 2024 to 48.5% in 2025. Regular discussion of culture does not on its own provide assurance about whether expected behaviours are being experienced throughout the organisation or whether emerging conduct issues are visible to the board.

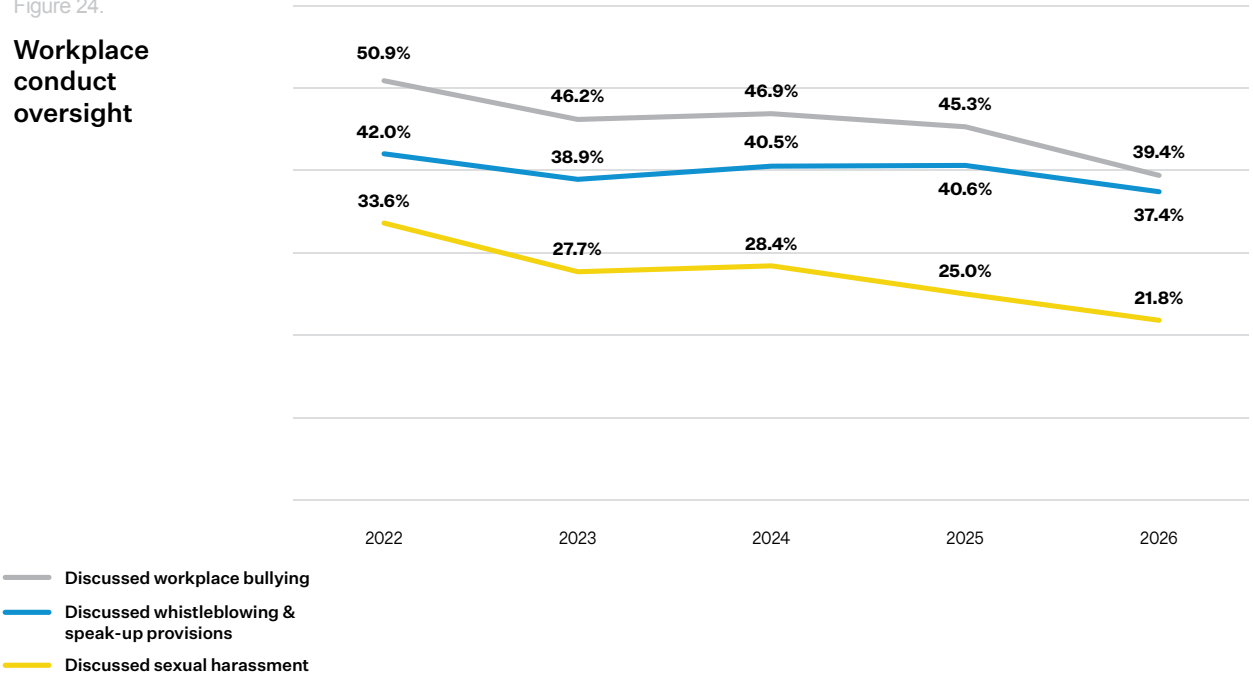
AI is the notable movement in the other direction. Almost half of directors (47.9%) say their board regularly discusses the ethical

13 **Question 13:** Please indicate whether you agree or disagree with the following statements about ethics, culture and conduct in your organisation (agree, neither agree nor disagree, disagree).

impacts and opportunities of AI, up from 39% last year – the largest year-on-year increase among these measures. This suggests ethical considerations are beginning to accompany the rapid growth in board attention to AI more generally, although there remains a sizeable gap between recognising how significantly technology may reshape governance and routinely considering its ethical implications.

Figure 24.

Workplace conduct oversight

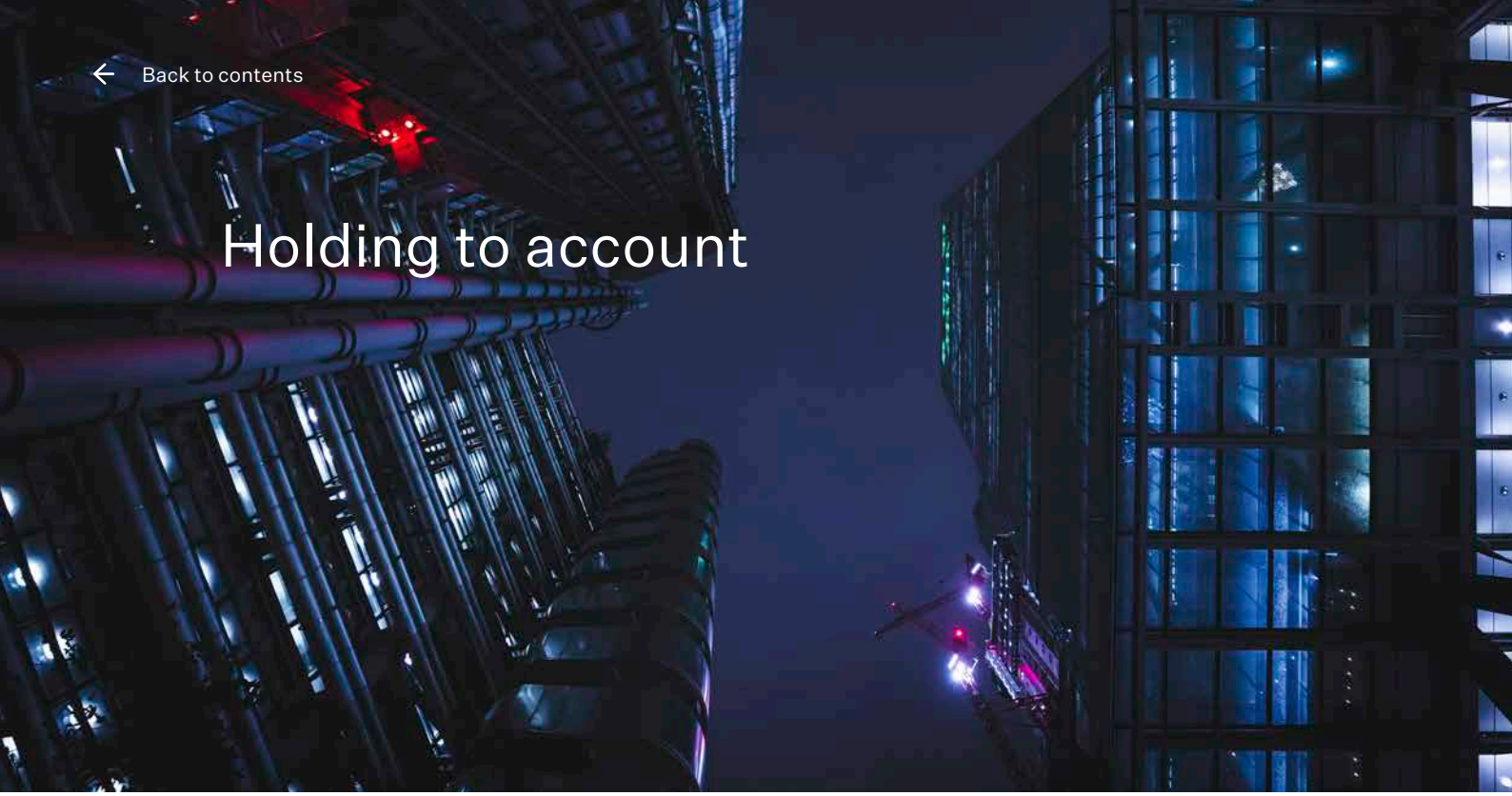


The workplace conduct measures show a more concerning longer-term pattern (see Figure 24). In 2026, 39.4% of boards had discussed workplace bullying in the previous 12 months, down from 45.3% last year; 37.4% had discussed whistleblowing and the effectiveness of speak-up provisions, down from 40.6%; and 21.8% had discussed sexual harassment, down from 25%. All three measures are also below their 2022 levels, with the largest declines in discussion of workplace bullying and sexual harassment.

These results measure whether boards have discussed these issues, not the incidence of bullying, harassment or whistleblowing, nor whether organisations have effective policies and processes in place. A lower result could reflect mature systems and greater delegation, reduced incidence, or less direct board attention; the data cannot distinguish between those explanations. If boards are discussing culture but less frequently considering specific conduct risks and speak-up mechanisms, they need other reliable ways of knowing whether problems are being surfaced and addressed.

Effective culture oversight requires boards to receive enough evidence to test whether expected behaviours are reflected in practice.

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Holding to account

Risk oversight [14]

Core risk management processes continue to strengthen, with more boards reporting appropriate processes to identify, assess, mitigate and monitor risk. Other measures are steadier: risk appetite and non-financial risk reporting are less consistently embedded, while the time devoted to risk oversight is little changed. The depth of oversight also varies considerably across different risk areas.

Nearly three-quarters of directors (72.7%) say their board has appropriate processes to identify, assess, mitigate and monitor risk, up from 69.4% in 2025 and 68.2% in 2024. A new measure this year provides a further test of how those processes are being used: 60.6% say their board has clearly defined its risk appetite in relation to key risks and uses it to guide the organisation's risk management approach (see Figure 25).

The other measures of risk governance show less movement. Some 59.5% say their board receives comprehensive reporting from management about non-financial risks and has discussed actions to address them, compared with 58% last year with results remaining in the high 50s over the past three years. Meanwhile, 55% say the time their board spends on risk oversight has increased

DIRECTOR INSIGHT

"Boards need to go beyond knowing that controls are in place. Are they working? Which are failing? What hasn't been independently verified? Those are the questions that give directors meaningful assurance."

– Jane Cartwright CFInstD

14 **Question 14:** Please indicate whether you agree or disagree with the following statements about risk oversight (agree, neither agree nor disagree, disagree).

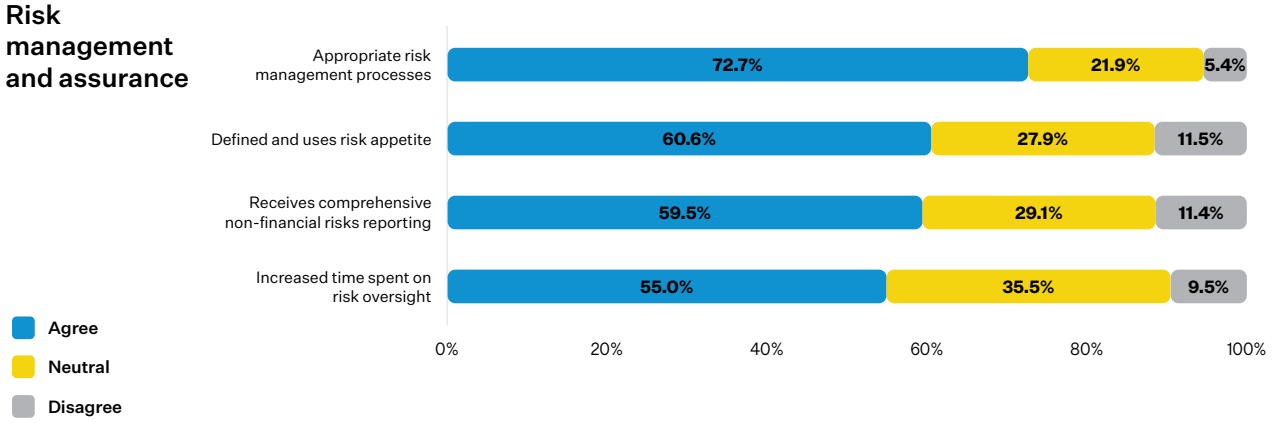
Image by: Andrea De Santis on Unsplash

in the past 12 months, essentially unchanged from 55.3% in 2025. The longer-term trend is more noticeable: the proportion was 61.5% in 2024 and 63.1% in 2023.

The four measures point to a gradual strengthening of the formal architecture of risk management rather than a broad increase in board oversight. This may partly reflect the cumulative effect of regulatory and policy change over recent years, which can prompt boards to formalise risk processes, reporting and assurance arrangements, although changes in governance practice can take time to bed in. Having risk management processes in place does not necessarily mean boards are using risk appetite to guide decisions.

Figure 25.

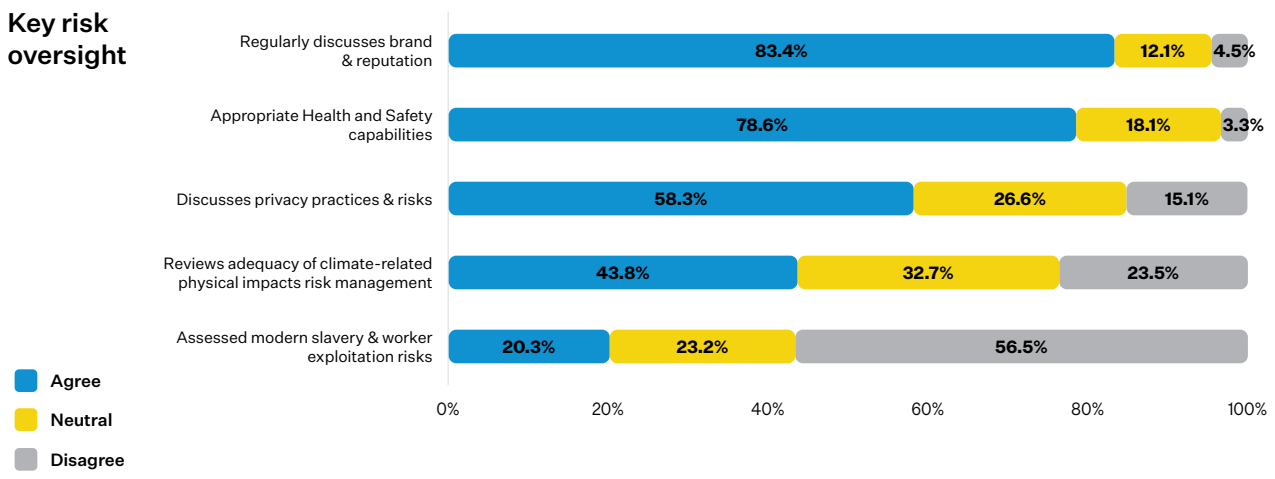
Risk management and assurance



How those frameworks are applied also varies considerably by risk. Brand and reputation remains the area receiving the greatest board attention, with 83.4% saying it is discussed at least annually, although this is down from 88.2% in 2025. Health and safety also remains prominent: 78.6% say their board has the right capabilities to meet its director obligations and oversee organisational requirements under the Health and Safety at Work Act, up from 75.1% last year (see Figure 26).

Privacy sits some distance behind these two areas. Some 58.3% regularly discuss the organisation's privacy practices and risks. While still leaving a sizeable proportion of boards without regular discussion, the result has edged upwards over recent years, from 55.2% in 2023, 56.8% in 2024 and 57.2% in 2025.

Figure 26.



Attention is lower again for physical climate and environmental risk. Some 43.8% say their board regularly reviews the adequacy of its risk management approach to physical impacts such as storms, floods and droughts, slightly down from 45.6% in 2025. This is higher than the proportion describing their board as engaged and proactive on climate-related risks and opportunities, suggesting practical attention to physical exposure may be more established than broader climate engagement.

Modern slavery and worker exploitation remain the clearest outlier. Only 20.3% say their board has assessed these risks in the organisation and its supply chains, virtually unchanged from 19.9% last year. More than half explicitly disagree that their board has undertaken such an assessment. The lack of movement is notable as the Modern Slavery Bill progresses through Parliament. As reported back from select committee, the Bill would require entities with annual revenue above $100 million to report on modern slavery risks and due diligence across their domestic and international supply chains. Organisations outside that threshold may still face expectations as suppliers to reporting entities, while overseas trade measures can create wider commercial consequences.

The additional 12.5% US tariff applying to most New Zealand exports from July followed a US investigation into forced labour practices. For boards, the issue therefore extends beyond whether the organisation is captured by a reporting regime to understanding labour practices, traceability and dependencies across its supply chains.

Overall, the results point to a distinction between having a risk management framework and applying it consistently across the organisation's risks. Boards are more likely to say the core processes are in place, but oversight varies considerably across individual risks. Boards need to ensure risk appetite, reporting and board attention are aligned to the risks that could materially affect strategy, operations and organisational resilience.

Technology and information governance[15]

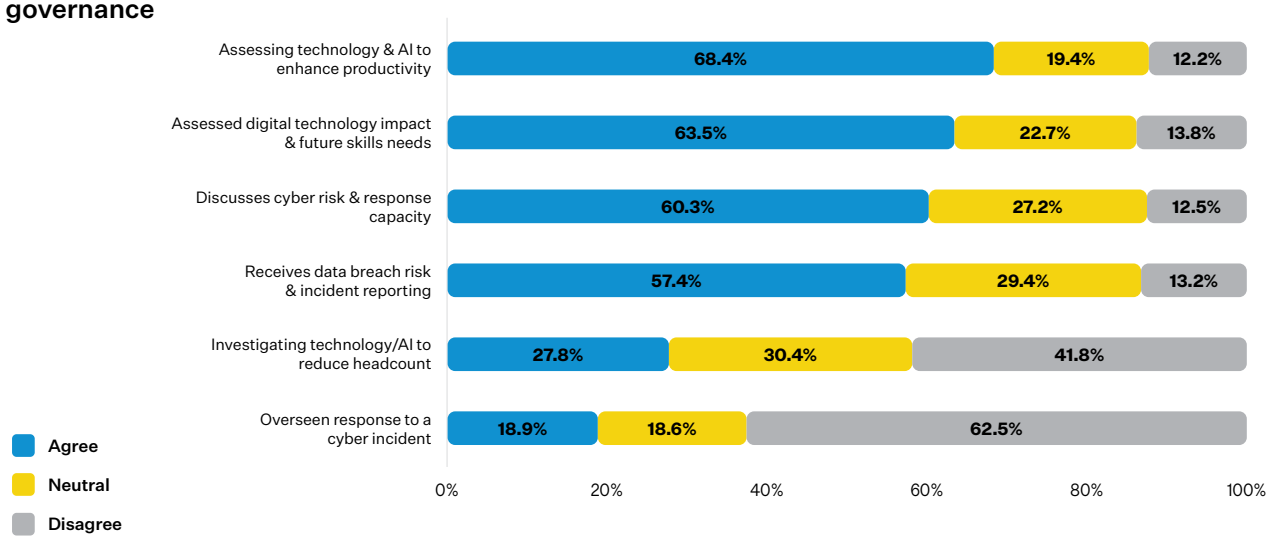
Technology has moved further into mainstream board governance, with stronger engagement on productivity, organisational capability and AI. Almost one in five boards has overseen a cyber incident in the past year, nearly double the proportion in 2025, reinforcing the need to connect technology opportunity with cyber resilience and information assurance.

Board engagement with technology continues to strengthen. More than two-thirds of directors (68.4%) say their board is working with management to determine how technology and AI can enhance productivity and processes, up from 60.6% in 2025 and 48.2% in 2024. A similar proportion (63.5%) have assessed the impact of digital technology on the organisation and future skills needs, also up from 60.6% last year. By contrast, only 27.8% are investigating the use of technology or AI to reduce headcount, suggesting boards are approaching technology much more through productivity, processes and capability than direct workforce reduction (see Figure 27). That focus is likely to remain prominent: 80.4% expect technology and AI to significantly reshape board practices by 2030, while 47.9% regularly discuss the ethical impacts and opportunities of AI.

Cyber oversight has also strengthened modestly. Some 60.3% regularly discuss cyber risk and are confident their organisation has the capacity to respond, up from 57.2% in 2025, while 57.4% receive comprehensive reporting on data breach risks and incidents, up from 55.2%. The proportion whose board has overseen a cyber incident in the previous 12 months has risen to 18.9%, compared with 10.3% last year and slightly above the 17.9% recorded in 2024.

Figure 27.

Technology and information governance



15 **Question 15:** Please indicate whether you agree or disagree with the following statements about technology and information governance (agree, neither agree nor disagree, disagree).

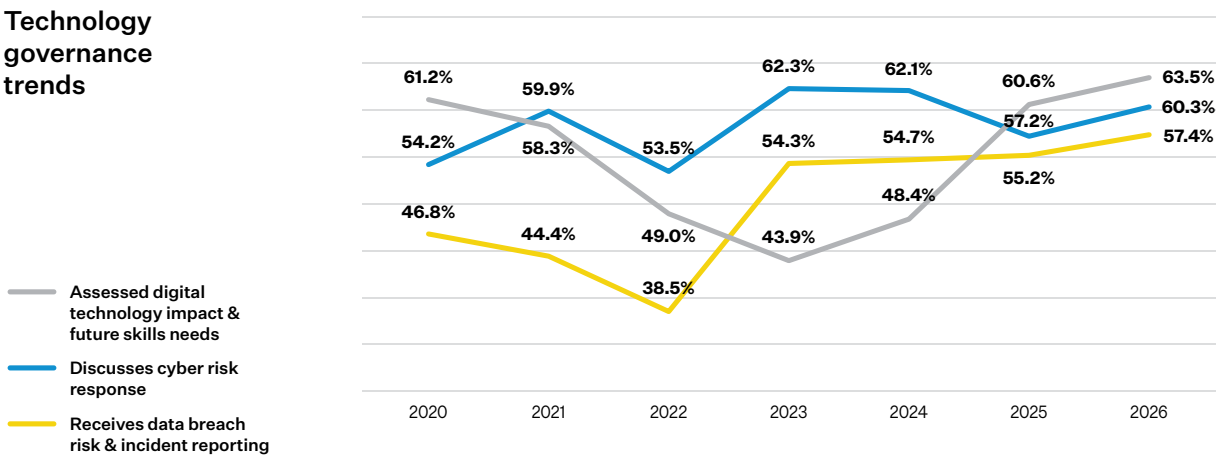
The spread between these measures is revealing. Expectations of change remain well ahead of ethical oversight, while the much lower proportion investigating headcount reduction suggests the immediate governance conversation is broader than automation replacing jobs. Technology is now intersecting with strategy, productivity, workforce capability, ethics and risk rather than sitting as a discrete technology issue.

The longer-term trend shows a related shift (see Figure 28). In 2023, assessing the impact of digital technology on the organisation and workforce was well below cyber discussion and data breach reporting, at 43.9% compared with 62.3% and 54.3% respectively. By 2026, the three measures have almost converged at 63.5%, 60.3% and 57.4%.

That convergence has been driven principally by the technology and workforce measure. After falling from 61.2% in 2020 to 43.9% in 2023, it has climbed through 48.4% in 2024 and 60.6% in 2025 to 63.5% this year. Cyber discussion, by comparison, has fluctuated around the high 50s and low 60s, while data breach reporting has risen more gradually following its sharp lift in 2023.

Figure 28.

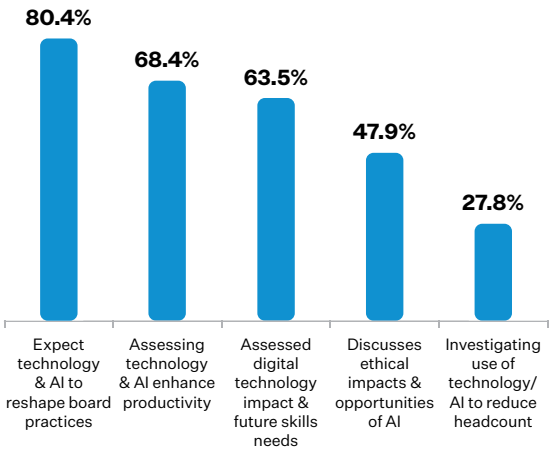
Technology governance trends



The convergence suggests the scope of technology governance is broadening. Figure 29 shows that broader agenda extending across expected changes to board practice, productivity, future skills, AI ethics and workforce impacts. Cyber resilience and information assurance remain central, but boards are now giving comparable attention to how technology changes organisational capability and the workforce. The challenge is to maintain that breadth as adoption accelerates, capturing productivity and strategic opportunities while ensuring cyber resilience, data governance and ethical considerations develop alongside them.

Figure 29.

AI and technology in practice



Succession planning[16]

Succession planning remains uneven, with discussion of broader talent risks well ahead of regular succession discussions for specific leadership roles. Strategic talent discussions have fallen for a second year, while CEO, key staff and chair succession discussions are broadly stable. Discussion of succession for board members and committee chairs has increased but remains below half.

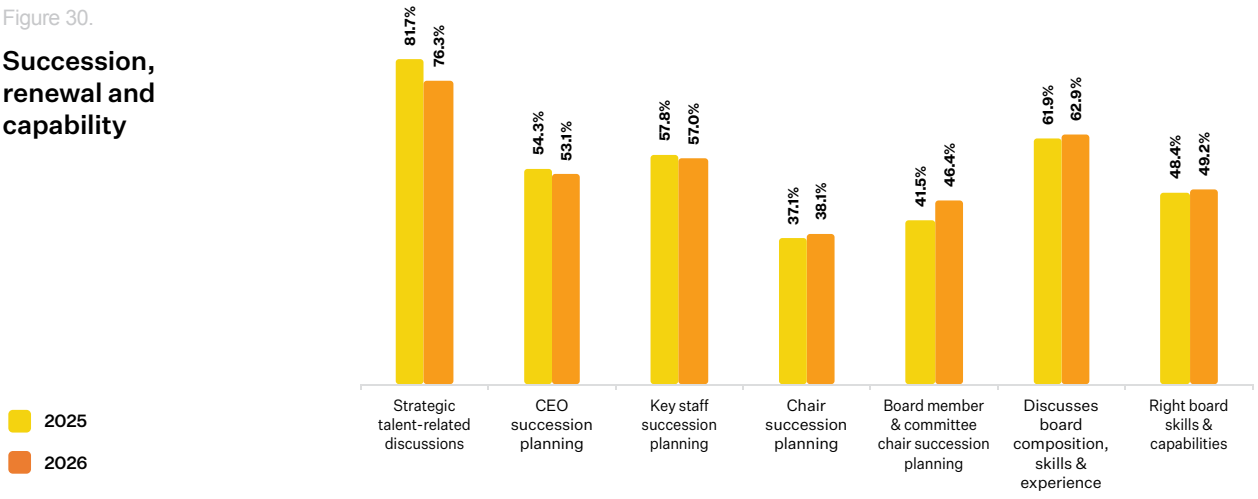
Boards remain much more likely to discuss broader talent and capability risks than to regularly discuss succession for the CEO and key leadership roles. Some 76.3% say their board has discussed strategic talent-related risks affecting succession, capability and retention, down from 81.7% in 2025 and 86.5% in 2024. Discussing CEO succession planning at least annually is largely unchanged at 53.1% (compared with 54.3% last year), while 57% regularly discuss succession planning for key staff at least annually, down slightly from 57.8% (see Figure 30).

The picture is weaker again for board leadership. Only 38.1% regularly discuss chair succession planning at least annually, little changed from 37.1% in 2025 and still below the 41.1% recorded in 2024. There has, however, been a more noticeable increase in regular succession discussion for board members and committee chairs, from 41.5% to 46.4%.

Looking across the survey reinforces the gap between discussion, current capability and preparation for change. Almost two-thirds of boards (62.9%) regularly discuss board composition, skills and experience, little changed from 61.9% last year. That level of discussion is not matched by the same level of confidence in current capability: 49.2% of directors believe their board has the right skills and capabilities to deal with increasing business complexity and risk, also virtually unchanged from 48.4%.

Figure 30.

Succession, renewal and capability



16 **Question 16:** Please indicate whether you agree or disagree with the following statements about succession planning (agree, neither agree nor disagree, disagree).

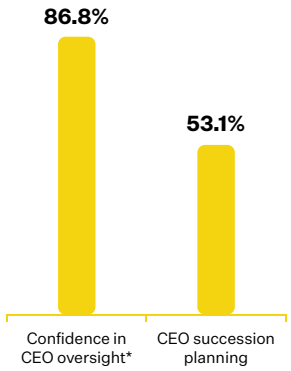
The pattern suggests recognising future capability is not consistently translating into regular succession planning discussions. Half of directors expect major disruption in their industry over the next two years and almost half expect their board to change how it operates over the next three years. Leadership continuity and board renewal therefore form part of capability planning to prepare for that change, rather than simply responding when a vacancy arises.

Confidence in current CEO oversight is much higher than the frequency of succession discussion (see Figure 31). Some 86.8% of directors are confident, very confident or extremely confident their board has effective oversight of the CEO's conduct, judgement and leadership impact, while 53.1% say their board discusses CEO succession planning at least annually.

The two measures capture different aspects of governance, but they point to an important distinction between confidence in current oversight and preparedness for leadership transition. Succession risk can crystallise quickly, and regular discussion helps boards prepare for both planned and unexpected leadership change.

Figure 31.

CEO oversight and succession



** Confidence includes respondents who selected confident, very confident or extremely confident*

Where silence can hide risk

Whistleblowing is easy to view as a policy issue that only becomes relevant when someone makes a formal disclosure. The 2026 survey suggests a more fundamental question about information flow. Only 37.4% of directors said their board had discussed whistleblowing and the effectiveness of speak-up provisions in the previous 12 months, down from 40.6% in 2025 and 42% in 2022. Only 44.9% say their board receives comprehensive reporting on ethical matters, conduct incidents and actions taken in response.

There is also evidence that serious wrongdoing may be witnessed without resulting in a protected disclosure. The **Office of the Ombudsman's 2026 survey** found 24% of respondents said they had witnessed serious wrongdoing at work, but only 37% of those had made a protected disclosure. More than half of respondents who had made a protected disclosure felt they had experienced retaliation. Four in 10 reported bullying or harassment and 29% said they had lost their job. These are self-reported experiences rather than confirmed findings of retaliation, but they help explain why having a reporting channel does not necessarily mean people feel safe using it.

The issue extends well beyond employment conduct. Fraud and corruption are often deliberately concealed. In 2024/25, the Serious Fraud Office (SFO) had 23 active prosecutions involving a combined $174.5 million in alleged fraud charges. Its ***Staying ahead of the curve*** briefing describes informants as a primary means of detecting fraud and corruption and identifies whistleblowers as a crucial part of the detection toolkit. Its case studies include a $1.25 million fraud uncovered after an employee used an anonymous tip line.

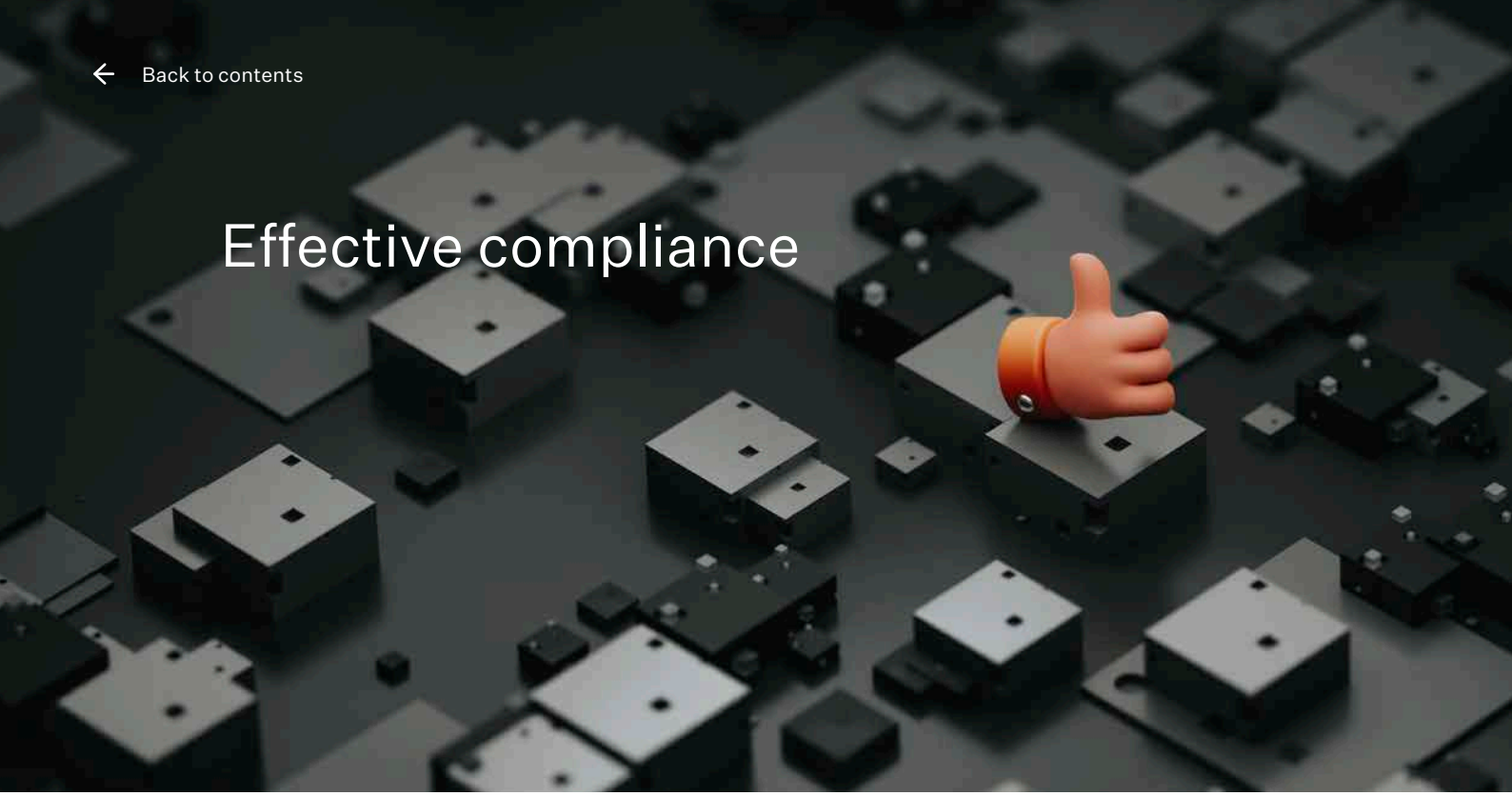
Detection itself is also changing. Data analytics and AI can identify anomalies and patterns that traditional methods may miss, even as the same technologies enable more sophisticated fraud. Yet technology cannot remove the human dimension. Corruption may involve relationships, influence and behaviour that are difficult to identify through transactions alone. Someone inside an organisation may see the warning signs before a control, audit or algorithm does.

New Zealand's Protected Disclosures (Protection of Whistleblowers) Act 2022 strengthened protections and allows qualifying disclosures to be made directly to an appropriate authority; the SFO can receive disclosures relating to potential criminal offending. Awareness and use of the regime have grown, but the Ombudsman's research suggests fear of consequences remains a significant barrier.

The number of whistleblowing reports received can therefore be difficult to interpret. Few reports do not necessarily mean there is little serious wrongdoing. Concerns may be resolved through other channels – or people may not believe speaking up is safe or worthwhile. Equally, an increase in reports does not necessarily indicate a worsening culture; it may reflect greater confidence that concerns will be heard.

For boards, the concern is what they may not be hearing. Fraud, corruption and serious misconduct can remain hidden when those closest to them stay silent or their concerns are dismissed or diluted as they move through the organisation. Boards need to know whether serious concerns can reach them in time to act.

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Effective compliance

Compliance remains a substantial boardroom demand, but the pressure is not increasing uniformly. More than four in 10 directors say increased personal liability is making them more cautious, and similar proportions report greater board time and spending on compliance. By contrast, concern about potential legal risk from climate-related reporting has fallen sharply, while the likelihood directors' responsibilities will deter people from governance roles remains below its 2024 level. Smaller companies, however, are showing a notable rise in both compliance time and expenditure this year.

Compliance and liability[17]

Directors' personal liability remains a significant concern. Some 28.8% say the scope of directors' responsibilities is more likely to deter them from taking on governance roles than it was a year ago. That is little changed from 27.7% in 2025 and remains below 34.8% in 2024. Concern is highest among local authorities, small companies and NFP organisations, while government organisations are notably lower.

DIRECTOR INSIGHT

"Compliance is the floor, not the ceiling. Boards need to understand their obligations and stay ahead of changing requirements, but good governance also demands ambition and the willingness to look beyond compliance."

– Aaron Hape CMInstD

17 **Question 17:** Please indicate whether you agree or disagree with the following statements about compliance (agree, neither agree nor disagree, disagree).

Image by: A C on Unsplash

Although fewer than three in 10 directors say the scope of responsibilities is more likely than a year ago to deter them from taking on a governance role, 43.7% say increased personal liability has made them more cautious in business decision-making. That is little changed from 42.1% last year and remains below the 52% recorded in 2024. Directors from small companies, local authorities and NFPs are the most likely to report increased caution. Liability may therefore influence board decisions without necessarily deterring directors from accepting appointments.

Health and safety remains another area where legal and regulatory developments are attracting board attention. Overall, 40.5% say recent Health and Safety at Work Act judgements and WorkSafe prosecutions have increased their board's focus on health and safety, compared with 38.9% last year. The response is strongest among local authorities, publicly listed companies and government organisations. Changes taking effect from April 2027 will clarify officers' duties around governance and place greater emphasis on critical risk.

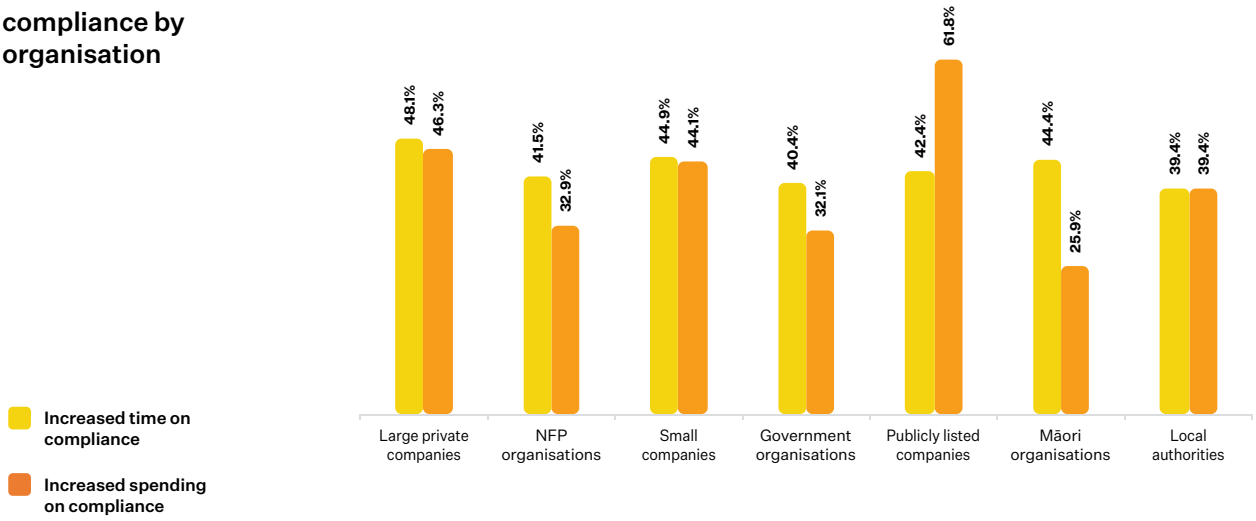
By contrast, concern about the potential legal risk of climate-related disclosures and reporting continues to fall. Just 16.4% now see this as an increasing concern, down from 24.1% in 2025 and 28.5% in 2024. That is the clearest trend across the compliance measures. The decline comes against a changing legal and regulatory backdrop, including decisions to narrow the mandatory climate reporting regime and reduce director liability settings. During the survey period, parliament barred tort liability for emissions-related climate change effects. Greater familiarity with reporting and assurance processes may also be contributing. Climate-related legal risk has not disappeared, but fewer directors now see it as an increasing concern.

Compliance also continues to absorb board resources. Some 44.5% of directors say their board is spending more time on compliance-related activities than it was 12 months ago, while 40.7% say it is spending more money. The proportion reporting a further increase in board time on compliance has fallen from 70.3% in 2022 to 44.5% in 2026, although the movement from 45.4% last year is slight. Increased compliance expenditure has also eased modestly, from 42.6% last year.

Among the three largest respondent groups, large private companies and NFP organisations have changed little. Small companies stand out: the proportion reporting more board time on compliance has risen by around eight percentage points and the proportion spending more money by around 11 points. In 2026, 44.9% of small company respondents report increased compliance time and 44.1% increased spending (see Figure 32).

Figure 32.

Time and cost on compliance by organisation



That suggests the compliance burden is not shifting in the same way for all boards. Scale may be one factor: regulatory, assurance or technology requirements may be absorbed differently depending on the systems, specialist capability and resources available to an organisation.

Overall, the findings do not point to a simple story of either rising or easing compliance. Compliance continues to absorb more time and money for a substantial proportion of boards, while liability affects decision-making, and health and safety developments continue to attract attention. Some pressures have stabilised or eased, while others are becoming more pronounced for particular organisation types.

Demographics

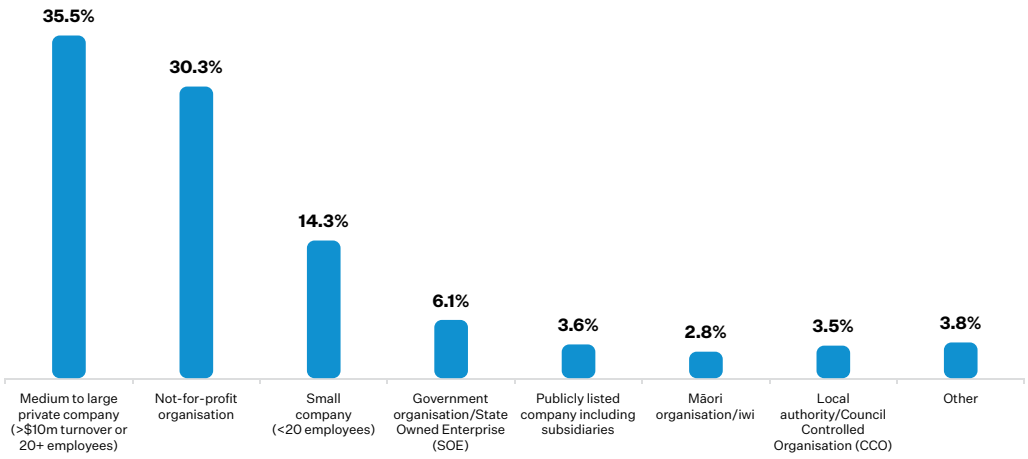
This year's survey received responses from 1,126 directors and governance practitioners across a wide range of organisations in New Zealand. Respondents represent private companies, NFPs, publicly listed companies, government and Māori organisations, local authorities and other governance settings, with varying levels of governance experience.

Organisational category

Large private companies remain the largest respondent group, representing 35.5% of respondents, slightly down from 36.9% in 2025. NFP organisations increased marginally to 30.3%, from 29.6%. Small company representation rose more noticeably, from 10.7% to 14.3%, while government organisations remained broadly stable at 6.1%. Māori organisations increased to 2.8% from 1.9%. A further 3.8% selected 'Other'. These responses included education, co-operatives and membership organisations, trusts and community organisations, statutory or professional bodies, and some commercial entities (see Figure 33).

Figure 33.

Participants by organisation type

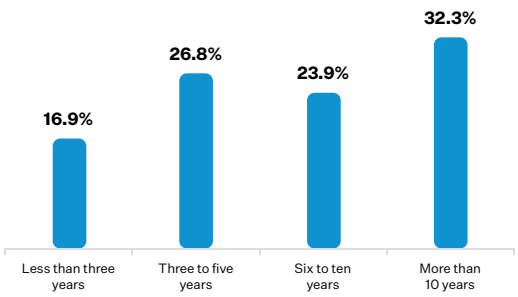


Governance experience

Respondents have a wide range of governance experience. Almost one third (32.3%) reported more than 10 years' governance experience, while more than half (56.2%) have six years or more. At the other end of the spectrum, 16.9% have less than three years' experience (see Figure 34).

Figure 34.

Governance experience



Most respondents (90.9%) currently hold a governance role. Among those respondents, 34.5% are independent or non-executive directors or board members, 33.8% are board or committee chairs, 18.6% are executive directors, 10.5% are trustees or members of another governing body and 2.7% are advisory board or committee members. The 2026 survey expanded the role categories to include executive directors and advisory board or committee members, providing a more detailed breakdown of respondents' governance roles.

As in previous years, the quantitative findings are complemented by interviews with directors across a range of sectors and organisations. The interviews add context to the survey findings, including how economic, policy, technology, funding and workforce pressures can be experienced very differently depending on sector, region and operating model.

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Contributors

About the Institute of Directors

The IoD has more than 10,500 members, is New Zealand's pre-eminent organisation for directors, and is the heart of the governance community. We believe in the power of governance to create a strong, fair and sustainable future for New Zealand.

Our role is to drive excellence and high standards in governance. We support and equip our members, who lead a range of organisations including listed companies, large organisations, state and public sector entities, small and medium enterprises, not-for-profit organisations and charities.

The annual Director Sentiment Survey, run in conjunction with ASB, is one of our key research tools for assessing the issues affecting directors, as well as identifying areas where we can provide further advocacy, education, support and guidance.

About ASB

ASB is one of the largest providers of financial services in Aotearoa, serving New Zealanders for more than 175 years. People are at the heart of everything we do at ASB. From our unique culture to our commitment and support of the communities we live and work in. We are proud to support more than 1.3 million personal, business and rural customers, with a team of around six thousand people and a network of 80 branches throughout the country. We believe all Kiwis, our whānau, our businesses and our communities have the right to benefit from progress and we are committed to our purpose of accelerating financial, social, and environmental progress for all New Zealanders.

In keeping with this spirit, the ASB Economics Team is focused on providing quality research and commentary on the New Zealand economy and financial markets. Led by Chief Economist Nick Tuffley, the team aims to deliver timely analysis and up-to-the-minute accounts of market trends and developments.

Contributors

IoD: **Judene Edgar MNZM CMInstD**
Principal Advisor, Governance Leadership Centre

ASB: **Kim Mundy**
Acting Chief Economist

Directors

In addition to the 1,126 directors who completed the online survey, six directors were interviewed to provide further insight into the issues explored in the survey. We appreciate their time and candour.

- Jane Cartwright CFInstD
- Justine Gilliland MInstD
- Aaron Hape CMInstD
- Kevin Law MInstD
- Scott Mason CFInstD
- Carol Scholes CMInstD

Key IoD Contacts

Governance enquiries:

Judene Edgar MNZM CMInstD
Principal Advisor,
Governance Leadership Centre
judene.edgar@iod.org.nz
021 541 927

Media enquiries:

Jacob West
Content Team Lead
jacob.west@iod.org.nz
021 0841 8741

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