



MINISTRY OF PACIFIC ISLAND AFFAIRS

NOMINATIONS SERVICE

UNDERSTANDING GOVERNANCE

Most private or community organisations are governed by a board or committee, which directs the chief executive or management team.

Differences between governance and management

The board of directors *governs* the organisation. A chair (chairman, chairwoman, chairperson) leads the board. The board's role is to ensure that the organisation is well-run, financially sound, complies with relevant legislation, sets the strategic direction and policies of the organisation, and hires the chief executive.

The management team *manages* the organisation. The chief executive (CE or equivalent title such as CEO, Managing Director, Executive Director) leads the management team. The chief executive is responsible for the day-to-day running and the staff of the organisation.

Core requirements

Boards and committees require their members to have:

- Personal qualities such as common sense, leadership, good judgement, integrity, courage, independence, energy and commitment
- An understanding of the responsibilities involved, including legal obligations
- Either specialist knowledge, experience in business or a profession, or extensive community knowledge and experience.

Note: Many boards include lay members who can bring valuable life experience to their work. They can provide a community view and add an outsider's perspective. [[LINK to Frequently Asked Questions pdf doc](#)]

General responsibilities

Boards and committees require their members to:

- Have time to devote to the role – the Institute of Directors recommends two hours' preparation time for every one hour spent in a board meeting
- Play an active role in meetings – contribute, ask questions, request more information, and challenge assumptions
- Maintain the highest personal and professional standards
- Understand the issues facing the organisation and the environment in which it works.

Note: Some people become professional directors and maintain a portfolio of directorships. Others combine full-time employment with one or two board appointments.

Specialised skills and experience required

The following table gives a guide to some skills and experience required for different directorships:

Type of Board	Examples	Requirements
Commercial	<ul style="list-style-type: none"> • State-owned enterprises such as Meridian Energy • Crown Research Institutes such as the Institute of Environmental Science and Research • Te Papa • New Zealand Symphony Orchestra 	<ul style="list-style-type: none"> • High level experience in one or more of the following: law, finance, banking, administration, business, accountancy, or investment • High level experience in governance in the public or private sector • In some cases specialised knowledge - e.g. arts management, dispute resolution, legal procedures, or product development
Quasi-judicial	<ul style="list-style-type: none"> • Advertising Standards Complaints Board • Human Rights Review Tribunal 	<ul style="list-style-type: none"> • A background in law and/or an understanding of regulatory procedures • Experience with hearings or tribunals
Professional	<ul style="list-style-type: none"> • Nurses' Council • Electrical Workers' Registration Board (EWRB) 	<ul style="list-style-type: none"> • Current registration in the profession, e.g. registered electricians for EWRB, or • Some knowledge of the industry or profession • Some experience in governance, e.g. committees, voluntary organisations
Community	<ul style="list-style-type: none"> • Community Trusts • Conservation Boards • Lotteries Distribution Committees 	<ul style="list-style-type: none"> • Some experience in governance, e.g. committees, voluntary organisations or professional bodies • Good networks within the community • The ability to manage large sums of money