

## Directors – Key Differences between Directors and Managers

There are many fundamental differences between being a director and a manager. It is not simply a trivial matter of getting a new job title and a bigger office. The differences are numerous, substantial and quite onerous. The table below outlines the major differences between directing and managing.

	<b>Directors</b>	<b>Managers</b>
Leadership	It is the board of directors who must provide the intrinsic leadership and direction at the top of the organisation; establish and maintain its vision, mission and values.	It is the role of managers to carry through the strategy on behalf of the directors.
Decision making	Directors are required to determine the future of the organisation, its strategy and structure and protect its assets and reputation. They also need to consider how their decisions relate to ‘stakeholders’ and the regulatory framework. Stakeholders are generally seen to be the company’s shareholders, creditors, employees, customers, and increasingly, a community in which it operates.	Managers are concerned with implementing the decisions and the policies made by the board.
Duties and responsibilities	Directors, not managers, have the ultimate responsibility for the long term prosperity of the company. Directors are required in law to apply skill and care in exercising their duty to the company and are subject to fiduciary duties. If they are in breach of their duties or act improperly, directors may be made personally liable in both civil and criminal law. On occasion, directors can be held responsible for acts of the company. Directors also owe certain duties to the stakeholders of the company as listed above.	Managers have far fewer legal responsibilities. See FactFile Information Sheet The Duties, Responsibilities and Liabilities of Directors.
Relationship with shareholders	Directors are accountable to the shareholders and other stakeholders for the company’s performance and can be removed from office by them or the shareholders can pass a special resolution requiring the directors to act in a particular way. Directors act as ‘fiduciaries’ of the shareholders and should	Managers are usually appointed and dismissed by directors or management and do not have any legal requirement to be held to account.

	act in the best interests of the company (as a separate legal entity).	
Ethics and values	Directors have a key role in the determination of the values and ethical position of the company.	Managers must enact the ethos, taking their direction from the board.
Company administration	Directors are responsible for the company's administration.	While the related duties associated with company administration can be delegated to managers, the ultimate responsibility for them resides with the directors.
Statutory provisions on insolvency	If a company becomes insolvent, the Insolvency Act 1986 (as amended) imposes various duties and responsibilities on directors that may involve personal liability, criminal prosecution and disqualification.	These statutory provisions do not affect managers.
Statutory provisions in general	There are many other statutory provisions that can create offences on strict liability under which directors may face penalties if the company fails to comply. A very wide range of statutes impose duties on directors which are too numerous to refer to here but include duties under the Companies Act 2006, Health and Safety Legislation (a breach of which is a criminal offence) including the Corporate Manslaughter and Corporate Homicide Act 2007.	Generally managers are not held responsible under the statutory provisions; one exception will be the Corporate Manslaughter and Corporate Homicide Act 2007 which refers to management at a senior level. As well as directors this could include the most senior managers.
Disqualification	Directors can be disqualified as directors under the Company Directors Disqualification Act.	The control over the employment of a manager rests with the company.

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