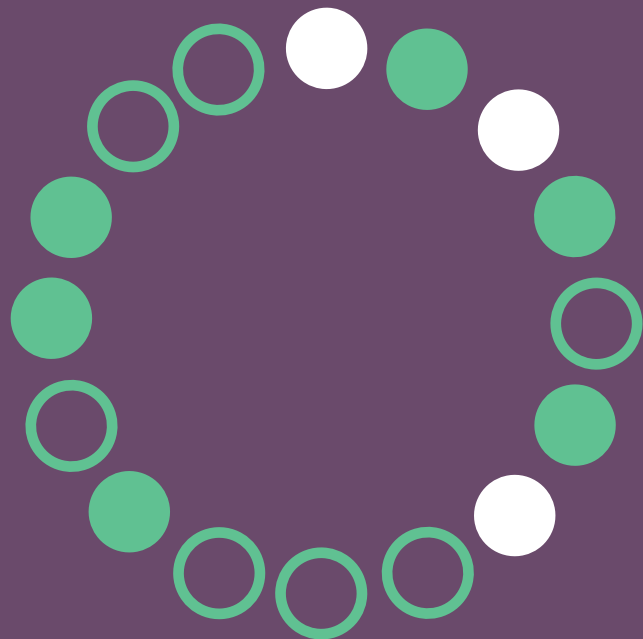


Governing bodies, equality and diversity

Research Report 2009

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for Higher Education

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Executive Summary

This project, commissioned by the Equality Challenge Unit and the Leadership Foundation for Higher Education, examines the role of governing bodies in higher education institutions (HEIs) in relation to equality and diversity. It considers the diversity of the governing bodies themselves and provides recommendations to help governors fulfil their obligations in this area.

Quantitative and qualitative data were collected via a survey sent to the registrars/clerks of all UK HEIs. The survey was supplemented by a series of interviews with Vice Chancellors, members of governing bodies, equality and diversity specialists and equality and diversity committee chairs. 82 responses to the survey were received, representing a response rate of 43%.

Key findings were that:

84% of the institutions responding to the survey have an equality and diversity committee and the remaining 16% use other committees to discuss issues of equality and diversity. Although 51% of those with an equality and diversity committee had at least one member of the governing body on it, interviews revealed variety in the level of involvement of governors on these committees.

The dimensions of diversity most frequently discussed at governing body meetings are gender, race/ethnicity and disability. The qualitative data supported this finding with a greater emphasis on gender by many. Sexual orientation was reported by interviewees as being least discussed.

63% of those responding to the survey reported having key performance indicators (KPIs), of whom 81% have more than 10 KPIs. 65% of governing bodies with KPIs included equality and diversity in them indicating a level of formal monitoring at governing body level.

Gender, race/ethnicity, disability and age are the dimensions of diversity which were reported as being well understood among governing bodies. Sexual orientation is seen as

being the least understood. It may also reflect the absence of training on equality and diversity on governor induction programmes reported by 84% of survey respondents. Interviews indicated a reliance on the knowledge and understanding of diversity which governors bring from other aspects of their lives.

The age of most governors within the sample is within the 50-59 year band. 30% of members are female and 17% of chairs are female.

73% of institutions reported collecting data on gender of their governing body, 46% on ethnicity and 40% on age. A major theme to emerge from the interviews was a perceived tension between skills and diversity of current and potential governors, rather than seeing diversity as an integral part of the value which governors bring.

In making an appointment to the governing body 69% of responding institutions reported that they always considered diversity. 47% of the last five appointments made by survey respondents were made through existing members or alumni, indicating an inward focus. 13% used national advertising and a further 10% local advertising. The increased emphasis on the importance of diversity, the move towards smaller governing bodies and increasing duties on governors have prompted a debate on whether external governors should be remunerated. None of the participating HEIs remunerate their governors at present.

Recommendations for increasing the engagement of governing bodies with equality and diversity are:

1. Governing bodies should support the promotion of equality and diversity by ensuring that within the institution there is expertise and responsibility for equality and diversity at a senior level.
2. Greater attention needs to be given to the broader equality and diversity issues on the governing body.
3. Many HEIs need to give more attention to the ways they measure the impact of their diversity policies and practices.

4. Although there appears to be a good understanding of equality and diversity amongst the governors, it is good practice to include diversity training in governor induction programmes.
5. HEIs need to collect data on the identity of their governors by reference to equality characteristics.
6. There is a strongly perceived tension between the required skills of current and potential governors and the demands of diversity. This is mistaken. The importance of diversity needs to be made continually by establishing the clear business case for diversity at each HEI.
7. Attention needs to be given to the appointment process of governors itself. HEIs should broaden their networks and make more effort to encourage a range of individuals to put themselves forward as candidates through the use of open days, better targeted advertisements, etc.
8. At present no HEI pays its governors. There is, however, a move towards smaller governing boards which might lead to members having more onerous duties. In this context it might be appropriate to remunerate members. The evidence is mixed on whether remuneration of non executive directors in the public and private sectors in general increases diversity on boards. There is an argument that remuneration may broaden the potential talent pool for governors as lack of financial rewards may constrain certain diverse candidates, such as self-employed individuals, those (usually women) with caring responsibilities, young professionals at mid-career, etc. from seeking appointments on a purely voluntary basis.
9. The appendix includes two case studies from the private sector which illustrate good practice in handling the gendered nature of board room cultures.

Introduction

This report considers the role of governing bodies in promoting equality and diversity in HEIs. The research was commissioned by the Equality Challenge Unit (ECU) and the Leadership Foundation for Higher Education (LFHE), and includes looking at the diversity of the governing bodies themselves.

The research represents part of a larger project being carried out by ECU and LFHE whose aim is to support governors, and thereby institutions, in their mission to realise the full potential of all staff and students. As part of this project, ECU and LFHE have published a Handbook for Governors, available from ECU at <http://www.ecu.ac.uk/publications/governing-bodies-equality-and-diversity>.

The report focuses on issues of governance and not executive management, and a secondary outcome of the research will be recommendations to assist the development of tools that will support governors, and therefore institutions, in fulfilling their legal, social, economic and institutional obligations in relation to equality and diversity for staff and students.

For the purpose of this research, ‘equality and diversity’ is defined by reference to the legally protected categories of gender, race, disability, religion or belief, sexual orientation and age, and where appropriate, issues relating to equal opportunities and the use of the Welsh language under the Government of Wales Act 2006. Throughout the research project these categories of diversity are handled separately. This was felt to be the most appropriate approach as the project is the first of its type in the sector.

Literature Review

Changing context

In order to understand the role of governing bodies, it is important to be cognizant of the changing context in which HEIs have found themselves over the past two decades.

In the UK in 1963, there were 31 universities. In their 2008 study, Breakwell and Tytherleigh found that “by 1997, the Dearing Report recorded 115, and by the end of 2006, we identified 140” (p.109). With the growing number of universities, has come a greater emphasis on a wider participation of the population in higher education. There has been a growing political will to emphasise the role of universities in the economic development of the country through innovation and knowledge transfer.

As well as an expansion in the number of HEIs in the UK, over the past 50-60 years there have been significant ideological shifts in the understanding of the function of HEIs, and in the relationship between institution and state. As Middlehurst (2008) states, it is important to understand these changes both in terms of the operating environment in which these institutions exist, and how this affects the “variety of parallel or even conflicting arrangements for internal governance that exist in higher education today” (p.260).

The original liberal ideology of the Oxbridge universities was the pursuit of knowledge for its own sake, including production and transfer of knowledge. University autonomy and academic freedom were constitutionally fundamental. This meant that the model for internal governance was one based on the assumption of supremacy of academic authority. Therefore, management and decision-making was through committees, chaired by senior academics. Committees represented a range of academic disciplines and functions and their purpose was to achieve consensus on the future direction of the institution. “This form of governance was consistent with an academic culture that emphasised rationality and involvement in decision-making. (Middlehurst, 2008, p.260).

However, in the latter half of the 20th century, an increasing economically based ideology was growing. With the creation of the polytechnics in 1965, focusing on

vocational, industrial and professional qualifications, the emphasis on socio-economic aims “legitimised state intervention in higher education” (Tapper & Salter, 1992, p.15). Since then the relationship between government and HEIs has become increasingly an administrative and financial one.

In 1985, the Jarrett Report emphasised the increasing need for efficiency of universities, and changes in the role of the governing body to “ensure better management, particularly strategic management, more responsiveness to commercial interests, [and] more entrepreneurial attitudes” (Breakwell and Tytherleigh, citing Henkel, 2002, p.31). Along with the Report of the National Advisory Body (1987), these reports were efforts to alter the internal governance of institutions, seeking to promote more managerial and business-like structures and decision-making processes, a move in leadership styles from collegial to managerial, and an introduction of corporate governance (Middlehurst, 1991; Middlehurst and Kennie, 1995). This is in line with the concepts of “New Public Management” ideas and practices, which were spreading across many countries, from the USA and UK, to Canada, New Zealand, Japan, the Netherlands and Thailand (Middlehurst, 2008, citing Pollitt 2003).

In 1992 there were further significant changes in the HE sector in the UK, as the polytechnics moved from local authority control to be given independent university status. These post-1992 universities did not inherit civil service style administration, but were more managerial in their outlook. In contrast to the traditional universities, where management was often considered an unwanted burden for academics, “in the new universities, it was a sign of status, authority and responsibility” (Middlehurst, 2008, p. 267). The New Universities 1992 statute required universities created after this date to give explicit responsibility to their governing bodies for ‘determining the educational character’ of the institution.

More changes continued in the past 15 years, with shifts in the form of education from traditional campus-based to “the business of borderless education” (CVCP, 2000). With globalization and greater human movement the norm today, the internationalisation of the student base has had significant impact on HEIs. Another major motivator for change

has been the growth of competition and the requirement for collaboration between HEIs both nationally and internationally in knowledge production and dissemination. In the UK the push for greater participation continues. In England higher tuition fees are now charged to home and EU students and there is a body to monitor access. The Higher Education Act of 2004 signalled the intention to increase participation rates from 44% to 50% of all 18-30 year old by 2010. The internal governance systems of HEIs are likely to be linked to their value base and activities have been affected by the continuing social and market ideologies of the time.

Governance, autonomy and accountability/The role of the governing body

Whilst accountability to the state has undoubtedly increased, Sizer and Mackie (1995) concluded that UK universities still enjoy considerable degrees of freedom in managing their affairs and that providing governing bodies were willing to accept their responsibility as ‘the first line of public accountability’, then the State should continue to respect their autonomy. Individuals on governing bodies are usually unpaid and are giving up their valuable time for the benefit of the institution. Sizer and Mackie concluded that such individuals were aware of their responsibilities and willing to accept them. However, individual institutions in financial crises in the late 1980s have meant an increase in public accountability, increasing the requirements upon lay members. The Second Report of the Committee on Standards in Public Life (The Nolan Committee 1996) considered this issue. Whilst identifying two types of governance model – the collegial model typical in the older institutions, and the managerial model of the new institutions – it concluded that the governing bodies appeared to have the right balance between autonomy and accountability. As far as governance structures were concerned, they concluded that “it would be neither wise nor practical to be prescriptive”.

Money flows from the government through Funding Councils (FC) to the HEIs. For instance, the Scottish Funding Council (SFC) emphasises a key role of the governing body in determining the strategic direction of the HEI. However, Sizer and Howells (2000, p.163), conclude that “Unlike company boards, the governing bodies of HE

institutions have on the whole not been designed for strategic management, but as bodies of representatives of a wide constituency of interests.”

Bargh, Scott and Smith (1996) describe the two governance models mentioned above, in which the policy and strategic decisions of the professional/collegial model are taken by the Vice Chancellor (VC), who is the most senior academic. In the managerial model, the governing body, as an accountable body, along with the senior management team impose economic objectives onto the academic units. Bargh et al describe how the roles and responsibilities experienced by those of the older model were more symbolic than real, with an emphasis on the ‘dignified’ as opposed to the ‘efficient’ elements of governance. This clear shift to the ‘efficient’ roles of the governing bodies, with an emphasis on monitoring and surveillance, changes the balance of power, and also, importantly, the motivations for wanting to join such a body. The newer model may appeal more to those attracted by the managerial aspects of the responsibilities – ‘doing’ elements of governance, rather than just ‘being’ on the governing body. The previous emphasis on the dignified aspects of the role was more likely to motivate those who wanted either to confer or to enjoy the status of such an unpaid position.

Behaviours of the governing body

Bargh et al’s research suggests that interpersonal and informal relationships may well affect the efficacy of governance more than the formal structural arrangements. Reports into HEIs in crisis by the National Audit Office (1997, 1998) support this. Studies of boardroom cultures in the private and public sector suggest similar findings (Singh, 2008).

In the aftermath of private corporate failures such as Enron and WorldCom, legislative action in the USA (Sarbanes-Oxley, 2002) called for greater corporate governance. In the UK the Higgs Review (2003) and the Tyson Report (2003) both called for greater diversity of individuals forming the governing body of the Corporate Board. In a review of the literature on women on corporate boards Terjesen, Sealy and Singh (2009) reported the findings of Fondas and Salsalos (2000) that heterogeneous board members with a range of experiences and opinions are likely to lead to better corporate governance.

Homogenous boards tend not to recognise how similarly members think because these values are the norm for them (Maznevski, 1994). For example, women have different experiences of the workplace, marketplace, public services and community, and therefore bring a different voice to debates and decision-making (Zelechowski and Bilimoria, 2004). In addition, women's presence in the boardroom leads to less macho and aggressive, more civilized behaviour and sensitivity to other perspectives (Fondas and Sassalos, 2000; Bilimoria, 2000). The issue of whether women manage differently or adopt masculine management styles has been much debated, and concerns are raised that describing male and female differences in simple terms is problematic. However, meta-analyses of academic studies into gender differences in leadership and management styles indicate significant differences (Antonakis, Avolio & Sivasubramaniam, 2003; Eagly, Johannsen-Schmidt & van Engen, 2003). Perhaps more importantly, recent research has shown the importance of a 'critical mass' of diversity in terms of altering the culture and processes of corporate boards (Erkut, Kramer & Konrad, 2008).

However, as Bargh et al (1996) suggest, sometimes a small core group of governors effectively marginalise other groups of governors from key areas of influence. Again, similar findings have been reported in the research into corporate boards in the private sector. For example, Zelchowski and Bilimoria (2004) found that women on boards – very often being the only one - hold fewer directorships, have less powerful titles, occupy more staff positions and earn less than men. Despite directions to the contrary in the Report of the Committee on the Financial Aspects of Corporate Governance (Cadbury Report, 1992) and the Guide for Governors (Committee of University Chairmen, 1995), it appears this may be a self-perpetuating situation. Whilst many institutions have a Nominations Committee, often the new positions on a governing body are filled via informal networks and personal recommendations. Again, there are echoes of this in the private sector.

On HEI governing bodies that have adopted a more corporate style, the VC is in a similar position to a Chief Executive, in that s/he manages his/her executive colleagues and is accountable to the governing body for the effectiveness with which s/he is running the operational side of the 'business'. Woodfield and Kennie (2008, p.397) found that the

challenges of working in a top team in HEIs were “similar to those found in the corporate sector, albeit nuanced by different organizational cultures”. In a study on boardroom cultures of Science, Engineering and Technology organizations, Singh (2008) found that the role of the Chairman was key to the successful operation of the board. Sizer and Howells also highlight the critical role of the Chair in the creation of relationships, passion for the institutional success, and the ‘creative tension’ between the executives and the governing body.

“It is the chairman who should have the key role in recruiting outstanding lay members with not only the ‘appropriate mix of skills and knowledge’ but also commitment that ensures regular attendance; who identifies the appropriate key members to chair key committees and work closely with him and the executive but at the same time do not form an ‘inner cabal’ and/or self-perpetuating group; and who ensures the chief executive undertakes his responsibilities to the governing body and does not simply regard the governing body as a ‘rubber stamping formality’. Above all, the chairman should ensure that the governing body does not become incestuous, demotivated or too close to those responsible for delivering its decisions.” Sizer and Howells (2000, p.169)

Equality and diversity in context

Today the words “equality and diversity” are very much in the vernacular in a way that was not the case 20 years ago. The increasing importance of these concepts in today’s societal values makes this research project a timely one.

The recent creation of the Equality and Human Rights Commission (EHRC), bringing together the previous equality commissions of Commission for Racial Equality (CRE), the Equal Opportunities Commission (EOC) and the Disability Rights Commission (DRC) reflects a more unified approach to the concept of equality. The new Equality Bill (April 2009) reflects society’s move towards the notion of “citizens’ power”, where “21st century equality needs to be about everyone and for everyone” (Parliamentary Briefing, Equality Bill). The Equality Bill will replace decades of piecemeal equality law, which it is believed has been unwieldy and often contradictory.

Conceptually, the understanding of “equality” is very different from when the Equal Pay Act and Sex Discrimination Act were introduced in the early 1970’s. Thomas and Ely (1996) have described how, in the USA, the paradigm of equality and diversity has changed over the past thirty years from Discrimination and Fairness, through Access and Legitimacy, to Learning and Effectiveness. The Learning and Effectiveness paradigm is understood to be the most mature and developed approach and is very much in line with how a number of organizations today describe their espoused approach to “Diversity and Inclusion”. This was confirmed in a recent study by Deem and Morley (2006) describing staff experiences of equality policies in six HEIs in England, Scotland and Wales. According to their findings the dominant emphasis was on the “pursuit and celebration of organizational diversity alongside recognitional strategies” (p.197) to inequality, rather than redistributive approaches. They do not portray this as positively as Thomas and Ely might do, and make the case that the wider context has changed. In the 1970’s and 1980’s inequality had a focus on the individual and addressing inequality through redistribution, whereas today the focus is more generic, ‘mainstreamed’ with an emphasis on ‘celebrating difference’. In contrast to the earlier bottom-up, “radical commitment to redistributive social justice” (p.198), trade-union based approach, Deem and Morley describe the more recent approach as top-down and managerially led, concerned with “legislative and funding body compliance [and] a concern to avoid litigation” (p.198).

Despite HEIs being in receipt of significant amounts of public funding, equality issues have rarely been a priority in HEIs, according to Bagihole and Goode (2001). With the more recent “Public Duties” for all public sector organizations, and an emphasis on HEIs being managed and audited, increased “student diversity (from disadvantaged backgrounds, underrepresented social groups and overseas) has become necessary for both financial and policy-compliance reasons” (Deem & Morley, 2006, p.186). However, findings from their study suggest that the “depoliticised equality agenda” is little more than an emphasis on tolerance amongst students and staff. What was apparent is that equality for staff, as compared with students, does not seem to be a priority for the governing bodies. Gender and ethnicity were mentioned and best understood. But other forms of inequality, such as disability, age, sexual orientation or religion were only on the radar of a small number of staff, predominantly those who had been directly affected by

them. Deem and Morley conclude that this competition for resources between student and staff inequality issues “as a consequence of widening student participation policies and a growing concern with student customer satisfaction, has introduced a new and unhelpful dimension to HEI equality matters” (p.198).

A recent report by the ECU (2008) also pointed out this issue of discrepancy between student and staff diversity agendas. The report considered the intersection between the internationalisation and equality and diversity agendas in HEIs and found that although initially concerned with institutional compliance pertaining to staff, “there is now an expectation that equality and diversity will contribute to the positive learning and living experience of all students and staff, achieved in part through inclusive approaches to informal and formal curricula, learning teaching and support” (p.2). In terms of institutional governance and management, the study found that the approaches taken towards internationalization and equality and diversity depended somewhat on the size, geographical position and profile of the institution. For most institutions in that study, equality and diversity and internationalisation were not integrated at a strategic level, possibly due to the different origins of these two agendas, and often simply that at a management level, a connection between the two had not been made.

Diversity practices

Whilst there is a sense that progress is starting to be made on issues of gender equality in HEIs, less progress has been made in ensuring racial equality, and the issue has become of increasing importance. A study in 1999 showed that whilst ethnic minorities form about 15 per cent of all UK students, this was not reflected in the make-up of teaching staff and those in senior administrative roles. Carter, Fenton and Modood (1999) conducted the first major report into the position of ethnic minorities in academic employment. They found that 6-6.5% of academic staff in HEIs were not white, about half of whom were non-British nationals. Chinese, Asian and Indian accounted for three quarters of those not white, so Bangladeshi, Pakistani, Black Caribbean and Black Other were significantly underrepresented in academic posts. Minorities were less likely to be professors, and women in all groups were underrepresented, more likely to be in fixed-term contracts, part-time and less senior posts. A third of HEIs at that time did not have a

racial equality policy, and monitoring was rare. Stereotyping was believed to be a significant problem and resentment was felt at being typecast by ethnicity, nationality and gender. However, more recent data (ECU, 2008) shows some change. In 2006/7, 17% of UK domiciled undergraduate students were from a black or minority ethnic (BME) background. Among all academic staff, including international staff, 10.9% were BME. From the UK nationals 6.1% were from a BME background, which compares to 8.7% of the UK working population. Asian or British Asian staff make-up 30% of the UK national BME staff, with black or black British representing 15%. Interestingly, the BME group represented 6.1% of both male and female UK national academic staff.

With an ageing population in the UK, issues surrounding age discrimination have become more pertinent, and age will be included in the new Public Duty. The Higher Education Funding Council for England (HEFCE) reported on the HE workforce in England in 2006 and concluded that not enough was known about the impact of age discrimination. Parry and Tyson (2007, p.24) in their report commissioned by the ECU concluded that “insufficient attention has thus far been paid to age discrimination in the HE sector”. Therefore in 2008, HEFCE funded some research under its Leadership, Governance and Management Programme “to support HEIs to take an evidence-based approach to develop good practices in managing age diversity” (Manfredi, 2008, p.4).

McTavish, Miller and Pyper (2006) looked at gender and public management in the health and education sectors. This was in the context of modernization post the 2006 Equality Act, where targets had been specified to be achieved by 2008, (for example 37% of senior civil service and 30% of top management posts in the civil service to be held by women). They found that in the HE sector, senior management tended to have “deeply gendered assumptions” (p.189). There was an attrition rate amongst senior women unwilling or unable to operate in this environment. In the health sector, the NHS has a female majority workforce (78%). However, the majority of women’s positions are at the bottom of the hierarchy (cleaners, caterers, nurses) and the organizational culture and management system are described as masculine, with men disproportionately represented at senior levels. McTavish et al conclude that like the NHS, education has been subject

to many reforms and managerialist strategies that may have “negative outcomes for a female workforce” (p.193).

McTavish et al’s findings are not unusual. Morley (2000) asked why, when the participation rate of women in HE has been near parity for so long, are women so under-represented at the upper echelons of the HEIs. She concludes that “Gendered power imbalances in the academy are both structural and played out in micropolitical struggles” (p. 232).

Czarniaswska and Sevón (2008) suggest that the negativity and double strangeness of being both woman and a foreigner in academia may almost cancel each other out, suggesting in fact that it helps to open doors. However, in responsive articles Acker (2008) states that universities are still very gendered institutions, and Calás (2008) describes academic institutions as having “a very long trail of gendered power relations” (p.301). Rather than talking about what helps to open doors for women, she suggests we need to “move towards a place where doors are no more” (p.301).

Governing body composition

As well as considering the experience of diversity policies and practice in the HEIs reported by individuals in this research, this study will also gather information on the diversity of the governing bodies of the participating institutions. In reviewing the small body of extant literature concerning the make-up of the governing bodies of HEIs, the limited focus, predominantly looking at gender composition, reflects the lack of research on other dimensions of diversity.

The Scottish Higher Education Funding Council Guide for Members (1999) states that “the composition of the governing body should represent an appropriate balance of skills and expertise, while having regard to the age, gender and occupation of members.” The most recent Guide for Members of Higher Education Governing Bodies in the UK (2009) does not mention the composition of the body itself. The totality of its guidance on equality and diversity is as follows: “The governing body should ensure that non-discriminatory systems are in place to provide equality and diversity of opportunity for staff and students.” (2009:10).

In the light of the new managerialist structure that is pervading institutions, the role of the VC is becoming more similar to that of the Chief Executive in private sector organizations, and key in setting the tone for the institution. In a recent study looking at the socio-demographic characteristics of HEI leaders, Breakwell and Tytherleigh (2008) found that of the VCs appointed since 1997, 85% are white males, with a mean age of just under 54 years.

O'Meara (2002) reported similar statistics in Australian VCs. Breakwell and Tytherleigh looked for diversity of background as they felt that the increased emphasis on managerial talent may lead universities to recruit individuals with previous experience of large scale organizational management. However, this would be unlikely to increase the probability of anyone other than a white male, as in the UK just 4.8% of Executive Directors on FTSE 100 corporate boards are women and 4.7% of FTSE 100 board directors are from non-European ethnic backgrounds (Sealy, Vinnicombe and Singh, 2008). But as Middlehurst (2008, p.272) found, talking about VCs, "the numbers drawn from other sectors, from ethnic minority backgrounds or who are female are still small or non-existent".

Duckin and Ozga (2007) looked at women in management positions in education in Scotland, and found that in Further Education (FE) colleges, there appeared to be a significant gap between the espoused equal opportunities policies of the colleges and the reality of those in control of the institutions.

In the US, a large study commissioned by the American Council on Education (ACE, 2007) exploring changing patterns of American university presidents (AUPs) since 1986 found similarities to the UK. They found that the average age of AUPs had increased from 52.3 to 59.9 years. The ACE study also found that the percentage of female AUPs had doubled to 23% in 2006, although the growth rate had slowed in recent years. There was also some evidence to show that women were less likely to combine work as an AUP and a family life – only 63% of women, as opposed to 89% of men were married, and more than 24% of women, compared with just 7% of men had either never been married or were divorced. From Breakwell and Tytherleigh's study, whilst there had been an

increase from 6% in 1996 to 15% female VCs in 2006, 96% of men, compared to 78% women were in a relationship, but whereas 86% of men had children, just 48% of the female VCs in their study had children. As Bailyn (2008:296) suggests, perhaps success in academia is “too often...at the expense of womanhood”.

Whilst the figures may appear to be low, it is also necessary to look at the pipeline of talent for the supply chain of future executive positions. In American business schools, the numbers are certainly increasing, with women accounting for 40% of all new business doctorates in 2004-5, up from 26% in 1990-91. This surge in PhDs is also facilitating increases at faculty level, with women making up 27.6% of business school faculty, up from 21% ten years ago. Women now total 15% of deans at business schools accredited by the Association to Advance Collegiate Schools of Business (AACSB) in the US, an increase of 35% since 2000 (Damast, 2009).

In terms of background, Breakwell and Tytherleigh found little change since 1997, in that the majority of male VCs appointed to 2006 had followed an academic career path to appointment, with a professorship, and experience at Oxbridge predominating, particularly in the pre-1992 universities. However, there were some signs of change. Since 1997 more social scientists have become VCs, particularly in the newer institutions, and more women are leading institutions, both pre- and post-1992. O’Meara (2002) found the use of search consultancies was increasing, which in theory should increase the diversity of the candidate pool. However, most of the job adverts were published in specialist HE media and used terminology specific to HE. The recent findings in both the UK and US that women at the top are less likely to be in a long term relationship and considerably less likely to have children suggests getting that top position for women involves more social and emotional sacrifices than for men. Women were also older when they got to VC. This could be explained by the propensity of a prior professorship – women are less likely to become professors, and if they do it is at a later age than men. Breakwell and Thytherleigh call for further qualitative research work with VCs into the recruitment process.

There is very limited research looking at the size of the governing bodies, although typically they can be quite large (e.g. up to 25 people). In 2004, the Committee of University Chairs (CUC) Guide for Members recommended smaller governing bodies with a majority of external governors. This was very much echoing the recommendations made to the private sector by the Higgs Review (2003) on the composition of corporate boards, which called for a rebalancing of internal versus external individuals with a majority of independent Non-Executive Directors (NEDs). But interestingly, rather than replacing men with women, it appears that some organizations have simply added a woman and thus expanded their boards, as a means of increasing the gender diversity. Board size has consistently been significantly higher (averaging 11.6 directors for companies with female directors compared to 9.6 directors from all-male boards). Related to that, the number of NEDs is also significantly higher, in companies with female directors (averaging 8 NEDs) as compared to 6.4 NEDs on all-male boards (Sealy et al, 2008).

The importance of the demographics of an organization's leadership has been highlighted in the most recent Global Reporting Initiative guidelines (2006), requiring organizations across private, public and third sectors to report the composition of governance bodies by gender and other indicators of diversity. In the current serious economic downturn, issues of private sector governance, particularly concerning the banking sector, have been highlighted, with increased calls for diversity. The popular press has focused on gender diversity, and much was made of the fact that in the failed Icelandic bank Kaupthing, the [male] Chair and CEO were both replaced by women.

A Canadian study of private sector, public sector and not-for-profit boards (Brown, Brown and Anastasopoulos, 2002) reveals that boards with three or more women behave differently to all male boards in terms of governance issues. Mixed gender boards are more likely to explicitly identify and implement criteria for measuring strategy, codes of conduct for conflicts of interest, and place more importance on the use of search consultants than other boards, increasing transparency of selection. Boards with women directors are also more likely to have higher levels of board accountability. They are also significantly more active in promoting non-financial performance measures such as

customer satisfaction, employee satisfaction and gender representation, as well as considering measures of innovation and corporate social responsibility (Terjesen et al, 2009).

Embedding equality and diversity

Research across a range of sectors has shown that in order for culture change to become embedded it needs to be role modelled from the very top of the organization. Singh's (2008) study in public and private Science, Engineering and Technology sector organizations highlighted the key role of the Chairman and Chief Executive in leading the culture within the boardroom, which was also perceived to influence the culture throughout the organization. Deem and Morley (2006) encouragingly suggest that in the UK, once public sector organizations develop equality policies, they are more likely to implement and embed them than many private sector organizations (Hoque and Noon, 2004), where all too often responsibility for equality and diversity is given to a relatively junior team or staff member, who simply do not have the power to effect change.

Calls for greater monitoring and measurement of equality and diversity agendas are gaining voice (Sealy et al, 2008). Harriet Harman, Minister for Women and Equality, at a recent Government Equalities Office conference (March, 2009), emphasised that the new Public Duty to diversity should not just be about policies, but about measurement – for example on disability statistics or the gender pay gap. The Equality Bill, introduced in April 2009, has a general public equality duty on all public authorities, including HEIs and the funding councils. It proposes a single duty covering the protected characteristics of race, sex, pregnancy and maternity, gender reassignment, disability, age, sexual orientation and religion or belief. It will require HEIs to attend to the need to eliminate discrimination, harassment and victimization, advance equality or opportunity and foster good relations between people who share a protected characteristic and those who do not.

In 2005, the HE funding councils for England, Scotland and Wales commissioned research into good practice for embedding equality and diversity in organizations outside of the HE sector. Whilst concluding that clearly there was no single route to successfully embedding policies, the report did recommend four key areas of consideration for HEIs:

- The most important aspect was that of leadership and top level commitment. The VC and team should publically demonstrate their own commitment to equality and diversity.
- The role of the funding bodies was suggested as important in terms of placing a requirement on the VC to report measurable equality and diversity objectives.
- Accountability and ownership of the equality and diversity agenda must exist across the organization, and not just lie with a specialist unit.
- Communication of the agenda to all internal stakeholders is crucial and needs to be “clear, consistent and regular.” (PriceWaterhouseCoopers LLP, 2005).

This research

There is little research into how governing bodies of HEIs actually engage with equality and diversity issues, or the diversity of its own members. In establishing and shaping the ethos of an organization, the role of the governing body is critical to the ownership and successful integration of equality and diversity into the culture of the institution. As Myatt (2004) reported, what is valued in the boardroom is valued throughout the organization.

Therefore, this research project aims to fill the gap by investigating the role of the governing bodies and the diversity of HEI governing bodies in the UK. It will present a contemporary ‘snapshot’ of the governing bodies’ engagement with equality and diversity issues, as well as providing a starting point for future benchmarking.

Methodology

This report draws on findings from survey responses and interviews. The survey and the interview schedule were developed following discussions with stakeholders recommended by the project sponsors. The survey consisted of 32 questions and was sent to the registrars/secretaries of 192 HEIs in the United Kingdom, details of which were provided by the ECU/LFHE. Thus the respondents to the survey were those formally appointed as secretary to the governing body¹ of the institution.

Eighty two responses to the survey were received, representing a response rate of 43% and covering a wide geographical spread across all regions of the United Kingdom. Sixty seven institutions based in England replied and there were seven respondents from Scotland, six from Wales, and two from Northern Ireland. Respondents included universities as well as university colleges and higher education colleges. Additionally, the different groupings of HEIs such as the Russell Group and the University Alliance were all well represented (see table 1). Analysis was supported by the use of SPSS, a software package.

Table 1. Breakdown of the sample

Mission Group	Number of HEIs
Russell Group	13
1994 Group	11
University Alliance	15
Million+	11
Guild HE	11
Other	21

¹ For the purposes of this report the term Governing Body will be used to include “Councils” and “Board of Governors”.

Following initial analysis of the survey data, two sets of interviews were undertaken. The first were telephone interviews providing further scoping of the project and some of that data will be included in this report. The second series of eighteen interviews was conducted in person in six institutions in order to gain a deeper understanding of some of the emergent issues, exploring both examples of good practice and also the challenges faced with regard to the promotion of equality and diversity by governing bodies throughout the institutions. The institutions were chosen from those who had completed the survey and demonstrated best practice. We also wanted to ensure input from institutions of differing sizes and ages, as well as from both urban and rural locations across the UK. Interviewees included VCs, Chairs of governing bodies, Registrars, equality and diversity specialists and Chairs of Diversity Committees. These face to face interviews were recorded (with the permission of the respondents) and transcribed. The interview transcripts were then thematically analysed using Nvivo, specialist software for qualitative analysis. The qualitative data forms a key component of this report.

Findings

This section of the report uses data from both the survey and the interviews to explain how members of the governing body receive and understand the information for them to fulfil their role in promoting equality and diversity in their organization. The qualitative data add depth of understanding to the survey findings. Major themes from the interviews are described and although the interviewees were chosen from institutions demonstrating some examples of best practices in their survey responses, the findings also highlight contrasting and contradictory points of view, illustrating the range of perspectives which exist across HEIs.

Sixty-eight per cent of respondents to the survey were men and 32% were women. Sixty per cent had been in office as secretary to the governing body for over three years, with a further 30% having that role for over one year.

Engagement of governing bodies with equality and diversity within their institution

The HE Sector is extremely diverse and although many of the diversity and equality issues facing governing bodies are generically similar the arrangements for dealing with them often vary quite considerably.

The connections between the management and governors, the communication of information and the transparency of flow of information are key enablers to all areas of governance, and no less so for equality and diversity. Governors need to be in possession of the relevant facts in order to discharge their duties.

A strong theme emerged from the interviewees regarding clarity of the role of governors, particularly with regard to equality and diversity.

The role of the governing body is to ensure that the higher education institution has a vision of where it's going, knows where it's going and it has all the systems in place to ensure that it remains viable: financially, legally and as a community.

We have a relationship to equality and diversity in a legal sense in making sure that the university absolutely, properly behaves. Not just in accordance with the law, but the spirit of what the law is intending. So there are the formalities of that which have to then relate to the way the governing body delegates to the VC and the executive team responsibilities for actions which they take.

Similarly, there was a general recognition of the need for equality and diversity to be an inherent consideration in all actions and strategies, in the same way as ethics or health and safety.

Equality and diversity are part of ensuring that we behave properly. They are alongside other really important things like health and safety and financial probity and you absolutely have to do these things. So there's that, which is the legal aspect of it, but I think there's a rather more important aspect which is the ethos of the university and the respect issues which are at the heart of what the institution is about.

The above quote highlights the importance which is placed on equality and diversity and the need for it to permeate all aspects of an institution and be an inherent part of its culture. This theme is reflected in much of the data which is presented below.

Equality and diversity committees

Eighty four per cent of survey respondents reported having an equality and diversity committee and the remaining 16% use other committees, such as the Human Resources (HR) committee or staffing or employment committee to discuss issues of equality and diversity. Fifty one per cent of those with an equality and diversity committee have at least one member of the governing body on that committee.

The interviews revealed variety in the way the committees work, and the involvement of governors.

(The lay governor is) there, I suppose, to challenge us, to ask the probing questions, which she does, and to share her experience of the (equality and diversity) agenda in other sectors. She's particularly good because she has very strong experience in local government.

The HR staff and/or equality and diversity specialists prepare information which is presented to the relevant committee and/or the governing body. Governors question the data which includes monitoring of issues such as staff recruitment with regard to attraction of candidates from diverse racial/ethnic backgrounds or the age and/or gender distribution of job holders and candidates. Generally, governors hear about progress against targets, and their role is perceived as one of challenging and ensuring action is being taken to continue moving towards targets.

Some of the committees are predominantly made up of lay governors (eg 75% lay governors and 25% staff) and in such cases the equality and diversity specialist prepares reports for that committee, whereas others have just one lay governor and a correspondingly greater proportion of staff members.

We have a Staffing Committee (where) we have the first look at the human resources strategy which then goes to the governing body and gets discussed. That includes continued attention to equality and diversity in the operation of the institution's activities. But it means we also are annually monitoring statistics of staff, new appointments, departures and the kind of people who would turn up for interviews.

It is clear therefore, that it should not be inferred that those who do not have a specific equality and diversity committee place any less emphasis on the issues. In the interviews we explored the extent to which the respondents felt that their institution was able to go beyond compliance with the legislation regarding equality and diversity. Many interviewees spoke about the desire of their institution to achieve a position where such issues were embedded within all of the functions of the University. This view was supported in the open answers to the survey, as illustrated here:

We have had a Diversity Committee in the past but now consider that the University has reached a level of embedding whereby such a structure would inhibit rather than enhance future progress. At the Governor's level, diversity matters are discussed routinely by the Employment Committee, which also has the brief to consider student matters. ... Diversity considerations (like risk considerations) are integral to all policy developments and, as such, are considered routinely at all levels in the organization.

This was reflected by interviewees from a range of institutions who expressed the difficulties of ensuring that they moved beyond compliance. Those from smaller institutions felt that their size added to such a challenge simply because of the lack of manpower and the emphasis on one individual to manage such issues.

In a small institution if you then end up as the person who is responsible for this in amongst a whole raft of other things one has to do and you then find, 'Okay, well we've got to start off with a race equality statement and then we're going to do a disability one, and then we're going to do a gender one and now there are other things coming along,' all you're doing is chasing policy statements as opposed to actually getting things done and making sure you've actually got those boxes ticked. Now that's compliance and it's got to move beyond that.

However, the need to move beyond compliance was evident in larger institutions as well and some interviewees talked positively about having achieved a situation where equality and diversity were firmly embedded within the practice of their HEI.

We've got a very good infrastructure in terms of the policy. We've got a framework there, but you've really got to embed it and work it through. And it's that element that we have to focus on I think.

We're well beyond compliance. We very clearly recognise the positive duty placed upon us by the legislation. I think the fact that we have been able to build such a vibrant multicultural community here shows that we've taken the positive duty very seriously.

Equality and diversity specialists

Seventy eight per cent of survey respondents reported that their institution has an equality and diversity specialist. In 45% of those institutions the equality and diversity specialist is at least three tiers of management removed from the VC or Principal. A further 39% reported that the equality and diversity specialist was two tiers removed and 16% of equality and diversity specialists are at the level below the VC or Principal.

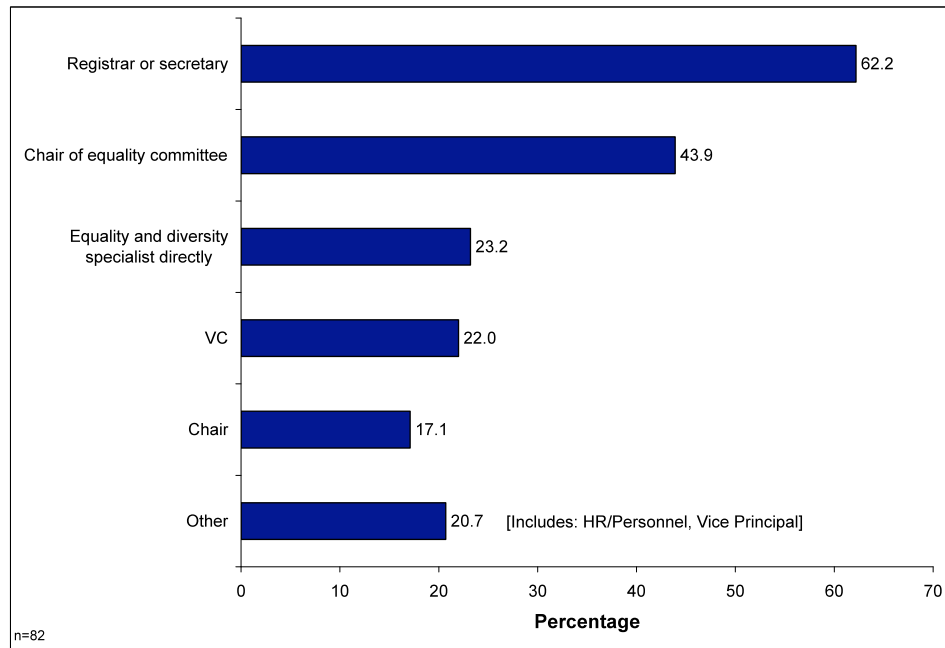
The interview data indicated that the equality and diversity specialists often report to the committees, thus providing governors with the knowledge and information which they need to fulfil their duties and responsibilities with regard to equality and diversity. Without exception, the interviewees described a respected relationship between the specialist and the governors. As one equality and diversity specialist said:

I've had experience of dealing with the governing body through the Employment Committee, which is part of the Board of Governors. ... I put forward a report, and I've always found them very receptive. They ask all sorts of questions and they are very supportive, and genuinely interested. I've found them very helpful.

Discussion of equality and diversity issues

We were interested in how equality and diversity issues were raised at meetings of the governing body. Obviously a range of people would be responsible for putting equality and diversity on the agenda. As can be seen in chart 1, the registrar or secretary is responsible in 62% of the institutions responding to the survey, and the Chair of the Equality and diversity committee is the other person most likely to include items on the governing body agenda. The equality and diversity specialist, the VC and the Chair of the governing body all put such items on the agenda.

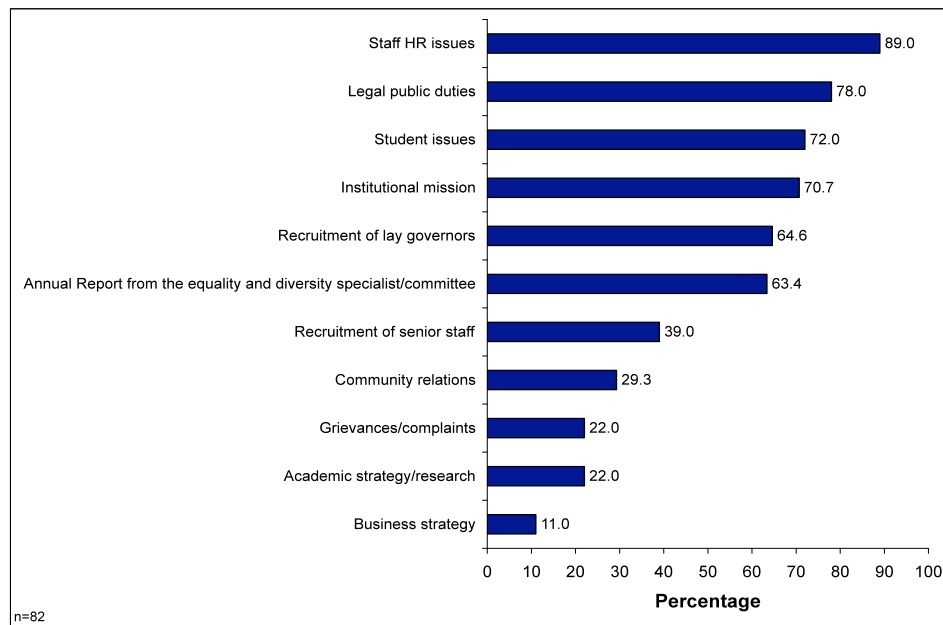
Chart 1. Who is responsible for putting equality and diversity issues on the governing body agenda?



Equality and diversity issues were reportedly specifically discussed at every governing body meeting in only 13% of institutions responding to the survey. However, 43% discussed them “occasionally” and a further 35% did so on an annual basis. Although a small minority, it is a concern that four percent of HEIs reported that the governing body “never specifically” engages with equality and diversity issues.

Equality and diversity issues are discussed in a range of contexts by governing bodies (see chart 2). Eighty nine per cent of institutions in the survey discuss equality and diversity issues in the context of Staff and HR, in comparison with 72% reporting the discussion of these issues with regard to students.

Chart 2. In which of the following contexts are equality and diversity issues mainly discussed in your governing body meetings?



Equally worthy of note are the very low percentages referring to discussion of equality and diversity in the contexts of academic strategy or business strategy (see chart 2). One interviewee commented on the lack of research into diversity done within his/her own institution.

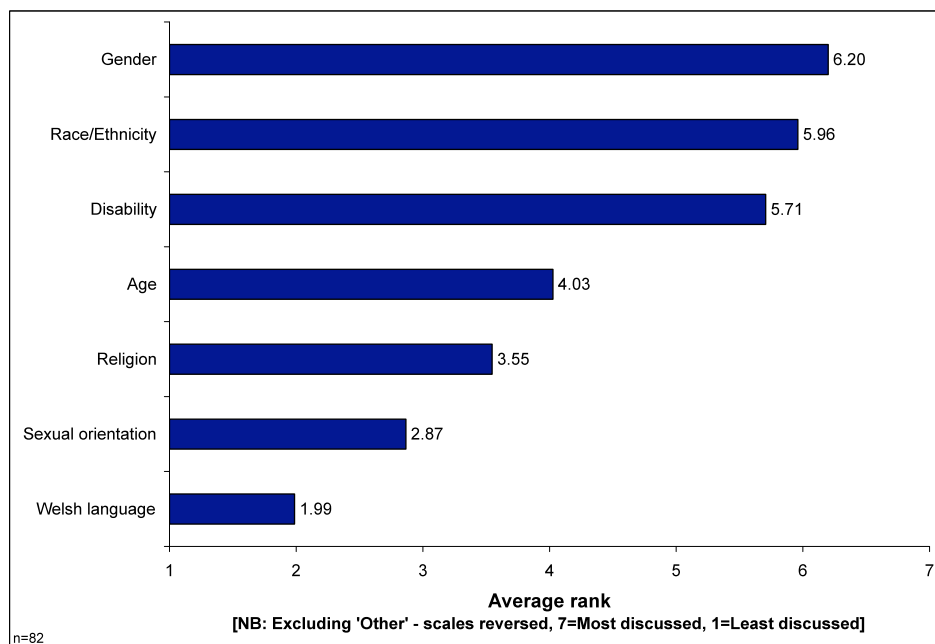
We recognise that there's a lot of diversity within the organization. It's my personal view, that we're not exploiting that diversity in order to come to a better understanding of it. You won't find a lot of research going on in the university into diversity issues, such as how far are they embedded into the curriculum? All those kind of things, which perhaps given our diversity, you might expect to be happening, aren't happening. I think certainly those of us who are involved in the equality and diversity committee have a vision of a university where all those things are happening, and probably that means sharing that vision with the governing body a little bit more.

This demonstrates the common recognition to emerge from many of the interviews that more can be done to improve equality and diversity within HEIs.

Dimensions of diversity

Perhaps not surprisingly, given the current equality legislation, the dimensions of diversity which are most frequently discussed are gender, race/ethnicity and disability (see chart 3). Age and religion are discussed to similar degrees with sexual orientation and Welsh language issues being addressed least. This was borne out by the qualitative data, with gender and race of both staff and students being the most commonly mentioned diversity dimensions to be addressed by the HEIs.

Chart 3. When equality and diversity issues are discussed at governing body meetings what appears to be discussed most frequently?



Overall the qualitative data indicated a good understanding of diversity issues related to gender (for instance, proportions of men/women at senior academic levels, gender stereotyping of particular courses). Gender was the most prominent theme for some of the institutions, but not all.

Within our programmes you've got the computing programmes which are pretty well 90% male programmes, and you've got nursing, social work, primary education, which are female dominated. And we've now realised that those are issues, and we're starting to consciously do things about our marketing, to have visual images, etc, which we hope will

start to address those issues. But I think we're still quite early on in terms of really picking up on what I think are quite major gender issues.

Some interviewees were able to give examples of a focus on gender in recent years leading to a definite improvement, for instance in terms of numbers of female professors. But for others, gender was still a concern on several counts:

One of the things the governing body takes very seriously and is active in is, every year, having a look at the gender balance in terms of appointments and professorial promotions, etc, because universities are not places which have yet achieved a 50/50 balance in many of these things.

This theme was described by another interviewee, demonstrating the way in which the governors are involved in the questioning and monitoring of these issues.

The gender issues relate primarily to the proportion of women in senior posts, and they relate to the pay gap. And so later this week we'll be meeting in a committee that will have to report to the governing body and it's about the pay for senior staff, it's an annual process. And right up front we have the analysis of where we are on the average pay of men and women via various grades.

Indeed, one interviewee emphasized the need to focus on gender as "the most pressing problem", explaining that all issues cannot be dealt with simultaneously.

We have such a serious gender issue that discussing sexual orientation whilst you've still got a serious gender issue could put back sorting out the gender issue in this region. That would be my view because you can't do everything in one go. And nothing has come my way to indicate that we have any specific issues on sexual orientation. I think we have much more of an issue in terms of gender [equality in this region].

Another major theme to emerge from the interviews regarding understanding of diversity was that of the specific location of an institution and the ethnic mix of the local community.

I think the university as a whole has got a much greater racial mix than the local society in general has. But making sure that we reflect on and properly use that experience within the

university as a whole is something we've not sought to do and it's something we are going to look at as part of our international strategy.

This has an impact on the diversity of the student population as well as the staff. Of course the diversity of any institution as a whole comes from international students and staff as well as those of a British black or minority ethnic background. But for monitoring purposes, some institutions just focus on the latter.

As a community we are very diverse, we have people from over a hundred different countries, we have a fifth of our academic staff, including researchers, who are not born in the UK. That's again fairly typical. But of course what we tend to monitor is the proportion of British ethnic minority staff, where our performance is much lower. And it's low even compared to similar universities to ourselves because this is quite a white region compared to [another part of the UK]. So our performance is not great on [BME staff diversity] compared to other universities.

Similarly, some HEIs were aware of the different degrees of diversity within different staff groups. For instance, one interviewee explained variation between academic staff, where there is a high level of diversity, and support staff which is much lower, offering the possible explanation that members of local ethnic minority communities consider this institution as a place of education, but may not think of it as a place to seek employment.

Then on race and ethnic origin, it's the balance across the workforce which is slightly skewed, so in our academic, and particularly the research bodies, we've got a very diverse workforce. But when you look at the support staff, the proportions are quite low. So we're just about hitting the benchmarks of other big local public sector employers, but it's not a great picture, and part of that is about the geography of the region of course, that the proportions within the local population aren't great, but there's also an issue which is clearly that some of the ethnic groupings don't see us as an employer. They see us as an educator, but they don't see us as a major employer.

A number of interviewees commented on the internationalisation of the institution as a potentially untapped resource for greater understanding of cultural and racial diversity.

I think the university as a whole has got a much greater racial mix than the local community in general has. But making sure that we reflect on and properly use that experience within the university as a whole is something we've not sought to do and it's something we are looking at as part of our international strategy.

Monitoring of the statistics was a major theme from the interviews in order to ensure clarity of the status quo with regard to equality and diversity and to be able to address potential imbalances.

We present the stats on a quarterly basis and the governors want to know what's the gender profile, the age profile and we monitor disability as well. This is just about headcount and turnover.

An overwhelming majority of interviewees reported that sexual orientation is rarely discussed and not considered a priority, although some did highlight such a lack of attention as a concern. As with disability, there is a perceived lack of willingness on the part of staff and students to openly declare their sexual orientation.

Sexual orientation is the most obvious one. It's very difficult for us to know whether we have an environment here at the university that encourages diversity in that area because we still live in a society where most people don't declare.

Sexual orientation needs to come much more to the forefront but an honest appraisal would be that it's of lower priority in terms of overt discussions at the moment.

One interviewee was very honest regarding his/her own understanding of the full breadth of diversity, perhaps raising the question of the true level of knowledge of many other governors and indicating a lack of confidence around equality and diversity issues.

Very soon, you're going to have exhausted my understanding of diversity and instantly display I don't really understand it all. But sexual orientation, we haven't really done much about at all. We haven't discussed it.

Disability was also commented on by many of the respondents as high on the agenda. Physical disabilities were particularly discussed with regard to access to old buildings, especially if listed, and access was also a focus when new buildings being designed, built etc.

There's a fair degree of awareness around disability issues, and a culture that's quite accepting and will deal with students who have physical disabilities; where we need to make adjustments we'll get on and do them.

Hidden disabilities were also a concern, with dyslexia being an example which was frequently given. An additional concern around hidden disabilities was the potential reticence of individuals to openly declare their disability, leading to a further difficulty of ensuring the provision of appropriate support.

Key performance indicators

Sixty three per cent of governing bodies represented in the survey reported having key performance indicators (KPIs). Of those governing bodies 81% have more than 10 KPIs. Of particular interest to this report is the number of KPIs which specifically include equality and diversity.

Thirty five per cent of respondents reported that their governing bodies did not have any KPIs which specifically included equality and diversity. Twenty three per cent and 19% have equality and diversity included in one and two KPIs respectively. The survey asked respondents to give examples of KPIs which specifically included equality and diversity. Examples from two institutions are given below.

Institution A

- Increase the participation of school pupils from under-represented groups in this HEI's Widening Participation activities.
- Increase the number of appropriately qualified applicants from under-represented groups.

- Build on the results of the Staff Satisfaction survey undertaken during 2006-07, to maintain high satisfaction levels with working at the School over the planning period.

Institution B

- Number and proportion of new, UK, undergraduate students from ethnic minority backgrounds, and with lower socio-economic status by headcount.
- Difference in completion rate between UK undergraduate students from ethnic minority backgrounds and the rest of UK undergraduate students whose ethnicity is known:
- Difference in completion rate between UK undergraduate students in low socio-economic group and the rest of UK undergraduate students whose socio-economic status is known.
- Difference in attainment rates for UK undergraduate BME students and other UK undergraduate students whose ethnicity is known (i.e. white)
- Difference in attainment rates for UK undergraduate students from low socio-economic group and other UK undergraduate students whose socio-economic status is known.

Less than two per cent of respondents reported including equality and diversity specifically in ten or more KPIs. The KPI involving diversity most commonly mentioned in the survey refers to widening participation from lower socio-economic groups. This theme emerged in one of the interviews with a respondent explaining that diversity is more than the dimensions which are enshrined in law. In this particular region the issue of lack of aspiration among some sectors of the community was a barrier to widening participation

The really big issue that we've got is lack of aspiration, and lack of aspiration is very fundamental. So, driving aspiration through and working with our partners in the civic community and everywhere else to really try and improve aspiration is a huge task. ... It is a most crippling thing when people have no vision of what life could be or how they could

achieve. And their aspirations are so low that they don't even know they've got any skills or talents. Those, for us, are really big equality issues, I think, actually.

As reported above, the importance of monitoring the data in order to understand the status quo and establish goals for future progress was evident in survey answers to the question regarding specific inclusion of equality and diversity in KPIs. However, as evident from the survey responses above, even when such information is gathered, it may not be included in KPIs.

Information on student ethnicity and disability is gathered and monitored and desirable trend lines are set. Information of student religion and gender is gathered, but no targets are set. Information on staff gender, ethnicity and disability is gathered. Currently there are no KPIs under these headings for these groups.

The second theme arising from the survey was that of KPIs aimed at increasing student and staff diversity. Gender, ethnicity, disability and age were all mentioned by at least one respondent as featuring in the institution's KPIs, but specific reference to religion and sexual orientation were absent in the survey responses about KPIs.

Governor involvement comes through the discussion of KPIs at governing body meetings.

The governing body monitors data through its key performance indicators; it has the mechanisms in place strategically to offer suggestions for action.

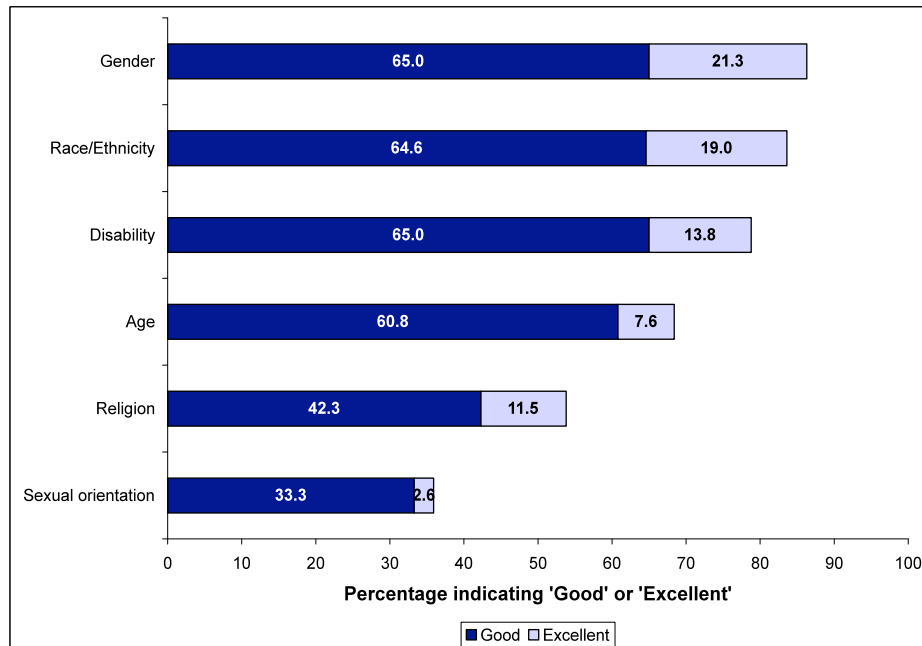
At each governing body meeting, we discuss two key performance indicators and then any associated reports or whatever might come alongside that. And this issue of equality and diversity will come up as one of the big strategic items.

Knowledge and understanding of equality and diversity issues

The respondents to the survey were asked to assess the general level of understanding among the governing body of the range of dimensions of diversity. Gender and race/ethnicity are both reported as well understood, with over 80% of respondents reporting a good or excellent level of understanding among the governing body of these dimensions of diversity (see chart 4). Similarly high levels of understanding of disability

(79%) and age (68%) are also reported. The level of understanding of issues of religion was ranked as good or excellent by 54% of respondents and sexual orientation has the lowest level of understanding with 36%.

Chart 4. In your view, what is the general level of understanding of among the governing body of the following equality issues?



Given the low level of discussion of sexual orientation mentioned above, coupled with the low level of understanding reported here, this may be an indication of lack of knowledge on the part of governors for this dimension of diversity.

Some interviewees were clear that the knowledge of governors on the range of diversity issues is evident through their engagement with other topics and the ability to examine those issues in any wider discussion.

Governors' knowledge comes across in the way in which you treat ordinary topics, that wouldn't normally be thought of as equality and diversity topics, so you might be talking about the curriculum, you might be talking about the estate, and then it's soon clear whether people have an understanding of equality and diversity issues when they talk about other things.

Seventy three per cent reported a good or excellent level of understanding of the legal duties with respect to gender. Similarly high levels were reported with regard to race/ethnicity (70%) and disability (70%).

Over 90% of respondents stated that the provision of information to the governing body on ways in which it can fulfil its public duties on race, gender and disability was adequate or more than adequate. This information is provided largely by the equality specialist and the equality/HR/staffing committee. Other sources of such information include Student and Academic Services departments, VCs and legal advisers.

Many of the lay governors who sit on equality and diversity committees have HR experience from their “day jobs” and this is seen as a desirable attribute for a governor, in the same way as knowledge of finance, for instance. Such experience is relevant and useful from both the public and private sectors.

She was an executive director of HR for a local authority but is now at national level and chairs their negotiating committees. And the various lay members we’ve had on the diversity committee in the past have always brought some aspect of their own experience to bear, which has been really helpful because I would have to say I think in higher education we’ve been starting from a pretty low base.

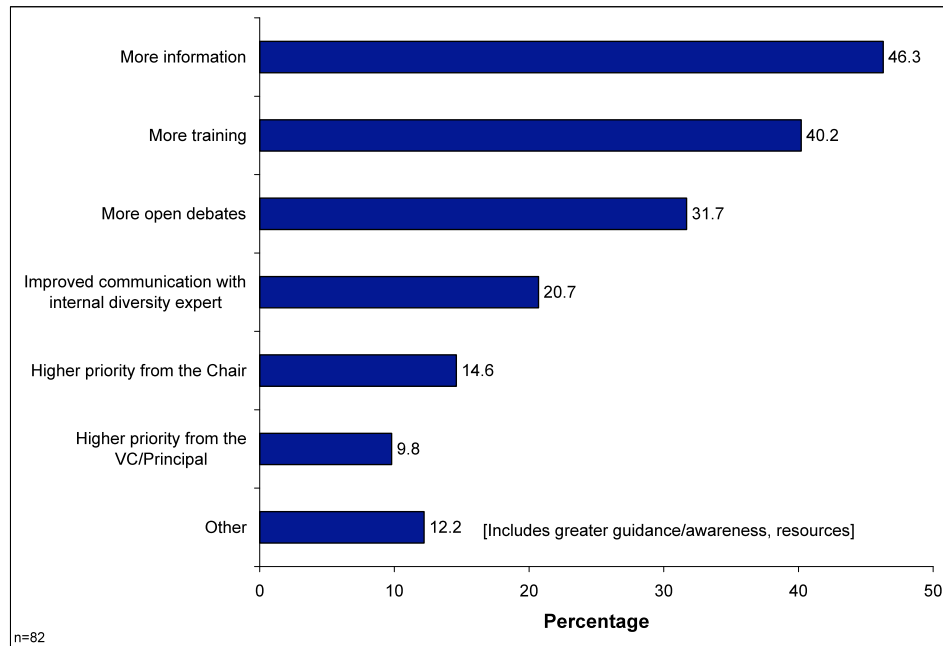
We’ve got a very good chair of our Staffing Committee now who happened to be the HR Director for (Organization X) and he is extremely good on these sorts of issues and thoughtful about them and I think that’s also coming through on the HR side. It means we’ve got somebody who’s prepared to think about and build upon experience from the commercial world as well.

Training for governors

Equality and diversity training is included in governor induction programmes in only 16% of the HEIs participating in the survey. However, nearly 80% of respondents reported that more than half of their governing body has an adequate or more than adequate knowledge and understanding of at least one equality and diversity issue.

More information (46%) and more training (40%) were seen as beneficial in assisting governing bodies in their role of promoting equality and diversity throughout HEIs (see chart 5).

Chart 5. What do you think would help your governing body in their role of promoting equality and diversity throughout your institution?



However, the qualitative data revealed conflicting desires of providing the governors with additional training and information, and yet avoiding an increase in the workload of people who already give so much of their time voluntarily. As one interviewee explained:

I think we sometimes drown them in information, because there's so much, so many statistics you can throw at them. So I think sometimes a simplification of what we produce for them might be helpful.

Diversity of governing bodies

Early scoping interviews with stakeholders raised concern that governing bodies were not reflective of their local communities.

Size and composition of the governing body

The average size of a governing body is 23 members of whom 14 are external. The age of most governors is within the range 50 – 59 years. Whilst 30% of the members are female, only 17% of the chairs are female (see Table 2). Yet this is better than the relative proportions of females on FTSE 100 corporate boards (12%) and in chair positions (2%) in 2008. Unfortunately there were incomplete data on race and disability in the survey responses to include them in the table.

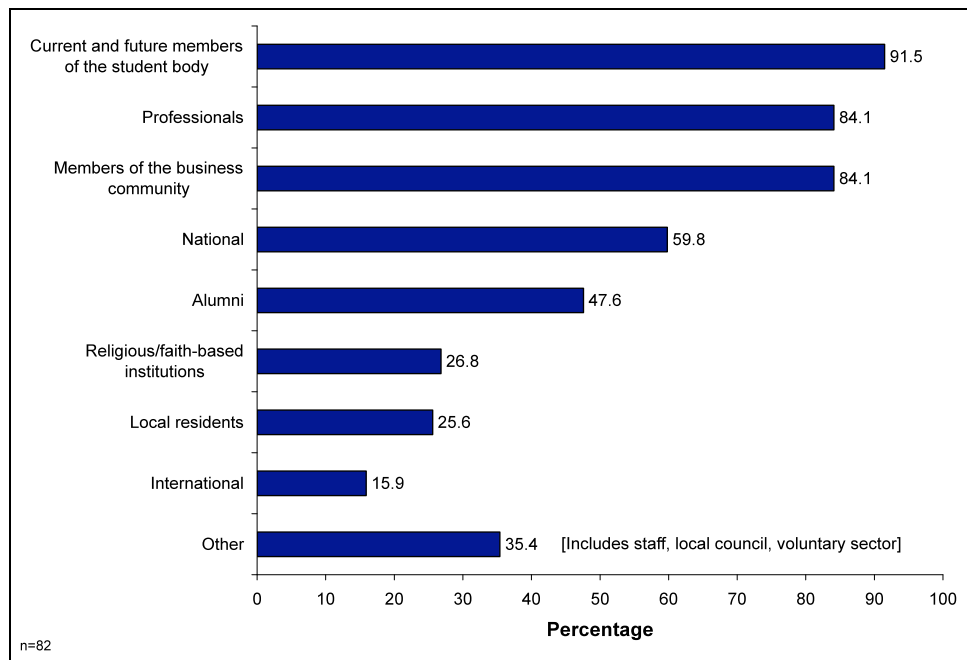
Table 2. What is the size and composition of your governing body?

Size and composition of Governing Body	TOTAL Average	Male* %	Female* %
All members	22.7	69.5	30.5
External members	14.0	70.8	29.2
Staff members	6.3	65.8	34.2
Student members	1.5	63.5	36.5
Chair	1.0	82.9	17.1

*** - where specified**

Members of governing bodies represent a wide number of different groups, as shown in chart 6. Over 50% of respondents reported having governors from three different groups; students, professionals and the business community. Sixty per cent reported having national (as opposed to international) governors.

Chart 6. Which of the following groups are represented by membership of your governing body?

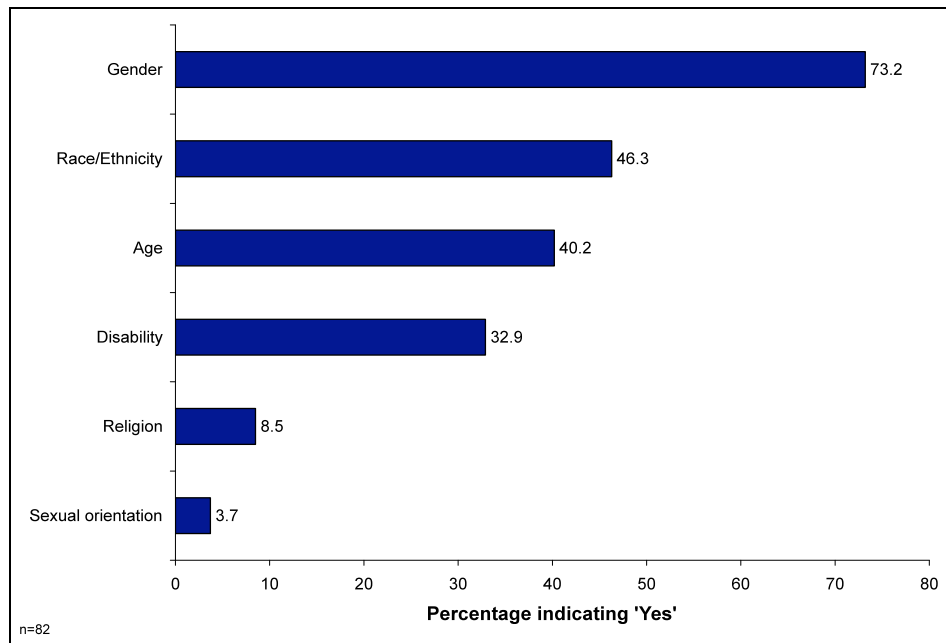


The survey highlighted a range of data gathered on the diversity of the governing body. Seventy-three per cent of respondents reported collecting data on gender, whereas only 46% did so on ethnicity and 40% on age (see chart 7). This pattern was supported by the qualitative data. Interviewees spoke predominantly about monitoring gender and race of the governing body and a minority spoke about age and disability.

In terms of legislation on age and disability, it's something that we don't monitor. What we're looking at under the reconstitution of the governing body is greatly improving our ability to monitor. At the minute, we don't ask people their age, we don't ask if they've any disability or about their religion. We can guess it all but we don't have a formal monitoring process.

Sexual orientation and religion were aspects of diversity which were not monitored in the HEIs where we conducted interviews. These minimal data means that many institutions have poor internal records of the changing composition (if any) of their own governing bodies.

Chart 7. Do you collect any data on members of your governing body with respect to the following equality areas?



Both the need for a more representative body in terms of community and the need to reflect the changing student profile were acknowledged. The qualitative data indicated that universities operating in cities with a large ethnic minority local population were more likely to have ethnic minority governors as the appointment of governors has historically been local. However, as an example, one university with half of its population coming from an ethnic minority had only two ethnic minority governors out of twenty. Two themes emerged regarding the rationale for greater diversity, to better serve the communities in which the institutions exist (often made explicit in mission statements) and to improve understanding of the institutional needs of the students and staff. Some also saw governors as being role models for students and staff.

I think we want students to actually see the board a bit more in terms of people who are important to them and people who are, in some senses, role models. In some senses showing that we value them, through the type of person that we have on our board. It's kind of that physical manifestation that the university recognizes the diversity amongst the student body and says, yes, and there are people from your background that contribute to the governance of the university.

A strong theme emerged from the qualitative data regarding a tension between skills and diversity of current and potential governors. There was a clear need to appoint governors with particular skills and experience and some described diversity as an additional feature which was a bonus, rather than a fundamental element of the skills and experience needed by governors.

We have a pool of people we look at that we might get to join the governing body at a later date. If we can get a double hit of making sure that the gender diversity keeps moving towards the centre point and we also take into account the extra benefits of having diversity in there, then we do that, but the first call is the quality of the people with the skills mix that we have.

However, others highlighted the integral nature of individuals' backgrounds with the knowledge, skills and experience of governors.

Diversity is a very important parameter in the selection of new governors. To be honest, if all we were looking for was capable and highly competent white males, then we wouldn't have to spend anywhere near the amount of time we do in terms of searching for governors and utilising networks to find new governors. And I think we've been pretty successful in recent years in achieving that diversity in that mix.

There was a clear recognition among interviewees about the risk of recruiting in their own image. As one interviewee explained:

The one thing we don't want to do is to reproduce ourselves. I think that's quite important that we don't just say we want somebody who'll fit in nice and cosily with the present governing body. They're a pretty feisty lot. Some of the governors are not backward in coming forward and they're hugely supportive of the university, of the Vice Chancellor and of me. But they're not afraid to challenge and neither of us want an easy ride or a cosy set of circumstances there.

One newly appointed VC on a governing body chaired by a woman and with 40% female governors found the female influence made a difference.

Other governing bodies I've come across are very different, very macho and full of accountants. This is a very different environment.

A female governor agreed that they needed more women to be more representative. However, she did not feel that being in a minority silences the women in any way and this was due to the inclusive chairing of her particular governing body.

We are all quite feisty. I personally am used to working in a male dominated environment so am not at all phased and the way the Chair chairs the meetings means that the dynamics are very inclusive. The VC is as likely to bring up diversity in any conversation, e.g. construction projects or the relevant aspects about diversity/safety for women students, etc. It is all quite natural.

The benefit of different perspectives was recognised as enhancing debate whether those were differences of gender, culture, or different lifestyle experiences.

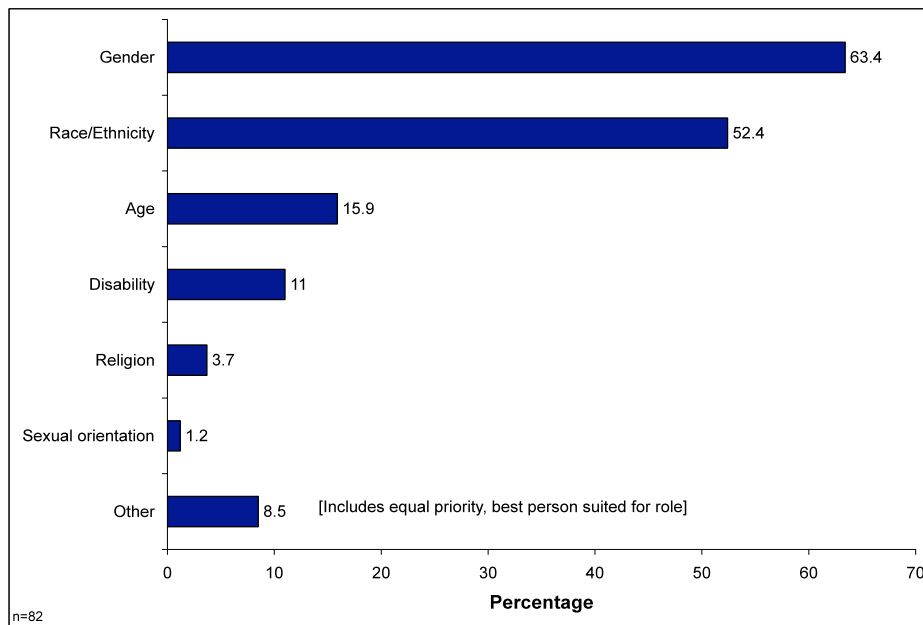
..a good debate because not everybody is coming from the same place. ... We seek the diversity particularly because we want to have the better debate. We don't want everybody thinking the same thoughts and we've got students and staff on it as well who also bring another dimension.

The importance of equality and diversity skills

Whilst a diverse membership may give rise to the inclusion of different perspectives, it is obviously possible for non-diverse bodies to possess skills and experience in equality and diversity that contribute to the body. Seventy four per cent of survey respondents reported the inclusion of equality and diversity skills and experience in their boards' profiles of the skills required and some bodies actively recruit people with expertise in diversity and equality.

When skills and experience gaps are identified in the governing body and the next appointee is selected to fill the gap, 63% of responding institutions always consider diversity, and 29% sometimes consider it. Gender was a high priority among respondents (63%) when aiming to recruit governors from a more diverse background and 52% cited race/ethnicity.

Chart 8. If it is considered in any way, which aspect of diversity is currently being given most priority in the selection of governors?



Institutions' needs will vary depending on their location, student population and the current makeup of their governing body. Those respondents from a location with a very high ethnically diverse population talked of wanting to reflect that in their governors. Other institutions had a different emphasis. Some considered that with female students now outnumbering male students, at least half of the governing body should be female.

If half our students are women, it is unacceptable that our governing body is not split evenly male and female.

The age distribution of governors was a minor theme to emerge from the interviews.

We want to appoint younger members of the governing body if we can. We've just appointed a former graduate of ours who's a rising star within a local multinational organization. He's under 35 and is therefore our youngest member.

For those universities which currently have a diverse mix of governors, the emphasis is on ensuring that they maintain levels of expertise when governors retire from their terms of office.

Appointment of governors

Forty seven percent of the last five appointments made by survey respondents were made through existing members or alumni, indicating an inward focus. Thirteen per cent used national advertising, with a further 10% advertising locally. Only one-and-a-half per cent used search consultancies.

Many respondents said the increased workloads and subsequent time commitments of being a governor made any appointment difficult. The pool of suitable candidates among ethnic minorities and women was seen as being very limited and from which the higher profile universities had first pickings. The assumption that this is a small pool was challenged by only one interviewee:

I don't think that it serves the cause of diversity to actually say we will suspend our search for particular skills because we need that diversity. There are plenty of very highly qualified, competent people from a whole variety of different backgrounds in our diverse community these days. I think probably the only difficulty is so many other people are searching for these individuals, and there are great demands upon their time.

The same arguments have been put forward in the private sector, ie that there is a limited pool of talented women available to the top UK 100 corporate boards. However, recent research by the authors indicate that there are nearly two thousand women on the executive committees of the FTSE 350 boards and on the corporate boards of the FTSE 101-350 boards.

There was some support that positive action was required in order to identify potential candidates who were more diverse. Several interviewees talked of attempting to broaden the diversity of the governing body. Quotas were not considered favourably although there was some support for aspirational targets in terms of diversity of the governing body.

I'd fight quotas all the way and my female colleagues in particular would fight that all the way. They don't want to be part of a quota. They want to be there in their own right and they all are.

As Chairman I want the right people sitting round the table that can do the job, but I recognize that the right people are not necessarily the ones that we are accessing at the moment. I'm really ambivalent about setting targets for having so many here so many there. I think an inspirational target is good and I suppose that's what we'll do here. We recognize who are the key communities and constituents and skills that we need around the board and we try and focus our attention on getting people who would match those.

One Chair of a governing body was adamant that governing bodies should be split evenly male/female, explaining that "there should be 50/50 gender full stop". This institution has already adopted "women only" selection lists.

The most popular means of drawing new governors was through introductions from existing members. Institutions largely look for governors with local connections so making use of current members networks makes sense. Nevertheless, increasing the diversity of governing bodies often requires finding new networks and using different recruiting methods.

You just try to find your chances and you widen your network as much as you possibly and talk to people about 'We're looking for governors, any ideas?' It's not a perfect system, but the others are probably even less perfect. Advertising I think has a heavy payload.

Another interviewee recognized that the HEI sector was behind other public sectors in the number of female governors there were and thought that the presence of women on boards could encourage others to follow.

I suspect it get easier the more women there are and so the less of an issue it is. We are behind other public sector institutions. As happened there, there has to be real concerted effort to enhance diversity---often women need to see that they have the potential to be governors. They hadn't necessarily perceived themselves as having the relevant skills. The more they see other women there the more they may perceive themselves as possible board members. This is what happened in other parts of the public sector.

Respondents reported that few people came forward who were under 40 and those that did often had limited experience or insight into the requirements of the work of a governing body. One institution is addressing this problem by introducing potential

members to the work of the institution so they can gain the requisite experience. Such a work experience project may be a useful way to introduce the role of governor to others who may lack this part of the experience so often required in the selection criteria.

The relatively high age of governors is something that some bodies are addressing. Recruiting people who are already in full-time work has been difficult because of time factors, but there is evidence of recent increases in young appointments, many candidates taken from the business community. Some universities are finding success through their alumni networks. Only seven per cent of recent governors were appointed from a pool of alumni; but it may well be a growing trend offering people who already have a connection with the university an opportunity to serve as a governor. Often these people are professionals and may live locally. This provides institutions with another reason for them to develop their alumni networks as a source for new governors.

One interviewee cautioned that too many alumni is not a good thing.

It gets too clubby. However, in years to come our ethnic mix will provide governors from alumni, but not at the moment.

The post-1992 institutions are less likely to have a strong alumni network than the older established universities, but they may increasingly draw on their alumni. However, younger people are more likely to be focusing on the crucial start of their careers, which may preclude them from being able to offer their time to serve on governorships.

We do have alumni on the governing body, but on the whole that tends to be more chance than deliberate intent. We don't set out to do it by design. It's obviously good that alumni want, on occasion, to join the board. But we haven't traditionally had a very strong kind of alumni contact group. That's obviously growing now with the increasing emphasis on fundraising, etc. And I think that probably would again be a collateral benefit which we could get in the future. And yes successful alumni joining the governing body would be something I think we can look forward to. But we're a relatively young university. Our graduates will be making their careers still very much at present.

The use of advertising for governors is on the increase, with national and local advertising combined, accounting for 23% of recent appointments. It is now widely used in NHS Trust non-executive appointments. Many will put “applications from women and ethnic minorities welcome” at the bottom of the advertisement. However, some respondents reported a disappointing uptake from advertising.

We have tried very hard to extend the ethnic diversity of the Board but have not been successful. Very few answer our advertisements and we are unsure in which publications to place them anyway since every ethnic group has its own and we cannot afford to take out advertisements in too many publications. People who are recommended to us are usually already overstretched with other institutions.

Despite having successfully appointed two governors who both responded to an advertisement, one HEI expressed concern about the overall quality of applicants, which may reflect the need for more care about the content of the advertisement itself and its overall message. There was a general underlying resistance to using advertising from many institutions interviewed.

We’ve never had to advertise and I would feel, not quite a sense of failure, but I would not want to go down that route because we’ve always been able to look after our needs---look at people who are involved in the community.

Remuneration

The move towards smaller governing bodies and more onerous duties placed on them has brought with it debates about whether external governors should be remunerated. One of the considerations is that this may improve the diversity of boards by encouraging people who may not have the time to do unpaid work, e.g. younger people, alumni in mid-career, disabled parents. Women’s working patterns and family responsibilities mean that they are less likely to be in a financially strong position to give of their time unpaid.

NHS Trusts pay their non-executive directors, but there is no evidence to show that this has increased their diversity. Our findings show that no responding institutions in our sample at this moment remunerated their governors and although some said that they have discussed it, our qualitative data demonstrated mixed views on the merits of

remuneration. Some were clear that remuneration would not necessarily lead to a more effective governing body. The role of governor is seen as a way of contributing to the community and there was strong resistance from many who felt that remuneration would diminish this emphasis on public service.

Not a helpful route. The best governors are those with a sense of public service mission and you don't buy that.

Or as another interviewee stated:

The governing body all feel equally strongly about it and in no way would they wish to be remunerated. They're here because they want to be here; they're here because they feel that they contribute something to it. They enjoy that. For a lot of them, it's a feeling of putting something back.

Additionally, concerns were raised about the possible impact on the psychological contract between an individual governor and a university if payment was involved.

It has always been decided when contemplated before that we wouldn't make a payment. The rationale for that decision has been that the essential role of the governor is as a critical friend where their impartiality and external perspective is paramount. However notional a payment may be, the relationship between the institution and the governor would change if they were remunerated and it is of concern that this may threaten the core of neutrality of the role.

Notwithstanding, there was an acknowledgement that it could make a difference in terms of enabling a wider range of people to serve as governors, although there was still disagreement about whether it was the most appropriate way of accessing that greater range of governors.

I think it's undoubtedly true and I am not sure whether it's true for trying to access people from different communities that money does help, remuneration does help. But there is something to do with expenses and various training and things like that. I don't think money is the answer. I think what we're doing is actually accessing the right people in the right communities. I don't think money is the answer to that.

To the contrary a minority of interviewees were equally clear about remuneration:

I think if we're going to do the job professionally, I think, in the long-term, university Boards will be much smaller and probably would be remunerated. Whether it would make a difference or not, I really don't know. Maybe it would on age. Maybe people serve on Boards because they've retired from a job so maybe it would encourage a younger member. I mean, I find it difficult being on a Board, a couple of Boards sometimes, and in the month of November everybody wants to have an AGM or a conference. And time, sometimes, when you've got a day job as well, is more difficult. ... So my personal view is yes, I think boards should be remunerated. Certainly, the key post holders or the Chair people, if they do more than four days a year, then yes.

One interviewee was adamant that lack of remuneration affected the diversity of the governing body.

We really must review (remuneration) because I think it's an equality and diversity issue. ... because you can only be a lay governor if you've got somebody else who is paying your wages or you've got a pension or private means. That's a diversity issue.

Recommendations for increasing the engagement of governing bodies with equality and diversity

1. Governing bodies should support the promotion of equality and diversity by ensuring that within the institution there is expertise and responsibility for equality and diversity at a senior level. One way of ensuring this is by appointing an equality specialist with a degree of seniority in terms of the institution's structure, together with an appropriate committee to discuss equality and diversity issues. One or more governors, experienced in equality and diversity, should be appointed to the committee to ensure commitment at leadership level. Ultimately all HEIs need to move to a position whereby equality and diversity permeates all policies and practices and is owned at the highest level. In time in such situations, specialists and committees dedicated to diversity may no longer be needed.
2. Greater attention needs to be given to the broader equality and diversity issues on the governing body. This means moving beyond a focus on human resources or a focus on students to recognise the importance of embedding equality and diversity as an inherent consideration in all actions and strategies, as is the case with issues of, for instance, ethics and health & safety.
3. Many HEIs need to give more attention to the ways they measure the impact of their diversity policies and practices. Lack of data on basic issues was evident in a number of HEIs. It is essential for there to be robust data relating both to the institution itself and also the broader community. This then allows for identification of bias or disadvantage. Explicit equality objectives or key performance indicators on equality and diversity need to be set and monitored.
4. Although there appears to be a good understanding of equality and diversity amongst the governors, it is good practice to include diversity training in governor induction programmes. It is essential that the training provided to governors be relevant, imaginative and of high quality.

5. HEIs need to collect data on the identity of their governors by reference to equality characteristics. At present, it is difficult to comment on the diversity of the governing bodies as most HEIs gather data only on gender.
6. There is a strongly perceived tension between the required skills of current and potential governors and the demands of diversity. Many respondents felt that giving greater consideration to equality and diversity might result in less emphasis on the requisite experience and skills of governors. This is mistaken. At no point is it being suggested that recruiting for a diverse governing body compromises either the level or range of skills that are being sought. Hence, the importance of diversity needs to be made continually by establishing the clear business case for diversity at each HEI.
7. Attention needs to be given to the appointment process of governors itself. Too many people are recruited onto the governing board through personal referral from a narrow pool of candidates. HEIs should broaden their networks and make more effort to encourage a range of individuals to put themselves forward as candidates through the use of open days, better targeted advertisements, etc.
8. At present no HEI pays its governors. There is, however, a move towards smaller governing boards which might lead to members having more onerous duties. In this context it might be appropriate to remunerate members. The evidence is mixed on whether remuneration of non executive directors in the public and private sectors in general increases diversity on boards. There is an argument that remuneration may broaden the potential talent pool for governors as lack of financial rewards may constrain certain diverse candidates, such as self-employed individuals, those (usually women) with caring responsibilities, young professionals at mid-career, etc. from seeking appointments on a purely voluntary basis.

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Appendices

Appendix 1: Private Sector Case Study - FTSE100 Utility plc

To put the ECU project into perspective, we provide two private sector cases. This first case study derives from interviews with the chief executive, the non-executive chairman, two male executive directors, one female non-executive director, one male executive team director and the female company secretary. Those interviews had been conducted by Cranfield in 2007 as part of a study into gender and boardroom cultures. As we had substantial interview material from this significant sample relating to the issues raised in the ECU project, we reanalysed that material specifically with that new focus to create this case study to provide private sector contrast for the ECU Study. The company is one of the largest companies in the UK and operates internationally; its chairman has been voted “Chairman of the Year”, and its CEO is passionately committed to diversity. There is a lot to learn from the way that this company manages diversity.

Role of leadership and the governing body in relation to diversity

The chairman has to take the lead to ensure good governance, and that depends on having the right mix of skills, knowledge and experience within its members. Utility plc’s chairman commented that the starting point has to be:

“Sit down and do things in the analytical and hopefully professional way we do it today, saying: ‘What are the needs of the organization in terms of that external challenge, and the knowledge that’s brought to the table, including the specific specialist knowledge.’... If you have leadership responsibility, you have a responsibility to keep the Board enriched at a level of high professionalism.”

In a diverse board there are many different personalities and they interact in different ways. But it is the chairman’s task to “*make sure that we get those varied views on the table*”, according to the chief executive.

It is also important that the chairman, company secretary and chief executive design an induction process individually for each new director. They “*make sure they understand everything that’s going on and how we’re doing things*”.

The chief executive was the first Diversity Champion, a role recently passed to an executive director who has taken up the role with a passion to make it continue to work. The new diversity champion went off to the US where he suddenly discovered that his company was behind on diversity: “*There was no mention of inclusion and diversity anywhere in our top level communications.*” He added: “*The case for diversity is compelling both from a business and a moral point of view*”. Such senior sponsorship of diversity plays a symbolic role in the acceptance of the valuing diversity discourse lower down the organization. But it is not just about equality and diversity, which so often is seen as only relating to women and minority individuals. The message now is the much stronger argument for *inclusion and diversity*, which concerns everyone and is more about the *how*, not just the what.

An important aspect of the culture of this company’s board is that it is connected to the executive and senior management. The chief executive said: “*We take the board out of the ivory tower*”. The various mechanisms to achieve this connection include about a third of board dinners being held with senior executives, to provide exposure for board members to get to know a variety of people in the talent pool. Board committee meetings provide another vehicle for interaction with specialists, for example from the finance team, or HR or CSR, and some of these are senior females. The Utility plc chairman and chief executive were making a very conscious effort to engage the board members with management, “*unusual, and it works!*”

Diversity issues cannot be ignored in publicly listed firms. The chairman was asked at a shareholders’ meeting why there were so few women at the top and since then, diversity has been regularly addressed on the board’s agenda. The chief executive reported that he had to challenge the business leaders to get beyond the words to action. Diversity performance targets have been set for each business division, all contributing to the

corporate goals for diversity. Business leaders are held accountable for progress in the quarterly performance reviews so the KPIs are now embedded and reported to the board.

Knowledge, understanding and engagement with diversity

Rather than address diversity issues as a tick box exercise at every meeting or just depend on a few minutes in a piecemeal way as issues arise, some chairmen and CEOs allocate a specific longer time once or twice a year for deeper discussion of diversity-related issues. The Utility Plc Board's Risk and Responsibility Committee takes a deep review of diversity statistics and inclusion plans twice a year, and then report this to the main board meeting.

Some board members also directly support diversity by getting involved with diversity networks (for women, ethnic minorities, disability etc), acting as speakers and sponsors. Having breakfast meetings with diverse people within the organization was a tool used by one director, who tried very hard to be approachable, and found that this worked for him to get to hear how things were on the ground.

Diversity of membership of governing body

The Utility Plc board comprised five executives and eight non-executives. They were a very experienced non-executive chairman, a fairly new chief executive, the finance director, the operations director and two other executives heading major functions, plus seven non-executive members including two women.

Review of the composition of the corporate board in terms of skills, knowledge and experience is taken very seriously by the chairman and chief executive, on an annual basis and when vacancies occur.

“As the Chairman working with the Nominations Committee, I try to put quite a bit of effort into the composition of the board, the width of the skill base, and really what you're trying to create is a balance of skills at the end of the day. When we do our annual appraisals of performance, this is one of the issues we focus on. Have we actually got it right? So professional skill sets and the mix of them really drives the composition for me.”

(Chairman)

When shortlists for senior positions are presented with only male candidates, the board will always ask why there are no women on the shortlist, and have explicitly made it clear to search consultants that even if it is difficult to find appropriate female candidates, that is what they are paid to do.

Challenges in increasing diversity in recruitment

Learning from their US acquisition and from the experience of another company renowned for its diversity achievements, the chief executive and the diversity champion have pushed for stretching targets to be set for increasing gender diversity at senior levels. The chief executive says:

“If you set an incremental target, people go away and think it will happen naturally. I want people to think, we’re going to have to have something fundamentally different to get there.”

The HR director reported that they held a “Diversity Away Day” for all their diversity champions in their international business, putting together a diversity strategy, with specific objectives related to diversity and inclusion that would be implemented from board level downwards. This was in addition to the regular diversity index as part of their employee opinion survey and external measures of how they are perceived as employers outside.

Utility Plc takes a very structured approach to succession planning within the firm, mapping the top tier on performance and potential, and ensuring sufficient connection between board and future directors by creating opportunities and monitoring interactions. The chairman makes sure at dinners that there is time for everyone to mill around, and holds one or two leadership events a year for all the top group and board members. So when senior appointments are under consideration, the board members know the person behind the CV, not just the paper version. A male director commented that it was important that the board is not seen as remote by those in the director talent pool.

Benefits of greater diversity

The chief executive said that men and women look at things through different angles.

“Whether it’s a strategic conversation or a conversation about how we are developing our people, it is just amazing the different perspective that is brought to that discussion. ... You put seven 45-year old white males in a room and you’ll get a good discussion, but you get a different discussion when you put some diversity into that mix. It’s just my total experience in my working life.

He added that if women have to behave like men and play the male game to reach the top, then they do not bring as much diversity to the table than if their feminine ways of working and thinking were appreciated and developed. This is a challenge for the organization.

Appendix 2: Private Sector Case Study – FTSE 250 Engineering plc

This company is one of the largest engineering consulting companies in the world and operates globally. Its CEO is also passionately committed to diversity. This company was still in a learning phase regarding the way that it manages diversity, but it had recognised the challenge and limitations of being all male at the top, and was moving forward.

Role of leadership and the governing body in relation to diversity

Only recently has the diversity issue been raised at all. This is a new discourse for the company. The all-male board (at the time of the interviews) led to comments recognising that the board was homogeneous and that this was a limitation in the way the members make decisions.

We've got to embrace people from different cultures. We've got to stop being this white, male middle class organization that was formed in Surrey which is quite parochial. There's a whole world out there.

It is entirely white middle aged male, which I think is a limitation on us – it's a limitation because it has a relatively singular perspective on the world from both gender and sort of ethnic diversity and I think that limits the way we think about things. (CEO)

However, another member commented that the board was not aware of its homogeneity, as it seemed so normal to be constituted by males.

That diversity has never figured in my time very largely, this is because to date, there is no perception that it is so male dominated – well, male dominated is the wrong term, it is statistically so.

Most of the directors rebutted any view that they had an old boys' club culture, nor was a lot of business carried out on the golf course. However, there were not many

opportunities for women to take part in boardroom meetings, and the CEO was being creative in constructing opportunities to involve women as well as men in making presentations.

Knowledge, understanding and engagement with diversity

The CEO said that diversity was so important they put it into their strategic planning document.

It came on the agenda because we put diversity into our strategic planning document which says that we cannot be successful as a company unless we start to learn how to deal with diversity in our workforce. So we have actually sort of done it the other way round. Rather than saying look at diversity, we've said, Let's look at how we run our business, diversity is a key issue and then we have made it a key issue in the way we are going forward, so we are sort of embedding it rather than it's Tuesday so we are going to do diversity.

The reason was indeed a serious one, in that they anticipated a several thousand shortfall in the number of future employees who were white UK males. The CEO again stressed how important diversity was strategically.

[Why do you think diversity is important?] Oh, the maths are cracking good. So I am going to have half my world going to be people who today, I don't naturally communicate with. And knowing that is an issue is fundamental. If you don't think it is an issue then you can't solve it – if you believe it is an issue, solve it.

The HR director said that diversity is coming onto the board agenda, firstly because the CEO, senior NEDs and he as HR director decided to force the debate, and secondly because some directors are recognising the shortage of talented people with SET qualifications and the madness of drawing from only half the talent, and are championing diversity, and thirdly because it is a business need for the company.

We're in a market where we're short of skills. We're an organization that's changing its ethnic and its geographical complexion, so it's finding its way into that.

The CEO reported that the company's annual conference included a major debate on diversity, which board members attended. He was really pleased that people were open to the issue, even though their stereotypical views were being challenged, and they didn't have the solutions.

All the feedback was that this was the right issue, it's a phenomenal step forward. I thought we would be another year of me saying that this is an issue, whereas now I've got other people saying "this is an issue and I don't know what to do about it". That's brilliant, that is where you've got to be. That is really important and I am actually quite thrilled about that. There is something in our company which is much more receptive to this than other companies. CEO.

From the Diversity conference, senior staff changed from seeing diversity as something concerned with women's issues to recognising the business arguments. The diversity initiative was cascaded down through conferences, and a divisional MD said that he had now put diversity into his strategy map and key performance indicators, making his team collectively accountable for progress. They also had a "viewpoint" initiative with focus groups to discuss the issues relating to diversity.

Diversity of membership of governing body

Engineering plc is a major engineering consulting firm based in the south east but operating globally. At the time of the interviews, they had no females on the corporate board, nor were there any females in the executive top team. The corporate board had two executive directors and four NEDs, and the company was then searching for a further NED. In the past, the company had a female deputy chairman and a female company secretary, but for many years there had been no women in the boardroom.

In April 2007, two board appointments were announced. One was the HR director, and the other was a female NED, aged 49. She is a managing director and head of financial institutions advisory at a major European bank.

The top executive committee was chaired by the chief executive. It consisted of the CEO, GFD and eleven other executives, all male. After the interviews had taken place, a new female Group Communications Director was appointed.

Challenges in increasing diversity in recruitment

The issue of lack of women on the board was gaining prominence, and the HR director batted back any criticism.

I think they do perceive the board as being only male and they do perceive that group execs are only male. I do get people dropping me notes and emailing and stopping me, accosting me at AGMs and other meetings, and saying “Hey, what’s this all about”. And I say “Look this is an issue we’re trying to work on.

A new appointee usually has to fit the gap in skills, knowledge and experience left by the previous incumbent. Two board members commented on that fit.

So the search firm we have gone to is to bring in a replacement for him. He is a classic boutique investment banker, very successful. So you might imagine a skill set to fill that hole again.

I’d simply say that it is likely that if we do make an appointment of a woman NED, she will have city/financial sector experience, and will just kind of slot in the board, and after about half an hour we will have forgotten that she is a woman, quite frankly, and she is another valuable voice around the board table. Most of the successful women I have worked with, alongside or closely with, have forgotten the gender issue. They just get on with the everyday job.

Is there a conflict between diversity and meritocracy?

Search firms were engaged to find appropriate non-executive directors, but there still seems to be a perceived conflict between diversity and meritocracy, given that the talent pool is so male dominated and qualified in the desired historic mould.

The way the board approached the issue was yes of course it’s an issue but no tokenism, so anybody there, is there by merit. A difficulty with that is that actually you have to fight quite hard to change the complexion of things, and almost everybody recruits in their own

image, so it would be easy for the board to recruit in its own image. ... Equally it's very hard to contest because if you're a meritocracy and if you say the best person has to get the job, I believe that's the right thing to do. Then if you have a candidate who manifestly has experience that is more relevant than another candidate, then why are you arguing against that person? Is it simply because of their gender, so that's almost a sort of if there's a kind of barrier of reverse discrimination you have to cut through.

Because all of what will happen in the future is quite simply overwhelmed by the number of men coming through with the right background, the right experience and the right credentials and who also deserve their opportunity. So it's a difficult challenge to do.

Benefits of greater diversity

A senior NED felt that if a woman is appointed to the corporate board, it would contribute to better governance, because people would consider things more carefully. However he had the benefit of sitting with one of the most experienced female directors in the FTSE 100, and hence his view may have been slanted to the positive side.

She can have a disproportionate effect over and above adding a single individual. And she will slightly alter the behaviour of the board, in a way that makes you sit back a bit and think, and not be quite so macho, and not instinctively put out something with only 30 seconds thought. So actually it is better for governance, better all round. I'm not saying that it is a rowdy bunch, but you know what I mean.

Well, I think not having a woman and having a woman on the board is like night and day. And women in the company will notice that. It isn't tokenism, it is much more serious than that.

Directors were encountering diversity issues in procurement, as major clients started to require diversity policy and practice information to be revealed in the tendering process. But the issues are not just about gender.

Actually it's about the breadth of views and even if we got different ethnic backgrounds, different sexual orientation etc, we would still say that actually in terms of having a diverse range of views, different behaviours, which together the cocktail of that actually allows us to be that much sharper in terms of how we do business and face clients and so forth, we

would still say we're quite limited. ... It is broader than that and partly what we've done at Engineering plc or in the profession as a whole, you're choosing from the subset of the population anyway which is choosing transport planning or engineering as a career and then as they filter up to the top, you are left with quite a narrow spectrum of behaviours and views.

This view reflects research that shows that scientists and engineers across companies and countries think in very similar ways that echo their training and aptitudes, and that broader diversity is needed to enrich the skills and experience of the board.

Conclusion

The corporate and executive boards have a vital leadership role to play with regard to diversity. They need to be open to new members from different backgrounds to themselves. They also need to champion diversity issues throughout the organization. Only if they connect with the organization can they be effective role models in how to value diversity and inclusion. Diversity is an issue that has to be tackled, and it is the business case that is driving change in Engineering plc. The senior NED commented on the need for talent in leadership.

So to go from here, to where we want to be, and growing management is one of the biggest tasks in the company, we will take diversity more seriously. We have to realise that a higher proportion of the women promoted to senior management positions at all levels will have to be women, by definition, because that represents the total size of the gene pool efficiently.

There are a number of challenges in making change, in particular the issue of meritocracy versus diversity initiatives, the scarcity of perceived suitable candidates, and the need for fit. The general view was that women contributed to the board in several ways that enhanced the work of the board.

However, the statutory role of the corporate board has to be taken into account when considering the diversity issue at that level. They have certain formal responsibilities, for which they have liability, and there may be little time left on the agenda for other issues such as debating the need for diversity.

You have got to remember that the board of directors of a UK company has only one responsibility, which is to the shareholders, and as an NED, you are really there to ensure good governance, integrity, and whatever the news, that it is faithfully conveyed to the city and the shareholders. You probe systems and controls within the company to ensure that there are no disasters coming in the future, and that the policies of the company are consistent with all the above. So you have limited opportunity to be proactive in that. Fortunately, the CEO is very proactive in all manner of different enterprises and exercises.

The question is whether the issue of diversity should be left to the CEO to address as an executive issue, or whether this is of such importance that the corporate board should make time on its busy agenda to include it. Without any diversity of members on the board, there is a danger of “group think” that eventually can close off the breadth of thinking that is needed in a multicultural world. But transforming a board can take a long time, unless the CEO and chair of the board work together to do this. In Engineering plc, the CEO was extremely proactive in leading the diversity debate, endorsed by the chair, and they have started the journey.

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