A study of the core competencies of external board members in UK universities

by ANTHONY MEARS

A STUDY OF THE CORE COMPETENCIES OF EXTERNAL BOARD MEMBERS IN UK UNIVERSITIES

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ABSTRACT

Higher Education institutions in the UK are facing unprecedented pressure on their finances, with the commoditisation and marketisation of their portfolios, the need to diversify activities and behave similar to corporate enterprises. The corporate responsibility in each university rests with the board of governors who are a vital resource and can support institutions in addressing the many challenging external factors.

With the above backdrop, the purpose of this thesis is to explore the core competencies of external members of governing bodies in UK universities. It involves a critical evaluation of the effectiveness of board member recruitment, induction, development and appraisal.

An outcome of the research is that the top core skill proposed is the ability to challenge the Vice-Chancellor and the senior team. In addition, soft skills are seen to be rivalling traditional hard skills, such as financial/accounting expertise and general business competency, which still remain in demand. New board members, however, now need to offer a blend of generic hard and soft skills.

It is recommended that recruitment and selection should be more demanding to attract high-calibre individuals who should be offered a seamless induction and development programme including enhanced appraisals throughout their board member life cycle. Board succession planning and sustainability were further important elements, and institutions are encouraged to develop a five to ten year plan.

The study also recommends, as a medium-term solution, that the HE sector should engage more in discussion on the notion of remuneration for external board members to help address a number of challenges raised in the thesis.

Finally, the author has developed an innovative developmental framework as an applied model for universities to take advantage of, which offers a cycle of continuous quality improvement to help enhance the effectiveness of individual board members.

ABBREVIATIONS AND GLOSSARY OF TERMS

Abbreviations and terms	Full details
Actors	External board members and senior staff within universities
Board	A Board of Governors, a University Council or a Governing Body
Board members	Members of council, governors, trustees
CEO	Chief Executive Officer
Chair of the Board	Chair of Council or Governors
Clerk to the Board	Includes the roles of University Secretary, Registrar and Secretary, Chief Operating Officer
Competencies and Skills	Includes: ability, capability, competence, competency
CPD	Continuing professional development
CUC	Committee of University Chairs
Executive	The Vice-Chancellor and senior team members
FRC	Financial Reporting Council
HE	Higher Education
HEFCE	Higher Education Funding Council for England
HEIs	Higher Education Institutions
HR	Human resources
ICSA	Institute of Chartered Secretaries and Administrators
LFHE	Leadership Foundation for Higher Education
NED	Non-executive director. For Higher Education, external board member is used
Research sites	The five different universities visited
Senior staff	The Vice-Chancellor and senior team members or the executive
Vice-Chancellor	The Chief Executive of the university

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CHAPTER 1

INTRODUCTION

As public universities adapt to marketisation of the [Higher Education] sector and engage deeper into the complex world of corporate finance, there is a premium on obtaining the necessary skills amongst its non-executive board members to support and challenge the executive

(Wilson & Chapman, 2013, p.2)

1.1 Chapter overview

This Chapter gives an outline of corporate governance in Higher Education (HE), specifically regarding the ever-growing demands on their boards and individual members. It presents the context, motivation and significance for a study on the competencies of board members including a background into aspects of corporate governance. The Chapter concludes with the structure of the thesis.

1.2 Context of the study

The setting for this study starts with the challenges facing HE in the UK which seem to increase almost daily. Gibb and Haskins (2013, p.5) argue that "the major force contributing to the recent environmental turbulence in the English Higher Education sector, has been the dramatic shift in the way that universities are financed and the creation of market conditions where funding, substantially and directly, follows student choice". These tectonic changes have placed increasing pressure on the HE system for universities to: act more competitively; improve their estates; excel at research and engage with businesses; and, at the same time, to cope with the 'efficiency' savings expected by the Government (Middlehurst, 2013). The consequence is that Higher Education Institutions (HEIs) are becoming more business-like (Copland, 2014; Law, 2014). All these factors result in a less benign environment with the spectre of failure ever closer, though perhaps more at faculty or departmental level than an entire university - at the moment.

As with all formal corporate entities "a university has to have a governing body" (Brown, 2011b, p.87) which is generally called a University Council or Board. For the sake of clarity, the word 'board' will be used throughout the thesis. These boards are generally comprised of up to 25 members (CUC, 2014) with a majority of non-executive directors: known euphemistically as NEDs, particularly in the private sector. This thesis focuses on NEDs in HE who share similar

challenges from that of a small charity to a multi-national corporation: relentless change, increasing regulation and finite resources.

The 2008 financial crisis has put a great focus on the world of corporate governance and the personal responsibilities of NEDs (Solomon, 2013). The pressure for each NED to perform to a high standard, so that they can support their respective businesses, charities and universities, is growing. Gillies (2011, p.1) contends that "several lessons have been learned from the banking debacle: [university] governors do need to understand the core business over which they have authority, and demonstrate a wide range of specialist skills in relation to that business". While in essence this statement sounds rational, that 'business' contact time for NEDs in HE is realistically limited, as most HE boards do not meet "more than four or five times a year" (Shattock, 2012, p.60). With the day-to-day running of an institution in the hands of senior members of staff, it is perhaps unrealistic to expect NEDs to know everything (Brown, 2006; Hardin & Roland, 2006; Garratt, 2010). The law though is clear that the responsibility for running a charitable organisation (i.e. a university), vests with the board. The competencies of NEDs are therefore coming more under the spotlight (Pye & Camm, 2003), particularly so within the HE sector.

1.3   Motivation and significance of the study

The rationale for researching the topic of competencies of board members in HEIs, started with a desire of the author to help create suitable internal induction and development packages for HE board members to complement their current skills. There was little available to draw upon. That gap in an everyday setting and a desire to undertake research in the area of board member development, led towards the prerequisite of identifying what essential and desirable competencies are necessary for board members to be effective. On a practical basis, board members themselves have indicated a willingness for further training (Garratt, 2010), which is echoed by Bain (2008, p.v1) that "people who serve on boards, or aspire to do so, want to add value to their organisations and make a lasting contribution".

Brown (2011a) illuminates the complex situation for university boards that, in the past, they were engaged in a narrow range of activities with mostly predictable and manageable pressures supported by mainly public funds in a comparatively stable environment, but many changes have taken place recently and more are predicted in the future (de Boer, Huisman & Meister-Scheytt, 2010; Barnes, 2014; Morgan, 2014a), which includes:

- The increasing unpredictability of UK and EU student funding.
- The powers of boards of trustees eroded as institutions have become larger and more complex, leading to decision-making being further devolved to specialised administrative staff, and the consequent blurring of executive/board trustee boundaries.
- The interests of the Government in admission policies for students.
- Competition for students becoming more intense.
- The battle for research monies.
- The growing demands of students as 'consumers' of HE.
- Implications for the privatisation of universities.
- Changes in the portfolio of courses, funding sources, staff mix and the outsourcing of services, *and then the added challenge that all this leads to;*
- Governing bodies expected to make decisions and pass judgements in areas where they have little, or no, expertise.

(Source: Brown, 2011a, pp.56-57; tabulated and expanded upon by the author)

It is very appropriate that this research is undertaken at such a challenging time for HE. The Government's announcement in 2010 to reduce further the direct funding for HEIs, has resulted in significantly increased fees for students, plunging universities into the world of marketisation and commoditisation. Competition, with now a free market for full-time undergraduate UK students, has been amplified through the Government's financial model and, combined with the increasing struggle for overseas, research and part-time students, will result in some universities gaining ground, but leave many in a much poorer financial position.

The author proposes that to meet these challenges requires the engagement of highly capable external board members who have the ability to successfully direct the equivalent of a large corporation. A reminder of the size of HE was outlined by Willetts (2014) who reported that the HE sector contributed over £73 billion in 2011-2012 to the UK economy, equating to 2.8% of gross domestic product. The role of a board is therefore vitally important, not so much a question of the size of the board, the frequency of meetings and the committee structure, but the competencies of individual board members in being able to make sound decisions for the benefit of their institution. Consequently, identifying new board members with the necessary skills and supporting them in their development, together with existing members, will be of direct benefit to their institution and, in essence, the world of HE.

1.4 Thesis aim and objectives

Within the context of the study outlined above, the aim and objectives of the thesis have been developed and are listed below:

The aim of the thesis is to identify the essential and desirable competencies of external members of governing bodies in UK universities and, in so doing, to enable those individual board members to perform effectively. To accomplish this aim, the following research objectives will be pursued:

1. *To identify the essential and desirable competencies of an effective board member in UK universities.*

2. *To understand the relevant practical issues of board membership including recruitment, induction, continuing professional development and appraisal/evaluation.*

3. *To critically evaluate the effectiveness of board member recruitment, induction, continuing professional development and appraisal/evaluation from the board member perspective with a view to developing their competencies.*

4. *To use the findings from meeting objectives 1-3 to produce a set of recommendations on how to develop individual board members and enhance their effectiveness.*

1.5 Introduction to corporate governance

Corporate governance is concerned with the practices and principles by which businesses (both profit and non-profit) are directed and controlled (Cadbury, 1992). It also encompasses the interactions between shareholders and dealings with stakeholders. The term corporate governance has "recently come to prominence in the business world" (Mallin, 2013, p.15) due to spectacular business failures (Judge, 2010). For everyday application, corporate governance is part of the regular scrutiny (Stiles & Taylor, 2001) of the executive (within HE it is the Vice-Chancellor and senior staff) and to ensure that personal and family interests do not encroach into business decisions. For the sake of clarity on what constitutes a board, it essentially "represents a group of people, selected for their expertise, who come together to add value collectively to the organization they lead" (Ingley & van der Walt, 2003, p.6).

Reflecting on the boardroom world, there have been major scandals and damaging practices, particularly since the 1980s, for example, with Coloroll and Polly Peck. As a result, the Cadbury Committee was set up following the collapse of these major quoted public companies. After the Cadbury Committee was established in 1991, further corporate fiascos emerged with Maxwell

Communications and the Bank of Credit and Commerce International. Powerful executive directors and the lack of checks and balances led these organisations to fail. The wide-ranging though financially-focussed Cadbury Report was published a year later (Cadbury, 1992). Within the resulting Code of Practice is a recommendation that is relevant to this thesis, that "NEDs should bring an independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct" (Cadbury, 1992, paragraph 2.1).

Despite the promotion and prominence of the Cadbury Code and subsequent codes, there continues to be a string of corporate governance failures, for example, Barclays, BP, Enron (in the USA), HBOS, the Royal Bank of Scotland and the Co-operative Bank. Taking Enron as an example, Solomon (2013, p.37) outlines that "severe corporate governance problems emerge from the Enron wreckage. Unfettered power in the hands of the chief executive is the obvious problem and one that characterised Enron's management…[and that]…the function of the non-executive directors was weak". That weakness is echoed by Tricker (2012) who argues that all major corporate problems of governance reside in the boardroom, which relates well with research by Reputability LLP (2013) that identified, in Figure 1.1 below, the root causes of crises in the boardroom. It can be seen that the main perceived cause is the gap in board skill-sets, which includes the inability of the board to influence the executive directors.

Figure 1.1: Root causes of boardroom crises
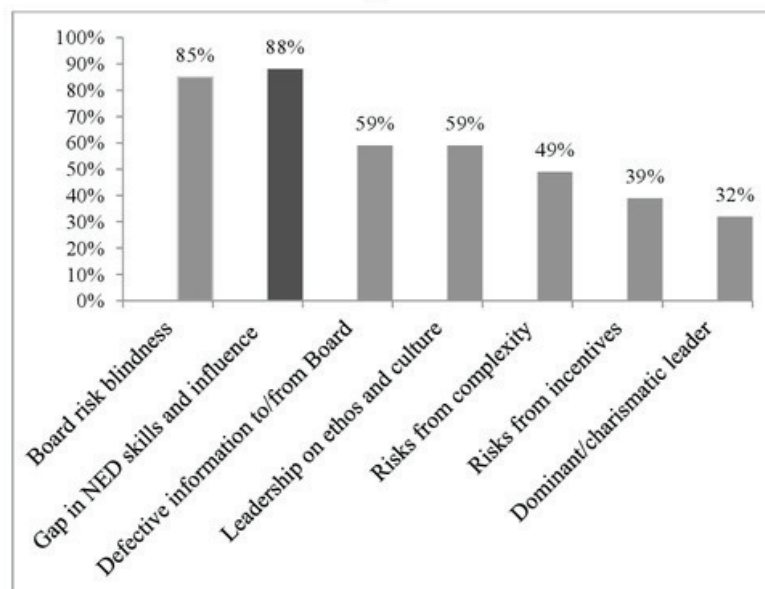
(Source: Reputability LLP, 2013)

HE is not without its problems, as highlighted with events over the years at the universities of London Metropolitan and Plymouth (strategic management issues), Cumbria and Gloucestershire (financial difficulties) and the London School of Economics (links with the Gaddafi regime). Shattock (2013b), a key writer on HE issues, argues that there are parallels with the massive failure of senior management in the corporate world with those of HEIs and looks for lessons in university governance. He highlights the lack of understanding by governing bodies of the intricate world of HE operations.

All this leads to a potential 'perfect storm' with the intensification of demands on university boards and management (Brown, 2011a), the growing influence of the executive (Greatbatch, 2014) due to the escalating complexity of HE operations that diminishes the academic contribution (Shattock, 2012) and the increasing commercial nature of HEIs (Copland, 2014).

1.6   Board composition and non-executive directors

Current corporations, companies and non-profit organisations can vary from small enterprises to global entities. Their structure is generally laid down in law, in particular, for limited companies. Practically all of them, other than perhaps some unincorporated associations, will have a board of directors or trustees: a "team of non-executive and/or executive directors who are elected by the owners" (Ballegaard, 2012, p.11) or the charities with whom they are connected.

Webster (2005, p.25) gives a reminder that "there is no legal distinction between executive and NEDs… [and]… many of the duties placed on them will be the same, notwithstanding their differing roles". This applies across both the for-profit and non-profit sectors, the latter of whom "grapple with the challenges that are increasingly important to managers and to corporate boards, such as balancing mission and margin, measuring performance beyond financials [and] being accountable to various stakeholders" (Purdy & Lawless, 2011, p.36).

Section 152 of the Companies Act 2006 indicates that a private company must have at least one director, and for a public company, two directors. However, there is no statutory maximum number of directors, but most major corporations have between 8 and 11 directors and the majority are NEDs (with the average number of directors being 9.6, Grant Thornton, 2014). Over the past 10 years, universities have started to decrease their board numbers from, in some cases, 35+ to well below the Committee of University Chairs' (CUC) recommendation of 25. The

primary reason is to enhance debates and decision making at board level. The average membership number on HE boards is currently 20 (Jarboe, 2013). In addition, an on-going task of a board is the need to review its composition and manage its diversity effectively, which includes the experience, knowledge, skills, gender, race, nationality and age of NEDs (Tyson, 2003). The main focus though of any board composition is to align the membership with the required engagement as the company/organisation pursues its strategic objectives (Behan, 2006).

An additional factor to consider is the cited tension within boardrooms on how directors see their roles (Monks & Minow, 2011), which is encapsulated below by Adam Smith - his quotation is updated by Tricker (2012):

> *The directors of companies, being the managers of other people's money rather than their own, cannot well be expected to watch over it with the same vigilance with which (they) watch over their own*
>
> (Source: Adam Smith, The Wealth of Nations, 1776; adapted by Tricker, 2012, p.6)

This friction is explored within the thesis under the three relevant governance theoretical frameworks of agency theory, stewardship theory and resource dependency theory.

There is though little literature of direct relevance regarding NEDs in HE but there are common features with that of corporate NEDs (Taylor, 2013). The bulk of the material on boards is focussed towards the legally established private and public limited companies that constitute the majority of such organisations (Deakin, 2010/11; Solomon, 2013). Nonetheless, an increasing amount of research is now undertaken on non-profit boards and governance (Trakman, 2008; Cornforth, 2014; Renz & Andersson, 2014; Coule, 2015).

1.7   Competencies of board members

The Companies Act 2006 does not state that directors need any particular competencies but they have a "duty to exercise reasonable care, skill and diligence" (Companies Act 2006, Section 174). That leaves the question of how and when competencies need to be identified, which is discussed later in this thesis. Ballegaard (2012, p.110) quotes from a Heidrick and Struggles publication in 2007 that "once being a board member was considered a nice way to ease into retirement. Now it brings a lot of responsibility and requires a rigorous and professional approach".

Leading authors in corporate governance, for example, Mallin (2013) and Monks and Minow (2011), discuss the roles and responsibilities of boards, but little is mentioned about the board members themselves and their individual competencies. As the thesis will show, this lack of weight or attention runs practically throughout many publications on governance. It is not that authors have aimed to diminish the role of board members, there is just so much else to talk about and research in the world of corporate governance, such as frameworks and mechanisms, internal controls and risk management. Also, their chosen topics of discussion will reflect the availability of data.

A relatively small amount of literature can be found on the narrower topic of board member competencies, though practically nothing for HE. Some helpful and inspiring general material came through a few authors, particularly Coulson-Thomas (1992, 1993, 2005, 2007a, 2007b, 2008, 2009a, 2009b, 2013) on general board competencies, and Shattock (1997, 2002, 2006, 2009, 2012, 2013a, 2013b) on HE matters. Nevertheless, there is a variety of material on competency at work and competencies generally.

In reflecting upon the arguments in this Chapter, there is a clear gap in the research on the competencies of external board members in HE.

1.8   Structure of the thesis

The thesis is divided into six chapters. This Chapter outlines the context of the study including the motivation and significance of the research. Corporate governance generally is explored with a background to governing bodies, their composition and the competencies of board members.

Chapter 2 firstly reviews the relevant literature on the theoretical frameworks that relate to HE governance namely: agency theory, stewardship theory and resource dependency theory. Secondly, the current applicable literature on corporate governance is examined, including the relevant codes of practice, board and board member duties and board effectiveness. Finally, the Chapter reviews a wide range of literature on competencies.

Chapter 3 discusses the pragmatic approach that draws upon a grounded theory methodology and methods. It outlines the visit to a pilot institution plus four different mission group universities, including the in-depth semi-structured interviews and the ethical considerations.

Chapter 4 outlines the findings of the primary research. It incorporates a wide range of quotations from the participants in the study, includes the analysis of external board member competencies and reviews the processes for recruitment and selection, induction, development and appraisal/evaluation.

Chapter 5 discusses the themes flowing from the data collection stage. It compares the quantitative analysis on board member competencies against those of a study by a prominent author of corporate governance. The discussion continues on the core skills for board members through the lens of relevant governance theoretical frameworks, with the wide range of findings from the research then woven within a developmental framework.

Chapter 6 concludes the thesis with a summary of key findings, featuring a set of working hypotheses in the form of seven key recommendations, reflections on the research methodology and theoretical frameworks, and the contribution both to knowledge and practice, particularly the author's developmental framework. Also outlined are the limitations of the research and a range of possible areas for further study. The Chapter concludes with the strengths and rigour of the research and final thoughts and reflections on the thesis.

CHAPTER 2

LITERATURE REVIEW

2.1   Introduction

As outlined in Chapter 1, very little literature of direct relevance to this study could be found. There are though related topics, which will be explored within this Chapter. Firstly, key strands of corporate governance are studied through an evaluation of applicable governance theoretical frameworks. Secondly, a review is undertaken on the related aspects of corporate governance including regulatory codes, board and board member duties and the effectiveness of boards. Finally, an evaluation has been carried out on competencies generally and their relevance to this study.

2.2   Sourcing material for the literature review

A range of resources were used in the literature review to access, books, journals, conference papers and government publications. In particular, great use was made of the on-line researcher resource at the University of Huddersfield through their unified discovery service called 'Summon', which enables access to millions of publications. A variety of word strings provided the most fruitful results in looking for scholarly material that was peer-reviewed. These included:

- Board member competencies
- Building better boards
- Competency model and boards
- Competency theory and boards
- Competencies and non-executive directors
- Competitive advantage and competencies
- Diversity on boards, women on boards
- Governor training and Higher Education
- Personal competencies and board directors
- Qualitative research, corporate governance and boards
- Selection, development and non-executive directors
- Skills and capabilities of governing board members
- Training and development for university councils and board members.

At the end of the search, over 5,000 publications had been examined. It was undertaken in four tranches starting in 2011 and then 2012, and updated in March 2014 and February 2015. There was no intention to review such a large number of items, but the search was expanded as there was initially an absence of suitable material to draw upon. The on-line facility though made the process easier.

In addition, a search with similar word strings as above was undertaken through the British Library Electronic Thesis Online Service where over 380,000 doctoral theses can be accessed via the Archive. A small amount of useful material was found, particularly while exploring the references section of a few doctoral studies. Key journals were also reviewed including Corporate Governance: An International Review, Nonprofit and Voluntary Sector Quarterly, Higher Education Quarterly and the Journal of Management Studies.

The next section reviews the relevant key strands of corporate governance, starting with the applicable governance theoretical frameworks and followed by regulatory codes.

2.3   Introduction to governance theoretical frameworks

The applicability of theories in this thesis adds a further dimension through balancing the practical research with more abstract but subtle concepts. There are a variety of different governance theoretical frameworks that have evolved to describe and investigate corporate governance, and each is slightly different in its approach (Cornforth, 2001; Leshem & Trafford, 2007; Tricker, 2012; Mallin, 2013; Solomon, 2013). The three predominant theories in corporate governance that relate more closely with the world of HE are agency theory, stewardship theory and resource dependency theory. These have been identified by Nicholson and Kiel (2007) for their relevance in linking boards of directors and firm performance and are discussed below. No research could be found during the literature review about governance theories and the operation of HE boards, but some interesting strands were found on those of non-profit boards. In addition to this gap in the research, it is also observed that, "while theorization of corporate governance has become increasingly sophisticated, theories of non-profit governance are underdeveloped" (Coule, 2015, p.2).

2.3.1 Agency theory

Agency theory (Jensen & Meckling, 1976; Fama & Jensen, 1983) is one of the most quoted and contentious theories in relation to corporate governance, with a focus on accounting and finance, though more recently expanded by scholars (Filatotchev & Wright, 2011; Renz & Andersson, 2014) to wider aspects of corporate governance. It revolves around the principal-agent relationship in a corporation with the shareholder as the principal and the director as agent. The controversial element is that the directors make decisions for their own personal gain rather than their company's benefit (Eisenhardt, 1988; Hendry, 2005; Tricker, 2012; Solomon, 2013). In essence, directors can be seen as self-interested opportunists. This model, however, is a very "simplistic view of human nature" (Roberts, McNulty & Stiles, 2005, p.7) and could be said to take a negative outlook in contrast with the good stewardship approach of external board members in HE. On the other hand, Cuevas-Rodríguez, Gomez-Mejia and Wiseman (2012) propose a positive view of agency theory with efficient contractual relationships that can have resonances in non-profit organisations where the accepted roles of NEDs form an understanding in expectation and behaviour.

The agency arrangement dates back to the 18th and 19th centuries where the dilemma of the 'principal' was then, and still remains today, that of someone else looking after their company and money, though it was more focused on corporate enterprises (Mallin, 2013). Examples of self-interest could include a director taking greater risks than the shareholders would wish or focusing on short-term goals. In a non-profit setting that could be more subtle, such as not disclosing a conflict of interest. Wiseman, Cuevas-Rodríguez and Gomez-Mejia, (2012) take a different view, and propose that agency theory should be considered in wider contexts covering broad social environments, which could cover the inter-relationships within an HE board, particularly that tripartite arrangement between the Vice-Chancellor (as Chief Executive), the Chair of the Board and the Clerk to the Board (Shattock, 2012). That variation moves the contractual focus of agency theory (Carney, Gedajlovic & Sur, 2011) to that of a consensus and a dialogue between each party, while respecting personal views or interests.

A criticism of agency theory is the cost of compliance that can be detrimental to corporate performance (Tricker, 2012; Solomon, 2013) but the author argues that this view does not cover the non-profit sector where, for example, the Government will wish to be assured that universities are conforming to set standards and that public funds are appropriately spent, even if it involves

additional cost. The Government would therefore view this as positive agency costs, which aligns with the commercial sector where reasonable principal-agent costs to maximise performance are seen as acceptable (Cuevas-Rodríguez et al., 2012). It has close linkage with the monitoring role of NEDs (Solomon, 2013) and the benefit that outside directors bring to the board. That leads to the salient issue of the importance of competencies for external board members to be able to fulfil their role effectively.

The separation of ownership and control is a much mooted topic within agency theory (Berle & Means, 1932) but it is not a model applicable to HE where there are separate roles of Chair of the Board and Vice-Chancellor. However, Donaldson and Davis (1991) and Stiles and Taylor (2001) view agency theory negatively for chief-executive duality but favour it under stewardship theory, where a strong leader can act in the best interests of the owners and principals. Such views though overlook the related issue of a very strong chief executive and a potentially weak board that in HE has been identified in an increasing number of institutions and which has been the cause of many boardroom crises, as mentioned in Chapter 1 (Shattock, 2012). There is also the debate of the increasing "ambiguity on who the principals or owners are" (Cornforth, 2001, p.2) in the non-profit sector. Nevertheless, Cornforth does not take his reasoning further in relation to major charities in the non-profit sector, where the number of 'principals' or 'owners' can be significant, particularly for Higher Education in the UK.

Agency theory leans on the premise that individuals are self-interested but it is one-dimensional and neglects the good work of many NEDs who have the best interests of their organisation as their goal (Tricker, 2012). That contrast leads away from the agency theory emphasis of control to that of partnership (Cornforth, 2003) as in stewardship theory.

2.3.2 Stewardship theory

Stewardship theory operates on the premise that individuals work toward the benefit of the organisation and not in a self-interested fashion as categorised in agency theory. The approach to act in the role of a steward dovetails with the joint-stock companies of the mid-19th century, that have developed into the now well-known limited-liability companies, similar to those of charitable organisations, particularly HE. It is exemplified by co-operation and trust as expanded upon by Bai (2013, p.173) that "non-profit boards usually have directors who embrace the values of philanthropy and voluntarism and advocate for activities that serve social needs".

Nevertheless, that classic view of corporate governance, with the emphasis on the interests of stakeholders (Tricker, 2012) can cause friction and produce conflict within boards and affect the process of good governance.

The notion of stewardship is considered an important aspect for the Financial Reporting Council (FRC), which published The UK Stewardship Code that "aims to promote the long term success of companies in such a way that the ultimate providers of capital also prosper" (FRC, 2012, p.1). It is a counterbalance to the negative effects of agency theory and seeks to give comfort or 'justify' to investors that their funds are looked after in a beneficial manner. The Memorandum of Assurance and Accountability between the Higher Education Funding Council for England (HEFCE) and HE Institutions (HEFCE, 2014a) incorporates a similar role, placing responsibility upon both the head of an HEI and the governing body for the use of public funds. That strategic role leads toward the importance of personal expertise and business contacts in the selection of board members "so that they are in a position to add value to the organisation's decisions" (Cornforth, 2003, p.8).

Taking the view that, within HE, board members are also charity trustees, it would be expected that the NEDs in a university should follow a stewardship approach which is expanded upon in Chapter 5. In this model, compared with agency theory, there is a high level of trust, with the board being supportive of a university's executive team. In contrast, however, such support can be taken too far and, without the necessary checks and balances, it can lead to disastrous consequences as with a number of universities (Shattock, 2013a). It is a view echoed by Nicholson and Kiel (2007) who state that stewardship theorists hypothesise that NEDs will lack the ability and time to monitor the executive. That narrative has resonance with research by Zattoni and Cuomo (2010, p.65) where NEDs may not be aware of their lack of skills leading to problems of "honest incompetence".

A further relationship with stewardship theory and HE comes from the research of Muth and Donaldson (1998) and reinforced by Lawal (2012, p.23) in that "stewardship theory also stresses the need for smaller board size in line with an organisational behaviourists/psychologists argument that small teams promote group cohesiveness and bonding that propels high performance". It accords with comments in Chapter 1 that HE boards are becoming smaller with the average membership now at 20 (Jarboe, 2013). On the other hand, Van den Berghe and Levrau (2004) argue that larger boards have more knowledge and skills to draw upon, which is a

related factor in HE where the increasing business focus of universities (Greatbatch, 2014) requires a wide range of competencies. However, following a more business-focussed model will result in smaller boards (the size of most plc boards is between 8 and 11 members), which currently have an average of 9.6 members (Grant Thornton, 2014).

In reviewing the recruitment of external board members under stewardship theory, prospective applicants would be selected for both their expertise and contacts (Cornforth, 2001). The topic of access to personal contacts overlaps with that of resource dependency theory.

2.3.3 Resource dependency theory

Resource dependency theory views the governing body as a "linchpin between company and the resources it needs to achieve its objectives" (Tricker, 2012, p.67). The overlay with stewardship theory is the emphasis on the external contacts of NEDs who, in this model, are invited to join a board to enhance the organisation's ability to raise funds, its reputation and help to reduce the negative traits of the external environment (Stiles & Taylor, 2001; Nicholson & Kiel, 2007). Research also indicates "that in a crisis, greater outside representation on the board helps garner valued resources and information" (Sundaramurthy & Lewis, 2003, p.411). It gives weight to extending the notion of human resource (HR) capital being employee focussed, toward that of NEDs, which is expanded upon later in this Chapter.

The theory has great resonance with the corporate world where it is routine for senior executives to hold NED positions in other companies (Coulson-Thomas, 1993). In this way, the board can draw upon both their significant expertise and wealth of contacts. It can help to access funding and offer links, for instance, to senior government officials or other elite social networks (van der Walt & Ingley, 2003; Renz & Andersson, 2014). While the approach comes across as a rational tactic especially in times of uncertainty, a salient issue is that little research is available on the effectiveness of these appointments (Stiles & Taylor, 2001; Li, Parsa, Tang & Xiao, 2012).

On the premise that, in the corporate world, NEDs are seen as indispensable sources of information such as estate expertise (Bonazzi & Islam, 2007; Tricker, 2012), it translates very well into the non-profit sector. This is supported through research by Renz and Andersson (2014, p.21) who argue that "one of the most frequently employed theories on the study of non-profit boards and governance is resource dependency theory". It does though interplay with that of

stewardship theory in attracting new board members who wish to give back to 'society' and impart their experience and knowledge. Li et al. (2012, p.208) call these appointments "resource rich NEDs". Nevertheless, there can be a negative in this co-optation, in that the focus can be skewed toward a particular personal resource, for example contacts, to the exclusion of other core skills, such as financial knowledge (Garratt, 2010).

In view of the increasing interest in this theory in the understanding of governance in non-profit organisations, it has heightened the curiosity of authors in exploring "research methods germane to social networks and social network analysis" (Renz & Andersson, 2014, p.24). Resource based appointments may not have been recognised as powerful in the past, particularly in an HE setting and were considered more as a natural element of a board's skills base. Nonetheless, resource dependency theory, which has only been recognised more as an individual framework from 1972 (Tricker, 2012), now gives such appointments more prominence. The value of these appointments in the future could be a determining factor in board composition, and detailed research on this topic is well overdue.

2.3.4   Reflections on governance theoretical frameworks

The three well-known theories within corporate governance that have been selected by the author as relating more closely with the world of HE, are agency theory, stewardship theory and resource dependency theory (Nicholson & Kiel, 2007). However, each of the theories is one-dimensional (Cornforth, 2003; Tricker, 2012) as they address just a singular facet within the complex corporate governance arena. In response, an increasing number of scholars (Stiles & Taylor, 2001; Cornforth, 2003; Hendry, 2005; Renz & Andersson, 2014) advocate the evolution of multi-theoretical perspectives in acknowledgement of the complex world of non-profit governance. It also addresses criticisms on the over-reliance by researchers on a few theoretical perspectives (Ostrower & Stone, 2010).

The advantages of a pluralistic perspective can help to address the opposing viewpoints within agency and stewardship theories (Donaldson & Davis, 1991). The author would argue that there is a middle ground with overlapping areas within these theories, particularly regarding the need for board members to possess a high level of expertise. That linkage for both agency and stewardship theories is unified through the resource dependency theory as a linchpin between an

organisation and the resources it needs (Tricker, 2012), and also as a conduit for other frameworks in reviewing the theoretical concepts of HE governance.

In summary, while the above three frameworks help to analyse various aspects of corporate governance, they remain partial and so are somewhat detached from the practical aspects of board and board member effectiveness.

2.4   Corporate governance

2.4.1   Introduction

This section gives a picture of the following key elements of corporate governance relating to this thesis. It starts by observing the public perception of corporate boards, followed by a discussion of national and sectoral codes of practice. Secondly, it explores the duties of board directors followed by the topic of board effectiveness and aligning the author's research within a board-building framework. Finally, the literature on board diversity and gender balance is reviewed.

2.4.2   Public perception of corporate boards

The public perception of boards and all directors is that of unceasing corporate greed (Garratt, 2014). Fuelled by the continuing banking crisis (as at May 2015) there are strong public feelings of a lack of trust (Griggs, 2015). Even so, an interesting and contradictory opinion comes from de Bruin (2015) who takes the view that 'corporate incompetence is actually worse than greed', which is analogous with the opinion of Bazerman (2014) where boards neglect their responsibilities. The real challenge though for all directors, which is not in any job description or list of legal duties, is in times of crisis when their skills and abilities are tested to the full. For a large organisation, it could be the first time that their directors are really visible (Ballegaard, 2012).

2.4.3   Codes of practice: the national picture

A review of national codes and guidance yields a great amount of general governance information, but mainly directed toward the commercial sector. Over the last 20 years, these practices have been brought more into the non-profit sector including HE. In response to the need for better direction on matters of corporate governance, the Cadbury Report was published in

1992, followed by a raft of other initiatives from Rutteman (1994), Greenbury (1995), Nolan (1995), Hampel (1998), Turnbull (1999), Higgs (2003), Smith (2003) and Walker (2009).

The Codes relevant to the competencies of non-executive directors are from the Higgs Report (with the supplemental Tyson Report of 2003) and the Combined Code (incorporating the recommendations of the Cadbury, Greenbury and Hampel Committees on corporate governance). The Higgs Report of 2003 (entitled the 'review of the role and effectiveness of non-executive directors') incorporates a wide range of guidance. In particular, that the effective non-executive director:

- Upholds the highest ethical standards of integrity and probity.
- Supports the executive in their leadership of the business while monitoring their conduct.
- Questions intelligently, debates constructively, challenges rigorously and decides dispassionately.
- Listens sensitively to the views of others, inside and outside the board.
- Gains the trust and respect of other board members, and
- Promotes the highest standards of corporate governance and seeks compliance with the provisions of the Code wherever possible.

(Source: Higgs Report, 2003, Annex C, p.98)

The latest version of the Code (to refresh the Higgs Report and replace the Combined Code) is the Financial Reporting Council UK Corporate Governance Code (2014). While it endorses the generic features of the Higgs Report, little is mentioned on the competencies of non-executive members. The Tyson Report of 2003 is, though, a helpful guide on the recruitment and development of non-executive directors that includes the topic of seeking individuals:

- With strong interpersonal skills.
- A diversity of experience, knowledge, skills, gender, race, nationality and age, and
- Those who are successful from either the for-profit and not-for profit sectors, and who do not necessarily need previous board or top management experience.

(Source: Tyson Report, 2003; tabulated by the author)

The Tyson Report (2003, p.1) does though outline that "a range of different backgrounds and experiences among board members can enhance board effectiveness".

2.4.4 Sectoral codes of good governance

Flowing from the above national guidance are a wide range of sectoral codes of good governance, which have been reviewed. They all appear thorough and helpful, but even where a good reference has been made on the competencies of board members, it is only a brief comment, for example, a very short paragraph in a 50+ page document. This lack of emphasis is confirmed by Rytmeister (2009) and Zattoni and Cuomo (2010, p.74) "that few codes recommend electing non-executive directors with strong competencies and experiences". It is contended that each sector sees their world as unique and having a different focus, resulting in an ad hoc approach to governance codes. There is also a lack of research in this field, as verified by Aguilera and Cuervo-Cazurra (2009, p.385) who report that while "codes of good governance have increased in relevance and continue spreading throughout the world...there is still an apparent lag between advances in the creating of codes and the studies analysing them".

Although the HE sector is, in many respects, different from other sectors, its governance arrangements are looked on as being quite similar (Shattock, 2006). The majority of universities are charities (exceptions are the new for-profit HE enterprises) and their board members are also trustees (a title synonymous with directors, governors or council members) indicating their charitable status. The above average number of committees within HE institutions (compared with major corporations) reflects their collegiate nature, though as universities are also now major businesses (Greatbatch, 2014) their regulatory structure is moving toward that of for-profit corporations.

Specific guidance on university governance comes from the CUC, who produced their latest Higher Education Code of Governance in December 2014. A wide range of matters are incorporated within this guide, such as the recommended maximum number of board members (25) and proposed terms of office (two terms of four years or three terms of three years). The only reference, nonetheless, in the new guide on board member skills is that "all members should question intelligently, debate constructively, challenge rigorously, decide dispassionately, and be sensitive to the views of others both inside and outside governing body meetings" (CUC, 2014, Element, 7.1), echoing the Higgs Report mentioned earlier. On related practices, the Scottish Code of Good HE Governance (2013) does not mention any specific competencies but embraces a range of guidance on the recruitment of external board members including that of the Chair of the Board.

While there is some useful information relating to this thesis, the codes do not in themselves instil good governance (Zattoni & Cuomo, 2008) but just give an opportunity for best practice to be inculcated. It could be argued that, if the recommendations within the Higgs Report had been acted upon fully by the banking sector in the UK, the impact of the financial crisis of 2008 might have been mainly avoided (while noting that it affected the global economy). In concluding the section on relevant codes of governance, there are close analogies in translating these into the duties of board members.

2.4.5 Boards and board member duties

The world of corporate governance is complex and incorporates a wide realm of legal, financial, structural and regulatory matters. Within this array of intricacy is the statutory requirement for a board of directors to have a majority of NEDs, depending on the regulatory structure of the profit or non-profit organisation. From a corporate governance perspective, operating a board with at least half of the members appointed as NEDs (FRC, 2014) gives added value to decision making. That view is highlighted by Duchin, Matsusaka and Ozbas (2010, pp.195 & 212) whose research confirmed that "because outside [another name for external] directors are independent from management, they are believed to be willing to stand up to the Chief Executive Officer" with their main finding that external directors "appear to have a material effect on performance".

The position of a board director cannot be taken lightly as "boards of directors…face complex tasks" (Zattoni & Cuomo, 2010, p.63) and their "job, certainly in the UK, is getting tougher" (Solomon, 2013, p.104). With regard to the legal position, the Companies Act 2006 sets out seven general duties for directors which are listed below:

- To act within powers in accordance with the company's constitution and to use those powers only for the purposes for which they were conferred.
- To promote the success of the company for the benefit of its members.
- To exercise reasonable care, skill and diligence.
- To avoid conflicts of interest.
- Not to accept benefits from third parties.
- To declare an interest in a proposed transaction or arrangement.
- To exercise independent judgement: *a particularly important subject that is expanded upon below.*

(Source: Companies Act, 2006)

The Cambridge Dictionary (2015) describes 'independent' as "not influenced or controlled in any way by other people, events, or things". Independence is a fundamental attribute for NEDs, requiring transparency in decision making, otherwise they might be viewed as being "controlled by others and by definition partial or biased" (Carcello, 2009, p.12). This independence and the drive for higher ethical behaviour in the public sector flows through the seven Principles of Public Life (Nolan Report, 1995) namely: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. Board members should understand these Principles, and recognise and declare any potential conflicts of interest (Trakman, 2008). Nevertheless, within any boardroom there will always remain the question of whether a NED is truly independent (Solomon, 2013) as the current members constitute the appointing authority and have a great influence on the composition of the board.

2.4.6 Board effectiveness: building better boards

There is much literature about board effectiveness (Tricker, 2012; Mallin, 2013; Solomon, 2013) but it is difficult to measure or replicate (Pye & Pettigrew, 2005) due to the wide and complex nature of board-level work and its subjective features, such as the interface between the board and the executive. There is an argument that an effective board can be seen as a proxy for effective corporate governance, which incorporates: optimising processes (Fülöp, 2014), performance measurement (Monks & Minow, 2011), board activity and structure (García-Sánchez, 2010) and board configuration (Ingley & van der Walt, 2003). On the other hand, there remains no conclusive evidence of the contribution of corporate governance to corporate performance, which continues to be a debatable issue for scholars (Korac-Kakabadse, Kakabadse & Kouzmin, 2001; Lai & Chen, 2012; Rodriguez-Fernandez, Fernandez-Alonso & Rodriguez-Rodriguez, 2014). However, Petrovic (2008, p.1373) proposes that "board directors, as legally the highest authority in the company, are in a position to exert a significant impact on firm performance".

A particularly salient issue on how to stimulate effective corporate governance, comes from the Carver governing board model (Carver, 2006) and the notion to create a close interface between policy and administrative functions, for example, in ensuring that board members focus on strategic matters rather than unimportant issues (Gabris & Nelson, 2013). Nonetheless, many recent governance disasters (as outlined in Chapter 1) have not been due to a breakdown in policy initiatives, but the culture in which their boards operated (Jones, 2014). There appears to be little controversy about a policy governance approach, but it has resonances with a seemingly negative

aspect of agency theory and contemporary research, that conformance and compliance does not add to corporate performance and can actually adversely affect it (Tricker, 2012). Still, there is much to commend a Carver-styled policy for encouraging systematic procedures to enhance board operations.

Nicholson and Kiel (2004) propose that effective corporate governance is created by a series of inputs (in particular, the legal environment and constitution arrangements) within a mix of board intellectual capital. Elements from those inputs form part of that effectiveness domain relating to this thesis, which are the competencies of external board members and their recruitment, induction, continuing professional development and appraisal/evaluation. The way in which these areas have a material impact on board effectiveness is indicated in Figure 2.1 below that has been adapted from an effective board-building framework by Nadler and Nadler (2006, p.11). The shaded box highlights the author's research area and gives context to the importance of the study. The remaining areas of the framework are expanded upon briefly (beneath Figure 2.1) but are outside the remit of this thesis.

Figure 2.1: Board-building framework
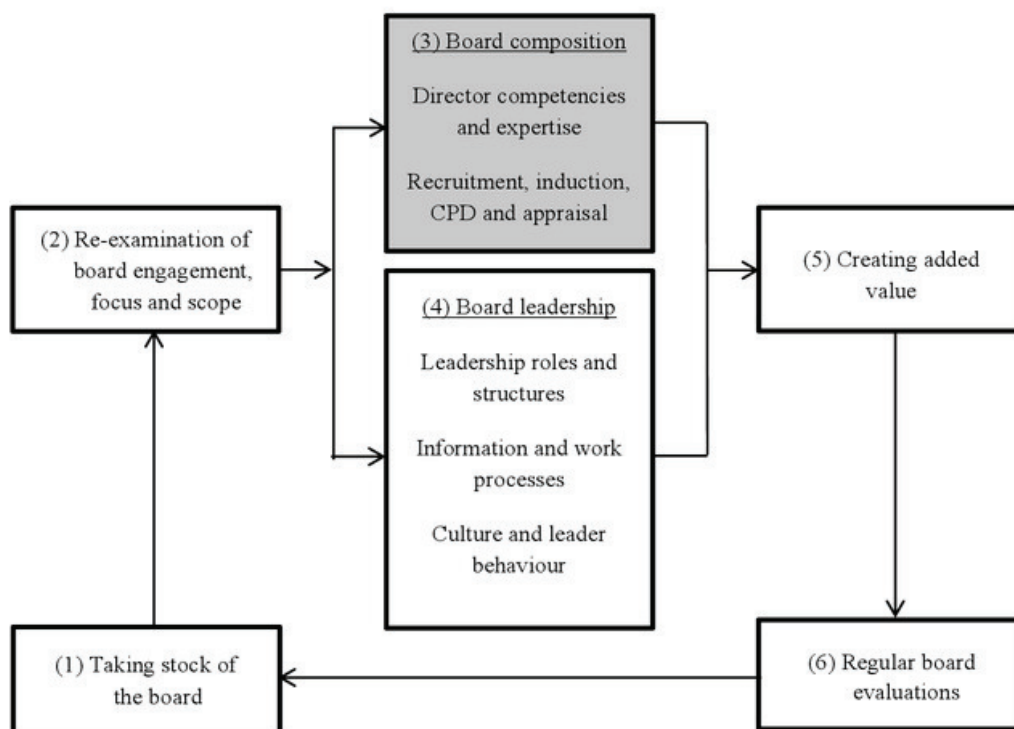
(Source: Nadler & Nadler 2006; adapted by author)

The six stage approach by Nadler and Nadler (2006) above covers:

1. A diagnostic stage of taking stock and setting the direction of the board.
2. Re-examining the engagement of the board and the landscape of governance responsibilities.
3. Board composition, including collective experience, skills and personal attributes.
4. A wide area entitled 'board leadership' that covers structures and processes.
5. Value added engagement, such as input into corporate strategy, risk assessment and crisis management.
6. Assessing the quality of the board's engagement.

<div align="right">(Source: Nadler & Nadler, 2006, pp.10-19; tabulated by the author)</div>

In terms of making the board more effective, Tricker (2012, p.390) highlights that "in the past, many board meetings were relatively cosy: but no longer, as economic pressures, competitive forces and investors' demands for performance have created a tough environment". However competent a member is though, they may not be able to prevent a major disaster other than perhaps ensuring managerial accountability. Research has shown that "the events surrounding the financial crisis [of 2008] suggest that there are limits to the effectiveness of independent directors as monitors that derive from the complexity of modern business organisations and the volatility of the markets in which they operate" (Deakin, 2010/11, p.9). Recent corporate debacles, including the substantial losses at the Co-operative Group (Kelly, 2014), have highlighted what can go wrong if board members lack the necessary competencies to understand what is presented to them and do not challenge the executive. Shattock (2013b, p.221) argues that "the model of the effective company board has begun to fray badly since the onset of national austerity" upon which the non-profit sector is modelled.

No literature could be found on board effectiveness and HE, albeit some direction is available from the FRC (2011), although it is focussed on the commercial sector. Elements of that guidance have been incorporated within the Higher Education Code of Governance (CUC, 2014), outlined earlier in this Chapter. In addition, a report by (Soobaroyen, Broad & Ntim, 2014) on the role and effectiveness of audit committees in UK Higher Education institutions, has added helpful context, which will be referred to later in this study.

Regarding the contribution of individual board members, there is also little available on how to gauge their effectiveness. Nonetheless, that essential contribution from board members is highlighted through research by Coulson-Thomas (2007a, p.370), which indicates that "corporate performance would appear to depend primarily upon what boards actually do and how their members behave rather than formal governance considerations such as a board's committee structure".

Having reviewed a substantial amount of literature on boards and board member effectiveness, the author finds a general reluctance of scholars (Stiles & Taylor, 2001; Brown, 2006; Monks & Minow, 2011) to categorically link the effectiveness of an individual member to that of board effectiveness. Research suggests that the dynamics of corporate governance and wide interpretations result in scholars understandably making qualified statements, though they offer elements leading to an effective board. Coulson-Thomas (2007b) proposes that board members should understand the business environment, Mallin (2013) offers the idea of better board evaluations, and Solomon (2013) recommends improved boardroom diversity. Tricker (2012, p.63), nevertheless, reports on research by the Association of British Insurers in 2008 that "there is a causal relationship between good corporate governance and superior company performance", which is part of that equation above.

2.4.7 Board diversity and gender balance

Monks and Minow (2011) suggest that the composition of boards of directors has changed very little in the last 200 years and their members are practically all male, white and middle-aged. Board composition in more recent years has, however, seen a number of changes, but it is noted as an area needing much attention. The then Department of Trade and Industry published 'Building Better Boards' (2004 p.13), which highlighted diversity through "skills, knowledge, experience, age, gender and ethnic and personal background". The idea was to encourage a diverse range of talented individuals. While this thesis covers the first three attributes of skills, knowledge and experience, it is important to reflect on two of the other prominent aspects of the Government's initiative: that of ethnic and gender diversity.

From their research, van der Walt, Ingley, Shergill and Townsend (2006, p.144) contend that "intuition may suggest that diversity enhances the performance of the board when an organisation faces complex situations" but they agree that this notion was not supported through their

research. The reason is that little useful evidence is available to validate such views, as previous research has been focused on just a few variables, particularly financial performance (Ben-Amar, Francoeur, Hafsi & Labelle, 2013; Ferreira, 2015). In contrast, contemporary studies are now showing that diverse groups improve decision making through offering greater creativity (Hillman, 2015). Even so, a different attitudinal approach is that diversity can have negative effects and "may cause higher decision-making costs in boards, and increase the likelihood of conflicts and factions in teams" (Adams, de Haan, Terjesen & van Ees, 2015, p.77). From his practical experience, the author would dispute this latter argument which, it is proposed, is only conjecture.

There are also separate studies on gender balance where the results do not show added benefit to the 'bottom line' (Terjesen, Sealy & Singh, 2009). There was, however, evidence of improved board processes through individual interactions and outcomes for women directors as leaders, mentors and role models. Current research indicates that female board members are more likely to ask questions rather than their male counterparts (Beauregard, 2014-15) and will draw upon moral reasoning to make decisions.

Regarding statistical evidence, a report by Lord Davies (2015), through a Government proposal for FTSE 100 boards to be 25% female by December 2015, shows an increase from his first report in 2011 of 7.8% to 23.5% as at March 2015. In addition, general diversity statistics show that "over half of FTSE100 firms have no non-white directors" (Goodley, 2014, p.3). It is also noted from "the 166 HEIs in the UK [that] women [account for] 32% of all governing body members" (Jarboe, 2013, p.1). Finally, a report published by the Equality Challenge Unit and Leadership Foundation for Higher Education (2009) on equality and diversity for HE institutions, proposes methods to enhance the overall diversity of governing bodies through a range of actions.

The next and final section explores a core element of this Chapter, which is the topic of competencies and how important these are for external board members.

2.5 Competencies

2.5.1 Introduction to competencies

Following the discussion particularly on board and board member effectiveness, that narrative is extended into the topic of competencies, which is reviewed under the following headings:

- Defining the nature of competencies
- Competencies: overview
- Competencies and boards of directors
- Board member development
- Competencies and competitive advantage.

2.5.2 Defining the nature of competencies

Within the literature, there is no clear description of competencies or competency though there remains a broad understanding. Hoffmann (1999, p.275) acknowledges that "the term competency has no widely accepted single definition". Weinert (2001, p.45) also articulates the terminologies of "competence, competencies, competent behavior or a competent person" and the difficulty to "precisely define or clearly differentiate [between] them".

Endeavours have also been made by authors to distinguish between "competence…a skill and the standard of performance reached [and] competency…a behaviour by which it is achieved" (Rowe, 1995, p.12). This thesis has not attempted to make such a differentiation as all related elements are important, but it recognises that many authors have differing opinions on what is a competence and the multiple definitions available (Weinert, 2001; Mills, Platts, Bourne & Richards, 2002; Holt & Perry, 2011; Whitehead, Austin, & Hodges, 2013). For clarity, the following words will be treated as the same in the thesis: ability, capability, competence, competency, skills and competencies, with the latter two as the more quoted terms.

2.5.3 Competencies: overview

Until the 1970s, there was a scarcity of literature on competencies generally (Doz, 1997). Since then, research has focused more on the increasingly dynamic environment of many firms as they move away from a hierarchical to a flatter structure, with an emphasis on the performance of

employees working toward their organisation's strategy (Fletcher, 1997). It also gave the opportunity to extend the research in competencies "necessary for individuals to lead a successful and responsible life" (Canto-Sperber & Dupuy, 2001, p.67) enabling "models of 'the competent human'" (Haste, 2001, p.95). All of this has placed great importance in identifying competencies and skills as part of the approach in evaluating human capital (Scarborough & Elias, 2002).

An illuminating factor comes from Wood and Payne (1998, p.23) who pose the question "what did we do BC [before competencies]?". They explain that before competencies were analysed, role/job descriptions were the main methods employed. These were later transformed into the current job or person specifications. Wood and Payne (1998) also mention that the American, Richard Boyatzis, was the first researcher to create the term 'competencies' and that his book, *The Competent Manager: A Model for Effective Performance (1982)* launched the agenda for future debates on competencies. Boyatzis recognised that those who were involved in a selection process had in mind the particular skills or capabilities of what was required, but were basing that selection on the old fashion method of job descriptions and excluded any 'feelings'. Over the years, the process of identifying individuals with the necessary skills has been transformed and, in an HR setting, is very focussed on what competencies/skills can be offered.

An approach to appreciate the interplay between the different elements of competencies is through an iceberg model proposed by Spencer and Spencer (1993) in Figure 2.2. It offers a memorable picture showing the visible top of the iceberg with (i) skill and (ii) knowledge being more visible and relatively easy to develop, and where training is most cost-effective. The competency characteristics at the base of the iceberg, are (iii) self-image, attitudes or values, (iv) traits or behaviour and (v) drivers or motives that are all less visible and difficult to assess and develop (Spencer & Spencer, 1993, pp.9-11: tabulated above by the author).
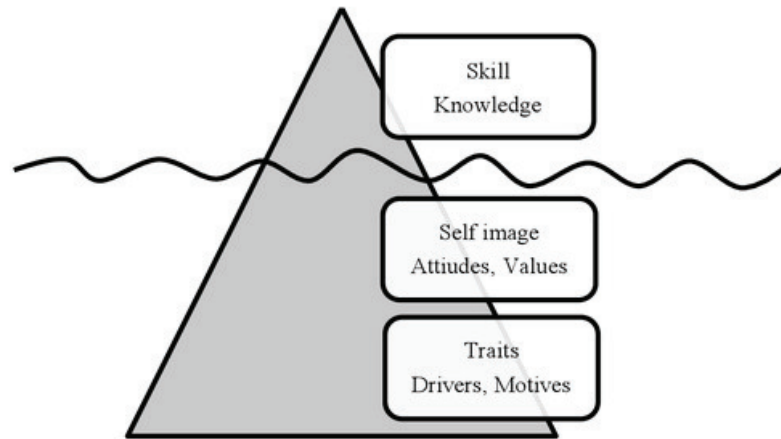
(Source: Spencer & Spencer, 1993, p.11)

It can be seen that the traits and drivers are at the bottom of the iceberg. These are the most hidden of all the characteristics and reflect back to the governance theoretical frameworks mentioned earlier in this Chapter in trying to rationalise board member behaviour. It is also where individuals may not declare their intentions, for example, particular views. The above model has been used by the author to help analyse the core skills of external board members within HE, which is detailed in Chapter 5.

In reviewing the contemporary literature on competencies, there is a growing body of work on emotional intelligence (Kunnanatt, 2008; Boyatzis, 2011; Goleman, Boyatzis, & McKee, 2013). That interest is encapsulated by Boyatzis (2009, p.749) who highlights that "the drive for effectiveness in an organisation fuels the quest for understanding the talent and capability of the people that create or determine effectiveness". Emotional intelligence includes a number of descriptors such as social intelligence, intrapersonal intelligence and interpersonal intelligence. Within the thesis, these terms will not be distinguished separately, but are considered under the umbrella term of 'soft skills or competencies'. They are important for this study as such skills are proposed as necessary for superior board performance (Balduck, Van Rossem & Buelens, 2010) and that "emotional intelligence…is the start of the organization's journey towards strong corporate governance" (Tuan, 2013, p.163).

In terms of the wider context, the research group Development Economics (2015) report on the value of soft skills for the UK economy at £88 billion. This focus on the softer side of the skills base gives substance to the approach of many organisations that look for candidates with both a

good IQ and excellent people skills (Goleman, 2004). It dovetails with the seminal work of McClelland (1973) who hypothesised that intelligence alone is not sufficient for superior performance, a view supported through the research of Kunnanatt (2008, p.614), which indicates that "organisations are fast realising that traditional intelligence or IQ, is necessary but not sufficient for human performance and career advancement in organizations".

2.5.4 Competencies and boards of directors

Studies of boards and directors in Canada, the US, and the UK suggest that many board members are not properly equipped in terms of background or approach to undertake their directorial duties

(Coulson-Thomas, 1993, p.113)

Contemporary literature on competencies is mainly focussed on the recruitment of employees (Hollenbeck, McCall & Silzer, 2006). Employee effectiveness is easier to gauge, particularly for specific responsibilities compared with the role of a NED, which it is argued, is rather nebulous and much harder to measure for effectiveness (Garrett, 2006). In addition, for board/trustee roles in the non-profit sector, there is a view that it is more difficult to demand a specific set of competencies or request attendance at development events where generally no remuneration is provided. On the other hand, there is a contention that there should be no difference in the treatment between board members who are remunerated and those who are not: a view supported by Conger and Lawler (2001). It could though be a challenge to insist upon regular appraisals for non-remunerated NEDs, particularly when these have not been undertaken before. From the author's experience of the HE sector, informal one-to-ones are undertaken with the Chair of the Board rather than appraisals.

The existing literature gives weight to the notion that all NEDs must have sound business judgement, integrity, probity and an ability to debate constructively (Paxton-Doggett, 2011). However, if board members are lacking in the skills to challenge the executive, they will not perform their role effectively and could actually be inclined or persuaded to consider "doing something useful [by] getting involved in some of the minutiae because these are tangible" (Brown, 2006, p.165) giving the impression of activity. The literature on the competencies of leaders also compares closely with that of many senior level posts (Boyatzis, 2007; Vazirani, 2010) and it is suggested that they resonate closely with those of NEDs.

Following on from the debate on board effectiveness earlier in this Chapter, Alhaji and Yusoff (2012, p.59) report that "directors' competencies are of paramount importance in every

established organisation and play [an] integral role in the existence of corporate governance". That view has been supported over the years by several authors (Sonnenfeld, 2002; Garratt, 2010; Paxton-Doggett, 2014), but there remains limited literature available on defining those competencies. Nevertheless, one particular scholar has undertaken specific and ongoing research in this area (Coulson-Thomas, 1992, 1993, 2005, 2007a, 2007b, 2008, 2009a, 2009b, 2013). Other authors have written about the topic, but have produced mainly one-off publications (Neill & Dulewicz, 2010; Ward & Preece, 2012; Yusoff, 2013). There are a few books (Nadler, Behan & Nadler, 2006; Garratt, 2006 & 2010) offering a more business consultant perspective, while another prominent author of corporate governance (Tricker, 2012) includes some thoughts on the core competencies of a director, such as needing strategic reasoning, perception and vision. It is also not unusual to find that authors have merged the competencies of individual members with those of the board (Van den Berghe & Levrau, 2004), making it difficult to distinguish any discrete skills.

The most comprehensive list of competencies found in the literature review has been produced by Coulson-Thomas (2009a) who has created ten groupings of competencies as listed in Table 2.1 below. These 10 categories, which he has not ranked in order of importance, relate to all board members, with emphasis on the for-profit sector.

Table 2.1: Groupings of competencies

Ten groupings of competencies
Personal qualities such as integrity, wisdom, authority, judgement, leadership, courage, independence, a positive outlook, tact and diplomacy.
Awareness of the business environment.
Accountability to stakeholders - responsibility to the company above self-interest.
Vision and strategic perspective.
Business acumen and sound commercial judgement.
Knowledge of relevant governance, legal and financial issues and requirements. Particular knowledge of the role of the board and legal duties and responsibilities of directors.
Understanding the structure and operation of the board.
Skills in such areas as decision making and teamwork in a boardroom context, strategy determination, formulating and achieving objectives.
Relevant experience of the particular corporate context.
Ethical awareness and sensitivity to the attitudes and values of others.

(Source: Coulson-Thomas, 2009a, pp.29-30; tabulated by the author)

The evidence to create these categories was drawn from a programme of questionnaire and interview surveys undertaken by Coulson-Thomas over 1990 to 1992 and were published in his book entitled 'Creating excellence in the boardroom' in 1993, and subsequently updated for his 2009 journal article quoted above. Additionally, Coulson-Thomas (1993, p.3) reports on the participants of his study and that "over 900 individual directors have participated in the research programme, and over two-thirds of these have positions of chairmen, chief executive officers or managing directors of a company".

In reviewing the literature on board effectiveness and competencies as detailed earlier in this Chapter, there is an underlying theme that:

- Board effectiveness is influenced by many factors, for example, size, structure and processes (Nadler & Nadler, 2006).
- Individual external director effectiveness is another important factor (Nicholson & Kiel, 2006).
- Individual external director effectiveness is influenced by competencies (Coulson-Thomas, 1993).
- Therefore, individual external director competencies, while not sufficient to ensure board effectiveness, are expected to be a significant influence, which relates to the work of this thesis.

Finally, in this section, there is an opinion that good directors are born and not made (Wilson, 1995). Taken at face value, it may seem a correct assumption. Nonetheless, an opposite view is made by behavioural psychologists that innate influences are rare, except for general intelligence (Howe, Davidson & Sloboda, 1998). The author believes there is a middle ground that while experience and skills might have some inherent characteristics, certain core competencies for board members can be developed, which is endorsed by Tricker (2012). It then raises the question of what board member development can be offered, perhaps on an individual basis, and how to gauge its usefulness.

2.5.5 Board member development

Chapter 1 outlined the rationale for this thesis in which the author was looking for suitable internal board training packages and found there was little available. It strikes a chord that there is also a lack of literature on non-profit board member development, which is

acknowledged by Ward and Preece (2012, p.631) in their systematic review of public and voluntary sector literature, and findings that "despite the increasingly important role of boards in the not-for-profit sector, only a limited number of publications focusing on HR development issues were found".

Considering this gap, it was not surprising to find that scholars have also found an absence of boardroom training (Pye & Camm, 2003; Coulson-Thomas, 2009b; Nash, Murphy & Mullaney, 2011). Within the HE sector, Shattock (2012, p.60) argues "it is abundantly clear that most [university] governing bodies have a real difficulty in challenging their executives". His solution includes enhanced training and formal effectiveness reviews for governors.

The research of the above authors has correlation with those of Garratt (2010) who has articulated below the seven development needs for directors before a board can be effective.

1. Developing the personal confidence to show independence of thought and action when undertaking the direction-giving role.
2. Developing competence when handling the directoral dilemmas of how to drive the enterprise forward whilst keeping it under prudent control.
3. Being able to take a 'helicopter' view.
4. Developing a personal portfolio of thinking styles to cope with the diversity of board issues.
5. Being comfortable in reflecting upon and debating issues and developing scenarios without having to take immediate executive action.
6. Developing the connections between policy formulation and strategic-thinking decisions.
7. Developing the ability to time-budget for the process of direction-giving as distinct from managing.

(Garratt, 2010, pp.237-8)

While it is not within the remit of this thesis, the literature on the influence of the educational background of board members on an organisation's performance is scarce, which is an issue for HEIs, given that they supply high level educational qualifications and there is currently a lack of alumni on HE boards (Gillies, 2011). Within this review, it is noted that "high levels of management [NED] skills are not always obtained from high levels of educational background" (Darmadi, 2011, p.2). On the other hand, a lack of qualifications can give a

director the impression that they are not good enough or deserving of their position (Davis, 2013, p.31) giving way to more 'rubber-stamping' of recommendations by the executive.

Finally, in reflecting on the development of board members, there are correlations with that of improving an asset, as outlined in the earlier discussion in this Chapter to recruit "resource rich NEDs" (Li et al., 2012, p.208). It accords with Eriksen and Mikkelsen (1996) who argue that there is no difference between competencies and resources, both are an asset to an organisation. Such an asset, it is argued, can also become a competitive advantage.

2.5.6   Competencies and competitive advantage

In considering the contextual nature of competencies and the competitive environment of HE, Foss (1996, p.1) gives an interesting analogy that "the competence perspective may perhaps be seen as a rediscovery of the proposition advanced by Adam Smith more than two hundred years ago, that specialization yields productivity advantages". Smith was referring to specialisation with products (Foss, 1996) whereas competencies are focused on actions and outputs, such as performance. Whether organisations, particularly the HE sector, can be said to harness that power, will be a continuing debate, but there are resonances throughout this Chapter that gives weight to potential long-term advantage through attracting high calibre external board members.

Competitive advantage and competencies have a direct synergy through the research of Bartlett and Ghoshal (2002) with competency-based strategies and using the scarce resource of knowledge and expertise (Wen-Cheng, Chien-Hung & Ying-Chien, 2011) for an organisation to outperform its competitors by tapping into human resources. A connection from HR capital to that of board members is conveyed through the work of Nicholson and Kiel (2004) where board intellectual capital is seen as an input within a transformative process. While such research has a logical progression in developing the concept of an organisation's assets, it tends to overlook the myriad of other factors within the input stage, including functions of the board, corporate risk and board culture, which feed into the resource equation. Even so, the debate on the notion and the wider application of intellectual capital is starting to attract more interest from the academic community (Jardon & Martos, 2012; Henry, 2013).

2.6   Chapter summary

This Chapter gives a detailed review of the literature available to give context to the study. As explained in both Chapter 1 and this Chapter, there is very little literature of direct relevance, but a range of related sources have been explored to build a picture showing the applicability and importance of core skills for external board members in HE institutions.

Theoretical frameworks of relevance have been reviewed, though they are underdeveloped in relation to the non-profit sector (Coule, 2015) particularly with their focus on financial aspects (Stiles & Taylor, 2001; Tricker, 2012). While such frameworks can seem far away from the practicalities of the average boardroom, the seemingly on-going crisis in the banking sector indicates a continuing relevance for these governance theories, despite weaknesses in their theoretical underpinnings (Solomon, 2013). Even so, there is much to compliment the notion of theoretical pluralism (Eisenhardt, 1989; Roberts et al., 2005; Renz & Andersson, 2014) where a blend of overlapping governance frameworks are more suited to today's dynamic HE environment, rather than allowing the dominance of just one theory.

A few authors whose writings cover the theoretical concepts within corporate governance also make a comment about the necessity for competencies in board members (Heslin & Donaldson, 1999; Zattoni & Cuomo, 2010). Nevertheless, they do not connect the need to start at the beginning of a board member's journey through the selection process, induction, evaluation and onward to continuing professional development.

A wide range of corporate governance elements have been explored, starting with governance codes of practice and followed by a review of board and board member duties, and an exploration of board effectiveness. The relevance and context of the study is then displayed in a board-building framework adapted from Nadler and Nadler (2006) showing the significance of effective directoral performance. The section is concluded with a review of board diversity and gender balance.

A particular feature throughout the Chapter is the importance of competencies, a theme of which is then studied in detail. That conversation starts with a picture of what competencies are and an overview of competencies including contemporary literature on the newer phenomenon of soft skills. The section includes a review of competencies for board directors

and the apparent absence in the literature on director development. In addition, while reviewing a wide range of resources for this study, there were no instances seen where it was mentioned that high level competencies were not necessary for board members.

The concluding element of the Chapter is the consideration of competencies as a competitive advantage, which gives a new perspective on how HE institutions might gain long-term benefit by recruiting highly competent external board members.

The next Chapter covers the research methodology and details the pragmatic epistemology supported by a grounded theory methodology and methods in evaluating the primary research data that focuses on the competencies of external board members and related developmental activities.

CHAPTER 3

METHODOLOGY

3.1   Introduction

Following the previous two chapters that introduce the research topic and outline the literature available, this Chapter describes the research methodology and the reasons for using it to meet the thesis aim and objectives, which were detailed in Chapter 1 and are restated below:

> *The aim of the thesis is to identify the essential and desirable competencies of external members of governing bodies in UK universities and, in so doing, to enable those individual board members to perform effectively. To accomplish this aim, the following research objectives will be pursued:*
>
> 1.   *To identify the essential and desirable competencies of an effective board member in UK universities.*
>
> 2.   *To understand the relevant practical issues of board membership including recruitment, induction, continuing professional development and appraisal/evaluation.*
>
> 3.   *To critically evaluate the effectiveness of board member recruitment, induction, continuing professional development and appraisal/evaluation from the board member perspective with a view to developing their competencies.*
>
> 4.   *To use the findings from meeting objectives 1-3 to produce a set of recommendations on how to develop individual board members and enhance their effectiveness.*

This Chapter starts with the epistemological considerations which flow into the qualitative research process augmented by quantitative elements, the research framework and the context of visiting the five universities (also called research sites). It leads to a comprehensive discussion on the grounded theory methodology and methods employed to collect, interact with and analyse the data. The Chapter concludes with a reflexive view of the qualitative research process.

3.2 Epistemological considerations

The epistemological or philosophical position taken in the thesis follows a "middle ground between philosophical dogmatisms and scepticism" (Robson, 2011, p.26) by taking a pragmatic viewpoint with an essence of action and change (Goldkuhl, 2012) through practical problem solving within human activity (Morgan, 2014) and in so doing to answer the thesis aim and objectives. The notion of being 'pragmatic' fits with the professional and practical focus of a DBA, but it can find philosophical support in pragmatism. While the research makes no particular commitment to any one strand of pragmatism, for example, as represented in the work of Pierce, James or Dewey (Hookway, 2015), it affirms a position of focusing on 'what works'.

A pragmatic approach through action also dovetails well in conducting practitioner-based research where human enquiry strives to answer the fundamental questions within this thesis of 'what is taking place?' and 'how it can be improved?' (Goldkuhl, 2004). One argument is that "pragmatism is, in a sense, an anti-philosophy" (Robson, 2011, p.28) but the effectiveness of pragmatism is the blending of a wide spectrum of paradigms to solve the central issue of the research problem at hand (Mackenzie & Knipe, 2006). The emphasis in drawing upon the strengths of the most appropriate approach is supported by writers and through research practice in acknowledging the benefits of mixed methods (Miles & Huberman, 1994; Cresswell & Plano Clark, 2007; Onwuegbuzie & Collins, 2007). Within this narrative, the author has not aimed specifically at using a multi-strategy research design (Robson, 2012), the focus is more on the integration of approaches within this thesis and in doing so to gain from a "methodologically pluralist position" (Gill & Johnson, 2010, p.223).

This paradigm integration is viewed by Morgan (2014, p.1048) as just "discussions about two sides of the same coin". In contrast, many texts paint the different epistemological and ontological paradigms for illustration purposes as extreme opposites (Holliday, 2002; Easterby-Smith, Thorpe & Jackson, 2008; King & Horrocks, 2010) and theoretically they can seem to be. Yet in reality, scholars today generally take a multi-faceted approach to their research (Bryman & Bell, 2007; Willig, 2013), not because it sounds good, but to draw upon the most useful methodologies and methods to give credibility to their work.

The logic of drawing upon a pragmatic design has the benefit of allowing the author to take advantage of both interacting with the social world within the primary data collection of the in-depth interviews, while integrating some, albeit lesser, objectivist elements such as the quantitative analysis of qualitative data (Bryman & Bell, 2007) outlined in Chapter 4, and striving to enhance verification through several methods of triangulation to show thoroughness within the research, expanded upon in Chapter 6. Pettigrew (2013, p.123) calls this "the power of dualities…[by]…framing qualitative and quantitative research as a duality rather than a dichotomy".

Additionally, within the realm of corporate governance, there is a call to move away from the traditional approach of quantitative methods toward that of qualitative practices (McNulty, Zattoni & Douglas, 2013), which is the major focus within this study. Such a contemporary debate offers ways to "break new methodological and theoretical ground…and to incentivize governance scholars to use qualitative methods, and to generate fresh new theoretical insights" (Zattoni, Douglas & Judge, 2013, p.119). It is a further signal that qualitative studies are growing in acceptance for business research, which has until recent years, been seen as a mainly positivist domain.

3.3   Qualitative research process

Qualitative research is described as "both an art and science, informed through an approach that consists of being naturalistic, humanistic and holistic" (Wright, 2008, p.156), offering an eclectic remit for the qualitative researcher. The author's research is best served via qualitative techniques as it requires the more subtle understanding of how people (the board members themselves) interpret the world (the realm of HE governance).

The methodology in respect to this thesis is supported by Murphy (1995, p.32) who explains that "the important emphasis of competencies is that there are no standards in the sense that there is an objective measure of excellence or satisfaction or dissatisfaction which may be applied…they are a relative measure". The added weight for a qualitative approach is that of the reflective practitioner who takes that reflexive (looking back) approach through self-inquiry, participation and listening (Johns, 2013).

In relation to the thesis, qualitative research leans towards that of an inductive study where observations and patterns lead to provisional hypotheses. It is supported by a lesser, though important, quantitative analysis of qualitative data relating to the ranking of competencies, prompting a blend of deductive and inductive reasoning on some of the findings of the interviews. These two approaches are not mutually exclusive and a flexible strategy is often used through an "iterative method [as] it involves a weaving back and forth between data and theory" (Bryman & Bell, 2007, p.14).

Heracleous and Lan (2012, p.224) support the approach for inductive studies which "are not only more sensitive to institutional features than deductive studies, but they offer a deeper understanding of governance practices in specific contexts…[and that]…the deductive model is unlikely to offer any new insights". The attractiveness of the above process is the opportunity in the study to present a contemporary vision from the data analysis. It requires an adaptable research design viewed through a pragmatic lens, which accommodates the boundaries within the research framework illustrated on the next page. In taking this forward, Robson (2011) outlines the three significant flexible design traditions, namely: grounded theory, case study and ethnographic studies.

The approach chosen is through a grounded theory methodology and methods (Charmaz, 2006), involving the board members and senior members of staff in universities, who will be termed as the 'actors'. Regarding the other two methods, the case study approach is close to the research design of this thesis but it was not necessary to explore the research sites in as much depth in order to access the required material. As for ethnographic studies, the approach would not serve the research interests of the study as it relates to researchers immersing themselves into a community, which is not necessary in this situation due to the opportunity to conduct wide-ranging interviews.

To add clarity to the research approach, a research framework that brings theory, practice and data together is presented in Figure 3.1 below. As explained later in this Chapter, that process is woven through a grounded theory methodology, which Glaser and Strauss (1967, p.1) describe as "the discovery of theory from data": hence the data and its analysis is woven from the ground upwards.

3.4 Research framework

The framework below encapsulates the themes from the research aim and has been designed to illustrate how the author intends to bridge the gap between theory and practice (Hills & Gibson, 1993) using a pragmatic approach. The idea is to bring the initial concepts to life and illustrate the flow of the study. Buckley and Waring (2013, p.151) support the notion of a framework in that "diagramming has been an integral part of grounded theory since its emergence" and helps to give a logical and analytical approach to the research.

Figure 3.1: Research framework

	Research elements	Diagrammatic Representation
1.	Draw upon the author's experience and contacts in the Higher Education sector	
2.	First review of literature on the relevant governance theories, codes of practice and effective governance	
3.	Interviews at five research sites to learn the views of board members regarding recruitment, induction, CPD and appraisal/evaluation	
4.	A second literature review on competencies and the related links with board members	
5.	To produce a developmental framework to link theory and practice	

Such a framework is a useful planning tool and, in essence, a mind map that allows some holistic inductive-deductive thinking before starting the initial research phase (Yin, 2012). Simons (2009) calls this, the initial framing of a case through 'foreshadowed issues'. The concept is "that you rarely enter the field with little idea of potential relevant issues" (Simons, 2009, p.32) particularly in view of the author's experience of the HE sector. It helps with the exploration and

clarity of the phenomenon at the beginning without inhibiting the research process and depth of the study.

A challenge within this framework was how to clearly articulate the purpose and contribution of the three data gathering methods within the overall design flowing from research element No.3 above entitled 'visits to research sites'. These include:

- The primary data from the interviews supported by two further methods (expanded upon later in this Chapter) of
- Casual conversations/in-passing clarifications
- A focus group.

The solution was to recognise that the primary data collection from the interviews through a grounded theory methodology was inherently an inductive process, but it offered added strength through positivist assumptions "perhaps more than other types of qualitative research" (Charmaz, 2014, p.230). This allowed its approach for rigour and strength (outlined in Chapter 6) to percolate through into the results as the author sought to minimise bias and not influence the findings (which focuses on objectivist tendencies) while representing faithfully the views of the actors as an integral element of the data analysis (following a subjectivist affinity). That flexibility was followed through into the focus group and casual conversations/in-passing clarifications, which also offer that ontological duality, and where their methods would serve as a means to test and verify the initial concepts from the data analysis.

There is a great flexibility in using focus groups, from employing them as a primary source of data collection or "a supplementary method…in conjunction with other methods" (Cowton & Downs, 2015, p.1). The latter element is more in keeping with this research where inductively-derived findings from the in-depth interviews are subjected to the mainly deductive methods of the focus group (Kjeldal, 2002). It is complemented by the use of casual conversations/in-passing clarifications, a chiefly deductively-derived verification tool, which accords well with the overall pragmatist approach of this thesis that "favors methodological appropriateness" (Jonsen & Jehn, 2009, p.130) and embraces the structure of grounded theory where both inductive and deductive processes are active. This flexible approach is supported by the view that qualitative "research is very rarely entirely inductive" (Bryman & Bell, 2007, p.581) and a balance is often required when analysing large amounts of data.

In some studies it is possible to map the contribution of specific data collection methods with individual research questions. However, it is not possible in this investigation as its focus is towards the central purpose of the thesis aim and objectives, which have holistic goals that do not easily dovetail with distinct methods. To do so would give misleading methodological weight (Robson, 2012). The author's solution is for each of the subsequent Chapters to address particular objectives within the study that draw upon the pragmatic approach outlined in this Chapter.

3.5   Research site visits

3.5.1   Introduction

This section outlines the approach for undertaking research at five universities focussing on 'real life' settings (Simons, 2009), which includes the planning and design stage of the research site visits, gaining access to the actors and ethical considerations. The interview process is then covered in detail, including two associated methods of casual conversations/in-passing clarifications and focus groups.

3.5.2   Planning and design of the research site visits

Following a review of the approach at the design stage, it was decided that initially four research site visits (supported by a pilot study) would be undertaken to collect data from a range of in-depth interviews, which are well suited to grounded theory methods (Charmaz, 2014). At the conclusion of the pilot study and reflection on the preliminary findings, visits were arranged at different mission group universities in the UK. These were one from each of the Russell Group, 1994 Group (now disbanded), Million+ and the University Alliance. The idea to select institutions from the four mission groups was to examine a wide breadth of board member experiences with an opportunity for cross sectional viewpoints and to discover new knowledge. In effect, it was a broad purposive sampling approach. Also, as part of the analysis in exploring the competencies of board members, there would be the opportunity to investigate if the views of the actors were different in newer universities compared with those of older institutions.

3.5.3 Gaining access

As the author worked in a university, he had connections with his contemporaries at other institutions and was able to make various approaches. It was a significant benefit to know personally many of the gatekeepers. Part of the 'package' offered to each university was that the author would write a detailed report giving feedback on the analysis of the respective interviews, but naturally anonymous. An e-mail was sent to each of the research sites outlining the details of the review, the gap in both the literature and in practice, and enclosing the ethics protocol incorporating the research proposal. The information sent to each university described the research aim and objectives by:

- Hearing from board members on what they consider would be the required competencies of board members in the future.
- Learning from the perspective of individual board members their opinions on how they have found the whole process of board recruitment, induction, continuing professional development and evaluation.
- Discovering from individual board members how universities might enhance such processes in the future, and
- Hearing the views also of senior staff at each institution, to be used as a contrast in the analysis stage.

Out of the ten universities approached, six showed keen interest. From these six institutions, four were selected from different HE sector mission groups, a further one was chosen as the pilot and the remaining HEI was kept in reserve should further purposive sampling be required.

Each institution to be visited was asked to approach several external board members for permission to be interviewed. These members would comprise the majority of the actors interviewed plus perhaps the Vice-Chancellor and the Clerk to the Board. Also, there was an additional request for a good gender balance. In proposing such requirements, the author gave great thought to whether this could increase or diminish bias but discounted any hypothetical negatives as the reason for seeking a diverse mix was to reflect a good population distribution. In taking that approach it was viewed that this initial qualitative sampling should not be connected with the process of theoretical sampling within grounded theory, discussed later in this Chapter.

Without giving such a prompt, the host institutions might make a more random selection, with a potential all-male response, so a more diverse selection was required (King & Horrocks, 2010).

Nonetheless, it was understandably not possible for the author to have a major input into the sample of those interviewed, particularly the external board members, as in many cases it would probably be their availability and willingness to be interviewed that would be the main factors in their selection.

3.5.4 Ethical considerations

Ethics is how we behave or should behave in relation
to the people with whom we interact
(Simons, 2009, p.96)

Ethical matters were considered early in the research planning phase. Various research codes were reviewed including those of the Economic and Social Research Council, the British Psychological Society, the Missenden Centre and the author's university (as their registered research student), to help in the design of the ethics protocol.

The initial contact with individual board members was generally via their own institution, which was in possession of a copy of the author's ethics protocol incorporating the research proposal for the potential interviewees to review and give their approval to attend. The protocol is shown in Appendix A. It is to be noted that the text refers to case studies, which was considered initially as an option, but as mentioned earlier was discounted. The key approach ahead of visiting any of the research sites, was to ensure that each interviewee knew about the research project, the areas of discussion and the ethical arrangements in advance of the meeting (King & Horrocks, 2010).

At the start of every interview, a copy of the protocol was given to each participant (though many brought their own copy), the arrangements were explained in detail to them and they were asked if they were happy to proceed, which in all cases they were. A thorough explanation was essential to receive 'active consent' (Warren & Vincent, 2001) and ensure the interviewees were fully informed (Berg & Lune, 2012).

Although it is included in the ethics protocol, before each interview commenced the participants were asked specifically if they were willing for the interview to be recorded, which in all

instances they were but one. The author also explained (as in the protocol) that he would make 'contemporaneous hand-written notes', should the recording machine fail. The author wished to put the interviewees at ease and explained that he had substantial experience in taking notes of meetings, which would suffice if they were at all uneasy. In particular, the interviewees were advised that they could withdraw at any stage including the option not to answer any questions and that the recording machine could be paused at any time.

Throughout the arrangements for the interviews, the institutions and the interviewees were made aware that everything said would be treated in strict confidence with the transcripts of the interviews held securely. Any data published would be anonymous, which would also apply to the separate feedback for each institution.

In accordance with the agreed postgraduate ethical review application at the author's university (through whom the doctoral research was undertaken) the Business School Ethics Committee agreed to waive the requirement for written informed consent as it was explained that a separate agreement would be entered into with each institution (Rubin & Rubin, 2012). As any data disclosed would be strictly anonymous, the author's concern was particularly for the five sponsoring institutions (Krueger & Casey, 2009) who were asked but did not wish to be identified.

In the confidential agreement with each institution the author agreed to:

- Keep all data secure (and later to destroy it) in accordance with good data protection principles.
- Ensure that the publishing of all data would be anonymous including all quotations in the thesis, journal articles and publications, presentations and the separate report for each institution.
- Keep the names of the universities visited as confidential, though he could quote that he had collected data from different mission group institutions, which were the Russell Group, the former 1994 Group, Million+ and the University Alliance plus that of the pilot study institution.

In addition, throughout the interview arrangements, the author was mindful regarding the publishing of comments made, as some people can feel negative about remarks cited, albeit

anonymous, if the text inadvertently portrays a different view to the one they had expressed (Simons, 2009).

3.5.5 Interview process

In qualitative interviewing, there is much greater interest in the
interviewee's point of view; in quantitative research,
the interview reflects the researcher's concerns
(Bryman & Bell, 2007, p.474)

Interviews are a very popular method in qualitative research that fits grounded theory. They offer the investigator previously unknown insights into personal experiences, opinions and situations. One of the most widespread techniques is the in-depth interview (used in this thesis), where the researcher is looking for rich and detailed information, not 'yes' or 'no' answers (Rubin & Rubin, 2012).

Several minutes were taken at the start of each interview to outline the ethical considerations and the research topics. This initial dialogue helped to gain trust and build a rapport with the interviewees who were all quite willing to open up about their experiences. The author was also able, in most cases, to read the biographies of those to be interviewed from the respective university website. It proved helpful in understanding the context of some comments made without having to seek clarification during the interview (Mikecz, 2012). Also, the author made it clear that he had not undertaken research on competencies and that he was a novice, wishing to learn from their experiences. It proved an excellent 'opening line', which is confirmed by Willig (2013, p.30) that "a good way to obtain detailed and comprehensive accounts from interviewees is to express ignorance".

To encourage a free-flowing (semi-structured) interview, the author produced a list of question topics (as shown in Appendix B) through his substantial experience in this field of work, but these were just used as a guide. It is similar to that of the 'insider researcher' who is aware of the actors, the discussion subjects and the complexity of the issues at hand (Roland & Wicks, 2009). The approach was also a helpful standard for the data analysis stage as a structure for all the interviews and to enable enhanced comparability across each of the research sites (Bryman & Bell, 2007). During the interviews, the participants sometimes spoke about a wide range of related issues in response to just one prompt. Rather than interrupt the conversational flow, it

proved useful for the author just to give encouraging but "repetitive 'uh huhs'" (Charmaz, 2006, p.29). In addition, as each interview progressed, care was taken not to pose leading questions that could contaminate the findings or to force interview data into predetermined categories (Glaser, 1978).

The author attended each of the five university campuses and interviewed 18 external board members and 9 senior staff. A third of those interviewed were female. The ethics protocol indicated an interview lasting about 45 minutes. In practice, they ranged from 30 to 80 minutes with an average of 41 minutes. The institutions booked each interview generally on an hourly basis, which gave ample time for introductions, to outline the ethical considerations and to foster a trusting and professional environment.

Three of the interviews were over the phone at a pre-arranged time. The majority of the features of a face-to-face interview took place. As the three instances were similar to that of elite interviewing, the author decided not to ask for the conversations to be recorded but took hand-written notes instead. The view taken was that it is much more difficult to gain a rapport with a telephone interviewee to stimulate a candid conversation (Rubin & Rubin, 2012). Without that openness, as with all the other interviews, the data could have bias. To ensure that each interviewee was comfortable with the arrangements, an e-mail dialogue took place well ahead of the telephone conversation. However, it is recognised that some bias can be present within any telephone interview compared with a face-to-face discussion (Jäckle, Roberts & Lynn, 2006) including a lower quality of data depending on the topic (Bonnel & Le Nir, 1998). Nevertheless, the absence of non-verbal communication was offset by the opportunity to reach further elite interviewees.

While the semi-structured interviews detailed above have produced the vast majority of the primary data, there are a further three basic categories of qualitative interviewing (Rubin & Rubin, 2012), which include (i) internet interviews, (ii) casual conversation and in-passing clarifications and (iii) focus groups. In order to test and verify the author's initial concepts, the latter two categories were also selected.

A breakdown of the interviewee data including their professional background is detailed at the start of Chapter 4.

3.5.6 Casual conversations and in-passing clarifications

These 'water-cooler' styled conversations are brief, spontaneous, unstructured meetings where generally the interviewer and interviewee know each other well and, whilst the discussion is usually on general matters, it can stray into the research topic arena (Rubin & Rubin, 2012).

Knowing how useful these dialogues can be, the author used the opportunity to test his findings with people in both the HE sector and other non-profit sectors. Specifically, he was invited to give a presentation on corporate governance at the 2013 National Housing Federation annual conference for company secretaries, where he took the opportunity to test particular concepts emerging from the data analysis with a number of the attendees. It proved a valuable experience.

3.5.7 Focus groups

Focus groups are an extension of the group interview method (Bryman & Bell, 2007). The benefits for this study are:

- An opportunity to test and verify the initial concepts derived the interview data.
- The chance to debate, discuss and challenge views in an informal setting.
- That the key topics can be focussed upon rather than peripheral matters.
- The potential to discover new data from discussion through greater spontaneity, and
- The researcher can learn more of the background reasoning from the group debates.

A focus group meeting was held during a Leadership Foundation for Higher Education (LFHE) governance conference in London, attended by approximately 24 board members and senior staff in universities within the UK, only a few of whom were known by the author. The attendees were asked to work in three groups of eight members. Yin (2009) and Wright and Crimp (2000) advocate similar-sized small groupings. These interactive discussion groups were asked to give their independent views on the author's research findings. Three key headings were chosen, one for each group.

As with the interviews, the author (undertaking the role of moderator also) kept a low involvement to avoid influencing the debates. It enabled a great deal of latitude amongst the participants (Bryman & Bell, 2007) and encouraged wide-ranging discussion. The negative aspect of less control of both the participants and group discussion was outweighed by the spirit

in which these homogeneous groups took on the task-oriented activity (Robson, 2011) and gave feedback on their very constructive opinions.

There is a limited amount of advice in the literature on the ethics of holding focus group meetings, but useful guidance was found through Krueger and Casey (2009) with the need to ensure that attendees are put at ease, particularly when disclosing confidential information in a group setting (Yin, 2009). The author followed a general ethical approach to that of the interviews. It was not practical to record the discussions as there were three different groups in one meeting room, but the author visited each table to listen and acknowledge their deliberations. No separate data will be published.

3.6   Grounded theory and data collection

As outlined earlier in the Chapter, grounded theory has been chosen as the methodological framework for this thesis. Its focus is to generate a theory on the phenomenon that "is 'grounded' in data obtained during the study, particularly in the actions, interactions and processes of the people involved" (Robson, 2011, p.147). The approach accords with the strategy throughout this study of aiming to learn from the actors rather than experts, and provides an overarching structure for analysing the data. The flexibility within grounded theory is through "a constellation of methods" (Charmaz, 2014. p.14) which has at its heart an inductive logic but allows for deductive thinking, for example, in developing and testing theoretical concepts. It also offers a wide spectrum and can accommodate both qualitative and quantitative methods, which "can free up or unmask the concealed and unanticipated" (Glaser, 2008, p.30).

In terms of background, this sociological methodology was crafted by Glaser and Strauss in their seminal work on *The Discovery of Grounded Theory (1967)*. However, there was a significant difference of opinion between Glaser and Strauss following a publication by Strauss and Corbin in 1990 and responded to by Glaser in 1992. It also caused ripples within the research community as noted by Bryman and Bell (2007), Charmaz (2006) and Walker and Myrick (2006) on whether the classic grounded theory advocated by Glaser (1978) should be followed closely or whether more latitude could be given. The author proposes that the solution for this thesis is to follow more the Glaser (1978) systematic perspective but to draw on the contemporary viewpoint of Charmaz (2014, p.18) to use the data collection methods as "tools to use rather than recipes to follow".

That approach is articulated within this Chapter to demonstrate that robust procedures for data collection and analysis have been carried out in this thesis. To help with that scrutiny, Charmaz (2006, pp.5-6) outlines the 'Glaser and Strauss Challenge', listing the seven key components for defining grounded theory practice, which are quoted in bold in the headings of the paragraphs below. The author believes that he can meet this challenge and has attempted to do so.

3.6.1 The **"simultaneous involvement in data collection and analysis"** is a fundamental aspect of grounded theory. After each interview had been undertaken it was transcribed immediately, which included the notes from the three telephone conversations and the one face-to-face interview where a recording machine was not allowed. Initial analysis was carried out (as detailed below) to determine if any unexpected patterns emerged and whether further purposive exploration should be undertaken, perhaps in unrelated areas. It enabled the author to make minor but important changes to the focus of future interviews while keeping the overall structure of the dialogues similar for added strength and rigour of the research. For example, it became necessary to 'drill down' on specific matters raised by some interviewees, which would not have happened if the analysis stage had been delayed until after all the data had been collected. The approach was also essential in reviewing the clarity of some categories which had clusters of coded data that were better addressed through refinement into sub categories.

3.6.2 **"Constructing analytic codes and categories from data, not from preconceived logically deduced hypotheses".** Coding is a crucial element of grounded theory, which can embrace a wide range of data, but for this thesis it relates to the interview transcripts. Following the transcription stage, the recordings were listened to again to ensure a completely accurate record. At the same time, consideration was given to preliminary interpretations. Memos (see also paragraph 3.6.5 below) were created particularly on interpreting the data, how to do it effectively and any potential pitfalls.

In view of the expected volume of text (which was eventually over 122,000 words) it was initially intended to use data analysis software for potentially more effective and efficient data interrogation. A concurrent aim was to show improved rigour within this pragmatic study, giving further support to the grounded theory methodology. However, what the author had not taken into account was firstly the significant amount of time to learn the software package and the subtleties that could be missed without a good knowledge of the programme, and secondly that

he would feel very detached from the data itself. He therefore extended the literature review in this area, which revealed that these feelings are not unusual (Webb, 1999; Davidson & Skinner, 2010) and that software packages can lead to an adverse focus on quantity rather than its meaning (St John & Johnson, 2000). The manual coding method, conversely, proved much more engaging, allowing the opportunity to "tease out…shades of meaning…[through keeping the]… brain engaged" (Rubin & Rubin, 2012, p.192).

The text of the interviews was reviewed initially by "coding the data in every way possible… [often phrased as]…running the data open" (Glaser, 1978, p.56) followed by selective coding. Open coding was undertaken line-by-line and sentence by sentence, with the text examined for early properties, accommodating "as many categories that might fit" (Glaser, 1978, p.56). In the initial stage, the author found it useful to utilise the features of Microsoft Word to apply colour coding, for example, a section of initial interest (perhaps a few words) would be shaded yellow with any memorable text/quotes also highlighted in a red font. Following iterations, it gave a natural progression to the selective coding phase to identify key categories. The second component was an emergent process that incorporated an examination of the relationships between the codes and detecting patterns or themes from the substantive codes that would lead them to be theoretically coded into working hypotheses (Glaser, 1978). Both of these stages had numerous iterations, particularly to return to the data and recode with the purpose of looking for new avenues (Charmaz, 2006).

The manual coding method was extremely beneficial in helping to avoid potential areas of bias, for example, where it was necessary to give an interviewee a prompt, any text that related to this, even an insignificant matter, was excluded from the analysis, unless other interviewees raised the issue independently.

3.6.3 "Using the constant comparative method, which involves making comparisons during each stage of the analysis" is a core method in grounded theory for keeping close connection between data and theory. Its simplicity is drawn from the ability to add layers of data at the same time as the analysis is done.

As each research site visit was concluded, there was constant engagement with the data, codes and categories to enable the emergence of the preliminary/working hypotheses (Glaser, 1992). A

particular interest of the author was in comparing the findings of the interviews of the external board members with those of senior staff members and the relationship of those connections.

Within the constant comparative method was an interesting challenge posed by Swanborn (2010) in whether multiple research sites or phenomena should be analysed simultaneously or consecutively: and if consecutively, whether the methods and techniques would or should be different. While simultaneous analysis would condense the primary research timescale, the author decided to phase the research over a period to enable the data to be collected, coded and categorised separately to take the maximum advantage of exploring the interactions of each of the 27 interviews over the five site visits and give greater substance to the analytic writing stage. It also accorded well with grounded theory principles.

With the author's practical knowledge of the research topic, a further opportunity was undertaken to test the findings through 'anecdotal comparison' (Glaser & Strauss, 1967) should any uncharacteristic outcomes require further investigation or just need recoding.

3.6.4 "Advancing theory development during each step of data collection and analysis"

was integral through the separate treatment and immediate analysis of each interview transcription and then looking at each university as a stand-alone entity. The developmental hypothesis stage was then a natural progression. As mentioned in the section above regarding the interview process, the author had prepared a list of question topics with potential areas for discussion covering themed areas from his knowledge of the HE sector. The use of such themes is analogous to "a pattern-matching logic" (Yin, 2012, p.16) of expected findings at the outset of reviewing a phenomenon. The approach helped to facilitate a comparison of the data collected against prior expectations. It dovetails well with the constant comparative method mentioned in the previous section. The initial ideas learnt from this technique were put to practical use when the author was invited to present at several conferences on corporate governance, and took the opportunity to test his initial assumptions with audience members. The result enabled the theory development to evolve and become the working hypotheses in the form of key recommendations, as outlined in Chapter 6.

3.6.5 "Memo-writing to elaborate categories, specify their properties, define relationships between categories, and identify gaps" was almost a therapeutic approach for the author. The encouragement of writing memos within a grounded theory setting gives a more empathetic approach to the process. Memos were prepared to help the author to articulate his thoughts, particularly with the manual analysis of data. These reflections were summarised each month with elements presented to and discussed at a learning set of fellow research students (led by a tutor). A good example of how memo-writing can enhance the analysis stage was the discussion raised by the author at a learning set on the merits or otherwise of incorporating data from the pilot investigation: a topic which has conflicting opinions. Yin (2009) views pilot research as helping investigators to refine their data collection and sees such material as only embryonic substance. It is acknowledged that there is some merit in this view as many exploratory investigations (such as the research in this thesis) are by their nature probing. Nevertheless, it is argued that this strict interpretation does not give any flexibility for those studies where the protocol of free-standing investigations for each research site is comparable. This assessment is supported by Robson (2011) whose opinion on pilot research is to consider each phenomenon (in this situation each individual research site) individually, which is precisely how the author has interpreted the matter.

While the decision to integrate the pilot data with the data from the other research sites is that of the author, the memo-writing helped firstly to give that prompt on the treatment of the pilot data early in the process; secondly, to look ahead for potential issues and finally to consider the impact of this additional data on the codes and categories.

3.6.6 "Sampling aimed toward theory construction, not for population representativeness" has been a consideration in aiming for maximum coverage within the data collection (King & Horrocks, 2010). Theoretical sampling through a continuous and emergent approach has helped to facilitate a series of working hypotheses within this thesis (outlined in Chapter 6). Although quota sampling, particularly for a more representative gender balance, was undertaken (as outlined earlier in this Chapter), it was just the initial technique in the data planning stage. This potential methodological predicament though may not be that problematic, as Glaser and Strauss (1967, p.69) allude to such occurrences as "the *depth* of theoretical sampling" involving gathering as much data as possible, which in this research study involved the production of much excess data.

After the pilot study had been concluded and the data analysed, the author had a better picture of what preliminary categories could be explored. The focus then was toward purposive sampling (Robson, 2011) and how to weave categories together and reach some tentative hypotheses. Memo-writing, as outlined in the above section, helped significantly where categories were not complete and could result in analytical gaps. Using a key process within theoretical sampling, there is an opportunity to look ahead and predict any potential gaps in the analytic stage (Charmaz, 2006). This was achieved by identifying potential incomplete categories. The remedy was to undertake more purposive questioning during the visits to the fourth and fifth research sites, which produced additional new material to answer the 'so what does that tell us' and 'will it be helpful in theory building' questions.

As the final visit was half-way through, it became clear to the author that no new properties were emerging and that each category could neither be developed further nor additional conceptual comparisons made (Charmaz, 2006; Bryman & Bell, 2007). This 'theoretical saturation' (Glaser & Strauss, 1967) though is a point of contention, with the view that some researchers might cease their primary research too early. As there could almost be no technical limit to data gathering in this thesis, the author prefers to use his own term of 'confidence in the development of the categories' rather than 'saturation point' as that might purport to being content with a fixed number of interviewees or lack of time or energy in undertaking further purposive sampling (Corbin & Strauss, 2008), which were not factors in this study.

If further data had been required, the author had earlier obtained approval to visit an additional university, could seek further interviews at the current research sites or could have undertaken some member-checking from many of the interviewees who freely volunteered to be contacted for further discussion or for any matters of clarification.

3.6.7 **"Conducting the literature review *after* developing an independent analysis".** In terms of when a literature review should be undertaken is a hotly contested and misunderstood topic (Birks & Mills, 2011). The original concepts of Glaser and Strauss (1967) and Glaser (1978) still holds today, in not to contaminate ground-breaking research by taking on the prior views of others. To the author, this logic is clear. It enables a researcher to demonstrate the authenticity of their work in order to present any fruitful arguments of rigorous study and potential generalisability or application of the findings.

Rather than viewing it as a difficulty in postponing part of the key literature review, the author found it extremely useful to be able to indicate to all the interviewees and the focus group participants, that he had no prior knowledge of the literature (on competencies) and that they were, in essence, the experts and he was the apprentice.

3.7   Reflexivity within the qualitative research process

Reflexivity responds to the realisation that researchers and the methods they use
are entangled in the politics and practices of the social world
(King & Horrocks, 2010, p.126)

The very essence of doing qualitative research is the continuous interaction with the social world and its actors, which accords with Bryman and Bell (2007) as the postmodern thinking in recognising the influence of scholars in the creation of knowledge and through the way that they undertake their research. That potential 'expert status' has made an interesting challenge for the author who has taken care to represent a multi-layered and complex story in the thesis (Etherington, 2004) without any bias, through taking a reflexive approach to his own interactions. This relates to the interview process and focus group dialogue outlined earlier, and continued in the data collection and analysis stage, in an attempt to reveal hidden treasures and agendas, rather than create them.

Shepherd and Challenger (2013, p.225) take the reflexive idea further for researchers in reviewing their "own methodological assumptions", which can change over the course of studying for a doctorate, particularly in the attempt to maximise the discovery of new knowledge. Upon review it led the research phase to be viewed through a pragmatic lens which draws upon the most appropriate methodology that, in itself, enables continuous epistemic reflexivity.

Utilising grounded theory is itself a reflexive activity, though the level of its use is personal to the researcher and its relevance to the study (Corbin & Strauss, 2008). The continuing personal deliberations of a researcher using, for example, the constant comparative method, memo-writing and theory development is a testament to the need for critical self-reflection, particularly how any findings are presented and conclusions drawn. Reflecting on this reflexive approach is a reminder that the role of the researcher and his/her unintended influence will shape the phenomenon as it is studied, and the eventual product of that inquiry.

3.8 Chapter summary

This Chapter has firstly outlined the author's approach in undertaking qualitative research within a pragmatic epistemological envelope. A visual sketch of the research design has been given via the author's research framework, noting that researchers rarely start their studies without a 'map' to guide them.

Secondly, the idea of visiting five research sites for the in-depth interviews was outlined, including the planning stage, access to individuals, the ethical considerations and the interview process that was augmented by a focus group, casual conversations and in-passing clarifications.

Thirdly, grounded theory has been chosen as the methodological framework that has enabled the systematic collection and analysis of the primary data from the five research sites. To demonstrate the rigour of the process, the author has attempted to meet the 'Glaser and Strauss Challenge' outlined by Charmaz (2006) in relating his research approach to the seven key components for defining grounded theory practice. Taking that notion forward, the strength of the research process is expanded upon in Chapter 6 in a discussion on how triangulation can give an essence of robustness, noting the tensions of proposing any generalisability in qualitative research (Bryman & Bell, 2007; Robson, 2011).

Finally, the topic of reflexivity within the qualitative research process is reflected upon, including the notion of a researcher taking ownership of his or her reflexive interactions in the entire research process.

The next three chapters start a journey into revealing the findings from the interviews (Chapter 4), discuss how these inter-relate with each other and to offer an applied model through a developmental framework (Chapter 5), and conclude with a range of key recommendations in Chapter 6.

CHAPTER 4

FINDINGS

4.1   Introduction

This Chapter outlines the findings of the primary research, the methodology of which was explained in Chapter 3 and draws upon a pragmatic approach with a qualitative focus. A pilot study undertaken at an HE institution set the scene and produced much rich data. It gave a springboard for the visits to four different mission group universities: the Russell Group, the now disbanded 1994 Group, the Million+ Group and the University Alliance. The core of each institutional visit was the in-depth semi-structured interviews, which were verified through supplementary data-gathering methods of a focus group discussion, casual conversations and in-passing clarifications, as expanded upon in the previous Chapter.

The Chapter starts with a background to the approach, gives an outline of the participants in the study and then presents the findings in four sections. These subdivisions cover firstly some general observations, followed by an overview of hard and soft competencies which are then reviewed separately. The final subdivision covers the recruitment, induction, development and appraisal/evaluation of external HE board members.

For clarity, the expression 'external board members' will be used in the remaining chapters, as a clearer description within the HE sector, compared with the general term 'non-executive directors' (NEDs).

4.2   Background to the findings

The visits to the research sites were illuminated through a grounded theory methodology and method which offers a systematic and orderly approach to gathering data (Glaser, 1978) where the researcher interacts and learns from the actors, namely the external board members and senior staff of HE institutions. Such an investigation relating to the competencies of board members in HE has seemingly not been undertaken before.

The idea of selecting different mission group universities was to examine a wide breadth of board member experiences with an opportunity for cross sectional viewpoints and to discover new knowledge and ways to enhance current practice.

The core of this Chapter is to answer the first two research objectives (which are given below).

1. *To identify the essential and desirable competencies of an effective board member in UK universities.*

2. *To understand the relevant practical issues of board membership including recruitment, induction, continuing professional development and appraisal/evaluation.*

With regard to the analysis, and as explained in Chapter 3, the data from the pilot study have been incorporated with the data from the other four research sites. The reasons are:

- It accords with the supporting methodology of grounded theory where it is argued that each research site visited should be viewed within its own right (Robson, 2011).
- The findings of the pilot study correspond with the subsequent four studies and flow from the constant comparative method (Glaser & Strauss, 1967), and
- To reject the data as embryonic substance (Yin, 2012) would discard much additional rich and relevant data in such a new field of discovery.

Consequently, data is drawn from five research sites and a total of 27 interviews. For clarity, it is to be noted that, in accordance with the research aim and objectives, neither the academic/administrative staff board members nor student board members were interviewed: the focus of the research was from the viewpoint of the external board members, plus input from senior members of staff including Clerks to the Board.

4.3   Participants in the study

Table 4.1 shows a breakdown of the institutions visited, the categories of the interviewees and the number of interviews undertaken.

Table 4.1: Breakdown of institutions visited

Mission Group	External Board Member	Vice-Chancellor/Senior Management
Pilot Study University	3	2
Russell Group	4	2
Former 1994 Group	2	2
University Alliance	5	2
Million+	4	1
TOTAL	**18**	**9**

The data in the next Table has been extracted from the interview process. As mentioned in Chapter 3, a good gender balance was sought within this study, which produced an outcome of 33% of female interviewees that is co-incidentally close to the 32% of women in HE governing bodies (Jarboe, 2013). It is to be noted that this initial sampling was to seek a diverse mix of interviewees, notwithstanding that the focus and strength of the data collection procedure is drawn through purposive sampling (Robson, 2011).

Table 4.2: Breakdown of interviewee data

Interviewees	Numerical data
Total number of interviewees	27
Male Female	18 9
External board members Senior staff	18 - Public sector 7 - Private sector 11 9
Average length of service on the board (excluding data for Vice-Chancellors who are ex-officio members)	7 years

To ensure that the quotations are kept anonymous and for the sake of clarity, the word 'board' has been used instead of 'council' or 'governing body'. Also, for consistency, 'Clerk to the Board' is used in place of other university titles, such as 'University Secretary' or 'Registrar'.

4.4   Initial discovery

A surprising outcome from the research was that the views of the interviewees on the competencies of board members and their observations on the selection, induction, development and appraisal/evaluation processes, were relatively uniform across all the research sites drawn from the Russell Group, the former 1994 Group, Million+ and the University Alliance, including the pilot study institution. This finding was the result of a comprehensive vertical analysis of each research site, the details of which are shown in Appendix C, with the relating quantitative analysis summarised in Appendix D. Nevertheless, the most illuminating findings came from the horizontal analysis of all the research sites.

Furthermore, the outcome from the focus group meeting of HE board members and Clerks to the Board (outlined in Chapter 3) was that the author's initial concepts closely accorded with the group members. It is supported by feedback through in-passing clarifications at the National

Housing Federation annual conference for company secretaries (where the author was invited to speak) that indicated close resonances between the data analysis and practical observations outside HE.

The next four sections report on the findings under the headings of (1) general observations (2) overview of competencies (3) analysis of hard and soft competencies (4) recruitment, induction, development and appraisal/evaluation. They respond in detail to the first two research objectives listed earlier in this Chapter.

4.5   Findings (1): General observations

These general and more high-level observations, which are relevant to the whole thesis, are made ahead of the presentation of the main findings.

<u>The challenges for an external board member (i.e. non-executive director) in HE</u>

The research indicates that it can be quite a daunting process in becoming an external board member (NED) in a university and having to learn many new terms, yet immediately being part of the ultimate responsible body. The responses below from the interviewees are a salient reminder of the challenges they face and the support they need:

> *I naively thought that universities were simple institutions that taught*
> *students...they are not only complicated organisations but they are*
> *complicated businesses operating in a very challenging environment.*
> *(External Board Member)*

and that:

> *...you don't realise the gaps you have until you get into a meeting.*
> *(External Board Member)*

<u>The responsible nature and high standards required of board members in HE</u>

The board members interviewed were cognisant of their responsibilities and accountabilities, which continue to increase particularly with the expansion of legislation, such as the implementation of the Corporate Manslaughter and Corporate Homicide Act 2007. Coulson-Thomas (1993, p.116) distils these directorial responsibilities as being "various and onerous, and moral and ethical as well as legal".

The increasing demands on board members are echoed in the following quotation, that:

> ... the range of strategic options available to institutions now in an odd
> way is greater in HE institutions than it was 10 years ago because the
> landscape has altered. In a sense that makes the strategic role of board
> members even more important [as they] try and take a view about issues
> like the potential marketisation of Higher Education.
> (External Board Member)

It highlights the necessity for board members with a high level of skills, so:

> ... if you can't size it, you can't solve it. (External Board Member)

Deciding upon what competencies are required for an HE board member

The view of what competencies are required by a university today is affected by many factors
including the particular challenges, focus and portfolio of each institution, the type of board (for
example, participative) and the senior staff involved, as echoed by three participants:

> I don't think you can answer the question [of required competencies]
> unless you've decided what the board is going to do [with] its
> responsibilities for strategy and also what, in another trustee board, might
> be called the fiduciary responsibilities. (External Board Member)

> The set of competencies for me and how they are played out will very
> much depend on the culture of the organisation. So a culture that is open
> to challenge, that is on an improvement trajectory that's not seeking to be
> complacent almost, is really important for the competencies to work.
> (External Board Member)

> [A university is] a complex organisation with a big turnover and that
> influences the [board's] skills base. (Senior University Staff)

The significance of core competencies for board members

Eriksen and Mikkelsen (1996) argue that there is little difference between competencies and
resources and both are assets for an organisation. It does not take much of a transition to equate
that with the skills of board members, who are also a resource to draw upon. The value of
competencies is articulated below by a very experienced external board member:

> Competencies are becoming more important, more essential than they
> were a year or two ago. (External board member)

4.6 Findings (2): Overview of competencies

These next two sections address the first research objective, which is:

*To identify the essential and desirable competencies of
an effective board member in UK universities*

At the beginning of the research phase for the thesis, each of the four objectives were decided upon. The first research objective was to identify those essential and desirable competencies. Nonetheless, that potential 'division' of what is 'essential' or 'desirable' has not proved possible as each interviewee perceived the notion of competencies to be a holistic concept encapsulated as "the combination of skills, knowledge and attitudes, values and technical abilities" (Nursing & Midwifery Council, 2015, Section 2: standards for competence).

What was unanticipated, turned out to be more a division between hard and soft skills. In view of this contrast within the skills base, the two aspects of hard and soft skills/competencies have been clustered separately as outlined below and supported by individual tables under the headings of analyses A, B and C. These have been constructed by undertaking a quantitative analysis of the recommendations made by all the interviewees.

❖ **Hard competencies** - defined by Spencer and Spencer (1993).

    Analysis A: Knowledge, expertise and skills - specific abilities and information that a person has.

❖ **Soft competencies** - defined by Spencer and Spencer (1993) and expanded upon by Goleman (2004) and Boyatzis (2011), and referred to in more recent years by the latter two authors as emotional intelligence and social intelligence.

    Analysis B: Personal Competencies - how we manage ourselves

    Analysis C: Social Competencies - how we manage relationships.

A significant finding from the research is that the competencies sought from HE board members in the past were practically all hard skills due, it is suggested, to the growing commercial world in which HE institutions now operate (Greatbatch, 2014). It has led to an emphasis on tangible competencies (for example, financial and estates expertise) to support a university's tangible

portfolio to the unintentional neglect of intangible or softer skills. In addition, a further significant finding is the growing importance of soft skills, which is remarked upon by the Chair of a Board below and is supported by contemporary literature (outlined in Chapter 2) that soft skills are proposed as necessary for superior board performance (Balduck et al., 2010):

> *It's that diversity of views where people have both the confidence to make comments and express themselves and they actually have a mature view of how things are done...so we place a higher importance on that than we do on specific skills. (Chair of the Board)*

and the views of a new external board member that:

> *[to dovetail with hard skills there are those] softer skills. The ability to be able to listen to, work with and support people from all sorts of different backgrounds, with perhaps different experiences and a different view of the world. (External Board Member)*

The next section reports on the findings from the interviews with rankings for hard and soft skills. These summaries are supported by individual tables from each research site, and are also listed in Appendix D.

4.7   Findings (3): Analysis of hard and soft competencies

4.7.1   Findings A: Knowledge, expertise and skills

The analysis in the next table shows all the rankings for the hard skills section of **knowledge, expertise and skills** - the **specific abilities and information that a person has**, as proposed by external board members, board chairs and senior university staff. For the sake of clarity, the numerical analysis of Table 4.3 below and other quantitative tables within this Chapter are derived by adding the skills suggestions from each interviewee. For example, an interviewee might suggest the competencies of (a) financial/accounting (b) estates expertise and (c) networking. Those 'three' recommendations will count as 'one each' of the respective skill clusters or categories below. No duplication has been made for any similar named codes. Within an interview, an external board member might mention financial/accounting 'six' times but it will only be counted 'once', otherwise it would skew the data towards particular interviewee preferences and could also be unintentionally influenced by the author if it was necessary to seek clarification on a particular competency during an interview.

Table 4.3: Responses from interviewees on their views of hard skills/competencies

	Knowledge/expertise/skills	Frequency External Board Members	Frequency Board Chairs	Frequency Senior University Staff	TOTAL	% from a total of 27 interviewees
1.	Financial/accounting	10	4	9	23	85
2.	Business/organisational development/risk	9	2	6	17	63
2.	Operating at a senior level in an organisation	8	3	6	17	63
4.	Experience of boards/governance	9	3	4	16	59
5.	Direction and ethos of institution	7	0	5	12	44
5.	Human resources	6	1	5	12	44
7.	Estates	5	1	5	11	41
7.	Marketing/public relations/media/ branding	5	1	5	11	41
9.	Legal	4	1	5	10	37
10.	Education/academic	4	2	2	8	30
11.	Networking	0	0	6	6	22
12.	Information technology	2	1	1	4	15
	TOTAL	**69**	**19**	**59**	**147**	

The findings for each of the above elements are reviewed below, including a breakdown for individual skills/competencies.

Financial/accounting skills - ranking: No.1

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	14	18	78
Senior University Staff	9	9	100
TOTAL	**23**	**27**	**85**

The UK Government announced in their 2013 Autumn Statement that the cap on student numbers was to be removed from 2014 giving way to a free market, resulting in even more volatility in the finances of many universities as outlined earlier in the thesis. Also with increased competition for research monies and other government funding, universities are responding by becoming more creative and diversifying their portfolios that will generally result in taking extra risk. In such dynamic and uncertain times for HE (Shattock, 1997; 2009) it is not surprising that 'financial skills' has been chosen as the principal hard skill by the vast majority of interviewees, which was 100% of the chairs of boards and senior staff interviewed.

The findings reveal a general agreement that some board members must have specific financial expertise, for example, that of a chartered accountant, as supported by the following quotation:

> *Financial expertise is probably the most critical because it's a complex organisation with multiple funding streams, so the accounts are not easy to grasp, and you do need people I think who can scrutinise and challenge in that area more so than in any other area.*
> *(External Board Member)*

and that:

> *...you have got to have members around the board table who have particular functional experience. I mean, finance is one absolute fundamental. (Chair of the Board)*

However, beneath this seemingly simple analysis is the insightful proposal from nine interviewees, mainly external board members, for more general accounting skills rather than pure financial acumen and that this skill should be present in all board members. Those sentiments are summed up by an experienced board member:

> *We definitely want the finance skills... when I say finance, we want business and we want accounting which are slightly different.*
> *(External Board Member)*

Using that rationale, which is supported by the author's practical experience, it is proposed that all board members should have a reasonable level of 'financial literacy', for example, to read and understand an institution's management accounts. The reasoning is that if board members are unable to comprehend the information they have been presented with, then they are unable to question the executive fully:

> *You can't challenge unless you have understood and analysed the information in front of you. (External Board Member)*

Business, organisational development, risk - ranking: joint No.2

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	11	18	61
Senior University Staff	6	9	67
TOTAL	**17**	**27**	**63**

Operating at a senior level in an organisation - ranking: joint No.2

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	11	18	61
Senior University Staff	6	9	67
TOTAL	**17**	**27**	**63**

The above joint second most important areas are (i) knowledge/expertise in general business, risk and organisational development functions and (ii) holding a senior position in a business/leadership role. These proposals were expected, given the nature of HE and the business arena in which it operates. They are also very close to the fourth most important area, for experience in working on boards or at board level. The quotation below captures that view:

> *We tend to appoint people who have got a very strong background in some [business] areas and most of them are active as board members or directors... or non-execs. (Senior University Staff)*

In today's global business environment it is essential for boards and their members to consider risk (Solomon, 2013). Many of those key risks areas have been proposed in the hard skills Table 4.3 above, for example, financial matters; governance; HR; estates; marketing and legal issues, to which another major influencing factor for HE can be added, being 'changes in government policy'. Universities need board members who appreciate that risks 'will' always be present and that the institution's senior team need to show how these can be managed, which is summed up below:

> *Most institutions are taking on much more risk, so you need board members who actually understand the risks. (Senior University Staff)*

The recognition of universities working in a business domain comes from external board members and senior members of staff:

> *We are quite a sizeable multi-faceted business. (Chair of the Board)*

> *We are a big business with Higher Education at its heart. (Senior University Staff)*

Experience of working on boards and/or experience of governance - ranking: No.4

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	12	18	67
Senior University Staff	4	9	44
TOTAL	**16**	**27**	**59**

The fourth core area proposed by the interviewees is a knowledge and experience of working as a director on a board or perhaps on governance matters generally. It could, for example, be gained as an executive or a non-executive director (NED) in another sector. An unexpected outcome though was that, for five respondents, it was a core key skill for HE board members, and that:

> ... prior board experience is essential. (External Board Member)

> and

> ... it [is] essential that people know how to work on a board.
> (External Board Member)

On the other hand, it was mentioned that executive level experience (which could be reporting to board level) was an acceptable alternative, and that:

> ... broad senior executive experience is the most valuable [to] see the wider picture. (Senior University Staff)

Also, if other institutional specific skills can be offered, it can compensate for the lack of board skills:

> Broadly, what we are looking for, are people who we feel would be able to make a contribution as a result of their prior life experience. We don't have a specific view that people must have previous board experience. What we try and do is get people who are experienced in their own field, such that it gives them enough confidence to think independently and then to actually be prepared to make a contribution. (Chair of the Board)

> and that:

> I think there's a potential that you would exclude voices that might be important so it [prior board experience] shouldn't be an absolute essential, but a desirable [competence]. (External Board Member)

Direction and ethos of institution - ranking: joint No.5

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	7	18	39
Senior University Staff	5	9	56
TOTAL	**12**	**27**	**44**

An unexpected outcome from the research was the need for a competence on the direction and ethos of the institution. The evidence from the interviews indicates a growing expectation for board members to know more about and understand their university. It is a knowledge that needs to be gained upon joining the board and dovetails with the soft skill of a 'willingness to learn', and is summarised below that members should:

> *... be included into the wider university events, so they begin to know people and [understand] the ethos, culture. (External Board Member)*

Human Resources - ranking: joint No.5

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	7	18	39
Senior University Staff	5	9	56
TOTAL	**12**	**27**	**44**

Estate matters - ranking: joint No.7

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	6	18	33
Senior University Staff	5	9	56
TOTAL	**11**	**27**	**41**

It was expected that the above two suggestions would be made. Expenditure on HR (staffing and staff development) and a university's estate are the two largest areas of spending for all HE institutions, except perhaps for some specialist institutions/facilities that have, for example, a major technological research provision. Investment in time by boards and their committees in these areas is customary.

Marketing, public relations, media and branding - ranking: joint No.7

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	6	18	33
Senior University Staff	5	9	56
TOTAL	**11**	**27**	**41**

In joint seventh place for the most important competency (an expected outcome, though a larger than anticipated percentage at 41%) is the whole realm of marketing, public relations, media and branding. From in-passing clarifications with senior staff at other universities, these specialised areas are of heightened interest with board members. These related competencies were, until recently, a lower priority (from the author's experience of the HE sector) having been viewed more as a managerial area than the province of the board. Its growing importance is a sign of the increasing competitive HE arena, particularly due to radical changes in government policy over the past few years.

> *We could do with someone with skills in marketing on the board. Not because we lack them at management level, but [they] would bring that perspective to the Board and appreciation of some of the issues.*
> *(Senior University Staff)*

Legal expertise - ranking: No.9

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	5	18	28
Senior University Staff	5	9	56
TOTAL	**10**	**27**	**37**

The 'legal' requirement at 37% was unanticipated. A possible explanation for this is the increasing litigious environment that universities (as major businesses) have to endure. That is not a surprise in itself, but what is notable is that all HEIs have either external legal firms to call upon or in-house lawyers, leaving the question of why institutions would duplicate or match that expertise on the board. However, the same query could also be said of Marketing/Public relations/Media/Branding, which is a little higher in the rankings at 41%.

Education, academic - ranking: No.10

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	6	18	33
Senior University Staff	2	9	22
TOTAL	**8**	**27**	**30**

Education/academic is the next recommendation from external members, board chairs and senior staff, reflecting the need for both academic and specialist input. The 'education' element relates to different fields of study that reflect an institution's core purpose, for example, if there was a major research centre in biofuels then an expert in that field might be proposed for the board. It was though very surprising to see such a low joint score for the involvement of academic staff on the board. The author offers a possible reason for this anomaly being the focus of the interviews for this study (which did not include staff or student board members) and that the discussion focussed mainly on competencies and not on the composition of the board. Consequently, education/academic aspects would not have been foremost in the minds of the participants. It is also to be noted that the constitutions of most universities already allocate a place on the board for academic members of staff through the Senate/Academic Board, plus support staff.

The statistics are not sufficient to extrapolate wide connections, albeit there could be a relationship with the increasing focus on business-styled boards (Curran, 2015) due to the growing commercial nature of HE, rather than the earlier democratic model. This will be expanded upon in the next Chapter. There is, nevertheless, an interesting echo of reduced staff involvement proposed by McGettigan (2013, p.149) who argues that "there is a chronic under-representation of staff and students on [university] boards" due to the complexity and dynamic landscape of HE, with the view that these knowledgeable voices can help with:

... the intricacies of research and education. (External Board Member)

Networking - ranking: No.11

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	-	18	-
Senior University Staff	6	9	67
TOTAL	**6**	**27**	**22**

The penultimate recommendation for board member hard skills/competencies is networking. What is interesting here is the proposal (only by senior staff) for board members who can offer 'networking', affirming the desire by universities to 'plug' into local communities with the potential for national and international business links, plus the opportunity for enhanced fund-raising. A Vice-Chancellor also proposed that it could add an element of 'ambassadorial type governance'. While the suggestion for networking is low, it is proposed that this factor could increase in importance in the future. The following views from two interviewees confirm that assessment, with institutions:

> *... looking for new members with good networks, good contacts [who] could plug us into places we hadn't been. (Senior University Staff)*

and corroborating the views mentioned earlier in this Chapter
that prior board level familiarity is not essential if other
institutional specific skills can be offered:

> *That [lack of] board level experience... doesn't inhibit us looking at the broader profile where people seem to have good networks [with] regional links. (Senior University Staff)*

Information technology - ranking: No.12

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	3	18	17
Senior University Staff	1	9	11
TOTAL	**4**	**27**	**15**

The final recommendation may seem a low-rated response, but it is proposed that, as with the other professional services such as legal and marketing mentioned earlier, it would be expected that a university has prompt access to IT expertise, the department of which would report through senior staff to the board.

The next two sections relate to the soft skills/competencies of board members covering:

- Findings B (personal competencies), and
- Findings C (social competencies).

4.7.2 Findings B: Personal competencies

The research has revealed that soft skills are highly valued and growing in importance. The findings have been placed into two specific clusters, **personal competencies** and **social competencies**. The analysis in the first Table relates to **Personal Competencies** 'how we manage ourselves' (Goleman, 2004; Boyatzis, 2011). There are also inter-relationships between hard and soft competencies, which will be expanded upon later in this Chapter.

Table 4.4: Responses from interviewees on their views of soft personal skills/competencies

	Personal competencies	Frequency External Board Members	Frequency Board Chairs	Frequency Senior University Staff	TOTAL	% from a total of 27 interviewees
1.	Confident to challenge the executive, ask questions, curiosity	14	3	8	25	93
2.	Strategic perspective	10	1	2	13	46
3.	Comprehend complex information/analytical	8	2	2	12	44
4.	Know the difference between governance and management	4	1	6	11	41
5.	Willingness to learn	4	1	1	6	22
6.	Independent/objective	3	1	1	5	19
	TOTAL	43	9	20	72	

The findings for each of the above elements are reviewed below including a breakdown for individual skills/competencies.

Confident to challenge the executive, ask questions, curiosity - ranking: No.1

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	17	18	94
Senior University Staff	8	9	89
TOTAL	**25**	**27**	**93**

Independent, objective - ranking: No.6

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	4	18	22
Senior University Staff	1	9	11
TOTAL	**5**	**27**	**19**

The top soft competency required from external board members is the ability to challenge the executive and be a critical friend at 93%. Unexpectedly, this was the highest recommendation of all the hard and soft skills, with a slightly increased recommendation from the external board members at 94%. It surpasses the top hard skill of financial/accounting knowledge, which as mentioned earlier in this Chapter, is also considered vitally important.

Each of the four Vice-Chancellors interviewed indicated that they welcomed being challenged, which is a counterbalance to the negative image portrayed by a relatively few institutions that have experienced a governance crisis (mentioned in Chapter 1). The following quotations are examples of the opinions of interviewees, and that board members should:

> *... have the courage and the confidence to ask questions. There's an unwillingness to question the senior members of staff and I think as board members you have to be willing to make yourself unpopular by asking difficult but sensible questions in a constructive and non-confrontational way. (External Board Member)*

another added:

> *... the ability to be able to look behind whatever is presented to you, and you know, the simplest questions sometimes are the most relevant ones; and I think the willingness to expose your own lack of knowledge and inexperience in a particular area. (External Board Member)*

and that in challenging the executive, one member
commented that their:

> *... role would be to basically say without fear or favour. (External Board Member)*

Having curiosity and an enquiring mind is closely linked with the confidence to challenge the Vice-Chancellor and senior team. Those members who have that inquisitiveness are motivated to ask questions and not be intimidated by a strong chief executive. The following quotations amplify the thoughts of the participants, starting with the proposal for:

> *... selecting people who actually do have the kind of curiosity and inquisitive nature to want to have a broader understanding of, [and] to be reasonably acquainted with, Higher Education at the highest level. (External Board Member)*

and

*...people...who can even ask to have the numbers presented in a way that
makes sense to them. (Senior University Staff)*

Taking an independent view is a subject that is closely related to 'challenging'. It is an
overarching competence for advocating scrutiny within the seven Principles of Public Life (from
the Nolan Report, 1995) of: Selflessness, Integrity, Objectivity, Accountability, Openness,
Honesty and Leadership. As these are key tenets for all board members, a frequency of 19%
looks surprisingly low for a proposed competence of being independent. However, the other
elements of the personal competencies (for example, challenging, taking a strategic perspective
and having an analytical stance) are factors that should imply a high level of independence and
echo those Principles of Public Life, as amplified in the next quotation:

*What I have seen in other boards is that they don't act independently and
there is a kind of herd mentality. What we have is very good and our
board members are independent, think independently and challenge
independently. (Senior University Staff)*

How the findings from the research balance specifically with the Nolan Principles and the drive
for higher ethical behaviour is beyond the remit of the thesis but will be commented upon within
the next Chapter.

Strategic perspective - ranking: No.2

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	11	18	61
Senior University Staff	2	9	22
TOTAL	**13**	**27**	**46**

Knowing the difference between governance and management - ranking: No.4

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	5	18	28
Senior University Staff	6	9	67
TOTAL	**11**	**27**	**41**

Taking a strategic perspective is the second most important personal competence identified. It
indicates the high level that members need to work at rather than becoming involved in the

management of the university and has a resonance with knowing the difference between governance and management, as proposed by an external board member that:

> ... *you have to be strategically focussed rather than operationally focussed. (External Board Member)*

with a senior staff member view that:

> ... *board members are there to challenge us at the strategic level and we have to make sure we maintain that kind of strategic relationship and we have to avoid them getting too bogged down in the detail and keep hovering at the helicopter level to make sure they keep that broad perspective. (Senior University Staff)*

Comprehend complex information, analytical - ranking: No.3

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	10	18	56
Senior University Staff	2	9	22
TOTAL	**12**	**27**	**44**

The next skill is the ability to understand complex information and have an analytical approach. There is also a link with other competencies such as the confidence to challenge, being curious and having an enquiring mind. This finding gives weight to the notion that, if board members in the future are expected to have a reasonable level of financial literacy and have operated at a senior level in an organisation (as outlined earlier in this Chapter), the skill to comprehend complex information will also be present. The following quotations sum up the viewpoint from an external board member and a Chair of the Board:

> *I think the ability to analyse is quite important really. If you work in the sector you become steeped in information. If you don't work in the sector it is presented to you in a way that's helpful but actually you need to analyse and synthesise it. So the analysis is quite important. It's the step before the challenge. You can't challenge unless you have understood and analysed the information in front of you, so analytical skills are important. (External Board Member)*

and

> ... *an ability to think creatively, practically, analytically and, I guess, outside the box. (Chair of the Board)*

This competence is related to the work of the audit committee, that needs those members with financial acumen but there is still an emphasis (as in the quotation below) on softer skills:

> [The] Audit [Committee] specifically, clearly needs someone who has current accounting experience...[but]...there is also a need to avoid [it] being too accountant-led because I think audit now is much more as well about scrutiny, so you need people who are aware and comfortable and confident enough to raise issues beyond the pure accounting issues. (External Board Member)

Board members are also given voluminous amounts of papers to read. The viewpoint from a senior staff member is that a:

> ... competency is an intelligence which will allow someone to get up to speed with a lot of information very quickly. (Senior University Staff)

Willingness to learn - ranking: joint No.5

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	5	18	28
Senior University Staff	1	9	11
TOTAL	**6**	**27**	**22**

An unexpected low frequency is recorded for a 'willingness to learn'. There is no clear data to explain the finding other than an observation that it is not a traditional competence compared with the potential myriad of other skills. It was recommended by an experienced board member as a core competency:

> An ability to learn I think is the chief competence, an ability to realise they don't understand, and that they are going to get stuck in and learn about how a university is run, what success means for a university and also to understand their role. (External Board Member)

A further explanation for the low scoring could be that if many current members already have prior board experience, then there is nothing much to learn other than about their university and HE generally. An interesting variation on the skill of learning is a concept proposed by a senior staff member:

> You need reflective learners – people who pick things up quickly. (Senior University Staff)

Taking the idea of a reflective learner further and based on the viewpoint above, there is a potential for the development of board members to be a dual responsibility: both that of the HEI and the individual member. With the increasing complexity of HE operations, a willingness to learn about the 'direction and ethos of the institution' (the joint fifth ranking hard skill) is ever more important for board members.

4.7.3   Findings C: Social competencies

The final cluster is that of **soft (social) competencies 'how we manage relationships'** (Goleman, 2004; Boyatzis, 2011). These have the lowest of the recommendations of the two earlier mentioned clusters of (i) hard skills and (ii) soft (personal) competencies, and are detailed in Table 4.5 below.

Table 4.5: Responses from interviewees on their views of soft social skills/competencies

	Social competencies	Frequency External Board Members	Frequency Board Chairs	Frequency Senior University Staff	TOTAL	% from a total of 27 interviewees
1.	Articulate/good communicator	3	3	4	10	37
2.	Team player	4	1	2	7	26
3.	Empathy with students	3	1	2	6	22
4.	Influencing	3	0	0	3	11
4.	Understand different viewpoints	1	0	2	3	11
	TOTAL	14	5	10	29	

The low number of recommendations for social competencies in external board members was unexpected. Books and academic journals give much attention to social skills, particularly that of teamwork. Yet on closer examination, it could be argued that each of the individual competencies recommended are all relating to those of social awareness or relationship management skills (Goleman et al., 2013). The number of responses are not sufficient for a wide-ranging discussion, and there are very few connected quotations. Nevertheless, some interesting dialogue can be extrapolated.

Articulate/good communicator - ranking: No.1

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	6	18	33
Senior University Staff	4	9	44
TOTAL	**10**	**27**	**37**

Team player - ranking: No.2

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	5	18	28
Senior University Staff	2	9	22
TOTAL	**7**	**27**	**26**

Communication skills and being a team player are predictable core skills for board members (Bain, 2008; Coulson-Thomas, 2013) which would be expected to be at the top of the social competence ranking. It is supported by two interviewees:

> *It is about the teamwork skills, the ability to listen and to participate,*
> *express oneself clearly but also non-judgementally.*
> *(Senior University Staff)*

and that:

> *... there is a kind of chemistry [on a board] that you need to work at to get*
> *a successful team. (External Board Member)*

The actual number of interviewees recommending team player skills (7 participants: 26%) was unexpectedly low, given the high importance placed on such abilities in the past (Spencer & Spencer, 1993; Nadler & Nadler, 2006; Yusoff, 2013). It will be a topic of discussion in the next Chapter.

Empathy with students - ranking: No.3

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	4	18	22
Senior University Staff	2	9	22
TOTAL	**6**	**27**	**22**

While this is a low scoring recommendation, it may be that such a skill proposal (for example, appreciating the pressures on students) increases in the future, as students are recognised more

as customers or consumers of HE (Bohms, 2011), not just stakeholders. The opportunity for further research in this area is reported within the limitations section of the final Chapter.

Influencing - ranking: joint No.4

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	3	18	17
Senior University Staff	0	9	0
TOTAL	**3**	**27**	**11**

Understanding different viewpoints - ranking: joint No.4

Category	No. of recommendations	No. interviewed	%
External Board Members including Board Chairs	1	18	6
Senior University Staff	2	9	22
TOTAL	**3**	**27**	**11**

The above two competencies are of great importance for board members, but it is proposed that these terminologies are accepted as an integral element of other core skills recommended, such as the 'confidence to challenge the executive' and that of 'operating at a senior level in an organisation'.

4.7.4   Overview of findings

Sections (A), (B) and (C) of this Chapter report on the findings from the interviews and show categories of hard and soft skills/competencies. They demonstrate that universities continue to seek particular hard skills for board members in HE, though soft skills are becoming increasingly important with the potential to surpass those hard skills. The findings are discussed in detail in the next Chapter.

4.8 Findings (4): Recruitment, induction, development and appraisal/evaluation

4.8.1 Introduction and outline

This final section addresses the second research objective:

To understand the relevant practical issues of board membership
including recruitment, induction, continuing professional
development and appraisal/evaluation

As part of the interview process, external board members and senior staff were asked for feedback on their experiences of the recruitment, induction, continuing professional development and appraisal/evaluation at their institutions, and how these processes could be improved. Those views have been encapsulated within the four key areas of the above research objective. The elements are displayed pictorially in Figure 4.1 below with a link to show how an improved process in each of these areas can help to cultivate an enhanced skills set in board members, helping them to be more effective. It has resonance with the work of Coulson-Thomas (2009a, p.27) that "directoral competence and board effectiveness are generally interrelated".

Figure 4.1: Improvement process for board members
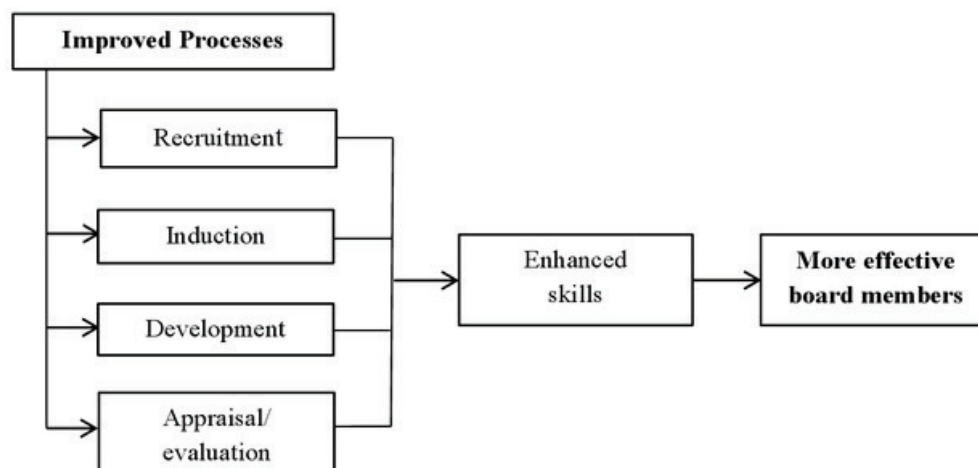
Each of these elements is now reported upon separately.

4.8.2   Recruitment

If you get good people they don't just want to sit and come for a nice meal
or a cup of tea, they want to have their voices heard.
(Senior University Staff)

The above quotation is a timely reminder that, in the approach to attract new board members, it is not a one-way process. They have expectations also from their university.

The recruitment element flows from the earlier sections of this Chapter where the core competencies of board members in HE were identified through an analysis of data from 27 interviews with external board members and senior university staff. The research revealed a number of views on related matters within the recruitment phase for board members. These have been gathered under the following headings:

- Skills audit
- Skills mix
- Implications for smaller boards
- Not to duplicate the skills of the executive team
- Notion of remuneration for board members
- Diversity of board members
- To achieve a better gender balance
- To achieve a better age balance
- Selection process
- Advertising.

Skills Audit

Within the interviews, it was noted that most of the institutions visited undertook a skills audit. These are particularly important for a university's Nominations (or similar named) Committee to review their members' skills base. It is also essential to be able to map the competencies of current board members with what is required in the future.

In charting the current competencies of members, face-to-face discussions with the Chair of the Board or the Clerk to the Board would appear more beneficial than a questionnaire. The

experience of a senior member of staff illustrates this approach, but such an exercise can also reveal hidden skills:

> *Quite a lot of people thought they were very good at everything and that wasn't matched up by either our experience or their biographies... [nonetheless it]... gave us competencies in areas we didn't know we had. (Senior University Staff)*

Skills mix

Following a skills audit, the mix of skills within the current board can be assessed with the identification of new skills/competencies required in the future. These will generally include hard skills that match the portfolio of the institution. The reference to those softer people skills is though noted:

> *The unifying thing is... [to find]... somebody who will help shape the purpose and direction of the institution and check its achievements informed by a particular perspective and so they would have a finance or law background but that's the [secondary skill requirement]. It should be that way around. (Senior University Staff)*

and that:

> *... it is more down to the sort of softer people skills. The ability to be able to listen to, work with and support people from all sorts of different backgrounds, with perhaps different experiences and a different view of the world. (External Board Member)*

Implication for smaller boards

In the first Chapter, it was highlighted that the number of board members has been reducing over the last 10 years from some 35+ members within the HE sector to the current average of 20 (Jarboe, 2013). The idea is to facilitate better debates and quicker decision making, which is more in keeping with most plc boards of between 8 and 11 members.

The reduction in numbers also has implications for board membership where the key skills of individual members becomes even more important. It places greater responsibility on those members to perform to a high standard. The decrease in the size of boards is commented upon below:

> *Boards of universities are getting smaller, sharper [and] university*
> *management is clearly becoming a much more business-like arrangement*
> *and we are businesses. (Senior University Staff)*

Not to duplicate the skills of the executive team

As mentioned above, in the past there were large numbers of board members. There was then a greater opportunity to match almost the portfolios of many senior staff members with functionally-skilled board members. From the author's knowledge of the HE sector, a few universities still operate a dual-assurance model where external board members take a lead in a wide range of functional areas. This approach seems to have been introduced by default in some institutions but is diminishing as board membership reduces. It has an effect on what competencies are sought in the recruitment phase, with a change of emphasis towards broad ranging skills, as supported by a Chair of the Board:

> *It's not important that we replicate the skill base of the management [but]*
> *having breadth and having representation...from different sectors.*
> *(Chair of the Board)*

> and

> *... [You do not] need experts in [every] area because you should expect*
> *your executive to have the expertise. (Senior University Staff)*

An interesting outcome from the findings is the realisation of institutions that more generic skills are required (Ballegaard, 2012). With such a change in emphasis, there could now be a drawback in the approach to attract individuals with a narrow focus of skills, which is amplified by a senior member of staff, who supports the notion of a wider range of competencies:

> *If we populate it [the board] by functional experts then they understand*
> *their piece of the jigsaw, but they don't necessarily have that broader*
> *view. (Senior University Staff)*

Notion of remuneration for board members

Although the remuneration of external board members in HE was not intended to be within the remit of this thesis, it was commented upon by some interviewees and there appeared to be a number of challenges arising from the data analysis that might be resolved through further investigation on the merits of a remuneration package. The primary reason mentioned was to overcome the difficulty that some institutions are having in attracting individuals with the necessary skills, particularly for the role of Chair of the Board:

> *Every university now seems to be advertising for the Chair of their Board as far as I can see. Very few seem to have an in-built succession candidate. (External Board Member)*

From in-passing clarifications with other Clerks to the Board, a number of universities have sought the approval of the UK Privy Council to change their regulatory instruments to include the payment of remuneration to external board members. In practice, payments are offered mainly to the Chair of the Board. It is to be noted though that most institutions offer the reimbursement of usual out-of-pocket expenses.

While none of those interviewed received any monetary rewards from their institution, they did not seek any remuneration. The following quotation supports the main views raised:

> *I don't think it will make a dramatic difference in the university sector [if members are paid]. (External Board Member)*

However, an observation on the above response is the understandable presence of bias, in that those who are already appointed on a non-remunerated basis would be unlikely then to propose compensation for their efforts. It is though important that such quotations are considered fully, but within that context. Nevertheless, an interesting argument for being truly independent is articulated by a very experienced external board member, who comments:

> *... the irony is that people take more notice of you here when you're not paid than they used to do when I was paid: and that's why it's so powerful not to be paid because you can say what the hell you like. (External Board Member)*

It could though be said that there are drawbacks in not offering some monetary compensation, particularly in what a university can insist upon from its external members, other than attending board meetings:

> *I think whenever you're dealing with people who are unpaid volunteers and I don't mean that unkindly, I mean I'm one myself, but you can't enforce anything, can you: and therefore to a degree you can offer quite a lot, whether it's by CPD or literature or so on, but you can never ever be assured how much is actually read, taken on board, how much advantage there is taken of that. (External Board Member)*

If board members in HE are paid, it would change the relationship into a more formal role with their institution, in essence, a dynamic shift. A noteworthy proposal in a recent report commissioned by the LFHE on the role and effectiveness of audit committees in UK HEIs (Soobaroyen et al., 2014) is for the sector to consider the notion of remuneration for all board members, with the view that:

> *... there is an inherent tension in terms of demanding or expecting more time of governing board members because it is an unpaid role, whilst at the same time recognising that governing board members do require more time to fulfil their duties effectively.*
> (Soobaroyen et al., 2014, p.49)

The above proposal accords with observations from other Clerks to the Board that remuneration may need to be offered in the future to attract high calibre individuals, which was a comment also from a few of the external board members interviewed.

Diversity of board members

In the literature review is was mentioned that the composition of boards of directors has not changed for many years. Monks and Minow (2011) suggest 200 years and that boards are all practically male dominated, white and middle-aged. While it is intended as a stark reminder of the lack of progress, in practice boards are evolving, albeit slowly. That came through in the interviews where each of the universities visited aimed to attract members from diverse backgrounds who could offer "additional cultural insights" (Mallin, 2013, p.185). The opportunity to hear the views from a wide range of 'voices' is reflected by a senior staff member:

> *Our responsibility sitting around the table is to be equal voices albeit informed by different perceptions. (Senior University Staff)*

<u>To achieve a better gender balance</u>

A comment that relates to both recruitment and gender balance was made by an external member:

> *… people are always talking about gender balance and I do say as a woman I would much rather somebody told me that I'd got the job because I was the best person for the job rather than because I was a woman. (External Board Member)*

There is currently a government initiative to increase the number of female members on FTSE 100 boards (Davies, 2015) encouraging increasing interest for the HE sector (Jarboe, 2013). Universities have recognised that they need to attract more female members yet there will be a time-lag from the launching of these initiatives to feeding into actual appointments. An external board member comments below on its significance:

> *The preparation to engage and encourage female board members is very important. (External Board Member)*

> although at another research site it was observed that:

> *… we find there are more male applicants coming forward than women applicants. (Senior University Staff)*

<u>To achieve a better age balance</u>

Within the HE sector there is also an aspiration to seek board members from a wider age range, which was highlighted at all the universities visited.

The external board members emphasised its importance, despite that 78% of them had retired from full-time employment but continued to play an active role as board and charity trustees, generally within their local communities. There is though a potential bias in this percentage as only those who were retired or semi-retired had possibly the time to be interviewed for this research. Nevertheless, the findings from the research sites reveal a difficulty in translating that aspiration for a better age range into practice. In particular, there is a challenge to find new members generally who have the time to attend board and committee meetings, away days, training events and social occasions as reflected below:

> *It is not only the skills but the amount of time that people can offer. (Senior University Staff)*

and that:

> *... ideally we would like some people who are still actively involved in their working careers... What tends to happen though is you tend to get people towards the end of their careers. (Chair of the Board)*

Selection process

From the author's casual conversations with colleagues at other universities, the selection process for new board members has remained similar for many years, which includes:

- Personal contacts
- Newspaper advertisements
- Recommendations from the university community (including current board members, staff and students).

Although there have been several high profile board troubles in the HE sector, as mentioned in the introductory Chapter, it relates to a small fraction of the current 166 HEIs in the UK. It could therefore be inferred that the appointment of board members in those institutions totalling 3,369 (Jarboe, 2013), has been generally positive. The implication is that the tried and tested approach of personal contacts, which has been used by many universities, is an effective method. It resonates well with the Spencer and Spencer (1993) iceberg model (mentioned in Chapter 2) that only a relatively small amount of competencies are visible and can be easily verified, so already knowing someone's personality (which is in the hidden bulk of the iceberg) prior to the appointment stage, is an advantage.

The following quotation amplifies how important it is for a thorough selection process:

> *A CV will not tell you everything - you can have a CV in front of you that looks absolutely wonderful and they are useless, and really at the end of the day...you only find out whether an individual is going to be able to perform adequately in the job when you have got them there. (External Board Member)*

One of the institutions visited also indicated that they now employed the services of NED search consultants to fulfil their skills requirements, particularly when seeking a new Chair of the Board. From the author's knowledge of the HE sector, this approach is becoming increasingly accepted.

<u>Advertising</u>

Many universities advertise for board members in newspapers, as seen in the daily press, but there are other means, for example, on websites and through organisations such as The Big Give and Common Purpose.

The main feeling from board members is that an advertisement signals a more transparent approach, promotes the university and can endeavour to reach those applicants who might not normally apply:

> *When you are advertising you are implicitly changing the role. Some of the advertising is...frankly you're advertising the institution, saying this is what we do but by implication it is suggesting a greater rigour, a greater expectation and more proactive recruitment. (Senior University Staff)*

There are now opportunities to advertise more extensively through social media, such as Linkedin and Facebook that can help to attract a wider diversity of applicants offering broad perspectives. Female interviewees commented that they were more likely to use social media. The next observation echoes the idea of wider advertising:

> *We've been recruiting for our board just recently and have placed adverts in... [newspapers]...and on Linkedin. (External Board Member)*

4.8.3   Induction

Most universities operate their induction arrangement in a similar style, with a sizable amount of information given to new members (either via hard copy, electronic means or through a board portal), plus meetings with the Chair of the Board, the Vice-Chancellor and his/her senior colleagues.

While each university aimed to enhance their induction programme, the outcome has not always been as successful as had been envisaged, but new initiatives continue to be introduced. The quotations from two external members gives that range of views:

> *I don't think, if I'm totally honest with you, my induction was particularly effective. It was largely paper based... There was a face to face meeting with [senior staff]. (External Board Member)*

> *Induction here has been efficient. They've not overdone it, but it's been very useful. (External Board Member)*

It was recognised by universities that a good induction for all board members (not just external members) offered a better opportunity for them to be more effective (Coulson-Thomas, 2008). The findings of the interviews indicate that a successful induction can also 'fill in the gaps', giving institutions the prospect of appointing those with less board experience but from more diverse backgrounds:

> *[For those] people who have not had board level experience...it's down to the induction that we give. (Senior University Staff)*

An initiative employed at several of the universities visited, is the idea of a mentor or buddy who can provide support for new members. It was a welcome initiative and helped them to feel comfortable and:

> *... ask those stupid questions. (External Board Member)*

The jargon of HE can also be a challenge for new members with many abbreviations used within a distinctive business model. A senior member of staff has conveyed that experience:

> *We speak a language that is unique to the sector, so if you come onto a board from outside the sector you do not necessarily understand the language. I guess part of induction training is recognising the complexity of the organisation of the institutional sector that we actually operate in...[as it]...is a massive learning curve. (Senior University Staff)*

and that:

> *... it takes a year really before someone can feel confident. (Senior University Staff)*

There is a recognition that the induction needs to continue for some time and not just be offered at the beginning of a term of office, as:

> *... it's only after...you have been to a couple of board meetings that you know what it is that you want to find out more about. (Senior University Staff)*

4.8.4 Continuing professional development

<u>Internal development</u>

From the interviews, every board member appeared contented with the arrangements provided through their university. The main issue for members was the time available to attend all the events, particularly those who were in their mid-careers. The need for flexibility in the delivery appeared to be key. An interesting observation was made by a senior member of staff on the notion of a sustainability plan for a governing body:

> *In exactly the same way as we have sustainability plans for staffing, then*
> *we should have sustainability plans for boards [to encourage those] who*
> *are in mid-career. (Senior University Staff)*

The development of board members is an essential element throughout their term(s) of office. To facilitate it, the universities visited offered various initiatives from presentations at formal meetings, links with particular academic departments, away days and invitations to social events such as special lectures, dinners and award ceremonies. Informal meetings with other external board members were also considered very useful with:

> *... that opportunity for a more relaxed [setting] and getting to know you and*
> *discuss some issues and concerns more openly over dinner.*
> *(External Board Member)*

A particular mechanism which is very helpful for newer members, is to join a university committee and be more acquainted with a particular aspect of the institution, for example, estate matters. There are also additional benefits with the opportunity to meet, and get to know, both external members and senior staff. For those institutions with smaller boards, there is almost a requirement for external members to assist on committees and working parties. The great value of working on a committee is reflected by an external board member:

> *I would probably have found it harder not to be on a committee and just*
> *being a board member because actually I think you get a richness once*
> *you are on a committee. You get to know people better because you spend*
> *more time with them and that is a big feature.*
> *(External Board Member)*

The research implies that members also need to share the responsibility of their own development and not fully rely on the institution to provide everything. This self-learning dovetails with that of

the 'reflective learner' proposed earlier in this Chapter by an interviewee. An interesting synopsis comes from an external member for:

> *... a key competence...[being] ... a combination of intellect, tact, quiet determination and a bit of self-coaching. (Chair of the Board)*

External development

A number of developmental opportunities are available externally, particularly through the LFHE with their wide range of seminars designed for a variety of board members, the Committee for University Chairs (CUC) with numerous publications and guidance on HE, and the Higher Education Policy Institute (HEPI) who offer a series of national lectures. Good feedback has been received for external development:

> *I had a very useful day organised by the university... with the Leadership Foundation and I had a very helpful day there.*
> *(External Board Member)*

An interesting observation came from an external board member on courses offered by the Institute of Directors (IoD). These are expensive but they do offer detailed training on a range of key topics for new board members. However, there are time and travel factors, as the IoD programmes can last for up to two days and are delivered in London:

> *I think I should have gone on an Institute of Directors course of how to behave on a board, what is expected as a Non-Exec Director.*
> *(External Board Member)*

4.8.5 Appraisal/evaluation

Bearing in mind the small amount of literature available, and from the author's practical experience in the HE sector, formal appraisals are not undertaken on external board members in HE. Also from the findings it would appear that, as there is no remuneration, an appraisal is not considered the appropriate review mechanism:

> *We don't do that [have appraisals] as such, but what we do is an annual meeting between the Chair of the Board and each of the lay members, and that's an opportunity for them to say what they are unhappy about or what they think we can do better, or areas of expertise that they might need to build up. (Senior University Staff)*

These annual one-to-one meetings are the favoured process for board members (which can include internal members) with the Chair of the Board. They appeared to work very well. Nevertheless, what was distinctive from the research, was that six external board members expressed a firm desire for a more formal appraisal. They wanted to learn from the Chair of the Board if there was an area in which they could improve, what developments they might need, plus the opportunity to raise any issues themselves: almost on the lines of the appraisal of an executive member. That notion is articulated by two external members:

> *We had a very useful conversation, but I think it could be more structured. So when you set out as a board member, you know there will be an annual review and these are the things you need to be encouraged to talk about with the Chair. (External Board Member)*

and also:

> *I think as well perhaps, one thing the University could consider, is having an appraisal, a formal appraisal of board members... I think it's right that we are volunteers and unpaid on the Board but I don't think that is a reason not to have an appraisal system. (External Board Member)*

An enhanced evaluation process has a direct linkage with the earlier sections in this Chapter on recruitment, induction and continuing professional development, and is expanded upon in Chapter 5.

4.9   Example of data coding and theory development

Chapter 3 outlined the methodological choice of grounded theory as a systematic and flexible approach in collecting and analysing data (Charmaz, 2014). Following the presentation of the findings of the primary research in this Chapter, it is now timely and important to demonstrate the path taken to construct theory from data to show how the author has arrived at the concepts proposed in this thesis. Figure 4.2 below gives that illumination.

Key Data Codes	Key Categories	Key Themes
Critical friend		
Ask questions		
Curiosity		
Confidence to express themselves		
Learning about HE		
Reflective learner	To challenge	
Knowing direction and ethos of institution	Board member participation/learning	Confident to challenge the senior team
Financial/accounting		Board member involvement/responsibility for their training and CPD
HR expertise	Importance of financial, HR and estates expertise	
Estates expertise		
Operating at a senior level in an organisation	Look for generic hard skills plus functional skills	Soft skills essential for board members
Prior board experience (no longer essential)	Prominence of softer skills	Traditional hard skills remain crucial
Business background		
Wider skill base	Board member independence	Blend of hard and soft skills
Governing v managing		
Comprehend complex information/analytical	Social awareness	Identify core competencies
Strategic viewpoint	Identify necessary skills before advertising	More demanding recruitment and selection process
Articulate		
Team player (essential?)	Wider range of applicants	
Empathy		
Smaller boards	Improve overall diversity	CPD for gaps in experience
Advertise vacancies		
Use social media	Need tailored induction and CPD	Incorporate diversity initiatives within recruitment and CPD
Personal contacts		
Need to attract alumni	Continuous induction and development	Seamless induction/CPD
NED search consultants		
Mid-career applicants	Flexible delivery of member training	More sector-wide training should be offered
Filling gaps in experience		
Stewardship approach	Enrich evaluations/two-way dialogue	More formal evaluations
Gender imbalance		
Quality of induction material	Skills matrix essential	Enhanced succession planning and sustainability within a 5-10 year plan
Extent of induction		
Induction opportunities	Anticipate vacancies	
Development - useful		
Development - ad hoc		
Social events important		
Evaluations - 1-2-1s		
Evaluations - structured		
Skills mix		
Current board vacancies		

Figure 4.2 shows a range of working examples of key data codes leading to the development of key categories and key themes, which altogether are woven within the narrative of Chapters 4, 5 and 6, and lead to the creation of working hypotheses in the form of key recommendations outlined in Chapter 6. The Figure relates to the first six recommendations, with the shaping of the seventh recommendation on the concept of remuneration for external board members, being outlined in Chapters 5 and 6.

The key data codes flow from the analysis of the primary data, the 27 in-depth interviews, which were transcribed and analysed on a line-by-line basis. The initial phase was to code each segment of data followed by a selective stage to organise the data, with the opportunity to glean any early analytic ideas. With over 122,000 words it was helpful to "keep coding simple, direct and spontaneous" (Charmaz, 2014, p.113). For example, the notion of (i) skills and (ii) experience came to mind as initial codes. These codes were later synthesised into specific board member attributes, which became the key data codes of this exercise, as shown in the left hand column of the above Figure.

A specific example (shaded in grey) are the data codes for (i) being a critical friend (ii) prepared to ask questions (iii) financial/accounting knowledge and (iv) a wider skills base. As these codes were being developed a clearer picture started to emerge, and by comparing and contrasting these with other codes, key categories started to emerge, being (i) the importance of financial, HR and estates expertise (ii) to look for external board members with generic hard skills plus functional skills and (iii) the prominence of softer skills. In developing the notions within these and other categories, key themes started to emerge with (i) soft skills being essential for board members (ii) traditional hard skills remaining crucial (iii) to look for a blend of hard and soft skills when recruiting new members and (iv) a more demanding recruitment and selection process.

During the whole process, memos were written (another feature of grounded theory) to help with and reflect upon what codes would be most appropriate to analyse the data and the transformative process in theory building. The bubbling through of codes and categories led to the creation of the above themes and the first of the seven key recommendations below.

A comparable blend of hard and soft skills is vital when
recruiting external board members

(from Chapter 6, Section 6.3.2)

In the above recommendation a significant element was the increasing importance of soft skills but that hard skills remained crucial. That discovery has been a springboard for the other key categories and themes, which significantly intertwine with each other to stimulate further recommendations in Chapter 6, each of which has been developed through a carefully constructed analytic process.

Also, in reflecting upon the initial and somewhat transitional codes that were instrumental in helping with the quantitative analysis of hard and soft skills, these were useful but in many cases there were too many codes. For example, codes were assigned for (i) business skills (ii) organisational development and (iii) knowledge of business risk, which were subsequently amalgamated, as detailed earlier in this Chapter and Appendix D. Other codes though needed to be sub divided further, such as the code of 'financial knowledge', which had a different meaning to different interviewees. In this situation, the author decided that it was necessary to return back to original interview transcripts, a particular feature of grounded theory in which a researcher interacts with the data "again and again and ask many different questions" (Charmaz, 2014, p.114). Further reading of the transcripts revealed a subtle change of emphasis where the coding of 'financial/accounting' knowledge could be split into 'financial acumen' (from, for example, a chartered accountant) and 'financial literacy' (for all board members), which is an element in the third key recommendation in Chapter 6.

Finally, throughout the analytical process, the codes and categories were derived from the data, "not from preconceived logically deduced hypotheses" (Charmaz, 2006, p.5): a fundamental tenet within grounded theory.

4.10 Chapter summary

The Chapter gives a detailed evaluation of the findings of the primary research: the 27 interviews with external board members and senior staff within universities. The findings are supported by a range of quotations from each of the institutions visited. The overall epistemological positioning has been viewed through a pragmatic lens to draw upon the most appropriate methods 'that work' and to discover rich data.

Firstly there was no division between the concept of essential and desirable competencies (an element of the first research objective) as the interviewees considered skills/competencies as a

universal concept. However, there was a division, but this was between hard and soft skills/competencies.

Secondly, the top core skill areas proposed by members were (i) the confidence to challenge the executive: a soft skill, and (ii) financial and accounting knowledge: a hard skill. It was notable that soft skills were considered by the interviewees as growing in importance, potentially overtaking many of the traditional hard skills offered by board members, which still remain crucial.

Thirdly, on the recruitment, induction, development and evaluation of board members, there were a number of key reflections, which show that the enhancement of each of these elements can help to enrich board member skills.

Lastly, working examples have been given on how the author has constructed his codes, categories and themes to show a clear analytical process and create the key recommendations as outlined in Chapter 6.

The next Chapter covers a wide-ranging debate on the findings presented in this Chapter starting with a comparison of the author's research on competencies against those of a prominent author of corporate governance, followed by a discussion on board member competencies and their relevance within governance theoretical frameworks. The findings are then encapsulated within a developmental framework that highlights the practical aspects of the research and its importance in the life-cycle of board members.

CHAPTER 5

DISCUSSION

5.1   Introduction

As mentioned within the thesis, the author set out to identify the essential and desirable competencies of an effective board member in UK universities and to understand the relevant practical issues of board member recruitment, induction, development and appraisal/evaluation. That journey brought together the findings of visits to five different mission group universities in the UK, encompassing 27 in-depth semi-structured interviews, which yielded over 122,000 words that were analysed through a manual coding method. It allowed particular nuances to be revealed (Rubin & Rubin, 2012) through continued engagement with the data.

Under the grounded theory methodology, as outlined in Chapter 3, the literature review on competencies was not undertaken until after completing the analysis (Glaser & Strauss, 1967; Glaser, 1978). The logic of this is that a researcher should not see his/her data "through the lens of earlier ideas, often known as 'received theory'" (Charmaz, 2014, p.306). It also fosters greater authenticity of a researcher's work.

This Chapter is comprised of four sections:

1. A comparison of the research findings against the study of a key author, Coulson-Thomas (1992, 1993, 2005, 2007a, 2007b, 2008, 2009a, 2009b, 2013) proposed in Chapter 2.

2. A discussion from the findings in Chapter 4 on the skills/competencies identified from the interviews, incorporated within an iceberg model introduced in Chapter 2.

3. A review of the relevant governance theoretical frameworks of agency theory, stewardship theory and resource dependency theory, outlined in the literature review in Chapter 2 and informed by the findings on competencies from Chapter 4.

4. The production of a developmental framework with four key components, a major element of which will address the third research objective, which is:

   To critically evaluate the effectiveness of board member
   recruitment, induction, continuing professional development
   and appraisal/evaluation from the board member perspective
   with a view to developing their competencies.

5.2   Comparison of initial research findings with the literature

Table 5.1 shows a list of 10 competency groupings (in the first column) that were created by Coulson-Thomas (2009a) who did not rank these in order of importance. The findings in this thesis (in the second column) have been matched alongside these competencies. Against each of the competency clusters from the thesis is the relevant percentage of the interviewees proposing those competencies, as reviewed in the previous Chapter. No percentages for competency groupings were available from any of the related Coulson-Thomas publications. Appendix D also shows the author's quantitative analysis with the corresponding percentages as detailed below:

Table 5.1: Mapping of board member competencies by Coulson-Thomas (2009a) compared with those of board members in Higher Education in 2014

Coulson-Thomas	Doctoral thesis
Personal qualities such as integrity, wisdom, authority, judgement, leadership, courage, independence, a positive outlook, tact and diplomacy	Confidence to challenge - 93% Independent, objective - 19% Influencing - 11%
Awareness of the business environment	Business, organisational development, risks - 63%
Accountability to stakeholders - responsibility to the company above self-interest	*No data of direct relevance available but is discussed below*
Vision and strategic perspective	Strategic perspective - 46%
Business acumen and sound commercial judgement	Operating at a senior level in an organisation - 63%
Knowledge of relevant governance, legal and financial issues and requirements.	Financial, accounting - 85% Human resources - 44%, estate - 41%, legal - 37% Marketing, public relations, media, branding - 41% Information technology - 15%
Particular knowledge of the role of the board and legal duties and responsibilities of directors	Understanding difference between governance and management - 41%
Understanding structure and operation of the board	Experience of boards and governance issues - 59%
Skills in such areas as decision making and teamwork in a boardroom context, strategy determination, formulating and achieving objectives	Team player - 26% Articulate/good communicator - 37%
Relevant experience of the particular corporate context	Education, academic - 30%
Ethical awareness and sensitivity to the attitudes and values of others	Empathy with students - 22% Understanding different viewpoints - 11%
No other competency clusters identified by Coulson-Thomas	Comprehend complex information, analytical - 44% Direction and ethos of institution - 44% Willingness to learn - 22% Networking - 22%

Source of 1st column: Coulson-Thomas   Source of 2nd column: author's research findings (2014)
(2009a, pp.29-30: tabulated by the author)

There are very close correlations between the results of Coulson-Thomas (2009a) and the findings of this thesis, and it gives added confidence to compare the author's research with the Coulson-Thomas published findings from the commercial sector. It was though noted that no other author could be found who had undertaken such a detailed analysis of the competencies of directors in either the profit or non-profit sectors.

Three important characteristics from this comparison are outlined below:

- Many of the competency clusters from the Coulson-Thomas (2009a) column, such as (i) awareness of the business environment (ii) business acumen and sound commercial judgement, and (iii) knowledge of relevant governance, legal and financial issues and requirements, also have high percentage recommendations from the author's research, giving resonance to another issue for HE (and mentioned throughout this thesis) that their boards are becoming increasingly commercial (Greatbatch, 2014).

- The following four competencies from this thesis (shown at the foot of the above Table), do not pair easily with those of Coulson-Thomas (2009a).

    - Comprehend complex information, analytical - 44%
    - Direction and ethos of institution - 44%
    - Willingness to learn - 22%
    - Networking - 22%.

  At a first glance, these look to be stand-alone skills, but it is suggested that there is an overarching connection. They each take the role of a board member to a higher level of engagement with their institution compared with the Coulson-Thomas results, the data of which was obtained mainly over 1990 and 1992.

- While the 'accountability to stakeholders' cluster is not matched against a skill from this thesis, it is not a specific competence but more a responsibility. Nevertheless, a primary focus for the HE sector is being accountable to and working with stakeholders. There are numerous stakeholders for HE, which include; students and their families, staff, the local community, employers, business and the government.

5.3   Iceberg model of competencies

5.3.1   Overview of iceberg model

Chapter 2 outlined the idea of an iceberg model of competencies, created by Spencer and Spencer (1993) where knowledge and skills at the top of the iceberg are more visible. The competencies towards the base of the model are the softer skills, including attitudes, values, traits and drivers, which are less visible, as shown earlier in Figure 2.2. While this concept was developed more for human resource modelling (Rowe, 1995) it has a direct relevance for board membership.

From the findings in Chapter 4, the iceberg model in Figure 5.1 below has been adapted by the author for HE board members incorporating the hard and soft skills identified by the interviewees and featuring the drivers within the governance theoretical frameworks that were outlined in Chapter 2.

Figure 5.1: Iceberg model of competencies
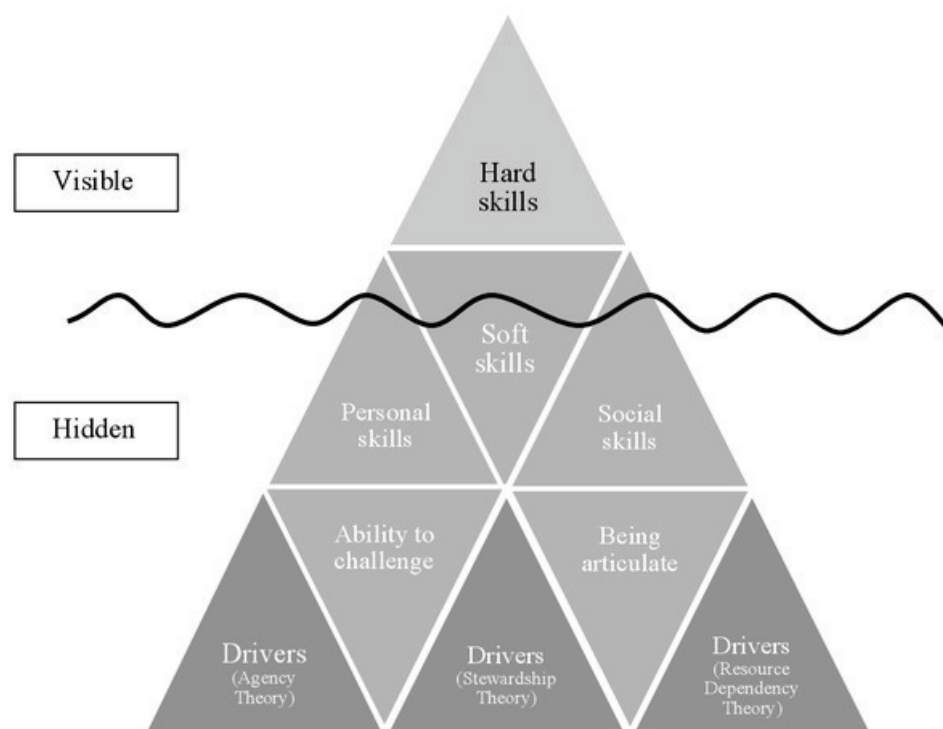
(Source, Spencer & Spencer, 1993, p.11: adapted by author)

The author's adapted iceberg model shows that the hard skills/competencies of HE board members are more obvious. They are usually identifiable, easy to list on a CV and can be acquired

more readily, albeit over time, for instance, financial expertise or organisational skills. The soft skills are those "underlying and enduring personal characteristics or self-concepts, traits and motives [drivers]" (Vazirani, 2010, p.122) which form the larger mass of the iceberg, concealed beneath the water line. Soft skills/competencies are less obvious, intangible and harder to quantify and develop (Spencer & Spencer, 1993) but as the research will reveal, they are very necessary skills. From the findings of the study they are divided into (i) personal skills, in particular, the ability to challenge (ii) social skills, such as being articulate and (iii) drivers (or motives) that cause particular behaviour and relate to the theoretical frameworks of agency theory, stewardship theory and resource dependency theory.

Two significant and inter-related findings from the research are that:

- The competencies sought previously from HE board members were nearly all hard skills.
- Soft skills/competencies are becoming highly valued, potentially rivalling the more 'traditional' hard skills.

It is proposed that there was no conscious action by HE boards to exclude soft skills as such, they either did not particularly feature (being below the waterline of the iceberg) due to the desire to attract those hard skills, or were perhaps taken for granted, for example, if someone was a chief executive of another organisation, it might have been assumed that they already had such skills.

To survive, HE institutions have had to become more business-like (Curran, 2015), as with many other non-profit-making organisations. That commercial focus has led to an initial emphasis on harder skills including business, finance and marketing rather than softer skills. There is though a symbiotic relationship between hard and soft skills for board members. An external member with great expertise as a brand manager (a hard skill) will need to interact (a soft skill) with other members and the executive to be effective.

The remainder of this first section covers a discussion on the data from the interviewees on their recommendations of hard and soft competencies for board members, as detailed in Appendix D. It will also include various competency inter-relationships.

5.3.2   Hard and soft competencies for board members

From the interviews, it was acknowledged that financial expertise has been viewed for some years as a key hard competence in HE boards. One of the findings to emerge from this thesis is the affirmation that it remains as the principal hard skill at 85% of all those interviewed. Chapter 4 also outlines that while the results indicate the need for a small number of individuals to have financial expertise, for example, a practicing accountant, there was an important finding in the research for all board members to possess a reasonable level of 'financial literacy'. The need to understand an institution's finances is further supported through the interviews where some external members, who already have substantial board experience in HE and beyond, still found their university's financial statements to be 'incredibly sophisticated and complicated'. The result has implications for the majority of HE boards (arguably for both internal and external members) to receive enhanced training in this area (which is outlined later in this Chapter). The competence of financial literacy also dovetails with the third highest personal skill: the ability to 'comprehend complex information and be analytical'. This is a less teachable skill and it would be expected that external board members should possess a reasonable ability in this area. Nevertheless, it was commented in the interviews that HE has a unique language, so how to interpret the many graphs and charts is a competence that could be more easily developed. An interviewee proposed that board members should ask the executive to present the data in a way that can readily be understood by all members.

Two particular related competencies that are connected, are the joint second hard skill suggestions of 'experience in business, organisational development and risk' together with that of 'working at a senior level in an organisation'. These proposed skills for external board members were expected given the challenging climate of HE. There is also a link to the fourth proposed skill of 'the experience of working on boards and that of governance generally' where there was an interesting recommendation from five external members that this was an essential skill for board members, albeit the majority of interviewees were content if other much needed skills were offered, such as a wide experience of networking. The above recommended hard skills support the more accepted opinion of the growing commercial focus of institutions (Greatbatch, 2014) that accords with two related soft skills from the research (i) the ability to take a 'strategic perspective' and (ii) having an 'independent' voice (Garratt, 2010).

There was though an unexpected recommendation in the hard competencies section, for board members to 'understand the direction and ethos of their institution'. While there is no reason that this should not be an area for consideration, from the author's experience of the HE sector, it has not been a previous variable of major importance. Nonetheless, when considering other related elements of the findings, such as a 'willingness to learn', there is an inference of a growing expectation for all members to understand the environment in which they operate (Ballegaard, 2012). In today's challenging times, the margin for error in decision making is reducing while the risk factors are increasing, so a better knowledge of how business dynamics integrate with that of the HE world is ever more important.

The two key areas of expenditure within a university are HR and estate matters, so it was expected that these core functions have been identified as a skills requirement for an external board level appointment. An interesting outcome was a recommendation for an expert in marketing, public relations, media and branding, including a separate proposal for legal expertise, showing heightened interest in these areas. With universities now employing specialists in such fields, and coupled with the related research findings that it is not necessary to duplicate the skills of the executive, it should lead to an expectation of more generic (Waine, 2015) than specific competencies. However, it is proposed that a requirement for these contemporary, functional skills are a sign of HE board members feeling that extra pressure of responsibility as charity trustees together with a personal concern for their reputations should problems occur. The interviewees made it clear to the author at each university visited, that they had confidence in their Vice-Chancellor and the executive, so it is not a question of a lack of faith in them, but perhaps as a reflection of the general disquiet in which institutions now find themselves from a seemingly benign environment a few years ago to the almost aggressive battle today for student numbers and research monies.

Another surprise in the findings was the relatively low ranking (at 30%) of 'education/academic' involvement with only two proposals from senior staff (out of a total of nine interviewed). Shattock (2012, p.58) calls this the "rise of the executive" where there is less engagement with the major academic body - the Senate or Academic Board. The reducing influence of academic staff or educational specialists on the board has been a factor over the last 20 years (McGettigan, 2013) as HE boards have become more commercial. This leads to a major shift in the dynamics of a university's internal governance and a loss of an influential and moderating stakeholder group (Shattock, 2002). There is also a contemporary business-related parallel flowing from the

recent Research Excellence Framework (REF, 2014) and the findings that focus on research stars (Jump, 2014) who are judged exclusively on outputs. It is part of that continuing focus of the Government on the 'bottom line' resulting in a packaging of academic input as numerical scores. To counteract this lack of 'customer' focus, Gillies (2011) proposes an increase in student representatives on the board (most institutions have at least one student member) by attracting more alumni members. There is merit in this suggestion, which could also help to gain a better age balance on HE boards, which was a point also mentioned during the research site visits.

One of the interesting findings within the soft social skills was a very low scoring for all social competencies (compared with those of personal competencies) particularly that of teamwork, which has for many years been seen as a core competence (Goleman et al., 2013). Over 2014 and 2015, the author gave two conference presentations, one to a large group of external board members in HE and senior staff, and the other with mainly Clerks to the Board. In both situations, their views were asked on soft competencies. It is noteworthy that 'teamwork' was not raised at all. From these initial findings, there is an inference that the ability to be a team player within a board is giving way to other soft skills. Exploring this avenue a little further, the following Table outlines the advantages and disadvantages of teamwork (Watson & Adamson, 2010).

Table 5.2: Advantages and disadvantages of teamwork

Advantages	Disadvantages
1. Team decisions may deliver a wider choice of solutions	1. Team meetings can be costly; this is a hidden cost although important enough to affect the organisation's effectiveness
2. Team participants may lead to higher commitment, and ownership of outcomes	2. Pressures to conform may lead to premature decisions, and result in poor leadership
3. Team discussions increase feedback and can decrease time spent in communication	3. Personal agendas may lead to conflict and poor quality of outcomes
4. Team membership is known to increase overall effort	4. Extremes of cohesiveness may lead to 'groupthink'

(Source: Watson & Adamson, 2010, p.165)

It is significant to see that the second, third and fourth disadvantages mentioned in Table 5.2 have been the key characteristics of board failure within many corporate scandals including HE (Shattock, 2013b) with pressures to conform, personal agendas and groupthink. Further research is needed on board dynamics, which is not a focus of this thesis, to test if there is now a lack of

emphasis on teamwork, with more weight given toward board cohesion and relationships. Conversely, further evidence from this study suggests that there might be a way to diminish the three disadvantages in Table 5.2 by promoting 'the confidence to challenge the executive', which is the top skill/competence recommended throughout the interviews. The author proposes that all external board members in HE must possess this primary competence: a topic highlighted later in the Chapter.

To conclude the dialogue flowing from the iceberg model in Figure 5.1, the next component reviews the three key governance theoretical frameworks that relate to HE, as outlined in Chapter 2, namely: agency theory, stewardship theory and resource dependency theory.

5.3.3 Governance theoretical frameworks

5.3.3.1 Introduction

Researchers of corporate governance have found it beneficial to consider a range of theoretical frameworks in trying to understand the complexities of boards and board member behaviour (Coule, 2015). It accords well with the author's investigation to blend practical study with theory-based research, the latter of which is showing heightened interest in the non-profit sector (Renz & Andersson, 2014). The majority of UK universities are part of that non-profit world, albeit treated by the Government as part of the public sector but also having elements of private sector controls.

As outlined in Chapter 2, there are numerous theories to explain and analyse corporate governance in different ways (Cornforth, 2001; Lesham & Trafford, 2007; Mallin, 2013). Although much is written about these frameworks, they are more limited in the scale and scope of what they offer (Stiles & Taylor, 2001) for an analysis of board members in HE. Nevertheless, they offer a perspective of an individual's motives in how they see their role as an external board member.

The three governance theoretical frameworks identified as being relevant for HE are agency theory, stewardship theory and resource dependency theory (Nicholson & Kiel, 2007) and are shown at the base of the author's iceberg model in Figure 5.1 as drivers or motives - the rationale or behaviour of individual board members (Spencer & Spencer, 1993). These softer areas

(compared with hard skills that are visible at the top of the iceberg) are the most hidden of all these elements.

5.3.3.2 Agency theory

Agency theory is the most debated theory that relates to corporate governance (Tricker, 2012). It operates on the principle that board members will behave in a self-interested manner, which emanates from the highly quoted concept of the 'separation of ownership from control' within an enterprise (Jensen & Meckling, 1976; Fama & Jensen, 1983). In essence, agency theory poses that there is a greater driver for a director than looking after their employing company's affairs, which is their personal interests. In discussing this framework, it is noted that the majority of publications on agency theory relate to profit-making businesses (Coles, McWilliams & Sen, 2001) due to the financial reward element.

Within the interviews, comments were made about why people become external board members in HE. For mid-career individuals it was remarked that it could enhance a CV, which could be a motive for a constructive relationship (Cuevas-Rodríguez et al., 2012). The author would argue that, on the understanding such members are focussed on becoming an enthusiastic trustee for their university, then both the institution and the individual member gains. There is also a contention that if institutions continue to have difficulties in attracting mid-career applicants (which is an outcome from this research), then the above opportunity should be promoted as a highly positive aspect for those in their mid-careers or perhaps wishing to change careers. In Chapter 4, there was also a fitting reminder by an interviewee of the significant responsibilities of HE board members. For individuals in mid-career, they have much to lose in personal reputation (Coulson-Thomas, 1993) if they are on the board of a failing university, unless they have been invited to join and strengthen the board of an already troubled institution.

Although agency theory has its limitations, particularly with its focus on for-profit enterprises, there are useful opportunities of tapping into its nuances in examining the relationship of board members and their board (Mallin, 2013). For HE, there are particular resonances for the future. Specifically, the notion that external board members could receive remuneration (Soobaroyen et al., 2014), which will have a fundamental change in that relationship. Also, in reviewing competencies, the better skills that board members possess, the more engaged they are likely to be, with a potential for a further blurring of the line between governance and management.

5.3.3.3 Stewardship theory

In contrast with agency theory, stewardship theory looks at corporate governance through a different perspective with the classical idea of a duty to the shareholder and the protection of their interests (Solomon, 2013). It also recognises the non-financial drivers for a university executive and external board members (Muth & Donaldson, 1998). The theory (or the concept of it) was expressed during the interviews as the key reason for external board members, particularly those who are retired or semi-retired, in offering their time for the benefit of society. It is implied as the central theory on why individuals join a board, despite their onerous responsibilities (Pande, 2011; Morris, 2015).

A result from the study is the conflicting evidence between external members and senior staff in knowing the difference between governance and management, and their respective involvement in strategic issues. It has correlations with classic agency theory where external board members feel the need or responsibility, acting as the 'lead' principal in support of other stakeholders, to control wider aspects of a university. Likewise with senior staff, their day-to-day job of strategic visioning could be viewed by them as their personal remit and a testament of success during their term of office. Stewardship theory though takes a contrary view. The external board members in each university visited, had great trust in the professional abilities of the executives, felt comfortable in asking questions and were happy to be more involved in university life. It was also clear from all the external board members interviewed, that they regarded their efforts as 'giving back to the local community' enshrined in stewardship theory. While any increased engagement between external board members and their institution could lead to crossing the line between governance and management, at each research site it was seemingly without much friction, giving way to the notion of aligned interests (Donaldson & Davis, 1991; Muth & Donaldson, 1998).

An interesting matter flowing from the above, is that of a university's executive becoming involved in board issues and acting as shadow-trustees/board members, in the same manner as companies and shadow-directors (Tricker, 2012). It has resonance within the literature where senior management present 'proposals' as 'decisions', expecting these to be rubber-stamped (Brown, 2006). While it could be said that this is an agency theory approach, there is no reason in an HE setting to presume this, and a stewardship perspective of driving through change for the benefit of the university could easily apply in a similar manner as that of the chief executive

duality argument, where the combined roles of Chief Executive Officer (CEO) and Chair provide for "greater unity of direction and strong command and control" (Stiles & Taylor, 2001, p.16).

On the matter of core competencies, it is essential that board members have those key skills to undertake that stewardship role effectively. The stewardship perspective also supports the concept of ensuring that all board members receive proper induction and development (Cornforth, 2001): essential elements revealed within this study. The steady reduction in board membership within the HE sector was outlined earlier in the thesis and has been confirmed through the research findings. The idea is to stimulate better decision making. It accords with stewardship theory and is in line with the organisational behaviourists' view that smaller teams offer better cohesiveness that lead to enhanced performance (Lawal, 2012).

5.3.3.4 Resource dependency theory

This theory takes a holistic view of corporate governance, where members connect the organisation with the resources it needs (Tricker, 2012). In the past for HE, the theory was more in relation to the expertise that members brought to the board. That approach has now expanded to include networking skills (Renz & Andersson, 2014). It links to the findings of this thesis, which indicate a growing interest by universities for external board members with good contacts. The findings would suggest that the resource offered by individual members will be a focal point resulting in a more rigorous recruitment and appointment process. The results also show an expectation that new members should learn about their particular institution (Muth & Donaldson, 1998) to facilitate enhanced decision making.

Research indicates that resource dependency theory has linkage with the notion of women being better able to connect with the relevant stakeholders (Lückerath-Rovers, 2013) and it could be a helpful springboard to improve the gender balance in UK universities (Jarboe, 2013). The notion is advocated through research by Dunn (2012) that when all male boards wish to become more gender diverse, their focus is to look for female members with particular knowledge and skills, and that "this is the resource that is important in breaking the gender barrier" (Dunn, 2012, p.567).

To help universities manage the constant challenges placed upon them, requires a board of highly skilled and practical individuals. It is aligned with an essential component of resource

dependency theory where institutions need to "secure resources and, on occasion, protect [themselves] against environmental adversity" (Stiles & Taylor, 2001, p.20). However, while the strategy of co-optation of members onto a board appears to have merit, it remains an approach that is neither proven nor evaluated (Li et al., 2012).

Although competitive advantage is often considered more for the core competencies of an organisation, such as staffing resources (Besler & Sezerel, 2011), it relates also to all prospects of harnessing intellectual capital (Jardon & Martos, 2012). External board members, with their extensive networks and resource connections, bring that wider business context as added value to the executive's knowledge base. It equates with research from Eriksen and Mikkelsen (1996) who propose that there is no difference between competencies and resources, and that both elements are an asset to an organisation.

5.3.3.5 Reflections on the iceberg model incorporating the governance theoretical frameworks

The iceberg model shows the three distinct areas of competencies that relate to the work of this thesis and helps to explain the theoretical characteristics of skills with their practical application.

The traditional hard skills required of board members, such as financial literacy, are clearly visible above the waterline, easier to categorise and evaluate, and can be developed more readily, albeit over time. It is why there is a focus on such abilities that attunes to an institution's tangible strategic aims.

Soft skills are not so clearly defined and form the greater bulk below the waterline which are harder to detect, measure and appraise, and not as easy to acquire, for example, the ability to challenge the executive. These intangible competencies, which include all aspects of emotional intelligence (Goleman et al., 2013) are becoming more in demand and, as reported in this thesis, are starting to rival those customary hard skills. In particular, the literature review identified that soft skills are proposed as being essential for superior board performance (Balduck et al., 2010).

The final element is at the bottom of the iceberg model, comprising the three governance theoretical frameworks that help to explain the drivers or motives for external board members. These conceptual notions are hidden and are difficult to gauge. Nevertheless, these theories are

not a panacea to explain every behavioural aspect of either the executive or external board members. Neither can any one theory be seen as universal in board-performance relationships (Nicholson & Kiel, 2007) though motivational aspects of each theory can be seen within this thesis. Further, to avoid the constant comparison of one against another, the author proposes that the most constructive way is to review the drivers for external board members through a plurality of frameworks (Donaldson & Davis, 1991; Tricker, 2012).

If the proposal to remunerate external board members gains momentum (Soobaroyen et al., 2014), it will bring about a major change in the relationship with their HEIs. This in turn will require a re-focusing of the governance theoretical frameworks, which advocate the necessity for highly skilled individuals who have access to an enriched development programme.

The next section introduces the author's developmental framework, which is designed to encapsulate the findings from this study and present them in a practice-based format.

5.4   Developmental framework

5.4.1   Introduction

As explained in Chapter 3, through a pragmatic approach supported by a grounded theory methodology, the author has created a novel developmental framework in Figure 5.2 below.

The idea of a developmental framework was inspired by the graphical presentation of a corporate governance charter model by Kiel and Nicholson (2003, p.5). These authors were themselves enthused to produce a model over a number of years that could inform best practice within the commercial sector. Their template relates to generic board processes, such as board meetings and strategy formulation. In contrast the author's model has been derived by evolving the existing knowledge base, which is comprised of discrete ideas from authors outside HE, toward one that is focussed on board member appointment and board development processes within HE. It is also presented in a distinctive way as a continuous upward developmental spiral where improvements within each quadrant add value to the process. These improvements are designed to take effect over a 5-10 year period, which dovetails with the average external board appointment length (from this study) of seven years.

Figure 5.2: Developmental framework for board members in Higher Education

- Facilitate clear recruitment and selection procedures
- Evaluate diversity initiatives
- Identify the core competencies of external board members

- Tailored induction and development programmes
- Emphasise both institutional and individual responsibility for personal development
- External development and the LFHE Self-Assessment Tool
- Enriching board member evaluation

Core skills analysis

Personal learning programme

Facilitating board sustainability

Empowering governance

- Implications for smaller boards
- Skills analysis and matrix
- Board succession planning and sustainability

- Confidence to challenge the Vice-Chancellor and senior team
- Governing, not managing
- Stimulating board member independence
- Potential for board member remuneration

(Source: Author's findings; mode of presentation inspired by a Kiel & Nicholson model, 2003)

There is much literature on competencies, as expanded upon in Chapter 2, but only a small proportion of that relates to board members, with hardly anything on HE boards. It is hoped that the findings of this thesis will help to bridge that gap. Each quadrant within the developmental framework is explored separately below, starting firstly with the 'core skills analysis'.

5.4.2   Quadrant 1: Core skills analysis

5.4.2.1 Quadrant introduction

The majority of literature on competencies relates to HR practices and the recruitment of staff (Hollenbeck et al., 2006). It is therefore surprising that HE institutions do not draw upon the customary recruitment processes of their respective HR departments. However, the role of an external board member in HE is unique with few members receiving remuneration.

The first quadrant discusses three key areas within the heading of 'core skills analysis', to:

- Facilitate clear recruitment and selection procedures
- Evaluate diversity initiatives
- Identify the core competencies of external board members.

5.4.2.2 Facilitate clear recruitment and selection procedures

Based upon the viewpoints of the interviewees and supported by casual conversations with other universities, it would appear that not all institutions have a clear recruitment and selection procedure for their external board members. It is a picture also seen in the commercial sector, as reported by Kakabadse and Kakabadse (2015, p.13) who confirm that "the selection criteria for NEDs is unclear".

Chapter 4 outlined a range of issues within recruitment and selection, which includes the changing skills base requirements towards more generic competencies emanating from the reduction in board membership together with the way that vacancies are advertised, such as the increasing use of social media. While it has been noted earlier in the thesis that the traditional method of attracting new members through personal contacts has proved generally successful in HE, the findings now show an increasing emphasis on advertising widely for such appointments. It has also been commented upon that a CV no longer gives assurance of future performance and that competency-based applications offer greater evidence (Wood & Payne, 1998), which leads to the notion of a more demanding recruitment process. The literature on board member recruitment though is scarce, other than that of the Chair of the Board. It is, therefore, surprising that this critical first stage receives such scant attention in both theory and practice. In reflecting on this conundrum, the author proposes a reason below as to why there is this situation.

To undertake a dependable approach in the recruitment and selection of external board members, particularly in HE requires, as in most important positions, a job/role person specification outlining what competencies are required. Nonetheless, a complication then arises. It relates to the Higgs Review (2003) that was established to gain clarity of the role and effectiveness of non-executive directors, which it is argued has not been truly inculcated into many non-profit board procedures, due to the ambiguity of two key words above: 'role' and 'effectiveness'. That then leads to difficulties for an institution's Nominations, or similar named, Committee to decide upon the type and level of competencies for their board members (with the aim of finding individuals who will be effective) if their role is unclear (Cornforth, 2012).

Some clarity on the role of an external board member in HE is available, as each institution is required to produce a role description, but these are understandably at a high level with overarching responsibilities and accountabilities (Schofield, 2013). Other than a few key words in

most codes of governance (FRC, 2011 & 2014), there is little to define the role of a board member in a practical sense. The new HE Code of Governance (CUC, 2014) has adopted an idea from other codes to replace the old prescriptive text with a balanced principles and practices approach. From the author's experience, it is a welcome change, but again it is not geared to outline the role of an HE board member. In returning back to that conundrum above, there are implications that this lack of clarity is due to the inherent nature of the role due to the wide remit of board members, the complex internal governance arrangements via, at times, a labyrinth of committees and, as Shattock (2006) argues, the increasing professionalising of the administration that blurs the line between governance and management.

The author argues that there is perhaps nothing wrong in a lack of clarity for the diverse role of an external HE board member, providing that the skills base requirement is attuned to an unpredictable future. Many senior executives have positions that are imprecise and it is perhaps unreasonable to expect HE governance roles to be any more distinct. Garratt (2014, p.16) gives another explanation that "the crux of the issue is that our leaders are not developed as practitioners of corporate governance…directors have never had to be seen as a 'profession'". That interpretation of a non-specific occupation or vocation gives added weight to the ad hoc role of board members and hence the difficulty in determining their optimum development and how to gauge its effectiveness.

The approach to facilitate clear recruitment procedures, accords with the Carver (2006) system of 'policy governance', where board procedures support the approach of accountable membership and leadership. Universities have a range of policies and procedures, which are audited by HEFCE to examine how universities exercise accountability for the public funding they receive and that they have "adequate and effective risk management, control and governance arrangements" (HEFCE, 2014a). Such Carver-styled reviews have become a key audit tool within the HE sector but they are neither geared to evaluate how capable the board members actually are, nor the appointment process followed.

Chapter 4 indicated that there is now a drive towards employing NED search consultants for external board appointments in HE. While the exercise will involve a cost, the benefit of appointing an individual with the competencies (both hard and soft skills) that meet the needs of the institution, is significant. In reflecting on the contribution of Higher Education to the UK

economy, which was quoted by Willetts (2014) at £73 billion for 2011-2012, that cost would seem a good investment in human capital.

5.4.2.3 Evaluate diversity initiatives

How to improve diversity is a continuing challenge for institutions who need to appoint the best members to their boards in such challenging and turbulent times and yet need to foster, somehow, a better mix in their membership. One solution recognised within the research is to advertise more explicitly and widely, including social media to reach those younger members (Gillies, 2011) who would not normally look in the Sunday Times recruitment section for board vacancies.

The author's idea to improve diversity in HE boards is to offer the opportunity for apprentice-type positions, which would be for agreed periods, over perhaps 12-24 months. At the conclusion of that trainee placement, the individual would receive a certificate, subject to a satisfactory incumbency, stating their experience and competency as a board member. It would, hopefully, enable them to find a full board position (not necessarily in the placement HEI) in the future. The possibility of being given 'chartered HEI board status', similar to that offered by the Chartered Institute of Directors, could be a further incentive. Nevertheless, as indicated in the findings, particular skill requirements remain essential, which now emphasise those soft competencies.

Also, a significant amount of research has been undertaken, particularly by the Government, to improve the gender balance in FTSE 100 boards in the UK. Currently, female membership stands at 23.5% (March 2015) but it is still below the target of 25% by December 2015 (Davies, 2015). HE performs a little better with women at 32% of all governing bodies (Jarboe, 2013) but there remains a wide variation between institutions. Conversely, female members wish to be appointed in their own right and not as a token exercise.

A further recommendation from this research is that of enhanced induction and development (discussed later in this Chapter) that could help to bridge some gaps in experience.

5.4.2.4 Identify the core competencies of external board members

The findings indicate that, in the future, a range of core competencies will be required for external board members in HE institutions. In making these proposals, it is assumed that it will be for a board membership of between 14 and 19, as gained by the author from conversations with other universities. The composition of such a board will usually include the Vice-Chancellor, a small number of senior staff, academic and support staff and at least one student representative, which will total about 5 to 8 'internal' members, leaving 9 to 11 places for 'external' members. This reduction in membership has the result of increasing the emphasis for high-level competency-based appointments.

Chapter 4 gave a comprehensive list of both hard and soft competencies. The following recommendations are not intended to reproduce these but to offer a blend of skills that an HE board could attract. Firstly, a set of generic hard skills/competencies are proposed that will be required for all board members. These comprise experience of:

- Business, organisational development and appreciation of risk.
- Operating at a senior level in an organisation.
- Reporting to board level or offering experience of governance.
- Networking - both regional and national, potentially to help with fundraising.

Secondly, for a few members to be able to offer the institution a 'functional skill', such as:

- Financial acumen - for instance, a chartered accountant.
- Human resources - expert knowledge rather than say 'experience of interviewing'.
- Estates expertise - significant knowledge of large construction projects.
- Marketing, public relations, media, branding - experience at a high level, perhaps in a plc.
- Legal expertise - at a high level in a regional, national or international firm.

    These members may also be considered for the position of a committee chair.

Thirdly, a range of competencies specific to the HE institution, for example, expertise in:

- Biotechnology.
- Information technology, or
- The work of a major research facility.

Lastly, but not least, a complementary range of soft skills/competencies for all board members, particularly:

- The confidence to challenge the Vice-Chancellor and senior team.
- The ability to take a strategic perspective and not be drawn into the management of an institution.
- To comprehend complex information quickly.
- A willingness to learn (as mentioned above).
- To be articulate and a good communicator, able to influence others, *and*
- *At all times, to remain independent.*

The next quadrant highlights how universities can develop a personal learning programme for board members in combination with that of a core skills analysis.

5.4.3   Quadrant 2: Personal learning programme

5.4.3.1 Quadrant introduction

The idea of this thesis arose from the author's wish to offer high impact induction and development opportunities for board members, but he could neither find suitable material within the sector nor create an appropriate 'toolkit' without undertaking such a study. Its linkage with that of competencies arose from the need to decide what training is necessary and suitable. The result is the development, with the LFHE, of a board member self-assessment tool, which should help to give assurance and support to new members and enthuse institutions to broaden the development of their existing members. These ideas will be outlined within this quadrant and cover four key areas under the heading of a 'personal learning programme' to:

- Provide tailored induction and development programmes.
- Emphasise both institutional and individual responsibility for personal development.
- External development, particularly through the LFHE self-assessment tool.
- Enriching board member evaluation.

5.4.3.2 Tailored induction and development programmes

The research has revealed that each university visited worked hard to provide a good induction programme, but some were not as successful as they hoped. All the programmes turned out to be rather generic, principally offering meetings with the Chair of the Board, the Vice-Chancellor and senior team plus an orientation into the work of the institution, the latter of which included access to a large volume of text about the university and HE generally. Through in-passing clarifications with other Clerks to the Board, it appears to be a similar picture around the sector. One major challenge though, outside the control of institutions, is the amount of time that a new member can devote, which impacts on what training can reasonably be provided that is succinct but useful. Coupled with the discussion outlined earlier in this Chapter on the lack of clarity of the role and effectiveness of NEDs, it inevitably leads to a broad brush approach to induction, with the same features applying also to the development of board members. These informal practices in HE are consistent with those of other studies that suggest the need for better training and development for non-executive directors across both public and private sectors (Coulson-Thomas, 2005; Nash et al., 2011).

The author proposes a solution to the above challenge, which is the opportunity to enhance the effectiveness of all HE board members through a managed induction and development programme over a period rather than an intense induction upon appointment that is supplemented by ad hoc training. It would enable new members to receive regular development over an extended period with an opportunity for reflection on the process as part of their annual evaluation with the Chair of the Board. Induction and development would then be a continuous progression to accommodate, not only the usual elements mentioned earlier, but also to include:

- An understanding of the direction and ethos of the institution (a key skill identified within the research).
- Development in specific hard skill areas that could be delivered to both new and current members. One specific area identified in this thesis is a need for all HE board members to be financially literate. The interviews revealed that even those members with a solid financial background still found a university's finances to be complicated. This is a new recommendation for HE, not previously seen in other literature and would require a dedicated programme, possibly through the LFHE (expanded upon later in this Chapter).

- Tailored development in key areas identified in this research, such as experience of working on a board, which would give the opportunity for an improved board diversity and gender balance.

The notion of a seamless progression from recruitment to the retirement of a board member is supported by Coulson-Thomas (1992). There is also the opportunity to compare what is offered for board members by drawing upon a university's staff development programme, where a unified package is available for staff throughout their employment.

Table 5.3 below outlines the author's suggested development programme, starting with the induction for new members and continuing over the life-cycle of a board member. It can be seen that there is a route for members to become committee chairs, which could lead to that of Chair of the Board, a position which is often advertised due to lack of internal candidates with the required skills.

Table 5.3: Integrated development programme for Higher Education board members

Before starting first term of office	After 3-6 months	Annual evaluation with Chair of the Board	At end of first term of office
Detailed induction into the university, its direction and ethos Explore external training	Detailed analysis of discussion at recent board meetings	Review of the previous year	Evaluate further opportunities for external events, for example, with the LFHE
Briefings on Higher Education matters	Linking board members with an academic department or perhaps a key performance indicator	Development needs for the next 12 months	In-depth briefings on Higher Education issues
Introduction to committees	The working arrangements of specific committees	Aspirations for Committee Chair or Deputy Chair	A potential change of committee Possible appointment as a Chair or Deputy chair
Development of knowledge and understanding through meetings with senior staff	Good level of knowledge of the university and Higher Education generally	Significant understanding of the pressures facing the university and Higher Education	Able to converse knowledgeably with others outside of Higher Education

5.4.3.3 Emphasise both institutional and individual responsibility for personal development

It has already been highlighted earlier in this Chapter that, as many current and former external board members in HE have had significant prior board experience (either as an executive or non-executive member in their current profession), there has been no particular impetus to create more innovative training programmes. However, the rapid shift from an apparently benign environment for HE in the UK (albeit challenging) to a highly competitive global arena (Curran, 2015) changes all that, with upskilling a necessity to survive.

From the interviews and in-passing clarifications with other Clerks to the Board, the initiative for all board training has been seen principally the domain of the institution. Consequently, induction and development programmes have been developed and delivered by the respective universities, generally by their senior staff, but without a significant input from the individual board members. The author's research in this thesis, nevertheless, can help to redress that balance.

The research shows that, in addition to the need for more creative training initiatives from institutions, there is a growing requirement for board members to take more responsibility for their own development (Garratt, 2010). It is supported through the data, which reveals the soft skill of a 'willingness to learn' which was proposed mainly by the external members interviewed. The findings also stressed the complexity of university finances and operations while noting the increasing and onerous responsibilities faced by all board members (Coulson-Thomas, 2013; Shepheard, 2015). With their own reputations to be considered, external board members need to ensure that they are capable of meeting the challenges that HE faces in the future and not to rely just on their own university for information.

While it is proposed that this dual responsibility of learning should take hold, there is a potential negative to the initiative. It has already been highlighted in Chapter 4, that there is an imbalance in the distribution of age groups in HE boards, with many members being retired or semi-retired. The idea that members now need to spend more time on university affairs, albeit on their own development, could lead to more focus on a limited pool of candidates in terms of age. To counteract this, the author suggests that individually tailored programmes should be offered through a variety of media to accommodate a member's lifestyle and work patterns.

The next section, which incorporates the new LFHE self-assessment tool, could help to instigate the design of more flexible induction and development programmes.

5.4.3.4 External development and the LFHE self-assessment tool

From the interviews it appeared that relatively few external board members take the opportunity of development outside their university.

Seminars and training for all HE board members is chiefly available from the LFHE, plus some events offered by the CUC and the Higher Education Policy Institute (HEPI). Each university visited recommended these and paid for the costs of attendance and travelling. Those members who had taken advantage of this external development had found it very useful, particularly to discuss issues with board members from other universities. Also, a booklet produced through the LFHE on 'Getting to grips with being a new governor' (Schofield, 2013) helps to guide new members and give helpful hints on personal development.

The author has used the findings from his research in helping to produce a self-assessment tool for the LFHE, which offers web-based access - a flexible way to deliver development to board members. It was launched on 23 January 2015.

The LFHE website explains that:

> *This Self-Assessment tool has been devised to be as practical as possible, it:*
>
> - *Is not too time-consuming to use.*
> - *Offers practical suggestions so that HEIs can move to a higher level.*
> - *Can be used effectively by a variety of HEIs.*
> - *Is about furthering thinking and practice, not just assessment.*
> - *Enables reflection on the areas, perceived to be essential for equality and practitioners in their work to assess institutional performance: Communication; Performance management; Leadership training; Cross-cultural awareness.*
>
> *LFHE website: http://www.lfhe.ac.uk/en/research-resources/resources/research-outcomes/the-self-assessment-toolkit.cfm*

The idea is for board members to identify any gaps in their experience or knowledge and to discuss these with the Chair of the Board in a confidential setting. A personal learning programme can then be designed for the benefit of both the individual member and their institution.

5.4.3.5 Enriching board member evaluation

The findings of the research, which were confirmed by in-passing clarifications with other Clerks to the Board, is that a formal appraisal of board members in HE is not undertaken. The current arrangement in most universities is an annual conversation with the Chair of the Board, sometimes called a one-to-one meeting. It is seen as a half-way approach between a more formal evaluation and a casual conversation, and generally functions as a useful mechanism for both the institution and the member. The discussions often follow a structure but it appears to be focussed more on seeking the views of members rather than reflecting on their performance.

The research indicates that the main reason for an informal arrangement is that the significant majority of board members in HE do not receive any remuneration, with the understandable argument that a one-to-one meeting is a more appropriate method. On the other hand, the literature reveals that there should be no difference in the treatment between board members who receive a payment and those who do not (Conger & Lawler, 2001). In addition, these board members (now also charity trustees) are part of the ultimate decision-making body of multi-million pound enterprises and must perform their duties to a high standard (Carver, 2006).

One of the findings of this study is that external board members expressed a desire for a more formal evaluation. They wished to receive feedback on their performance as happens in their current (or former) professional roles. The idea corresponds well with the author's earlier suggestion of an enhanced induction and development programme, and dovetails with the emphasis on smaller boards and the need to ensure that each board member is performing effectively (Mallin, 2013). The notion of a more formal evaluation is not a separate element but a linchpin within the four quadrants of the author's developmental framework to enable institutions to connect with and be successful in their board improvement initiatives. For example, without a clear mechanism to receive constructive feedback from an individual member, their personal learning programme will not be as effective. Enhanced evaluations for board members are also supported by prominent authors (Shattock, 2012; Mallin, 2013; Solomon, 2013).

While the notion of remuneration is discussed later in this Chapter, it is proposed that each university should consider enriching their board member evaluation practice or to offer one if it is not currently available.

5.4.4 Quadrant 3: Empowering governance

5.4.4.1 Quadrant introduction

The first two quadrants of the author's developmental framework looked at (i) a core skills analysis and (ii) a personal learning programme. If the recommendations proposed in these sections are implemented, there is then an opportunity to empower board members towards a more proactive engagement with their university (Nicholson & Kiel, 2004). The following four sections discuss how this can be achieved:

- Confidence to challenge the Vice-Chancellor and senior team.
- Governing, not managing.
- Stimulating board member independence.
- Potential for board member remuneration.

5.4.4.2 Confidence to challenge the Vice-Chancellor and senior team

Earlier discussions in this Chapter and Chapter 4 reviewed the top competence identified in this study of 'the confidence to challenge the executive'. The recommendation was made by 93% of all interviewees. It is coupled with that of a curious and enquiring mind, where the ability to challenge as a critical friend is seen by both board members and institutions as a positive attribute. The finding is confirmed by research within the HE Sector (Soobaroyen et al., 2014), which reveals that:

> *Interviews with finance directors generally indicated a view that they are*
> *not sufficiently probed [by board members] in terms of accountability,*
> *financial and similar technical issues...*
>
> (Soobaroyen et al., 2014, p.1)

That lack of challenge has been the cause of major scandals within both major corporations and HE (Shattock, 2013a), so it is not surprising that the topic is receiving close attention. However, it was unexpected that 25 of the 27 interviewees would take this unequivocal viewpoint. It signals

the increasing level of attention and commitment required from board members through positive action and maximising those core competencies by enhanced induction and development.

5.4.4.3 Governing, not managing

There has been much discussion by authors of corporate governance (Stiles & Taylor, 2001; Garratt, 2010; Hilb, 2012) on the need for board members to take that 'helicopter' viewpoint and not to delve into the role of management. The issue for HE boards is that, as many of the external members have prior experience particularly as executive members, it is very easy and more comfortable to be drawn into the detail to the exclusion of the more testing role of taking a strategic viewpoint.

It is proposed that there are resonances between 'taking a strategic perspective' (the second highest of the personal competencies recommended by interviewees) and 'knowing the difference between governance and management' (the fourth ranking personal competence). Exploring that reasoning a little further, the quantitative evidence shows that a strategic perspective is recommended by 61% of external members but only 28% of these members proposed the skill of knowing the difference between governance and management. In contrast the senior staff statistics are almost the opposite at 22% (taking a strategic perspective) and 67% (knowing the difference between governance and management). It implies that external board members wish to work at a strategic level but do not see a clear demarcation of the line between governance and management. On the other hand, senior management suggest that they know where that invisible 'line' is but are reluctant to leave strategic matters to the external members. Based on these contradictory positions there are potential viewpoints that:

- External board members see a wider definition of their involvement covering both directoral and managerial aspects of a university, which may reflect their previous role as a hands-on executive member in another organisation.
- External board members have not received sufficient guidance on the difference between governance and management.
- Senior staff wish to take the lead in strategic matters although it is a board responsibility but are then concerned when external members become involved in operational issues.

While the numerical scores are not high enough to make generalisations, there is a disparity in how the external members and senior staff view their strategic roles. It dovetails with the discussion earlier in this Chapter on the lack of clarity of the role and effectiveness of non-executive directors as highlighted by Higgs (2003) and hence what core competencies are required from members. There could though be a simpler explanation that, as with many soft competencies, such matters are often judged from different perspectives (Hoffmann, 1999). Taken from a range of factors, the evidence suggests that this divergence will continue to occur as board members are developed further by learning more about their institution, entailing closer engagement. That enhanced connection is a potential recipe for 'crossing the line'.

5.4.4.4 Stimulating board member independence

The key tenets that emphasise board independence are the seven Principles of Public Life proposed by the Nolan Committee (1995) namely: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. These principles are intertwined within the Independent Commission on Good Governance Standards for Public Services (2004, p.19), which emphasises that "good governance means developing the capacity and capability of the governing body to be effective". It accords well with the findings of this study, which identified those core competencies for board members, particularly the related softer skills of:

- the confidence to challenge the executive (as expanded upon earlier in this quadrant).
- being independent and objective, and
- understanding different viewpoints.

The Nolan Principles (1995) are also a springboard for encouraging institutions and board members to perform their duties to a high standard, through regular evaluation of their performance (Solomon, 2013).

Within the realm of board member independence is the plethora of codes of governance, which make reference to good governance, in particular, those of the FRC (2014), the Scottish Code of Good HE Governance (2013) and the recently revised CUC Higher Education Code of Governance (CUC, 2014), as outlined in Chapter 2. However, codes themselves do not facilitate sound corporate governance, they just give valuable signposting for companies and institutions to adopt good practices and principles.

A significant element identified in this thesis is that by being independent, an external member can feel free to challenge the Vice-Chancellor and the executive team on any topic. To do so requires members who have the necessary core competencies, both hard skills and soft skills. The ethical integrity of those members is far more important than codes of governance that operate on a 'comply or explain' basis, which in the case of HE can be superseded by legislation (Morgan, 2014b).

5.4.4.5 Potential for board member remuneration

The question of remuneration has been considered for HE board members as a consequence of various challenges raised within this thesis. While the majority of external board members were not seeking any payment, a few interviewees wondered when the HE sector might have to succumb to a remuneration package to attract highly competent individuals. It is though contended, and understandable, that the sampling process (through the interviews) will have bias as it would not be expected that a serving board member who was engaged on a non-remunerated basis would then seek compensation when appointed.

From the author's casual conversations with other Clerks to the Board, there appears to be a reducing pool of applicants willing to take on the role and have time to attend all the required meetings and training sessions. Remuneration for external board members is already an option for each institution (upon changing their constitution) but it is generally not made available, except to a small number of Board Chairs. It would though create a different relationship between the members and their institution, leading to the predictable question on their motive for seeking board membership and potential for split loyalties.

Introducing remuneration or an attendance allowance is a major change and a number of institutions will be reluctant, particularly if they are currently successful in recruiting high-calibre external board members. There is also a potential negative overtone for remuneration of any amount, when students are paying fees for their tuition. Nevertheless, the HE sector has turned into a multi-billion pound commercial enterprise and it needs to attract, retain and motivate highly competent individuals for the challenging role of a board member.

Toward the end of writing this thesis, a report written by Soobaroyen et al. (2014) was published on the role and effectiveness of Audit Committees in UK HEIs, in which they made a strong recommendation for remuneration.

> *Our view is that the current practice of HEI governors (including*
> *audit committee members) working on a voluntary, unpaid basis*
> *is not tenable in the medium term*
>
> (Soobaroyen et al., 2014, p.49)

There are a number of the positive features that remuneration or perhaps an annual allowance can give, and these could addresses some of the inter-linking challenges facing un-remunerated HE boards, which are listed below:

- The shortage of highly skilled individuals who are willing to take on the increasingly onerous responsibilities of an external board/trustee member, in particular that of Chair of the Board or a committee.

- That HE boards are becoming smaller, giving greater emphasis on seeking members who have broad ranging competencies, not just the traditional hard skills.

- That many senior level women in the future are forecast to have a portfolio career (Davies, 2013) and they should reasonably expect a payment for their services. The gender balance of HE boards needs to be improved (Jarboe, 2013). Progress here could have an added spin-off to help the overall diversity of boards.

- The amount of free time that members have to attend board and committee meetings and other events.

- The opportunity to attract more mid-career applicants and address the challenge from Gillies (2011) on the lack of alumni on HE boards.

- The need for external members to attend an increasing range of induction and development initiatives to keep pace with the dynamic environment of HE.

- The growing disparity within the sector, with some HE institutions now providing remuneration.

- The inconsistency with other non-profit organisations who already offer remuneration to their external board members, such as NHS Trusts and Housing Associations. Although in some cases this remuneration might be relatively small, it is more likely to lead to better recruitment processes.

In view of the opportunity to address the challenges above, which so far no other solution appears to offer, the author supports the above proposal by Soobaroyen et al. (November, 2014). It is though recognised that the notion of remuneration (or an annual allowance) is distinct from the other key recommendations in this thesis as it has not been generated by analysing the primary data, but is a by-product from the overall analysis (detailed in the bullet points above), with supporting elements from the literature review and conversations with other Clerks to the Board. For example, Quadrant two of this Chapter recommends an enhanced and seamless induction and development programme, which will require further engagement from board members. As a consequence it will necessitate extra commitment and time, which cannot be insisted upon unless the position is remunerated. This recommendation is though a medium-term solution and it now offers the HE sector an opportunity to debate the issue more fully.

The next quadrant completes the author's developmental framework and covers the important area of facilitating board sustainability.

5.4.5   Quadrant 4: Facilitating board sustainability

5.4.5.1 Quadrant introduction

The final quadrant flows from the previous three segments, which starts with the identification of core competencies and the design of a personal learning programme to sharpen these skills. It leads to board members re-evaluating their roles to gain a sense of empowerment. The concluding quadrant emerges as a natural progression to facilitate board sustainability within the context of being "a pipeline of leaders who are strong and capable" (Price, 2005, p.1), which is covered through the following headings:

- Implications for smaller boards.
- Skills analysis and matrix.
- Board succession planning and sustainability.

5.4.5.2 Implications for smaller boards

The findings from each of the five research sites indicate that the core competencies sought for board members have been significantly influenced by the strategy, ethos and portfolio of each institution. For example, in the past, if a university had a major facility for oceanographic studies,

it might have recruited a board member with such expertise, even though this competence was already present (internally) within the institution.

That duplication of capability has been extended into other functional roles, particularly those of senior managers, for instance, in areas of estates and IT. Nonetheless, the challenge that institutions now have is that their board numbers are generally becoming smaller to enable better debates. Over the past 10 years, university boards have reduced their membership numbers, now to an average of 20 (Jarboe, 2013) compared with 35+ some years ago. Also, the CUC Code of Governance (2014) promotes a maximum of 25 members.

A large board gives more opportunities for representation from various constituencies, but it can be fatal for good decision making as it can inhibit open debates, particularly on strategic issues and instead encourages wide-ranging discussion on mainly housekeeping items (Ballegaard, 2012). A further complication is that 'representation' on an HE board is a misnomer in that, while a new member may join the board from a major stakeholder, they must act independently, which can place them in a conflicting position and can result in sub-optimal decision making. For clarity, it is a separate issue to that of a commercial board, where an external member is from a major shareholder group and rightly can be co-opted as a member to protect their investment, but they still must make the best judgements for the benefit of the company (Garratt, 2010).

From casual conversations around the HE sector, the ideal board membership appears to be between 14 and 19, as outlined in the first quadrant on core skills. That approach though has wider implications than just the practicalities of adjusting the governance structure for a smaller number: it is the necessity for all members to be highly experienced individuals with broad ranging skills. An example of where this has not materialised, was the fiasco at the Cooperative Bank Group where the board was a chiefly representative body and not appointed for their experience as a board member or business acumen (a key competence identified by the author). It resulted "in a situation in which it had a strong-willed chief executive and a board too weak and inexperienced to hold him adequately to account" (Sir Christopher Kelly Review, 2014, p.116). Higher Education has also seen a number of boardroom crises over the past 20 years. Having external board members who are prepared to challenge and be a critical friend, would hopefully reduce the number of such incidences in the future.

5.4.5.3 Skills analysis and matrix

Many universities undertake a skills analysis and prepare a matrix that dovetails with the educational focus of the institution. However, these are generally ad hoc activities due to:

- Long gaps between board appointments. The research indicates that the average board appointment at each of the five universities visited was seven years. With a typical board size per HEI of 20 members (Jarboe, 2013) the turnover rate is low and, in practice, can vary from several members to none in any particular year.

- The portfolio of courses and research groups in each institution does not change dramatically from year to year, so new competencies in specialist subjects are generally not required.

- The lack of clarity in the role of HE board members (outlined earlier) and hence the decision on what skills are required in the future.

From conversations with other universities, most skills matrices appear to match the portfolio of the institution, an approach that sounds quite rational and links closely with comments mentioned earlier in this thesis. Nevertheless, the research has revealed that in doing so, it unintentionally places the spotlight on tangible goals requiring tangible skills. It excludes those more hidden, albeit essential, soft skills. Therefore, a more sustainable model is needed for use as a key succession planning tool.

5.4.5.4 Board succession planning and sustainability

From the findings of this study, the author recommends a new approach to developing a university skills matrix that will incorporate the following key ingredients:

- To identify the core hard competencies required over the next 5-10 years that takes into account the institution's future aspirations. Included in this portfolio of needs will be the business operations of the university. The timeframe above will accommodate the average term of office of board members, which was seven years for each of the research sites.

- A few members will need to offer expertise in those essential hard competencies, which were identified earlier in this Chapter, such as (i) financial acumen (ii) human resources (iii) estate matters and (iv) marketing/public relations/media/branding. In considering

these skills, a member's technical competence must not be at the expense of their ability to contribute to wider debates (Ballegaard, 2012).

- The remaining members must have wide-ranging generic skills that accord with the author's research, such as experience in business/organisational development and an understanding of risk management.
- A matrix that takes into account the soft skills identified in Chapter 4.
- The ability to accommodate for any planned reduction in board numbers and hence the range of skills available.
- An opportunity to monitor the progress of current members and to develop those who might take on the additional responsibility of a committee chair or even the Chair of the Board.
- Regular updates for an institution's Nominations Committee to ensure the correct blend of skills. It is essential for an appropriate mix of skills amongst board members in view of the high-level of decisions they need to make (Fearn, 2008).
- Finally, the essential matching of current member skills, both internal and external members, prepared from a detailed skills audit (Institute of Chartered Secretaries and Administrators, 2014) with those skills required in the future. From the research there is the suggestion that this grading is reviewed by the Chair of the Board as it is not easy for an individual to evaluate his or her own skills dispassionately.

If a university can optimise its core skills base, it will not only have a developmental planning and sustainability tool for the board, but also the opportunity to gain long-term competitive advantage through a closer match of skills and strategic needs (Chen & Zhang, 2010).

Competitive advantage is often considered more for the core competencies of an organisation, such as staffing resources (Besler & Sezerel, 2011), but it relates to all prospects of harnessing intellectual capital (Jardon & Martos, 2012). External board members, with their extensive networks and resource connections, bring that wider business context as added value to the executive's knowledge base.

5.5   Developmental framework overview

The developmental framework (depicted in Figure 5.2 of this Chapter) visualises the author's proposals, which are derived from the findings and their implications within this study. It brings

together the two key aspects of the thesis: (i) to identify board member competencies and (ii) to critically evaluate the effectiveness of board member recruitment, induction, continuing professional development and appraisal/evaluation.

The circular shape of the framework's design is intentional to show the continuous flow from identifying core competencies to developing these, which in turn enables the board to be empowered in their directoral role, leading to an opportunity for enriched board sustainability. It is proposed that if institutions take on this transformational process, it will take 5-10 years to complete a full cycle (the average external board appointment length in this study is seven years). Further cycles, in the form of upward developmental spirals, can then help a board to reach even higher levels of achievement.

5.6   Chapter summary

This Chapter has discussed in detail the findings from Chapter 4.

Firstly, the quantitative analysis of the competency clusters from this thesis are compared with those of a relevant key author, Coulson-Thomas (1992, 1993, 2005, 2007a, 2007b, 2008, 2009a, 2009b, 2013), which reveal close correlations and give added assurance in the robustness of the results within this thesis.

Secondly, the findings from Chapter 4 on competencies which were identified in the interviews were captured within an iceberg model. It shows that the hard skills of HE board members are more obvious and easily identifiable, and are above the 'water line'. Nevertheless, the soft skills and drivers (or motives) are those areas that are less obvious, intangible and hard to quantify. They form the larger mass of the iceberg, including the top competence recommended: the soft skill of the confidence to challenge the Vice-Chancellor and senior team.

Thirdly, that conversation continues with a discussion on the relevant theoretical frameworks of agency theory, stewardship theory and resource dependency theory. Within this section it was acknowledged that, by their design, such frameworks are one-dimensional and that a plurality of frameworks is more appropriate for HE.

Finally, a novel developmental framework, as an applied model, was created to encapsulate the four key areas of the findings, starting with the (i) core skills analysis and the (ii) personal learning programme that enables (iii) board members to re-evaluate their roles and be more empowered, leading to (iv) better succession planning and facilitating board sustainability.

The next Chapter brings the findings and discussion together, starting with the key finding of the research followed by seven working hypotheses in the form of detailed recommendations. The contribution to knowledge and practice is also outlined, which includes the author's developmental framework and the impact of his work through the practical application of the findings towards the creation the LFHE self-assessment tool for all board members in HE.

CHAPTER 6

CONCLUSIONS

6.1   Introduction

This Chapter addresses the fourth and final research objective, which is:

To use the findings from meeting objectives 1-3
to produce a set of recommendations on how to develop
individual board members and enhance their effectiveness

(The research aim and objectives are listed in section 1.4 of Chapter 1)

The Chapter starts with a number of key findings from the research, followed by a range of recommendations, being a summary of all the proposals within this thesis and later in this Chapter linked back to the author's original aim and objectives. It is followed by reflections on the methodology of the thesis and the theoretical debates encountered. The key contributions to knowledge and practice are then highlighted including the limitations of the research and suggestions for further study. The Chapter ends with the strengths and rigour of the research and concluding thoughts/reflections.

The study set out to determine the essential and desirable competencies of external board members in HE, which incorporated a critical evaluation of the views of external board members toward recruitment, induction, development and appraisal/evaluation. Chapter 2 reviews previous research and explains that very little literature is available on such contemporary issues within HE. The research area is topical (see also Chapter 1) as in recent years, there have been many high profile governance fiascos in the corporate world, with a number in HE. The research involved interviews at five research sites, the findings of which were analysed through a grounded theory framework to discover new data within a pragmatic epistemological envelope.

6.2   Summary of key findings

A range of key findings have been identified within the research and are outlined below.

Firstly, the initial outcome from the research, which was surprising, was that the views of board members and senior staff on the competencies of external board members and their observations

on the selection, induction, development and appraisal/evaluation process, were practically uniform across all the research site universities. This was not expected as each institution is autonomous and maintains its own distinctive portfolio. It could be reasoned that the board requirements at different mission group universities with diverse histories and portfolios, might be dissimilar in at least some of the areas researched, but this was not the situation. While the vertical analyses of each research site has been similar, it was not a hindrance within the study as much rich data came from the horizontal analysis by blending the data from all the universities visited.

Secondly, at the beginning of the research phase, the author decided upon the objective of identifying both the 'essential' and 'desirable' competencies of an effective board member in UK universities. However, no clear conclusion could be drawn as each interviewee perceived the notion of competencies as a holistic concept. What was unanticipated though, turned out to be more a division between hard and soft skills. A further minor, but important, approach was to sub-divide the soft skills into (i) personal skills and (ii) social skills, offering enhanced granularity and more subtle nuances through on-going analysis of the core data to discover key categories and their relationship between each other.

Thirdly, starting with the hard skills identified by the interviewees, these are still considered very important and, from the author's practical knowledge, have remained so over many years. They cover the fields of experience, such as business and organisational development and key areas of expenditure including HR and estates expertise, plus marketing and public relations that are becoming areas of rising importance. Nevertheless, as expected, financial and accounting knowledge was recommended as the top hard skill, though an insightful proposal from the interviewees was for a reasonable level of financial literacy from all board members. Included with this is the ability to comprehend complex information. It resonates with the high level of data now presented to board members through the constant pressure on universities to behave more business-like (Shattock, 2013b; HEFCE, 2014b), which then gives that momentum toward the tangible goals (of a university's strategy) that are complemented by tangible (hard) skills. While this approach has been successful in the past, the evidence from the research suggests that it stifles those soft skills and keeps them under the radar. The author's iceberg model in Chapter 5 illustrates the notion of hard skills that are visible and easily identifiable, but with a range of softer skills in the bulk beneath the waterline that are harder to distinguish and measure (Doz, 1997).

Over the last 10 years, there has been an on-going reduction in the number of board members at many institutions (some boards have had a membership of over 35). The current average per HEI is 20 (Jarboe, 2013) and, from in-passing clarifications with other universities, it is expected to reduce to between 14 and 19 in the coming years, which is quite close to that of a commercial board of between 8 and 11 members, with a current average of 9.6 (Grant Thornton, 2014). While the idea for the reduction is to enable better debates and focus more on the board's participation than a myriad of committees, it has the effect of intensifying the demand for a much wider breadth of skills in board members (Behan, 2006). The research has also shown that the former practice of seeking board members with technical or functional competencies that mirror those of a university's executive is no longer necessary, albeit that the HE sector has experienced criticism in professionalising their administration (Shattock, 2013b). However, the high quality of the executive teams (Vice-Chancellor and the senior staff) within institutions were acknowledged by board members who no longer needed to be 'hands-on'. The outcome is a change of focus in the competencies of external board members with an increasing requirement for substantial generic business acumen (Waine, 2015), though a few board members will still need to offer particular functional expertise, for example, on financial, estate and HR matters.

Fourthly, from this study, supported by contemporary literature and business research (Development Economics, 2015) it is clear that soft skills are becoming highly valued, potentially rivalling those of the more 'traditional' hard skills required to be a board member. The view is reinforced by another unexpected result: that the top competence (a personal skill) of all the hard and soft competencies recommended by the interviewees, is the confidence to challenge the Vice-Chancellor and senior team. It is suggested that this skill is very relevant to the wider world of corporate governance. The lack of challenge has been seen as a cause of major corporate disasters including those in HE as outlined in Chapter 1. To reduce the prospect of further governance breakdowns within all boards, the role of a critical friend is paramount.

In addition, the principal social skill identified, which was though quite expected from the literature (Garratt, 2010; Ballegaard, 2012), was the ability to be articulate, an overall good communicator. This competence is an essential element for all board members and dovetails with the ability to challenge. For further details of all the hard and soft competencies identified in the analysis, these are outlined in Appendix D.

While there has been much discussion on the softer skills, the combination of both hard and soft skills is required for superior performance. A reminder comes from a study by Balduck et al. (2010, p.230), which reveals cognitive, emotional intelligence and social intelligence competencies being necessary for an individual to be rated "as an outstanding performing board member". That blend of abilities is also a reflection of the necessity for a skills mix within each board, which was outlined in Chapter 5.

Fifthly, not all institutions have clear recruitment and selection procedures. The use of personal contacts, newspaper advertisements and recommendations from stakeholders has proved successful in the past. However, there was acceptance that CVs do not reveal everything, particularly those crucial soft skills highlighted above. It is proposed that more professional recruitment and selection procedures should be used when seeking external board members in view of the significance of their appointment. There is also an opportunity to advertise more widely including that of social media, which could help to attract 'other voices' to facilitate more diverse and gender balanced boards. A number of institutions in the HE sector are also engaging NED search consultants to identify those individuals with the necessary competencies.

On the recruitment of external board members generally, it is suggested that their day-to-day role lacks clarity (albeit that the principal duties are known) which makes it unclear what skills are required or the support needed through any corresponding training. There is, nevertheless, an argument that perhaps there is nothing wrong in this lack of precision, providing that the skills base requirement is attuned to an unpredictable future.

In reviewing the competencies now required of new external board members, the skill of previous experience at board level had been seen as an essential requirement (Coulson-Thomas, 1993). The majority of the interviewees believe this is no longer necessary, although other key hard skills are still crucial, such as experience of operating at a senior level in an organisation. It is proposed that an enhanced development programme could offer additional assistance to fill any gaps in experience, for example, on how boards operate and ways to better contribute to board debates.

Sixthly, the separate induction and training programmes currently offered to external board members should be replaced with a seamless development package from the start of their term of office until they retire from that NED role. The current offerings should also be expanded to

include topical areas recommended by the interviewees, such as ensuring the financial literacy of all board members. A further suggestion is that external board members should take more ownership of their personal development and not rely so much on their institution.

Seventhly, external board members expressed a wish to have a more formal evaluation process, which is a crucial element within the developmental framework, particularly in identifying and delivering focussed training programmes. The proposal emanates from the experiences that external board members have in their own organisations and the value of knowing how they are performing. That view is supported by prominent authors (Shattock, 2012; Mallin 2013; Solomon, 2013). Understanding the aspirations of external board members can also help to map out their development needs in discussion with the Chair of the Board as part of the creation of a board succession plan, informed by a forward-looking skills matrix that takes into account those softer skills. It would give the board that needed long-term sustainability planning, which would help to anticipate key appointments, for example, Chair of the Audit Committee, or to appoint new members with specific competencies, such as financial acumen or HR expertise.

Finally, a proposal that does not emanate directly from the interviews but is a by-product of the various findings in Chapter 4 and discussion in Chapter 5 (with supporting elements from the literature review and conversations with other Clerks to the Board), is the notion of remuneration (Soobaroyen et al., 2014) or a modest attendance allowance for external board members in HE. The reason is that it could help to solve some of the challenging issues that have arisen from the findings (as detailed in Chapter 5, Section 5.4.4.5), in particular the difficulty that some institutions are experiencing in trying to attract high calibre individuals who are willing to take on the onerous responsibilities of an external board member. It is recognised that any payment is a medium-term proposal and many institutions will initially be disinclined, particularly due to potential adverse reaction from fee paying students. In the meantime, the author hopes that it will prompt further debate within the HE sector on a topic that, until now, has only received limited attention.

The following recommendations have been produced as a synthesis of all the findings within this study.

6.3 Recommendations from the research

6.3.1 Introduction

The province of HE in the UK was, until recently, a relatively stable and comfortable place. However, universities now feel increasing pressure with constant changes in government policy resulting in the escalating commoditisation and marketisation of the sector. It is proposed that such a challenging environment requires a dynamic equilibrium in the form of effective board members. It is said that "Higher Education is a people business…[and that]…nothing happens or changes in HE unless people make it happen" (Slee & Harwood, 2004, p.51). There is now an opportunity for those changes in governance to take place.

The seven recommendations below encapsulate the proposals emanating from the author's research showing references to the findings Chapter 4 and discussion Chapter 5, where the full recommendations for further action are detailed. Below each recommendation is a list of the relative implications and how these might be addressed. The categories differ in each case according to the topic and where the focus for improvement is best suited. The author has already had some discussions in the HE sector on how these proposals can be taken forward. This continued engagement has been enabled through the five conference presentations he has given during the course of the doctorate.

6.3.2 Seven key recommendations

<u>Competencies</u>

1. *A comparable blend of hard and soft skills is vital when recruiting external board members*

   Chapter references 4.6: 4.7.1: 4.7.2: 4.7.3: 5.3.2: 5.4.2.4: 5.4.4.2: 5.4.5.2

   - **Implications for the HE Sector** – While a range of key hard skills, such as financial acumen and estates expertise remain indispensable, soft skills have been identified as being of increasing importance, potentially rivalling those hard skills. Soft skills are reported to lead to superior performance. The change of emphasis should be incorporated within future sectoral guidance to remind institutions of that important blend.

- **Implications for institutions** – It is vital to consider soft skills when recruiting new external board members via a more rigorous recruitment process as described in the next recommendation. Also, individuals with a much wider breadth of skills are now required, rather than those offering just one key competence.
- **Implications for the LFHE and CUC** – To offer guidance on the range of core governance skills now required from external board members.

Recruitment

2. *The recruitment and selection process for external board members should be more demanding*

   Chapter references   4.8.2: 5.4.2.2: 5.4.2.3

   - **Implications for the HE Sector** – Better guidance is required to emphasise the importance of the role of board members. There is also an opportunity to attract a wider range of applicants, for example, through social media, potentially enhancing a board's diversity and giving access to a wider talent pool.
   - **Implications for institutions** – Institutions should consider drawing on the expertise of their HR departments when recruiting external board members. While it is recognised that few external board members are currently paid, the importance of their role and high-level decision making gives greater prominence to the recruitment and selection process.
   - **Implications for the LFHE and CUC** – To offer more training initiatives and guidance, which could include seminars for new Clerks to the Board and web-based assistance on current best practice.

Induction and development

3. *The HE sector should offer a wider range of guidance for external board members*

   Chapter references   4.8.3: 4.8.4: 5.4.2.3: 5.4.3.2: 5.4.3.3: 5.4.3.4

   - **Implications for the HE Sector** – More sector-wide training programmes should be made available for all board members to help with both routine training and to fill any gaps in experience.

- **Implications for institutions** – Institutions currently fill any gaps in experience with ad hoc training. More focussed delivery is required in the future, enabling members to be able to contribute better in key decision-making debates.

- **Implications for external board members** – With the complexity of HE operations, it is important that members can offer the time to cover a range of training programmes and take more ownership of their personal development.

- **Implications for the LFHE and CUC** – Additional training and guidance, both face-to-face and web-based, should be offered. In particular, there is a need for all board members to be financially literate.

4.   *Universities should merge their induction and development programmes for external board members into a seamless offering*

Chapter reference   5.4.3.2

- **Implications for the HE Sector** – Better training for board members throughout their term(s) of office, provides a greater likelihood for improved participation and enhanced decision making.

- **Implications for institutions** – Institutions should offer a continuous training programme that is tailor-made for each member from the start of their term of office with regular developmental opportunities. Enhanced engagement would give board members the prospect of gaining a better understanding of the direction and ethos of their university.

- **Implications for the LFHE and CUC** – More guidance should be made available for institutions on how they can design their whole board development package.

Appraisal/evaluation

5.   *A more formal evaluation process should be arranged with external board members and the Chair of the Board*

Chapter references   4.8.5; 5.4.3.5

- **Implications for the HE Sector** – An improved appraisal/evaluation process should lead to better consistency of feedback across the sector with areas of development identified and under-performance addressed. It is an essential aspect in helping to identify training

needs throughout the life-cycle of a board member and offers better engagement for both the institution and individuals.

- **Implications for institutions** – To work with the Chair of the Board and individual members to dovetail an enhanced evaluation process with other requirements such as a tailored development programme for each board member.

- **Implications for the Chair of the Board** – To help ensure that the annual two-way dialogue with external board members covers their progress and training, and identifies areas for further personal development. Also, to encourage members to raise any issues, including feedback on the institution's development initiatives.

- **Implications for the CUC** – To offer seminars on board member appraisal in an HE setting that dovetails with the current development packages for individual members.

Board succession planning and sustainability

6. *A board succession and sustainability plan covering a 5 to 10 year period should be designed*

    Chapter reference   4.8.2: 5.4.5

    - **Implications for the HE Sector** – More encouragement should be given to institutions to develop a forward-looking board succession plan that offers sustainability over a medium to long-term period. It could help to facilitate more internal appointments to the post of Chair of the Board.

    - **Implications for institutions** – It will give institutions a working document to match board skills with the university's strategic plan and anticipate vacancies well ahead, especially for key roles.

    - **Implications for Clerks to the Board** – An opportunity to undertake more advanced planning, possibly linked to governance effectiveness reviews.

    - **Implications for the LFHE and CUC** – To include ideas for board sustainability within current training courses and seminars.

<u>Remuneration for external board members in HE</u>

7. *The HE sector should actively review its current reluctance to recommend remuneration to all external board members*

    Chapter reference   4.8.2: 5.4.4.5

    - **Implications for the HE Sector** – To engage more in discussion on opportunities for the remuneration of external board members. It is a major change and a number of institutions will be reluctant as they may have been successful in recruiting excellent external board members in the past. Remuneration of any amount, even a modest attendance allowance, might cause some discontent in view of the level of student fees. Early discussion with student bodies should help to alleviate displeasure as (i) some institutions are already making payments to their external board members (ii) the opportunity to attract highly competent members is a significant advantage in managing, what are now, major commercial enterprises, and (iii) it could help to attract a wider diversity of membership.

    - **Implications for institutions** – Remuneration for board members, taken in isolation, is a relatively small cost, but locally can create animosity amongst the student body, staff and the public. Board members themselves may not be keen to accept any payment.

    - **Implications for Vice-Chancellors, Board Chairs and Clerks to the Board** – Remuneration will create a very different relationship between the members and their institution. It does though offer a medium-term solution to address some challenging issues that have arisen from the findings, such as the difficulty in attracting high calibre individuals for the role of external board member and the need to attend an increasing number of board training events. Nevertheless, the author's wide-ranging proposals for enhanced recruitment and development should partially help to instil better engagement with current members, paid or unpaid.

    - **Implications for the LFHE and CUC** – An opportunity to deliver a wider range of development programmes to meet the growing demands upon board members by institutions.

6.3.3 Relating the recommendations to the aim and objectives of the thesis

The aim and objectives of the thesis have been reiterated below together with the Recommendation numbers and Chapter references. The outcome of the research as summarised in the key findings above, indicates the successful achievement of this study.

Table 6.1: Matching the thesis aim and objectives with the chapter references

Thesis aim and objectives	Recommendation numbers	Chapter references
The aim of the thesis is to identify the essential and desirable competencies of governing bodies in UK universities and, in so doing, to enable those individual board members to perform effectively. To accomplish this aim, the following research objectives will be pursued:		
1. To identify the essential and desirable competencies of an effective board member in UK universities.	1 (competencies)	4.6: 4.7 5.3: 5.4
2. To understand the relevant practical issues of board membership including recruitment, induction, continuing professional development and appraisal/evaluation.	2 (recruitment)	4.8.2: 5.4.2.2 5.4.2.3
	3 & 4 (induction and development)	4.8.3: 4.8.4 5.4.2.3: 5.4.3
	5 (appraisal/ evaluation)	4.8.5 5.4.3.5
3. To critically evaluate the effectiveness of board member recruitment, induction, continuing professional development and appraisal/evaluation from the board member perspective with a view to developing their competencies.	Above as in Objective No.2	Above as in Objective No.2
4. To use the findings from meeting objectives 1-3 to produce a set of recommendations on how to develop individual board members and enhance their effectiveness.	1 (competencies)	4.6: 4.7: 5.3: 5.4
	2 (recruitment)	4.8.2: 5.4.2.2 5.4.2.3
	3 & 4 (induction and development)	4.8.3: 4.8.4 5.4.2.3: 5.4.3
	5 (appraisal/ evaluation)	4.8.5 5.4.3.5
	6 (board succession planning and sustainability)	4.8.2: 5.4.5
	7 (remuneration)	4.8.2: 5.4.4.5

6.4 Reflections on the research methodology and theoretical frameworks

The thesis has benefited greatly by drawing upon the features of a pragmatic philosophy, which takes a pluralistic approach in this practitioner-based research and focuses on 'what works'. It is supported through a grounded theory methodology that facilitates an inductive logic while allowing for deductive thinking in the analysis and theory building stages. The research methodology dovetails well with the professional and practical focus of a DBA that has produced an applied tool through an innovative developmental framework.

Grounded theory methods have provided a structure to harvest much rich data through interaction with the actors themselves, namely the external board members and senior university staff. Such findings would not have been gleaned through the circulation of a questionnaire or via secondary sources. Those interviewed were very candid from the range of views they expressed, and their opinions enabled that grounding of the data. Their non-verbal signals also added further texture. Through the process of manual coding, which gave a vibrant and constant connection with the data (Charmaz, 2006), the author has gained additional knowledge to achieve the thesis aim and objectives.

That bottom-up approach with grounded theory has added new perspectives to professional practice. Without it, for instance, the competence of being financially astute would not have been subdivided in two categories (i) financial acumen for a few board members and (ii) financial literacy for all board members. That latter category leads to further training opportunities and, as members become increasingly proficient, they can be more comfortable in 'challenging the executive' (the top skill identified in this study) on wider aspects of finance.

The governance theoretical frameworks chosen to understand the complexities of boards and board member behaviour are agency theory, stewardship theory and resource dependency theory (Nicholson & Kiel, 2007). They are each able to recognise particular interactions of board members but in view of their individual and specific focus, come across as more one-dimensional (Cornforth, 2003). It has resulted in a growing recognition for scholars to promote multi-theoretical perspectives (Renz & Andersson, 2014), which is more applicable to HE.

While agency theory with its principal-agent relationship (Jensen & Meckling, 1976) has resonance with the HE sector around the interactions between the external board members and

the executive where tensions can arise, its effect is less clear when it is not so obvious who the principal or agent is (Cornforth, 2003). On the other hand stewardship theory has stronger connections with HE, where non-financial motives are amplified with the desire of external board members to be good stewards for the benefit of the organisation (Nicholson & Kiel, 2007).

Each of the three governance theories above embraces the idea of seeking members with the best competencies to cope with the challenges an organisation faces, and particularly with resource dependency theory where the members themselves are the key resource and in essence a vehicle for institutions to draw upon (Stiles & Taylor, 2001). This accords well with the world of HE, where the skills and external connections of members are vital and potentially seen as a competitive advantage (Charan, 1998). There is therefore a natural affinity within all these theories, through the premise of ensuring that external board members receive a high quality training programme with emphasis on their strategic role. That development includes those recommended in this thesis, such as an understanding of the direction and ethos of their institution.

An emerging view within UK Higher Education is that, at some point in the future, external members might need to be remunerated (Soobaroyen et al., 2014) or at least receive an annual allowance. It gives a new perspective within the theoretical frameworks, where there could be a more principal-agent relationship but resulting in less stewardship. The resources element then takes a primary focus, binding agency and stewardship theories together in a multi-theoretical structure, where HE perhaps could be viewed as a hybrid organisation, simultaneously seeking social and commercial goals (Renz & Andersson, 2014).

6.5   Contribution to knowledge

The thesis contributes significantly to the body of knowledge on corporate governance relating to board members in HE. It has identified the core competencies required of external board members and opportunities to enhance their effectiveness through enriched procedures for recruitment, induction, continuing professional development and appraisal/evaluation.

This empirical research is original in that it has not been undertaken before within an HE setting. Few writers have researched the competencies of external board members and, where this has been undertaken, it relates particularly to the commercial sector (Coulson-Thomas, 1992, 1993,

2005, 2007a, 2007b, 2008, 2009a, 2009b, 2013). One author writes relevant material on HE governance (Shattock 1997, 2002, 2006, 2009, 2012, 2013a, 2013b), but this relates mainly to the behaviour of a board rather than the competencies of its members. The works of both of these scholars have been referred to throughout the thesis.

The study responds to the call by researchers, such as McNulty et al. (2013) for more qualitative study in corporate governance. Most research in corporate governance takes a positivist viewpoint, so examining a phenomenon from a pragmatic perspective, drawing upon a grounded theory methodology is not typical. A specific feature also of the thesis is that external board members were asked for their views via in-depth interviews rather than the usual practice of circulating a questionnaire. It is hoped that the author's approach might be a catalyst for other researchers if they wish to take forward one or some of the ideas mentioned in the limitations section below.

6.6   Contribution to practice

6.6.1   Introduction

The findings of the research are of interest to all governance practitioners in HE and has resonance with other sectors. It is accepted that there is a limit to claims of generalisability (Lincoln & Guba, 2000) but it is proposed that the outcome is of direct relevance to all board members in HE, which includes staff and student members. The author is an experienced practitioner in the field of this study and it is hoped that other HE specialists will have the opportunity to gain from his research and take its applied use forward.

The next two sections encapsulate the practical aspects of the developmental framework and the LFHE self-assessment tool.

6.6.2   Application of the developmental framework

From the findings, the author has produced a practice-based developmental framework outlined in detail in Chapter 5 and summarised in Figure 6.1 below incorporating the relevant chapter references. It offers a cycle of continuous quality improvement, starting with the core skills analysis and the provision of a personal learning programme. There is then an opportunity for board members to be empowered, leading towards enhanced board sustainability. That cycle

continues again with both new and existing members in an upward developmental spiral. It is novel in that such a framework has not been presented before in the HE sector. The author has built upon the existing knowledge base and generated fresh insights into the processes for the appointment and development of external board members, which is encapsulated within his developmental framework: an applied tool for HE board practitioners. The timeframe to work through each of the quadrants below is expected to take 5-10 years, which accords well with the average external board appointment length (from this study) of seven years and the CUC (2014) HE code of Governance. It is envisaged that as institutions work through each quadrant, it will give them the opportunity to move their institutional/board engagement to a higher level.

The creation of the framework within this professional doctorate is an "integration of academic and professional knowledge" (Drake & Heath, 2011, p.75), drawing upon the author's background, the scholarly literature available and governance theoretical frameworks, the grounded theory narrative and all encapsulated within a pragmatic envelope.

Figure 6.1: Developmental framework for board members in Higher Education with chapter references

- **Chapter reference 5.4.2** covers the full section on **core skills analysis**
- **Chapter reference 5.4.3** covers the full section on **personal learning programme**
- **Chapter reference 5.4.5** covers the full section on **facilitating board systainability**
- **Chapter reference 5.4.4** covers the full section on **empowering governance**

Core skills analysis

Personal learning programme

Facilitating board sustainability

Empowering governance
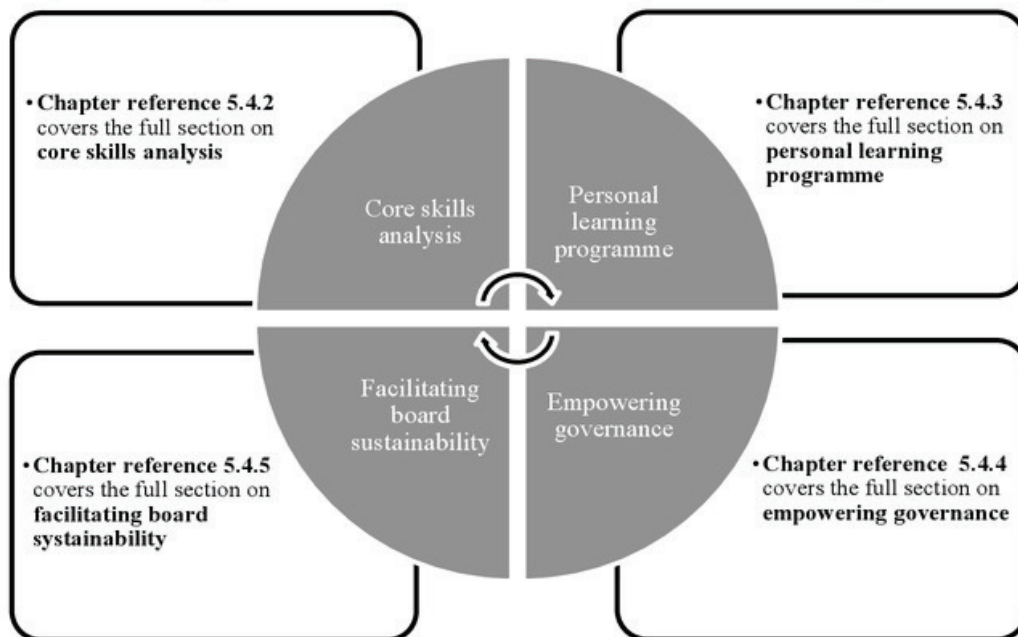
(Source: Author's findings; mode of presentation inspired by a Kiel & Nicholson model, 2003)

6.6.3   LFHE self-assessment tool (SAT)

The author has used the findings from his research in helping to create a self-assessment tool for the LFHE, for all HE board members and practitioners in the UK. It can be accessed via:

http://www.lfhe.ac.uk/en/research-resources/resources/research-
outcomes/the-self-assessment-toolkit.cfm

The SAT is a very relevant and practical use of the findings, further details of which are outlined in Chapter 5 (Section 5.4.3.4). It is a resource that can be drawn upon by all Clerks to the Board to help their members to identify future developmental opportunities, following the self-assessment of their current level of ability. It also enables the Chair of the Board to take a more active role in developing current members as part of their personal learning programme.

6.7   Limitations of the research

There are a number of limitations of the research, which include the following:

- The relatively low number of participants and potentially limited statistics to make generalisations. Nevertheless, the views of the interviewees from each of the mission group institutions were mainly the same.

- The limited number of research sites visited. While different mission group universities were visited, the findings produced few dissimilarities.

- The views of the interviewees could be influenced by their affiliation to their own institution, perhaps offering socially desirable responses or conversely their displeasure about certain aspects. However, the interviewees came across as very candid from the range of views that were freely expressed.

- The interviews and the analysis have been undertaken by only one researcher, the author, with the potential for error, though a careful adherence to grounded theory methodology and good practice and principles should help to diminish any bias.

- The author is an experienced professional in all fields of the research and could have unintentionally imported his own viewpoint or embellished some findings. Nonetheless, a strength within the DBA research is the practical experience brought by the researcher.

- Neither the Academic Board/Senate appointed staff members nor the student members were interviewed, although the focus of the research was on the external board members.

6.8   Suggestions for further research

From the thesis, a wide number of suggestions for further research are made, potentially for future doctoral students.

➤ <u>Further research for the HE Sector</u>

- Only 30% of the interviewees proposed an academic or educational specialist membership on boards. The numbers are too small for analysis, but further research would be useful to see if HE boards are changing from a democratic base structure to a commercial model, to the detriment of staff members.

- Further research could be undertaken to gauge if external board members might, in the future, have an increasing or reducing empathy with students, who are now more recognised as customers or consumers of HE. Empathy with students was a personal competence recommended in this study but with a relatively low scoring of 22% of all interviewees.

- An idea was proposed in the thesis on the possibility to improve diversity in HE board membership. This is to offer the opportunity for apprentice-type positions on boards, which would be for a fixed period, over perhaps 12-24 months. After this time, the individual would receive a certificate, subject to a satisfactory incumbency, stating their competency as a board member. It would, hopefully, enable them to obtain a full board position (not necessarily at the placement HEI) in the future. The possibility of being given a 'chartered HEI board status', similar to that offered by the Chartered Institute of Directors, could be a further incentive. The author has proposed the idea to the CUC, who are also looking at the merits of this concept. Collaborative work with the CUC through doctoral level research could be promising.

- While a number of possibilities have been offered to explain the generally informal recruitment practices for external HE board members, it is recommended that more detailed research is undertaken within the sector to test the arguments proposed in this thesis and their relationship with another variable: that of remunerating external members.

- With the possibility that, at some stage in the future, external board members in HE might be remunerated or at least receive an annual allowance, there is an opportunity for new empirical research on its interaction with a range of governance theoretical frameworks, possibly leading to a new multi-theoretical structure.

➢ Further research for the non-profit sector, particularly Further Education and the NHS

- There is an opportunity to test if there is now a lack of emphasis on the social skill of 'team working' in non-profit-making boards as mooted in this thesis, which has been considered in the past as a key competence in board related work. Greater emphasis might be required on board cohesion or relationships. It could form part of new research on board dynamics, which was not a focus of this thesis.

- Further research could be undertaken to explore the views of female board members in HE and other sectors on ways to enhance gender diversity in institutions. Relatively little research has been published on this topic, particularly of a qualitative nature.

- It is proposed that further research should be embarked upon in examining how board members can be seen as a resource base through their skills, knowledge and external networks to give added value, possibly being seen more as a competitive advantage. It could tie in with a study on its relationship with resource dependency theory and form interesting doctoral level research.

- The literature has given indications of a linkage between board member effectiveness as an element of board effectiveness and that of firm performance. Further study could be undertaken by extending the author's research on an effective board member and linking that into what makes an effective board in the non-profit sector.

6.9 Strengths and rigour of the research

Throughout this study, the author has been keenly aware of the need to demonstrate the rigour of the research (Holliday, 2002). It is infused within the grounded theory methodology and the scrutiny proposed by Charmaz (2006) for the 'Glaser and Strauss Challenge' to meet the seven key components for defining grounded theory practice. In Chapter 3, the author outlined how he had attempted to meet that challenge, which covered the following headings:

1. The simultaneous involvement in data collection and analysis.
2. Constructing analytic codes and categories from data, not from preconceived logically deduced hypotheses.
3. Using the constant comparative method, which involves making comparisons during each stage of the analysis.
4. Advancing theory development during each step of data collection and analysis.
5. Memo-writing to elaborate categories, specify their properties, define relationships between categories, and identify gaps.
6. Sampling aimed toward theory construction, not for population representativeness.
7. Conducting the literature review *after* developing an independent analysis.

<div align="right">(Source: Charmaz, 2006, pp.5-6)</div>

Particular ways to ensure rigour were at the interview and data analysis stages. Within the interviews, the author was alert to the possibility of posing leading questions that could contaminate the research or manipulate any interview data into predetermined categories. At the analysis stage, care was taken to review the author's comments and to exclude any similar views restated by an interviewee. This was important as the author is an experienced practitioner in this field and it was essential that his views were not, in any way, infused into those of the interviewees.

The author argues that there is a rational case for triangulation in the thesis as a means of looking at the research from different angles (Yin, 2009). It remains, however, a challenge in a qualitative domain (albeit augmented by qualitative elements) to articulate a sense of convergence from different data, sources, methods and perspectives. Within this thesis, triangulation is supported through:

- **The diversity of research sites (five in total)** through purposive sampling that gave an opportunity for detailed study. It enabled a greater chance of accessing more relevant data and finding hidden nuances in the research landscape, and increasing the confidence in the recommendations outlined earlier. As the last research site visit was half-way through, the author concluded that he had reached the zenith of category development. Also the results from different mission group universities were similar.

- **The two sets of interviews**, particularly comparing the views of the external board members with those of the senior staff in each institution. There were generally close correlations in the findings from each grouping.

- The confirmation of the author's initial concepts by **a focus group and through casual conversations and in-passing clarifications** with other experienced practitioners and board members.

- **Respondent validation** with matching views of the researcher's findings (Bryman & Bell, 2007). In support of this is feedback from the research sites that the author's views accorded well with their own views of board member competencies.

- There are **close correlations** between the author's findings and those of a prominent author of corporate governance (Coulson-Thomas, 1992, 1993, 2005, 2007a, 2007b, 2008, 2009a, 2009b, 2013).

- The author's significant knowledge as a 'participant' in the field in his own institution and knowledge of initiatives in the HE sector for 21 years (Holliday, 2002) lending an opportunity for **"anecdotal comparison"** (Glaser & Strauss, 1967, p.67). This is supported by the author presenting at five conferences, particularly to report on his findings and to test initial concepts with external board members and Clerks to the Board from universities spread throughout the UK.

- **Face validity** where the LFHE has taken on board a number of features of the research results that are now incorporated within their board member self-assessment tool (SAT) together with supporting text drafted by the author. The SAT and text are freely available on the LFHE website.

The above outline shows the connection of multi-faceted research methods, whilst recognising that the linkage does not show traditional/robust measurement features (Robson, 2011). It is acknowledged that when triangulation within such a focussed field of exploration is undertaken by one researcher, it can require that 'leap of faith', but it is contended that there is an essence of robustness in the outcome.

6.10 Concluding thoughts/reflections

This Chapter firstly gives a summary of the key discoveries within this study, which are drawn from the findings in Chapter 4 and the discussion in Chapter 5. It is noted in the outcome that soft skills, which it is argued enables superior performance (Boyatzis, 2009; Development Economics, 2015) are becoming of increasing importance, potentially surpassing those traditional hard skills, which though remain essential. The literature confirms that outstanding board members possess both personal skills and social skills (Balduck et al., 2010; Goleman et al., 2013).

Secondly, the central ideas within the thesis have been summed up in seven key recommendations that feature a range of implications within the HE sector. These show source references to Chapters 4 and 5 in support of the detailed recommendations. Also included is a Table showing the thesis aim and objectives mapped against the recommendations and the chapter references.

Thirdly, the author gives his reflections on the grounded theory methodology used within the study including the governance theoretical frameworks, noting that a multi-theoretical structure is the most useful approach for understanding the complexities of boards and board member behaviour within UK Higher Education. That pluralistic approach dovetails well with the overarching pragmatic epistemology within this thesis that has facilitated the transformation of practitioner-based research with a practical vision into an applied solution.

Fourthly, the Chapter outlines the contribution to the body of knowledge and practice, particularly relating to competencies for external board members, followed by the limitations of the study and opportunities for further research.

Fifthly, the author outlines the strengths and rigour of the research and the opportunity to consider triangulation in a qualitative setting. The key to the study was the 27 wide-ranging interviews: a rich resource offering a distinctive account from those actors directly involved in HE board-level work. It enabled the author to gain a grounded insight of those opinions and observations, which formed the foundations of the data analysis.

Finally, a reflection on the whole thesis, which acknowledges the increasing pressures on the HE sector, in what is now a less benign environment, and that a board made up of highly competent members should be a primary objective for each institution in such challenging times. It is hoped

that the recommendations within this study, which offer a unique view of board member engagement within in an innovative developmental framework, will add value and help toward that goal.

APPENDIX A

ETHICS PROTOCOL (INCORPORATING THE RESEARCH PROPOSAL)

Research title:	**An exploration of the essential competencies of UK University Governing Body Members**

OUTLINE OF STUDY

There is relatively little research on the competencies of board members of companies and particularly universities. Most corporate governance research has been focused on boards, for example, board dynamics, but not on the contribution of individual members. With the growing challenges facing Higher Education and that universities are generally operating with smaller boards, it is essential that their members are highly capable to help their institution through such challenging times.

This research forms the major part of a study for the award of Doctor of Business Administration (DBA).

The study aims (in addition to detailed secondary research): to undertake four case studies at different mission group universities by:

- Hearing from board members of what they consider will be the required competencies of board members in the future.
- Learning, from the perspective of individual board members, their opinions on how they have found the whole process of university board induction, appointment, continuing professional development, use of skills etc.
- Discovering from individual board members how universities might enhance such processes in the future, and
- Presenting the outline results to a development session at the Leadership Foundation for Higher Education.

What will it entail for your institution?
Interviews lasting about 45 minutes with governing body members and senior staff including the Registrar and Secretary/Clerk to the Board (approximately 7/8 interviews in total).

Informed Consent
Permission to include an individual in the project will be sought through the institutions who will contact their board members. Care will be taken to ensure that each participant is fully informed of the purpose and nature of the research. Participants will be given a copy of this ethics protocol. Any questions about the study will be answered.

Right to Withdraw

All participants will be offered the option not to answer questions or to withdraw from the research at any time.

Feedback

A report on the research findings will be sent to the respective institutions. Individual board members will not be identified through their comments for the case study.

Anonymity and Confidentiality

The interviews will be recorded (with contemporaneous hand-written notes) unless there is an objection, in which case just detailed written notes will be taken.

The transcripts of the interviews and all other personal data will be held securely by the researcher, only used for this research study and will be destroyed in accordance with good Data Protection principles. Any data will be published anonymously.

The names of individual participants will not be disclosed under any circumstances. The name of the individual institution will not be announced unless they agree to this.

As part of the DBA programme, an article of publishable quality will be produced. Again, no individuals or connection with their particular university will be divulged.

A confidentiality agreement, outlining the above matters, will be signed between the author and each institution.

Thank you for taking part in this research

If you wish to discuss any aspects of the study, please contact me.

January 2013

APPENDIX B

INTERVIEW QUESTION TOPICS

Potential competencies for board members

- Specific skills required? Such as:
    - Financial skills
    - Management skills
    - Prior experience as a board member
    - Understanding the difference between governance and management
    - Being a critical friend
    - Discretion and confidentiality
    - Ability to work as a team
    - Listening skills
    - Commitment to Higher Education and to public service.
- From the outline you have proposed, which skills do you feel are essential or desirable?
- Are the Nolan Principles taken into account (plus the importance of being independent)?

Recruitment

- Experience of the recruitment and selection process including advertising, CVs, personal approach, search consultants?

Induction

- Experience and usefulness of the whole induction process?

Continuing professional development (CPD)

- What range of CPD initiatives are offered - internal and external?
- Are your current skills being used effectively?
- Are skills or competency audits undertaken? Do these flow into a skills matrix?
- Is an on-line board portal available?

Appraisal/evaluation

- What is your experience of appraisals in HE compared with your professional role or from other sectors? Were these useful?

Additional matters

- Suggestions to enhance any of the procedures for recruitment, induction, CPD and appraisal. What has changed over the past five years? Reflecting back on your experiences, what initiatives would have been useful to you as a new board member?

APPENDIX C

Pages removed to prevent the identification of the individual institutions.

The summary of appendix C is shown in Appendix D.

APPENDIX D

QUANTITATIVE ANALYSIS OF HARD AND SOFT SKILLS/COMPETENCIES

Table 4.3: Responses from board members on their view of hard skills/competencies

	Knowledge/expertise/skills	Frequency External Board Members	Frequency Board Chairs	Frequency Senior University Staff	TOTAL	% from a total of 27 interviewees
1.	Financial/accounting	10	4	9	23	85
2.	Business/organisational development/risk	9	2	6	17	63
2.	Operating at a senior level in an organisation	8	3	6	17	63
4.	Experience of boards/governance	9	3	4	16	59
5.	Direction and ethos of institution	7	0	5	12	44
5.	Human resources	6	1	5	12	44
7.	Estates	5	1	5	11	41
7.	Marketing/public relations/ media/branding	5	1	5	11	41
9.	Legal	4	1	5	10	37
10.	Education/academic	4	2	2	8	30
11.	Networking	0	0	6	6	22
12.	Information technology	2	1	1	4	15
	TOTALS	**69**	**19**	**59**	**147**	

Table 4.4: Responses from board members on their view of soft personal skills/competencies

	Personal competencies	Frequency External Board Members	Frequency Board Chairs	Frequency Senior University Staff	TOTAL	% from a total of 27 interviewees
1.	Confident to challenge the executive, ask questions, curiosity	14	3	8	25	93
2.	Strategic perspective	10	1	2	13	46
3.	Comprehend complex information/analytical	8	2	2	12	44
4.	Know the difference between governance and management	4	1	6	11	41
5.	Willingness to learn	4	1	1	6	22
6.	Independent/objective	3	1	1	5	19
	TOTALS	**43**	**9**	**20**	**72**	

Table 4.5: Responses from board members on their view of soft social skills/competencies

	Soft - social	Frequency External Board Members	Frequency Board Chairs	Frequency Senior University Staff	TOTAL	% from a total of 27 interviewees
1.	Articulate/good communicator	3	3	4	10	37
2.	Team player	4	1	2	7	26
3.	Empathy with students	3	1	2	6	22
4.	Influencing	3	0	0	3	11
4.	Understand different viewpoints	1	0	2	3	11
	TOTALS	**14**	**5**	**10**	**29**	

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