UNIVERSITY OF SOUTHAMPTON

CORPORATE GOVERNANCE

IN

THE NEW UNIVERSITIES

AND

COLLEGES OF HIGHER EDUCATION

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DOCTOR OF EDUCATION

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ABSTRACT

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There would seem to be little published research into the activities of Boards of Directors (termed Boards of Governors in Higher Education), although many publications contain lists of various suggested board responsibilities and duties. This thesis attempts to fill some of this knowledge gap. Based on the literature reviewed an initial list is put forward of twelve factors that would seem to be essential for effective board governance. The research programme subsequently focuses on the activities of boards of governors at eight New Universities and Colleges of Higher Education. The first research element matches the twelve effective governance factors against board activities as revealed by an analysis of the minutes of board meetings at three institutions. The second research element, by way of a questionnaire, based on the same effective governance factors and issued to five other institutions, reveals the perceptions of governors as to their own board's activities. From the evidence collected eight recommendations are put forward that are aimed at improving the effectiveness of Boards of Governors in The New Universities and Colleges of Higher Education. The effectiveness of Boards of Governors is however inevitably linked to the duties placed on them by the Government and other Bodies and several alternative scenarios are put forward for the future role of Boards of Governors.

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ABBREVIATIONS USED

CUC	-	Committee of University Chairmen
DfEE	-	Department of Education and Employment
EdD	-	Doctor of Education
FE	-	Further Education
FEFC	-	Further Education Funding Council
HE	-	Higher Education
HEC's	-	Higher Education Corporations
HEFCE	-	Higher Education Funding Council for England
NAB	-	National Advisory Board for Public Sector Education
NAO	-	National Audit Office
NHS	-	National Health Service
NATFHE	-	National Association for Teachers in Further and Higher Education
OFSTED	-	Office for Standards in Education
PAC	-	Parliamentary Accounts Committee
PhD	-	Doctor of Philosophy
QAA	-	Quality Assurance Agency
QUANGOS	-	Quasi Autonomous Non-Governmental Organisations
SCOP	-	Standing Conference of Principals
TEC	-	Training and Enterprise Council
UK	-	United Kingdom

CHAPTER ONE

AN INITIAL PERSPECTIVE ON CORPORATE GOVERNANCE
WITHIN THE NEW PUBLIC/PRIVATE SECTOR.

1.01 PUBLIC/PRIVATE ORGANISATIONS

In the UK over the past 10-15 years an important trend has been the transference of various activities from the government managed public sector to a new privately managed public sector. Examples of such transfers have been the reorganisation of the National Health Service in 1990 and the establishment of the New Higher Education Corporations in 1988. The government still determines the major policy decisions but passes the responsibility for the implementation of that policy to autonomous corporations operated largely on private sector principles and governed by a Board of Governors of which, normally, the majority of members are from the private sector. These new public/private organisations are, however, not entirely free from governmental control as they remain accountable to government, sometimes directly, sometimes through funding councils or regulators who in turn are accountable to government and sometimes through a mixture of both. This rather ambiguous control mechanism is highlighted on occasions when the so-called autonomous organisations seriously disagree with government policy. Baty and Tysome (2000, p.1) for instance, report that:-

> "... quality chiefs have warned that institutions that refuse to co-operate could have funding withheld".

The drive to carry out public policy through private enterprise is based on the philosophy that private enterprise is capable of greater efficiency and effectiveness than public enterprise due to its ability to reduce bureaucracy, and to concentrate on outputs, results, innovation and quick reaction to the market and the needs of the customer rather than inputs, expenditure control and monopolistic protection. Bargh, Scott and Smith (1996,p.3) for instance, have said that:-

> "The broad intention has been to replace a traditional public service ethos, and the allegedly unresponsiveness and inefficient administrative tradition which that ethos has sustained by a business-oriented ethos comprising an enterprise culture and more assertive management style".

This privatisation philosophy however begs the question as to whether efficiency and effectiveness are the be-all-and-end-all of organisational enterprise. Osborne and Gaebles (1992,pp.45/46) have said that:-

> "*Business does some things better than government; but government does some things better than business. The public sector tends to be better, for instance, at policy management; regulation, ensuring equity, preventing discrimination or exploitation, ensuring continuity and stability of services and ensuring social cohesion... Business tends to be better at performing economic tasks, innovating, replicating successful experiments, adapting to rapid change, abandoning unsuccessful or obsolete activities, and performing complex or technical tasks*".

One of the features of the implementation of this policy by the UK Conservative Government has been the importation of private sector personnel onto the Boards of these new public/private organisations in order to provide sufficient catalytic reaction to bring about the desired benefits of efficiency and effectiveness. For instance Ferlie, Ashburner and Fitzgerald (1995, p.378) have said, in the case of the National Health Service, that:-

> "............ ... *one reading of the reforms to the governance systems of public agencies is that the new style boards are expected to display much more strategic forms of behaviour and to be far more challenging of executive domination*".

In the case of Higher Education Bargh, Scott and Smith (1996, p.21) have stated that:-

> "*First, for the New Right, the governing bodies of public institutions are regarded as the key arenas of change, 'Business' governors in particular, occupy a central role in the enterprise culture, portrayed by its advocates as 'cultural change agents', inculcating their institutions with enhanced awareness of competitiveness and the need for excellence in management*".

Events have indicated however that insufficient consideration was given to the possible side-effects such as (a) the 'managerial' ethos being in serious conflict with the 'collegial' culture of some public service enterprises such as higher education, although

Tapper and Palfreyman (1998) suggest that collegiality was a rather fragile concept beyond the structures of Oxford and Cambridge Universities, (b) 'entrepreneurial drive' being at odds with the 'no-risk' public expenditure philosophy of many public service organisations, and (c) the danger that organisations would become dysfunctional as private sector personnel negotiated the long learning curve as they sought to understand the different culture of public sector organisations where sometimes lengthy discussion and consultation is preferred to quickly taken decisions by managers. The past ten years or so have created a number of challenges as these new public/private organisations have struggled to adapt and survive whilst staff, managers and governors have sought to create dynamic co-operation out of conflict and misunderstandings. In such situations it is the Boards, who become increasingly important elements in the organisation's survival as it is their corporate governance role to see beyond the short term fray, to be sensitive to important external and internal factors, to set clear strategic objectives for their organisations and to guide, support and monitor the organisation's executive as they manage the organisation towards those strategic goals.

The success of this government initiative to privatise parts of the public sector would seem, therefore, to depend to a major extent on the efficacy of the newly established boards. Nonetheless, several commentators, within parts of the public sector affected, have questioned the basic assumption regarding the capacity of these new boards to bring about the intended results. Bargh, Scott and Smith (1996, p.167), for instance, have said that:-

> *"there is little evidence that the corporate sector has useful models of governance to offer higher education. If this is accepted, the case for giving priority to those from the corporate sector in appointing new governors is perhaps weakened".*

1.02 RESEARCH SCOPE

This thesis is particularly concerned with the activities of boards within the New Universities and Colleges of Higher Education. These activities, however, need to be viewed within the context of the practice of corporate governance in general. The literature review (Chapter Two) reveals that the increasingly important, but until recently relatively neglected, function of corporate governance has given rise to a number of books, articles and government inspired reports. These publications review various facets of corporate governance. Most include lists of assorted, and numerous, responsibilities and duties of boards but provide little insight into the actual activities of boards. This thesis aims to fill some of this knowledge gap by providing a greater awareness of the activities undertaken by the boards of governors of a number of Higher Education Corporations. In doing so it seeks to provide answers to three interlinked questions, namely:-

What should governors in Higher Education do?
What do governors in Higher Education do?
How do governors in Higher Education perceive the activities of their board?

In considering various aspects of corporate governance the literature review seeks to uncover those governance factors that are common to all organisations that aspire to 'Effective Corporate Governance'. These factors address the first question (What should governors in higher education do?). Thereafter the literature review looks at various issues regarding the practice of corporate governance in the private and public/private sectors. In the case of the latter there appears to be a deliberate plurality of corporate governance structures. This plurality is illustrated through further consideration of corporate governance practices in the National Health Service and Higher Education. This part of the review casts doubt on the wisdom of transposing corporate governance practice in the private sector to the new public/private sector. The review of corporate governance in Higher Education also provides a backdrop against which is profiled the activities of the boards of some New Universities and Colleges of Higher Education, as revealed by the research programme. The first element of the research programme matches the aforementioned 'Effective Governance Factors' against the deliberations as evidenced by the minutes of the board meetings of three new higher education corporations. This analysis of board activity provides statistical

evidence, supported where appropriate, by qualitative comments, and thereby addresses the second question (What do governors in higher education do?). Information is also collected from the governors of five SCOP (Standing Conference of Principals) Colleges of Higher Education. This is achieved by way of a questionnaire constructed around these same 'Effective Governance Factors'. The views and comments of governors as reported in those questionnaires provide statistical evidence once again supported, where appropriate, by qualitative comments. This evidence indicates individual governor's understanding and expectations of the role of their board and addresses the third question (How do governors in higher education perceive the activities of their board?). The evidence revealed by the research undertaken to answer these three separate but linked questions is finally matched together. The conclusions drawn therefrom will, hopefully, help governors to improve their practice of corporate governance within Higher Education Institutions.

Reflection on these conclusions however raise the further question as to the purpose of corporate governance in higher education and various possible scenarios are presented at the end of the thesis.

The scope of this research, as outlined above, has unfortunately had to be constrained by the need to produce an Education Doctorate Thesis of 45000 words. Nevertheless the research has produced some interesting evidence of board activity. In order to be of greater use to the Boards of Higher Education Corporations the research results would need to be substantiated by further research into more institutions including some 'old' Universities. Also during the research programme several areas needing further research have been identified. It is hoped that funding can be obtained to continue researching into the specific questions raised.

CHAPTER TWO

A LITERATURE REVIEW OF CORPORATE GOVERNANCE AND ITS APPLICATION IN THE PRIVATE SECTOR AND THE NEW PUBLIC/PRIVATE SECTOR.

CORPORATE GOVERNANCE

2.01 INTRODUCTION

Berle and Means (1997) were amongst the first authors to raise concerns over corporate governance issues, the first edition of their book being published in 1932. They argued that as any organisation grew it was axiomatic that ownership became more and more divorced from control. It is the activity of reconciling these interests which has become termed 'Corporate Governance', with the people carrying out the governance role being called governors or directors and the collective term being 'the Board'.

The subject of Corporate Governance has received some interest from academic researchers and others, for example Carver (1990), Garrett (1997), Monks and Minnow (1995), and Tricker (1980), but not to the same extent as other aspects of management. The greater visibility now being given to the governance function has arisen from several factors. Firstly, the size of some modern companies, some having annual incomes in excess of the gross national product of medium sized countries, means that their economic impact is too powerful to be left solely to the whims of a profit maximisation policy supposedly at the core of business economics. Shaw (1992, p.20) has said for instance that:-

> "Corporate management has enormous power over these resources and its decisions have huge influence over economic and social well being".

Secondly, the globalisation of their business activities has resulted in many companies operating in countries where the profit margin is not seen as the only determinate of business purpose. For instance Charkham (1994, p.73) argues that the objective of the banks who pay a major role in the financing of Japanese industry:-

> "was, and is, not the maximization of profits, as is the stock markets, but safety and growth".

Thirdly, as asserted by Sternberg (1998), the increasing impact of stakeholders' theory on company operations, with the simultaneous growth in influence of community groups and environment groups for example, has added ambiguity and confusion to the definition as to whom boards are accountable. Fourthly, the dramatic failures in recent years in several

organisations have focused attention on the apparent ineffectiveness of governance in these organisations. Williams (1999, p.48) lists many such examples and, when referring to the case of Wickes, states that:-

"This saga of incompetence, and apparent fraud at lower levels, was precisely one of the reasons why the Cadbury Committee had been set up, and undoubtedly added to the serious public and press concern which the earlier examples had aroused".

Consequent upon this extra attention being given to corporate governance has been the publication of many books, leaflets, articles, reports, and press accounts dealing with various aspects of the topic. In reading this literature one if left, however, with a rather unsettling feeling, aptly paraphrased by Cornforth and Edwards (1990, p.18) as:-

"much of the existing literature on boards is prescriptive in nature. It has been criticised for giving an idealised view on boards".

This first part of the literature review concentrates on corporate governance aspects of organisational activity wherever practiced. Commencing with several definitions of the term 'corporate governance'. The differences between 'management' and 'governance' are then explored. Although both could be said to be on the same continuum it is suggested that corporate governance is concerned with the 'whole' organisation and essentially with strategic policy whilst management is more concerned with the implementation of that policy. The need for corporate governance and its three theoretical forms are discussed, including its place in the accountability spectrum of 'checks and balances' of organisational activity. Mention is also made of the various 'Codes of Conduct' that boards are expected to follow 'voluntarily'. The importance of board composition is briefly examined. The roles of the major individual protagonists (Chairperson and Chief Executive) are considered and the critical relationship between them is probed. Reasons for the desirability for boards to contain Non-Executive Directors, and the benefits that they can bring to board deliberations, are scrutinized. Reference is also made to the tendency for 'board training' to be minimalistic compared to the much larger expenditure on management training. The final section is a distillation of the common characteristics, drawn from the literature reviewed, that would appear to have a significant influence on board effectiveness.

2.02 DEFINITIONS

A search through the literature on corporate governance reveals that writers on the subject tend to give their own definition of the term with these ranging from the very simple to the philosophical. Examples of such definitions are:-

> *"Governance is simply defined as being the system by which organisations are guided, directed and controlled at a strategic level"* Hind (1995, p. xvi).

> *"There is considerable debate about what actually constitutes corporate governance but its key elements concern the enhancement of corporate performance via the supervision, or monitoring of management performance and ensuring the accountability of management to shareholders and other stakeholders. These aspects of governance and accountability are closely interrelated and introduces both efficiency and stewardship dimensions to corporate governance"* Keasey & Wright (1977, p.2).

> *"Corporate governance is concerned with establishing a system whereby directors are entrusted with responsibilities and duties in relation to the direction of a company's affairs. It is founded on a system of accountability primarily directed towards the shareholders"* Sheikh & Chatterjee (1995, p. 5).

> *"It is the relationship among various participants in determining the direction and performance of corporations"* Monks and Minnow (1995, p.1).

> *"No corporate governance system can or should attempt to supplement the role of management. What it can do is establish a framework in which value can be added and most importantly not unnecessarily be subtracted"* Charkham (1996, p. 2).

> *"In its broadest sense, good governance is about seeking to achieve human progress balanced with social equity in a well protected environment"* Shaw (1993, p.21).

> *"The object of corporate governance is to provide a framework within which a company can operate both for the benefit of its shareholders and for society at large"* Lindsey (1996, p.35).

From these definitions it can be seen that corporate directors/governors should exist at a strategic level above operational management. They are responsible for ensuring that a

corporate strategic plan exists. Within the framework of that plan, they should set the operational management parameters and monitor the performance of the executive against those parameters. They are also accountable to various groups, that are internal and external to the company, for ensuring that the organisation meets its strategic and other objectives.

2.03   MANAGEMENT

Writers and commentators on the subject of Corporate Governance agree that it differs from management. For instance Carter (1990, p.24) says that:-" ... *governance is more than management writ large'.* Akpeki (1998, p.31), whilst agreeing that the two functions are different, stresses that:- *"Effective management and governance is about healthy interaction between the two".*

However, very few explicitly define the nature of the essential difference. The confusion is added to in some organisations by having the chief executive, if not other managers as well, also sit on the board in their own right. In fact in some the chief executive also acts as the Chairperson of the Board. It is very difficult to define the difference other than stating that governance is about setting the strategy for the organisation, normally leaving the strategic plan to be developed by the management. The board would also define those policies through which the management is set clear parameters within which they can operate to bring that strategy about. Governance also includes monitoring the management's performance in achieving the strategic objectives. Management on the other hand is mainly concerned with the implementation of the strategic plan and dealing with the resultant day-to-day operations of the organisation. If the setting of strategy and the defining of parameters of executive action is not sufficiently clear, free from ambiguity and possible misinterpretation then the difference between governance and management will become indistinct and vague.

To be effective, the board and executive need to act in partnership with their different roles being, where possible, clearly defined and agreed but also for their overlapping duties to be minimized, and recognised, and their activities within this area to be carried out sensitively and with respect to each others responsibilities. Williams (1999, p.64) states that there needs to be:-

> *" ... as clear a definition as possible of what is in fact delegated by the board to the chief executive and secondly, in unforeseen situations where action has to be taken*

quickly a relationship of mutual understanding and trust which guides both parties on what can legitimately be done and what cannot".

2.04   THE NEED FOR GOVERNANCE

Irrespective of the above dilemma writers on the subject of corporate governance acknowledge that organisations need to be well governed in addition to being well managed. The need for Corporate Governance has been summed up by Sternberg (1998, p.30) as follows:-

"The need for governance arises because the advantages of corporate form are typically accepted at the cost of separating ownership from operational control. When management is detached from ownership and especially when ownership is diffuse, it is possible for managers to run a corporation to serve their own ends. Mechanisms are therefore needed for ensuring that corporate actions, assets and agents are devoted to achieving the corporate purposes established by the shareholders".

It is normally the case that the board is accountable to the shareholders or other 'stakeholders' whilst the management, in the form of the Chief Executive is accountable to the board. The board is thus therefore part of the 'check and balance' process built into the accountability system of an organisation.

In this accountability relationship the chief executive is mainly looking inwards at the organisation whilst the board would be looking outwards and attempting to reconcile the external and internal interest that act upon the organisation and in so doing provide a clear direction for the organisation.

2.05 FORMS OF GOVERNANCE

The activity of corporate governance can, in theory, follow the three models proposed by Cornforth and Edwards (1998) as described below, but in practice most boards would operate a mixture of these.

Stewardship. In its basic form the owners would delegate authority to the directors who would act on behalf of and in the best interests of the owners but would nevertheless need to

account to the owners for their stewardship performance. The vast majority of organisations today are however subject to controlling influences from groupings other than the owners, some with very tenuous connections with the organisation. In such instances the stewardship model becomes very conditional upon the pressure from these other obligations.

Agency. This model recognises that the interest of owners and directors are different with both acting in their own self-interest. Such a relationship becomes one in which the directors act as agents for the owners and necessitates the establishment of a system of independent verification of the directors' performance, such as an annual audit report. This model is also considerably complicated and weakened by the existence of external groupings with sufficient influence to overrule the interests of both owners and directors.

Representation. This is a more political and democratic model in which the directors represent particular influential groupings and can thus act as a focal point in which the different interests of these groups can be reconciled or coordinated so as to produce a common goal. However, in practice it would be physically impossible to represent all groupings such as suppliers, customers, employees, trade unions, local community, and shareholders. It is also likely that these groups would, in turn each have a myriad of interests emanating from the individuals in the group. It is also debatable whether those groupings that have only a tenuous, or transitory, connection have any right for their views to be considered ahead of any other group – it would thus be virtually impossible to prioritise group interests in any valid way. Such representative directors would also not necessarily have the required experience, skills or expertise required for effective governance and thus any contribution that the board makes could be seriously devalued.

2.06   CODES OF CONDUCT

The increasing public concern with governance issues and the visible failings of the governance function in several well publicised cases has led to investigations into this subject. Garratt (1997, p. 1/2) quotes the cases of Maxwell and Barings in the UK; Schneider and Opel in Germany; IBM and General Motors in the UK and Daiwa in Japan. These investigations have been targetted at Corporate Governance either directly as in the case of the Cadbury Committee (1992) or indirectly as in the case of the Nolan Committees (1996, 1997) and the Dearing Committee (1997). Of course, organisations have always had to

operate within the confines of the law but various acts such as the Companies Act (1948) and the Education Reform Act (1988) have laid down very precise obligations on boards in such matters as procedures of meetings, constitution of boards, ages of directors, register of interests, periods of office and so on. Bearing in mind however, the rather nebulous nature of governance as discussed earlier, the general tendency has been where possible, to allow boards to regulate themselves, only adding to the existing legislation where events have made specific restriction necessary. This preference for self-regulation has resulted in the publication of several 'Codes of Conduct' that boards are expected to follow. Examples of such codes are the Code of Best Practice issued by the Cadbury Committee (1992) and the Committee of University Chairmen's Guide (1998). These codes are aids to boards in helping them to become more aware of their full range of duties and responsibilities and in indicating the expectation of the community in general and the government in particular, but they are no more than advisory in nature and like any advice, can be ignored by the recipient if judged to be inappropriate. Certainly the Institute of Directors are working hard to promote the professional status of directors and now offer a comprehensive 'Director Development' programme (Institute of Directors – undated) and have also published guidelines for good board practice in the form of 'Standards' (Institute of Directors 1995)

2.07 COMPOSITION OF BOARDS

Another factor on which writers on Corporate Governance agree is that a board only has authority when acting as a body – directors do not have any powers from being a board member that cling to them as individuals unless the board has delegated such power to them. Of course members who are also executives have executive power but not board power. This condition is also true for the Chairperson whose role is often to act as agent and spokesperson for the board but only in relation to those matters upon which the board has resolved and delegated to him/her. This concept requires the board to act as a whole and despite the variety of backgrounds, personalities and status of the individual members, the board, in order to take decisions, needs to come together to form a common mind on the subject. It should be noted however that Williams (1999, p.92) observes that:-

> ' ... *a board comprised of individuals for several of whom it's work, however*
> *important, takes up only a small proportion of their time and effort, cannot be*

described as a team in any normal sense of the word – nor should it aspire to be one".

It is a Chairperson's task to ensure that this coming together takes place but that task is eased considerably if due attention is given to the selection of board members. The board as a whole needs to decide the criteria to be met for board appointments and as the value added by a board depends on its being able to take a diverse but balanced perspective on various issues, the criteria should ensure that this can take place. Boards in particular organisations or in particular situations may decide to include members with specific skills although this objective can be met by other means, such as temporary co-options.

A board must consist of more than one person but can be as large as it decides, within legal restraints, bearing in mind that the larger the number of members the more difficult it becomes to achieve an agreed resolution and the easier for individual members to lose a sense of responsibility. A small membership on the other hand will lessen the diversity of views whilst making it easier for a single person to become too disruptive or too dominant, whilst a change in membership of a single person may well change the whole personality of the board

2.08   ROLE OF THE CHAIRPERSON

The Institute of Directors (Undated, p.12) states that:- *"The Chairman has a critical influence on a board's style, composition, balance and performance"*, whilst Coulson-Thomas (1993, p.53) produces a list detailing aspects of the chairman's role and states that in his opinion:- *"the chairman has a special role in creating excellence in the boardroom".*

In the case of the National Health Service the Code of Accountability issued by the Department of Health (1994, p.9) itemizes the content of the chairman's role and states that:-

"The Chairman is responsible for leading the board and for ensuring that it successfully discharges its overall responsibility for the organisation as a whole".

In the case of higher education The Committee of University Chairmen's Guide (1998, p.19) deals with the role of the chairman and states that:-

> *"The Chairman is responsible for the leadership of the governing body. As chairman of its meeting he/she should promote its well being and efficient operation ensuring that its members work together effectively and have confidence in the procedures that have been laid down for the conduct of business".*

It is suggested, by the writer, that in order to carry out the role effectively the Chairperson would need to have a good up-to-date knowledge of (a) the organisation, its complexities and major problems both internal and external, (b) the personalities of its senior management (c) an equally good knowledge of the expectations of the owners or other stakeholders (d) good knowledge of the board, its strengths and weaknesses and the individuals making up the board. Armed with this knowledge the Chairperson needs to ensure that the matters brought forward for the board's attention are governance issues that address real strategic, or policy matters and thus make the best use of the board's most scarce resource – its meeting time! The Chairperson also needs to ensure that the full participation of the board is directed at discussing the issue, taking full advantage of the diverse experiences of the individual members in coming to an agreed resolution on which the board can speak with one voice. This view of the Chairperson's role was concisely summed up by Walters (1995, p.217) who said:-

> *"the first responsibility of the chairman, therefore, is to create a board in which substantial issues of company policy might be properly and constructively discussed".*

The Chairperson is normally also given the task of acting as the Board's representative externally to various interested groups or individuals, Hudson (1995, p.82) calls this the 'figurehead' role in which:-

> *"the chair has to represent the organisation on key public occasions".*

In the case of public bodies the Code of Best Practice (H.M. Treasury, 1994, p.4) gives the chairman:-

"particular responsibility for providing effective strategic leadership on matters
such as: ... representing the views of the Board to the general public" .

This activity enables the Chairperson to effectively administer the board's interface with various stakeholders and to refresh and extend his/her knowledge of their interests.

2.09 ROLE OF THE CHIEF EXECUTIVE

The Chief Executive of an organisation is responsible to the Board for the satisfactory implementation of the Board's resolutions and in so doing is solely responsible for the management of the organisation. The Board normally speaks to the organisation through the Chief Executive. It otherwise runs the danger of partially supplanting the Chief Executive and blurring the Governance/ Management interface (Carver 1990).

The Chief Executive is the person who should have most knowledge of the organisation and its operations, and is responsible for effectively managing the organisation's interface with the Board. In addition the Chief Executive normally has the additional responsibilities, in relation to the governance function, firstly of informing the Board about developments concerning the organisation which have strategic or policy implications and providing progress reports regarding the implementation of previous board resolutions. Secondly, in conjunction with the Chairperson(s) of preparing the Board and its committees for their work by preparing the agenda and producing, together with other executives, the papers describing and proposing the strategic/policy issues to be discussed at the meetings. Thirdly, also in conjunction with the Chairperson, of educating the board about the organisation and other issues and assisting in the development of board members so that the board's deliberation are sufficiently underpinned by knowledge of the issues and of their governance responsibilities. (Carver, 1990; Chater, 1993; Kerr and le Grade, 1989).

The vast majority of information reaching the board comes through the office of the Chief Executive who through the acts of giving, withholding or sharing information and of determining the timeliness of such acts, has a huge influence on the board's effectiveness. The over-dependence by the Board on information from the Chief Executive is seen as a danger to their effective independence. This has been an issue raised in National Audit Office Reports (1998A and 1998B) concerning the activities of higher education institutions.

2.10 RELATIONSHIP OF CHAIRPERSON AND CHIEF EXECUTIVE

The relationship of the board to the organisation is normally effected through the respective posts of Chairperson and Chief Executive. The individuals holding the two posts need to build an effective relationship between themselves based on each respecting the role of the other and acting in a collegial partnership rather than an hierarchical association. The Committee of University Chairmen's Guide (1998, p.20) makes the specific comment that:-

> "A critical element in the effectiveness of the governing body and of the institution involved is the establishment of a constructive working relationship between the chairman and the executive head of the institution".

Ferlie, Ashburner and Fitzgerald (1995, p.385) have called the relationship a 'pivotal' one and add that:-

> "The relationship may endure over a number of years and become a 'partnership' where both players have equal power and display different aspects of a double-headed leadership".

Similarly in the case of schools Ball (1994, p.92) has said that:-

> "... the working relationship between the headteacher and chair of governors is crucial in the achievement and maintenance of a line of demarcation between governance and management".

The relationship is also seen to be important in the private sector, Williams (1999, p.88) for instance comments that:-

> "What is clear is that the personal and working relationship between the Chairman and the CEO is extraordinarily important, and must be of mutual trust and support".

In this partnership the Chairperson is acting on behalf of the board with the authority of the board as a whole, to which the Chief Executive is accountable. The Chief Executive acts on individual authority, personally being responsible to the board for the performance of the whole organisation. The Chairperson/Chief Executive relationship should not stop

individual relationships developing between other board members and the Chief Executive but these relationships are based on equality, especially if the Chief Executive is also a board member, there being no hierarchical relationship as individuals (Carver 1990).

2.11 NON-EXECUTIVE DIRECTORS

It is common practice for most boards to contain some directors who do not have any executive position within the organisation, commonly called Non-Executive Directors, who can bring influence to bear on board deliberations by offering various external viewpoints to board debate. This view was certainly taken by the Cadbury Committee (1992, paragraph 1.3) who, in their Code of Best Practice state that:-

> *"The board should include non-executive directors of sufficient calibre and number for their views to carry significant weight in the board decisions".*

The benefit that Non-Executive Directors can bring to discussions of the Board are views that are independent from the management's, or executive director's opinions. As they are not involved in the day-to-day operations of the organisation they should find it easier to view the organisation as a whole and to balance the needs of the organisation against those of external groups who may be affected by the organisation's operations. It is important that they see their role as a 'critical friend' to management and not in any way as 'opposition' to management. Nevertheless Non-Executive Directors should challenge management where they deem necessary but always in ways that do not disrupt the team spirit that is so essential if boards are to be fully effective. These views on the role of Non-Executive Directors are supported by the following quotation from Robertson (1995, p.3):-

> *"The non-executive's job is to support management but also to question it; to get explanations for anything that looks odd or worrying, but not to fuss over detail; and to contribute to policy debate, whilst recognising that in most companies policy is formed in the mind of the chief executive or certainly has to be fully adopted by him; policy cannot be imposed on management".*

In order to perform the role adequately Non-Executive Directors need to have sufficient knowledge of the organisation, which would mainly emanate from information provided by the Chief Executive whom they would, on occasions, need to challenge at board meetings. Chief Executives are therefore in a very powerful position to increase or reduce the ability

of the Non-Executive Directors to challenge executive recommendations. In the interest of whole board effectiveness this situation should be carefully monitored by the Chairperson which is difficult, if not impossible, if the Chairperson is also the Chief Executive.

Non-Executive Directors need to cultivate the acquisition of knowledge from sources other than the Chief Executive, as recommended by the Audit Commission (1995, p.11) in the following words:-

> *"Chairman and Chief Executives should encourage non-executive directors to develop independent sources of information because this will help them provide a more informed view on the board's business".*

The Audit Commission (1995, p.11) further suggest that Non-Executive Directors should seek information from the staff of the organisation in order to fulfil their probity responsibilities for example:-

> *"If non-executives make themselves known, approachable and accessible, staff will be more willing to come forward and report any suspicions they have".*

Although the latter view can be defended from an internal audit perspective the major reason for Non-Executive Directors to develop sources of information other than the Chief Executive, is to enhance their value of being independent from management and therefore being able to challenge, and consider executive recommendations from a different perspective. In this way Non-Executive Directors can often add a 'qualitative' judgement to the usually 'quantitative' recommendations proposed by the executive.

Due to their independence Non-Executive Directors are also especially useful members of board committees established to deal with issues such as External and Internal Audit, Executive Remuneration, Appointments to the Board and Board Performance Reviews, and as independent referees where conflict of interest situations arise.

The danger surrounding Non-Executive Directors is that they become a special kind of director, who are seen to be a potential focus of dissent with management and used as such by those who lobby for particular causes. At the same time they need to be good team members of the board who work in co-operation with the executive directors, in coming to agreed resolutions. In this connection it should be remembered that under statute, common

law and most organisations' constitutions non-executive directors have the same duties, responsibilities, and in certain situations liabilities, as any other board member.

2.12 GOVERNOR TRAINING

The previous section has indicated that board members need to have a high level of knowledge and experience both of the organisation itself and of its outside environment to which must be linked the ability to be a 'critical friend' together with several specific governance skills. Various studies have shown however that board training provided by organisations is noticeable by its inadequateness or even its complete absence. For instance Cornforth and Edwards (1998, p.x) state that:-

> *"Where initial training on the role and responsibilities of being a board member is readily available it is taken up and valued by many board members. However, this training tends to concentrate on the legal responsibilities of board members. It does little to develop either the skills which board members need in order to make an effective contribution, or their understanding of different approaches to governance".*

Similarly Garratt (1997, p.152) notes that:-

> *"On my travels I often test the IOD finding that 92.4 percent of directors have had no training or development in the directorial role".*

Although the latest survey from the Institute of Directors (1998, p.1) found that this situation was changing, and commented as follows:-

> *" ... shows a dramatic change in practice since 1990. Directors and their boards appear to be taking a much more professional approach to the development issues".*

The irony of this minimalistic approach to director training compared to the huge amount being spent on manager training and the disparity that this can cause between the skill levels of the two groups, who need to work together in partnership within organisations, has been commented on by Carver (1990, p.24) as follows:-

"When Chief Executives are increasingly skilled as managers while their boards are not increasingly skilled as governors, leadership becomes a brittle commodity, or, at worst, a mockery".

Training for board members can take place on their induction and throughout their period of office. It can be provided in house through holding specific training events, by having a system of board 'mentors' and through organised social events so that information and ideas can be exchanged informally. Training can also be provided through external training events such as conferences and seminars.

2.13   EFFECTIVE BOARDS

There are very many types of board ranging across the whole spectrum of characteristics. Some boards will be dominated by the Chief Executive others by the Chairperson, whilst others will be very consensual in their decision making. Boards may be composed only of executives in which case they run the danger of little diversity, criticism or debate whilst having a great deal of knowledge on internal matters. On the other hand, boards may be composed solely of non-executives in which case they run the danger of being too removed from the day-to-day operations and accordingly need to give, actively or by default, enormous power to the Chief Executive. Boards can be unitary, composed of executive and non-executive directors but all being equal in status as directors, or they can by two-tiered with one board, composed of executives only, being responsible for the operation of the organisation and reporting to a supervisory board, composed of non-executives, who are responsible for the strategic direction of the organisation and who are accountable to the shareholders and other stakeholders.

Notwithstanding the above, the review of literature on Corporate Governance, for example, Carver (1990); Cornforth and Edwards (1998); Garratt (1997); Hind (1995); HM Treasury (1997); Hudson (1995); Kerr and le Grade (1989); Shaw (1993); Sheikh and Chatterjee (1995); Spencer (1993); Sternberg (1998) and Ylvsaker (1993), would suggest that the following characteristics do have significant influence on the effectiveness of boards.

Constitutional Understanding. Boards and their members have, under common law, to act with reasonable care and skill. They also have a fiduciary duty to act in good faith and in the interests of the organisation as a whole, not to act for improper purposes and not to engage in corporate opportunism for themselves or to make a secret profit. Boards also have legal obligations under statutory law and under the constitution of the organisation. Board members need to have a good understanding of their duties and responsibilities and to ensure that the board works within its constitutional boundaries.

Clarification of Purpose. Boards need to ensure that the purposes for which the organisation exists are clearly defined and followed in its strategic plan and that the roles of the board and the executive in achieving the strategic objectives are also clearly set out so that each can operate with certainty, through knowing the boundaries within which they can act decisively. Boards also need to clearly define the constituencies to whom they are responsible for the activities of the organisation, and the degree of accountability to these various constituencies, this would include the boards acceptance of the need to respond to public interest demands on particular issues. Boards need to understand that they are part of a dynamic evolution to which they need to react constructively and with a willingness to change where appropriate. It is in these areas that the board needs to give a consistent leadership to the organisation and its employees especially with regard to standards of corporate conduct.

Strategic Thinking. Boards can add real value to an organisation's thinking by bringing their diverse views and experiences to the strategic debate about how the organisation is to meet its core purposes in the future. Although initial strategic planning is carried out at the executive level the danger is that such planning will be too introverted. The board's role in the strategic planning exercise is to consider those external factors that could influence, over the long term, the executive's strategic plan and ensure that the strategic plan is amended where necessary or that appropriate contingency plans are considered. This view of the board's role in strategic planning is partially endorsed by Green (1995, p.54) who said that:-

> *"Board review and endorsement of strategy – yes, but the idea of non-executives making significant contribution to strategy is not very realistic".*

In order to participate in, and contribute to, the strategic planning exercise boards need to ensure that their meeting agendas force them to think on long term key issues and

governance matters and not, if at all, on short term operational or managerial issues. Having agreed the strategic intentions of the organisation the board should then consider the policies that they have established in the past to ensure that they are still relevant and if not to agree new policies. These policies should provide the overarching framework within which the executive can decide the appropriate tactics and then freely act in the implementation of the strategic plan.

Added Value. A board's main strength lies in its independence from management and its ability to take a different and external perspective on organisational issues. A board can use this strength to add value to the organisation by acting as a link to shareholders and other stakeholders, by accepting its stewardship responsibility for the organisation's activities, and in ensuring proper and adequate accountability to those interested groups. An effective board will also add value to an organisation by monitoring management performance, scrutinising carefully strategic issues emanating from the management's recommendations and acting as a backstop on difficult issues whilst giving the executive sufficient freedom to perform well. A board can only itself perform well in these areas if it is clear and self disciplined as to its function, is able to act as a team, to come to group decisions and to issue clear resolutions to the executive. Bearing in mind the widely quoted 2-3 year learning curve of new directors before they gain a sufficiently in-depth understanding of the organisation, an effective board is helped to add real value if its membership turnover is low with most directors serving a 6-8 year period of office. An effective board can also add value to an organisation by clearly displaying through its conduct those standards and values that it desires to be exhibited throughout the organisation. Williams (1999, p.139) refers to this value added concept by saying that:-

> *"Good boards ... expect to add value by contributing to the CEOs judgement and wisdom, acting as a resource to the CEO, and at the same time ensuring that the Corporation has the right CEO and sound strategic direction at all times".*

Externality. A board's strength in being able to take an external view, sometimes different from that of the executive's, needs maintaining by ensuring that its members continually refresh their external knowledge. This can be achieved for instance by having a system of scouring the external environment, including that pertaining to the organisation's stakeholders, and creating contingency plans to meet possible changes in that environment. An effective board will also, mainly through its chairman, act as a two-way communication

bridge between the organisation and external groups so that both have a greater awareness and understanding of the other. In the case of schools, Deem, Brehony and Heath (1995, p.115) state that:-

"governing bodies are organisations which exist on the boundaries of schools and the external world".

Information. It is important that a board has good quality, timely information that enables it to review different courses of strategic action before deciding on the one the organisation should follow. Understanding that most information will come to it through the offices of the Chief Executive an effective board will also actively cultivate other sources of information that will enable it to come to qualitative as well as quantitative judgements. Examples of how boards can obtain such information is given in the following quotation by The Audit Commission (1995, p.3):-

"Non-executive directors can build on their basic knowledge of the service by contact with providers, with members of other boards, and with those outside the top executives group of their organisation".

Hind (1995, p.19) recommends that boards should:-

"Routinely receive key indicator information from management to enable them to keep their fingers on the pulse without engaging closely in operational issues".

Appointment of Chief Executive. Many commentators on corporate governance suggest that the appointment of the Chief Executive is the single most important decision that a board has to take. This is because the Chief Executive is the most senior of the executive officers and it is to him/her that the board delegates the implementation of the board's policy and resolutions, and whom the board holds responsible and accountable for the operation of the whole organisation. Without doubt the effectiveness of the board in ensuring the organisation keeps to its strategic plan, to achieve its mission whilst maintaining the standards of behaviour set by the board, is highly dependent on the Chief Executive managing the organisation with equal effectiveness.

Monitoring the Executive. Having determined the strategic direction of the organisation an effective board needs to have an established routine process of monitoring the executive performance so that the board can judge the organisation's progress towards the strategic goals. The monitoring process should be rigorous, even at times vigorous, but not confrontational. Members of an effective board should be well practised in the art of challenging the executive by asking questions, sometimes difficult ones, but still retaining the critical friend relationship. The danger is that too close a monitoring process or one that becomes involved in detail may unnecessarily restrict the autonomy of the Chief Executive in the operational management of the organisation and curtail the executive's entrepreneurial endeavours which are so necessary in the modern competitive commercial environment. This is reflected in the following quotation by Green (1995, p.159):-

> *"There is a danger in an over emphasis on monitoring; on non-executive directors independence from the business of the corporation; on controls over decision making activities of companies; when coupled with the clearly reduced status of executives on the governing boards such requirements must blunt the competitive edge and deflect the entrepreneurial drive which characterises participation, let alone success, in a free market".*

Accountability. Boards are accountable for the actions of the whole organisation, but confusion surrounds the question as to whom they are accountable. Boards of companies are quite clearly accountable to the shareholders and in publicly funded organisations, boards are accountable to the funding bodies and eventually to parliament for the proper use of public funds. Boards are also seen to be accountable to other bodies, for different issues, but in a less clear-cut way. Leat (1986, p.20) considers that there are three types of accountability, namely:- (i) **Explanatory** in which the board is required to give an account or to describe and explain, but in which the other party cannot impose sanctions, (ii) **Responsive** in which the board considers that merely to respond to enquiries is sufficient accountability (iii) **Full** in which an account needs to be provided to a third party who can impose sanctions if necessary. The term accountability is normally interpreted in a hierarchical sense in that accountability is seen to be upwards to a higher authority whereas current public debate tends to be about accountability as a lateral responsibility to stakeholders such as environmental groups, suppliers and staff who have considerable influence without necessarily having sanctioning powers.

Self-assessment. It is becoming increasingly common for boards to regularly review their own effectiveness. This is for instance a requirement of the inspection regime that the Further Education Funding Council imposes on colleges that they fund. The Dearing Committee (1997) although not having a great deal to say regarding the governance of higher education institutions did recommend that governing bodies should regularly, at least once in every five years, review their own effectiveness. Such a self-assessment can be a critical part of board group learning whereby it reflects on its past performance, identifies areas needing improvement, and produces an action plan aimed at bringing about the desired improvement.

Meetings. Meetings are the mechanisms through which boards discuss and debate issues and come to clear resolutions for implementation by the executive. Effective meetings are therefore a cornerstone of an effective board. Not only should they be arranged so that the items included on the agenda are governance issues that bring to the boards attention a cyclical review of strategic issues, but good quality papers on the issues, prepared by the executive, should be circulated to members before the meeting, giving them adequate time for reflection. The chairperson is responsible for ensuring that members are given sufficient time for adequate debate at the meetings and also for ensuring that the meeting skills of the members are sufficient for securing high quality discussions that lead to a whole board resolution. The importance of effective meetings to effective governance should be a self-evident truth but research has shown that directors are normally dissatisfied with board meetings. For example, Cornforth and Edwards (1998, p.41) state that:-

> *"Board meetings are one of the central areas where governance takes place and where relations between senior managers and board members are played out, so how meetings are organised and run has a crucial influence on how governance is enacted and how effective it is. A common finding from all the cases was a high degree of dissatisfaction with meetings, yet apparently little action to surface and address the problems. A typical reaction was that board meetings were overloaded with information and spent too long over details rather than being concerned with the bigger picture".*

It is apparent however that those organisations within a regulatory environment, such as higher education corporations, have increasingly to consider many prescribed items at their board meetings. Such meetings therefore have very lengthy agendas where the board is

required to be reactive at the expense of having sufficient time to discuss strategic issues where the board can be proactive and add real value to the organisation's strategic decisions.

Committees. Committees are the mechanism by which boards subdivide their work into self-contained units and then delegate the responsibility for dealing with those matters, the committees making, where appropriate, recommendations to the full board for approval of proposed actions. The danger with board committees is that they provide a forum in which board members and executive officers can develop relationships, which can cause the committees to drift into operational, not governance issues. Boards need to keep their committees to a minimum and require them to work within defined and agreed terms of reference that emphasise that the power of decision rests solely with the full board.

THE PRIVATE SECTOR

2.14 INTRODUCTION

The pressures to improve and extend the practice of corporate governance have impacted on organisations differently according to their place in the private and public/private sector spectrum. This part of the literature review is concerned with those particular issues that impact on the practice of corporate governance in the private sector.

2.15 HISTORY

Various systems of corporate governance operate around the world, with each being the product over time of the differing legislative frameworks, together with the perception of the required corporate behaviour within the culture of the particular country. Charkham (1994, p.1) explored corporate governance in five countries and made the following comment:-

> *"No system, however, can be understood without looking first at the salient features of the particular society in which it developed. Everyone is to some extent imprisoned by their history, social political and economic".*

In the UK the 1844 Joint Stock Companies Act gave birth to corporations as part of the economic fabric of the country and established the essential principles that underpinned the development of company law over the next one-and-a-half centuries. The 1844 Act was closely followed in 1855 by a further Act limiting the liability of company members, that is the shareholders. The genius of the Act was that, in the words of Mitchell and Sikka (1996, p.1) it created an:-

"artificial personality freed from the limitation of personal ownership".

The joint-stock principle has been copied in one form or other throughout the world. The benefits it provides in the way of separating the legal persona, the company, from its owners/shareholders and thus allowing the company to contract with third parties without necessarily creating liabilities on its shareholders, their liabilities being limited to their shareholding only, was seen to be intrinsic for corporate economic success (Dunlop, 1998; Williams, 1999). The joint-stock principle has allowed companies to grow to gigantic size by providing the facility for thousands of people to invest in companies without taking on risks that they could ill afford. In the words of Dunlop (1998, p.1):-

"It has enabled huge amounts of capital to be attracted in very efficient ways and has facilitated the growth of world trade and business activities".

In solving the investment/risk problem the joint-stock principle encouraged the separation of ownership, represented by directors, and operation, represented by the executive, and thus raised the issue of corporate governance. Although the joint-stock principle has been responsible for enormous success it has created two problems for corporate governance. Firstly, companies with a large number of investors have found it impossible to arrive at common shareholder agreements on major issues – the difficulty of effective two way communication with say, 250,000 shareholders is almost insurmountable. Secondly, the impact of companies on the social fabric of society has caused many groupings, for example, employees, suppliers, customers and community members, to attempt to exert influence on the activities of companies. These two factors have led to an increasing concern, amongst the population at large, with the purpose and effectiveness of corporate governance. It is no longer sufficient for modern corporations to justify their activities by claiming that profit maximisation is

their basic and overriding objective. Skeikh and Chatterjee (1995, p.2) for instance, have claimed that:-

> "The modern corporation, however, is a private institution with public obligations".

Interestingly the new public/private enterprises could be said to be the reverse of this in that they would appear to be public institutions with private obligations. The gap between the two forms of organisation is thus reducing as each moves towards the other. Their corporate governance activities and concerns should, over time, accordingly tend to become similar.

2.16   CADBURY COMMITTEE

The mounting public concern with corporate governance in the private sector forced the Stock Exchange in conjunction with the accountancy profession to set up a committee, under the chairmanship of Adrian Cadbury, to investigate the financial aspects of corporate governance and make recommendations for improvement. Several committees were set up, after the Cadbury Committee (1992) had reported, to further investigate particular issues for example Greenbury (1995) and Hampel (1998). The final product from this last Committee was the 'Combined Code of Best Practice' with which companies listed on the Stock Exchange have to comply or justify non-adherence if considered inappropriate. Whilst recently Turnbull (1999) has reported on internal control procedures.

The Combined Code places heavy reliance on the Non-Executive Directors to act as a counter balance to Executive Directors and prevent over dominance by any individual or small group. For all companies to comply with this requirement there would have to be (a) an accessible supply of good quality people willing to give the commitment of time necessary, and (b) the demand would need to be met by a number of people having several non-executive directorships, also (c) a number of executive directors would need to be willing to act as non-executives on other boards. It is the latter two probabilities that weaken the required independence of non-executive directors by providing the possibilities of collusion in mutual agreements, especially in remuneration committees, through interlocking directorships. A further weakness of

the Combined Code concerns the role of Institutional Investors such as Unit Trusts and Pension Funds who the code proposes should use their shareholding power to influence corporate governance in the companies in which they invest. However, institutional investors have to obtain a good return on their investments in order to satisfy their own investors and on most occasions would prefer to exercise this responsible by selling their shares and investing in other companies rather than attempting to rectify problems in a particular company. It is also suggested (Cornforth & Edwards, 1998) that the Combined Code puts too much emphasis on control and monitoring and not enough on improving the quality of decision making by boards of directors. Finally the Combined Code is to some extent voluntary and not compulsory, it being possible to avoid difficult situations by claiming the inappropriateness of the code in particular circumstances. Garratt (1997, p.125) reports however that:-

"Within two years the results of the Cadbury Committee recommendations are already being felt, despite its 'voluntary' nature".

and mentions that W.H. Smith had announced that they had complied with seventeen of the nineteen recommendations.

Williams (1999, p.177) states that:-

"after some initial reluctance it is now clear that most large and medium sized companies have complied with it, and it has certainly affected the practice of a number of smaller companies".

As the Cadbury Committee (1992) was established by the Stock Exchange and the accountancy profession, it is probably to be expected that it should concentrate on the economic and financial control issues of corporate governance to the exclusion of the social issues, such as the demands of other stakeholders, which are causing a global re-evaluation of the responsibilities of boards of directors and of the corporate governance function.

2.17 SHAREHOLDER POWER

Under UK company law directors are responsible to the shareholders for the performance of the company. To exercise their ownership power the shareholders need to be active participants, whereas, apart from small companies most shareholders are passive owners who readily exercise their ability to move by selling their shares. This situation was summed up by the Deputy Governor of the Bank of Scotland in the following words:-

> *"It is the shareholders who shall ensure that directors are fit for appointment; shareholders have a duty to satisfy themselves that the board is working effectively and that the company is meeting its social as well as its economic objectives. There is no doubt that shareholders have contributed to the present unsatisfactory state of affairs by their inability or reluctance to meet their obligations of ownership and to engage in effective dialogue with those they appoint to manage their company's resources. Management has occupied the vacuum thus created and acted ... as proxy proprietors"* Shaw (1993, p.28).

Individual shareholder apathy has been a major influence on the practice of corporate governance in the UK. Directors have found it very difficult to account to shareholders who refuse to act as owners. This situation is beginning to change, for instance there has lately been the formation of shareholder's associations who attempt to mobilise the support of shareholders in particular companies in order to bring about change on particular issues, for instance environmental concerns. The recent incident in December 1999, in which potential 'carpetbaggers' in the Portman Building Society attempted to mobilise support through the Internet (the writer holds a membership deposit account in Portman and has received several such approaches) may well be a portent of future events as electronic communication between individuals with common concerns becomes increasingly possible. There is also an act that has recently passed through Parliament that legalises electronic communication between companies and their shareholders, such as the sending of annual reports.

The Cadbury Committee (1992) looked to institutional shareholders such as Unit Trusts, Pension Funds and Insurance Funds to use their collective size to bring influence to bear as owners, on company board of directors who failed to comply with the Code of Best Practice. But this raises issues. Firstly is the main duty of these financial institutions to act as shareholders and thus to pressurize companies where corporate governance issues are of

concern or are they fundamentally investors on behalf of their depositors or fundees and therefore only concerned with maximizing the short-term financial return on their investment? Secondly although these financial institutions are major investors, they seldom take a major shareholding in any particular company preferring to spread their investments over many companies and thus reducing their financial risk. Short and Keasey (1997, p.24) comment on this position by stating that:-

> *"While institutional investors as a collective own the majority of equity in UK companies, on an individual basis, their shareholdings are mostly in the region of 2 – 3% of issued shares".*

Thirdly some of these financial institutions may have other business dealings with the company in which they invest funds they may for instance be the company's bankers or pension fund managers. They may have therefore a difficult conflict of interest. Fourthly it is uncertain if institutional investors, whose main skill is in fund management, will also have the skill to manage, advise or direct the management of a non-financial business.

2.18 STAKEHOLDER THEORY

The history of corporate governance within the private sector since the Joint Stock Act in 1844 has been, up to quite recently, the domination of the profit maximization theory. Directors have been seen as agents of the shareholders, supervising the management to ensure that the maximum profit was made and that shareholders received a good financial return on their stock investment. In recent years however attempts have been made by a number of concerned citizens to pressurise companies to accept and act upon their wider responsibilities to the community as a whole. This is an example of the increasing trend for private corporations to accept that they have public obligations thus narrowing the gap between them and the new public/private enterprises. The whole area of corporate governance has thus widened considerably and directors are now seen increasingly as arbiters who decide which stakeholders are to be recognised in particular circumstances and the balance of priorities between them. The directors then ensure that the strategic plans of their companies incorporate the obligations imposed by these stakeholders.

Some commentators, for example Sternberg (1998), reject strongly the stakeholder theory and argue in general that the term stakeholder could be extended to include every person in

many different guises, and that the stakeholder theory means, therefore, that a company is responsible to everyone and should balance their different interests. Sternberg (1998) takes the extreme view and claims that as this is an impossible task the end result is responsibility to no-one. Sternberg's specific arguments against stakeholder theory are that the balance of a multitude of stakeholder interest is not possible and that it is also not possible to define adequately those interests so that they can be used as governance objectives and in any case the interests of different stakeholders would undoubtedly be in conflict. In such a situation it would be left to the executives to arbitrarily interpret these interests and therefore set their own objectives. Sternberg (1998) further argues, that just because certain stakeholders are affected by a company's activities does not give them automatically the legitimate right to control the company or hold it to account and that to recognise stakeholder theory subverts the rights of ownership that in turn supports the legal basis on which Western economic structure is based. On the other hand Sternberg (1998, p.8) suggests that free market forces, as created by stakeholders as individual consumers, will eventually force companies to alter their position regarding particular issues, and states that:-

> *"When each potential stakeholder – otherwise known as every member of society – acts conscientiously in their personal capacity, and strategically bestows or withholds his economic support on the basis of his moral values, then the operation of market forces will automatically lead business to reflect those values.".*

On the other hand Williams (1999, p.193) contends that stakeholder interests should be acknowledged by law and that directors should be:-

> *"given a clear duty to take their interests fully into account in taking or approving major decisions which clearly contravene or unnecessarily damage those interests, this does not mean that they should prevail, rather that they should be properly considered".*

2.19   UNITARY / TWO TIER BOARDS

The norm for company boards of directors in the UK is the Unitary Board that is one board comprising of executives and non-executives. Attempts have been made in the past to widen board membership to include particular types of directors, for instance the Bullock Report (1977) recommended worker participation at directorship level in board decisions. More

recently the Cadbury Committee (1992) recommended the appointment of non-executive directors to provide an independent view at board meetings and to undertake specific duties, such as serving on the audit, remuneration and the appointments committees. The Cadbury Committee Report (1992) in suggesting specific responsibilities for non-executive directors has implied a distinction between this type of director and executive directors, although under UK company law there is no legal difference. It could be said therefore that the recommendations of the Cadbury Committee are the initial moves of UK board structure towards the Two-Tier Board as found in other countries, notably Germany. This view has been expressed by Shaw (1993, p.28) as follows:-

> *"The Cadbury code is an important, if unacknowledged, step towards a supervisory board – or more generally, a two-tier type of structure. The significant point is that direction – or* **governance-** *has now been distinguished explicitly from executive* **management***".*

Germany has for a number of years been seen as a model of good economic management and not unexpectedly its corporate governance system of two-tier boards has been seen as a 'good-practice' that supports Germany's vibrant economic growth as against the sluggish economic growth of the UK. The German system is to have a wholly Management Board (The Vorstand) responsible for the operations of the business and who report to a Supervisory Board (The Aufsichtsrat) composed of non-executives including worker representatives. This two-tier system has been the common practice in Germany since legislation was enacted in the 1920's, apart from a brief intervention during the war years.

The corporate governance system employed in particular countries is a result of many factors affecting the culture within that country and not just the supporting legal framework. In this regard the German culture is said to be at the 'co-operation' end of the behaviour spectrum whilst the UK culture is said to be at the 'confrontational' end. (Charkham 1994, p.7) states that:-

> *"Germans have never been obsessed by the idea that the economy will work best if unrestricted competition is studiously enforced".*

Germans have also been described by Charkham (1994) as having a belief that the interests of the community have a high priority. This together with the cooperative anti-competition ethos have combined to enable boards of directors to take a longer view rather than the UK

short-termism, in which community interests are as important as profit making for shareholders, not profit maximization as in the UK. As well as this cultural difference the German shareholding system is different than in the UK with individual shareholders, due to the Bearer Share system, having to deposit their shares at banks for safekeeping. The banks, acting as custodians, are then able to act as proxies for these shareholders, after due notification to them. This duty, together with their own shareholdings, gives the banks tremendous power to influence the Aufsichtsrat on corporate governance matters, in particular to take a longer-term and more cautious perspective on financial issues. Recent legislation has altered this situation however and banks can now only exercise their own rights or act as proxies and have had to surrender their chairmanship role (Williams, 1999).

A large proportion of German companies are also family owned or at least controlled by a majority shareholder, for example Ezzamel and Warson (1997, p.239) cite the following:-

> *"The most striking feature is that for 85% of the companies there is at least one large shareholder owning more than 25% of voting shares, for 57% of companies there is a majority shareholder (i.e. who owns more than 50%)* Frank and Mayer (1995)"*.

The presence of family or majority shareholders also encourages German companies to take a longer-term view on financial performance whilst down playing the importance of the capital market.

2.20   NON-EXECUTIVE DIRECTORS

The Cadbury Committee Report (1992) places a great deal of emphasis on the importance of non-executive directors to provide an impartial and independent voice at board meetings and to monitor the performance of the executives of the company and also to serve on sub-committees such as Audit, Remuneration and Nomination. In practice what has developed over the years in the UK is a cosy, comfortable network of cross directorships or only slightly independent non-executive directors, for example ex-executives or executives of other companies, who look after the interests, such as remuneration levels, of each other. Ezzamel and Warson (1997, p.62) report on several studies into the independence of non-executive directors, for example:-

"Despite the presence of non-executives, it is widely recognised that the boards of directors of UK companies are generally dominated by executives. For example a study by Hemington-Scott (1992) <u>Non-executive Director Statistics</u> – Corporate Register (Mar) 5 – 9, of 1612 commercial and industrial UK listed companies found that on average 63% of board members were executives of the firm and that the majority of the non-executives were in fact executives of other listed companies".

A report prepared by Ernst & Young (1997) based on 300 computer assisted telephone interviews found that around 60% of boards had non-executive directors and that the non-executive directors were, on average, also non-executive members of three other boards.

THE NEW PUBLIC/PRIVATE SECTOR

2.21 INTRODUCTION

The new public/private sector corporations are Quasi Autonomous Non Governmental Organisations termed Quangos. Several thousand of these organisations have been formed covering a large variety of public services. Warner (1995, p.6) has commented on the difference between private and public enterprises in the following words:-

"Citizens expect public bodies to conduct their affairs rather differently from the way that private ones do, partly because public bodies are responsible for the stewardship and use of substantial public assets and resources, and partly because decisions taken by public bodies have such significant direct impact on the daily lives of a larger number of citizens".

A great deal of the literature on Quangos mentions the corporate governance issues arising from this difference in required conduct. This part of the literature review discusses these concerns of (i) the unrepresentative composition of their boards, (ii) the apparent loss of democratic power over their activities, and (iii) the growing trend of cross board-membership amongst a local elite of business people. Also highlighted is the corporate governance issue arising from the considerable variation in the governance structures of quangos. As an example the corporate governance arrangements in the quangos created by the reorganisation of the National Health Service and Higher Education (excluding the 'old',

pre 1992 Universities) are examined. Both services consume huge amounts of public money, the demand for which is unlikely to be ever fully met. The search for greater efficiency and effectiveness is likely therefore to continue. Both Services involve the detailed control of public expenditure at a local level – the individual hospital or institution. Governance arrangements are therefore practiced at that local level. Both Services consist of very visible 'open-access' organisations that are subject to intense public scrutiny. Both services are also seen as means by which the equalisation of society can be facilitated and exhibited. This positions them very high on the political list of sensitive policy areas. Also governors and senior managers in both services need to act in close co-operation and harmony with the 'in-house' professionals – if for no other reason than that these professionals employ very high levels of complex skills of which lay governors are unlikely ever to acquire more than a superficial knowledge. It could perhaps be expected therefore that the corporate governance issues in these two major public services, and their corresponding governance practices would be similar. Yet both are seen to be examples of the previously mentioned plurality of corporate governance arrangements established for quangos. The new governance structures and the board responsibilities in both services are discussed. Particular attention being paid to the roles of the paid Chairperson and Non-Executive Directors in the National Health Service and Shared Governance, Board Composition and Governor Training in Higher Education. Mention is also made to various national reports that have commented on the role of governors in the new higher education structure. These reports highlight problems that have become generally apparent during the early years of the new corporate governance arrangements. The National Audit Office reports that are discussed highlight, on the other hand, those problems that have arisen in the governance arrangements of particular institutions.

It would appear that the changes in the corporate governance structures within the National Health Service have brought a more business-like approach to board activities. However this would seem to have happened at the expense of (i) 'democratic control' especially from local interests, (ii) the influence of the 'in-house' professionals and (iii) the quality of board debate. The dislike of dissension at board meetings would also seem to have severely limited the benefits arising from Non-Executive members bringing an independent view to board deliberations. In the case of the New Universities and Colleges of Higher Education it would appear that in general the new governance arrangements are working well. However in a number of institutions this has not been so. For instance the National Audit office has

raised a number of concerns regarding the effectiveness of the governance arrangements at individual institutions.

2.22   QUANGOS

The UK Conservative Government in the 1980/90's embarked on a policy of 'privatising' huge sections of the public sector in the belief that opening up the public machinery to competition, and importing the private sector ethos and its concern with outputs rather than inputs into the management of public services, would produce major efficiency gains. The resultant Quasi Autonomous Non-Governmental Organisations (QUANGOS), although not being part of the official governmental machinery, are mechanisms which the government, and ministers in particular, have found to be very effective devices for delivering governmental policies. Quangos have also bestowed greater power at the centre over the function of policy making and the implementation of priorities. The perceived 'arms-length' distance from the government allowing ministers to establish objectives for these organisations and then using the allocation of resources as means of ensuring the achievement of those objectives. In the case of schools, for example, Ball (1994, p.10) has commented that:-

> *"The use of performance activity and target-related funding as a form of control, linked to the localized, productive and capillary power of 'the manager' presents a solution to the problems of 'ungovernability'; that is, government overload, which allows the state to retain considerably "steerage" over the goals and processes of the education system, while appearing not to do so".*

Due to the complexity, and in some cases, vagueness, of this unofficial governmental machinery it is not possible to give the exact number of quangos in existence, in any case more are being created each year, but Weir and Hall (1994, p.4) have stated that:-

> *"We have provisionally established the current size of executive quangoland at 5,521 executive bodies, or EGO's (extra government organisations). If advisory bodies, tribunals and next stop agencies are included the 'quango' count rises to nearly 7,000 bodies in 1992-93. In that year EGO's spent £45.6 billion – nearly a third of public expenditure".*

The same authors estimate that the number of board members on these organisations to be over 65,000. In a subsequent publication Weir and Beetham (1999, p.202) produce a table showing that the number of Executive Quangos had increased from 5573 in 1994 to 5681 in 1997.

Several commentators on public policy (Jones, 1995; Plummer, 1994; and Skelcher, 1998) argue that the transfer of power from publicly accountable services to minister-elected or self-appointing board members was a serious loss of democratic power. The government on the other hand claimed that democracy is achieved through the market place and through such devices as the Citizen's Charter (Weir and Hall, 1994). This argument is especially relevant when the personal characteristics of quango board members is considered. Skelcher and Davis (1995, p.11) who researched into 'local appointed bodies', which form part of the Quango empire, comment that:-

> "They are largely white, male, well educated, in professional or managerial posts
> and over 45. Two thirds work in the private sector and approximately three in every
> four live or work in the area served by the body on which they sit".

The relevance, to corporate governance issues, of this 'unrepresentativeness' of quango board members (although it could be said that the above personal characteristics are probably typical of all board members whatever the organisation) is that the personal characteristics and experiences of board members will automatically, and in unseen ways, influence the basic assumptions that they bring to their decision making. This is especially important as these board members will be taking political decisions regarding for instance the priorities of resource allocation, that will seriously affect different groups of society in different, and sometimes, conflicting ways. Skelcher and Davis (1995) suggest that the argument against this view is that it would be impracticable to construct a board in which members represented all groups of society and that in any case it would be undesirable in that board members should bring to their deliberations a wide breadth of experience and knowledge which their acting as representatives would diminish. Skelcher and Davis (1995) found that board members did not see themselves as acting as representatives of any social group or political party, but did see themselves, through their board membership, as serving the community in a general sense. Their research revealed that members mostly were not overly concerned with their external accountability role and were more concerned with their internal role, for instance the authors comment that:-

> *"Our analysis reveals that board members have much greater involvement on activities within the board than with service users or the community, although there is some desire to redress the balance"* (Skelcher and Davis, 1995, p.43).

> *"Indeed accountability appears not to be foremost in the minds of members of local appointed bodies, however important it is in terms of the governance of the sector"* (Skelcher and Davis, 1995, p.43).

Quangos are accountable in an upwards process to the funding councils and regulatory bodies and finally to the Minister and the Public Accounts Committee. There is the imposition by the authorities of a minimum public accountability in the form of published Annual Accounts and Report. The appointment normally of the Chief Executive as the nominated Accounting Officer provides, in the extreme, financial accountability to parliament which by-passes the board members..

At a time when the subject of corporate governance is of considerable public concern and as a result the issues of accountability, transparency and standards of behaviour have been the subject of several major enquiries, such as the Cadbury Committee (1992) and the Nolan Committee (1996 and 1997), it is worrying that quango boards are so unrepresentative. Skelcher (1998, p.60, p.66 and Table 4.9, p.69) researched this issue and derived the following conclusions:-

> *"Women are significantly under-represented on the board of quangos "*.

> *"Only 2 per cent of respondents identify as having Asian origins and 1 per cent as black, African or Afro-Caribbean. This compares with the population of England where 5 per cent are from ethnic minority backgrounds"*.

> *"82% have a degree or professional background as against 25% of the population"*.

The research found that within these overall figures there was considerable variability from one type of local appointed body to another, for example the gender balance on NHS Trusts was 60 male:40 female as against 87:13 on Training and Enterprise Councils.

Many members of local appointed bodies are also members of other similar bodies, for example:-

"Just over half of all local appointed body members hold more than one concurrent public appointment" Skelcher (1998, p.73).

Interestingly this phenomenon is not confined to Quangos or, for that matter, to the UK. For instance Herzlinger (2000, p.34) reports that:-

"... virtually all US Fortune 500 CEOs serve on non profit boards – 36 per cent of them serve on six boards".

This culture of cross-membership of bodies leads to an anxiety that a local elite of mainly business members have taken a dominating role in local appointed bodies to the possible detriment of corporate governance aspects of openness, legitimacy of decisions, accessibility, transparency and the safeguarding of stakeholders, such as the community, (Skelcher, 1998; Warner, 1995). The importation of the business management ethos has also encouraged a reluctance to undergo public scrutiny and a defensive reaction to criticism of any sort. (Skelcher, 1998; Skelcher and Davis, 1995; Warner, 1995; Weir and Hall, 1994).

A further feature of Quango corporate governance is that there are considerable variations in the process and structures of governance. For instance, some membership appointments are made by ministers and some by the members themselves, some members are paid whilst others are not. Some boards have a high complement of non-executives (e.g. TECs), others have only just over 50% (e.g. NHS Trusts). Each type of body seems to have different codes of guidance, rules and regulations issued by various organisations. The high degree of variation was commented upon by Plummer (1994, p.4) who said:-

"the key finding was that there is a great variety and inconsistency in the ways quangos are governed and a remarkable lack of clarity about how they should be governed and to whom they are accountable".

However, the government seemed content with this high level of plurality, as shown by the H.M. Treasury's (1996, p.3 paragraph 8 and p.9 paragraph 9) response to the Nolan Committee's First Report, which stated that:-

"The Government believes that the differences between these bodies, which are tailored to the particular activities they perform and which parliament has accepted, argue against imposing a single structure on them all .... Changes would

only be justified if there was substantial evidence that current arrangements were not working, and if there were clear grounds for believing that a uniform system would protect standards more effectively".

"The government does not, however, believe that a single approach is necessary, or desirable, provided that the outcome meets requirements of the kind set out in the Treasury Code".

2.23   THE NEW NATIONAL HEALTH SERVICE

As previously explained the New National Health Service is an example of a new public/private organisation that in many ways is comparable to Higher Education. For instance both are major areas of public expenditure in which control has been largely delegated down to the local level. Both areas are also subject to intense public scrutiny and therefore are areas of political sensitivity. Nevertheless their respective governance arrangements, as established by the government, are very different. In the case of the National Health Service, the major corporate governance issues are discussed below.

2.24   *GOVERNANCE STRUCTURE*

The National Health Service (NHS) is one of the largest employers in Europe. From its inception in 1948 to its 'privatisation' in 1990 its governance was subject to continual tension, at local board level, between those members who were local authority representatives and the professional members who worked within the service. The current structure of the NHS was largely set out in the Conservative Government's White Paper entitled 'Working for Patients' (Department of Health, 1989). The government's proposal was to establish self governing institutions (to be named trusts) operated as quasi independent organisations and governed by a board of directors. After due consultation these proposals became law with the passing of the NHS and Community Care Act (Department of Health, 1990). The NHS thus became one of the first public services to be operated on the lines of private businesses with each trust having a governing body of eleven members comprising of five executive members, five non-executive members who were paid for their services and a part-time, paid, non-executive Chairperson, the majority of board members were thus non-executives. Initially all members were appointed by the

Secretary of State for Health, but gradually, as vacancies arose, members came to be appointed by the board itself, other than the Chairperson who has continued to be appointed by the Secretary of State for Health. It was expected that these new boards would bring a much more business and customer responsive approach from which major efficiency savings would result, and in which the non-executive members would be more able to question and challenge the executive members especially on major governance issues. As stated by Ferlie, Ashburner and Fitzgerald (1995, p.378):-

> *"Nevertheless, one reading of the reforms to the governance systems of possible agencies is that the new style boards are expected to display much more strategic forms of behaviour and to be far more challenging of executive domination".*

Several commentators have pointed out that the NHS reforms have also led to a transfer of power away from the medical professionals to a new breed of NHS managers, for example:-

> *"The most recent reforms actually represent the considerable rise to power of the newly created managerial group at the expense of both local authority and professional representatives"* Ashburner (1997, p. 287).

The Code of Conduct and the Code of Accountability for NHS Boards (Department of Health, 1994) stresses the importance of public service values in the governance of NHS organisations. Whilst recognising that patients take prior place, the Code emphasised that high standards in both personal and corporate conduct was required in which accountability, probity and openness were paramount, and in which the organisation should be governed in a socially responsible manner. Boards were also tasked to ensure that:-

> *"Annual and other key reports should be issued in good time to all individuals and groups in the community who have a legitimate interest in health issues to allow full consideration by those wishing to attend public meetings on local health issues"* Department of Health (1994, p.4).

In addition to the above, NHS boards were required to hold one meeting in public each year.

The new NHS structure of governance, with a board of directors, who although independent in many ways, are subservient to the demands of the Minister of State for Health, this being especially true of the Chairperson, can be likened to a board of subsidiary companies in the

private sector, who are controlled, sometimes explicitly, but normally implicitly, by their parent company. This increase of 'central' control at the expense of local influence, as exercised through elected local authority councillors acting as members, is seen by many as a serious democratic loss to the general public as reflected by Jones (1995, p.14):-

> *"But the current system is insufficiently democratic, accountable ultimately to the Secretary of State rather than to patients or the public directly. Both as taxpayers and service users, the public should have more say in what services are delivered, how they are delivered, and how much".*

2.25 *BOARD OF DIRECTORS*

The board members of the NHS Trusts, whether executive or non-executive, share the responsibility for corporate governance and for all board decisions. The Chief Executive is responsible to the board for implementing those decisions and for the operation of the trust's business, with the board's non-executive members, including the Chairperson, being responsible for monitoring the effectiveness of the executive management. NHS boards have six key functions under the 'Code of Accountability' as follows:-

> *"To set the strategic direction of the organisation within the overall policies and priorities of the Government and the NHS, define its annual and longer term objectives and agree plans to achieve them".*

> *"To oversee the delivery of planned results by monitoring performance against objectives and ensuring corrective action is taken where necessary".*

> *"To ensure effective financial stewardship through value for money, financial control and financial planning and strategy".*

> *"To ensure that high standards of corporate governance and personal behaviour are maintained in the conduct of the business of the whole organisation".*

> *"To appoint, appraise and remunerate Senior Executives".*

> *"To ensure that there is effective dialogue between the organisation and the local community on its plans and performance and that these are responsive to the community's needs".*

Department of Health (1994, p 8/9).

After a hesitant start the new style boards do seem to have brought a more business-like atmosphere into NHS deliberation. Ferlie, Ashburner and Fitzgerald (1995, p.383) who investigated the new boards in the first few years of their life make the following comment:-

"A significant shift to an achievement orientation and away from a representation orientation".

However, it was noticed that the boards very soon developed their own organisation culture in which particular behaviour patterns, such as courtesy, agreement, harmony and compliance were promoted and individual board members who disagreed with particular issues had to carefully exhibit their dissent if they were not to be side-lined. Ferlie, Ashburner and Fitzgerald (1995, p387) commented on this behaviour as follows:-

"Some of the boards studied exhibited a culture which was so homogeneous and so punitive of dissent that an individual had to be extremely brave to launch a challenge".

Peck (1995, p.138) commented on the same behaviour patterns, evidenced during his studies into NHS Boards, in the following way:-

"The disadvantage might be that there would be too little challenge to the consensus view that such a group might readily adopt".

Ashburner (1997, p.290) has also remarked that:-

"The focus on private sector management experience and the removal of the broad base of membership could be seen as reducing the depth and quality of debate".

Organisational culture theory would suggest that such strong group culture towards a consensus would lead to the board creating its own reality in which it would unconsciously filter out messages from those outside the board, such as the medical professionals or even the patients, which did not conform to their group's views. In such cases it would take the regular infusion of new members who would bring their own perceptions to the board, or a serious disaster, before the board realigned its group culture. New board members would however have to be very strong-minded individuals to take the necessary assertive stance at a time when their knowledge and understanding of the National Health Service is likely to be

minimal. The experience in the Private Sector would indicate that dissenting non-executive board members are removed from office. Williams (1999, p.152) reports that:-

"The survey by GHN Executive Coaching found that, while 79% of chairmen said that they wanted NEDs to be "challenging", 27% of them had removed an NED from office, for reasons which often included "personal relationships" and "differences of opinion".

2.26 CHAIRPERSON

Unlike the position in other privatised public services, such as Further and Higher Education, the Chairperson of NHS Trusts is appointed by the Secretary of State, is paid a salary of approximately £15,000 - £20,000 and is expected to work for 3-5 days each month. The role of the Chairperson is set out in the 'Code of Accountability' referred to earlier and is to:-

"Provide leadership to the board".

"Enable all board members to make a full contribution to the board's affairs and ensure that the board acts as a team".

"Ensure that key and appropriate issues are discussed by the board in a timely manner".

"Ensure the board has adequate support and is provided efficiently with all the necessary data on which to base informed decisions".

"Lead non-executive board members through a formally appointed remuneration committee of the main board on the appointment, appraisal and remuneration of the Chief Executive and (with the latter) other executive board members".

"Appoint non-executive board members to an audit committee of the main board".

"Advise the Secretary of State through the regional member of the Policy Board on the performance of non-executive board members".

Department of Health (1994, p 9/10)

2.27 NON-EXECUTIVE BOARD MEMBERS

NHS Trust Boards contain five non-executive members. The Code of Accountability states that:-

"Non-executive board members are appointed by or on behalf of the Secretary of State to bring an independent judgement to bear on issues of strategy, performance, key appointments and accountability through the NHS Executive to Ministers and to the local community" Department of Health (1994, p.10).

Non-executive members also serve on those board committees responsible for remuneration and appraisal of executive board members and for overseeing the internal and external audit functions. They are expected to bring the advantages of a wide experience combined with independence to the board's deliberations. In addition they are expected also to oversee specific functions with the agreement of the board, such as the responsiveness to the local community and to take part in staff disciplinary appeals and professional conduct enquiries.

Non-executive board members thus find themselves in a difficult position of being part of a board whilst needing to bring an independence of judgement to board discussions, and also being responsible for monitoring the effectiveness of the executive board members. Their effectiveness is curtailed by largely being dependent on the information presented to the board by the executive members who will invariably have a much more detailed knowledge of the issues to be discussed. Ashburner, Ferlie and Fitzgerald (1993, p.18) comment in their study of NHS boards that:-

"The ability of the non-executives to hold the executive to account depended upon issues which might later prove to be contentious, actually being brought to the board, and if they were, on the depth and amount of information provided".

The Audit Commission (1995, p.5) reported on Corporate Governance in the NHS, especially as regards the role of Non-Executive Directors, and commented that there were four issues that contributed to their effectiveness, namely:-

"The most frequently identified barrier to non-executive director's effectiveness is insufficient knowledge of the health service".

"The behaviour adopted by Chairmen, chief executives, executive directors and by non-executive directors themselves strongly influence the degree to which non-executive directors can make a constructive contribution to the board's business".

"Boards working practices are important in helping non-executive directors to contribute to the team".

"Non-executive directors in the NHS are given a specific role in enhancing boards' responsiveness to the public in the Codes. Most boards have concentrated on informing the public but they should also focus on how to take account of the public's views and on making themselves more answerable to the public".

The Audit Commission's report recommended that non-executive directors should undergo induction programmes to give them adequate knowledge of the NHS, but should also be encouraged to seek further knowledge by establishing personal contacts within the Trust, and within the NHS as a whole.

Many NHS non-executive directors have been found to take their role very seriously and to see this as their commitment to making a public service contribution. For example Ferlie, Ashburner and Fitzgerald (1995, p.383) comment that:-

"Not only are many NHS non-executives personally talented, they are also often dedicated (for example high attendance rates). A strong public service ethos survives and was reported to us in personal interviews, even among many of the people appointed from the private sector".

2.28 THE NEW HIGHER EDUCATION CORPORATIONS

The corporate governance arrangements, as established by the government, in the New Universities and Colleges of Higher Education are different from those established for the National Health Service. The major corporate governance issues for these Higher Education institutions are discussed below.

2.29 GOVERNANCE STRUCTURE

The present pattern of English Higher Education was fairly clearly predicted in the publication issued by the Department for Education and Science (1987) under the title "Higher Education – Meeting the Challenge". At that time there had been a significant increasing demand for new graduates, mainly due to economic factors such as growth and structure changes that were expected to continue. The publication stated that the extra demand would need to be matched by making higher education institutions respond more effectively to the economic needs of the country through improving access, quality and efficiency. This theme of 'more for less' together with a greater involvement with the social and economic needs of the country followed the trend set in America as exemplified by Ingram (1993, p.13) who said that:-

> "Some of the cross currents are not new but are extensions of those experienced for the past several years and even earlier decades: shrinking resources coupled with rising public expectation for quality programs, more productivity, more obvious input on economic development, more relevance to and help with pressing social problems and even better facilities. Doing more for less will be a central theme for some time".

Certainly within the UK the above trend has continued and shows no signs of coming to an end.

The government stated in the above publication (Department of Education and Science 1987) that the National Advisory Board for Public Sector Education (NAB) in their 'Good Management Practice Studies' had collected evidence to show that the influence of local authorities over the polytechnics and colleges, who at that time enrolled over one half of those students entering into higher education, were preventing those institutions from being efficient and from establishing good working relationships with local businesses. The government therefore decided to free these polytechnics and colleges from local authority control and established them as independent, autonomous Higher Education Corporations with their own governing bodies. These governing bodies were to be composed of a majority of members from local industry, businesses and professions and on which local authority dominance would be impossible. These new corporations came into being under the terms of the Education Reform Act 1988

which set out model Articles of Governance which determined the conduct of these new bodies.

The initial appointments to the various boards of governors were made by the Secretary of State, following which the corporation, that is the Board of Governors, were required to determine their membership by stating the number of members in each membership category, as outlined in the model articles, subject to the constraint that at least 50% of the total membership had to be made up of 'independent members' defined in the Education Reform Act (1988, Section 7.2(a)) as:-

> *"Persons appearing to the appointing authority to have experience of, and to have shown capacity in industrial, commercial, or employment matters or the practice of any profession".*

The subsequent Further and Higher Education Act (1992) which, amongst other measures, removed the binary line, thus allowing polytechnics to become Universities as well as those Higher Education Colleges who met certain criteria, and created three Higher Education Funding Councils for England, Wales and Scotland, also required the existing Boards of Governors to redetermine their membership numbers and composition in accordance with new guidelines. At present Boards of Governors may be between twelve and twenty four members, plus the Principal, with the majority being independent members. Two members each can be nominated by the academic board and the students whilst at least one, and up to nine members could be co-opted by the board, but of which at least one has to be a person with experience in providing education. Under these new provisions:-

- The board was given the power to have, or not have, academic board and student nominees whereas previously it was required to have one of each.

- The requirement to have local authority nominees and a teacher and general staff nominee was no longer mandatory. Instead the Board of Governors were given the power to co-opt up to nine members. Co-opted members could be recommended by particular groups, such as academic and support staff or local authorities, but the board could refuse membership to any individual put forward by these groups. Co-

opted members were precluded from acting under mandates given to them by the body they represented.

2.30 BOARD OF GOVERNORS

Higher Education Corporations (HEC's) as established under the Education Reform Act (1988), as amended by the Further and Higher Education Act (1992), operated under the terms of their Instrument of Government and Articles of Government, as approved by the Secretary of State. In the case of those who operate as companies limited by guarantee their memorandum and articles of association include similar terms. In relation to the use of public funds HEC's have to abide by the conditions set out in the Financial Memorandum issued annually by the Funding Council to each corporation. They have been designed to have three official power bases: the Governing Body who are ultimately responsible for all the affairs of the institution, the Head of the Institution who, subject to the overall powers of the Governing Body, is the Chief Executive, and responsible for the management of the Institution, and the Academic Board, who subject to the overall powers of the Governing Body and the Head of the Institution, is responsible for the academic activities of the Institution. The Chief Executive is also normally the 'Accounting Officer' and as such is directly accountable to the Funding Council, and ultimately to Parliament, for the expenditure of public funds. The structure within the old universities is different, although the underlying principle is similar. TABLE 1 lists the respective responsibilities as set out in the Committee of University Chairmen's Guide (1998).

TABLE 1

RESPONSIBILITIES WITHIN HEC's AS GIVEN IN THE COMMITTEE OF UNIVERSITIES CHAIRMEN'S GUIDE (1998)

	BOARD OF GOVERNORS (Paragraph 3.24 p. 15)	HEAD OF INSTITUTION (Paragraph 3.34 p.17)	ACADEMIC BOARD (Paragraph 3.24 p.16)
EDUCATION CHARACTER AND MISSION	The determination of the educational character and mission of the institution and the oversight of its activities.	Making proposals to the board of governors about the educational character and mission of the institution, and for implementing the decisions of the Board of Governors. The determination, after consultation with the academic board, of the institution's academic activities, and for the determination of its other activities.	Academic affairs, including academic standards, research, scholarship, teaching and courses at the institution. Considering the development of the academic activities of the institution.
RESOURCES	The effective and efficient use of resources, the solvency of the Institution and safeguarding its assets.	The organisation direction and management of the institution and leadership of the staff.	
INCOME AND EXPENDITURE	Approving annual estimates of income and expenditure.	Preparing annual estimates of income and expenditure, for consideration by the board of governors and for the management of budget and resources, within the estimates approved by the board of governors.	
SENIOR STAFF	The appointment grading, suspension, dismissal and determination of the pay and conditions of service of holders of senior posts.		
OTHER STAFF	Setting a framework for the pay and conditions of service of all other staff.	The appointment; assignment; grading, appraisal, suspension, dismissal and determination – within the framework set by the board of governors – of the pay and conditions of service of staff other than the holders of senior posts.	
EXTERNAL AUDITORS	The appointment of external auditors.		
STUDENT DISCIPLINE		The maintenance of student discipline and within the rules and procedures provided for within the articles, for the suspension or expulsion of students on disciplinary grounds and for implementing decision to expel students for academic reasons	
NOTES	The Model Articles of Government for each institution specify that the board are precluded from delegating some of their specific responsibilities such as the approval of the annual budgets or the appointment/dismissal of the Principal .They must create committees to deal with such matters as finance, employment policy and audit, but not take essential decisions which should rest with the whole board.		It should be noted however that the Academic Board is subject to the superior powers of the Head of the Institution and the Governing Body. Moreover at least half the academic board must be drawn from senior managers of the corporation. These conditions prevent the academic board exercising its responsibilities without full consideration of management issues such as finance and staffing.

2.31 SHARED GOVERNANCE

Universities and other Higher Education Institutions have a legacy of seeing themselves as a separate element of society. Although being an essential part of the general pattern they have required nevertheless, due to the perceived need for academic freedom, to be sheltered from the economic and social currents of society. As a result universities generally have traditionally been slow to recognise the changing needs placed upon them by society, who in one way or another, provide the major part of universities' financial income (Ingram 1993) Some commentators suggest that it is the board of governors who should lead universities into a more willing, positive, constructive and perhaps proactive, partnership with society in meeting the needs of the future. For instance, Ingram (1993, p.4) comments that:-

> *"The continuing challenge for members of governing boards is to meet more effectively the purposes and expectations so ambiguously held for them by a demanding and troubled society".*

Shattock (1997, p.33) expresses this necessity to change in very assertive language when he says:-

> *"In higher education, attack is almost always the best form of defence. Universities that are positive, outgoing and engaged with society will be the institutional survivors of the next century".*

In addition to these increasing and more demanding requirements of society the board of governors need to understand the special role of the academic community within the institution. Academic members largely consider themselves to be independent professionals, rather than just employees, with deep loyalties to their discipline, sometimes in priority to their institution, and who demand not just consultation, but a meaningful partnership in the academic management and governance affairs of the institution.

The CUC Guide (1998, p.1) recognizes this particular characteristic of higher education governance when it states in its introduction that:-

> *"Institutions of Higher Education are characterised by a distinctive ethos. Despite diverse backgrounds and traditions, they are united in the common*

purpose of the provision of teaching and the pursuit of knowledge and research. They are also committed to the principle of academic freedom, that is the freedom to question received wisdom and put forward new and possibly controversial ideas ... ... Members of governing bodies need to recognise and be committed to the distinctive principles and ethos of higher education in order to contribute effectively to the work of the institution with which they are associated".

To be fully meaningful the governance of higher education corporations needs to be not just a function carried out by the board of governors, but a function that is seen to be shared with the management and the academic community, although the final authority for decision taking is retained by the board. This concept of shared governance was explored by Nason (1993, p.97) who explained that:-

"Shared governance defies conventional notions of organisation hierarchy. It fluctuates with the cultural temper of the times. It varies with the type of educational institution. But it is a fact of academic life and trustees have an important role in making it work".

2.32 BOARD COMPOSITION

Initially, the governors of the new higher education corporation were appointed by the Secretary of State but thereafter appointments to vacancies were to be made by the board itself. The composition of the various boards has not changed much over the intervening years and reflects the position in Quangos as described earlier. A study of governing body membership in the then polytechnics found that just 17% of the total membership were women (Bastin, 1990). A subsequent study by Bargh, Scott and Smith (1996, p.44-46) confirmed that this situation remained largely unchanged in that the new study found:-

"a substantial under-representation of women (18%) on university governing bodies in both old and new universities".

"Across the higher education sector, the majority of university governors were aged between 46 and 65".

"Representation from ethnic minority groups was minimal being under 2% of the total membership in the whole sector".

"The largest proportion (40%) were from a professional background and the second largest (35%) from industry".

"Overall, over half (55%) of the members were in full-time employment, but the second largest proportion, consisting of one-fifth, were retired".

The writer's own research (Bennett – 1997) revealed a similar picture. For instance from a sample of over one hundred governors it was found that 74.6% were in the age range of 46-65 yrs and that 76.7% were male.

The above situation is also closely parallelled in America where Fuller (1993, p.34) has reported that:-

"Although independent college and university boards are gradually coming to reflect more closely the diversity of contemporary American society, the trustees at independent institutions are still predominantly white, male and over the age of fifty".

It is debatable whether Boards of Governors as presently comprised, together with the initial lack of knowledge of higher education of the majority of the members, due to the insistence that at least 50% should be independent members can, from such a narrowly constructed social strata, fully understand the extremely diverse and complex workings of modern higher education corporations. Training, not only into the internal affairs of their institution, but also into the changing role of higher education in modern society, would help governors to bridge the gap.

2.33   *GOVERNOR TRAINING*

The CUC Guide (1998) proposes that new members of governing bodies should undergo induction training as to their terms of appointment and responsibilities. They should also be given appropriate documentation that would provide a background to their role, such as a copy of the Guide, Annual Accounts, Strategic Plan, and Organisation Chart of the Institution together with the procedures adopted by the

governing body. They should also receive appropriate briefing on other matters such as the purposes of other bodies involved in higher education. The guide also recommends that thereafter members should receive copies of the institution's newsletters and other suitable material to keep them abreast with developments in the institution and higher education generally. Higher Education Institutions are very complex and complicated organisations and it has been suggested that it could take several years before new governors fully understand their role and that of higher education in society, for instance Kerr and le Grade (1989, p.48) state that:-

> "It takes time (at least two years) to gain a deep understanding of such complicated institutions as colleges and university campuses and develop an attachment to them, it takes even longer to get to know a system of several or many campuses".

The National Audit Office (1995, 1997A, 1997B, 1998A, 1998B) in their reports into several institutions within the higher education sector have also indicated that training of governors should be given further consideration. In their twenty-sixth report which covered various events at the Southampton Institute the Department for Education and Employment (1999, p.11 paragraph 37) commented that one of the Public Accounts Committee's conclusions was that:-

> " ... we question whether, in particular, the training of governors is rigorous enough or consistent with a sector that manages £5.6 billion of public funds. We therefore urge the Department and the Funding Council to undertake a fundamental re-appraisal of training arrangements for governors. This should include taking a stronger lead in designing and delivering training. And the adequacy of training arrangements should be a focus in the Funding Council's cycle of audits at Institutions".

Nevertheless governor training, or development, has not appeared up to now, to be of great concern in higher education institutions, whereas in Further Education the effectiveness, assessment and development of governing bodies has been given a great deal of attention by the Further Education Funding Council. A research study carried out by the writer (Bennett, 1998) revealed that in eighteen higher education institutions which responded to a questionnaire on governor induction and training the situation was that:-

Two institutions did not provide governor training.

Eight issued a Governor's handbook.

Eleven provided short induction programmes.

Two provided presentations on matters of interest to governors before board meetings.

Three provided an Annual Planning Strategy Seminar.

Nine provided occasional training/development seminars.

Two provided other training/development activities such as mentoring or a modular training programme.

Of the responding institutions, four provided only one of the above options, six provided two options, five provided three options and one provided four options.

2.34 NATIONAL REPORTS

There have been several national reports that have been directed at the Higher Education Sector. Those reports having implications for the governance of Higher Education Corporations have been :-

The Nolan Committee Second Report (1996) dealt with Higher and Further Education Institutions and those other 'not-for-profit' organisations providing public services that were mainly, if not exclusively, publicly funded. The Report recommended that the Standards for Governance of Public Bodies set out in the committee's first report should apply to these organisations also.

The Nolan Committee Fourth Report (1997) reviewed the progress made on the implementation of recommendations made in the second report. In respect of Higher Education Corporations the report said that they should not become too complacent – many had long established procedures and some had not yet come to terms with the new openness and accountability. Others were finding their new autonomy difficult to handle. The report concluded that much still needed to be done. It was this report that set out 'The Seven

Principles of Public Life' namely:- Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

The Dearing Committee Report (1997) following their review into many aspects of Higher Education the report was expected to be a crucial review that would map out the direction of higher education into the next century. It turned out to be not as revolutionary as expected but did make the following recommendation (in paragraph 73) in respect to governance:-

> *"The effectiveness of any organisation depends on the effectiveness of its management and governance arrangements. We have identified three principles to underpin management and governance in Higher Education Institutions. These are that:-*

> *Institution autonomy should be respected.*

> *Academic freedom within the law should be protected.*
> *Governance arrangements should be open and responsive".*

The Dearing Report also proposed a Code of Practice for governance covering the following topics:-

> Unambiguous identity of the governing body.
> Clarity of decision making.
> Appropriate membership and size of the governing body.
> Arrangements for engaging formally with external constituencies.
> A rolling review of the effectiveness of the governing body.
> Annual reports on institutional performance.
> Arrangements to address grievances by students and staff.
> Effective academic grievance procedures.

Professor John Sizer (Chief Executive, Scottish Higher Education Funding Council) stated at a recent conference (Sizer -1997) that Tessa Blackstone (the Minister for Higher Education) had described governance as one of the most crucial and unrecognised aspects of Higher Education. Professor Sizer added that governing bodies of HE institutions have, on the whole, not been designed for strategic management but rather as representative bodies of a wide constituency of interests. He stated further that although the Jarratt Committee had championed a strategic process and the role of the Vice Chancellor as academic leader and

Chief Executive, it had failed to adequately address, define and make recommendations in respect of the role of the governing body and its chairperson and, in particular, their relationship with the Chief Executive and his senior management team. In the writer's view this is a fair criticism of the Jarrett Report but at that time, 1985, Corporate Governance was not seen as an important issue. Instead the Jarrett Report addressed the problems of management in Universities. Its recommendations were aimed at improving business efficiency and strategic resource management in universities (Bargh, Scott and Smith, 1996). Professor Sizer argued that Governors would usually only be given information that the executive considered it needed rather than the governing body deciding what information was required to undertake the role of governance, and that there were cases of inaction of governing bodies of some institutions that had failed to recognise the nature and purpose of good governance.

Bargh and Scott (1997), presented a paper at the seminar entitled 'The Crisis of University Governance" based on the research undertaken to support their book (Bargh, Scott and Smith, 1996). The theme of this paper was that good governance is essential if the new demands that society is placing on universities are to be successfully met and that, therefore, good governance should be given more importance. However they argued that (i) present governance arrangements have not prevented unacceptable behaviour on the part of some dominant chief executives (ii) governing bodies do not appear to be sufficiently involved in strategic activities and (iii) the governance arrangement for the 'old, pre-1992, Universities are, for no good reasons, different from that for the 'new', post-1992 Universities and Colleges of Higher Education.

2.35   *NATIONAL AUDIT OFFICE REPORTS*

Since the formation of the new higher education corporations in 1988 there have been several significant investigations by the National Audit Office with reports being presented to the Public Accounts Committee. There have also been several reports into Further Education Institutions. The National Audit Office Reports on individual Higher Education Corporations have been:-

(1995) - HC202 Severance Payments to Senior Staff in the Publicly Funded Education Sector.

(1997A) – HC222 Governance and the Management of Overseas Courses at the Swansea Institute of Higher Education.

(1997B) – HC4 University of Portsmouth.

(1998A) – HC680 Investigation of Misconduct at Glasgow Caledonian University.

(1998B) – HC23 Overseas Operations, Governance and Management at Southampton Institute.

The comments in the above reports on the governance of the new higher education corporations are that the present arrangements have given rise to the following concerns:-

(i)	The relationship of the governing body and a powerful chief executive.
(ii)	The creation of a small group of governors and executives who, in effect, control the corporation.
(iii)	The need for governors to act as a corporate body.
(iv)	The need for committees of the board to adhere to the terms of reference and to keep the Governing Body fully informed.
(v)	The over-reliance on information provided by the executive.
(vi)	The need for the Governing Body to be more involved in strategic decisions, including receiving sufficient information on strategic matters.
(vii)	The need for greater clarification and separation of the roles and responsibilities of the Governing Body and the Executive, including a more explicit definition of the duties of the Chairperson.
(viii)	The need for greater transparency and accountability. (It is interesting to note that there is little mention of accountability other than upwards for example to Funding Councils and Ministers. There is for instance minimum mention of accountability to the local community, the staff, the students or to employers.)
(ix)	The need for improved governor training.
(x)	The need for transparent processes of governor nomination and for a limitation on their period of service.

2.36 SUMMARY

This literature review of corporate governance has referred to the increasing importance being given to this topic in today's very competitive industrial and commercial environment, in both the private and public/private sectors. Various factors that bear on the practice of corporate governance have been explored and from the very extensive and prescriptive lists of board duties and responsibilities issued by various authorities has emerged a number of factors that would seem to be essential characteristics of effective boards. These 'effective governance factors' provide a model against which corporate governance as practised by individual boards can be reviewed. Such a model would be as follows:-

- **Constitutional Process.** The board has processes to ensure that it acts within its duties and responsibilities.
- **Clarification of Purpose.** The board has a clear understanding of its purpose.
- **Strategic Thinking.** The board has an influential role in the formulation of strategic policy.
- **Added Value.** The board maintains its independence from the executive ensuring that it can, when necessary, take a different and external perspective on organisational issues.
- **Externality.** The board ensures that its members continually refresh their knowledge of the external environment.
- **Internal Information.** The board receives good quality information from the executive.
- **External Information.** The board has sources of information external to the institution.
- **Effectiveness of Chief Executive.** The board is well supported by a Chief Executive who effectively manages the institution.
- **Monitoring of Executive Management.** The board ensures that the executive effectively implements the strategies approved by the board.
- **Accountability.** The board has clearly defined those constituencies to whom it is accountable.
- **Self Assessment.** The board periodically examines its own performance.
- **Meetings.** Board Meetings are effective mechanisms for reaching board resolutions.

- **Committees.** The board keeps close control over its committees which work within agreed terms of reference.

Additional 'effective governance factors' were to emerge during the second element of the research programme.

The review has also explored various facets of corporate governance in the private sector and mapped the transfer of private sector practices to the new public/private organisations and has commented on the different corporate governance arrangements determined by government for these new bodies. Two particular examples, the National Health Service and Higher Education, have illustrated instances of this plurality.

As has been mentioned the government's intention in populating the governing bodies of the new public/private organisations with personnel from the private sector was to improve efficiency, effectiveness and customer responsiveness, to reduce the power of the 'professionals' in those organisations and to provide a board that was more willing to challenge the executive and that would concentrate on the strategic view rather than operational issues. The literature review has shown that directors/governors of organisations in both sectors face common issues, such as (a) the composition of the board, in particular the optimum mix of executive and non-executive members, (b) the role of the non-executive director who is required to bring an independent view to the board deliberations and to assess the performance of the executive whilst also working with and supporting the executive members on the board, (c) the increasing necessity to be accountable to various influential external groupings, some of which are in a vertical relationship and can thus enforce sanctions whilst others are in a horizontal, and sometimes tenuous, relationship but can nevertheless exert considerable influence, (d) the heavy reliance on information supplied by the executive, which places board members in a 'dependency' situation and undermines the ability of non-executive members to be truly 'independent', (e) the need to adhere to various 'Codes of Practice' which are voluntary but to which adherence is expected, which in some cases are very specific and somewhat 'ideal' in nature, and (f) the training of Directors/Governors which is usually very minimal compared to that available for the executive and managers. However, there are many governance concerns that are not common to both sectors. For example the concerns in the private sector are (a) towards gaining the active participation of largely passive shareholders, especially institutional investors,

(b) the conflict between short-termism/profit maximisation and the need to take the long term view, (c) the debate over the advantages of unitary as opposed to two-tier boards, and (d) the effect of global activities on national governance practices. Within the public/private sector there are particular concerns over (a) the loss of democratic power consequent upon the statutory imposed composition of boards that have also become self-perpetuating, (b) the resultant need for transparency and openness and public accountability, (c) the reduction in the quality and depth of debate on many qualitative, non-business issues, and (d) the growth of a local elite of business people who sit on several boards. A further feature of the application of private corporate governance practices to the public/private sector was the variability of the governance structures as exhibited by The National Health Service and Higher Education. These factors together with the different environment and cultures in which the two sectors operate make it difficult to see why it was ever considered that the simplistic approach of merely appointing private sector personnel to boards within the public/private sector would bring about the desired changes without causing other major problems. Corkery (1999, p.16) considers that:-

> "This experimentation with various forms of managerialism showed that private sector practice could not be applied in an unadapted form to public sector situations. The need to recognise political realities, to ensure that government actions were not only legitimate but perceived to be so, to take account of the cultural and social as well as the economic demands and crucially the need to look after all the citizens of the nation called for other processes, other systems".

As regards The National Health Service, Fitzgerald and Pettigrew (1991, p.1) have commented that:-

> "These changes in health care particularly to the HA's themselves, signal key issues which must be addressed. Very little is known about company boards and their operation. Given our limited knowledge, do we know and understand what is being transferred from the private sector and how this will improve health care".

In the case of Higher Education, Bargh Scott and Smith (1996, p.171) have said that:-

> "Despite the ideologically inspired influence of corporate models, there seemed to be little evidence that the private sector had generated concrete examples of good

practice that could be transferred to the government of higher education
institutions".

What seems to be missing from the literature reviewed is sufficient evidence of what boards actually do at their meetings which is the only time that board members legitimately act as a board and can take board decisions. Various authors have commented upon this lack of evidence, in what is a fundamental element of corporate governance endeavours. For example, Fitzgerald and Pettigrew (1991, p.2) who considered the implications of the new NHS structure state that:-

> *"the most notable finding from the survey is the lack of knowledge about how boards of directors operate".*

Ashbourne, Ferlie and Fitzgerald (1993, p.1) who carried out research into the new NHS governance structure, and in so doing attended board meetings, interviewed board members and analysed board agendas, said that:-

> *"Previous research on boards in the private and public sectors has highlighted primarily composition, roles and relationships, with some research also addressing the purpose of the board. There is, however, very little data available on the content and process of meetings since such data has been gathered second hand with research seldom gaining access to board meetings".*

Ashbourne (1997, p.285) mentions the acute lack of evidence in this particular area of board activity and states that:-

> *"There is little evidence from the private sector on the form, content and process of board meetings from which any measures of effectiveness or key variables might be established".*

Cornforth and Edwards (1998, p.1) who carried out research into corporate governance in the voluntary sector including structured observations of meetings, semi-structured interviews with key personnel and an analysis of documentation, stated that:-

> *"There has been relatively few detailed empirical studies of what boards do in practice".*

The following research programme addresses this deficiency. The first research element provides evidence of what boards in Higher Education do, as revealed by an analysis of board meeting minutes. The second research element provides evidence of how governors in Higher Education perceive the activities of their board, as revealed by an analysis of replies to a questionnaire. In both research elements the aforementioned 'Model of Effective Governance Factors' is used as a basis for the research.

CHAPTER THREE

A RESEARCH PROGRAMME INTO THE ACTIVITIES OF BOARDS OF GOVERNORS IN THE NEW UNIVERSITIES AND COLLEGES OF HIGHER EDUCATION

3.01 INTRODUCTION

The 'Effective Governance Factors' highlighted in the literature review, although being a somewhat idealistic list of board endeavours, do nevertheless provide an answer to the first research question **(What should governors in Higher Education do?)**. The following research programme, on the other hand, is concerned with collecting data on what boards actually do. As has already been observed the practice of corporate governance in higher education has been referred to in several national reports (Dearing Committee, 1997; Nolan Committee,1996 and 1997). In addition the National Audit Office as part of its investigations into individual institutions has critically commented on several corporate governance issues (National Audit Office (1995); (1997A); (1997B); (1998A) and 1998B). Indeed the last report (National Audit Office -1998B) investigated into corporate governance practices at the institution in which the writer was employed as Clerk to the Governors. It seemed opportune therefore to centre the research programme on board activity in higher education institutions. In particular the research is confined to the 35 (post 1992) New Universities and the 48 Colleges of Higher Education. These institutions being those most affected by the Government's privatisation of higher education policy. The first element of the research project, an analysis of board minutes provides mainly a statistical indication of board activities structured around the aforementioned 'Effective Governance Factors'. Where appropriate the quantitative analysis is augmented with narrative extracted from the Minutes. The illumination of board activity thereby produced addresses the second research question **(What do governors in Higher Education do?)**. The second element of the research project focuses on an analysis of board member's responses to a questionnaire structured around the same 'Effective Governance Factors'. This provides an analysis of board activity, as perceived by board members, statistically through using the Likert Questionnaire Technique and enhanced by board member's comments on particular issues. This analysis addresses the third research question **(How do governors in Higher Education perceive the activity of their board?)**.

3.02 METHODOLOGY

The constraints imposed by the 45000 word limit placed on this thesis under the Ed D regulations, plus the fact that it is a part-time study programme put major restrictions on the size of the supporting research programme. Nevertheless the overall aim was to produce

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results that would be of broad practical help to governors in the New Universities and Colleges of Higher Education. It was considered therefore that the research programme would need to be based on more than one institution. This decision led to the elimination of research methods such as (i) the intense study of corporate governance in an individual institution (i.e. a case study) or (ii) the study into a particular problem within an institution in order to bring about a change or improvement (i.e. action research). The need to research into several institutions, together with the constraint of time available indicated that a research approach of a mainly ethnomethodological nature would also be impractical. Having decided thus far by a process of elimination it then became necessary to consider the data collection method. Peck (1995) mentioned the lack of evidence surrounding board activities when describing his own research into the performance of the board of directors of a so-called 'first-wave' NHS trust. His research included observation of board meetings, questionnaires to board members and examination of board documents. His research paper questioned the validity of relying on only one source of information and recommended the use of all three sources in parallel so that the other two could compensate for the weaknesses of any one method. However, a research programme into the activities of boards of governors of higher education institutions that included all three approaches, would need to be an extremely lengthy process, as boards normally meet 4-6 times each year and at least one full annual cycle of meetings would probably need to be covered. Observation of meetings over such a lengthy period, combined with the necessarily long interval between observations on board meetings, would present great difficulties in maintaining a consistent observational approach by one researcher across all meetings, especially if meetings of more than one board were being covered. Also it would be very difficult to arrange to attend board meetings as an observer, as most boards, judging from the reaction obtained from several when making initial enquiries, are very reluctant to become involved in such research projects. Especially during the current climate of heightened awareness of governance issues in the higher education sector. It would also be very difficult for board members to act naturally and to discuss particular issues, particularly sensitive ones, in the presence of an outside observer, especially one connected at directorate level in another institution. For the purposes of this particular research project it was decided, therefore, due to the difficulties described, not to use the observational approach.

Peck (1995) does not mention the process of collecting data through interviews, either of the whole board, individual board members or appropriate senior officers. Data collected using this technique however is very susceptible to the memory and interpretation of events by the interviewee. This was especially relevant as it was intended to review board minutes over a 12-18 months period and governor's memory would have been a very critical factor. It was considered that this technique would only produce evidence of what boards were thought to do and not necessarily what they actually did. It was therefore decided, for the first research element to rely on the documentary evidence as available in board minutes. The interview technique could, however, have been used as a data collection mechanism for the second research element aimed at governors perception of their board's activity. It was considered however, that within the time constraints imposed by the Ed D regulations the carrying out of sufficient interviews at several institutions would not be a practical proposition. The need to travel to see governors at the various institutions would also present a very difficult problem to overcome. The use of telephone interviews was not deemed appropriate due to the lack of experience of this technique by the writer. It was decided therefore to collect data for the second research element through the use of a questionnaire. The questionnaire did enquire, however, if governors were willing to be interviewed if it became necessary to seek clarification of particular comments or to follow-up a particular topic arising from the research.

It also became apparent at this stage that the emerging research programme would not, and did not need to, produce findings that would be generally applicable to all boards within higher education. The lack of previous research into the topic, as already mentioned, did point to a more limited and cautious aim. It was considered sufficient to achieve results that (i) would encourage future researchers to carry out larger research projects that would hopefully substantiate the findings of this research (ii) would direct future researchers to investigate, in greater depth, particular findings of this research and (iii) would generate sufficient interest in the subject amongst governors and senior managers within higher education that would, in turn, lead to further research. The reduction in the importance of generalisability as regards the research outcomes did influence the choice of sample characteristics for the two research elements. This is discussed further in the sections entitled 'Selecting Participants' when describing each research element.

Certain of the research work has been checked, by appropriate academic colleagues and modified accordingly. Also initial drafts of the complete thesis has been critically read by an

academic colleague and his comments have been taken into account where appropriate. Also the research programme and its findings have been discussed with several interested individuals, such as officers of HEFCE, NATFHE and NAO. Their comments have reassured the writer that the research findings are reasonable and the concluding recommendations practical. In addition, wherever possible, the research findings have been compared to research findings elsewhere, for instance in the National Health Service. Additionally in Chapter 6 the findings of the research programme are matched together and any major differences commented upon. These various processes give some assurances that the overall research project meet the tests of validity (does it describe what it is supposed to describe?), reliability (would the results be repeatable if the research was done elsewhere or by someone else?) and reflexivity (is the research overly influenced by the inherent bias of the researcher or the processes used?).

CHAPTER FOUR

AN ANALYSIS OF BOARD MINUTES OF THREE HIGHER EDUCATION INSTITUTIONS

4.01 MINUTES AS DOCUMENTARY EVIDENCE

The appropriateness of using the minutes of past board meetings as a database for research into board activities is based on the assertion by Armour (1995, p.234) that:-

> *"When the minutes have been signed by the Chairman of the meeting ... ...*
> *they constitute evidence of proceedings".*

Draft minutes are normally circulated to the members present at the meeting so that they have the opportunity to agree amendments before the official minutes are signed by the Chairman. Once signed the minutes are prima facie evidence of the proceedings, acceptable to the Courts, but can be set aside in particular circumstances. Although the minutes are evidence of governor deliberations at board meetings, minutes do not normally indicate the full length or depth of discussions on particular issues, or necessarily the identity of members making particular contributions to the debate. Minutes are also subject to the personal style of the board secretary, the requirements of the board at the time and can also be composed in very different formats. Minutes of meetings can, for instance, on occasions appear to represent the views of a unanimous board whereas in fact several alternative views may have been expressed, but not recorded, before a board decision was reached. Before being finalised draft minutes are usually passed through a number of editing reviews, and are therefore liable to be the outcome of, often subjective, amendments by different people. Nonetheless minutes of meetings do, at the minimum, record the issues discussed and can, sometimes indicate the importance of the issues by the length of the particular minute. Minutes of meetings, therefore, although being accepted as a 'true' record in the legal sense are not necessarily a 'full' record and should be employed with a certain amount of caution in any research project using them as a source database. Nevertheless the analysis of minutes, and interpretations therefrom, does provide a partial illumination of board proceedings, which can be compared to other research evidence of board activities.

4.02 SELECTING PARTICIPANTS

It was expected that several visits would need to be made to institutions during the research into board minutes. This, it was thought, would present considerable difficulties as regards travelling time. It was accordingly decided to limit the geographical spread of participating institutions to those within 30 miles of the writer's home. (This proved to be an unnecessary

restriction as it was found possible to make satisfactory contact through postal correspondence or telephone conversations). It was also considered that the minutes of three institutions would provide sufficient source data. (If this assumption proved to be incorrect then it would be necessary to widen the geographical area). Moreover it was expected that the work of analysing the data from three institutions would take up the time allotted to this particular task in the planned work schedule. These considerations, together with the previously declared decision not to make the research findings necessarily generaliseable to all other institutions, facilitated the choice of sample characteristics. It was, for instance, not necessary to consider a 'random' selection (i.e. so that each institution had an equal chance to be selected) or a 'systemic' selection (e.g. every Nth institution in a listing of all institutions). Instead a 'convenient' sample, as described above, was considered adequate.

The board of governors at the writers own institution had always expressed great interest in the overall research project and had indicated their willingness to co-operate wherever possible, including allowing access to board minutes. Despite the writer's attendance at those meetings, as an observer, and his involvement in authoring some of the papers presented it was considered, providing care was taken in the subsequent research work, that any influence of bias from the writer could be minimised so as not to endanger the validity and reliability of the research. It was, therefore, decided to accept the offer of access and use the board minutes as one of the data sources.

Two other institutions, both ex-polytechnics, were also invited to participate in the research project. Accordingly, letters were sent to the Chairman of the respective boards, with copies to the Vice Chancellors, supported by letters from the Chairman and Chief Executive of the writer's own institution. One of these potential participants declined to take part due to existing time constraints and heavy commitments on board members. The other institution agreed to permit access to board minutes but declined to give any further co-operation. Another ex-polytechnic institution was therefore approached and agreed to allow access to board minutes but declined further assistance due to their board members' heavy involvement in investigating their own governance arrangements and being unwilling to give further of their time. It was, therefore, decided to commence the analysis of the board minutes of these three institutions and only to seek further participants if the ongoing analysis failed to reveal reasonably consistent patterns of board behaviour.

It was also decided to investigate minutes covering a whole academic annual cycle, bearing in mind that the related board meetings would run slightly behind the academic year cycle. It was also decided that the minutes of each institution should cover the same period, thus enabling the board reactions to the same external events, such as preparation for the year 2000, to be reviewed and compared. In the event the three institutions were requested to release minutes of all board meetings held in the period November 1998 to December 1999.

The above strategy subsequently resulted in the minutes of eighteen meetings being reviewed producing 976 items raised at the various meetings, which upon analysis gave a fairly consistent pattern of board behaviour across the three institutions. It was, therefore, decided not to approach any further institutions for access to their minutes.

4.03   DATA HANDLING

In reviewing board minutes the aim was (i) to measure the frequency with which particular items were raised and (ii) to classify the board behaviour at each event Subsequently it was also decided to (iii) identify the target for any active reaction at board meetings. Various methods were contemplated for achieving these objectives. For example all minutes could be scanned for key words (such as Strategic, Approve, Note) and an analysis constructed accordingly. Alternatively key issues, such as Student Recruitment, could have been traced through all minutes and an analysis constructed around each issue. However small trial attempts to analyse in these ways proved to be cumbersome and time consuming. They also did not appear to give a holistic view of board activity. It was apparent, therefore, that it would be necessary to review each board meeting and analyse all events arising at each meeting so that a view of a whole meeting could be obtained.

Eventually the method used to analyse the board minutes was based on that described by Peck (1995) in which he produced a table analysing the results of his observation of board activity. The table listed the mode of board activity (for example:- Board procedure, Trust objectives, Implementation issues.) against various categories of board activity (for example:- Approving, Setting, Challenging, Initiating.) Peck's method was however modified to suit the needs of the research requirements. Accordingly a template was devised to capture the data recorded in the minutes in a consistent manner

that would classify board activity under the 'Effective Governance' characteristics identified earlier in Chapter Two. The template was also devised to code the data to indicate whether the board reaction was 'passive', such as merely noting or approving, or 'active' as demonstrated by the particular minute intimating that a board discussion had taken place. In the case of an active board reaction the template was also devised to indicate whether that reaction gave rise to a question or challenge directed at the executive, governors or an external body. Examples of such questioning behaviour was also highlighted so as to provide a qualitative dimension to the subsequent statistical analysis. It was originally the intention to code questions so as to identify the questioner but this proved to be impossible due to lack of information recorded in the minutes. A trial run using the template to code board minutes confirmed that this was a practical method of collecting data but that it would be necessary to breakdown some minutes into individual 'items discussed' so as to provide meaningful coding. It also revealed that occasionally a subjective judgement would be necessary to decide if a board discussion had taken place, it not being possible to judge purely on a simple method such as number of inches taken up by the minute. It was initially considered that board discussions could be differentiated between long and short discussions but this proved to be an overly subjective assessment to be valid and at the analysis stage proved to be unnecessary in any case. The trial run also exposed the necessity to have an 'Other' main activity category, with suitable subheadings to collect various miscellaneous items. It also proved necessary to add a comment on the template analysis to explain particular items. Several trial runs, through the same minutes, were carried out involving numerous, but reducing, re-coding of data until a consistent coding outcome was reached. Following these trial runs a preliminary analysis of the data collected was carried out. This indicated that the coded data could be subsequently analysed to produce meaningful outcomes but that, in order to allow appropriate analysis it would be necessary to have sub-headings within each main activity category including, in some cases, an 'Other' sub-heading for miscellaneous one-off items. Eventually the re-iterative process of coding and analysis produced a consistent outcome sufficient to allow the data-capturing process to be used with confidence.

As the coding operation of each institution's minutes was completed the whole process was reviewed and compared to the coding operation of the other institutions' minutes and any variations and differences were investigated and if necessary re-coded. This continuous

checking and, where appropriate, amendment to coding not only ensured consistency of treatment but also, by making the process a more mechanistic one, minimised the danger of the writer's perceptions biasing the coding result and thus influencing the subsequent analysis. To assist in this auditing process a separate listing of the type of item included under each sub-heading was continuously compiled and used to check against subsequent allocation of codes. A complete re-checking of all codes allocated against this 'master' list was carried out before the subsequent analysis process was started.

This coding process was to be the foundation upon which all subsequent research activity would be based. It was therefore considered necessary to have the whole coding process checked by an appropriate senior academic colleague (an ex-Dean of a Social Science Faculty) to ensure that the individual codes allocated were reasonable and sufficiently unbiased. The main comments made by this colleague were that firstly the number of items coded as 'other' (Category N) seemed excessive and that secondly it was theoretically possible for items to be allocated to more than one code. Consequently all the items coded to Category N were rechecked but seemed to be appropriately coded. All coding allocations were also rechecked and a few were reclassified but it was considered that in general any possible overlapping of codes was reasonably small and would not affect the eventual conclusions in any significant way.

An example of a resultant code would be C2/B1 in which C identifies the item to be of a *Strategic Thinking Characteristic*, with 2 indicating that the item concerned *Policy Statements*. The letter B further identifies that the item received an active reaction of a short duration (although this latter refinement proved to be too subjective and was ignored at the data analysis stage) with the 1 indicating that the reaction led to a question directed at the executive. Examples of items falling under the three types of reaction are as follows:

(1)   Passive (A1/A) *"The Board noted the revised dates of meeting for the academic years 1998/99".*

(2)   Active with no questioning (G3/B) *"It welcomed in particular the recognition given by the quality assessments of its teacher training conducted by OFSTED which had been bettered only by Oxford and East Anglia".*

(3)   Active with questioning (F1/B1) *"It was suggested that an overall review be undertaken in order to determine optimum arrangements for the future".*

From the completed templates it was then possible to prepare data schedules analysing the information to the following pattern.

```
┌─────────────────────────┐
│ Board Activity Summary  │
│ by Meeting              │
└─────────────────────────┘
            │
            ▼
┌─────────────────────────┐
│ Items Raised by Each    │
│ Code by Each Meeting    │
└─────────────────────────┘
        ╱         ╲
       ▼           ▼
┌──────────────────┐  ┌──────────────────┐
│ Passive Reaction │  │ Active Reaction  │
│ by Each          │  │ by Each          │
│ Code by Each     │  │ Code by Each     │
│ Meeting          │  │ Meeting          │
└──────────────────┘  └──────────────────┘
                      ╱              ╲
                     ▼                ▼
        ┌──────────────────┐  ┌──────────────────┐
        │ Active Reaction  │  │ Active Reaction  │
        │ but no           │  │ with             │
        │ Questioning by   │  │ Questioning by   │
        │ Each Code by     │  │ Each Code by     │
        │ Each Meeting     │  │ Each Meeting     │
        └──────────────────┘  └──────────────────┘
```

Active Reaction with Questioning by Each Code by Each Meeting branches to:

| Questioning of Executive by Each Code by Each Meeting | Questioning of Governors by Each Code by Each Meeting | Questioning of External Bodies by Each Code by Each Meeting |

The entire data analysis task was undertaken manually, in the first instance, including the initial graphical presentation of results. This not only allowed a feel for the data to be generated but also enabled any apparent inconsistencies to be highlighted and immediately investigated. In one case this revealed that a few of the codes had not been correctly completed and needed to be amended. It was also found that some questions had arisen from a passive board-reaction in that two had emanated from committee minutes presented to the board, one had come from a letter submitted to the board from an external source, whilst in another case two questions had emanated from the same active board reaction. Once confidence in the integrity of the data base had been established and definitive patterns of board behaviour had begun to appear the analysis process was transferred to an EXCEL spreadsheet. This enabled data manipulation and graphical presentations to be more rapidly achieved and emerging behaviour patterns more readily investigated.

An example of the template used for the coding operation is shown overleaf.

TEMPLATE FOR CODING BOARD ACTIVITY

	BOARD EFFECTIVENESS FACTOR	BOARD ACTIVITY					
		Passive	Short Active	Long Active	Questioning		
					Who		
					Exec	Gov.	Ext.
		A	B	C	1	2	3
A	Constitutional Understandings 1. Process 2. Membership 3. 4. 5. Other						
B	Clarification of Purpose						
C	Strategic Thinking 1. Strategic Plan 2. Policy Statement 3. Receiving Information 4. Other 5. Other – Process						
D	Added Value						
E	Externality						
F	Internal Information 1. Financial 2. Marketing/Recruitment 3. Academic 4. Other						
G	External Information 1. Financial 2. Marketing 3. Other						
H	Appointment of Chief Executive						
I	Monitoring the Executive 1. Revenue/Capital Budget Setting 2. Other Targets 3.						
J	Accountability 1. Financial Statements (Annual) 2. Others						
K	Self Assessment						
L	Meetings						
M	Committees 1. Reports 2. Membership 3. Terms of Reference 4. Academic Board 5. Other						
N	Other 1. Student Union 2. Subsidiaries/Outside Ventures 3. Governor Training 4. Year 2000 5. H & S 6. Other						

4.04 DATA INTERPRETATION

From a view of board activity across all eighteen meetings that concentrates on the details of Board Meetings (i.e. the number of items raised) and the modes of board reaction the data is subsequently interpreted in several ways. Firstly the subject matter of items raised is reviewed. Secondly the type of reaction generated under each item category is scrutinised. On those occasions where a questioning (or challenging) mode of behaviour takes place attention is directed at the direction of that question. Finally the nature of questions raised is examined. Commentary on these various facets of the data is given below.

4.05 *BOARD ACTIVITY*

The board activity, as depicted in TABLE 2, shows that a high number of items were raised at board meetings. The overall total across all three institutions being 976 items over 18 meetings giving an average of 54.2 items per meeting. Assuming a meeting length of two hours, this represents an average attention span of 2.2 minutes per item.[Note- The writer's experience over 12 years as Clerk to the Governors at a Higher Education Institution, and as a Governor of a School and a Sixth Form College, would suggest that 2hrs is about the norm for board meetings] The comparable figures for each institution being 329, 232 and 415 total items over six meetings each giving an average of 54.8, 38.7 and 69.2 items per meeting or 2.2, 3.1 and 1.7 minutes per item respectively. This suggests a very rapid turnover of business at board meetings.

Typically 82.7% of all items raised were received passively by the board, the comparable figure for each institution being 75.4%, 83.6% and 88.0% respectively, shown graphically in CHART 1. Of the total items raised at board meetings only 10.2%, on average across all boards, gave rise to questioning. The comparable figures for each institution being 13.4%, 9.9% and 8.0% respectively. These statistics together with further analysis concerning whether the questions were asked of the executive, governors or an outside body are shown graphically in CHART 2. These findings indicate a strong tendency for boards merely to 'rubber-stamp' a high proportion of items submitted for their attention and to raise questions only occasionally.

The above findings raise doubts regarding the purpose of submitting many of these items to the boards and certainly suggest that the majority of the items are not strategic issues and do

not concern important governance issues. The most scarce resource of boards is meeting time. Boards meet for approximately two hours every few months at which they should mainly determine matters of significant importance to institutions operating within a very complex and rapidly changing environment. Yet the data suggests that the opposite is true in that the vast majority of items raised at board meetings would appear to be not worthy of a questioning debate by the board. Boards would seem to be efficient at dealing with the items raised in terms of speed but due to the lack of active debate it is questionable whether they are influencing institutional strategy and policies in any proactive way. It would seem advisable for boards, therefore, to more closely control the items submitted to board meetings so that more time can be given to the strategic and important governance issues that are worthy of a high level of quality debate. This would enable boards to become more influential in the strategic direction of their institutions.

BOARD ACTIVITY — TABLE 2

Institution	A Reaction PASSIVE	A Reaction ACTIVE	A Questions EXEC	A Questions GOV.	A Questions EXT.	B Reaction PASSIVE	B Reaction ACTIVE	B Questions EXEC	B Questions GOV.	B Questions EXT.	C Reaction PASSIVE	C Reaction ACTIVE	C Questions EXEC	C Questions GOV.	C Questions EXT.	TOTAL Reaction PASSIVE	TOTAL Reaction ACTIVE	TOTAL Questions EXEC	TOTAL Questions GOV.	TOTAL Questions EXT.
14-Oct-98											61	11	9	1						
25-Nov-98	42	12	3	3																
11-Dec-98						30	7	2	1	2										
16-Dec-98											61	5	2	1						
19-Feb-99						28	4	3		1										
17-Mar-99											61	9	2	1	1					
31-Mar-99	63	18	11																	
30-Apr-99						25	10	3	1											
*26-May-99	6	20	7																	
25-Jun-99						40	5	3												
30-Jun-99											67	8		2						
21-Jul-99	48	13	9	1																
07-Oct-99	43	11	7	2																
13-Oct-99											60	4	3	1						
22-Oct-99						40	3	1												
14-Dec-99	46	7	1																	
15-Dec-99											55	13	5	4	1					
17-Dec-99						31	9	5		1										
SUB TOTAL	248	81	38	6	0	194	38	17	2	4	365	50	21	10	2	807	169	76	18	6
%	75.4	24.6	11.6	1.8	0.0	83.6	16.4	7.3	0.9	1.7	88.0	12.0	5.1	2.4	0.5	82.7	17.3	7.8	1.8	0.6
GRAND TOTAL	329		44			232		23			415		33			976		100		
			13.4% of 329 items					9.9% of 232 items					8.0% of 415 items					10.2% of 976 items		

AVERAGE PER MEETING	4.13	13.5	6.3	2.0		32.3	6.3	2.8	1.0	1.3	60.8	8.3	4.2	1.7	1.0	44.8	9.4	4.5	1.6	1.2
	54.8		8.3			38.7		5.2			69.2		6.9			54.2		7.3		

[*Special meeting to discuss Strategic Plan only]

REACTIONS TO ITEMS RAISED AS A % OF TOTAL ITEMS RAISED   CHART 1

OVERALL

17.3%

82.7%

Passive Reactions
Active Reactions

INSTITUTIONS
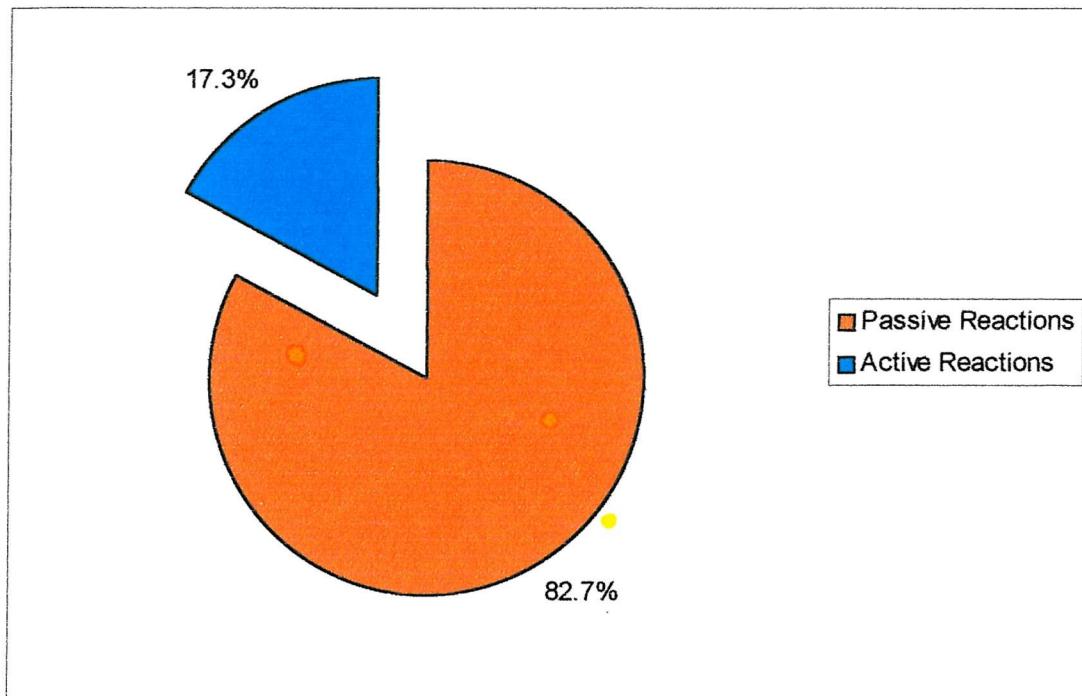
Passive Reactions Active Reactions
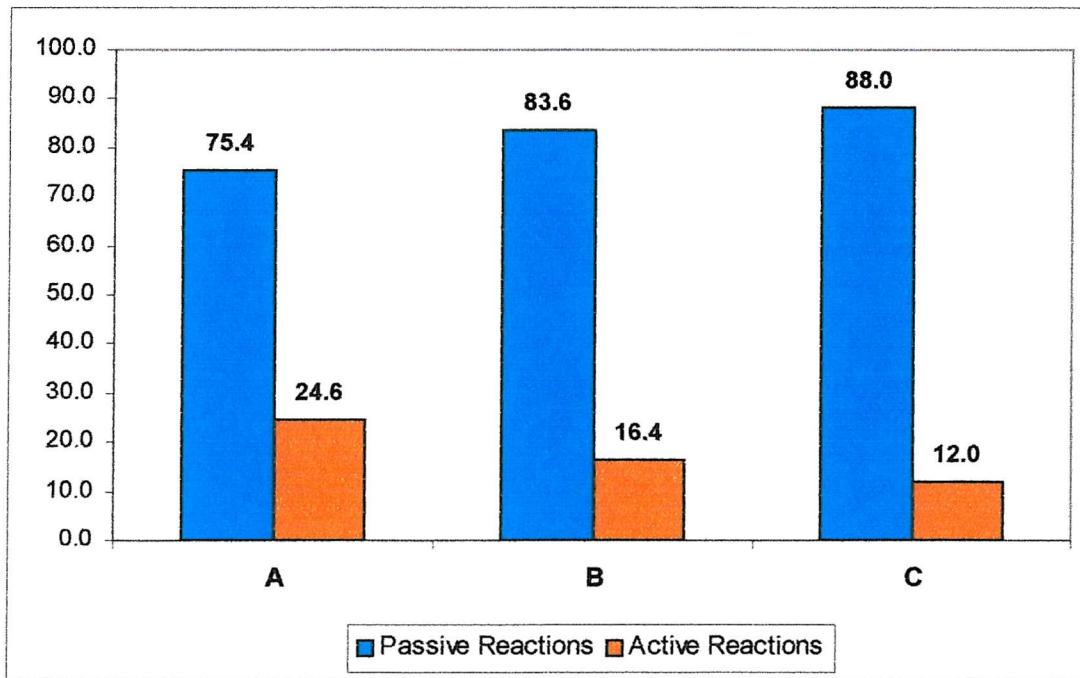
QUESTIONS RAISED AS A % OF TOTAL ITEMS RAISED   CHART 2

OVERALL

Questions to
Executive
7.8%

Questions to
Governors 1.8%

Questions to
External Bodies
0.6%

Items not raising
questions 89.8%

INSTITUTIONS

86.6%   90.1%   92.0%

13.4%   9.9%   8.0%

A   B   C
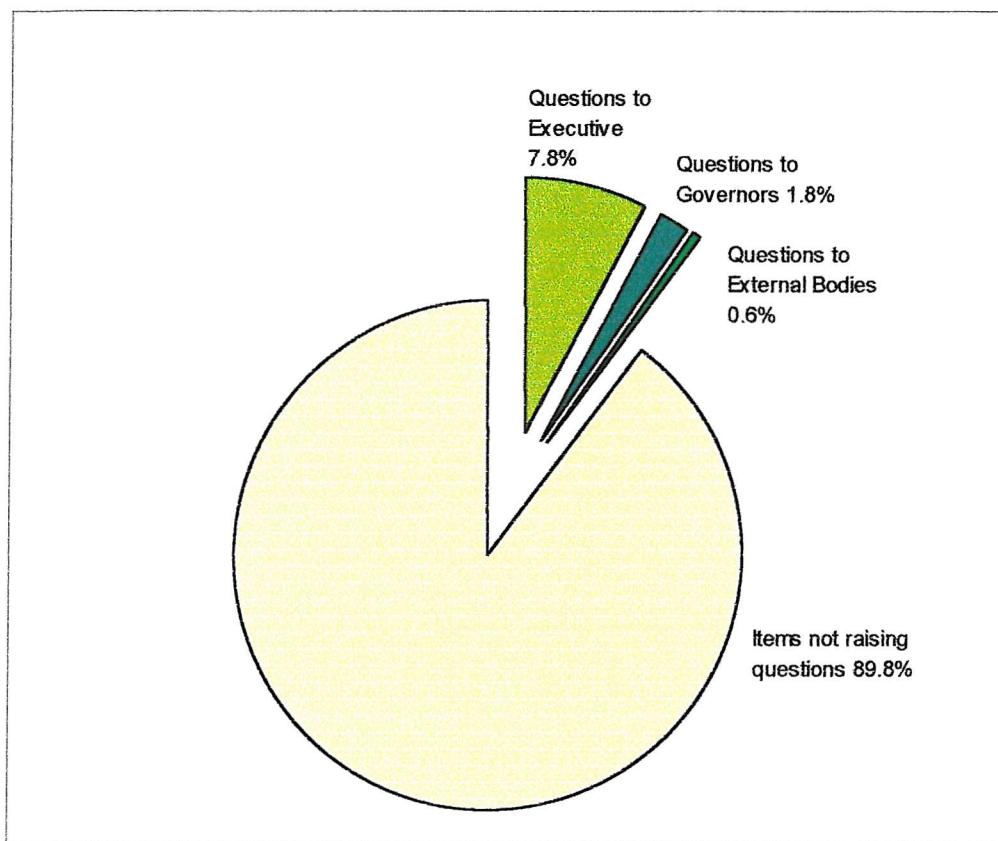
□ Items not raising questions
■ Items raising questions
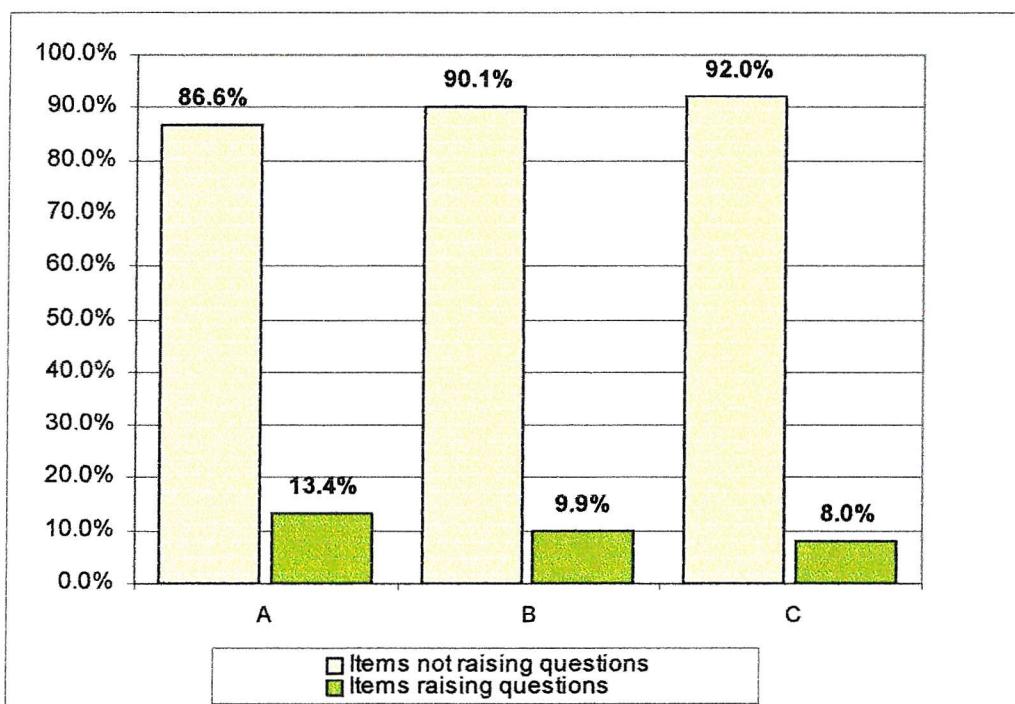
4.06   *ITEMS RAISED*

Analysis of the items raised at board meetings show that no items were raised in any of the institutions that needed the board to engage in debate about itself or its processes. Classifications under which no items were raised being Clarification of Purpose, Added Value, Externality and Meetings. (No items were raised that could be coded under the Appointment of Chief Executive classification but this is more understandable as none of the institutions were seeking new chief executives.).

There were four classifications under which 75.1% of items raised could be coded, namely:–

- Other – 23.5% overall and 14.0%, 28.0% and 28.4% at the institutions respectively.
- Internal Information – 17.7% overall and 9.1%, 23.7% and 21.2% at the institutions respectively.
- Committees – 17.4% overall and 19.8%, 13.4% and 17.8% at the institutions respectively.
- Constitutional Process – 16.5% overall and 23.1%, 15.9% and 11.6% at the institutions respectively.

Strategic Thinking accounted for only 16.2% of the items raised overall and 28.3%, 6.5% and 12.0% at the institutions respectively. The remaining 8.7% of the total items raised were under the remaining four classifications of External Information, Monitoring of Executive, Accountability and Self-Assessment.

Relevant graphical presentations are given in CHART 3 with supporting statistics in APPENDIX 1.Within the above five most frequently used classifications those items that were raised most often are shown in Table 3 overleaf.

MOST OFTEN RAISED ITEMS AT BOARD MEETINGS			TABLE 3
Main Classification	**Sub Classification**	**Examples**	**% of Total Items Raised**
Other	Other	Appointment of External Auditors, Awards Ceremony, Thanks to Staff, Staff Deaths, Staff/Student Successes, Nominations for Honorary Degrees	15.0
Committees	Reports	Minutes of Committees	8.2
Constitutional Process	Membership	New member welcomed, Vacancy noted, Election to Membership, Election of Chair and Vice Chair, Resignations and Intended Resignations	7.9
Constitutional Process	Process	Apologies, Minutes of Previous Meeting, Date of Next Meeting	7.8
Strategic Thinking	Receiving Information	Proposals for New School, Future of a Faculty, Additional HEFCE Funding, HEFCE Bid, Staffing Levels.	7.8
Internal Information	Academic	Preparation for QAA Visit, Conferment of Professorships, Widening Participation, Semester System	7.4
Committees	Membership	Appointments to Membership, Appointment of Chairman, Current Committee Membership	6.6
Internal Information	Financial	Future Tuition Fee Rates, Student Debtors, HEFCE Holdback	6.6
TOTAL			**67.3**

The table indicates that a very high proportion of the items raised at board meetings are more to do with board processes or institutional arrangements rather than any critical strategic issues concerning the future of the institution. A similar situation in American companies caused Monks and Minnow (1995, p.199) to comment that:-

> " ... in many boardrooms too much of this limited time is occupied with reports from management and various formalities".

4.07 *PASSIVE REACTIONS*

A very high number (82.7%) of items raised at board meetings received a passive reaction. Comparison of passive reactions to the total number of items raised under each code category is shown graphically in CHART 4 with supporting statistics in

APPENDIX 2. Across all institutions the highest tendency for a passive reaction occurs in those items dealing with Constitutional Process (95.7%), Committees (94.7%) and Other (88.2%) and yet these three classifications make up over half (57.4%) of the total items raised at a typical meeting. The same three classifications also receive very high levels of passivity at each institution whilst making up 56.9%, 57.3% and 57.8% of the total items raised at the individual institutions respectively. This suggests that a very high proportion of items raised at board meetings do not require board debate, but only require the board to be kept informed or to merely authorise. It should be possible for these items to be included in a board 'newsletter' and only raised at board meetings at the specific request of a governor. This would certainly free-up board time for those items that do receive an active reaction when submitted to board meetings

4.08 ACTIVE REACTIONS

A very low number (17.3%) of items raised at board meetings received an active reaction from governors. Comparison of active reactions to total number of items raised under each code category is shown graphically in CHARTS 5 with supporting statistics in APPENDIX 3. Across all institutions the highest tendency for an active reaction occurs in those five items dealing with External Information (66.7%), Strategic Thinking (45.6%), Self-Assessment (31.3%), Accountability (30.3%) and Monitoring the Executive (21.4%). However, apart from Strategic Thinking these items constitute less than a tenth (8.7%) of the total items submitted. This suggests that those items that governors are most keen to react to, and those incidentally to which governors can bring a different perspective and add value to the decision making processes, are precisely and perversely, those which are given fairly minimal visibility to the board.

4.09 QUESTIONS RAISED

The number of questions asked at board meetings as a percentage of the number of items raised is shown graphically in CHART 6 with supporting statistics in APPENDIX 4. Overall the number of items generating questions is very low at 10.2% of items raised (13.4%, 9.9% and 8.0% at each institution respectively). The highest tendency to ask questions emerges from items raised in the Strategic Thinking category at 31.6% (33.3%, 26.7% and 30% at each institution respectively). The 33.3% arising from the

TYPE OF ITEM RAISED AS A % OF TOTAL ITEMS RAISED IN EACH CATEGORY

CHART 3

OVERALL

16.5%

23.5%

16.2%

17.4%

17.7%

3.3%

3.4%

0.6%

1.4%

☐ Constitutional Process ☐ Strategic Thinking ■ Internal Information
■ External Information ■ Monitoring the Executive ▨ Accountability
☐ Self Assessment ■ Committees ☐ Other

INSTITUTIONS

A

23.1% 28.3% 9.1% 0.6% 1.2% 3.0% 0.9% 19.8% 14.0%

B

15.9% 6.5% 23.7% 1.7% 3.0% 5.2% 2.6% 13.4% 28.0%

C

11.6% 12.0% 21.2% 0.7% 2.7% 5.5% 17.8% 28.4%

88
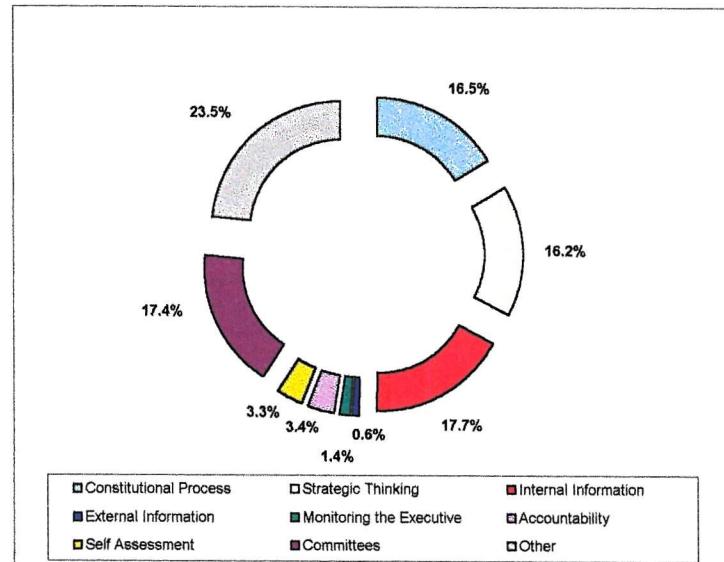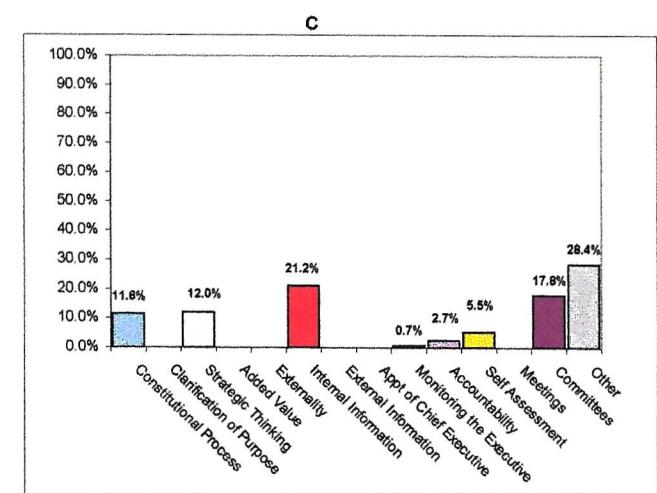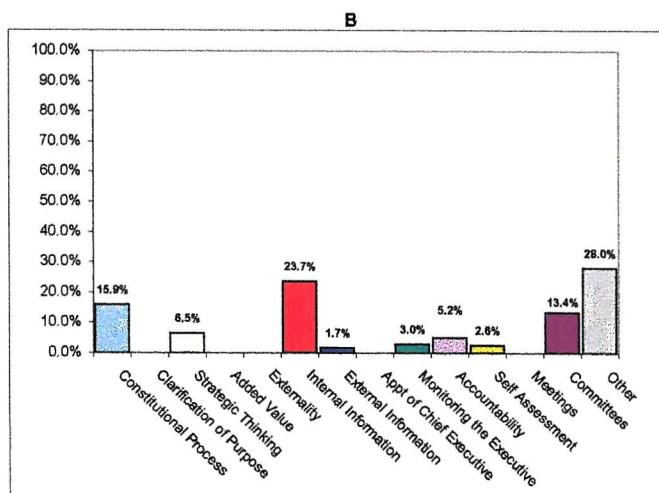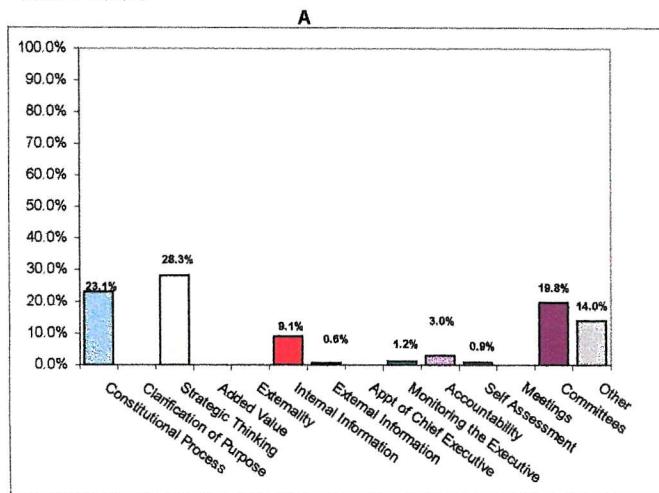
PASSIVE REACTIONS AS A % OF TOTAL ITEMS RAISED IN EACH CATEGORY

CHART 4

OVERALL

Legend:
- Constitutional Process
- Clarification of Purpose
- Strategic Thinking
- Added Value
- Externality
- Internal Information
- External Information
- Appt of Chief Exec.
- Monitoring the Executive
- Accountability
- Self Assessment
- Meetings
- Committees
- Other

INSTITUTIONS

A

B

C

89
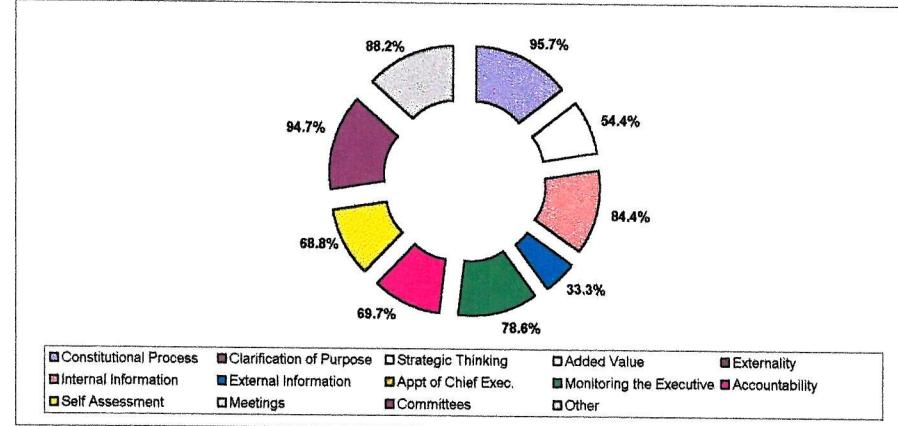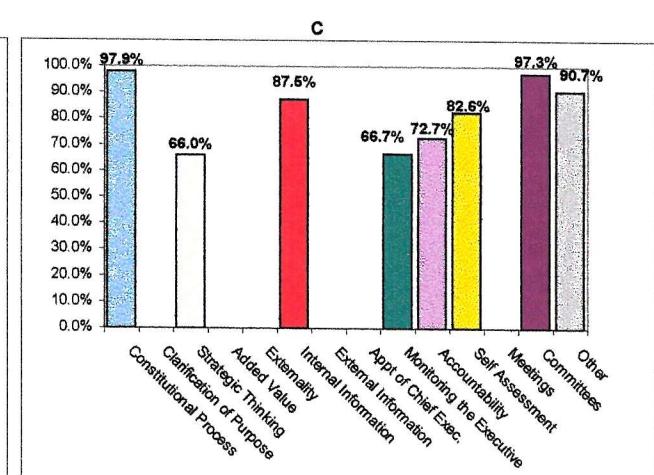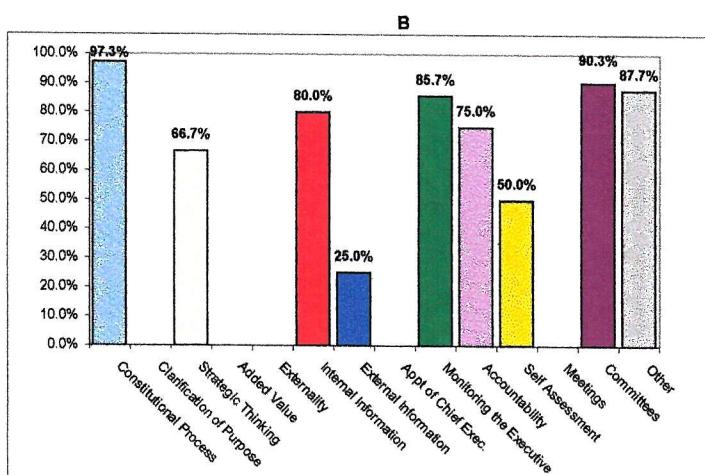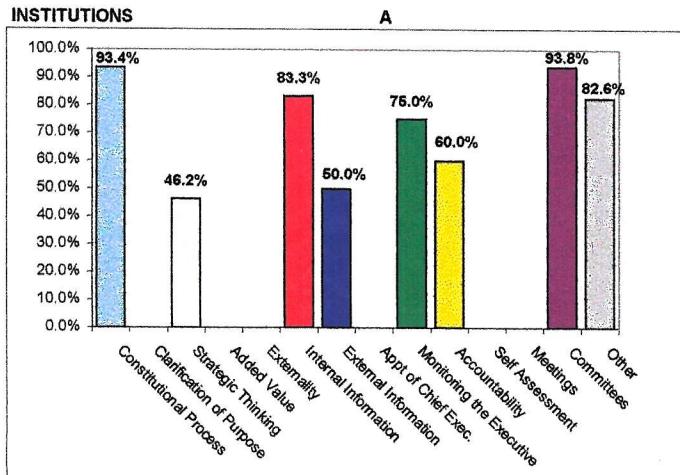
ACTIVE REACTIONS AS A % OF TOTAL ITEMS RAISED IN EACH CATEGORY

CHART 5

OVERALL

INSTITUTIONS   A   B   C

90
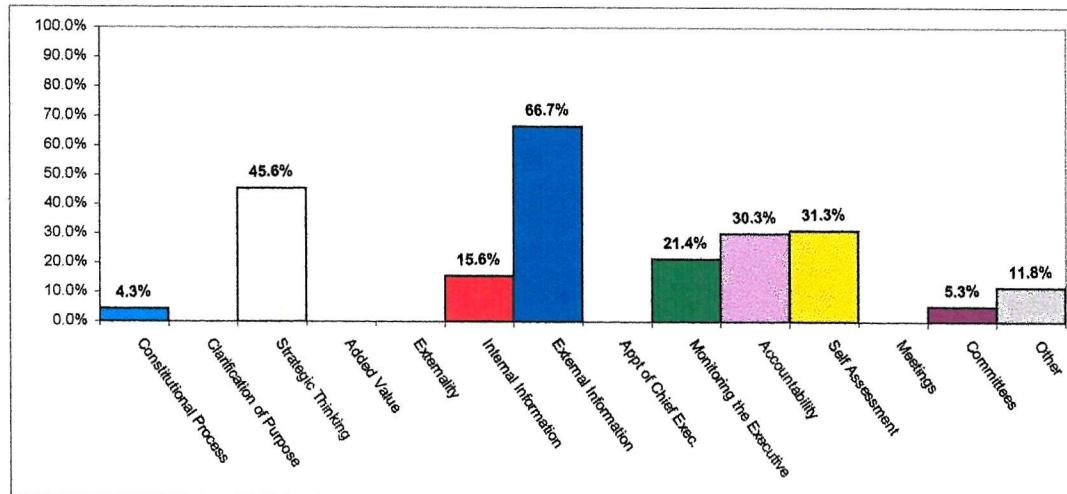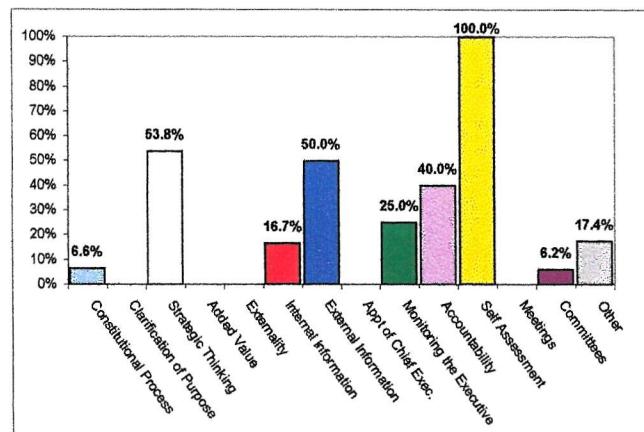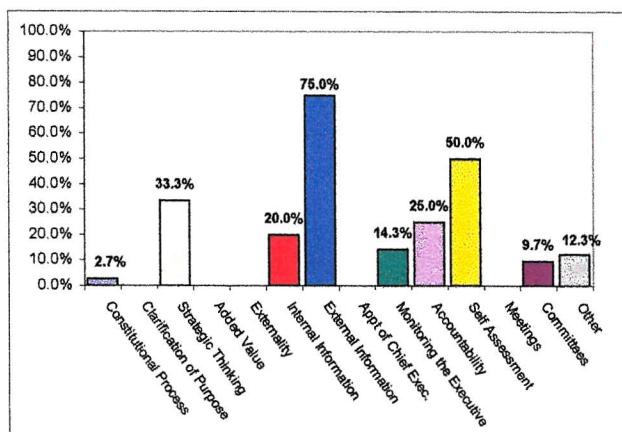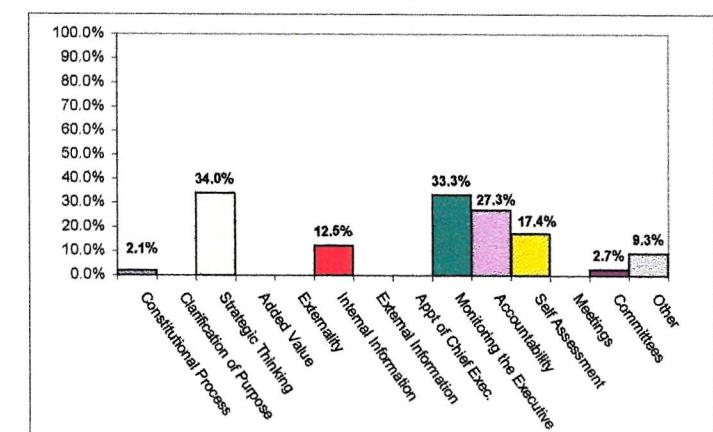
External Information category needs to be treated with great caution as only 6 items overall were raised in this category. The next highest tendencies occur with items raised in the Self-Assessment and Accountability categories at 15.6% and 15.2% respectively, although in one institution no questions came from these categories.

The necessary prerequisite of governors asking questions is the generation of an active reaction by the board to items raised at board meetings. (Although it should be noted that a few questions came from passive reactions.) Overall over half (59.2%) of active reactions generate questions from the board, the figures for each institution being 54.3%, 60.5% and 66.0% respectively as shown by the statistics in APPENDIX 5 and graphically in CHART 7. Overall across the various categories the percentage varies from 69.4% (Strategic Thinking) to 33.3% Monitoring the Executive. It is noticeable that those categories that received a very high proportion of passive reactions, for example, Constitutional Process, Committees and Others still generate a level of questions, comparable to other category items in those instances where they give rise to an active reaction from governors. The analysis suggests that irrespective of item category where an active reaction is generated amongst governors then approximately 50% of those active reactions will give rise to questions.

4.10   QUESTIONS TO EXECUTIVE

The indication of a question being raised was either the question being recorded in the minutes or sometimes the nature of reply or resolution being recorded. One hundred questions/challenges were raised over the eighteen meetings studied, of these 76% were directed at the executive (86.4%, 73.9% and 63.6% at the institutions respectively). The incidence of questioning across the coding classification is shown in

NUMBER OF QUESTIONS AS A % OF TOTAL ITEMS RAISED I N EACH CATEGORY

OVERALL   CHART 6

INSTITUTIONS   A

B

C

92
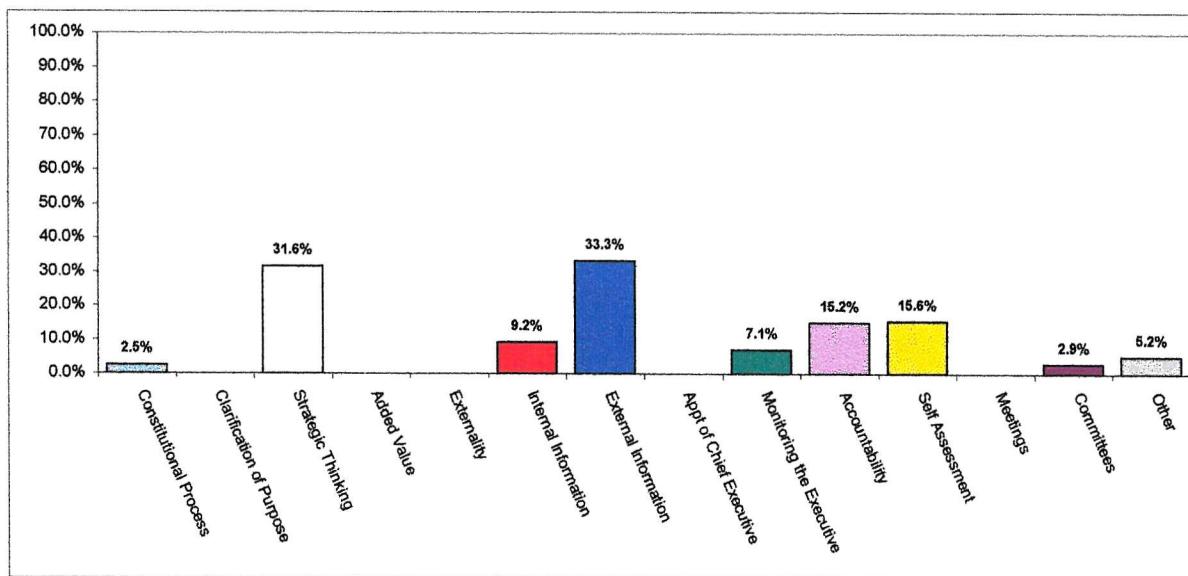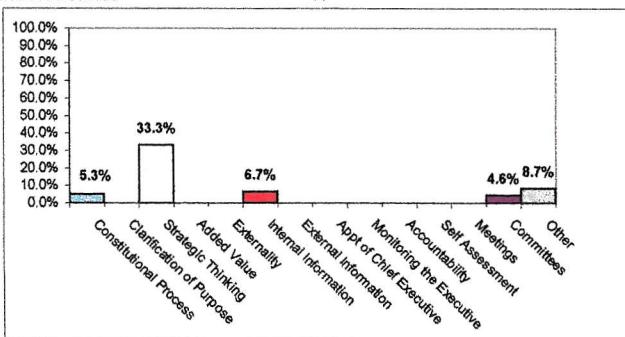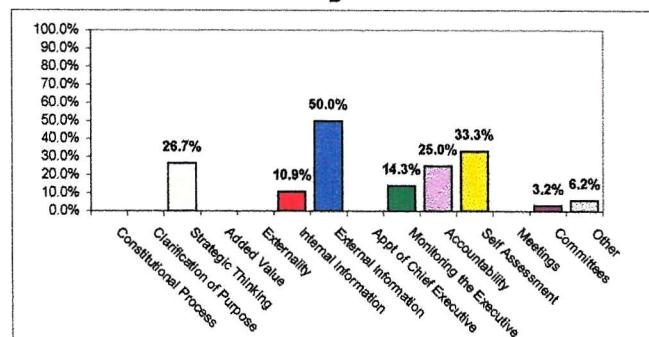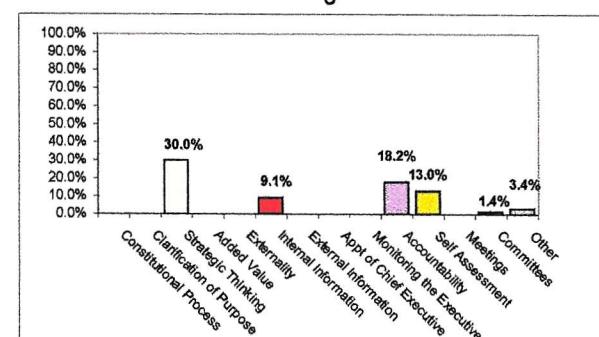
NUMBER OF QUESTIONS AS A % OF ACTIVE REACTIONS

CHART 7

OVERALL
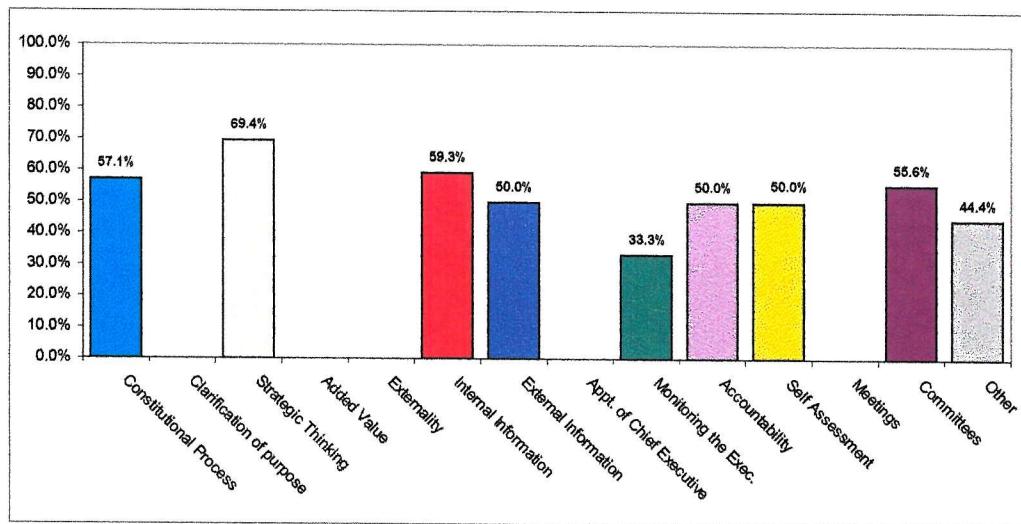
INSTITUTIONS

A
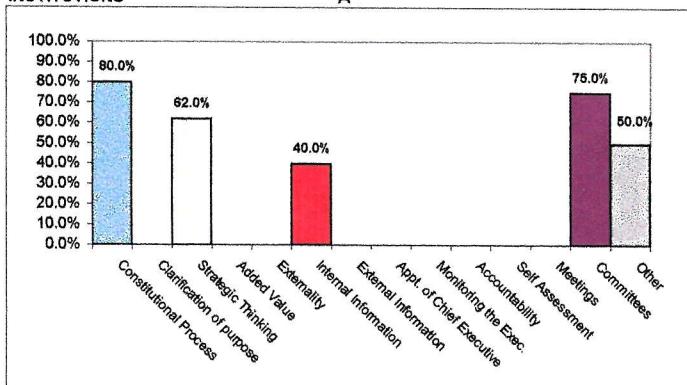
B
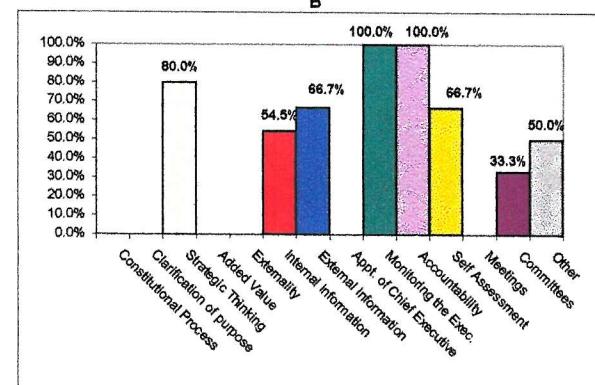
C
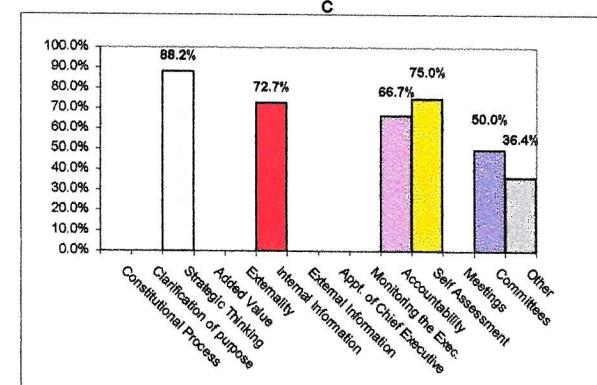
APPENDIX 6. Questions to the executive were of the following types.

● Nineteen of the 76 (25%) questions directed at the executive were seeking further information or clarification that could be given at the meeting, examples being:-

"It was confirmed that to date the decline in overall student numbers stood at 3.5%".

"The vice-chancellor confirmed that all international activities were closely monitored, and assured governors that under no circumstances would such activities be subsidised from other sources".

● Twelve questions (16%) were requests for better quality information, for instance:-

"The Board ... ... deferred decision on the release of a further £2m to resource areas of potential growth in 1999/00 until more detailed proposals on the expansion areas and the savings made to enable the £2m to be released were available".

● Eleven questions (14%) were positive directions for further action, such as:-

"The Board welcomed the report but suggested that some external expertise at the strategic level might be required".

"The Directorate were asked to work with the Deans of Faculty to establish how such a contribution could best be accommodated".

● Ten questions (13%) were couched in the manner of fairly general advice, for example:-

"Clear identification of the central strategic objectives would assist implementation and monitoring".

"The importance of the internal university environment should be given greater emphasis".

"The importance in this context of improving means of measuring value added to the experience of students from lower socio-economic categories was stressed".

- Seven questions (9%) were indications of the board monitoring executive performance, for example:-

  "It was disappointing not to have recruited to the permitted margin of 2% above MASN but the reasons for this was understood".

- Seven questions (9%) were miscellaneous in character, for example:-

  "Concern was expressed that the accounting methods ... ... were unusual".

- Four questions (5%) were definite negative direction for further action, such as:-

  "The Board is not minded to support the proposal. It instructs the Director to ....".

- Four questions (5%) were requests that further consideration be given to proposals submitted to the board, for example:-

  "the board approved the proposal in principle but asked for further consideration to be undertaken before... ... ...".

- Two questions (3%) were of a more vague nature that required debate rather than answers or action, for example:-

  "It was questioned whether the overall national aim was to have fewer universities".

It would seem normal for a great number of board questions to the executive (25%) to be seeking more information that could be given at the meeting. It should be of concern however that the next most frequent (16%) should be requesting better quality information, whilst a further 5% requested further consideration be given to matters submitted to the board. It should be normal for boards to seek to influence further executive action in an indirect way by posing questions that include advice (13%) or that give more positive direction (14%), but it is of note that 5% of questions included very definite negative direction to the executive. It is also of concern that only 9% of the questions to the executive were indicative of the monitoring role of boards.

4.11 QUESTIONS TO GOVERNORS

The questions that Governors ask of themselves represented 18% of all questions/ challenges raised and were, on occasions, quite pointed, for example:-

> *"... ... the Chairman confirmed his view that strategic discussions were more appropriately matters for the full Board than for a small sub-committee".*

On other occasions the Board could be seen to be directing the activities of, questioning the need for, or sometimes re-asserting the continued need for, a subcommittee. For example:-

> *"... the Board requested that a report on progress be submitted by the Audit Committee to the next full meeting of the Board of Governors".*

> *" ... had prompted a question mark over the continued need for a separate Strategic Planning Committee".*

> *"... this approach was not favoured by the Board, which preferred that a properly constituted and empowered committee be retained".*

On occasion Boards could be seen to be critical of their own efforts, for example:-

> *"...It was agreed that future annual reports by the Board of Governors include an evaluation of progress towards achievement of the Plan and of the Board's own effectiveness in ensuring that the University achieved its objectives".*

It would seem that Governors do, but in an ad hoc manner, question their own practices and effectiveness, sometimes in quite clear language. Such questioning occurred even though one of the institutions has a Governance Committee charged with the task of evaluating their board's practices and effectiveness. Another institution had commenced a review of governance during the academic year and had an item coded as 'Self Assessment' raised at each meeting during the year from which had arisen two questions to Governors. In this latter institution no other questions directed to the Board were raised under any other classification. The third institution had also established a working party on governance. In this institution twenty-three items coded as 'Self Assessment' were raised during that year, but these only generated three

questions to the board with another seven questions directed to the board coming from items classified under other headings.

The data indicates that all three boards were prepared to question their own practices during the course of their meetings in addition to having established a formal means of assessing their performance. This is an encouraging sign, following the various NAO/PAC criticisms of governance arrangements in the Higher Education sector.

4.12   QUESTIONS TO EXTERNAL BODIES

Of the 100 questions/challenges raised across all institutions six (6%) were directed at External Bodies. Four of these concerned external assessments of the institutions such as the League Tables published by national newspapers or Inspection Reports or HEFCE published statistics. An example is:-

> *"It was intended that a further letter, possibly from the Chairman of the Board, should be sent to the Newspaper".*

The other two questions concerned the financial accounts of the Students Union and a minority view on the Bett Report covering academic salaries and terms and conditions of employment. At one institution no questions were raised that were directed at external bodies whilst four such questions were raised at one institution and two questions at the other.

Overall only six items were raised under the External Information classification but four of these items produced an active reaction from the board, and of these two gave rise to questions directed at external bodies. It would seem therefore, albeit from very few instances, that although Governors are given very few chances at their board meetings to review pertinent external information they do, on such occasions, induce an active reaction that moreover leads to a questioning stance.

4.13   SUMMARY

The only time that governors legitimately act with full governance power is at board meetings, which consume only around 10-12 hours each year. Meeting time is, therefore, a very scarce resource which needs to be used very carefully if boards are to

efficiently and effectively address the major governance issues faced by higher education institutions which are currently subject to very rapid, turbulent and far-reaching changes affecting extremely important national issues. The analysis of the minutes of board meetings for three major higher education institutions over one annual cycle shows that although board meetings could be said to be efficient, in that they deal, on average, with one item every two minutes, the activities undertaken do not greatly influence institutional activity. It could be reasonably assumed that indicators of effective board meetings would be a concentration on major strategic issues, the provision of high quality information informing governors of the internal workings of the institution and monitoring executive performance and keeping governors abreast of external indicators. This would allow the institution to be realistically 'benchmarked' against its competitors whilst encouraging active and lively debate and questioning around the issues submitted to the board. Another indicator of effective board meetings would be a regular reassessment of the board's purpose and 'added-value' benefit to the institution. Yet the data collected shows that at the board meetings studied –

- 82.7% of items raised received a passive reaction
- Only 10.2% of items raised generated questions of which over three-quarters were directed at the executive with a high proportion seeking more and better quality information
- Only 16.2% of items raised were strategic issues
- Very few items raised delved into the issues concerning the boards purpose, effectiveness or accountability
- Very few items raised concerned information regarding external events or gave the board an opportunity to benchmark the institution
- Very few items raised appeared to be designed to assist the board to monitor the executive, although several questions raised by governors did attempt to do this.

Indeed, the data collected invites the suspicion that board meetings are so arranged that, by overloading the board with items concerning the minor details of board business, the minimum of time is available for real strategic thinking or assessment of the executive's performance. The evidence suggests that when items in particular categories are raised, such as external information, strategic thinking, self assessment, accountability and monitoring the executive, then the board does react actively by

engaging in discussion. Once this reaction has been achieved then there is a high
likelihood of questions being generated. TABLE 4 shows the apparent phenomenon of
the nearly inverse relationship between the number of items raised and the likelihood of
an 'active reaction' occurring.

ITEMS RAISED/ LIKELIHOOD OF AN ACTIVE REACTION OCCURRING AT BOARD MEETINGS		TABLE 4
% of Items Raised		Active Reactions
23.5	Other	11.8%
17.7	Internal Information	15.6%
17.4	Committees	5.3%
16.5	Constitutional Process	4.3%
16.2	Strategic Thinking	45.6%
3.4	Accountability	30.3%
3.3	Self Assessment	31.3%
1.4	Monitoring of the Executive	21.4%
0.6	External Information	66.7%

It is suggested that if board meetings are to be more effective, strategic and directed at
governance issues such as executive performance, accountability, and external
comparison together with being more self evaluative, then boards need to take more
control over their meeting agendas and thereby force such issues to the fore. More time
for discussion of these issues could be made if the many detailed paraphernalia
presently taking up a high proportion of items raised at board meetings could be the
subject of regular governor newsletters with the items only being exceptionally raised at
board meetings. The necessary approval of these items could be given 'en-masse' and
signified by no objections being raised – thus officially recognising the 'rubber-
stamping' of this element of board business which currently happens. In this way it
would at least be done with minimum use of that scarce resource – board meeting time.
Dunne (1999, p.38) mentions an alternative approach when he states that:-

" Another technique used by larger organisations where the nature of their
business requires board approval of a high volume of operational items is to
split the agenda in two. The first part, the summary agenda, is for items

requiring approval but no discussion. This is then followed by a 'discussion agenda".

Boards should also insist that matters submitted to them should be presented in such a way as to encourage discussion and debate – surely not an impossible demand of an executive who mainly have acquired skills of achieving this during their previous careers as university lecturers.

The research findings certainly support the following perspective from Carver (1990, p.xii):-

"Board members do not spend their time exploring, debating and defining... ... ... Instead they expand their energy on a host of demonstrable less important, even trivial items".

Dunne (1999, p.1) quotes an extreme example when he states that:-

"I've had many a fun eight hour session listening to a board discussing the car policy or what type of coffee machine they should have whilst their business runs out of cash".

The above comments are based on an analysis of minutes of board meetings, which, as explained in the introduction to this first research element, are only one way of investigating board activity and, due to their inherent weakness as a research data base, should be used with considerable caution. The next element of the research programme through the use of a questionnaire, informed by this analysis of board minutes, seeks to obtain information direct from governors that can be used to inform, extend or substantiate the findings so far elicited.

CHAPTER FIVE

AN ANALYSIS OF REPLIES TO QUESTIONNAIRES ISSUED TO FIVE HIGHER EDUCATION INSTITUTIONS

5.01   QUESTIONNAIRES AS A DATA SOURCE

This second research element focuses on the responses from Members of Governing Bodies of Higher Education Institutions to a questionnaire structured around the common characteristics of board effectiveness emanating from the literature review and as informed by the analysis of board minutes undertaken in the first research project. It is realised that this technique, as with all research methodologies, suffers from inherent weaknesses that unless recognised could limit the validity of the research findings (Bell, 1993; Moser and Kalton, 1989; Oppenheim, 1992; and Youngman, 1978;). In the use of a questionnaire to gather data the acknowledged weaknesses are that firstly, the responses received will reflect the respondents own views of their board's activities and will thus be very dependent on their particular degree of objectiveness, which could vary markedly across members of the same board. Secondly, the responses will be heavily reliant on the memories of the individual members of their board's activities. As the boards studied are different from the boards participating in the first research project, these will not be capable of confirmation by reference to the minutes of the relevant board meetings. Thirdly, the responses will be influenced by the actual questions posed within the questionnaire, notwithstanding the care taken in constructing these questions. In order to minimise as far as possible, the personal influences of the writer in the selection and wording of the questions, a workplace colleague with experience of this particular research technique reviewed various drafts of the questionnaire and suggested several amendments. Also, as discussed later, the questionnaire was subject to a 'pilot run' before being issued to the participating institutions. This highlighted several areas of ambiguity and misunderstanding within the wording as well as raising suggestions for additional and extended questions that needed to be addressed before the final questionnaire was issued.

5.02   SELECTING PARTICIPANTS

The participants taking part in the first research element made it known at the outset that they would not take part in the second research element. It thus became necessary to locate further participants. At this time the writer attended a NATFHE Conference on 'Good Practice in Higher Education Governance' and, by chance, met the Executive Secretary of The Standing Conference of Principals (SCOP) – an association of thirty eight colleges operating within the university sector – who was considering making an application to

HEFCE for funding to assist SCOP in improving the corporate governance of their associated colleges. After several discussions it was agreed that SCOP would allow the writer to circulate the various colleges to request their participation in the writer's research project. The SCOP executive secretary would actively encourage the colleges to participate in the hope that the research findings would help SCOP to structure their own 'Governance Improvement' programme. Accordingly, a letter requesting assistance (see Appendix 7) was sent to all SCOP colleges from which only five colleges agreed to participate in the research programme. It is not possible to say how representative these five colleges are of higher education institutions generally. The five colleges however have student numbers ranging from 2000+ to over 5000. It was considered that five was a sufficient number of colleges to give approximately one hundred completed questionnaires and would provide a sufficient research base sample from which conclusions could be usefully drawn.

The response rate for the five colleges was 45.5%; 47.8%; 53.8%; 66.7% and 76.0% respectively, giving an overall response rate of 57%. It was not possible to determine if the governors who did not reply had any distinguishing characteristics from those that did reply. For example it was not possible to see if gender was such a characteristic as many governors were referred to by title such as Doctor, Professor or Councillor, which have no gender connotations. Also some questionnaires were returned unsigned. This lack of knowledge regarding the non-respondents and their similarity, or otherwise, to the respondents is undoubtedly an issue within the interpretation of the research results, and raises questions that subsequent research might explore.

5.03   DESIGN OF QUESTIONNAIRE

It was considered that this second research element should be aimed at collecting governors' opinions on the appropriateness of the 'Effective Governance' factors that arose from the literature review. These factors also provided the basis of the first research element. Specific views on, and examples of, the individual effectiveness factors were also sought. As mentioned in the methodology section it was planned to use a questionnaire to collect this data. Further, in order to be able to assess the strength of the individual governor views it was intended to use the 'Likert' technique of requesting replies that ranged across a five-point scale from, 'very satisfied' to 'very dissatisfied'. The questionnaire design was based on principles referred to by: Bell, 1993; Moser and Kalton, 1989; Oppenheim, 1992; and

Youngman, 1978. At the design stage it was decided not to include 'Added Value' in the list of 'effective governance' factors at Question 5 as, based on the experience of the first research programme, it was considered too nebulous a concept to address in the questionnaire. It was also decided, on similar reasoning, not to include 'externality' in the list given in Question 5 but to explore this concept in more specific terms in Question 10. Likewise it was considered that the effectiveness factor relating to the performance of the Chief Executive should not be posed by means of a specific question as the sensitiveness and confidential nature of any reply might result in a number of governors not completing or returning the questionnaire. Accordingly an initial draft questionnaire was constructed and used as a basis of discussion with various work place colleagues experienced in the use of questionnaire surveys. From these discussions a modified questionnaire emerged that appeared to meet the research needs. Simultaneously with these discussions a number of governors at the writer's own institution were requested to act as respondents to a 'pilot run' of the questionnaire survey and encouraged to not only complete the questionnaire so that the proposed analytical process could be tested but also to comment on, criticise and suggest improvements to the questionnaire. The outcome of these discussions was that seven governors agreed to co-operate in this way. Participation in the 'pilot run' was also sought and obtained from the Registrars of the five colleges taking part in this element of the research programme, the Registrars of the three institutions taking part in the first element of the research and the Executive Secretary of SCOP. The views of these various consultees were, where possible and where germane to the research objectives, used to construct the final questionnaire. The main changes arising from the 'pilot run' were:-

- Additional 'effective governance' factors were added to Question 5 that referred to the need for a wide-ranging mix of experience and skills amongst governors, and to the need for an effective secretary/clerk to the board.
- An additional specific question was added that requested examples of the difference in responsibilities of a non-executive director of a company and a governor of a higher education institution.
- Various changes of wording such as 'chief executive' to chief executive/principal/vice-chancellor.

Once the necessary changes had been made a personalised letter to each governor together with the questionnaire (Appendixes 8 and 9) was issued to the College Registrars of the

participating institutions for distribution to their individual governors. Although the questionnaire was designed to identify the participating college, governors were given the choice of signing the questionnaire or returning it unsigned if they so wished, thus preserving a measure of confidentiality as requested by some board chairmen.

5.04 DATA HANDLING

The data on the sixty-five returned questionnaires was manually entered into a database using a Microsoft Access 97 Software Programme. Application of a query programme to this data was used to extract the responses given to each question, other than those requiring a textual response, and by feeding these into a Microsoft Excel Spreadsheet a printout was prepared showing the answers given to each question by individual respondents. Using SPSS software it was then possible to prepare separate cross-tabulation printouts for each dependent variable such as individual colleges, length of service, type of governor (staff, student, chair of board, chair of committee). From these various cross tabulation printouts analysis sheets were manually prepared summarising the answers given to each question in percentage terms so that comparison across each dependent variable was possible. That part of the database recording the textual responses was separately analysed according to the nature of the responses given so that the respective popularity of particular responses could be readily apparent.

Unfortunately, one of the participating colleges had inadvertently used a photocopy of an early and superseded edition of the questionnaire. This has been issued to the Registrar during the pilot run and did not include some of the questions that appeared on the final questionnaire. This college had needed to be 'reminded' several times to return the questionnaire and it was therefore decided to proceed with the documents as returned. The resultant 'no replies' to the missing questions were eliminated, that is not treated as 'no-answers' in subsequent data analysis.

5.05 DATA INTERPRETATION

The questionnaire was designed to collect four types of information (i) personal details of participating governors – to be used as dependent variables (ii) governors views regarding the importance of the 'Effective Governance Factors' (iii) governors views regarding the application of those factors within their own board's activities, and

(iv) governor's views regarding their training opportunities. Commentary on the data emanating from the replies to questions in each of these sections is given below.

5.06 SECTION ONE – PERSONAL DETAILS

The first three questions were designed to establish personal details of the individual respondents that could also be used as dependent variables upon which various cross-tabulation could be based. The first question concerned the length of time that the respondents had served as governors, Their replies indicate that the highest proportion of governors (47.7%) had served for a 1-5 year period with a few (12.3%) having served for 11 or more years despite the comments in the Dearing Report (1997) suggesting, in Recommendation 54, that two terms should be the maximum period of service. Further statistical data concerning responses to Question 1 is given in Appendix 10.

Answers to the second question established that four student governors had completed the questionnaire whilst 15 staff governors had also responded. Responses to the third question indicated that three Board Chairs had participated whilst fifteen Committee Chairs had also taken part.

Forty-nine (75.4%) of the respondents, in replying to Question 4, agreed to take part in a brief interview if it became necessary to conduct further research into particular issues emerging from the survey. This high level of affirmative replies together with the high level of overall responses (57%) suggests that there is a significant level of interest amongst governors in the subject matter being researched and augurs well for future projects that may follow-on from this particular research programme.

5.07 SECTION TWO – EFFECTIVE GOVERNANCE FACTORS

This section of the questionnaire was designed to discover governor's opinions as to the importance of the various 'effective governance factors' that were compiled as part of the foregoing literature review and subsequently matched, in the first research element against board activities as evidenced by board minutes. As mentioned previously a few of those factors were considered not to be suitable subjects for a questionnaire survey whilst an additional two factors, Skill Mix and Effectiveness of Secretary/Clerk had been suggested during the pilot run of the questionnaire. Most of the 'effective governance factors' listed in

Question 5 received overwhelming affirmative support from the respondents with normally in excess of 90% of governors 'strongly agreeing' or 'agreeing' on the importance of the factors listed, as illustrated on TABLE 5 .

IMPORTANCE OF EFFECTIVE GOVERNANCE FACTORS (% OF RESPONSES)						TABLE 5
	Strongly Agree	Agree	Not sure	Disagree	Strongly Disagree	Not Answered
CONSTITUTIONAL PROCESS – the board has processes to ensure that it acts within its duties and responsibilities	80.0	20.0				
CLARIFICATION OF PURPOSE – the board has a clear understanding of its purpose	70.8	29.2				
STRATEGIC THINKING – the board has an influential role in the formulation of strategic policy	46.2	46.2	4.6	1.5		1.5
INTERNAL INFORMATION – the board receives good quality information from the executive	58.5	40.0		1.5		
EXTERNAL INFORMATION – the board has sources of information external to the Institution	26.2	56.9	13.8	3.1		
EFFECTIVENESS OF CHIEF EXECUTIVE/PRINCIPAL/ DIRECTOR – The board is well supported by a Chief Executive who effectively manages the Institution	80.0	16.9		1.5		1.6
MONITORING OF EXECUTIVE/ MANAGEMENT –the board ensures that the executive effectively implements the strategies approved by the board	44.6	52.3	3.1			
ACCOUNTABILITY – the board has clearly defined those constituencies to whom it is accountable	50.8	44.6	4.6			
SELF ASSESSMENT – the board periodically examines its own performance	26.2	43.1	26.1	4.6		
MEETINGS – board meetings are effective mechanisms for reaching board resolutions	46.2	46.1	7.7			
COMMITTEES – the board keeps close control over its committees, which work within agreed terms of reference	40.0	53.8	3.1			3.1
SKILL MIX – the governors have a wide ranging area of qualifications, experiences and interests	50.0	43.5	4.3	2.2		
EFFECTIVENESS OF SECRETARY /CLERK – the board is well supported by a secretary/clerk of sufficient seniority and status to be able to give advice independent from the executive, when necessary	65.2	28.3	6.5			

Noticeable differences from this high level of support however exist in the case of the following: -

Strategic Thinking. There was an even split, 46.2% each, between governors giving 'strongly agree' and 'agree' responses, with a small minority (4.6% and 1.5%) giving a 'not-sure' or 'disagree' response, the four governors responding in this way coming from three of the five colleges, two of the governors being staff governors.

External Information. A large number of governors did not agree that this was an important factor with 13.8% being 'not-sure' whilst 3.1% 'disagreed'. These governors came from four of the five colleges, across the four ranges of length of service and from all types of governors other than Chairs of Boards.

Monitoring of Executive. A small minority (3.1%) were 'not sure' as to the importance of this factor.

Accountability. A small minority (4.6%) were 'not sure' as to the importance of this factor.

Self Assessment. A large number of governors (26.1%) were 'not sure' as to the importance of this factor whilst 4.6% responded that they 'disagreed'. The twenty governors responding in this way came from all five colleges, all length of service categories and all types of members. This is of some concern bearing in mind the comments within the Dearing Report (1997) in Recommendation 57 to the effect that governing bodies should review their effectiveness at least every five years.

Meetings. Some governors (7.7%) were 'not sure' that meetings were effective mechanisms for reaching board resolutions. The five governors responding in this way came from four of the five colleges whilst two were students and one was a staff governor.

Committees. A small minority (3.1%) were 'not sure' of the importance of keeping close control of board committees whereas the National Audit Office have mentioned their concern over this issue in several of their reports, as mentioned in the literature review.

The two additional factors suggested during the pilot run of the questionnaire although receiving definite affirmative support did, nevertheless, give rise to a minority of governors being 'not sure' whilst in the case of Skill Mix a minority (2.2%) disagreed. Appendix 10 gives detailed statistical data concerning the responses given to Question 5.

Question 6 requested governors to suggest any factors, other than those listed, which contributed to the effectiveness of boards of governors. Seventy-one suggestions were made of which the most popular were as follows:-

Thirteen suggestions (18.3%) stressed the need for commitment by governors in terms of time and involvement with the activities of their institution, for example:-

> *"Governors should meet students and staff in a number of ways and not only talk with them but see the work of the institution".*

> *"Governors need to be able and willing to devote time to familiarising themselves with the broad picture".*

Nine suggestions (12.7%) concerned the need to acquire knowledge of the institution, for example:-

> *"Governors can only be truly effective if they invest a certain amount of time and effort getting to know the institution".*

Seven suggestions (9.9%) covered the relationship of board members with each other, for example:-

> *"It helps if the board members have good relationships with each other at the personal level. Such a relationship will make constructive criticisms easier to give and accept".*

Seven suggestions (9.9%) were made about the make-up of the board, especially the specific expertise of governors, although this topic had been raised in question 5 under skill-mix.

Five suggestions (7.0%) related to the selection and induction of new governors whilst a further five (7.0%) raised the issue of the quality of information submitted to the board. Five

suggestions (7%) were also made relating to the leadership, effectiveness and status of the board's chairman. Other suggestions were wide-ranging including, for example, Financial Probity, Gender Balance, Succession Planning, and Listening to Staff Views.

5.08 *SECTION THREE – BOARD ACTIVITIES*

This section of the questionnaire concerned the views of governors as to the activities of their own board, especially in relation to the application of the effective governance factors. A statistical analysis of the responses is given in Appendix 10. Most questions also invited comments if governors were 'dissatisfied' or 'very dissatisfied', whilst two questions requested examples to be given where governors were 'very satisfied' or 'satisfied', however governors gave comments or examples irrespective of their answer to the lead question.

The first two questions of Section Three (Questions 7 and 8) concerned the general topics of statutory duties and board function. Most governors (90.8%) were 'very satisfied' or 'satisfied' that their board had sufficient understanding of it's statutory duties and responsibilities whilst a similar proportion (90.7%) were also 'very satisfied' or 'satisfied' that their board had a clear understanding of it's function, although in one institution three of the governors (30% of those responding) were 'not sure' or 'dissatisfied'.

The next nine questions of Section Three covered more specific aspects of board activities. Question 9 referred to the contribution that boards made to the strategic planning of their institution and there was a significant reduction in the number of governors stating that they were 'very satisfied' or 'satisfied', only 73.9% responding in this way. Eleven governors (16.9%) coming from five institutions and all types of governor including one Board Chair were 'not sure'. A further five governors (7.7%) responded that they were 'dissatisfied'. Two student and five staff governors (50% and 33.4% of that type of governor respectively) claimed to be 'not sure' or 'dissatisfied'. Six governors, including one student and three staff governors offered comments on this question, such as:-

> *"Strategic Plan prepared by the Principal and his staff and presented to the*
> *Governing Body for approval. It would be useful for the governors to have an*

input about what they would like to see in the Strategic Plan before it is prepared" (Chair of Committee).

"The Board is very dependent on the SMT for its information – it needs to have available stronger reference points as to what is happening in the sector, or especially 'bench mark' information on our part of the sector" (Staff Governor).

Question 10 asked if members were able to put forward views at board meetings that differed from that of executive. The majority (84.6%) of governors were 'very satisfied' or 'satisfied' with this aspect of their board's activities. Of the nine governors (13.9%) that were 'not sure' or 'dissatisfied' two were students whilst four were staff governors (50% and 26.7% of that type of governor respectively). One student governor commented as follows:-

"I think I have seen different topics discussed differently, e.g. building work/major spending proposed will usually go with the views of the executive, smaller issues, i.e. student ones, have a healthy discussion".

One of the staff governors commented :-

"Too much business. Not interested in dissent. An old boys club".

Question 11 asked governors if they were satisfied with the information submitted to board meetings by the executive. Most governors (90.7%) were 'very satisfied' or 'satisfied'. Of the six governors registering as 'not sure' or 'dissatisfied' one was a Board Chair whilst three were staff governors (20% of that particular type of governor)

Question 12 asked if governors were satisfied that the board received external information, unabridged by the executive, relating to issues of interest to the board. A fairly low number of governors (61.5%) were 'very satisfied' or 'satisfied' on this issue. Twenty-four governors were 'not sure' or 'dissatisfied', these governors coming from all institutions, in one institution amounting to 63.6% of those responding including the Board Chair. Three-quarters of the student governors were 'not sure' whilst two-thirds of the staff governors were 'not sure' or 'dissatisfied'.

Question 13 was a multiple question that asked how satisfied governors were that their board sufficiently monitored the executive in various areas and asked governors to give examples of good practice. The responses were: -

Financial Performance. Most governors (93.9%) were 'very satisfied' or 'satisfied' with the monitoring in this area although this was one of the few topics that elicited a 'very dissatisfied' response, from a staff governor who had served for 1-5 years. This topic generated a high number (53) of examples of which eleven mentioned the Audit Committee, ten the use of budgets whilst six mentioned the Finance and General Purpose Committee.

Academic Quality. 73.9% of governors were 'very satisfied' or 'satisfied' with the monitoring of the executive in this area. Of the sixteen governors registering as 'not sure' or 'dissatisfied' four were staff governors (26.6% of that particular type of governor two of whom were 'dissatisfied') whilst ten were governors who were not students, staff, board chairs or chairs of committee (35.7% of that particular type of governor). In one institution all governors returning the questionnaire were 'very satisfied' or 'satisfied' whilst in another only 60% of the responding governors were of this opinion. This topic also generated a high number (46) of examples of which sixteen mentioned external reports such as issued by the QAA or OFSTED whilst seven referred to reports from the Principal or other Senior Manager, and a further three mentioned reports from the Academic Board. Four of the governors registering as 'unsure' commented on the difficulty of monitoring in this area, for example one who had been a governor for 1-5 years commented:-

"I have no idea what academic quality to expect or to aim for".

Staff Development. Very few governors were 'very satisfied' or 'satisfied' (2.2% and 23.9% respectively) that the executive were sufficiently monitored in respect of staff development issues. In one institution none of the governors were 'very satisfied' or 'satisfied'. Of the governors who returned the questionnaire 63% were 'not sure' whilst 8.7% were 'dissatisfied', these governors coming from all four institutions who were asked this particular question. The governors registering as 'not sure' or 'dissatisfied' including all the student governors and 70% of the staff governors, and all responding Board Chairs. One governor who was 'not sure' commented as follows: -

"I have been on the steering committee for IIP accreditation; other than that; little input".

Another governor who was 'dissatisfied', and had served for 1-5 years, commented:-

"Little evidence on this being of importance to the board".

A staff governor who was also 'dissatisfied' commented:-

"I suspect they have little understanding of the staff development needs".

Equal Opportunities. Only 4.4% of governors were 'very satisfied' whilst 63.0% were 'satisfied' with the monitoring of the executive in this area. In one institution all governors returning the questionnaire responded in these ways, with the Chair of the Employment and Staffing Committee commenting:-

"Raised frequently at Board level. Positive approach where results are coming through".

However in the same institution a staff governor who had served for 1-5 years, but who did not register a satisfaction level of any sort, commented:-

"In 3 years as a governor I have FAILED to get the governors to take this issue seriously".

In another institution the Board Chair commented on the satisfaction expressed by Staff Governors whilst a staff governor, who registered as 'dissatisfied' commented:-

"Tends to be a 'token', some of the older members fail to appreciate the offence that 'sexist' language gives".

In the case of three institutions governors made reference to the existence of an Equal Opportunities Committee who made reports to the Board.

Staff Morale. Only 4.6% of governors were 'very satisfied' whilst only 24.6% were 'satisfied' with the monitoring of the executive in this area. Those governors (66.1%) registering as 'not sure' or 'dissatisfied' came from all give institutions and included all the student governors, 73.3% of the staff governors, 66.7% of board chairs, 60% of committee chairs and 60.7% of other governors and covered all categories of length of

service. This issue gave rise to one of only two 'very dissatisfied' responses over the entire questionnaire, this came from a staff governor who had served for 1-5 years and who commented as follows: -

> "Minimal liaison between Board and Staff – this is critical of _process_ NOT of staff morale".

Four governors referred to the presence of staff members on the board when commenting on this issue whilst three made reference to meetings with staff. Another two governors referred to the difficulties they had with this issue commenting as follows: -

> "Hard to know what _governors_ can do about this, other than on an individual basis".

> "Difficulty is that of judging what staff morale is – there is a danger of listening to the vociferous and getting a distorted picture" (Staff Governor).

Student Retention. Just over three-quarters of governors (76.1%) were 'very satisfied' or 'satisfied' that there was sufficient monitoring of the executive as regards student retention, a view shared by all student governors and by all governors in one institution. Ten governors were 'not sure' including one board chair and 20% of staff governors. Of the twenty seven governors providing comments on this question nineteen (70%) mentioned reports to the board in some cases indicating that this topic was discussed frequently at board meetings, one governor commented :-

> "We have been involved in the executive's drive to improve the students experience in a number of ways".

Student Satisfaction. Only 52.3% of governors were 'very satisfied' or 'satisfied' that the board sufficiently monitored the executive in this area. Those governors responding 'not sure' or 'dissatisfied' came from all institutions (in three institutions representing 50% or more of the governors), including 75% of student governors, 40% of staff governors and 66.7% of board chairs. Of the thirty-three governors who added a comment to this question seventeen (51.5%) mentioned the presence of the student union representative on the board. The student union representative from the same institution as the governor quoted under Student Retention commented:-

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"As president of the students' union, I am treated as an equal and my opinions are seen as an overall thought by the student population of satisfaction".

In all institutions it would appear that statistics, sometimes termed 'Student Satisfaction Survey' are presented to the board.

Question 14 asked governors who they considered their board should account to for the governance of their institution, other than HEFCE, DfEE and Parliament. Fifty governors offered suggestions, the most popular being:-

The Community, mentioned 23 times

The Church of England, Trustee or Accrediting University, mentioned 16 times

The Students, also mentioned 16 times

The Staff, mentioned 15 times

The Employers, mentioned 9 times.

Some governors however queried how a specific accountability could be achieved other than by board membership.

Question 15 asked governors how satisfied they were that the board assessed it's own effectiveness. Only 3.1% of governors responded that they were 'very satisfied' whilst only another 27.7% responded that they were 'satisfied'. The forty-five governors (69.2%) registering as 'not sure' or 'dissatisfied' came from all five institutions (in one institution representing 72.7% of governors), including all student governors, two-thirds of staff governors and all board chairs. In three institutions governors mentioned that a self-assessment process had just started.

Question 16 asked governors how satisfied they were with the effectiveness of their board meetings. Most governors (81.6%) responded that they were 'very satisfied' or 'satisfied' although one Board Chair registered as 'not sure' whilst 26.7% of staff governors registered as 'not sure' or 'dissatisfied'. Two staff governors commented as follows: -

"Discussion, critical points from staff are held to be impolite – you get the cold shoulder from the chaps".

"Staff governors are pretty token at times. They are not represented on the sub groups".

Question 17 attempted to identify how the proceedings of the boards committees were communicated to the board. Unfortunately the categories provided in the question proved to be insufficiently precise but nevertheless it would appear that the normal practice is to both distribute committee meeting minutes to board members and to have a verbal report, in some form, made at the board meeting.

Question 18 was suggested by a governor taking part in the initial pilot run of the questionnaire and asked governors, who were also non-executive board members of companies, to give examples of significant difference in the two roles. Only seven replies were received to this question none of which provided examples as requested.

5.09 *SECTION FOUR – GOVERNOR TRAINING*

This section contained two questions specifically focussed on governor training. A statistical analysis of the responses is given in Appendix 10. The first question (Question 19) asked governors if they had received any induction training upon their appointment to the Board of Governors. Only 23 (35.4%) of the governors had received induction training, this percentage being fairly consistent across all five colleges, and mainly restricted to those with less than 5 years service. Twenty-eight governors provided comments regarding induction training from which it would appear that where it happens it normally includes – Meeting Senior Officers (13 mentions); Receiving an Information Pack (8 mentions) and Going on a Tour of the College (6 mentions). In some cases the induction is fairly brief, for example:-

> *"Pretty minimal; A large heap of papers, a private lunch with the Principal and a tour of the college".*

But sometimes extending to the whole day, for example:-

> *"A day's briefing about the Institution together with the opportunity to meet Faculty Heads who could arrange subsequent meetings with relevant departments".*

In three colleges it would appear that induction training is being reviewed, for example:-

> *"Induction Training has recently been introduced and will improve in future".*

Of those governors who had received induction training 65.2% were 'very satisfied' or 'satisfied' with that training.

Question 20 asked governors if they had received any on-going training. Only seventeen (26.2%) of the governors replied that they had, in one college no governors had received such training. From the twenty-two comments provided on this issue it would appear that on-going training normally consists of training seminars/days organised by the institution (7 mentions) and/or attending external courses (8 mentions) on particular issues such as the Bett Report, Audit, and Financial Management. Of those governors who had received on-going training 52.9% stated that they were 'very satisfied' or 'satisfied' with that training. From the ten comments made with regard to any areas in which training would be welcome no particular popular subjects were identified, but the following two comments are worth noting:-

> *"I am very satisfied that I have been given every opportunity to develop my own skill as a governor and any deficiencies are due to my own shortcomings, lack of time, etc".*

> *"I would have thought that Governors bring knowledge, expertise and wisdom etc., which can be channelled freely without any indoctrination or brainwashing".*

5.10 SUMMARY

The 'effective governance factors' that were compiled from the literature review received a high level of support from governors as being important to the effectiveness of Boards of Governors of Higher Education Institutions, other than those dealing with External Information and Self Assessment. The most popular other factors mentioned by governors being commitment, involvement and the relationship of board members with each other. However the views of governors as to the activities of their own board in relation to these 'effective governance factors' highlight a few areas where theory and practice do not correlate, as shown in TABLE 6 .

APPLICATION OF EFFECTIVE GOVERNANCE FACTORS			TABLE 6
Percentage of Governors who 'Strongly Agree' or 'Agree' with the importance of the 'effective governors factor'.		Percentage of Governors who are 'very satisfied' or 'satisfied' with their board's application of the 'effective governance factors'	
Constitution Process	100.0%	Understanding of Statutory Duties	90.8%
Clarification of Purpose	100.0%	Clear Understanding & Function	90.7%
Strategic Thinking	92.4%	Contribution to Strategic Planning	73.9%
		Able to put forward views	84.6%
Internal Information	98.5%	Information submitted to board by Executive	90.7%
External Information	83.1%	Receive Unabridged External Information	61.5%
Effectiveness of Chief Executive	96.9%	-	-
Monitoring of Executive	96.9%	Monitoring of Executive as regards:- Financial Performance Academic Quality Staff Development Equal Opportunities Staff Morale Student Retention Student Satisfaction	93.9% 73.9% 26.1% 67.4% 29.2% 76.1% 52.3%
Accountability	95.4%	-	-
Self Assessment	69.3%	Assesses own effectiveness	30.8%
Meetings	92.3%	Effectiveness of meetings	81.6%
Committees	93.8%	-	-
Skill Mix	93.5%		
Effectiveness of Clerk	93.5%		

The areas showing the highest difference between the respective percentages are: -

Strategic Thinking. Although 92.4% of governors agreed with the importance of Strategic Thinking only 73.9% were satisfied with their boards contribution in the strategic planning process.

External Information. Even though 83.1% of governors agreed with the importance of this factor only 61.5% were satisfied that they received external information unabridged by the executive.

Monitoring of Executive. Although 96.9% of governors agreed with the importance of ensuring that the executive effectively implemented the strategies approved by the board it was only in the area of Financial Performance where more than 90% were satisfied that their board sufficiently monitored their executive. The analysis of board minutes revealed little evidence of boards undertaking this function – only 1.4% of items raised were classified as 'Monitoring'. Where it did take place it mainly concerned financial performance. In three areas, Academic Quality, Equal

Opportunities and Student Retention, the percentage of governors satisfied with their board's monitoring activities dropped to 73.9%, 67.4% and 76.1% respectively. In three other areas, Staff Development, Staff Morale and Student Satisfaction the percentages reduced even further to 26.1%, 29.2% and 52.3% respectively. It is of concern that governors do not pay more attention to the areas of Staff Development, Staff Morale and Student Satisfaction, although it could be that there are no board strategies in these areas in which case monitoring of their implementation is impossible.

Self Assessment . This factor received the lowest support from governors, only 69.3% agreeing with its importance. However a much lower number of governors, only 30.8%, were satisfied with their boards activities in this area although three boards were reported to have started the process of self assessment. In this respect the HE sector would appear to be well behind the FE sector where board self assessment is part of the Institutional Quality Audit carried out by the Funding Council's Inspectors.

A high number of governors (95.4%) agreed with the importance of clearly defining those constituencies to whom the board is accountable. When asked to suggest such constituencies other that the HEFCE, DfEE and Parliament, the most popular proposition, apart from hierarchical ones, were the Community, the Students, the Staff, and the Employers. It would be interesting, in a further research study, to discover in what form accountability can be provided to these groups.

It was to be expected that the returns from the institutions would reveal a certain degree of patchiness across the colleges as, for example, in the case of meetings where the percentage of governors being 'very satisfied' or 'satisfied' with their own board meetings was 85.7%, 90.9%, 90.0%, 63.6% and 78.9% respectively. However what was unexpected was the different degrees of dissatisfaction expressed generally by the different types of governor in their own board activities. For instance the only two 'very dissatisfied' replies were both given by staff governors whilst an analysis of the 'dissatisfied' replies reveals that 8 were from students, 24 from staff and only 15 from other governors. TABLE 7, compares this data to the number of governors participating in the survey.

ANALYSIS OF DISSATISFIED GOVERNORS				TABLE 7
Type of Governor	Number of 'very dissatisfied' and 'dissatisfied' replies	%	Number of Governors	%
Student	8	16.3	4	6.1
Staff	26	53.1	15	23.1
Other	15	30.6	46	70.8
Total	49	100.0	65	100.0

These statistics indicate a much higher level of dissatisfaction amongst student and staff governors than amongst other governors. This calls into question the influence that student and staff governors have in their board's deliberations and also the role that these governors should play in their board's activities. This finding does however match the indication referred to earlier that governors appear less interested in monitoring the executive in the areas of Staff Development, Staff Morale and Student Satisfaction and also raises the question again as to the process by which governors should be accountable to students and staff. In any case it would appear that a fruitful field of further research could be directed at improving the satisfaction index of these types of governor. On the other hand it may be that the 'other' governors are more easily pleased, or more 'docile' than the student and staff governors. In which case a further study could research into how governors could become more effective 'critical friends' of their institutions.

The low ratings both in general and to their own board activities that governors gave to the topic of external information may indicate a tendency for governors to be too inward looking and concerned with the internal workings of their own institution rather than taking a broader view and attempting to bench-mark their institution against others and ensuring that their institution is reacting effectively and efficiently to the important changes in the ever-changing higher education scene. This finding is somewhat in conflict with the evidence that emerged from the analysis of board minutes. In those very few instances where 'external information' items were raised at board meetings a high 'active' reaction incidence of 66.7% was generated. Only 6 such items were raised however and this statistic needs, therefore, to be treated with caution. This lack of

external information could perhaps indicate the need for a National Governor Newsletter dealing with general higher education governance issues, the contents of which could be the subject of a further research study.

Another area of concern revealed by the survey is the lack of training participated in by governors. Considering the importance of higher education institutions to national policies and the criticism of their governance in several National Audit Office reports as mentioned in the literature review, it is surely time that all institutions offered well constructed training programmes for their governors. The survey revealed however that some colleges are reviewing their own governor training arrangements. It would seem reasonable that those elements of the training programme directed at general issues, rather than institution specific issues, could be offered nationally by, for example, the HEFCE. Again the required elements of such a training programme could be the subject of a further research study. It is interesting that the FEFC have recently appointed a consortium to construct an effective training programme for all governors of Further Education Institutions, whilst SCOP have recently received HEFCE funding to enable a Training Programme for their college governors to be provided over the Internet.

CHAPTER SIX

(A)   **SUMMARY OF THE RESEARCH PROJECT WITH RECOMMENDATIONS FOR IMPROVING THE EFFECTIVENESS OF BOARDS OF GOVERNORS IN THE NEW UNIVERSITIES AND COLLEGES OF HIGHER EDUCATION TOGETHER WITH SUGGESTIONS FOR FURTHER RESEARCH.**

(B)   **REFLECTIONS ON ALTERNATIVE POSSIBLE SCENARIOS OF POWER GROUPINGS AND BOARD ROLES.**

OVERALL SUMMARY

6.01 INTRODUCTION

The focus of this thesis is the lack of published evidence, as revealed by the literature review, concerning the activity of directors, or governors, when acting as boards. In particular this thesis researches into the practice of corporate governance within the New Universities and Colleges of Higher Education and attempts to provide such evidence by concentrating on the following three questions:-

- **What should governors in Higher education do?**

- **What do governors in Higher Education do?**

- **How do governors in Higher Education perceive the activity of their board?**

The structure of this thesis has been to address the first question by reviewing various publications on corporate governance and distilling therefrom a suggested list of factors that appear to be essential for effective corporate governance. These 'effective corporate governance factors' have thereafter been used as the basis for the research programme. The second question has been addressed, within the first research element; by analysing the activities of boards as revealed in the board minutes of three higher education institutions. Likewise the third question has been addressed by analysing the statements of governors regarding their own board's activities as revealed in responses to a questionnaire completed at five SCOP colleges.

As already mentioned, due to several factors, the research findings are not generaliseable to all higher education institutions. They do however reveal interesting facets of board practices that should be followed up by further research. It is also the case that the observation of board meetings followed by interviews with board members would have considerably strengthened the research findings. The limitations of the EdD. requirements however did not encourage such techniques to be used in this particular thesis.

The following overall summary highlights the major points arising from the literature survey and the research programme. The subsequent conclusions consist of recommendations, based on the research evidence, aimed at helping governors improve their corporate governance practices. The research has also revealed several areas

where further research is needed and several suggestions are put forward at the end of this chapter.

6.02 LITERATURE REVIEW

There would seem to be a number of common features of corporate governance wherever practiced such as (a) the issues surrounding the composition of the board, (b) the role of the non-executive board members, (c) the confusion arising from vertical and horizontal accountability, (d) the dependence on information from the executive, (e) the need to adhere to published, but not necessarily mandatory, codes of practice, and (f) the need for director/governor training programmes. Nevertheless there are also a number of issues that are peculiar to the particular situation in which corporate governance is being practiced. For example, the concerns within the private sector, but which are not relevant to the public/private sector, are with such issues as (a) the encouraging of participation by largely passive shareholders, (b) the role of institutional investors, (c) the conflict arising from the need for 'short termism' at the expense of the medium/long term, (d) the benefits of a Unitary Board as compared to a Two-Tiered Board, and (e) the effect on global companies of the governance arrangements in particular countries. Within the public/private sector the major concerns, that are not so relevant to the private sector, are with (a) the loss of democratic power, (b) the transparency, openness and legitimacy of governance arrangements, (c) the rise of a local elite of business members on governing bodies, and (d) the issue of general public accountability. In reviewing two segments of the public/private sector (The National Health Service and Higher Education) there was seen to be a high degree of plurality in their corporate governance arrangements, although both had a number of common concerns. Nevertheless the literature review did point to a suggested a list of factors that appear to be essential for effective corporate governance wherever it takes place.

6.03 BOARD MINUTES

Board minutes although being accepted as a 'true' record in the legal sense are not necessarily a 'full' record of board proceedings and their analysis therefore needs to be cautiously interpreted. The examination of minutes did however throw some light on the activities that take place at board meetings, the only time that governors legitimately act with full governance powers. The examination revealed that governors use their meeting

time, perhaps their most scarce resource, in a very efficient way in that they deal with a large number of items very rapidly, on average taking only 2.2 minutes on each item. Governors did not seem, however, to be great influencers of institutional strategic activity, with the vast majority of items submitted for their attention being concerned with board process or institutional arrangements rather than critical strategic and governance issues. The analysis of the data collected shows that 82.7% of the items submitted to board meetings are received passively by being merely noted or approved without any discussion. Only 10.2% of the items submitted giving rise to any questioning or challenging of which over three quarters were directed at the executive. Although there were no items submitted that required the board to engage in debate about itself or its processes, all three institutions appeared to be just starting to review their governance arrangements. There were four classifications under which 75.1% of items raised at board meetings could be coded. These were (1) 23.5% as 'Other' covering such items as Appointment of External Auditors and Staff Deaths, (2) a further 17.7% as 'Internal Information' including items, for example, Dealing with the Preparations for QAA visits and Conferment of Professorships, (3) another 17.4% were coded as 'Committees' covering such items as the Presentation of Meeting Minutes and Appointments to Membership, and (4) a further 16.5% as 'Constitutional Process' including items Dealing with Apologies and Vacancies. Only 16.2% were coded as 'Strategic Thinking' on such items as Proposals for a New School and Staffing Levels. Items dealing with 'Accountability', 'Self-Assessment', 'Monitoring the Executive' and 'External Information' made up only 3.4%; 3.3%; 1.4% and 0.6% respectively of the total items raised. Ironically the highest tendency for a passive reaction occurs in three of the above most frequent items raised – 'Constitutional Process', 'Committees' and 'Other', whereas the four most infrequent items raised were amongst those with the highest tendency for an active reaction. Irrespective of the nature of the item raised it would appear that if an active reaction is engendered in board members then on average in 59.2% of these cases questions or challenges will follow even in those items that generally receive a passive reaction. When questions or challenges are made then these are most likely to be directed at the executive (76% of all questions). Nearly half (46%) of these questions were seeking more information, requesting better quality information or suggesting that further consideration should be given to the item raised. Over one quarter (27%) of the questions/challenges either gave advice or gave more positive direction with a further 5% giving definite negative direction. Only 9% of the questions or challenges however appeared to be indicative of the board's role in monitoring the executive. On occasion boards do raise

questions or challenges directed at their own practices or effectiveness and 18% of all questions were of this type. On the few occasions where boards are given the opportunity to consider external information then not only is an active reaction usually generated but also questions or challenges are highly likely to arise. This analysis of board minutes suggests that boards are kept very busy in dealing with a mass of items that are concerned with the details of board business and which receive a mostly passive response. Consequently only the minimum of time is available for strategic or important governance issues which when raised do receive an active and questioning/challenging reaction from board members. This is generally the situation outlined by Carver (1990) when describing the activities of boards that he has been involved with as a consultant/adviser.

6.04   QUESTIONNAIRE SURVEY

The analysis of responses from sixty five governors including 4 students, 15 staff and 3 board chairpersons, to the questionnaire issued to governors at five SCOP colleges showed that there was generally a high level of support amongst governors for the 'Effective' Governance Factors' arising from the literature review plus the two additional factors suggested during the pilot run of the questionnaire. However the two factors of External Information and Self Assessment received markedly less support than the other factors although even in these two cases 83.1% and 69.3% of governors 'strongly agreed' or 'agreed' on the importance of the factors. Other factors suggested by governors as contributing to the effectiveness of boards were commitment, knowledge of the institution and good personal relationships amongst board members. Governors were mainly well satisfied with the application of these effectiveness factors within their own board activities other than their contribution to the Strategic Thinking, the availability of External Information unabridged by the executive, and the process of Self Assessment. Although 96.9% of governors agreed with the importance of ensuring that the executive effectively implemented the strategies approved by the board this appeared to be only satisfactorily practiced with the issue of Financial Performance. In three areas, Academic Quality, Equal Opportunities and Student Retention governors were less satisfied and even more so in the case of Staff Development, Staff Morale and Student Satisfaction. A high number (95.4%) of governors agreed with the importance of clearly defining those constituencies to whom the board was accountable and suggested this applied, apart from hierarchical relationships, to the Community, the

Students, the Staff and the Employers. It was not certain, however, how this could be achieved (there was little sign of such accountabilities being discussed at the board meetings of the three institutions whose board minutes were analysed). The analysis of responses to the questionnaire did reveal an unexpected side issue in that a much higher level of dissatisfaction existed amongst student and staff governors than amongst other governors. This raises questions as to the role of student and staff governors. One section of the questionnaire was directed at governor training and analysis of the responses revealed that little training takes place. Only 35.4% of governors having received any induction training and only 26.2% having received any on-going training. This is so despite the various comments on the need for governor training by the Dearing Committee (1997) and the National Audit Office (1995, 1997A, 1997B, 1998A and 1998B) when reporting on several higher education institutions.

6.05 RECOMMENDATIONS

The findings of this thesis reveal that Boards of Governors are very active and energetic bodies but, disturbingly, rather ineffective, at least insofar as having any major impact on the strategic plans and major governance matters of their institutions. This is so even though governors expressed a desire to be more effective, for instance, by being more involved, at an early stage, in the formulation of strategic policy and to be more accountable laterally to the community, students, staff and employers. Bargh Scott and Smith (1996, p.125) have said that:-

> " ... most of the time the governing body is simply not part of the consciousness of the staff – governors are insignificant; along with the governing body.... As long as the governors are rubber stamping a benevolent directorate, nobody bothers about it".

It is suggested that in order to become more effective, as defined by the 'Effective Governance Factors', governors need to be more assertive regarding the activities that take place at board meetings. Charan (1998, p.1) has said that:-

> " Real change comes from choosing practices that help the board to do what it really must: focus on the right issues, ask the tough questions, probe the assumptions, broaden the perspective and learn together".

The following recommendations, aimed at helping governors improve their corporate governance practices, are put forward for board action.

Recommendation 1

● **Take more control of the agenda for their meetings and ensure that increased attention is given to the important strategic and governance issues of their institution. It is suggested that in order to free up their scarce meeting time that most of the other items such as appointment to committees and appointment of auditors be included in a governor newsletter and approved 'en-masse' at the following board meeting.**

The role of the board is the corporate governance of the institution. One of the distinctive features of this function is involvement in the institution's strategy. The quotation quoted from Hind (1995) refers to direction at a strategic level whilst Ferlie, Ashburner and Fitzgerald (1995) suggested that in the NHS the newly structured boards should exhibit increased strategic conduct. This view is endorsed by the Department of Health (1994) who expect boards to determine the strategic direction of their organisation. In higher education boards have been advised to become more involved in strategic policy, for instance Bargh and Scott (1997) noticed that boards were not sufficiently involved in this form of activity. The National Audit Office (1998A and 1998B) has also commented on boards not being sufficiently involved in strategy and have suggested that boards are likely to see an increased emphasis on this part of their duties. Bargh, Scott and Smith (1996) report that their research found that a majority of governors anticipated this trend. The extent of the board's role in strategic planning is not clear-cut however. Green (1995) refers to their role being merely one of endorsement and review of the executive's strategic intent. Whatever the degree of involvement it is necessary for the responsibilities of the board and the executive in strategic planning to be clearly laid out, as for instance advised by the National Audit Office (1997B). The research evidence from the analysis of board minutes is clear that boards do not spend enough of their scarce meeting time on important strategic and governance issues. For instance 75.1% of items raised relate to board processes and arrangements and only 16.2% to strategic issues. Cornforth and Edwards (1998) have been referred to regarding the high level of dissatisfaction with board meetings amongst directors of voluntary organisations. The research evidence also clearly indicates that although board meetings are usually acquiescent events (82.7% of items raised are received passively) when

important governance issues are raised such as External Information, Strategy, Self Assessment, Accountability and Monitoring then there is a high likelihood of boards responding actively and asking questions. The evidence from the analysis of questionnaire responses showed that 92.4% of governors agreed with the importance of boards having an influential role in the formulation of strategic policy. Only 73.9% of governors however were satisfied with their own boards involvement in this area, with a committee chairperson commenting in respect of the need for the board to be involved earlier in the strategic planning process. This comment is reinforced by Williams (1999, p.152) who suggested that boards:-

> *"To have real influence .. must at least have access to the proposals at the formative stage, or even set the parameters within which they are formulated".*

Recommendation 2

- **Become more outward-looking by encouraging the discussion of relevant external matters at their meeting. It is suggested, in order to avoid any abridgement by the executive, that a governor, or the clerk if sufficiently independent, could take on the role of surveying the external environment. In the extreme it could be worthwhile to appoint consultants to undertake this task.**

The National Audit Office Reports (1998A; 1998B) refer to the risk to boards of becoming over-dependent on information coming from the Chief Executive Officer. In the same tenor the Audit Commission (1995) have advised that boards should establish a more informed view by, for instance, developing other sources of information. In the area of school governance Deem, Brehony and Heath (1995) have referred to boards being at the interface between schools and the external world. The recommendation that boards should become more outward looking by encouraging the discussion of external matters is directed at addressing this issue. The evidence from the analysis of board minutes is that only 0.6% of items raised concern external issues – a miniscule amount. When external data is submitted to board meetings however it generates an active reaction on 66.7% of such occasions, with a high tendency for questions to be generated (Note – this needs to be treated with some caution due to the low incidence of external data being submitted). The analysis of questionnaires indicated that 83.1% of governors agreed that boards should have external

sources of information but only 61.5% were satisfied with the situation in respect of their own boards activities. Charan (1998, p.107) has said that:-

> " Boards that work have open access to a wide range of information about the company and industry".

Recommendation 3

- **Expand the board's role in monitoring the executive in areas other than financial performance but to do this as a 'critical friend' and not in any confrontational way. It would be necessary in the first place however for the board to establish clear policies in these areas with clearly set out boundaries within which the executive can act freely.**

The definition of corporate governance given by Keasey and White (1977) stresses that the monitoring of management is a board responsibility. Williams (1999) refers to this role as part of the essential 'checks and balances' of organisational behaviour. The Cadbury Committee (1992) considered that Non-Executive Directors should see this as an important part of their role. Ferlie, Ashburner and Fitzgerald (1993) consider that National Health Service Boards should seek to be more challenging of the executive. The Department of Health (1994) also stress that boards should monitor performance. Green (1995) however has commented on the danger that over-monitoring could lead to a lessening in the entrepreneurial competitiveness essential to successful management of organisations.

Charan (1998, p.33) states that:-

> " Boards that work will have constructive, critical dialogue among board members and senior management".

Williams (1999, p.93) has said that boards:-

> "... are there to challenge and monitor, and this inevitably will sometimes involve dissent, often strong dissent; I would go so far as to say that if for whatever reason this does not occur, the board is not functioning properly".

Williams (1999, p.132) also suggests however that successful monitoring requires two preconditions, namely:-

"firstly the reasonably clear indication in advance by the company of what targets it aims to achieve, and how its success in doing so should be measured or assessed, and secondly the provision of comprehensive high quality information".

The analysis of board minutes revealed that only 1.4% of items raised at board meetings had been coded as 'monitoring'. The evidence however that 76% of all questions raised at board meetings were directed at the executive indicates that, given the opportunity, boards are prepared to 'challenge' the executive. The analysis of questionnaire responses revealed that 96.9% of governors agreed that boards should ensure that the executive effectively implements the strategies approved by the board. As regards the activities of their own boards governors were less satisfied with their monitoring activities in areas other than financial performance. A very low level of satisfaction being expressed, for example, in the areas of Staff Development, Staff Morale and Student Satisfaction.

Recommendation 4

• **Extend their accountability responsibilities so as to include lateral relationships such as the local community, the students' and staff. This could be done by issuing annual board reports to these various groups or by ensuring that the board's composition reflects this wider accountability stance. Such actions would certainly go some way to addressing the 'loss of democratic power' criticism of quangos in general.**

Two of the definitions of corporate governance given at the beginning of this thesis refer to the accountability function (Kearsey and Wright, 1977; Sheikh and Chatterjee, 1995). Within the private sector there is an ongoing debate about the extension of accountability responsibilities to groups beyond shareholders. Sternberg (1998)argues that the prime, if not the only accountability is to shareholders. Leat (1986) suggests there are three grades of accountability – explanatory, responsive and full. Organisations within the public/private sector are largely financed through public funds and there is therefore a need for a transparent process of accountability to several groups. Extending this process laterally, beyond the minimum vertical accountability to the government or its agents, would counter the assertions regarding loss of democratic power as expounded, for instance, by Jones, (1995); Plummer,(1994) and Skelcher,(1998). Within the National Health Service the Department of Health (1994)

expects boards to issue annual and other reports to community groups and each year to have one meeting in public as well as to establish a dialogue with local groups. The Audit Commission (1995) also expects Non-Executive board members to heighten their organisations responsiveness to the public. In Higher Education the Dearing Committee (1997) has commented that boards should improve their processes of involvement with external bodies. The analysis of board minutes, however, did not reveal a high number of items (only 3.4% of items raised) that could be coded under the heading of 'Accountability' and these were mainly of a financial nature. This was despite the fact that the questionnaire survey showed that 95.4% of governors agreed that 'accountability' was an important facet of effective corporate governance. Governors suggested that the existing accountability to such bodies as the Funding Councils should be extended to groups such as the community, students, staff and employers. The method of accounting to these groups, other than by representative board membership, was however not clear.

Recommendation 5

- **Request more and better quality information from the executive so that the board is given a greater opportunity to become more knowledgeable about the matters of concern to the board. This would be assisted, for instance, by requesting that board papers provide alternative proposals rather than just requiring that predetermined solutions be approved. Such papers would also encourage boards to adopt an 'active' reaction that would lead to questions, challenges and better quality debate.**

Robertson (1995) has commented on the need for Non-Executive board members to obtain explanations from management. Hind (1995) has suggested that boards should monitor the executive through a system of key information indicators. However Ashburner, Ferlie and Fitzgerald (1993) have commented that effective monitoring of the executive is highly dependent on the quality of information received by the board. Within higher education the National Audit Office (1998B) noted that on some important matters boards were given insufficient information. Bargh, Scott and Smith (1996, p.127) have also commented on the nature of reports to boards in the following words:-

"Nevertheless, it was admitted that directorate reports to governors were structured with firm recommendations, as opposed to the presentation of a choice between several options and their subsequent implications".

The questionnaire survey indicated that 98.5% of governors agreed that the receipt of good quality information from the executive was important for effective governance. Moreover 90.7% of governors were satisfied with this aspect of their own board's affairs. This evidence is somewhat in conflict however with the situation revealed by the analysis of board minutes. This analysis revealed that 25% of questions raised by governors, and directed at the executive sought further information, a further 16% sought better quality information and a further 5% referred the matter for further consideration.

Recommendation 6

● **Become more actively engaged in the process of regular board self-assessments. This would assist boards to learn from their past experiences and thereby to improve their future performance.**

The Dearing Report (1997) recommended that boards of governors of higher education institutions should carry out a review of their own performance on a regular 5 year cycle. In most of the institutions involved in the research programme a review process was in progress. Outside this formal review arrangement very little evidence was found in the analysis of board minutes of boards questioning their own effectiveness, seeking to clarify their purpose or evaluating their added-value contribution to their institution. Only 10.2% of items raised generated a questioning behaviour by the board and only 18% of these questions were directed at the board. The questionnaire survey found that only 69.3% of governors agreed that it was important that boards should periodically examine their own performance. A much smaller number of governors (30.8%) were satisfied with their board's activities in this area. The review of past performance is an essential element of the learning process and, in respect of board learning Coulson-Thomas (1993, p.138) has said that boards should :-

"regularly discuss the lessons that arise from its own decisions and operations".

Recommendation 7

- Review the role of their student and staff governors so that these individuals become more involved in their board's activities and more able to feel that they can actively influence their board's decisions. It may be possible to use these particular board members as a part of the governors' perception that they should become more accountable to groups such as staff and students. It would probably be necessary for staff and student governors to undertake a coaching or training programme so that they are more able to enhance their contributions to board debate and to undertake their additional roles.

An unexpected outcome of the questionnaire survey was the high proportion of 'very dissatisfied' or 'dissatisfied' replies that came from student and staff governors (16.3% and 53.1% respectively). This was despite the fact that students and staff made up a fairly low proportion of governors (6.1% and 23.1% respectively). This raises questions as to (i) the influence of these governors on their board's decisions and (ii) their optimum role in their board's affairs. The position of staff governors has been commented upon by NATFHE (1999, p.2 and p.6) as follows:-

> *"There is a sense of exclusion amongst many Staff governors".*

> *"There is a danger that they simply become an individual, or token, sounding board for academic staff opinion, and that the staff input to institutional governance is extremely limited".*

A similar situation was found during research into two 'new' and two 'old' universities conducted by Bargh, Scott and Smith (1996, p.110) who stated that:-

> *"Senior management and the chair of the board expressed awareness of staff governors disaffection and acknowledged that improvements were required".*

Recommendation 8

- Governor training be given a far greater emphasis both at institutional and national level. Governors need to know more about their institutions, its place in the Higher Education Sector and those issues of relevance to the Higher Education Sector. This would assist governors to view their institution as a whole but within a dynamic scenario, and thus enable them to take a more

influential role in their prime duty of establishing and regularly reviewing their institution's strategic plan. Such training would also assist governors to balance the internal and external pressures and to take a knowledgeable but unbiased view independent from that of the executives.

Cornforth and Edwards (1998) and Garratt (1997) have both commented on the paucity of governor training. Coulson-Thomas (1993, p.6) has said that:-

> *"Only a small minority of directors receive any formal preparation for their boardroom roles. A wide gulf exists between how directors are prepared for their boardroom roles and how they could and should be prepared".*

The difference between the major investment that is made in management training and the minimalistic approach to director training has been commented upon by Carver (1990). Coulson-Thomas (1993, p.54) has also commented that:-

> *"There has in recent years, been much discussion of the need for greater investment in management education and development. In a growing number of companies such investment is now being made. However most boards do not appear to be displaying the same commitment towards their own development".*

In the National Health Service the Audit Commission (1995) has recommended that Non- Executive board members should undergo induction training. In Higher Education the Committee of University Chairmen's Guide (1998) proposes that all new members should receive training. The need for training is apparent when it is considered that the learning curve for new governors in higher education institutions in America has been estimated at 2 years (Kerr and le Grade, 1989). The need for governor training has been referred to by the National Audit Office (1997B). The current situation, as shown by the questionnaire survey, is however that the minimalistic approach to governor training remains. Only 35.4% of governors had received induction training and only 26.2% had attended any on-going training. The writer's view is that governor training should be offered at a national level, to cover general higher education topics, and at an institutional level to cover institutional and local topics.

6.06   SUGGESTIONS FOR FURTHER RESEARCH

Despite the restricted size of the research programme supporting this thesis it has revealed certain interesting aspects of board activity. However a much larger research programme would be needed to substantiate the findings and to make them more generaliseable to all higher education institutions. The thesis has also identified certain areas where further research will be needed to support improvements in the corporate governance of the New Universities and Colleges of Higher Education. These areas are:-

- The content, format and legitimacy of a regular governor newsletter, published by each institution. Such a newsletter would contain all the relatively unimportant information that currently takes up a great deal of board business. It is suggested that all these items could be approved 'en-masse' without discussion at board meetings unless specifically requested by governors.

- The processes of accountability through which governors could account laterally to the community, staff, students and employers.

- The content of a suitable governor training programme that could be operated at a national and institutional level.

- The ways in which staff and student governors could become more influential and useful members of governing bodies.

- The format of a regular National Governance Newsletter that would bring critical events, and their implication, to the attention of governors.

- The comparison of corporate governance in the New Universities and Colleges of Higher Education with that pertaining in the Old Universities (Note – a PhD student at London University is currently undertaking research into corporate governance in the Old Universities).

- The 'added-value' that the board of governors should provide to higher education institutions.

- The comparison of board activity in higher education and in the private sector. From the information available it would appear that most boards suffer from the same problems. A further research programme would be needed to provide evidence, or otherwise, of this assertion.

A further area for research would be to use the 'effective governance factors' as a model against which to assess the governance practices of several 'new' universities. If these universities were a selection of some high performing institutions and some low performing ones, as judged by, say, the HEFCE, the research could help to establish if there is any link between governance and performance. So far, in the private sector, research has failed to establish any linkage (Williams – 1999), although one's instinct would suggest that there should be a fairly direct relationship.

REFLECTIONS

6.07 INTRODUCTION

The foregoing conclusions have been based on two assumptions. Firstly that Boards of Governors are the focus of power within institutions. Secondly that Boards should attempt to effectively carry out the numerous responsibilities allotted to them by various bodies. However these two assumptions could be false and possible alternative scenarios are explored below.

6.08 ALTERNATIVE POWER GROUPINGS

It could be that the apparent lack of debate, or discussion, on major strategic and governance issues at board meetings, as evidenced by the foregoing analysis of board minutes, is due to these issues being determined elsewhere within the institution concerned. For instance, it may be that major issues are debated and discussed at board committee meetings and the finalised and agreed version submitted for whole board approval. If, in such instances, the particular committees were composed of the more senior and powerful governors, such as the chair and vice chair, together with the most senior executive, namely the vice-chancellor, then it is highly likely that any recommendations coming from the committee would be approved, without much debate or discussion, by the whole board. Indeed the first research exercise which analysed the minutes of Board of

Governor Meetings revealed little evidence of any major debate arising from the reports submitted of committee meetings. Bargh, Scott and Smith (1996, p.112) suggest that their research undertaken at two 'new' universities and two 'old' universities did indicate that such a situation could exist, for instance they state that:-

> "... in all the case study institutions, the committee structure gave to relatively small groups of governors key control of the governance process The core members, who include all the leading officers of the university and a small number of lay/independent members, play the pivotal role in the committees".

In such situations the whole board, as a single entity, is likely to be effectively disenfranchised and kept distant from the reasons or options behind the recommendations submitted for their approval. This is despite the fact that such issues would be within the responsibility of each individual governor, when acting as a board in approving the recommendation, and about which the individual governors should have adequate knowledge, especially if they are to develop into fully effective governors and boards. Such committee structure arrangements could also be used to keep certain information away from particular governors, such as staff and student governors, by not electing them to serve on those committees dealing with such issues. This could be one of the reasons behind the general disenchantment of staff and student governors as revealed in the analysis of questionnaires returned by governors as part of the second research element supporting this thesis. Bargh, Scott and Smith (1996, p.105) found that their research had revealed such a situation and commented as follows:-

> " Staff governors claimed that, with the creation of this committee, the locus of decision making shifted away from the main board, thereby decreasing their influence and participation in the decision making process. They now see themselves as non-participants in the wider governance process".

It could also be the case that a group of senior executives, acting outside the board's governance arrangements, become a filtering mechanism that decides what, and at which stage of development, issues are submitted for board committee, or, full board approval. Bargh, Scott and Smith (1996, p.104; p.122; p.135) hint at the operation of such a filtering mechanism when they state that:-

> *"At all three institutions there is evidence to suggest the existence of a supreme executive body 'leading' the governance of each institution".*

> *"This is the so- called advisory group. It is an entirely unconstitutional group, which meets each week for half a day and consists of the vice-chancellor, the pro vice- chancellors, the planning officer, the bursar, the registrar and the finance officer. It is here that the policy recommendations are initiated and sifted before going to committee".*

> *"In all the case study institutions, the control held by the executive over agendas and strategy initiation remains substantially intact. The façade of governance enshrined in the committee system, where, nominally, decisions are made, has been substantially strengthened by recent reforms. But the case studies reveal that roles in this sense remain more symbolic than real".*

Where such 'supreme' groups exist then the danger is that not only may such groups usurp the board's governance responsibilities but that they also undermine, either by intent or default, the legitimate power of the board of governors. Thus leaving the board to become mere 'approvers', whilst nevertheless remaining legally and constitutionally fully responsible.

The research by Bargh, Scott and Smith (1996, p.176) not only indicates that such 'inner circles' of power exist but also suggest that most governors acquiesce to such arrangements, for instance they state that:-

> *"Most lay governors acknowledge the frailty of their power and accept the reality of caucus power, implicitly endorsing the comment of one chair of governors that such groups are ' the way vice-chancellors have chosen to organise their affairs".*

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The existence of such caucus power groups, whether official or unofficial, within the governance process will detract from the effectiveness of the whole board, whilst tending to make the governance process considerably less transparent. Such arrangements have been commented upon in the National Audit Office reports into the activity of several universities. For instance, their report into the activities of the Southampton Institute stated that:-

" governors expressed concern that they had not always been sufficiently involved in strategic decision-making or informed about developments at the Institute " National Audit Office (1998B, p. 3).

and also contained the following recommendation

" ensure that the responsibilities of committees of the full governing body are clearly set out, and that the membership of such committees is organised to ensure that power is not concentrated in a small group of individuals " National Audit Office (1998B, p. 7).

The existence of such 'caucus power' in the governance arrangements of Universities could also be behind Recommendation 54 in the Dearing Committee Summary Report (1995, p.49) to the effect that:-

"We recommend that the Government, together with representative bodies, should, within three years, establish whether the identity of the governing body in each institution is clear and undisputed. Where it is not, the Government should take action to clarify the position, ensuring that the Council is the ultimate decision-making body and that the Court has a wider representative role, to inform decision making but not to take decisions "

6.09   ALTERNATIVE BOARD ROLES

Each institution coming within the collective title of 'New Universities and Colleges of Higher Education' must have Articles of Government which, among other things, prescribe various responsibilities for their respective Boards of Governors. These Articles of Government must be approved by the Secretary of State, as required by Section 125 of the Education Reform Act (1988). In addition the Committee of University Chairmen's Guide

(1998) also lists diverse responsibilities for Boards of Governors, whilst the various Funding Councils specify extra responsibilities when awarding their annual funding contracts with the individual institution. Reports by assorted other bodies such as the Nolan Committee (1996,1997) and the Dearing Committee (1997) also alluded to the responsibilities placed on Boards of Governors. The National Audit Office Reports (1995,1997A,1997B,1998A, 1998B) have also commented on several of these specific responsibilities, where pertinent to their investigations at particular institutions. In addition, the literature review proposed a list of factors that contributed to the effective governance of organisations. Governors, at five SCOP colleges, confirmed the importance of these factors, together with a few others as suggested by some governors, in their responses to a questionnaire forming the basis to the second research element. The recommendations put forward earlier for increasing the effectiveness of Boards of Governors were based on the premise that boards should attempt to meet these various responsibilities.

The two research elements supporting this thesis however suggest that Boards of Governors do not fully discharge many of these responsibilities, at least to any great degree. For instance both research elements revealed little evidence of any systematic and effective monitoring of the executive, other than perhaps as regards financial performance. This view is also implied by Bargh, Scott and Smith (1996), who suggest that some of the more important governance functions are carried out by groups other than the Board of Governors.

Bargh, Scott and Smith (1996) in reviewing the history of governance of Higher Education Institutions state that in most cases the institutions were originally governed by the founding 'lay' members and only gradually did a major part of the governance function transfer over to the in-house professionals. The privatisation of higher education, as part of the public sector, attempted to reverse this trend and to place the governance function back into the hands of 'lay' members of whom the majority had to be from the private sector. It would appear, however, that this re-transfer of the governance function has mainly happened in name only and that the new governors have been seduced by the prevailing academic culture and have been content to leave the greater part of governance function in the hands of the Vice-Chancellors, Senior Academics and other members of the Senior Management Team. But despite this apparent 'bending' of government policy, regarding the role of governors, most Universities have successfully survived the increasing competitive and demanding environment in which they have to operate.

The above situation therefore begs the question as to what would, in the long- term interests of Higher Education Institutions, be the optimum role of the Board of Governors. It is suggested that there are the following possible scenarios:-

1. Boards could be much more ' proactive' in the governance of their institutions. In this case the recommendations made previously, as set out in Chapter 6, are relevant

2. Boards could exercise a largely 'reactive' role in the governance process, thus being used as a ' critical sounding board' for the proposals emanating from the 'in-house' professionals. This role would make good use of the wide and diverse experiences of the individual members of the board and enable them to play a more definite role in the participative and collegial decision-making process generally preferred by Universities.

3. Boards could exercise a mainly 'auditing' and 'monitoring' role and ensure that management and governance processes within the institution are performed diligently, ethically, in the public interest and with greater transparency.

4. Boards could exercise a mainly 'representative' role and ensure that the institutions are operated in accordance with the requirements of the various stakeholders. In this way the 'democratic deficiency' commented upon by several authorities, as mentioned earlier in this thesis, would be remedied. This arrangement could also make the role of the staff and student governors less ambiguous and thereby more satisfying to the individuals concerned.

5. Boards could become mere 'agents' of the government and ensure that their institution is operated in accordance with the requirements of various government agencies.

The effectiveness of boards can only be truly judged in relation to which of the above roles they are expected to play. Williams (1999, p.130; p.194) has commented that:-

> *"Furthermore, though there is a widespread belief that good corporate governance leads directly to higher performance, the research evidence in favour is at best scanty. There are in any event two problems with focusing on performance alone as the aim of the process – the first is that it assumes that there is a consensus on what*

constitutes high performance ... ... The second problem is the assumption that this is the only objective, but I would argue that the continued health and the avoidance of future difficulties and disasters are equally important".

"There is a crucial need to clarify the real purpose of improving corporate governance processes before the detailed work of doing that proceeds: is it (1) to improve the performance of companies (2) to minimize the risks of disasters, or (3) to provide an effective framework for achieving a balance between power and accountability for all those involved".

Whichever role the Boards of Governors come to perform in the future will have major implications on the board's composition and the skills, abilities and experiences required of it's members, the board's accountability requirements and the rules and regulations under which the boards operate. This thesis has indicated that, as in other areas of organisational behaviour, policy laid down by a superior body, without the agreement of those who will implement that policy, will be differently interpreted and implemented by those parties to satisfy their own interests and convenience - the final activity being sometimes very different from that originally intended. It is suggested therefore that a full consultation exercise should be undertaken to establish an agreed position on the future role of governors in higher education.

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APPENDICES

TYPE OF ITEMS RAISED AT BOARD MEETINGS

	INSTITUTIONS	A 25-Nov-98	A 31-Mar-99	A 26-May-99	A 21-Jul-99	A 20-Oct-99	A 14-Dec-99	A TOTAL No	A TOTAL % of Total Items Raised	B 19-Dec-98	B 90-Feb-99	B 05-Apr-99	B 52-Jun-99	B 27-Oct-99	B 27-Dec-99	B TOTAL No	B TOTAL % of Total Items Raised	C 14-Oct-98	C 16-Dec-98	C 17-Mar-99	C 30-Jun-99	C 13-Oct-99	C 15-Dec-99	C TOTAL No	C TOTAL % of Total Items Raised	TOTAL No	%
A1	Process	7	5	2	11	8	9	42	12.8%	4	3	3	2	3	2	17	7.3%	3	3	4	2	2	3	17	4.1%	76	7.8%
A2	Membership	5	7		11	6	3	32	9.7%	1		1	15	1		18	7.8%	7	5	5	7	3		27	6.5%	77	7.9%
A3	Other		1				1	2	0.6%				1		1	2	0.9%	2	1		1			4	1.0%	8	0.8%
A	Constitutional Process	12	13	2	22	14	13	76	23.1%	5	3	4	18	4	3	37	15.9%	12	9	9	10	5	3	48	11.6%	161	16.5%
B	Clarification of Purpose																										
C1	Strategic Plan	4						4	1.2%	1						1	0.4%	9	4	2	2			17	4.1%	22	2.3%
C2	Policy Statements		6		6	3	2	17	5.2%					3		3	1.3%	2	3		4	2	5	16	3.9%	36	3.7%
C3	Receiving Information	1	16	18	10	10	4	58	17.6%	1	2	2	1	2	2	10	4.3%			1	1	1	5	8	1.9%	76	7.8%
C4	Other		2	2		1	2	7	2.1%									1	3	1	1	1		7	1.7%	14	1.4%
C5	Other - Process		3	3	1			7	2.1%					1		1	0.4%				2			2	0.5%	10	1.0%
C	Strategic Thinking	5	26	23	17	14	8	93	28.3%	2	2	2	1	6	2	15	6.5%	13	10	4	10	6	5	50	12.0%	158	16.2%
D	Added Value																										
E	Externality																										
F1	Financial	1	3		1	2	2	9	2.7%	2	7	6	6	3	5	29	12.5%	3	6	9	4	2	2	26	6.3%	64	6.6%
F2	Marketing/Recruitment	1	1			1	1	4	1.2%	2	1	1		1	2	7	3.0%	4	2		1	1	2	10	2.4%	21	2.2%
F3	Academic		2		4		4	10	3.0%	3	1	7	2	3	2	18	7.8%	3	6	9	11	4	12	44	10.6%	72	7.4%
F4	Other		2		1		4	7	2.1%			1				1	0.4%	1		4		3		8	1.9%	16	1.6%
F	Internal Information	2	8		5	4	11	30	9.1%	7	10	14	8	7	9	55	23.7%	11	13	22	16	10	18	88	21.2%	173	17.7%
G1	Financial																										
G2	Marketing																										
G3	Other						2	2	0.6%	1	1	1		1		4	1.7%									6	0.6%
G	External Information						2	2	0.6%	1	1	1		1		4	1.7%									6	0.6%
H	Appt of Chief Executive																										
I1	Revenue/Capital Budgeting	1	2		1			4	1.2%		1	1	2	2		6	2.6%				1			1	0.2%	11	1.1%
I2	Other Targets												1			1	0.4%					1	1	2	0.5%	3	0.3%
I	Monitoring the Executive	1	2		1			4	1.2%		1	1	3	2		7	3.0%				1	1	1	3	0.7%	14	1.4%
J1	Annual Financial Statement	2	2			2		6	1.8%	5				1	5	11	4.7%						1	2	0.5%	19	1.9%
J2	Other		1		2	1		4	1.2%				1			1	0.4%	2	1	2		2	2	9	2.2%	14	1.4%
J	Accountability	2	3		2	3		10	3.0%	5		1		1	5	12	5.2%	2	2	2		2	3	11	2.7%	33	3.4%
K	Self Assessment	2	1					3	0.9%	1	1	1	1	1	1	6	2.6%	1	1		7	8	6	23	5.5%	32	3.3%
L	Meetings																										
M1	Reports	3	11		2	7	9	32	9.7%	3	1	3	3		5	15	6.5%	6	7	6	7	4	5	33	8.0%	80	8.2%
M2	Membership	10	7		4			21	6.4%					9	1	10	4.3%	11	4	2	4	10	2	33	8.0%	64	6.6%
M3	Terms of Reference		2		4			6	1.8%	1				1		2	0.9%		1					1	0.2%	9	0.9%
M4	Academic Board					1		1	0.3%	1		1	1		1	4	1.7%	1	1		1		2	5	1.2%	10	1.0%
M5	Other	1	2		2			5	1.5%														1	2	0.5%	7	0.7%
M	Committees	14	22		12	7	10	65	19.8%	5	1	4	4	10	7	31	13.4%	17	14	7	12	14	10	74	17.8%	170	17.4%
N1	Students Union/Students	1	1		1			3	0.9%	1		1	1	1	1	5	2.2%	1	2	1	4	1		9	2.2%	17	1.7%
N2	Subsidiaries/Outside Ventures	5	2		2	2	1	12	3.6%	2	3	2	1	3	2	13	5.6%					1	2	3	0.7%	28	2.9%
N3	Governor Training	1	1			3	1	6	1.8%			1		1		2	0.9%	1	1	1	2	2	3	10	2.4%	18	1.8%
N4	Year 2000	3	1					4	1.2%																	9	0.9%
N5	Health & Safety									1	3		1		2	7	3.0%	1	2				1	4	1.0%	11	1.1%
N6	Other	6	1	1	1	8	4	21	6.4%	7	7	3	7	6	8	38	16.4%	13	11	23	12	11	17	87	21.0%	146	15.0%
N	Other	16	6	1	4	13	6	46	14.0%	11	13	7	10	11	13	65	28.0%	16	17	26	18	16	24	118	28.4%	229	23.5%
	TOTAL	54	61	26	61	54	53	329	100.0%	37	32	35	48	43	40	232	100.0%	72	66	70	75	64	68	415	100.0%	976	100.0%

PASSIVE REACTIONS AT BOARD MEETINGS

INSTITUTIONS		A 25-Nov-98	A 31-Mar-99	A 26-May-99	A 21-Jul-99	A 07-Oct-99	A 14-Dec-99	A TOTAL No Passive Reactions	A TOTAL No of Items Raised	A %	B 11-Dec-98	B 19-Feb-99	B 30-Apr-99	B 25-Jun-99	B 22-Oct-99	B 17-Dec-99	B TOTAL No Passive Reactions	B TOTAL No. of Items Raised	B %	C 14-Oct-98	C 18-Dec-98	C 17-Mar-99	C 30-Jun-99	C 13-Oct-99	C 15-Dec-99	C TOTAL No Passive Reactions	C TOTAL No. of Items Raised	C %	Total No Passive Reactions	Total No. of Items Raised	%
A1	Process	7	4	2	10	8	9	40	42	95.2%	4	3	2	2	3	2	16	17	94.1%	3	3	4	2	2	3	17	17	100.0%	73	76	96.1%
A2	Membership	5	6		11	5	3	30	32	93.8%	1			1	15	1	18	18	100.0%	7	5	5	6	3		26	27	96.3%	74	77	96.1%
A3	Other						1	1	2	50.0%				1		1	2	2	100.0%	2	1			1		4	4	100.0%	7	8	87.5%
A	Constitutional Process	12	10	2	21	13	13	71	76	93.4%	5	3	3	18	4	3	36	37	97.3%	12	9	9	9	6	3	47	48	97.9%	154	161	95.7%
B	Clarification of Purpose																														
C1	Strategic Plan	2						2	4	50.0%	1						1	1	100.0%	1	2	2	1			6	17	35.3%	9	22	40.9%
C2	Policy Statements		5		6	3	1	14	17	82.4%					3		3	3	100.0%	2	3		4	2	3	14	16	87.5%	31	36	86.1%
C3	Receiving Information		9		3	3	4	19	58	32.8%	1	1	1		2		6	10	50.0%	1			1	4		6	8	75.0%	30	76	39.5%
C4	Other		1	2				3	7	42.9%										1	3		1	1		6	7	85.7%	9	14	64.3%
C5	Other - Process		3	1	1			5	7	71.4%					1		1	1	100.0%				1			1	2	50.0%	7	10	70.0%
C	Strategic Thinking	2	18	3	9	6	5	43	93	46.2%	2	1	1		6		10	15	66.7%	5	8	2	8	7	3	33	50	66.0%	86	158	54.4%
D	Added Value																														
E	Externality																														
F1	Financial	1	3			1	2	7	9	77.8%	1	6	4	5	2	4	22	29	75.9%	3	6	8	4	2	2	25	26	96.2%	54	64	84.4%
F2	Marketing/Recruitment	1	1			1	1	4	4	100.0%	1	1	1			1	4	7	57.1%	4	2			1		8	10	80.0%	16	21	76.2%
F3	Academic		2		4		3	9	10	90.0%	3	1	6	2	3	2	17	18	94.4%	3	4	7	10	2	10	36	44	81.8%	62	72	86.1%
F4	Other		1			1	3	5	7	71.4%		1					1	1	100.0%	1			4		3	8	8	100.0%	14	16	87.5%
F	Internal Information	2	7		4	3	9	25	30	83.3%	5	9	11	7	6	6	44	55	80.0%	11	12	19	15	8	12	77	88	87.5%	146	173	84.4%
G1	Financial																														
G2	Marketing																														
G3	Other						1	1	2	50.0%					1		1	4	25.0%										2	6	33.3%
G	External Information						1	1	2	50.0%					1		1	4	25.0%										2	6	33.3%
H	Appt of Chief Exec.																														
I1	Revenue/Capital Budgeting		2			1		3	4	75.0%		1	1	2	2		6	6	100.0%								1		9	11	81.8%
I2	Other Targets								1									1						1	1	2	2	100.0%	2	3	66.7%
I	Monitoring the Executive		2		1			3	4	75.0%		1	1	2	2		6	7	85.7%					1	1	2	3	66.7%	11	14	78.6%
J1	Annual Financial Statement	1	1				2	4	6	66.7%	4				1	4	9	11	81.8%								2		13	19	68.4%
J2	Other				1	1		2	4	50.0%								1		2	1			2	2	8	9	88.9%	10	14	71.4%
J	Accountability	1	1			1	3	6	10	60.0%	4				1	4	9	12	75.0%	2	1	1		3	2	9	11	72.7%	24	33	69.7%
K	Self Assessment								3			1			1	1	3	6	50.0%	1	1		6	8	3	19	23	82.6%	22	42	66.0%
L	Meetings																														
M1	Reports	3	11		2	7	9	32	32	100.0%	3	1	3	3		4	14	15	93.3%	5	7	5	7	4	5	33	33	100.0%	79	80	98.8%
M2	Membership	9	6		3			18	21	85.7%					9	1	10	10	100.0%	10	4	2	4	9	2	31	33	93.9%	59	64	92.2%
M3	Terms of Reference		2		3			5	6	83.3%	1				1		2	2	100.0%					1		1	1	100.0%	8	9	88.9%
M4	Academic Board					1		1	1	100.0%				1		1	2	4	50.0%	1	1		1		2	6	6	100.0%	8	10	80.0%
M5	Other	1	2		2			5	5	100.0%											1				1	2	2	100.0%	7	7	100.0%
M	Committees	13	21		10	7	10	61	65	93.8%	4	1	3	4	10	6	28	31	90.3%	16	14	7	12	13	10	72	74	97.3%	161	170	94.7%
N1	Students Union/Students		1		1			2	3	66.7%				1	1	1	3	5	60.0%	1	2	1	3	1		8	9	88.9%	13	17	76.5%
N2	Subsidiaries/Outside Ventures	5			2	2	1	10	12	83.3%	2	3	2		2	2	11	13	84.6%					1	1	2	3	66.7%	23	28	82.1%
N3	Governor Training		1			3	1	5	6	83.3%					1		1	2	50.0%	1	1	1	2	2	3	10	10	100.0%	16	18	88.9%
N4	Year 2000	2	1					3	4	75.0%													1	1	1	3	5	60.0%	6	9	66.7%
N5	Health & Safety										1	3		1		1	6	7	85.7%	1	2				1	4	4	100.0%	10	11	90.9%
N6	Other	5	1			8	3	18	21	85.7%	7	6	3	7	5	8	36	38	94.7%	11	11	21	11	11	15	80	87	92.0%	134	146	91.8%
N	Other	12	4	1	3	13	5	38	46	82.6%	10	12	6	9	9	11	57	65	87.7%	14	16	23	17	16	21	107	118	90.7%	202	229	88.2%
	TOTAL	42	63	6	48	43	46	248	329	75.4%	30	28	25	40	40	31	194	232	83.6%	61	61	61	67	60	55	366	415	88.0%	807	976	82.7%

ACTIVE REACTIONS AT BOARD MEETINGS

Code	INSTITUTIONS	A 25-Nov-98	A 31-Mar-99	A 26-May-99	A 21-Jul-99	A 07-Oct-99	A 14-Dec-99	A TOTAL Active Reactions	A TOTAL Items Raised	A %	B 11-Dec-98	B 19-Feb-99	B 30-Apr-99	B 25-Jun-99	B 22-Oct-99	B 17-Dec-99	B TOTAL Active Reactions	B TOTAL Items Raised	B %	C 14-Oct-98	C 16-Dec-98	C 17-Mar-99	C 30-Jun-99	C 13-Oct-99	C 15-Dec-99	C TOTAL Active Reactions	C TOTAL Items Raised	C %	TOTAL Active Reactions	TOTAL Items Raised	TOTAL %
A1	Process		1		1			2	42	4.8%						1	1	17	5.9%								17		3	76	3.9%
A2	Membership		1			1		2	32	6.3%								18				1				1	27	3.7%	3	77	3.9%
A3	Other		1				1	1	2	50.0%								2				1				1	4		1	8	12.5%
A	Constitutional Process		3		1	1		5	76	6.6%			1			1	1	37	2.7%			1				1	48	2.1%	7	181	4.3%
B	Clarification of Purpose																														
C1	Strategic Plan	2						2	4	50.0%							1			8	2		1			11	17	64.7%	13	22	59.1%
C2	Policy Statements		1		1		1	3	17	17.6%							3							2	2	16	12.5%	5	36	13.9%
C3	Receiving Information	1	8	18	7	7		39	58	67.2%		1	1	1		2	6	10	50.0%				1	1		2	8	25.0%	46	76	60.5%
C4	Other		1			1	2	4	7	57.1%								1					1			1	7	14.3%	5	14	35.7%
C5	Other - Process			2				2	7	28.6%								1					1			1	2	50.0%	3	10	30.0%
C	Strategic Thinking	3	8	20	8	8	3	50	93	53.8%		1	1	1		2	5	15	33.3%	8	2	2	2	1	2	17	50	34.0%	72	158	45.6%
D	Added Value																														
E	Externality																														
F1	Financial				1	1		2	9	22.2%	1	1	2	1	1	1	7	29	24.1%				1			1	26	3.8%	10	64	15.6%
F2	Marketing/ Recruitment								4		1					2	3	7	42.9%						2	2	10	20.0%	5	21	23.8%
F3	Academic						1	1	10	10.0%				1			1	18	5.6%		1	2	1	2	2	8	44	18.2%	10	72	13.9%
F4	Other		1			1		2	7	28.6%								1									8		2	16	12.5%
F	Internal Information		1		1	1	2	6	30	16.7%	2	1	3	1	1	3	11	55	20.0%		1	3	1	2	4	11	86	12.8%	27	173	15.6%
G1	Financial																														
G2	Marketing																														
G3	Other						1	1	2	50.0%	1	1	1				3	4	75.0%										4	6	66.7%
G	External Information					1	1	2	2	50.0%	1	1	1				3	4	75.0%										4	6	66.7%
H	Appt of Chief Exec.																														
I1	Revenue/Capital Budgeting	1						1	4	25.0%								6					1			1	1	100.0%	2	11	18.2%
I2	Other Targets														1		1	1	100.0%								2		1	3	33.3%
I3	Monitoring the Executive	1						1	4	25.0%				1			1	7	14.3%					1		1	3	33.3%	3	14	21.4%
J1	Annual Financial Statement	1	1					2	6	33.3%	1					1	2	11	18.2%		1				1	2	2	100.0%	6	19	31.6%
J2	Other		1		1			2	4	50.0%			1				1	1	100.0%				1			1	9	11.1%	4	14	28.6%
J	Accountability	1	2			1		4	10	40.0%	1		1			1	3	12	25.0%		1	1			1	3	11	27.3%	10	33	30.3%
K	Self Assessment	2	1					3	3	100.0%	1		1	1			3	6	50.0%				1		3	4	23	17.4%	10	32	31.3%
L	Meetings																														
M1	Reports								32							1	1	15	6.7%								33		1	80	1.3%
M2	Membership	1	1		1			3	21	14.3%								10		1				1		2	33	6.1%	6	64	7.8%
M3	Terms of Reference				1			1	6	16.7%								2									1		1	9	11.1%
M4	Academic Board								1		1		1				2	4	50.0%								6		2	10	20.0%
M5	Other								5																		2			7	
M	Committees	1	1		2			4	65	6.2%	1		1			1	3	31	9.7%	1				1		2	74	2.7%	9	170	5.3%
N1	Students Union/Students	1						1	3	33.3%	1					1	2	5	40.0%				1			1	9	11.1%	4	17	23.5%
N2	Subsidiaries/Outside Ventures		2					2	12	16.7%				1	1		2	13	15.4%						1	1	3	33.3%	5	28	17.9%
N3	Governor Training	1						1	6	16.7%			1				1	2	50.0%								10		2	18	11.1%
N4	Year 2000	1						1	4	25.0%											1	1			2	5	40.0%	3	9	33.3%
N5	Health & Safety														1		1	7	14.3%								4		1	11	9.1%
N6	Other	1			1		1	3	21	14.3%		1				1	2	38	5.3%	2		2	1		2	7	67	8.0%	12	146	8.2%
N	Other	4	2		1		1	8	46	17.4%	1	1	1	1	2	2	8	65	12.3%	2	1	3	2		3	11	118	9.3%	27	229	11.8%
	TOTAL	12	16	20	13	11	7	81	329	24.6%	7	4	10	5	3	9	38	232	16.4%	11	5	9	8	4	13	50	415	12.0%	169	976	17.3%

QUESTIONS RAISED AT BOARD MEETINGS

INSTITUTIONS		A							TOTAL No of Questions	TOTAL No. of Total Items Raised	%	B						TOTAL No of Questions	TOTAL No. of Total Items Raised	%	C						TOTAL No of Questions	TOTAL No. of Total Items Raised	%	TOTAL No Questions	TOTAL No. of Items Raised	%
		25-Nov-98	31-Mar-98	26-May-98	21-Jul-98	07-Oct-98	4-Dec-99					1-Dec-98	9-Feb-99	30-Apr-99	5-Jun-99	2-Oct-99	7-Dec-99				4-Oct-98	6-Dec-98	7-Mar-99	30-Jun-99	3-Oct-99	5-Dec-99						
A1	Process		1		1			2	42	4.8%								17									17		2	76	2.6%
A2	Membership				1			1	32	3.1%								18									27		1	77	1.3%
A3	Other		1					1	2	50.0%								2									4		1	8	12.5%
A	Constitutional Process		2		1	1		4	76	5.3%								37									48		4	161	2.5%
B	Clarification of Purpose																														
C1	Strategic Plan	1						1	4	25.0%								1		8	2		1			11	17	64.7%	12	22	54.5%
C2	Policy Statements		1		1			2	17	11.8%								3							2	2	16	12.5%	4	36	11.1%
C3	Receiving Information	1	6	4	6	5		22	58	37.9%		1	1	1		1	4	10	40.0%				1		1	8	12.5%	27	76	35.5%
C4	Other		1			2	1	4	7	57.1%																	7		4	14	28.6%
C5	Other - Process			2				2	7	28.6%								1					1		1	2	50.0%	3	10	30.0%
C	Strategic Thinking	2	8	6	7	7	1	31	93	33.3%		1	1	1		1	4	15	26.7%	8	2		2	1	2	16	50	32.0%	50	158	31.6%
D	Added Value																														
E	Externality																														
F1	Financial				1	1		2	9	22.2%		1	1	1			3	29	10.3%				1			1	26	3.8%	6	64	9.4%
F2	Marketing/ Recruitment								4		1					2	3	7	42.9%						2	2	10	20.0%	5	21	23.8%
F3	Academic								10									18				1		2	2	5	44	11.4%	5	72	6.9%
F4	Other								7									1									8			16	
F	Internal Information				1	1		2	30	6.7%	1	1	1	1		2	6	55	10.9%				2		4	8	86	9.1%	16	173	9.2%
G1	Financial																														
G2	Marketing																														
G3	Other								2		1	1					2	4	50.0%										2	6	33.3%
G	External Information								2		1	1					2	4	50.0%										2	6	33.3%
H	Appt of Chief Executive																														
I1	Revenue/Capital Budgeting								4									6									1			11	
I2	Other Targets													1			1	1	100.0%								2		1	3	33.3%
I	Monitoring the Executive								4					1			1	7	14.3%								3		1	14	7.1%
J1	Annual Financial Statement								6		1					1	2	11	18.2%		1					1	2	50.0%	3	19	15.8%
J2	Other								4				1				1	1	100.0%			1				1	9	11.1%	2	14	14.3%
J	Accountability								10		1		1			1	3	12	25.0%		1	1				2	11	18.2%	5	33	15.2%
K	Self Assessment								3		1			1			2	6	33.3%						3	3	23	13.0%	5	32	15.6%
L	Meetings																														
M1	Reports								32							1	1	15	6.7%								33		1	80	1.3%
M2	Membership	2			1			3	21	14.3%								10					1		1	33	3.0%	4	64	6.3%
M3	Terms of Reference								6									2									1			9	
M4	Academic Board								1									4									5			10	
M5	Other								6																		2			7	
M	Committees	2			1			3	66	4.5%						1	1	31	3.2%						1	1	74	1.4%	5	170	2.9%
N1	Students Union/Students								3		1						1	5	20.0%								9		1	17	5.9%
N2	Subsidiaries/Outside Ventures		1					1	12	8.3%					1		1	13	7.7%								3		2	28	7.1%
N3	Governor Training								6									2									10			18	
N4	Year 2000	2						2	4	50.0%																	5		2	9	22.2%
N5	Health & Safety															1	1	7	14.3%								4		1	11	9.1%
N6	Other			1				1	21	4.8%		1					1	38	2.6%	2		1			1	4	87	4.6%	6	146	4.1%
N	Other	2	1	1				4	46	8.7%	1	1			1	1	4	65	6.2%	2		1			1	4	118	3.4%	12	229	5.2%
	TOTAL	6	11	7	10	9	1	44	329	13.4%	5	4	4	3	1	6	23	232	9.9%	10	3	4	2	4	10	33	415	8.0%	100	976	10.2%

NUMBER OF QUESTIONS AS A PERCENTAGE OF ACTIVE REACTIONS AT BOARD MEETINGS APPENDIX 5

	INSTITUTIONS	A			B			C			TOTAL		
		No. of Active Reactions	No. of Questions	%	No. of Active Reactions	No. of Questions	%	No. of Active Reactions	No. of Questions	%	No. of Active Reactions	No. of Questions	%
A1	Process	2	2	100.0%	1						3	2	66.7%
A2	Membership	2	1	50.0%				1			3	1	33.3%
A5	Other	1	1	100.0%							1	1	100.0%
A	Constitutional Process	5	4	80.0%	1			1			7	4	57.1%
B	Clarification of purpose												
C1	Strategic Plan	2	1	50.0%				11	11	100.0%	13	12	92.3%
C2	Policy Statements	3	2	66.7%				2	2	100.0%	5	4	80.0%
C3	Receiving Information	39	22	56.4%	5	4	80.0%	2	1	50.0%	46	27	58.7%
C4	Other	4	4	100.0%				1			5	4	80.0%
C5	Other Process	2	2	100.0%				1	1	100.0%	3	3	100.0%
C	Strategic Thinking	50	31	62.0%	5	4	80.0%	17	15	88.2%	72	50	69.4%
D	Added Value												
E	Externality												
F1	Financial	2	2	100.0%	7	3	42.9%	1	1	100.0%	10	6	60.0%
F2	Marketing/Recruiting				3	3	100.0%	2	2	100.0%	5	5	100.0%
F3	Academic	1			1			8	5	62.5%	10	5	50.0%
F4	Other	2									2		
F	Internal Information	5	2	40.0%	11	6	54.5%	11	8	72.7%	27	16	59.3%
G1	Financial												
G2	Marketing												
G3	Other	1			3	2	66.7%				4	2	50.0%
G	External Information	1			3	2	66.7%				4	2	50.0%
H	Appt. of Chief Executive												
I1	Rev/Cap. Budgeting	1						1			2		
I2	Other Targets				1	1	100.0%				1	1	100.0%
I	Monitoring the Exec.	1			1	1	100.0%	1			3	1	33.3%
J1	Ann.Financial Statement	2			2	2	100.0%	2	1	50.0%	6	3	50.0%
J2	Other	2			1	1	100.0%	1	1	100.0%	4	2	50.0%
J	Accountability	4			3	3	100.0%	3	2	66.7%	10	5	50.0%
K	Self Assessment	3			3	2	66.7%	4	3	75.0%	10	5	50.0%
L	Meetings												
M1	Reports				1	1	100.0%				1	1	100.0%
M2	Membership	3	3	100.0%				2	1	50.0%	5	4	80.0%
M3	Terms of Reference	1									1		
M4	Academic Brd.				2						2		
M5	Other												
M	Committees	4	3	75.0%	3	1	33.3%	2	1	50.0%	9	5	55.6%
N1	Student Union/Students	1			2	1	50.0%	1			4	1	25.0%
N2	Subsidiaries/Outside Ventures	2	1	50.0%	2	1	50.0%	1			5	2	40.0%
N3	Governor Training	1			1						2		
N4	Year 2000	1	2	200.0%				2			3	2	66.7%
N5	Health & Safety				1	1	100.0%				1	1	100.0%
N6	Other	3	1	33.3%	2	1	50.0%	7	4	57.1%	12	6	50.0%
N	Other	8	4	50.0%	8	4	50.0%	11	4	36.4%	27	12	44.4%
	TOTAL	81	44	54.3%	38	23	60.5%	50	33	66.0%	169	100	59.2%

Note: The questions that came from passive reactions have been excluded from this schedule

	INSTITUTIONS	A:25-Nov-98	A:31-Mar-98	A:28-May-99	A:21-Jul-98	A:70-Oct-99	A:14-Dec-98	A:TOTAL No Questions to the Executive	A:TOTAL No. of Questions	A:%	B:1-Dec-98	B:9-Feb-99	B:0-Apr-99	B:5-Jun-98	B:2-Oct-99	B:7-Dec-99	B:TOTAL No of Questions to the Executive	B:TOTAL No of Questions	B:%	C:4-Oct	C:6-Dec	C:7-Mar	C:0-Jun	C:3-Oct	C:5-Dec	C:TOTAL No of Questions to Executive	C:TOTAL No. of Questions	C:%	T:TOTAL No of Questions to Executive	T:Total No. of Questions	T:%
A1	Process		1		1			2	2	100.0%																			2	2	100.0%
A2	Membership								1																					1	
A3	Other		1					1	1	100.0%																			1	1	100.0%
A	Constitutional Process		2		1			3	4	75.0%																			3	4	75.0%
B	Clarification of Purpose																														
C1	Strategic Plan	1						1	1	100.0%										8	1					9	11	81.8%	10	12	83.3%
C2	Policy Statements		1		1			2	2	100.0%															1	1	2	50.0%	3	4	75.0%
C3	Receiving Information	1	6	4	6	5		22	22	100.0%		1	1	1		1	4	4	100.0%					1		1	1	100.0%	27	27	100.0%
C4	Other		1			1	1	3	4	75.0%																			3	4	75.0%
C5	Other - Process			2				2	2	100.0%																	1		2	3	66.7%
C	Strategic Thinking	2	8	6	7	6	1	30	31	96.8%		1	1	1		1	4	4	100.0%	8	1			1	1	11	15	73.3%	45	50	90.0%
D	Added Value																														
E	Externality																														
F1	Financial				1	1		2	2	100.0%		1	1	1			3	3	100.0%			1				1	1	100.0%	6	6	100.0%
F2	Marketing/ Recruitment										1					2	3	3	100.0%						2	2	2	100.0%	5	5	100.0%
F3	Academic																							2	1	3	5	60.0%	3	5	60.0%
F4	Other																														
F	Internal Information				1	1		2	2	100.0%	1	1	1	1		2	6	6	100.0%			1		2	3	6	8	75.0%	14	16	87.5%
G1	Financial																														
G2	Marketing																														
G3	Other																2													2	
G	External Information																2													2	
H	Appt of Chief Executive																														
I1	Revenue/Capital Budgeting																														
I2	Other Targets													1			1	1	100.0%										1	1	100.0%
I	Monitoring the Executive													1			1	1	100.0%										1	1	100.0%
J1	Annual Financial Statement										1					1	2	2	100.0%		1					1	1	100.0%	3	3	100.0%
J2	Other												1				1	1	100.0%			1				1	1	100.0%	2	2	100.0%
J	Accountability										1		1			1	3	3	100.0%		1	1				2	2	100.0%	5	6	100.0%
K	Self Assessment																2													6	
L	Meetings																														
M1	Reports																			1									1		
M2	Membership								3																		1			4	
M3	Terms of Reference																														
M4	Academic Board																														
M5	Other																														
M	Committees								3								1									1				6	
N1	Students Union/Students																1										1			1	
N2	Subsidiaries/Outside Ventures		1					1	1	100.0%						1	1	1	100.0%										2	2	100.0%
N3	Governor Training																														
N4	Year 2000	1						1	2	50.0%																			1	2	50.0%
N5	Health & Safety														1		1	1	100.0%										1	1	100.0%
N6	Other			1				1	1	100.0%		1					1	1	100.0%	1					1	2	4	50.0%	4	6	66.7%
N	Other	1	1	1				3	4	75.0%		1			1	1	3	4	75.0%	1					1	2	4	50.0%	6	12	66.7%
	TOTAL	3	11	7	9	7	1	38	44	86.4%	2	3	3	3	1	5	17	23	73.9%	9	2	2		3	5	21	33	63.6%	76	100	76.0%

9th February 2000

Chairs of SCOP Colleges

Dear Sirs

I am currently undertaking an Education Doctorate at Southampton University with my research subject being the practice of corporate governance in the new universities and colleges of higher education. I have completed the first part of my thesis which consisted of a literature search into the subject of corporate governance covering the private and the new private/public sectors. This search has provided an answer to the question 'What should governors do?'.

Currently I am engaged in the second part of my thesis which involves the analysing of the board minutes of three institutions so as to provide an answer to the question ' what do governors do?'

The third part of my thesis will be a research project based on questionnaires to governors, with perhaps a few interviews, aimed at discovering governor's opinions as to their duties and responsibilities. It is anticipated that an analysis of the responses should provide an answer to the question ' What do governors think they should do?'

This letter is a request to your board to help me in this last part of my thesis, by agreeing to take part in my research by responding to my questionnaire, which should be issued in late March/early April. It is hoped that my research findings will also contribute to the forthcoming SCOP work in this area, when their bid for HEFCE funds is successful, although I would, of course, be willing to discuss my research findings with yourself and your board at any time.

As a brief curriculum vitae of myself I would state that I am retiring in July this year having been Director of Resources at the Southampton Institute for the past twelve years during which time I also served as Clerk to the Board of Governors. During that time I have also been a governor of a local sixth-form college and a primary school. My growing interest in the subject of governance has therefore been the result of first hand experience to which I am now seeking to add valid academic research findings.

I hope that your board feels willing to help me and I await your reply with eager anticipation.

Yours faithfully

Brian J. Bennett
Director – Special Projects

As postmark
BJB/kfb/l0l

Dear

Effective Corporate Governance

Your Chairman has kindly agreed that I may approach board members to request
their assistance in completing my Education Doctorate researching into the
practice of corporate governance in higher education. My findings will hopefully
contribute to the forthcoming SCOP work in this area, but I would also be
willing to discuss my research findings with your board if this is considered to be
helpful at some time in the future.

As a brief curriculum vitae of myself I would state that I am retiring in July this year having
been Director of Resources at the Southampton Institute for twelve years during which time I
also served as Clerk to the Board of Governors. Over that time I have also been a governor of
a sixth-form college and a primary school. My growing interest in the subject of governance
has, therefore, been the result of first hand experience to which I am now seeking to add valid
academic research findings.

My current research is concerned with seeking governors' opinions as to board activities and I
would be very grateful if you would complete the attached questionnaire. Your replies will, of
course, be treated with strict confidence. Return of the completed questionnaire by the end of
May would be greatly appreciated and would enable me to keep to my scheduled date for
submission of my thesis.

Thank you for your help. I enclose a stamped addressed envelope for your reply.

Yours sincerely,

Brian J. Bennett
Director – Special Projects.

QUESTIONNAIRE TO SCOP COLLEGE GOVERNORS

SECTION ONE
This section concerns details about yourself

QUESTION 1

Please indicate how long you have been a member of the Board of Governors.
(Please tick the appropriate box)

Less than 1 year	1 – 5 Years	6 – 10 Years	11 Or More Years

QUESTION 2

Please indicate if you are a student or member of staff of your institution, as well as being a governor. *(Please tick the appropriate box)*

Student	Staff

QUESTION 3

A   Please indicate if you are the Chairperson of the Board or Chairperson of a Committee. *(Please tick the appropriate box or both boxes if this is more appropriate)*

Chairperson of Board	Chairperson of a Committee

B   If you are a Chairperson of a committee please give title of committee

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QUESTION 4

Please indicate if you would be willing to take part in a brief interview if it becomes necessary to undertake further research into particular issues that emerge from this survey. *(Please tick the appropriate box)*

Yes	No

(Note – If you have answered YES please sign the last page of the questionnaire)
101a/kfb

SECTION TWO

This section concerns your opinion on various factors that may contribute to Board effectiveness in Higher Education

QUESTION 5

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?
(Please tick the appropriate box)

	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
CONSTITUTIONAL PROCESS – the board has processes to ensure that it acts within its duties and responsibilities					
CLARIFICATION OF PURPOSE – the board has a clear understanding of its purpose					
STRATEGIC THINKING – the board has an influential role in the formulation of strategic policy					
INTERNAL INFORMATION – the board receives good quality information from the executive					
EXTERNAL INFORMATION – the board has sources of information external to the Institution					
EFFECTIVENESS OF CHIEF EXECUTIVE/ PRINCIPAL/DIRECTOR – the board is well supported by a Chief Executive who effectively manages the Institution					
MONITORING OF EXECUTIVE/MANAGEMENT the board ensures that the executive effectively implements the strategies approved by the board					
ACCOUNTABILITY – the board has clearly defined those constituencies to whom it is accountable					
SELF ASSESSMENT – the board periodically examines its own performance					
MEETINGS- board meetings are effective mechanisms for reaching board resolutions					
COMMITTEES – the board keeps close control over its committees, which work within agreed terms of reference					
SKILL MIX – the governors have a wide ranging area of qualifications, experiences and interests					
EFFECTIVENESS OF SECRETARY/CLERK – the board is well supported by a secretary/clerk of sufficient seniority and status to be able to give advice independent from the executive, when necessary					

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QUESTION 6

In your opinion what other factors (if any), other than those listed in question (5), contribute to the effectiveness of boards of governors of higher education institutions?

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SECTION THREE

This section concerns your views on your board's activities

QUESTION 7

A   How satisfied are you that your board has sufficient understanding of its statutory duties and responsibilities? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied
☐	☐	☐	☐	☐

B   If you have answered DISSATISFIED OR VERY DISSATISFIED please indicate an area where you consider your board has insufficient understanding.

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QUESTION 8

A   How satisfied are you that your board has a clear understanding of its function? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied
☐	☐	☐	☐	☐

B   If you have answered DISSATISFIED OR VERY DISSATISFIED please indicate where you consider your board's purpose is not clear.

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QUESTION 9

A   How satisfied are you with the contribution that your board is able to make to the strategic planning of your institution? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied
☐	☐	☐	☐	☐

B   If you have answered DISSATISFIED or VERY DISSATISFIED please give an example to illustrate your concern.

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QUESTION 10

A   How satisfied are you that your board is able to put forward views at board meetings that differ from that of the executive? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied
☐	☐	☐	☐	☐

B   If you have answered DISSATISFIED or VERY DISSATISFIED please give an example to illustrate your concern.

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QUESTION 11

A   How satisfied are you with the information submitted to board meetings by the executive? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied

B   If you have answered DISSATISFIED or VERY DISSATISFIED please give an example that illustrates how the information could be improved.

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QUESTION 12

A   How satisfied are you that the board receives external information, unabridged by the executive, relating to issues of interest to the board? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied

B   If you have answered DISSATISFIED OR VERY DISSATISFIED please indicate how this could be remedied.

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101/kfb

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QUESTION 13

How satisfied are you that your board sufficiently monitors the executive in the following areas? *(Please tick the appropriate box)* Where you have answered VERY SATISFIED or SATISFIED please give an example.

	Very Satisfield	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied	EXAMPLE
Financial Performance						....
Academic Quality						....
Staff Development						....
Equal Opportunities						....
Staff Morale						....
Student Retention						....
Student Satisfaction						....

101a/kfb

QUESTION 14

Other than HEFCE, DfEE and Parliament to whom do you consider your board should account to for their governance of your institute?

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<u>QUESTION 15</u>

A   How satisfied are you that your board assesses its own effectiveness? *(Please tick
        the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied
☐	☐	☐	☐	☐

B   If you have answered VERY SATISFIED or SATISFIED please give an example
        of how your board has assessed itself.

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<u>QUESTION 16</u>

A   How satisfied are you with the effectiveness of your board meetings? *(Please tick
        the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied
☐	☐	☐	☐	☐

B   If you have answered DISSATISFIED or VERY DISSATISFIED. Please give an
        example that illustrates your concern.

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101/kfb

QUESTION 17

A   How are the proceedings of the board's committees communicated to the board?
(Please tick the appropriate box or boxes)

Minutes Distributed to Board Members in Advance of Board Meeting	Minutes Submitted to Board Meeting	Verbal Report to Board Meeting	Minutes Distributed to Board Members and a Verbal Report given at Board Meeting	Minutes Submitted to Board Meeting together with Verbal Report at Board Meeting	OTHER Please Specify Below
☐	☐	☐	☐	☐	☐

Other means used of communicating committee proceedings to the boards

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QUESTION 18

A   If you are a non-executive board member of a company not associated with your institution please give below examples of the significant differences, experienced by yourself, between that role and your role as a governor.

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This section concerns any training for governorship that you may have received

<u>QUESTION 19</u>

A   Did you receive any induction training upon your appointment to the Board of Governors? *(Please tick the appropriate box)*

Yes	No

B   If you have answered YES to A above please give examples of the induction training received.

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C   If you have answered YES to A above how satisfied were you with that induction training? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied

101a/kfb

QUESTION 20

A   Have you received any ongoing training to enhance your role as a governor?
(Please tick the appropriate box)

Yes	No

B   If you have answered YES to A above please give details of the ongoing training.

....

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C   If you have answered YES to A above, how satisfied are you with that ongoing training? *(Please tick the appropriate box)*

Very Satisfied	Satisfied	Not Sure	Dissatisfied	Very Dissatisfied

D   If you have answered YES to A above please identify any particular areas where you have not received training but would welcome some.

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Once again thank you for your help, which is very much appreciated. It would be helpful if you would sign this questionnaire in case there is a need to contact you to discuss any particular issues that may arise. If, on the other hand, you prefer your replies to remain absolutely confidential then there is no need to sign. In either case it will not be possible to identify you or your institution in the survey results when published in the thesis, or elsewhere.

Signed ....

Date ....

Please return the completed questionnaire in the enclosed stamped addressed envelope to:-

Attn: Brian J Bennett
Director – Special Projects
Southampton Institute
East Park Terrace
Southampton
Hants SO14 0YN

Tel: 023 8031 9247
Fax: 023 8023 5620
e-mail: Brian.Bennett@solent.ac.uk

101/kfb

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STATISTICAL ANALYSIS OF RESPONSES TO QUESTIONNAIRE

QUESTION 1

Please indicate how long you have been a member of the Board of Governors.

BY INSTITUTION

INSTITUTION	LESS THAN 1 YEAR		1-5 YEARS		6-10 YEARS		11 OR MORE YEARS	
	No.	%	No.	%	No.	%	No.	%
V	2	14.3	9	64.3	2	14.3	1	7.1
W	4	36.4	4	36.4	3	27.2	-	-
X	2	20.0	3	30.0	2	20.0	3	30.0
Y	1	9.0	6	54.5	2	18.2	2	18.3
Z	1	5.3	9	47.4	7	36.8	2	10.5
OVERALL	10	15.4	31	47.7	16	24.6	8	12.3

BY TYPE OF MEMBER

STUDENT	2	50.0	1	25.0	1	25.0	-	-
STAFF	-	-	12	80.0	3	20.0	-	-
CHAIRS OF BOARD	-	-	1	33.3	1	33.3	1	33.3
CHAIRS OF COMMS.	1	6.7	4	26.7	7	46.6	3	20.0
OTHER	7	25.0	13	46.4	4	14.3	4	14.3

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QUESTION 5(A)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

<u>Constitutional Process</u> – the board has processes to ensure that it acts within its duties and responsibilities

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	11	78.6	3	21.4	-	-	-	-	-	-	-	-
W	8	72.7	3	27.3	-	-	-	-	-	-	-	-
X	9	90.0	1	10.0	-	-	-	-	-	-	-	-
Y	8	72.7	3	27.3	-	-	-	-	-	-	-	-
Z	16	84.2	3	15.8	-	-	-	-	-	-	-	-
OVERALL	52	80.0	13	20.0	-	-	-	-	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	8	80.0	2	20.0	-	-	-	-	-	-	-	-
1-5 YEARS	25	80.6	6	19.4	-	-	-	-	-	-	-	-
6-10 YEARS	12	75.0	4	25.0	-	-	-	-	-	-	-	-
11 OR MORE YEARS	7	87.5	1	12.5	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	4	100.0	-	-	-	-	-	-	-	-	-	-
STAFF	12	80.0	3	20.0	-	-	-	-	-	-	-	-
CHAIR OF BOARD	3	100.0	-	-	-	-	-	-	-	-	-	-
CHAIR OF COMMS	12	80.0	3	20.0	-	-	-	-	-	-	-	-
OTHER	21	75.0	7	25.0	-	-	-	-	-	-	-	-

QUESTION 5(B)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

<u>Clarification of Purpose</u> – the board has a clear understanding of its purpose.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	10	71.4	4	28.6	-	-	-	-	-	-	-	-
W	7	63.6	4	36.4	-	-	-	-	-	-	-	-
X	8	80.0	2	20.0	-	-	-	-	-	-	-	-
Y	9	81.8	2	18.2	-	-	-	-	-	-	-	-
Z	12	63.2	7	36.8	-	-	-	-	-	-	-	-
OVERALL	46	70.8	19	29.2	-	-	-	-	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	7	70.0	3	30.0	-	-	-	-	-	-	-	-
1-5 YEARS	22	71.0	9	29.0	-	-	-	-	-	-	-	-
6-10 YEARS	11	68.8	5	31.2	-	-	-	-	-	-	-	-
11 OR MORE YEARS	6	75.0	2	25.0	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	4	100.0	-	-	-	-	-	-	-	-	-	-
STAFF	9	60.0	6	40.0	-	-	-	-	-	-	-	-
CHAIR OF BOARD	3	100.0	-	-	-	-	-	-	-	-	-	-
CHAIR OF COMMS	13	86.7	2	13.3	-	-	-	-	-	-	-	-
OTHER	17	60.7	11	39.2	-	-	-	-	-	-	-	-

QUESTION 5(C)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Strategic Thinking – the board has an influential role in the formulation of strategic policy

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	9	64.3	3	21.4	1	7.1	-	-	-	-	1	7.2
W	4	36.4	6	54.5	1	9.1	-	-	-	-	-	-
X	6	60.0	4	40.0	-	-	-	-	-	-	-	-
Y	3	27.3	8	72.7	-	-	-	-	-	-	-	-
Z	8	42.1	9	47.4	1	5.2	1	5.3	-	-	-	-
OVERALL	30	46.2	30	46.2	3	4.6	1	1.5	-	-	1	1.5

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	4	40.0	6	60.0	-	-	-	-	-	-	-	-
1-5 YEARS	14	45.2	13	41.9	3	9.7	-	-	-	-	1	3.2
6-10 YEARS	8	50.0	8	50.0	-	-	-	-	-	-	-	-
11 OR MORE YEARS	4	50.0	3	37.5	-	-	1	12.5	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	3	75.0	-	-	-	-	-	-	-	-
STAFF	5	33.3	8	53.3	2	13.4	-	-	-	-	-	-
CHAIR OF BOARD	3	100.0	-	-	-	-	-	-	-	-	-	-
CHAIR OF COMMS	9	60.0	5	33.3	-	-	-	-	-	-	1	6.7
OTHER	12	42.9	14	50.0	1	3.6	1	3.5	-	-	-	-

QUESTION 5(D)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Internal Information – the board receives good quality information from the executive.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	8	57.1	5	35.7	-	-	1	7.2	-	-	-	-
W	8	72.7	3	27.3	-	-	-	-	-	-	-	-
X	6	60.0	4	40.0	-	-	-	-	-	-	-	-
Y	7	63.6	4	36.4	-	-	-	-	-	-	-	-
Z	9	47.4	10	52.6	-	-		-	-	-	-	-
OVERALL	38	58.5	26	40.0	-	-	1	1.5	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	4	40.0	6	60.0	-	-	-	-	-	-	-	-
1-5 YEARS	17	54.9	13	41.9	-	-	1	3.2	-	-	-	-
6-10 YEARS	10	62.5	6	37.5	-	-	-	-	-	-	-	-
11 OR MORE YEARS	7	87.5	1	12.5	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	2	50.0	2	50.0	-	-	-	-	-	-	-	-
STAFF	8	53.3	7	46.7	-	-	-	-	-	-	-	-
CHAIR OF BOARD	2	66.7	1	33.3	-	-	-	-	-	-	-	-
CHAIR OF COMMS	13	86.7	1	6.7	-	-	1	6.6	-	-	-	-
OTHER	13	46.4	15	53.6	-	-	-	-	-	-	-	-

QUESTION 5(E)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institution?

External Information – the board has sources of information external to the institution.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	3	21.4	8	57.1	2	14.3	1	7.2	-	-	-	-
W	4	36.4	7	63.6	-	-	-	-	-	-	-	-
X	3	30.0	5	50.0	2	20.0	-	-	-	-	-	-
Y	3	27.3	4	36.4	4	36.3	-	-	-	-	-	-
Z	4	21.0	13	68.4	1	5.3	1	5.3	-	-	-	-
OVERALL	17	26.2	37	56.9	9	13.8	2	3.1	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	5	50.0	3	30.0	-	-	-	-	-	-
1-5 YEARS	8	25.8	20	64.5	2	6.5	1	3.2	-	-	-	-
6-10 YEARS	5	31.2	8	50.0	3	18.8	-	-	-	-	-	-
11 OR MORE YEARS	2	25.0	4	50.0	1	12.5	1	12.5	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	2	50.0	1	25.0	-	-	-	-	-	-
STAFF	5	33.3	7	46.7	3	20.0	-	-	-	-	-	-
CHAIR OF BOARD	2	66.7	1	33.3	-	-	-	-	-	-	-	-
CHAIR OF COMMS	5	33.3	9	60.0	1	6.7	-	-	-	-	-	-
OTHER	4	14.3	18	64.3	4	14.3	2	7.1	-	-	-	-

QUESTION 5(F)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Effectiveness of Chief Executive/Principal/Director – the board is well supported by a Chief Executive who effectively manages the Institution.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	9	64.3	5	35.7	-	-	-	-	-	-	-	-
W	10	90.9	1	9.1	-	-	-	-	-	-	-	-
X	7	70.0	1	10.0	-	-	1	10.0	-	-	1	10.0
Y	10	90.9	1	9.1	-	-	-	-	-	-	-	-
Z	16	84.2	3	15.8	-	-	-	-	-	-	-	-
OVERALL	52	80.0	11	16.9	-	-	1	1.5	-	-	1	1.6

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	6	60.0	4	40.0	-	-	-	-	-	-	-	-
1-5 YEARS	25	80.7	5	16.1	-	-	-	-	-	-	1	3.2
6-10 YEARS	14	87.5	2	12.5	-	-	-	-	-	-	-	-
11 OR MORE YEARS	7	87.5	-	-	-	-	1	12.5	-	-	-	-

BY TYPE OF MEMBER

STUDENT	3	75.0	1	25.0	-	-	-	-	-	-	-	-
STAFF	12	80.0	3	20.0	-	-	-	-	-	-	-	-
CHAIR OF BOARD	3	100.0	-	-	-	-	-	-	-	-	-	-
CHAIR OF COMMS	13	86.7	1	6.7	-	-	1	6.6	-	-	-	-
OTHER	21	75.0	6	21.4	-	-	-	-	-	-	1	3.6

QUESTION 5(G)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Monitoring of Executive/Management – the board ensures that the executive effectively implements the strategies approved by the board.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	7	50.0	6	42.9	1	7.1	-	-	-	-	-	-
W	7	63.6	4	36.4	-	-	-	-	-	-	-	-
X	4	40.0	6	60.0	-	-	-	-	-	-	-	-
Y	5	45.4	5	45.5	1	9.1	-	-	-	-	-	-
Z	6	31.6	13	68.4	-	-	-	-	-	-	-	-
OVERALL	29	44.6	34	52.3	2	3.1	-	-	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	4	40.0	6	60.0	-	-	-	-	-	-	-	-
1-5 YEARS	13	41.9	17	54.9	1	3.2	-	-	-	-	-	-
6-10 YEARS	9	56.3	6	37.5	1	6.2	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	5	62.5	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	3	75.0	-	-	-	-	-	-	-	-
STAFF	7	46.7	8	53.3	-	-	-	-	-	-	-	-
CHAIR OF BOARD	1	33.3	2	66.7	-	-	-	-	-	-	-	-
CHAIR OF COMMS	9	60.0	5	33.3	1	6.7	-	-	-	-	-	-
OTHER	11	39.3	16	57.1	1	3.6	-	-	-	-	-	-

QUESTION 5(H)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Accountability – the board has clearly defined those constituencies to whom it is accountable.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	9	64.3	4	28.6	1	7.1	-	-	-	-	-	-
W	5	45.4	5	45.5	1	9.1	-	-	-	-	-	-
X	4	40.0	6	60.0	-	-	-	-	-	-	-	-
Y	8	72.7	3	27.3	-	-	-	-	-	-	-	-
Z	7	36.8	11	57.9	1	5.3	-	-	-	-	-	-
OVERALL	33	50.8	29	44.6	3	4.6	-	-	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	4	40.0	6	60.0	-	-	-	-	-	-	-	-
1-5 YEARS	16	51.6	13	41.9	2	6.5	-	-	-	-	-	-
6-10 YEARS	10	62.5	6	37.5	-	-	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	4	50.0	1	12.5	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	3	75.0	1	25.0	-	-	-	-	-	-	-	-
STAFF	8	53.3	6	40.0	1	6.7	-	-	-	-	-	-
CHAIR OF BOARD	1	33.3	2	66.7	-	-	-	-	-	-	-	-
CHAIR OF COMMS	10	66.7	4	26.7	1	6.6	-	-	-	-	-	-
OTHER	11	39.3	16	57.1	1	3.6	-	-	-	-	-	-

QUESTION 5(I)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Self Assessment – the board periodically examines its own performance

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	3	21.4	5	35.7	4	28.6	2	14.3	-	-	-	-
W	3	27.3	6	54.5	2	18.2	-	-	-	-	-	-
X	2	20.0	6	60.0	1	10.0	1	10.0	-	-	-	-
Y	4	36.4	6	54.5	1	9.1	-	-	-	-	-	-
Z	5	26.3	5	26.3	9	47.4	-	-	-	-	-	-
OVERALL	17	26.2	28	43.1	17	26.1	3	4.6	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	1	10.0	6	60.0	3	30.0	-	-	-	-	-	-
1-5 YEARS	10	32.3	14	45.2	6	19.3	1	3.2	-	-	-	-
6-10 YEARS	5	31.2	4	25.0	6	37.5	1	6.3	-	-	-	-
11 OR MORE YEARS	1	12.5	4	50.0	2	25.0	1	12.5	-	-	-	-

BY TYPE OF MEMBER

STUDENT	2	50.0	1	25.0	1	25.0	-	-	-	-	-	-
STAFF	6	40.0	7	46.7	2	13.3	-	-	-	-	-	-
CHAIR OF BOARD	1	33.3	1	33.3	1	33.4	-	-	-	-	-	-
CHAIR OF COMMS	4	26.7	3	20.0	5	33.3	3	20.0	-	-	-	-
OTHER	4	14.3	16	57.1	8	28.6	-	-	-	-	-	-

QUESTION 5(J)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Meetings – board meetings are effective mechanisms for reaching board resolutions.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	7	50.0	6	42.9	1	7.1	-	-	-	-	-	-
W	6	54.5	3	27.3	2	18.2	-	-	-	-	-	-
X	7	70.0	3	30.0	-	-	-	-	-	-	-	-
Y	4	36.4	6	54.5	1	9.1	-	-	-	-	-	-
Z	6	31.6	12	63.2	1	5.2	-	-	-	-	-	-
OVERALL	30	46.2	30	46.1	5	7.7	-	-	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	5	50.0	3	30.0	2	20.0	-	-	-	-	-	-
1-5 YEARS	14	45.2	15	48.4	2	6.4	-	-	-	-	-	-
6-10 YEARS	7	43.8	9	56.2	-	-	-	-	-	-	-	-
11 OR MORE YEARS	4	50.0	3	37.5	1	1.25	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	2	50.0	-	-	2	50.0	-	-	-	-	-	-
STAFF	5	33.3	9	60.0	1	6.7	-	-	-	-	-	-
CHAIR OF BOARD	2	66.7	1	33.3	-	-	-	-	-	-	-	-
CHAIR OF COMMS	9	60.0	6	40.0	-	-	-	-	-	-	-	-
OTHER	12	42.9	14	50.0	2	7.1	-	-	-	-	-	-

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QUESTION 5(K)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

<u>Committees</u> – the board keeps close control over its committees, which work within agreed terms of reference.

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	6	42.9	8	57.6	-	-	-	-	-	-	-	-
W	6	54.5	5	45.5	-	-	-	-	-	-	-	-
X	2	20.0	6	60.0	-	-	-	-	-	-	2	20.0
Y	4	36.4	6	54.5	1	9.1	-	-	-	-	-	-
Z	8	42.1	10	56.6	1	5.3	-	-	-	-	-	-
OVERALL	26	40.0	35	53.8	2	3.1	-	-	-	-	2	3.1

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	5	50.0	5	50.0	-	-	-	-	-	-	-	-
1-5 YEARS	10	32.3	20	64.5	1	3.2	-	-	-	-	-	-
6-10 YEARS	9	56.3	5	31.3	1	6.2	-	-	-	-	1	6.2
11 OR MORE YEARS	2	25.0	5	62.5	-	-	-	-	-	-	1	12.5

BY TYPE OF MEMBER

STUDENT	1	25.0	3	75.0	-	-	-	-	-	-	-	-
STAFF	7	46.7	8	53.3	-	-	-	-	-	-	-	-
CHAIR OF BOARD	1	33.3	2	66.7	-	-	-	-	-	-	-	-
CHAIR OF COMMS	9	60.0	4	26.7	1	6.7	-	-	-	-	1	6.6
OTHER	8	28.6	18	64.3	1	3.6	-	-	-	-	1	3.5

QUESTION 5(L)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

Skill Mix – the governors have a wide ranging area of qualifications, experience and interests. (Note – Question not on questionnaire completed by College Z)

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	6	42.9	7	50.0	1	7.1	-	-	-	-	-	-
W	7	63.6	4	36.4	-	-	-	-	-	-	-	-
X	6	60.0	3	30.0	1	10.0	-	-	-	-	-	-
Y	4	36.4	6	54.5	-	-	1	9.1	-	-	-	-
Z	-	-	-	-	-	-	-	-	-	-	-	-
OVERALL	23	50.0	20	43.5	2	4.3	1	2.2	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	5	55.6	4	44.4	-	-	-	-	-	-	-	-
1-5 YEARS	11	50.0	9	40.9	1	4.5	1	4.6	-	-	-	-
6-10 YEARS	3	33.3	5	55.6	1	11.1	-	-	-	-	-	-
11 OR MORE YEARS	4	66.7	2	33.3	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	33.3	1	33.3	-	-	1	33.4	-	-	-	-
STAFF	5	50.0	4	40.0	1	10.0	-	-	-	-	-	-
CHAIR OF BOARD	1	50.0	1	50.0	-	-	-	-	-	-	-	-
CHAIR OF COMMS	8	72.7	3	27.3	-	-	-	-	-	-	-	-
OTHER	8	40.0	11	55.0	1	5.0	-	-	-	-	-	-

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QUESTION 5(M)

To what extent do you agree that the following factors are important to the effectiveness of Boards of Governors of higher education institutions?

<u>Effectiveness of Secretary/Clerk</u> – the board is well supported by a secretary/clerk of sufficient seniority and status to be able to give advice independent from the executive, when necessary.

(Note – Question not on questionnaire completed by College Z)

BY INSTITUTION

INSTITUTION	STRONGLY AGREE		AGREE		NOT SURE		DISAGREE		STRONGLY DISAGREE		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	8	57.1	5	35.7	1	7.2	-	-	-	-	-	-
W	7	63.6	4	36.4	-	-	-	-	-	-	-	-
X	7	70.0	3	30.0	-	-	-	-	-	-	-	-
Y	8	72.7	1	9.1	2	18.2	-	-	-	-	-	-
Z	-	-	-	-	-	-	-	-	-	-	-	-
OVERALL	30	65.2	13	28.3	3	6.5	-	-	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	8	88.9	1	11.1	-	-	-	-	-	-	-	-
1-5 YEARS	10	45.5	9	40.9	3	13.6	-	-	-	-	-	-
6-10 YEARS	6	66.7	3	33.3	-	-	-	-	-	-	-	-
11 OR MORE YEARS	6	100.0	-	-	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	2	66.7	-	-	1	33.3	-	-	-	-	-	-
STAFF	4	40.0	5	50.0	1	10.0	-	-	-	-	-	-
CHAIR OF BOARD	1	50.0	1	50.0	-	-	-	-	-	-	-	-
CHAIR OF COMMS	8	72.7	3	27.3	-	-	-	-	-	-	-	-
OTHER	15	75.0	4	20.0	1	5.0	-	-	-	-	-	-

QUESTION 7A

How satisfied are you that your board has sufficient understanding of its statutory duties and responsibilities?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	4	28.6	9	64.3	1	7.1	-	-	-	-	-	-
W	2	18.2	9	81.8	-	-	-	-	-	-	-	-
X	3	30.0	5	50.0	1	10.0	1	10.0	-	-	-	-
Y	2	18.2	7	63.6	2	18.2	-	-	-	-	-	-
Z	4	21.1	14	73.7	1	5.2	-	-	-	-	-	-
OVERALL	15	23.1	44	67.7	5	7.7	1	1.5	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	1	10.0	9	90.0	-	-	-	-	-	-	-	-
1-5 YEARS	7	22.6	19	61.3	4	12.9	1	3.2	-	-	-	-
6-10 YEARS	3	18.8	12	75.0	1	6.2	-	-	-	-	-	-
11 OR MORE YEARS	4	50.0	4	50.0	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	3	75.0	-	-	-	-	-	-	-	-
STAFF	5	33.3	9	60.0	1	6.7	-	-	-	-	-	-
CHAIR OF BOARD	-	-	2	66.7	1	33.3	-	-	-	-	-	-
CHAIR OF COMMS	6	40.0	9	60.0	-	-	-	-	-	-	-	-
OTHER	3	10.7	21	75.0	3	10.7	1	3.6	-	-	-	-

QUESTION 8A

How satisfied are you that your board has a clear understanding of its function?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	5	35.7	8	57.1	-	-	1	7.2	-	-	-	-
W	4	36.4	7	63.6	-	-	-	-	-	-	-	-
X	2	20.0	5	50.0	2	20.0	1	10.0	-	-	-	-
Y	-	-	10	90.9	1	9.1	-	-	-	-	-	-
Z	3	15.8	15	78.9	1	5.3	-	-	-	-	-	-
OVERALL	14	21.5	45	69.2	4	6.2	2	3.1	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	3	30.0	6	60.0	1	10.0	-	-	-	-	-	-
1-5 YEARS	6	19.4	22	71.0	1	3.2	2	6.4	-	-	-	-
6-10 YEARS	2	12.5	13	81.3	1	6.2	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	4	50.0	1	12.5	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	-	-	3	75.0	1	25.0	-	-	-	-	-	-
STAFF	4	26.7	10	66.7	-	-	1	6.6	-	-	-	-
CHAIR OF BOARD			3	100.0	-	-	-	-	-	-	-	-
CHAIR OF COMMS	6	40.0	9	60.0	-	-	-	-	-	-	-	-
OTHER	4	14.3	20	71.4	3	10.7	1	3.6	-	-	-	-

QUESTION 9A

How satisfied are you with the contribution that your board is able to make to the strategic planning of your institution?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	3	21.4	7	50.0	1	7.1	2	14.3	-	-	1	7.2
W	-	-	7	63.6	3	27.3	1	9.1	-	-	-	-
X	3	30.0	5	50.0	1	10.0	1	10.0	-	-	-	-
Y	-	-	8	72.7	2	18.2	1	9.1	-	-	-	-
Z	2	10.5	13	68.4	4	21.1	-	-	-	-	-	-
OVERALL	8	12.3	40	61.6	11	16.9	5	7.7	-	-	1	1.5

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	1	10.0	7	70.0	2	20.0	-	-	-	-	-	-
1-5 YEARS	1	3.2	17	54.9	7	22.6	5	16.1	-	-	1	3.2
6-10 YEARS	3	18.8	11	68.7	2	12.5	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	5	62.5	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	-	-	2	50.0	1	25.0	1	25.0	-	-	-	-
STAFF	2	13.3	8	53.3	3	20.0	2	13.4	-	-	-	-
CHAIR OF BOARD	1	33.3	1	33.3	1	33.4	-	-	-	-	-	-
CHAIR OF COMMS	3	20.0	10	66.7	1	6.7	1	6.6	-	-	-	-
OTHER	2	7.1	19	67.9	5	17.9	1	3.6	-	-	1	3.5

QUESTION 10A

How satisfied are you that your board is able to put forward views at board meetings that differ from that of the executive?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	7	50.0	5	35.7	-	-	1	7.1	-	-	1	7.2
W	5	45.4	4	36.4	2	18.2	-	-	-	-	-	-
X	4	40.0	5	50.0	1	10.0	-	-	-	-	-	-
Y	-	-	7	63.6	3	27.3	1	9.1	-	-	-	-
Z	7	36.8	11	57.9	1	5.3	-	-	-	-	-	-
OVERALL	23	35.4	32	49.2	7	10.8	2	3.1	-	-	1	1.5

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	6	60.0	3	30.0	1	10.0	-	-	-	-	-	-
1-5 YEARS	6	19.4	17	54.8	5	16.1	2	6.5	-	-	1	3.2
6-10 YEARS	8	50.0	8	50.0	-	-	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	4	50.0	1	12.5	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	2	50.0	-	-	2	50.0	-	-	-	-	-	-
STAFF	3	20.0	8	53.3	2	13.3	2	13.4	-	-	-	-
CHAIR OF BOARD	1	33.3	2	66.7	-	-	-	-	-	-	-	-
CHAIR OF COMMS	9	60.0	6	40.0	-	-	-	-	-	-	-	-
OTHER	8	28.6	16	57.1	3	10.7	-	-	-	-	1	3.6

QUESTION 11A

How satisfied are you with the information submitted to board meetings by the executive?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	4	28.6	7	50.0	1	7.1	2	14.3	-	-	-	-
W	6	54.5	4	36.4	1	9.1	-	-	-	-	-	-
X	5	50.0	5	50.0	-	-	-	-	-	-	-	-
Y	3	27.3	7	63.6	1	9.1	-	-	-	-	-	-
Z	12	63.2	6	31.6	1	5.2	-	-	-	-	-	-
OVERALL	30	46.1	29	44.6	4	6.2	2	3.1	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	6	60.0	3	30.0	1	10.0	-	-	-	-	-	-
1-5 YEARS	9	29.0	18	58.1	2	6.5	2	6.4	-	-	-	-
6-10 YEARS	10	62.5	5	31.3	1	6.2	-	-	-	-	-	-
11 OR MORE YEARS	5	62.5	3	37.5	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	3	75.0	-	-	-	-	-	-	-	-
STAFF	6	40.0	6	40.0	2	13.3	1	6.7	-	-	-	-
CHAIR OF BOARD	-	-	2	66.7	1	33.3	-	-	-	-	-	-
CHAIR OF COMMS	6	40.0	8	53.3	-	-	1	6.7	-	-	-	-
OTHER	17	60.7	10	35.7	1	3.6	-	-	-	-	-	-

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QUESTION 12A

How satisfied are you that the board receives external information, unabridged by the executive, relating to issues of interest to the board?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	1	7.1	7	50.0	4	28.6	1	7.1	-	-	1	7.2
W	3	27.3	4	36.4	4	36.3	-	-	-	-	-	-
X	2	20.0	4	40.0	4	40.0	-	-	-	-	-	-
Y	2	18.2	2	18.2	6	54.5	1	9.1	-	-	-	-
Z	6	31.6	9	47.4	4	21.0	-	-	-	-	-	-
OVERALL	14	21.5	26	40.0	22	33.9	2	3.1	-	-	1	1.5

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	2	20.0	6	60.0	-	-	-	-	-	-
1-5 YEARS	6	19.4	13	41.9	9	29.0	2	6.5	-	-	1	3.2
6-10 YEARS	3	18.8	7	43.7	6	37.5	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	4	50.0	1	12.5	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	-	-	3	75.0	-	-	-	-	-	-
STAFF	3	20.0	2	13.3	8	53.3	2	13.4	-	-	-	-
CHAIR OF BOARD	1	33.3	1	33.3	1	33.4	-	-	-	-	-	-
CHAIR OF COMMS	5	33.3	8	53.3	2	13.4	-	-	-	-	-	-
OTHER	4	14.3	15	53.6	8	28.6	-	-	-	-	1	3.5

193

QUESTION 13A

How satisfied are you that your board sufficiently monitors the executive in the following areas? – Financial Performance.

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	5	35.7	8	57.1	-	-	-	-	1	7.2	-	-
W	8	72.7	2	18.2	-	-	-	-	-	-	1	9.1
X	3	30.0	7	70.0	-	-	-	-	-	-	-	-
Y	2	18.2	8	72.7	1	9.1	-	-	-	-	-	-
Z	9	47.4	9	47.4	1	5.2	-	-	-	-	-	-
OVERALL	27	41.6	34	52.3	2	3.1	-	-	1	1.5	1	1.5

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	6	60.0	2	20.0	-	-	-	-	-	-
1-5 YEARS	10	32.3	20	64.5	-	-	-	-	1	3.2	-	-
6-10 YEARS	9	56.3	6	37.5	-	-	-	-	-	-	1	6.2
11 OR MORE YEARS	6	75.0	2	25.0	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	3	75.0	-	-	-	-	-	-	-	-
STAFF	6	40.0	8	53.3	-	-	-	-	1	6.7	-	-
CHAIR OF BOARD	1	33.3	2	66.7	-	-	-	-	-	-	-	-
CHAIR OF COMMS	8	53.3	5	33.3	1	6.7	-	-	-	-	1	6.7
OTHER	11	39.3	16	57.1	1	3.6	-	-	-	-	-	-

QUESTION 13B

How satisfied are you that your board sufficiently monitors the executive in the following areas? – Academic Quality.

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	3	21.4	7	50.0	3	21.4	1	7.2	-	-	-	-
W	4	36.4	6	54.5	-	-	-	-	-	-	1	9.1
X	2	20.0	4	40.0	4	40.0	-	-	-	-	-	-
Y	-	-	8	72.7	3	27.3	-	-	-	-	-	-
Z	5	26.3	9	47.4	4	21.1	1	5.2	-	-	-	-
OVERALL	14	21.6	34	52.3	14	21.5	2	3.1	-	-	1	1.5

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	6	60.0	2	20.0	-	-	-	-	-	-
1-5 YEARS	4	12.9	19	61.3	6	19.4	2	6.4	-	-	-	-
6-10 YEARS	4	25.0	8	50.0	3	18.8	-	-	-	-	1	6.2
11 OR MORE YEARS	4	50.0	1	12.5	3	37.5	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	-	-	3	75.0	1	25.0	-	-	-	-	-	-
STAFF	4	26.7	7	46.7	2	13.3	2	13.3	-	-	-	-
CHAIR OF BOARD	1	33.3	2	66.7	-	-	-	-	-	-	-	-
CHAIR OF COMMS	4	26.7	9	60.0	1	6.7	-	-	-	-	1	6.6
OTHER	5	17.9	13	46.4	10	35.7	-	-	-	-	-	-

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QUESTION 13C

How satisfied are you that the board sufficiently monitors the executive in the following areas? – Staff Development.

(Note – Question not on questionnaire completed by College Z)

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	1	7.1	4	28.6	8	57.1	1	7.2	-	-	-	-
W	-	-	-	-	9	81.8	1	9.1	-	-	1	9.1
X	-	-	4	40.0	5	50.0	1	10.0	-	-	-	-
Y	-	-	3	27.3	7	63.6	1	9.1	-	-	-	-
Z	-	-	-	-	-	-	-	-	-	-	-	-
OVERALL	1	2.2	11	23.9	29	63.0	4	8.7	-	-	1	2.2

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	-	-	3	33.3	6	66.7	-	-	-	-	-	-
1-5 YEARS	1	4.5	4	18.2	13	59.1	4	18.2	-	-	-	-
6-10 YEARS	-	-	1	11.1	7	77.8	-	-	-	-	1	11.1
11 OR MORE YEARS	-	-	3	50.0	3	50.0	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	-	-	-	-	3	100.0	-	-	-	-	-	-
STAFF	1	10.0	2	20.0	4	40.0	3	30.0	-	-	-	-
CHAIR OF BOARD	-	-	-	-	2	100.0	-	-	-	-	-	-
CHAIR OF COMMS	-	-	2	18.2	8	72.7	-	-	-	-	1	9.1
OTHER	-	-	7	35.0	12	60.0	1	5.0	-	-	-	-

QUESTION 13D

How satisfied are you that your board sufficiently monitors the executive in the following areas? – Equal Opportunities.

(Note – Question not on questionnaire completed by College Z)

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	1	7.1	12	85.7	-	-	-	-	-	-	1	7.2
W	1	9.1	5	45.4	3	27.3	1	9.1	-	-	1	9.1
X	-	-	6	60.0	3	30.0	1	10.0	-	-	-	-
Y	-	-	6	54.5	4	36.4	1	9.1	-	-	-	-
Z	-	-	-	-	-	-	-	-	-	-	-	-
OVERALL	2	4.4	29	63.0	10	21.7	3	6.5	-	-	2	4.4

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	1	11.1	6	66.7	2	22.2	-	-	-	-	-	-
1-5 YEARS	1	4.5	12	54.5	6	27.3	2	9.1	-	-	1	4.6
6-10 YEARS	-	-	6	66.7	2	22.2	-	-	-	-	1	11.1
11 OR MORE YEARS	-	-	5	83.3	-	-	1	16.7	-	-	-	-

BY TYPE OF MEMBER

STUDENT	-	-	2	66.7	-	-	1	33.3	-	-	-	-
STAFF	-	-	7	70.0	1	10.0	1	10.0	-	-	1	10.0
CHAIR OF BOARD	-	-	2	100.0	-	-	-	-	-	-	-	-
CHAIR OF COMMS	-	-	7	63.6	2	18.2	1	9.1	-	-	1	9.1
OTHER	2	10.0	11	55.0	7	35.0	-	-	-	-	-	-

QUESTION 13E

How satisfied are you that your board sufficiently monitors the executive in the following areas? – Staff Morale

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	-	-	6	42.9	6	42.9	1	7.1	-	-	1	7.1
W	-	-	2	18.2	6	54.5	2	18.2	-	-	1	9.1
X	-	-	3	30.0	6	60.0	1	10.0	-	-	-	-
Y	-	-	2	18.2	8	72.7	1	9.1	-	-	-	-
Z	3	15.8	3	15.8	11	57.9	1	5.2	1	5.3	-	-
OVERALL	3	4.6	16	24.6	37	56.9	6	9.2	1	1.6	2	3.1

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	-	-	3	30.0	7	70.0	-	-	-	-	-	-
1-5 YEARS	1	3.2	7	22.6	16	51.6	6	19.4	1	3.2	-	-
6-10 YEARS	-	-	4	25.0	11	68.8	-	-	-	-	1	6.2
11 OR MORE YEARS	2	25.0	2	25.0	3	37.5	-	-	-	-	1	12.5

BY TYPE OF MEMBER

STUDENT	-	-	-	-	3	75.0	1	25.0	-	-	-	-
STAFF	1	6.7	2	13.3	8	53.3	3	20.0	1	6.7	-	-
CHAIR OF BOARD	-	-	1	33.3	2	66.7	-	-	-	-	-	-
CHAIR OF COMMS	1	6.7	4	26.7	9	60.0	-	-	-	-	1	6.6
OTHER	1	3.6	9	32.1	15	53.6	2	7.1	-	-	1	3.6

QUESTION 13F

How satisfied are you that your board sufficiently monitors the executive in the following areas? – Student Retention.

Note – Question not on questionnaire completed by College Z.

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	5	35.7	5	35.7	4	28.6	-	-	-	-	-	-
W	1	9.1	6	54.5	3	27.3	-	-	-	-	1	9.1
X	2	20.0	8	80.0	-	-	-	-	-	-	-	-
Y	-	-	8	72.7	3	27.3	-	-	-	-	-	-
Z	-	-	-	-	-	-	-	-	-	-	-	-
OVERALL	8	17.4	27	58.7	10	21.7	-	-	-	-	1	2.2

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	22.2	4	44.5	3	33.3	-	-	-	-	-	-
1-5 YEARS	4	18.2	14	63.6	4	18.2	-	-	-	-	-	-
6-10 YEARS	1	11.1	5	55.6	2	22.2	-	-	-	-	1	11.1
11 OR MORE YEARS	1	16.7	4	66.7	1	16.6	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	2	66.7	1	33.3	-	-	-	-	-	-	-	-
STAFF	2	20.0	6	60.0	2	20.0	-	-	-	-	-	-
CHAIR OF BOARD	-	-	1	50.0	1	50.0	-	-	-	-	-	-
CHAIR OF COMMS	2	18.2	5	45.4	3	27.3	-	-	-	-	1	9.1
OTHER	2	10.0	14	70.0	4	20.0	-	-	-	-	-	-

QUESTION 13G

How satisfied are you that your board sufficiently monitors the executive in the following areas? – Student Satisfaction.

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	4	28.6	6	42.9	3	21.4	-	-	-	-	1	7.1
W	-	-	5	45.4	4	36.4	1	9.1	-	-	1	9.1
X	2	20.0	3	30.0	5	50.0	-	-	-	-	-	-
Y	-	-	5	45.5	5	45.4	1	9.1	-	-	-	-
Z	3	15.8	6	31.6	8	42.1	2	10.5	-	-	-	-
OVERALL	9	13.8	25	38.5	25	38.5	4	6.1	-	-	2	3.1

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	4	40.0	3	30.0	1	10.0	-	-	-	-
1-5 YEARS	3	9.7	13	41.9	12	38.7	3	9.7	-	-	-	-
6-10 YEARS	2	12.5	6	37.5	7	43.7	-	-	-	-	1	6.3
11 OR MORE YEARS	2	25.0	2	25.0	3	37.5	-	-	-	-	1	12.5

BY TYPE OF MEMBER

STUDENT	1	25.0	-	-	1	25.0	2	50.0	-	-	-	-
STAFF	4	26.7	5	33.3	5	33.3	1	6.7	-	-	-	-
CHAIR OF BOARD	-	-	1	33.3	2	66.7	-	-	-	-	-	-
CHAIR OF COMMS	3	20.0	7	46.7	4	26.7	-	-	-	-	1	6.6
OTHER	1	3.6	12	42.9	13	46.4	1	3.6	-	-	1	3.5

QUESTION 15A

How satisfied are you that your board assesses its own effectiveness?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS- SATISFIED		VERY DIS- SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	-	-	4	28.6	7	50.0	3	21.4	-	-	-	-
W	-	-	3	27.3	8	72.7	-	-	-	-	-	-
X	1	10.0	2	20.0	6	60.0	1	10.0	-	-	-	-
Y	1	9.1	4	36.4	4	36.3	2	18.2	-	-	-	-
Z	-	-	5	26.3	10	52.6	4	21.1	-	-	-	-
OVERALL	2	3.1	18	27.7	35	53.8	10	15.4	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	-	-	3	30.0	5	50.0	2	20.0	-	-	-	-
1-5 YEARS	1	3.2	8	25.8	15	48.4	7	22.6	-	-	-	-
6-10 YEARS	-	-	5	31.2	11	68.8	-	-	-	-	-	-
11 OR MORE YEARS	1	12.5	2	25.0	4	50.0	1	12.5	-	-	.	.

BY TYPE OF MEMBER

STUDENT	-	-	-	-	2	50.0	2	50.0	-	-	-	-
STAFF	-	-	5	33.3	6	40.0	4	26.7	-	-	-	-
CHAIR OF BOARD	-	-	-	-	3	100.0	-	-	-	-	-	-
CHAIR OF COMMS	1	6.7	6	40.0	7	46.7	1	6.6	-	-	-	-
OTHER	1	3.6	7	25.0	17	60.7	3	10.7	-	-	-	-

QUESTION 16A

How satisfied are you with the effectiveness of your board meetings?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	4	28.6	8	57.1	1	7.1	1	7.2	-	-	-	-
W	4	36.4	6	54.5	-	-	1	9.1	-	-	-	-
X	2	20.0	7	70.0	-	-	1	10.0	-	-	-	-
Y	-	-	7	63.6	4	36.4	-	-	-	-	-	-
Z	2	10.5	13	68.4	3	15.8	1	5.3	-	-	-	-
OVERALL	12	18.5	41	63.1	8	12.3	4	6.1	-	-	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	6	60.0	2	20.0	-	-	-	-	-	-
1-5 YEARS	3	9.7	20	64.5	4	12.9	4	12.9	-	-	-	-
6-10 YEARS	4	25.0	10	62.5	2	12.5	-	-	-	-	-	-
11 OR MORE YEARS	3	37.5	5	62.5	-	-	-	-	-	-	.	.

BY TYPE OF MEMBER

STUDENT	-	-	3	75.0	-	-	1	25.0	-	-	-	-
STAFF	2	13.3	9	60.0	2	13.3	2	13.4	-	-	-	-
CHAIR OF BOARD	-	-	2	66.7	1	33.3	-	-	-	-	-	-
CHAIR OF COMMS	7	46.7	7	46.7	1	6.6	-	-	-	-	-	-
OTHER	3	10.7	20	71.4	4	14.3	1	3.6	-	-	-	-

QUESTION 17A

How are the proceedings of the board's committees communicated to the board?

BY INSTITUTION

INSTI-TUTION	Minutes distributed to Board members in advance of Board Meeting		Minutes submitted to Board Meeting		Verbal Report to Board Meeting		Minutes distributed to Board Members and a verbal report given at Board Meeting		Minutes submitted to Board Meeting together with Verbal Report at Board Meeting		Other		Not Answered	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	9	64.3	2	14.3	-	-	2	14.3	-	-	-	-	1	17.1
W	7	63.6	-	-	-	-	4	36.4	-	-	-	-	-	-
X	8	80.0	-	-	-	-	2	20.0	-	-	-	-	-	-
Y	8	72.7	2	18.2	-	-	1	9.1	-	-	-	-	-	-
Z	7	36.8	1	5.3	-	-	5	26.3	3	15.8	3*	15.8	-	-
OVER-ALL	39	60.0	5	7.7	-	-	14	21.5	3	4.6	3	4.6	1	1.6

*includes to 'all'

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	6	60.0	-	-	-	-	4	40.0	-	-	-	-	-	-
1-5 YEARS	20	64.5	2	6.5	-	-	5	16.1	2	6.5	1	3.2	1	3.2
6-10 YEARS	8	50.0	2	12.5	-	-	4	25.0	1	6.3	1	6.2	-	-
11 OR MORE YEARS	5	62.5	1	12.5	-	-	1	12.5	-	-	1	12.5	-	-

BY TYPE OF MEMBER

STUDENT	1	25.0	-	-	-	-	3	75.0	-	-	-	-	-	-
STAFF	9	60.0	1	6.7	-	-	2	13.3	1	6.7	1	6.7	1	6.6
CHAIR OF BOARD	3	100.0	-	-	-	-	-	-	-	-	-	-	-	-
CHAIRS OF COMMS	10	66.7	1	6.7	-	-	3	20.0	-	-	1	6.6	-	-
OTHER	16	57.1	3	10.7	-	-	6	21.4	2	7.2	1	3.6	-	-

QUESTION 19A

Did you receive any induction training upon your appointment to the Board of Governors?

BY INSTITUTION

INSTITUTION	YES		NO		NOT ANSWERED	
	No.	%	No.	%	No.	%
V	5	35.7	9	64.3	-	-
W	4	36.4	7	63.6	-	-
X	3	30.0	7	70.0	-	-
Y	4	36.4	7	63.6	-	-
Z	7	36.8	12	63.2	-	-
OVERALL	23	35.4	42	64.6	-	-

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	6	60.0	4	40.0	-	-
1-5 YEARS	16	51.6	15	48.4	-	-
6-10 YEARS	-	-	16	100.00	-	-
11 OR MORE YEARS	1	12.5	7	87.5	-	-

BY TYPE OF MEMBER

STUDENT	2	50.0	2	50.0	-	-
STAFF	6	40.0	9	60.0	-	-
CHAIRS OF BOARD	-	-	3	100.0	-	-
CHAIRS OF COMMS	1	6.7	14	93.3	-	-
OTHER	14	50.0	14	50.0	-	-

QUESTION 19C

If you have answered YES to A above (re Receiving Induction Training) how satisfied were you with that induction training?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS-SATISFIED		VERY DIS-SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	2	40.0	2	40.0	1	20.0	-	-	-	-	-	-
W	2	50.0	1	25.0	-	-	-	-	-	-	1	25.0
X	-	-	2	66.7	1	33.3	-	-	-	-	-	-
Y	1	25.0	1	25.0	1	25.0	1	25.0	-	-	-	-
Z	-	-	4	57.1	2	28.6	1	14.3	-	-	-	-
OVERALL	5	21.7	10	43.5	5	21.7	2	8.7	-	-	1	4.4

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	3	50.0	1	16.7	1	16.7	-	-	-	-	1	16.6
1-5 YEARS	2	12.5	8	50.0	4	25.0	2	12.5	-	-	-	-
6-10 YEARS	-	-	-	-	-	-	-	-	-	-	-	-
11 OR MORE YEARS	-	-	1	100.0	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	1	50.0	1	50.0	-	-	-	-	-	-	-	-
STAFF	1	16.7	3	50.0	1	16.7	1	16.6	-	-	-	-
CHAIR OF BOARD	-	-	-	-	-	-	-	-	-	-	-	-
CHAIR OF COMMS	-	-	1	100.0	-	-	-	-	-	-	-	-
OTHER	3	21.4	5	35.7	4	28.6	1	7.1	-	-	1	7.2

205

QUESTION 20A

Have you received any ongoing training to enhance your role as a governor?

BY INSTITUTION

INSTITUTION	YES		NO		NOT ANSWERED	
	No.	%	No.	%	No.	%
V	5	35.7	7	50.0	2	14.3
W	-	-	10	90.9	1	9.1
X	5	50.0	5	50.0	-	-
Y	2	18.2	9	81.8	-	-
Z	5	26.3	14	73.7	-	-
OVERALL	17	26.2	45	69.2	3	4.6

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	2	20.0	7	70.0	1	10.0
1-5 YEARS	5	16.1	25	80.7	1	3.2
6-10 YEARS	6	37.5	10	62.5	-	-
11 OR MORE YEARS	4	50.0	3	37.5	1	12.5

BY TYPE OF MEMBER

STUDENT	2	50.0	2	50.0	-	-
STAFF	2	13.3	13	86.7	-	-
CHAIRS OF BOARD	1	33.3	2	66.7	-	-
CHAIRS OF COMMS	7	46.7	7	46.7	1	6.6
OTHER	5	17.9	21	75.0	2	7.1

QUESTION 20C

If you have answered YES to A above (re Receiving Ongoing Training) how satisfied are you with that ongoing training?

BY INSTITUTION

INSTITUTION	VERY SATISFIED		SATISFIED		NOT SURE		DIS- SATISFIED		VERY DIS- SATISFIED		NOT ANSWERED	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
V	1	20.0	2	40.0	1	20.0	1	20.0	-	-	-	-
W	-	-	-	-	-	-	-	-	-	-	-	-
X	1	20.0	2	40.0	1	20.0	-	-	-	-	1	20.0
Y	-	-	1	50.0	1	50.0	-	-	-	-	-	-
Z	1	20.0	1	20.0	1	20.0	-	-	-	-	2	40.0
OVERALL	3	17.6	6	35.3	4	23.5	1	5.9	-	-	3	17.7

BY LENGTH OF SERVICE

LESS THAN 1 YEAR	-	-	1	50.0	-	-	1	50.0	-	-	-	-
1-5 YEARS	1	20.0	2	40.0	2	40.0	-	-	-	-	-	-
6-10 YEARS	-	-	1	16.7	2	33.3	-	-	-	-	3	50.0
11 OR MORE YEARS	2	50.0	2	50.0	-	-	-	-	-	-	-	-

BY TYPE OF MEMBER

STUDENT	-	-	1	50.0	-	-	-	-	-	-	1	50.0
STAFF	1	50.0	-	-	-	-	-	-	-	-	1	50.0
CHAIR OF BOARD	-	-	1	100.0	-	-	-	-	-	-	-	-
CHAIR OF COMMS	1	14.3	3	42.8	2	28.6	-	-	-	-	1	14.3
OTHER	1	25.0	-	-	2	50.0	1	25.0	-	-	-	-