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| **Online Appendix 1.** Summary of measures and variables |  |
| Study’s variables | Data sources |
| *HEIs’ performance – independent variables* | |
| Higher education institution performance consisting of long- and short-term performance proxies: | |
| * Long-term performance proxies: |  |
| * Non-continuation in HE (NLHE) – natural log of the total number of students, who are no longer in HE. | HESA webpage: <https://www.hesa.ac.uk/data-and-analysis/publications> |
| * Community Contribution Index (CCI) – it contains 7 provisions relating to: (i) communication with influential stakeholders; (ii) health/safety of employees; (iii) environmental investment; (iv) social investment and local community support; (v) national community support; (vi) international community support; and (vii) alumni participation/involvement/activities. A value of “1” is awarded to each provision that is disclosed in the annual reports of HEIs and 0 otherwise. Following this coding method, a HEI’s community/social contribution score can range from 0 to 7, which is then expressed as a percentage that can range from 0% (0 out of the 7 items included in our CCI – indicating poor community contribution) to 100% (7 out of the 7 items included in our CCI – indicating strong community contribution | Self-constructed index – data extracted from HEIs’ annual reports. |
| * Gender Pay Gap (GPG) – is calculated as the mean difference between the men and women earning divided by men earning. | HEIs’ gender pay gap reports. |
| * Young Staff (PYS) – percentage of young academic and non-academic staff aged 35 and under to the total number of academic and non-academic staff. | HESA webpage: <https://www.hesa.ac.uk/data-and-analysis/publications> |
| * Short-term performance proxies: |  |
| * Quacquarelli Symonds (QS) World University Ranking – it is measured by using the natural log of the QS ranking. This ranking consists of six components: academic reputation; employer reputation; international staff ratio; international student ratio; faculty to student ratio; and citations per faculty, with HEIs being ranked first if they have high quality of teaching, research and graduate quality, as well as with high international student/staff orientation. | QS ranking: <https://www.topuniversities.com/qs-world-university-rankings> |
| * Times Higher Education (THE) World University Ranking – it is measured by using the natural log of the THE ranking. This ranking comprises various dimensions, including student satisfaction; heads’/peer assessments; research quality; A-level/Higher points; unemployment; firsts/2:1s awarded; student to staff ratio; completion; student satisfaction; EU/overseas students; state school; lowest social classes; low-participation areas; and Graduate prospects, with HEIs being ranked first if they have high quality of teaching, research and graduate quality, as well as with high international student/staff orientation. | THE ranking: <https://www.timeshighereducation.com/world-university-rankings> |
| * The Complete University Guide (CUG) Ranking – it is measured by using the natural log of the CUG ranking. This ranking comprises ten dimensions: student/staff ratio; degree completion; student satisfaction; graduate prospects; good honours; facilities spend; academic services spend; entry standards; research intensity; and research quality, with HEIs being ranked first if they have high teaching quality. | CUG ranking: <https://www.thecompleteuniversityguide.co.uk/> |
| * Guardian (GUG) Ranking – it is measured by using the natural log of the GUG ranking. This ranking consists of nine dimensions: teaching; student to staff ratio; assessment and feedback; spending per student; overall quality rated by the final year students; continuation; teaching; value added; career prospects; and entry scores, with HEIs being ranked first if they have high teaching quality. | GUG ranking:  <https://www.theguardian.com/education/table/2009/may/12/university-league-table>  <https://www.theguardian.com/education/table/2013/jun/03/university-league-table-2014> |

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| **Online Appendix 1 (Continued).** Summary of measures and variables | |  |
| Study’s variables | | Data sources |
| *VC pay – dependent variables:* | | |
| VC basic pay (VCBP) | VC basic pay (salary) scaled by total income. | HEIs’ annual reports. |
| VC non-basic pay (VCNP) | VC non-basic pay (bonuses, health housing and transport allowance; pension contributions, and other in-kind benefits) scaled by total income. | HEIs’ annual reports. |
| VC total pay (VCTP) | VC total pay, consisting of both basic and non-basic pay scaled by total income. | HEIs’ annual reports. |
| *VC characteristics:* | | |
| VC damehood (DAM) | Damehood/Knighthood (1 if a dame or knight, 0 otherwise). | HEIs’ webpages. |
| VC gender (GEN) | Gender (1 if the VC is male, 0 otherwise). | HEIs’ annual reports. |
| VC age (AGE) | Age (natural log of VC age). | HEIs’ webpages. |
| VC educational background (EDU) | Educational background (1 if VC is from a specialist background, such as medicine, engineering and pharmacy, 0 otherwise). | HEIs’ webpages. |
| VC tenure (TEN) | Tenure (natural log of the total number of years a vice-chancellor of an HEI has been in post). | HEIs’ annual reports. |
| *Interaction variable - VC characteristics (VCPC)\*performance* | | |
| VC pay\*HEI performance | Interaction variable between VC pay and performance (i.e., long- and short-term performance measures). | - |
| *Controls (governance mechanisms):* | | |
| Presence of remuneration committee (PRC) | 1, if an HEI has a remuneration committee, 0 otherwise. | HEIs’ annual reports. |
| Presence of governance committee (PGC) | 1, if an HEI has a governance committee, 0 otherwise. | HEIs’ annual reports. |
| Executive management team size (EBSZ) | Natural log of the number members of a HEI executive/senior management team. | HEIs’ annual reports. |
| Executive management mean diversity (EBDV) | Percentage on women and ethnic minority in a HEI executive/senior management team. | HEIs’ annual reports. |
| Executive management team meeting (EBME) | Natural log of the number of a HEI executive/senior management team meetings. | HEIs’ annual reports. |
| Change in VC (VC Change) | 1, if the VC has been on the board for six years or more, 0 otherwise. | HEIs’ annual reports. |
| *Controls (general HEI characteristics):* | | |
| POST\_1992 (PST\_92) | 1, if an HEI is established after 1992, 0 otherwise. | HEIs’ webpages. |
| Audit Firm Size (BIG4) | 1, if an HEI is audited by Deloitte, PwC, KPMG, and EY, 0 otherwise. | HEIs’ annual reports. |
| Leverage (LVR) | Ratio of total debt/total assets. | HEIs’ annual reports. |
| Liquidity (LQD) | Ratio of net operating cash flow/total revenue. | HEIs’ annual reports. |
| Size (HEIZE) | Natural log of total assets of an HEI. | HEIs’ annual reports. |
| Growth (GRT) | Annual growth rate in total income. | HEIs’ annual reports. |
| Expenditure (CXP) | Ratio of total expenditure to total assets. | HEIs’ annual reports. |
| Year dummies (HEIYD) | Yearly dummies between 2009 and 2014, which take a value of 1 for the particular year and 0 otherwise. | - |
| Country dummies (HEICD) | Country dummies for England, Northern Ireland, Scotland and Wales). | - |

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| **Online Appendix 2.** Descriptive analysis of UK VC pay and VC characteristics | | | | | | | |
|  | All | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| ***Panel A – VC Basic Pay (£000)*** | | | | | |  |  |
| Mean | 225.03 | 215.56 | 218.83 | 217.65 | 221.43 | 233.92 | 242.82 |
| Median | 220.00 | 209.00 | 211.50 | 215.00 | 261.50 | 226.50 | 230.50 |
| STD | 53.18 | 44.08 | 48.58 | 49.19 | 48.68 | 55.67 | 65.62 |
| Minimum | 108.00 | 108.00 | 113.00 | 117.00 | 118.00 | 119.00 | 123.00 |
| Maximum | 577.00 | 343.00 | 394.00 | 371.00 | 372.00 | 400.00 | 577.00 |
| ***Panel B – VC Non-Basic Pay (£000)*** | | | | | | | |
| Mean | 36.68 | 33.90 | 37.35 | 38.33 | 36.68 | 36.97 | 36.83 |
| Median | 34.00 | 31.00 | 34.00 | 34.60 | 33.00 | 34.00 | 34.00 |
| STD | 15.25 | 13.20 | 13.87 | 15.43 | 16.96 | 16.44 | 15.52 |
| Minimum | 3.22 | 3.22 | 3.22 | 3.22 | 3.22 | 3.22 | 3.22 |
| Maximum | 121.00 | 90.00 | 95.00 | 121.00 | 119.00 | 117.00 | 103.00 |
| ***Panel C – VC Total Pay (£000)*** | | | | | | | |
| Mean | 261.71 | 249.45 | 256.18 | 255.98 | 258.11 | 270.89 | 279.66 |
| Median | 254.00 | 244.00 | 249.50 | 249.00 | 252.50 | 264.00 | 272.46 |
| STD | 59.08 | 50.83 | 54.81 | 56.48 | 54.98 | 60.62 | 70.59 |
| Minimum | 122.00 | 122.00 | 134.00 | 135.00 | 133.00 | 136.00 | 142.00 |
| Maximum | 623.00 | 386.00 | 423.00 | 424.00 | 424.00 | 449.00 | 623.00 |
| ***Panel D – VC Damehood/Knighthood (Dummy)*** | | | | | | | |
| Mean | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 |
| Median | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| STD | 0.39 | 0.39 | 0.39 | 0.39 | 0.39 | 0.39 | 0.39 |
| Minimum | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Maximum | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| ***Panel E – VC Gender (Dummy)*** | | | | | | | |
| Mean | 0.83 | 0.81 | 0.81 | 0.83 | 0.83 | 0.84 | 0.85 |
| Median | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| STD | 0.38 | 0.39 | 0.39 | 0.38 | 0.38 | 0.37 | 0.35 |
| Minimum | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Maximum | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| ***Panel F – VC Age (Number of years)*** | | | | | | | |
| Mean | 57.41 | 55.56 | 56.38 | 57.03 | 57.74 | 58.33 | 59.42 |
| Median | 58.00 | 56.00 | 57.00 | 57.00 | 58.00 | 58.00 | 60.00 |
| STD | 5.22 | 5.47 | 5.37 | 5.07 | 4.84 | 4.81 | 4.87 |
| Minimum | 41.00 | 41.00 | 42.00 | 43.00 | 44.00 | 45.00 | 44.00 |
| Maximum | 73.00 | 72.00 | 73.00 | 70.00 | 68.00 | 69.00 | 70.00 |
| ***Panel G – VC Educational Background (Dummy)*** | | | | | | | |
| Mean | 0.37 | 0.36 | 0.37 | 0.37 | 0.37 | 0.38 | 0.41 |
| Median | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| STD | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.49 | 0.49 |
| Minimum | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Maximum | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| ***Panel H – VC Tenure (Number of years)*** | | | | | | | |
| Mean | 6.15 | 5.13 | 5.28 | 5.43 | 6.19 | 6.97 | 7.55 |
| Median | 5.00 | 4.00 | 5.00 | 5.00 | 5.00 | 6.00 | 7.00 |
| STD | 3.37 | 3.14 | 3.25 | 3.18 | 3.22 | 3.30 | 3.47 |
| Minimum | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Maximum | 21.00 | 16.00 | 17.00 | 18.00 | 19.00 | 20.00 | 21.00 |

Panels ‘*D-H*’ of the **online *Appendix 2*** *also* indicate that there is wide variability in the distribution of VC characteristics among our sample. For example, VC age and educational background have mean values of 57-years old and 0.37, respectively, suggesting that UK HEIs tend to appoint older VCs with more generalist background and this is also similar to the results of prior studies (Breakwell and Tytherleigh, 2010). Our findings also show that the values of other VC characteristics are widely distributed. For example, VC tenure spans between 2 and 21 years with a mean value of 6.15 years.

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| **Online Appendix 3.** Descriptive analysis of UK HEIs’ long- and short-term performance | | | | | | | |
|  | All | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| ***Panel A – HEI’s Long-Term Performance Indicators:*** | | | | | | | |
| *Non-continuation in HE (number of students)* | | | | | | | |
| Mean | 199.36 | 230.69 | 194.86 | 187.18 | 177.00 | 198.50 | 208.23 |
| Median | 150.00 | 170.00 | 147.50 | 145.00 | 140.00 | 152.50 | 157.50 |
| STD | 161.26 | 187.99 | 172.09 | 152.05 | 134.77 | 150.63 | 163.26 |
| Minimum | 0.00 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Maximum | 1,085.00 | 995.00 | 1,085.00 | 770.00 | 595.00 | 720.00 | 770.00 |
| *Community Contribution Index (%)* | | | | | | | |
| Mean | 43.27 | 37.66 | 42.86 | 42.99 | 43.63 | 44.64 | 47.12 |
| Median | 42.86 | 28.57 | 42.86 | 42.86 | 42.86 | 42.86 | 42.86 |
| STD | 18.74 | 17.37 | 18.37 | 17.98 | 17.95 | 19.09 | 20.46 |
| Minimum | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 | 14.00 |
| Maximum | 100.00 | 86.00 | 100.00 | 100.00 | 86.00 | 86.00 | 100.00 |
| *Gender Pay Gap (%)* | | | | | | | |
| Mean | 15.95 | 16.10 | 16.12 | 16.05 | 16.33 | 15.96 | 15.16 |
| Median | 16.10 | 16.40 | 16.03 | 16.03 | 16.63 | 16.00 | 15.10 |
| STD | 5.67 | 5.74 | 5.89 | 5.63 | 5.81 | 5.67 | 5.31 |
| Minimum | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 | 1.00 |
| Maximum | 36.00 | 29.00 | 36.00 | 28.00 | 31.00 | 32.00 | 26.00 |
| *Young Staff (%)* | | | | | | | |
| Mean | 29.56 | 30.04 | 29.89 | 29.46 | 29.24 | 29.35 | 29.38 |
| Median | 28.82 | 28.94 | 28.86 | 28.82 | 29.14 | 28.44 | 28.53 |
| STD | 6.72 | 6.78 | 6.76 | 6.90 | 6.82 | 6.56 | 6.60 |
| Minimum | 14.00 | 14.00 | 16.00 | 15.00 | 14.00 | 15.00 | 16.00 |
| Maximum | 54.00 | 54.00 | 53.00 | 52.00 | 54.00 | 52.00 | 54.00 |
| ***Panel B – HEI’s Short-Term Performance Indicators:*** | | | | | | | |
| *THE Ranking (no)* | | | | | | | |
| Mean | 371.47 | 371.45 | 371.41 | 372.59 | 363.95 | 376.61 | 372.80 |
| Median | 326.00 | 326.00 | 325.50 | 325.50 | 325.00 | 326.00 | 326.00 |
| STD | 263.87 | 263.77 | 264.12 | 263.83 | 265.08 | 266.42 | 268.11 |
| Minimum | 2.00 | 3.50 | 3.50 | 6.00 | 4.00 | 2.00 | 2.00 |
| Maximum | 901.00 | 901.00 | 901.00 | 901.00 | 901.00 | 901.00 | 901.00 |
| *QS Ranking (no)* | | | | | | | |
| Mean | 355.85 | 355.35 | 348.63 | 353.38 | 350.75 | 358.08 | 368.89 |
| Median | 321.00 | 317.20 | 299.00 | 315.00 | 321.00 | 338.00 | 331.00 |
| STD | 275.15 | 276.43 | 273.90 | 272.45 | 271.29 | 276.39 | 289.38 |
| Minimum | 1.00 | 2.00 | 1.00 | 1.00 | 2.00 | 3.00 | 2.00 |
| Maximum | 901.00 | 901.00 | 901.00 | 901.00 | 901.00 | 901.00 | 901.00 |
| *CUG Ranking (no.)* | | | | | | | |
| Mean | 53.64 | 53.38 | 52.03 | 53.41 | 53.64 | 53.60 | 55.87 |
| Median | 52.00 | 52.00 | 51.00 | 52.00 | 52.00 | 50.00 | 53.00 |
| STD | 34.80 | 34.71 | 33.46 | 34.44 | 35.05 | 34.93 | 36.86 |
| Minimum | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Maximum | 124.00 | 124.00 | 123.00 | 123.00 | 123.00 | 123.00 | 124.00 |
| *GUG Ranking (no.)* | | | | | | | |
| Mean | 56.41 | 56.10 | 55.83 | 56.15 | 56.04 | 57.21 | 57.11 |
| Median | 55.50 | 54.00 | 55.00 | 54.00 | 56.00 | 57.00 | 56.00 |
| STD | 32.99 | 33.33 | 33.36 | 33.27 | 33.02 | 32.90 | 32.85 |
| Minimum | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Maximum | 119.00 | 113.00 | 116.00 | 117.00 | 118.00 | 119.00 | 117.00 |

Panel ‘*A*’ and ‘*B*’ of the **online *Appendix 3*** report the descriptive analysis of HEIs long- and short-term performance indicators, respectively, and the findings show a substantial spread for each of these examined variables. For example, women in UK HEIs earn on average 15.95% less than men per hour, and the gender pay gap ranges between 1% and 36%. Further, the mean gender pay gap has slightly improved by an average of 0.94% (from 16.10% in 2009 to 15.16% in 2014) in favour of women. Similarly, the reported results in Panel ‘*A*’ of the ***online Appendix 3*** exhibit wide variability in the distributions of other long-term performance indicators. For example, the ***online Appendix 3*** shows that on average 29.56% of UK HEIs’ staff are young (their age ≤ 35), ranging between 14% and 54% over the six-year period examined. Additionally, the evidence in Panel ‘A’ of the ***online Appendix 3*** indicates that UK HEIs’ support for community/social contributions and student retention/competition has increased over the six-year period analysed. For example and consistent with the student protection plans (Office for Students, 2021), the number of students, who discontinued their studies, have decreased by approximately 10%, from 231 students in 2009 to 208 students in 2014.

In terms of the UK HEIs’ short-term performance indicators, the findings reported in Panel ‘*B*’ of the ***online Appendix 3*** show a substantial spread for each of these examined variables. *QS* Rankings, for example, ranges between 1 and 901 with a mean value of 355.85. Similarly, GUG rankings lies between 1 and 119 with a mean value of 56.41. Additionally, HEIs included in our sample have wide distribution in terms of their *THE*, *CUG* and *GUG* rankings. For example, the value of *CUG* rankings ranges between 1 and 124 with a mean of 53.65. Our findings in Panels ‘*E*’ and ‘*F*’ of Table 1 (***in the main paper***) also indicate that there is substantial variation in the distribution of control variables. For instance, university executive management size (*EBSZ*) ranges between 3 to 35 members with a mean value of about 12 members. Further, the university executive management meets on average 14 times in a year, with a minimum (maximum) of 3 (48) meetings per year. University executive management diversity (*EBDV*) is low with a mean value of about 35%, suggesting that women and ethnic minorities have low representation within UK HEIs executive management team.

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| **Online Appendix 4.** Bivariate correlation | | | | | | | | | | | |
| Variable | VCBP | VCNP | VCTP | THE | QS | CUG | GUG | GPG | PYS | NLHE | CCI | |
| VCBP |  | 0.890\*\*\* | 0.996\*\*\* | 0.555\*\*\* | 0.673\*\*\* | 0.364\*\*\* | 0.513\*\*\* | -0.432\*\*\* | -0.429\*\*\* | -0.231\*\*\* | -0.064\* | |
| VCNP | -0.012 |  | 0.922\*\*\* | 0.429\*\*\* | 0.564\*\*\* | 0.271\*\*\* | 0.437\*\*\* | -0.331\*\*\* | -0.436\*\*\* | -0.282\*\*\* | -0.094\*\* | |
| VCTP | 1.000\*\*\* | -0.009 |  | 0.540\*\*\* | 0.670\*\*\* | 0.354\*\*\* | 0.508\*\*\* | -0.417\*\*\* | -0.436\*\*\* | -0.244\*\*\* | -0.075\*\*\* | |
| THE | 0.450\*\*\* | 0.245\*\*\* | 0.432\*\*\* |  | 0.898\*\*\* | 0.826\*\*\* | 0.741\*\*\* | -0.573\*\*\* | -0.591\*\*\* | 0.687\*\*\* | -0.014 | |
| QS | 0.619\*\*\* | 0.375\*\*\* | 0.605\*\*\* | 0.934\*\*\* |  | 0.854\*\*\* | 0.767\*\*\* | -0.508\*\*\* | -0.567\*\*\* | 0.601\*\*\* | -0.024 | |
| CUG | 0.045 | -0.254\*\*\* | 0.045 | 0.863\*\*\* | 0.837\*\*\* |  | 0.912\*\*\* | -0.469\*\*\* | -0.470\*\*\* | 0.551\*\*\* | -0.089\*\* | |
| GUG | 0.040 | 0.298\*\*\* | 0.041 | 0.799\*\*\* | 0.772\*\*\* | 0.944\*\*\* |  | -0.619\*\*\* | -0.529\*\*\* | 0.535\*\*\* | -0.040 | |
| GPG | -0.037 | -0.308\*\*\* | -0.038 | -0.465\*\*\* | -0.398\*\*\* | -0.273\*\*\* | -0.514\*\*\* |  | 0.314\*\*\* | -0.278\*\*\* | -0.207\*\*\* | |
| PYS | 0.006 | -0.258\*\*\* | 0.005 | -0.542\*\*\* | -0.499\*\*\* | -0.400\*\*\* | -0.481\*\*\* | 0.235\*\*\* |  | -0.222\*\*\* | 0.492 | |
| NLHE | 0.029 | -0.574\*\*\* | 0.028 | 0.629\*\*\* | 0.506\*\*\* | 0.643\*\*\* | 0.623\*\*\* | -0.126\*\*\* | -0.167\*\*\* |  | -0.036 | |
| CCI | -0.080\*\* | -0.109\*\*\* | -0.080\*\* | -0.131\*\*\* | -0.124\*\* | -0.159\*\*\* | -0.154\*\*\* | -0.219\*\*\* | 0.063\* | -0.047 |  | |
| Parametric coefficients are reported in the lower left side of the appendix, whereas non-parametric coefficients are presented in the top right side of the appendix. Please refer to the ***online Appendix 1*** for variable definitions. \*\*\* Significance at the 1% level (p<0.01), \*\* Significance at the 5% level (p<0.05) and \* Significance at the 10% level (p<0.10). | | | | | | | | | | | |

***Online Appendix 4*** shows the results of correlation matrices in order to check the existence of any multicollinearity problems. The results of both the *Pearson* and *Spearman* coefficients have been reported as a robustness check, and, crucially, both tests have similar correlation coefficients, implying that our data does not appear to suffer from any serious non-linearity problems. Additionally, and apart from the high predicted correlation among *VCBP*, *VCNP*, *VCTP*, *THE*, *QS*, *CUG* and *GUG* rankings, the correlation coefficients of all the other variables are largely low, implying that any remaining multicollinearities may not be statistically harmful. The reported findings contained in the ***online Appendix 4*** (non-parametric correlation matrix) also indicate that VC basic, non-basic and total pay are negatively and significantly correlated with all long-term performance measures (*GPG*, *PYS*, *NLHE* and *CCI*), and this is consistent with the predictions of the PT and *H1a* that VC pay is negatively linked with HEIs’ long-term social performance. Additionally, the results reported in the ***online Appendix 4*** suggest that VC basic, non-basic and total pay are positively and significantly associated with all short-term performance measures (*THE*, *QS, CUG* and *GUG* rankings), which is consistent with the predictions of OCT and *H1b* that VC pay is positively linked with HEIs’ short-term performance. Nevertheless, we note that these are primarily tentative evidence, as only a multivariate test can provide conclusive evidence regarding our hypotheses.

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| **Online Appendix 5.**  VC pay and performance relationship (HEIs prioritising long/short-term performance) | | | | | | | | | |
|  | HEIs prioritising long-term performance | | HEIs not prioritising long-term performance | | HEIs prioritising short-term performance | | HEIs not prioritising short-term performance | | |
| Dep. Variable  (*Model*) | VC Total Pay | | | | | | | | |
| Non-continuation in HE  (1) | Community Contribution Index  (2) | Non-continuation in HE  (3) | Community Contribution Index  (4) | QS Ranking  (5) | THE Ranking  (6) | | QS Ranking  (7) | THE Ranking  (8) |
| *Explanatory variables (HEI performance)* | | | | | | | | | |
| HEI Performance | -0.052\*\*\*  (.000) | -0.092\*  (.062) | -0.015  (.163) | -0.003  (.861) | 0.046\*\*\*  (.000) | 0.044\*\*\*  (.000) | | 0.001  (.962) | -0.032\*\*  (.023) |
| *Controls (governance mechanisms)* | | | | | | | | | |
| Presence of Remuneration Committee | -0.058  (.116) | -0.136\*\*\*  (.000) | -0.058  (.116) | -0.034  (.459) | -0.112\*\*\*  (.000) | -0.167\*\*\*  (.000) | | -0.112\*\*\*  (.000) | -0.043\*\*  (.045) |
| Presence of Governance Committee | 0.013  (.499) | -0.056\*\*\*  (.002) | 0.015\*  (.062) | 0.034\*  (.061) | 0.003  (.612) | -0.028  (.010)\*\*\* | | 0.012  (.318) | -0.002  (.836) |
| Executive Management Team Size | -0.070\*\*\*  (.001) | -0.044\*\*  (.045) | 0.002  (.653) | -0.052\*\*\*  (.001) | 0.015\*  (.067) | -0.006  (.601) | | -0.010  (.265) | -0.005  (.410) |
| Executive Management Team Diversity | -0.024  (.478) | 0.030  (.404) | 0.016  (.149) | -0.040  (.116) | 0.015  (.158) | 0.029  (.136) | | 0.038  (.173) | -0.005  (.632) |
| Executive Management Team Meeting | -0.046\*\*\*  (.007) | 0.008  (.657) | 0.005  (.574) | -0.025  (.104) | -0.013\*\*  (.013) | -0.016\*  (.071) | | -0.003  (.802) | -0.003  (.751) |
| VC Change | 0.005  (.748) | 0.025\*  (.094) | 0.016  (.012)\*\* | -0.017  (.225) | 0.012\*\*  (.022) | 0.018\*\*  (.050) | | 0.004  (.694) | 0.007  (.260) |
| Controls (general HEI characteristics) | YES | YES | YES | YES | YES | YES | | YES | YES |
| Constant | 1.400\*\*\* | 0.587\*\*\* | 1.253\*\*\* | 2.280\*\*\* | 0.302\*\*\* | 0.419\*\*\* | | 1.868\*\*\* | 2.347\*\*\* |
| *R-sq* | 0.617 | 0.610 | 0.737 | 0.645 | 0.832 | 0.542 | | 0.651 | 0.757 |
| Please refer to the ***online Appendix 1*** for variable definitions. \*\*\* Significance at the 1% level (p<0.01), \*\* Significance at the 5% level (p<0.05) and \* Significance at the 10% level (p<0.10). | | | | | | | | | |

In addition to examining the impact of HEIs short- and long-term performance on VC pay for all 117 UK HEIs (Table 2), we divided our sample into two main groups: (i) HEIs prioritising long-term performance (HEIs having low number of student non-continuation below the mean value of 199.36 students; and HEIs having high community contribution index score above the mean value of 43.27%); (ii) HEIs prioritising short-term performance (HEIs having *QS* and *THE* rankings below the mean value of 355.85 and 371.47, respectively). The results are reported in the ***online Appendix 5***. In terms of the long-term performance, the reported results in Models 1-4 of the ***online Appendix 5*** indicate that HEIs prioritising setting and meeting long-term performance pay their VCs significantly lower packages than their short-term oriented counterparts, suggesting that *H1a* is empirically supported. Additionally, and regarding the short-term performance measures, the coefficients of *QS* and *THE* on VC total pay (Models 5 and 6 of the ***online Appendix 5***) are positive and statistically significant, whereas the coefficients of *QS* and *THE* rankings on VC total pay in Models 7 and 8 of the ***online Appendix 5*** are negative (significant for *THE* rankings), implying that HEIs prioritising short-term performance tend to pay high packages to their VCs, which is again consistent with *H1b*.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Online Appendix 6.**  VC pay and performance relationship (HEIs’ short-term financial performance) | | | | | | | |
| Dep. Variable  (*Model*) | Return on assets (ROA) | | | Return on equity (ROE) | | | |
| VC Basic Pay  (1) | VC Non-Basic Pay  (2) | VC Total Pay  (3) |  | VC Basic Pay  (4) | VC Non-Basic Pay  (5) | VC Total Pay  (6) |
| *Explanatory variables (HEI performance)* | | | | | | | |
| HEI Performance | 0.084  (.561) | -0.003  (.924) | 0.081  (.627) |  | -0.075  (.414) | -0.030  (.107) | -0.106  (.321) |
| *\*  *Controls (governance mechanisms)* | | | | | | | |
| Presence of Remuneration Committee | -0.096\*\*\*  (.000) | -0.022\*\*\*  (.000) | -0.118\*\*\*  (.000) |  | -0.095\*\*\*  (.002) | -0.021\*\*\*  (.001) | -0.116\*\*\*  (.001) |
| Presence of Governance Committee | 0.005  (.713) | 0.001  (.799) | 0.006  (.716) |  | 0.006  (.640) | 0.001  (.687) | 0.007  (.634) |
| Executive Management Team Size | -0.046\*\*\*  (.000) | -0.009\*\*\*  (.000) | -0.056\*\*\*  (.000) |  | -0.046\*\*\*  (.000) | -0.009\*\*\*  (.000) | -0.055\*\*\*  (.000) |
| Executive Management Team Diversity | -0.037\*  (.087) | -0.000  (.946) | -0.037  (.135) |  | -0.040\*  (.066) | -0.001  (.825) | -0.041  (.103) |
| Executive Management Team Meeting | -0.013  (.290) | -0.004  (.139) | -0.017  (.239) |  | -0.013  (.284) | -0.004  (.132) | -0.017  (.232) |
| VC Change | -0.007  (.512) | -0.003  (.168) | -0.010  (.417) |  | -0.007  (.532) | -0.003  (.186) | -0.010  (.438) |
| *Controls (general HEI characteristics)* | | | | | | | |
| POST\_1992 | 0.032\*\*\*  (.005) | -0.001  (.792) | 0.031\*\*  (.016) |  | 0.036\*\*\*  (.002) | 0.000  (.867) | 0.036\*\*\*  (.006) |
| Auditing Firm Size | -0.001  (.947) | 0.000  (.871) | -0.000  (.977) |  | -0.002  (.875) | 0.000  (.981) | -0.002  (.895) |
| Leverage | -0.043  (.313) | 0.023\*\*\*  (.008) | -0.020  (.686) |  | -0.042  (.328) | 0.025\*\*\*  (.004) | -0.017  (.732) |
| Liquidity | 0.005  (.956) | -0.000  (.989) | 0.005  (.964) |  | 0.023  (.791) | 0.004  (.830) | 0.027  (.789) |
| Size | -0.074\*\*\*  (.000) | -0.014\*\*\*  (.000) | -0.088\*\*\*  (.000) |  | -0.075\*\*\*  (.000) | -0.014\*\*\*  (.000) | -0.088\*\*\*  (.000) |
| Growth | 0.005  (.640) | -0.000  (.986) | 0.005  (.687) |  | 0.006  (.596) | 0.000  (.954) | 0.006  (.639) |
| Expenditure | -0.052\*\*\*  (.002) | -0.006\*  (.068) | -0.058\*\*\*  (.002) |  | -0.038\*\*  (.034) | -0.003  (.479) | -0.041\*\*  (.050) |
| Year dummies | YES | YES | YES |  | YES | YES | YES |
| Country dummies | YES | YES | YES |  | YES | YES | YES |
| Constant | 1.400\*\*\* | 0.246\*\*\* | 1.646\*\*\* |  | 1.392\*\*\* | 0.244\*\*\* | 1.137\*\*\* |
| *R-sq* | 0.446 | 0.374 | 0.451 |  | 0.449 | 0.381 | 0.455 |
| Number of observations | 702 | 702 | 702 |  | 702 | 702 | 702 |
| Please refer to the ***online Appendix 1*** for variable definitions. \*\*\* Significance at the 1% level (p<0.01), \*\* Significance at the 5% level (p<0.05) and \* Significance at the 10% level (p<0.10). | | | | | | | |

***Online Appendix 6*** presents the multivariate regression estimates relating to the impact of HEIs short-term financial performance. Following prior studies (Barros & Nunes, 2007; Brickley et al., 2010), financial performance has been measured using return on assets (*ROA*) and return on equity (*ROE*). *ROA* is defined as financial surplus divided by total assets, whereas *ROE* is defined as financial surplus divided by total funds. The reported results in the ***online Appendix 6*** suggest that *ROA* and *ROE* are insignificantly associated with VCs basic, non-basic and total pay. The weak financial performance–pay link may be that top-managers, particularly those in organisations with weak monitoring mechanisms are often encouraged to expropriate organisations resources by rewarding themselves with high pay packages that do not necessarily relate to their institutions’ performance. Our evidence generally provides support for previous empirical studies that have been conducted in publicly listed companies (Conyon & He, 2011), but particularly for the similar finding of Ballantine et al. (2008), who report that short-term financial performanceis insignificantly associated with CEO pay among UK NHS hospital trusts.

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