

**The Governance Role and Activity in Colleges  
of Further Education**

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## **ABSTRACT**

This thesis examines the role of the board of governors in colleges of further education (FE). Despite being a significant area of activity, comprising over 440 colleges, which were allocated a total of three billion pounds of public money in 1998, FE remains a notably under-researched sector. This thesis contributes to the knowledge and understanding of the governance activity in the sector by going beyond demographic data and using a case approach to examine the nature of the work undertaken by the board. This work is also important because it is able to utilise data gathered from observations of a college board as it undertakes its work.

Data has been gathered from four FE colleges and has been analysed using the framework of the three paradoxes set out by Ada Demb and F.F. Neubauer in their work "The Corporate Board". This thesis then, draws on established work to present and develop a model applicable to considering the governance issues in FE.

The main conclusions of this thesis are that in order to maximise the board's contribution to strategy, two key issues need to be addressed: issues associated with the governance process and issues associated with the people involved in that process. A more widespread understanding and coherent approach to adopting the principles of the Carver model of Policy Governance across the sector, along with a reconsideration of the role of the Further Education Funding Council may go some way towards addressing process issues. However, boards also need to recognise that whilst an efficient process may provide the potential for the board to

undertake its strategic role, there is a need to go beyond this and to develop ways and means of harnessing the skills and contributions of all board members in order to maximise their strategic role.

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## **CHAPTER ONE**

### **INTRODUCTION**

This introductory chapter is in three sections and begins by outlining the objectives of this thesis and explains briefly the context in which this research took place, clarifying terms where necessary. Having established the objectives and provided the necessary background information, it is possible to offer an outline and overview of the complete work. The chapter is organised as follows:

- 1.1 Aims and objectives of this thesis
- 1.2 Background and context in which the research took place
- 1.3 Outline of the thesis

#### **1.1 Aims and objectives of this thesis**

The aim of this thesis is to examine and report on aspects of the governance activity in colleges of Further Education (FE), focusing in particular on the strategic role of the college board and some of the issues which may determine the extent of that strategic involvement. At the outset, the research was investigative and exploratory in nature and set out to clarify understanding of the nature of the strategy process in FE, particularly following a number of legislative changes. It soon became apparent that the role of the board of governors was an important element in this process and worthy of much more detailed analysis.

This thesis addresses the following two key objectives: firstly it clarifies the work and mandate of the board of governors in FE and considers the extent to which that might be similar or different from the corporate sector and also other public sector organisations; secondly it makes an assessment of the potential strategic role of that board and assesses the extent to which the issues which emerge might mirror the issues apparent in other sectors. Following this analysis it is then possible to highlight some particular structural tensions which may be unique to college boards and to consider ways in which these might be resolved.

## **1.2 Background and context in which the research took place**

Further Education is generally recognised as being full-time and part-time education for persons over compulsory school age, it typically includes vocational training as well as academic qualifications. The term FE college is 'applied particularly to those colleges offering courses at levels equivalent to those of a sixth form, but with emphasis on a wider range of vocational subjects, training programmes and leisure activities' (Macfarlane, 1990). A number of colleges participated in this research and all can be embraced by the above definition. Some of the colleges also offered a range of programmes in conjunction with higher education institutions and universities. The research took place between 1993 and 1998, a time when the FE sector had undergone many changes, changes which were part of the overall climate of change and reform to the public sector undertaken by the government of the day. The current arrangements for further education were established by the Further and Higher Education Act of 1992. A main effect of the Act was that colleges were

no longer to be maintained by their local education authorities. These new arrangements brought about direct funding by central government and the Further Education Funding Council (FEFC) was established to administer this central fund. Incorporation was a key outcome of these changes and colleges were granted corporate status, being fully responsible for all aspects of their own management. Incorporation also heralded a number of significant changes to governance processes in colleges and college governors are now, in many ways, encouraged to act in a similar way to corporate boards - with some notable exceptions - which are discussed as part of this thesis. The research for this study focused on four FE colleges in the Midlands, with attention being given to one in particular and this has been used as the key case. To facilitate the analysis of the data collected, the research done by Ada Demb and F.F. Neubauer (1992) into the workings of corporate boards has been used. This framework has enabled a number of aspects of the governance activity, particularly the potential strategic role, to be examined and explored in the FE context.

### **1.3 Outline of the thesis**

Following this introductory chapter, chapter two explains in more detail the context in which this research has taken place. It presents a broad overview of some of the changes made to the public sector and demonstrates that the changes made to the FE sector cannot be seen in isolation and were part of a sweeping set of changes made to the public sector as a whole. Chapter two also provides an overview of the interest in corporate governance and the reasons for this, in particular the increased interest in public sector governance. It

briefly explains the strategy and governance processes in FE colleges as they generally take place following incorporation. Finally it provides an outline of the key elements of the Carver model of Policy Governance which is being adopted by several colleges and which is seen by some as a particularly useful approach to governance which enables boards to maximise the contribution that they can make to their colleges. Chapter two then, provides the contextual information relevant to this study and sets the scene for the work that follows.

Chapter three presents a review of the literature relevant to this study and provides the theoretical underpinning for the research. It examines the corporate governance debate in very general terms, highlighting areas of particular interest to the public sector and FE. Developing from this is a review of the research that has been done in the specific area of the board's role in strategy making and the spectrum of involvement in this process is examined in some depth.

Chapter four explains the methodological approach taken in this research, a qualitative study focusing on a particular college as a key case, three further colleges providing access to additional data. It offers an overview of some of the issues in the nature of management and strategy process research as relevant to this present study. The research data used in this thesis has been collected in three key ways, primarily through interview data (in most cases recorded and subsequently fully transcribed) but also supported by observations of board meetings and an analysis of the minutes of those meetings and other associated documentation.

Chapter five is the first of three empirical analysis chapters. It addresses the first key objective of this thesis - to clarify the work of the board in FE. It uses the work of Demb and Neubauer as a framework for analysis and explains the rationale for this, mindful that their research was undertaken largely though not exclusively into corporate boards. This framework permits the examination of the portfolio of board tasks undertaken in FE and compares this portfolio with the findings reported in the Demb and Neubauer study. This chapter confirms that despite some significant differences in their operating contexts, the work of the board in FE is largely similar to the work of the board in other contexts. It also confirms that those involved in governance in FE also see their key role as being a strategic one.

Chapter six examines the nature and extent of this strategic role in more detail and hence addresses the second key objective of this thesis. Again, it utilises the work of Demb and Neubauer, in particular focusing on the three paradoxes that they identified. The detailed examination of three paradoxes and the subsequent assessment of the extent to which they might be in evidence in FE raises a number of important issues which are significant in clarifying and understanding the board's strategic role. The data analysis reported in this chapter reveals and highlights some additional tensions which are, arguably, specific to the FE context.

Chapter seven discusses these background tensions and additional paradoxes in further detail. It recognises that it is against a backcloth of legislative changes leading to incorporation which the governance activity in FE takes place and

offers evidence which adds to the debate as to whether or not incorporation was in fact a new freedom for colleges. Established at the time of incorporation, the Further Education Funding Council (FEFC), as the administrator of central government funds is a key influence on college activity and the particular role that this agency plays in encouraging or constraining board involvement in strategy is discussed in this chapter as an additional paradox unique to FE. A further aspect to board activity is highlighted following a discussion of the role of those governors from the business sector, their increased influence on boards being a major outcome of the changes to board composition which followed incorporation in 1992.

Chapter eight considers how colleges might deal with the additional tensions developed in the previous chapter. It re-emphasises the potential role of the Carver model of Policy Governance as an enabler and develops an approach which demonstrates how this model can facilitate the board not only to meet the requirements of the FEFC but also at the same time to add value to their college through the governance process. In addition, this chapter identifies ways in which boards can maximise the contribution of all of their governors, in particular, those from the local business community. Integration of the two themes leads to further understanding of how the governing bodies within colleges of FE might undertake their strategic role to best effect.

Finally, chapter nine draws the work together and summarises the key issues raised by this thesis. It summarises some of the limitations of the methodology used to undertake this work and then identifies areas for future research which

may address these. In particular it suggests that there may be some governance issues which are common not only to the FE sector but to the public sector more broadly and that further work in this area may be of value to ascertain whether the additional paradoxes and tensions identified in this study might be revealed elsewhere and whether the issues raised by this thesis might be mirrored in other sectors.

## **CHAPTER TWO**

### **THE BACKGROUND AND CONTEXT OF THIS RESEARCH**

The purpose of this chapter is to explain the context in which the research for this thesis took place. The research was undertaken over a period of five years (1993 - 1998) and sought to examine some aspects and emerging issues arising out of the governance activity in Further Education (FE). In particular, the role of the board of governors in determining and making a contribution to the strategy of FE colleges was of interest. Prior to the start of the research in 1993, the FE sector had undergone some significant changes, primarily a change in status, from being part of the Local Education Authority (LEA) to colleges becoming independent corporate organisations. There were also some fundamental changes to the composition of the governing bodies of colleges, leading to further changes in terms of how they were to be managed and governed. These changes should not be seen in isolation, they need to be understood in the context of other changes occurring in the public sector at that time - changes which altered the very nature of public service in the UK. The first part of this chapter outlines some of these changes and discusses their broader political context. Following this, the very specific changes to FE are summarised. The third section of this chapter introduces the theme of governance and discusses some of the reasons why there has been an increased interest in governance generally and public sector governance particularly in recent years. There is also an opportunity in this chapter to explain how the governance and strategy processes typically take place in FE in a very general sense. More particularly, in the penultimate section, the philosophy and approach of the Carver model of Policy Governance is outlined and explained.



This is an important model because elements of it are used by some of the colleges used in this research. It is hailed by some as the key to effective and meaningful governance in the sector - others, while accepting the fundamental principles, are less enthusiastic. The overall impact and potential of this model recurs as an important theme throughout this thesis.

This chapter then is in six sections:

- 2.1 A background of change in the public sector
- 2.2 Legislative changes and associated outcomes specific to the Further Education sector
- 2.3 The increased interest in governance
- 2.4 Current arrangements for governance and strategic planning in Further Education
- 2.5 The principles and philosophy of the Carver model of Policy Governance
- 2.6 Chapter summary

## **2.1 A background of change in the public sector**

The political and economic context within which education, health and the provision of social services now operate has changed significantly and in some cases dramatically in the last two decades. The changes are wide reaching and developed out of a shift towards the so called 'New Right' thinking - thinking which moved away from a Welfare State which embraced principles of collectivism, social rights and equality to a commonly held value system based

on principles of individualism and personal freedom. (Farnham and Horton, 1993). 'New Right' ideas, albeit on occasions modified, were a major influence on a range of Conservative Government policies. Privatisation was extended and notions of internal market mechanisms became the driving forces for many of the changes that were seen, particularly in health and education. Government objectives and the strategies that have been developed and implemented since the late 1970's have sought to expand the private sector and reduce the public sector, this has been seen in a variety of ways e.g. from promoting the benefits of home ownership; to the provision of private health care and independent education. Farnham and Horton provide a useful summary of some of the measures which were used by the Government to implement their strategy and they are relevant as part of the background to some of the issues discussed in this thesis. Firstly they observe that there were the activities associated with deregulating the economy to "increase market competition, foster enterprise and create a business culture." This can be seen in the FE sector with the development of the corporate college, now fully responsible for its own planning, resources and staffing and no longer being in any significant way managed by or accountable to the LEA. This is explained more fully in the next section. Secondly, they note a set of measures which attempted to create a strong state so that the government was able to carry through its policies without any serious resistance from local authorities or powerful pressure groups. A range of directives, controls and legislative changes were introduced which were aimed at strengthening central government. Again, this can be seen specifically in the FE sector in the changes to the composition of college boards

of governors following the 1988 Education Reform Act, demonstrating a move away from a board dominated by representatives from the LEA.

Ferlie, Ashburner, Fitzgerald and Pettigrew (1996) make a significant contribution to the debate and understanding of some of the changes which took place in the public sector during the 1980's. They provide a useful overview of these changes and note that a political impetus can be observed which not only challenged traditional models of the Welfare State but also saw the emergence of new models. Given the range of similar restructuring across the public sector in general, they note that there was a recognition of a 'broadly based organisational phenomena' which was often labelled 'New Public Management' (NPM). They go on to assert that although the phenomena was readily observed and frequently recognised, it was largely under analysed as a general phenomena. Whilst this thesis does not intend to offer any analysis or indeed substantive comment on NPM as a general phenomena - it is considered important to outline its general background and characteristics here because it is within this overall political context of change and restructuring that changes to the FE sector and in particular to the governance activity within that sector, have occurred and need to be understood. The changes in and to the public sector throughout the eighties are summarised by Ferlie, Ashburner, Fitzgerald and Pettigrew (1996) as follows:

- ♦ Large scale privatisation;
- ♦ Increased managerialism and marketisation, introduction of quasi-markets;

- ♦ Emphasis on 'doing more for less', on securing value for money - increasingly assessed and measured by a range of performance indicators and tight central monitoring;
- ♦ Emphasis on the management of change, in particular changing culture.

These changes then, were part of an overall political economy of the public sector, an economy which, according to Ferlie, Ashburner, Fitzgerald and Pettigrew was characterised by a number of factors including:

- ♦ Decline in union power and collective bargaining - decentralised pay bargaining;
- ♦ Erosion of the autonomy of professionals, potentially leading to de-professionalisation;
- ♦ Public sector managers emerging as a 'gaining group', the growth of management posts which were generally better paid, but with tighter appraisal and less job security than in the past;
- ♦ The rise of a non-elected elite directing new style public services;
- ♦ The potential changing role and relationship of the service provider with the user, the extent to which NPM can empower the consumer and the debate surrounding issues of public accountability.

Of particular interest and relevance to this thesis is the fourth point noted above, that of the rise of a non-elected elite directing the public services. This can clearly be seen in the FE sector, where there has been a clear policy, implemented through legislative changes, to reduce the number of elected

representatives and replace them with appointees, typically representatives from the business community who are invited to join a board of governors. The authors point out that whilst many public sector boards were previously seen as 'rubber stamp' boards, increasingly this is changing to a model where these boards are at the strategic apex of the organisation, leading and directing activities and determining overall policy and direction. They suggest that an inner circle may emerge, an inner circle of individuals who hold multiple board positions within the new style public sector, just as they do in the corporate sector. The role that these new style boards undertake in colleges and the associated issues of both their involvement in strategy and the specific role of what might be termed 'local elites' is the central theme of this thesis. However, it is against this background of broad and sweeping changes to the public sector that the developments in the FE sector and their subsequent implications need to be considered and understood. The following section will focus on these sector specific changes and their associated outcomes.

## **2.2 Legislative changes and associated outcomes specific to the Further Education sector**

Having provided the background and the context in which changes were being made to the public sector generally, it is now appropriate to turn to an examination of the specific changes which subsequently took place in the FE sector. Firstly, it is worthwhile clarifying here what is generally understood to be embraced by the term 'Further Education'. Further Education was originally defined in section 41 of The 1944 Education Act and has subsequently been

amended and replaced by section 120 of the 1988 Education Reform Act (ERA) and the definition now reads:

“further education means full and part-time education and training for persons over compulsory school age, other than higher education, and any related organised leisure-time occupation”.

This definition clarified the previous somewhat ambiguous nature of 'organised leisure-time occupation' in that it insists that to qualify as further education, it must be provided 'in connection with' further education and training, thereby apparently limiting the range of provision that colleges might make. The term 'college' is not in fact used in the Act itself, however, Macfarlane (1989) clarifies the definition of a Further Education college and states that the term "FE college" is applied:

“particularly to those colleges offering courses at levels equivalent to those of a sixth form, but with emphasis on a wider range of vocational subjects, training programmes and leisure activities. Many of these colleges also offer courses leading to qualifications above GCE A' level or its vocational equivalents and this work is typically entitled 'advanced further education' and in some cases overlaps with the provision in some higher education institutions”.

The above quotation provides a sound working definition and can be applied to all of the colleges included in this research, all of whom have Associate College status with partners in the higher education (HE) sector and are therefore also able to provide a range of HE programmes via franchised or subcontract arrangements.

Having clarified what is generally understood by the term FE, this section now outlines the range of issues and influences that have affected the development of the sector in the UK. This will provide a general overview of an operating environment which has radically changed in recent years and is continuing to offer new challenges. In particular it provides a broader understanding of the background against which the governance activity is taking place. It is necessary to trace the development of the legislative framework and see how it has shaped the environment in which FE currently operates. It is the legislative framework, developed in the context of the changes outlined in the previous section, which has above all else changed FE and potentially freed it from many of the constraints with which it has had to operate over the years. Many of the constraints imposed by early legislation have now been lifted and one of the main themes has been to open up the education and training market place.

The education system of England and Wales has been described historically (and prior to 1988) as : "a national system administered locally", with the department of Education and Science (now the Department for Education) maintaining ultimate control, some of which was divested to the Local Education Authorities (LEAs). In practical terms, historically this meant that

the local LEAs were responsible for the day to day running of the education service in their area. As part of this responsibility, they were also required (under the 1944 Education Act) to provide "adequate facilities" for Further Education in their area. The 1944 Act "created a partnership between local education authorities and central government and the teaching profession, represented by the major teaching unions, which remained largely intact until the 1980's". (McVicar, 1992). The erosion of this relationship was a central theme of the legislative reforms that were to follow.

### **2.2.1 The 1988 Education Reform Act**

The 1988 Education Reform Act (ERA) was a significant piece of legislation and although the greatest publicity focused on the effects of the Act on schools, it also had radical implications for those involved in Further Education. The Act determined the size, membership, operating procedures and selection of the college governing bodies. The governing bodies gained major new powers under the Act and the balance of membership shifted significantly from the LEA to employment or business interest governors. The way in which the delegated powers were used depended on, to some extent, the composition of the boards. In this respect the Act pointed to a fairly fundamental change, employers would now be in a much more powerful position to decide the future direction of FE since these representatives could take up at least half the places on the governing bodies of FE college. At the same time, no more than 20% of the governing body members may be LEA appointments. This is a significant change and reflects the intention to erode the influence of the LEA and increase the influence of appointed business leaders, thereby mirroring changes taking



place elsewhere in the public sector - most notably in the National Health Service.

Under the 1988 ERA, the relationship between the LEA and the specific colleges of FE changed. Each governing body had to submit proposals for specific college provision of courses to the LEA. The authorities themselves then drew up an area provision plan which indicated proposed numbers but allowed colleges an increased flexibility to increase their market share, through their own marketing efforts. The role of the LEAs then began to shift from the management and administration of the colleges to one of co-ordination of activities. Emphasis was on the strategic role, the co-ordination of growth, rather than the allowing the piecemeal development of services. Having an overview of the provision, LEAs could then develop their role as a co-ordinated knowledge base for the education service in its area. Its varied sources of information gave it a unique opportunity to represent the needs of local industry and commerce as well as local public sector organisations and all other interested sectors of the local community. Opportunities existed for colleges to develop a true responsiveness to local needs both through a direct line to industry through their governors and also through consultation with their local authority. There were also increased opportunities to reinvest income earned from private courses charged to local industry and local training agencies. Given this emerging background it is not difficult to see how the notion of "the corporate college" was subsequently to develop. Planning, resourcing and financial delegation, arguably the crucial functions of college governance were changed through the new scheme and budgetary

accountability at a college level began to emerge. Under the 1988 ERA then, the relationship between the local authority and the specific colleges of FE began to change. These ongoing developments were of little surprise to those in Further Education, as long ago as 1963, the Robbins report, although essentially concerned with Higher Education recommended that detailed control of finances should go to FE colleges. For more than a decade, FE colleges have been urged from all sides to be more entrepreneurial and enterprising in their efforts to increase student participation and to generate additional income. During the 1980's it was not enough for the sector simply to respond to the changing needs of its customers and indeed the changing nature of its customers, there was a need for a proactive college which employed a range of business methods to target and attract new customers. During the same period, the government continued to hold down public expenditure and placed greater and increasing emphasis on efficiency and productivity across the range of public services, FE was but one part of this overall change in emphasis.

All of these developments heightened awareness of the business approach required of college management and in many ways prepared the ground for what lay ahead. There was also an increased awareness that not only must courses meet the traditional requirements of the validating bodies e.g. BTEC, but also gain the approval of governors from industry. The 1988 Education Reform Act then, made a number of major changes to the provision of Further Education in Britain, it began to sow the seeds of an increasingly competitive

environment, it encouraged colleges to respond to that environment and it gave a hint about what was to come.

### **2.2.2 The 1992 Further and Higher Education Act**

Given the flavour of the Education Reform Act, it came as little surprise to many that the government intended to go a step further and introduce the notion of corporate status for colleges, thus further developing a more open market for education and training. The specific implications for Further Education were first outlined in the government White Paper "Education and Training into the 21st Century", published in 1991. The central theme, subsequently taken on board by the 1992 Further and Higher Education Act changed the status of post-16 colleges by making them full corporate bodies via a process of incorporation. A new independent sector of FE was formed, centrally funded by the Further Education Funding Council (FEFC). Corporate status meant that institutions would for the first time assume an independent legal identity, the essence of corporate status being the establishment of a legal identity and the ability to take autonomous legal action. An important aspect of the Act, reflecting the market approach to FE is the delegation of financial and other managerial powers to the governing bodies of FE colleges. The removal of Local Authority control places the governors, as the embodiment of the corporation, in a new position with new powers, duties and responsibilities. "Governors have now taken on responsibility for the educational character of the college, its solvency and the conditions of service for staff" (Graystone 1994). It was intended that the governors would become a major force in determining organisation strategy and in holding the principal and other senior

officers to account. Following incorporation then, colleges would have a much wider range of powers and responsibilities, including:

- ♦ employing their own staff;
- ♦ entering into contracts on their own behalf;
- ♦ managing their own assets and resources;
- ♦ engaging in paid consultancy work.

The Act also made provision for schools to admit part-time and adult students, traditionally the province of the FE colleges. The schools then, historically the suppliers of the 16 year olds to the colleges were now in direct competition for some of the same client group. The impact that the Act has had on the whole ethos of post-16 education is immense. It was a clear attempt by the government to open up education and training and make it subject to market forces and the accompanying competitive pressures.

It has been seen that incorporation aimed to give colleges much greater control of their own affairs and the intention was to provide greater incentives and freedom to extended provision and increase student participation rates. Employers and politicians were, in the main, agreed on the need for a major expansion of further education and training and the government of the day saw the application of market forces to the sixteen plus sector as the best way of achieving this. The removal of colleges from LEA control was also part of the government's determined policy to reduce the influence of the educational

experts and to focus attention on more pragmatic objectives, for example meeting the National Education and Training Targets (NETTs).

The legislative framework then in many ways both set the boundaries for activities and more recently contributed to a blurring of some of those boundaries and an opening up of a much more competitive environment for those operating in the further education sector. A further outcome of the legislation has not only been an increasingly complex and dynamic operating environment for colleges but it has also introduced changes to the relative power of a number of key stakeholders e.g. the Training and Enterprise Councils and local employers. In some cases, new stakeholders of crucial importance and significant influence can be identified, in particular, the Further Education Funding Council (FEFC).

### **2.2.3 The Funding of FE**

This section briefly explains the role and responsibilities of the FEFC - this is considered important in terms of understanding the context of this research not only because the FEFC is very clearly a part of this, but also, it will be seen that it emerges as a significant element in the ensuing debate and discussion on the role of the board in strategy as this thesis develops. It has been seen that colleges are now able to raise money from courses provided for the private sector and training agencies, however, the main source of funding for any college is its funding council. The funding councils for England and Wales took over the role of financing FE from April 1993 (prior to that LEAs had effectively been the owners and funding agents of the colleges). This

arrangement of a national funding body replacing a local one had already been implemented in the polytechnics and higher education establishments in 1989 when they too were removed from the LEAs, firstly to the Polytechnic Central Funding Council (PCFC) and later to the Higher Education Funding Council (HEFC) which also embraced the old universities. The introduction of the FEFC can be seen to be a part of a consistent approach to the funding of further and higher education in the UK.

“The Council, which was established in July 1992, is responsible for allocating the funds put at its disposal by Parliament to those colleges in England which comprise the further education sector and to local authorities and others for those further education courses which are prescribed in schedule two to the Further and Higher Education Act 1992”. (FEFC 1994)

The FEFC formally took over the funding of a total of 465 English FE colleges, tertiary and sixth form colleges. It has a head office in Coventry, supported by nine regional offices where the majority of the council's inspectors (approximately 100 at the time of writing) are based. The purpose of the FEFC is “to secure further education provision that meets the needs and demands of individuals, employers and the requirements of government in respect of the location, nature and quality of provision”.

The funding of FE is a complex matter and while the FEFC and the role it plays is an important part of the discussion undertaken in this thesis, it is not deemed

necessary to set out the detailed mechanics of the funding nor indeed any of the special provisions for grants etc.. The purpose here in this chapter is to introduce the FEFC as the key source of funds for most colleges and hence one of the key stakeholders in the sector. It is also important to note the changes to funding pre and post 1993 as part of the overall scene and context for change in the sector.

It is in the context of all of these changes outlined in this section, including the funding arrangements that the governance activity is subsequently explored, observing that there is an increase in interest in governance generally and public sector governance in particular. The next section identifies and discusses some of the reasons for this increased interest.

### **2.3 The increased interest in governance**

The general debate on corporate governance in the UK and most of the more recent proposals for reforms have been concerned with improving the accountability of the managers of the business to the owners, the shareholders. In particular, attention has been focused on the financial aspects of governance, primarily in the corporate sector. Interest in corporate governance and the call for reform has been fuelled by a number of examples of corporate failure and these issues have been brought to the forefront, for example by the Maxwell case, by Guinness, by Polly Peck, to name a few. They have focused largely on financial irregularities and activities and corporate crime. These, and other cases led to the establishment of a committee in the early 1990's, chaired by Sir

Adrian Cadbury, which examined a range of governance issues but focused primarily on financial regulation and audit requirements.

The Cadbury Committee had three key objectives:

1. To improve governance and thus limit scope for a repetition of BCCI, Polly Peck etc.;
2. To preserve the unitary board and avoid any kind of two-tier structure;
3. To involve the owners of the UK companies, namely the shareholders, more in the governance of their companies.

In December 1992 the Cadbury Committee published a code of best practice for corporate boards which contained nineteen points for companies to follow. While the code was voluntary, the stock exchange made it a requirement for listing that companies at least detail in their annual reports the extent to which they complied with the code and to explain where they did not. The report also touched on other aspects of the way in which companies are governed, and of particular interest in the context of this thesis, included the role of the independent non-executive directors. One of the contributions of Cadbury was to explore and codify the role of non-executive directors, i.e., the independent outsider who is expected to represent the interests of shareholders in general.

### **2.3.1 Non-executive directors and college governors**

The recommendations of the Cadbury committee report identified four ways of achieving the objectives stated in the previous section, one of which was



concerned with the appointment of strong and independent non-executive directors to boards. As a consequence, it prompted a dramatic increase in the appointment of non-executive directors (NEDs) and their inclusion on audit and remuneration committees. The role of the NED then takes on more significance after Cadbury and it is for this reason that reference to Cadbury has been included in this chapter as it has already been seen in the previous section that one of the key outcomes of the legislative changes in FE was the increase in number and importance of 'outside' business interest governors. Cadbury clearly put the spotlight on the role of NEDs but it was focused mainly on large companies.

The role of the corporate non-executive director is, arguably, to take a view on the way in which an organisation is managed on behalf of the shareholders with the primary objective of ensuring that shareholder interests are protected. College governance is concerned with the wider gambit of stakeholders and in particular the whole community within which the FE college is operating. One of the roles of the college governor then is to ensure that the college is serving its community, where that community also includes staff and students. Shareholder value per se is not an issue but there are financial implications to their role in that the college governors must ensure that the college for which they are responsible remains financially viable. A detailed discussion of the roles and responsibilities of board members, both those on corporate boards and those on college boards is assessed in the light of data gathered for this research in chapter five of this thesis. Suffice to say here, there appear to be similarities in the intended roles of corporate NEDs and college governors. The role and

contribution of the non-executive or part-time board member is at the heart of much of the debate about corporate governance and some of the issues that emerge out of this debate are more fully discussed in later chapters.

### **2.3.2 Increased interest in public sector governance - particularly in the FE sector.**

Governance in FE has not received the publicity and attention afforded to governance of the large corporate organisations. In many ways the issues and concerns are very different. However, instances of governance failures are not unique to the corporate sector, there have also been instances within the public sector. Whilst these failures have not had the media interest of some of the more spectacular corporate failures like Polly Peck and Guinness they have occurred across the broad spectrum of the sector and include local government (e.g. Monklands and Westminster); the National health Service (e.g. Wessex Regional Health Authority); HE (e.g. Thames Valley University); and of particular relevance to this thesis, FE. All of these cases have been sufficiently serious to cause concern and in some cases in FE, the governors have been removed from office as in the case of Derby Wilmorton college some years ago. More recently there has been increased attention on the FE sector following a multi-million pound scandal at Halton College in Cheshire. In April 1999 Halton was ordered by the National Audit Office and the FEFC to pay back £7.3m of misappropriated public money. Their investigations revealed a series of financial abuses, ranging from false claims for course funding, flawed procurement practices and abuse of expenses. More generally, the FEFC audit survey showed that of those colleges examined in 1996/7 some nineteen

percent were found to have inappropriate membership of audit committees or potential for conflict of interest.

The cases referred to above are one reason then why there may be increased interest and concern in the governance of the public sector and publicly funded organisations and a recognition of the need for that governance to be both appropriate and effective.

A further reason for the increased interest in public sector governance might be seen as being due to the emergence of the notion of New Public Management during the 1980's, which has already been outlined. Ferlie, Ashburner, Fitzgerald and Pettigrew (1996) quote the case of the NHS reorganisation as an example of recent attempts to reform governance in the public sector based on the private sector board of directors model. Similar kinds of reforms have been observed in FE, with changes to board composition and responsibilities and earlier sections of this chapter have highlighted how these changes are part of the widespread reforms apparent to the governance system of a number of public agencies. Critics, suggest Ferlie, Ashburner, Fitzgerald and Pettigrew, see such reforms as 'impoverishing traditional concepts of public accountability' (Weir and Hall, 1994) and leading Stewart (1992) to observe the rise of the 'new magistracy', causing concern in some areas. They argue that this is an under-analysed aspect of NPM, but even so, these changes may themselves also have lead to a general increase in interest in the governance activity in the public sector.

Having seen the context of the changes made to the FE sector and the outcomes of these changes and also the general increase in interest in board activity, the next section outlines how governance and strategic planning generally takes place within the sector.

## **2.4 Current arrangements for governance and strategic planning in Further Education**

The legal basis for the rules within which a governing body operate are set out in the college's instrument and articles of government. The governing body is charged by the articles with the responsibility for oversight of the colleges activities. The principal, as the chief executive officer, is responsible for the day to day management of all aspects of the college. The specific structures through which an individual college is managed are not determined in either the Education Acts or instruments and articles of government, but are left to individual colleges. The FEFC recommends that the principal should 'give advice to, and obtain the support of, the governing body for the broad shape of the management structures and subsequent major changes'. The FEFC expect the governing body to be particularly concerned with the interaction between its own committees and the principal and the senior management team. The FEFC Guide for Governors published in 1994 is clear that:

‘the overall aim of the governing body should be to agree policies and strategies and to ensure that it is able to monitor progress in implementing agreed policies and strategies. It should ensure it has objective and effective means of knowing

whether the college is being properly managed to fulfil its mission and is in good financial health’.

#### FEFC Guide for Governors 1994

The FEFC expect the governing body to have a particular concern for the development of the college over the long term. ‘This concern will be expressed though the governing body’s involvement in the consideration of and agreement of strategic plans, which will influence and guide all other major decisions coming before it’. (FEFC Guide for Governors - 1994).

Strategic plans are a key source of information to the FEFC as it attempts to consider the range of provision in the sector and ultimately the collection of college plans will form the basis of any advice given to the secretary of state for education. The plans also provide background to any consideration of requests for funding support, particularly for capital funding. In addition, a college’s strategic plan is the key document against which the inspectorate assesses whether or not a college has achieved its own objectives. It can be seen that the plans fulfil a number of important roles for the FEFC and in the interests of consistency it has developed a planning framework and detailed guidance for colleges when they prepare their own strategic plans. The requirements of the planning process were introduced in a two staged process. The focus of the first stage was on the development of missions, on producing operating statements and on outlining strategic objectives which were derived from the mission and on providing an outline of the college's intentions in the longer term. The second stage plans (which began from July 1994) examined

issues in the longer term in more detail and began to take on new issues e.g. quality and staff planning and development. The FEFC requirements of colleges and additional supporting information about the strategic planning process are set out in Council circulars which are regularly sent to college principals.

The detailed examination of the board's overall governance role and its more particular role in this strategic planning process is undertaken in chapters five and six of this thesis.

Having set out the background and general approaches to governance and strategic planning within the FE sector, it is now appropriate to focus more specifically on one particular model of governance which has recently found its way into some FE colleges.

## **2.5 The principles and philosophy of the Carver model of Policy**

### **Governance**

The purpose of this section to explain the Carver model of Policy Governance<sup>1</sup>. It is considered important to explain this model because it was referred to on a number of occasions in the interviews undertaken for this study and was also seen to be in evidence in some of the colleges' documentation. It is a model of governance which was recognised, in part, by all of the colleges included in this research and arguably some variant or some elements of it were in use in three of them at the time the research took place.

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<sup>1</sup> Policy Governance is a specific set of concepts and principles and their application to boards and is a registered service mark of John Carver - it requires the use of capital letters whenever used.

Policy Governance is an all embracing approach to governance and was developed by John Carver for use in not-for-profit organisations and has been adopted by many community colleges in the US. Carver has spent two decades working with American and Canadian boards of community colleges and other public bodies and has published and contributed to a number of key texts most notably “Boards that make a difference” (1990) and a number of papers on the issues involved in community governance. Policy Governance “provides an advanced framework for strategic and visionary board leadership” (Carver, 1997). Policy governance claims to be a generic framework, applicable to all boards, “that brings managerial respectability and conceptual coherence to the roles of boards and directors”. Carver argues that governance is a generic task, similar across a wide range of organisations being governed. Policy Governance was designed to be applicable to this wide spectrum, its basic principles being appropriate for implementation by boards in profit, non-profit, governmental and business settings.

The main message of the Policy Governance model is not that individual boards should work harder towards what is perceived as being the ideal of board behaviour, but that the ideal itself is flawed. The model does not set out to make boards better at what they do, rather it reinvents that work and its fundamental precepts noting that the “traditional problems and inadequacies of governance are a fault of the process and not the people”. Policy Governance, as its name implies, is about governing by policy, where policy is defined as being a statement of the values and perspectives that govern an organisation. It is useful here to outline the underlying concern which prompted Carver to

develop this apparently alternative approach. He reminds us that people who sit on college boards are unpaid volunteers and, as such, are typically conscientious and giving, with some idea of 'service' to the wider community. They often interrupt their personal and professional lives to try to make some kind of contribution. However, what they actually spend their time doing, he claims, is not really making that contribution, but being embroiled in trivia. This trivia, Carver maintains, is manifested and represented by volumes of paperwork to read and understand and numerous documents all requiring approval of some kind. This is an unacceptable scenario according to Carver, which not only fails to maximise the contribution that board members can make, but is also responsible for many board members resigning from their positions because they become overwhelmed with the extent of the trivia and the detailed checking and monitoring required of them. In addition, potential new board members are less likely to come forward to take on such an onerous and often ambiguous role. Carver claims that his model enables board members to do what they joined the board to do, to make that contribution, both to the college and also to the community that it serves. He argues that traditionally the role of the board has been poorly defined and its practice often incomprehensible. Definition of this governance role has not been a particular problem for colleges in the UK, either prior to incorporation, where the role was very clearly defined by the local education authority, nor post incorporation where again the roles are very clearly defined, this time by the FEFC. Nevertheless, just as Carver has observed in the US, in practice many college boards have had a tendency to 'stumble from rubber stamping to meddling and back again' and it is perhaps due to a recognition of this that



some boards of colleges in the UK have adopted the Carver model, or some variant of it, in the hope that their boards will become more effective at governing the management of the college rather than trying to get involved in the management itself. There is also a need, as will be fully discussed later to make best use of the 'new' governors, perhaps now in somewhat limited supply in some areas due to the increased demands for their services which has come about following the legislative changes outlined earlier. The Carver model, proposes a different approach to board leadership that claims to improve the functioning and output of the board. It sets out to redesign the job of the board in such a way as to ensure that the board can lead powerfully on behalf of the groups of people that it represents and that in addition to this, the management are enabled to act with as much authority as possible, though within specified limits set by the board.

One of the underpinning principles of the Carver model is that the ultimate required outcome of any college is to prepare people for living and that governance should be about ensuring that this is happening and not about personnel policies and budgets. The reason Carver argues that boards have historically become obsessed with these kinds of issues and associated 'trivia' is that they are ultimately accountable for absolutely every decision that every one makes. Consequently what they end up doing is asking for lots of detailed monitoring information about those decisions and their outcomes, which usually comes in the form of reports and papers. The sheer volume of work created then leads to a range of committees where each member of the board is responsible for sub-aspects of the college, therefore the notion of the board

being able to take any kind of overview is, according to Carver, a nonsense. Carver argues that it is the board's responsibility to govern as a whole board, it is not the responsibility of the individual board members - ie the board should be 'one voice'. This means that there is no role for board committees and this is a fundamental change from the more traditional approaches to governance which often rely very heavily on committees and sub-committees to get their work done.

Carver is clear that governance is not about:

- ♦ keeping up with staff;
- ♦ helping staff;
- ♦ being on committees;
- ♦ approving staff plans;
- ♦ combing through budget details

He is equally clear that governance is about:

- ♦ bridging between owners and operations - a connector between those who own it and those who run it;
- ♦ expressing organisational values in the largest form - particularly vision, prudence and ethics - i.e. a focus on what the college is really there for, and;
- ♦ assuring executive performance - does it produce what it should be producing and what it said it would?

These basic principles and the philosophy behind the model need to be translated so that they can be utilised and developed by those involved in the governance process. The next section sets out how Carver believes his model of Policy Governance can be implemented in practical terms.

### **2.5.1 Policy Governance from philosophy to practice**

Carver believes that the values and perspectives that govern any organisation can be divided into four categories, he refers to these as 'policies'. He argues that explicit use of these categories or policies profoundly alters “the nature of board dialogue, documents, accountability and ultimately the capacity for strategic leadership”. Policy Governance requires boards to debate and write down their important values. He suggests that to fulfil board leadership in a more effective way the board needs to produce four categories of policies. Firstly policies about what he calls *ENDS*<sup>2</sup> which specify the results required; secondly policies that limit authority about methods, practices, situations and conduct, referred to as *EXECUTIVE LIMITATIONS*; thirdly, policies that delineate the manner in which governance is linked to management, known as *BOARD-STAFF LINKAGES*; and finally policies that prescribe how the board itself will operate, how it represents the ownership and provides strategic leadership to the organisation, referred to as *GOVERNANCE PROCESSES*. In Policy Governance then the board must address the largest and broadest values in the following four categories:

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<sup>2</sup> Italicised capitals will be used throughout this thesis to indicate that a specific policy category is being referred to.

# **1. *ENDS***

## **2. *EXECUTIVE LIMITATIONS***

## **3. *BOARD-STAFF LINKAGES***

## **4. *GOVERNANCE PROCESS***

These categories are designed to be exhaustive and can replace all other documents except bylaws, minutes and pronouncements of the state (articles of incorporation or enabling statutes). They are designated to be the “centrally available repository of board wisdom”. The titles of the specific categories of policy are not necessarily a particularly good guide to what the categories might embrace, nor indeed how they translate the philosophy of Policy Governance into a set of practical working documents. The following paragraphs describe and explain the specific categories of policy more fully.

### **2.5.2 *ENDS* Policies**

*ENDS* policies are concerned with results. “How does our being in business affect the world?” It is necessary to take account of the cost and the benefit to the outside world and consider in a very broad sense - ‘which human needs are satisfied, for whom and at what cost?’. The board must ensure “that the organisation produces economically justifiable, properly chosen, well targeted results”. This category could equally be called results, impacts, goals or outcomes.

### 2.5.3 *EXECUTIVE LIMITATIONS* Policies

This category of policies can be described as 'means' policies, in that they follow on from and develop out of the *ENDS* policies described above. (If we have dealt with where we want to go, we are left with how to get there). Carver stresses the importance of keeping 'ends' and 'means' separate. The board's only interest in how the college management and staff achieve their prescribed *ENDS* should be that they be effective, prudent and ethical. Taking it a stage further, any concern about effectiveness should be apparent in the extent to which the board's policies about *ENDS* are ultimately met and therefore the board need be interested only in prudence and ethics. This then is a range of board policies and values about the 'how' and is a series of policy statements defining prudence and ethics. It is expressed negatively and does not give authority to management, rather it restricts that authority. Having determined the *ENDS*, the board should permit the management to achieve those *ENDS* and stay out of how they do that, except to prescribe what they cannot do. Carver suggests that boards often confuse *ENDS* with 'means' and what they really need to be doing, in order to be effective, is to prescribe the *ENDS* and stay out of the 'means', except to say what is unacceptable. There is a need to be positive about the *ENDS* and negative about the 'means' ie 'you can come at this target any way you like but don't . . . .'. Managers, then, need to know what is unacceptable before actions are taken hence *EXECUTIVE LIMITATIONS*.

#### **2.5.4 BOARD-STAFF LINKAGES Policies**

These are a set of policies about the boards own ‘means’ and are concerned with how the board relates to the staff, in particular the CEO and the senior management team. These policies specify how power is delegated and its proper use subsequently monitored.

#### **2.5.5 GOVERNANCE PROCESS Policies**

This category of policy is the second which addresses the board’s own ‘means’ ie the nature of its trusteeship - its own job process and products. These policies specify how the board conceives, carries out and monitors its own task.

The four categories of policies are summarised in Table 2.1 which follows:

**Table 2.1**

#### **Summary of the key elements of Policy Governance**

<b>Policy category</b>	<b>Overview of basic principles</b>
<i>ENDS</i>	What, for whom, at what cost?
<i>EXECUTIVE LIMITATIONS</i>	How those ends are achieved - guided by principles of prudence and ethics
<i>BOARD STAFF LINKAGES</i>	How the board engages with the executive management
<i>GOVERNANCE PROCESSES</i>	How the board goes about its job

Policy Governance claims to provide an advanced framework for strategic and visionary board leadership. The key theme is that boards should stop trying to control the minutiae - and get on with the major task of determining the vision. "The board is about values and vision. Anything that trivialises this should be weeded out - the management can manage it" (Carver 1990). The Policy Governance model aims to let board members be leaders and not administrators. It lets them do what they joined the board to do - make a contribution.

## **2.6 Chapter summary**

This chapter has outlined the context in which this research took place - the background to incorporation and the subsequent changes that were made to further education colleges, all being part of much broader changes being made to the public sector. It has explained some of the reasons for the increased interest in governance and in particular public sector governance. The basic principles and philosophy of the Carver model have also been explained in this chapter because it is a model of governance which was highlighted and discussed by many of the individuals interviewed for this research. The extent to which the adoption of this model, or some elements of it, enables the boards to develop their strategic role is examined in some detail in later chapters of this thesis.

## **CHAPTER THREE**

### **KEY THEMES - THE CORPORATE GOVERNANCE DEBATE, A REVIEW OF THE LITERATURE**

This thesis examines the role and contribution of the board of governors in Further Education (FE) colleges, particularly the extent and potential of their strategic role and contribution. Before a detailed examination can be undertaken and any conclusions drawn, it is necessary to review the relevant literature and range of research projects which will inform such an analysis. The literature review undertaken in this section sets out to clarify what is understood by the term corporate governance and offers a number of different approaches which serve to facilitate this clarification. The review goes on to consider a range of relevant and recent research projects and journal articles which discuss the role and contribution of part-time boards and non-executive directors (NEDs), recognising that in many ways those that occupy these positions in the corporate sector can be compared to those that take on the governance role in colleges of FE. This then provides the theoretical underpinning and rationale for this thesis as it presents the later discussion and subsequent analysis of that governance role.

The review which follows draws together these themes and is in six sections:

- 3.1 The corporate governance debate - theories and issues
- 3.2 Reviewing the work of the board - emerging themes
- 3.3 The strategic role of the board
- 3.4 Beyond the corporate organisation



### 3.5 Governance in Further Education

### 3.6 Rationale for this study

#### **3.1 The corporate governance debate - theories and issues**

This section clarifies what is generally understood by 'corporate governance' and what the implications of this might be for those that take on that governance role. The concept or notion of governance suggests broad responsibility for an organisation, its survival and its well being (Fennell and Alexander, 1989). It is out of the theme of the 'corporate concept' and the management and the direction of any subsequent organisation or entity that the debate about corporate governance must begin. Charkham (1994) provides a useful background overview of the political, economic and social context of governance in the UK. Briefly, the discussion of the corporate concept necessitates a step back in time to the mid nineteenth century where (in Europe and North America at least) there were three basic ways of individuals owning a business:

- ♦ as sole traders under contract law;
- ♦ in partnerships (often families) covered by the Partnerships Act, or;
- ♦ as unlimited and unincorporated companies

The common characteristic was that of unlimited liability with the obvious significance of it being that if the business failed, the proprietors were personally liable for any and all debts. This situation did not encourage investment into business ventures, indeed was a disincentive to expansion, a

primary requirement for the much needed growth and development of the industrial base at the time. The subsequent Acts of 1855 and 1862 enabled companies to incorporate and introduced the principle of limited liability and the corporate concept. The 'directors' of these businesses were in many cases also the managers and owners, it was only as the businesses grew and shares transferred that the concept of the formal board became a reality (Charkham 1994). The corporate concept gave companies a life that was separate and independent from their owners, who were able to transfer their shares. As corporations grew in size and age their ownership became increasingly fragmented. Ownership then is the basis of power over the corporation and this includes the power to nominate and elect directors who will manage the issues on the owners/shareholders behalf. In addition to this there was the joint stock company, whose ownership and management were different from the outset - major enterprises, like the railways, needed to attract capital from a wide range of investors and they tended to have very formal boards usually made up of the 'great and the good' who acted as stewards and were quite separate from management. These 'directors' may have held some shares, but were not the controlling proprietors and generally had no management function.

The UK legal structure rests on two simple principles, firstly, the owners (shareholders) appoint agents (directors) to run the business and the directors report annually on their stewardship and secondly, directors can delegate their power (to managers) - but cannot abandon them. The managers' interests then may become divorced from the owners and because of this there is a need for monitoring because of the imperfect information that is available - ie the owners

cannot physically observe managers actions therefore they need agents ie directors, who can monitor what the owners cannot observe. Having provided a brief historical overview of the origins of the board concept, it is now appropriate to seek clarification on what is currently and generally understood to be embraced by corporate governance today.

Charkham (1995), in his international study and review of governance in the early 1990's recalls that the word 'governance' itself was revived by Harold Wilson in his book "The Governance of Britain" in 1977 and that it was not in popular usage prior to then. Despite its increased usage since, Charkham believes that there may still be some doubt as to what it really means. There are a number of approaches to clarifying this, for example by definitions of process, structures and systems, by examination of the central themes and consideration of the conflicts or tensions that might emerge as a consequence of governance. These are discussed further in the following subsections.

### **3.1.1 Seeking clarification through definitions**

Taking an overview of some of the definitions in use can go some way towards clarifying what is understood by 'governance'. Tricker (1994) defines it as 'the process by which companies are run'. The Committee on the Financial Aspects of Corporate Governance (Cadbury, 1992) said that 'corporate governance is the system by which companies are directed and controlled'. In the forward to a collection of papers and essays on governance issues, Starkey (1995) states that corporate governance is said to 'encapsulate the structures and processes associated with decision making and control within an organisation'. The

governance of an enterprise can also be seen as the sum of those activities which make up the internal regulation of the business in compliance with the obligations placed on the firm by legislation, ownership and control (Cannon 1994). The theme of control is also embraced by Conyon (1994) noting that corporate governance is understood to refer to the way in which companies are directed and controlled. Similarly, the control theme appears in Starkey's definition of governance as a 'control system that provides effective monitoring of and limits to managerial authority and action' (Starkey, 1995). These and other definitions in a similar vein, embrace much of what is at the heart of corporate governance - issues of regulation, of compliance, of ownership and of control and direction. However, clarification gleaned through definition alone may not necessarily convey the depth and complexity of many of the issues which potentially arise in any debate on governance. Having set out some typical definitions, it is helpful to seek clarification through other means.

### **3.1.2 Seeking clarification by examining central issues and tensions**

Cochran and Wartick (1988) suggest that rather than search for an all embracing definition, 'corporate governance' could be seen as an umbrella term which includes specific issues arising out of the interactions and exchanges between management, shareholders, boards of directors and other stakeholders. This view is extended by Monks and Minnow (1995) who see corporate governance as 'the relationship among various participants in determining the direction and performance of corporations', where the 'participants are a corporate tripod comprising shareholders, management and the board, plus other key stakeholders e.g. employees and customers'.

Cochran and Wartick (1988) suggest two key questions that they consider are at the core of corporate governance:

1. Who benefits from corporate decisions/senior management actions?
2. Who should benefit from those corporate decisions/senior management actions?

It is perhaps because of a number of highly publicised inconsistencies between the what is and the what ought to be that there has been an increased interest in corporate governance, in the UK, over the last ten to fifteen years as has already been discussed in the previous chapter.

Cochran and Wartick go on to argue, that considering the range of 'issues' in the debate is but one way of getting to know what governance is about - another and potentially more insightful is to consider the underlying conflicts which form the basis for corporate governance issues. They suggest that these conflicts are encapsulated in two key distinctions

- ♦ Governance versus management
- ♦ Separation of ownership and control

Taking each in turn, the process of governance is typically distinguished from management and it is concerned with the way in which corporate entities are governed, as distinct from the way in which those companies are managed, (Tricker, 1994). It is important to make clear that distinction between

governance and management. It has already been seen that this separation often starts with some kind of legal model - a model that assumes that the board is the agent of the corporate shareholders and acts on behalf of the shareholders interests; whereas the executive managers perform the day to day task of managing the business. The basic right of the shareholders in a traditional legal model is the right to select the board of directors to serve as their agents in core decision making. Management is then selected by the board to carry out the day to day tasks. The three key themes which are central to this distinction between governance and management are summarised by Cochran and Wartick(1988):

- ♦ Governance has an external focus; management has an internal focus
- ♦ Governance assumes an open system; management assumes a closed system
- ♦ Governance is strategy oriented; management is task oriented

Governance then relates to 'where the company is going', whereas management relates to 'how it gets there'.

A second set of considerations relate to the separation of ownership and control of a company, primarily rooted in company law, as has already been seen. One basic theory is based on the belief that stewardship will be exercised by the directors to whom the company (ie the shareholders) have delegated responsibility and authority, while still requiring accountability. The stewardship theory rests on the belief that those holding the position of

stewardship will act as 'a just and honest man, acting for the good of others, under the law' (Tricker 1994). In governance terms Cannon (1994) defines stewardship as follows 'proper stewardship is a responsibility placed explicitly on all those responsible for the goods and or funds of others' he goes on to quote Demb and Neubauer (1992) who see the board 'as a guardian of assets'. This role imposes a duty to exercise due diligence, including care and attention in the management and disposal of all of those assets for which they might be responsible. Recent cases, e.g. Maxwell, show the scope which existed for those managing corporate resources to deploy them for their personal benefit. More recently then, an alternative view has been in evidence and has been at the heart of many of the recent high profile cases of corporate governance failure. The alternative view is one which the firm and its activities are seen as a series of contracts between principals and agents, with shareholders being the principals and the directors their agents. It is argued, and recent evidence supports the view, that the agents will potentially act with rational self interest and not necessarily with the 'wise and just' behaviour assumed by the stewardship model.

Further tensions and conflicts surrounding the governance activity have been identified by Ada Demb and F.F. Neubauer (1992). Demb and Neubauer set out to answer the fundamental question "What is wrong with corporate boards?" Following research into corporate boards in eight countries and based on interviews with over seventy board members, embracing a variety of board structures, they conclude that there are three fundamental structural tensions which they believe are faced by all boards. The first paradox that they identify is

that of 'whose responsibility - board or management?'. As has already been noted by Cochran and Wartick, the board has a clear legal responsibility for the organisation and yet the management have the infrastructure and knowledge to take on this responsibility. The second paradox lies in the belief that the real additive value of a board stems from 'its ability to exercise critical and independent judgement'. 'Critical' implies that board members need to have a thorough detailed knowledge of the company and its business to enable them to make effective and appropriate decision; on the other hand 'independent' suggests distance and detachment. The third paradox that they highlight is concerned with boards needing to find a balance between being a 'cosy club' on the one hand and a group of 'loosely linked personalities' on the other, and so being able to operate as an effective working team. Demb and Neubauer argue that these three specific structural tensions or paradoxes constantly threaten to undermine board effectiveness. Whilst boards cannot, according to the authors, ignore these tensions, they can all use different approaches to resolve them. The many and varied approaches used are examined and discussed throughout their book. The work of Demb and Neubauer has made a significant contribution to the work of boards and directors. This work will be referred to extensively throughout this thesis and is examined fully throughout chapters five, six and seven of this thesis as it is used as the basic framework for analysing the data gathered for this research. The rationale for using this work, which was largely undertaken in the corporate sector, is also fully explained in chapter five.

This section has provided an insight into the development of some of the themes of corporate governance and has offered an overview of some of the



general governance issues. It has established that within organisations there is a body of people, a board, responsible for many aspects of the enterprise, where that group do not have the power of ownership but are acting on behalf of others. It is to the composition and operation of this group of people that the following section now turns.

### **3.2 Reviewing the work of the board - emerging themes**

Having established the basic issues and tensions in the governance debate and established the need for a board in a very general sense. It is appropriate now to extend this discussion to examine the relevant literature in the specific area of board role and activity. What is known about what boards do, what is the nature of their work and how do they undertake it? Apparently very little. “The work of the director is rated as the most under researched management topic” (Tricker, 1978). “The study of boards and those at the top of corporations is one of the most important and yet neglected areas of social science research” (Pettigrew, 1992). Pettigrew and McNulty (1995) argued that Tricker’s comment was still ‘ringingly true’ in 1995. Typically, research activity has focused primarily on linking board composition and demographic issues with a range of potential outcomes (usually measured in terms of financial performance), innovations and strategic change. Pettigrew (1992) draws our attention to the need for research into the actual operation of the board and the activities of the directors. He observes that whilst the 1980’s saw an increased interest in the role of top leaders and the fate of their organisations, the focus was largely on charisma, vision and transformation and that this has not been matched by equivalent interest and concern with boards and directors. He

argues that what literature there is, appears to assume that board performance can be improved by repeat prescriptions. This prescriptive literature, he asserts, does not reveal the role of boards in practice, to do this we need to turn to the descriptive literature. A number of significant studies have been undertaken, primarily, though not exclusively, in the corporate sector and this section takes an overview of some of this research and considers its relevance and significance for this current study.

Pettigrew and McNulty (1995) reported on a pilot study into part-time board members in the top 200 UK industrial and commercial firms. Despite this research being in a different context to the one being considered by this present study it is useful to review it here because it focuses specifically on the part-time board member. It will be recalled from the previous chapter that in the main, outside part-time board members dominate college boards, board composition having being altered within the legislative framework to ensure that this is the case. It is also a useful work because it sought to explore the actual operation of the board, one of the key questions to which they sought answers was ‘how do they shape the content and process of corporate strategy?’. The same kind of issues that the research undertaken for this current study sought to illuminate. In particular they ask whether non-executive directors are still to be portrayed as ‘rubber stamps’, an important theme in this research. Pettigrew and McNulty (1995) cite the earlier work of Lorsch and MacIver (1989) who concluded that the real power lies with the governed (ie the executive team) and that the ultimate success or indeed failure of an organisations rests with them, going on to say that the key problem faced by

NEDs is how to translate their legal mandate into effective power over the top managers, especially the CEO. This raises an interesting point - the assumption of management hegemony lies at the heart of much of the literature on corporate boards and researchers have attempted to discuss a range of issues which might determine how one party achieves power over another. The heart of the relationship between those that govern and those that manage appears to be torn apart by a constant and very often expected power struggle. Given the very different political and legal context of the college boards considered by this present study, this assumption may not hold true. The analysis presented in subsequent chapters will explore this theme more fully. A number of more general themes emerge from the Pettigrew and McNulty research which are of interest here. For example, they observe the characteristics of boards which could be said to be either receptive or non-receptive to the contributions of NEDs, again based on evidence which appears to confirm the management hegemony theory. They also set out the characteristics of the minimalist board compared to a maximalist board and note the importance of the key players, in particular the chairman, in terms of influencing the board. In a minimalist board a set of conditions have been deliberately created to minimise the impact of the part-time board on the direction of the firm. It is not explicitly stated but can perhaps be inferred that those set of conditions have been orchestrated by the executive management, they include factors such as the size and composition of the board, the attitude of the chairman and the CEO and board processes. These and other related issues are discussed more fully in the context of the FE board in the analyses chapters of this thesis. Interestingly, Pettigrew and McNulty also comment that the governance framework in the UK that now

exists is as much a product of custom and practice as it is a legal requirement. This is of interest when one considers the board in FE, they are in a situation where there have been significant changes to the sector, changes to board composition and changes to one of their key stakeholders, ie now the FEFC, no longer the LEA. There should be little sense of custom and practice on college boards. Arguably though, some college board members may still have the same expectations about their role as they have always had but which were much more appropriate to past regimes and less appropriate to current arrangements. However, before examining the role of the board in FE, it is useful to take an overview of the role of the board in a more general sense, thus enabling some assessment to be made of the extent to which the board roles undertaken in the corporate sector might be similar to those undertaken by boards of governors in FE.

McNulty and Pettigrew (1996) provide a useful review of the research into boards to date. A key work in this area is that of Lorsch and MacIver (1989) who examined American corporate boards and reported their findings in their text 'Pawns and Potentates'. They concluded that the major duties of the board were:

- ♦ selecting, assessing, rewarding (and if necessary replacing) the CEO;
- ♦ determining the strategic direction; and
- ♦ assuring ethical and legal conduct.

Later work, on an international scale, by Demb and Neubauer (1992) concluded that the key tasks of the board were:

- ♦ setting strategic direction;
- ♦ securing succession and hiring and firing the CEO and top management; controlling, monitoring and supervising management;
- ♦ caring for shareholders ensuring dividends; and
- ♦ deciding on the best use of resources.

Following the review of corporate governance in the UK in 1992, Cadbury summarised board functions in these terms:

- ♦ to define the company's purpose;
- ♦ to agree the strategies and plans for achieving that purpose;
- ♦ to establish the companies policies;
- ♦ to appoint the chief executive and to review his performance and that of the top executives; and,
- ♦ in all this to be the driving force of the company.

More recently in 1995 the Institute of Directors in the UK have stated that the four main tasks of the board should be:

- ♦ establishing vision, mission and values;
- ♦ setting strategy and structure;
- ♦ delegating to management; and

- ♦ responsibility to shareholders and other parties.

McNulty and Pettigrew concluded from their review of the work into boards, as summarised above that there was some consensus about what boards do but that less is known about actual board behaviour and how that behaviour is shaped by the duties that the board undertake. Nevertheless, their work is useful here in that it provides a useful overview of the literature to date and highlights the need for further research into how boards might undertake some of those roles about which there appears to be consensus.

Some concerns and reservations have been raised (Pettigrew, 1995; Peck, 1995) about the way in which the data for much of the work on boards to date has been collected. Pettigrew (1995) notes that with few exceptions, the research to date shares the common limitations of studying boards and what he terms 'managerial elites' 'several paces away from the actors, processes and issues facing those elites'. He argues that in top management team research, easily obtainable demographic data is used as a 'substitute for unobserved intervening processes and leaps are then made to a range of organisational outcomes'. Things are attributed and inferred. One of the criticisms made by Pettigrew about the methodology employed for the research into boards is that there is a lack of research where the data has been gathered by observation and interview. This gap is filled in part by Peck (1996), whose work is of additional interest here because the research is focused in a public sector setting, albeit in the health care sector rather than the education sector. Peck's 1995 review of the performance of an NHS Trust Board, not only extended the stream of

literature beyond the corporate context, but also provided a critique of three approaches to data collection available to researchers, namely what he called 'actors accounts' (ie interview data), document analysis and also actual observation of board meetings in progress. He suggests that most studies to date have been largely unreliable because they have been based on only one or sometimes two of the available sources of data. He presents the findings of a number of earlier studies (Mace, 1971; Lorsch and MacIver, 1989; Demb and Neubauer, 1992) and confirms the summary view of McNulty and Pettigrew (1994) that there is some consistency in terms of board roles, however he asserts that all of these studies and others (Kovner, 1989; Pfeffer, 1972, 1973; Cloher 1984) share the same methodological weakness in that they are entirely reliant on the insights and objectiveness of the 'actors', ie the directors themselves, and that there is no substantive in-depth confirmation of the accounts. Some of the key findings of Peck's research are discussed further in section 3.4 of this chapter and the issues raised by the specific methodology that he used and subsequently advocates are explored in the next chapter of this thesis.

This section has presented an overview of some of the work to date into the role of the board of directors, it has demonstrated that there is some consensus across a range of organisations about what that role should be and the range of activities that might be undertaken by a board. It is apparent that the strategic role of the board is cited frequently by board members as important and an area where they believe they should be focusing their efforts and involvement. This view is further supported and confirmed by McNulty and Pettigrew (1996) who

cite the work of Goodstein, Gantum and Boeker (1994) who identified three perspectives on board functioning:

- 1) the governance perspective
- 2) the resources perspective
- 3) the strategic perspective

McNulty and Pettigrew (1996) summarise these views and note firstly that an assumption behind the governance perspective is that there are conflicts of interest between the management and the owners of the firm. The governance perspective treats the board as 'a mechanism for ensuring organisation action accords with owners' interests' that is the outside directors are there to keep a check on the self-interested behaviour of the managers. Conversely, the resource dependency theories assume that the interests of the managers and the owners are largely similar. The strategic perspective embraces those functions and activities that contribute to making important decisions that ultimately enable the organisation to change. McNulty and Pettigrew note that any list of board functions generally contain tasks which 'concur to varying degrees' with all of these the perspectives and the lists presented earlier in this section confirm this. However, in all sectors, the strategic perspective of the board functioning is now receiving more attention, having being neglected (Goodstein, 1994). It is this strategic perspective then and the subsequent extent of the board's involvement in organisational strategy which is now discussed more fully in the following section.



### **3.3 The strategic role of the board**

The previous section has reviewed some of the research into the work on boards and directors and has demonstrated that there appears to be a range of roles and activities that most boards undertake. What emerges is the apparent importance of the strategic role. This section examines the literature as it concerns that strategic role and seeks out research evidence which attempts to establish the extent to which boards are actively involved in the strategy process.

The Institute of Directors (1990) states that the board 'takes responsibility for determining the companies strategic objectives and strategic policies' . In terms of how they might discharge this responsibility, the role of the board in strategy is usually taken to include identifying what business the company is in and developing a vision and a mission, assessing the threats and opportunities and the strengths and weaknesses, and selecting and implementing a strategy. (Tricker 1984, Pearce and Zahra 1991).

Stiles and Taylor (1996) state that the strategic role of the board is often used as the identifying characteristic of board endeavour - ie the role that separates the work of the board from the work of managers and the executive. Davies (1991) reiterates the particular strategic task of the board as defined by Taylor (1994 ), as:

- ♦ to improve the performance of the business for the benefit of the shareholders, the managers, the employees and other stakeholders;

- ♦ to provide a philosophy and a set of principles which will guide the actions of the people involved in the enterprise;
- ♦ to set strategy and direction of the business - usually for growth;
- ♦ to monitor and control the companies operations, not just in the form of immediate financial results, but also in building for the future through improved productivity, quality, customer service, new products, the recruitment and training of staff; and,
- ♦ to provide a set of policies which can be presented publicly in discussion with governments and other external bodies.

This list of tasks helps to clarify what is understood by the strategic role and delineates this from the more general lists of board functions included in the previous section.

Major research into boards have all noted the need for boards to be involved in strategy. Empirical support for this comes from Demb and Neubauer's 1992 study of 71 directors, of those interviewed three quarters saw the boards main task as setting strategy and overall direction. The Lorsch and McIver study in 1989 of 80 directors and four case companies also supported the view that directors are strongly involved in strategic issues, as did Tricker's studies in the UK in 1984 (Stiles and Taylor 1996). These studies present a different picture of board reality than that offered by Mace in 1971 who referred to non-executive directors as 'ornaments on the corporate Christmas tree' and in his classic study in the US concluded that boards were not involved in strategic planning and that the basic objectives and broad policies were not established

by the board in most large and medium sized organisations. 'It would be a rare board member who would do anything except go along with management' (Mace 1971). Stiles and Taylor (1996) note that whilst the literature tends to support the view that boards should have an impact into strategic decision making, there remains an absence of detail in terms of how boards actually deal with strategy - ie to what degree does the board really become involved?. Their research attempts to address this key question. They collected data via structured questionnaires completed by directors from 101 UK companies between January and October 1994 in an attempt to shed more light on the still under researched area of the strategic involvement of the board. In their questionnaire, Stiles and Taylor used the three perspectives on board involvement in strategy as identified by Zahra (1990), in summary these are:

- ♦ The legalistic perspective, which stresses that the board's role is to represent the shareholders and protect their interests. This view tends to minimise the board's involvement in strategy and places strategy development in the 'exclusive domain of the CEO';
- ♦ The review and analysis perspective, which suggests that boards should play an active role in formulating and implementing strategy but that the role is in fact restricted to the review and analysis of management proposals;

- ♦ The partnership perspective, which puts forward a real partnership between the CEO and the board, both in developing and choosing strategies for the company.

Using these areas in their questionnaire they were able to confirm previous work that the board was actively involved in strategy. They concluded that very few boards appeared to adopt the purely legalistic stance. Stiles and Taylor support Demb and Neubauer's 1992 findings that boards generally face the same challenges and adopt the same responses regardless of company size and type. The findings of the Stiles and Taylor research provide an insight into current board practice, but the authors recognised that certain factors needed to be taken into account when generalising these findings. Firstly, the frame from which the sample was drawn: ie the questionnaires were all completed by directors attending seminars at The Institute of Directors leading to the award of The Diploma in Direction and this inevitably influenced the characteristics of the companies in the survey. In addition there were few public companies and only two percent of the directors were non-executive directors. Stiles and Taylor also expressed a concern about the self-reporting bias and observed that it is a general problem in research on boards, as has already been noted, but one which they believe is difficult to avoid. They note that they have a general picture of board behaviour in terms of the strategy process, but this is limited to one point in time and they do not have data which tracks changes over time. Given these limitations, they remain confident that their conclusions help illuminate what they consider to be a still under-researched area of the strategic role of the board. They identify and explore the notion of a continuum of

involvement in strategy which can be seen in the corporate sector through the work of Mace, (1971); Tricker, (1984); Lorsch and MacIver, (1989); and Demb and Neubauer, (1992).

Stiles and Taylor have provided a useful overview of some of the more significant studies into the role of the board in strategy and this is summarised in Table 3.1 which follows:.

**Table 3.1****A summary of key studies into the role of the board in strategy**

<b>Authors</b>	<b>Methodology</b>	<b>Major Findings</b>
Mace (1971)	Interviews with 50 directors of medium and large US corporations - concerned with board roles and responsibilities	Boards do not impact on overall strategic decision making, except in times of crisis; they typically are dominated by management, they are the creatures of the CEO, they are 'the ornaments on the corporate Christmas tree'
Tricker (1984)	Corporate Policy Group studies on the work of directors and the activities of boards	Boards are involved in the formulation of strategy, but the emphasis is with internal issues, rather than with focusing externally on matters affecting shareholders
Lorsch and McIver (1989)	Interviews with a total of 80 directors, 4 case studies and a postal questionnaire in the US	Boards act mainly as advisors to the CEO on strategy, as counsellors to the CEO
Demb and Neubauer (1992)	Interviews with 71 directors in 17 companies, mostly UK and US, plus a survey of 127 directors	75% of respondents considered setting strategy as the main job of the board. Interviews suggested a continuum of involvement in strategy

The background literature then, as summarised in Table 3.1, is clear that strategy is one of the key functions of the board. All of these previous studies are useful in examining the continuum of involvement in strategy in very general terms but they have their limitations in the context of this present study as they only focus on the corporate sector and in the main on what they consider to be the top companies in particular. Neither are they necessarily explicit enough in their consideration of the specific role and contribution of the NEDs.

The specific role of the NEDs is a theme explored in some detail by Goold and Campbell (1990). On the one hand they observe that the organisation for the promotion of Non-Executive Directors (PRO NED) promotes 'recognition of the major contribution which independent non-executive directors can make to company boards' and sees the board's involvement in strategy as central to the NEDs role. This activist role, promoted by PRO NED, has received support from industry through the Cadbury report. The Cadbury report included recommendations about the 'primary and positive contribution which they (NEDs) are expected to make as equal board members to the leadership of the company and bring judgement to bear on issues of strategy'. However, Goold and Campbell highlight an alternative view which argues that the limited time available to the NED makes it extremely difficult for him/her to play a constructive role in strategic discussions. There is a danger that the lack of depth of understanding of the NED can make strategy debates 'facile and superficial'. This is supported, in part, by the empirical work of Demb and Neubauer and is explored more fully in their discussion of their second

paradox, ie commitment and depth versus detachment and breadth. Goold and Campbell argued in 1990 that there was a gap in published management research on precisely what part NEDs did play in the strategic decision making of large companies. They argued that this gap needed to be filled for any well informed debate to take place. Their work on large companies led them to support Mintzberg's (1990) view that time pressures make it difficult for NEDs to contribute to the detailed formation of strategy. They argued that, in general, NEDs can do little to shape or even challenge the content of strategies proposed by executive management, who are inevitably closer to the business and better prepared for debates than the outside directors. However they did see three useful strategic roles for NEDs; roles associated with due process; with commercial logic and with strategic control. The due process role suggests that NEDs should be concerned with the specific process or processes whereby strategy is made, for example by establishing that there a process for ensuring that sufficient time is spent on reviewing or updating the strategy and for ensuring that responsibilities are clearly defined. They argue that weaknesses in the planning process often translate into weaknesses in the plans themselves and it should be possible for the NED to raise useful questions about a process which contains such weaknesses. Taking the role of commercial logic involves the NED in ensuring that the basic questions of commercial or strategic logic are brought out into the open These general questions assume no specific knowledge of the business or industry in question, they are more concerned with the internal consistency and completeness of the strategic thinking than with the detail of what is being proposed. Arguably, the NEDs can, and do, pick up things which the executive team may have overlooked and can provide



a useful discipline to decision making. Finally, a role in terms of strategic control which involves going beyond the budgets and some of the more usual and typical financial measures. Goold and Campbell argue that almost all companies take budgetary control seriously, but that few have any comparable processes of strategic control and there is often an absence of non-financial targets. The NEDs role here is to ensure that strategic progress exists and not to second guess management on precisely what any particular targets might be. Goold and Campbell argue that by focusing their attention on these three matters, NEDs are more likely to be able to play a useful strategic role and perhaps there is then a bridge between the activist role as advocated by PRO NED and the suggestion that there is insufficient time for NEDs to make anything like an active contribution. Whilst the roles that they advocate appear potentially useful, there appears to be no real evidence (nor do the authors offer any detail about their research base to substantiate them) to indicate that these roles have been undertaken by any particular boards. It is difficult therefore to draw any conclusions about their potential significance in terms of NED contribution to strategy here, however they do present an approach which may be worthy of further research and debate. Perhaps more usefully, Mileham's (1995 ) research into how NEDs believed they could contribute is worthy of inclusion here. The research was conducted during 1993/4 in the aftermath of the Cadbury report with its recommendations for NEDs. "An essential quality which NEDs should bring to board's delegations is that of independence of judgement" (Cadbury 1992). Mileham concluded that NEDs are seen to be adding significant value to the collective leadership of the company or organisation by their contribution to the work of the board.

Interestingly he quotes unpublished research by Burton (1994) which concluded that 'NEDs often/usually make sure that there was a strategy rather than expecting to contribute to it', which goes some way towards supporting the approach suggested by Goold and Campbell referred to earlier. Mileham concluded that the debate about governance and in particular about the role of NEDs was very healthy, 'the role is becoming clearer to NEDs themselves, other members of the board and also others', he is clear that this debate in this arena must continue.

This section has examined a range of literature which has examined the strategic role of the board and has emphasised the potential importance of the NEDs. With the exception of the work undertaken in the NHS by Peck (1995), all of the literature reviewed here has been concerned largely with the corporate sector. The next two sections extend this review and consider a broader range of literature which goes beyond the corporate sector.

### **3.4 Beyond the corporate organisation**

The previous sections have reviewed the literature in the area of board operation and it has been seen that there is agreement regarding not only the range of roles that boards generally undertake but also that the most important role is considered to be the strategic role. In the main, the literature which has been reviewed thus far, has reported on board roles within the corporate sector and it is necessary to go beyond this to try and make some assessment as to whether the general issues raised in the previous sections are mirrored in FE. However, before examining FE specifically it is worth taking, briefly, a wider

view and to consider the public sector more generally - the National Health Service provides a useful and appropriate vehicle for this broader view.

It is important to note that extensive though Charkham's 1994 review of governance was (referred to in earlier sections of this chapter), it concerned only the corporate sector, and only quoted PLCs in that sector. An examination of the literature which helps towards general understanding of some of the issues and conflicts in the governance debate outlined in this chapter reveals a general lack of information regarding governance issues in the public sector. No similar review of governance has taken place within the public sector. However, Peck's (1995) research referred to earlier goes some way towards confirming that the roles of the board in the NHS are not dissimilar to that of the corporate board. One of the key roles most regularly selected by board members in Peck's (1995) research was, 'sharing and owning the vision/mission of the trust'. The overall picture which emerges, according to Peck, is that of a board making the most of skills, experience and breadth of social concerns of its members to share in the vision of the organisation, in this case an NHS Trust, and enhance its external relationships, whilst at the same time ensuring probity and undertaking its monitoring role.

A key contribution to the study of the work of the board in the NHS has been made by the Centre for Corporate Strategy and Change at Warwick Business School. In particular, the strategic role of the new style NHS Trust boards has been examined, recognising that a major outcome of the public sector reforms was the adoption of the private sector board model within NHS Trusts. So,

what is known of the extent of strategic involvement of the NHS trust board? Arguably, according to Ferlie, Ashburner, Fitzgerald and Pettigrew (1992), the pre-1990 the health authorities were seen generally as rubber stamping authorities and it was hoped that the 1990 NHS reforms would change this and enable boards to move towards a more strategic shaping role. The NHS Trusts can be seen as a new organisational form and are expected to be more business like, although still not a business - they are now required to have a balance of five executive directors and five NEDs, with a non-executive chairman being appointed by and accountable to the secretary of state. The role of the CEO is seen as significantly different from that of the unit general manager, being more strategic and less operational. The presence of NEDs at unit level was completely new and the researchers detected overall an important expansion of their role. The focus for the NEDs was also in taking a corporate but independent view of the management of the unit as well as contributing in relation to their specialism where they could. This is in marked contrast to the previous model where a much larger number of professional and lay members acted in a representative role. A number of NEDs had remarked that the new style bodies were more attractive to serve on. They were seen as more business like and providing a greater opportunity to make a contribution.

As far as the strategic impact of the NEDs is concerned, three alternative levels of impact can be hypothesised according to Ferlie, Ashburner, Fitzgerald and Pettigrew:

- ♦ Level A represents a situation in which the non-executives act as a rubber stamp, perhaps undertaking ceremonial duties. They have no substantive impact at a strategic level and recommendations from executive directors go through ‘on the nod’;
  
- ♦ At Level B, NEDs are more probing, questioning proposals coming to them from executives and even sending them back for reconsideration. They are not however involved at the early stage in the formulation of strategic options; and,
  
- ♦ Level C refers to a situation in which there is substantial non-executive involvement in deciding between strategic options and doing this at an early stage in the process. The NEDs may even shape the organisational vision which underpins these more medium term statements of strategy.

The Warwick team concluded that NHS boards can shift between these levels depending on what the parties want from the relationship and on the particular skills of the parties involved. They noted some movement towards C, albeit only partial, but suggest that it does mark a break with the rubber stamping model of the past. Their judgement is that none of their case studies were at level A, most were at level B where strategy is discussed but not formulated. Some subgroups can be seen as having made the transition to level C. One of the Trusts studied could be seen as operating as a new organisation with the joint task of creating something new shared between the executive and the non-executive directors. The board could be seen as beginning at level B, but

moving on to level C after a year as executives gained confidence in their non-executives and as the non-executives gained further experience.

The work of the Centre for Corporate Strategy and Change at Warwick University is an important piece of research because it is one of very few substantial research projects which attempts to examine issues of board role and contribution outside of the corporate sector.

This section has highlighted that the idea of a continuum of involvement in strategy as identified in the corporate sector is not apparently unique to that sector and there is evidence to suggest that this continuum is in existence in one part of the public sector at least. The following section deals specially with the governance role and activity in FE and provides an overview of the current state of knowledge and research into the governance activity in this area.

### **3.5 Governance in Further Education**

It has been seen that, in the main, the literature in the corporate sector and also in the NHS supports the view that boards should have an input into strategic decisions, but there appears to be an absence of detail about how they actually deal with it. The Literature in FE also supports this view but again what is lacking is any real evidence of the reality of the board role and activity. There is a wealth of published material on governance matters in the sector, much of it is in the form of prescriptive advice from various bodies ie The Association of Colleges (AOC), The Colleges Employers Forum (CEF) and the Further Education Funding Council (FEFC). In addition a number of surveys and

research projects have been commissioned by these organisations and others e.g. The Further Education Development Agency (FEDA) and The FE Staff College at Blagdon. As in the corporate sector, the emphasis tends to be on issues of board composition and the mechanics of board operation e.g. the number of committees, who should serve on them etc. Research undertaken on the actual role of the board and board members actually undertake that role is scarce and what is available tends to be have been reported either just before or just after incorporation (Kedney 1992). It also tends to reflect a sector in transition, with all the speculation that that implies, rather than necessarily reflecting more recent trends. There appears to be no substantive work which attempts to ascertain the actual role of the board and the extent to which that role is a strategic one. The key issue of whether incorporation and the new freedoms it was supposed to bring with it have had any significant impact on the role of the board and not just its composition, appears to remain open for debate, clarification and focused academic research.

Nevertheless, some of the work which has been undertaken to date does go some way towards setting out some of the key governance issues in FE and it is worthwhile reviewing them here. A useful starting point is the work of Limb et al who in 1992, through The Association of Colleges for Further and Higher Education published an overview of the changes which were taking place in further and higher education and the potential impact and implications of these changes for college managers and governors. One of the key contributors to the publication was Colin Monk who offers an interesting reflection on the use of the word 'governor' to describe 'one of the more responsible positions in the

incorporated public sector world of colleges of further and higher education’ observing that the very word itself often invokes images of Victorian children having governesses and governors, or of a row of governors sitting on a raised stage at a school speech day ‘beaming down at the graduating class with a quizzical pride’. Hardly the imagery, he suggests, that appropriately accompanies the governor as a member of a board of directors, taking an active role in the direction of the college for which they are responsible. Nevertheless, imagery aside, Monk argues that changes to the sector (still ongoing at the time of the publication) would put enormous pressure on finding people who not only had the right qualifications, but who would also be willing to take on board this governance role, due to a hugely increased demand for their services. This appears to be confirmed by the research undertaken for this current study and the issues that it raises are discussed more fully in later chapters. Monks work is of particular interest here because he suggests a number of different positions, or roles, that a college board might adopt. These are summarised in the Table 3.2 which follows:



**Table 3.2**

**Summary of board roles as suggested by Monk**

<b>Position/Role</b>	<b>Key characteristics</b>
The cheerleader	Governors as supporters of the management group, as motivators. Demonstrating and communicating a shared passion for the college.
The owner of the vision	Governors taking ownership of the future direction of the college, developing it, preparing it and communicating that shared vision.
The monitor of change	Governors as facilitators in the change process, helping the institution understand the difficulties associated with managing change. Stresses the importance of monitoring the change not managing the change.
The team player	The board acting as one voice, not a portfolio of interests based on their respective representational interests.
The watchdog	Governors checking, supervising, controlling to ensure that the college avoids disaster.

These positions represent a portfolio of roles that Monk (1992) suggests that any board might need to adopt at any one time, but particularly as colleges made the transition for LEA control to being corporate organisations. They are suggested roles, prescriptive in nature and do not appear to be based on any

real evidence about what boards were actually doing or perceived themselves to be doing in the future - in that respect Monks work shares some of the limitations of more established academic work undertaken in the corporate sector. Nevertheless, there does appear to be some similarities in the expectations of board role and activity across the sectors. A more detailed discussion on the similarities and differences of the governance role across sectors is undertaken in chapter five of this thesis.

Perhaps more insightful is the work of Kedney (1992), who took stock of the developments in college governance to just prior to incorporation. He reflects that service on a governing body can be 'a matter of pride and at times joy, however it can also be one of duty and tedium'. He observed that in the main, governing bodies were increasingly coming to terms with their new powers and duties as bestowed by the 1988 Education Reform Act, just as these powers and duties were then to be extended further by incorporation. He remains silent as to whether he considered incorporation was likely to serve to 'heighten the joy or deepen the fatigue'.

Kedney comments on the lack of guidance and advice available for governors at the time (prior to 1992) and suggests that the purposes of the governing body and how it operates often emerged through practice and precedent rather than by any detailed planning and design. Based on his own attendance at meetings (none specifically referenced, either in terms of in what particular capacity he attended, nor in terms of the number of attendances and the specific timescales involved), he observed that each board developed its own style, largely

independent of politics and the college which it served. Based on anecdotal comments, conference feedback and seminars and private conversations, Kedney believes that it can be confirmed that the ways in which college boards operate continues to be as diverse as ever, arguing that this very diversity presents a variety of options available to the college when it comes to determining its own style and role. He is clear that the stereotype of the governing body as an agent of the LEA was out of date in 1992 and quotes an Her Majesty's Inspectorate (HMI) report which was based on visits to colleges which reported a clear shift of focus from issues drawn from the agendas of LEA committees to more college led matters (HMI, 1991). It is clear from Kedney's report that even before incorporation, colleges were displaying some autonomy, albeit operating within the general parameters of the local authority, and the boards of governors were acting much more independently than they had done prior to the 1988 Education Reform Act. It has been seen in the previous chapter that the movement from the responsibilities under the ERA to those proposed by the later Further and Higher Education Act was more than the deletion of references to the local authority. The new rules set out the strategic role and responsibility for the character and the direction of the institution. Kedney's analysis of the literature on the responsibilities of governors in incorporated educational institutions in the UK and USA lists 12 functions including:

- ♦ to determine the character of the college, including the approval of the mission statement and strategic plan;
- ♦ to establish and oversee educational programmes;

- ♦ to approve minor changes;
- ♦ to have an oversight of the work of its committees;
- ♦ to ensure solvency, approve the estimates of income and expenditure, and monitor the efficient and effective use of resources;
- ♦ to undertake the strategic monitoring of performance;
- ♦ to be accountable to the funding bodies;
- ♦ to be the employer of staff, determining remuneration policies and the conditions of employment, and to act as in internal court of final appeal;
- ♦ specifically to appoint, monitor and regulate senior staff posts as defined in the articles of association and government;
- ♦ to have custodial oversight of the capital investment in premises and plant;
- ♦ to provide a bridge between the college and its communities; and,
- ♦ to preserve institutional independence.

This is a comprehensive list of functions and roles and the strategic role is apparent. Kedney notes that in the US references are also made to the responsibility of the trustees (governor) for insisting on being informed, raising money, evaluating the board's performance and creating a climate of change (Nason, 1982; Dardy, 1987). He suggests that an examination of the US system might usefully contribute to the governance debate. Whilst, this is beyond the scope of this current research, given the inclusion and discussion of the Carver model of Policy Governance, (a model originally developed in the US and adopted by many community colleges, which is now finding its way into some

UK colleges), a broader review and analysis of the American system may be worthwhile.

Despite the fact that Kedney's review of governance style and structure was undertaken just prior to incorporation, it remains a useful piece of work because it extends the discussion to include consideration of the strategic role of the board. He asserts that if the board has been more than a rubber stamp for either the local authority or college management in the past, observations suggest four possible role models for the board, these are summarised below:

- ♦ firstly, the shift in status of the board has obvious links with the board of directors of a private company and this may offer one approach;
- ♦ a second model for the overall role of the governing body draws an analogy between the board and the House of Lords, giving as it does a second chamber providing independent reflection on a number of issues;
- ♦ this can be interpreted differently offering a third role model - that of the independent consultant; and,
- ♦ finally the draft articles of college government identify the fourth role as that of the watchdog, monitoring standards as members "are responsible on accordance with the scheme of delegation for the general direction of the college" .

Kedney argues that governing bodies may identify with each and all of the above from time to time, but he is clear that any charges which might suggest that boards would emerge as rubber stamps or as a substitute for college management were 'too simplistic and ill founded'. It is however, less than clear from the report precisely what grounds or evidence he has for holding this view so firmly as no substantive research evidence is presented in any detail.

Whilst there appears to be a dearth of rigorous academic research into UK college boards, a detailed study in the USA (Kerr and Gade, 1989) of the governing bodies of a range of universities and colleges examined not only what they did but also how they did it. Classifications were drawn up following interviews with trustees and their perceptions about what they did. The methodology and results are reported on in some detail by Kedney (1992) who summarises as follows. The key area of concern was the extent to which boards actively participated in the running of the college or simply accepted the recommendations of the executive and acted as a rubber stamp or a confirming body. They generally represent two ends of the spectrum in terms of participation and real involvement in strategy. Kedney's own personal experience and research suggests six of the positions identified by Kerr and Gade might be found in the UK, they are:

1. The 'out to lunch' (or rubber stamp board), this board typically follows the recommendations set before it with little amendment or even debate. This can also be called a good housekeeping/seal of approval board.

with influential names on its board as support. These individuals may have other calls on their time and they may be only marginally involved;

2. The ratifying and review board, which carries out its watching brief but will step in when necessary, but generally looks to the executive to act on its behalf. Tends to focus on specific aspects of interest to the governors. Its primary concern is financial and the emphasis is on the bottom line;
3. The overall policy and performance board, which concentrates on results. Seeks to review policy, protects academic freedom and tries not to be drawn into the administration of the college;
4. The inner caucus or pluralist board, which takes both the overview and also direct participation in the running of the college, sometimes through key post holders of a subgroup, e.g. the committee chairs;
5. The selective administrative board is a board which goes beyond concern for policy and performance and into detailed decision making where governors have specific experience and/or interest. This board may emerge only in a time of crisis when they need to intervene in the running of the college. However once the initial crisis is over - instead of now standing back, the board continues its level of involvement;

6. The managerial board which shares with the principal across-the-board involvement on a regular basis.

Whilst Kedney rightly argues that it is open to question how far the views of governors in the UK would actually match these board types, the study does go some way towards establishing that the notion of the continuum of involvement in strategy that has been observed in the corporate sector and also in the NHS could potentially be mirrored in an educational context. The extent to which this is the case in the FE sector particularly and where on the continuum of strategic involvement any activity is subsequently taking place is examined in the analyses sections of this thesis.

More recent research into governance issues in FE (Hall, 1994; AoC, 1996; 1997, FEFC, 1996; Graystone, 1997) has tended to examine quality issues, ethical conduct and aspects of performance monitoring. The more typical reports and analyses of board composition and attendance patterns continue (CEF, 1995 Kedney and Hawkins, 1996). There appears to be no specific research which focuses on the actual reality of role of the governing body, nor indeed the potential strategic role.

### **3.5 Rationale for this study**

This review has required the examination of a range of research studies into board composition and operation across a number of sectors. The main stream of research is in the corporate sector and one of the key themes is the role of the board. There is consensus about the overall role and range of activities that



are undertaken by that board. One of the most important roles which emerges is that of the involvement of the board in strategy making. It has been seen that there is a widespread view that there is a continuum of involvement from the rubber stamping board to a board that is actively and positively involved in the strategy of the organisation. From the literature, there is a discernible shift from the findings reported by Mace in 1971 to more recent studies, for example the work of Stiles and Taylor which recognised a potential continuum of involvement in strategy, for corporate boards at least. Whilst the main source of the research data is the private sector, there is research taking place in the public sector. In the main this is the NHS and is lead by research teams at Warwick University. This research has also identified a continuum of involvement for the new style boards of the NHS as has been identified by others in the corporate sector.

In FE, since incorporation, a number of research projects have been commissioned by the CEF, AoC, FEFC, FEDA etc and this has focused primarily on the composition and structure of the new style boards following legislative changes. There is some specific work on the role of the board and this draws on more established research into board performance from the US community colleges. Much of the work to date in the UK was undertaken at a time of transition when it could argued that colleges, as corporations, were largely preoccupied with their new status and the additional demands that this subsequently imposed upon them and that issues of truly effective and meaningful governance, and what this might mean, has yet to be understood, researched and documented.

This thesis aims to address some of the limitations of the existing research by going beyond data gathered by interview only, to include evidence based on document analysis and also by direct observation of a board in action. The methodology employed and its rationale are fully described and discussed in the following chapter. The research has taken place over a five year period, a time of partial consolidation for FE and it has enabled the potential changing role for governors and indeed managers to be considered. The research presented here takes a first step in establishing and analysing some of the key governance issues in FE, in particular it examines the nature and extent of the strategic role that the board might play, recognising that this is largely unexplored territory. This literature review has provided the theoretical underpinning for the discussion that follows and enables some assessment to be made as to whether the issues raised in other sectors and contexts are currently being mirrored in the FE sector.

## **CHAPTER FOUR**

### **METHODOLOGY**

This research project examines aspects of the governance activity in Further Education. In particular, it explores the extent to which there is potential within this activity for the board to undertake a strategic role. A case study approach has been employed and the data has been collected primarily through interviews in the first instance, with additional information being gleaned via observations of specific events, namely board meetings and annual general meetings, and to a lesser extent via documentary analysis. Data collection has taken place in one geographical region, the East Midlands, largely in a broadly based College of Further Education, which for reasons of confidentiality, will be referred throughout this thesis as College A. College A has been used as the key source for much of the data, but in attempt to ensure that there was nothing especially unique about this college and the data collected from it, some further additional data has been gathered from three other, smaller, but otherwise largely similar general FE colleges in the same region.

The data has been collected over a five year period, a period during which those operating in the quasi-public sector in general and FE in particular, have been faced with many challenges not only to their governance process and activities but also to their day to day operations and their approaches to longer term strategic planning. These issues are discussed elsewhere in this thesis. This chapter presents the rationale and justification for using the methods referred to above and is in four sections:

- 4.1 Issues in research design and philosophy as applicable to this study
- 4.2 The nature of management research
- 4.3 Research strategy and specific data collection methods used, their rationale and value
- 4.4 Coding and analysing the data
- 4.5 Concluding thoughts

#### **4.1 Issues in research design and philosophy as applicable to this study**

The general task of any enquiry and hence the task of the researcher is complicated by the fact there is little real consensus about how the task should be approached. There are differing philosophical underpinnings, there are different views on the role and place of theory, there are differing approaches to data collection and the analysis of that data. These approaches fall into two traditions, one is labelled variously as the positivistic, natural-science based, hypothetico-deductive, quantitative, nomothetic approach; the other as the phenomenologist, interpretivist, inductive ideographic, ethnographic, qualitative approach. Both approaches use an array of labels to indicate the approach that they take. This chapter will take the well used and defined terms of 'positivist' and 'interpretivist' approaches to categorise the two and allow for further explanatory discussion of the differing perspectives and philosophical underpinnings.

Preece (1994) offers a very broad conceptualisation of what might be understood by research in general terms, he states that any research is

conducted within a system of knowledge and that the research should be probing of that system with the aim of increasing the knowledge. He observes that this increase in knowledge could be something entirely new and original or it may consist of checking out and testing or expanding and refining ideas which are still provisional. He stresses that research "should continually question the nature of knowledge itself, what it is and how it is known". There is a difference between how Preece sees research and the definitions put forward by Zikmund (1991) and Sekaran (1992). Zikmund defines (business) research as "the systematic and objective process of gathering, recording and analysing data for aid in making (business) decisions", and that the role of the researcher should be detached from that process. Sekaran (1992) defines research as "a systematic and organised effort to investigate a specific problem that needs a solution". He elaborates on this by saying that the processes of research inquiry have to be carried out diligently, critically, objectively and logically, with the desired end to "discover new facts that will help us to deal with the problem situation". Both of these definitions clearly suggest some practical application of the result of the research, though of course this need not be the desired intention nor outcome. It is useful to clarify here then, that distinction between pure and applied research: pure research is deemed to add to theory and expand knowledge and may or may not have some practical implications; whereas applied research tends to be conducted to study a problem and find a solution that could be implemented. Zikmund (1991) and Sekaran (1992) then lay emphasis on research facilitating the (managerial) decision process, whereas Preece (1994) sees it as theory building in areas relevant to management and management studies. Gill and Johnson (1997) do

not emphasize this distinction but include both pure and applied research when they describe the overall research process as "the means of advancing knowledge" and "a disciplined and systematic procedure of help in solving managerial problems". The research undertaken and discussed in this thesis cannot be classified as applied research as there is no particular problem to be solved, rather the research is of an exploratory nature and seeks to add to general understanding about governance and the specific role of the board of governors in a given specific context.

Robson (1997) provides a useful overview of the differing theoretical underpinnings (and the subsequent approaches to data collection) observing that the positivist approach involves the application of natural science techniques to study a social phenomena. This approach is based on the belief that the subject matter of both fields of enquiry (i.e. natural and social science) is similar. It assumes that there is some order in the social world based on the existence of laws similar to those in the natural world. Researchers set out to seek the causes of certain phenomena they are interested in. Only those factors that can directly be observed and objectively measured form acceptable data. Research and the research process is based on systematic protocol and procedures. In contrast, the phenomenologists or interpretivists claim that information can only be obtained and then explained by understanding the meanings of actions and the interpretation that are put on those actions. This cannot be done by simply looking at facts - these have to be interpreted in the context of the meanings that people attach to their actions. The emphasis then is on the analysis of subjective accounts. Emphasis is on theory grounded in

empirical observation which takes account of the subject's meaning to gain explanation by understanding. Data gathered using this approach is usually qualitative. The scientific approach of the positivist argues that we should be able to explain phenomena in terms of what causes the things or events that we observe. Cause and effect underpins the positivist methodology, whereas the phenomenological approach argues that rather than being conditioned by the environment in which we live, we are able to make our own judgements and hence determine our own behaviour - the main interest being on our understanding and interpretation of the environment. Individuals reflect on and shape the social world and give the social world meaning. Understanding these meanings underpins the phenomenologists methodology. There are two fundamentally different ways of looking at a research problem then and any researcher needs to adopt a critical approach to the way research is carried out. Should research focus on cause and effect to develop laws to explain human behaviour, or should research concentrate on the social construction of reality and seek to understand and interpret human behaviour? The research focus in this case tends towards the latter - attempting to understand the governance process and activity and to assess the extent of strategic involvement of the college board.

Further differences are also apparent in the way the two approaches view the role and place of theory. The positivist approach starts with a theory (a general statement that summarises and organises knowledge by proposing a general relationship between events) and according to Robson (1993) typically has five steps:

1. Deducing a hypothesis (testable proposition about the relationship between two or more events or concepts) from the theory;
2. Expressing the hypothesis in operational terms (i.e. ones indicating exactly how the variables are to be measured) which proposes a relationship between two specific variables;
3. Testing this operational hypothesis - this will involve experiment or some other form of empirical enquiry;
4. Examining the specific outcome of the enquiry. It will either tend to confirm the theory or indicate the need for its modification; and
5. If necessary, modifying the theory in the light of the findings. An attempt is then made to verify the revised theory by going back to the first step and repeating the whole cycle.

This five step process and the approach to research that underpins it was inappropriate in the context of this research study, as there was no specific theory in evidence at the outset which was to be tested, there could be no hypothesis. The research carried out for the completion of this thesis set out to try to gain some understanding about the governance processes and activity in FE; it did not intend to test out a specific theory nor did it examine cause and effect to enable a new theory to be developed, hence an interpretivist approach was deemed to be appropriate.



The two research traditions also vary in their approaches to data and analysis of that data. One approach demands that you collect all the data before you start to analyse it - another seeks to link data and analysis more closely. A major feature of the interpretivist approach is that theories and concepts tend to arise from the enquiry itself. They come after data collection rather than before it. In addition in this approach, data collection and analysis are not rigidly repeated - there can be some data collection followed by analysis which would lead to decisions then being made about the next data to be gathered. Once again, taking an interpretivist, phenomenological approach to this research has led to data being collected and specific issues being followed up as appropriate. Themes have emerged as the project has developed.

Gill and Johnson (1997) offer a comparison of the two approaches, the positivist and the interpretivist approach for managers, (using the terms nomothetic and ideographic respectively), and highlight the differing emphases of each and it can be seen that this mirrors the general debate on social science research. Some elements of this comparison are reproduced in Table 4.1 which follows:

**Table 4.1**

**A comparison of nomethetic and ideographic research methods**

<b>Nomethetic methods emphasise</b>	<b>Ideographic methods emphasise</b>
Deduction	Induction
Explanation of causal relationships by covering laws	Explanation of subjective meaning by understanding
Generation and use of quantitative data	Generation and use of qualitative data
Use of controls to allow for hypothesis testing	Research in everyday settings, allowing access to minimising reactivity among the subjects of the research
Highly structured - aiming for reliability of above	Minimum structure

On the left hand side of the table a positivist approach can be seen, this might involve the use of, say, laboratory experiments, moving through to quasi-experiments, surveys, action research and ultimately the use of ethnographic studies used by those favouring a phenomenological approach to research on the far right of the table. Gill and Johnson argue that any research method employed adopts a position on this continuum according to its relative emphasis upon the characteristics identified above. The research undertaken for this study tends towards the right hand side of this table.

Easterby Smith et al (1991) have taken this further and look more specifically and explicitly at the basic beliefs of each research tradition and the implications

of this for how the researcher might approach the enquiry and offer some indication as to the preferred method or strategy for data collection. Some elements of their comparative table are reproduced in Tables 4.2, 4.3 and 4.4 which follow, with a further column added which allows for specific reflection and comment on the approach and methods to be used in this study.

**Table 4.2**

**A comparison of the basic beliefs of the differing research traditions as relevant to this study**

	<b>Positivist Paradigm</b>	<b>Interpretivist Paradigm</b>	<b>Approach taken to this current study</b>
<b>Basic beliefs</b>	The world is external and objective	The world is socially constructed and subjective	The nature of the topic, the role of the players, the interactive and subjective nature of the processes being researched lead to an interpretivist perspective
	The observer is independent	Observer is part of what is observed	Observation is used as one of three methods of data collection. The observer in this study is not part of the process being observed and hence cannot be considered to be entirely independent. Issues raised by this are discussed elsewhere in this chapter

**Table 4.3**

**Comparison of the research focus favoured by the differing research traditions as applicable to this study**

	<b>Positivist Paradigm</b>	<b>Interpretivist Paradigm</b>	<b>Approach taken in this study</b>
<b>Researcher should:</b>	<p>Focus on facts.</p> <p>Look for causality and fundamental laws.</p> <p>Reduce phenomena to simplest events.</p> <p>Formulate hypothesis and then test them.</p>	<p>Focus on meanings.</p> <p>Try to understand what is happening.</p> <p>Look at the totality of each situation.</p> <p>Develop ideas through induction from data.</p>	<p>Throughout the research the intention was to understand the processes of governance and the potential for strategic involvement and to try to understand the perceptions and realities of the players in that process. The research attempted to go beyond the facts, for example the 'facts' are clearly recorded in many of the minutes of meetings which have been analysed and yet it has been possible to go beyond these actual accounts by considering them against observation of the specific board meeting and also by interviewing those involved.</p> <p>The governance process was considered in its widest context, taking account of the changed and changing environment, new demands on the institutions and the players, current issues and debates, the fluid nature of the board itself and the role and the impact of internal constraints and opportunities and external agencies. A broad overarching perspective was taken with no attempt to reduce any of these issues to single isolated events.</p> <p>There were no hypothesis for testing. Induction rather than deduction was required.</p>

**Table 4.4**

**A comparison of the research methods preferred by the differing research traditions as applicable to this study**

	<b>Positivist Paradigm</b>	<b>Interpretivist Paradigm</b>	<b>Approach taken to this study</b>
<b>Preferred research methods</b>	Operationalising concepts so that they can be measured	Using multiple methods to establish different views of phenomena	Three methods of data collection were employed, interviews, observation and document analysis
	Taking large samples	Small samples investigated in depth or over time	One key case was examined over a five year period, with some limited reference to a small number of others

Given the very broad nature of the questions that this research sought to illuminate, if not answer, construction of these summary tables and the reflection on the possible approaches, confirmed that an inductive, interpretivist approach was required.

This section has so far outlined some of the fundamental dichotomies associated with research design and it has established the rationale and justification for the interpretivist, phenomenological approach to research adopted in this study. It is appropriate now to examine in more detail some of the issues specific to management research.

## **4.2 The nature of management research**

Whitley (1984) describes management research as being in a fragmented state with little co-ordination between researchers, observing that this is in part attributable to the multi-disciplinary nature of management and the variation in approaches across a spectrum which might include, on the one hand operational research; and on the other sociology. Easterby-Smith et al (1991) reiterate this view in part and suggest three particular problems posed by management which make it distinctive as a focus for research.

- ♦ Firstly, the very eclectic nature of management. The problem for the researcher being whether to look at it solely from one discipline or whether to adopt a cross disciplinary approach. A cross disciplinary approach has been adopted in this research drawing on work in a number of areas as discussed in the literature review, including governance, strategy process, the role of the top team.
- ♦ The second potential problem they note is one of access, observing that managers are often busy and powerful people and access to them and their organisation can be difficult and sometimes impossible. Whilst not entirely disagreeing with this view, there is evidence, as reported by Pettigrew (1992), that access problems can be more perceived than real and that problems need not be insurmountable. In terms of this current research, access to the board in the case institution, College A, was planned and negotiated very early on in the life of the project as it was apparent that without it the research project could not proceed. It was

anticipated that this access would include being able to ask individual board members for interviews, reviewing documents (some, though not all, of which might be confidential to the board) and also observing board meetings in operation. Planning was crucial and it soon became apparent that whilst approval was not in itself a problem, either in terms of interviewing key players or in terms of observing specific events, the time that this approval took was sometimes rather lengthy. Setting this alongside board meetings which were scheduled every two/three months did create some logistical problems. Prior planning meant that these problems were minimised. In addition to the personal relationships and trust which were developed over time between the researcher and the subjects, the topic itself, ie the nature of governance, did not play an insignificant role. Both the governors and the college senior management team were keen to demonstrate that the processes with which they were involved were open for all and have encouraged interest, observation and open discussion throughout. This openness was not exclusive to this research project. The third board meeting observed for this study was also observed by other members of college staff, trade union representatives and several members of the senior management team who were not themselves board members (the principal being the only member of the college senior management team to be a member of the board of governors of the corporation). On this occasion there were almost as many observers as board members. Some reflection on the impact of this increased observation on the process being observed is important and is discussed more particularly in the next section. Suffice to say here,

access, certainly for the purposes of this study, has in the main been actively encouraged and supported, aided not only by careful planning and the nature of the relationship between the researcher and the researched but also very evidently by the nature of the subject of the research itself. Robson (1993) notes that it is increasingly common for researchers to carry out a study directly concerned with the setting in which they work, ie the researcher as an insider and this was certainly the case with this research. He notes that there are some very clear practical advantages to this kind of insider research many of which have been enjoyed during the life of this project e.g., fairly intimate knowledge of the context of the study (including an historical and developmental perspective), knowledge of the politics and culture of the institution, knowledge about who to approach and how best to approach them and in general being in possession of a great deal of knowledge that an outsider would take some considerable time to gather. These advantages have proved valuable in many ways but just as these advantages have been enjoyed and capitalised upon wherever possible, so the disadvantages have had to be faced. These disadvantages have included having to deal with the potential for conflict and bias posed by the dual role of researcher and colleague. It has not always been a comfortable experience interviewing colleagues, especially when some of those colleagues hold significantly higher positions in a hierarchical organisation. There was always potential for confidential information to arise in the confines of the research which may have affected the working relationship or lead one or other of the parties to feel compromised. With



hindsight, issues of confidentiality have been less of a problem than might have been anticipated, largely due to the open and transparent nature of the governance and strategy process in this case. It could well have been a more significant issue if the subject being researched was in the area of strategy content and included issues such as new product (course) and market developments, merger and acquisition activity and any associated implementation issues like changes in working practices and terms and condition of employment, or restructuring of the organisation for example.

- ♦ The third problem of management research cited by Easterby-Smith et al (1991) concerns the need that management often has for both thought and action - ie managers may want to take action as a consequence of, or in the light of, the research results. There has been some evidence of this as this research has unfolded and a number of requests have been received (both from senior managers and members of the governing body) to prepare papers and reports for consideration and discussion once the research has been completed. In particular, their interest has focused on board performance and what the research might demonstrate in terms of whether or not the board are actually doing what they believe that are doing and should be doing. This poses a conundrum - having stated at the outset that the purpose of the research was exploratory, that the intention was to increase understanding, it would be inappropriate to suggest to the board or to the college senior management team that any kind of best practice model for governance had emerged either within

their own specific college or indeed by comparison with any of the other institutions covered by this study. Specific recommendations to the board about its operation and performance was not the objective of this research project. Nevertheless, agreement has been reached, in principle, to report back on some of the issues, if not offer recommendations per se, which have emerged during the completion of this thesis.

Easterby-Smith et al (1991) note that the three factors discussed above ie the eclectic nature of the subject area itself; the potential access difficulties and the management need to take action as a consequence of the research, may not be unique to management research - but note that the potential combination of all three poses particular challenges for the management researcher. This particular research project has attempted to rise to those challenges.

#### **4.2.1 A note on strategy research**

Having examined some of the issues specific to the nature of management research in general, it is useful to take this a stage further and look briefly at some of the issues which have emerged in the areas of strategy research particularly as this thesis delves into this area. Much has been written about strategic management research (Huff and Reger, 1987; Chakravarthy and Doz, 1992; Pettigrew, 1992), to name a few. Pettigrew (1992) in particular is clear that traditional approaches which attempt to classify this field of research into either a content or a process tradition are less than helpful. Whilst concurring with this view, it would appear that given the key focus of this current study, one would tend to place this work into the process field, though clearly

recognising that issues of content have necessarily and naturally arisen. Given this placement in the process arena, it is useful to consider some of the work in this area as it relates to methodology and research design. Chakravarthy and Doz (1992) suggest that strategy process research is 'concerned with how a firm's administrative systems and decision processes influence its strategic positions'. Given this fundamental concern, the key questions for the process researcher are associated with the relationships between those systems and processes, how those relationships are maintained and how systems might subsequently be modified. They are clear in their belief that these issues cannot be studied through secondary research (like content research) and that there is a need for more 'intrusive' methods. It is the necessity to employ a range of 'intrusive' methods and approaches that appears to be one of the key issues in strategy process research. There is a need to get close to the 'actors', to question the participants, the decision makers, to observe the relationships in action, to recognise the dynamics of the relationships over time - all of which require access to organisations and those who whose work takes place within them. Issues of access have already been discussed elsewhere in this chapter, access has been granted to a number of organisations and a significant number of individuals. This has enabled the collection of detailed 'actors accounts' to be gathered and also the observation, not only of the process of governance within colleges, but also of the relationships between the process and the people involved and also between the people themselves. The potential that this has afforded for this research study is important. The research focused on what might be understood to be the top team in colleges, the board of governors and the senior managers. Pettigrew (1992), in his work on managerial elites notes

that all researchers share the problem of studying these individuals from a distance, several 'paces away'. Given this problem, he suggests that there is a tendency to assume the existence of the top team, as no-one is close enough to know whether it really exists and through what processes the team might fashion its impact. This is interesting here, because having observed a board in action, it became apparent that those who had been identified as and labelled as the 'top team' (both by themselves, as well as by the researcher) were not always either the key decision makers nor those who exerted the most influence on the board and its activities. This is discussed more fully in later chapters of this thesis.

One final point worth commenting on is Pettigrew's (1992) view that unfounded leaps are often made between what he calls input variables e.g. board composition, to output variables like performance, with little analysis or evidence being presented about the processes which might link the two. He urges a research agenda which attempts to get inside this link, this mediating process, the so called 'black box'. This he argues contains the essence of the enquiry. This current study goes some way towards adopting this approach. It remains incomplete in that it focuses on some input variables and the subsequent process, but does not explicitly take the next step to consider these alongside performance. Performance is addressed in a sense, but the key theme has been to make some assessment of the extent to which governors became involved in strategy. It does not take the next logical step which would be to make some assessment of the effectiveness of the strategies themselves. This

would tilt the work more towards a content approach and may be part of a future agenda.

Looking at the research into strategy process as it relates to methodology has highlighted the relevance and value of the approach employed for this study, an approach which seeks to delve into the 'black box', to understand through questioning, observation and reflection, the nature of the process and the people who are a part of that process.

#### **4.3 Research strategy and specific data collection methods used in this study, their rationale and value**

Having established the general approach to research undertaken in this study, it is now appropriate to discuss the specific strategy employed, namely that of the case study, as it is within the context of this case study strategy that specific data collection methods were employed. A case can be defined as "the situation, individual group, organisation or whatever it is we are interested in" (Robson 1993). Case study is only one of three traditional research strategies summarised by Robson, the other two being experiment - concerned with manipulating one variable on another and usually involving hypothesis testing, and survey - concerned with the collection of information in standardised forms from groups of people and usually involving some kind of structured interview and questionnaire. More applicable and specific to this research Robson further defines a case study as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence". This involves the development

of detailed intensive knowledge about a single case or of a small number of related cases. The particular research undertaken for this study fits well with this definition as it examines the phenomena of governance as it happens in a specific place and uses three key sources of evidence (data) interviews, observation and document analysis. Still following Robson, some important characteristics of using case study are that it is:

- ♦ a research strategy ie an approach, rather than a method as narrow as say interview or observation;
- ♦ concerned with research taken in broad sense;
- ♦ empirical in the sense of relying on the collection of evidence about what is going on;
- ♦ about the particular, a study of that specific case ;

This research project and the approach used clearly display the above characteristics.

Robson also offers a classification of research in terms of the purposes of the enquiry itself and this is also helpful in establishing that a case study approach was appropriate. He classifies these purposes as; exploratory; descriptive and/or explanatory. In more detail, exploratory research seeks to find out what is happening, seeks new insights, asks questions, assesses phenomena in a new light and is usually though not necessary qualitative; in contrast, descriptive research attempts to portray an accurate profile of persons, events or situations and requires extensive previous knowledge of the situation to be researched or

described, so that the researcher knows appropriate aspects on which to gather information - the research can be qualitative and or quantitative. Finally explanatory research seeks an explanation of a situation or a problem, usually in the form of causal effects and again may be quantitative or qualitative. Robson states that the purpose of case study research is exploratory where the researcher is trying to get some feeling as to what is going on in a novel situation, where there is little to guide what one should be looking for and therefore one cannot pre-structure and plan, rather than research which is confirmatory in purpose, ie where previous work has been done. Clearly the approach to this research project was exploratory and hence according to Robson the use of case study as a research strategy is appropriate.

#### **4.3.1 Reliance on a single case - justification and rationale**

One of the great strengths of case study method is that it allows the researcher to concentrate on a specific instance or situation in some depth and this research has set out to examine the role and activity of the board of governors within Further Education using in the main, though not entirely exclusively, one single case which is referred to as College A. The difficulties of access to board work have been well documented and reported on elsewhere in this thesis and College A provided a unique opportunity to overcome many of the difficulties more typically associated with access to this kind of work. In particular, there was a long standing professional relationship between the researcher and the college in question. As an employee in this college, well known to the senior management, many of whom had provided support and guidance not just in terms of professional development but also in other research studies undertaken

earlier, it was not too difficult to secure access to the senior management team for the purpose of examining the nature of board's role in strategy within the college. In terms of the board members themselves, access was facilitated by the college principal and the senior management team and was also aided by a professional relationship which existed between the chairman of the board of governors and the researcher - the chairman being the president of the local branch of the Institute of Management of which the researcher was an active member at the time. These access issues are significant and it became evident that College A could provide a unique opportunity to study the nature of board activity in some depth and at close proximity.

One of the major difficulties of taking one single case for this detailed observation, questioning and analysis is that there is always the danger that one has selected a case which is in fact not typical, that it has some unique characteristics, or that there is something significant to distinguish it from other potentially similar cases. It is important therefore to establish that College A could be considered to be reasonably typical of other FE colleges and that there was nothing especially different or particularly unique about it. This has been done in two distinct ways: firstly by comparing the composition and characteristics of the board of College A with that of other colleges using evidence gathered by The Colleges Employers Forum (CEF) and also the Further Education Development Agency (FEDA) for surveys undertaken at round about the same time as the data for this thesis was being gathered, and secondly by seeking out evidence from three other largely similar colleges in the same geographical area as College A.



A national survey on the structure of college governance in further education commissioned by the Colleges Employers Forum and published in 1995 (CEF occasional paper 95/7) provides some useful evidence about emerging trends in governance structures post-incorporation which can be used here to demonstrate that the board of College A can be considered to be average and typical of other colleges in the sector and is not displaying any unusual characteristics. Survey data was gathered on a range of factors including: overall board size, initial composition, analysis of membership categories and numbers of meetings. Over 200 colleges took part in the survey which was undertaken between 1st April 1994 and 31st March 1995, part of the same period in which the research for this thesis was undertaken. The FEDA survey in 1995 had a slightly larger sample of 245 colleges but considered similar issues and reported similar findings. Whilst no particular composition emerged as being the most common, certain parameters were apparent and as will be shown in the following paragraphs, College A generally fell within these parameters and therefore for the purpose of this research it can be deemed to be 'average' and therefore appropriate and acceptable to be used as the key case study and primary source of data.

Before examining any particular characteristics or aspects of board composition and comparing these with College A, it is worthwhile setting out the broad parameters for board membership within the sector. The potential membership of a further education corporation, as determined by the legislation is divided into categories as indicated in the following table.

**Table 4.5**

**Potential membership of Incorporated Colleges**

<b>Name</b>	<b>Qualification</b>	<b>Number</b>
Independent	Currently or previously engaged or employed in business, industry or any profession or any other field of employment relevant to the activities of the college	Not more than 13
TEC	Nominated by the TEC for the area where the college is situated	1
Co-opted	Co-opted by members of the corporation other than co-opted members	Not more than 5 - of whom 2 may be local authority employees or elected councillors
Staff	Elected and nominated by the staff of the college	Not more than 2
Student	Elected and nominated by the students of the college	Not more than 1
Community	Nominated by a body or bodies within the local community chosen by other members of the corporation	Not more than 2
Principal	Holding the office of the principal	1 - subject to the principal's right to opt out

Legislation then provides governing bodies with upper and lower limits in terms of membership and mix, allowing some measure of discretion within a range from ten to twenty members. Colleges have tended to use the full range of options available to them to set the overall size of the corporation. The results

of some of the survey findings demonstrates this range of options and choices made by colleges and this can be used to demonstrate that the board composition at College A is not significantly different from those included in either of the surveys.

This can be seen firstly in terms of the reported membership of the board. Just over half of the responding corporations have opted for between twelve and eighteen members. College A is within this parameter having a total number of fourteen board members. The survey showed that all college boards are significantly smaller than their LEA counterparts, again this was the case in College A where the size of the board prior to incorporation was typically between sixteen and eighteen.

The survey also reported on membership by category and again the membership categories within College A are consistent with the survey findings. The range in membership of independent governors was between four and thirteen, with all colleges recording representation from their local TEC. College A had a total of six independent members, including a TEC representative. Where colleges have included co-opted members the numbers range from one to five, thirteen colleges choosing not to use the co-option category at all. College A did use the co-option category and two members of its board fall into this category. The provisions relating to staff and student members on the board indicate 'not more than' but do not state a minimum. One hundred and seventeen colleges in the sample included students as members of their corporations, but there was evidence from the survey that a significant number

of colleges had taken the opportunity to change their board composition and not include students,. This was not something undertaken by College A who did have a student representative on their board. Where colleges have adopted two places for staff, these tended to carry forward the practice of representing academic and business support staff, this is reflected in the composition of the board of College A who had one of each at the time of the research. In terms of the community members, one fifth of the colleges surveyed have opted for two community members whereas almost half have not used this category. College A have two community members. All colleges in the survey reported that the principal had taken up their place and this was indeed the case in College A. The CEF survey is silent on issues of the gender, age and ethnicity of board members. However, data is available from the FEDA survey, which reports that only one in five governors was female and that women were largely under-represented in all categories of governor, only one in thirty governors was from ethnic minority groups. Of the fourteen members of the board of College A, there were a total of four female members, a slightly higher proportion that was evident from the FEDA survey. In terms of ethnicity, there was no representation from any ethnic minority group on the board of governors at College A. Interpretation of this should be cautious given that ethnic minority groups are generally under-represented in the wider geographical population from which corporation members would be sought and should also take account of the fact that the proportion of ethnic minority groups in this area is significantly lower than the national average. The age of governors is another potential area worthy of comparison, but again data needs to be treated with caution given that in many cases in the FEDA survey

respondents had to make estimates of board members ages. Most governors were between forty and fifty nine. Very few were over seventy, those governors under thirty tended to be the elected student representative. Specific information about the age profile of the board of governors at College A was not available and, as with the FEDA research, estimates have been made and there would appear to be no significant differences between the age profiles of the board of governors at College A and those included in the FEDA survey. In terms of board composition then, College A appears to fall within the broad parameters of total numbers and mix of members as those colleges taking part in the 1994/5 CEF survey and also those in the 1995 FEDA survey. This gives some confidence about the 'averageness' of the composition of the board of College A.

In addition to data on board composition, the CEF survey also considered the frequency of meetings. Before incorporation, boards of governors generally met termly, the timing being designed to fit with the reporting pattern of the local authority committee cycle. Post incorporation board meetings are now seen as balancing the needs of the college with the requirements of the funding council. Almost two thirds of the college reported between four and six meetings of the full corporation over the twelve month period (1st April 1994 and 31st march 1995). Again evidence from College A is consistent, six meetings took place between this period.

These surveys are useful because they both provide data which shows how over two hundred colleges in the FE sector have organised their boards since

incorporation. Comparing the survey findings with the position at College A demonstrates that College A is no way significantly different from the colleges in the survey and hence goes some way to establishing its 'averageness' and hence legitimises its use as a single case in this thesis.

In addition to demonstrating that the general composition of the board of College A is not significantly different from others in the sector, additional interview data has been gathered from three other broadly similar colleges in the same geographical region. Interviews with the principal and at least one other member of the board have taken place. As with those interviews which took place in College A, the duration varied from between forty five to ninety minutes. All interviews were taped and most were fully transcribed. The same aide-memoire was used to ensure consistency between interviews. In addition to the interviews which took place in Colleges B, C and D, it was also possible to review some of the documentation associated with the board meetings, in particular the agenda and minutes of meetings as these are in the public domain and were usually available for consultation in the college libraries. However, in most cases it was not possible to locate a complete set of documentation over a period of time, rather a review of available documentation revealed general areas of similarity in terms of agenda items between these three colleges and College A. No attempt was made to observe any of the board meetings taking place in Colleges B, C or D. The reasons for this was largely practical and yet had clear implications for the methodological approach employed in this research. Access for observation had not been negotiated, it may not have been secured, the nature of the relationship between the researcher and the three

colleges was significantly different from that between the researcher and College A. Moreover, the key question would have been 'if observation takes place, how many observations should be undertaken?' One would have been inadequate and perhaps unrepresentative, any more than that and almost the same level of scrutiny is being made of the boards of Colleges B, C and D as is of College A. This then would have changed the methodology, it would no longer be reliant on a single case study as had been the original intention. It was for these reasons that access for observations at the three additional colleges was not pursued. Nevertheless, through a brief review of the documentation and also via the interviews, the same themes were explored and the analysis of the data from these colleges again serves to reinforce the findings from College A. The data gathered from these colleges is included in Chapters 5, 6 and 7 in the form of additional quotations and in these chapters it can be seen how similar issues emerged as important for all of the colleges and in many cases the quotations from Colleges B, C and D mirror those made by the interviewees in College A.

#### **4.3.2 Issues of validity and generalisability**

In any enquiry the researcher must attempt to establish the trustworthiness of the enquiry and the integrity of the approach to it and the specific nature of a case study enquiry raises particular issues of validity and generalisation. Validity is concerned with whether the findings are really about what they appear to be about. Are any relationships established in the findings "true" or due to the effects of something else. Generalisability refers to the extent to which the findings of the enquiry are more generally applicable, for example in

other contexts, situations or time or to persons other than those directly involved. Generalisability is often also referred to as external validity and is concerned with what might happen beyond the specific enquiry being undertaken, ie to what extent can we make any generalisations about the processes of governance and the potential for strategic involvement of the board in Further Education (FE) in general based on research into one specific college. It is in an attempt to address these issues that the 'averageness' of College A has been demonstrated and data from other colleges in the sector has been collected and used.

Le Compte and Goetz (1982) have given a classification of some of the threats to external validity or generalisability as follows:

- ♦ Selection - findings being specific to the group studied;
- ♦ Setting - findings being specific to or dependent on the context in which the study took place;
- ♦ History - specific and unique historical experiences may determine of effect the findings.

Robson argues that there are two strategies for demonstrating that these potential threats are discountable, firstly by direct demonstration; and secondly by making a case and this research has taken account of both of these strategies to some extent. Direct demonstration involves the researcher (or indeed someone else) carrying out a further study involving different participants in different settings and it has been seen that some attempt has been made to



examine other similar colleges. Making a case is more concerned with persuading others that it is reasonable for the results to be generalised, with arguments that the group studied, or the setting, or the time periods being generally representative in that they share certain essential characteristics with other groups, periods or settings. Chapter two set the scene for this and the general 'averageness' of College A has been clearly established in the preceding section.

Whilst validity and generalisability are perhaps the key elements to establishing the value and trustworthiness of a project, Robson suggests that there are other aspects which need to be taken account of, including the issue of objectivity, which is discussed briefly here. Objectivity concerns the extent to which the researcher is distanced from the subject being researched and can be at risk from a methodology where the values, interests and prejudices of the researcher distort the response. Using multiple methods and going beyond the interview as a method of data collection, as this enquiry has done, makes some contribution to establishing objectivity here.

#### **4.3.3 Using multiple methods of data collection**

It has been seen then that the case study strategy has been selected as the most appropriate for an exploratory research study of this nature. Within this strategy three specific methods of data collection have been employed. Interviews, observation and to a lesser extent documentary analysis. These methods and the contrasting perspectives that can be gained by using the three of them separately was explored and discussed by Peck following his 1995

study of the performance of the Board of Directors of one of the first wave NHS Trusts. He provides a useful critique of the methodological approaches available to researchers when studying boards which is clearly relevant here. He examines the prescriptive literature on board performance and notes that there are three potential sources of research data from which to develop a descriptive theory of the role of the boards:

- ♦ Accounts of board activity given by the actors ie the board members themselves - usually by questionnaire and interview
- ♦ Analysis of the minutes of board meetings
- ♦ Observation of meetings

He argues that these three sources can validate conclusions through triangulation. Denzin (1970) defines triangulation as a term derived from surveying as 'the combination of methodologies in the study of the same phenomenon'. He argued that multiple and independent methods (especially if undertaken by different researchers) should, if reaching the same conclusions, have greater validity and reliability than a single methodological approach to a problem. Others give triangulation a more limited role for example in strengthening qualitative research findings by combining participant observation, interviewing and documentary sources.

Peck (1995) observes that analysis of the literature on boards to date makes it clear that most descriptive accounts of the roles have depended on only one of these three sources. He argues that reliance on only one source makes the

description potentially unreliable as each of the three have intrinsic weaknesses which can only be compensated by the other two.

Taking each in turn then, firstly research based on actors accounts, that is, largely based on interviews and questionnaires which elicit the board members personal views of the role of the board on which they serve, Peck cites studies which have relied on this method of data collection ie Mace (1971); Lorsch (1989) and Demb and Neubauer (1992). He observes that whilst these papers and others (Konver, 1974; Cloher, 1984; and Pfeffer, 1972) do contain some enlightening evidence about the role of the board, they nevertheless all share a methodological weakness in being entirely reliant on the insights and objectiveness of the actors. Whilst these studies clearly do rely on actors accounts they do not hesitate to acknowledge this weakness, in the main. Peck also notes that their responses are often guided by the options offered to the respondents in the questionnaires - and the natural tendency of members to select roles to describe their activities "few directors are likely to reveal their own irrelevance". Peck notes that the main attraction of this method of research is the relative ease of arrangement, observing that it contains little threat to the board or the individual members "what the researcher is told largely determines what the researcher can conclude". In terms of this particular research project, there was evidence when listening to the tapes and re-reading the transcripts that board members tended to have a much more positive view of their own contribution (both individually and as a board) than was evident from direct observation of that board in action or in the analysis of the minutes that were produced after the meetings.

Secondly, research based on analysis of the minutes of board meetings. Peck notes some of the limitations of minutes as follows: they record the decisions taken on a particular issue - sometimes with some summary of the preceding discussion - and they can also provide information about the subject matter that was considered by the board. They can also reveal some insights into how the board reached a decision ie perhaps from a range which might include passive acceptance of a proposal through to active disagreement on an issue. They do not however usually indicate, say, the amount of time taken by each item nor give any indication of the vigour and rigour of the debate. He notes that although minutes may have a statutory or conditional function as method of accountability they are often written to reflect the perspectives and interests of the board members themselves and are therefore likely to record contributions in a positive light. There was evidence of this in the minutes examined whilst undertaking this research and they provide a good example of the limitations of using this method in isolation. Reading minutes of board meetings that one has not observed give no real flavour of that meeting - they also require the reader to have some understanding of issues discussed in previous minutes and to have access to specific reports which are frequently referred to. Minutes of meetings that one has observed do not generally adequately communicate the style and tone of the discussions, nor give any real insights into the strategy making and governance processes other than to be very clear about the structure of the meeting and itemising the points discussed.

Finally, Peck turns his attention to research based on observation of board meetings. He suggests that the shortcomings of both of the methods already

discussed can be overcome by observation. Issues of access have been discussed elsewhere and according to Peck even if access is granted, observation can and does have its own methodological drawbacks. Firstly he notes that there would need to be a framework in use for the observation and this will influence the perspective which emerges. He quotes Bailey (1978) who observed that "the highly structured instrument can . . . force the data into an unnatural mould". Secondly, he is clear that there has to be consistency in the application of any framework to meetings that may be separated by considerable period of time and perhaps observed by different individuals and hence the reliability of the coding of behaviour and themes within any such framework is difficult to check. Specific frameworks were used whilst observing the board meetings at College A - at the outset. The initial framework was based on the one used by Peck and included analysis of the specific contributors, their role when contributing , ie proposing, agreeing, seeking clarification etc.. This provided a focus for the observation but it did not really enable a useful analysis to be made of the significance of any of these contributions in terms on the overall role that the board was adopting, nor in terms of its strategic contribution. The framework was useful as an aide-memoire when writing up the observation after the meeting and it was from this write up of the first board meeting that it became clear there might be a difference between the role of the board as reported during the interviews and the role of the board (and particular individual members) as observed in action. The priority then for future observations was to try to make some assessment of that board in action, to understand the culture and climate of the meeting, to be aware of who contributed to discussions and the nature of those discussions

and debates. Given that only two further meetings were to be observed, developing a specific detailed framework for analysis did not seem to offer the potential for any real benefit.

In summary then, Peck argues that although each of the three methodologies explored will reveal aspects of the activities of the boards being considered, none will present the whole picture. This research has made some attempt to use all three methods, however, there is no doubt that the main source of data has been from interviews, from 'actors accounts'.

#### **4.3.4 The interviews**

The three methods discussed in the previous section have been carried out largely in the context of a specific case study, College A, with some additional data gathered from sources beyond this, ie three other regional colleges. Without doubt the substantive data for this project was gathered by the use of interviews, interviewing those involved in the processes of strategy and governance within the key college. Interviews are a very common approach to enquiry and data collection and as suggested by Robson (1993) they are often chosen as a method of data collection because they appear to be a fairly simple and unproblematic way of finding things out. An interview can be described simply as a conversation with a purpose, it involves asking people questions and recording their responses. "When carrying out enquiry involving humans why not take advantage of the things they can tell you about themselves?" Robson (1993). However, as Powney and Watts (1987) point out, such apparent simplicity can be deceptive, particularly if the interview is seen merely

as a simple conversation. This is clarified by Cannel and Kahn (1989) 'it is one (conversation) initiated by the interviewer for the specific purpose of obtaining research relevant information and focuses in on a content specified by research objectives of systematic description, prediction, or explanation.' This is a useful definition as it encompasses the very wide range of type of interview potentially available to the researcher, ranging from the tightly structured interview with standardised questions and limitations as to the required responses; to the free flow essentially unstructured interview. Easterby-Smith et al (1992) note that interviewing is often seen as the 'best' method of gathering information, though remind us of the dangers of underestimating the complexity and some of the pitfalls of the method. Whilst face to face interviews can be a very powerful tool then, they do have both practical and theoretical problems and can also present further difficulties for the researcher when trying to analyse the qualitative data that has been gathered - rich though that data may be. Interviews vary from a highly structured positivist approach which would lead to the collection of quantitative data and also at the other end of the spectrum largely unstructured interviews which lead to qualitative data. A common distinction is made based on the degree of structure or formality of the interview. This highlights a dimension of difference, where at one extreme we have the fully structured interview with predetermined questions asked and the responses formalised on a standardised schedule; thorough to the semi-structured interview where the interviewer has worked out a set of questions in advance, but is free to modify their order based on the interviewer's perception of what seems most appropriate in the context of the conversation (for example the interviewer can change the way questions are

worded, give explanations, leave out or include additional ones); or to the unstructured (completely informal) interview where the interviewer has a general area of interest and concern but lets the conversation develop within this area.

Powney and Watts (1987) prefer a different typology, making the basic distinction between respondent interview and informant interviews. In respondent interviews the interviewer remains in control throughout the whole process. All such interviews are necessarily structured to some extent by the interviewer. In this type of style of interview the central point is that the intention is that 'interviewers rule', their agenda is what matters. Both fully and semi-structured interviews are typically, in that sense, respondent. In informant interviews (sometimes referred to as non-directive), the prime concern is for the interviewees perceptions within a particular situation or context, ie to the interviewees agenda.

There is also a commonly used middle ground, based on semi-structured interviews, which were used in this study. In this kind of interview, the interviewer has a clearly defined purpose - in this case to gain some understanding of the governance process and how the board might become involved in strategy - but seeks to achieve them through some flexibility in wording and in the order or presentation of the questions, picking up and exploring issues as they arise during the interview.



Easterby Smith et al (1992) suggest that semi-structured or unstructured interviews can be appropriate when:

- ♦ it is necessary to understand the constructs that the interviewee uses as a basis for opinion and beliefs about a particular issue;
- ♦ one aim of the interview is to develop an understanding of the respondents world so that the researcher might influence it, either independently or collaboratively as might be the case with action research.

As far as this research was concerned, the former has been important, particularly in terms of the very differing backgrounds and histories of those board members interviewed. However, there was no intention nor attempt to influence the 'respondents world'. Nevertheless, it has since emerged that for some, their 'worlds' have been influenced in that a number of them have discussed the research being undertaken amongst themselves and may have given much more thought to the processes in which they are involved, in particular the role that they may or may not be playing in developing the strategy of the college, or having some involvement in it. Whether or not this leads to different approach to their role as governors is a different debate.

Easterby-Smith et al (1992) also note that the semi-structured or unstructured interview is particularly useful when three conditions are in place - and all three

of these have some relevance to the this study and are discussed in more detail below:

- ♦ firstly, they are useful when the step by step logic of the situation is not clear. Certainly this was the case at the outset of this project: the board of governors had taken on a new, for some apparently revolutionary, mode of governance and developments were taking place as the research unfolded. In addition, a variety of different information was constantly being received from outside agencies e.g. The Association for Colleges and The Further Education Funding Council - all setting some parameters for governance and strategy making and requiring action and responses by the board. Furthermore the board was not a static entity, membership (and roles) have changed and continued to change as this research proceeded. In this dynamic situation, any series of highly structured interviews over the period of time that this research has taken place would not have had any clear logic or rationale - it was important that the enquiry was able to deal with contemporary events and explore these as appropriate;
- ♦ secondly, they are useful when the subject matter is highly confidential or commercially sensitive. There was evidence of this - in part. In fact the subject matter was not especially confidential, indeed some of it was dictated by the funding council and was readily and easily accessible via publicly available documents. However there was a perception among some of the interviewees, certainly at the outset, that there was potential

for confidential information to be discussed, for example it was probable that the interview would develop into some discussion of the content of the strategy rather than the process and this could have been commercially sensitive. Whilst this was more perception than reality, it was a factor that contributed to the essentially unstructured approach to interviewing;

- ♦ thirdly, they are useful when the interviewee may be reluctant to be truthful about an issue other than confidentially in a one to one situation. Again this was partially important - there was no real concern about the interviewees being less than truthful, but there were instances where sensitive issues needed to be discussed e.g. the role of the chairman, individual board member contribution etc. and it was felt that an open and free discussion, rather than specific clearly standardised questions would be the best way to gain an insight into issues of this nature

Hence the approach taken to this study was the use of both semi-structured and unstructured interviews which enabled the researcher to pick upon issues raised by the interviewees.

In addition to the type of interview used, the researcher also has choices to make about the type of questions that will be used within the interview. Three main types are used in research interviews: closed (or fixed alternative) questions which force the interviewee to choose from one or more fixed alternatives, scale and scale items and finally open questions which provide no

restrictions on the content or manner of the reply other than on the subject area. Cohen and Main (1989) list the advantages of open-ended questions: "they are flexible; they allow the interviewer to probe so that he may go into more depth if he chooses, or clear up any misunderstandings, they enable the interviewer to test the limits of a respondents knowledge. They encourage co-operation and rapport; they allow the interviewer to make a truer assessment of what the respondent really believes. Open-ended questions can also result in unexpected or unanticipated answers which may suggest hitherto un-thought-of relationships or hypotheses". The disadvantages lie in the possibilities for loss of control by the interviewer and in particular in being more difficult to analyse than closed ones. The types of question used in the interviews undertaken for this research were open questions with use of probes throughout as appropriate. A probe enables and encourages the interviewee to expand on a response when the interviewer thinks that the interviewee has more to give. There are a number of techniques that can be used including: a period of silence, an enquiring glance, repeating back all or part of what has just been said etc.. It is evident from the transcripts of many of the interviews that a range of these techniques were employed to expand on the information given by the interviewee.

Given the semi-structured approach to interviewing and the use of open questions, what strategies were employed to ensure, wherever possible, some degree of consistency among the interviews? Some consideration was taken of the use of interview notes, aide-memoires and checklists, on balance it was decided not to use any of these actually in the interviews themselves but to rely

entirely on memory during the course of the interview. The reasons for this were twofold. Firstly, it was considered important not to have any potential physical barrier between the interviewer and the interviewee, the presence of a list, or a series of sheets of paper on the table may have caused this and may have been a distraction, potentially for both parties. Secondly, and perhaps more importantly, had such a document been in evidence there is every likelihood that certainly some of the interviewees would have wanted to take sight of the contents, either prior to or during the interview. This would have given them advance information of the kind of areas that were to be explored by the interview, this would have given them time to think through the issues and perhaps to begin to formulate their responses. Given the open and exploratory nature of the interviews, it was considered that this scenario was best avoided if genuinely honest and spontaneous answers were to be forthcoming. However, outside of the interview thorough planning and preparation took place, which included the construction and in some cases memorising of a type of checklist or aide memoire.

This aide memoire was important, not only to ensure that all of the key areas were covered during the interview but also to establish consistency between interviews. It was important to have some kind of checklist to ensure that all interviewees were questioned about the same areas and broad themes, and to ensure that no key areas were omitted from any of the interviews. It was important to be clear before starting each interview, that there were some specific areas of exploration, this would ensure that it maintained its focus as a semi-structured interview and did not lapse into a very general non-specific

discussion about the board in general. The broad themes and the supplementary issues which it was originally intended to pursue with all interviewees are summarised in table 4.6 which follows. Important issues concerning for example the impact of incorporation, the role of the FEFC, and the potential role of the Carver model of Policy Governance do not appear on this original checklist as they only emerged as the interviews took place. These were incorporated as additional items for discussion and follow up in some of the later interviews and were also revisited when the same governor was interviewed on more than one occasion.

**Table 4. 6**

**Aide-memoire used during the interviews**

<b>Broad theme</b>	<b>Additional areas within this which might usefully be pursued</b>
General background information?	Their time on the board, how they were recruited and any areas of particular interest?
Their own contribution?	How often they are able to attend? On what does their attendance depend? Availability and other commitments? The items on the agenda? Are they members of any board subcommittees? Other associations with the college?
What the board does, how it conducts its business?	Talk through a typical meeting, attendees? Individual contributions? Role of particular people; e.g. the chairman and the principal? Duration?
Role in strategy?	Understood? Why kind of issues does the board discuss? Strategic issues?
Is the board equipped to do what it has to do?	Governors briefing packs? Usefulness? Other information and involvement e.g. the consultative committees? Skill requirements? Training away days? FEFC circulars?

In most cases the outcomes of the interviews were satisfactory and the key areas which were intended to be covered, were covered. On the rare occasions where a key issue was missed, it was usually amply compensated for by the richness of the data that developed through other lines of enquiry, nevertheless, it always remained a valuable learning exercise. No explicit attempt was made to follow up topic areas which were omitted, there being a feeling that the moment, the spontaneity had passed. However, as a number of interviewees were interviewed on more than one occasion, it was usually possible to follow up and pursue issues as relevant and appropriate.

#### **4.3.5 The interviewees**

A total of 40 interviews have taken place with a range of senior managers, principals, governors each lasting between forty five and ninety minutes. Table 4.7 which follows provides an overview of the interviewees and categorises them in terms of the particular institution with which they are associated and also indicates the number of times each individual was interviewed and Table 4.8 gives an overall summary.



**Table 4.7****Overview of interviews undertaken**

<b>Institution</b>	<b>Category of interviewee</b>	<b>Number of times interviewed</b>
College A	Principal	3
	Clerk to the Board	2
	Member of Senior Management Team (1)	3
	Member of Senior Management Team (2)	2
	Member of Senior Management Team (3)	2
	Member of Senior Management Team (4)	3
	Member of Senior Management Team (5)	2
	Member of Senior Management Team (6)	3
	Governor (1)	1
	Governor (2)	2
	Governor (3)	2
	Governor (4)	2
	Governor (5)	2
	Governor (6)	2
	Governor (7)	2
College B	Principal	1
	Governor	1
	Senior manager	1
College C	Principal	1
	Clerk to the board	1
College D	Principal	1
	Governor	1

**Table 4.8**

**Summary of interviews undertaken**

<b>Institution</b>	<b>Total number of interviews</b>
College A	33
College B	3
College C	2
College D	2

Some of the interviews were recorded and most of these taped interviews were fully transcribed. Choices about who to interview and when to request the interview be taped were not always freely made, The ‘who’ often depended not only on accessibility, which was always a crucial factor for board members, but also on their availability in a very practical sense, confirming comments made by Easterby Smith et al (1992) regarding the nature and potential availability of senior managers. Many were willing to be interviewed, but busy schedules and for many, the part-time nature of the activities with which they were involved in within the college, did not permit the time needed, particularly when set alongside the interviewer’s availability and schedule for completion of the interview phase of the research. However, clearly there was some element of choice and it was important to establish a clear rationale for these choices at the outset. The following paragraph describes the background to some of the choices made and establishes the rationale for these choices.

The original intention was to interview all members of the senior management team and all of the governors of the board of College A, at least once. This intention was, in part, realised in that it was possible to interview all members of the senior management team at College A, in all cases at least twice and in some cases three times. Access to these individuals did not in fact create any particular problems in that a reasonably long standing professional relationship existed between them and the interviewer. In many cases these same individuals had also contributed to earlier research work undertaken by the interviewer. Practical availability problems were minimised given the full-time roles of both the interviewees and the interviewer within the same institution. Accessing board members for interview was less straight forward and as has already been noted, choices could not always be freely made. Guidance and assistance in negotiating access was crucial and the clerk to the board of College A was instrumental in brokering some initial introductions, bearing in mind that the chairman of this board had already given the board's general consent to being the subject of the research. This consent having been formally requested and granted some time before the first interview took place. All board members were approached and asked if they would be prepared to be interviewed about their work. All agreed, though some expressed immediate concerns about their potential usefulness and also about their availability. It became apparent that whilst it might not be impossible to interview all board members, it would present some serious practical difficulties and therefore choices would have to be made. It was considered important to try and ensure that all categories of governor were interviewed and hence selections were made with this important factor in mind. With the exception of the student member of the board, all other

categories of governor were represented in the sample of interviewees from College A. Within this sample, there was a mix of both relatively new board members and also those with considerable length of service on the board. It was hoped that the latter group would be able to bring to the interviews the depth of their experiences as board members whilst the newer board members might bring a slightly different perspective on their own roles and the general nature of board activity. It is not possible to identify any of these members further without potentially comprising the confidentiality that was assured and which was a very important factor in securing the original access. However, this section has set out some of the background to the choices that were made and gives some confidence that a reasonably representative sample of governors from College A, (both in terms of the category of governor to which they belong, and also taking account of their experience as board members, based on their length of service), was chosen.

As has already been explained in previous sections of this chapter, data was sought from three other broadly similar colleges in an attempt to demonstrate that there was nothing unusual or unique about College A. There was no intent to interview the same number of board members in these colleges and it was considered sufficient to interview the college principal and at least one other board member. The principal was always the first point of contact and it was during the interviews with the principals that advice was sought on the potential access and availability of their governors. In all cases the governors interviewed in Colleges B, C, and D were independent members.

In terms of decisions about when to request the interview be taped, again choices were not always freely made, had they been, all interviewees would have been asked for their consent. In reality, the 'when' to request a taped interview developed over time. As can be seen from Table 4.7, some of the interviewees were interviewed on more than one occasion and an element of trust developed between the interviewee and the interviewer and later interviews were subsequently taped. Some individuals came to a first interview knowing that their colleagues had agreed to their interviews being taped and were equally willing to oblige. On some occasions, interviewees requested that the tape be turned off when certain issues were discussed.

A 'good' interview requires very specific skills on the part of the interviewer and there is no doubt that these skills developed throughout the period of the investigation. This is evident from interview notes made before and after the interviews and also from the working summary sheets which demonstrated in some cases a large variation in expectation and outcome. At the early stage of this project some five years previously, some trial interviews were carried out and these did provide a valuable early lesson in interviewing techniques and recording of data. These interviews did not in fact make any contribution to this final research project other than in terms of developing those specific skills, they are therefore not referenced elsewhere. The interviews provided some of the richest data for this research project, however they were not without their problems and difficulties many of which have already been referred to. In addition, from a practical point of view they were extremely time consuming requiring detailed organisation, preparation and planning and some significant

post interview activity such as transcribing and summarising. Over and above the interviews carried out in colleges, two telephone 'interviews' were carried out with staff from the FEFC. These were more akin to informal discussions, lasted approximately ten to fifteen minutes and were not taped. Detailed summary notes were prepared following these discussions and they go some way towards informing this thesis. An informal, 'off the record' discussion also took place with an FEFC inspector and some inferences can be made following this discussion but given the confidential nature of the conversation, specific details have not been reported in this thesis, though some issues may have been clarified.

#### **4.3.6 A note on the board observations**

In addition to the interviews, some important observation of board activity was carried out. This observation was of the board going about its formal work in College A and took place towards the latter part of the research project. Three specific board meetings were observed between the period of September 1997 and March 1998. The meetings were, in the main, observed in their entirety, though there were occasions where all observers were required to leave the room and also occasions where members of the board who were staff members, were required to leave the room. A researcher not employed by the case college would not have encountered the latter.

As an observer it was important to be as unobtrusive as possible, though as a courtesy on each occasion the researcher, as an observer, was introduced to the board by the chairman of the board and they were all aware of the presence of

someone in the room in an observation role. The board members sat round four sides of a large square table arranged in the middle of the room, each had their name clearly visible to each other. The observer was positioned away from this table, at the far side of the room on a small table and was not obtrusively visible by those members sitting on three of the four sides of the table.

The observation process itself developed over the three observations. In preparation for the first observation, summary sheets had been constructed for each agenda item (the agenda having been made available prior to the meeting). These summary sheets were designed to capture the subject of the discussion, the key contributors and the nature of their contribution ie agreeing, seeking clarification etc, with space for any additional comments regarding the role of the chair and the nature of any particular interactions. In essence these observation summary sheets were short checklists, largely following Peck (1995), and included the following items:

*Agenda item*

*Time spent*

*Contributor*

*Type of contributions*

*Introducing*

*Leading*

*Agreeing*

*Disagreeing*

*Seeking clarification*

*Summarising*

*Closing*

*Further comment e.g. role of chair, interaction CEO/Chair*

Once the first observation began, it soon became apparent that these checklists had little real value. Too much time was spent trying to decide what to write down and where to write it. The activity became of one recording rather than observing. Whilst the completed summary sheets were quite useful as an aide-memoire when writing up the observations after the event, they did not appear to serve any other significant purpose and were not developed for future use. Having undertaken one observation, one was much better prepared for those that were to follow, having a much clearer idea of what actually went on. The second and third observations were undertaken without the aid of any formal summary sheets, though copious notes were taken on each agenda item, largely based on the themes actually used in the first observation but without any sense of filling in a pre-designed form. The emphasis during the second and third observations was much more about capturing the style and culture of the meeting, about observing body language and eye contact between board members, often intangible areas, difficult to articulate and difficult to capture using any formal framework of analysis.

Much has been written about the role of the observer and their impartiality or otherwise. The author's role here was clear - not a senior manager - not governor, however at the time of the research was employed as a member of staff of the college concerned and hence would be affected by college policies and by the decisions that were made in the confines of the board room e.g. the



closure of specific courses, a change in direction in one particular faculty from say an HE or professional portfolio of courses back to more traditional FE offerings etc.. So the researcher in this case was not entirely impartial, though was largely detached from the governance process and the strategic planning process. A greater sense of detachment would have been evident if other college boards had been observed. Timing and logistics precluded this, however, nothing was said during interviews which suggested that this would not be possible in the longer term. One college principal actively suggested that observing his board in action would give a much better view of board activities and processes than merely relying on interview evidence provided by himself. This is promising for any future development of this work.

#### **4.4 Coding and analysing the data**

Having undertaken forty interviews, examined the documentation associated with seven board meetings and observed and made detailed notes of three of those meetings, there was an enormous amount data of which to make some sense. As far as the interviews were concerned, transcripts and interview summary notes were read and reread, key themes were noted and coded e.g. the impact of incorporation, the job of the board, relationships, the role of government, to name a few. Where appropriate, specific quotations were extracted and grouped together. The same interview information was also organised taking account of the contributor, hence it was possible to take a view on areas of similarity or difference of opinion between principals, governors and college managers. Some initial coding took place during the interview programme as well as after it and many of the themes which emerged

from these earlier attempts were followed up in later interviews e.g. the role of the FEFC, the role of the Carver model of Policy Governance.

Having identified a number of key themes from the interviews, supported by information gleaned from the observations and associated documents, what general picture was emerging? It seemed to be a very broad, but reasonably consistent picture of college boards undertaking a variety of roles, many of them apparently new, being a consequence of incorporation. There was also a sense that whilst the boards recognised that their role ought to be strategic, there seemed to be some constraints and difficulties with this in practice. This latter aspect seemed to be echoing some of the themes which had become apparent when undertaking the literature review e.g., the distinction between governance and management, the difficulties that governors (NEDs) often have in undertaking their role due to the lack of information about the business and the sector in which it operates. Was this in fact the case? Was FE merely mirroring what was happening on boards generally? Did it have some unique features? To try and answer these and other questions and to try and gain greater insights from the data that had been gathered, the work of Demb and Neubauer was used as the key, underlying framework of analysis. The detailed rationale and justification for using this particular framework of analysis is fully explained in the following chapter with some comparisons being made between the roles undertaken by the board in FE and those boards included in the Demb and Neubauer study. The three paradoxes identified by Demb and Neubauer are then explored in some detail in chapter six, where further important findings from the analysis of the data are presented.

It is important to note that the decision to use the Demb and Neubauer work as the basic framework for analysis was not taken until after all of the data had been gathered. Therefore the data was not gathered with any of the themes or particular paradoxes in mind; data was not sought out in terms of whether or not it would confirm the existence of a particular paradox, or issue in the FE context or not. Similarly with the coding process, initial coding was seeking out and highlighting some general themes which emerged repeatedly during the interviews, not themes which would fit in with the Demb and Neubauer framework. Having said that, once it was decided to use this framework, transcripts and interview notes were revisited and data was reorganised mindful of the three paradoxes and the issues which emerged within each of them.

There are two interesting points which are worthy of more discussion here. Firstly, it may have been more useful to have made the decision about using Demb and Neubauer's work earlier on. This may have given a clearer focus to some of the interviews, for example one could have taken each of the three paradoxes and explicitly sought out information at interview which supported their existence in FE or not. It is difficult to make any assessment, even with hindsight, as to whether this would have been a more appropriate strategy. Arguably, it would have changed the overall methodological approach to this study and it would then have developed into a study which was more about testing out specific hypotheses rather than being of a more general exploratory nature as has been set out and explained earlier in this chapter. The way in which it was in fact undertaken would appear to be more consistent with the original choice of methodological approach. The second point is related and

concerns coding, had the Demb and Neubauer framework been in mind when initial decisions about coding were made, it is certain that time could have been saved. The interview data could have been coded straight away around the key themes developed by Demb and Neubauer, avoiding the more general reflections on this data which then lead to the identification of some initial broad themes. However, this dual approach to coding has had its own important benefits, merely focusing on the three paradoxes may not have revealed the full significance of the changes to the FE sector and the composition of the boards of governors within it, nor the key role of the FEFC, both of which emerged very clearly from the initial coding process as important themes. There are additional significant issues then which became apparent during the initial coding which could not be readily or appropriately analysed using the work of Demb and Neubauer. These additional issues and themes are fully explored and analysed separately in chapter seven of this thesis, which also draws on and highlights the importance of the data gathered during the observations of a board undertaking its work.

#### **4.5 Concluding thoughts**

The data that has been gathered throughout this research project is qualitative data. No apology is made nor is indeed necessary for the reliance on this type of data in the context of this thesis. Indeed Miles and Huberman (1994) are clear about the strengths of qualitative data and some of these strengths have been an important feature of the work described here. The key focus is that qualitative data 'focuses on naturally occurring, ordinary events in a natural setting' so we have a good view of what 'real life' is like. Also there is a richness

and holism to qualitative data which helps to reveal complexities about the situation in hand. Many complexities have been revealed during this research, many themes have emerged which will not be dealt with in the analyses sections, they are beyond the boundaries which were set out at the beginning of this project. However, the data has been captured and remains rich. It may well provide the springboard for further research into board operation and activity. Miles and Huberman (1994) also note that given that the data is collected over time, one is also able to study process and can go beyond a 'snapshot' in a period of time. This has been a very important aspect of this research because it has been possible to gather data following a period of change for colleges, many of the interviews took place as those involved in college management and governance were coming through a transition period. One particular board was under some kind of scrutiny for almost five years, during this time the board not only changed some of its members but it also developed some of its processes and there was a great deal of developmental activity. The richness of the data gathered is attributed in part to the duration of the study which very clearly enables one to go way beyond a mere 'snapshot' in time.

The usefulness of the methodology used in this research is that it has enabled the role of the board to be examined and, with some confidence draw some initial conclusions based on an approach, which whilst relying primarily on interview data, does draw on two other important sources. The final chapter of this thesis will reflect, with the benefit of hindsight, on the methodology employed throughout this research and will offer an assessment of its

usefulness and any significant limitations which emerged during the analysis of the data and the subsequent writing up of the final work.

## **CHAPTER FIVE**

### **THE GOVERNANCE ROLE IN FURTHER EDUCATION COLLEGES**

This chapter is the first of three which examines and analyses the research data gathered on board activity in the FE sector and considers this alongside research undertaken largely in the corporate sector to see to what extent that activity might be similar or indeed different. Of particular interest is the potential strategic role of the board and this is examined in some detail in the subsequent chapters. This first analysis chapter addresses the first key objective of this thesis and sets out to clarify the role and mandate of the board of governors in FE. It discusses the research of Ada Demb and F.F. Neubauer, published in 1992, into the workings of corporate boards and utilises that work to examine the portfolio of board activities and the issues which emerge in the FE context. The analysis and subsequent discussion is based primarily on interview data which is presented in the form of quotations, all of which are attributed by category of interviewee, which establishes authenticity and at the same time maintains confidentiality.

The chapter is in three sections:

- 5.1 Overview and rationale for using the Demb and Neubauer research as a framework for analysis
- 5.2 A note on board composition
- 5.3 A note on board process and content
- 5.4 Clarifying the role of the board

## **5.1 Overview and rationale for using the Demb and Neubauer research as a framework for analysis**

Demb and Neubauer's research into corporate boards was based on extensive interviews with over seventy board members in eight countries and sought to illuminate the nature of corporate board activity and to address the fundamental question with which they open the preface to their book, 'what is wrong with corporate boards?' They found that despite the diversity of the boards that they included in their research, there were in fact more similarities amongst them than differences between them, though they noted that each board had to be constituted to fit the specific circumstances of its company and national setting. They sought to answer two key questions:

- ♦ What do boards have in common?
- ♦ What are their differences and why?

They identified three 'specific structural tensions' which, in their view, 'constantly threatened to undermine board effectiveness'. It is these structural tensions - or paradoxes - that are the central themes of their book 'The Corporate Board', based on their research and published in 1992. Chapter six of this thesis examines each one of the three paradoxes in turn to see which particular issues emerge as relevant and pertinent to the governance role, particularly the potential strategic role in the FE sector. Setting the scene for the development of these three tensions, Demb and Neubauer set out to clarify the job of the board and concluded that despite the diversity of the boards included in their research, particularly in terms of board structure and



composition, all boards shared the same portfolio of tasks, though there were differences of opinion in terms of how those tasks were carried out. The third section of this chapter examines this portfolio of tasks in the FE context, but firstly, it is important to establish the legitimacy of using this work as a basis for comparison, bearing in mind that the original work took place largely in the corporate sector, only two publicly owned organisations being included in their research. It is worthwhile noting that Demb and Neubauer only refer specifically to the two publicly owned organisations at the outset of their book, when they set out their research methodology. The two organisations are barely referred to in isolation again, perhaps implying that there was nothing particularly significant to distinguish them from those operating in the corporate sector, as far as governance issues are concerned. This is interesting because this thesis will go on to highlight some very specific governance issues in FE, traditionally part of the public sector and despite fairly recent changes, still remaining publicly funded if not managed. So, what of these apparent differences between the public and private sectors? The changing nature of the public sector and the context of this thesis was discussed in chapter two and this goes some way towards establishing that any divisions between the corporate and the public sector were becoming less distinct, not least because of the political agenda driving the notion of 'new public management' throughout the late eighties and early nineties. This provides the underlying justification for using research done in the corporate sector to examine issues in FE, where FE is part of a changed sector, being encouraged to move away from central government control. However, whilst those boundaries between the public and the private sector may be blurring in some areas, as far as FE is

concerned, the government, through the Further Education Funding Council (FEFC), do in fact, retain significant control of college finances and hence college activities and colleges do not have the same level of autonomy, nor the same financial perspective as those operating in the corporate sector. These quotations from college principals emphasise these points:

*“We are not strictly speaking a profit making organisation - we are not allowed to make a loss and there are strict rules and that's where the FEFC have a very strong view, there are guidance and limits to making a loss, if you get into a loss making situation you have to produce recovery plans and if you can't produce a recovery plan, they get involved”.*

The Principal - College A

*“You've got to look at the essential difference between colleges as they are constituted and a business. Colleges in one sense are not expected to make a profit. They are expected to make a healthy break-even, now it's very difficult to do that, but if you make a profit - who are your shareholders? You want money you can reinvest yes?, you can reinvest it in the business, you want sources of income other than FEFC, but that is very different from having a set of shareholders who are going to demand profit levels”.*

The Principal - College C

These two quotations and others like them, clearly demonstrate that those who manage colleges are required to take a very different financial perspective than if they were managing what is generally understood to be a traditional corporate

entity. They also highlight the significance and importance of the funding council as a key stakeholder.

The dilemma between the potential and apparent intent for autonomy on the one hand and the overall embracing influence of the government via the FEFC on the other, appears to be well understood by the governors involved in the colleges, as this quotation from an experienced governor of College A makes clear:

*“I'm always making comparisons with the autonomy I have with my job and I don't have to go through a committee, I have to get a management team to work at it, but I can remember when I was chairman of the [company sports and social club] which was completely run by committees and it was funded by the company - which you might call the funding council - I remember how difficult it was to run that and how at the end of the day, your job as a chairman was that of a diplomat, trying to drive a course between this lot - but one that took the committees along with you and kept the funding coming and I think that's the role that [the principal] is in but he's trying to apply some modern management to it - and then he gets caught up with the fact that he's been driven by government and legislation and everything else to trim down and spread out, make his workforce far more flexible etc. - so it's difficult, but arguably not that different”.*

A Governor - College A

The role and influence of government then, primarily through the FEFC remains a dominant feature in the FE sector, despite the potential freedom

promised by incorporation in 1992. College principals are clear that colleges and their boards are ultimately accountable to the FEFC and in that sense any notion of real autonomy brought about by incorporation is perhaps a misnomer (this issue and the apparent contradiction it presents will be explored more fully in the next chapter). The following two quotations further emphasise the importance of the FEFC to colleges:

*“they [the board] are responsible to the FEFC - and we’ve seen in the press recently where colleges have been falling apart and chairs and governors have been brought to task and in fact, though I don’t agree with this, in fact, FEFC say that the clerk to the governing body should be the spy in the camp and should be alerting the FEFC if they think anything is amiss in the college - don’t agree with that but it is very much the feeling of the FEFC”.*

The Principal - College A

*“They [the board] are judged obviously - in a sense they’re judged by the fact that you send a strategic plan to the FEFC and they discuss it, and they send it back and you discuss it. You can get things rejected e.g. a fair number of colleges have had their accommodation strategy rejected which again had been approved by the board - ours wasn’t, ours was accepted. Yes, in a way you are monitored provided you are producing things to a reasonable or good standard for the FEFC”*

The Principal - College A

The context in which the governance activity is taking place, along with the role of the FEFC, clearly distinguishes FE boards from the boards in the Demb

and Neubauer research. The influence of the FEFC on board and college activity, in particular on the strategic role that the board might play, was highlighted on a number of occasions during this research and it is a major theme which will be developed over the next two chapters.

In addition to this underlying theme, one further key area of differences between the Demb and Neubauer boards and FE boards is the issue of whom one might be governing for and on behalf of. The comments that follow, all made by governors in College A (though similar comments were made by other interviewees in other colleges), further illustrate some of these differences and emphasise the broader governance role in FE which appears to take more account of the community in which the college operates and which it serves than might be readily apparent in the more traditional corporate sector.

*“Well that comes back to who owns this, that and the other, and you’ve got to say the community, because you’re providing vocational training and a certain amount of higher education for a given community, now you can make that community as big or as small as you wish it to be”.*

*“It’s on behalf of that local community that we exist - absolutely”.*

*“It’s always a problem with a board - quite different when you’ve got shareholders in a public company, the board are accountable to share holders and if they don’t get results in a public company it is very different because there is an issue*

*about accountability, because one is not elected onto a board you are appointed, invited. A difficult one. I think it is part of the chair's responsibility to get a good representation from the community, taking into account all the interests. It is also important that the tutorial staff - also present - have an opportunity of feeding back. When we had all that problem with the silver book changes - we were lobbied by the tutorial staff and I would hope that if staff felt we were out of kilter as a board, that we would be advised of that".*

These and other quotations presented in this section along with further comments made during interview, establish three very pertinent issues and potential sources of difference between FE boards and the boards included in the Demb and Neubauer research. Firstly, the differing financial perspective, where the sole objective to make a profit is not the key driver for a college, rather it is concerned with not making a loss; secondly, the overall context of board activity and the role of central government via the FEFC; and finally the shared understanding that the board is governing on behalf of a community, generally a wider community than the shareholders on whose behalf boards in the corporate sector are governing.

Despite these potential differences in terms of financial perspective, operating context and accountability and recognising that the work of Demb and Neubauer, whilst not exclusively undertaken in the private sector, clearly has its focus on profit making organisations, it is deemed appropriate to use their work as an underlying framework for the analysis of data gathered in the FE sector. It is considered appropriate for three key reasons. Firstly, whatever the

apparent constraints and limitations, recent changes to the public sector and FE in particular, mean that the legal status of colleges has changed and they are now operating as full corporate entities; secondly, though the Demb and Neubauer work was undertaken largely, though not exclusively, in the corporate sector, the range of boards they looked at was very diverse - arguably an FE board is merely an additional board type with its own particular composition and operating environment and hence is worthy of being examined in a similar manner; and finally the Demb and Neubauer study is one of the most comprehensive and far reaching investigations into board activity, there is no substantive work undertaken specifically in the public sector nor in FE which could have offered the same range of opportunities for comparison and discussion. Potentially the research by the Centre for Corporate Strategy and Change at Warwick University into the workings of NHS trust boards is a further, additional source of comparison and this is included as an area for further research, in chapter nine of this thesis. This though, is an area for the future, this current research has used the work of Demb and Neubauer as a framework for analysis in FE and their work is being utilised and extended, recognising some of the similarities but also being aware of the differences ie issues associated with profitability, accountability and ownership. In particular it permits the later analysis of the broad role of the board and more specifically its potential strategic role from varying perspectives.

## **5.2 A note on board composition**

The boards in Demb and Neubauer's study were very diverse, embracing different countries and sectors. All of the boards were different in terms of their

composition and constitution. The FE board is different again and there are two particular features of its difference which need to be highlighted. Firstly the broad composition of the board ie minimum and maximum numbers and specific types of governor is prescribed by the government and drawn up in accordance with the relevant legislation. For colleges, the instruments of government set a minimum of 10 and a maximum of 20 board members, of these, at least half must be 'independent members', that is to say business or Training and Enterprise Council (TEC) members. Within the limits prescribed by the regulations, the governing body itself determines how many governors it shall have in each category (ie staff, students, community etc.) though there are limits to the maximum numbers permitted in each category. The governing body then cannot decide to have the maximum permitted number in each category as this would cause the overall limit to be exceeded. In that sense then, a board is free to make some choices about its composition, but it is not an entirely free choice given the above constraint. This kind of legal constraint and the influence of a government agency on board composition was not something that was a feature of any of the boards in the Demb and Neubauer study.

Given these specific regulations on board composition it would appear that the debate about the respective positions and roles of executive and non-executive directors which is explored at length by Demb and Neubauer is largely unhelpful here - an FE board does not have that mix of executives and non-executives that is so evident on most corporate boards. Typically an FE board comprises all 'external' governors with the exception of the principal or



chief executive officer of the college who is usually the only member of the college management on that board. Some colleges include other senior managers, but this would seem to be the exception rather than the norm and in any event, those governors that are college managers are in a minority (typically two or three would be the maximum) compared to the governors from outside the college. Some FE boards also include other governors which are clearly not 'external' ie those members of the board who have been elected by students and staff, but these members cannot be considered to 'executive' board members. This particular composition and the issues which emerge because of it are discussed more fully in the next chapter, suffice to say here the two issues which make the FE board significantly different from any of the boards in Demb and Neubauer's work are:

- ♦ Composition largely prescribed by an external agency
- ♦ Majority of the board are external members, college management typically under represented

These first two sections have served as a reminder that the overall operating environment, particularly the political environment, of a college is significantly different from any of those included in the Demb and Neubauer work. An extension of this is that boards are not entirely free to determine for themselves how their board should be constituted. In addition boards are dominated by external members. It is in this context that the governance activity takes place in FE. The next section examines that activity and seeks to understand what the

role of that board might be and how it might compare with the roles which emerged as important in the Demb and Neubauer work.

### **5.3 A note on board process and content**

Before presenting the data in the following sections it is important to contextualise the work of the particular board under scrutiny and to provide some background on how that board undertakes its work and what that work might be. This background information is drawn from primarily from two of the three sources of data collection used in this research, observation of board meetings and analysis of supporting documentation.

Three specific consecutive board meetings were observed between October 1997 and January 1998. They all commenced at five thirty in the evening and were of approximately two hours to two and a half hours duration. Typically board members would arrive before five thirty for light refreshments and an informal gathering. There was no evidence that any of the board's work was discussed at this stage. All members of the board had been circulated with a full set of documentation, agenda, minutes from previous meeting and any supporting committee reports prior to the meeting, though not all members would be in possession of these documents and might take some of this pre-meeting time to obtain additional copies from the clerk to the board. Typically the chairman would ask the members to formally join the meeting at around five minutes before the start of the meeting ensuring a prompt start. Members sat around four sides of a large square table, in pre-designated places. There did not appear to be any particular rationale for the seating

arrangements, with the exception of one side of the table, which resembled the head of the table and here sat the chairman of the board flanked by the clerk to the board on one side with all of the supporting documentation and any necessary reports, and the principal on the other. Attendance at the three meetings varied, the average number of members in attendance being eleven.

The first three items on the agenda were always the same:

- |            |   |
|------------|---|
| Item one   | Apologies for absence;  |
| Item two   | Corporation<br><br>(This would include minutes of the previous meeting and any matters arising from those minutes);   |
| Item three | Finance Committee<br><br>(This would include minutes from the previous meeting and any matters arising and also a report on a previously held committee meeting). |

The fourth item on the agenda was what was termed 'The Main Report' and focused on a different aspect of the college/board on each occasion. Review of the agendas of a total of seven board meetings has revealed that the main report items included the following:

Operation of the board

Strategic review

Financial regulations

College merger

Budget revisions and property issues

Implications of the draft strategic plan and draft budget

Strategic plan and accommodation strategy

Other agenda items included one off items, for example a report on a particular meeting of the appeals committee, use of the college seal and the role of the consultative committees. In addition to these there was always an agenda item entitled 'Matters arising from the governor's information pack', which gave governors an opportunity to seek clarification or further information on any information that they had received in this monthly update on college activities.

The review of the documents then, gives some idea of the range of items which were discussed during the meetings. It does not reveal the nature of these discussion, for that it is necessary to turn to the board observations. The observations revealed that items one to three were generally quite time consuming and it was sometimes one hour into the meeting before the 'main item' came up for discussion. On two occasions, one or two board members had to leave the meeting due to prior commitments, hence the contribution that they were able to make on these occasions was limited. The list of main items included above suggests that there is potential for this board to undertake a strategic role e.g. strategic review, college merger, strategic plan. Again the observations are important because they reveal that rather than undertake a proactive strategic role, the board tended to adopt a role more akin to monitoring, for example during the meeting which considered the strategic

plan, the board was very concerned about the state of readiness of this plan rather than issues regarding its content or their contribution to it.

Throughout the meetings, all points for discussion were made very formally through the chair. The chairman took great care to ensure that the views of all members of the board were sought. The chairman and the principal worked very closely together throughout all three of the meetings that were observed, in many cases almost in partnership and it was clear that both respected each other's position and any views that they may have held. The observations have revealed a very formal board, quietly and professionally conducted. There was little, if any, disagreement between board members.

This section has provided some background information to the way in which the board of College A undertakes its work and also the content of some of that work. It is against this background that the following section explores in some detail the precise nature of the work of the board and compares it with the findings of the Demb and Neubauer research.

#### **5.4 Clarifying the role of the board**

The key themes of the Demb and Neubauer text are explored throughout their discussion of the three paradoxes or tensions that they argue are apparent in all boards. Before embarking on this discussion however, they examined the actual job of the board. They sought to establish not only what the board actually did, but also how they did it. They concluded, from interviews with the board members in their study and also from a parallel study which included the

written evidence of participants in seminars at The International Institute for Management Development, that there were five key tasks which were cited most frequently by their respondents and they were:

- ♦ Establishing strategy direction/creating policy
- ♦ Securing succession - hiring/firing CEO
- ♦ Controlling/monitoring/supervising
- ♦ Caring for shareholders/ensuring dividends
- ♦ Deciding on the best use of resources/investments/divestments

From the above five key tasks, the role of the board in establishing strategy and creating policy emerged as the most important for the majority of the respondents. Demb and Neubauer concluded that despite some debate about board differences, that as far as the content was concerned their research did not reveal any significant differences and that boards faced 'the same jobs, regardless of their legal, political or corporate environment'. To what extent then might this be mirrored in FE? Given the very different operating context and different approach to composition and constitution, do the boards that are operating in the FE sector in the UK face the same portfolio of jobs as those in the Demb and Neubauer research?

Mindful of the role and influence of the FEFC which began to emerge in the previous section, a useful starting point before analysing the specific data gathered for this research is to set out what they believe to be the role of the board.

*"The overall aim of the governing body should be to agree policies and strategies and ensure that it is able to monitor progress in implementing agreed policies and strategies. It should ensure it has objective and effective means of knowing whether the college is being properly managed to fulfil its mission, and is in good financial health"*

FEFC Guide for Governors

May 1994

It is in pursuit of this aim that the FEFC then conclude that:

*"the main business of the governing body is to determine the educational character of the college and to ensure its overall well-being and financial solvency"*

FEFC Guide for Governors

May 1994

But what is actually happening on college boards? What activities are the governors involved in? How do they conduct their business? Analysis of interview data generated a comprehensive list of board tasks and activities which both managers, principals and governors alike perceive the board to be involved with on a regular basis.

The quotations below give a flavour of the comments received from the three different groups of people interviewed during the course of this research when asked about the specific role and activities of the board of governors. The three groups were:

- ♦ Members of college senior management teams

- ♦ Principals
- ♦ Governors

The quotations are grouped in this way for ease of presentation of the data and also because there are some particular issues which emerge for each group of respondents which are not necessarily shared by other groups. There is no intended implication that the three groups are not in fact working together in the best interests of their college - albeit with differing roles.

Firstly, the role of the board as perceived by members of college management teams (ie part of the college senior executive, but not holding a position on the board). The comments that follow were all made by members of the Senior Management Team in College A, though there were also reinforced by similar comments made by the senior manager interviewed in College B.

*"My argument is, what they should be looking at is the business of the college and everything else is supportive, or directing that in line with the mission."*

*".... those governors are, if you will, the stakeholders who are determining the policies and the whole essence of the college in which we all work".*

*"The Principal will often put a series of options and then a recommendation and then governors will agree or disagree, make some changes, ratify it, or whatever and put that in to trade and he does keep his chair of governors extremely well*



*informed of what is happening so that there is no misunderstanding on the way."*

*" . . . the only thing I think they are responsible for is the college's curriculum".*

*"they are generally very supportive of us, the college and [the principal] as indeed they should be - it's part of what they are there for".*

*". . . they are looking very much at the business in terms of the long term".*

*"they should be there to support us, particularly [the principal] in what we do".*

*"They'll look at it from a number of angles - we have a monthly monitoring system and the detail of that monitoring goes to all the governing body in a monitoring pack so they've got that".*

Typically then, the above respondents would not have any substantive involvement with the board; they may prepare papers for consideration by the board, or they may be asked to attend a meeting to report to the board - but they are not members of that board and would normally have limited contact with it, though there is evidence that they are kept reasonably well informed of board activity. They do not share the same relationship with the board, as a whole, or with individual members, as the principal would, and some of them

have expressed concern about this - wanting more direct involvement with the board. The following is typical of comments received:

*"I don't personally have a close relationship with the governors. I want a close relationship, don't' misinterpret that, it's not about personal aggrandisement, I want a close relationship because I want the governing body to be aware of the business of the college. But more closely linked to what it's like for students, what it's like for staff, what issues we have to deal with on a day to day basis and maybe that's not what they are there for, maybe they are there to give the college strategic decisions and direction".*

A Senior Manager - College A

The key activities identified from the above quotations can be summarised as follows:

- ♦ looking at the business of the college;
- ♦ determining the policies;
- ♦ agreeing or disagreeing with recommendations;
- ♦ ratifying recommendations;
- ♦ being responsible for the college's curriculum;
- ♦ giving the college strategic direction;
- ♦ looking at the business in the long term;
- ♦ supporting the management team; and
- ♦ monitoring the management team.

The activities within this list would seem to fall into three key categories or areas of work that the managers perceive the board as being involved in. Firstly, a role which supports the management; secondly, a role which oversees the college and its management (monitoring, agreeing/disagreeing/ratifying); and finally a role which is involved in determining the nature of the college in the long term - a more strategic role. The quotations above are illustrative rather than exhaustive and whilst the responses were not specifically counted and percentage responses calculated as in the Demb and Neubauer work, there was no real sense that any one of these three areas was considered to be more, or less, important than the others, rather they represented the range of activities that members of the colleges' senior management teams expected their board of governors to become involved in.

How do these views of board activities expressed by senior managers compare with the views of their principals? They are similar, there are no real differences of opinion, but if anything, the principals see a wider and more all-embracing role for the board of governors - in particular in terms of their responsibilities to the community. In addition, principals seemed to have a greater awareness of the monitoring role of the board and a real sense of being watched by and being accountable to the board was evident from all of the interviews. Principals were also keen to emphasise the importance of the strategic role of the board. Again an illustrative set of quotations:

*"Well they [the board] monitor us because we have a set of performance indicators - so for example they check against those, they check unit totals - they check the finances".*

The Principal - College A

*"the board focuses on strategy, increasingly, and their involvement in achieving that strategy. The reason they are there is they bring things that officers can't bring, there is no point otherwise is there?"*

The Principal - College A

*"The role of the governors is clearly, obviously strategic but equally they are responsible for monitoring the use of resources, so they have to make sure that the infrastructure is right"*

The Principal - College A

*"Their main function, arguably is to take whatever measures they need to take, to be assured that the management of the college know what they're doing and are acting in the interests of the community and in accordance with the broad strategy that the governors have supported ...."*

The Principal - College B

*"The fact of it is, the corporation is the governing body of the college and so ultimately it has the say on all policy issues".*

The Principal - College C

*"I personally believe that they are really there, or should be there, to protect the public good and stop me and my colleagues from being corrupt and doing things that are against the interests of [the town] and the industry and the youngsters and all the rest of it. I mean, going off in silly directions - a check if you like, a public check. The fact that I am publicly responsible to them and have to explain to them what is going on - like a check on the worst excesses that could take place if I was some kind of maverick. I really think that is their prime role".*

The Principal - College C

*"It's like protecting the public good as I call it, the public interest, but it doesn't mean that they should be involved in all the drass of working through the accounts and all the committees we've got, the finance committee, the audit committee etc. and so on I think these committees take up the time and I think they should be limited and I'm sure our governors would agree with this. I think they should be limited to real decisions on relatively few things - that's the point really".*

The Principal - College C

*"They represent the community".*

The Principal - College D

*"They are a great source of support for the college".*

The Principal - College D

*"What is their role - is to understand the complexities of financial models".*

The Principal - College D

*"Senior posts are determined by the board".*

The Principal - College D

There are no real contradictions here in terms of the previous set of quotations, but it is possible to add to and extend some areas of activity, for example:

- ♦ representing the community;
- ♦ understanding the complexities of financial models;
- ♦ determining senior posts;
- ♦ protecting the public good;
- ♦ having a say on policy;
- ♦ monitoring the management and the use of resources;
- ♦ focusing on strategy; and
- ♦ adopting and approving the strategic plan.

These reinforce the three key roles identified by the college managers - in particular the monitoring role and the strategic role. They also extend the portfolio to include a role which protects the public good and represents the community and a role which determines senior posts. Whereas the college managers did not appear to stress the relative importance of the various activities and roles, principals tended to focus on and emphasise the importance of the strategic role.

Whilst principals were clear about what their governor's role should be, they believed that in some cases their boards needed guidance and reminders about how they undertook that role and their specific responsibilities within it, particularly in terms of understanding their broader strategic role. The following two quotations demonstrate this point:

*"If you'd seen minutes coming through more recently you would see more the ongoing reminder I keep putting to our governors is that they have an involvement in strategic planning - and there's also of course pressure on us particularly at inspection when we want grade ones. I'm sure [another principal] coached his board to get grade ones, and I coached ours, and I did last time to get a grade 2, or else we would never have got a 2. I will coach them this time, particularly on the strategy thing, and I've already started with the chairman".*

The Principal - College B

*" the governing body here, as a result I think of the way my predecessor operated, certainly at the time I came back, were extraordinarily focused on money - in a balance sheet sense. Now, what I've tried to do, is to move them, not away from the money, because you know in the end they are your best guarantee of security, that they've got that overview of financial integrity - so not away from that, but to build on top of that, a recognition that the money is there for a purpose, namely to achieve your college mission, so what I'm trying to do is to progressively get them more involved in the strategic planning at the top level, so that looking at the money is in a context that makes sense".*

The Principal - College D

From the above quotations and other comments received it was possible to glean an element of concern amongst some principals that some governors do not always fully understand their strategic role and the implications of it and that some principals are guiding and steering their boards to become more active in strategic issues. However, the concerns that some principals had about their governors fully understanding their role was not in fact shared by **any** of the governors interviewed, they were all more than clear about their task and the role that they were there to undertake, as the quotations below, all from governors make clear. The quotations are not attributed to specific categories of governors, some were from business interest governors, others local authority representatives, another from a staff governor. The reason for this is largely one of confidentiality, however in any event, there was no real difference in opinion amongst the various types of governor about what the role of the board should be.

*"I've been particularly involved recently in the strategic thinking of where the college goes in the future".*

A Governor - College A

*"We have to be concerned with the long term - with the overall strategy of the college".*

A Governor - College A

*"I see that the role of the governors is to ask the difficult questions, to help them form strategy, to support and assist, not*



*to go in and try and find problems and be nit picky, but I can see that can happen, so easily”.*

A Governor - College A

*“I mean governors have to take an overall view of the institution”.*

A Governor - College A

*“I think the governors do have responsibility to make sure that the students get a good deal and that facilities are as good as we can provide with the resources that are available”.*

A Governor - College A

*“the board of governors is a group of people looking at the workings of the management of the board”.*

A Governor - College A

*“the board have got to concentrate on setting the broad parameters, ensuring resources are available to meet them, monitoring to ensure that they're achieved”.*

A Governor - College B

*“It's our job to steer the college in the most appropriate direction, given the wider picture”.*

A Governor - College D

In addition to the strategic role, which again governors emphasised as being important, there was also a recognition that there was a legal requirement and a need to be involved in some of the 'technical aspects' of governance:

*"That's basically it - what the role of the governors is, appreciation of the financial issues and the legal and statutory responsibilities"*

A Governor - College A

Again there is no real contradiction in terms of how governors see their role compared with how it is seen by managers and principals. The quotations above and other comments made by governors reinforce previous comments and also add to the overall portfolio of tasks that form part of the governance activity which is involved in meeting legal requirements and dealing with the college finances.

This section so far has examined the role of the board and the range of activities that they become involved in. It has enabled an extensive portfolio of activities to be presented, from three different perspectives: managers, principals and governors. The categories of roles can be summarised as follows:

- ♦ supporting the college and its management;
- ♦ monitoring the college and its management;
- ♦ taking a strategic view and being involved in strategy;
- ♦ representing the community;

- ♦ determining senior posts;
- ♦ ensuring that resources are available; and
- ♦ appreciating the financial issues and the statutory responsibilities.

The governors, like the principals tended to stress the strategic role and there would seem to be a general consensus of opinion among both governors and principals that the key role of the governing body should be strategic. There was also a clear recognition that there were a variety of other, perhaps more routine, tasks and activities that they have to get involved in, ie monitoring, checking, overseeing and supervising:

*"We do have a supervisory function, we've got to make sure that the college is financially sound and all that sort of thing and I accept that and it is done, but that should be an ongoing routine task, but the strategic thing is the important one".*

A Governor - College A

How do these categories of activity identified above compare with the five key areas of commonality between board activity that Demb and Neubauer arrived at? Table 5.1 which follows provides an initial comparative overview.

**Table 5.1**

**The job of the board - some comparisons**

<b>Task identified by Demb and Neubauer</b>	<b>Corresponding tasks identified from research into FE boards</b>
Setting strategic direction/creating policy for the corporation	Taking a strategic view and being involved in strategy
Securing succession/hiring and firing of the CEO and top manager	Determining senior posts
Controlling/monitoring/supervising	Monitoring the college and its management
Caring for shareholders dividends	
Deciding on the best use of resources	Ensuring resources are available

This comparative table does not allow for the obvious inclusion of those aspects of the FE board's job associated with supporting the college and its management, nor for those 'technical' aspects of the job. However it does not seem unreasonable to suggest that these roles, particularly the latter, might be considered as an integral part of the controlling/monitoring and supervising aspects of the boards work as identified by Demb and Neubauer. More importantly, it can be seen from the above table that with the exception of the activity associated with caring for shareholders and securing dividends, all of the tasks cited by those in the Demb and Neubauer research are in evidence in FE - to some extent. Clearly, as there are no shareholders in colleges, it is no surprise that this particular task does not emerge. However if the term 'shareholder' is widened to refer to 'stakeholders' in a broader context then it could be argued that this task too is consistent across the Demb and Neubauer

work and this research in FE. It would include those statements about ‘ensuring the students get a good deal’ and ‘representing the community’ and ‘protecting the public good’. This is interesting because one of the observations made by Demb and Neubauer was that almost all of the tasks that were referred to by the directors in their study were related to the economic viability of the corporation and that only a few items seemed to be about securing the acceptance of the corporation by society and the wider community. This was not the case in the FE sector, where there was a clear understanding by all parties about the community role that the college has and as a consequence its governors must have. This relationship and the associated responsibility to and for a wider group of stakeholders would seem to be one of the few differences between board role and activity as observed in the Demb and Neubauer research and as observed in the FE sector. The relationship with the community has emerged here as an additional feature of board activity in FE. It will be discussed briefly in chapter seven but it is an area which would benefit from further, more focused research than can be afforded by this current study.

Demb and Neubauer concluded that there was consistency across the range of roles undertaken by boards in their study and this research into FE as outlined in the preceding sections, has gone some way towards establishing that whilst there are some differences - in terms of financial perspective, the role of external agencies (FEFC) and accountability, there are perhaps more similarities than differences. FE boards appear to be engaged largely in the same tasks and roles as those in the Demb and Neubauer study, with the addition of a role that recognises their responsibilities to the local community. As with other boards,

there was a general consensus of opinion among those interviewed in the FE colleges that the most important role that the board needs to undertake is the strategic one. But what of how they undertake these tasks? How do they become involved in the range of tasks they recognise that they need to undertake? Demb and Neubauer found that there was considerable diversity in responses to this question, there was diversity not only between boards, but also among boards. It was an examination of the strategic role of the board and how that particular role was carried out that enabled them to reach this conclusion. They focused on this role because it had been identified as being the most important. It was also identified as important in the FE context and as a central theme of this thesis will need to be examined further. How do FE boards become involved in strategy - a part of their job that has been highlighted as being of particular importance by all concerned but especially principals and governors? The general issue of a board's involvement in strategy also emerges throughout the discussion of the three paradoxes which follows in the next chapter and it is there that a more thorough examination of how the board undertakes this important role and some of the factors affecting it will be undertaken.

In summary then, despite key differences in both the operating environment and composition between those boards included in the Demb and Neubauer research and the governing boards of FE colleges - there would appear to be some consistency between them in terms of the job that they are charged with undertaking. The essence of their job is the same and the emphasis is on the strategic role.

## **CHAPTER SIX**

### **THE PARADOXES OF GOVERNANCE IN FURTHER EDUCATION COLLEGES**

The chapter extends the discussion in chapter five and examines in some detail the three paradoxes that form the heart of the Demb and Neubauer book and discusses them and the key issues relevant to the strategic role of the board which emerge in the context of governing boards of FE colleges. This chapter is in five sections, the first of which sets out what is generally understood by the word ‘paradox’, the next three sections deal with each of the paradoxes identified by Demb and Neubauer in turn and the final section draws a close and highlights the key issues which have emerged as particular to the governance activity in FE, with particular emphasis on the extent of strategic involvement of the board. The three paradoxes provide a useful means of making some assessment of the strategic aspects of the board’s role. Some particular underlying tensions and additional paradoxes and issues which may be specific and possibly unique to the FE are subsequently identified and these are more fully discussed and analysed in chapter seven.

- 6.1 The concept of paradox
- 6.2 Paradox One - Whose responsibility - board or management?
- 6.3 Paradox Two - Commitment and depth versus detachment and breadth
- 6.4 Paradox Three - Cosy club versus independent personalities
- 6.5 Key issues emerging from research into the FE sector

## **6.1 The concept of paradox**

Demb and Neubauer cite the work of Howard Slaatte, a clergyman and philosophy educator, who defined a paradox as “an idea involving two opposing thoughts or propositions, which, however contradictory, are equally necessary to convey a more imposing, illuminating, life-related or provocative insight into truth that either factor in its own right” (Slaatte 1968). As defined by The New Collins Concise English Dictionary 1985 a paradox is “a seemingly absurd or self-contradictory statement that is, or may be, true”. Both of these definitions suggest potential ambiguities and inconsistencies, a sense of puzzlement, potential confusion and contradiction. There is a sense of tension, of pulling apart yet in another sense being necessary to pull themes and ideas together.

The bulk of the Demb and Neubauer book is concerned with the following three paradoxes:

1. Whose responsibility - board or management
2. Commitment and depth, versus detachment and breadth
3. Cosy club versus independent personalities

The following sections explore these three paradoxes and considers them in the FE context, particular attention is given to those aspects of each paradox that may have implications for the board’s role in strategy. The sections that follow will offer a brief overview of the key theme of each and will then present data, (in the main from interviews but also where appropriate from observations of meetings and the analysis of supporting documentation), to establish to what



extent these paradoxes are in evidence in FE and also to draw out any specific issues which are then discussed in chapter seven. Chapter eight will be concerned with how the boards of colleges in FE might deal with these additional specific tensions and the particular challenges that they present and the significance of these for the board's strategic role.

## **6.2 Paradox One - Whose responsibility board or management?**

This issue lies at the very heart of much of the governance debate. Who has the ultimate responsibility for the organisation and who has control? The board has a clear legal responsibility for the organisation; the management have powers delegated to them to enable them to shoulder that responsibility. Given the potential for domination by management (due to them having the expertise, the infrastructure and the time available as full time employees to deal with this task), Demb and Neubauer question how the board can actually exercise its responsibility? The paradox then, is "how to retain effective control without diminishing the initiative and motivation of either [the board or management]". They observe that often this paradox is expressed as a struggle for power between the board and management and they examine the relative power of the board and the implications that this might have for the governance process. They note that practically, governance is handled through a partnership between board and management, neither party can operate in isolation from the other. The resolution of the first paradox according to Demb and Neubauer depends on the ability of the two parties to achieve a balance of power and influence, noting that 'circumstances often dictate a fluid situation; at times the pendulum of influence may swing toward the board and at other times towards

management' They propose four factors which they argue need to be assessed in order to understand the relative power of a board, they are:

- ♦ The personal influence of the key players
- ♦ The ability to shape strategy
- ♦ Participation in CEO selection
- ♦ The capacity to monitor and control

They examine each of these in turn and consider the extent to which these factors contribute to the board being able to manage and resolve the potential tensions caused by this first paradox. This section examines the extent to which this paradox is in evidence in FE and following a closer examination of the above factors draws out some specific issues relevant to the potential strategic role of the board and identifies additional tensions which may set FE boards apart from other boards.

The relationship between the board and the management then, has the potential for misunderstanding and conflict unless each of the parties to that relationship are clear about their roles and about that distinction between governance and management. An effective board must understand the differences between governance and management, not only understand, but also operate in accordance with that distinction. What of the managers and governors in FE colleges? Is this paradox of governance and management evident? A useful starting point here before examining the interview data is to look at what the FEFC view as being the distinction, particularly bearing in mind the importance

of the FEFC which has already emerged in the previous section. A brief overview of any of the literature provided by the FEFC makes it abundantly clear that they clearly understand that the board must not become involved in management, for example:

*"The designation of the principal as chief executive is intended to highlight the differences in the nature of the role of the governing body and its members, and that of its senior paid officer. The governing body, having appointed a chief executive and having provided the necessary framework in terms of policy and budget, should then expect the person appointed to manage the college effectively. Governors should as far as possible avoid becoming involved in the detail of the principal's management of the college".*

Extract from FEFC Guide for Governors 1994

To what extent is this distinction clearly understood and practised by governors and managers in colleges? Both managers and governors are, in the main, clear that there is and should be a distinction between the two roles, though there is some, albeit limited, evidence that some governors do try to get involved in management and furthermore that they see that as their legitimate role. Firstly some typical quotations from those who are clear about the distinctiveness of the two roles. With the exception of the final comment, which was made by the principal of College C, all of the comments that follow were made by interviewees in College A.

*"It's difficult isn't it, it's what I call in the context of my own business - the ginger nut syndrome, you see if one of my directors goes into a shop and finds there aren't any ginger nuts in that shop then the absence of that product is immediately brought home to them and therefore it's very tempting for that director to get on his high horse and say 'why aren't there any ginger nuts in no 22 branch?' now he's not got to be concerned about that - what he's got to be concerned about is way, way back up the line the situation which gives rise to a situation where there may not be any ginger nuts in the branch and that's a difficult one - and it's equally difficult for governors - particularly for people who don't have perhaps a complete a grasp as they would like of the totality of the operation, maybe coming into the college from a particular area of specialism and inevitably finding it difficult to broaden themselves out, but again this is something we address - or attempt to address - as far as is possible by providing workshops and training opportunities for governors. It isn't an easy one by any means and its an area where there has to be a fair amount of guidance by the senior management".*

A Governor - College A

*"You do want the board to take sufficient interest - its great when people just drop in, fine, but when they drop in, please don't drop in and try and manage, drop in as an individual board member, if you want the formal contact, do it through your board policy, do it through the management of the college".*

A Senior Manager - College A

*"There are a number of them we gain from enormously as individuals, but it is finding the right way to channel their energies, so that they don't start to take the accountability and responsibility that I've got, although ultimately they've got the final accountability for how the college performs".*

A Senior Manager - College A

*"I feel that in the bad examples of incorporated governing bodies, there's too much reliance on the old 'I'm a personnel officer out there, therefore I'll run the personnel section' you know, you want to be able to draw on that expertise, you want to be able to use it, it should inform policies, but you cannot use one of your governors to run your personnel section".*

A Senior Manager - College A

*"... we have delegated the management of the college to the principal and he is accountable to the governing body ..."*

A Governor - College B

*"Management must manage - the board must concentrate on policy and that fundamental distinction has to be understood and accepted by both and the board have got to concentrate on setting the broad parameters, ensuring resources are available to meet them, monitoring to ensure that they're achieved and not stray into areas of operational matters".*

A Governor - College A

*"the corporation is the governing body of the college and so ultimately it has the say on all policy issues. When it comes to administering the college it's another matter, they wouldn't, I*

*would resist very strongly any direct interference on detailed management”.*

The Principal - College C

From the above set of quotations it is clear that, in the main, the distinction between management and governance is understood, though there is a recognition of how difficult it can be to keep those roles and activities distinct and separate. However, whilst the distinction was clearly understood and accepted by the majority, there were some examples where some governors were keen to become involved in the management of the college, much to their principal's' frustration and concern:

*" the former chairman did not understand that division between strategy and management, he wanted to manage, even put in a fax once, there was a conflict and it was a conflict simply made by the chairman's perception of his role, because, in this fax he said 'I don't want anymore of this senseless' etc. and then he closed it off by saying 'I want this finished so I can get on with managing the college' and I thought that spoke volumes”.*

The Principal - College B

*"But one member, who I hope will not be a member very long, read this letter [from a disenchanted member of college staff] and says 'well you're obviously screwing up your personnel strategy otherwise we wouldn't get letters like this' - well of course I'm just about to explode and I've had to sit and take this - now what the chairman should have done some years back is, the first time a member said some of those things, (and lets face it they do do don't they?) he should have said 'that is a*

*management issue, it's not right for this board', but because he gives sustenance to such individuals, certain members feel they have a licence to say that sort of thing, and of course the more I protested that this was not an issue, the more I was the one who was appearing the maverick".*

The Principal - College B

This first paradox then is clearly recognised by those in FE, and it would appear that with one or two notable exceptions, there is a clear and shared understanding among those that manage and those that govern about the distinction between governance and management roles and activities. However, this shared understanding, important though it clearly was, was not the only factor which helped to resolve this particular paradox. All four of the colleges involved in this research considered the Carver model of Policy Governance as being important here. This is a particular model of governance developed for use in American Community Colleges by Dr John Carver and was explained more fully in chapter two of this thesis. Some variant of the Policy Governance model was in evidence in all of the colleges involved. The interviewees, particularly those in Colleges A and B, were clear that the adoption of the model, or even some elements of it, enabled this division between governance and management to be more visible as this quotation clearly shows:

*"I think its wonderful! I mean its empowering! It means I no longer get, you'll forgive me for not using names - a certain governor popping up in my office, when I'm in the middle of a meeting to ask me questions about 'am I marketing to the 16-19s?'. I'm perfectly happy to be summoned to the governing*

*body to do a report bimonthly, what I don't want, is someone coming along and saying 'look I used to be in marketing I think you ought to do it that way - for goodness sake! If I want to reach out to a governor, fine, and I think Carver enables me to do that but it is [the principal] who should be asking me the searching questions about marketing, you know, or the board as a whole through him'.*

A Senior Manager - College A

*"Carver itself makes governing body think about what is our purpose and it strongly underlines the idea that the governing body is not to try and second guess the management, not to try and manage the college, 'because I used to be a a marketing director, therefore I know about marketing, personnel; banking' - whatever it is"*

The Principal - College A

In addition then, to a generally shared understanding about the distinction between governance and management, all colleges in this research had some aspects of a common framework in place to enable that distinction to be further understood and the relationship between the two roles to be managed more effectively, ie Policy Governance. There was no evidence from the Demb and Neubauer work that any of the organisations participating in their research shared any common framework or model for governance activity. It can be suggested here then that whilst this first paradox is in evidence to some extent in FE, those operating within the sector have at their disposal a model of governance which does not appear to be apparent in other sectors. It would appear then that this model of governance goes some way towards resolving



the first paradox for FE boards. The specific role that this model plays and the impact it has had and can have on the governance activity and process in terms of enabling and facilitating boards to undertake their strategic role is more fully discussed in chapters seven and eight.

It was stated earlier that Demb and Neubauer argued that the resolution of this potential tension between those that govern and those that manage could be addressed through balancing their relative power and influence. They put forward four factors which they suggest need to be assessed in order to more fully understand this relative power:

- ♦ the personal influence of the key players;
- ♦ the ability to shape strategy;
- ♦ participation in CEO selection; and
- ♦ capacity to monitor and control towards objectives.

They argued that the balance of power on the board between those that govern and those that manage results from the cumulative effect of these factors. It has already been seen that the composition of a typical FE board means that, in the main, those that manage are not members of the board, with the exception of the principal as the chief executive, and arguably then any debate about the balance of power between them on the board does not naturally or logically arise. Nevertheless, it is interesting to take the four factors in turn and to make some assessment of them in the context of FE, because they do draw attention

to other related issues which enables some analysis of the board's role in strategy and hence are worthy of closer examination and discussion.

### **6.2.1 The personal influence of the key players**

Personal influence has many sources and Demb and Neubauer deal with three which they consider to be most relevant as far as governance issues are concerned, they are hierarchy, knowledge and birthright. Power derived from ones birthright is not applicable to this current study but the other two are useful and consideration of them also permits the inclusion of an additional factor which appears to have a bearing on the personal influence of some members of college boards, that is, their particular local profile. As far as hierarchy is concerned, this is recognised as a clear source of power and all of the college boards included a significant number of very senior people in their number. Those occupying the more senior positions in their own organisations (not least the college principals themselves holding the highest executive position in the college) were often seen to be among the most active and sometimes dominant members of the board. Some hints about this potential for dominance emerged during interviews and it was most certainly confirmed during the observations of board meetings. It was evident that there were a number of key individuals who tended to dominate the board, over a range of issues. The second aspect of the personal influence of the key players concerns their knowledge - knowledge in terms of expertise and also knowledge in terms of the individual's track record. According to Demb and Neubauer an individual's influence can grow if they are deemed to have expert and specialist knowledge in a relevant, contemporary area. A number of examples of this

were observed and also discussed during interviews. The following example illustrates this point: one member of the board was a senior director of human resources in a large organisation and he had recently dealt successfully with the implementation of a significant number of new working practices. During the time at which all colleges faced the challenge of negotiating new flexible contracts, following incorporation, with academic staff, this particular governor was called on extensively (not just during the formal board meetings) and his own personal influence and power was increased as he took on a leading advisory role at this time. He became a very powerful and influential member of the board. The second aspect of knowledge is that of track record and again, it has been noted that one governor in particular who has a very sound and well known reputation for managing change successfully became a very influential governor during the time that the college had to deal with the changes required by corporate status.

Linked to the issues of both hierarchy and knowledge, particularly knowledge associated with track record, a further additional source of personal influence has been observed during this research. This additional source of influence is that attributed to individuals by virtue of their high local profile. Three of the four boards examined during this research had a number of individuals who could be described as 'local elites' - they were all very well known and respected locally and were in great demand by a wide range of local organisations and institutions. They had extensive involvement in a range of local issues and many had multiple roles within the community. Because of their broad involvement in local issues, they were powerful and influential board

members who were often able to bring to their boards additional, very relevant local 'intelligence' and hence contributed to a more informed board and arguably, a board better equipped to undertake its strategic role. These individuals were those who, during interview, most frequently and most vociferously drew attention to the importance of the board's role in strategy and in particular to their own specific role and contribution. Interestingly, this was not always consistent with, nor confirmed by, evidence gleaned from specific board observations and the issues raised by this apparent contradiction will be discussed elsewhere in this thesis.

Having these individuals or local elites on college boards, which was a clear consequence of government policy at the time of incorporation when board composition was changed, has many advantages. However, their membership and the contribution that they are ultimately able to make, particularly to the strategic role of the board, is not without its own problems and these are examined in the next chapter as one of the specific issues with which some colleges may have to contend.

### **6.2.2 The ability to shape strategy**

A further element of power identified by Demb and Neubauer is that of the extent of board involvement in shaping strategy. They suggest that to understand the potential for board involvement in strategy there is a need to:

- ♦ Understand the nature of the strategy process and

- ♦ Distinguish between the roles played by the executive and the non-executive directors

As far as FE is concerned the strategy process is clearly laid down by the FEFC, all colleges must respond to specific triggers at specific times and it could be argued that while there is some evidence that those involved attempt to take on an adaptive approach to the strategy process to meet local circumstances and needs, the approach prescribed by the FEFC follows a more traditional planning approach. Indeed it is prescribed nationally:

*“To assist colleges that may not have had previous experience of strategic planning, the Council has, after consultation, prepared a framework and guidance for the preparation of college strategic plans. The planning framework is intended to embody a number of basic principles about good planning practice. Essentially it focuses on the need to establish effective relationships between areas of activity and resources which can otherwise be disparate and lack coherence. . . . It is essential that progress in implementing the strategic plan is monitored and the plan itself rolled forward. This can be achieved by each college drawing up an annual operating statement which establishes the objectives for the coming year and reviews the extent to which the current year’s objectives have been met. The council will require student number data to enable it to validate college applications for recurrent funding in March each year. The remaining elements of the plan can follow by mid July”.*

FEFC Guide for Governors

May 1994

This somewhat lengthy quotation has been included here to demonstrate that the planning process is prescribed and imposed on all colleges by the FEFC. It also draws attention to the timing of certain key aspects of the planning process and serves as a reminder that colleges have no freedom to develop their own plans, as and when they consider appropriate, to meet local circumstances or needs. A more detailed discussion on the role of the FEFC and the impact it may have on the board's ability to become involved in strategy is undertaken the next chapter. The second element that Demb and Neubauer suggest needs to be understood, that of the distinction between the roles played by the executive and the non-executive directors is less important here, as has already been discussed, and as far as the FE board is concerned, any attempt to distinguish between the roles of the executive and non-executive directors is less than helpful given the composition of that board. So it is against this background of a prescribed approach to the strategic planning process, coupled with a recognition of the particular way in which an FE board is constituted and composed that any discussion of the role of the board in strategy making in FE has to take place. Earlier sections have established that there is a consensus among governors and managers about the role of the board and the activities that they undertake - and that that role should by and large be a strategic one, this section sets out to understand how they might undertake this role and the extent to which they really have the ability to shape strategy. What is the real extent of strategic involvement?

It has been seen that some principals feel the need to guide and remind their governors on their strategic role on a regular basis, though some governors are

very clear that they do not wish to become involved in anything that is not strategic, as the following quotations from some of the governors in College A clearly indicate:

*"My involvement with the college is purely strategic - that's my only input to it - I don't attend the board meetings to talk about salaries".*

*"I think when I first came a member of the board I was anxious that it was a bit 'rubber stampy' everyone had done it all, there were no decisions to be made and it was all sorted - [the principal] would come along with a paper and it was really sorted - there wasn't a hell of a lot to talk about because the action had been very carefully planned and all the rest - and I said to the chair, you know 'don't ask me to be a member of a rubber stamping group' There was a danger that the board was rubber stamping and these little subgroups were doing it all - and that's stopped now and I feel that the working of the board is now much more as it should be - and that is that the day to day responsibility of managing the college is being managed by the executive team and the board is there to monitor, to ensure that the correct standards are provided and that sort of thing".*

The literature review in chapter three drew attention to the notion of a continuum of involvement in strategy on the part of the board in strategy. Demb and Neubauer also noted that 'the description of the role played in establishing strategy is arrayed on a broad spectrum - on the one hand passive and uninvolved and on the other decisive and fully responsible'. The notion of a continuum of involvement in strategy making also emerged during the research

undertaken for this thesis. From the above quotations and others in a similar vein from both governors and principals it would appear that, within the colleges taking part in this research, there was no real evidence to suggest that a wholly 'rubber stamping' board currently exists, though there was some difference in opinion between boards and also among members of the same boards (as there was in the Demb and Neubauer research) about the true extent of that involvement. Some governors, particularly the independent business interest governors, were very vociferous in their views that they should only be involved in strategy and nothing else - while others appeared to adopt a more pragmatic approach recognising the limitations of not always being in a position to take this strategic view:

*“Well it is possible for the governing body to operate entirely as a rubber stamp, that is conceivable - the other end of the spectrum is not conceivable because no governing body will ever have the necessary detailed knowledge and understanding to be able to provide that all embracing comprehensive vision, so I think you start out at it as it were probably at the vertical, it can only ever be a movement between nought and ninety - never from nought to one eighty if you understand me and I would have thought that we are possibly round about the forty five mark - I think there is a real interplay between the two - but again there's not any - we don't arrive at that point as a result of conflict - one party pulling to the ninety- the other pulling to the zero and we end up at forty five as the mean average - I think there is a fair degree of unanimity in terms of where we want to go - moderated by an understanding of the resources available and what is practically achievable”.*

A Governor - College A



Principals too demonstrated an awareness of some of the limitations of governors actually being in a position to take a truly active role in shaping strategy, for example:

*"The strategy of the college has changed significantly in the past two years, that's not because the governors have actively changed it, but they have been involved in every stage in receiving you know, suggested direction, asking questions, and then saying, OK that's it".*

The Principal - College D

A further indicator of the ability of the board to be involved in strategy making would seem to be focused on the nature and extent of a partnership approach to board activity and indeed on the nature of the board and management relationship in more general terms:

*"I mean the key thing that I've described to you is not on that continuum - the thing that I have described to you is a bit more of a circle if you like, a circle of development, for any given advance, presumably has to have a certain point on the circle that initiates change - where you genuinely have got a partnership approach to the way you are doing things - the fact that a person or a group initiates change doesn't make any less important those other parts of the circle that are required to complete the endorsement and so on, and I don't think that's just playing with words, I think that is a genuine position to adopt."*

The Principal - College D

*"I've never sensed any lack of cohesion between the management and the governors in terms of what they want to achieve and an acceptance that we have to work in the system that we're faced with and I think we all work together very well in that respect".*

A Governor - College A

*"A sense of partnership though, growing - probably growing. I think the governing body is getting a much clearer idea of what it is about, and I think that will allow a growing partnership in the future, when their roles are clear. Yes it is a growing partnership".*

A Senior Manager - College A

What can be concluded about the FE board's ability to shape strategy? Interview data clearly suggests a changed role, a role that perhaps tended towards rubber stamping prior to incorporation and moving towards a potentially more active strategic role since. Arguably this was one of the intended outcomes. However, given the FEFC prescribed approach to strategy process, the ability of the board to really participate and have any control over that process would appear to be limited. However, it should be recalled that the process that they prescribe tends towards the traditional planning mode and that Demb and Neubauer found that the more the companies involved in their research followed this mode, the more likely it was that the board became actively involved. There appears to be some contradiction here and the FEFC appears to lie the heart of the contradiction. The FEFC then emerges again as an important influence on governance activity. The extent to which it might

enable or constrain the board in terms of their involvement in strategy forms a key part of the discussion in the next chapter. It is highlighted as one of the additional paradoxes that may need resolving by those in the FE sector.

It is appropriate to raise an additional factor here. Many of those interviewed again volunteered the benefits that their boards were enjoying due to the implementation of some elements of the Policy Governance model. They were clear that it enabled their boards to focus their efforts on strategic issues without them becoming overburdened with the more routine and administrative aspects of their job. The potential and contribution that the Policy Governance model can offer to college boards is examined further in later chapters of this thesis.

### **6.2.3 Participation in CEO selection**

The third element of power concerns the role that the board might play in appointing the CEO and the top management. It was clear from the interviews and has been highlighted in the first section of this chapter that the board clearly has a role in appointing the CEO and the top management and this is confirmed in FEFC documentation:

*“The governing body is responsible for the appointing, grading, suspension, dismissal and determination of the pay and conditions of service of the principal and holders of other senior posts”.*

Guide for college governors

FEFC May 1994

The board's overall task then is clear here. How it sets about this particular role is examined in some detail by Demb and Neubauer. This aspect of the board's role is not a key theme of this thesis and this research has not dealt with it as a specific issue nor explored it in any detail. There were no changes in principal or significant changes to the senior managers at the time of the interviews therefore the issue did not present itself, in any way, as appropriate for further exploration.

#### **6.2.4 Capacity to monitor and control towards objectives**

The final factor which contributes to an understanding of the relative power of the board, is according to Demb and Neubauer the board's ability to monitor performance. They argue that in order to exert the necessary control, a board needs timely and appropriate information. It has already been seen in section 5.3 of this thesis that one of the key roles of the board as recognised by managers and governors and particularly principals is this monitoring/controlling and supervising role. It is perhaps because of the fact that principals were particularly aware of this role that they were also especially aware of their responsibilities in terms of providing governors with the right kind of information to enable them to undertake this role effectively. The following quotations provide a useful indication of how some principals deal with this issue:

*"Now we have monthly briefing packs for governors . . . I've put restrictions on how many pages you can write in each item that goes into the governors information pack"*

The Principal - College A

*“It’s more focused - the idea we are developing here is about ‘let’s produce information that is in support of our targets’.”*

The Principal - College A

*“We report to them and we report on the basis of what we said we would do on the strategic plan and which you as a board adopted and approved. This is what we said, this is what we’ve done, this is what we’ve got to do - in a standard format and that comes in every month”.*

The Principal - College B

*“ . . . But the major document and I started this two years ago is this governors mailing, it is a mixture of the necessary information that they should have on a regular basis in order to make a contribution, it is deliberately giving them a flavour of the breadth of what we are doing to reinforce the prospectus and so on. It’s letting them have warnings of things which could turn out to be major issues”.*

The Principal - College B

These quotations show a clear attempt by some principals to focus the information that they provide for their governors. Other principals tended to provide fuller briefing packs prior to meetings which were not in any way restricted but nevertheless there was evidence that they did try to engage the governors in the information that he/she received and draw their attention to specific issues as they deemed appropriate:

*“More typically papers that would be out there would have a cover sheet which is to allow for the fact that that I know that*

*lots of governors won't read the main document, so I attempt to put a cover sheet which is effectively a summary and has a recommendation or two at the bottom".*

The Principal - College D

A number of these governors information packs or mailings have been reviewed, typically along with the minutes and other documents provided for governors meetings and also more specifically for those meetings that were observed as part of this research. They have also been discussed in some detail with governors. On the whole they welcome them and some governors have played a key role in changing the style and format of information that was provided for them:

*"Oh yes, it's [the information provided] a lot less than it used to be and it's a lot more focused than it used to be and I know why that is - I was involved in trying to change that to have more target and bullet point assessed briefing information rather than long tomes of reports from whoever".*

A Governor - College A

Despite changes to the style and format of much of the information presented to governors, for some, there still remains room for improvement:

*They [governors information pack] are very helpful, but if you get it you've got to look at it - there is a danger that you get so many that you can't go through and absorb them and at the moment I'm having a bit of a running battle with the college - meeting next Monday - and rather than getting a whole set of*

*papers, I can almost guarantee that an envelope will drop on my mat on Saturday morning - another paper for the meeting on Monday - and it really gets irritating”.*

A Governor - College A

So it can be seen that there is a serious attempt to provide information to governors to enable them to actively and usefully undertake their monitoring role. Governors themselves are also clear about their responsibilities in this key area:

*“... It's a bit like a terrier with a rat, I know, I've had that rat in my mouth. I put things on bring forward and ask for that 'careful monitoring' to be brought forward. That can be really irritating - ie 'the board will recall I expressed my concern - would be grateful for an update' . I think it is the responsibility of the board member, if they raise an issue and they feel strongly about it, that they use any way to keep it on the agenda - like a thorn to keep at it”.*

A Governor - College A

An examination of this final element of power, the capacity of the board to monitor and control performance, has demonstrated that principals, sometimes in partnership with their governors are working towards providing them appropriate and relevant information to enable them to undertake their monitoring role more effectively. However, the issue here is not merely one of effective monitoring, it goes beyond that and also concerns the ease with which that monitoring task can and should take place. There was a clear will amongst all of the principals interviewed during this research to empower their

governors and hence their boards, to free them of any unnecessary burden associated with the monitoring activity, and to enable them to use their valuable and often limited time to undertake the strategic aspects of their task. They see providing them with adequate and appropriate information as part of this. Again, aspects of Policy Governance are cited as helpful here as the adoption of particular policies provides clear guidance about the type and level of information provided.

According to Demb and Neubauer, the balance of power on a board results from the effect of balancing all of the four factors discussed above: It has been stated earlier that the issue for FE boards is not necessarily one of a balance of power between the governors (as non-executives) and the managers (as executives), due to the way in which the board is constituted. Perhaps more importantly, the examination of the four factors has highlighted a number of issues which appear to be specific to the FE sector. Table 6.1 highlights the key issues which have emerged following an examination of the four elements of power.



**Table 6.1**

**Issues emerging for FE out of a discussion of the four elements of power  
observed by Demb and Neubauer**

Element of Power	Issues emerging for FE
The personal influence of the key players	Personal influence enhanced by the local profile of the governor - the notion of local elites Strategic role of the board potentially enhanced because of the high local profile of some of its members
The ability to shape strategy	The role of the FEFC The role of Policy Governance
Participation in CEO selection	Not considered specifically in the FE context therefore not applicable here
Capacity to monitor and control performance	Information provided to the board eases their monitoring role and enables them to become more involved in strategy .  The role of Policy Governance

This first paradox then, the distinction between those involved in the

management activity and the governance activity appears to be only partially in evidence in the FE sector, though it is certainly recognised. Boards appear to very aware of this distinction and some of the potential difficulties that managing the respective associated roles can cause - it could be argued that this is because of the particular way in which the college board is constituted and that the apparent tension between those that manage and those that govern does not arise in the same as was apparent in the Demb and Neubauer research. It has become clear from the analysis and the issues raised that the Carver model of Policy Governance can contribute to enabling this become more visible.

Exploration of this first paradox has also raised a number of additional issues. It has highlighted that given the unique way in which FE boards are constituted they rely heavily on business interest governors. Factors associated with these business interest governors are concerned with their own local profile, their potential role in strategy, their multiple roles and subsequently the potential for conflict which may arise. It has also drawn attention once again to the role of the FEFC, this time in particular in terms of how they appear to have the potential to inhibit and constrain the role that the board can play in strategy making.

### **6.3 Paradox two - Commitment and depth versus detachment and breadth**

This paradox is concerned with the extent to which the board can really offer critical, ie discriminating, independent judgement. The tensions that cause this

paradox according to Demb and Neubauer are associated with the characteristics of the individual board members - the first one relating to the capacity of the particular board members to remain detached from any issues of self-interest and yet at the same time remaining committed to the organisation and being involved in it. The second aspect of this paradox is the ability of a board member to contribute a depth of understanding about the organisation and its history and yet at the same time, be able to take a broader business perspective. The key question they seek to address is "How can the board be brought to the point where it can exercise judgement that is both critical and independent?". Before considering this paradox in the FE context it is worth recalling the key categories of governors who form a college governing body. These issues of composition are again particularly important here because the roles that those involved play is at the heart of this paradox according to Demb and Neubauer. Typically a college board would comprise, a chairman who would always be from 'outside', the college principal, a number of business interest governors, representatives from the local education authority, elected members of staff, elected student representatives, a trade union representative, and a representative of the Training and Enterprise Council. Precise numbers would be determined by the board within guidelines set down by articles and instruments of governance established by government legislation. Business interest members would always dominate the board in terms of numbers, this being a direct outcome of changes to board composition at the time of incorporation. Not all college boards included in this research had staff and students as members of their boards, the reasons and potential implications of this are discussed in chapter seven when specific aspects of board composition

are dealt with more fully. Returning to the second paradox then and that central question concerning the ability of the board to exercise critical and independent judgement, Demb and Neubauer suggest that a board's judgement is rooted in balancing several ingredients and that evaluating the potential of different types of board member to bring one or more of the four perspectives is revealing. All four ingredients together, they argue give the board critical, independent judgement. The four elements are:

- ♦ a depth of understanding about the company and its history;
- ♦ a breadth of perspective that brings the larger context into focus;
- ♦ involvement with, and commitment to the objectives of the company's business; and
- ♦ a sense of detachment from any encumbering affiliation.

What evidence is there that any or all of these 'ingredients' are in place across the range of governors that make up an FE board and what implications might this have for their potential strategic role?

### **6.3.1 A depth of understanding about the company and its history**

There was evidence from interviewees amongst all of the four colleges used in this research that both governors and managers, believe that in many cases the 'outside' governors (ie not including those members of the board that are elected as governors by either staff or students) do not have sufficient knowledge - not only about the college itself but also about further education

in general and hence the sector in which their particular colleges are operating - the following quotes are indicative of many of the comments made:

*"But it would be I think very few, if any, of the governors who know what we actually do in curriculum terms. They might know broad brush that we do motor vehicles or accounts".*

A Senior Manager - College A

*"I'm anxious that - I'm very conscious that I don't really understand what goes on in the college - you understand so much - but what do schools do? what are Heads of Schools responsibility? etc".*

A Governor - College A

*"I think they need to [understand funding] and it would be very presumptuous of me to say that certain people didn't understand that, I don't think the level of debate has got better, and there may very well be reasons for that, but I think they need to understand not only the level of funding but they need to have information on why courses are being run, why they are not being run, what alternatives have been looked at . . .".*

A Governor - College A

*" so it's extremely difficult to give them the basic knowledge in what is a million miles away from what they understand by education - that of course is the danger - because everyone feels they know about education and the core activity of teacher student interrelationships - fine, and that's not their role, except in agreeing the quality framework and performance indicators".*

The Principal - College B

*“Difficult for them to contribute when we talk about obscure, fairly esoteric FE things and that's not to say it has to be curriculum or marketing or something, it's just something about which they don't have a feel”.*

The Principal - College B

Given the dominance of the business interest members, the above quotations and other comments made but not explicitly quoted here, suggest that colleges may be in a position where they have a governing body which lacks one of the key ingredients (detailed knowledge and understanding about the organisation) required to enable them to offer critical and independent judgement and hence contribute more effectively to shaping strategy. However, arguably this is balanced to some extent by the presence of the principal who as CEO is the governor most knowledgeable about the college and also to a lesser extent by the presence of elected members of the staff and student population (depending of course on the particular composition of the board in question). The challenge that this first aspect of the paradox presents for FE is very clearly expressed by the following quotation:

*"So I think the real problem, if one comes to the issue, how the heck does one inform governors sufficiently to be able to take upon the informed governor role?".*

The Principal - College B

Examination of this first factor suggests the board as a whole may not have adequate understanding about the company and its history. The challenge for

those in the sector then is how to overcome this and provide governors with the level of understanding that they need to enable them to take a more active and indeed proactive approach to strategy. Some aspects of how governors are kept informed has already been discussed in the previous section, this will be explored further in chapter seven.

### **6.3.2 A depth of perspective**

The second aspect of this paradox which needs to be in balance across all members of the board is, according to Demb and Neubauer, the depth of perspective that individual members can bring to the board. There is no doubt that the range of business interest members now sitting on the board are well able to bring the required depth of perspective - particularly given their wider involvement in the local community, as the following quotations demonstrate:

*“Well, I've got a lot of involvement in the broader educational sphere, I am or have been a governor of a number of schools, I've got relationships with the University development, I've been a member of the TEC board for some years and the TEC has a remit in the area of further education and so there are quite a number of different strands - my own organisation has a fairly significant training establishment, I have had a long running relationship with the Chamber of Commerce and that too has a large training operation, so my membership of the [College A] board forms part of a fairly comprehensive, and I like to think coherent total involvement in education - so its perhaps a little bit difficult for me to tease out one from the other because they all assist the others - I mean I think I am able to perform more effectively as a governor of the college because I have perhaps*

*a more broadly based understanding of the overall problems facing FE as a whole - as distinct from just the problems relating to [College A] and can place FE in the broader educational context as well”.*

A Governor - College A

*“Well in my case, my involvement in the strategy for the college is wholly based on my wider vision of the new university, the TEC and the colleges surrounding [the County] - and its current relationship with [a partner University] and the future relationship of this company with this college. So I've become involved because of the web of complications associated with [the City]’.*

A Governor - College A

Arguably then this second ingredient (a depth of perspective) is in evidence, certainly as far as the business interest governors are concerned, and contributes to the boards ability to make critical and independent judgements. Other issues have also emerged here. Once again the role of local elites is emerging as important, this time not only in terms of their local profile but also in terms of their wider associations which are clearly linked to that and the potential this affords them in bringing a depth of perspective to the board. As far as some of the other members of the board are concerned there was little evidence to suggest that they were able to take a broader perspective, or indeed that they had any desire to do so, this applies particularly to the staff and student representatives. In the main the staff governors that were interviewed were clear that their position was to take part in discussions only in so far as



those discussions and any decisions made were likely to impact on the staff that they believed they were representing. In some cases, it appeared that they saw their role almost as one of observation, with a view to reporting back to the general population of the college, having sat in on what they perceived to be ‘an inner sanctum’. Whilst this was not explicitly stated by any of those interviewed, it was without doubt observed during board meetings and for some time after they taken place. This raises another interesting point because technically, they are not there to represent staff interests, as the clerk to the board of College A made abundantly clear:

*“They are board members who are members of staff, they are not staff governors. They are not there to represent the staff, they are there to be members of the board and that distinction is important, they are governors who happen to be members of the college staff”.*

This issue aside, given the typical composition of an FE board, on balance it is appropriate to conclude that they do have that depth of perspective required to enable them to form sound independent judgement.

### **6.3.3 Involvement with and commitment to the objectives of the companies business.**

The third factor put forward by Demb and Neubauer and considered here is the extent to which the board becomes involved with and committed to the objectives of the companies business. There seems to be a view that the board

is committed to the objectives but that it is not necessarily always involved in setting them:

*"they will be considering the mission statement - yes- but as a matter of interest this planning meeting we are having on the strategic plan, the corporation members, we asked them how they wanted to approach that and they want us - the college management that is - that want us to put something up. They don't want to come with a blank sheet of paper and start drawing it up"*

The Principal - College C

*"If you ask me to tell you what it is [the mission statement] - I haven't a clue. I can't cope with missions. I read it on [the principal's] wall last Monday and I was so . . . - but we were all involved. I said 'are we talking about purpose - is that what we mean? Why don't we say that?' If the purpose of the college is to provide a high quality education for adults in [the County] - and that I believe is the mission. High quality - easily accessible - you know - I go along with it".*

A Governor - College A

In a general discussion with principals and governors about the development of mission statements and the setting of objectives for the college, attention was drawn once again to the role of the FEFC:

*"In the guidance on self-assessment, it is giving exemplars of what the mission statement and the aims and objectives should be, and in that exemplar it has added 'to be a responsive*

*college to your community' saying 'whilst widening participation and making provision for ssld [students with severe learning disabilities]'. Those were put in, we weren't consulted, did we want those adding?''.*

The Principal - College B

In conclusion then, whilst the board may not always be wholly involved in the setting of objectives, in the main they are committed to them. It is also apparent that once again the FEFC set some parameters, dictate some elements of the objectives and then inspect against their own guidelines.

#### **6.3.4 A sense of detachment from any encumbering affiliation.**

Finally, Demb and Neubauer consider the extent to which the board members can really have a sense of detachment from any encumbering affiliation. Section 6.3.2 referred to the fact that many of the business interest governors may have multiple roles within the local community - on the one hand this is seen as a positive thing in that it enables them to bring a depth of perspective to their role on the board but it can create potential for conflict. It could be difficult for governors to remain detached, but those interviewed were clear that they understood this potential difficulty and were able to deal with it appropriately:

*"I don't think it [being involved in so many things] does, because all of my associations are open and understood and well known, and I think, I hope anyway - appreciated by other people - and all the other players in the game, I think that avoids conflict and in any event I, my starting point is, that we really don't, any of us, any of those bodies, have any*

*fundamental disagreement in terms of basic objectives and we ought all to be working in partnership towards a common goal - now there can always be individual areas where in a particular contractual situation - it may be more in the interests of one body than another and in that situation one would clearly stand back - I would never be involved in the award of a contract by the TEC which involved [College A] but the TEC would never seek to place me in that situation and likewise [the Principal] would never seek to place me a situation where there was any conflict. I think that these difficulties can only arise where the involvements are less than open”.*

A Governor - College A

As far as other board members (ie those elected by staff and students, those representing particular interest groups e.g. the local education authority, the trade union representative etc.) were concerned they were clearly not free from any incumbering affiliation - they were actually on the board solely because of those affiliations. However, on balance, mindful of the numbers involved in each category, and the tendency for some boards not to include staff and student governors) it would seem as though this ingredient is in place and can contribute to the boards ability to make critical and independent judgements.

To summarise the analysis of this second paradox then, it is helpful to reflect on how Demb and Neubauer examined different types of director and the extent to which they were able to contribute to each of the above four 'ingredients'. They offer a summary table which links the two together. This has been adapted to provide an overview of the types of college board member and their input

against each of the four criteria identified and is shown in Table 6.2. This table has been constructed based on interviews and also on detailed observations of the same board for three consecutive meetings.

**Table 6.2**

**Contribution by type of director**

	<b>Company Industry</b>	<b>Breadth Context</b>	<b>Involved Interested *</b>	<b>Detached Independent</b>
<b>Chairman</b>	+/?	+	+	+
<b>Principal</b>	+	+/?	+	-
<b>Staff governors</b>	+	-	+	-
<b>Student representative</b>	+	-	+	-
<b>Business representatives</b>	-	+	+	+
<b>Trade union rep</b>	-	?	+	+
<b>Local authority reps</b>	+	+	+	?
<b>TEC reps</b>	+	+	+	-

Adapted from 'Contributions by type of director' Figure 5 page 108 - Demb and Neubauer, 1992.

\* all categories of governor are shown here as being involved and interested in setting objectives, however, the role of the FEFC needs to be remembered here.

In the original research, Demb and Neubauer noted that the detachment of the NEDs brought breadth and objectivity to the board, but also put them at a

disadvantage in terms understanding the business and the sector. This can also be seen to be the case as far as the business interest governors on FE boards are concerned, as is illustrated by the above table.

This section has considered the second paradox identified by Demb and Neubauer, it has looked at the four factors which they argue need to be balanced and considered them alongside the interview evidence that is available. In addition to the interview evidence some of the findings and comments made in this section are drawn from the observations of board meetings.

Considering this second paradox then, in summary, taking boards as a whole - from the data what conclusions can be drawn as to whether any or all of these ingredients are in place and what might this mean for the board's judgement and subsequent ability to contribute to strategy? Bearing in mind that the majority membership of the board will be business interest members - it appears that three out of the four ingredients are in place. A significant gap is in the amount of specific knowledge that governors have and the challenge for colleges is how they deal with that.

In particular this section has again drawn our attention to the role of the Carver model of Policy Governance. In addition, the notion of the local elite has been developed and it has been seen that whilst these individuals can bring clear advantages to the boards of which they are members, that membership is not without its difficulties. The particular role and contribution of local elites, particularly in terms of the strategic role of the board, is discussed more fully

in the next chapter as one of the specific tensions that those operating FE may have to resolve.

#### **6.4 The third paradox - the cosy club versus the independent personality**

The challenge of this paradox in the context of the original research, according to Demb & Neubauer, is to “forge a set of relationships among a group of individuals that will permit information to be shared, recommendations challenged and actions evaluated while at the same time avoiding the trap of becoming so trusting, familiar and comfortable with itself that judgement is undermined by cosy self-satisfaction”. So the challenge is to find a balance such that the board can become an effective working group and not a set of individuals on the one hand nor a cosy club on the other. There was no obvious evidence from the research undertaken for this thesis that any of the four boards showed any real tendency towards either end of the spectrum. From the interviews it was clear that, in the main, they saw themselves as a group of people, not necessarily as a team, but as a group of people working together in the best interests of the college and the community that the college served. This view can also be supported by reference to the observations of one particular board meeting over a period of time - there was no sense that the board was operating at either end of the spectrum identified by Demb and Neubauer. On the face of it then, this third and final paradox does not appear to be in evidence in FE. Why might this be the case? Demb and Neubauer’s research indicated that there were four factors that helped to bring a collective strength to a board which then enabled that board to become an effective group. Does this suggest that the four factors are in evidence in some FE boards and furthermore that

they are appropriately balanced? In an attempt to answer this question, the four factors have been considered alongside interview evidence and observations of board meetings. The extent to which a board has collective strength is considered important in the context of this research because arguably the more a board then tends towards an effective working group the more likely it is to be able to focus on the key tasks and deal with them effectively and in particular then focus on what has been identified as being the most important role - making a contribution to strategy. The four factors which might add to collective to strength are:

- ◆ the personality and style of the chairman and CEO;
- ◆ the culture and climate of the board meetings;
- ◆ the people involved; and
- ◆ the degree of common purpose they share.

It is argued then by Demb and Neubauer that boards get their collective strength from these four factors and that it is this collective strength which enables the board to become an effective working group. The next four sections offer some discussion and analysis of each of the four factors in turn, enabling conclusions to be drawn about where on this spectrum of cosy club versus independent personalities the FE board might be placed. This discussion also draws attention to some additional issues which are relevant to the strategic role of the board.



#### 6.4.1 The personality of the CEO and the chairman

In addition to the relationship between these two individuals, Demb and Neubauer also discussed the structure of the roles, ie whether it tended to be a dual role or distinctly separate. As far as the structure of the roles in FE is concerned, the roles are never combined - all colleges have distinct roles for the chairman and the principal, they are always separate. Clearly the personalities of the key players are going to be important and all boards included in this research had members who were very strong personalities, both principals and chairs of governors alike. The relationship between the two individuals emerged frequently during interviews as an important point, as the following quotation highlights:

*“but you’ve got to look there at the key relationship, I think, between the chief executive and the chair, and between the chief executive, and the governing body as a whole, but the key relationship has got to be between the chief executive/principal and the chair of governors every time. That’s going to determine, really, the quality and the values of your college - all the way down and I, really, it is down to both.”*

A Senior Manager - College A

There were examples of very good, effective working relationships between the chairman of the board of governors and college principals. However two college principals reported instances (one from his time at previous college) where the relationship had been problematic and expressed their concern about the implications of this for effective governance.

*“the chairman has a lot of power, particularly if he wants to use it, and he did. He would curtail discussion - if on the agenda there would be an issue and he would say 'I'd just like to give you my perception on this little matter, these are my five points' and of course if they are semi-plausible, who's going to argue against him? But within those five there's one that's quite dynamite and for several meetings I found myself having to ask the clerk to minute my advice against a particular point. Now that is not pleasant . . . . . he was vengeful, and yeah, therefore all my colleagues, well certainly the ones on the SMT then, were thrown off the SMT by this maverick chairman. I don't think we'll ever restore our trust in this board, not this board with this composition”.*

The Principal - College B

*“Very, very personally difficult, frustrating, stressful, I actually used to find myself in the situation, when the shit was really hitting the fan at the time of incorporation, when unions were attacking their chief executives, scurrilously, personally, all over the country and I used to find myself in the situation where the union reps would lay in wait for the chairman as he came into the building, before ever he got to my office they'd button-hole him and he'd promised them stuff because he was knee jerked and I used then, for example, have to then pick all that up subsequently. Oh all sorts of things, I mean if you have a weak, a non-visionary chairperson, chairman has got be visionary as much as the principal has, and if you have a chair person who is lacking in sophistication, vision, that's really problematic”.*

The Principal - College D

One particular principal reported a series of incidents where his chairman had attempted to remove him from his position as principal and had lobbied other governors for their support. (Unsuccessfully). Whilst the details of this cannot be reported in detail here, nor quotations cited, for reasons of confidentiality, it did provide a very clear example of some of the potential difficulties that can be faced by boards when the chairman and the principal do not enjoy a good working relationship and are in conflict.

Conversely in the other three colleges there was very clear evidence that the chairman and the principal had a good working relationship as is indicated by the following quotations:

*“but obviously it has to go to governing body and [the principal] has an excellent relationship with the chairman, who doesn't interfere but asks very pertinent questions, which we expect them to do”.*

A Senior Manager - College A

*“I can envisage it [conflict] but I'm not sure it would happen with the present principal and the present chair because they have an excellent working relationship. They talk on the telephone, they communicate, so I think before it got to that stage, things would be ironed out”.*

A Senior Manager - College A

*“The chair is a quiet but extremely strong chair, he's been associated with the college for twenty five years, he's been a member of the governing body for that whole period, and he is*

*re-elected by the membership of the governing body who I have an enormous regard for. And he would be quite capable of intervening if he was unhappy about something. And incidentally, and again you mustn't take my comments as being representative of anything, because I'm in a very unusual position, I actually chose to come back to this college - a smaller college and a smaller salary - and he was one of the reasons why I chose to, because I know what it's like to have a lousy chairman when I was a principal in my other college. When I was deciding to come back here he was one of the ingredients that made me decide to come back".*

The Principal - College D

The quotations cited above, along with similar comments made during interview clearly demonstrate the importance of the relationship between the chairman and the principal. In addition to this evidence gleaned from interviews, the board of College A was observed on three separate occasions, it was a board which had reported a very good relationship between the chairman and the principal and both of those individuals had strong personalities. Effective chairing was in evidence. The chairman encouraged debate, he sought advice from specialist areas where he felt that the board needed it, he sought advice from a past chairman and also the vice-chairman. He made every attempt to include as many members of the board as possible, in particular he tried to encourage participation from newer and less experienced members of the board. He was seen to seek advice, guidance and clarification from the principal and to engage the principal in some aspect of the discussion for every item of the agenda. During one specific board meeting, it almost appeared as though

the chairman and the principal were acting as a partnership at the head of the table. This particular chairman then, seemed to be doing all possible to ensure that the board, as a whole, was operating as an effective working group - there was no evidence to suggest that the board was veering toward either end of the spectrum, nor that that it would be encouraged to do so, nor be condoned by the chairman or indeed the CEO. More generally, there was a sense of partnership between those involved:

*“I mean in the real world that we occupy in FE, again I think it is down to, what really matters is a kind of symbiosis between management, as represented by the principal, as their chief executive, and the governors”.*

The Principal - College A

In the main, relationships between the chairman and the principal were good, though the evidence presented earlier does demonstrate the impact that a poor relationship can have on the board, its members and its operation. What emerges here as interesting and potentially important, is that the nature of that relationship does not appear to be attributed to the structure of the board (as it was in some cases in the boards included in the Demb and Neubauer research), but more specifically to the personalities of those involved. This raises some issues around how each of the key individuals, the chairman and the principal, are selected and appointed. Standard recruitment and selection procedures operate for the appointment of principal, the final decision being made by the board of governors (the incumbent principal, of course, being part of this board). The appointment of the chairman is different, typically he would begin

by being invited to be a member of the board, usually following some kind of search committee, and would then be nominated to the position of chair by members of the board and would subsequently be voted in as chairman for a specific period of time. In both cases, it is important that the procedures are appropriate. Aspects of the search, selection and invitation of individuals to join a board of governors is raised again and discussed more fully in the following chapters when specific issues associated with local elites are addressed.

One final point of interest, whilst the principal would only have the same voting rights as other board members when deciding on the appointment of new governors or the appointment of the chairman, the following remarks indicate the potential that he/she can have to manipulate the power base on the board. There appears to be nothing in the constitution or on the guidance to board composition that would mitigate against this, once again highlighting the importance of personalities and indeed of personal integrity.

*"I'm slowing working to change its membership, to change its chair, the guy I'd like to chair for instance is one of my nominees, of recent ilk, he's Chief Exec of [XYZ], very able, very sound and so on but I've got to play him in slowly. We've still got the existing chairman, we do get on better to the extent that the former maverick has gone. As with all boards, even though there is twenty on it, you don't need to control 20, you only need three or four. Now of course, one critical element has gone, and then on the other side, I've had three sound solid sensible people, so I think if it ever came to a vote I might win, but of course one hopes it never would. We've got two or three*

*more to remove yet before the balance of power really is with me, well in a sense with the people on each side"*

The Principal - College B

Considering the relationship between the chairman and the principal has revealed the importance of the personalities of the post holders and also the relationship between them. Taking account of the four boards considered by the current study, there would seem to be sufficient evidence to suggest that the relationship between the principal and the chairman does influence the extent to which the board can be seen to have collective strength. The nature of that relationship and the way in which those involved manage that relationships and their roles within it, in three of those boards studied was positive and facilitated the board to be an effective group, thus providing them with the potential at least, to undertake a strategic role.

#### **6.4.2 The culture and climate of the meetings**

The second factor which contributes to giving a board collective strength and hence enabling it became an effective working group is, according to Demb and Neubauer, the culture and climate of the meetings. They made their assessment of the culture and climate of the meeting based on consideration of the following: whether the board was open and frank in its deliberations and debate and the extent to which there might be any taboos about what could or could not be discussed in the meetings; the frequency of meetings; who set the agenda; how decisions were made and how information was passed to the board. Taking account of all of these factors and based on interviews but

particularly here on three board observations, the culture and climate of the board meetings appeared to very open. There was no real sense of there being any taboos about what should be discussed in the board meetings though there was a hint that sometimes a more appropriate vehicle for discussion might be within a subgroup, ie a committee, as the following quotation demonstrates:

*“Well particularly on matters relating to finance and more particularly also property matters, one can be rather more open in the context of a small committee than in the context of a full board, we are substantial property owners - the bulk of our assets, financial assets not people - we are major property players and getting that property equation right for the longer term is going to play a significant part in whether or not we are able to meet our financial targets and also meet our educational targets - I mean we've got major problems because we've got some crap buildings - there are many things which I would not wish to say about property related matters in the context of a full governor's meeting, I have a fairly deep interest in the property market in general and in [the City] in particular and so in that sense there is a greater degree of openness and so on - I don't - it's really a question of time and detail - I don't think there are any fundamentals that don't go to the full board that are dealt with in committee and I think perhaps if there are things in a financial sense which could have been handled better - people maybe get their hands slapped a little bit in committee where one would be naturally reluctant to do that kind of thing in the context of a governing body”.*

Governor - College A



This governor at least seems to be concerned, in part, with issues of confidentiality and also with the protection of others from any 'public' admonishments rather than with suggesting that there are any specific issues which one would simply not discuss in full board. There was no evidence from any of those interviewed that there were any taboos about what should and should not be discussed in the board meetings. The quotation also draws attention to the role of committees in the governance process which has not been explicitly raised or dealt with elsewhere. It is an important issue, particularly bearing in mind the FEFC position regarding the role of certain committees within the college governance process. It also has implications for those colleges who seek to adopt Policy Governance and will be discussed in more detail in the next chapter. Observations of three meetings confirmed what had been made clear during interviews that the board was a very open board with no apparent hidden agenda and all members were treated equally and fairly by the chairman who endeavoured to involve as many members as possible in debate and decision making. Some of the reasons for this have already been discussed in chapter four and it is worth recalling here that the board was concerned (like many in the sector) that its governance processes should be seen to be open and transparent to all. That issue aside, the observations were crucial in revealing insights which were not apparent from the interviews nor, understandably, from any of the documentation produced in support of the meetings. The observations revealed a very formal board, all questions and comments were made formally through the chair - there was little if any free discussion and in that sense any debate appeared somewhat stilted. Some members appeared to be visibly constrained by this formality and some had very

little contribution to make. Some members appeared to be somewhat intimidated by the procedural approach and also by the dominance of some of the more influential members. This degree of formality and perceived hierarchy was not apparent from any of the interviews and highlights the importance of the observations in terms of providing additional insights into board activity and process.

The nature of the agenda and who might be responsible for setting that agenda can also be an indicator of the culture and climate of the meetings. In most cases in the original research the agenda was set by the CEO in conjunction with the secretary or another executive director. In FE the position is slightly different in that the provisional agenda is usually set by the principal and discussed, approved and then adopted by the chairman of the board of governors - it becomes the chairman's agenda. Analysis of the agenda for seven meetings revealed a number of standard items which appeared for discussion each time, some of these being part of a fixed agenda determined by the FEFC, again highlighting the importance of their role. The observations and analysis of agenda and minutes revealed that key strategic items were typically dealt with after all of the fixed agenda items had been dealt with. This was sometimes up to two hours into a meeting which was held in the evening, there were two basic consequences to this: one being that the board members were less attentive and interested than they might have been at an earlier stage and secondly that some board members had made their apologies and had left the meeting before all of the business was concluded. Demb and Neubauer noted that "old habits can clutter an agenda and distract a board from more important

issues". This was certainly seen to be the case from the three board meetings observed, though it did not emerge at all during the interviews. It was reasonably evident from an analysis of the agenda and minutes but the full extent and implications of this were not truly understood until the observations had taken place.

One final aspect of board activity that potentially contributes to the culture and climate of the meeting is the way in which information is passed to the board. This was identified by those in the Demb and Neubauer research as being one of the most critical board processes. The way in which the boards communicate with their members has already been discussed earlier in this chapter and variations in the type and style of information presented have been commented upon. Timeliness of information is also important and it will be recalled that governors expressed concern that the information received was usually incomplete with final papers arriving just prior to the meeting. Interview evidence from clerks to the board - those responsible for the collation and distribution of the documents - revealed that the reasons for this were organisational and practical and there was no indication that there was any attempt to withhold any information to the last minute. There was no sense either from interviews or from the observations that the college management team or the principal were reluctant to provide further details to the board if required. This was evident in the way that the principal responded to questions and intervened in debates during the meetings observed and also from the range of papers, reports and verbal presentations that were delivered by members of the senior management team to the board at regular intervals as itemised on

agendas and recorded in minutes. Providing information to the board then was an area that was recognised by all of the boards in this study as being important and they were all clearly working on ways to improve and enhance this information and its usefulness. The better and more timely this information becomes the more the board will be equipped to act as an effective working group.

What conclusions can be drawn then about the culture and climate of the board meetings in FE and what might the implications of this be in terms of the extent to which the board is able to act as effective working group? On the one hand their effectiveness was partially enabled by effective chairing and yet it appeared constrained on the other by the formality and procedural aspects which discouraged some members from making an active and significant contribution. Despite what was said during interviews, those meetings which were observed did not indicate that the culture and climate of the meeting did in fact enable it to act as an effective working group. There appeared to be almost an inner caucus of members, in the main the business interest members, who dominated the board and this particular smaller collection of governors did themselves appear to be an effective working group. The remaining board members made little significant contribution and even though there was no real evidence that they were consciously or deliberately treated as outsiders, their behaviour suggested that they did not believe themselves to be part of this inner group. This issue aside, board meetings were generally open and frank in their discussions, there were no real taboos about what could or could not be discussed in the meeting. However, debate and discussion was not always as

full and free as it perhaps might have been, it appeared to be constrained in part by adherence to very formal meeting procedures, including the way in which the agenda was constructed and managed. In addition, on occasions, the board was dominated by a number of key individuals and some newer, less experienced board members appeared to feel inhibited by their presence and the range of contributions that they were able to make. This might suggest that some members of the board are able to act as an effective working group, but the board as a whole does not have the collective strength needed to do so.

Consideration of the culture and climate of the meeting has highlighted and stressed the value of observation as an integral part of the methodology used in this research. Many of the comments made and tentative conclusions drawn in this section are only possible because of the observations that took place and would not have been evident from interview data alone. Indeed, in some cases the interview data and the data gathered from observations was not entirely consistent. The wider implications of this in the broader context of the overall thesis will be explored further in the following chapters.

#### **6.4.3 The people involved**

The third factor which might contribute to whether a board is an effective working group or not is concerned with who is on the board and how they actually got there. Issues of board composition have been dealt with already in this chapter and some issues have emerged for further particular discussion in chapter seven. Of particular concern to this section here is how colleges actually identify and recruit those individuals onto their boards and how non

performing members might be removed. How potential candidates are found in FE is dealt with by a variety of ways but usually in accordance with some kind of search procedure and subsequent recommendations. It appears that in addition to the formal procedures, there are opportunities for either the chairman or the principal or indeed any other members of the board to make nominations. Typically chairman and principals would instigate the process but there is no evidence that they dominated it. This has been inferred entirely from interviews and it would be interesting, particularly in view of the comments made in the previous section, to observe the process in action. However, just as there were no changes to principals during the time that this research took place, neither were there any changes to governing bodies during the specific period of data collection. In terms of how non-performing directors are removed, there was no specific evidence from any of the colleges included in this research that there were problems with non-performing governors, however, it must be noted that the specific question was not directly asked. Related issues were discussed, including how attendance is monitored, how attempts are made to engage governors in specific activities and then monitor their progress, but the broader issue of individual governor 'performance' generally has not been addressed by this thesis, though clearly it is an important issue and worthy of specific, more focused research. Arguably, before this further research can usefully take place, some clarity is needed in terms of what colleges and their communities actually want from their governing boards.

#### **6.4.4 The degree of shared purpose**

Finally, according to Demb and Neubauer, the degree of shared purpose among members of the board can also be a good indicator of the collective strength of that board. Analysis of interview data does not reveal any suggestion that members of the boards do not have a degree of shared purpose. It has already been seen that there is consistency among board members about their role and the nature of it and given this, that notion of a shared purpose is in place and adds to the collective strength of the board. There is evidence that this is reinforced more so on some boards than others by both the chairman and the principal as they work with their boards and the individuals on them. This can be seen through the way in which the college communicates with the board and also in the way in which the chairman encourages board training activities and events.

The challenge of this final paradox then, according to Demb and Neubauer, is to balance the board sufficiently so that it becomes an effective working group and not a collection of personalities on the one hand; nor a cosy club on the other. Where on this spectrum might the FE board be placed? What conclusions can be drawn about boards in FE and the extent to which they have a collective strength and hence are able to work as effective working groups and subsequently have the potential to become involved in strategy? The evidence presented here based on analysis of data gathered appears to be inconclusive. One board has clearly had some difficulties, largely associated with the relationship between the chairman and the principal. However, it

should be noted that these difficulties are reported from evidence presented by the principal alone. It has not been possible to substantiate the portrayal of this board, apparently in crisis and conflict, from data gathered from other sources - though there is no suggestion that the principal was less than honest in his recollection of events. The other three boards all appeared to be reasonably effective working groups, based on interview evidence. However, the one board which was observed in action portrayed a different picture than the one that was revealed solely from interview data. This is important because observations of the other boards may well have revealed similar differences.

However, based on available information, on the face of it, it seems that of the four FE boards, whilst one was apparently experiencing some difficulties, the remaining three had a reasonable balance and in many ways were working effectively as a group. This effectiveness appears to be constrained by the formality of the proceedings and in addition it has been observed that, on one board at least, there appeared to be almost 'a board within a board' - the inner grouping being a much more cohesive group than the whole board. Given the rolling nature of the board's membership - ie there are always board members coming to the end of their term of office and new members are being brought to the board it is unlikely that the board will ever be in a position where there is a danger that they could become a cosy club, either in terms of the full board or indeed in terms of any inner caucus of members which might be apparent.

The key challenges presented by this paradox when considered in the context of FE are firstly how to ensure that the 'right' personalities are in key positions and



secondly to work towards a less formal board and finally to ensure that some board members do not feel marginalised and to ensure that all board members can take an active part in all board discussions and decisions. Successfully meeting these challenges will potentially lead to a board which is acting as an effective working group that can then focus on the range of tasks that it faces, in particular its strategic role.

### **6.5 Key issues emerging from research into the FE sector**

This chapter has used the work of Demb and Neubauer as a framework for analysing the data gathered in four FE colleges. Tables 6.3, 6.4 and 6.5 which follow, summarise the key findings of this chapter and highlight some of the additional issues which have emerged as a result of examining each of the three paradoxes put forward by Demb and Neubauer.

**Table 6.3**

**Summary table - paradox one**

	<b>Extent to which it is in evidence in FE</b>	<b>Additional issues which have emerged</b>
<b>Paradox One</b>		
Board versus management	<p>Partially in evidence</p> <p>Boards are clear about the distinction though recognise the potential for problems</p> <p>A shared understanding about their respective roles is in evidence</p>	<p>Distinction made more visible by the adoption of the Carver model of Policy Governance</p> <p>Importance of local elites</p> <p>Board's role in strategy constrained by the FEFC</p> <p>Board's role in strategy enabled by the adoption of Policy Governance</p> <p>The role of information in facilitating the supervisory role of the board, enabling the board to focus on its strategic role</p>

**Table 6.4**

**Summary table - paradox two**

	<b>Extent to which it is in evidence in FE</b>	<b>Additional issues which have emerged</b>
<b>Paradox Two</b>  Commitment and depth versus detachment and breadth	Partially in evidence  Key ingredients required to resolve this tension appear to be in place, though there is a recognition that the business interest governors often lack the detailed sector specific knowledge required	The role of Policy Governance in facilitating the communication between the college and its board  Multiple roles of local elites  Maximising the contribution of local elites  The role of the FEFC in determining strategic objectives

**Table 6.5**

**Summary table - paradox three**

	<b>Extent to which it is in evidence in FE</b>	<b>Additional issues which have emerged</b>
<b>Paradox Three</b>  Cosy club versus independent personalities	Partially in evidence  Some members of the board appear to be operating as an effective working group	Importance of personalities  Dominance of some of the business interest governors

According to Demb and Neubauer, the three paradoxes outlined mean that ‘all boards are vulnerable to a set of variables that can easily undermine performance’. Research undertaken for this thesis has shown the extent to which these tensions are in evidence in FE though the examination of board performance has not been explicitly dealt with here, rather the focus has been towards the board's role in strategy. The chapter that follows explores some of these issues in more depth. Demb and Neubauer note that each board resolves its own tensions in its own way and the penultimate chapter of this thesis explores how FE is currently and might in the future set about dealing with the challenges that these tensions present and the subsequent policy implications that might arise from that.

## **CHAPTER SEVEN**

### **TENSIONS AND PARADOXES SPECIFIC TO THE FURTHER EDUCATION SECTOR**

The previous two chapters have used the work of Demb and Neubauer as a framework for analysing a number of aspects of governance activity in the FE sector, in particular, the potential strategic role of the board. An assessment of the three paradoxes identified by Demb and Neubauer has been made and some initial conclusions drawn about the extent to which these paradoxes might be apparent in FE. In the process of this assessment, some additional, perhaps unique, factors have emerged which those undertaking the governance activity in the sector may have to address. It is these additional factors and their associated challenges that this chapter now explores in further detail. Chapter eight then discusses how those responsible for college governance might face these challenges and hence harness their boards to enable them to make a significant strategic contribution to the colleges that they govern.

The issues which emerged in the previous chapter were many and varied, not all of them can be adequately addressed here. However, there are a number of recurring themes which appear to impact in one way or another on the governance activity in colleges and in particular on the strategic role of the board. These central themes seem to be inextricably linked and yet it is necessary to isolate them for the purposes of analysis and further discussion. The starting point for any consideration of governance in FE in the nineties has to be with incorporation and this 'event' provides us with the underlying tension against which governance activity is taking place. The additional

themes which emerge do so as a direct consequence of incorporation, namely the role played by the FEFC, set up at the time of incorporation; and also the role and contribution of local elites on college boards, their increased membership being the result of specific changes to board composition, again at the time of incorporation.

This chapter then is in five sections:

7.1 Incorporation - an underlying tension

7.2 The FEFC - an ambiguous role?

7.3 Board composition - some emerging issues

7.4 The role of local elites

7.5 Summary of key issues which need to be addressed

### **7.1 Incorporation - an underlying tension**

Chapter five has established that the operating environment and context of FE boards was significantly different from any of the boards included in the Demb and Neubauer research, particularly in terms of the role of the government. One of the key outcomes of government involvement and intervention in the FE sector was a series of legislative changes that lead ultimately to incorporation for colleges. These changes have been more fully discussed in their wider context in chapter two, essentially they have taken colleges out of local authority control and have potentially given them new freedoms to determine their own strategies and manage their resources accordingly.

*" ..... colleges are now self governing and responsible for their own affairs. The governors, acting corporately, are accountable for the financial health and good management of the college and for the proper use of the public funds entrusted to it".*

Guide for College Governors

FEFC May 1994

Incorporation was hailed by many as a great freedom for colleges and those managing them and working within them. This section provides evidence which suggests that in fact this freedom may not necessarily have materialised in quite the way that it was anticipated and that the issues raised by it and the constraints under which many colleges must operate has, according to some, created as many problems as it was intended to solve. Whatever the intent of incorporation, it is now a fact of life within the sector, with all that it entails and it cannot be changed by those operating in it. It is against this background tension that the job of the board has to take place and hence it is explored more fully here.

Many of those interviewed were clear that some kind of change was needed, though for some, incorporation in 1992 was not necessarily the key event - as this quotation from the principal of College C indicates:

*"but it's not as if things were the same for the previous 20 years prior to incorporation - because even after the 1988 Act the Local Authority took more of a back seat in strategic planning than it had done previously. Until then, until the '88 Act came*

*through, we couldn't develop courses without the authority of the County Council. After that it became much easier for us to develop courses without County Council approval and so that was quite different".*

However, for the majority, incorporation was a crucial phase and came at a time when there was without doubt an awareness of the need for change:

*"we could all see there were areas, particularly those of us who came into a college environment from the real world, that quite frankly there were situations which occurred in a number of areas in the public sector which were completely out of touch with reality and could not be sustained and I think in that sense the sector as a whole did itself a lot of damage in not recognising that situation internally - but there we are - it didn't and these situations were forced upon us".*

A Governor - College A

Both governors and managers believed that there was need for colleges to position themselves to deal much more proactively with the increased competition that had been introduced into the sector and within individual colleges a need to be more responsive and more businesslike in their approaches:

*"the whole sector is changing, because it has to change, because the financial situation of most colleges has been quite perilous and it's not going to change, there's not going to be a lot more money coming in so they are going to have to change, change their attitudes towards merger, towards specialisation,*



*towards out-sourcing, towards franchising, towards all sorts of things. We're in a particularly difficult situation in [Town A] because geographically we haven't got many colleges that are near us but we certainly have got to think about expanding outside our normal traditional college role as it has been, I mean the vocational, further educational sector has a terrific amount to offer but you've got to market it, you're in competition with an awful lot of people".*

A Governor - College A

*"of course we had to change, there was no doubt about that, we would not survive if we carried as we were - we had to have more flexibility".*

The Principal - College B

These quotations and similar comments made by principals and other college managers demonstrate that there was a clear recognition that change was necessary. All principals interviewed were concerned that prior to incorporation they were very much servants of the local education authority and had no real autonomy to develop their colleges in a way which would enable them to deal with the competitive challenges facing them. From this perspective they welcomed an initiative that would give them the freedom to manage their colleges in a more business like manner and make the most of the opportunities that were presenting themselves and also as was stressed on a number of occasions to really create some of their own opportunities. The emphasis during the interviews was that they were professional managers at the head of large organisations with capable and committed staff and that, given

time, their colleges would be able to perform better as they would not be tied to and constrained by the Local Education Authority. Issues such as the ability to reward staff in a different way, to provide more flexible programmes for students, to utilise the college more effectively throughout the whole year etc. all emerged as opportunities to do things differently. A real sense of optimism for a future which provided managerial autonomy at college level was evident from many of the interviews. This sense of optimism was shared by many of the governors interviewed, including some of those who were on the board to represent the local education authority. However, whilst recognising the need for change, there was some disquiet about the full nature and extent of that change and the basic foundations upon which it was based as the following quotation indicates:

*"the parameters which are being established by the funding council seem to me at any rate not to be based upon any scientific evaluation as to what is needed and what it costs to make that provision - the whole thing is driven by a basic assumption that the sector was inefficient, is inefficient, and simply withdrawing resources from it or demanding a higher level of output for the same inputs is, must be achievable, because the degree of inefficiency within the sector is so great. Now I don't know what basis they use for reaching that conclusion - I think it's certainly, it demonstrably is the case that there was inefficiency at the outset of this process but at what point do you squeeze and the pips start to squeak - I would be a lot more comfortable if I felt that there was some statistical research, some proven body of knowledge which backed up this constant squeeze, there doesn't appear to be - if*

*there is - I think it would have been presented to us - the fact that it hasn't been, convinces me that it isn't there".*

A Governor - College A

Despite optimism in some quarters, it was with some misgivings and concerns that governors and principals faced incorporation in 1992. In addition there was some debate as to whether incorporation itself and perhaps more importantly, the consequent activities were in fact the right vehicle for that change. A consequence of becoming corporate organisations was that colleges could no longer rely on the local authority to provide some essential services e.g. payroll, personnel policies, staff contracts etc.. This and other activities were now the full responsibility of the individual college and in some cases this meant recruiting new staff and developing new systems and procedures to deal with these increased responsibilities. This was a major cause for concern, as is illustrated by the following quotation:

*"Without doubt, the documentation and the systematisation of strategic planning, of inspection, all those things, aided by, if aided is the right word, by IIP [Investors In People], becoming almost de rigour and other such things, it means we are having to write down and confirm what we once did automatically. In one respect you cannot argue with any of that, because it is a good thing, where I do argue with it, is we are having to overlay our professional activity with bureaucratic activity, which I don't mean in a pejorative sense, but when it becomes too demanding, too insidious, then it is pejorative, but we're having to document, prove, procedures everything like that. I think we did it all from scratch all 468 times which is pretty*

*damn silly. Why FEFC, or somebody, and of course AOC has now done it to a greater extent, but there could have been a lot of money saved if maybe the sector had said 'we all need a grievance procedure, we'll slice it off the top of FEFC funding and we get a model sent to us as produced by a group of colleges and vetted and' etc.. etc..".*

The Principal - College B

Whilst principals recognise the benefit of some of the systems imposed centrally and the need for compliance with those systems, there was a concern that the increased bureaucracy created by this detracted from the essence of what their colleges should be about - its core activity of teaching and learning and supporting students. There were some hints that the promise of incorporation was not forthcoming, that colleges were having to deal with a range of additional tasks, many of them routine, many of them duplicated by other colleges, and were achieving very little in the process.

*"We have had to sharpen up our managerialism, our precision and so on but I think there is a serious downside to that. Once we've been pursuing the compliance necessities, because principals don't lose their job because of slippage in the quality of delivery nearly as quickly as they do if the budget doesn't balance, or you get a negative audit report, so we have had to achieve compliance with all the necessities and those are typically all new. Everyone of those has consumed a massive amount of management time and I think the serious downside is we have not had the time to devote to teaching and learning and I believe in most colleges, the SMT has skewed far too much towards compliance and bureaucratic observation. ....*

*those sadly are the effect of us always struggling with compliance, and whilst we are struggling with compliance we are also taking an eye off the curriculum ball”.*

The Principal - College D

Incorporation then, whilst purporting to free colleges from the constraints of local authority control on the one hand forced them to undertake a range of tasks and responsibilities on the other, which still restricted their freedom and ability to develop their colleges as they would like - albeit for different reasons. The real autonomy that they wanted from incorporation did not appear to be forthcoming. The following quotations reflect some of the concern expressed by many that the actual reality of the situation that they faced may be somewhat different than was originally perceived and many of those involved in the sector have a degree of scepticism and some would say cynicism about these apparent freedoms brought about by incorporation.

*"How real are the freedoms? Well the short answer is, I believe our strategic plans are tighter, because they are ours, I think the accommodation funding and the revenue funding are all determined by the [Funding] Council. We have to report and analyse and regulate far, far more than we did before. We do not have a negotiated freedom to do things that we agreed, by agreement with the principals, we operate within the crudity of the market which is a proverbial freedom but the absence of strategy is actually destroying our room for manoeuvre in my view. Our freedom of operation vis a vis the board is much more seriously curtailed. We got away with telling the board once every term, 'we are doing this - that's OK isn't it?' We*

*have to run everything serious by them now, which I suppose is specific and well controlled but the time that I take on governance, audit and compliance takes up probably a third of my time and I think before incorporation it was 10% - now that time has had to come from somewhere - now I'm not the only one, I would think at least two senior posts are taken up with the cost of compliance consequent on incorporation and we've done that after resources have been cut by 20% - and that's progress is it? I'm very cynical about incorporation - it was deliberately intended to remove us from the protection of local government in order to impose upon us cuts . . .”.*

The Principal - College B

The above quotation is typical of those received from principals and demonstrates that there was a sense of disquiet in the sector, a concern that not only might the changes not necessarily bring about the freedoms that they had promised in terms of having real corporate status but in addition to that, the additional burdens created by these changes would not necessarily enhance the nature of student provision nor enable colleges to focus adequately on core activities.

Nevertheless, incorporation happened and fundamental changes were made to the sector. Not all colleges were able to survive the changes and the increased competitive position in which many of them now found themselves, particularly the competition from schools and sixth form colleges, lead to a number mergers and collaborative agreements and ventures within the sector as a whole. Whilst none of the colleges which agreed to take part in this research were involved in

any actual merger, one college did initiate talks with another with a view collaborating on some aspects of its provision. All of the colleges developed their links with other institutions, in particular their partnership arrangements with HE institutions and professional bodies. These initiatives are mentioned here for two reasons: firstly it is unlikely that they would have happened in the way that they did prior to incorporation and are therefore a good example of colleges attempting to develop their own strategic responses; and secondly as strategic issues they are indicative of some of the discussions that one might realistically have expected college boards to be undertaking during the time that this research took place. In fact, this did not appear to be significant.

So it is against this background of incorporation and its underlying tensions and concerns, along with the changes that it brought to the sector that the governance activity in FE now takes place. However, incorporation was not an isolated 'event', it brought with it the FEFC to administer central funds and it also brought with it changes to board composition which changed the very nature of the college board and significantly enhanced the presence of 'independent' business interest governors. The next two sections examine these two additional factors in more detail, observing that they are factors which in many ways provide additional tensions and contradictions that are unique to the FE sector. How they might be managed and resolved is dealt with in chapter eight of this thesis.

## **7.2 The FEFC - an ambiguous role?**

Despite the fact that all colleges are now incorporated bodies and are no longer under LEA control, there remains one major organisation which still has significant control over college activity and freedom - ie the Further Education Funding Council (FEFC). The new arrangements associated with incorporation brought about direct funding by central government of the further education sector and the FEFC was established to administer the central government grant. The FEFC then is the key provider of funds for most colleges, in some cases being the source of around 70% - 80% of a college's total income, and is therefore a key stakeholder for all colleges - and for most colleges it is the major one. This is important in the context of board activity because whilst boards are relatively free to develop their own strategies - they do not appear to be free to use any real discretion in terms of either the strategic planning processes they employ nor indeed their governance processes. Both of these are overarched by the FEFC who set down clear guidelines via a series of circulars and other publications. It is, in part, against aspects of these guidelines and other specific criteria that colleges are ultimately inspected and awarded grades and it is against these grades that some elements of their funding are determined.

It is almost impossible to separate out the FEFC from incorporation, in many ways they go hand in hand. However, they are not the same issue and the distinction needs to be clearly understood: incorporation brought about a change of status for colleges; whereas the FEFC was set up to administer central funding to these new corporate colleges. They tend to be viewed in



parallel by those in the sector because they occurred at the same time and were both part of the same government initiative. However, taken to a logical and ultimate conclusion, if colleges could secure the majority of their funding from sources other than the FEFC, they could potentially enjoy the benefits of changed status brought about by incorporation without having to meet FEFC demands and work within FEFC prescribed frameworks. This would be an extreme case and would not necessarily be welcomed for various reasons, it could bring its own problems and arguably without the broader support (non-financial) of the FEFC many colleges would not be able to survive on their own. Nevertheless it is important to be able to see that distinction because this chapter focuses on the specific role of the FEFC and the extent to which it, like incorporation, frees colleges from one particular constraint, namely the LEA and yet establishes an array of additional frameworks and guidelines within which colleges must operate if they are to maximise their funding opportunities.

Chapter five examined the role of the board and the range of tasks that it might become involved in. It concluded that despite a different operating context there was some consistency between the roles undertaken by the boards in the Demb and Neubauer research and boards in FE. In particular it concluded, based on interviews that those involved in the governance activity considered their strategic role to be the most important. This strategic role poses a problem for colleges: how can boards become actively involved in strategy given the context in which they are operating, with the intervention of the FEFC which imposes a range of activities both in terms of strategic planning

and also governance processes? It is suggested here then that this creates an additional specific tension or paradox that those in FE must address. The FEFC, not unsurprisingly would appear to have a different perspective on their role. The FEFC view of their role in strategic planning is clear as this extract from "The Strategic Planning Handbook" produced by the Further Education Unit in 1994 shows:

*"The Funding Councils for England and Wales require clear information about the intentions of institutions, in order to discharge their duties under the FE Act 1992, to secure sufficient and adequate provision for post-16 students. Both Councils have stressed that it is not their intention to approve or turn down college plans, but to understand the intentions of each college"*

This view is not shared in its entirety by those involved in the strategic planning process within colleges even though there is a recognition that some of the guidelines produced by the FEFC do have a value:

*"its very difficult to fight the tendency of FEFC determined strategic planning because they stress in the opening paragraph that it is our plan and we share it with them, but then they expect to see exactly that which is in the circular and you end up writing by numbers because you would be foolish not to, but one reason why you do it that way is, it is a pretty comprehensive guidance circular and it's been well thought out, for the information circulars I think they are quite good, their consultation ones, I have a serious issue about, they invite you to confirm that which they have already decided is*

*going to be confirmed, but the guidance ones are fairly prescriptive, inevitably as we are about 70% FEFC funded. So strategic planning in that context is inevitably follow the guidance of FEFC”.*

The Principal - College B

Parts of the strategy process are prescribed, along with the specific timing of certain key elements of that process - but what of the content of individual college strategies? Again there is some conflicting opinion. The FEFC is clear that it is not in the business of prescribing strategy content:

*"The Funding Councils are concerned to identify a common set of key elements which all colleges should address, in order for the plans to be useful to both colleges and the Councils. The intention is not to prescribe the contents or format of plans. The aim of producing a planning framework is to help institutions to develop expertise and effective practice in planning strategically."*

The Strategic Planning Handbook

Further Education Unit 1994

Some principals believed that despite this comment there was little real freedom in some aspects of strategy content. In the quotation that follows it is clear that it is often in the best interests of college, given the inspection role of the FEFC, to adhere to their guidelines, certainly as far as the mission statement was concerned, as this quotation illustrates:

*"in the guidance on self-assessment, it is giving exemplars of what the mission statement and the aims and objectives should be, and in that exemplar it has added - 'to be a responsive college to your community' saying, 'whilst widening participation and making provision for students with ssld'. Those were put in, we weren't consulted, did we want those adding?. Now we were talking about that, just this morning, we are facing an inspection where you are assessed against your strategic mission, I would like to say we will do what is cost effective and in the interests of the long term survivability of the college full stop, and the corollary of that is if it means saying no to whole chunks of students, so be it. That's exactly what a business does. They give us business members, they tell us to be business minded, they tell us to have a business plan, that is what business would do, and every business I read about in the financial pages is exploring 'if we get rid of 5% can we increase profit by 10%?' almost every business can do that. If we got rid of Wednesday afternoon sport, SSLD, put centres in X and Y we could cut costs by £50000 and revenue by £20000 or figures of that ratio. We'd close the crèche, it's costing us £20000 a year. We fear though we are going to get negatives from the inspectorate, so I believe we are going to write into our mission statement that we are going to do all things for the community, etc., etc., and widen participation, to provide for SSLD, within the parameters of cost effectiveness just as we've been directed to do".*

The Principal - College B

This principal was clearly frustrated about the position into which he felt the FEFC were forcing his college and the longer term implications for that colleges survival. He went on to say:

*"I believe general FE colleges like ours will have to narrow their mission statement and that will be the point that there will be a real argument with the FEFC, because they are slashing our money mercilessly and they are expecting us to do the same menu, to the same, indeed broader audience, widened participation is expensive, it means not waiting for them to walk in."*

The Principal - College B

Clearly there is potential for conflict here as colleges strive to deliver appropriate programmes with ever diminishing funding and little freedom to act in a 'business like manner' and make real business decisions as would be expected by their boards:

Some of those interviewed expressed concern that the FEFC seemed, to all intents and purposes, to have replaced the role of the Local Education Authority in terms of exerting controls on colleges, for example:

*"Well, the FEFC is itself merely a creature of central government, I mean it claims and the government will claim it operates in an independent role - well it may operate in an independent role in the sense that the government don't tell it to give tuppence to this body and tenpence to that one - I mean in that sense maybe it has a certain degree of freedom but in terms of its overall budget, it's imposed by the treasury and I suppose if you've got the relevant people in the FEFC who were prepared to be frank about it and of course they won't be .*

*. . . they too would say exactly the same thing that I've said to you in a local context".*

A Governor - College A

One key difference however, certainly at the time of writing, was that the FEFC, unlike the LEA, took no part in local or regional strategy - colleges were left very much on their own to respond to local issues yet within a national framework and with nationally imposed timescales for completion of certain aspects of the process. This was not generally considered to be a welcome change:

*"Well you are left to deal with any variations at local level within the constraints of your own budget,, I mean there are fringe areas in which additional funding can be secured, there's a modest top slicing of the budget which feeds into FE in the East Midlands, a bidding process into which the TEC has some kind of involvement so you can bid for funding against an availability of certain number of million pounds in the East Midlands but it really is peanuts at the end of the day and you are left to attempt to address any issues on a local basis in the context of your own budgetary constraints".*

A Governor - College C

*"The idea of the market is a myth - there are too many constraints. The FEFC set almost arbitrary targets - our room for manoeuvre is limited, we are pushed through actual hoops and the trick is to find the loophole. The FEFC cycle of review does not fit what's going on in our own local market and then what the FEFC demands becomes irrelevant for this college at this time - other issues are more pressing".*

A Senior Manager - College A

*"Sometimes the FEFC puts constraints on colleges and the processes and there is no real flexibility for dealing with local issues"*

A Senior Manager - College B

Given the particular local scenario in the region at the time of this research, ie the development of a new university, this issue was especially pertinent to some of the colleges whose staff took part in these interviews.

The FEFC then set the broad agenda for colleges in many ways in that they review, and as can be seen below, sometimes reject, college strategic plans, or parts of them, even though these plans have been approved by a board apparently charged with that very role.

*"They [the board] are judged obviously - in a sense they're judged by the fact that you send a strategic plan to the funding council and they discuss it, and they send it back and you discuss it. They ask generally for clarification, we've not had any come back and say that isn't good enough or anything like that, I mean they don't take that kind of judgment, they want to know certain things. You can get things rejected e.g. a fair number of colleges have had their accommodation strategy rejected which again had been approved by the board - ours wasn't, ours was accepted. Yes in a way you are monitored provided you are producing things to a reasonable or good standard for the FEFC."*

The Principal - College A

Not only do the FEFC take a view on college plans, they also have an input into how the board manages its activity as the following comments demonstrate:

*“we were reminded by the FEFC auditor, that you can't appoint your chairman for longer than the agreed period and we'd determined that it shall be an annual appointment and whilst his probable intention is to continue beyond then, technically he has to be re-elected every year”.*

The Principal - College A

*“It is my view that if you are to formulate strategy then you need to be speaking as a total board, that would involve you in a smaller board than we currently have but it would involve a better, in my view, decision making process. I accept that can't be, because it is how the public sector, particularly in education, is set up and FEFC demand that we have these various committees”*

The Chairman of Governors - College A

The above quotation from the chairman of governors at College A shows that he is not able to organize the board's work as he believes to be the most effective. This is further evidence that the intervention of the FEFC reinforces the underlying tension of incorporation that has been identified in the first part of this chapter.

Despite what the FEFC publish in their documentation there seems to be a number of instances where they insist upon specific actions - actions which the



board may not have chosen to take if it was entirely free. On the one hand boards are encouraged by the FEFC to take an active strategic role and yet a number of examples were quoted where clearly those involved believed that the FEFC were forcing boards to take a much more passive role and in essence act very much as a 'rubber stamp'.

*"Don't forget the external auditors get their instructions from the FEFC, you know whatever they say, so we take this document to the corporation, that's another several pages of something or other, but who's got the time or the expertise to read a contract - on the corporation - talk about rubber stamping the FEFC yes, they make us turn our corporation into a rubber stamp - what can they do except rubber stamp it. I don't say they shouldn't make some comment about the contract we are using, but I mean how many checks do you need on these things - it didn't mean anything at the end of the day, they're not going to read it, nobody is going to read it, they're going to come to that meeting unread, I'm not exaggerating - unread. They'd say 'is it all right [Principal]? and I say 'we've been here, we've been there, we've got this from FEFC', and so on and they resented it, they did not like it, oh no, no, no they don't like being used like that."*

The Principal - College C

*"We had our planning meeting last year, we have one each year you know where the corporation discuss what they want in the strategic plan and then it went to one of our committees when they went through it in detail and all the rest of it you know and actually when we discussed it in the June meeting of the corporation - did not actually record a vote. I was told [by the*

*FEFC] I had to take it back to the corporation and get them formally to approve the strategic plan. Now, I do take the point in a way, I understand the fact that they hadn't actually formally approved it, when you've had it on the ground and when it comes back to them and they don't like this, they think they are just being made to jump through hoops by the FEFC - they don't like it. They say 'we want to decide things, we don't want to jump through hoops'. The FEFC would have a different view, I understand that, and I can see, in a sense, their view, but it doesn't go down well. "*

The Principal - College C

These comments were indicative of many made by the college principals, governors too provided many examples where they believed that they did not have a free hand to govern their colleges as they might like. The FEFC then, charged with administering central government funds, clearly have a view and a legitimate one, on how colleges are managed and governed. Their inspection role enables them to assess many aspects of governance and management and it has been seen elsewhere in this thesis that colleges are responding to the challenges presented and actively encouraging and coaching their boards to achieve sound inspection grades in this area. But is that inspection and overseeing role the true and full extent of FEFC interest and involvement? Apparently not:

*"We've seen in the press recently where colleges have been falling apart and chairs and governors have been brought to task and in fact, though I don't agree with this, in fact, FEFC say that the clerk to the governing body should be the spy in the*

*camp and should be alerting FEFC if they think anything is amiss in the college - don't agree with that, but it's very much the feeling of the FEFC".*

The Principal - College A

*" . . . it isn't my job to direct the governors to do their job better . . if it's anybody's and arguably it's nobody's . . . you know, I mean there is a clause in the document that says principals are required by the funding council to grass on their governors if things go wrong. They can sod off. They don't have to be in the position"*

The Principal - College D

This notion of whistle-blowing is beginning to emerge as a potential area of conflict and tension, it is a subject which goes beyond the boundaries of this thesis, but from comments received during interview, it is a subject which the FE sector may need to address in the not too distant future.

This section has discussed the extent to which the FEFC intervene in strategic planning and governance and has highlighted that this intervention, whilst having some positive aspects e.g. guidance circulars, does also act as a constraint on board activity. Not surprisingly, the FEFC do not share this view, this is clear from interview data provided by an ex-inspector and quoted in part below, who was very clear that colleges, in fact, did have real autonomy even though they had to work within specified frameworks:

*“There are a series of hoops through which any college must jump, these are determined by the FEFC. The better colleges are those that are proactive in this process and not merely reactive. There is always a need to go beyond what the FEFC demands - the FEFC demands are the very minimum you can get away with. This should not be the approach to strategy”.*

It has been seen that the FEFC themselves, certainly in their documentation, are clear that colleges should determine their own strategies and that the governors should play a key role in this. Informal discussions with one particular FEFC inspector revealed a slightly different perspective and there were some hints that the FEFC tend on occasions to see themselves as almost policing the sector, arguably a clear part of their role given that they are charged with the distribution of public funds and have a clear remit to ensure that such monies are appropriately utilised. A problem arises when that that role is also apparently ascribed to the governing body.

This section has presented evidence which clearly demonstrates some contradiction in terms of how the board might on the one hand meet the requirements of the FEFC and on the other really determine their own strategies. The board's degree of involvement in strategy then is not clear cut and they do not have the freedom to operate that would be afforded to those in the corporate sector. However, the FEFC does provide, in many cases, a welcome set of guidelines and an underpinning infrastructure and in that sense they are an essential and necessary part of the sector as a whole. The challenge for the sector is how to fully utilise the offerings of the FEFC, meet their

demands and maximise the range of funding opportunities, while at the same time, develop and implement specific strategies which meet their particular needs and circumstances, and in doing this, actively engage and reap the benefit of an empowered governing body. How colleges might rise to this challenge is developed in chapter eight of this thesis.

### **7.3 Board composition - some emerging issues**

An additional outcome of the legislation leading to incorporation was the changes to board composition. The key change was the increase in the number of business interest governors and a move away from a board comprising of so many LEA representatives. Issues associated with board composition emerged throughout the interviews as an important element of governance activity in FE. Examination of interview data revealed three key areas which were regularly raised and discussed by many of those interviewed.

The three areas most frequently raised for discussion were:

1. The notion that the principal can elect - or not - to be a member of the board,
2. The value of having staff and student members on the board and the potential contribution that they can make,
3. The increased emphasis on independent business interest members and the difficulties that this increased emphasis might cause for some

colleges in terms of recruiting to their boards and maximising their contribution once recruited.

Firstly, then - the choice available to principals as to whether or not they should be on the board. There was no evidence from any of the Principals interviewed that there was any desire to opt out of being on the board. Indeed the following quotation demonstrates that this particular principal at least feels that it is important that the principal remains on the board and has a voice.

*" . . . . well it sounds very pious of me, but I do feel, it's not just me, I'm holding this position for the people that come after me and if I said that the principal should not be a member of the governing body, it would be very difficult for future principals to change that - and I'm not sure I have the right to commit to something which is very long term . . . . . and I think that's something to give away isn't it? and I'm not sure it's something you give away lightly, so that's one side of it. The other side of it is that it is a new model, it is untested and it could go awfully wrong and then you are in the swim. The third reason is to do with continuity. The principals tend to be around a bit longer than the governors - not always - but they tend to be, and there is an important continuity that you can bring to the governing body. Governing bodies can change, and if they change quite dramatically, there is a possibility that it could be disruptive for the college and it sounds very arrogant, but I think one of the roles of the Principal is to try and bring some stability. I mean you don't want the college changing all the time. So for those reasons, rather than thinking I am in any way different or better than other governors.*

The Principal - College A

The issue of continuity was important for all of the principals interviewed. In addition there was a great sense of there being real need for them to be on the board if they are charged with delivering the college's mission and managing the college towards associated targets and objectives set by the board.

*"I couldn't possibly be held responsible for this college if I didn't have some say on the board"*

The Principal - College C

*"I think you also bring certain things to the governing body - staff representation is fairly limited and I do regard myself as a member of staff and even with the maximum number of staff involved - three - we have the maximum number of students which is two sorry one, so you've only got four people who work in the college on the governing body of twenty, twenty percent, you know".*

The Principal - College A

None of the colleges included in this research opted not to have the principal as a member of the board and this would appear to be typical based on research into board composition commissioned by The Association for Colleges published in 1996.

The second theme that was referred to frequently was that of the role of staff and student representatives and the value of having them on the board and the contribution that they can realistically make. There was some ambiguity surrounding the position of staff members:

*"It is board members who are members of staff, they are not staff governors - they are not here to represent staff, they are there to be members of the board".*

The Clerk to the Board - College A

Not surprisingly, this was not a view shared by members of staff who were governors as the following indicative quotations clearly indicate:

*"but with my leaving in September they are taking the opportunity to restructure the board to some extent and only have one staff member and bring an additional outside member. They can now do this within the constitution. Some colleges don't have a staff member at board level which I find peculiar"*

*"Well, I think they are probably wondering who they will get because to be fair to [another staff governor] he gives them some stick, I give them some stick - and we are probably seen as a pain in the backside a lot of the time - [a previous staff governor] used to give them some stick and there are board members who are prepared to listen carefully and go along with that".*

A Governor - College A

Whilst it is perhaps not surprising that the governors who were staff members felt strongly that there should be staff representation on the board - this view was not always shared by other governors and not all principals:

*"I'm not so sure that I am in favour of staff and student governors to be perfectly honest, I don't believe that they add*



*anything that we couldn't normally have done anyway, I think it puts them in a peculiar position, because they are bound to have . . . prejudices with regard to their own position and their own departments and whether certain things will affect them or not affect them and so on and the student either has to be very bombastic and make all sorts of specific proposals which could be better done through the students union and the college management than through the board, and you can get side tracked into those issues”.*

A Governor - College A

*“I found in the past, it was my recommendation really, that we didn't have staff or students on initially and one of the reasons was, we had had staff on the previous governing body, and it's not a matter of being nasty about the staff at all, but they had contributed very little over the years and I thought what we want is a very business like body, we don't want people just packing it out and I felt that the staff had done, and the students - the students never spoke - hardly ever said a word. The students, unless they were positively invited, and then they were very brief and didn't say a word. The staff had hardly ever contributed either - a bit more than the students but hardly at all - and I took the view it was just not practical to have them. Now in the event I went back on the issue because I think emotionally the staff need to have members on the corporation - I still think it's a nonsense, an irrelevance, but almost because of political reasons or whatever you want to call it, staff need to feel they've got a representative on the corporation and so - I don't want to try and upset the staff by not having them on - which I did - but I wasn't trying to do it for that reason - its just*

*I felt, I was looking at it from a very practical point of view, which isn't always the whole story is it? ”.*

The Principal - College C

However, without doubt, the most important issue concerning board composition to emerge was the increase in the number of 'business interest' governors, a deliberate move away from elected council members, thereby reducing the level of Local Authority influence on the board, the objective being to give a much more business focus to college activities than had previously been the case. The previous chapter has gone some way towards highlighting that this particular category of governor can have a significant impact on board activity and operation and has drawn attention to the potential contribution that they can make to the way in terms of the board's strategic role. Inclusion of these business interest governors - many of whom could be termed local elites - has provided boards with a much broader breadth of experience and knowledge than they had previously and this has led to them being potentially much more informed boards, better equipped to undertake their strategic role. This presents a very different scenario than was evident prior to incorporation.

*"It was totally different before incorporation - very much it was LEA driven, a local, politically driven board - the FEFC model of the board post incorporation was totally different to that of the LEA"*

A Senior Manager - College A

However, even without consideration of some of the difficulties of recruiting these additional business interest members to the board which will be discussed later, not all principals saw this change in emphasis as entirely useful as is demonstrated by the following quotation:

*"I think the advantage of the Councillors, is that in general they were people who were fairly knowledgeable about the education scene - regardless of their prejudices or whatever - and they were reasonably into the education scene, they were on the education committee and that kind of thing and so they had an understanding of the way education worked which some of the other members of the corporation just didn't have".*

The Principal - College C

This reinforces comments made in the previous chapter where it was recognised that whilst the business interest governors brought a depth of perspective to their boards, they often did not have adequate knowledge about their colleges or indeed of the sector in which they were operating. However, despite this, the changes to board composition and the inclusion of more business interest members was generally welcomed as the following quotations demonstrate. Whilst the principal is usually, but not necessarily, the only member of the senior management team to be part of the college board of governors, many college managers have experience of working with, either individual board members and involvement with specific committees or in terms of delivering papers and reports to the board. It is because of this involvement that their views on the changes to board composition were also sought:

*“I mean my impression of the old governing bodies was always that there was a divide between the interests of the LEA, by and large, and the particular concerns of the college . . . . and many of those, so called governors, would know very little about the college, now that was counterbalanced by some excellent chairs, I always think the chair as being the key, has always been the key, as to whether the corporation works or not and I knew some very good, what I call LEA dominated chairs, who put a lot of work in, knew their college very well and were very supportive of the Principal - but on the whole, the governing bodies tended to be too big, to have patchy attendance and people brought to them external loyalties. A number of people there tended to see themselves as, first and foremost, for example, as LEA representatives and only secondarily concerned with the particular college that they were visiting. . . . and indeed, the role was so ill defined that it wasn't at all clear what they were expected to do anyway, but that's very much broad brush”.*

A Senior Manager - College A

The following quotation is typical and illustrates that those involved in college management (including principals) recognised and welcomed the business skills and perspectives which they expected to get from their new governors and the impact that this might have on the strategic role that the board could play in the future.

*"The difficulties that were anticipated over the direction that the majority of the governors should be business governors, I think, by and large, failed to materialise. I think that most of the new style governors felt that they were not there to*

*represent their own companies. They weren't even there necessarily, primarily, to represent what they viewed as the needs of industry, but they were there to try and run a successful business and the first question was, 'how is that going to be defined? what is this business of education?''*

A Senior Manager - College A

This section has highlighted three particular areas of interest which have emerged during interview associated with board composition. Without doubt, the increase in the numbers of business interest governors, some of whom may be termed 'local elites' is the most significant and hence has been explored more fully and is discussed further in the following section.

#### **7.4 The role of local elites**

The increase in the number of business interest governors required on boards was not without its practical problems and in many ways the problems associated with them are a consequence of the fact that these are typically high profile individuals, often with many similar such involvements. The very people that colleges want on their boards are the very people who are likely to face difficulties with attendance and arguably this is likely to be exacerbated if they are not permitted to undertake a significant strategic role when they do attend.

Throughout this research it has been clear that the involvement of the business community in college activity has been viewed as a generally positive development. Chapter six introduced the notion of the local elite noting that the

personal influence of the key players appeared to be significant terms of their strategic contribution to board activity. This is reinforced here.

*“now we do have two governors who I believe fulfill the role of strategic questioning of me and they don't know much about FE - the guy I am talking about is [X] . . . . of course he can't possibly know about any of his businesses, so he simply questions on strategic generics like what will this do to cash flow, what does this do to the long term product development and things like that - and he's extremely good at that and he's sharpened the managerial focus like that - he carries the board, if the board is floundering in its understanding, he comes in and he turns the meeting round and that's partly because he is a generically excellent strategic analyst”*

The Principal - College B

Those individuals with a high local profile were those who able to bring to their boards the benefit of their wider associations. They were also those individuals, who during interview were very clear about their strategic role and in some cases were quite adamant that they would not wish to be part of a board which concentrated solely on its monitoring role and neglected its strategic role, or relegated its strategic role to one of ‘rubber stamping’ However, the practicalities of utilising and maximising the contribution that these individuals can make is not without its problems and two of these are discussed here - firstly the multiple roles that so many of them seem to have; and secondly given these many roles and their associated activities, the

difficulties that these board members often have, (despite their best intentions), in regularly attending meetings and making a significant contribution.

#### **7.4.1 Multiple roles**

All colleges exist and operate within some kind of catchment area, not just for their student population but also in terms of access to those individuals that might be prepared to join a governing body. This poses its own problems in terms of the many demands that different, but often similar, organisations might try to place on those individuals who are apparently appropriate and are potentially available. Consequently, it is not unusual, particularly in the smaller colleges in more rural areas, perhaps typified by the colleges included in this research, to find that those who serve on the governing body are also serving on other boards. The multiple roles of many of these governors has raised concern in some areas as is indicated in this quotation from a governor who was concerned that the deputy chairman of a college board was one and the same individual as the chairman of the local Training and Enterprise Council, potentially a key source of income for the particular college:

*"It always amuses me, we must be one of the only companies that has its competitors on its board! You can see some advantages, but it depends on what hat he needs to wear on what day - and to be honest it puts him a very invidious position"*

A Governor - College A

The issue of the multiple roles of governors was raised in some form by many of the respondents at all of the colleges, there appeared to be a general acceptance and consensus that there is perhaps a certain inevitability about it. This should not imply that those concerned are not aware of the potential for conflict, as the following quotations indicate:

*"In a town like X or Y or Z where it is a fairly close knit community, I won't say incestuous, but it's fairly close knit, it is possible for one organisation to suddenly be under the influence of people who have got a lot of influence in other organisations some of whom could be your competitors or could influence your funding - The TEC, The Chamber, Training organisations. If you run round our governing body and you see we've got two or three people who are on the governing bodies of schools, of the board of directors of training agencies with whom we compete or are on the board of the TEC - now that's a good thing, but there is also a down side to it - it's possible all these possibilities could on one occasion pile up against you, there is a remote chance that it could become incredibly unstable and we need to guard against that.*

The Principal - College A

*I don't think it [having multiple roles] does [cause a conflict of interest], because all of my associations are open and understood and well known, and I think, I hope anyway, appreciated by other people - and all the other players in the game, I think that avoids conflict and in any event, my starting point is, that we don't, really don't, any of us, have any fundamental disagreement in terms of basic objectives and we ought all to be working in a partnership towards a common*



*goal. I think these difficulties only arise when the involvements are less than open"*

A Governor - College A

It can be seen that the issue of multiple roles can create a contradiction for college boards - on the one hand their multiple roles are useful in terms of them bringing a depth of perspective to the board - on the other hand there is potential for the individuals involved to face a conflict of interest. This is something against which it can be difficult to legislate and in practice, how this is managed largely depends on the personal integrity of those involved. The challenge here for boards is to ensure that they recruit appropriate individuals, clearly their search and selection procedures need to be equally appropriate and the issues raised by this particular challenge are dealt with in chapter eight.

#### **7.4.2 Making a contribution**

The issue of multiple and potentially conflicting roles is not the only practical difficulty associated with business interest governors and this section highlights that whilst many principals are very keen to have these governors on their boards there are some fundamental problems in recruiting them - and once recruited - achieving and ensuring regular attendance and useful contributions:

*"The difficulty is, one or two are there because they can bring certain expertise and they do represent some very significant large organisations and you have to recognise that they are busy people e.g. X"*

The Principal - College A

*"I think it's virtually impossible and fundamentally between the 'local authority syndrome of turn up three times a year and do the ceremonial endorsement' and the 'non-executive director thing in industry where they are paid'. I think we are falling between the two. The expectation is more of the business model but there's no way that our people have the time and are not going to make that time, unless they are exceptionally free because they have recently retired and are obsessed with the college in a positive way, and if that's not the case, typically we will fall foul of governance judgment from an inspector because he'll say 'these people are not from business, they are local acolytes of the college' - and therefore we have deliberately staffed our governing body with leaders of industry, captains of industry and they just can't get".*

The Principal - College B

*"You've got to get people who are prepared to do it and if you go to someone and say 'would you serve on this committee and the job is to make recommendations that might be turned down - and we don't know how often you are going to be needed - and you are not going to get paid?' - well, there aren't going to be a million volunteers for that"*

The Principal - College B

*"They are a bit unrealistic in some ways, the FEFC, in what they expect colleges to do - they are mainly unrealistic in what they expect of corporation members. They expect corporation members to behave almost as though they give about two days a week to the college or even one day a week say, not to exaggerate, giving one day a week to the college, giving a lot of thinking, a lot of time, a lot of effort and they're not paid and they've got other jobs and obviously, the time they can give,*

*with the best will in the world is very limited. They've put all these responsibilities on them and really they are not being fair to them."*

The Principal - College C

*"I think compared to [another college], you have to think about our governors, I mean we are a small town, we have not got such high ranking industrial people on it that X's got. Senior people in big companies - I haven't got any senior people in really big companies,, there just aren't any, with recession the bigger companies have been wiped out here. I've lost those".*

The Principal - College C

Governors themselves also recognise the constraints that they have to deal with and the limitations of the contributions that they can make.

*"I joined the with an understanding that with my time away and everything else, my commitment wouldn't be great and as long as they understood that I could live with it and they did and we both do".*

A Governor - College A

A number of governors made similar remarks and examination of minutes of meetings reveals that apologies for absence amongst this group of governors was noticeably higher than for others. This was accepted as being part of the price that the college was prepared to pay for the benefit that these people did bring when they were able to attend. This is important because it highlights

almost a reverse contradiction and certainly as far the chairman of one particular board was concerned, the type of individuals who were frequently attracted to boards and were able to attend were not the kind of people who could make a useful contribution.

*“I think more care should be taken in the appointment of governors because it is a problem throughout the whole sector of the quality of governors - that's not to decry any of ours or to say any of ours are like that, or anyone else for that matter, I think it's just a fact of life that these voluntary jobs do attract a certain type of people who haven't got a great deal to offer really”.*

A Governor - College A

Clearly, the very people colleges need on their board are the very people that similar organisations also need. Again, the challenge for colleges is clear - how to attract the most appropriate and useful people to their boards; and secondly, once recruited how to ensure that can they make maximum and most effective use of what is clearly a limited resource? How colleges might deal with these issues and others raised by them is dealt with in the following chapter.

## **7.5 Summary**

This chapter has presented a collection of views to the changes to boards since incorporation and has put these in the context of the broader changes to the sector itself. It has shown that by and large the majority of those involved recognised the need for change and were receptive to it. There is also concern

about the bureaucracy created and the increased emphasis on compliance issues as result of incorporation. The main aim of this chapter has been to develop some additional paradoxes which are both fundamental and arguably unique to FE.

The background tension of incorporation is reinforced in many ways by the somewhat ambiguous role of the FEFC. There is ambiguity because on the one hand colleges are encouraged by the FEFC to develop their own strategies and yet conversely, evidence seems to suggest that many of the formal FEFC requirements constrain them from actually doing this. The challenge for college boards lies in their ability to work within the guidelines required by the FEFC and yet remain proactive in the strategy process.

A second set of tensions is associated with board composition, in particular (though not exclusively) with the role of the business interest governors. The challenge here is to recruit appropriate and effective individuals and once recruited to make sure that the board processes are such that they are able to make maximum use of these governors and their ability to become actively involved in college strategy.

The following chapter discusses and explores how colleges are rising to these challenges and how they might do so in the future.

## **CHAPTER EIGHT**

### **ADDRESSING THE TENSIONS**

Previous chapters have identified some key issues and tensions in the governance activity in the Further Education sector and have highlighted some of the key issues that need to be addressed by the boards of governors in colleges. This penultimate chapter will explore how some colleges are addressing these tensions and will discuss the issues and policy implications which arise out of this. One of the key challenges for boards is how to work within the parameters set by the FEFC and comply with their requirements in terms of strategy and governance processes and yet also at the same time, retain and develop their ability to take a proactive role in those processes and the associated roles and activities. A further set of challenges are presented by the changes to board composition which lead to an increased number of business interest governors on college boards.

Broadly speaking, these challenges can be divided into those that concern the governance processes and those that concern the people involved in those processes. This chapter will demonstrate how the adoption of the Carver model of Policy Governance is enabling some colleges to organise and manage their governance processes in a way which enables them to adequately and appropriately work within the parameters set by the FEFC, and then having done this, to focus on and develop their strategic role. It will be argued that Policy Governance enables a board to become efficient, in terms of their interface with the FEFC and also their monitoring and supervisory roles and gives them the potential to become more effective. Having achieved this

efficiency of process, attention must then be turned to the board members themselves, both individually and collectively. Process alone is not sufficient to ensure that a board undertakes its strategic role, it provides the potential, but there is a need to go beyond the process and ensure that the appropriate people are recruited and their contributions subsequently maximised.

This chapter will discuss how recognising the importance of this difference and managing this dual aspect appropriately may be the key to developing a board which is ultimately able to undertake its strategic role with maximum effectiveness.

The chapter is in six sections:

- 8.1 Policy Governance in context
- 8.2 The FEFC - avoiding conflict and achieving compliance
- 8.3 Policy Governance in use
- 8.4 Facilitating the work of the board
- 8.5 Beyond the process
- 8.6 Summary

### **8.1 Policy Governance in context**

Policy Governance has been referred to on a number of occasions in the previous two chapters. It will be recalled from chapter two that it is a model of governance developed by John Carver in the United States, designed specifically for use in non-profit organisations and adopted by a number of American Community Colleges. The essence of Policy Governance is to enable

the board to deal with all aspects of its work through four key areas of policy where ‘policy’ is used as an embracing term to express the values and perspectives that govern an organisation. The four key policy categories and their key purpose and philosophy are recalled in Table 8.1.

**Table 8.1**

**The Carver Model of Policy Governance - summary of the four policy categories**

<b>Category of Policy</b>	<b>Purpose</b>
<i>ENDS</i>	What are we doing? What benefits are we providing? For whom? At what cost?
<i>EXECUTIVE LIMITATIONS</i>	How the ‘ends’ are achieved, guided by principles of prudence and ethics.
<i>BOARD-STAFF LINKAGES</i>	The way in which the board delegates authority to the principal. The way in which governance connects with management.
<i>GOVERNANCE PROCESSES</i>	The rules that the board sets for itself. How it intends to perform its governing role. The board’s relationship with outside interests.

Policy Governance has been identified and referred to variously by principals, governors and senior managers throughout this thesis as having a positive impact on the governance activity in the colleges included in this research,



many of its underlying principles have been adopted by them. However, none of the colleges to date has embraced the model in its entirety, nor in its original form. Before exploring the contribution that Policy Governance has made to board activity, it is useful here to provide an overview of the position of the colleges included in this research in terms of the extent of adoption of the model at the time the research took place. All of those interviewed recognised and adopted many of the general principles of the four policy categories, though they were not always referred to in those terms. No one particular category of policy appeared more or less significant. Only one college, College A, had gone further than this general acceptance of the principals and philosophy and had actually written specific policies in the four categories referred to earlier. College B appeared to be enthusiastic about adopting the model and subscribed to its basic principles.

*“there are some good elements and we'll take the elements on board. Our view was you can't, he says you can't go half way, we've gone more, a lot more than half way, but not one hundred percent, so we are closer to his view but we couldn't go one hundred percent because it wasn't totally transportable from the US - but we've gone a fair way towards it and I've found it's been very useful”.*

The Principal - College B

Those interviewed in College B also indicated that, over the next few months, they were about to attempt to write some policies using the style and approach suggested by Carver. College D appeared to support the principles of Policy

Governance but believed that it was working within the basic philosophy of the model and did not appear to be proposing the rewrite of any of its existing college policies specifically to fit the Carver model. The principal at College C had introduced the model to the board of governors and it had not generated any real interest or enthusiasm. There was no suggestion that he would be pursuing this. So it is from Colleges A and B, though primarily college A, that the evidence around the actual use of the Carver model in this and subsequent sections generally derives.

In College A, Policy Governance was introduced and developed over a two year period and generally had the support of the full board. The following quotation illustrates the extent of this developmental process in College A:

*"We took it back - had a special meeting of the governors, where we showed the video and discussed it with them. Had another meeting of the governors where we said, you know, to decide whether or not we were going to go down that route - now throughout all of this there was some disquiet in parts of the governing body. So round about October time we decided there was sufficient things for us to look at - so we set up a working party. The working party was the chairman, the vice-chairman, the chairman of audit, the chairman of the remuneration committee, me, and I can't remember whether there was one other? Now the vice-chairman was a bit sceptical, he was saying 'well, I'm not so sure about this' because you start you know, you've got a system that works, he wanted a cautious, conservative approach, sort of a counterweight. But over a period of time he became convinced*

*that it was the right thing to do. This working party met about five times during the year at which point we were reporting back every next governors - with sample policies and we were devising these four policies in certain areas - your executive limitations etc. and saying to the board 'are you happy with this? and 'is this what you want?' and generally speaking they will accept most of the . . . they made one or two modifications, they were not insignificant modifications but there were not a large number of modifications”.*

The Principal - College A

Those members of the board who were not involved in the working parties have confirmed that this was a true reflection of the style of development and that there was no sense that the board, as a whole, were not generally enthusiastic about adopting, not only the philosophy of Policy Governance, but were also prepared to undertake the practical and sometimes fairly onerous tasks of considering, writing and agreeing specific policies.

Important though Policy Governance appears to be, it is important to recognise that its arrival and adoption was not an isolated event for colleges, it was part of the overall sense of evolution and development within the sector at the time. The following quotation provides a reminder of the context of some of these developments particularly well and set the scene for the discussion that follows:

*“There was an increasing appreciation on the part of the governors of the onerous nature of their responsibilities, I suppose, and I think also a growing awareness on the part of the principal and the SMT that the responsibilities which*

*ultimately lay with the governing body were not something which they could pay lip service to and that the professionals had responsibilities which had to be recognised in relation to the lay directors. So it [the move to incorporation], wasn't a single event, it was an event which was set within a context and I think that that made the transition easier and I think it made it much more complete and comprehensive and of course it lead in our own governing body to a quite considerable debate and ultimately the adoption of the Carver principles, or modifications of the Carver principles, in terms of the way in which the board itself operates. So we were forced, because of the changing environment and because of the changing structure, to actually examine in detail what we were doing, how we were doing it, how effective we were, and so, yes, there have been quite considerable changes and changes which have been not accidental, but very much as a result of a period of quite intensive debate and consideration on the part of the governors and the senior managers together”*

A Governor - College A

So it is against this background of change summarised in the above quotation and as already fully discussed in previous chapters, that college managers and governors became aware of Policy Governance. There is no real consensus about how individual colleges became aware of it, but neither is there any sense that it was an approach to governance initiated by any particular external organisation, nor indeed that there was any external pressure for any college to investigate it or adopt it. It was cited by some interviewees in the colleges as being ‘*a breath of fresh air*’, as a sound model to adopt which would enable boards to undertake the wide range of roles for which they were now

responsible and in particular to enable them to undertake their strategic role.

There was enthusiastic support from a number of quarters:

*“at first he [Carver] is a bit overpowering, but after you have listened to the guy you are completely convinced of the logic of the argument, and we've got amongst those governors some really hard nosed governors, who I just did not think this was going to go down with well with and they were completely sold, absolutely incredible it was, you know, how well it went. I wasn't expecting it, we just went there to find out and we really were convinced on the day”*

The Principal - College A

*“One of our governors went to a seminar with the chairman and for him it was the blinding light on the road to Damascus”*

A Governor - College A

However, it would be quite wrong to suggest that the enthusiasm indicated above was shared by all, as the following quotations clearly show:

*“I must say I've always been something of a sceptic in terms of, not in terms of some of the objectives of Carver, which are sound, but I'm always a little bit concerned when these gurus devise something. I subscribe to the basic principles of Carver. I don't subscribe to taking it, to swallowing it hook, line, sinker, rod and sort of keep net if I can carry on with the angling analogy and I think we are now ourselves becoming a bit more flexible, that's not to say we are departing from the original and fundamental objectives which clearly must be sound”.*

A Governor - College A

*"We had sessions on it, we had a couple of meetings on it, there was a video wasn't there? That kind of thing, we showed that, they [the governors] weren't too keen. I think they, to some extent, more than X's group, the governors in a small town like this basically say 'we are paying the principal and his senior staff a lot of money and we think they should run the college', within reason".*

The Principal - College C

*"I told the chairman about the Carver model, but don't over focus on the Carver model because it's not been in our lives you know, and it's a coincidence that he and I have discussed it, but just in passing almost. The chairman will be in my house at tea-time, it's not a regular thing, but he will be visiting at home with me at tea-time, because we need to talk about a couple of things, and it would have been in a meeting like that, that the issue of whether or not this model that X at Y was involved in looking at, we would have discussed it there. But if you look at what Carver's methodology is about, we are actually doing it".*

The Principal - College D

Clearly then, these quotations show that there were some mixed feelings about Policy Governance. It was referred to frequently and enthusiastically by some, almost as a panacea for all ills; for others it was merely a set of guiding principles, largely based on the common sense approach that they were already adopting or were familiar with:

*"Well I'm a very, very keen supporter of Carver - after having attended this lecture in London, but then again, Carver to me is nothing new, I mean I told you early on it's the sort of thing*

*that's being done all over industry, it applies principles that are nothing new and the difficulties of applying it in a public sector company or institution like the college is that you do have public sector constraints put upon you because of accountability”.*

A Governor - College A

It is partially because of some of these constraints, particularly the ones imposed by the FEFC, that colleges have not been able to adopt Policy Governance in its original form.

The next section presents evidence which shows how one college in particular has adapted the Carver model in such a way so as to avoid any conflict with the FEFC and also to achieve compliance with their requirements; yet at the same time, still reap the benefits of the underlying philosophy of Policy Governance.

## **8.2 The FEFC - avoiding conflict and achieving compliance**

One of the key challenges faced by all of the colleges in this study and indeed by all colleges within the sector, is how to work within the parameters and recommendations made by the FEFC in order to achieve compliance and yet still retain the ability to take the proactive strategic role which they also require of college boards. The following descriptive account of how the model has been modified to fit the FEFC requirements and yet retain its basic principles and philosophy outlines how one college has approached the introduction of Policy Governance.

*"We had an FEFC audit - not inspection, but audit - audit is when they look at systems, for everything, not just financial, they're looking at personnel, MIS etc.. and we were right in the middle of the debate about whether or not we should have an F and GP [Finance and General Purposes Committee]. Pure Carver says the whole board is the finance committee, you don't have an F and GP. But you are required by the FEFC to have an audit committee and the problem was that the FEFC say that the people on the audit committee cannot sit on the finance committee. Now if the whole board is the finance committee who are you going to use to sit on your audit committee? Now we thought we could get away with this, but they said no and recommended very strongly that you do set up a separate finance committee. So to prevent it becoming another F and GP, the inner sanctum - we set up a finance committee with very strict rules that said it only looks at finances, does not look at all the other things and it meets one hour before the main board and it immediately reports to the main board. So we are fairly close to the pure Carver model, bearing in mind we have to operate with this requirement of the FEFC".*

The Principal - College A

It can be seen from this quotation that this college has adopted aspects of the Policy Governance model and yet at the same time is able to meet the requirements of the FEFC. However, Carver himself is clear that boards will not reap the benefits of his approach unless they adopt it in its entirety with no significant modifications, yet it is evident from the above quotation that the approach taken by College A has still enabled the college to think about and



focus on its governance activity and this is leading to some positive outcomes, particularly a more focused approach to committee work.

Even though there is some contradiction between how the FEFC and the Policy Governance model might approach aspects of governance process as highlighted by the previous quotation, it should not be inferred that the FEFC have a negative view of it nor that they do not generally support its adoption:

*“Clearly they [FEFC] don't want to see colleges become unstable and they do want to see good practice and they will appear on platforms where the Carver model is being spoken about - they wouldn't disappear or depart from it but they don't take a view and say this is the right model or a wrong model. The phrase they tend to use are things like 'we are looking for not good or bad practice but effective practice', and if in your circumstances, Carver works they will encourage you and say 'well, good for you'. You get indirect comments, for example we were the first college in the East Midlands to get a grade one for governance and management, now I'm sure that part of that was because, and in fact it was mentioned in the FEFC report, because we were, the governors were, taking a positive attitude to governance and reviewing what we were doing and we had all these policies, so there was this organisation which was taking its job seriously and was doing something about it, which was - - -. So, in that sense I suppose they have a view, in that they endorsed what we were doing, but I they would, I'm sure, have endorsed another college if they were adopting a different model if they were doing it well and effectively”*

The Principal - College A

This quotation is helpful because it clarifies the FEFC position (as perceived by a principal) regarding the way in which colleges deal with governance. It was also apparent from discussions with representatives from the FEFC that they did not wish to be seen to be adopting a prescriptive approach, nor endorsing any particular generic model. This confirms the comments made in the above quotation. What was clear from these discussions was that the FEFC would welcome any approach which enabled colleges to manage the board/FEFC interface effectively. They would welcome initiatives which enabled colleges to go beyond reactive responses and to become more proactively involved in strategy. It has been seen in earlier chapters that boards are potentially more able to become involved in strategy if they do not get drawn into the detailed consideration of aspects of college management and administration. Chapter five clarified the role of the board from a number of different perspectives, including the FEFC and it will be recalled that the FEFC were clear that the key role for the board should be one of overseeing the college's activity and taking a wider and more longer term view of the college's character and direction. The following quotation is a useful reminder of the FEFC's position:

*"Except in the most unusual circumstances, it is not the function of the governing body to become involved in detailed scrutiny of the management and administration, and teaching programmes of the college. Rather it will encourage the principal to get on with the task, but within a clear framework of accountability, including the policies and objectives in the college's strategic plan that the governing body itself has approved".*

FEFC Guide for Governors - May 1994

Policy Governance is able to provide that clear framework of accountability through its use of specific policies, for example, the executive limitations policies enable the board to keep out of staff business and yet still be accountable for the conduct of that business. Carver is clear that whilst the board needs control over the complexity and detail of staff operations it also needs to be free from it. It has to have control because the board remains accountable for all organisational activity, but at the same time it has to be free from it because of the time constraints within which most board members have to operate. The example of College A's approach to franchising its provision outlined in section 8.3.1 provides a good example of how this college has developed and implemented a policy which enables these issues to be managed.

By adopting Policy Governance and developing policies in the four key areas, boards are able to organise and prioritise their work in a more focused way.

*"Because Carver forces us to work in a certain way - developing policies, focusing our attention on the broader picture and yet providing us with the wherewithal to be confident that all is as it should be, we do produce our plans as and when required, we do have the things in place that the FEFC expect us to have - the performance indicators, the various policy statements etc. - we are developing them and working on them all of the time"*

The Principal - College A

This quotation is one of a number in a similar vein and it was clear that the two colleges which were working more closely with Policy Governance were able

to dovetail the development of their Carver policies with many of the requirements of the FEFC, thus avoiding any potential conflict and also at the same time enabling them to achieve the necessary compliance. Detailed work on specific policies was ongoing during the research and it appeared that the more the college developed and implemented its policies, the less onerous the FEFC requirement became - things that were required, were in place. The quotation that follows gives a flavour of how Carver policies and the more general college policies that are necessary can be developed together.

*"there would be college, as it were, management policies, that the board would endorse or tweak, so you'd have like the list we provided to FEFC, like equal opportunities and a code of practice on harassment blah blah blah, about 20 or so policies, but that's a very different kind of policy from the Carver policy which is, if you will, putting an under-arching structure into place within which those policies fit. Carver would parody 'there shall be a health and safety policy that fits statutory need' - there's your Carver policy, the health and safety policy is then a level below, underneath that, covered by it. But the board don't need to go through that line by line, they've set the policy and if something isn't statutorily right, effectively, that then is the responsibility of the chief executive, or else we've got it wrong. And that's an interesting thought you know, a committee trying to write line by line a health and safety policy, it's an horrendous thought - you don't need that - you can do the overarching thing in five minutes. OK 'do you want to see it? anybody got any comments on it? anything they've missed,'"*

A Senior Manager - College A

This section has outlined some background information to the adoption of Policy Governance in some colleges and has highlighted quite a diverse range of views about it, its adoption and appropriateness. It has highlighted how Policy Governance enables some colleges to manage the FEFC interface more effectively, one of the key challenges identified in the previous chapter.

However, a cautionary note is appropriate, in many ways the ambiguous role of the FEFC remains a cause for concern among principals and governors. It is clear that on some occasions, as has been discussed and supported by appropriate quotations in chapters six and seven, the FEFC appear to be doing to boards the very things that they clearly advise and recommend boards not to do to their colleges, ie get involved in the detailed operations. There is a case for considering the FEFC as a higher level board of governors, governing the FEFC sector as a whole rather than individual colleges. It was inconclusive from the limited discussions with FEFC staff whether they considered themselves in this kind of role, though there were clearer suggestions that they saw themselves in many ways as policing the sector and the colleges within it. It is generally when adopting this policing role that they become involved in detailed prescription and monitoring rather than taking the broader, more strategic role which adopting a governance role might permit and facilitate. A greater understanding of the role of the FEFC is necessary before this debate can be continued but perhaps a clearer distinction between a potential policing role and a much broader strategic governance role would go some way towards reducing the tensions that their current role and position appears to create. Given the current ongoing discussion about the future role of the FEFC, this

particular policy issue is not pursued further here, but may provide potential for future research when this role had been clarified.

The previous sections have set out the context in which the Carver model of Policy Governance has been adopted by some colleges and offered some discussion and exploration of how its adoption might enable colleges to work effectively within the framework provided by the FEFC. It is now appropriate to turn attention to the broader contribution and impact that Policy Governance has had on the way in which boards and their colleges conduct their work.

### **8.3 Policy Governance in use**

One approach to exploring the actual contribution that Policy Governance has subsequently made to board activity is to examine the four key policy areas as developed and used by the college. It was clear from interview data that the policies that had been developed were well used by the board as working documents which helped to clarify and facilitate not only the role of the board, but also enabled the board to set the parameters within which the executive team should work. The following quotation is particularly interesting here because it illustrates three of the four of the policy categories very clearly. It also shows an understanding and an awareness of the need for the board to stay out of the ‘means’ and focus on ‘ends’. The quotation is reproduced in its original form, but the specific indicators of the policy categories have been added, (indicated by the use of italicised capitals for consistency with chapter two), for information.

*“Carver itself makes governing bodies think about what is our purpose [ENDS] and it strongly underlines the idea that the governing body is not to try and second guess the management, not to try and manage the college [BOARD-STAFF LINKAGES], but to actually get involved in the community and say 'right part of our job is finding out what are the needs of the community' [GOVERNANCE PROCESS/ENDS] and that means talking to business colleagues, talking to everybody, but using the networks I've already got. It also means promoting the college out there, to those business colleagues in the community, it means looking at all the needs analysis right down the line and finding out and bringing that back to a governing body that shapes policy and values [ENDS]. So it's a whole new outward facing role instead of it being just another committee I come along to. It means you've got to come along to it with ideas with commitment, with willingness to go back out . . . and not just fiddle around with what ought to be, and is, management responsibility [BOARD-STAFF LINKAGES] within the college”.*

The Principal - College A

This quotation very clearly demonstrates that the principles of Policy Governance are well understood and practised in College A and emphasises the positive contribution that the principal believes it has made to the way in which the board is able to undertake various aspects of its work. It indicates a changed role for the board and gives a sense of a more active and involved board, making a real contribution to the college, rather than merely attending meetings and meddling with management.

### 8.3.1 Policy Governance in use - a practical example

It has already been seen in chapter two that *EXECUTIVE LIMITATIONS* policies are the only group of policies which are expressed in negative terms ie they dictate the boundaries within which the managers should work, they do not give authority, rather they put limits on that authority. The following quotations show specifically how an *EXECUTIVE LIMITATIONS* policy has been used to ensure that the basic character of the college (determined by the board through an 'ENDS' policy) cannot be changed without referral to the board.

*"Franchising is an example, we were getting into something and we weren't quite sure how to control it, what's a sensible way of controlling it? Well what's the view of the governors, how does it affect the character - we'll have a policy on it. That policy then generates how you will deal with that issue and ultimately they review that. Sometimes things occur and you think - crikey - we've got to deal with it, well the best way of dealing with it is with a policy".*

The Principal - College A

*"- for example one of the responsibilities of the governors is the character of the college - and there is a big move towards franchising which could significantly change the character of the college, because the delivery is no longer done in the college by the college staff it is done off site by other people who are validated by the college. Since that could seriously change the character of the college, that could mean, in theory, that you have no staff, except a load of people going out validating everybody else. Why would you need all the*



*infrastructure? So we've got a policy [EXECUTIVE LIMITATIONS] on franchising which puts a limit on the amount of franchising that can be done before, at which point, I have to go back to the board and say, (and it's a financial limit, if we reach 10% of the college income by franchising I have to come back), and in addition to that I have to report on the franchises that we've got, regardless of the sum of money, on an annual basis and so forth".*

The Principal - College A

The college's approach to franchising as guided by a Carver policy is a particularly useful working example of Policy Governance in use and further comments made by one of the senior managers in this college on the same issue, demonstrate how this policy then becomes operationalised within the work of the college:

*"Suppose the 10% has been reached and there I am beavering away on my curriculum area, and I decide I want to franchise nationally with a major company like Ford, you know, great, I can bring in another hundred thousand tariff units. But if that has already been achieved for that year, I'm not half going to be wasting my time and left with egg on my face if I go on with it. So the whole college needs to know:*

- a) the policies we're supporting; and*
- b) the performance indicators and how we as a college are performing against them - if only to avoid a hell of a lot of time wasting.*

*More subtly it's part of the strategic planning process and operational planning to get people to feel, well, I may have this idea, it may be a good one, but this isn't either the right college*

*for it, or there is no time for it, let me not waste my time trying to beaver away and then say, 'oh look, management weren't interested', when it is actually a question of 'it's not in the policy of the board, it's not in the strategic plan, nor can it be, so it may be a perfectly good idea and it's not a criticism of you as an individual lecturer or programme leader, but it's not there so don't waste your time, because management - by definition - aren't going to be interested. It just don't fit where we are going'. If you think that is wrong, have a channel, you know, bend the ear of your Head of School, Head of Division, Principal whatever you like, and maybe that policy will change, but be aware that the policy is there, that the strategic plan is there and the operational plan reflects that"*

A Senior Manager - College A

This example of Policy Governance in use clearly demonstrates that (for College A at least), that it is not just an underlying philosophy, nor a theoretical approach. It illustrates that the board has been able to practically implement an approach to governance which not only informs and guides the work of the college but also enables it to share that with the college as a whole through the publication of the policies that it develops.

#### **8.4 Facilitating the work of the board**

Another way of exploring and clarifying the nature and extent of the overall contribution of Policy Governance is to consider the model alongside the key board roles that were identified in chapter five. It will be recalled that the five key roles were:

- ♦ Determining senior posts
- ♦ Monitoring the college and its management (supervisory role)
- ♦ Ensuring resources are available
- ♦ Representing the community
- ♦ Taking a strategic view and being involved in strategy

There was much of evidence, some of which has already been presented in the preceding chapters that demonstrates that Policy Governance facilitates the work of the board in a variety of ways. With the exception of the specific role of ‘determining senior posts’ (because there was no specific event in this category during the time of this research) all of the roles of the board appear to be facilitated by Policy Governance as the examples and quotations which follow will demonstrate.

#### **8.4.1 Facilitating the monitoring and supervisory role**

The extent to which the board are able to undertake this role effectively is dependent, in part, on the knowledge and information they have about the college, its work and activity and the sector in which it is operating. It has already been established in chapter six in the context of the second paradox identified by Demb and Neubauer (commitment and depth versus detachment and breadth) that one of the key problems faced by many governors was their lack of the necessary sector and college specific knowledge. The role and quality of the information made available to governors has been identified as crucial in enabling them to effectively undertake their monitoring and supervisory role. This has already been discussed in a more general sense in

chapter six but the following additional examples and quotations demonstrate how Policy Governance has had a positive and enabling impact on how colleges now communicate with their governors.

*“There is no way that you as governor can say ‘I’m in control of this college’ but there is a contribution you want to make and it is to the direction and to make sure that it is doing the things it is meant to do and one of the small things it’s [Carver] made us do is to review the way we communicate with the governing body. Now we have monthly briefing packs for governors and once you get into this mode of thinking, I’ve written restrictions on how many pages you can write in each item that goes into the governors information pack. Finance can only produce 6 sides, then the principal has 2 sides for his report, X’s section have got two sides. If you do a policy report I think it’s 2 sides. Total number of pages we ask them to read in any one month, if they read the lot, was 20 , we’ve never got to that - its about 15”.*

The Principal - College A

*“Yes, it’s more focused now, the idea that we’re developing here is about ‘lets produce information that is in support of our targets, but if the information is that we are on target, then that’s all we need to know, let’s not get into it’. Where we are not on target, or where we see problems coming up, that’s what we need to focus our time on’. The principal has been trying to organise his information that comes to us, and agendas etc., focused on what the issues are, rather than looking at the whole spectrum every time we meet”’*

A Governor - College A

The use of the monthly briefing packs has already been raised and discussed in chapter six of this thesis and it will be recalled that they were seen as a positive and welcome development by the governors. Their use is not unique to College A and their development and distribution has been directly attributable to the adoption of Policy Governance by others. This is reinforced by the quotation that follows:

*"Oh yes, so we've come on [since adopting Policy Governance], the papers, I mean they were literally an inch or an inch and a half before - the pack is now no bigger than that (demonstrates), it goes out once a month - regardless of the meeting and they have a right, to raise on the agenda any item they've seen in the papers. They can say, 'well I read that, what does it mean?' Which makes life easier for them, clearly if it is a big thing it should be coming through the agenda anyway".*

The Principal - College B

It is apparent then that the more focused approach to board communications that developed as a consequence of adopting Policy Governance has facilitated the board in its monitoring and supervisory role. In addition, the use of *EXECUTIVE LIMITATIONS* policies (as per the franchising example explained earlier) give the board the confidence that they need such that the amount of checking and monitoring that is necessary and the time spent on this activity is minimised - a further positive outcome of adopting Policy Governance.

#### **8.4.2 Facilitating the provision of resources role**

There are a number of ways in which a board ensures that its college has the resources that it needs to enable the delivery of the range of provision that it is committed to. An obvious example can be found in ensuring the provision of financial resources by ensuring that all possible funding opportunities are maximised. As the majority of a typical college's income comes from public funds and these funds will also have provided other resources e.g. buildings, equipment and other assets, this role perhaps more so than any of the others is open to scrutiny and subject to detailed procedures which are laid down by the FEFC. Again, this highlights the role of the FEFC and the boards interface with it and the issues raised in section 8.2 are equally relevant and pertinent here and it has already been seen that Policy Governance has a positive and useful role to play in managing this interface. In addition though, there are further issues associated with the board's role in the provision of resources which can usefully be explored here. A key resource for colleges is clearly their staff, the board is responsible for the appointment and other employment issues of the principal and other holders of senior posts. The responsibility for other staff rests with the principal except that the governing body is responsible for setting a framework for their pay and conditions. Through the use of executive limitations policies, College A has clarified these responsibilities and has also clearly set out the role of the remuneration committee in this. There is nothing particularly significant in these policies, nor any specific evidence that they have facilitated staffing issues, however it is worthwhile noting that prior to incorporation, any staffing policies would have been the responsibility of the Local Education Authority and it would not have been an area into which

college boards would have strayed. The principal at College A was clear that thinking through the issues associated with developing these general policies, mindful that they would ultimately be written within the framework of Policy Governance, was helpful. It is also possible to provide an example of how the staffing aspects of this resources role were less than clearly defined in College B, who at the time of the incident below had not begun to develop particular policies within the philosophy and framework of Policy Governance.

*"So we get the case of a member of admin. staff who has given notice to leave, very content with that, volatile person, maverick personality, has come close to causing us serious grief several times, and if you are in a role where 100% accurate is critical, you know. A week from the formal departure of this person, there's a screw up, that could have caused us serious bother. We took the view that maybe this was de-mob happy, carelessness, it was a week away from the formal departure and we said 'take extended leave'. Union got hold of it, without us being able to explain the facts, (because it was a detailed personnel issue, grapevine embellishes it), you've treated this person grossly harshly etc., and there was a letter to every board member. Now if Carver were applying and it was understood in principle, every board member should have said 'this is nothing to do with us'*

The Principal - College B

This section has explored how the Carver model of Policy Governance has facilitated the board when undertaking their role of ensuring that resources are available. It has recognised that public funds are an important aspect of this role and as a consequence of this the FEFC have a clear and legitimate role. This

section has reiterated work in earlier sections which clearly demonstrated that Policy Governance helped the board to manage the interface that they are bound to have with the FEFC. In addition some staffing issues have been discussed and it has been seen that Policy Governance provided a useful set of guiding principles for one college as they set out developing their own personnel policies for the first time. An example has been provided which shows the potential for inappropriate board involvement when Policy Governance is not in place.

#### **8.4.3 Facilitating the community role**

Chapter five established that the community role of the college board is perhaps one key area of difference between the boards in FE and corporate boards. There are a number of aspects to this role, including representing the community and also governing on behalf of that community. The following quotations and examples demonstrate that the adoption of Policy Governance has also clarified and facilitated this role.

*"It takes Carver to sharpen that up (who we are running the college for) - the definitions of local community, because what Carver does, is make you sit back from the board and say 'now what are we doing here, why are we doing it?'"*

The Principal - College A

*"Carver itself makes governing bodies think about what is our purpose and to actually get involved in the community and say 'right part of our job is finding out what are the needs of the community' and that means talking to business colleagues, talking to everybody, but using the networks I've already got. It*



*also means promoting the college out there, to those business colleagues in the community, it means looking at all the needs analysis right down the line and finding out and bringing that back to a governing body that shapes policy and values. So it's a whole new outward facing role.*

A Senior Manager - College A

Carver has also been helpful in terms of how governors can actively get involved in developing their community links for the benefit of the college as the quotation that follows explains.

*"They [the governors] represent the community, the community view, but they've also got to do something about that and they have links into the community, so we've been saying 'what are you going to do about it? How can you help bring about this strategy through your links and contacts?' We've put actions on them, for example there was a paper earlier in the year that looked at external links and we asked for a series of actions and ultimately we'll have a review of that and see where we've got to. So in a way that comes throughout the [Carver] policies because it makes certain statements about the vision and nature of the college. If you are applying the policy you have to look at that and you produce a paper with actions so in a way it comes out of the policies. That policy then generates how you will deal with that issue"*

The Principal - College A

Whilst there is evidence that the adoption of Policy Governance has facilitated the board in undertaking its community role, it will also be recalled that this role was very clearly enhanced following incorporation and the associated

changes to the composition of the board of governors and the overall role that the Carver model plays here must be seen in this broader context.

#### **8.4.4 Facilitating the strategic role**

The strategic role of the board has been highlighted throughout this thesis as being the most important role that the board undertakes. All of those interviewed in College A emphasised that the Carver model was enabling the board to focus on this key role.

*“The big difference it [Carver] has made to us - is that the board focuses on strategy, increasingly, and their involvement in achieving that strategy”.*

The Principal - College A

It has already been seen in section 8.4.1 that one of the main reasons why the board is able to focus in this role is because it is freed from much of the trivia associated with its monitoring and supervisory role, again facilitated by Carver. In addition, as discussed in chapter six, Policy Governance enables that distinction between board and management activity to be more visible and hence the board does not become involved with the preoccupations of the detailed management and administration of the college.

This and previous sections to this chapter and the quotations and examples used within have illustrated how colleges are using Policy Governance to facilitate their work. There may be a case for considering a more focused and coherent approach to its adoption across the FE sector as a whole. In particular

it has been seen that Policy Governance enables the board to undertake its supervisory and monitoring roles effectively and hence potentially free it to devote the time and energy to the strategic role which has been identified as being so important. However, whilst it is clear that it does help the board to organise and prioritise its work and hence enable it to focus on its strategic role, arguably it merely provides a springboard for that proactive strategic role. Whether or not the board actively realises this potential and fully embraces that strategic role then may depend on the board members themselves as the following section will discuss.

### **8.5 Beyond the process**

The many and frequent references to the Carver model of Policy Governance that were made during interviews and the evidence of its use at College A and to a lesser extent, though still apparent, in College B, could lead one to believe that the key to effective governance, governance which allows board members to make a significant strategic contribution to their colleges, may lie solely with this model. Indeed the previous section has clearly set out the positive contribution that the model has made to a number of aspects of the board's work. (Arguably though, any framework for governance which achieves greater efficiency of process would be of similar value to a board in enabling it to undertake the broad scope of its work). However, it was evident from the analysis of minutes of meetings and particularly the series of board observations, that even in a college which had enthusiastically embraced and implemented Policy Governance, the board was still tending towards a focus on its monitoring and supervisory role, there were only a few examples of the

board getting involved in strategic issues. It is recognised that three board observations alone, even considered alongside the documents associated with seven meetings, are not sufficient to say with any real certainty that the board is not generally active in its strategic role. Nevertheless, there appears to be sufficient evidence to raise some concern. Why, despite the potential offered by Carver, is the board not fully embracing its strategic role? A more detailed consideration of the board members themselves may reveal some reasons for this.

Having achieved the efficiency of process then, via the Carver model (or indeed any other model), which enables the board to work within the parameters of the FEFC and free them of any unnecessary attention to detail in terms of their monitoring and supervisory role, the board now needs to turn its attention to its board members, who they are and how they are recruited, and once recruited how to encourage them to make an active and useful contribution. Clearly the governance processes which are in place can be a combination of both meeting the needs of the FEFC and also applying the Carver model, but if a college does not have the 'right' people on its board and once on the board their contribution is not maximised, the potential afford by these processes may not be fully realised.

### **8.5.1 Recruiting appropriate board members**

It has been seen in previous chapters that the overall composition of the board is already predetermined, though there is some flexibility in terms of the numbers of governors in each category and in the overall size of each individual

college board. The board themselves are responsible for the appointment of individual members.

*“Responsibility for maintaining an experienced and balanced governing body, and for ensuring continuity in the future, rests largely with the governing body itself. The decisions made by the governing body on its constitution and its future membership are among the key issues within its remit”*’

FEFC Guide for Governors

May 1994

The FEFC provide guidance and suggestions on the appointment of governors e.g. a skills and experience audit; taking account of the needs of the college; reflecting the community in terms of gender balance and ethnic make up etc. They also suggest how potential members might be recruited, for example through search committees and the use of the local press. However, they remain suggestions and providing that colleges meet the requirements (of numbers and category) set out in the regulations, boards themselves are fully responsible for recruiting their own governors. Despite attempting to separate process from people in this chapter, in many ways they remain linked. The board of College A have used a number of *GOVERNANCE PROCESS* policies to guide them in this area, they have produced specific policies which clarify the procedural aspects of appointment; they have produced policies which clarify the requirements of members; they have produced a policy which clarifies the overall profile of the board; and they have produced a person specification for

board members. This latter policy identifies six points, which are listed below, with which the board expects all members to comply:

- ♦ A team player;
- ♦ Prepared to accept and abide by the code of conduct and policies of the board;
- ♦ Can fulfil the time requirement to be a board member;
- ♦ Will work actively to promote links between [the college] and other organisations;
- ♦ Has expertise of board operations in other spheres (e.g. commercial, voluntary or public sector organisations); and
- ♦ Is prepared to under training to fulfil the role of a board member.

As with other examples provided earlier in this section, this a further example of a Carver policy in use as a working document. Associated assessment sheets have been produced and each individual board member is assessed against each of the above areas, this then enables the college to identify any gaps or potential gaps in its membership, which it can then attempt to fill at the next opportunity.

Having clarified what is required, how does a board then set about recruiting individuals who might meet these requirements? Having reviewed and explained some of the particular policies that are in place in College A, it is interesting to hear the principal's comments on how it might actually work in

practice and of some of the practical difficulties which can arise in recruiting board members:

*“you've got to be careful that they [search and selection procedures] don't become impractical or unwieldy e.g. there has been an announcement that came on the radio this week talking about search committees, that search committees should be effectively independent of the governors, but how can you do this? You know I could go out and get ten people to sit on it, all people I know, so how independent is independent? Now the search arrangements we have involve things like newspaper adverts and use of the TV and media and there are a series of criteria which are published so everybody knows what we are looking for. We are not looking for friends of [the principal] or something like that, things are open and above board. Now I would have thought that procedure was reasonably protective of the community and practical at the same time because at the end of the day you really want people who are going to be interested in the job and who are not - and we've seen this before - not people who are nominated - like councillors turning up to sub-committees, they are not really the sort of person . . . whereas if you've got someone who, (and I would say a lot of our governors are good examples of people who are genuinely interested), if you think about it would you come along and be responsible for an organisation like this - unpaid, lots of papers to read? You've got to be interested to want to do it, you don't get any kudos for doing it, you don't get any promotion for doing it”*

The Principal - College A

This quotation also draws attention to an important point about being interested in the college and its activities, which might be implicit in the search and selection procedures but which is not, in fact, explicitly stated. This is important because some board members are nominated by their employers, or a particular interest group, as will be referred to again in later sections of this chapter, and may not have the degree of interest (personally) that is so essential.

Discussions with other governors revealed, that although there were detailed search and selection procedures in place, in fact, most members were recruited to the board through their personal contacts or because of their known associations elsewhere, as the following quotations demonstrate:

*“What tends to happen is that people are drawn onto the board through personal contact, very often people who have got some relationship with the college in the first instance. I can't actually think of any one who came in from the cold as it were, so there is already a relationship there and I think that's right, I think you are more likely to get people coming onto the governing body who know what is involved and have got some empathy with the organisation, who understand the background, so I don't think that's really been a problem. Now if I think of the people I've possibly had some input into determining who might be approached - I think for example of [an independent governor], she and I were both governors of [a particular school], [the family business] used the college, so there was a contact there. There were a number of things which lead to her being identified as someone who could make a*



*contribution to the college but I can't think of anyone who actually did come in from cold and therefore was coming in, as it were, to room full of strangers”.*

A Governor - College A

*“The reason why they asked me to be a governor? I've not got a clue, but they did want somebody from the public sector. I have had experience of being a board member before: A) in my job as an executive director, but also as a member of a Health Service Authority. Now it also happens that at the time of my acceptance on to the board of the college, [X] was the chair, and I worked with him when he was the chair of the old Family Health Practitioner Committee, so he had knowledge of my contribution to that group when he was chair and therefore no doubt when the Principal and the chair were considering names of people and my name came up, from wherever I haven't a clue, then he knew of my background, and he knew of me”.*

A Governor - College A

Personal contact and recommendation then is an important aspect of the search and selection process by which governors are invited to join college boards. It is an aspect of the process which is not explicitly stated in any of the documents or specific policies reviewed, it emerged only during interview and was not in any way unique to College A. It should not be inferred that it is necessarily a bad thing, that it is in any way less than open. Clearly, once the individuals have been identified, they will still need to meet the requirements as laid by the board and published in their policies. However, this may raise questions about the notion of the truly 'independent governor' about which all boards need to be mindful. Any recruitment policies and search and selection procedures will need

to take due account of any potential charges of ‘cronyism’ and the problems and difficulties that this might cause.

Having satisfied itself, as far as is possible, that it is recruiting the most appropriate people, the board has to address two further important issues. Firstly it has to assure and do all possible to encourage regular attendance and secondly, having secured that attendance, it needs to ensure that members, both individually and collectively are able to make the required contribution to the work of the board and the associated tasks that it undertakes. The next two sections will address these points.

#### **8.5.2 Attendance issues**

A detailed analysis of the attendance patterns of board meetings has not been undertaken, however, from a general review of the minutes of a number of meetings which record apologies from members and also based on discussions with two clerks to college boards, it seems reasonable to suggest that regular and full attendance of the whole board can be problem for most colleges. There were a number of examples where boards had not re-appointed members, or members had not sought re-appointment because of the difficulties with poor attendance in all four of the colleges considered during this research.

A potential solution to this problem, which has been the subject of some debate in the academic press, is to offer payment to members, either for specific attendance or as a one-off annual payment. However, typically this is not seen as appropriate for a number of reasons, the most common being “*it would*

*bring the wrong kind of involvement", and also because it was not deemed to be in the spirit of public service. The following quotation is indicative of comments made when discussing this issue during interview:*

*"So I think that's an issue that the sector has got to grip, how in heaven do you get this balance between demanding an immense amount of public time and putting them through tremendous rigour and at the same time asking them to do it for nothing and asking them to turn up to everything? I don't know how that will be resolved. I know there is a strong feeling that they shouldn't be paid because that will destroy the public sector contribution ethos but if they're not going to be paid you can't demand of their time"*

The Principal - College B

There was however, some, albeit limited, support for paying governors:

*"There are times when I think you could nearly do with a paid body of some sort to be in that role - in the same way you have paid directors of large companies. We are a company of £14 - 16m turnover, substantial assets and a lot of staff and we tend to be running it in a very amateur sort of way - and it's not peculiar to this college"*

A Governor - College A

The broader issue of payment for governors is a topical and potentially controversial issue, though in the context of this thesis it is of limited interest. It is accepted here that payment for governors is not currently a preferred solution and indeed, generally speaking, most governors do not take up board

appointments for financial reward of any kind. In any event, many of them, particularly those in very senior positions in their own organisation, are likely to be reasonably high earners in their own right and are unlikely to be motivated to attend by the limited amount of money that FE might be prepared to pay them. The reasons for non-attendance are usually more to do with conflicting demands on time or a general lack of interest (often brought about as a consequence of the nature and conduct of the meeting rather than a lack of general interest in the college or its business) and attendance payments would not address either of these issues.

Solutions lie more obviously in making the board's work as interesting, varied and challenging as possible and also in maximising the board member's time at meetings through effective chairing, working to a focused and well managed agenda and wherever possible avoiding being drawn into minutiae and trivia. It has already been seen that Policy Governance can go some way towards achieving some of these objectives as this quotation highlights:

*"This is one of the things Carver has done - he's taken all that (trivia) that way. A simple way of looking at it is the agenda. Look at the agenda - now much shorter. Used to be two sides, we used to have reports and reports and we've cut it right down. It has things you are required to have, must have minutes of the last meeting, must have a report of the finance committee, if you've had an audit committee you must have that, so you're really down to the last meeting and the finance committee. The first of the main items under the Carver model was this business about strategic links to other organisations so its a*

*very . . . they talk about the main item and really feel they have something to contribute”.*

The Principal - College A

Again, an example of the process potentially empowering the people. This chapter has demonstrated this in a number of different ways. Board process is efficient, the ‘right’ people are on the board, members attend when they can, the board conducts its meetings in a focused way, members are encouraged to contribute - yet the questions remain. Do they do so, and, is the board realising its potential?

### **8.5.3 Harnessing the collective contribution of the board**

Having established that the board is potentially empowered, that attendance expectations are generally met, what is now needed, is for members to be willing and able to undertake their strategic role. The board of a college is a very diverse group of individuals, examination of the third paradox (the board as a ‘collection of individuals or a cosy club’) drew attention to this and also highlighted in particular, based on observations of specific board meetings, that there is potential for some board members to dominate meetings and for a powerful and often intimidating inner board to appear to exist. Whilst some of the focus of this thesis has been on the role and contribution of local elites, clearly not all board members would be defined in this way, in many cases the local elites are in a clear minority. Those who serve on boards have a variety of backgrounds and interests, there are retired people, trade union representatives, staff and student representatives, younger, less experienced business people -

some of whom may have been nominated to a board by their employers. Organisations often see this as a way of demonstrating their commitment to the wider community and it can also be part of an individual's personal and staff development. So whilst 'local elites' are important and can be powerful board members, the board as a whole needs to be integrated and balanced and able to make a collective contribution to the college it governs. How might this be achieved? Not surprisingly, Policy Governance has a contribution to make as this quotation demonstrates:

*"We've got [a particular governor] nominated by the Trades Council and she's another person [from a large company already represented on the board] who is a secretary and that's a very interesting position. It's a person who is a secretary and she's got two very senior directors sitting round the table. Now the first time she came, and I'm not disclosing any confidences, it was very daunting for her, and you could see that she was thinking, 'how am I going to cope with this?' and gradually she has been growing as a governor meeting by meeting, and I think that's great because the Carver model is making them as a board feel that they are all working together.*

Principal - College A

One of the reasons cited for the Carver model making a board feel that the were working together here was because of the changed approach to the board's committee work, fewer committees (as has already been discussed in earlier chapters) and hence less business being done outside of the main board, as the following quotation indicates:

*"I believe again, the Carver approach tends to minimise the business that is being done outside of that meeting and so allows all the members of the board more of a chance to participate".*

The Principal - College B

Other reasons for a greater sense of working together were associated with the provision of information and also with the series of training events that had taken place. These were training events initiated by the chairman of the board and the principal and were about raising awareness of the Carver model and also about practical issues like how to develop and write specific policies. Arguably then, some aspects of this sense of 'working together' may be more an outcome of a training process rather than of Policy Governance per se.

Induction of new governors and ongoing training and development is clearly important. Guidance in this area, training and information packs and conferences abound, as indeed they do in the corporate sector. The general focus tends to be on clarifying the role of the board, on sector specific information regarding pending changes and initiatives, on preparation for inspection, governors self assessment etc. There appears to be nothing which recognises that perhaps one of the key skills for governors is the ability to participate assertively in board debate and discussion, particularly for new governors. If it is recognised, it is perhaps assumed that all governors already possess this skill. Evidence from board observations does not support this. Clearly the provision of information is important here, in that increased knowledge and understanding is likely to lead to greater confidence and earlier

chapters have demonstrated how some colleges are communicating with their governors to better and welcome effect.

This section has returned to a number of issues which have been raised earlier, it has highlighted some of the difficulties of achieving a balanced board, a board working together, given the diverse range of people who serve on them. In summary:

*“you've got this constant throughflow, we've got and need a number of long serving governors - getting the balance right between continuity and experience and the need to draw in new blood is almost impossible - you never do get the balance right but the important thing is you have to be conscious of the need to get the balance right - I think that's the important thing”.*

A Governor - College A

#### **8.5.4 Local elites**

Chapter seven identified that there were a number of issues arising out of the changes to board composition which presented challenges for college boards. Many, though not all of these, are concerned with the increased number of business interest members now serving on college boards. In particular the notion of the local elite has been introduced, those individuals with a high local profile who were active in a number of different, often interlocking spheres within the local community. It was recognised that the benefits which these individuals could potentially bring to boards, not only in terms of their personal skills, but also because of their wider associations within the community, were



not without their problems and tensions. Attendance was highlighted as being a particular problem for these individuals, this was reported quite frankly during interviews and was also confirmed by analysis of attendance data and board observations. In many cases, this particular problem was accepted as inevitable and there were a number of examples where the principals of colleges and the chairs of the governing bodies were clear that the contribution that these members made, generally outweighed the fact that they were not always able to attend every meeting. Whilst attendance has already been dealt with in an earlier section, it is raised again here because the 'local elites' were the group of governors who were most vociferous about their strategic role and yet they were generally the ones with the poorest attendance (generally due to other commitments). However, there were a a particular set of local events and circumstances, (which cannot be fully reported here due to assurances of confidentiality) which potentially involved a number of local organisations including a specific college. The strategies of the college and other key organisations in the area were interlinked. Attendance at board meetings where issues associated with these events were discussed was, as reflected in the minutes, exceptionally good, particularly from those who might be termed 'local elites'. This issue has been pursued and whilst on the face of it, it could be inferred and has been thus far in this thesis, that local elites are more interested and able to become involved in strategy than other board members, it could also be argued that their interest is more a function of their wider associations and vested interests than their general concern for college matters. This need not be a problem and indeed governors have been open about their interests and have clearly recognised any potential conflict of interests. The

search and selection procedures already discussed need to be sufficiently robust to ensure that only those of the highest integrity are recruited to boards. Recent cases of board failure in the sector have demonstrated the consequences of not addressing this important issue. However, there is no suggestion here that anything which compromised the college, the board or any individual member took place, rather the issue is raised in order to highlight that on the one hand local elites are evidently important in terms of being able to make a strategic contribution; and yet on the other, that contribution can be variable and may depend on the particular issue in hand.

## **8.6 Summary**

This chapter has examined how some colleges are addressing some of the tensions and challenges they face. It has described how the Carver model of Policy Governance is enabling some colleges to become more efficient in their governance processes. Examples have been presented which clearly show how Policy Governance facilitates the range of roles that the board undertakes. In particular, the monitoring and supervisory role of the board is simplified and made less time consuming and hence the board has the potential to focus on its strategic role.

The chapter has made a distinction between the process that can facilitate an active strategic role and the people that are required to undertake that role. It has been seen that whilst efficient process can potentially empower a board, there are a broader range of issues associated with board members, both individually and collectively which need to be addressed before the board can

fully maximise its potential. These issues are associated with board capacity, with board culture and climate, with elites, with the power and influence of key members, with the will, skill and ability of all of the members, with training etc.. Some of these issues have been debated in a broader context in the academic literature, in particular the work of Pettigrew (1992, 1996), MacNulty and Pettigrew (1995), Stiles and Taylor (1996) amongst others, are of interest. Chapter five established that there was consistency between the role of the board in FE and the role of the corporate board. Evidence presented in this penultimate chapter seems to suggest that many of the broader challenges facing boards might also be consistent and there is an imperative to develop and extend the current work presented here beyond the detailed analysis and exploration of the board's role in FE, which remains the central theme of this thesis.

Finally, it is worth noting here that Demb and Neubauer identified three key elements which they suggested contributed to the board capacity:

- ♦ bringing individuals to the board who embody the necessary ingredients
- ♦ assisting board members to gain better balance as individuals
- ♦ creating processes that permit boards to function effectively

This chapter has highlighted and reinforced these three areas. This thesis has presented evidence which suggests that those college boards that have adopted the Carver model of Policy Governance have created and developed processes

that permit their boards to function *efficiently*. However, having the right processes in place does not by itself mean that the board will be *effective*, particularly in terms of undertaking its strategic role - the added dimension that boards need to address is how to fully maximise the contribution of all of the people that they have on their boards.

## **CHAPTER NINE**

### **SUMMARY AND CONCLUSIONS**

This final chapter draws the thesis to a close and reiterates the main findings and conclusions. It reflects on the research method and approach employed in this study and makes some observations, with the benefit of hindsight, about the limitations of the approach used and some of the issues arising out of this reflection.

The chapter then is in four sections:

- 9.1 Conclusions and observations
- 9.2 Review and reflections on the research process and methodology
- 9.3 Opportunities for further research
- 9.4 Concluding remarks and final thoughts

#### **9.1 Conclusions and observations**

This thesis has examined and explored the role of the board of governors in Further Education colleges, with a particular focus on the board's contribution to strategy. The background to the changes in the public sector were outlined in chapter two and it was recognised that the subsequent changes to FE needed to be seen as part of a series of wider political changes, instigated by the government of the day.

Two significant changes within the FE sector were highlighted as being important. They were: firstly, the changes to the composition of the governing body, switching the emphasis from local authority representation to a board with significantly more independent business interest governors; and secondly, the changes brought about by the 1992 Further and Higher Education Act which gave corporate status to colleges enabling them to become fully responsible for all aspects of their own management. It was against this general background of change that a more detailed examination of the role of the board of governors subsequently took place.

Demb and Neubauer's 1992 international study into the working of corporate boards has provided the key framework of analysis for the data gathered for much of this current study. Chapter five explained the rationale and justification for using this body of work. It established that there were three key differences between the boards in the Demb and Neubauer study and the college boards as examined in this research. Those three differences were as follows:

- ♦ Firstly, the differing financial perspectives: colleges are required not to make a loss rather than explicitly being required to make a profit as is the case in the corporate sector;
- ♦ Secondly, the overall context of board activity and the role of central government via the FEFC, which is a feature of FE governance: there was no similar government involvement or indeed any board with the same kind of key stakeholder, like the FEFC, with which corporate

boards must deal, though of course, shareholders as a generic group generally remain paramount;

- ♦ And finally the shared understanding in FE that the board is governing on behalf of a community, generally a wider community than the shareholders on whose behalf boards in the corporate sector and governing.

Despite these differences it was argued that there were sufficient areas of similarity to justify using the work as a framework for analysis. The three main reasons for proceeding with using their work were:

- ♦ Firstly, the recent changes to the public sector and FE in particular meant that the legal status of colleges had changed and that they were (arguably) in a position to operate as full corporate entities;
- ♦ Secondly, all of the boards examined by Demb and Neubauer were very diverse and it was argued that the FE board merely presented another example of an additional board type with its own specific composition and operating environment and hence was worthy of being examined in a similar manner;
- ♦ Finally, it was noted that the Demb and Neubauer work stands as one of the key, major pieces of research to inform any understanding of the board's role and activity, there was no similar substantive work

undertaken in the public sector in general or in FE in particular. (The work undertaken by research teams at Warwick Business School into the NHS being a notable exception).

Having established a rationale and justification for using the Demb and Neubauer research, chapter five then went on to address the first objective of this thesis, to clarify the role of the board in FE. Five key roles emerged, from the perspectives of college principals, senior managers and governors, they were:

- ♦ Determining senior posts
- ♦ Monitoring the college and its management
- ♦ Ensuring that resources are available
- ♦ Representing the community
- ♦ Taking a strategic view and being involved in strategy

These categories were then compared with the key roles identified by Demb and Neubauer and it was concluded that with the exception of any activity associated with caring for shareholders and securing dividends, all of the roles cited by Demb and Neubauer were in evidence in FE, to some extent. As there are no shareholders in colleges this was no real surprise and the discussion was then developed to broaden the term shareholder to a broader one of stakeholder and it was legitimate therefore to argue that this particular role and its associated tasks were consistent across both pieces of research. This responsibility to and for a wider group of stakeholders, in particular the wider



community within which the colleges operate and serve appeared to be one of few differences between board role and activity as observed in the Demb and Neubauer research and observed in FE. The relationship with the community emerged as an additional feature of board activity in FE, however, this issue was not explored further in this thesis though it was highlighted as an area for potential future research. Having ascertained that there was some consistency between the roles of the board in the corporate sector and the role in FE, chapter five then went on to conclude that there was also a shared consensus that the most important role was the strategic one. This then lead to chapter six which focused on this strategic role.

Chapter six used the three paradoxes identified by Demb and Neubauer as the framework for a more detailed analysis of this strategic role and thereby addressed the second objective of this thesis, to examine the nature and extent of the strategic role of the board in FE. The first paradox, ‘whose responsibility - board or management?’ was found to be only partially in evidence in FE. The differences between the two roles were generally seen to be understood and the distinction between them was clearly visible to interviewees. It was apparent that this visibility was aided, in part, by the adoption of the Carver Model of Policy Governance. This model also emerged as an important element in facilitating the supervisory and monitoring roles of the board, particularly through the way in which it advocated colleges communicate with their boards. Undertaking these roles with relative ease, colleges were then much more free to devote their time and energies to their strategic role. Examination of this first paradox also highlighted issues around what were termed ‘local elites’ on

college boards ie, those business interest governors who had a particularly high local profile, with many and varied interlocking associations and were potentially very powerful and influential board members because of this. The potential ambiguity of the role of the FEFC was also raised during the discussion of the first paradox and it was highlighted for further analysis in chapter seven.

The second paradox, that of 'commitment and depth versus detachment and breadth' concerned the board's ability to offer critical judgement, ie judgement which is both discriminating and independent. According to Demb and Neubauer, the ability to offer this kind of judgement depends on the following four factors: an understanding about the company and its history; a breadth of perspective; involvement with and commitment to the company's objectives; and a detachment from any incumbering affiliation. It was concluded that three out of these four factors were in evidence in FE, but that there was a general consensus amongst those interviewed that in many cases, the majority of college governors lacked the detailed knowledge and understanding about their colleges and the general issues relevant to the sector in which it was operating. Again the Carver model of Policy Governance emerged as important in terms of its approach to keeping governors informed and providing them with the depth of understanding required.

The third and final paradox concerned the extent to which a board is either a 'cosy club' on the one hand or a 'collection of independent personalities on the other', ie is it an effective working group? This paradox did not appear to be in

evidence in FE, there was no real evidence to suggest that the board was veering towards being in either category. The key issues to emerge out of the discussion of this paradox were concerned with the personalities of those involved and also the culture and climate of the meetings themselves. This revealed the importance of using observation as a method of data collection, as it was possible to draw some conclusions about the formality of the board and the way in which this appeared to constrain some members of the board from making a significant contribution. This, coupled with the dominance of some board members, lead to an understanding that there was almost an inner caucus of members on the board who were generally acting as an effective working group, whilst the board as a whole may not be. As a consequence of this, it appeared that some members were marginalised and as such it could not be concluded that the board as whole was necessarily operating as an effective working group.

Many issues were raised through the examination of the three paradoxes identified by Demb and Neubauer and it has not been possible to explore them all in this thesis - some may well be the subject of future, more focused research. Chapter seven pulled together some of the themes that had emerged and noted the underlying tension of incorporation, which is unique to the FE sector. It highlighted two particular areas for further discussion and they were firstly, the ambiguous role of the FEFC and secondly, the impact of the changes to board composition which lead to the increased numbers of independent business interest members on the board. It was possible to establish two key challenges for FE college boards; firstly how to work within the guidelines

required by the FEFC and yet at the same time remain proactive in strategy; and secondly how to make best use of ‘local elites’ and the board as a whole.

The previous chapter has explained how the adoption of the Carver model of Policy Governance has helped some colleges to deal with some of these challenges. It has demonstrated that the Carver model of Policy Governance is enabling some colleges to organise their work such that they are able to manage the FEFC interface. It has also demonstrated how the adoption of the Policy Governance model has facilitated a number of important aspects of the board’s work. In particular it has been seen that Policy Governance helps to make the monitoring and supervisory role of the board much more focused.

Chapter eight also explored the differentiation between people and process and argued that whilst the Carver model may be a very useful framework for governance which potentially frees the board to undertake its strategic role, it is ultimately the individuals who sit on the boards who need to grasp this potential - process alone is not enough. It went on to discuss some general issues around the board members, both individually and collectively. Whilst attempting to separate process and people, it was apparent that they were in many ways linked. For example, the search and selection procedures in one college had been written within the framework of Policy Governance, as a *GOVERNANCE PROCESS* policy. The issue of local elites was discussed and it was recognised that although they were potentially powerful and influential members of the board, they were in many cases in a minority and other board members needed developing in order to maximise their individual contribution,

and also the collective contribution of the board.. The role of local elites in determining college strategy was explored and it was suggested that though their contribution was significant and important, it could be also be variable depending on the issue at hand and its relationship with any of their wider associations. The main conclusion of chapter eight was that a technical framework like Policy Governance enabled efficiency of process, but in order to achieve effectiveness, particularly in terms of its strategic role, a board needed to turn its attention to the people on that board.

This thesis concludes that the work of the board of governors in FE colleges is not dissimilar to the work of the corporate board and that the most important role for the board is its strategic role. One of the key stakeholders in the FE sector is currently the Further Education Funding Council, this has a somewhat ambiguous role, though this is likely to be clarified within the not too distant future. This clarification may address the extent to which the FEFC is considered either in a policing role or more as a level of general governance overseeing the FE sector as a whole. The role of the Carver Model of Policy Governance has been explored in some depth and it has been seen that it is a model which can facilitate a college board as it undertakes all aspects of its work. In particular it enables the board to deal with its monitoring and supervisory role in a more focused manner and relieves the board of some of the perhaps more traditional trivial issues with which it has had to deal. This then potentially empowers the board and provides it with the opportunity to undertake its strategic role. A greater understanding of the basic principles of the Carver model of Policy Governance and a more coherent, co-ordinated

approach to its adoption across the sector as a whole, may lead to an increase in those boards that are adequately equipped to undertake their strategic role to best effect. However, it has been seen that process alone is not enough and that in order for the board to maximise its full potential it needs to turn its attention to the people that it recruits and how it subsequently manages and develops those people.

The main contribution that this thesis makes to the general understanding of the role and nature of board activity is that it focuses on the FE sector. This is an area which has not been fully explored to date, research in the area has tended to focus on issues of demographics and there is little work which reflects the changes since incorporation. Previous work has tended to be prescriptive and has offered advice to colleges about how they might deal with incorporation and its implications. This current study, undertaken over a six year period, has examined boards as they undertake their work as corporate entities and has addressed the two key objectives as set out in chapter one. Firstly, it has clarified the role of the board in FE and has concluded that the board's work is not dissimilar to those boards operating within the corporate sector. Secondly, it has examined the nature and extent of the strategic role of the board and has concluded that there are two factors which are important in terms of whether or not the board maximises its potential strategic role, these are efficiency of process and the board members themselves, both individually and collectively. In addition this research has used three methods of data collection, interview, document analysis and observation. Previous studies have tended to use questionnaires and survey data, there is little evidence of any detailed and in

depth interviewing, nor of any substantive board observation. The following section offers some reflections on the methodology employed in this study and also discuss some of the issues which have arisen as a consequence of the way in which the data was collected.

## **9.2 Review and reflections on the research process and methodology**

Six years have elapsed since the outset of this project. During this time, changes to the sector have continued and interest in board activity remains lively. It is a dynamic area of study and this has presented its own challenges, not only during the period of data collection, but also during the final write up of the thesis. It is now appropriate, with the benefit of hindsight, to reflect on the general approach to research that has been employed.

This thesis has used data gathered from interviews, document analysis and also specific board observations. Whilst the majority of the data has been gathered from interviews, without doubt some of the richer and more enlightening data has been gathered during the board observations. It became clear that there was a significant difference between what governors thought they ought to be doing; what some of them actually said quite vociferously that they were doing; and in the actual reality as observed over three consecutive meetings. Only three observations were undertaken and all three were in the same college, given the quality and richness of data that these observations revealed, more would most certainly have been useful. Certainly it would have been useful to have observed other boards and not just the one at College A, though the reasons for adopting this approach have been fully set out in chapter four and

remain valid considerations. However, it was only through the observation of the board at College A that it was possible to establish that there were some inconsistencies between what was said at interview and what was actually happening. Observation at other colleges may have revealed similar issues.

The majority of the data has come from the forty interviews. The author's own interviewing skills and confidence in those skills has undoubtedly improved during the life of this project. This, coupled with a developing research agenda and a greater understanding of some of the issues facing college boards has meant that the focus and quality of data gained during some of the later interviews was more useful than those undertaken in the early days. Arguably, some opportunities were lost because of this and carefully secured access to key people may not have been used as effectively as it might have been. It may have been more appropriate to have had a clearer idea of areas of focus before undertaking any interviews. Having said that, many of the early interviews enabled some initial explorations to take place and were an important part of the development of this research.

Not all of the interviews were taped, perhaps they could and should have been. Certainly the transcripts of the interviews were a more reliable source of data, and very rich data, than those that were committed to memory, however detailed the accompanying notes were. Interestingly, all of the interviewees who were asked, were prepared to be taped. Arguably then, this request could have been made earlier to all of the interviewees involved and a greater number of taped interviews would have been achieved. At the time, however it seemed



reasonable to try and establish some trust between interviewee and interviewer and earlier interviews were not generally taped. Given the comments made in the previous paragraph, it is not unreasonable to suggest that those interviews which were taped were, in fact, some of the most important and useful.

Having undertaken forty interviews, examined the documentation associated with seven board meetings and observed and made detailed notes of three of those meetings, there was an enormous amount data of which to make some sense. As explained in chapter four, some initial coding took place during the interview programme as well as after it and many of the themes which emerged from these earlier attempts were followed up in later interviews. This dual approach to coding provided the opportunity to explore some broader issues which did not readily fit within the Demb and Neubauer framework, e.g. the background tensions of incorporation and the subsequent role of the FEFC and also the role of the Carver model of Policy Governance.

The board observations were undertaken with an open mind and though an initial observation summary sheet was constructed for the first meeting, this was not pursued for the following two meetings. It was considered more important to get a flavour of the meeting, its culture and climate, than to be overly concerned with detail. Given that only three meetings were observed, this seems to be quite appropriate, however if this work is developed and further meetings are observed, in other colleges, a more structured approach to the observations may be worthy of consideration.

The documents which were considered and reviewed were many and varied, they include, minutes, agenda, accompanying reports and policy documents. A detailed analysis of attendance and the frequency of matters arising has not been undertaken. Given the tentative conclusions set out in the previous chapter, that the board tends towards its monitoring and supervisory role rather than its strategic role, then a more thorough analysis may have given more substance to this conclusion. However, it was clear from a comparison of the meetings observed and the minutes of these meetings, that the documents were not always a sound and rigorous reflection of events.

This thesis has focused on governance issues within FE based solely on data gathered in four colleges in one particular geographical area. The key source of data has been College A and it was important to be clear that there was nothing particularly unique about that college. It was for this reason that Colleges B, C and D have been included, though as can be seen from chapter four, only two, sometimes three, interviews have taken place in these colleges, compared with over thirty in College A. Nevertheless, the interviews which did take place in Colleges B, C and D were extensive, all were tape recorded and fully transcribed and it is considered that there is adequate and sufficient data from these interviews to enable the author to have a fair degree of confidence that there is in fact nothing particularly unique or special about College A. As well as including data from three other colleges, it was important to establish that the board of College A could be considered to be typical, or average, and this was done by examining various aspects of that board's composition and comparing them with national figures and demographic analysis. Both of these approaches

(data from more than one college plus clearly establishing 'averageness') contributed to the rationale for and justification of the use of a single case as the methodology employed for this research.

### **9.3 Opportunities for future research**

This research has focused on the FE sector as an example of an organisation, traditionally a public sector organisation, which has undergone change. Many of the tensions that have emerged appear to be particular to the sector. But FE is not the only part of the public sector to have undergone changes as was seen in chapter two, in particular the NHS has undergone significant changes and arguably changes which are very similar to those which have taken place in FE. There is potential for comparative work. Other areas for potential comparison have also considered - e.g. Social Services, the work by Tony Butcher "Delivering Welfare: The Governance of the Social Services in the 1990's" (1995) would have been a useful source of reference. The Westminster and Monklands scandals have also drawn attention to governance issues in local government. Failing schools and irregularities in the higher education sector might also suggest that these areas are ripe for similar research and analysis. All of these sectors are worthy of further research and analysis.

In addition to the comparative research suggested above, there is also potential for developing this current work to go beyond governance and strategy process issues and to consider more particularly, issues of strategy content, this would enable a number of performance issues to be considered which have not been addressed here.

#### **9.4 Concluding remarks**

This thesis has very clearly addressed the two key objectives of the research as stated in chapter one. It has clarified the role of the board in FE and it has examined the nature and extent of the strategic role of the board. These two important areas make a valuable contribution to our understanding about the nature of the board's work in FE and add to the research information available to date which has largely focused on demographic analysis and attempts to provide prescriptive advice to those involved in board activity.

It was stated at the outset of this final chapter that this thesis has developed over a six year period, as indeed have the author's ideas, interviewing skills and general understanding of the pertinent issues in FE which have affected and influenced the governance role in colleges. The FE sector is rich with potential material for research. In particular the benefit of observation adds to the richness of data collected by interview and also on occasions contradicts it. Many of the issues which have been raised here need to be explored and examined more fully. Themes and ideas need pursuing.

A final point concerns the willingness of interviewees and board members to be involved in research. Access, both in terms of interviewing and also observing was readily granted, participants were keen to discuss their work, to express their views freely, to give their considered opinion on a number of issues. Many individuals were extremely helpful setting up meetings and encouraged the utilisation of their contacts. They were interested in the research and its outcomes. Much is written in academic literature about the difficulties of

access, particularly to boards and those who occupy senior positions in organisations. These difficulties have not generally been experienced while undertaking this research, conversely a sense of enthusiasm, willingness and openness amongst participants has been evident. This offers enormous potential for future research on board activity which should not be underestimated.

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