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Proposal

This paper investigates governance (CG) practices in HEIs in the UK and in selected EU countries, with a focus on the quality of strategic decision-making processes at the level of governing boards against a context of increasing challenges, uncertainties and expectations facing the UK HEI sector. These challenges, both financially and in policy terms, require the highest-quality leadership, governance and management development to ensure quality, consistency, and sustainability in delivery (LFHE, 2017).

Experience with significant challenges in HE sectors elsewhere raises serious concerns and specifically cautions against a cavalier approach to risk management. While, for example, the increasing financialization (i.e. the enhanced recourse to debt-financing of capital and other expenditures) of higher education in the United States over the past decade has delivered some positive financial returns for selected better-endowed HEIs, the vast majority of the less renowned institutions found returns to increased debt levels significantly outpaced by costs (Eaton et al., 2016). Meanwhile, HEFCE notes an increasing reliance on borrowing by UK HEIs and raises serious concerns about assumptions underlying key projections (e.g. income, student numbers & liabilities) to cover increasing costs and the servicing of financial obligations, highlighting sustainability risks, increasing debt burdens, decreasing liquidity and cash reserves in the face of rising uncertainties and rising liabilities, a widening gap between the lowest- and highest-performing institutions, and increasing volatility of forecasts in the sector (HEFCE, 2016).

Consequently, this paper calls for greater attention to, and monitoring of, the quality of governance over the use of funds, key strategic decisions and sustainable academic leadership. The sustainability of these goals is dependent on sound decision-making at the strategic level, clarity of roles and responsibilities, on institutional accountability and transparency, as emphasised in prior HEI-related work in the UK (e.g. Schofield, 2009, Copeland, 2014, Greatbatch, 2014; CUC, 2014; Soobaroyen et al., 2014; Ntim et al., 2017However, what has been lacking so far is a detailed analysis of the quality of decision making at board level in UK HEIs and elsewhere to gain an understanding of how Boards work in practice and how they ensure quality in their decision making processes (e.g. Pearson, 2009; Schofield, 2009).

Interviews with board members, observations of board meetings, and a review of documentation (e.g. council effectiveness reviews) reveal a wide diversity in decision-making approaches, varying opportunities for board members to review information critical to their decision-making, low levels of awareness of heuristics and biases, and a general absence of systematic implementation of bias mitigation procedures. Comparisons of governing board experiences between UK and selected EU countries (Italy, Netherlands and Cyprus) highlight the existence of a formal and informal 'moderation' of strategic decisions in the latter countries, arising either from an internal form of democratic governance or more directly from the State (e.g. Ministerial authority); a state of affairs which sharply contrasts with the mainstream form of managerialism in the UK context which

emphasises dominance by the senior executive officer and the chairperson in the decision-making process.

Our initial results and analysis reveal three key themes, namely the primacy of board processes and the rise of 'personalised' leadership, the minimisation of effective challenge, and a minimal awareness of heuristics and bias. Our findings in the UK highlight that process and compliance remain a dominant feature of governing boards at the expense of sufficient capacity and opportunity to scrutinise the basis of strategic decisions, thereby providing effective challenge. Members of boards were seemingly not always given adequate time or opportunity to review important decisions or the underlying reasoning and information to form an informed judgement prior to being asked to vote on agenda items.

The experiences from continental Europe reveal a wide diversity of governing board practices and one key consideration (versus the UK) is the extent to which academic boards (e.g. Senate) or internal academic representation continue to maintain a significant influence on decision-making. Limited reforms by governments to embed external representation in governing boards have been implemented but there remains a strong focus on deferring to Senate or similar academic structures composed of internal board members. Finally, the use of smaller but more focused supervisory boards demonstrates that a more efficient and effective use of boards could be considered. These findings contribute to extant research by providing detailed empirical insights on the challenges arising from the changing modes of governance in the sector (e.g. Shattock, 2004; 2013; Bennett, 2002; Neyland, 2007; De Boer et al., 2010; Taylor, 2013).

Whilst we note an awareness of challenges and barriers to good decision-making presented by 'bias' during interviews, in CERs and in sector codes of best practice, bias in this context is primarily seen in terms of the equality and diversity agenda, and with regard to legal aspects of conflicts of interest avoidance (CUC, 2014). In contrast, our research suggests that HE councils need to take greater note of, emphasise, and take practical steps with regard to the impact of heuristics and cognitive bias on the quality of decision-making. We specifically suggest codes of best practice to provide clear guidance and recommendations on a systematic adoption of bias mitigation procedures during board proceedings and during the development of proposals prior to presentation to Council.

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