

**Strengthening the contribution of non-executive  
directors and trustees to Scottish boards  
in the private, public and Third sectors**

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Professor Ronald McQuaid\* and Dr Eva Pocher

\* Now at Stirling Management School, University of Stirling  
r.w.mcquaid@stir.ac.uk

**Employment Research Institute**  
Edinburgh Napier University Business School  
Craiglockhart  
Edinburgh, EH14 1DJ  
[www.napier.ac.uk/eri](http://www.napier.ac.uk/eri)

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## **About this report**

*This study examines the contributions, roles, skills, training opportunities and recruitment procedures of non-executive directors (or trustees) in public, private and Third sector organisations in Scotland, and how improvements to these could be made.*

*Information was gathered through 30 semi-structured face-to-face and 270 online questionnaires with non-executive directors/trustees and executive directors. The results suggest a need for both the clarification of roles and for advanced training, in order to add greater value to the performance of Scottish boards.*

*The research was guided by a Steering Group consisting of Karen Carlton (former Public Appointments Commissioner for Scotland), John Ferguson (Director, Development and Programmes, SCVO), David Watt (Director, IoD Scotland), Professor Ronald McQuaid (Director, Employment Research Institute), Professor Charles Edwards (Director, Edinburgh Institute for Leadership & Management Practice) and Professor George Stonehouse (Dean, Edinburgh Napier University Business School). The study was carried out by the Employment Research Institute and funded by the Edinburgh Napier University Business School. The authors take responsibility for its contents.*

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## **Executive Summary**

This report considers non-executive directors in Scottish private companies, public sector bodies and trustees in Third sector organisations.

The overall purpose of the research is to investigate the contribution of non-executive directors/trustees and to identify how this contribution can be strengthened, so as to add greater value to both to their own organisations and to the wider Scottish society. It specifically examines their contribution, roles, required skills, training opportunities and recruitment procedures.

The study was carried out by the Employment Research Institute, funded by the Edinburgh Napier University Business School and benefited greatly from the steering group of senior current or former members of the Institute of Directors, the Commission for Ethical Standards in Public Life in Scotland and the Scottish Council for Voluntary Organisations.

The research involved 30 in-depth, face-to-face interviews with experienced non-executive and executive directors (10 from each sector); and an online survey with 274 responses (47 and 42 from private and public non-executive directors respectively and 185 from Third sector trustees).

## **Findings**

The face-to-face and online surveys highlighted the following:

### ***1. Contributions of non-executives/trustees***

Non-executive directors/trustees help provide leadership, accountability and stewardship to their organisations. Their main roles across all three sectors (private, public and Third) include:

- Contributing to business strategy.
- Constructively challenging the executives and the rest of the board.
- Contributing to good corporative governance.
- Providing management leadership and financial skills.
- Supporting executive directors and senior management.

- 
- Providing links to outside networks and connections.

### ***Main ways they add value***

Across all sectors, value is added primarily through them:

- Bringing their expertise and experience.
- Challenging executives.
- Executing good corporate governance.
- Contributing to strategic development.

Although as one private sector non-executive said: “*the non-executives should be tough, critical and insightful and be prepared to be unpopular*”.

### ***Key barriers to adding value***

Across all sectors, the key barriers to non-executives/trustees adding more value to their organisations and boards were:

- Insufficient time commitments.
- A lack of understanding of their role.

## **2. Skills**

The main expectations, required skills and skills gaps varied across the sectors, although some overlapped.

### *Private sector non-executives*

- The main skills requirements and expectations were: having extensive knowledge about the business of the company; understanding their duties; being able to practice good governance; and having expertise in marketing and management.
- Main skills gaps were seen as: a lack of knowledge in finance, governance and the skills of running a business.

### *Public organisation non-executives*

- The main skills requirements and expectations were having: broad experience; and the ability to absorb complex information quickly.
- Main skills gaps were seen as: the ability to challenge and question.

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### *Third sector trustees*

- The main skills requirements and expectations were to have: independence; leadership skills; diplomacy; strategic skills; and patience.
- The main skills gaps were: people's attitude; narrow views in their opinions; a lack of knowledge about finance; and a lack of knowledge about governance.

## **3. Training**

### *Training and skills development*

- Interviewees in all three sectors agreed that an induction should be provided for new non-executives and trustees.

Over 71.0%<sup>1</sup> of online survey participants from the private sector agreed with the need for additional skills development to improve the performance of non-executive directors on Scottish boards. Similar 75% of the respondents from public organisations and 78.7% of trustees of non-profit organisations suggested the need for more training provision.

### *Received training*

- In general, non-executives/trustees in all three sectors have the opportunity to participate in relevant training courses.
- The least amount of training was received by those in the private sector; while non-executives in public organisations were provided with good induction sessions plus the offer of on-going training.
- Within the Third sector, small charities seemed to lack the financial resources to provide much training, although in larger non-profit organisations, trustees received induction and on-going training.

### *What training is required?*

- Board members in all three sectors agreed that there was an urgent need for a more comprehensive induction.
- In private companies, it was thought that the performance of non-executives could be improved by greater training in finance.

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<sup>1</sup> The number of participants on the online survey answering this question was: 31/28/108 for the private/public/Third sector respectively.

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- Public sector non-executives required more training in areas such as finance, accountancy and law.
  - Within the Third sector, the most urgent training need was in governance.

#### **4. Recruitment**

##### *Identification of potential non-executives/trustees*

- New non-executives and trustees in both the private and Third sectors were usually found through networks, contacts and recommendations from friends.
- Only the public sector identified their non-executives primarily through a public advertisement process.

##### *Trouble finding suitable non-executives/trustees*

- Around three-quarters to two-thirds of interviewees (77% and 64% from the private and public sectors respectively) had no significant problems in identifying candidates for the board, although it was considered to be getting increasingly difficult to find a diverse range of people with the essential skills. Also this suggest over a quarter did have recruitment problems.
- In the Third sector, nearly 80% felt that their method of recruitment provided suitable trustees.

##### *Range and diversity of appointees*

- The majority of board members in all three sectors believed that their current recruitment methods did not provide sufficient non-executives/trustees with suitably diverse backgrounds. Female appointees were a significant minority in most Scottish boards.

##### *Key criteria for appointment*

- Within all sectors, broad experience and expertise from other boards were key criteria for the recruitment of new non-executives/trustees.
- For private sector interviewees, important criteria were the candidate's network, their ability to challenge the executives, and their generic skills.
- For Third sector trustees, having adequate knowledge in finance and strategy, the ability to listen and to question and a high level of integrity were considered key.



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*Development for staff to support them in gaining a non-executive/trustee role*

- The majority of interviewees, from all sectors, could not identify any initiatives in their own or in other organisations to support employed staff to secure a post as a non-executive/trustee.

*Existence of talent pool*

- Many interviewees from private companies confirmed the existence of a talent pool. However, it was felt that currently this pool was not properly utilised and was difficult to access. A source for potential talent often named was the Institute of Directors.
- Board members in the public and Third sectors were unaware of any talent pool on which they could draw, beside the Institute of Directors and the Scottish Council for Voluntary Organisations, but many thought the existence of a talent pool was much needed.

**5. Relationship between non-executives/trustees and executives**

*Relationship between board members*

- Interviewees in public and Third organisations generally described the relationship between non-executives/trustees and executives as “very good”, while the relationship of board members in the private sector was generally considered as being “good”.

*Improvement of relationships in boards*

- Board members within all sectors agreed that feedback from the chairman about their performance would lead to an improvement in their relationships.
- In private companies, greater time commitments, loyalty, respect, independence and more training would help create a good climate on boards.
- A willingness to challenge, knowledge about their roles as non-executives, confidence, respect and trust would help improve the already very good relationship between non-executives and executives in the public sector.
- Honesty in relationships and the willingness to challenge would help improve the already very good relationship in Third sector organisations.

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### *Measurement of board members' impact and appraisal*

- A form of evaluation in all three sectors was feedback from the Chair.
- However, small organisations in the private and Third sector usually had no formal appraisal. Organisations in the public sector and middle to large organisations in the private and Third sectors usually had formal appraisal systems.

### **Recommendations**

There is a need to *deepen and widen the expertise* of non-executives/trustees in areas such as finance, governance, law and accountancy.

- Offering increased on-going training, often funded by employers, is important.
- A comprehensive induction is important to help make sure that new appointees are aware of their roles and duties, and such induction should be improved.

Training opportunities for those *seeking to become* non-executive directors/trustees should be increased, and this should be done in a way that relatively inexperienced people can gain the required skills and join the pool of potential non-executives.

- For instance a relatively independent body, with wide support across various stakeholders in all three sectors, could provide or support the provision of such preliminary training.

There is the need for a *greater diversity of people* with a variety of backgrounds to become involved as non-executives/trustees, including more women, individuals from a variety of ethnic groups, those from various social groups and those from a younger age band.

- The current procedures for the recruitment of board members should be improved to provide a more diverse mixture of non-executives/trustees.
- A support network where women or other groups could learn the relevant basic skills and how to recognize and promote their existing skills, and where they can network, would be useful to promote diversity.
- The preliminary training for non-executive directors/trustees mentioned above could specifically target under-represented groups.

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## 1. Introduction

Scottish private companies, public sector bodies and Third sector organisations engage non-executive directors or trustees to help provide leadership, accountability and stewardship to their organisation. The overall purpose of this research is to investigate the contribution of non-executives and trustees and identify how this can be strengthened so as to add greater value to both to their organisation and to the wider Scottish society<sup>2</sup>.

This study specifically examines the contributions, roles, skills, training opportunities and recruitment procedures of non-executive directors on the boards of Scottish public and private organisations and trustees in Third sector organisations.

The study was funded by the Edinburgh Napier University Business School, in partnership with the Institute of Directors, the Commission for Ethical Standards in Public Life in Scotland and the Scottish Council for Voluntary Organisations. This research was initiated by the Steering Group of Karen Carlton<sup>3</sup>, Chris Donegan<sup>4</sup>, Charles Edwards<sup>5</sup>, John Ferguson<sup>6</sup>, George Stonehouse<sup>7</sup>, Ronald McQuaid<sup>8</sup> and David Watt<sup>9</sup>. All of them have experience of directorships and corporate governance in Scottish organisations.

The main research methods included:

- I. A review of the literature on the contribution of non-executive directors to boards, organisations and society
- II. Semi-structured, face-to-face (or in some case telephone) interviews with 30 experienced non-executive and executive directors of Scottish boards,

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<sup>2</sup> The contributions of non-executives directors/trustees were noted, for instance, in the Higgs Report (2003) 'Review of the role and effectiveness of non-executive directors' (DTI, London) and the Tyson Report (2003) 'on the Recruitment and Development of Non-Executive Directors' (London Business School).

<sup>3</sup> Public Appointments Commissioner for Scotland (end of appointment on 31<sup>st</sup> May 2012).

<sup>4</sup> Client Director of the Edinburgh Institute for Leadership & Management Practice at the Edinburgh Napier University.

<sup>5</sup> Director of the Edinburgh Institute of Leadership & Management Practice (EILMP) at the Edinburgh Napier University.

<sup>6</sup> Director of Development and Programmes, Scottish Council for Voluntary Organisations (SCVO).

<sup>7</sup> Dean of the Business School, Edinburgh Napier University.

<sup>8</sup> Director of the Employment Research Institute (ERI) at the Edinburgh Napier University.

<sup>9</sup> Director of the Institute of Directors (IoD).

including chairs (10 each from private companies, public sector bodies and Third sector organisations, see Table 1).

**Table 1. Overview of face-to-face/phone respondents**

Type of Director	Private Sector	Public Sector	Third Sector
Non-executive/trustees	5	4	6
Chairman	4	6	2
Executives/Others	1	0	2
<b>TOTAL</b>	<b>10</b>	<b>10</b>	<b>10</b>
Women	1	2	2
Men	9	8	8

- III. Separate online surveys of non-executives and executive directors were conducted for each sector, using both open and closed questions. The mailing lists were from the Steering Group members' organisations and interviewees. The number of responses was 274: 47 from the private sector, 42 from the public sector and 185 from the Third sector (Table 2).

**Table 2. Participants in the online survey**

Type of Director	Private Sector	Public Sector	Third Sector
Non-executive/trustees	88% (41)	98% (41)	96% (178)
Chairperson	6% (3)	2% (1)	1% (2)
Other	6% (3)	0	3% (5)
Total number	100% (47)	100% (42)	100% (185)

Hence the results are based upon a total of 309 face-to-face interviews and online responses.

Generally the private sector directors held more current directorships (with an average/median of 3) compared to those in the public sector (1) or the Third sector (2) (Table 3).

**Table 3. Board posts held by respondents held at the time of survey (online)**

Number of non-executive or trustee posts held	1	2	3	4	+5
Private sector					
Non-executive	24.2%	21.2%	24.2%	18.2%	12.1%
Public sector					
Non-executive	48.0%	16.0%	20.0%	8.3%	8.4%
Third sector					
Non-executive/trustees	57.9%	24.0%	11.6%	4.1%	2.5%

The report is structured as follows:

Section 2 what the respondents felt to be the main contributions of non-executive directors/trustees

Section 3 the skills required of non-executives/trustees

Section 4 the training needs of non-executives/trustees

Section 5 the recruitment of non-executives/trustees

Section 5 the relationship between non-executives/trustees and executives

Section 7 the conclusions from the research and brief recommendations.

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## 2. Roles and contributions of non-executive directors/trustees

### 2.1 The main roles of non-executive directors/trustees

#### *All sectors*

Participants were asked, in an open question, to describe what they considered to be the main roles of non-executive directors/trustees. Across all three sectors these revolved around their:

- Contributing to business strategy.
- Constructively challenging the executives and the rest of the board.
- Contributing to good corporate governance.
- Providing management leadership and financial skills.
- Supporting executive directors and senior management.
- Providing links to outside networks and connections.

#### *Private sector*

Private sector respondents emphasised the role of non-executive directors in their contribution to:

- *Experience and Strategy*: helping to develop, monitor and review the organisation's strategy, based on their broad experience as board members and ensuring suitable responses to strategies were brought forward by the executive managers. A third (33.8%) of online interviewees in the private sector named work experience on boards of organisations in more than one sector as a main source of contribution of non-executives/trustees<sup>10</sup>. Knowledge about business structure and business plans was mentioned as a main role by 9.4% of the private sector respondent. Some 31.2% named the ability to contribute to the business strategy.
- *Independent thinking*: The importance of being independent in their opinion making was included as one of their main roles in the private sector. Three of the private sector face-to-face interviewees said that bringing an independent, objective and external perspective into the board was important, and one interview noted: "*non-executives should be tough, critical and insightful and be prepared to be unpopular*".

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<sup>10</sup> The percentages are of the online survey respondents and comments from the face-to-face interviewees.

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- *Management and Support*: helping executives identify key issues and supporting executives to make better decisions (9.4%).
  - *Scrutiny*: scrutinizing and constructively challenging executives in a diplomatic way (12.5%).
  - *Governance*: promoting good governance (21.9%). This should not, however, include interference in the day-to-day operation and running of the organisation.
  - *Acting as a bridge*: providing connections and access to outside networks and organisations (6.2%).

### *Public sector*

Public sector respondents emphasised the role in their contribution to:

- *Experience and Strategy*: Some 48.3% of participants from the public sector considered contributing to strategy development as major a role of non-executives. Knowledge about business structures and business plans was mentioned as a main role by 10.3% and the ability to contribute to the business strategy by 34.5%.
- *Management and Support*: helping executives identify key issues and supporting executives to make better decisions (20.7% of online respondents).
- *Scrutiny*: scrutinizing and constructively challenging executives, in a diplomatic way (13.8%). One public sector board member commented: “*Non-executive directors have to analyse what is going on within the organization and then challenge (it) if it doesn't meet the strategy which was agreed on*”.
- *Governance*: promoting good governance was raised by a quarter (24.1%) of online respondents. It was noted that this should not, however, include interference in the day-to-day operation and running of the organisation.
- *Acting as a bridge*: seemed to be of less importance for board members in the public sector than for those in the private and Third sectors.
- *Network connections*: were named as main role by 6.9% of the public sector.

### *Third sector*

Third sector respondents emphasised the role of trustees in contributing:

- *Experience and Strategy*: 69.3% of the Third sector respondents stated that the role was to contribute to the organisation's strategy by helping to develop, monitor and review it based on the broad experience board members have, including

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ensuring suitable responses to strategies brought forward by the executive managers. Knowledge about the business structure and business plans was mentioned as a main role by 30.7% of the Third sector and the ability to contribute to the business strategy by 18.4%.

- *Independent thinking*: bringing an independent, objective, external perspective (10%).
- *Management and Support*: helping executives identifying key issues and supporting them to make better decisions (22.8%).
- *Scrutiny*: scrutinizing and constructively challenging executives, in a diplomatic way (22.8%).
- *Governance*: promote good governance (20.2%).
- *Acting as a bridge*: providing connections and access to outside networks (5.2%).

## **2.2 Main ways in which non-executive directors/trustees add value to their organisations**

### *All sectors*

When asked in an open question in the online survey and face-to-face interviews how board members could add value to their organisation, participants generally stated the importance of:

- Bringing experience and expertise to the board.
- Contributing to the strategies suggested by executives.
- Challenging the management if a strategy or action of executives was questionable and making the executives face up to their major challenges.
- Bringing their broader experience to the organisation.
- Contributing their specific expertise.
- Supporting the good governance of the board.

### *Private sector<sup>11</sup>*

In the private sector, non-executives particularly felt that it was essential that board members: are clear about the duties connected to their role and are informed about the business of the organisation (29.0%); provide their experience and expertise (24.4%); contribute to the business' strategy (20.9%); support but also monitor

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<sup>11</sup> Not all respondents answered this question, so the number of respondents = 28/28/98 for the private/public and Third sectors respectively.



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executive directors (10.4%); and ensure good governance (9.3%). As one interviewee said: *“non-executives must be supportive and insightful to the executives but must understand the business and what needs to be done”*.

However, it was noted that not all executives recognised the important role of non-executives: *“People who say they do not need non-executives are missing a huge amount and (are) closing their minds to anything new. The key is to convince people that they need non-executives – there is a need to extol the benefits of non-executives in all three sectors”*.

#### *Public sector*

For 47.3% of board members in the public sector, value was added by their experience, expertise and knowledge about the business of their organisation. Their contribution towards strategic decision making was important for 18.5%. Monitoring as well as the supporting of colleagues was mentioned by 9.3% and 8.2% respectively.

#### *Third sector*

In the Third sector, 50.0% thought that expertise, experience and knowledge about the organisation added great value. Advice during the strategic decision making process was an important contribution cited by 22.0% of online participants. Trustees were also seen as adding value through monitoring executives (11.0%) and providing support to executives (9.7%).

### **2.3 Key barriers preventing non-executive directors/trustees from adding value to their organisations**

#### *All sectors*

While board members/trustees of each sector differed widely in their perception of barriers preventing non-executives/trustees from adding value to the board performance, they mainly agreed on the negative effects of:

- Limited time commitment of the non-executives/trustees (private sector: 78.5%, public sector: 50%, Third sector: 58.7%).

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- A lack of understanding of their role as non-executives/trustees, particularly in the public and Third sectors (private sector: 7.1%, public sector: 16.6%, Third sector: 28.9%).

#### *Private sector*

Some 35.7% of the online respondents from the private sector stated that executives withhold detailed information about strategies and performance of the organisation. A lack of accountancy, management and business skills was a further key barrier to non-executives fulfilling their role properly (21.4%).

Another issue concerns the attitudes held by some executive directors such as those: *“executives who do not listen and are not prepared to learn. The longer you are in a job, the less willing you are to learn.”*

#### *Public sector*

Missing expertise in accountancy skills was named by 16.6% of public sector participants as a main barrier to their contributing more. Furthermore, an eighth (12.5%) stated that missing information from executives about the performance of the organisation hindered non-executive performance.

#### *Third sector*

The Third sector differs from the two other sectors as sometimes *“there is a fine line between executive trustees and non-executive(s)”*. Further major barriers for trustees include: too little training (17.9%); not wishing to contribute to decision-making, often due to the limited experience (7.3%); lacking understanding of their role (11.5%); and a lack of business knowledge concerning the non-profit organisation (4.2%).

## **2.4 How could non-executives/trustees improve the value they add?**

The responses to an open question on how non-executives/trustees could improve their value added to the organisation varied considerably across the sectors.

#### *Private sector*

In order to improve performance, some 19.0% of online respondents stressed the importance of providing non-executives with feedback about their performance on the

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board by both the chairman and executives. However, relatively few cases of good, systematic evaluation of board members were identified (see 6.3 below). The need for non-executives to have a better understanding in strategic development as well as a “*stronger contribution to strategy development*” was suggested by some 28.5%. A third of the interviewees from the private sector online survey thought that there was no need to improve the value added by non-executives, although some felt that focussing more on different issues would improve performance: “*We spend too much time on less important things and not enough on important issues*”.

#### *Public sector*

Public sector respondents suggested that improvements were partly located in the hands of the non-executives themselves as their value added could be improved through greater availability and time commitments (20.8%). They also stressed that improved involvement in strategic development (20.8%), as well as knowledge of the business (8.3%), would help them add more value. Suggestions to help solve the lack of expertise were to offer more training (4.5%) and to appoint non-executives with considerable work experience (29.1%). One participant commented: “*We should be given more opportunities to meet as a non-exec team*”. Overall, some 16.6% thought the board was working well as it is.

#### *Third sector*

The Third sector participants also cited the need to make a greater time commitment with 47.5% arguing this was key to improving value added. It may be that the voluntary nature of trustees may lead to an over commitment or a lack of prioritizing time for board related activities. A greater time commitment might also assist in meeting the need for greater participation, enthusiasm and better preparation that would increase the value added. Broader experience of trustees, gained for instance through training, would also boost their value to their boards (30%). Not contributing their opinion on the strategic development of the organisation and trustees having a too narrow view was a problem identified by an eighth (12.5%) of respondents.

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### **3. Skills of non-executive directors/trustees**

#### **3.1 The main skills required of a non-executive director/trustee**

In the face-to-face interviews, respondents were asked “What are the main skills required of a non-executive/trustee?” Across all sectors, particularly the public sector, this included the ability to effectively challenge executives. Good communication skills were highlighted by around a quarter to a third of respondents in all sectors. However, in general each sector specified different skills.

##### *Private sector*

Respondents from private companies emphasised skills relating to:

- The ability to listen.
- The ability to ask appropriate questions.
- Having good basic business skills such as business planning, budgeting, risk assessment, and understanding finance.
- The ability to look beyond the short-term – in a rigorous way.

According to participants, these skills should be based upon an understanding of: *“the experience and understanding of what the executive team is going through, but being supportive and insightful in contributing to the process.”*

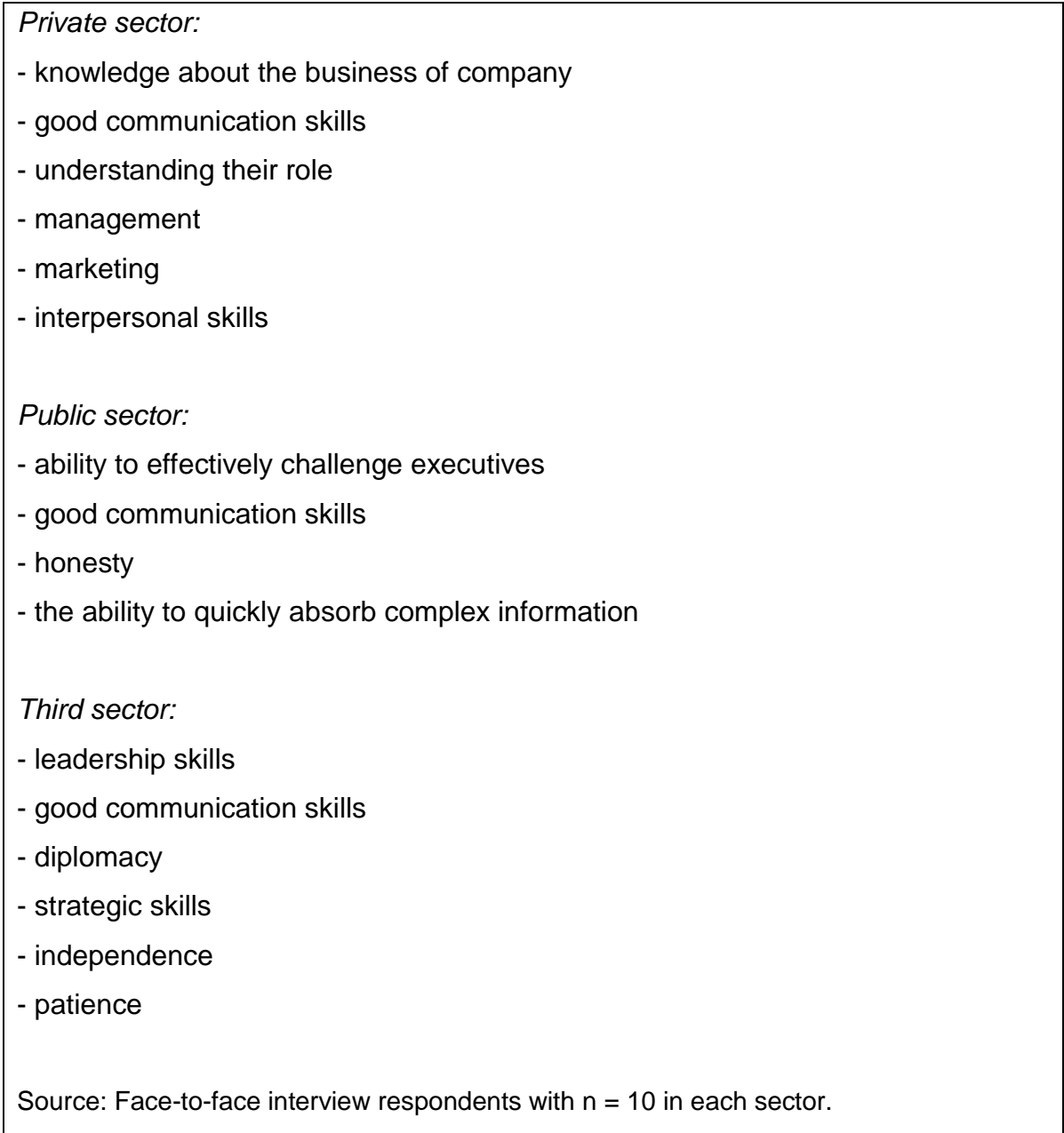
##### *Public sector*

Respondents from the public sector thought that honesty, broad experience and the ability to quickly absorb complex information were important.

##### *Third sector*

Respondents from the Third sector mentioned the requirements of trustees as including leadership and strategic skills, as well as interpersonal skills such as diplomacy, independence and patience.

**Figure 1. The main skills required of a non-executive director/trustee**



**3.2 The main skill gaps**

When asked in the face-to-face interview: “What are the main skill gaps in non-executive directors?” the responses varied across each sector, although skills related to good governance were somewhat limited across all three sectors (especially in the private sector). Furthermore, some interviewees felt that appointed non-executives should have experience and the skill to run a company and know about the business of that company.

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### *Private sector*

Four of the ten face-to-face interviewees in the private sector identified a lack of knowledge of finance among non-executive directors. Furthermore, a lack of knowledge about the structure or operation of the market in which organisation was operating, as well as a lack of knowledge of the specifics about the organisation were all noted by three interviewees.

One respondent commented that too few non-executives had the: *“Preparedness to make the big decision and to do something about it; too many people (non-executive directors) are too comfortable.”* It was further considered that: *“The main gap for many non-executives is that they have never run a company”*, although this criterion would exclude many non-executives.

Evaluations can help identify gaps in technical skills (and this would usually be done at the appointment or the departure of non-executives). However, the personalities of the non-executives should also be considered (e.g. identifying those who are ‘starters’, ‘visionaries’ and those who are ‘finishers’ etc.) so as to ensure a balanced board.

### *Public sector*

Over a third of face-to-face interviewees from the public sector were convinced that there were no skill gaps on their board as a whole, as new non-executives would be appointed to fill the skill gap should this prove necessary. It was accepted that individual non-executives will have skill gaps. However, the skill to challenge and ask executives pertinent questions was considered to be a major gap among board members of public organisations.

### *Third sector*

Nearly half of trustees in non-profit organisations cited a lack of skills in finance and a fifth cited a lack in governance skills. However, the attitudes of trustees, rather than specific skill gaps, were also mentioned.

## 4. Training needs of non-executive directors/trustees

This section considers the responses of both face-to-face and online responses to current training and support for non-executives/trustees and their training needs.

### 4.1 Current training or skills development for non-executives/trustees

The online survey asked the question “In your organisation, what training is currently provided for non-executives/trustees and who provides this training?”<sup>12</sup>. Induction training is provided by most organisations, although its intensity differs widely.

**Table 4. Training provider (percentage)**

Training provided:	Private sector		
	Technical/legal	Generic/strategic	Mentoring
-Within the organisation(n=10)	60.0	60.0	30.0
-Outside of the organisation (n=12)	83.3	50.0	41.7
	Public sector		
	Technical/legal	Generic/strategic	Mentoring
-Within the organisation(n=24)	54.2	95.8	25.0
-Outside of the organisation (n=13)	69.2	69.2	15.4
	Third sector		
	Technical/legal	Generic/strategic	Mentoring
-Within the organisation(n=72)	45.8	91.7	23.6
-Outside of the organisation (n=45)	64.4	55.6	17.8

Source: Online survey with n=19 for the private sector, n=26 for the public sector and n=87 for the Third sector.

#### *Private sector*

Large private organisations with more than 250 employees offered considerable on-going skills development for their non-executives. Training opportunities from the Institute of Directors (external training) as well as mentoring (in-house training and

<sup>12</sup> Not all respondents answered this question, n = 19/26/87 for the private/public and Third sectors respectively.

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skills development) were offered to non-executives. Most of the named training in the private sector covered technical and legal areas.

In the face-to-face interviews, comments from non-executives in the private sector included requests for an improved induction containing information about the sector, the business of the organisations and the role of a non-executive.

One senior non-executive director said: *“Individuals who are serious about the (non-executive director) role should also put themselves through different training experiences including Chartered Director”*.

#### *Public sector*

Generally inductions in the public sector were considered to be satisfactory in terms of content. The majority of participants in the public sector surveys also agreed that there were many opportunities for skills development – mostly generic and strategic (training was offered to 95.8% of the non-executives).

#### *Third sector*

A very large proportion of the non-profit organisations with more than 250 employees offered on-going skills development to their trustees. Most training and skills development given in the Third sector offered strategic training, as well as technical and legal training or skills development. However, middle and smaller organisations in the Third sector struggled to offer training for their trustees as the costs for providing training courses and workshops could not be covered. Thus, to fill any skills gaps, rather than filling the missing skills through training, new trustees are appointed.

In the face-to-face interviews some trustees in Third sector organisations criticised the induction provided and requested a more detailed induction, offering a better overview and more information about the organisation’s structure, performance and their tasks as trustees.



**4.2 Current training received by non-executive directors/trustees**

Participants in the online surveys in all three sectors were given a ‘tick box’ question, asking if they received any training while being a board member and if yes, when and where it was provided.

Training was much less prevalent in the private sector than in the other sectors. Figure 2 indicates that over half (58.6%) of private sector non-executives had received no training – or all their training was self-funded from external bodies over many years. This was far more than in the public (28.6%) or Third (41.4%) sectors.

*Private sector*

Just over a quarter (27%) of new non-executives in the private sector had training at induction or in their first year but only 20% received on-going training.

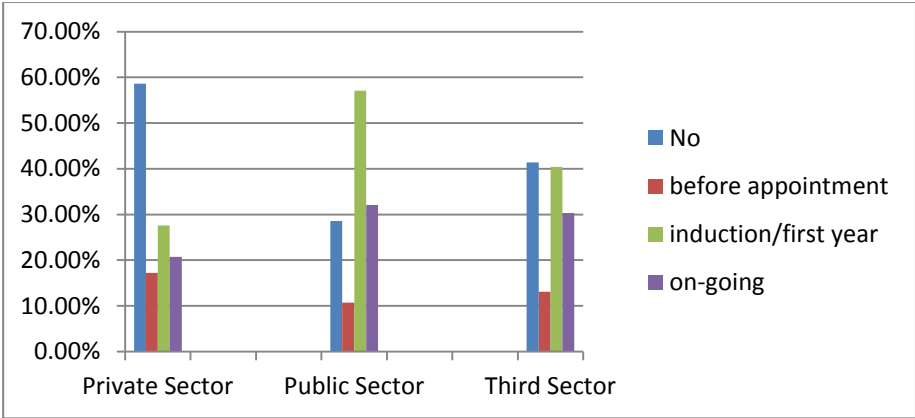
*Public sector*

Over half (57%) of the public sector received training at induction or during the first year; 32% received training throughout their appointment, of which about 55% had also been offered induction training.

*Third sector*

Some 40% of Third sector trustees had the opportunity to participate in training at, or shortly after, induction. 30% of trustees had on-going training.

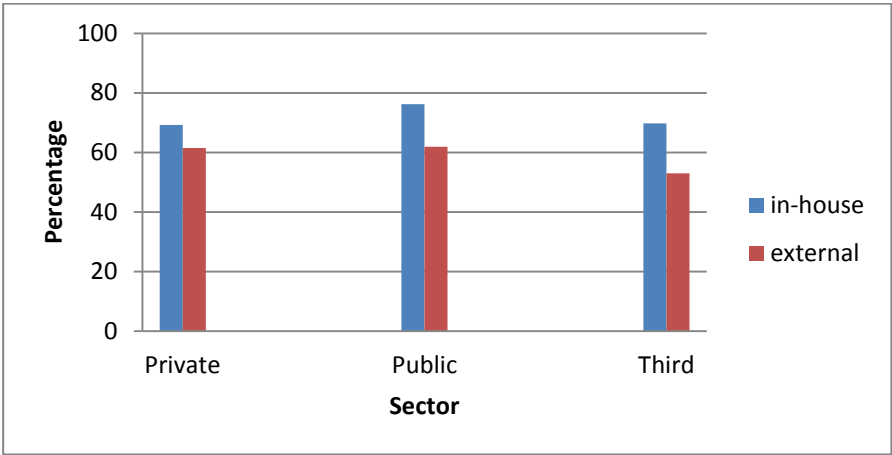
**Figure 2. Percentage of non-executives/trustees receiving training (respondents could answer more than once)**



Source: Online survey with n=31 for private, n=28 for public and n=102 for the Third sectors.

Most training for non-executives/trustees in all sectors was provided in-house (private sector 69.2%, public sector 76.2%, Third sector 69.7%) (see Figure 3).

**Figure 3. In-house and external training for non-executives/trustees (%)**



Source: Online survey with n=15 for private, n=21 for public and n=68 for the Third sectors.

One chairman commented on the perception that non-executive directors are assumed to know everything that they need to know about their role: *“There is embarrassment to say that someone needs training (people think that non-executive directors are hired because they have all needed skills!). Hence the training should be like an update course (e.g. about finances)”*.

**4.3 Other support for non-executive directors/trustees in the organisations**

The face-to-face interviews found that many respondents struggled to think of any support for non-executives/trustees. However, in addition to training, other kinds of support such as informal meetings with the chairman or briefings with other board members are sometimes provided (Table 4). Regular meetings with the chairman were the major form of support given to board members and to provide feedback on their performance and was the major source of advice of how to improve their performance on the board.

**Table 4. Support available for non-executive directors/trustees (percentage)**

<b>Support</b>	<b>Private sector</b>	<b>Public sector</b>	<b>Third sector</b>
Meeting with chairman	30%	50%	50%
Mentoring	30%	10%	20%
Meetings between board members	20%	20%	0%
No support	20%	10%	20%
Other	0%	10%	10%

Source: Face-to-face interviews with each n = 10.

*Private sector*

Mentoring, as a form of support for non-executives, is conducted in many private companies and some argued that: *“Mentoring is better than training for getting the ‘edge’ to be a good non-executive”*.

*Public sector*

In most public organisations, mentoring as a form of input was uncommon. Two interviewees from the public sector pointed out that informal talks and meetings with executives helped to improve their performance.

*Third sector*

One-to-one discussions with the chairman was a form of support given to around half of trustees in third sector organisations.

**4.4 Main training needed to improve the performance of non-executive directors/trustees in general**

*All sectors*

In response to the question: “Do non-executives/trustees need additional training?” all face-to-face interviewees from the three sectors agreed that the induction for newly appointed non-executives/trustees should be intensified by giving a detailed overview over their role, the business of the organisation and their legal responsibilities. Emphasis was put on the need for a greater number of on-going training opportunities.

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In the online survey there was also high support for this. Over 71.0%<sup>13</sup> of online survey participants from the private sector agreed with the need for additional skills development to improve the performance of non-executive directors on Scottish boards. Around 75% of the respondents from public organisations saw a need for more training. Around 78.7% of trustees of non-profit organisations suggested the need for more training provision.

Generally, some 21.3% (Third sector) to 29% (private sector) agreed that: *“Training should not be necessary as non-executives are hired because of their skills and expertise”*.

### **What kind of training is needed?**

Based on findings from the open question administered in the face-to-face interviews and the online survey, all three sectors ask for a comprehensive induction at the start of an appointment, including extensive training about their role on boards.

#### *Private sector*

Private sector non-executives supported more training finance, although there was also a need to improve knowledge in law, legislation and accountancy.

#### *Public sector*

Similar to the private sector, non-executives in public organisation saw the need for training in finances and management.

#### *Third sector*

Online survey participants from non-profit organisations, however, wanted to see skills developments in governance for their trustees.

### **How should the training be funded?**

Interviewees from the face-to-face interviews in all three sectors said that the organisation should pay for skills development, as better trained board members would improve their board’s performance.

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<sup>13</sup> The number of participants on the online survey for the private/public/Third sector was n = 31/28/108.

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*Private sector*

Half (50%) thought that all training should be self-funded. Often it was argued that new non-executives would be appointed to fill any skill gaps or that existing non-executives, especially in the private sector, do not need any skills development, thus they should pay for any training if they think it necessary. However, the other half (50%) thought that financial support for skills development should be given by the company.

*Public sector*

Any training provided in the public sector was funded by the organisation.

*Third sector*

Within the Third sector, 80% argued that the Third sector organisation should fund any necessary training.

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## 5. Recruitment of non-executive directors/trustees

### 5.1 How do organisations identify potential non-executive directors/trustees?

Online and face-to-face participants were asked, via a question with a menu of choices: “How does your organisation mainly recruit non-executives/trustees?” Each sector employed different ways of identifying new board members.

#### *Private sector*

The online participants from the private sector named personal contacts, recommendations and the approach of individuals through a network of friends. Some 72.7% of non-executives in the private sector are identified in this way (Figure 4). Only 15.2% of private board members were found by advertisement and 12.1% through head-hunters.

In the face-to-face survey, a senior private sector non-executive director stated: *“Most of identification of potential non-executives is through ‘who you know’ or ‘who you have previously worked with....’ Companies also often use head-hunters, but they can be expensive.”*

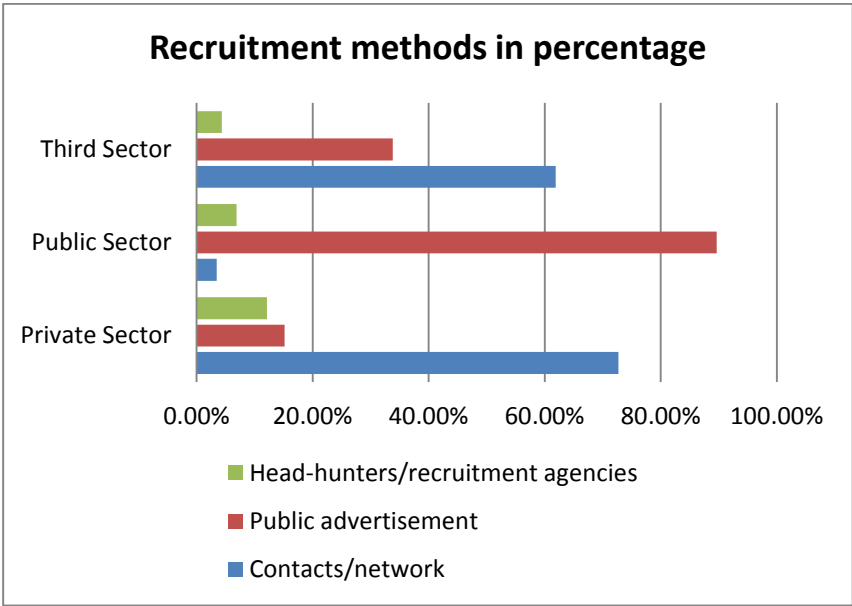
#### *Public sector*

Public sector organisations predominantly used advertisements (89.7%). Only 6.9% of new appointees were found via recruitment agencies. A very small minority of 3.4% were approached by public board members.

#### *Third sector*

The majority (61.9%) of recruitment of new trustees was done through networks and connections. A third (33.8%) of appointees were selected through a public advertisement process. Recruitment agencies were used with 4.3% of the respondents’ organisations.

**Figure 1. Identification of potential non-executive directors/trustees in %**



Source: Online survey with n=30 for private, n=28 for public and n=100 for the Third sectors.

**5.2 Ease of finding suitable non-executive directors/trustees**

Participants were asked the question: “Do these methods provide a suitable range and diversity of non-executives/trustees for the board?”

*Private sector*

77.4% of online respondents from private companies (n = 31) identified no problem with finding suitable people for their board (Figure 5). In addition, face-to-face interviewee suggested that recruitment methods of contacts and recommendations resulted in the appointment of similarly minded and qualified individuals to the board, could lead to group thinking. The employment of head-hunters seemed to involve further difficulties, as head-hunters try to save recruitment costs by going back to people they already know instead of searching for new talent. It was emphasized that a higher diversity of board members is needed, for example by including more women and people from ethnic minority backgrounds.

*Public sector*

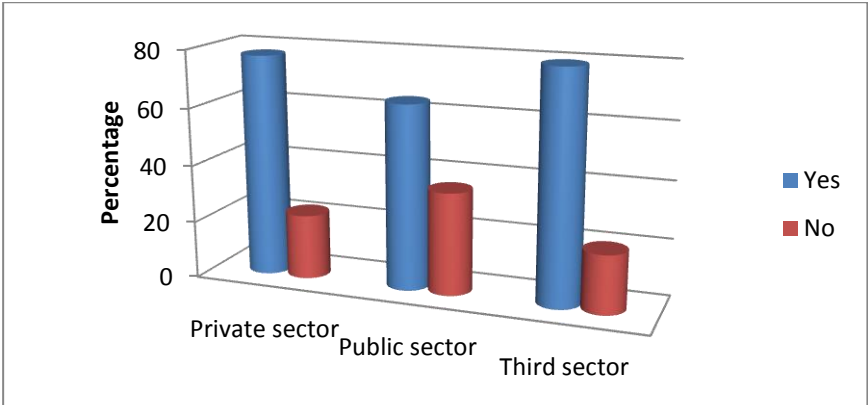
Whereas the majority of public board members in the online survey (64.3% with n = 28) agreed that there were no problems in finding suitable non-executives, this

means that a third considered that there was a problem. A face-to-face interviewee considered that it seemed to be difficult to find people with the required skills among potential non-executives applying for a post on a public board. As with the private sector, a need for a more diverse board was also expressed.

*Third sector*

Board members from the Third sector were divided in their opinion about the problems of finding suitable trustees. Some 79.6% of the online participants (n = 103) did not have trouble in identifying suitable and diverse board members, but this means a fifth did feel that there was an issue. A board member suggested that “*there are problems finding trustees, mainly because it is an unpaid job*”. Interviewees also claimed a higher diversity and a good gender mix on boards would be beneficial.

**Figure 2. Do current recruitment methods provide suitable non-executives/trustees?**



Source: Online survey with n=31 for private, n=28 for public and n=103 for the Third sectors.

**5.3 Key criteria for choosing a non-executive director/trustee**

Participants were asked: “In your experience, how have organisations identified potential non-executive directors?” Across all sectors many agreed that broad experience and expertise gained from other boards and from other sectors is important (private sector 26.1%; public sector 22.2%; Third sector: 55.5%).



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### *Private sector*

A quarter (26.1%) of private sector online participants suggested that the broad employment experience and expertise of a potential new non-executive is the important factor in the recruitment process. Existing skills gaps on a private sector board form another important recruitment criteria (17.4%). However, the new board members are also expected to have good network connections (8.7%), the ability to challenge executives (8.7%) and possess generic skills (8.7%).

Private sector recruiters look for a series of characteristics among non-executive directors including:

- Knowledge of sector (4.3%).
- Characteristics – having a ‘hard’ edge (and ability to make hard decisions) (4.3%).
- Having a good network to utilise (8.7%).
- People with a track record (having done something significant) (8.7%).
- Having respect of others (mainly through their track record) (13.0%).

The added characteristics named in the private sector for a chair include:

- Proof through experience that he/she understands complexity of company/business.
- Soft skills of listening, questioning and mentoring.

### *Public sector*

Over 55.5% of board members in the public sector think that new non-executives should be recruited to fill existing skill gaps. *“Our skill matrix is constantly updated. The chair checks regularly which skills are missing and then advertises for new non-executive with those needed skills.”* Furthermore, the new appointees should have generic skills (22.2%) and work experience in other boards and sectors (22.2%).

### *Third sector*

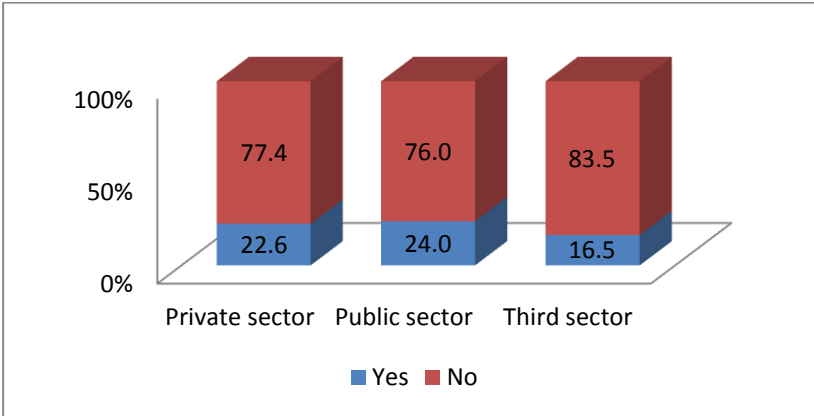
For the recruitment process of trustees in the Third sector, face-to-face interviewees answered that new trustees with broad knowledge in finance, strategic development, integrity (55.5%) and soft skills (22.2%) such as the ability to listen and to question are required.

**5.4 Development support for staff with the potential to gain a non-executive director/trustee role**

*All sectors*

When considering the search for potential non-executives and trustees, it was of interest to see if the organisations of the respondents actually support their employees in any form to gain qualifications for a non-executive/trustee post. The tick box question, “Does your organisation provide development for your staff with potential, to support them in gaining a non-executive/trustee role?” from the online survey was answered by n = 31/25/97 respondents from the private/public/Third sector. However, a negative answer was received from the majority of board members from all three sectors (Figure 6). Whereas a large proportion (84%) of the respondents knew of no support for staff to gain a trustee post in the Third sector, around 77% of the board members from the private and 76% from the public sector knew of no provision in such matters. Thus, there does seem to be some form of skills development for staff within private and public organisations.

**Figure 3. Development for staff to support them in gaining a non-executive director/trustee role**



Source: Online survey with n = 31/25/97 participants from the private/public/Third sector.

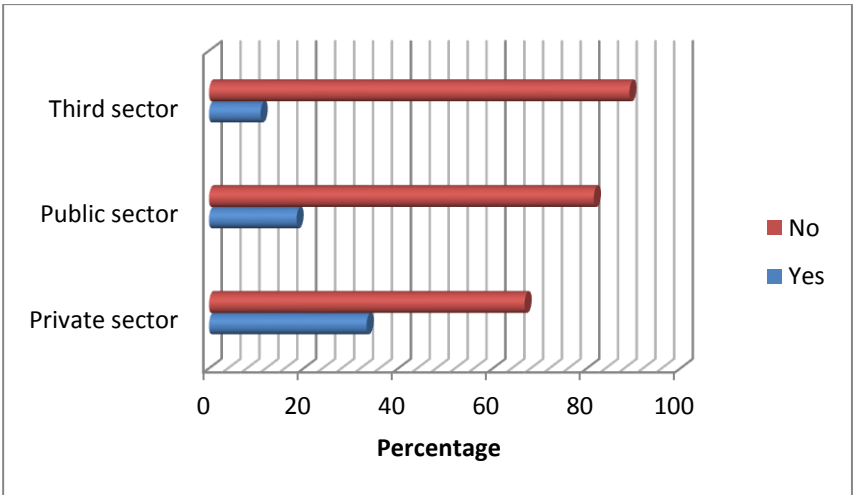
A participant at the online survey commented “*We encourage senior staff to play their parts in society through being councillors, members of professional bodies and Third sector contributors by giving support and time off etc.*”.

**5.5 Supporting the development of those preparing for a non-executive director/trustee role**

All sectors

In the online survey, participants were asked in a tick box question asking “Are you aware of other organisations supporting the development of their own staff or others in preparing for a non-executive/trustee role?” Although the majority of respondents to the online survey from all three sectors suggested that they did not have any support for staff to develop for the post of a non-executive/trustees (private sector: 66.7%, public sector: 81.5%, Third sector: 89.1%), around 10.9% (Third sector) to 33.3% (private sector) and 18.5% (public sector) of the respondents assume that there are other organisations and institutions which help staff to become non-executives or trustees. As an example, the Institute of Directors and government bodies were named in face-to-face interviews concerning organisations that may support those preparing for a non-executive/trustee role.

**Figure 4. Are other organisations supporting the preparation for a non-executive director/trustee role?**



Source: Data from the online survey with n = 30/27/101 participants in the private/public/Third sectors.

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## 5.6 Is there a talent pool in Scotland that will provide the next generation of non-executive directors/trustees?

### *All sectors*

The answers, given by the face-to-face interviewees, as to whether there was an existing talent pool in Scotland differed greatly between private sector non-executives and those in the public and Third sectors.

### *Private sector*

Nearly all of the face-to-face interviewees (90.0%) from the private sector confirmed the existence of a talent pool, it was pointed out that the latter was not really utilized and was difficult to access. Furthermore, potential talent for private boards could be found through the Institute of Directors (IoD) and associations such as the Institute of Chartered Accountants of Scotland (ICAS). However, should a widely accessible talent pool be founded, it should be administered by a neutral institution.

### *Public sector*

Some 80% of face-to-face interviewees from public organisations knew nothing of a talent pool organisation in Scotland, but would prefer the existence of one. In addition to the need for a talent pool within the public sector, there was a call for greater diversity that included young people as well as a higher number of women as members.

One senior board member commented: *“As early retirement gets more and more difficult with the higher retirement age, the pool of potential people for non-executive job gets smaller”*.

### *Third sector*

Contrary to the private companies, 60% face-to-face respondents from the Third sector felt there was not a formal talent pool or were not sure whether one existed. Nonetheless, the need for a talent pool was expressed as *“there is talent in Scotland, which should be managed by a neutral source”*. Interviewees named the Scottish Council for Voluntary Organisations (SCVO) and the Institute of Directors (IoD) as potential sources for a talent pool.

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## **6. Non-executive/trustee relationships with executive directors**

### **6.1 The relationship between non-executive/trustee and executive directors**

#### *All sectors*

A 'tick box' question was used in both face-to-face interviews and the online survey<sup>14</sup> asking "How would you rate the relationship between the non-executives/trustees and the executive directors on the board?" Overall the responses were very positive. A general problem within the relationship between non-executives/trustees and executives seemed to be that *"executives need to understand what non-executives/trustees do and contribute. That would be improving the relationship and then one would get a more balanced relationship"*.

#### *Private sector*

Some 87.1% of the private sector online respondents thought of the relationship as "good and very good" and 54.8% agreed they were "very good". Face-to-face interviewees suggested greater loyalty, mutual respect, trust and independence of the non-executives and readiness of the latter to express their opinion as ways to improve the relationship between non-executive and executive directors in private companies.

#### *Public sector*

Some 89.3% of the public sector board members thought of the relationship as "good and very good". However, 3.6% of board members in public organisations described the relationship between non-executives and executive directors as "poor" while none in the private or Third sectors expressed this. During the face-to-face interviews worries about the current relationship between board members were identified. On the boards of public organisations, the relationship seems to be so good that there is the danger of getting too comfortable and "cosy" with each other, diminishing the process of critical challenge. In addition, executives were sometimes felt to withhold information which makes it difficult for non-executives to ask the right questions.

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<sup>14</sup> The findings base on the online survey with n = 31/28/100 in the private/public/Third sector.

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Interviewees and respondents to the survey from the public sector added, that the performance of the board, and thus of the organization, depends largely on the relationship between non-executives and executives. The better the relationship, the better the board's performance.

#### *Third sector*

Around 90.0% of the Third sector board members thought the relationship was "good and very good" with over half of the online survey participants (56.0%) thinking it was "very good". Statements in the face-to-face interviews were made, drawing a picture that members of Third sector organisations seemed to be very happy with the relationship in their boards. There seemed to be a lot of honesty and openness between board members, leading to a willingness to challenge during meetings.

## **6.2 Improving the relationship and support provided by executives**

#### *All sectors*

Participants in the face-to-face interviews were asked how to improve the relationship between executives and non-executives. Interviewees of all three sectors agree that the performance of both non- and executive director and trustees could be improved by more feedback about their performance from the chairman, for instance in the form of informal one-to-one meetings.

#### *Private sector*

Board members in private companies felt that improvements could be made through a greater time commitment, loyalty between all parties, more detailed feedback from the chairman and also through more training in skills they lack.

Respondents made the following comments:

- *"The chair will need a strong relationship with the CEO and Director of Finance, otherwise there may be problems."*
- *"The relationship should be marked by openness on both sides."*
- *"A good relationship is when non-executives are willing to ask questions – and executives are ready to provide answers and vice-versa."*

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- *“Chair needs good rapport with the CEO but should not do CEO’s job for them.”*
  - *“(The) CEO needs to feel comfortable that he can tap into chair’s experience without feeling embarrassed.”*

As one senior non-executive director said: the non-executive directors and the executives *“should have an open book to the big issues: future planning, future proofing of the organisation, future success and future risks.”* Relationships can be improved by *“being open about the business and not dodging or defensive.”*

#### *Public sector*

Within the public sector, improvements in the relationship between board members could be achieved by changes in the attitude of non-executives. For example, the willingness to challenge, better knowledge about their roles as non-executives as well as confidence, could lead to better working relationships on boards. Executives should start respecting and trusting non-executives.

#### *Third sector*

Although the atmosphere on boards of non-profit organisations is already “very good”, a higher degree of honesty and the willingness to challenge would improve the latter. Furthermore, more informal meetings between the board members as well as with the chairman would lead to a better relationship.

### **6.3 Measuring and evaluating the impact of the board directors**

#### *All sectors*

In the face-to-face interview, board members/trustees were asked: “In your experience, is the impact of the Board directors measured or evaluated? Can you please give examples?” The following comment expresses the view of many interviewees: *“The chairman has the key role to see a crisis on board coming and to keep the people calm. He should give feedback to non-executives and executives”*.

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### *Private sector*

Within the private sector, any appraisals seem to be dependent on the size of the organization. Whereas small<sup>15</sup> private companies usually do not have formal assessments of the board performance, middle and large enterprises have annual appraisals. On boards of small organisations, the only form of appraisal is given by the informal feedback from the chairman (no appraisal: 30.0%, informal feedback: 70.0%). The annual appraisal in middle sized and large companies is either done through:

- a) the assessment of the board performance by the chairman;
- b) by a review of the board with a survey to be filled in by board members;
- or
- c) by external assessors.

### *Public sector*

In organisations in the public sector, annual appraisals, assessing the performances of non-executives and executives, or external assessment, for example by the Institute of Directors, are the norm. In addition, the chairman gives regular feedback to board members in nearly all cases. Informal measurements of the board performance through surveys on boards are another form of additional appraisal in public organisations in around two-thirds of the interviewees.

### *Third sector*

Although charities and other non-profit organisations in the Third sector measure the board members' performance through feedback from the chairman, annual appraisal depends on the size of the charity. In small Third sector organisations, annual appraisals are not practised. Middle to large charities, however, have some appraisal, which is done internal through feedback from the chair about performances of trustees. However, the measurement of the impact of board members on the board performance is a weakness in the Third sector and needs to be improved. Of all interviewed Third sector organisations, over a third had no form of performance measurement in place.

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<sup>15</sup> Small and medium sized enterprises (SMEs) employ less than 250 people.



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## 7. Conclusions

This study aimed to explore the role, skills, training opportunities and recruitment procedures of non-executive directors and trustees on boards of Scottish organisations in the public, private and Third sector. The main findings of this research are as follows:

### ***Role of non-executives/trustees***

- Non-executives and trustees should contribute to the strategic development objectively, scrutinise and challenge executives, perform good governance and support executives with their broad experience and their contacts.
- Within the private, public and Third sector, non-executives/trustees add value with their expertise and experience, their detached view of the board's business and by ensuring the best interest of stakeholders.
- While the contribution of non-executives/trustees was very significant, more value added by them is sometimes limited by a lack of time commitment and lack of understanding of their roles. These were named as key barriers for non-executives in all three sectors as limiting their adding value to their organisations. In private organisations, a lack of knowledge about the business and of marketing, and occasionally executives in the public sector withholding information, seem to create barriers to non-executives adding more value.
- Although trustees in the Third sector sometimes seem reluctant to make decisions, and can have limited experience, they can be subject to group thinking.
- In order to add greater value, board members pointed towards an improved contribution to strategic development, feedback to non-executives about their performance, more participation in board meetings, better preparation and broader experience for non-executives/trustees.

### ***Skills***

- Non-executives and trustees in the private, public and Third sector are expected to have extensive knowledge about the business of the company, to understand their duty, to be able to practice good governance, to have expertise in marketing and management, to be able to absorb complex information fast, as well as broad

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experience, honesty, independence, leadership skills, diplomacy, strategic skills and patience.

- In terms of existing skill gaps, non-executives in private companies sometimes lack knowledge in finance, governance and skills of how to run a business. Board members of public organisations mentioned the ability to challenge and question. In non-profit organisations, people's attitude, their narrow view and the lack of knowledge about finance and governance were said to be in need of improvement.

### ***Training***

- Interviewees in all three sectors stated that an induction is provided for new non-executives/trustees with the majority of board members having the opportunity to participate in generic/strategic, as well as technical/legal training.
- Less training was received in the private sector. Public organisation board members were felt to have a good induction and on-going training.
- Within the Third sector, small charities seem to lack the financial resources to provide any form of skills development, although trustees in larger non-profit organisations received an induction and partly on-going training.
- Non-executives and trustees in all three sectors agreed that there is an urgent need for a more comprehensive induction.
- It was thought in some private and public organisations that the performance of non-executives could be improved with training in finance, accountancy and law.
- The most urgent training needed within the Third sector was in governance.

### ***Recruitment***

- New non-executives and trustees in both the private and Third sector were found through networks, contacts and recommendations of friends.
- Only the public sector identified their non-executives through a public advertisement process.
- Around 77.4%, 64.3% and 79.6% of interviewees in the private, public and Third sector found no problems identifying candidates for the board.
- However, it seems difficult to find people with the essential skills from diverse backgrounds and there was a need for more board members who were women or

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from minority ethnic backgrounds. Female appointees still appear to account for a large minority on Scottish boards.

- Key criteria for the appointment of non-executive director/trustees are broad experience, expertise, sufficient knowledge in finance and strategy, candidate's network, her/his ability to challenge, as well as her/his generic skills.
- Most of the board members in the private, public and Third sector are not aware if their own, or other organisations', formal support for staff to become non-executives/trustees.
- Many interviewees in private companies confirmed the existence of a talent pool. However, board members in the public and Third sector did not know of any talent pool beside the Institute of Directors and the Scottish Council for Voluntary Organisations but thought a talent pool was much needed.

### ***Relationship between non-executives/trustees and executives***

- Most interviewees in public and Third sector organisations described the relationship between non-executives/trustees and executives as "very good"; the relationship of board members in the private sector was generally "good".
- Non-executives and executives in the private sector asked for more loyalty, mutual respect and independence.
- In the public and Third sector, more openness, honesty and the co-operation of executives with non-executives through the provision of detailed information would improve the relationship.
- Evaluation is done mainly in the form of feedback from the chairman, in all three sectors.
- However, small organisations in the private and Third sector have no appraisal. The opposite is the case for public sector organisations and middle sized to large organisations in the private and Third sector.

### ***Recommendations***

There is a need to *deepen and widen the expertise* of non-executives/trustees in areas such as finance, governance, law and accountancy.

- Offering increased on-going training, often funded by employers, is important.

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- A comprehensive induction is important to help make sure that new appointees are aware of their roles and duties, and such induction should be improved.

Training opportunities for those *seeking to become* non-executive directors/trustees should be increased, and this should be done in a way that relatively inexperienced people can gain the required skills and join the pool of potential non-executives.

- For instance a relatively independent body, with wide support across various stakeholders in all three sectors, could provide or support the provision of such preliminary training.

There is the need for a *greater diversity of people* with a variety of backgrounds to become involved as non-executives/trustees, including more women, individuals from a variety of ethnic groups, those from various social groups and those from a younger age band.

- The current procedures for the recruitment of board members should be improved to provide a more diverse mixture of non-executives/trustees.
- A support network where women or other groups could learn the relevant basic skills and how to recognize and promote their existing skills, and where they can network, would be useful to promote diversity.
- The preliminary training for non-executive directors/trustees mentioned above could specifically target under-represented groups.

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## **Appendix – Face-to-face Questionnaire design**

Most of the members of the Steering Group – Karen Carlton, Chris Donegan, Charles Edwards, John Ferguson, George Stonehouse, Ronald McQuaid and David Watt – were questioned individually in a semi-structured face-to-face interview. Each meeting lasted for approximately one hour and was recorded using a voice recorder. Interviewees were free to refuse to answer any questions and could add thoughts and opinions about their experiences as non-executives and/or executive directors.

Based on the interviews with the Steering Group, a more detailed face-to-face and online survey was developed. Invitations for both kinds of questionnaire were sent to colleagues and business partners of all members of the Steering Group, as well as selected companies in the public, private and Third sector.

The research questions in the face-to-face interviews and online survey covered the following areas:

- Professional and academic qualifications of non-executive/executives
- Age, gender
- Years of experience of non-executive director/executive director in which sector
- Size, profit and county of main organisation
- Number, age and gender of board members
- Role and contribution to the non-executive directors on board
- Value added by non-executive directors to board performance
- Training and skills developments of non-executive directors
- Funding and provision of training for non-executive directors
- Recruitment/succession of non-executives
- Relationship between non-executives and executives

The sample of interviewees included a range of: all three sectors (private, public and Third), experienced and new non-executive directors/trustees and executives as well as differently sized organisation.

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