

# UNIVERSITY OF BATH SCHOOL OF MANAGEMENT

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## Composition, Process and Quality

Understanding Board Decision-Making in the UK Charity Sector

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# Executive Summary

Charity boards bear ultimate responsibility for the strategic direction and beneficiary impact of the UK's 170,000 registered charities, yet no evidence-based framework exists to guide how those boards should be composed to make high-quality decisions. This report addresses that gap directly, building on Phase 1 of the University of Bath and Charity Finance Group research collaboration, which established that intrinsic motivation predicts individual trustee effectiveness more strongly than professional background. Phase 2 extends that insight to the board as a collective, examining how composition shapes the quality of group decisions.

The primary findings are striking. High-quality board decisions share five characteristics, captured in the DREAM framework: Duration-aware, Risk-considered, Evidence-based, Alternatives genuinely considered, and Mission-aligned. Boards that conducted a formal skills audit rated their skills mix 0.78 points higher on average than those that had not. Yet 68% of trustees feel individually comfortable expressing disagreement, while 65% simultaneously identify willingness to challenge as the most lacking quality on their board; a challenge culture paradox that composition improvements alone cannot resolve. A further structural finding, the Specialisation Paradox, shows that as boards grow to improve skills coverage, they simultaneously erode the cross-scrutiny those specialists should provide to one another.

The report's central deliverable is the DREAM Diagnostic Framework, linking each decision quality criterion to a measurable trustee trait, a structural enabler, and a primary bias threat. Three priority recommendations follow: introducing psychometric screening at trustee recruitment, implementing annual skills audits, and building psychological safety into board culture - starting at trustee onboarding.

## 1 Introduction

### 1.1 Context and rationale

The United Kingdom's charity sector comprises approximately 170,000 registered organisations, collectively generating over £88 billion in annual income and employing nearly one million people (Charity Commission, 2024). Governance of charities in the UK rests with boards of trustees, unpaid volunteers who serve as the highest decision-making authority and bear ultimate fiduciary responsibility under CC3: The Essential Trustee (Charity Commission, 2024) and the Charity Governance Code (2020). Yet despite the sector's scale, research on how charity boards make

decisions remains limited, particularly when compared to the well-established corporate governance literature (Cornforth, 2012; Ostrower and Stone, 2006).

This gap is significant because charity boards operate under different conditions to corporate boards. Trustees volunteer their time and receive no financial compensation, creating inherent constraints on availability and engagement. Boards are mission-driven rather than profit-driven, changing how success is defined and how competing priorities are weighed. Without market-based accountability mechanisms like share prices or takeover threats, governance quality in charities depends largely on who sits on the board and how they operate (Cornforth, 2001). As a result, corporate governance findings cannot be directly applied to the charity sector, and dedicated research is needed to understand what drives effective board decision-making. Our client, the Charity Finance Group (CFG), as a leading membership body for charity finance professionals, has a direct interest in translating such research into practical, evidence-based guidance for its network.

## 1.2 From Phase 1 to Phase 2

Phase 1 of this research (Bath/CFG, 2025) examined individual trustee motivation and established that intrinsic motivation, a trustee's personal commitment to the charity's mission, is a stronger predictor of board effectiveness than professional background. That finding challenged the common assumption that recruiting trustees primarily for their technical expertise is sufficient to ensure good governance.

Our project, Phase 2 of this collaboration, extends this insight from the individual to the collective board level. Phase 1 asked what drives an effective trustee, this project asks how the combination of trustees on a board shapes the quality of their collective decisions. Moving from individual to board level is needed because, while individual motivation matters, board decisions are shaped by group dynamics; the interplay of composition, process, and context, rather than the capabilities of any single trustee (Forbes and Milliken, 1999).

## 1.3 Research objectives

This study pursues three research objectives, each with defined success criteria:

**ROI:** Define what constitutes a high-quality board decision in the charity context. Success is measured by a validated working definition triangulated across the academic literature, trustee interviews, and survey data.

**RO2:** Identify optimal board composition characteristics and trustee traits that support effective decision-making. Success is measured by evidence-based recommendations on trait coverage, board size, skills coverage, and governance structure.

**RO3:** Understand how groupthink and cognitive biases affect charity board decisions. Success is measured by the identification of specific bias patterns operating in charity boards, together with practical mitigation mechanisms.

Together, these objectives follow a core logic: composition shapes process, process shapes decision quality, and cognitive biases can disrupt that chain at any point. A full conceptual framework is developed further in the report.

## 2 Literature Review

This section examines the theoretical foundations underpinning board composition and decision quality, drawing on corporate and nonprofit governance literature to identify the key variables shaping how charity boards make decisions.

### 2.1 Governance in the charity sector

Board effectiveness has traditionally been framed through three dominant governance perspectives: Agency Theory, Stewardship Theory, and Resource Dependence Theory (RDT). Together, these perspectives reflect different assumptions about the purpose of boards and the behaviour of board members, and help explain the board's monitoring, strategic, and resource-provision roles (Zahra and Pearce, 1989).

Agency Theory conceptualises board members as self-interested actors whose behaviour must be monitored to protect organisational interests (Jensen and Meckling, 1976). In corporate environments, this perspective is influential because boards are tasked to protect organisational interests through oversight and control. In charities, however, it is less applicable because trustees are unpaid volunteers in mission-driven organisations and do not share the financial incentives or ownership interests of corporate board members (Van Puyvelde et al., 2012). This helps explain why corporate governance theories cannot be applied uncritically to charity governance. By contrast, Stewardship Theory proposes that individuals can be intrinsically motivated to act in the organisation's best interests, prioritising collective goals over personal gain (Davis, Schoorman and Donaldson, 1997). This is more applicable to charities, where commitment to mission is more important than personal achievements and satisfaction. Phase 1 supported this, showing that intrinsic motivation is a stronger predictor of board effectiveness than professional background (Bath/CFG, 2025).

RDT broadens this analysis by framing boards not only as monitoring bodies, but also as providers of expertise, legitimacy, and external connections (Pfeffer and Salancik, 1978). Hillman and Dalziel (2003) develop this through the concept of board capital, which refers to the combination of human capital (skills, knowledge, and expertise) and social capital (reputation, relationships, and networks) board members bring to an organisation. This is especially relevant in charities, where trustees create value not only through oversight but also through the resources and connections they contribute. Since charity boards operate in a voluntary, mission-driven environment shaped by sector-specific guidance such as CC3 and the Charity Governance Code, findings from corporate governance cannot be transferred directly without adjustment, and hence a sector-specific analysis is needed.

Finally, before examining how board composition shapes decision-making, it is first necessary to define what constitutes a high-quality board decision in the charity context.

## 2.2 Defining decision quality

According to Dean and Sharfman (1996), decision quality and decision outcome are distinct concepts. Decision quality refers to how well a decision is made; a well-made decision may still lead to an unfavourable outcome due to external circumstances, whereas a poorly reasoned decision may occasionally produce a positive result by chance (Dean and Sharfman, 1996). Decision quality should therefore be evaluated primarily through process characteristics such as the use of relevant information, consideration of alternatives, and the quality of deliberation, rather than through hindsight alone.

The quality of a decision is reinforced by the Procedural Rationality Concept, which refers to how systematically and thoughtfully a decision is reached, as reflected in how decision-makers gather relevant information and apply analytical reasoning when making choices (Dean and Sharfman, 1996). In the charity context, this is particularly important because boards often operate in uncertain environments where outcomes may be influenced by funding pressures, regulation, or external events beyond trustees' control.

Moreover, Forbes and Milliken (1999) build on this process-based approach by suggesting that effective board decision-making is influenced not only by governance structures but also by the quality of boardroom interaction. In their view, board effectiveness is determined by three key process variables: effort norms, cognitive conflict, and the use of knowledge and skills. This implies that high-quality decision-making depends on whether boards are willing to engage seriously with any issues, challenge one another constructively, and make full use of the expertise available. Sunstein and Hastie (2015) strengthen this argument by showing that decision-making can fail when boards amplify

individual errors, follow information cascades, or concentrate too heavily on shared information while overlooking unique perspectives.

These studies suggest that a high-quality charity board decision is mission-aligned, evidence-informed, considers alternatives, captures dissent, is risk aware, and reflects beneficiary interests.

## 2.3 Board composition

With decision quality defined through process characteristics, the question is which aspects of board composition shape how effectively trustees interact and make decisions.

Board size is a widely studied board composition variable. Lipton and Lorsch (1992) and Jensen (1993) argue that boards larger than eight or nine members become less effective, as coordination costs outweigh the benefits of additional expertise, a position supported empirically by Yermack (1996), who finds a statistically inverse relationship between board size and firm performance. Karau and Williams (1993) attribute this to social loafing, where larger group sizes make individual contributions harder to identify, reducing individual accountability and effort. This is particularly relevant in a charity context, where boards frequently operate above the “optimum” size (BoardSource, 2025). Crucially, Adams, Hermalin and Weisbach (2010) note that governance structures adapt naturally in response to organisational issues rather than deliberate design, a point Cornforth (2012) extends to the nonprofit context, noting that governance structures evolve over time in response to contextual factors, suggesting a single optimal size may not exist.

Beyond size, the skills and characteristics trustees bring shape boards’ capacity to make high-quality decisions. Human capital, detailed in Section 2.1, is a key determinant, with Cornforth (2001) finding that the right mix of skills and experience is a significant predictor of board effectiveness. Furthermore, Deci and Ryan (2000) identify trustee motivation as an important dimension, distinguishing between intrinsic motivation, driven by commitment to a purpose, and extrinsic motivation, driven by external reward. Phase 1 of this project found that intrinsic motivation is a stronger predictor of board effectiveness than professional background (Bath/CFG, 2025), suggesting that trustees motivated by mission commitment are more likely to fulfil the effort norms Forbes and Milliken (1999) identify as central to decision quality.

On diversity, literature distinguishes between demographic and cognitive forms, each with different implications for decision quality. Page (2007) demonstrates that cognitively diverse groups outperform homogeneous ones, while Woolley et al. (2010) finds that within diverse groups, collective intelligence is driven more by social sensitivity and equal participation than individual ability. Evidence on demographic diversity is mixed, with Bernile et al. (2018) finding that cognitive diversity shows stronger individual association with outcomes, though overall diversity remains most

important. Sessler Bernstein and Bilimoria (2013) find that minority members' ability to contribute depends on how the board approaches diversity, with compliance-driven boards producing weaker inclusion than those treating diversity as a resource. Jaskyte (2018) reinforces this, finding that boards characterised by critical questioning alongside diverse backgrounds are associated with higher effectiveness. The literature suggests that achieving the potential benefits of a diverse board requires a governance culture that integrates diverse perspectives and enables equal contribution to decision-making.

Beyond structure and skills, there is a well-established body of research in personality psychology suggesting that certain stable individual traits predict the behaviours that effective group decisionmaking requires, regardless of expertise or experience. Costa and McCrae (1992) provide the foundational framework through the Big Five personality model, identifying conscientiousness, agreeableness, and openness to experience as consistent predictors of behaviour in group contexts. Building on this, Cacioppo and Petty (1982) establish need for cognition as a stable tendency to seek out and enjoy effortful analytical thinking, while Litman (2005) identifies epistemic curiosity as the dispositional drive to probe assumptions and resolve uncertainty before acting. Grant (2008) similarly establishes prosocial motivation, the orientation toward acting in others' interests, as a trait-level predictor applicable to voluntary and mission-driven contexts.

## 2.4 Groupthink and decision-making biases

Even where boards are well-designed, composition alone cannot protect against behavioural dynamics and biases that occur within group contexts and shape how boards make decisions.

Janis (1972) describes groupthink as the tendency for groups to prioritise consensus over critical evaluation, producing an illusion of unanimity that persists even when individual members privately disagree, driven by high cohesion and absence of external perspectives. Westphal and Bednar (2005) identify the related phenomenon of pluralistic ignorance, where trustees may keep reservations private, assuming their concerns are not shared by others. Authority bias compounds this, with Milgram (1974) demonstrating the psychological tendency to defer to perceived authority figures. On charity boards, newer trustees may be especially prone to this, deferring to longerserving senior members even when they have legitimate concerns to raise.

Samuelson and Zeckhauser (1988) define status quo bias as the preference for existing arrangements even when evidence supports change. Kahneman and Tversky (1979) explain this through prospect theory, showing that the psychological weight of potential losses outweighs perceived value of equivalent gains, making change feel risky even when the rationale for it is clear. Staw (1976) extends this through the idea of escalation of commitment, where prior investment in a decision creates

pressure to persist with it even when contradictory evidence arises. These tendencies are reinforced by anchoring bias, where Tversky and Kahneman (1974) show that initial information disproportionately shapes subsequent judgment, and confirmation bias, where Nickerson (1998) finds that boards selectively prioritise evidence supporting existing beliefs while discounting information that challenges them. Taken together, these biases narrow the information boards draw on and reduce the likelihood that existing assumptions are challenged.

Collectively, these biases distort information processing and suppress constructive challenge. Edmondson (1999) identifies psychological safety as the critical mitigating condition, arguing that unless board members can voice concerns without negative consequence, dissent will remain suppressed regardless of how well the board is designed. Jehn (1995) adds an important nuance, distinguishing between task conflict, where members openly disagree about decisions and strategy, and relationship conflict, where disagreement becomes personal and damaging. The former improves decision quality by surfacing different perspectives, while the latter harms it, suggesting that without an environment in which members can challenge others freely, even well-composed boards are unlikely to make consistently high-quality decisions.

Together, the literature points towards composition, behavioural, and process variables as interconnected determinants of decision quality, with cognitive biases acting as disruptive forces that can undermine effective decision-making even where boards are well-structured.

## 3 Methodology

### 3.1 Research design

Following Creswell and Creswell (2018), selecting methods based on their fit with the research questions, rather than commitment to a single methodology, provides much more reliable results. Given that the research objectives include both the conceptual (defining decision quality and what constitutes a ‘good’ board decision) and the empirical (identifying composition patterns and bias mechanisms), a mixed-methods design was selected as the most appropriate approach.

Two methods were used for complementary purposes. First, semi-structured interviews, which allow depth by demonstrating the lived experience of trustees, identify unexpected patterns, and develop an understanding of the mechanism by which board composition affects decision quality. Second, surveys were then used to assess the prevalence of those patterns at scale to determine whether findings from our interviews hold across a wider population of trustees. Together, they enable triangulation, which Denzin (1978) suggests is crucial for accurate research, across five evidence sources: literature, Phase 1 findings, expert input, interviews, and survey data, strengthening the credibility of the conclusions drawn.

### 3.2 Qualitative: Semi-structured interviews

Six semi-structured interviews were conducted with charity trustees. Participants were recruited through the Charity Finance Group network following an open call specifying inclusion criteria: current voluntary trustees of UK charities with employed staff, formal trustee boards, and annual income up to £100 million. The resulting sample spans a range of organisational types, sizes, and board structures, from a £600,000 campaigning organisation with four trustees to a £15 million housing and youth services charity with twelve, providing necessary variation for our comparative analysis.

Interviews were conducted remotely via Microsoft Teams, recorded with participant consent, and auto-transcribed. A semi-structured script was used across all interviews to ensure consistency of core questions while maintaining flexibility for follow-ups. The guide covered six thematic areas: board context and structure, trustee motivation and recruitment, definitions of decision quality, composition changes and their effects, specific bias scenarios, and the board-to-executive relationship.

Interview transcripts were analysed using thematic analysis (Braun and Clarke, 2006). Codes were developed inductively and deductively against the three research objectives, then clustered into

categories and refined into analytical themes, with illustrative quotes retained to separate evidence from inference.

The research also drew on expert consultation with a senior experimental psychologist at the University of Bath whose independent research group is conducting a controlled study on group decision-making processes in charity board settings. This consultation provided a theoretical context for interpreting findings on cognitive diversity and psychological safety, serving as an additional point of triangulation (Denzin, 1978) beyond the primary qualitative and quantitative data.

### 3.3 Quantitative: Survey

A 41-item online survey was developed and distributed via the Charity Finance Group and Charity Excellence Framework networks. The instrument was designed in five sections:

1. Demographic and board context questions
2. Likert-scale items on decision quality processes
3. Composition and recruitment practices
4. Trustee trait rankings
5. Five hypothetical decision scenarios

These were designed to reveal subconscious behavioural tendencies associated with known cognitive biases, including authority bias, status quo bias, groupthink, anchoring, and confirmation bias. Furthermore, scenario-based items were chosen over direct self-report measures to reduce social desirability bias. As Nederhof (1985) demonstrates, asking respondents what they would realistically do, rather than asking if participants consider themselves susceptible to a given bias, produces significantly more accurate data.

Interviews can identify mechanisms and generate hypotheses but cannot establish how prevalent a pattern is across the sector. The survey was therefore structured to enable cross-tabulation of variables identified as theoretically significant in the literature review and interviews, allowing the research to test patterns at scale across board size, organisational income, role, and tenure.

For example, board size (Q7) was paired with perceived decision-making effectiveness (Q25) to test Lipton and Lorsch's (1992) proposition that larger boards produce weaker deliberation. The crosstabulations yielding the most analytically significant findings are discussed in Section 4.

### 3.4 Ethics

The University of Bath granted ethical approval for this project under reference 15962-19299.

Participants provided informed consent before participation, with separate consent forms and participant information sheets prepared for each method in line with reviewer requirements.

All data is stored securely on university-approved systems in compliance with UK GDPR and the University of Bath data protection policy.

Survey responses are fully anonymised; interview data will be anonymised after analysis, and no individual or charity will be identifiable in the final report or any subsequent publications.

## 4 Findings & Analysis

### 4.1 RO1: What constitutes a high-quality board decision?

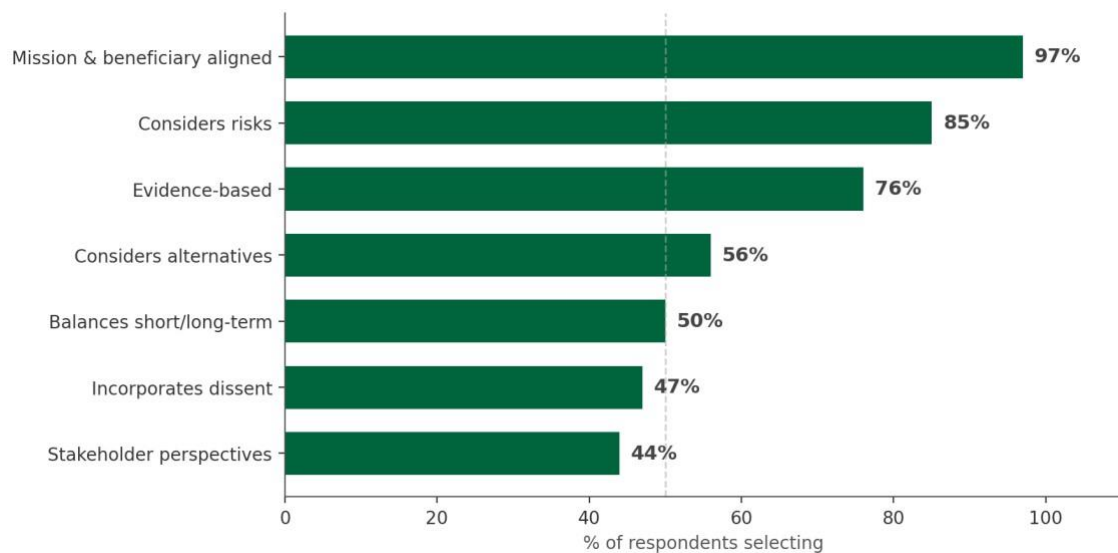
Before examining how boards are composed and how biases operate within them, it is necessary to establish what elements constitute a high-quality board decision. The DREAM framework, developed from survey and interview data collected in this study, provides the analytical benchmark against which the composition and bias findings in Sections 4.2 and 4.3 are assessed.

#### 4.1.1 Defining a high-quality decision

Survey respondents showed strong consensus on the defining characteristics of a high-quality decision (Q12, n=34):

- Mission and beneficiary alignment: 97%
- Consideration of risks and downsides: 85%
- Adequate evidence and information: 76%
- Genuine consideration of alternatives: 56%
- Balancing short and long term: 50%

**Figure 4.1: Most important characteristics of a high-quality board decision (Q12, select top 5, n=34)**



Source: Team 21 survey data, 2026.

Together, these five characteristics form the DREAM framework for board decision quality:

- **Duration-aware** (balances short and long term)
- **Risk-considered**
- **Evidence-based**
- **Alternatives genuinely considered**
- **Mission-aligned**

DREAM describes a process-centred definition of quality: what makes a decision good is how it is made rather than the outcome it produces. Across the interviews, trustees described quality in process terms: adequate information, genuine consideration of alternatives, and the confidence of every trustee to contribute. One participant expressed: “you can’t make a decision unless you’ve got a certain level of information and you understand the consequences of all of the options.” Dean and Sharfman (1996) formalise this, arguing that decision quality should be evaluated through process characteristics rather than hindsight, since a well-reasoned decision may result in a poor outcome through circumstances beyond the board’s control, while a poorly reasoned one may succeed by chance.

The sections that follow examine what board composition enables each DREAM criterion to be met, and what cognitive biases cause them to fail.

## **4.2 RO2: Optimal board composition**

The second research objective asks what board composition characteristics and trustee traits enable DREAM-quality decision-making. Drawing on Forbes and Milliken’s (1999) model, which identifies composition as the primary driver of board processes and decision quality, three variables are examined: trustee-level traits, board size and skills coverage.

### **4.2.1 Trustee-level traits**

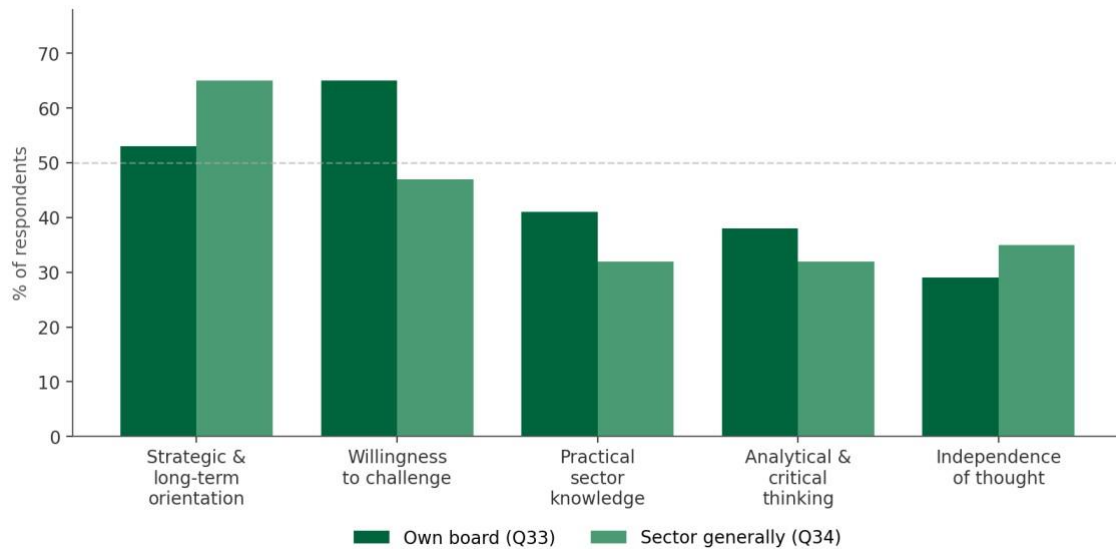
Structural variables (board size and skills coverage) determine the conditions in which decisions are made, but conditions alone do not guarantee quality. This sub-section establishes which individual-level characteristics enable each DREAM criterion and whether they can be identified at the recruitment stage.

#### **1. Duration-aware: conscientiousness**

According to Strathman et al. (1994), the capacity for long-horizon thinking corresponds to conscientiousness (one of the Big Five traits of Costa and McCrae’s (1992) framework), specifically the deliberation and self-discipline facets. Consideration of future consequences can be established as a measurable trait predicting the tendency to weigh distant over immediate outcomes. Q34 shows strategic and long-term orientation is the single most underrepresented trait across charity boards

generally (65%), while Q33 identifies it as the second most lacking on respondents' own boards (53%), suggesting that the trait most critical to duration-aware governance is also the one most systematically absent.

**Figure 4.2: Traits lacking: own board versus sector (Q33 vs Q34, n=34)**



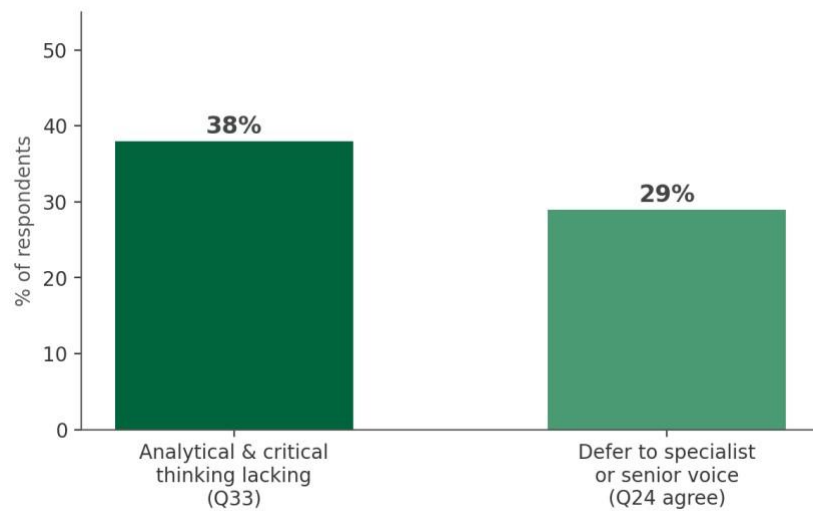
Source: Team 21 survey data, 2026.

Conscientiousness need not be universal: boards benefit from some trustees with shorter-horizon operational orientations, but it should characterise the majority, and particularly the chair, to prevent the Duration-aware criterion being systematically deprioritised in deliberation.

## 2. Risk-considered: need for cognition

Effective risk consideration requires trustees who engage deeply with complexity rather than deferring to the most confident voice. Cacioppo and Petty (1982) establish need for cognition as a stable trait describing the tendency to seek out and enjoy effortful analytical thinking. Q33 shows analytical and critical thinking is identified as lacking by 38% of respondents, while Q24 shows 29% acknowledge deference to specialist voices as a pattern on their own board. Together these findings suggest that the capacity for independent analytical engagement is both critical to riskconsidered governance and consistently underrepresented across the sample.

**Figure 4.3: Analytical independence gap (Q33 and Q24, n=34)**



Source: Team 21 survey data, 2026.

Need for cognition need not be present in every trustee, but it must be sufficiently distributed that analytical scrutiny does not rest on a single voice, reproducing precisely the deference dynamic the “Specialisation Paradox” describes, which is explored in Section 4.3.1.

### 3. Evidence-based: epistemic curiosity

Making evidence-based decisions requires trustees who are driven to seek out information and resolve uncertainty before deciding. Litman (2005) identifies epistemic curiosity as a trait-level predictor of information-seeking behaviour, which is the motivational disposition that drives a trustee to probe assumptions rather than accept conclusions. One participant described the difference between effective and ineffective trustees, where the stronger ones “don’t feel comfortable making decisions until they’ve properly unpacked what’s in front of them,” while weaker trustees “stick to fairly superficial questions that don’t really test the substance of the argument.”

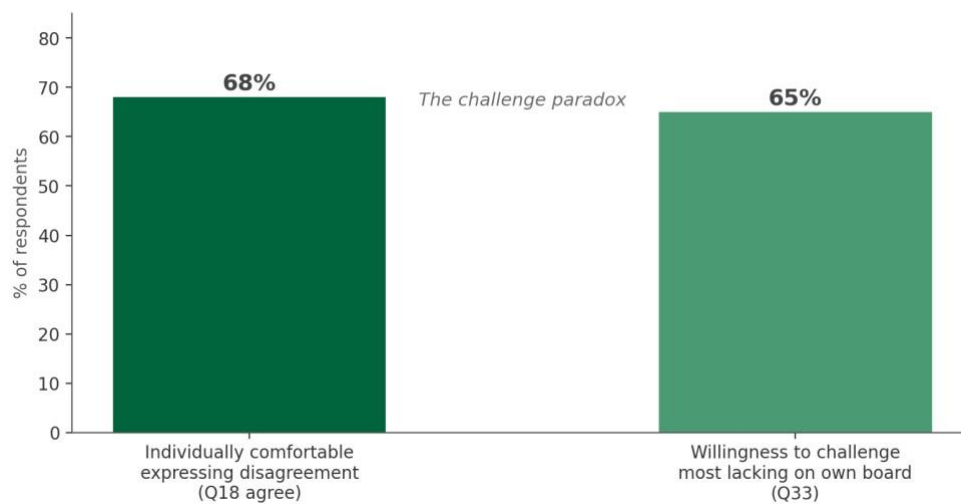
Crucially, the participant framed this as a mindset rather than a capability: “the ones who don’t test the substance of an argument do so as they are comfortable taking things at face value [...] they are still intellectually capable enough to question things.” This is consistent with Litman’s distinction between curiosity as a stable individual disposition and analytical literacy as a trainable skill. Q37 illustrates the variation: presented with a scenario in which every other trustee was enthusiastically aligned behind an unassessed proposal, the majority chose to directly question the group, but a notable minority said they would raise their concern only briefly and defer to the prevailing mood.

Epistemic curiosity should be a dominant rather than minority trait; where most trustees are happy to accept conclusions, the Evidence-based criterion is unlikely to be reliably met regardless of how well the board is otherwise structured.

#### 4. Alternatives genuinely considered: low agreeableness

Surfacing alternatives requires trustees inclined to question rather than accommodate. McCrae and Costa (1992) identify low compliance within agreeableness as the most direct Big Five predictor of constructive dissent, different from general disagreeableness, where its tendency is to resist premature consensus. Jehn (1995) establishes this as the individual-level foundation of productive disagreement. Q33 shows willingness to challenge is the single most lacking trait on respondents' own boards (65%). Crucially, Q18 shows 68% of trustees feel individually comfortable expressing disagreement, yet 65% simultaneously identify challenge culture as most lacking. This confirms a collective deficit in recruiting for low agreeableness across the industry that must be addressed structurally.

**Figure 4.4: The challenge culture paradox (Q18 vs Q33, n=34)**



Source: Team 21 survey data, 2026.

The gap between these two figures, individual comfort and collective deficit, is explored as the challenge culture paradox in Section 4.3.4, where it is developed as the central argument for why composition improvements alone cannot guarantee a culture of challenge.

Low agreeableness should not characterise every trustee: a board composed entirely of challengers risks relationship conflict replacing task conflict (Jehn, 1995), but Sunstein and Hastie (2015) show that even a single designated critic can materially shift group deliberation, suggesting a minimum of two or three trustees with this disposition is sufficient.

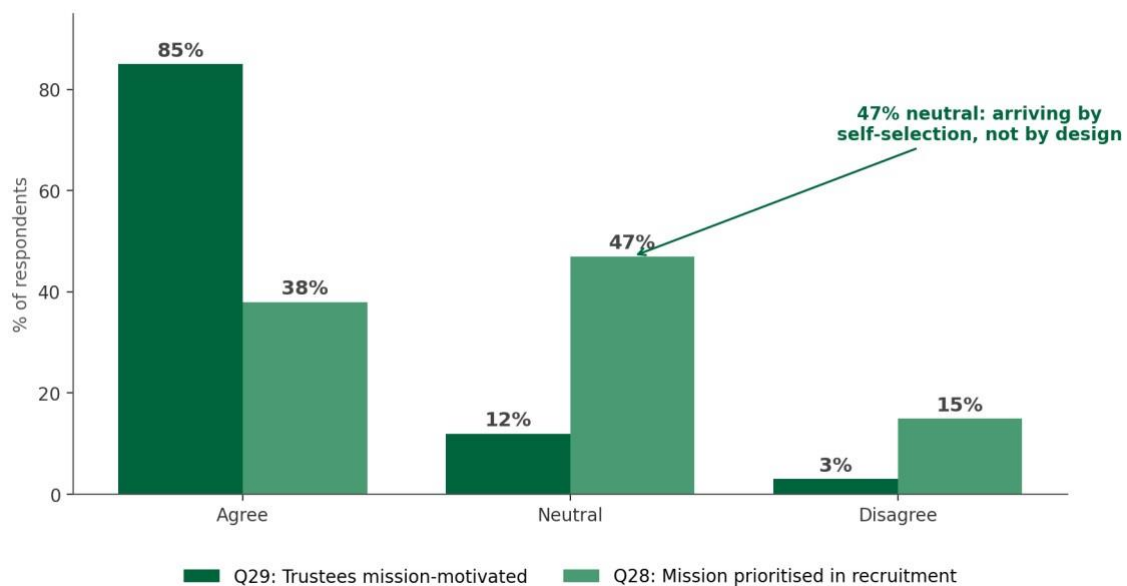
#### 5. Mission-aligned: prosocial motivation

Mission-aligned decisions require trustees whose primary orientation is toward beneficiary interests rather than personal status or professional reputation. Grant (2008) establishes prosocial motivation as the disposition to act in others' interests; Perry and Wise (1990) identify public service motivation as a stable trait predicting commitment to collective welfare over personal reward, both directly

applicable to voluntary governance. Davis, Schoorman and Donaldson (1997) ground this further in Stewardship Theory, arguing that intrinsically motivated individuals prioritise collective goals as a dispositional tendency rather than a calculated choice. Phase 1 confirmed empirically that intrinsic motivation is a stronger predictor of trustee effectiveness than professional background (Bath/CFG, 2025).

Interview participants described effective boards as balancing mission commitment against professional expertise, typically in a ratio of 50/50 to 70/30 in favour of expertise depending on organisational complexity and stage. Professionally-oriented trustees bring efficiency and rigour; intrinsically motivated trustees bring the sustained commitment effort norms require. Neither profile alone suffices.

**Figure 4.5: Mission motivation versus recruitment practice (Q28 vs Q29, n=34)**



Source: Team 21 survey data, 2026.

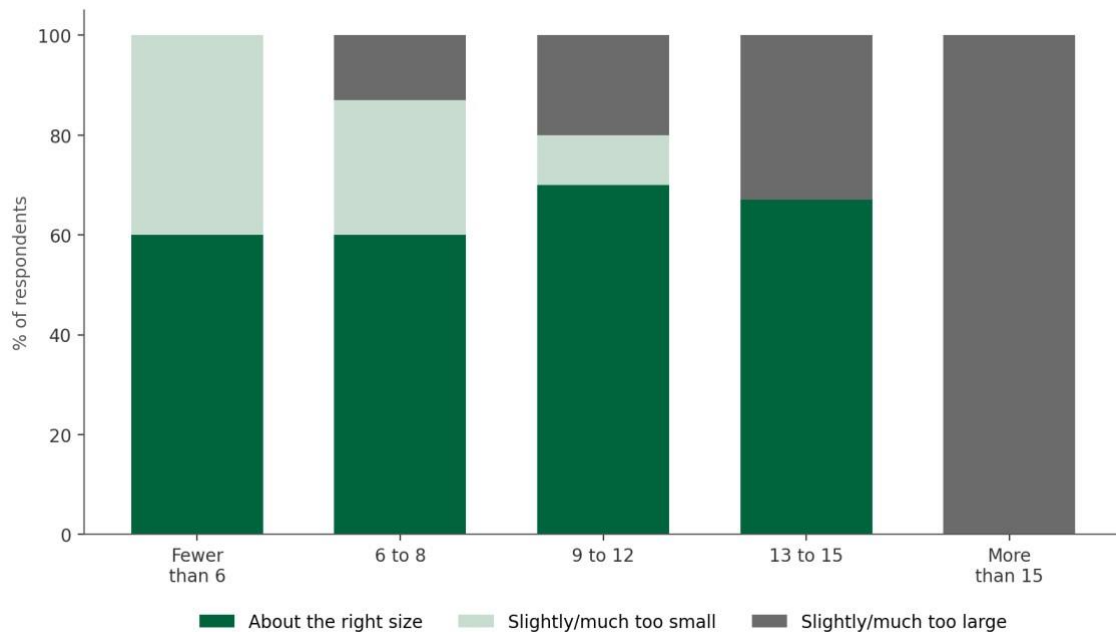
Q29 shows 85% of current trustees are perceived as mission-motivated, the second highest Likert item in the survey. Yet Q28's 47% neutral cluster on whether recruitment actively selects for this quality suggests it is arriving by self-selection rather than design. Grant's prosocial motivation scale provides a direct, validated instrument for closing that gap, transforming mission alignment from an assumed quality into a deliberately recruited one.

Unlike the other four traits, prosocial motivation should be treated as a near-universal requirement. The effort norms Forbes and Milliken (1999) identify as central to decision quality depend on sustained voluntary engagement; a board in which mission commitment is held by only a minority cannot sustain the baseline participation DREAM-quality decisions require.

### 4.2.2 Board size

Cross-tabulating board size (Q7) against perceived effectiveness (Q25) shows that boards of 9 to 12 trustees reported the highest satisfaction, with 70% rating their size as appropriate. Boards of fewer than six were most likely to report undersizing (40%), while those exceeding 12 were most likely to report their board as too large.

**Figure 4.6: Board size versus perceived decision-making effectiveness (Q7 × Q25, n=34)**



Source: Team 21 survey data, 2026.

Below six trustees, boards face compounding problems: insufficient skills coverage, reduced diversity of thought, and a reduction in options of who can serve. One interviewee noted that smaller boards “by default” require greater individual involvement, making them more likely to “skew toward retired volunteers” rather than “young people or current professionals”, reducing the breadth of perspective that effective deliberation requires.

On the upper end, boards exceeding twelve trustees introduce governance risks. One interviewee noted that their recent transition to a larger board “slowed decision-making down significantly” and caused members to become “less outspoken,” resulting in poorer deliberation overall. Karau and Williams (1993) support this, finding that diffusing responsibility in larger groups increases social loafing, reducing individual engagement and critical scrutiny. Lipton and Lorsch (1992) and Jensen (1993) further argue that coordination costs rise beyond this threshold, weakening board coherence and compounding the risk of decisions going insufficiently challenged.

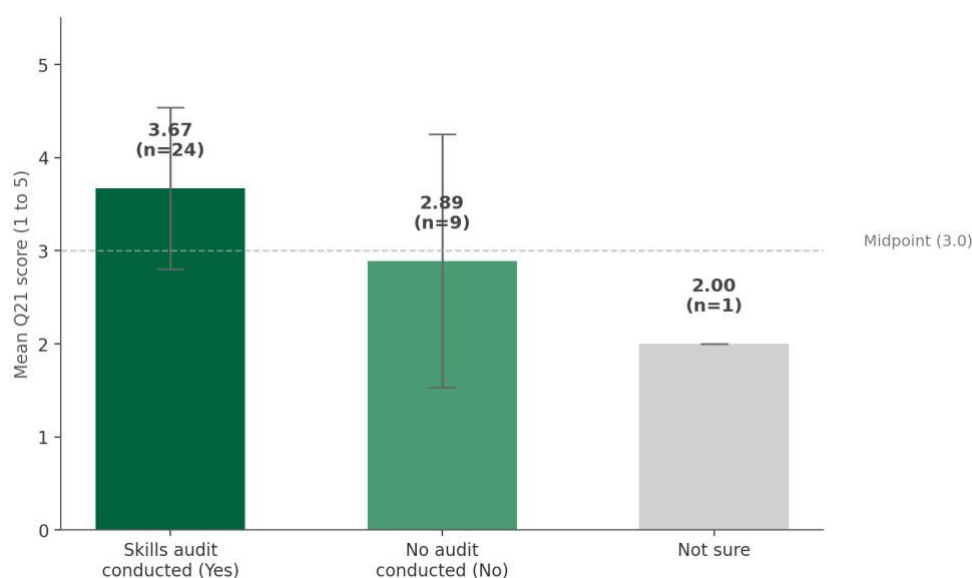
The evidence, therefore, supports a target range of 9 to 12 trustees, moderated by organisational complexity. This should not be treated as fixed, as a critical skills gap cannot be addressed within 12, a marginal increase may be warranted.

### 4.2.3 Skills coverage and recruitment

Survey data on skills audit adoption (Q30) shows that 71% of boards had conducted a formal skills audit in the last three years, while 26% had not. Cross-tabulating audit status against perceived skills adequacy (Q21) produces the most practically significant associative finding in the survey:

- **Boards that conducted a skills audit:** mean Q21 score 3.67 (SD = 0.87)
- **Boards that had not conducted a skills audit:** mean Q21 score 2.89 (SD = 1.36)

**Figure 4.7: Perceived skills mix by skills audit status (Q21 × Q30, n=34)**



Source: Team 21 survey data, 2026.

The 0.78-point difference is notable; the larger standard deviation in the non-audit group suggests that without a formal process, both skills fit and confidence in that fit deteriorate. Financial literacy represents the most significant specific gap: Q22 (all trustees have sufficient financial literacy to interpret a basic set of accounts) returned a mean of 3.03, the lowest of all Likert items.

Four of six interview participants described using formal skills audits to guide trustee recruitment. One outlined a structured approach in which the board conducted a skills matrix, identified gaps, and pursued targeted recruitment to close them: rather than “invest in training existing trustees”, they “did targeted recruitment to get the right skills onto the board.” A consistent sub-pattern was that recruitment maturity tracks organisational age: start-up charities recruit from available enthusiasm, while established charities recruit against gap analysis.

Hillman and Dalziel (2003) argue that human capital (expertise, experience, and professional knowledge) and social capital (networks and external connections) function as strategic governance resources. The Q30 to Q21 association suggests that the audit process is the operational mechanism through which boards realise that capital intentionally, rather than by chance.

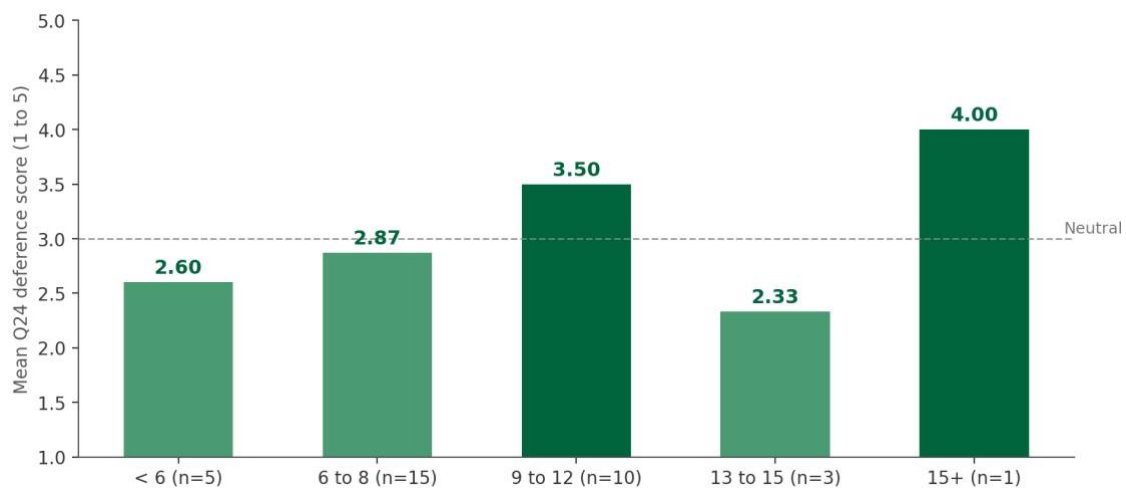
### 4.3 RO3: Groupthink and cognitive bias

Where Section 4.2 identified the composition conditions that enable decision quality, this section examines the cognitive and behavioural mechanisms that undermine it even where those conditions are met.

#### 4.3.1 The specialisation paradox

Q24 (trustees defer too readily to the most specialist or senior voice) returned a mean of 3.00 with 29% agreeing that deference is a pattern on their own board. Cross-tabulating against board size reinforces this: boards of 9 to 12 trustees produced a mean deference score of 3.50 compared with 2.87 for boards of 6 to 8, a 0.63-point increase. The implication is structural: as boards grow and roles specialise, the very composition changes that strengthen skills coverage simultaneously erode the ability to scrutinise colleagues that the “Evidence-based” and “Alternatives considered” criteria require.

**Figure 4.8: Deference to specialist or senior voice by board size (Q24 mean × Q7, n=34)**



Source: Team 21 survey data, 2026.

The interview evidence explains the mechanism. An HR specialist trustee at a medium-sized environmental charity described the dynamic precisely: “I am over-reliant on our ecologist to tell me what the right thing to do about organic farming is. But he is reliant on me to tell him what the law is in terms of restructuring a team.” The consequence extends to the Alternatives criterion: when no

trustee outside a specialism can scrutinise within it, alternatives are never discussed. A trustee confirmed this: “all I hear is we’re tracking on budget. Well, great, [...] But, I don’t understand much behind that.” Our expert consultation corroborated the pattern directly, noting that specialist boards “over-rely on other people’s opinions and don’t really scrutinise the specialists.”

Existing literature frames authority bias as deference to positional rank (Milgram, 1974; Morck, 2008). Our research identifies a structurally similar mechanism, but operating through expertise rather than hierarchy, amplified in voluntary boards where no trustee holds formal authority to override another’s specialisation. Well-designed boards may therefore simultaneously achieve and undermine effective oversight through the same compositional strategy, with the Evidence-based and Alternatives criteria of DREAM most directly at risk.

#### **4.3.2 Confirmation bias and relational attachment**

Across the five decision scenarios, up to 29% of respondents consistently chose the avoidant or deferential option. This pattern clusters around situations where authority or apparent consensus is present, which is the activation condition for confirmation bias. When trustees suppress challenge in the presence of a respected voice, the board stops processing disconfirming evidence, and the Evidence-based criterion fails through selective engagement with information.

One interview illustrates this clearly. A trustee at a small youth centre charity described an HR case in which a staff member had close personal ties to several long-serving trustees and the chief executive, who were “very keen to bend the policies and the rules” in that person’s favour. The suspension continued full pay for eighteen months, but an external hearing later revealed a materially different evidential picture. The trustee recounting the case had no relationship with the individual and identified that distance as the source of their objectivity. Rather than deliberately misjudging the case, the board gave greater weight to evidence supporting someone it trusted and overlooked plausible alternative interpretations.

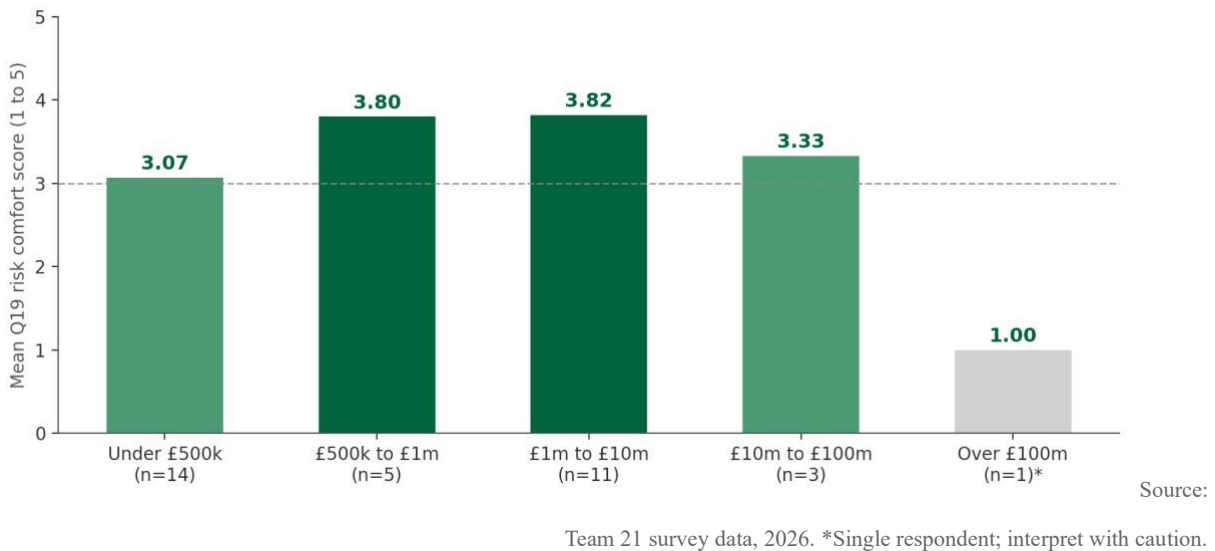
Confirmation bias (Nickerson, 1998), in this form, is not corrected by improving composition or psychological safety alone. It is generated by the accumulated relational history of the board itself, posing a direct threat to both the Evidence-based and Alternatives-considered criteria of DREAM.

#### **4.3.3 Status quo bias and loss aversion through organisational identity**

Q19 (the board is comfortable taking well-evidenced strategic risks) returned a mean of 3.38, with 21% of respondents disagreeing. Cross-tabulating against organisational income reveals a structural pattern: charities under £500,000 produced a mean of 3.07, compared with 3.82 for the £1m to £10m band, suggesting that risk aversion is most pronounced among the smallest organisations in the

sample. For these boards, the Risk-considered criterion is not failing through lack of analytical capability but through a tendency to weigh the danger of change more heavily than the cost of inaction.

**Figure 4.9: Strategic risk comfort by organisational income (Q19 mean  $\times$  Q1, n=34)**



A director at a large regional charity, reflecting on his previous role as a trustee, described a case where the board recognised the need for change but continued to delay action: “we all know the right answer.” However, because the decision was tied to the organisation’s history and identity, trustees hesitated, as “there’s so much riding on it.” Here, resistance to change was driven not by a lack of evidence, but by emotional attachment, making change feel riskier despite a clear rational case. As a result, decisions became anchored in organisational identity rather than long-term outcomes.

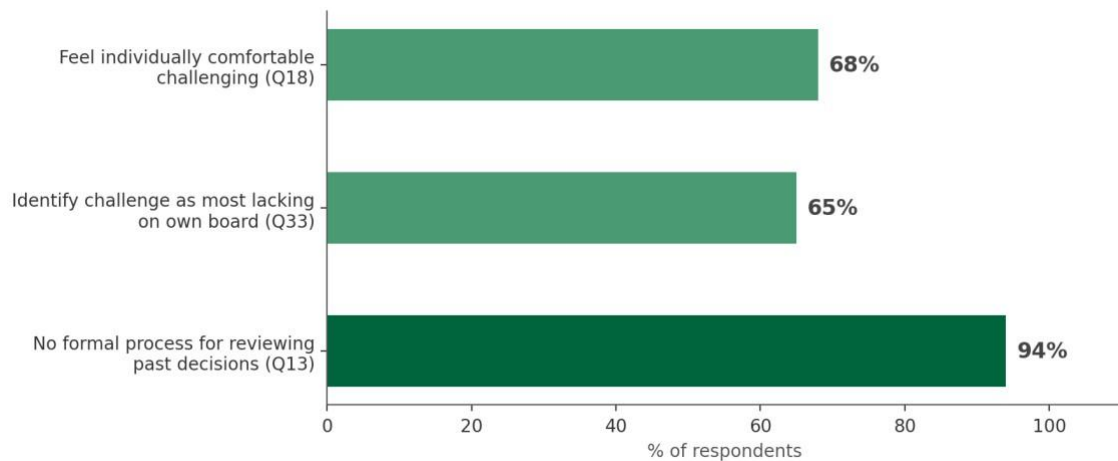
Samuelson and Zeckhauser (1988) establish status quo bias as the preference for existing arrangements even when evidence supports change. Kahneman and Tversky (1979) explain its persistence through prospect theory, showing that losses are weighted more heavily than equivalent gains. Staw (1976) extends this through escalation of commitment, where prior investment in an existing course of action generates pressure to persist even when contradictory evidence arises. Together, these mechanisms undermine both the Risk-considered and Duration-aware criteria of DREAM.

#### **4.3.4 Psychological safety and the culture of challenge**

The three biases documented above share a common enabling condition: the absence of an environment in which trustees can speak freely, resist consensus pressure, and challenge without consequence. Q18 reveals the challenge culture paradox at its sharpest: 68% of respondents feel individually comfortable expressing disagreement, yet 65% simultaneously identify willingness to challenge as the most lacking quality on their own board. Individual psychological safety and

collective challenge culture are not the same condition. A trustee can feel personally safe while group norms, authority dynamics, or meeting structures suppress challenge at the board level, and when challenge is suppressed, every DREAM criterion becomes vulnerable. The 94% of respondents who reported no formal process for reviewing whether past decisions played out as intended deepens the problem: without a retrospective mechanism, boards cannot identify that the gap exists, let alone correct it.

**Figure 4.10: Individual comfort, collective deficit, and absence of review (Q18, Q33, Q13)**



Source: Team 21 survey data, 2026.

The interview evidence indicates that psychological safety works through several linked mechanisms. One HR specialist trustee described how mutual recognition of specialist expertise created permission to admit uncertainty, enabling trustees to acknowledge what they did not know without loss of credibility. This shared vulnerability, in turn, made constructive challenge more possible. Another trustee summarised the relationship directly: “trust brings challenge,” suggesting that trust is not an alternative to challenge but its precondition. Expert consultation supported this interpretation, indicating that without psychological safety, cognitive diversity may not improve decisions but instead produce hesitation, avoidance, and premature consensus. Diversity of composition, therefore, strengthens governance only when it is accompanied by diversity of voice, and that requires psychological safety.

Edmondson (1999) establishes psychological safety as the critical condition enabling teams to engage in the interpersonal risk-taking that effective challenge requires. Our research confirms and extends that finding to the charity trustee context: psychological safety is not one governance variable but the enabling condition for all five DREAM criteria to be met in practice. Without it, the composition improvements identified in Section 4.2 remain theoretical. Without the retrospective review mechanisms that 94% of boards currently lack, even psychologically safe boards cannot detect or

correct bias patterns they have already fallen into, leaving the DREAM criteria permanently vulnerable to failures that boards cannot currently see.

## 5 Framework & Recommendations

Our findings across Section 4 reveal that decision quality in charity boards depends on the interaction between individual trustee behavioural traits, structural composition, and the cognitive conditions under which decisions are made. This section converts those findings into a practical framework and a prioritised set of recommendations that CFG can share directly with member charities.

### 5.1 The DREAM Diagnostic Framework

The DREAM framework, developed from the primary research in this study, defines five criteria that a high-quality board decision must satisfy: Duration-aware, Risk-considered, Evidence-based, Alternatives genuinely considered, and Mission-aligned. It is presented here not only as a definition but as a diagnostic and planning tool that boards can use to assess their current state and identify where composition, recruitment, or governance practice is creating gaps.

| Criterion               | Individual trait                            | Structural enabler                                          | Primary bias threat                                   | Assessment tool        |
|-------------------------|---------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|------------------------|
| Duration-aware          | Conscientiousness (Strathman et al., 1994)  | Board size 9 to 12; strategic orientation in skills audit   | Status quo bias; escalation of commitment             | NEO-PI-R               |
| Risk-considered         | Need for cognition (Cacioppo & Petty, 1982) | Subcommittee depth; facilitative chair                      | Specialisation paradox; status quo bias               | NCS (free)             |
| Evidence-based          | Epistemic curiosity (Litman, 2005)          | Skills audit; board paper standards                         | Confirmation bias; specialisation paradox             | CEI (free)             |
| Alternatives considered | Low agreeableness (McCrae & Costa, 1992)    | Facilitative chair; structured dissent mechanisms           | Groupthink; authority bias; challenge culture paradox | BFI (free)             |
| Mission-aligned         | Prosocial motivation (Grant, 2008)          | Motivation-weighted recruitment; lived experience inclusion | Confirmation bias; relational attachment              | Grant PSM scale (free) |

The framework operates across three levels simultaneously. At the individual level, each DREAM criterion maps onto a measurable psychological trait that can be assessed at the recruitment stage. At the structural level, each criterion depends on specific governance conditions, such as board size or skills coverage, that either enable or constrain the criterion being met. At the process level, each criterion is threatened by specific cognitive biases that operate independently of how well the board is otherwise designed. The table above summarises these relationships across all five criteria.

In practice, a board chair or governance lead uses the framework as follows: for each DREAM criterion, they assess whether the individual traits are present in the current trustee cohort, whether

the structural conditions are in place, and whether the bias threats are actively mitigated. Gaps identified at any level generate specific actions, including recruitment priorities, governance changes, or process interventions, which feed directly into the recommendations below. The framework is designed to be applied at different levels of organisational maturity: a small charity with four trustees and no formal processes will prioritise differently from a £15m organisation with established subcommittees.

## 5.2 Prioritised recommendations

The following recommendations are ranked using a Desirability, Feasibility, and Viability (DFV) framework and organised into three tiers. Each recommendation is traceable to a specific finding in Section 4 and follows the template: because the evidence suggests [insight], CFG member charities should [action], over [timeframe], to improve [measurable outcome]. **MUST** recommendations are high on all three DFV dimensions. **SHOULD** recommendations are high on desirability but require more sustained effort. **COULD** recommendations are desirable but depend on longer timeframes or additional capacity.

**Figure 5.1: Tier 1 (MUST) Recommendations**

| Tier                       | Recommendation                                                                                                | Evidence                                                                                                                                                                                             | Timeframe              | Measurable Outcome                                                            |
|----------------------------|---------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-------------------------------------------------------------------------------|
| <b>M<br/>U<br/>S<br/>T</b> | Introduce psychometric screening for the five DREAM traits at trustee recruitment                             | 47% of boards do not actively recruit for mission commitment. Willingness to challenge is trustees' top marker of effective governance yet the most lacking trait on current boards.                 | Next recruitment cycle | New recruits demonstrably match the DREAM trait profile                       |
|                            | Implement an annual skills audit and act on gaps through targeted recruitment                                 | Boards with a skills audit rate their skills mix significantly higher. Four of six trustees said the audit was the moment their board shifted from recruiting on availability to recruiting on need. | Annual cycle           | Skills adequacy self-assessment improves year on year after each audit        |
|                            | Embed psychological safety into board culture and trustee onboarding, including the challenge culture paradox | 68% of trustees feel individually comfortable challenging, yet 65% identify challenge culture as the most lacking quality on their own board. Without deliberate onboarding, the gap persists.       | Each new intake        | New trustees challenge from their first meeting, not only after several terms |

**Implementing the MUST recommendations**

These recommendations establish the foundational conditions for DREAM-quality decision-making: the right traits recruited deliberately, skills coverage maintained through structured review, and the psychological safety to translate both into effective challenge. A board implementing all three has addressed the primary individual-level enablers; cognitive risks identified in Section 4.3 remain, but the conditions to resist them are in place.

Source: Team 21 analysis.

**Figure 5.2: Tier 2 (SHOULD) Recommendations**

| Tier                                                                                                                                                                                                                                                                                                                                                                                                                                                | Recommendation                                                                                               | Evidence                                                                                                                                       | Timeframe    | Measurable Outcome                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------|
| S<br>H<br>O<br>U<br>L<br>D                                                                                                                                                                                                                                                                                                                                                                                                                          | Require board papers to present at least two options with rationale, circulated at least one week in advance | Papers presenting a single option or arriving too late structurally prevent challenge, regardless of trustees' willingness.                    | 3 months     | Trustees report board papers consistently present alternatives with sufficient preparation time |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Introduce a lightweight annual decision review assessing past decisions against DREAM criteria               | No board across the interviews or survey had a formal review process. Bias patterns affecting past decisions remain invisible and uncorrected. | Annual cycle | Board identifies at least one governance improvement directly from reviewing a past decision    |
| <b>Implementing the SHOULD recommendations</b><br>These two recommendations build the process infrastructure that sustains MUST-level improvements over time. Board paper standards directly address the most common in-meeting failure mode: information architecture that forecloses challenge before it begins. The annual decision review closes the retrospective gap, ensuring boards can identify and correct bias patterns already enacted. |                                                                                                              |                                                                                                                                                |              |                                                                                                 |

Source: Team 21 analysis.

**Figure 5.3: Tier 3 (COULD) Recommendations**

| Tier | Recommendation | Evidence | Timeframe | Measurable Outcome |
|------|----------------|----------|-----------|--------------------|
|------|----------------|----------|-----------|--------------------|

|                                  |                                                                                                                     |                                                                                                                                                                                                |                        |                                                                                                                 |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------|
| <b>C<br/>O<br/>U<br/>L<br/>D</b> | Target a board size of 9 to 12 trustees and treat size as a governance variable, reviewed at each recruitment round | Boards of 9 to 12 reported the highest decision-making satisfaction. Below this range boards skew toward retired volunteers; above it, quieter voices disengage and accountability diffuses.   | Next recruitment round | Board size actively managed as a governance decision at each recruitment round rather than inherited by default |
|                                  | Pilot the DREAM diagnostic with 3 to 5 CFG member charities and report findings back to the network                 | Derived from survey, interviews, and expert consultation, a pilot would test applicability across sizes and sectors and generate the evidence needed to validate it as a sector-wide standard. | 12 to 18 months        | DREAM diagnostic adopted by CFG member charities and embedded into sector governance guidance                   |

### Implementing the COULD recommendations

These two recommendations represent the longer-term implementation of the framework. Board size governance ensures structural conditions are actively managed rather than inherited by default. Piloting DREAM with CFG member charities generates the evidence base needed to validate and refine the framework beyond this study, positioning CFG as a sector leader in evidence-based governance practice.

Source: Team 21 analysis.

## 5.3 Implementation guidance

Three of the recommendations above require specific implementation guidance to be actionable for CFG member charities without specialist support.

### Psychometric screening in trustee recruitment

The five DREAM traits each correspond to a validated psychometric instrument, three of which are freely available and take under ten minutes to complete. The Need for Cognition Scale (Cacioppo and Petty, 1982) measures analytical engagement; the Curiosity and Exploration Inventory (Kashdan et al., 2009) measures epistemic curiosity; the Big Five Inventory (John et al., 1991) identifies low agreeableness as the foundation of constructive dissent; the NEO-PI-R conscientiousness sub-scale provides granular assessment for boards with HR support; and Grant's (2008) Prosocial Motivation Scale measures other-oriented motivation. CFG should produce a standardised recruitment toolkit incorporating all five as a downloadable resource. No new infrastructure is required; a Google Form version of each can be distributed through existing application processes. The cost of not doing so is measurable: 47% of boards are currently leaving mission alignment to self-selection rather than deliberate design (Q28).

## Annual skills audit

Boards conducting a formal skills audit rate their skills mix 0.78 points higher on average than those that do not (Q30 × Q21). CFG should produce a standardised skills audit template incorporating the five DREAM trait categories alongside technical skills, circulated as an annual governance resource rather than a one-off recruitment tool. Boards below the 9 to 12 trustee threshold should treat any gap identified as a recruitment trigger rather than a training intervention.

## Embedding psychological safety into trustee onboarding

The challenge culture paradox - 68% of trustees feel individually comfortable challenging, yet 65% identify challenge culture as the most lacking quality on their own board - suggests the gap is not attitudinal but structural. Without deliberate onboarding, deference patterns set in early and persist. CFG should incorporate psychological safety explicitly into trustee induction guidance, establishing challenge norms before board hierarchy consolidates. The measurable target is straightforward: new trustees should feel able to challenge from their first meeting, not only after several terms.

## 5.4 Optimal board composition example

The trait coverage matrix below illustrates how the DREAM traits should be distributed across a ten-trustee board (Chair plus T2 to T10), with coverage thresholds indicating how many trustees need each trait for the board to function effectively as a collective decision-making unit, along with the rationale behind each threshold.

**Figure 5.4: Example trait coverage matrix for a ten-trustee board**

| TRAIT & RATIONALE                                                                                                                                                                                                                                                                                       | Chair | T2 | T3 | T4 | T5 | T6 | T7 | T8 | T9 | T10 | COVERAGE             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|----|----|----|----|----|----|----|-----|----------------------|
| <b>D</b> <b>Conscientiousness</b> <i>Duration-aware</i><br>Most trustees must sustain long-horizon thinking to avoid short-termism; a minority of operationally-focused trustees provides balance.                                                                                                      | ●     | ●  | ●  | ●  | ●  | ●  | ●  | ○  | ○  | ○   | 7/10 · ≥60%          |
| <b>R</b> <b>Need for cognition</b> <i>Risk-considered</i><br>Analytical scrutiny of risk must be distributed across the majority; concentrating it in one voice reproduces the Specialisation Paradox.                                                                                                  | ●     | ●  | ●  | ●  | ○  | ○  | ○  | ●  | ○  | ○   | 6/10 · ≥50%          |
| <b>E</b> <b>Epistemic curiosity</b> <i>Evidence-based</i><br>Evidence-seeking must be a board-wide norm. Where most trustees accept conclusions unchallenged, the Evidence criterion fails regardless of board structure.                                                                               | ●     | ●  | ●  | ●  | ●  | ○  | ○  | ●  | ●  | ○   | 7/10 · ≥60%          |
| <b>A</b> <b>Low agreeableness</b> <i>Alternatives considered</i><br>Too many challengers risks relationship conflict replacing task conflict (Jehn, 1995). Sunstein and Hastie (2015) show 2–3 designated critics is sufficient to shift deliberation.                                                  | ○     | ●  | ○  | ●  | ●  | ○  | ○  | ○  | ○  | ○   | 3/10 · 2–3 only      |
| <b>M</b> <b>Prosocial motivation</b> <i>Mission-aligned</i><br>Effort norms require sustained voluntary engagement (Forbes & Milliken, 1999). Mission commitment is the baseline condition for every other trait to operate. Phase 1 confirms this as the strongest predictor of trustee effectiveness. | ●     | ●  | ●  | ●  | ●  | ●  | ●  | ●  | ●  | ●   | 10/10 · All trustees |

Filled dot = trait present · Empty ring = trait absent · Chair highlighted in teal (facilitative, not challenger role)

Source: Team 21 synthesis of survey, interview, and literature evidence.

Section 6 evaluates the strength of the evidence underpinning these recommendations and identifies directions for future research.

## 6 Discussion & Limitations

This study set out to define high-quality board decision-making in the charity context, identify the composition conditions that enable it, and understand how cognitive biases undermine it even where those conditions are met. The DREAM framework addresses RO1 by establishing a process-centred definition grounded in both literature and primary data. The composition findings address RO2, confirming Forbes and Milliken's (1999) model while identifying two adaptations specific to the charity context: the specialisation paradox, which shows that expertise expansion can simultaneously erode cross-scrutiny, and psychological safety, which substitutes for the formal authority structures Forbes and Milliken assume but voluntary boards lack. The bias findings address RO3, with the challenge culture paradox demonstrating that individual comfort and collective challenge culture are separable conditions - a distinction the existing literature does not account for. The sections below evaluate the strength of that evidence and identify directions for future research.

### 6.1 Evidence evaluation and limitations

#### Qualitative sample scope

Six interviews offer limited coverage of governance contexts. More significantly, because the survey instrument was developed directly from themes identified in those interviews, any governance dynamics not surfaced in the qualitative stage are also likely absent from the survey design. The interview sample therefore did not merely limit qualitative depth but shaped the conceptual boundaries of the entire study, meaning findings specific to very large or federated charities may be systematically underrepresented across both methods.

#### Social desirability bias

The self-reported nature of both methods, without direct observation of board meetings, risks what Nederhof (1985) identifies as social desirability bias. Scenario-based survey items were deliberately chosen to reduce this effect, as Nederhof (1985) demonstrates that behavioural scenarios produce more accurate data than direct self-assessment. However, residual distortion remains likely since even indirect self-report carries social pressure toward governance-aware responses.

#### Self-selection bias

All participants were recruited through the CFG network, likely attracting more governance-aware trustees than the broader sector average. Findings on skills audit adoption and challenge culture may

therefore reflect more mature practice than is typical. These limitations are particularly relevant if CFG intends to apply the DREAM framework beyond its existing membership to the broader sector.

## 6.2 Future research

This study opens several avenues worth pursuing. Experimental methods, such as vignette-based or simulated board decisions with real trustees, could test whether the specialisation paradox and psychological safety effects identified here hold under controlled conditions, establishing causation rather than association. Longitudinal research tracking the same boards over time would help determine whether composition improvements shift decision quality as boards mature. Comparative work across social enterprises and corporate boards would clarify how much of this is specific to the charity context.

Most immediately, piloting the DREAM framework with CFG member charities would test whether it works in practice and generate the evidence base needed to refine it.

# 7 Conclusion

This study set out to address three research objectives: defining what constitutes a high-quality board decision in the charity context, identifying the composition characteristics and trustee traits that enable it, and understanding how cognitive biases undermine it even where those conditions are met. The findings converge on a consistent conclusion: decision quality depends not only on who sits on a board but on whether the structural and cultural conditions for challenge, scrutiny, and dissent are actively maintained.

On RO1, the DREAM framework establishes a process-centred definition grounded in both literature and primary data. On RO2, the composition findings confirm Forbes and Milliken's (1999) model while identifying two charity-specific adaptations: the specialisation paradox, which shows that skills expansion can simultaneously erode cross-scrutiny, and psychological safety, which substitutes for the formal authority structures voluntary boards lack. On RO3, the challenge culture paradox - 68% of trustees feel individually comfortable challenging, yet 65% identify challenge culture as most lacking - demonstrates that individual comfort and collective challenge culture are separable conditions the existing literature does not account for.

The DREAM Diagnostic Framework is this study's primary deliverable for CFG. Three priority recommendations follow: psychometric screening at trustee recruitment, annual skills audits, and embedding psychological safety into trustee onboarding. This project also extends Phase 1's finding that intrinsic motivation predicts individual effectiveness to the collective board level.

For CFG's membership, the immediate implication is straightforward: high-quality charity governance is not achieved by recruiting the right expertise alone, but by building the conditions under which that expertise can be scrutinised, challenged, and translated into decisions that genuinely serve beneficiaries.

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# Appendix A · Interview Instrument

*Charity Board Composition and Decision-Making Quality - Team 21, University of Bath FYP*

## Section 1: Introduction shown to respondents

*Purpose: introduce ourselves and provide a brief overview to the interviewee regarding the aim of the interview.*

### Q1. Interviewer

First of all, thank you very much for agreeing to take part in this interview and for taking the time to speak with us. Just to briefly introduce ourselves, we are final-year Business students at the University of Bath. For our Final Year Project, we are working in partnership with the Charity Finance Group to investigate what the optimal composition of charity boards is to enable high-quality decision-making.

The purpose of this interview is to better understand the experiences and perspectives of trustees regarding board decision-making, board dynamics, and the characteristics that contribute to effective governance. This interview will take around 20 to 30 minutes. All of your responses will remain anonymous, and no individual or charity will be identifiable in the final report. There are no right or wrong answers; we are simply interested in your honest perspective and experiences.

With your permission, we would like to record this interview to ensure that we accurately capture the information you provide. The recording will be used only for research purposes and will be securely stored and deleted after the project is completed. Do we have your consent to record the interview?

### Q2. Trustee

Yes / No

### Q3. Interviewer

Great, thank you. Let's begin.

## Section 2: Background and board context

### Q4. Interviewer

Could you please describe the name of the charity you are involved with, for example:

- The type of organisation or sector
- The approximate annual income range
- The size of the organisation

Any other information you think is useful to understand the context would also be helpful.

### Q5. Interviewer

What motivated you to become a trustee at a non-profit organisation or charity?

**Q6. Interviewer**

What exactly is your role on the board, and for how long have you served as a trustee?

**Q7. Interviewer**

How would you describe the structure of your board?

- Approximately how many trustees are on the board
- The typical professional backgrounds or expertise represented
- How frequently the board meets

**Q8. Interviewer**

Personally, what do you think the optimal board size is, and why? (For example, whether they have had an experience where there were too many trustees, or it became chaotic.)

**Q9. Interviewer**

When your board recruits a new trustee, what qualities or characteristics does it typically look for?

- Does the board prioritise professional background and credentials, or is it more focused on personal qualities and commitment to the mission?
- Do you think the qualities the board looks for in recruitment are the right ones, or are there qualities that tend to get overlooked?
- Has there ever been a situation where a trustee's background or credentials looked strong on paper, but didn't translate into effective contribution on the board?

### **Section 3: Decision-making quality and what makes a good board decision**

**Q10. Interviewer**

Since you joined the board, have you noticed any changes or improvements in the board's composition or structure? Do you think these changes have influenced how effectively the board makes decisions?

**Q11. Interviewer**

Can you think of a recent board decision that you would consider high quality? And within that decision, what do you believe are the traits that stood out the most?

**Q12. Interviewer**

Can you recall a situation where your board made a decision that did not work out as intended, or where the decision-making process could have been improved?

- What the decision was about
  - How the board approached the decision
  - What happened afterwards *Optional follow-up questions:*
6. Looking back, what trustee behaviours or personal traits played the most important role in how the decision unfolded?
  7. What factors do you think contributed most to the outcome of the decision?

**Q13. Interviewer**

Does your board regularly reflect on the effectiveness of past decisions?

- Is there a formal process for reviewing whether a decision played out as intended?
- Has there been a situation where reflecting on a past decision changed how the board approached a problem?
- Does the board learn from past decisions or are they relatively self-contained?

**Section 4: Board decision scenarios****Q14. Interviewer**

Can you recall a situation where there was disagreement or conflict among board members when trying to reach a decision?

- What were the different points of view?
- How was the disagreement resolved?

*Optional follow-up questions:*

8. What role did the Chair or other board members play in managing the discussion?
9. What steps does your board usually take when there are strong disagreements during decision-making?
10. Do you think conflict or challenge improves decision quality, or does it sometimes make decisions harder to reach?

**Q15. Interviewer**

Have you ever held back from raising concern in a board meeting, or found it hard to challenge a decision?

- What made it difficult to do so?
- Are there group dynamics (like seniority of other trustees) that contribute to this?
- Do the opinions of certain trustees (like the Chair) carry more weight in a discussion?

**Q16. Interviewer**

Has there been a decision on your board where you felt the board moved to agreement quickly, where there wasn't much debate or pushback?

- Were concerns raised or did the discussion stay mostly positive?
- Looking back, do you feel the decision was given an adequate amount of scrutiny?

**Q17. Interviewer**

Has your board ever found it difficult to move away from an existing approach, even when there were signs it needed to change?

- What made this shift difficult?
- Were there trustees who were more resistant to change?

**Q18. Interviewer**

When your board has discussions about performance reports or monitoring data, how do they usually go?

- Does the discussion tend to focus on headline figures or do they dig into detail?
- Has there been an instance where something concerning was being overlooked?

**Q19. Interviewer**

When the executive team brings a proposal to the board, how does the board typically engage with it?

- Does your board tend to challenge proposals by the executive team when needed, or do they more often take recommendations at face value?
- Would you say there's an appropriate balance of trust and challenge between your board and the executive team?

**Section 5: Closing**

Thank you for your time. This has been extremely valuable. Everything you've shared is completely anonymous and won't be traceable to you or your charity. If anything else comes to mind after we finish, please feel free to reach out. We'd also be happy to share a summary of our findings once the research is complete, if that would be of interest.

# Appendix B · Survey Results

*Charity Board Composition and Decision-Making Quality -- Total respondents: 34 · Ethics approval ref: 1596219299. Ordering of questions is sorted by section rather than chronological order which explains jumps between question numbers. Open-text and scenario questions have been archived in compliance with ethics guidelines due to anonymisation requirements.*

## Section A: Respondent profile

### Q1: Approximate annual income of charity

| Response                    | n  | %   |
|-----------------------------|----|-----|
| Under £500,000              | 14 | 41% |
| £1 million to £10 million   | 11 | 32% |
| £500,000 to £1 million      | 5  | 15% |
| £10 million to £100 million | 3  | 9%  |
| Over £100 million           | 1  | 3%  |

### Q2: Age range

| Response | n  | %   |
|----------|----|-----|
| 40 to 60 | 17 | 50% |
| 60+      | 11 | 32% |
| Under 40 | 5  | 15% |
| 60 to 69 | 1  | 3%  |

### Q3: Length of trustee service (across all charities)

| Response           | n  | %   |
|--------------------|----|-----|
| More than 10 years | 15 | 44% |
| 5 to 10 years      | 12 | 35% |
| 2 to 5 years       | 6  | 18% |
| Less than 2 years  | 1  | 3%  |

### Q4: Length of service on current board

| Response           | n  | %   |
|--------------------|----|-----|
| 2 to 5 years       | 16 | 47% |
| Less than 2 years  | 11 | 32% |
| 5 to 10 years      | 6  | 18% |
| More than 10 years | 1  | 3%  |

### Q5: Current role on the board

| Response                           | n  | %   |
|------------------------------------|----|-----|
| Trustee (no specific officer role) | 15 | 44% |
| Chair                              | 10 | 29% |

|            |   |     |
|------------|---|-----|
| Vice-Chair | 5 | 15% |
| Treasurer  | 3 | 9%  |
| Secretary  | 1 | 3%  |

#### Q6: Primary professional background

| Response                               | n  | %   |
|----------------------------------------|----|-----|
| Charity / non-profit sector            | 16 | 47% |
| Private sector / corporate             | 12 | 35% |
| Public sector                          | 2  | 6%  |
| Academic / research                    | 2  | 6%  |
| Military and charity (combined career) | 1  | 3%  |
| Higher Education (non-academic)        | 1  | 3%  |

#### Q7: Approximate number of trustees on board

| Response     | n  | %   |
|--------------|----|-----|
| 6 to 8       | 15 | 44% |
| 9 to 12      | 10 | 29% |
| Fewer than 6 | 5  | 15% |
| 13 to 15     | 3  | 9%  |
| More than 15 | 1  | 3%  |

#### Q8: Board meeting frequency per year

| Response           | n  | %   |
|--------------------|----|-----|
| 4 to 6 times       | 28 | 82% |
| 7 to 10 times      | 3  | 9%  |
| Fewer than 4 times | 3  | 9%  |

## Section B: Board structure and recruitment

#### Q9: Expertise areas represented on the board (multi-select)

| Response                                           | n  | %   |
|----------------------------------------------------|----|-----|
| Financial / accounting                             | 30 | 88% |
| Fundraising / marketing                            | 21 | 62% |
| Public sector / policy                             | 21 | 62% |
| HR / people management                             | 20 | 59% |
| Lived experience relevant to the charity's mission | 19 | 56% |
| Academic / research                                | 16 | 47% |
| Digital / technology                               | 14 | 41% |
| Legal                                              | 12 | 35% |

#### Q10: Use of an advisory board or equivalent structure

| Response | n | % |
|----------|---|---|
|----------|---|---|

|                             |    |     |
|-----------------------------|----|-----|
| No                          | 22 | 65% |
| Considering introducing one | 6  | 18% |
| Yes                         | 6  | 18% |

#### Q11: How new trustees are typically identified

| Response                                            | n  | %   |
|-----------------------------------------------------|----|-----|
| Open advertising or public recruitment              | 13 | 38% |
| Combination of formal and informal approaches       | 8  | 24% |
| Personal networks of existing trustees or the Chair | 6  | 18% |
| Charity trustee recruitment platforms               | 5  | 15% |
| Professional recruitment or headhunting             | 1  | 3%  |
| All of the above, single recruitment process        | 1  | 3%  |

## Section C: Decision-making quality

#### Q12: Most important characteristics of a high-quality board decision (select top 5)

| Response                                                     | n  | %   |
|--------------------------------------------------------------|----|-----|
| Clearly aligned with mission and beneficiaries' interests    | 33 | 97% |
| Considers risks and potential downsides                      | 29 | 85% |
| Based on adequate evidence and information                   | 26 | 76% |
| Genuinely considers alternative options before deciding      | 19 | 56% |
| Balances short-term pressures with long-term strategic goals | 17 | 50% |
| Incorporates dissent and challenge before consensus          | 16 | 47% |
| Reflects a range of stakeholder perspectives                 | 15 | 44% |

## Section D: Board practices - Likert scale items

Scale: 1 = Strongly Disagree, 5 = Strongly Agree. Mean scores reported below summarise ea

| Item                                                                   | Mean | n  |
|------------------------------------------------------------------------|------|----|
| Q14: Board decisions well-aligned with mission and beneficiary needs   | 4.18 | 34 |
| Q15: Board receives adequate information and evidence before decisions | 3.56 | 34 |
| Q16: Options and rationale clearly set out in board papers             | 3.65 | 34 |
| Q17: Board genuinely considers alternative courses of action           | 3.41 | 34 |
| Q18: Trustees feel comfortable expressing disagreement                 | 3.68 | 34 |
| Q19: Board comfortable taking well-evidenced strategic risks           | 3.38 | 34 |
| Q20: Board effective at balancing short and long term                  | 3.59 | 34 |
| Q21: Board composition provides right mix of skills and experience     | 3.47 | 34 |
| Q22: All trustees have sufficient financial literacy                   | 3.03 | 34 |
| Q23: Decision-making effective overall                                 | 3.85 | 34 |
| Q24: Trustees defer too readily to the most specialist or senior voice | 3.00 | 34 |
| Q25: Board size supports effective decision-making                     | 3.94 | 34 |
| Q26: Chair effective at encouraging open discussion                    | 3.50 | 34 |
| Q27: Chair to CEO relationship appropriately balanced                  | 3.41 | 34 |
| Q28: Recruitment actively prioritises mission commitment               | 3.26 | 34 |

|                                             |      |    |
|---------------------------------------------|------|----|
| Q29: Current trustees are mission-motivated | 4.18 | 34 |
|---------------------------------------------|------|----|

## Section E: Trait and governance rankings

### Q30: Has your board conducted a skills audit in the past three years?

| Response | n  | %   |
|----------|----|-----|
| Yes      | 24 | 71% |
| No       | 9  | 26% |
| Not sure | 1  | 3%  |

### Q33: Which traits are most lacking on your own board? (multi-select)

| Trait                               | %   |
|-------------------------------------|-----|
| Willingness to challenge            | 65% |
| Strategic and long-term orientation | 53% |
| Practical sector knowledge          | 41% |
| Analytical and critical thinking    | 38% |
| Independence of thought             | 29% |

### Q34: Which traits are most lacking across the charity sector generally? (multi-select)

| Trait                               | %   |
|-------------------------------------|-----|
| Strategic and long-term orientation | 65% |
| Willingness to challenge            | 47% |
| Independence of thought             | 35% |
| Practical sector knowledge          | 32% |
| Analytical and critical thinking    | 32% |

### Q13: Formal process for reviewing whether past decisions played out as intended

| Response                       | %   |
|--------------------------------|-----|
| No formal review process       | 94% |
| Formal review process in place | 6%  |

Scenario items (Q35 to Q39) and open-response items (Q13, Q40, Q41) are summarised in Section 4 of the main body; full response sets are retained on file as part of the ethics-compliant research data archive.