

# University Trustee Board Member Diversity in America Today

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## **Abstract**

This paper analyzes the composition of Trustee Boards of American colleges and universities with respect to the diversity of their membership. Questions considered are: 1. Should university trustee boards have diversified memberships? 2. What are the costs of diversifying university trustee boards? 3. How can university trustee boards foster the full participation of diverse members?

Currently, student bodies are increasingly diverse in terms of gender, national origin, and race, while many boards of trustees are becoming less diverse. We question the message sent to stakeholders when a platform party of aging men of European descent stands before a typically young, multi-racial, predominantly female graduating class on graduation day. This leads to a second-generation student retention issue: In the future, will those very graduates want to send their children to their own alma mater?

**Keywords:** Diversity, Participation, Trustees, University, Governance

Higher Education is one of several mega institutions that have a strong bearing on the long-term future success of America's culture, economy, and outlook. The strategy and overall direction of America's colleges and universities is the task of the men and women named as members of the boards of trustees. As such, academic trustee boards strongly influence American life. That influence drives the educational outcomes of millions of college students who will become the leaders of ensuing generation. To the extent that trustees actually affect the direction of the institutions that they serve, we wonder whether they represent educational stakeholders. Primary among those stakeholders' are the students; past, present, and future.

The purpose of this paper is to consider three questions pertaining to University Boards of Trustees? Questions considered are: 1. should university trustee boards have diversified memberships? 2. What are the costs of diversifying university trustee boards? 3. How can university trustee boards foster full participation by diverse members?

### **Background and Significance**

Paul Fain's 2010 article, "Diversity Remains Fleeting on Colleges' Governing Boards, Surveys Find", reviews the findings of two studies conducted by the Association of Governing Boards of Universities and Colleges. The findings assessed over 20 years of progress toward member diversity on trustee boards of public and private universities and colleges (Schwartz, 2010). Fain (2010) summarizes by saying: "College trustees remain overwhelmingly white, male, and over 50, according to the results," which he then went on to describe as follows:

Women and minorities gained little ground in the six years since the association's last survey. Whites account for 74.3 percent of the trustee spots at public institutions and 87.5 percent at private institutions, compared with 77.7 percent and 88.1 percent, respectively, in 2004 (Fain, 2010, p. 1.).

Here are some additional highlights of the studies:

- Minorities made the largest strides between 1969, when they were largely nonexistent on boards, and about 1985. Since then, growth has slowed (Schwartz, 2010).
- The arrival of female trustees has also tapered off in recent years (Schwartz, 2010). Men outnumber women more than two to one on boards of both private and public colleges (Schwartz, 2010). The percentage of female trustees at private colleges (30.2 %) is double what it was in 1977, but the rate of increase has slowed in recent years (Schwartz, 2010). At public institutions, the share of women serving on governing boards now (28.4 %) is less than it was in 1997 (30 %) (Schwartz, 2010).
- Trustees are getting older, and baby boomers continue to dominate boards. At private colleges, 83.1 % of trustees were over 50, up from 79.8 % in 2004 (Schwartz 2010). Meanwhile, the percentage of trustees who were 30 to 49 declined from 30.1 percent in 1977 to 16 %. At public colleges, that age group's share decreased from 37.2 % in 1985 to 14.3 percent." (Schwartz, 2010)

These data suggest that college and university trustee boards may not be as diversified as one

might expect; however, when compared to many extremely homogeneous corporate and bank boards of trustees which members remain primarily white, male, and over 60 years of age, the university trustees boards are significantly more heterogeneous (Bjorklund, 2010). In September, 2010 Rhode and Packel of Stanford Law School cited data concerning Fortune 500 Boards as follows: Women currently hold only about 15 % of the seats on Fortune 500 boards and the same percentage on key board committee chairs (Rhode & Packel, p. 1.).

- Of all United State corporate boards, a majority (51.2%) has no women directors or only one (Rhode & Packel, 2010, p. 1.).
- At current rates it would take almost 70 years for women's representation on boards to reach parity with men (Rhode & Packel, 2010, p. 3).

Nevertheless, as encouraging as the contrast between corporate America and academe seems, we believe that the fundamental role of colleges and universities calls for trustee boards with higher standards of diversity that are congruent with the stakeholder community that they serve. According to Merrill P. Schwartz, Director of Research for the Association of Governing Boards, (2010) "the role of the board is to represent the public trust." (p. 37) Further, "having a board that reflects the community that the institution serves now and in the future helps ensure that you have a well-rounded board to represent that public" (Schwartz, 2010, p. 1).

Yet, university trustee boards have compound and sometimes conflicting roles based on multiple stakeholders that include current and future college students, the employment community, financial supporters, and society at large. Traditionally, the main role of boards of private universities has been to raise funds to keep the school afloat and to provide strategic management skills (Schwartz, 2011). The roles and makeup of the boards are influenced by the president of the university and by the chairman of its board of trustees. With respect to diversity within their membership, some boards are significantly more varied than others.

### **A Brief Illustration**

Understandably, few university presidents were willing to respond (several declined) to direct questions concerning the quality of their boards of trustees. However, in an interesting direct comparison at one university in transition, an outgoing and incoming president responded to the authors' question about the composition of the university's trustee board. First, its retiring president (identity of university and interviewees withheld) responded that the board of over 30 members currently lacked diversity and quickly added that it would be inappropriate to seek diversity (although in reflection added that if anything one might want to recruit a Hispanic member). That president then summarized the expectations of board member roles as fulfilling "the three T's; time, treasure, and talent". Members are expected to attend a specific number of events and all board meetings (time); prospective members agree to commit to specified levels of annual financial support as well as major amounts for fund drives (treasure); and, finally, members should bring skills and abilities (talents) related to budgeting, strategic planning, and important contacts, etc. While this university president's attitudes may not be representative of all college presidents, it is unlikely that this president stands alone. Secondly, and by stark contrast, when asked the same question about board diversity, the president-elect of the same

university responded that it is important that boards be diversified, and that over time will become much more diversified and representative of the makeup of its constituent stakeholders.

Nationwide, what do trustee boards look like? The answer to that question is largely reliant on whether a university is public and, therefore, has a board of trustees who must respond to state legislature funding; or whether the university is private requiring that its board of trustees are charged with assisting in fundraising. Results that reflect differences between public and private boards are outlined as follows:

- **Public University Trustee Boards:** The average public board has 12 voting members, including nine men (75%) and three (25%) are women. Of the 12 members, nine (75%) are white, two (16.66%) are black, and one (8.33%) is of another race. Of the 12, one (8.33%) trustee is under 30 years old, two (16.66%) are 30 to 49, eight (66.66%) are 50 to 69, and one (8.335) is over 70 years of age. Half are alumni, two are retired, and six have worked primarily in business. The board meets seven times a year, and the business portion of each meeting lasts about 4.5 hours.
- **Private University Trustee Boards:** The average private board has 29 voting members, composed of 20 (69%) men and nine (31%) women. Of the 29 board members, 25 (86.2%) are white, two 6.89% are black, one (3.45%) is Hispanic, and one (3.45%) is another race. Five (19%) of the 29 board members are 30 to 40 years old, twenty (69%) are 50 to 69, four (14%) are over 70, and none are under 30. Half are alumni, five are retired, and fifteen have worked primarily in business. The board meets three to four times a year, and the business portion of each meeting lasts about five hours (Fain, year 2010, p. 1).

### **Should university trustee boards have diversified memberships?**

Like the fiduciary obligations of trustees of banks, trustees of college and universities are expected to keep a watchful eye on the condition of the organizations that they serve and to oversee strategic decision-making. This statement is generally thought to be true of most corporations, but it is certainly true also of university boards whose stakeholders expect, and deserve a high level of fiduciary responsibility from the boards, as well as of their audit, and compensation committees. Although the public is increasingly skeptical of the sincerity and competence of institutional boards, it is reasonable to expect that board and committee members are selected for their own unique personal qualifications and contributions (which may be based on a skill, knowledge base, functional viewpoint, or to represent a particular demographic perspective).

Ideally, board members are selected because their contributions are expected to enhance the quality of the university's decisions and outcomes. As the nature of the university's constituency evolves, it makes sense that they should continue to represent the new character of the body of stakeholders. For instance, a university with a large number of minority students, of various nationalities and ethnicities, whether they are Asian, Hispanic, African-American, African, Eastern European, would do well to represent the needs of all populations of the university. We do not believe that a quota system or anything like a

proportional allocation system is appropriate for board members in a college or university. However, we do believe that colleges and universities deserve boards of trustee that understand the backgrounds of and embody the needs of the student and community stakeholders.

There are many arguments for board member variety. Extant literature in management, sociology, social psychology, and organizational theory includes significant recent scholarship supporting diversity in decision-making. Scott Page in his book, *Difference*, (2008) argues that in almost all cases diverse groups make better decisions than homogeneous groups and suggests that in decision-making, “diversity trumps expertise.” (p. 6). The difference we expect to see is board decisions that are based on broader inputs, more mission-based in terms of the vision and strategy of the university, and more representative of all its stakeholders.

Harvard University legal scholar, Cass Sunstein (2009), argues that homogenous groups of like-minded people, including investors and executives, tend to adopt narrower and more extreme positions than groups with a diversity of opinion (p.5). An early discussion of the notion of the advantages of organizational diversity came from David A. Thomas and Robin J. Ely in *Making Differences Matter: A New Paradigm for Managing Diversity* (1996). The authors posit that in the past, organizations tried to get diverse members to either simply blend-in or to assign them to work on “identity-group” projects (Thomas & Ely, 1996, p. 2). They went on to say that diverse groups don’t just bring their special identity-group knowledge, but rather:

...important and competitively relevant knowledge and perspectives about how to actually do work, how to design processes, reach goals, frame tasks, create effective teams, communicate ideas and lead. When allowed to, members of these groups can help companies grow and improve by challenging basic assumptions about an organization’s functions, strategies, operations, practices, and procedures.” (Thomas & Ely, 1996, p. 2)

### **What are the costs of diversifying university trustee boards?**

The first cost of diversity can be the fruit of the diversity itself. As important as increasing board diversity is, there is a catch; the more diverse a board becomes, the more difficult board communications become. That is, as member differences increase; successful communications between those members becomes more difficult. Diversity leads to changes in a board’s group dynamics in ways that challenge the involvement, engagement, and the individual contributions of the minority board members who were brought for the express purpose of being heard. In other words, as a university board’s level of diversity increases, its ability to harvest the expected advantages of that diversity may actually decrease.

Another cost may well be the learning curve of the new, and less experienced members. They may need training and mentoring to learn the board’s and university’s processes. Also, there is potential for board divisions between the traditional members and the more diverse members. This may be based on diminished trust and respect, or it might be based on different decision styles; some riskier and some more risk averse. The traditional team may

have greater loyalty to the university executives, while the more diverse members may look to outside project proposals. These costs are difficult to quantify, but further research should look to this important question.

Board culture evolves over time. In colleges and universities that have been around for 50 to 100 or more years, a history of board practices develops that can determine who is assigned to various committees and who may be expected to speak on various issues. Interestingly, a study of attitudes of minority board member found that the board culture was both the most rewarding and the most disappointing aspect of their board membership (Walker, p. 6). New and minority board members may need to be nurtured so that they feel welcome to participate in the board dialogue that pertains to their levels of skill and knowledge.

### **How can university trustee boards foster full participation by diverse members?**

More realistically, does a board of trustees have any real input on important operational or strategic decisions, or is their influence limited to financial decisions? Each case is different, but in some universities, the board members are viewed as rubber stamps for decisions that are already made and simply require formal board approval. In those cases, a diverse board is more likely to seek thorough analytical support for proposals on controversial decisions. The reasons for differences in member participation rates are many. A few examples are listed below:

- Age, where a significantly older or younger member may be uncomfortable.
- Gender, where a member of a board is the only woman or man, and feels marginalized.
- Race, where a member of an under-represented race feels a lack of respect from or toward the group.
- An “outside” member of any board who is expected to play an important role.
- A member whose educational level or type is different from most members.
- A highly introverted person.
- A person new to the organization or with less experience.
- A board member with low emotional intelligence.
- A board member lacking in personal wealth.

These are a few categories where significant diversity-participation challenges commonly occur. Some board members feel out of place, unable, or unwilling to share important data that would influence the outcome of the board. We have all experienced the feeling of reluctance to participate openly in a group as “the odd member out”.

### **Recent Research on the Paradox of Diversity and Participation on Boards**

Most recently, a study published in the *Academy of Management Journal* reported on the effect of Kearney *et al* cited increasing “reliance on teams to generate solutions for sustained business success” and “a surge in research on how teams should be composed to foster high

performance” (Kearney, Gelbert, & Voelpel, 2009, p. 581). Part of that surge is discussed in Scott Page’s 2007 article suggesting that diverse boards often out-perform homogeneous boards because of what he called super-additivity of what diverse members bring to the table. In other words, diverse boards are important and corporations spend billions of dollars in training and recruiting high talent and diverse members (Page, 2007, p. 6).

Many aspects of this paradox have been studied in relationship to decision-making and problem-solving teams. One such study looked at the role of boards where member’s backgrounds differed on, among other things, their industry and occupational histories. They found that these factors were significant in affecting board communications effectiveness. (Joshi & June, 2009, p. 599)

Another consideration in the paradox is the effect of “open-mindedness” of member’s personal traits as it might affect the dynamics of a diverse group and its outcomes. Homan et al. studied diverse four-person teams engaged in interactive tasks, to determine whether their performance was influenced by the “openness to experience” of the members and found that the “openness” variable had an important positive effect on most diverse teams. (Homan, Hollenbeck, Humphrey, Van Knippenberg, Ligen, & Van Kleef, 2008, p. 1204). The concept of “Empowering Leadership” and its effects on the outcomes of diverse management teams in over 100 U.S. hotels was studied to understand the roles of knowledge sharing and team efficacy as it might intervene in the relationship between “empowering leadership” and team performance (Srivastava & Bartol, 2008, p. 1239). Team performance was based on market outcomes (Srivastava & Bartol, 2008, p. 1239). The authors state that “empowering leadership” is positively related to knowledge sharing, which is, in turn, positively related to performance” (Srivastava & Bartol, 2008, p. 1239).

An eye-opening insight came from the outcome of a study, which considered “expertness,” as it relates to the need and availability of “helping behavior” in diverse boards (Van Der Vegt, Bunderson & Oosterhof, 2006). This research investigated the germane issue of members helping other members. Looking at these boards, the researchers observed that in highly diversified boards, members will be more committed to and more likely to help those seen as more expert and seemingly less in need of help, than those seen as less expert and most in need of help. The insight is that less expert members may become increasingly isolated in their board experience (Van Der Vegt, p. 877).

A number of interesting insights were reported in a recent paper by Shin et al., “Cognitive Team Diversity and Individual Team Member Creativity: A Cross-Level Interaction” (year 2012). First, the foundation of their paper is that increasing observations of diversity are being made about teams (Shin p.214). Even levels of cognitive creativity will make a difference on how members are willing or able to participate. Second, among a series of findings is that “transformational leadership is likely to help individuals capitalize on the cognitive resources from cognitive team diversity.” (Shin, p.217). The insights include the notion the cognitive difference is an important source of team diversity, and that transformational leadership behavior and its inspirational motivation is a leadership approach that stimulates team creativity (Shin, p. 228).

## Summary

While the student bodies of American Universities are becoming more diversified, their boards of trustees are not. What is the message to the community when the student representative, a minority, gives a commencement address partly in Spanish, a language neither the all-white stage-party of board members, nor the president, understands? Is the message that the board is proud of and honors that student for the successful struggle leading from a ghetto life to an accounting degree and career? Probably yes. The opportunity for that student to progress to board membership or to university presidency appears limited. We need to do more.

## Conclusions

In the introduction, the following four questions were cited as our purpose for writing: Should university trustee boards have diversified memberships? 2. What are the costs of diversifying university trustee boards? 3. Are American college and university trustee boards appropriately diversified? 4. How can university trustee boards foster the full participation of diverse members?

We believe that in a society where successful higher education is so essential, and where the demographics of potential student is so diverse, trustees of colleges and universities have an important mandate to develop educational institutions so students can find learning environments where they can flourish.

We also believe that many college and university boards of trustees are made up of members, whose purpose is fundraising, budgeting, and approving the plans of the president and chairman; and have little knowledge or focus on the specific approaches to appropriate needs of their student population. Finally, we believe that when diversity is part of boards of trustees, it leads to communication barriers that often lead to lack of trust and respect among members; a precursor to stumbling blocks in successful board meetings.

There are a vast number of combinations and permutation of possible communications issues arising from diversity on boards. As complex as it is in dealing with diversity on boards, there is no need for a different approach to solving each and every different type of board setting. One necessary and sufficient factor can overcome all of these challenges resulting from the diversity-participation-paradox. That factor is patient and focused leadership. We need leaders who are focused listeners and who encourage all board members to participate. The quiet member, who has been put onto a board for an important reason, should not be allowed to languish; rather the leader must elicit contributions from each member

Patience is called for from the board as well as the leader. If there are important issues, the group must be prepared to tolerate more, longer, and potentially less efficient meetings. It sometimes takes more time and patience to draw out all members, and to listen faithfully to contributions that may at first seem inappropriate. Those contributions should be heard and examined, and perhaps enhanced, extended, and expanded until they have reached their fullness. Group members will learn to speak their minds.



## Recommendations

We recommend both specialized board and chair training, or a board consultant who can listen and provide direction, as needed. An independent board analyst can discretely provide process information for the chair that will be useful in hearing, understanding, and accepting input from all members as well as providing interaction analysis during the actual meeting. Not all input is necessarily relevant or valid, and that is up to the board to determine. Nevertheless, when a member has been selected for a reason, that member should be heard.

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