Why does diversity in governance spaces lead to better decision-making? Drawing on your experience and examples from practice, explain how diverse perspectives influence boardroom dynamics, risk management, and organisational resilience. Consider both the benefits and the challenges of achieving meaningful diversity.

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Introduction

There is little doubt that diversity has come to the forefront of discussions about governance over the past generation, reflecting a growing consensus of its impact on decision-making and organisational resilience. It is easy to see why, given that evidence suggests diverse leadership is linked to organisations performing well financially (Dixon-Fyle et al., 2023). This essay argues that the value and impact of diverse appointments in governance spaces extend far beyond improving the bottom line. Broadly speaking, inclusive recruitment practices and the diverse appointments that result help advance equality and promote fairness, reducing groupthink and influencing how boards view problems and weigh risk. Yet to assume that diversity in governance spaces, including boards, committees, executive leadership, and governance teams, acts as a 'silver bullet' that leads to higher-quality decisions warrants further investigation. This essay argues that for diverse boards to truly thrive, inclusion must be embedded into governance processes and organisational culture.

Defining 'diversity': demographic, cognitive, experiential, and positional

Over the past few decades, the case for greater diversity in the boardroom has been growing in momentum. The Tyson Report (2003) recommended widening the range of backgrounds and experiences on boards to strengthen decision-making. In the same year, the Higgs Review urged nominations committees to expand the pool from which senior leaders are recruited to encompass historically excluded groups (Higgs, 2003). As the Equality Act 2010 provides important legal protection for nine protected characteristics, meaningful 'EDI', referring to equity (ensuring adjustments or support is available to enable individuals to participate fully); diversity (the lived experience); and inclusion (the sense of belonging and safety) requires consideration of a wider range of experiences and identities (Association of Chairs, 2024), as reflected in the sub-categories described below.

Firstly*, demographic diversity*, encompassing characteristics such as age, ethnicity, disability, and gender, helps ensure that boards reflect the communities, customers and stakeholders they serve (Chen et al., 2024). In addition, diversity of thought, also known as *cognitive diversity*, has gained attention more recently and refers to differences in thinking styles and approaches to

processing problems (Reynolds and Lewis, 2017). In practice, this manifests in governance spaces as individuals approaching problems from different perspectives (logically, emotionally and so on). A range of thinking skills strengthens challenge in the boardroom if leveraged well, through effective chairing for example (KPMG Board Leadership Centre, 2023). Furthermore, *experiential diversity* encompasses differences arising from affinities, hobbies, abilities, educational accomplishments, different industries, and the range of organisation types that can be represented on boards (De Anca and Aragón, 2018; Genin, Ma and Bernile, 2023). Related to this is what this essay refers to as *positional diversity*, the inclusion of different roles and levels within organisations, such as students or teaching staff.

Bringing diverse positions into the boardroom aims to further reduce blind spots in decision-making, but it can pose challenges, such as conflicts among members, leading to poor overall cohesion (Chen et al., 2024). Beyond skills and demographic diversity, board effectiveness depends on interpersonal dynamics. Regardless of expertise, a new director must be able to work constructively with the rest of the board and senior leadership team. Team cohesion is difficult to assess in traditional panel interview settings and even harder to predict, yet it is an important consideration and adds an additional layer of complexity and challenge.

Additionally, a recent report by the Chartered Institute of Personnel and Development (CIPD) found that organisations are now embracing ‘intersectionality’, in which identities overlap, thereby placing greater focus on promoting inclusion for all (CIPD, 2025).

Boardroom dynamics: role of the chair and company secretary in creating psychological safety

The potential to shape boardroom dynamics with a diverse group can be realised when other aspects of effective corporate governance are present and functioning effectively. Two key roles in the governance structure, the company secretary and the chair, can in different ways create space and opportunities for varied perspectives on a board to be activated. Guidance for charity and non-profit boards advises that inclusive boardrooms must be intentionally cultivated rather than left to chance. This dynamic can be achieved through practical and low-cost behavioural shifts (Association of Chairs, 2024).

In the context of university governance, student board members are a clear example of how supportive governance structures can facilitate and enable contributions from these individuals who typically have less life and board experience but who bring valuable and relevant lived insight of the student experience. Student members’ fresh perspectives can help to prevent

groupthink. Meetings with the university secretary for an informal discussion for example, allow student members to deepen their knowledge regarding the institutional context and issues under board consideration. This reduces the need for student members to draw inferences during board meetings. Effective chairing further supports student engagement. Chairs can invite students to speak first on certain items, or create structured reflective and deliberate periods of silence for example. Providing opportunities like these helps to build a psychologically safe culture where the student perspective can be voiced.

Psychological safety is critical for individuals to act authentically and disclose their identities when asked to do so, at application stage for example. If individuals do not feel safe and opt to select “prefer not to say.” boards can appear less diverse than they may actually be in reality. It is also important to mention that diversity is dynamic: people may acquire disabilities, change gender identity or sexuality, or not disclose aspects of their identity until later in their tenure, once they ascertain it feels safe to do so. For this reason, boards must not treat diversity monitoring as a one-off exercise at the recruitment stage. Governance teams could support this by putting in place consistent, sensitive data collection practices, perhaps as part of the annual returns process, ensuring accurate, up-to-date records are securely stored and maintained.

Unavoidable constraints challenge the effectiveness of the student voice. The Education Act 1994 restricts students’ union sabbatical officers to a maximum two-year term, compared to 4-6 years for other board members (Advance HE, n.d.). This short tenure makes practical sense, but can be a challenge for board continuity and cohesion, key factors that contribute to decision-making (Jones and Hillman, 2019). Another challenge is maintaining an authentic culture of collaboration and inclusion. Students risk becoming ‘ghost governors’ if the boardroom dynamic is such that it leaves students feeling marginalised. This can give the illusion that university boards are diverse, but in practice, students can find themselves on boards where they have relatively little influence and impact (Jones, 2025).

Recent reform efforts in UK higher education governance indicate that boards are still struggling with inclusive boardroom cultures and following several extensive consultations with the sector, a Code of Ethical University Governance was recently developed (Council for the Defence of British Universities (CDBU), 2025). The Committee of University Chairs’ Higher Education Code of Governance has existed in the sector since 2014, but the CDBU Code seeks more radical change and to address criticisms that university governance is ‘dominated by cliques’ (Rosewell, 2025). It attempts to empower boards by articulating governance as an ‘ethical’ responsibility, grounded in transparent decision-making that is open, accountable and orientated

towards the interests of stakeholders (Higher Education Policy Institute, 2025). Whether the intended transformational impact on board culture will be achieved remains to be seen, for now at least.

Reputational risk management and diversity policies

Credibility is a building block of reputation, and as Foster (2025, p. 67) notes, 'diversity on boards is critical to credibility and effective decision-making'. Effective reputational risk management has many benefits, including maintaining trust with stakeholders (Larkin, 2002). Mitigating reputational risks is one of the many valid reasons for diversity in the boardroom. Drawing on anecdotal evidence cited in Foster (2025, p. 207), to understand workforce dynamics and customer expectations, organisations that include individuals whose backgrounds mirror those of the groups on their boards are better positioned and better respected than organisations with low board diversity. If diversity has positive implications for reputational risk, it also shapes how boards understand and anticipate other risks in their operating environment. A recent study highlights the importance of maintaining 'a sensible level of board diversity across all characteristics', to avoid issues of poor cohesion and communication (Alzayed, Batiz-Lazo and Eskandari, 2024). If diverse boards are more likely to detect a wider range of risks and opportunities and to challenge the impact and mitigations that may be overlooked by homogeneous boards, the question remains: what constitutes a sensible level of board diversity?

Following FCA requirements under the UK Listing Rules, policies on board diversity are now commonplace among listed companies, which are formalising their approaches and disclosing progress against measurable targets. Typically, the policies include targets for gender and ethnicity, drawing on recommendations from recurring reviews such as the FTSE Women Leaders Review (2022) and Parker Review series (2017). Similarly, nonprofit and large charities have introduced board diversity policies, as in the case of Jisc Ltd, a registered charity and company limited by guarantee providing digital services to the UK tertiary education sector (Jisc, 2023). Their board diversity policy lacks targets, which are useful for boards because they can define what success looks like, refine their definition as necessary, and track progress over time to demonstrate whether a policy has been effective. A criticism of diversity targets is that they can be viewed as a 'tickbox'. The preferred outcome is that these policies help boards drive actual, authentic inclusion. Indeed, data from the most recent FTSE Women Leaders Review (2026) showed that women now hold 43% of board positions across the FTSE 350. Exceeding the recommended 40% target by a small margin suggests progress may have stalled, and the

target could be seen by boards as an endpoint for compliance. Even organisations with genuinely strong commitments to widening participation, building a broad and sustainable pipeline of diverse, qualified candidates may take a generation, forcing boards to balance long-term cultural change with immediate governance needs.

Inclusion beyond representation: EDI-informed approaches to corporate governance and risk management

Recent governance reforms have shifted the focus from boards aiming to meet quotas for certain characteristics toward an approach that embeds EDI throughout the organisation, for a more EDI-informed approach to corporate governance and risk management. In 2024, the Financial Reporting Council amended Principle J in section 3 of the UK Corporate Governance Code, which came into effect on 1 January 2025. The change explicitly promoted EDI but in more holistic terms, highlighting the need for boards to widen their understanding of diversity to include social background, cognitive and personal strengths, both for board appointments and the organisational pipeline (Financial Reporting Council, 2018).

Similarly, the 2025 relaunch of the Charity Governance Code recognised EDI touches on every aspect of a charity's work (Charity Governance Code Steering Group, 2025). Echoing the approach taken in the UK Corporate Governance Code, EDI was expanded significantly from a sub-theme into a stand-alone principle and provided a comprehensive framework requiring charities who subscribe to the voluntary code 'to demonstrate progress, not just intent....This means diversifying trustee recruitment, embedding inclusive decision-making, and ensuring that governance structures reflect the communities served', (Dotto, 2025). These developments in the corporate and charity governance codes further demonstrate a general move towards inclusion going beyond representation, challenging organisations to drive cultural change in ways that naturally produce diverse and well-informed governance. Presumably, this approach is intended to be aspirational and whilst more resource-intensive than implementing quotas at board level, it requires a deeper commitment that could realistically cultivate sustainable cultural change.

Organisational resilience and stakeholder legitimacy

Diversity can future-proof organisations, strengthening an organisation's ability to anticipate and respond to complex challenges, such as stakeholder-driven pressures. Research from the United States found that boards comprised of directors with very similar backgrounds become inward-looking and less able to respond to an increasingly dynamic global environment with a

diverse international workforce (Bogan, Potemkina and Scott, 2021). Following the Black Lives Matter (BLM) protests in 2020, many multinational brands and numerous Fortune 500 companies issued public statements or strategic commitments to inclusion, signalling boards had an active role in shaping organisational responses to social expectations (Cash et al., 2021).

In the UK's not-for-profit sector, the Charity Commission has long argued that board diversity is a core component of organisational resilience, strengthening a charity's ability to fulfil its purpose into the future (Charity Commission, 2017). However, diversity depends not only on who boards seek to attract, but on the governance conditions that determine who can realistically participate in decision-making. A useful illustration of this is how governing documents differ between universities operating under the same regulatory regime.

The University of Bristol's Ordinances include a provision that allows board members to take a sabbatical from their duties in exceptional circumstances (University of Bristol, n.d.). Although not labelled explicitly as parental leave, the mechanism can function as such because it enables individuals to step away temporarily without having to resign from their post. This creates a more flexible and inclusive culture for individuals who may need to take time out for childcare, health, or caring responsibilities. Not all universities have equivalent provisions in their governing documents. This inconsistency illustrates how differences between organisations operating in the same sector can inadvertently create procedural barriers to fairness and equal participation. The BLM movement was a catalyst for many educational institutions to 'decolonise' the curricula and address biases in academia (Devanna et. al., 2025). Similar scrutiny of governance frameworks may be necessary to dismantle procedural barriers. The ongoing case of The University of Sussex vs Office for Students (OfS), the higher education regulator in England, shows that regulators can and will scrutinise governance documents closely if necessary, and will make judgements from them about how organisations make decisions (Kernohan, 2026).

Conclusion and recommendations

This essay has argued that governance spaces with demographic, cognitive, experiential and positional diversity help with challenge and surfacing blind spots, which can make organisations more credible and better aligned with stakeholder expectations. For benefits to materialise, an inclusive culture through core governance approaches such as effective chairing, strong company secretarial support, inclusive policies and governing documents that enable participation will aid diverse voices to contribute to decision-making in a meaningful way. The

challenges identified demonstrate that diversity remains an ongoing issue. The recent shift in focus from reforms to governance codes points to the need to embed inclusion into structures and governance practices to achieve the strongest governance outcomes over the long term. When diversity is embedded rather than symbolic, it becomes a practical source of better decision-making and organisational resilience. Governance professionals can add value in operationalising this shift by their involvement in both backstage and front-of-house governance processes. Advising on inclusive recruitment, ensuring accessible governing documents, supporting board members in cultivating psychologically safe boardroom environments, and implementing regular, sensitive data collection practices are just a few examples that could help achieve meaningful diversity.

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