



Diversity and inclusion in organisational leadership:

Evidence from Third Sector Trends 2020



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Third Sector Trends Study

The Third Sector Trends study was conceived and originally commissioned by Northern Rock Foundation with research conducted by the Universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-funder of the research and is now responsible for its legacy.

The Community Foundation is now collaborating with partners including St Chad's College at the University of Durham, Power to Change, Garfield Weston Foundation and IPPR North to expand and continue the research.

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1 Introduction

In recent years concerns have been expressed from many quarters about the extent to which leadership opportunities in the Third Sector are open to all members of the community who feel that they may have a contribution to make.

The debates which are taking place have been hampered by a lack of reliable data on diversity and inclusion in Third Sector leadership. This report aims to make a contribution to filling this knowledge gap by presenting new data on the personal and biographical characteristics of Third Sector leaders across the North of England.

Third Sector Trends is a big study which has been running for twelve years in the North of England. In 2019, nearly 3,200 organisations responded to the survey. This means that the study tends to produce more reliable data than small scale and one-off research studies.

It should be made clear at the outset that the Third Sector Trends study has a *general* interest in the structure and dynamics of the sector. So while it can achieve tremendous *breadth* of understanding this can be at the expense of *depth* of analysis on specific areas of enquiry.

Consequently, this report can only say so much about diversity and equality in the leadership of organisations in the Third Sector (and less still about the direct involvement of the people with whom they work in their organisation and the beneficiaries and communities they serve). But in making a start on this area of study it will be possible to make some suggestions on how further research could proceed.

Diversity and inclusion in leadership roles

There has been surprisingly little research on equalities in the leadership of TSOs. In recent months however, there has been a growing debate within government and the Third Sector about the extent to which TSOs attend to such issues when taking on trustees, paid staff and volunteers.

For example, the Government Equalities Office carried out a consultation on proposals to extend equalities legislation to cover the roles of volunteers as well as employees. This produced a defensive response by some representative bodies, feeling that attending to these issues could be overly burdensome to TSOs which were already hard-pressed in resource terms.¹

Others have taken a more positive and active position and argue that people in TSOs, (whether they are leaders, managers, employees or volunteers) need to feel able to challenge organisations on their duty to attend to equal access and opportunities. For example, Kimberly McIntosh at JRF has argued, with reference to race equality and justice in the Third Sector:

'All workplaces need to create space for staff to talk openly about racism in the sector and ask difficult questions. If there are no black people in senior management, it needs to be okay to challenge that - either online with a hashtag or in the office - without fear of backlash or defensiveness. Senior leadership could respond by updating their strategy, setting targets, changing recruitment practices, collecting

¹ Rickets, A. (2019) 'NCVO voices concern over employment equality consultation findings on volunteers' *Third Sector*, 19th October, <https://www.thirdsector.co.uk/ncvo-voices-concern-employment-equality-consultation-findings-volunteers/volunteering/article/1663183>, see also, Consultation on Sexual Harassment in the Workplace: legal protections under the Equality Act 2010: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816116/Technical_consultation_-_FINAL.pdf

*data at each stage of the recruitment process, and monitoring the success rate of BME candidates.*²

Recognising that the issue of ethnic diversity in the sector is too rarely addressed, ACEVO has made proposals for *Making Diversity Count*, in the Third Sector. As they have argued:

*'A lack of diversity in charity sector employees and leadership should be seen as a symptom of a deeper malaise. It is the product of a system interconnected rules, institutional practices and ideas that govern everyday life. These factors separate BAME people from charities: whether as potential employees or as populations whose lives are enhanced by the work of charities. As such, it is not enough for charities to 'fix' their own organisational deficits. As a sector, we need to work together to eliminate the diversity problem at the source and to embed rules, institutional practices and ideas that instead produce and reproduce equality, diversity and inclusion.'*³

The debate on equalities in TSOs has deepened in recent months. For example, the CharitySoWhite campaign has been very active in 'tackling institutional racism in the charity sector'.

*'Our vision is of a charity sector that is taking the lead on tackling and rooting out racism. We want to see a shift in fundamental structures across the charity sector, where our sector, leaders and decision-makers reflect the communities that we work with. Unless we take serious and urgent action to tackle racism, social justice will not and cannot prevail. This will take investment and commitment and means leaders prioritising taking action and accountability, in order to bring about systemic change'*⁴

Attending to issues surrounding ethnicity is important, but of course, there are other aspects of diversity and inclusion which also need to be addressed including those associated with social class, gender and sexuality⁵, age⁶ and disability.⁷

Campaigns for greater diversity and inclusion in charities have also addressed the issue of recruitment of less educationally well qualified candidates. The 'Non Graduates Welcome' campaign was launched in 2019 to address this issue.⁸

² McIntosh, K. (2019) 'Race equality and justice in the charity sector', York: JRF, <https://www.jrf.org.uk/blog/race-equality-and-justice-charity-sector>

³ ACEVO (2019) *Making diversity count in the charity sector.* <https://www.acevo.org.uk/2019/05/making-diversity-count-in-the-charity-sector/>

⁴ Charity so White (website) <https://charitysowhite.org/vision>

⁵ There is little academic research on sexuality and inclusion in the voluntary sector. However there is some emerging comparative evidence in this field, see, for example: Aydin, E. and Ozeren, E (2020) 'Inclusion and exclusion of sexual minorities in organisations: evidence from LGBT NGOs in Turkey and the UK', *Journal of Organisational Change*, 33(3), pp. 567-578. By contrast there is a substantive, though ageing, social science evidence base on women in employment and women in leadership. For a useful starting point, see: Government Equalities Office (2019) *Gender equality at work: research on the barriers to women's progression*: <https://www.gov.uk/government/publications/gender-equality-at-work-research-on-the-barriers-to-womens-progression>

⁶ There is a substantive policy literature on age-proofing policy and practice, however, there is little research evidence on issues surrounding age discrimination in the voluntary sector at present. NCVOs Equality, Diversity and Inclusion advice provides a good starting point in addressing statutory obligations under the Equality Act 2010: <https://knowhow.ncvo.org.uk/your-team/hr/equality-and-diversity>

⁷ There are no substantive studies on leaders with disabilities in the voluntary sector as far as the author is aware from web searches. The *Lord Holmes Review: opening up public appointments to disabled people* (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760721/Lord-Holmes-Review-full.pdf) provided a welcome contribution to debate on the extent of inclusion of people with disabilities from public appointments and offered policy recommendations to improve both intelligence and practice which could be incorporated into various aspects of third sector practice. However, there is little evidence to suggest take up of such ideas by voluntary sector representative bodies. One North East England TSO is raising awareness of employee experiences, see: <https://differencenortheast.org.uk/news/>. There is a growing literature on equality legislation and its application to issues surrounding disabilities; see, for example: Williams, L. (2016) 'The implementation of equality legislation: the case of disabled graduates and reasonable adjustments' *Industrial Relations*, 47(4) 341-359. A useful, though more dated text on disability in employment is Roulstone, A. and Barnes, C. (2005) *Disabled people, Policy and social inclusion*, Bristol, Policy Press.

⁸ Non Graduates Welcome manifesto can be found here: <http://nongraduateswelcome.co.uk/manifesto/>

The Charity Commission published its own *Diversity and Exclusion Strategy 2019 to 2023* in April 2019 to ensure that, as an organisation, it attended to its legal obligations but also effect positive cultural change in the way it works. Its aim is to create ‘*an inclusive culture, that values diversity, in how we treat our employees and interact with those that we regulate.*’⁹ This may represent a prelude to the Charity Commission taking a more active role in promoting equalities within the sector and demanding that evidence on progress in employment and volunteering practices is produced.

Many of the Third Sector’s principal infrastructure and representative bodies have produced guidance on good practice for TSOs on how to adhere to equalities law and enact effective human resource procedures.¹⁰ But there is very little available evidence on the extent to which the sector is meeting their responsibility to produce a diverse employee and volunteer workforce.

Third Sector Trends began exploring issues surrounding diversity amongst volunteers in 2016. In 2019 this has been extended to look at diversity and inclusion in organisational leadership and management. Given the broad range of issues explored in the survey, it was not possible to explore these factors in great depth. However we are able to present some reliable evidence on the current situation across the North of England.

⁹ Charity Commission (2019) *Policy Paper: Diversity and inclusion strategy 2019-2023*:

<https://www.gov.uk/government/publications/charity-commission-diversity-and-inclusion-strategy-2019-to-2023/diversity-and-inclusion-strategy-2019-to-2023>

¹⁰ See for example, the following guidance from NCVO/Knowhow *Diversity and inclusion* <https://knowhow.ncvo.org.uk/your-team/hr/equality-and-diversity> and ACEVO’s *Racial diversity in the charity sector*,

<https://www.gov.uk/government/publications/charity-commission-diversity-and-inclusion-strategy-2019-to-2023/diversity-and-inclusion-strategy-2019-to-2023>

2 Third Sector Trends Study

Third Sector Trends is a longitudinal study of the voluntary and community sector in the North of England. The research programme was designed to examine how Third Sector organisations (TSOs) fare over time in the context of change. The findings presented in this report are based on a robust research methodology which has evolved over the last twelve years to produce comparable time-series data.

Initially, the study's focus was North East England and Cumbria. This was extended to Yorkshire and Humber in 2013 and then to the whole of the North of England in 2016. In 2019 a supplementary and smaller-scale study was undertaken across the remainder of England and Wales to provide scope for comparative analysis.¹¹

The study was conceived and originally commissioned by Northern Rock Foundation in 2007 with research conducted by the universities of Durham, Teesside and Southampton. The Community Foundation serving Tyne & Wear and Northumberland now funds the study in North East England and is responsible for its legacy.

The Community Foundation has collaborated with partners including St Chad's College, University of Durham, Garfield Weston Foundation, Joseph Rowntree Foundation, Power to Change and IPPR North to expand and continue the research.

The survey took place between June and December 2019. A total of 3,158 responses were received. Responses in each region are as follows: North East England, 1,094, North West England, 1,212 and Yorkshire and Humber, 852. Third Sector Trend samples between 2010 and 2019 have very similar structures which means that reliable comparisons can be made between waves of the study.

Full details on definitions of organisations and the sample structure can be found in an Appendix to this report.

2.1 Methodological challenges associated with 'sensitive' or 'difficult-to-answer' questions

The survey questions about the personal and biographical characteristics of chairs and chief officers used in this analysis were, of necessity, over simplified to elicit a good response rate and minimise the use of space on the survey questionnaire. It was seen as a priority to avoid adopting too 'intrusive' questions so as to limit the risk of non-response or worse, abandonment of the survey. To alleviate these risks, the questions on personal and biographical characteristics of CEOs and chairs were left to the very end of the survey questionnaire.

A brief discussion is provided below of the approach taken to each area of questioning to clarify how data were collected and how the evidence can be used.

- **Social class and social status.** To find out about the social class or social status of chairs and CEOs with any degree of accuracy would require the use of several complex questions about individual's family background, educational achievement, current employment status and salary, amongst other things. Clearly this was not possible, so an approximation of social position was achieved by asking if they were graduates or non-graduates. The use of such a crude measure is obviously flawed, however, it does provide an indication of social and occupational status.
- **Sex and gender.** The sex of chairs and CEOs is indicated by the use of a conventional male/female distinction. But this tells us nothing about gender identity or sexual orientation. The decision to use this simple distinction was not made without

¹¹ This aspect of the study will not be reported upon here but will be published separately later in 2020.

awareness of the importance of issues surrounding gender identity and sexuality nor did it reflect a lack of interest in finding out more about these issues. Instead, it reflected a pragmatic approach to maximise response rates.

- **Disabilities.** Researching individuals' disabilities is a complex and sensitive issue. There was no scope in the study to draw distinctions between types, severity or impact of disabilities that chairs or CEOs may have. Similarly, no assumption was made in analytical terms that disabilities necessarily produce specified personal or social outcomes for individuals. A simple generalised approach was adopted where respondents were invited to tell us if their chair or CEO had a registered disability.
- **Ethnicity and race.** We were worried that the response rate to a question on race and ethnicity may be lower than for other issues. While it would have been preferred if a more complex question on the ethnicity of chairs and CEOs could have been used - this was avoided. The most likely question which would have been adopted would be that used by the Office for National Statistics. With an eye on maintaining response rates, a simpler approach was taken whereby respondents were asked if their chair or chief officer was BAME.
- **Age.** To ascertain the age of chairs or chief officers could be regarded as intrusive by many respondents. There was also a risk that respondents may be uncomfortable about asking their chair's or chief officer's age (as would be the case in complex questions on class, gender identity, disability or ethnicity). A crude indicator was therefore adopted where respondents were invited to inform us if their chair or chief officer was retired.

Faith was also considered for inclusion in the survey questionnaire. A question was tested in the piloting stage of the research. However, the response rate was very low (about 35%) and also led to a number of negative comments as to whether this issue should be included. Consequently, the question was dropped. This does not indicate a lack of interest in this issue as there is clearly a pressing need to explore the many ways in which faith-based groups contribute to specific or wider issues of concern in civil society.

2.2 Response rates to 'sensitive' and 'hard to answer' questions

Third Sector Trends surveys adopt questions which produce very high response rates. Intelligence on this is gathered from previous rounds of the survey and from pilot surveys. As a rule, the survey only asks questions which will be answered by a minimum of 95% of participants to ensure the methodological integrity of the analysis.

This explains why, for example, detailed financial questions are not adopted because they produce notoriously low response rates. Low responses are generally due to respondent sensitivities about financial confidentiality, but also because they may not have easy access to such information and abandon such questions or leave the survey.

Personal or politically 'sensitive' and 'hard to answer' questions tend to produce lower response rates. In Table 1, response rates are given for 10 'sensitive' or 'hard to answer' questions asked in the survey. It can be seen that questions about the biographical and personal characteristics of chairs and CEOs produced much lower response rates – and especially the question about ethnicity.

It is a matter of concern that fewer respondents were prepared to answer the question about ethnicity than about other aspects of personal or biographical characteristics of their chairs. It is not known whether refusal was for political or ethical reasons, because the answer was not known, because the question was not regarded as relevant, or because the question was too 'intrusive'.

Table 1 Response rates on 'sensitive' or 'hard to answer' questions in Third Sector Trends		
Subject of question where it was expected that all respondents could make a reasonable attempt at producing a valid answer.	Number of non-responses from sample of 3,160	Percentage of complete responses
Personal and biographical questions about TSO chairs¹²		
Is the chair of the TSO a graduate? (yes/no)	425	85.6
Is the chair of the TSO a woman? (yes/no)	444	85.9
Is the chair of the TSO registered disabled? (yes/no)	542	82.9
Is the chair of the TSO BAME? (yes/no)	729	76.9
Is the chair or the TSO retired? (yes/no)	586	81.4
Other 'sensitive' or 'hard to answer' questions in the survey		
Age of organisation (actual or approximate date)	118	96.3
Postcode of organisation (asked at start and end of questionnaire) ¹³	45	98.5
Gross income of organisation in previous year (11 bands)	57	98.1
Use of organisational reserves (6 possible responses)	64	97.9
Assets (cash in hand reserves in 6 bands)	160	94.9

¹² The response rates are given for chairs only on the basis of an assumption that most TSOs will have a board of trustees or directors. Small organisations do not have paid employees or a senior member of paid staff, so bald reporting of these response rates would be meaningless.

¹³ We have learned from experience that TSOs are often unwilling to give their post code to ensure that their organisation is not identifiable. Progressively, we have developed a question which reassures them that the data are treated with absolute confidentiality. But we still ask the question twice, at the start and end of the survey. At the start they are asked 'What is the post code of your main office or base? (This is for geographically mapping, we will delete the postcode from the final data set)', at the end of the survey they are asked 'In case you didn't tell us before, please let us know the postcode of your main location? (This will be used for geographical mapping and will then be deleted from our database)'.

3 Findings on diversity and inclusion in Third Sector leadership

The findings presented in this section explore a range of issues surrounding diversity and inclusion in Third Sector leadership. These issues include:

- Regional variations
- Variations by organisational size
- Variations by organisational purpose
- Variations in richer and poorer areas

These sections are followed by a more detailed analysis of the personal and biographical characteristics of BAME organisational leaders.

While this section of the report focuses specifically on chairs of boards of trustees or chief officers, this does not mean that the research is underpinned by an implicit assumption that leadership in TSOs is entirely 'top down'. On the contrary, all trustees, employees and volunteers can have a significant impact on the values, mission and practice of TSOs. Their contributions should also be considered in future research on the roles and receptiveness of leaders when associated with issues surrounding diversity and inclusion.

3.1 Regional variations

Regional variations in the percentage of governing body chairs with different personal or biographical characteristics are shown in Table 2. There are some notable variations across the regions.

- Graduate chairs are the most populous in Yorkshire and Humber (68%). In North East England, there are fewer graduate chairs (61%) which may reflect the region's profile of lower level participation and achievement in higher education. These data suggest that graduates are significantly over-represented when compared with graduate population averages (North East England 33%, Yorkshire and Humber 34%, North West England 36%)¹⁴.
- Women chairs are more strongly represented in North East England (46%) than in Yorkshire and Humber (42%) or North West England (41%). As the percentage of women and men in the population is relatively equal, this shows that women are currently under-represented as chairs.
- There are relatively few chairs with registered disabilities (around 8-9% across the regions). This may suggest that people with disabilities are under-represented as chairs as about 16% of the working population and around 48% of pension age adults have disabilities. The percentage for the whole population is estimated at 20%.¹⁵
- Black, Asian and minority ethnic (BAME) chairs are the most populous in Yorkshire and Humber (8%) and the least in North East England (4%). The proportion of chairs

¹⁴ These percentages refer to people of working age. ONS (2017) Graduates in the labour market: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/graduatesintheuklabourmarket/2017>.

¹⁵ See DWP (2014) *Disability facts and figures*: <https://www.gov.uk/government/publications/disability-facts-and-figures/disability-facts-and-figures>.

is relatively low: in the UK, about 14% of the population are BAME.¹⁶ By region, the percentages are 4.7% in North East England, 11.2% in Yorkshire and Humber, 9.8% in North West England, suggesting that the proportion of BAME chairs is not representative of the regional population, and especially so in North West England.¹⁷

- In the UK, 18.3% of the population are aged over 65 years,¹⁸ retired people are therefore substantially over-represented as TSO chairs.

	North East England (n=1,094)	Yorkshire and Humber (n=852)	North West England (n=1,212)	North of England (n=3,158)
Percentage of TSOs with graduate chairs (about 35% of the working population in the North have degrees)	61.3	67.6	64.5	64.2
Percent of TSOs with women chairs (51% of the UK population are women)	46.0	42.0	40.9	43.1
Percent of TSOs with registered disabled chairs (about 20% of the UK population have disabilities)	8.4	8.2	9.2	8.6
Percent of TSOs with BAME chairs (14% of the UK population is BAME)	4.2	7.5	5.7	5.7
Percent of TSOs with retired chairs (18% of the UK Population are retired)	58.2	51.3	52.9	54.4

Table 3 presents the percentages of chief officers in TSOs with different personal and biographical characteristics.

- As discussed in relation to Table 2, it is apparent that graduates are over-represented as CEOs when compared with population averages. However, given the responsibilities attached to this role, this is less surprising. There are fewer graduate CEOs in North East England (64%) whilst the highest proportion is in Yorkshire and Humber (76%).
- Women are well represented as CEOs in the Third Sector, constituting over 65% of all CEOs in the North of England. They are the least populous in North East England (61%) when compared with Yorkshire and Humber (69%) and North West England (68%).
- CEOs with registered disabilities are relatively few in number by working age population averages (see above discussion) at only 7% of all CEOs. They are best represented in North West England (10%) and least in North East England (6%).
- BAME CEOs are under-represented by population averages in all regions (see above discussion). But the proportion broadly follows the population averages in regions with 4% in North East England, 10% in Yorkshire and Humber and 11% in North West England.

¹⁶ ONS (2018) *Population of England and Wales*: <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/population-of-england-and-wales/latest#main-facts-and-figures>

¹⁷ ONS (2018) *Regional ethnic diversity*: <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest#ethnic-groups-by-area> (updated data downloaded 13th October 2020)

¹⁸ ONS (2019) *Overview of the UK population*: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/august2019#the-uks-population-is-ageing>

Table 3 Personal and biographical characteristics of CEOs, percentages by region TSOs (2019)	North East England (n=1,094)	Yorkshire and Humber (n=852)	North West England (n=1,212)	North of England (n=3,158)
Percentage of TSOs with graduate CEOs (about 35% of the working population in the North have degrees)	64.1	76.2	70.8	69.8
Percent of TSOs with women CEOs (51% of the UK population are women)	61.0	68.6	67.7	65.3
Percent of TSOs with registered disabled CEOs (about 20% of the UK population have disabilities)	5.6	6.2	9.8	7.1
Percent of TSOs with BAME CEOs (14% of the UK population is BAME)	3.9	9.7	10.6	7.7

3.2 Variation in organisations of different sizes

Table 4 presents data on the personal and biographical characteristics of TSOs' governing body chairs by size of organisation.

- Headline data shows that a clear majority of TSOs have graduate chairs (64%). TSOs are increasingly likely to have graduate chairs as they become larger in size (ranging from 54% in micro organisations to 83% in the biggest TSOs)
- Women are chairs in 43% of TSOs. Variations are not pronounced, but women chairs are most populous in the very smallest organisations (48%).
- About 9% of TSOs have chairs with registered disabilities. The percentage of chairs with disabilities reduces as organisations get larger (micro TSOs have 10%, reducing to 6% in the biggest organisations).
- There are relatively few Black, Asian and minority ethnic (BAME) chairs. Organisational size has no obvious bearing on the proportion of BAME chairs.
- A majority of chairs are retired (54%). The smallest TSOs are most likely to have retired chairs (60%).

Table 4 Personal and biographical characteristics of CEOs by size of TSOs (2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs (n=2,953)
Percentage of TSOs with graduate chairs	54.2	58.7	68.1	77.8	83.3	64.2
Percent of TSOs with women chairs	47.5	42.3	42.3	41.0	40.9	43.1
Percent of TSOs with registered disabled chairs	10.0	9.1	8.9	6.7	5.6	8.6
Percent of TSOs with BAME chairs	5.5	4.8	8.1	3.2	5.2	5.7
Percent of TSOs with retired chairs	60.2	55.4	50.2	50.4	54.0	54.4

Table 5 presents data on the personal and biographical characteristics of CEOs by size of TSOs. Data are only presented for organisations with income above £50,000 as few TSOs employ staff with income below these levels.

- Graduate CEOs become much more populous as organisations become larger: there are only 55% of graduate CEOs in medium sized TSOs compared with 83% of the biggest organisations.
- Women outnumber male CEOs across all organisational sizes (60%). Variations in the percentage of women CEOs are slight and not patterned.¹⁹
- CEOs with registered disabilities reduce in number as TSOs become larger in size, although variations are slight, they fall from 7% in medium sized organisations to 5% in the largest.

Table 5 Personal and biographical characteristics of CEOs by size of TSOs (North of England, 2019)				
	Medium TSOs (income £50,000 - £250,000)	Large TSOs (income £250,000 - £1m)	Big TSOs (income £1m or more)	All TSOs (n=1,290)
Percentage of TSOs with graduate CEOs	54.5	70.1	82.5	64.1
Percent of TSOs with women CEOs	59.9	62.0	57.9	60.1
Percent of TSOs with registered disabled CEOs	6.6	5.7	5.6	6.1
Percent of TSOs with BAME CEOs	7.1	6.9	5.2	6.7

3.3 Variations by organisational purpose

Table 6 shows what percentage of BAME, disabled and women chairs and CEOs are located in TSOs which serve the interests of specific beneficiary groups. Data for CEOs applies only to those TSOs with income above £50,000 a year. The evidence suggests that there is little variation in the proportion of chairs and CEOs in each category. However there are some significant exceptions.

- BAME chairs and CEOs are much more likely to be found in TSOs which serve people of a particular ethnic or racial origin (25% and 27% respectively) than in other beneficiary areas. They are very much under-represented in rural areas (about 3% of BAME chairs and CEOs).
- Chairs or CEOs with disabilities are less well represented in TSOs which support rural areas, children and young people and general charities. There is no area of activity where chairs or CEOs with disabilities are strongly represented.
- Percentages of women range from 36-48% of chairs and 60-70% of CEOs. Women chairs are the least likely to serve in TSOs serving rural issues (36%). Women CEOs are most likely to lead organisations which support carers or issues associated with gender and sexuality.

¹⁹ While these variations in the proportions of women are not pronounced, more finely tuned analysis (see Table 9) shows that there are markedly fewer women employed as CEOs in the largest organisations. In TSOs with income between £1m-£5m, 65% of CEOs are women, compared with 42% of women in TSOs with income above £5m. As it has recently been shown by ACEVO, this has a significant impact on women's access to the highest CEO salaries in the sector. ACEVO (2020) *Pay and equalities survey 2020*, London: ACEVO, <https://acevocommunity.force.com/s/store#/store/browse/detail/a303z0000030HNOAA2>.

Table 6						
Percentage of chairs and CEOs in TSOs which address specific beneficiary issues						
(North of England, 2019, base, n=3,158)	% BAME chairs	% BAME CEOs	% disabled chairs	% disabled CEOs	% women chairs	% women CEOs
People in general	5.7	7.4	7.4	5.6	40.5	60.2
Children and young people	6.7	7.4	8.1	7.6	42.8	66.6
Older people	6.5	9.5	11.1	7.9	41.3	64.3
People with physical disabilities	6.5	7.1	14.5	11.8	44.9	64.4
People with physical health conditions	8.5	9.6	14.0	11.4	44.4	67.0
People with mental health conditions	7.8	9.7	13.3	10.2	47.5	68.3
People with learning disabilities	7.5	8.3	13.7	9.8	44.7	66.7
People of a particular ethnic or racial origin	24.9	26.8	13.7	9.4	47.1	65.5
People with homelessness/housing issues	8.3	11.7	11.8	9.6	40.9	66.5
Carers	7.1	9.5	15.8	10.1	46.8	71.1
Unemployed/workless people	9.5	11.1	12.0	10.8	42.1	65.4
People with concerns about gender/sexuality	7.8	9.8	16.1	10.0	47.9	70.8
People in rural areas	2.7	3.2	8.3	8.9	44.4	67.1
People in disadvantaged urban areas	9.8	9.2	11.2	9.8	42.3	67.9
People or households living in poverty	10.7	10.0	11.1	8.7	42.4	67.8
Other Third Sector organisations	9.3	8.2	15.7	8.2	36.1	65.3

3.4 Variations in richer or poorer areas

This section of the analysis asks whether the personal and biographical characteristics of organisational leaders differ in TSOs which are based in richer or poorer areas. Turning attention to organisation chairs first, Table 7 shows the percentages of TSOs with graduate, women, disabled, BAME or retired chairs.

- There are no substantial variations in the percentages of chairs who are graduates when comparing areas of relative advantage or disadvantage.
- The percentage of women chairs is around 40% irrespective of the affluence of areas.
- Chairs with a registered disability are equally represented in all areas at about 18% of all chairs.
- BAME chairs are much more prevalent in the poorest areas (15%) compared with more affluent areas (around 6%).
- Retired chairs tend to be more common in the richest areas (62%) when compared with the poorest (47%).

Table 7 Personal and biographical characteristics of TSO Chairs in richer or poorer areas (using English Indices of Deprivation, North of England 2019)						
	EID 1-2 (poorest areas)	EID 3-4	EID 5-6	EID 7-8	EID 9-10 (richest areas)	All TSOs
Percentage of TSOs led by graduate chairs	68.3	69.2	70.1	71.3	68.8	69.2
Percentage of TSOs led by women chairs	43.6	40.3	36.9	43.0	40.4	41.3
Percentage of TSOs led by disabled chairs	17.9	18.0	17.7	17.3	16.5	17.7
Percentage of TSOs led by BAME chairs	14.6	7.3	6.1	6.0	6.5	9.7
Percentage of TSOs led by retired chairs	47.3	52.8	58.1	58.8	61.7	53.4
Average n=	989	509	481	352	276	2,607

Table 8 presents data on the personal and biographical characteristics of TSOs' chief officers in richer and poorer areas.

- There is little patterned variation in the percentage of CEOs who are graduates across areas of greater or lesser affluence (around 58-66%).
- The percentage of TSOs led by women chief officers is higher in less affluent areas (61%) when compared with richer areas (47%).
- While chief officers with disabilities are more common in poorer areas (13%) when compared with the richest (8%), there is no obvious pattern of association between these variables.
- The proportion of BAME chief officers is higher in the poorest areas (10%) when compared with the richest areas (3.4%).

Table 8 Personal and biographical characteristics of TSO chief officers in richer or poorer areas (using English Indices of Deprivation, North of England 2019)						
	EID 1-2 (poorest areas)	EID 3-4	EID 5-6	EID 7-8	EID 9-10 (richest areas)	All TSOs
Percentage of TSOs led by graduate CEOs	63.3	66.6	65.3	58.1	62.8	63.6
Percentage of TSOs led by women CEOs	60.7	55.5	47.4	48.8	46.5	55.0
Percentage of TSOs led by disabled CEOs	13.3	9.3	12.5	15.2	7.7	12.2
Percentage of TSOs led by BAME CEOs	10.2	5.4	3.5	5.6	3.4	7.3
Average n=	748	312	229	178	119	1,586

In the above analysis, there is an indication that the level of affluence of areas where an organisation is based has a bearing on the proportions of women and BAME chairs and chief officers.

It is possible to look at these data in a different way. Figure 1 shows what percentage of organisations which are led by women chairs (or men chairs) are located in richer or poorer areas.

- Amongst organisations with women chairs, 40% are located in the poorest areas whilst 11% are located in the richest areas.

- Amongst organisations with men chairs, 39% are located in the poorest areas while 9% are located in the richest areas.

These data indicate that women chairs are no more likely than men to be working in poorer rather than richer areas.

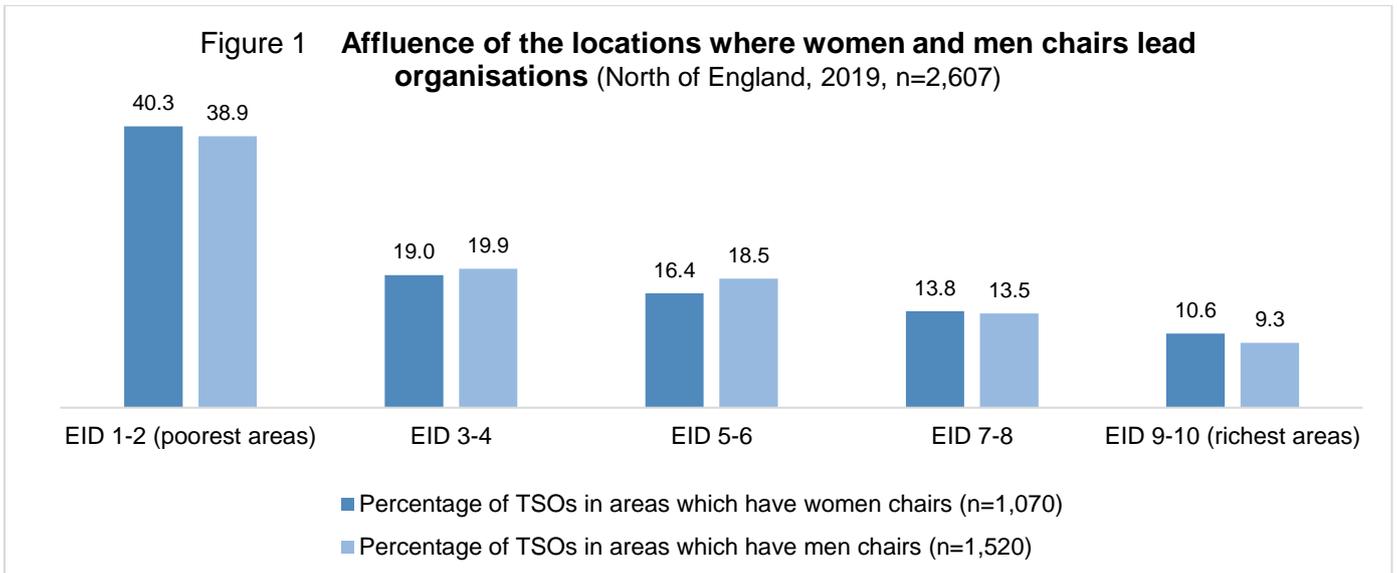


Figure 2 repeats the analysis for women chief officers.

- Amongst organisations with women CEOs, 49% are located in the poorest areas whilst 7% are located in the richest areas.
- Amongst organisations with male chairs, 39% are located in the poorest areas while 9% are located in the richest areas.

These data indicate that women CEOs are more likely to lead organisations in poorer areas when compared with their male counterparts. This may have a bearing on the kinds of challenges their organisations have to tackle – which will be discussed further in the next chapter.

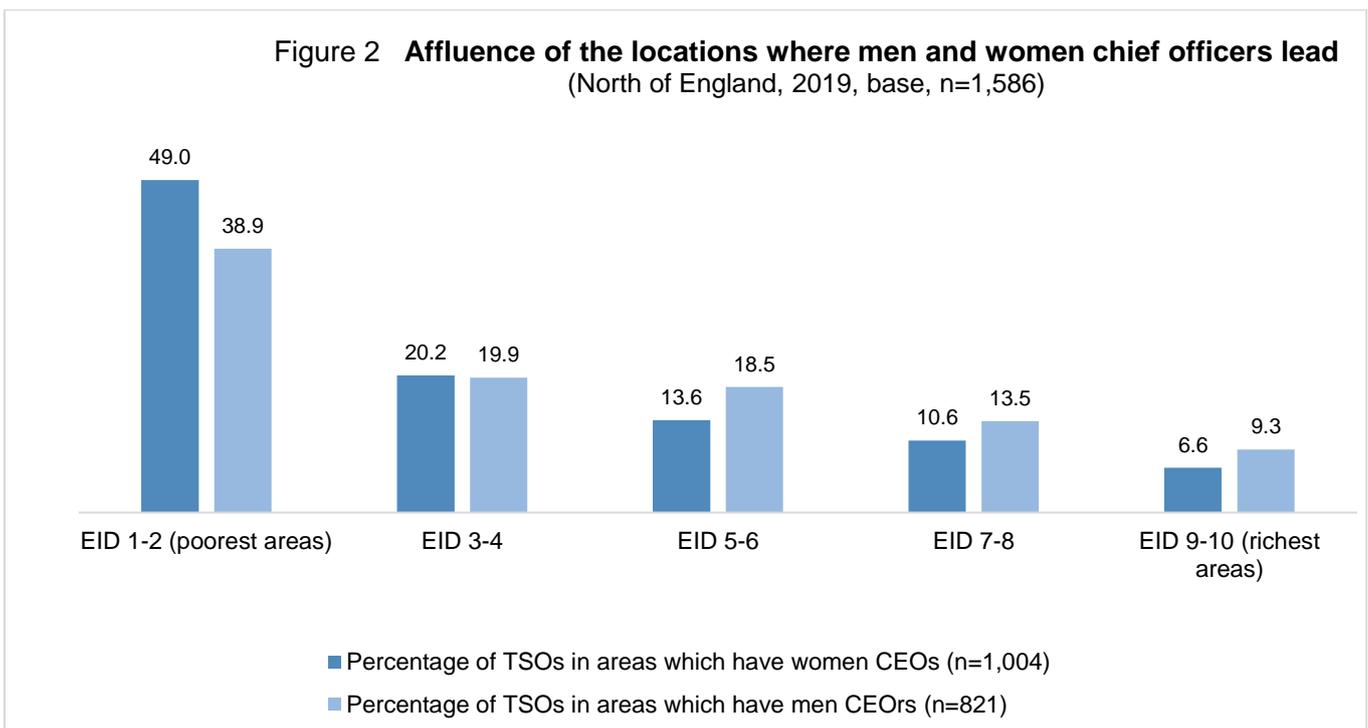
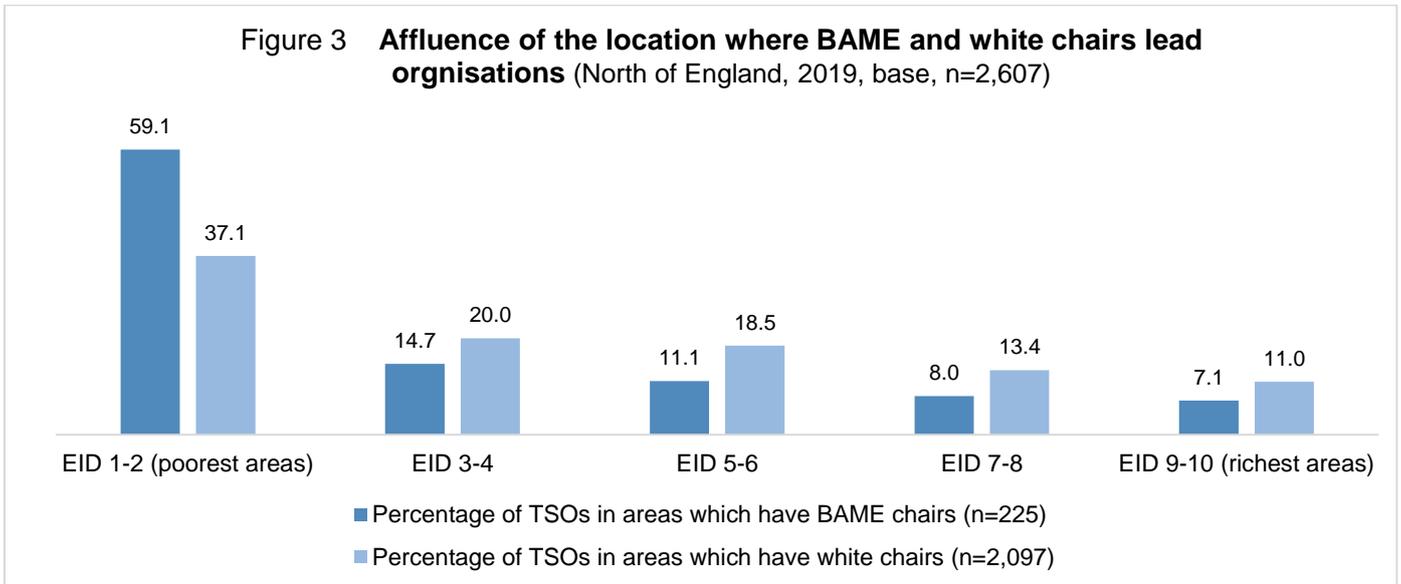


Figure 3 shows what percentage of organisations which are led by BAME chairs are located in richer or poorer areas compared with white chairs.

- Amongst organisations with BAME chairs, 59% are located in the poorest areas whilst 7% are located in the richest areas.
- Only 37% of organisations led by white chairs are located in the poorest areas while 11% are located in the richest areas.

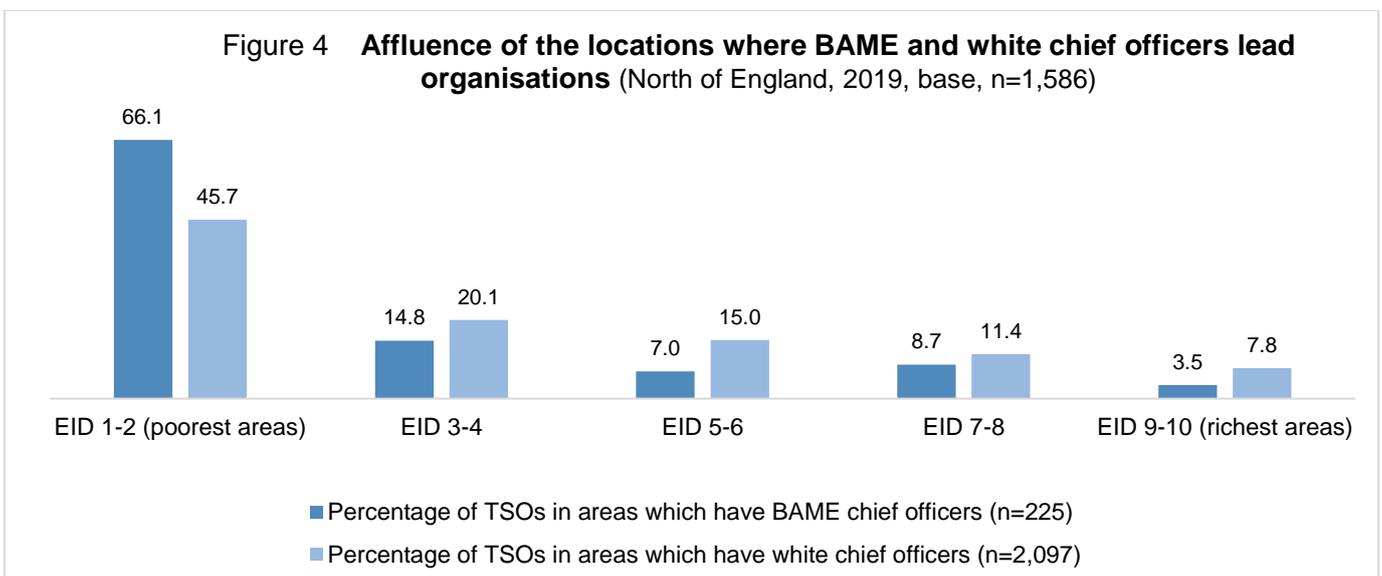
These data indicate that BAME chairs are much more likely than white chairs to be working in poorer rather than richer areas.



The analysis is repeated for BAME chief officers in Figure 4.

- Amongst TSOs with BAME chief officers, 66% work in the poorest areas, while only 4% work in the richest areas.
- Amongst TSOs with white CEOs, only 45% work in the poorest areas while 8% work in the richest areas.

The analysis points to substantive differences in the environments where white and BAME chief officers run organisations.



3.5 Personal and biographical characteristics of BAME leaders

The above analysis has indicated that BAME chairs and chief officers may face different kinds of challenges to many white organisational leaders. BAME leaders tend to work in smaller organisations, are more focused in organisations which concentrate on BAME issues, and they are much more likely to lead organisations in poorer areas than many of their white counterparts.

Having shown this to be the case, it is useful to explore in more depth the personal and biographical characteristics of BAME chairs and chief officers (in comparison with their white counterparts) to see if any other factors are operating under the surface of these headline findings which affect where they work and the challenges they may face as leaders.

Figure 5 compares the personal and biographical characteristics of BAME and white chairs. Some similarities and pronounced differences emerge.

- A similar percentage of BAME and white chairs are university graduates (73% and 69% respectively).
- A very similar percentage of BAME and white chairs are women (40% and 41% respectively).
- A much higher percentage of BAME chairs are registered disabled (37%) when compared with white chairs (10%).
- A much lower percentage of BAME chairs are retired (27%) when compared with white chairs (53%).

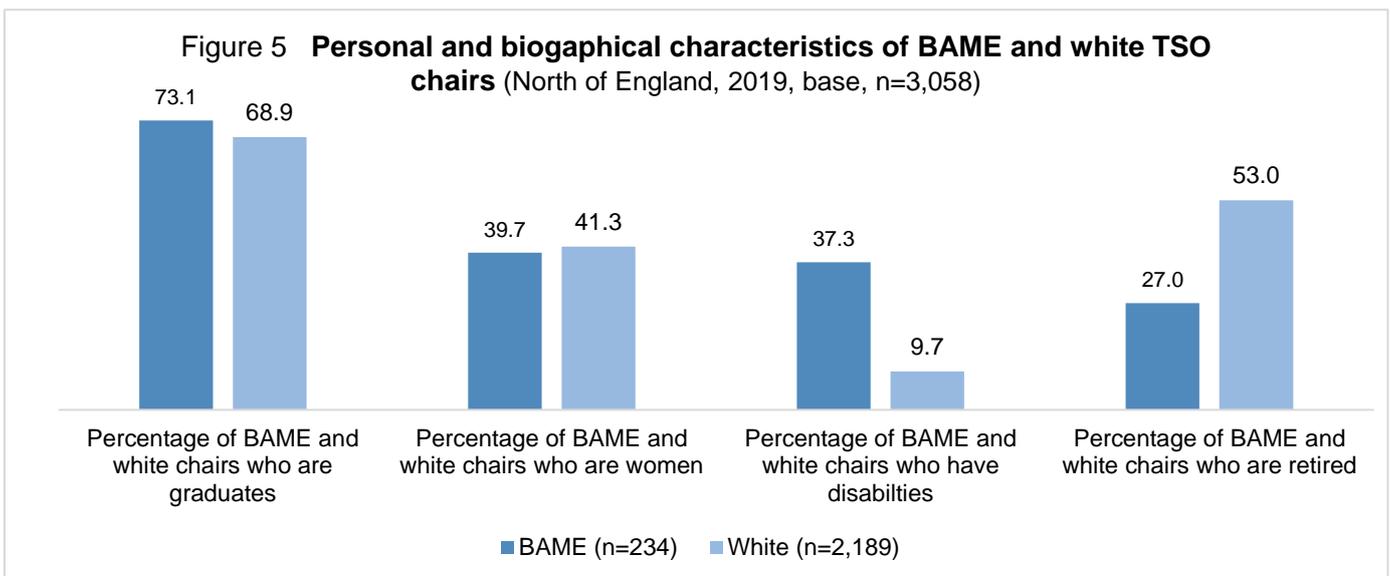
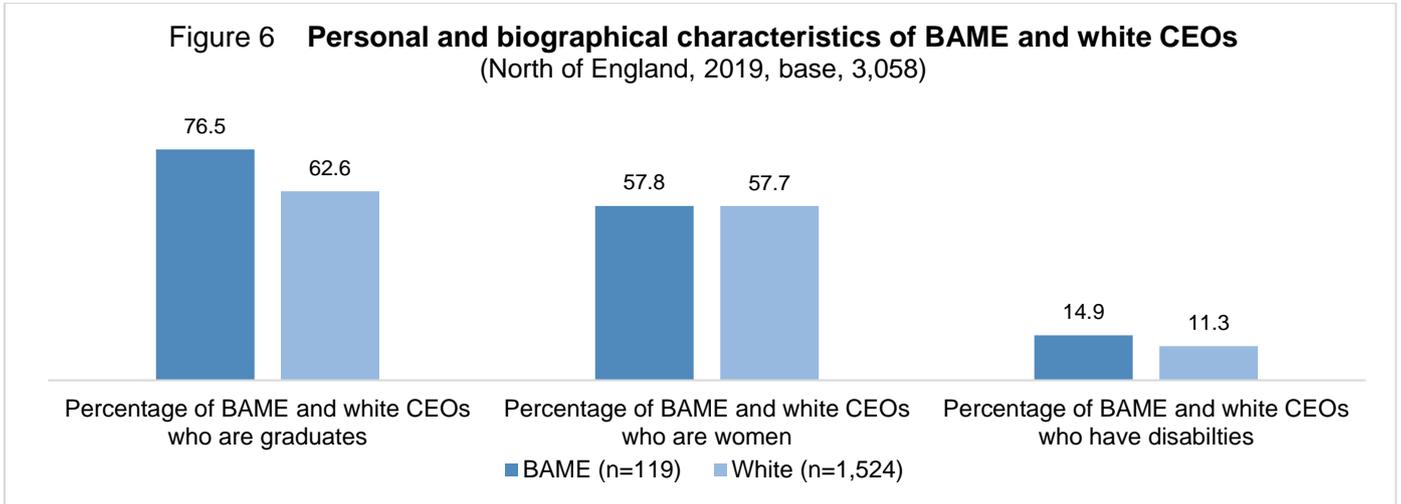


Figure 6 compares the personal characteristics of CEOs in BAME led or white led organisations.

- BAME chief officers are more likely to be graduates (77%) when compared with white chief officers (63%).
- TSOs led by BAME or white chief officers are equally likely to be women (58%).
- About 14% of BAME chief officers are disabled compared with 11% of white chief officers.



3.6 Remuneration of chief officers

Third Sector Trends does not collect data on the salaries of chief officers in TSOs. However, it is possible to look at the percentage of chief officers in TSOs of different sizes which is likely to be indicative of lower or higher levels of remuneration.

Table 9 presents more finely tuned data (than shown in Table 3) on the percentages of chief officers in organisations in six income categories. It is likely that chief officers in larger organisations are paid considerably more than in very small TSOs.

- As organisations become larger in size, the more likely they are to have graduate CEOs. Indeed, 87% of CEOs in organisations with income over £5m are graduates compared with just 61% of those with income between £50,000 and £100,000.
- In all categories of organisational size, women outnumber men substantially with one exception: TSOs with income above £5m where women only lead 42% of organisations.
- On average about 12-14% of TSOs have a CEO who has disabilities. The size of organisation has no obvious bearing upon the percentages of leaders with disabilities.
- BAME chief officers are more likely to run smaller TSOs (10% of organisations with income between £50,000 and £100,000). The percentage of BAME chief officers tails off as they become larger (falling to below 4% of TSOs with income £1m-£5m).
- There is a very significant anomaly in the trend identified in the previous bullet. In the largest organisations 14% have a BAME chief officer.

	Graduates	Women	Disabled	BAME
TSO income £50,001 - £100,000.	61.1	63.6	14.9	10.2
TSO income £100,001 - £250,000.	64.4	62.3	12.1	7.4
TSO income £250,001 - £500,000.	72.1	64.2	13.7	8.8
TSO income £500,001 - £1,000,000.	72.2	53.1	12.1	5.7
TSO income £1,000,001 - £5,000,000.	82.2	65.3	10.7	3.6
TSO income £5,000,001 plus	86.8	41.8	12.7	14.3

4 The challenges chairs and chief officers face in leading organisations

The analysis in the previous chapter has shown that the personal and social characteristics of organisational chairs and chief officers has a bearing on the types of organisations they lead, their purpose and where they are located. Furthermore, the evidence suggests that participation in leadership roles is affected to some extent by the personal and biographical characteristics of individuals.

- There are clearly many more graduates in leadership roles (especially amongst chief officers) and graduates are much more likely to lead larger organisations.
- Women are much more likely to be chief officers than men, except in the largest organisations. But men are more likely to perform the role of chairs (and especially so in larger organisations and in richer areas).
- People who have registered disabilities are more likely to chair or manage smaller organisations, although variations are not heavily pronounced.
- BAME chairs and chief officers do not populate leadership roles proportionately to the size of the BAME population in the regions studied and especially so in North West England. BAME chairs and chief officers tend to lead smaller organisations which are located in the poorest areas. They also tend to be concentrated in organisations which focus specifically on BAME issues.

Some clear patterns have, therefore, emerged. But there are anomalies. A much higher proportion of BAME chief officers lead the largest organisations than would be expected from general trends.

The analysis needs to be taken to the next stage by considering the challenges that organisational leaders face and to find out, specifically, whether leaders with certain personal and biographical characteristics are more or less likely to have to tackle such challenges.

4.1 The financial wellbeing of organisations

The first step is to look at the general financial wellbeing of organisations. Table 10 presents data on general indicators of financial wellbeing of organisations led by chief officers with different biographical or personal characteristics. The purpose of the exercise is to explore whether leaders face fewer or greater challenges because of the kinds of organisations they run.

- **Graduate CEOs** are marginally more likely (22%) to lead organisations that have enjoyed significantly rising income than those led by non-graduates (19%). Similarly, they are slightly less likely to have led organisations with significantly falling income (14%) than non-graduates (17%).
- **Female CEOs** are more likely to lead TSOs with significantly rising income (23%) over the previous two years than male CEOs (18%), but they are more likely to have been leading TSOs with significantly falling income (17%) when compared with male CEOs (13%).
- **Disabled CEOs** and non-disabled CEOs experiences seem to be very similar, with about 22% leading organisations with rising income and 16-17% with significantly falling income over the last two years.
- **BAME CEOs** are more likely to have been in charge of TSOs which have been struggling over the last two years (24%) when compared with organisations led by white CEOs (15%). But amongst those organisations which had significantly rising income there are no differences between BAME and white CEO led organisations (22%).

Table 10 Financial wellbeing of organisations led by CEOs with differing personal or biographical characteristics (North of England, 2019)	Income has risen significantly in last two years	Income has remained about the same in last two years	Income has fallen significantly in last two years	N=
TSOs led by graduate CEOs	22.0	63.6	14.3	1213
TSOs led by non-graduate CEOs	18.9	64.5	16.6	699
TSOs led by female CEOs	23.2	59.9	16.9	1,035
TSOs led by male CEOs	18.3	69.1	12.6	847
TSOs led by disabled CEOs	21.9	61.2	16.9	201
TSOs led by non-disabled CEOs	21.7	62.5	15.9	1,425
TSOs led by BAME CEOs	22.1	54.1	23.8	122
TSOs led by White CEOs	21.9	62.8	15.3	1,510

Table 11 presents analysis on a second indicator of the financial wellbeing of organisations. Here the focus is on organisational reserves and whether these have been drawn upon for development purposes (such as the appointment of a development worker) or to meet essential costs (such as rent or salaries) over the last two years.

- **Graduate CEOs** and non-graduate CEO leaders' experiences have been relatively similar. In both cases, about 18-19% of organisations had no reserves and a similar proportion did not draw on reserves. Graduate CEOs were more likely to preside over organisations which were in a position to invest in their future by drawing on reserves for development purposes (18%) compared with non-graduate leaders (12%). Graduate and non-graduate CEOs were more or less equally likely to have had to use reserves for essential costs (23% and 25% respectively).
- **Female CEOs** seem to have been slightly more likely to lead TSOs which were in a position to invest reserves for development purposes, but were also a little more likely to have had to draw on reserves for essential costs. Male CEOs seem to have been more likely to be in a position not to have to draw on reserves (38%) than female CEOs (34%).
- **BAME CEOs** were more likely to be leading TSOs with no reserves (23%) than white CEOs (17%). Furthermore, they were much more likely to have had to draw on reserves to meet essential costs such as salaries or rent (33%) compared with white CEOs (24%). White and BAME CEOs are equally likely to have invested in development through the use of reserves (~15-16%), but white CEOs appeared to be much more likely to be in a position to hold on to existing reserves (35%) compared with BAME CEOs (25%).

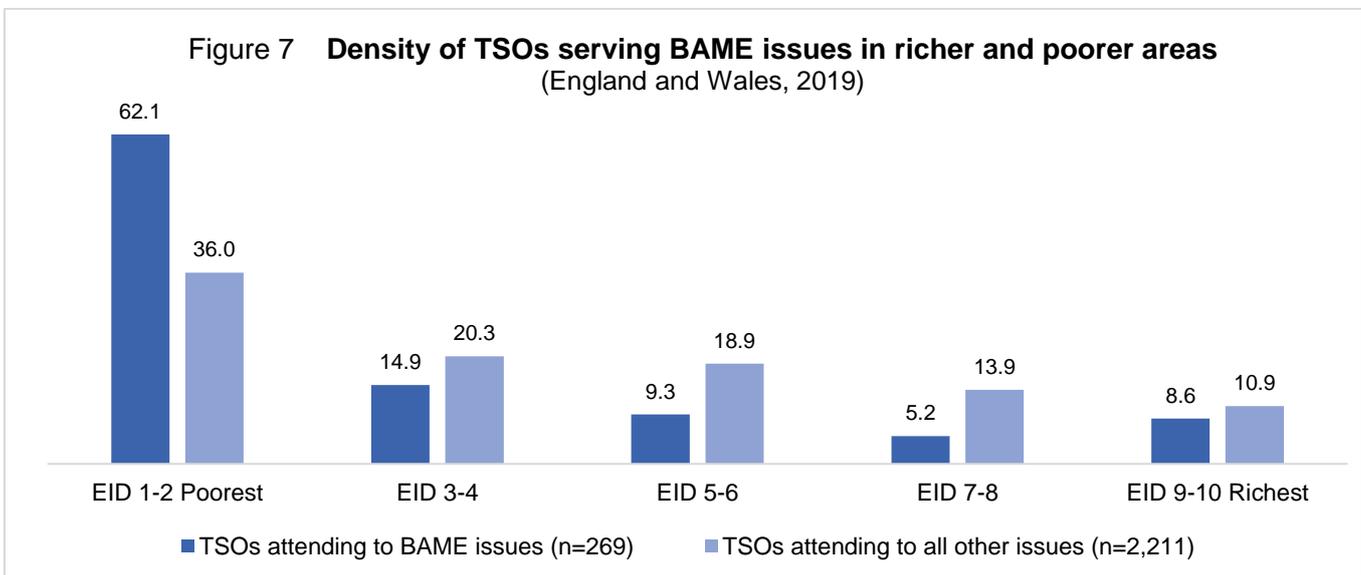
	Graduate CEOs	Non graduate CEOs	Female CEOs	Male CEOs	Disabled CEOs	Not disabled CEOs	BAME CEOs	White CEOs
No, we don't have any reserves	17.7	18.9	18.2	17.9	17.1	17.7	23.0	17.3
No, we have not drawn on our reserves	34.7	37.1	33.5	38.0	37.7	33.4	25.4	34.9
Yes, we have used reserves to invest in new activities*	17.6	11.9	16.8	13.8	17.1	16.4	14.8	16.4
Yes, we have used reserves for essential costs**	22.8	24.8	24.7	22.0	24.1	24.4	32.8	23.7
Used reserves for mixed purposes	7.2	7.3	6.8	8.3	4.0	8.1	4.1	7.6
N=	1,205	703	1,038	840	199	1,425	122	1,508

* Such as buying property, developing a new service, employing a development worker.

** Such as salaries, rent, etc.

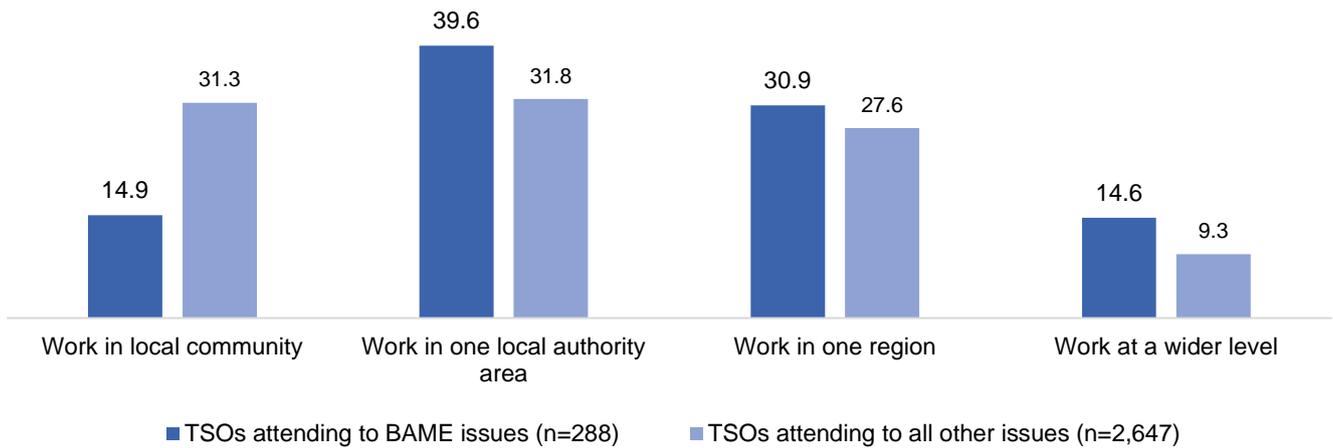
4.2 Do leaders of TSOs serving BAME interests face bigger challenges?

The above analysis raises questions as to why BAME chairs and CEOs tend to face greater organisational challenges than their white counterparts. As Figure 7 shows, the likely explanation is that they run organisations which are located in the poorest areas where it may be assumed that in such areas local beneficiary needs tend to be more urgent and/or severe.



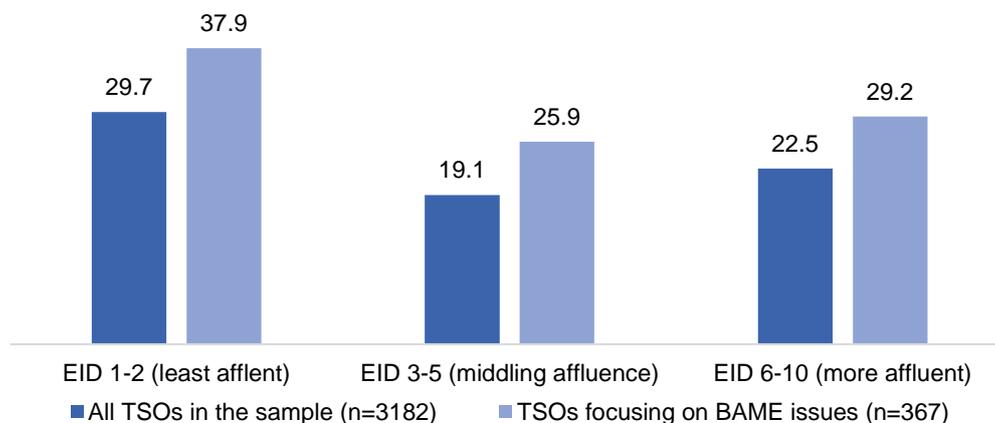
It is important not to over-state the importance of the location of organisation in richer or poorer areas. This is because many organisations which are based in poorer areas (where rents and property prices are lower) work across a wide range of areas. As indicated in Figure 8, TSOs which focus on BAME issues are more likely than other organisations to work across a wider area rather than to focus specifically on the immediate locality.

Figure 8 **Geographical working range of activity of TSOs**
(England and Wales, 2019)



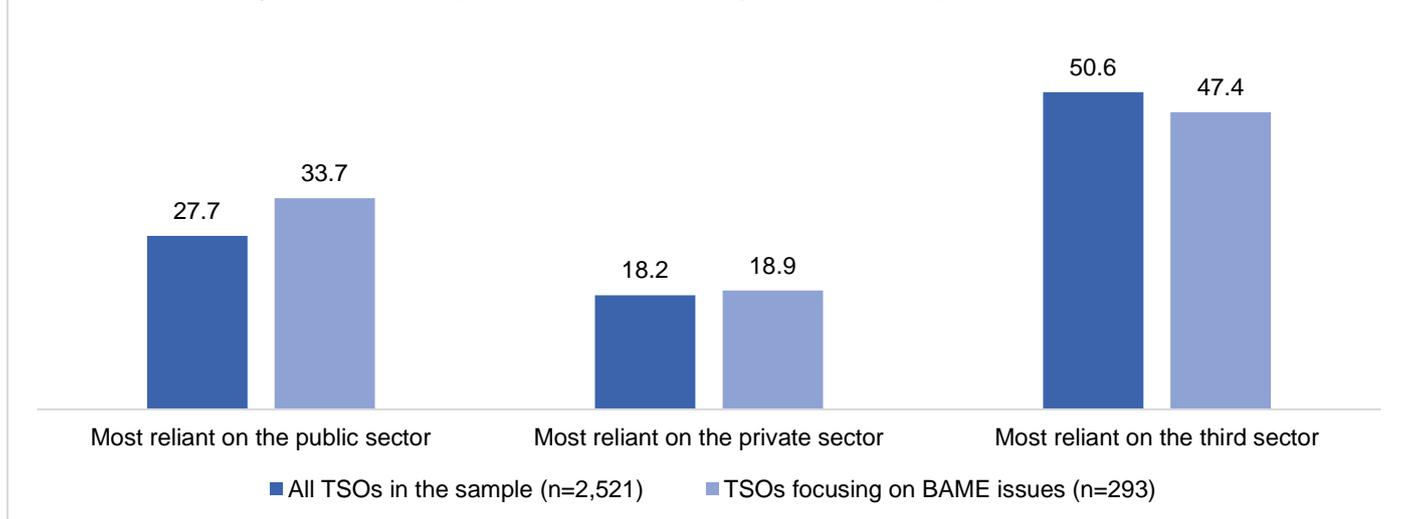
That stated, the indications are that organisations which focus on BAME issues are more vulnerable *per se*, in financial terms when compared with other TSOs. As Figure 9 shows, TSOs which focus on BAME issues are much more likely than other organisations to have drawn on reserves to meet essential cost than other organisations – *irrespective* of where they are located.

Figure 9 **Percentage of TSOs in richer and poorer areas which have drawn on reserves to meet essential costs** (England and Wales, 2019)



Furthermore, the evidence presented in Figure 10 indicates that TSOs which focus on BAME issues are more likely to be primarily reliant on public sector sources of income rather than voluntary sector sources. This may have further contributed to their more precarious finances following a decade of government austerity policies.

Figure 10 Principal source of funding for TSOs (England & Wales, 2019)



5 Summary and discussion

This briefing from Third Sector Trends has broken new ground by exploring patterns of diversity and inclusion in Third Sector leadership. But it has also raised many more questions about the current limits to diversity, equity and inclusion in the Third Sector.

5.1 Key findings

The research shows that there are issues of over-representation and under-representation within Third Sector leadership.

- Amongst chairs of boards or trustees or directors which govern TSOs, older people, men and graduates are over-represented. By contrast people with disabilities and members of BAME groups are under-represented.
- Amongst chief officers it seems that graduates, and women to a lesser extent, are over-represented in positions of leadership in TSOs. People with disabilities and members of BAME groups are shown to be under-represented.

These headline findings are underscored by considerable complexity.

There are substantive **regional variations** which, in some respects, seem to reflect differences in the make-up of the local population. In North East England, for example, there are fewer graduate chairs or CEOs than in other regions – reflecting broader population characteristics. But in other respects, the reverse is the case. In North West England, the representation of BAME groups as chairs and CEOs seems to be lower (by population) than in Yorkshire or in North East England – although clear explanations for this are not forthcoming.

In relation to the **size of organisations**, it is evident that graduates are much more likely to lead organisations (as chairs or CEOs) than non-graduates as TSOs become larger in size. Amongst women, people with disabilities and members of BAME groups, the situation is less clear cut.

There are few variations in the characteristics of organisational leaders when TSOs are compared according to the **beneficiaries served**. But there is a notable exception. Organisations which attend to BAME issues are much more likely to have chairs or CEOs who are from BAME groups.

There is some evidence to suggest that the relative **affluence of areas** has an influence on the characteristics of organisation leaders. Women CEOs tend to be more populous in poorer areas. More strikingly, BAME chairs and CEOs tend to be *much* more likely to lead organisations based in poorer rather than rich areas.

The **personal and biographical characteristics** of leaders is also an issue for consideration, especially amongst BAME chairs and CEOs. While BAME chairs are more or less equally as likely to be graduates or women as is the case amongst white chairs – they are much more likely to have disabilities. White chairs by contrast are much more likely to be retired.

Amongst CEOs, people from BAME groups are the most likely to be graduates (77% compared with 63% of their white counterparts) but are more or less equally likely to be women or to have disabilities. The 'highest paid' CEO roles are more likely to be occupied by graduates and by men. But it is also interesting to note that in the very largest organisations (with annual turnover above £5m), leaders from BAME groups are *better* represented than they are in organisations of all other sizes.

5.2 There's a great deal that we still don't know

This research report on diversity and inclusion in Third Sector leadership has produced only a partial picture of the current situation in the North of England. But it has helped to show that something is going on which results in fewer leadership positions being populated by people with particular biographical or personal characteristics.

At several stages of this analysis, it has become clear that the situation of people from BAME groups stand out in comparison with other groups. This begs questions about what should be done if it turns out that acts of passive or active discrimination by TSOs limit opportunities.²⁰

The short summary of findings presented above indicates that there are many unanswered questions about the reasons behind the over- or under-representation of certain groups in the leadership of TSOs. Indeed, such questions could still not be answered even if good quality and regularly updated statistics on inclusion and diversity were collected and publicly available.²¹

The obvious reason for this is that interpretation would be incomplete until more is known about, firstly, the underlying social processes that stop people from putting themselves forward for leadership roles; and secondly, until more is known about those factors which dissuade or exclude people from leadership positions.

It is unlikely that organisational cultures, policies and practices provide the sole explanation for unequal access to opportunities. It is more likely that there is a range of push and pull factors that attract or dissuade people from putting themselves forward for senior posts in TSOs.

Speculation does not help the issue. We need stronger conceptual tools to frame research questions and, consequently, produce better-quality evidence to understand the impact of underlying factors which shape aspirations and opportunities to become organisational leaders. We need to know much more about the complex interaction of many factors that shape aspirations and opportunities.

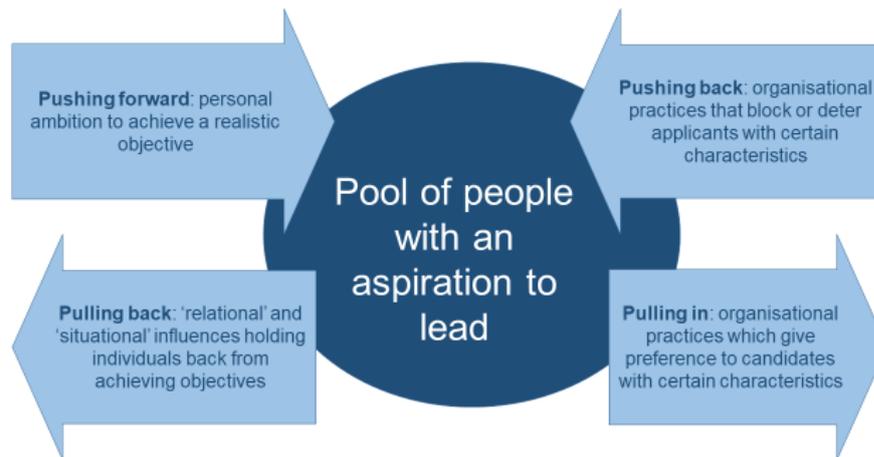
A crude attempt to conceptualise these interactions is presented in Figure 11. The circle at the centre of the diagram depicts an '**aspiration to lead**' zone. People who have entered into this zone represent a 'resource pool' from which TSOs can draw future leaders.

In reality, of course, there may well be many such pools into which TSOs can dip depending on where they work, their social purpose, and what they expect of a leader in terms of personal characteristics, qualifications, experiences and motivation. But instead of getting (or choosing to be) distracted by such technical detail, it is better to think about how people do or do not enter the 'aspiration to lead' pool.

²⁰ A recently published report provides a strong set of arguments on the consequences of discrimination in the Third Sector and makes a very valuable contribution to debates on how organisations may need to change their cultures and *practices* to tackle endemic racism. See Lingayah, S., Wrixon, K. and Hulbert, M. (2020) *Home Truths: undoing racism and delivering real diversity in the charity sector*, London: Voice4Change, ACEVO: <https://www.acevo.org.uk/reports/home-truths/>

²¹ It would be enormously helpful, if TSOs were required to submit diversity and inclusion data as part of annual reporting processes by agencies such as the Charity Commission and Companies House. These data, if made publicly available could then be analysed as part of, for example, the NCVO's Almanac. No doubt, many TSOs would complain about this additional administrative burden – but if reporting was required it would alert organisations to the outcomes of their current policies and practices - even if they remained unwilling to do anything about it. Formal reporting would only capture evidence, of course, from those TSOs which are obliged to submit annual reports – but other studies, such as Third Sector Trends, could continue to monitor those organisations, such as small registered charities or unconstituted societies and groups which are exempt from regulatory reporting framework.

Figure 11 Factors affecting leadership aspirations and opportunities



Four push and pull factors are shown in the diagram to indicate how potential leaders may be **attracted to** or **repelled from** entering the pool.

- **Pushed forward.** At an individual level, aspirations to lead may derive from a wide variety of *altruistic* or *instrumental* motivations. People may be driven towards leadership by local needs that are so pressing that they feel they have a moral or political responsibility to step up and offer their help. Others may be influenced by strongly held cultural values or beliefs that persuade them that they have a duty to play a leadership role. Others may be driven by instrumental motivations, such as a practical need to earn money or a personal desire to obtain social status, power and influence from a leadership role. For some, if not most, it may be a mix of all these factors which shape their aspirations.
- **Pulling back.** Some people may privately harbour aspirations to take a leadership role in a TSO, but for one reason or another, choose not to take the matter forward. Others, who have the skills and experience to do so, might not even contemplate the possibility. Many things can spark or dampen aspirations – ranging from personal factors such as self-belief, confidence and willingness to take risks - to relational and situational factors. Relational factors include the attitudes and beliefs of family and friends – which may encourage or dissuade individuals from putting themselves forward. Situational factors might include the availability or lack of opportunity in the local area to take on a leadership role.

The above points refer to personal, relational or situational factors which might help or hinder individuals from thinking about getting involved in leadership. To the right hand side of the diagram, another two arrows depict factors which may attract or repel potential candidates from opportunities to lead.

- **Pushing back.** Once an individual has entered the ‘aspiration to lead’ zone, they may face challenges when determining how to be appointed to the position of trustee, director or chair of a TSO or to become a chief officer. Some organisations may present a forbidding or exclusionary image of themselves which, purposefully or otherwise, repels potential candidates with certain personal or biographical characteristics from putting themselves forward. To present an unwelcoming image can amount to discriminatory practice and in some circumstances is illegal – providing that intent is proven to be purposeful. But often, people are repelled by subtle almost imperceptible cultural cues which even the organisation may not know that it is communicating.
- **Pulling in.** TSOs often feel that they have to work very hard to entice candidates to take on specialised trustee roles, to become the chair of their board or chief officer. Whether they fish from a general talent pool or a more specialised pool of individuals with specific characteristics is not known. But stories of arm-twisting or enticement of people with particular skills, talents or other attributes circulate widely. The question

is - do TSOs which are hoping to appoint a trustee, chair or chief officer always cast their nets as widely as they should? Or do they restrict their options, for one reason or another, which may be legitimate (such as the need to appoint someone with the requisite and *demonstrable* skills, knowledge and experience) or may be illegitimate (reflecting passive or active discrimination).

The point of this conceptual model is to show that interpretation of statistics on diversity and inclusion is complex and contentious. The complexity arises from the enormous array of push and pull factors that come into play when considering the pool of people who *do* or *could* aspire to take on leadership positions. The contention arises from those factors that 'hold people back' or 'push people back' from realising such aspirations – while giving favour to other people.

Researchers and policy makers need to understand more about the pool of actual or potential leadership talent before it is possible to make sense of statistics on diversity, equality and inclusion. And certainly, they also need to address issues surrounding the extent to which TSOs are open and welcoming to *all* candidates who have the requisite skills, knowledge and experience to take on such roles – irrespective of other personal or biographical characteristics they may have.

APPENDIX

Defining Third Sector organisations

The terms 'Third Sector' and 'TSO' are widely recognised internationally by academics and policy makers and are adopted in this study. But the term 'Third Sector' is not always well known, recognised or understood by people who work or volunteer within civil society (or what is more commonly known as the voluntary and community sector). So, it is useful to define which organisations are included.

The National Audit Office (NAO) defines the Third Sector as follows:

*'The third sector is the term used to describe the range of organisations which are neither state nor the private sector. Third sector organisations (TSOs) include small local community organisations, and large, established, national and international voluntary or charitable organisations. Some rely solely on the efforts of volunteers; others employ paid professional staff and have management structures and processes similar to those of businesses, large or small; many are registered charities whilst others operate as co-operatives, "social enterprises" or companies limited by guarantee... All share some common characteristics in the social, environmental or cultural objectives they pursue; their independence from government; and the reinvestment of surpluses for those same objectives.'*²²

As the above quotation indicates, there are several categories of TSO. The following categories are usefully distinguished by the National Audit Office.

■ **Voluntary and community sector**

Includes registered charities, as well as non-charitable non-profit organisations, associations, self-help groups and community groups. Most involve some aspect of voluntary activity, though many are also professional organisations with paid staff. 'Community organisations' tend to be focused on localities or groups within the community; many are dependent entirely or almost entirely on voluntary activity.

■ **General charities**

Charities registered with the Charity Commission except those considered part of the government apparatus, such as universities, and those financial institutions considered part of the corporate sector.

■ **Social enterprises (and community businesses²³)**

A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners.

■ **Mutuals and co-operatives**

Membership-based organisations run on a democratic basis for the benefit of their members. Members may be their employees or their consumers or be drawn from the wider community. Some employee co-operatives may be essentially private businesses but many mutuals and co-operatives consider themselves part of the social enterprise sector.

This study includes all the above organisations within its definition of the Third Sector. As is the case in the NAO definition, financial institutions, hospital trusts, for-profit cooperatives, private schools and universities are also excluded from this study of the Third Sector.

TSOs do not all share the same legal form. In this study, the following types of TSOs are included in the analysis.²⁴

- Informal and unregistered groups, societies or organisations
- Registered Charity – independent, branch or federated
- Company Limited by Guarantee

²² Bourne, J. (2005) Working with the Third Sector, London, National Audit Office. <https://www.nao.org.uk/report/working-with-the-third-sector/>

²³ In recent years, the term 'community business' has gained favour in many circles. Community Businesses derive income primarily from trading within a locality and also seek to make a positive contribution to their community and in many cases be accountable to local people. For more detailed discussion from a Third Sector Trends perspective, see: Chapman, T. and Gray, T. (2018) *How do community businesses differ from other Third Sector organisations in the North: evidence from Third Sector Trends*. Durham, Policy&Practice: . <https://www.stchads.ac.uk/research/research-news/how-do-community-businesses-compare-with-other-voluntary-and-community-organisations/>.

²⁴ These bullets merely provide a list of legal forms of TSOs included in the sample. It should be noted that not all of these organisational are regulated by the same authorities. For a concise explanation of legal forms see: <https://www.resourcecentre.org.uk/information/legal-structures-for-community-and-voluntary-groups/#structures>

- Company Limited by Shares
- Community Amateur Sport Club
- Cooperative or Community Benefit Society
- Community Interest Company
- Charitable Incorporated Organisation

The terms 'social enterprise' and 'community business' are not legal forms. Such organisation be defined by one or more of the legal forms defined above. It is common for example, for registered charities also to be a Company Limited by Guarantee.

Sample size and structure

The Third Sector Trends survey took place between June and December 2019 using a questionnaire hosted by Online Surveys. The questionnaire directly replicated several questions from the 2016 survey (and preceding rounds of the study) to facilitate longitudinal analysis. An identical questionnaire was used in all three regions in 2019.²⁵

The survey was promoted by public sector and Third Sector organisations including: local authorities and health authorities, community foundations, National Lottery Community Fund and most local and regional infrastructure organisations.

The survey was also promoted intensively by sending emails via Online Surveys to lists of registered charities collected from Charity Commission Beta searches. In North East England a postal questionnaire was sent to 4,000 TSOs. Paper questionnaires were also used in Kirklees and Wirral.

Sample size and response rates

Estimating the size of the TSO population in the North of England is difficult as there is no single register of organisations which have different legal forms. The NCVO Almanac provides good estimates on the population of general charities which provides a strong basis for estimating the extent of growth in the sector over the last ten years.²⁶

Sample sizes in each region and sub region are presented in Table 2. Samples of general charities registered with the Charity Commission are shown together with the wider sample of all TSOs.²⁷

Using NCVO regional data for the population of general charities, it is evident that response rates are uneven (i.e. 17.4% in North East England compared with 5.6% in Yorkshire and Humber and 4.4% in North West England). Variations are less pronounced for the whole sample however, with 15% in North East England, 5.7% in Yorkshire and Humber and 6% in North West England.

- Response rates in **North East England** are much higher. This is partly due to a more consistent level of strong support from local authorities, charitable foundations and community foundations, local and regional infrastructure bodies to promote the study. But the principal reason is that a postal questionnaire is also used in North East England which produced an additional 349 responses.
- In **Yorkshire and Humber** there were very good response rates in a number of areas: North Yorkshire (n=190), Kirklees (n=119), Leeds (n=146). This was due to very strong support from local infrastructure organisations, local

²⁵ Additionally, a second survey using fewer but identical questions was undertaken across the remaining regions of England and Wales for comparative purposes. The findings from this research will be published separately later in 2020.

²⁶ Growth in the number of general charities is indicated at about 14% rising from 146,429 in 2000/1 to 166,854 in 2016/17 according to NCVO. In the Third Sector Trends Study, estimates on growth are lower however as a measure of 'churn' has been identified in the legal form of existing TSOs, indicating that growth may be lower. Additionally, it is not possible to determine how many TSOs have ceased to operate during this period with any confidence. Consequently, relatively conservative estimates on the size of the sector have been produced. These estimates are higher than recently published NCVO regional estimates – which are restricted to general charities – that stated, confidence can be held on the current Third Sector Trends estimates because they have been extrapolated from Kane and Mohan's original baseline measures: Kane, D. and Mohan, J. (2010a) *Mapping registered Third Sector organisations in the North East*, Newcastle: Northern Rock Foundation Third Sector Trends Study Working Paper; Kane, D. and Mohan, J. (2010b) *Mapping registered Third Sector organisations in Cumbria*, Newcastle: Northern Rock Foundation Third Sector Trends Study Working Paper; Kane, D. and Mohan, J. (2010c) *Mapping registered Third Sector organisations in Yorkshire and Humber*, Newcastle: Northern Rock Foundation Third Sector Trends Study Working Paper. All papers available at this website: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

²⁷ The following response rates were achieved for the following types of organisations and groups: Informal and unregistered groups, societies or organisations (n=245); Company Limited by Guarantee (n=657, a majority of these organisations are also registered charities); Company Limited by Shares (n=6); Community Amateur Sport Club (n=48); Cooperative or Community Benefit Society (n=36); Community Interest Company (n=174); Charitable Incorporated Organisation (n=283); Development Trusts (n=3); Leisure Trusts (n=17); other (n=156).

authorities, local community foundations and National Lottery Community Fund. Strenuous efforts were made to persuade stakeholders in all local authority areas to encourage participation but in some cases this was not successful.

- In **North West England** there were very good response rates in Cumbria (n=192), City of Lancaster (n=84) and Wirral (n=206) due to strong support by local infrastructure organisations, the local authority and community foundations. In Greater Manchester, response rates were generally quite low because Third Sector Trends clashed with a local study which was being run by GMCVO.

Sample sizes vary to some extent from the 2016 study. In North East England in 2016 there were 1,012 responses in Yorkshire and Humber 1,083 and North West England 1,462. However, comparisons between the two sets of samples indicate that the structure of the data sets is very similar which means that comparisons at regional level are reliable. Sub regional level sample sizes are smaller, especially in Cheshire, Humber and South Yorkshire. Consequently, in these areas caution must be taken with interpretation.

Structure of the North of England sample

The structure of the Third Sector Trends sample is shown in Table 3. The sample is divided into 12 income categories. For regional data, variations from the mean are shown in each category. Variations of above 2% only occur on two occasions. It is therefore safe to compare regions as samples of equivalent structure.

Cell sizes would collapse quickly using a 12 category income scale (although there are sizeable numbers of cases in many of the categories: 8 categories have over 200 cases). Consequently, two new variables have been created by collapsing the 12 category scale into 5 and 3 category scales. In the 5 category scale, sample sizes do not fall below 269 cases, and in the three category scale, the smallest sample is 694 cases.

In this report, Third Sector Trends' five income categories are retained. To scale findings up to regional estimates of the whole population of TSOs, estimates have been made of the proportions of TSOs in each size bracket nationally (see Table 2). This was achieved by taking a random sample of 5,000 registered charities from across England and Wales using Charity Commission listings accessed via its Beta search facility.²⁸

The England and Wales sample

In 2019, Third Sector Trends surveying was extended across the remaining regions of England and throughout Wales.

This being an exploratory study, a shorter questionnaire was used to ensure that response rates were maximised. Questions on diversity and inclusion were not used in this survey. However, it is possible to determine whether TSOs focused their activities on BAME issues. These data have been used in Chapter 4 of this report to bolster the size of the sample.

Based on searches of the Charity Commission's only Beta search platform, a sample was drawn from across the rest of England and Wales. Potential respondents were contacted via email addresses which are lodged on the Charity Commission's database. Contact was made via Online Surveys including an initial request to participate followed by four reminders. This took place between October and December 2019 alongside the North of England study.

Unlike the North of England project, no attempt was made to harness the support of intermediary organisations such as infrastructure bodies, local authorities, NHS trusts, community foundations, charitable trusts or the National Lottery Community Fund.

This exploratory exercise gleaned 924 responses which, when added to the North of England sample brings the whole sample to 4,080. Response rates from England and Wales are listed in Table A4.

²⁸ The random sample was collected from across England and Wales, rather than the North of England, because these estimates will be used to compare the situation of registered charities across these nations using the additional survey data collected by Third Sector Trends in 2019.

Table A1 Working estimates on TSO population and estimated response rates	NCVO estimates on general charities (2016/17) ²⁹	TST baseline estimates on all TSOs (2008/9) ³⁰	TST current estimates of TSOs 2019	TST sample 2019 (general charities only)	% response rate of general charities by NCVO estimates	TST sample 2019 (all TSOs)	% response rate by TST estimates
Northumberland	901	1,256	1,300	190	21.1	265	20.4
County Durham	974	1,519	1,550	154	15.8	225	14.5
Tyne and Wear	1,364	2,563	2,800	274	20.1	390	13.9
Tees Valley	839	1,286	1,350	156	18.6	214	15.9
North East England	4,450³¹	6,624	7,200	774	17.4	1,094	15.1
West Yorkshire	3,594	5,013	5,200	258	7.2	407	7.8
South Yorkshire	1,922	2,993	3,100	104	5.4	140	4.5
North Yorkshire	3,133	3,925	4,200	143	4.6	190	4.5
Humber	1,635	2,287	2,400	81	5.0	115	4.8
Yorkshire and Humber	10,377	14,218	14,900	586	5.6	852	5.7
Cheshire	2,236	3,400	3,500	96	4.3	136	3.9
Greater Manchester	4,069	6,100	6,300	178	4.4	255	4.0
Merseyside	2,230	3,400	3,500	217	9.7	361	10.3
Lancashire	2,701	4,100	4,250	179	6.6	268	6.3
Cumbria	1,946	2,684	2,800	126	6.5	192	6.9
North West England³²	13,304	19,684	20,350	796	4.4	1,212	6.0
North of England	25,741	40,526	42,250	2,156	8.4	3,158	7.5

Table A2 Estimates of regional TSO population in five income categories	Average TSO income by category	Percentage distribution by category	Est. TSOs in North East England	Est. TSOs in Yorkshire and Humber	Est. TSOs in North West England	Est. TSOs in North of England
Micro (income £0-£9,999)	£2,889	48.7	3,507	7,255	9,910	20,674
Small (income £10,000-£49,999)	£23,835	25.2	1,814	3,755	5,128	10,697
Medium (income £50,000-£249,999)	£121,660	14.5	1,044	2,161	2,951	6,155
Large (income £250,000-£999,999)	£488,605	8.2	590	1,222	1,669	3,481
Big (income above £1,000,000)	£1,662,220	3.4	245	507	692	1,443
Total	£24,299,209	100.0%	7,200	14,900	20,350	42,450

²⁹ NCVO regional estimates for the number of general charities can be located here: <https://data.front-controller.ncvo.org.uk/about/almanac-data-tables/>. These published estimates are higher than the sum of NCVO local authority estimates.

³⁰ These baseline estimates were produced by Kane and Mohan (2010a, 2010b, 2011) *ibid.* as part of the Third Sector Trends Study.

³¹ Published NCVO 2016/17 regional estimates are somewhat higher than the sum of local authority estimates on the population of general charities.

³² North West England estimates are harder to justify because baseline work was not undertaken in the region by Third Sector Trends in 2010 (except for Cumbria). However, the estimates shown mirror those presented for North East England and Yorkshire and Humber proportionately.

	North East England	Yorkshire and Humber	North West England	North of England	Five income categories	Three income categories
No income, n=64	2.0 (=0.0)	2.6 (+0.6)	1.7 (+0.7)	2.0	Micro TSOs (income 0 - £10,000) 27.7%, n=876	Smaller TSOs (income £0 - £50,000) 51.3%, n=1,621
£1 - £2,000, n=259	7.7 (-0.5)	8.0 (-0.2)	8.9 (+0.7)	8.2		
£2,001 - £5,000, n=216	7.6 (+0.8)	5.9 (-0.9)	6.9 (+0.1)	6.8		
£5,001 - £10,000, n=337	10.2 (-0.5)	9.5 (-1.2)	11.9 (+1.2)	10.7	Small TSOs (income £10,001 - £50,000) 23.6%, n=745	
£10,001 - £25,000, n=434	14.1 (+0.4)	11.6 (-2.1)	14.9 (+1.2)	13.7		
£25,001 - £50,000, n=311	9.8 (=0.0)	10.6 (+0.8)	9.4 (-0.4)	9.8	Medium TSOs (income £50,001 - £250,000) 24.8%, n=784	Medium TSOs (income £50,001 - £250,000) 24.8%, n=784
£50,001 - £100,000, n=370	11.9 (+0.2)	12.6 (+0.9)	10.9 (-0.8)	11.7		
£100,001 - £250,000, n=414	14.3 (+1.2)	13.4 (+0.3)	11.8 (-1.3)	13.1	Large TSOs (income £250,001 - £1m) 13.5%, n=425	Larger TSOs (income above £250,001) 22.0%, n=694
£250,001 - £500,000, n=271	8.3 (-0.3)	9.6 (+1.0)	8.1 (-0.5)	8.6		
£500,001 - £1m, n=154	6.1 (+1.2)	3.9 (-1.0)	4.5 (-0.4)	4.9		
£1,000,001 -£5m, n=198	4.9 (-1.3)	8.3 (+2.0)	6.0 (-0.3)	6.3	Big TSOs (£1m or more) 8.5%, n=269	
£5,000,001 plus, n=71	2.0 (-0.2)	2.3 (+0.1)	2.4 (+0.2)	2.2		
Missing data, n=56	1.1 (-0.7)	1.8 (=)	2.4 (+0.6)	1.8	Missing data n=56, 1.8%	
Total sample	1,097	852	1,209	3,155	n=3,155	

Region/Nation	Number of responses
English Midlands	298
North East England	1,097
North West England	1,209
South East England	324
Wales & West of England	302
Yorkshire and Humber	850
Total responses	4,080

³³ Variations in each region from the North of England mean are shown in parentheses.

NOTES

