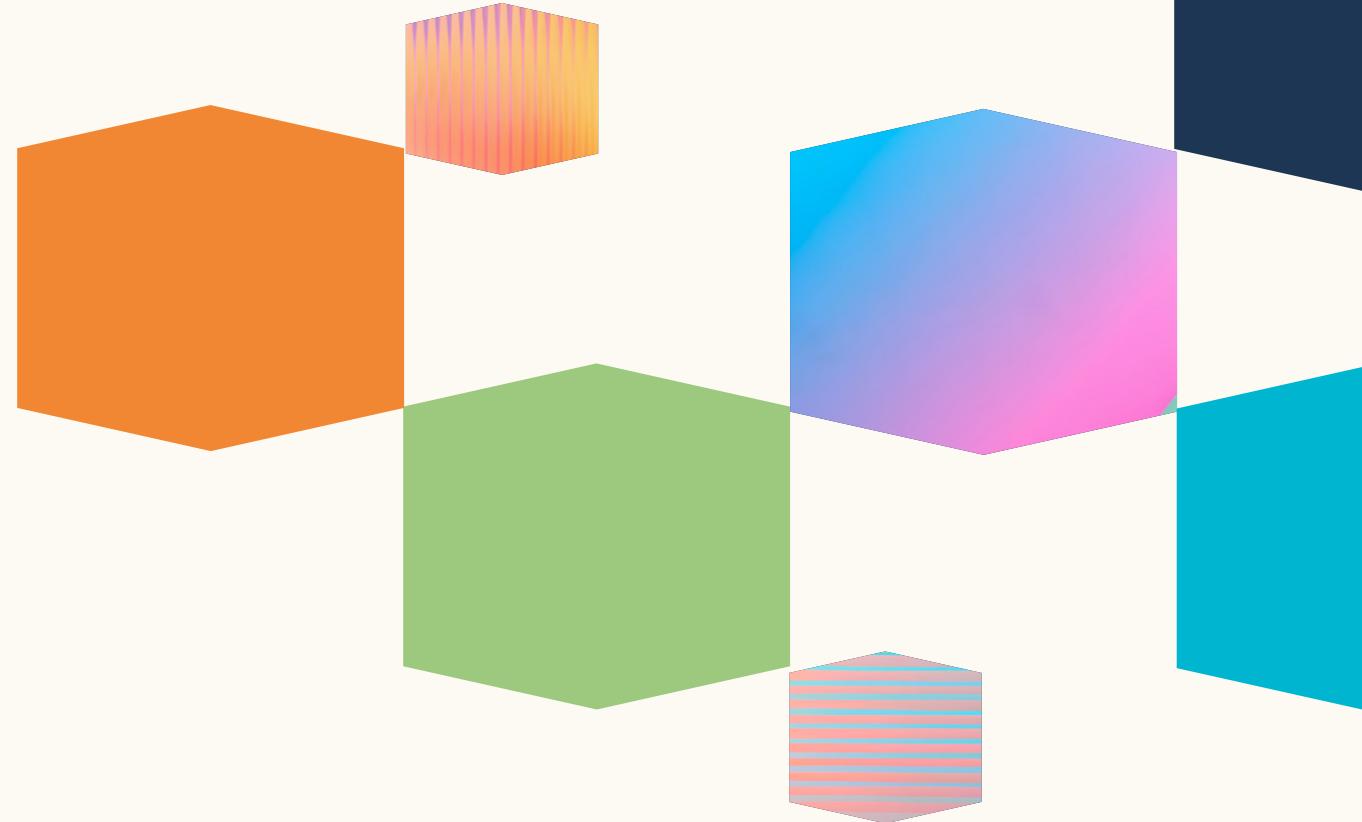




CASTLE
PEAK
GROUP



Understanding and
addressing barriers
to Board Diversity
in *third-sector*
organisations

Contents

- 01 Executive Summary
- 02 Introduction
- 03 Findings
- 04 Barriers and Recommendations
- 05 Analysis
- 06 Recommendations



01

Executive *Summary*

1

Attitudes towards board diversity from senior charity executives are broadly positive, with 50% reporting that they 'Always' consider creating a board which is diverse overall when appointing new members, and a further 37.5% reporting that they 'Often' do.

2

The most commonly collected demographic data is ethnicity and age, followed by gender and disability.

3

However, these supportive attitudes are not being sufficiently reflected through implementation of DEI policies or goals for board composition for the majority of charities we surveyed. Fewer than half had policies or goals in place, and for those that did, they are not as effective as they could be.

4

Fewer than half of those involved in charity board appointment had received training on unconscious bias, and few reported on their board diversity metrics regularly. Implementing both of these is a recommendation of the report to improve transparency, decision-making processes, and the relationship between the board and the communities served by the charity.

5

Difficulty finding candidates, challenges in the recruitment process and budget constraints were identified as the biggest barriers to board diversity.

6

The report gives advice and guidance on improvements which can be made by charities to their internal structures, their use of external partners, and the importance of education to challenge these barriers.



Third sector organisations such as charities and educational institutions have always had a consistent and pivotal role to play in serving diverse communities. Therefore, they are common advocates of diversity, equity and inclusion (DEI) initiatives. However, an analysis of the existing academic literature identifies that these organisations can often struggle to reflect these values within their own governance structures. Diverse boards bring a richer wealth of perspectives and experiences to their decision-making, which in turn leads to better organisational outcomes, greater creativity and innovation, and stronger connections with the communities they serve.

Yet, persistent barriers such as limited access to diverse candidate pools, systemic biases in recruitment, cultural challenges, and practical complications continue to hinder progress. By specifically identifying and examining these barriers, this report aims to provide practical recommendations which will empower third sector organisations to align their governance structures with their mission. Addressing the challenges they face in achieving inclusive representation is not only critical for their credibility and accountability, but also for building sustainable leadership pipelines that reflect the changing needs of society.

To that end, Castle Peak Group has surveyed senior people from charities across the UK to gain a deeper understanding of their current DEI policies and levels of representation, and to gain their perspectives on what the potential barriers may be to inclusive representation. These individuals had to have a role in appointing board members, which ensures that their contributions are valuable and thus the conclusions we draw are relevant and feasible to action.

The survey questions were broadly quantitative in nature, providing contextual information about what the charity does, its size and its location, as well as specifics about whether the charity had a formalised diversity policy and, if so, how effectively it was working. The survey also included some more qualitative, open-ended questions to invite thoughts and opinions about the respondent's own experiences with DEI, the role that representative inclusion plays in the board's ability to serve its communities, and instances where a barrier to diversity may have presented itself.

The findings below are a summary of the key trends, patterns and insights which these surveys have provided. They provide important considerations pertaining to the bigger picture of the status of DEI in third sector organisations, and form the basis for the Analysis and Recommendations sections of this report.

03

Findings

Current Demographics and Diversity Metrics

The first section of the survey asked respondents to disclose the size of their organisation by employees, where their charity was based geographically within the UK, and the nature of the work they do.

It also asked them to disclose information more specific to their boards. Firstly, how many individuals sit on it, but also how much consideration they, as a senior executive involved in appointing the board, give to achieving diversity on that board. We also asked whether they continually collected and monitored data regarding their board's diversity.

A key goal of the third sector is to remain firmly tied to the communities it serves. The overall ethos of charitable work is to benefit those experiencing disadvantage so naturally, so those communities should be reflected through diverse leadership. To assess whether this ethos was being achieved in practice, we posed a question at the end of this section asking how well the respondent believed their charity was achieving that goal.



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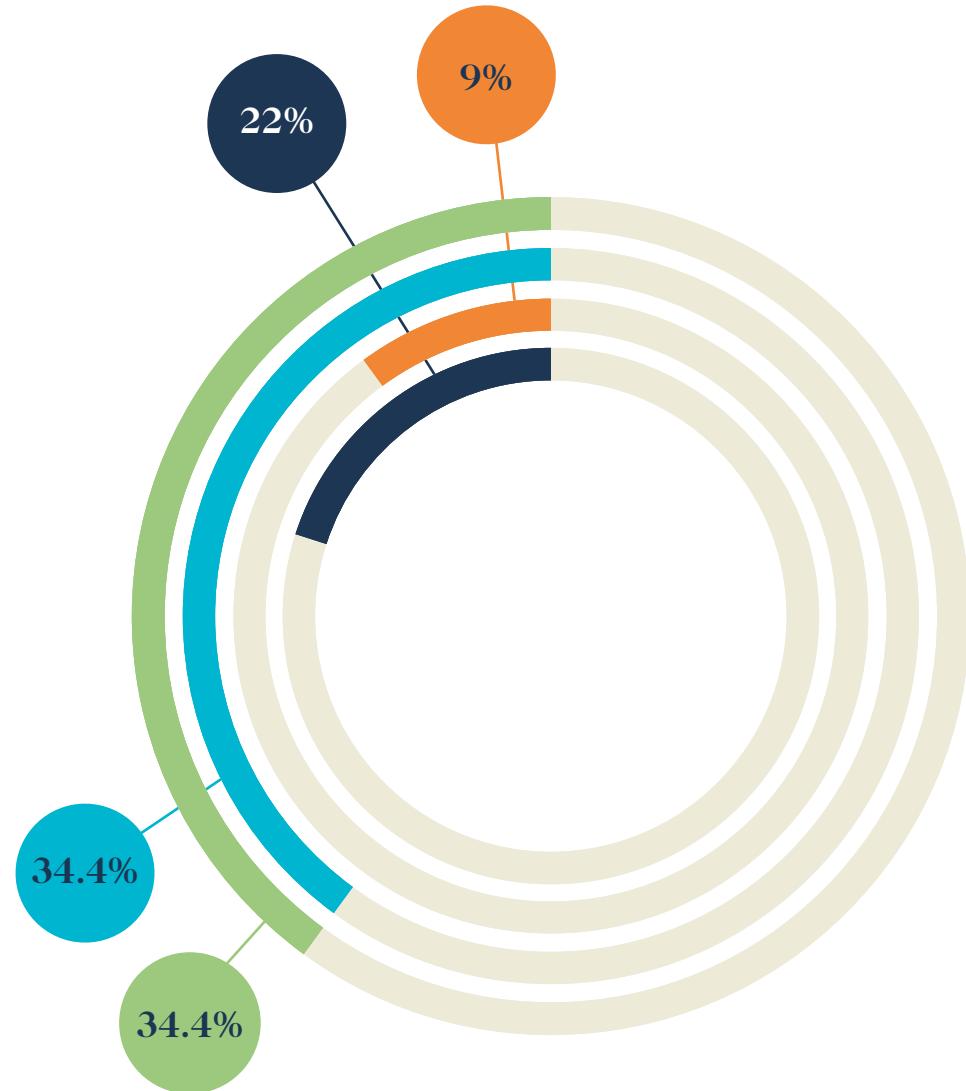
Findings

What is the size of your charity, organisation based on the number of full-time employees?

Most of the charities which provided respondents were small-to-medium in size, with an equal total of 34.4% having fewer than 10 or between 10-50 employees. Just under a third had more than 50 staff, with just over fifth fitting into the largest size category of 250+.

In terms of the work that each charity specialises in, we received a broad range with the largest individual category – equality and advocacy – totalling only 22.9% of all replies. Other larger charity types included healthcare and employability.

█ Fewer than 10 █ 10-50 █ 51-249 █ 250+



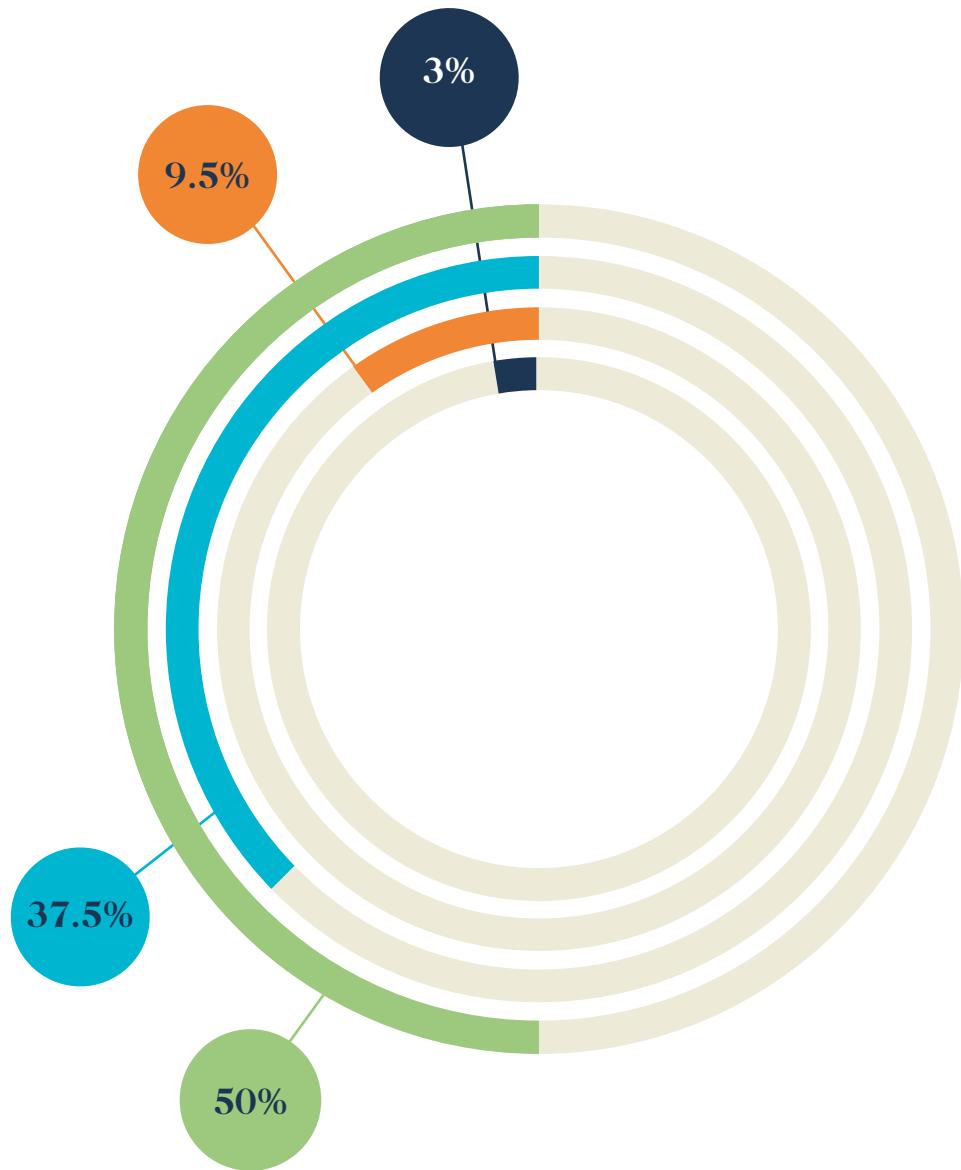
03

Findings

When appointing board members, how much consideration do you give to achieving a board that is diverse overall (regarding age, ethnicity, and gender)?

As anticipated, almost all respondents reported that they gave at least some consideration to achieving a diverse board when it comes to appointing new members to the board. Half (50%) said that they always do, whereas 37.5% said that they often do. Only 12.5% reported that they "Rarely" or "Never" considered diversity regarding board appointments, with only 3% of that being a "Never" response.

Always Often Rarely Never



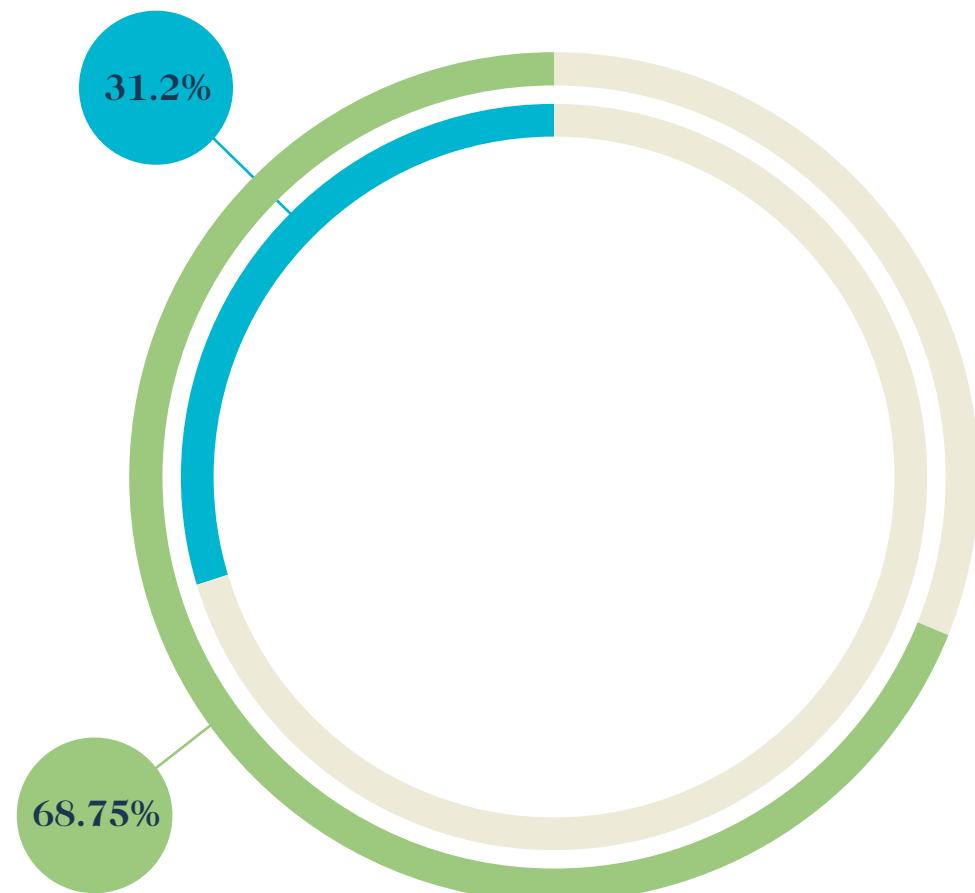
03

Findings

Does your charity/organisation collect demographic data (e.g. gender, ethnicity, age) on board members?

Similarly, as expected based on pre-existing research, almost 7 in 10 (68.75%) of the respondents reported that they regularly collect demographic data on their board members

Yes No



03

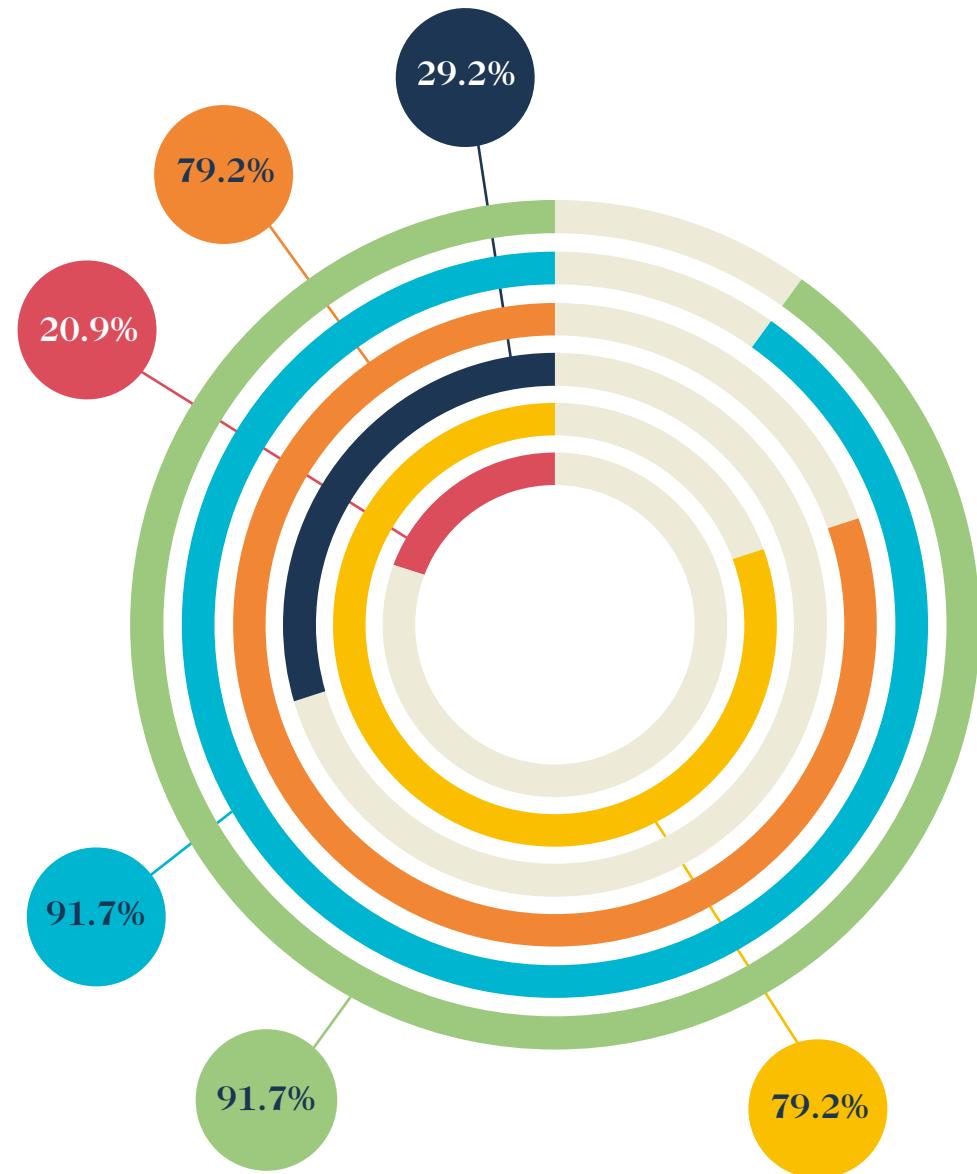
Findings

If yes, which demographic data do you collect?

The most common demographic data collected were ethnicity and age (both 91.7%), followed by disability and gender (79.2%). A further respondent included 'gender identity' in the 'Other' category, and another respondent included disability as an 'Other' response, which would take the total to 83.3% for both disability and gender.

Other responses given in the 'other' category included: religion and belief, sexuality, whether or not the individual has had gender reassignment surgery, and caring responsibilities. The results reflect that a significant amount of demographic data collection is happening in charities, and on a wide range of categories.

█ Ethnicity █ Age █ Disability █ Socio-economic background
█ Gender █ Other (please specify)



03

Findings

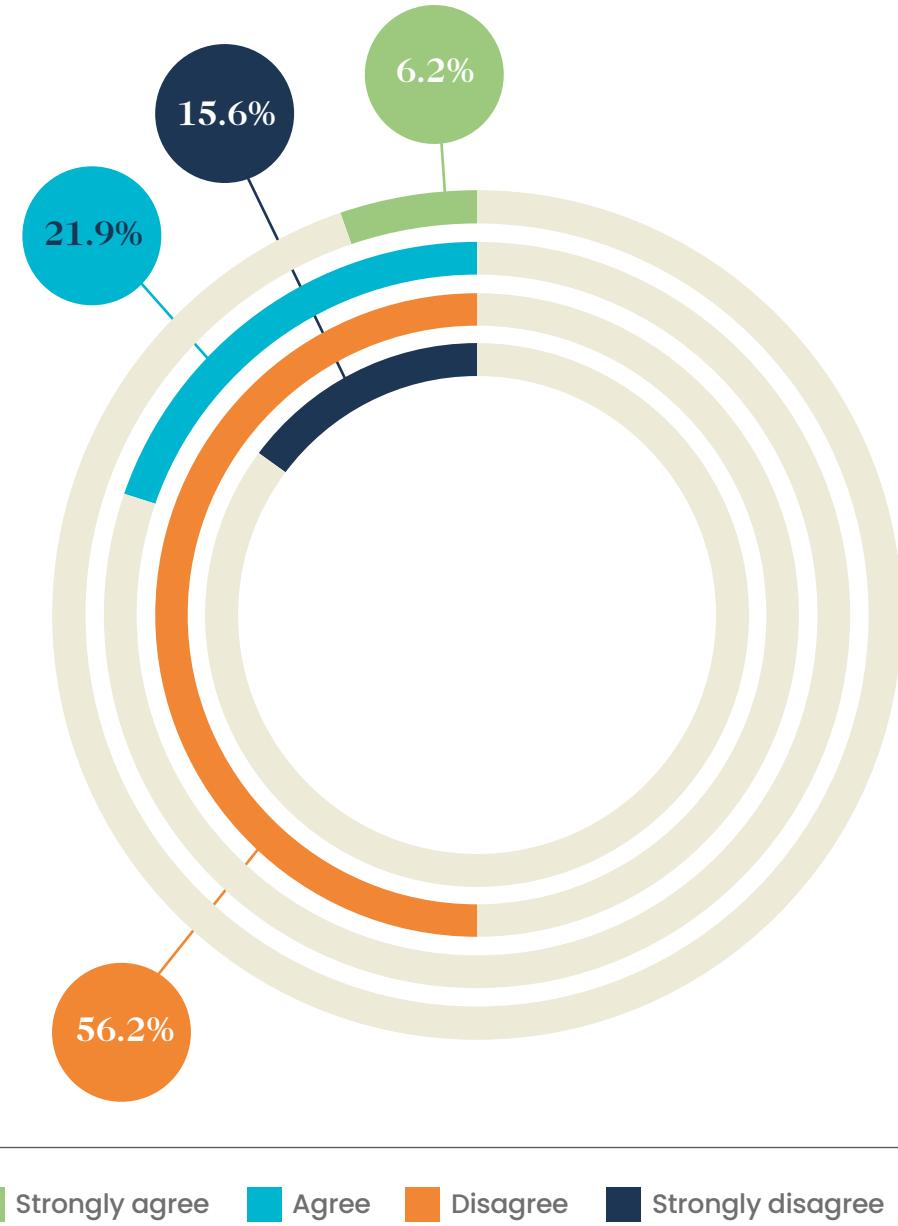
How far do you agree that your current board reflects the diversity of the communities your charity serves?

The previously acknowledged commitment to recording diversity levels through collecting data is not having sufficient effect on the way that the boards reflect their communities, however, according to the responses, 71.8% of respondents either disagreed or strongly disagreed that the board of the charity was reflective of the community that the charity served. This striking statistic sets the premise for the rest of the report, which seeks to better understand why the boards do not reflect their diverse communities better, particularly as charity executives report a willingness to ensure they do, and have steps in-place for continuous monitoring.

Recruitment and Selection Practices

The second section of the survey asked respondents to discuss what methods their charity currently uses when hiring board members. It attempts to ascertain whether charities are currently doing enough to specifically target those who are currently and historically under-represented at board level, with a view to providing actionable strategies and recommendations to increase how well the charity's staff reflects the communities they serve.

It also takes steps to understand what barriers are currently in-place which are affecting charities in their goal to increase diversity. As already established, the willingness is there; so why is the diversity not stronger?



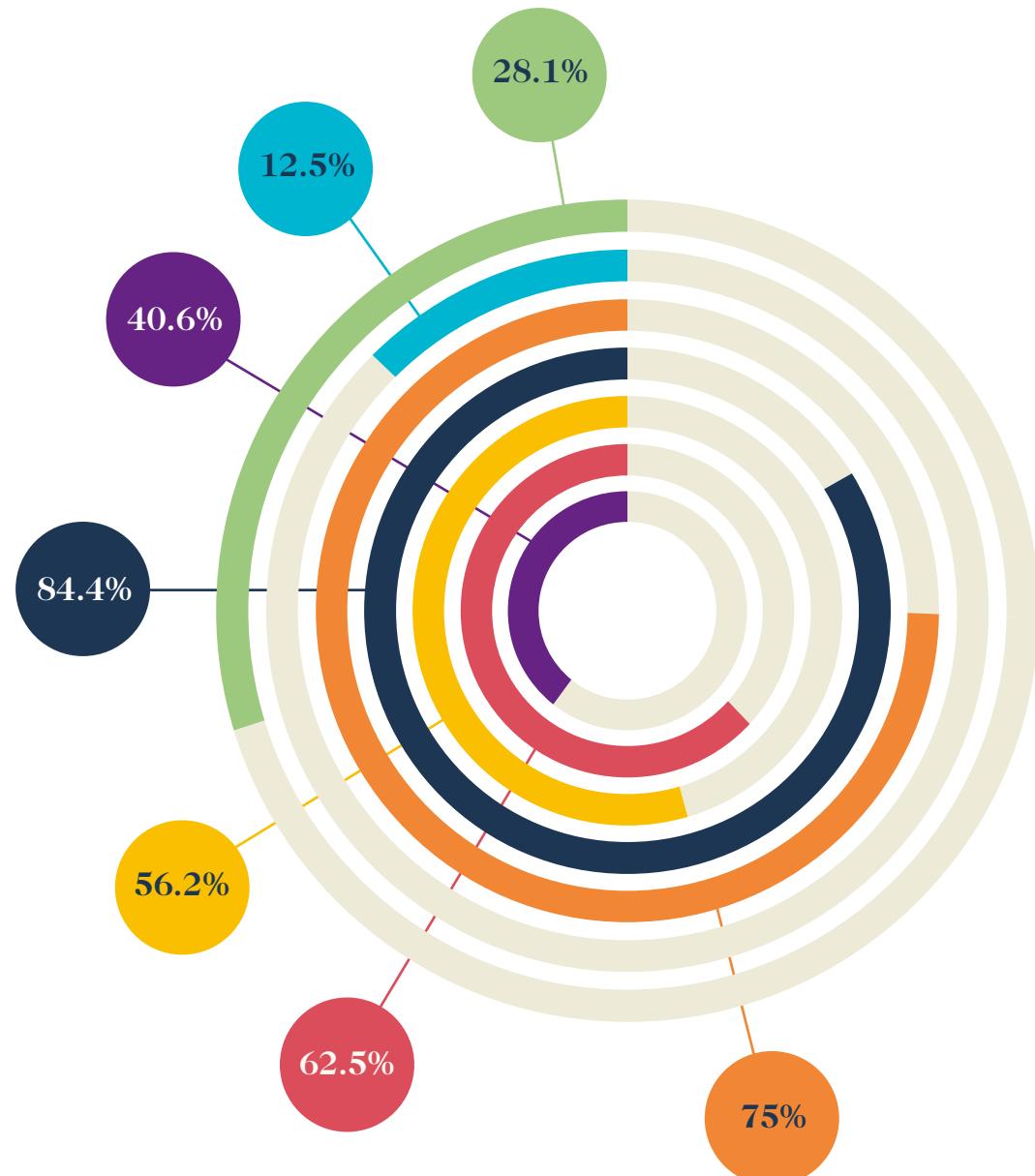
03

Findings

What methods does your charity/organisation use to recruit board members?

This question demonstrates that the most common method used to recruit board members is by word-of-mouth, with 84.4% of charities reporting having used it. Even in the cases where word-of-mouth recruitment is used in conjunction with other methods, its use can prevent news of a vacancy or opening from getting beyond pre-established networks. In the worst cases, use of word-of-mouth recruitment could be perpetuating a recurring cycle that bars candidates from outside of those circles from getting into the boardroom.

Executive search firms	Internal recruitment
Open advertisements	Word of mouth/referrals
Own website	Social media
Community outreach	



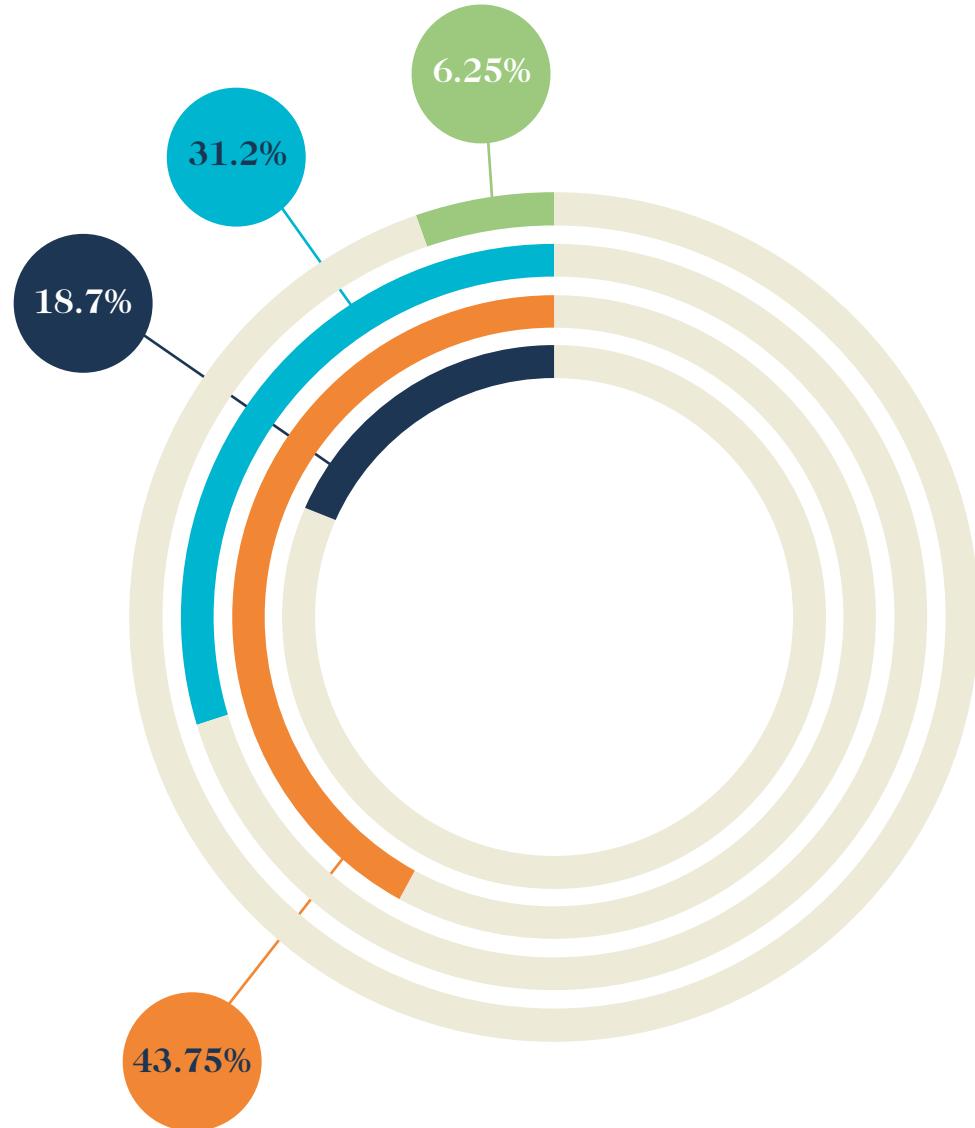
03

Findings

How often do you use targeted outreach to underrepresented groups during board recruitment?

Moreover, this question reveals that well over half (62.5%) of respondents had 'Never' or 'Rarely' used targeted outreach to groups who are currently under-represented on their boards. The number who reported that they 'Always' use targeted outreach was ten times lower than that, at 6.25%.

Always Often Rarely Never



03

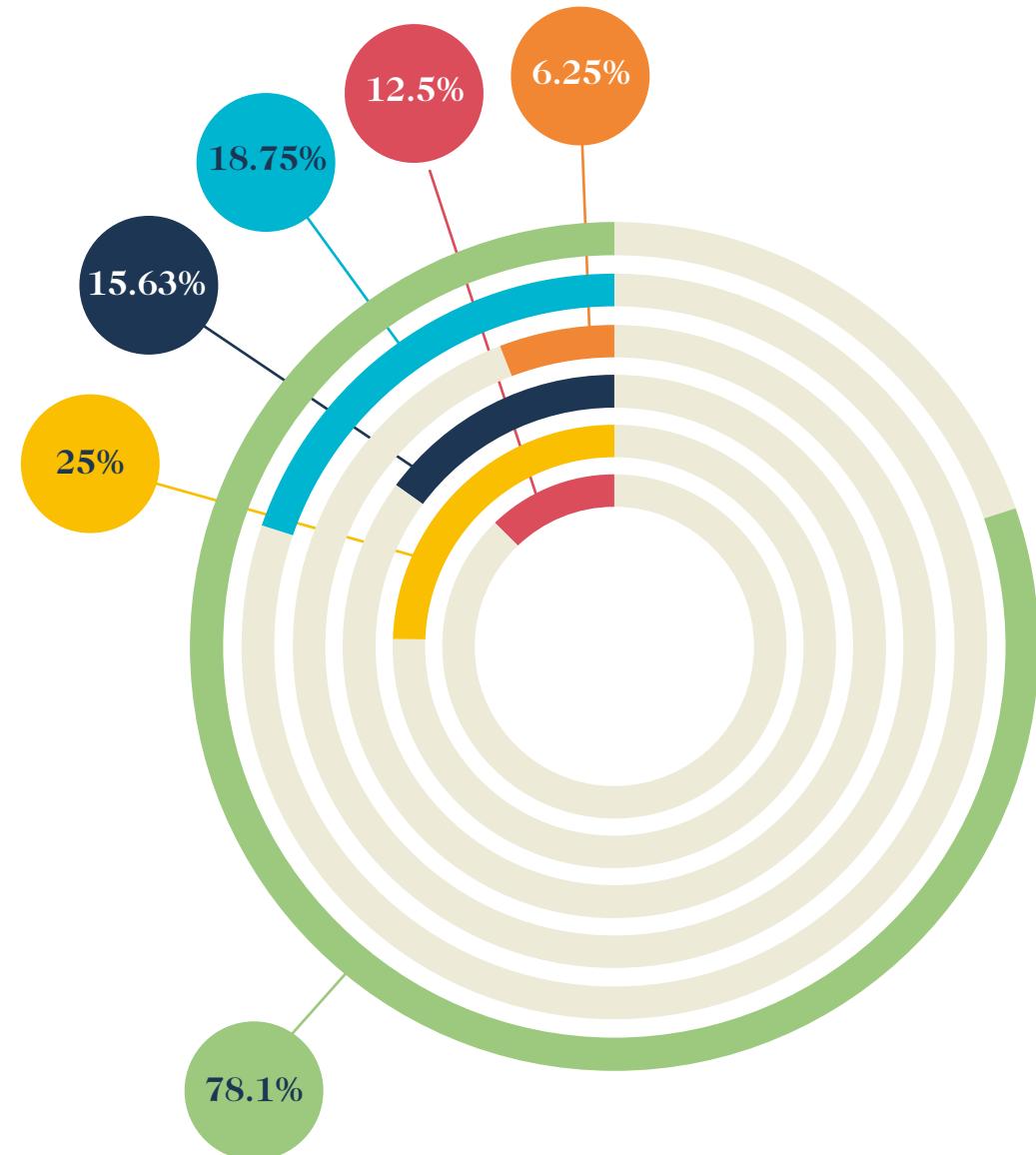
Findings

What are the main challenges your charity/organisation faces in recruiting a diverse board?

By far, the most commonly cited barrier to achieving a diverse board was that there was a 'lack of diverse candidates' available to the individual(s) making the appointment. 78.1% of respondents said that it had impacted their efforts to recruit a diverse board, with recruitment practises (25%) and budget constraints (18.75) the next most commonly given answers.

Within the 'Other' category, one individual pointed out that geographical location could have an impact, another that they find necessary skills hard to attract due to their board positions being unpaid, and another said that to represent a sufficiently broad range of people would leave their board being unworkably large.

- █ Lack of diverse candidates █ Budget constraints
- █ Cultural resistance █ Limited networks
- █ Recruitment practices █ Other (please specify)



03

Findings

Does your charity/organisation provide training on unconscious bias or inclusive recruitment for those involved in board selection?

By a slim majority (46.9 to 53.1%), the charities reported that they did not provide training on unconscious bias or inclusive recruitment for those involved in board selection processes. This represents another opportunity for development, this time in the selection process, to go alongside the potential for improved outreach during the initial recruitment phase outlined in previous questions.

Policies and Practices

The third section examines whether charities currently have policies in place to continually diversify their senior leadership in-line with a charitable ethos. It asked respondents to disclose whether their charity currently has a formalised diversity policy or goals for board composition and to assess, if so, how effective these policy or goals are. It also asked whether senior charity executives are regularly monitoring and reporting on their board diversity levels.

In a more qualitative sense, this section invited respondents to comment on whether they felt that their board's diversity was a strength in terms of their charity's overall mission.

Yes No



03

Findings

Does your charity/organisation have a formal diversity policy or goals for board composition?

As outlined by the findings already in this report, there remains more that charities can do in the recruitment and selection processes to promote board-level diversity. This question further illustrates that; slightly over half (51.6%) of respondents who answered this question responded that their charity does not have a formal diversity policy or goals for board composition.

Whether this is an oversight, or a lack of recognition of the issue, it demonstrates that whilst charities report that they are unable to find suitable diverse candidates, many could be doing more internally to facilitate the progression to diverse inclusion. This is a topic which will be addressed further in the 'Analysis' section of this report.

Yes No



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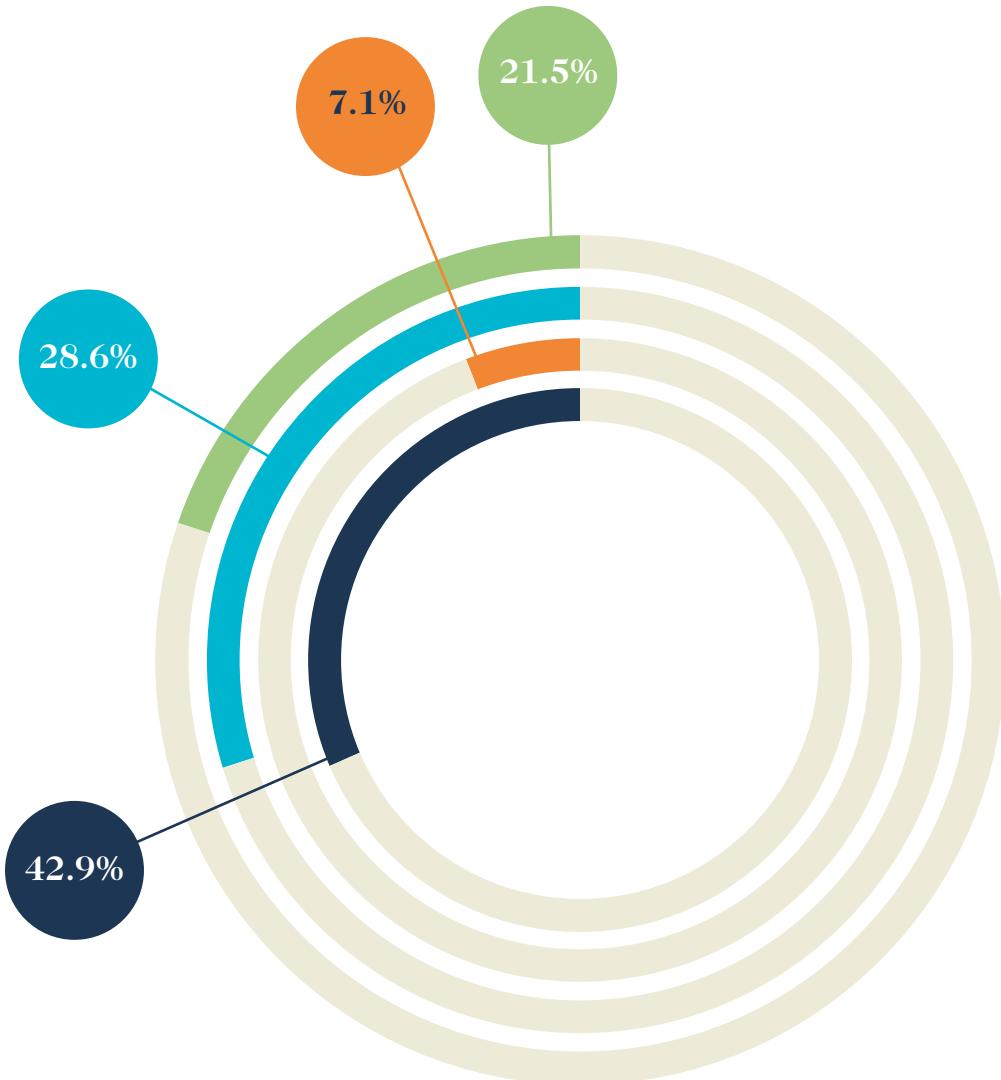
Findings

If yes, how effective are these policies in improving board diversity?

The effectiveness of such policies where they are in-place is unfortunately low, too. No respondents reported that they believed their policy was 'Very Effective' at improving diversity. Of those whose charities do have a diversity policy or goals, more felt that their policy was 'Somewhat effective' than 'Effective', and 7.1% of those who had a policy reported that it was 'Not Effective' at all.

- █ Effective
- █ Somewhat effective
- █ Not effective

- █ We do not have a formal diversity policy or goals for board composition



03

Findings

Do you regularly monitor and report on board diversity metrics?

Whilst a previous question revealed that a majority of senior charity executives do collect demographic data on their boards, this question reveals that a majority do not report specifically on the metrics of their board's diversity. This is unfortunate because these statistics can offer stakeholders key insights into the variety of different perspectives and backgrounds in their board, promoting a sense of transparency and cultivating a stronger relationship with their board's communities.

Further insights were available from the more open-ended and qualitative question – “In your experience, how does board diversity impact your charity/organisation’s ability to achieve its mission?”

The answers broadly concurred with the premise of the question, acknowledging that a wider range of perspectives made for better decision-making and higher-quality debate within board meetings. They also regularly acknowledged that the board should reflect the customer base, and this reflection helps the charities to reach their communities better,

In some instances, respondents pointed out that for them, passion for their work was the most important thing rather than focusing on demographics. Others reiterated that they have faced challenges getting sufficient diversity due to time, financial and practical constraints.

Yes No





Barriers and *Recommendations*



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In some instances, respondents pointed out that for them, passion for their work was the most important thing rather than focusing on demographics. Others reiterated that they have faced challenges getting sufficient diversity due to time, financial and practical constraints.

The overall findings of the survey demonstrate that whilst those who appoint boards in charities pledge their commitment to increasing diversity, they do not believe that they are suitably achieving this aim. Whilst 87.5% of the respondents said that they consider diversity when appointing members of the board, and 68.75% collect demographic data on their boards, 71.8% of respondents either disagreed or strongly disagreed that the board of the charity was reflective of the community that the charity served.

Suitable strategies to overcome this discrepancy are not forthcoming for the majority of charities. 62.5% of respondents had 'Never' or 'Rarely' used targeted outreach to groups who are currently under-represented on their boards, and fewer than half had a formal target or goals for board composition. Additionally, fewer than half are currently providing those involved in board selection with unconscious bias training to overcome societally conditioned and ingrained perspectives on what a board member 'should' look like.

The survey findings indicate a plethora of reasons for the shortcoming between the diversity of the communities which charities serve and the boards who operate the charities. 78.1% of respondents said that difficulties locating diverse candidates had impacted their efforts to recruit a diverse board, with recruitment practises (25%) and budget

constraints (18.75) also being relatively regularly mentioned. These are issues which cannot be fixed by targets or increased training practises, although these would of course be of great use, and further solutions to these problems will be outlined in the 'Recommendations' section of this report.

From a more qualitative perspective, repeated references were made throughout in the open-ended sections of the survey from respondents who said that they chose to recruit based on passion and ability and pay no attention to the impact which this has on diversity. The issue with this way of thinking is that it does not acknowledge the phenomenon of boards instinctively recruiting in their own image, nor the systematic privileges that white, able-bodied, heterosexual men have benefitted from which would make them more likely to be in consideration for a role on a board.



The recommendations to rectify the issues identified within this report in the promotion of diversity will be outlined in the following three categories.

Improving Internal Structures

A key opportunity to remedy the gap between charities' commitment to diversity, and their issues with achieving it, is through improving their internal governance structures and implementing beneficial training. The implementation of goals or policies to ensure that their boards meet a minimum level of diversity would not only ensure

that they had a broader range of perspectives upon which to draw, improving decision-making, but also it would make them better able to engage with the communities they serve.

Similarly, regularly reporting on the levels of diversity within the organisations serves as a method to ensure that the charity is able to hold itself to account more tangibly on its commitments, making it more likely to achieve its goals.

Finally, the implementation of unconscious bias training in more charities will ensure that once external outreach is successfully finding the high-quality, diverse range of candidates, the selection process is as fair as it possibly can be.

The Feasibility of External Expertise

On the top of external expertise, in Question 19, "What specific actions do you believe could be taken to overcome these barriers?", several respondents reported that they would be in favour of using external recruitment organisations with a commitment to diversity to ensure that their boards better represented the communities they serve. However, they feared that this was not financially feasible – "money pressures prevent us from exploring alternative recruitment practices" was one response and "Lack of funding to do targeted recruitment" was another. Moreover, 18.75% of respondents identified financial constraints as a barrier to diverse recruitment in Question 12.

However, using executive search and diversity-lead recruitment organisations does not always have to be prohibitively expensive. In particular, those based outside of London tend to have more accessible pricing in-line with drive for diversity to be available to all.

The Importance of Continued Education

Another response to Question 19 emphasised the important role that education, combined with determined leadership, will continue to play in tackling the barriers to inclusive representation. This response is illuminating, and should be tied to other responses which suggest that organisational cultural changes are needed to better facilitate diversity. For example, a response Question 18 stated that '[Our charity] doesn't believe this [diversity] is needed and there's a lack of engagement to change', and another cited 'cultural reluctance' within their organisation as a barrier.

Evidently, for greater diversity and inclusive representation to be possible on third sector boards, there needs to be a willingness to facilitate it from those currently in senior positions. However, as boards still disproportionately highly represent white, heterosexual, able-bodied men, this diversification needs to be accompanied by an explanation and education that justifies the changes and prevents the work. Otherwise, it may be viewed as an attack on their position or a criticism of their abilities.

Alongside the unconscious bias training discussed above, further DEI training for existing boards would be a beneficial addition to their operations. For the 51.6% of boards who do not currently have a formal DEI policy, this training could instigate and inform the development of one.

For those who already have a formalised policy and/or goals for their board composition, this training could still be a useful resource to counteract the issue that zero respondents felt that their current policy was 'Very Effective', and that 62.5% of those who had a policy feel that it is only 'Somewhat Effective' or 'Not at All' effective.

Concluding Remarks

Whilst this report highlights a number of areas in which charities can go further to demonstrate and facilitate further diversity on their boards, it also identifies a strong commitment from a majority of respondents to engaging with this work.

Many of the recommendations outlined within this report stem from suggestions from the senior executives surveyed, which are in-turn based on their experiences. Therefore, there is cause for optimism that with the right plan, resources and guidance, the barriers can be overcome, making greater diversity achievable for the future.



James Carss | CEO

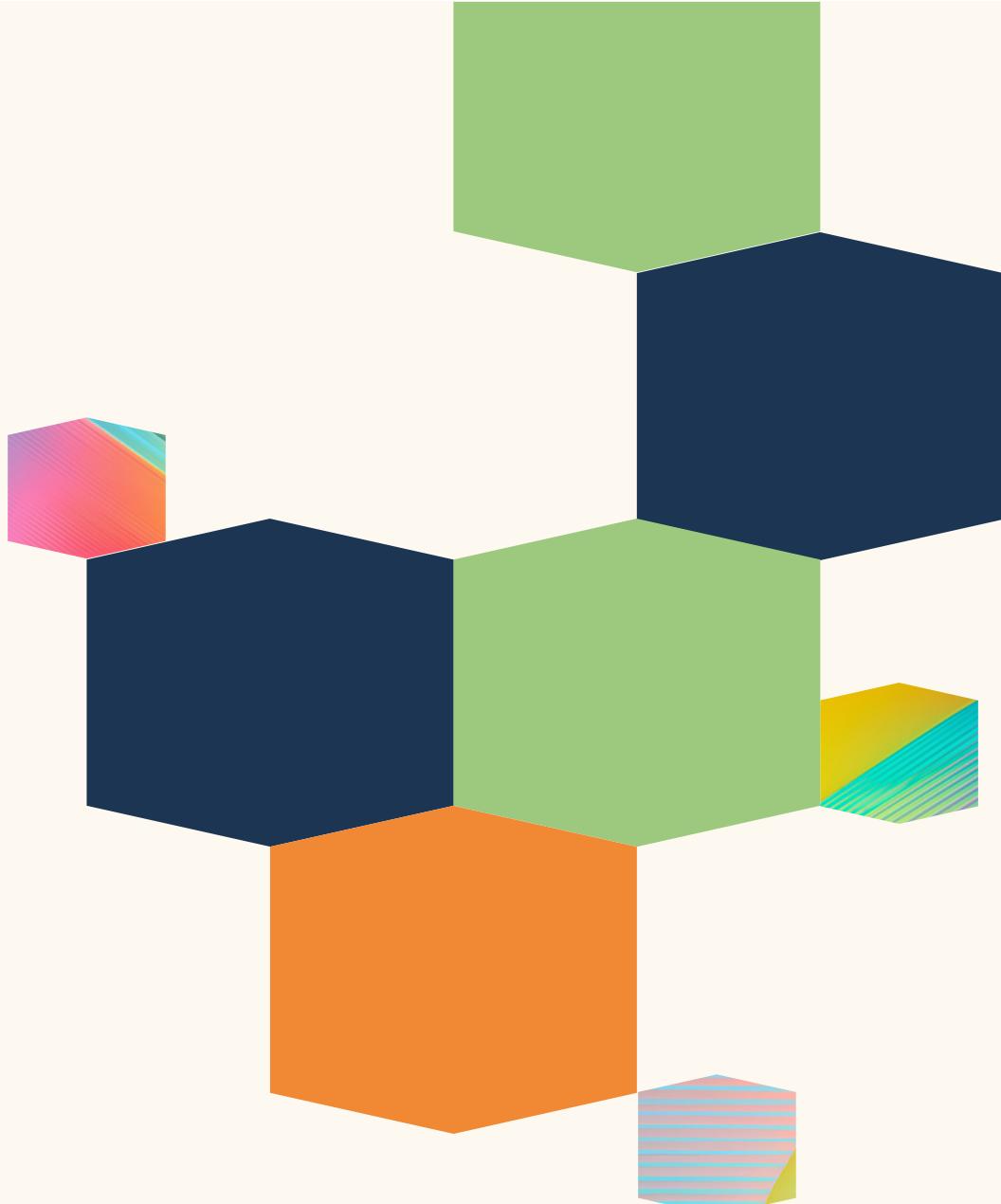
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