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Why Are We Still Struggling with Diversity, Equity, and Inclusion in Nonprofit Governance?

By **ELIZABETH A. CASTILLO** | 3 hours ago
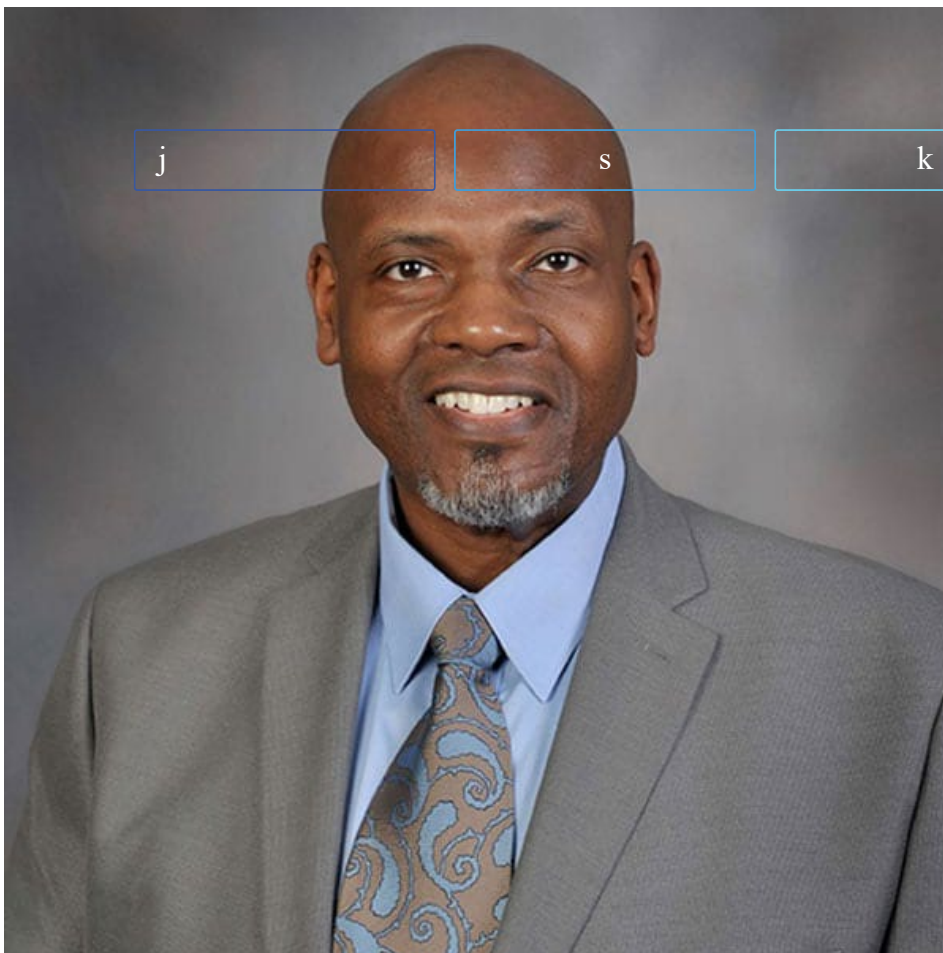
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Kenneth Anderson Taylor

According to BoardSource research, the diversity of boards today has not increased over the past two years and seems unlikely to change anytime soon based on current recruitment practices (BoardSource, 2017). These findings are extremely disheartening given the increased attention that diversity, inclusion, and equity have received over the past few years. A panel of nonprofit scholars and professionals convened at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) conference on November 16, 2018, to consider why nonprofit governance is still struggling with these issues. Panel members included Jasmine McGinnis Johnson (George Washington University), Chris Fredette (University of Windsor), Kenneth Anderson Taylor (Texas A & M), Nancy Lee (BoardSource), and Ruth McCambridge (*Nonprofit Quarterly*).

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The panel was moderated by Ruth Bernstein (University of Washington, Tacoma) and Kelly LeRoux (University of Illinois at Chicago), who framed the discussion around three questions: what do you see as the three biggest issues that need to be addressed to increase diversity, why is this problem persisting, and what should be done?

What Do You See as the Three Biggest Issues?

Fredette framed this lack of progress as a larger societal issue that affects organizations of all types. For example, he pointed out that Google has spent millions of dollars to increase diversity and inclusion yet produced very limited results. What he sees as the essential issue that must first be recognized is the need to redefine ourselves as a society. *What does it mean to be in relationship with each other? How we can reconcile past wrongs of colonialization, given present realities? How can we create shared future aspirations?* These tensions must be addressed explicitly to move forward. Second, diversification requires a redistribution of power. It is up to the social sector to take leadership in this redistributive process, because a primary reason the sector exists is to reshape social norms and values in ways that increase equity and social cohesion. Third, we must acknowledge and reconcile divides that polarize us, particularly rural/urban and white/indigenous. He shared the example of how some rural towns have become "news deserts." The disappearance of historic small-town newspapers has made it more difficult for rural communities to maintain the social capital they have historically enjoyed.

McCambridge described how the *Nonprofit Quarterly* is working to challenge the sector to talk openly about governance and inclusiveness. She has witnessed a variety

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of strategies that people and organizations use to avoid this conversation. Typically, they present "rational" reasons for how and why they are constrained to take action, but these have grown very thin. However, the truth is that nonprofit organizations consistently overcome monumental challenges when they muster the will. They accomplish this by mobilizing collective desire and attention. By focusing on limitations and constraints, what the organizations are saying in effect is that they do not want power to change, that they are not ready to grapple with what might happen as uncomfortable truths are surfaced.

Implicitly, these organizations recognize there is a cultural mountain to climb. Their lip service means they are fine staying at the homogeneous basecamp rather than risking the ascent to the higher elevation of equity in their own organizations. McCambridge noted that many larger organizations in both the private and nonprofit sectors have diversity officers, yet these positions tend to serve largely as window dressing for pseudo-change. They provide cover for companies to say they are addressing diversity and inclusion issues. However, without providing funding or formal authority to enact changes, these diversity officers are often left essentially powerless.

To catalyze real change, new conversations need to happen. First, a revised narrative needs to be created around power and power differentials. *How do we define these concepts? Who has power now? How do we ideally envision power being distributed?* Second, more research should be conducted to identify the extent to which non-diversification and pseudo-change are happening. In this way, pressure can be applied to hold organizations accountable for their inaction and ineffectiveness. Third, we need to name the dynamics that are being experienced.

The current state of affairs has everything to do with interpretation of to whom we feel we are accountable.

Taylor shared how his experience as a black male CEO of a nonprofit organization showed him that people struggle to truly value diversity, equity, and inclusion. He recommends a three-part strategy. First, numbers tell the story and get attention, so it is important to have quantitative data. Second, those data need to be supported with qualitative stories that give heart and soul to the injustice of the numbers. He shared his own story of how conflict with a wealthy, powerful white person led to stalled progress for his career, harmed the organization's ability to realize its own mission, and set back the achievement of larger prosocial values of inclusion and equity. It is therefore urgent to make the case for why diversity is important. Third, he drew a parallel to fundraising: there, when targets are set and not met, people are held accountable. If organizations are truly committed to diversification, similar goal-setting and accountability mechanisms must be implemented.

Lee observed there has been little progress in diversity over the past few years, noting that in some areas, there has actually been regression. Besides the equity implications, these dynamics have performance consequences. Organizational science shows that lack of diversity creates blind spots in organizations, leaving them out of sync with their communities. Therefore, it's essential that board members understand they put their organizations at risk when they fail to diversify, as this lack of cognitive diversity constrains effective decision-making.

Johnson wondered what else we are missing. She brought up the concept of intersectionality, the notion that we each have multiple facets of our identities and discrimination

can occur along many dimensions beyond race and gender. For example, at the ARNOVA conference, she noted there were few if any research papers on LGBTQ+ issues. Similarly, she sees people leaving boards that do not provide inclusivity for trans, LGBTQ, and other aspects of members' identities.

Why Does the Problem Persist?

Lee began this portion by commenting on a large gap that the BoardSource research identified: 65 percent of CEOs reported being unhappy with their organization's progress on diversity, compared to only 41 percent of board chairs. This suggests two problems. The first is that diverse board recruitment is not a priority. The second issue is that people who want to make change are often in the minority. Their voices can be crowded out as the organization prioritizes other strategic initiatives, usually in the name of a more urgent need. Further, as board members rotate off the board, it can be difficult to sustain momentum for the deep cultural shifts required to sustain change.

McCambridge framed the persistence of the problem as one of ongoing excuse-making. Many reasons are given for why attention and resources are not committed to increasing diversity. However, in the end, these are essentially defense mechanisms to keep the organization the same. She pointed to the writing of *NPQ*'s Cyndi Suarez, who posits that nonprofits are often seen and act as white spaces, where people of color are subject to the "curation" of whites.

A parallel is how white people call the police when they see difference, automatically assuming that diversity does not belong in certain spaces. The Cincinnati United Way is a recent example of how a black leader endured subtle and

not so subtle threats. Other leaders of color have experienced these same patterns. To overcome these engrained defensive mechanisms, we must insist that diversity, equity, and inclusion issues be constantly centered in the work. We also need to recognize that systems tend to resist change. To create new patterns for being and relating, we will need new stories and an expanded sense of who we are and who we are accountable to.

Johnson stated that we tend to soften issues rather than dealing with them directly. For example, it is common to hear people use the term "implicit bias" rather than naming the dynamic that is really occurring— discrimination. This is seen often in hiring committees, where implicit bias and "fit" can be code words to mask the discrimination dynamics at play.

Similarly, privileging the role of fundraising versus program development for board members is another red herring. The excuse often given is that people of color do not have the necessary financial means to support the organization. However, people making these assertions generally don't check the assumptions behind these statements. Additionally, they fail to recognize that the organization relies on many other types of resources beyond financial. Identifying how board members can contribute in non-financial ways (e.g., knowledge of community assets, service needs, and creative engagement strategies) enriches organizational planning and effectiveness in priceless ways.

Taylor declared that accountability for goal attainment needs to be enforced at the board level. Additionally, heartfelt mentorship for board members and employees can play a pivotal role in supporting change. He recounted

how having someone was who sincerely interested in his career progress made a tremendous difference to his development and professional trajectory. A lesson to all of us is that we need to support and invest in people who don't look like us.

Fredette chastised government and business as also being unwilling to engage in issues of diversity, inclusion, and equity. All sectors are remiss in failing to measure what we should care about. If boards don't benchmark and track their progress, and then use that data to make change and improvement, it is unlikely that things will change. Just as we are willing to consistently track fundraising results, we must track diversity performance goals. This is often put on the back burner with the excuse that fundraising needs more attention. Additionally, some boards are very reluctant to assess themselves, stating they feel it is hard enough to recruit new people without putting them through judgment. However, if we are to make genuine progress, we need to measure and hold ourselves accountable to all organizational goals, especially diversity.

Johnson observed that when people say, "We can't find people of color to serve on our boards," it really means that they can't find people in their own social circles, and they are not willing to put forth effort to search past their own networks.

McCambridge commented on this isomorphism as an example of how institutions preserve and recreate themselves in their own image. This in turn sets a norm that gets copied by peer institutions, turning the problem into a systemic issue. One potential remedy is to "design for the margins," a concept that comes from MIT's Ceasar McDowell. That is, put marginalized people at the center of institutional and program planning, which, it turns out,

also benefits those who are not marginalized.

Johnson also commented that social dynamics research shows that people inherently understand when they are not supposed to speak. Even if formal policies promote inclusion, the interpersonal dynamics in meetings can send a very different message. This reinforces the status quo, tacitly affirming who is authorized to be on the playing field and what the acceptable protocols are for getting onto the field.

Other topics addressed were the drift toward a compliance approach and its potential pitfalls. For example, one possible remedy is to include a mandated threshold for diversity, similar to SB 826 in California. This legislation requires that publicly held corporations headquartered there have a representative number of women as board members and includes penalties for noncompliance. However, caution is needed because these types of mandates can backfire. For example, when foundations were told they had to pay out five percent of the average market value of their net investment assets, many began to see that amount as a ceiling rather than a floor. Five percent became the amount they consistently paid out, even though in years past they had generally exceeded that threshold.

Another panelist commented that many foundations do not study their own evaluations. If foundations are not interested in learning from their own successes and failures, how realistic is it to expect they truly want to learn from diversity research like the BoardSource report? It is one thing to prescribe remedies, but in the end, organizations must have an appetite for these values. How do we create that longing?

Audience members brought up other matters too, such as students being unaware of diversity, equity, and inclusion issues, or not thinking they are qualified to do anything about them. The panel agreed it is important to develop students' agency and consistently affirm young people are capable and qualified to drive social justice change.

Another audience member shared how he had worked to increase cabinet-level diversity at a university. Feeling successful for having increased the number from ten to sixty, he was dumbfounded when the board chair asked, "When is this going to stop"? A takeaway from that experience was that it is not enough to enact change. We must also prepare people and organizations for such major culture shifts. We can do this by emphasizing shared values and how the practices of diversity, equity, and inclusion benefit both the organization and society. McCambridge said this reminded her of the Kavanaugh hearings, where a legislator commented, "It's not that we don't believe her, but we *know* Kavanaugh." A similar issue is the luck-versus-merit debate. If people don't understand how structural issues constrain agency and limit developmental possibilities of marginalized people, it is easy to misdiagnose problems and remain locked into existing culture patterns that preserve the dominant hierarchy.

What Should We Do?

Wrapping up the session, the comments turned toward identifying solutions. Lee prescribed culture as the foundational piece, stating that we need to think about culture differently. An example is the Rooney Rule that catalyzed change in the National Football League with its requirement that job searches for head coaches and executive managers must include interviews with at least

one candidate of color. Lee noted that since its enactment, the number of coaches of color has doubled. A similar remedy in the legal field was the voluntarily adopted Mansfield Rule, which asks that 30 percent of leadership and governance candidates reflect gender, racial, and LGBTQ+ diversity. These guidelines also included accountability mechanisms like measurable goals and tracking.

McCambridge mentioned that 3,500 people attended the November 2018 *Facing Race* conference. Events like these foster emergent networks to change national practices. *Nonprofit Quarterly* also grapples with these issues, such as continuously reflecting on who its audience is, and what core issues, both organizational and systemic, are impacting them. Even though organizations may be reluctant to act on these issues, *NPQ* can play a role in catalyzing change by keeping those topics front and center.

Johnson brought up the important issue of retention, cautioning that organizations must stay alert for tokenism. Using diversity as window dressing leads to higher board member turnover. It also puts enormous pressure on members who represent difference. Investing in professional development for board members and expanding the number of board members of color can be starting points.

A final comment was on what to do with results you don't like. The panel concurred that it is better be honest and deal with disappointing results directly rather than pretending nothing is amiss. Another suggestion was to look beyond the organizational level of analysis, thinking instead in terms of an ecosystem. This may open up new insights for leverage points. An example is the Truth and Reconciliation process in Canada that created collective

will to increase indigenous representation on Canadian campuses and redistribute power to people of color.

Common Themes and Next Steps—An Observer's Thoughts

As an audience member at this 90-minute discussion, I especially resonated with the panel's comments that we must develop a collective will to share power, embrace diversity, and hold ourselves accountable for achieving these aspirations.

The accountability aspect is largely a technical problem that can be solved with existing knowledge. A variety of tools and dashboards exist to develop and track diversity metrics. Organizations like Project Include offer guidance and tools for setting culture change goals and measuring progress.

For developing effective narratives, framing diversity as both a moral imperative and a strategy for organizational effectiveness can be helpful. Ashby's law of requisite variety from the field of cybernetics (control and regulation) is a good starting point. While organizations historically have tried to control situations be reducing complexity, this strategy is not feasible in high-information contexts characterized by rapid change. Instead, organizations must develop adaptive competencies, particularly internal diversification, to promote organizational learning and regulation of their environments through feedforward (rather than feedback) processes. This is because organizations in modern contexts face an unlimited variety of potential disruptions and obstacles. Maximizing internal diversity to reflect and absorb external variety is an effective strategy to deal with uncertainty and unpredictability (Heylighen & Joslyn,

2001).

Similarly, the business case for diversity has been made many times and is worth repeating here. First, diversity improves decision-making in groups. For example, Tufts University research found that diverse juries that were exposed to pretrial jury selection questions about racism engaged in richer information exchanges, made fewer factual errors, deliberated longer, cited more case facts during deliberation, and were more amenable to discussing racism than were all-white juries that had not heard those questions (Somers, 2006). McKinsey & Company's 2015 and 2018 reports likewise make concrete cases for how diversity improves business performance, and conversely, how lack of diversity impedes performance.

In the nonprofit sector, research on diversity shows that diverse boards are more likely to have effective governance practices, including policies and procedures that promote a sense of shared purpose for collective action (Buse, Bernstein, & Bilimoria, 2016). Promising practices include ongoing assessment of board members, engaging board members in organizational and community projects, developing board composition requirements that ensure all stakeholder viewpoints are represented, and establishing community advisory councils (Brown, 2002). The new *Global Best Practices for CSO, NGO, and Other Nonprofit Boards* (sponsored by BoardSource) offers an analytical framework and practical insights to start conversations about diversity and organizational culture.

To overcome the propensity to select board members based on financial capacity, board recruitment can incorporate asset inventories using a community capitals framework to identify intangible and non-monetary

resources that prospective members can bring to the organization. Examples of these resources include social capital (relationships in the community), intellectual capital (knowledge of community strengths and needs), cultural capital (familiarity with community norms and values), and political capital (connections to local and regional staff members and elected officials).

The Adaptive Challenge

The much harder problem is to develop the collective will to embrace diversity and share power. This is an adaptive challenge that cannot be resolved with existing knowledge or paradigms about how we think the world works. To solve this requires us to invent new ways of doing, being, and relating. As Einstein said, "We cannot solve our problems with the same level of consciousness that created them."

A starting point is to reconceptualize what power sharing means. For many of us, fear lies at the heart of what we think shared power entails. For example, the notion of equity is sometimes explained through the analogy of being at a concert and letting someone shorter than you stand in front so that they can see better. This metaphor implies that we lose nothing by sharing. However, people may hold an unconscious mental model beneath that analogy—the fear that lifting up someone else will enable her to grow taller, and more powerful, than me. Thus, equity feels risky. Pseudo-change seems much safer.

The essential work for us, then, is to acknowledge and transcend this fear. It can be helpful to recognize that our fear stems in large part from an economic system that has normalized zero-sum competition (your winning can only come through my losing), and that values people only to

the extent they advance market goals. This commodification and disposability of people engenders fear because we recognize in our hearts that it makes us all vulnerable. At some point, we all experience illness, aging, accidents, and family crises like divorce or death. This produces unceasing anxiety, as we intuit that we are one tragedy away from being cast out to the economic margins ourselves.

An antidote to this worldview is humanistic management, a practical philosophy rooted in dignity and care as core principles for being, doing, and relating. It offers hope on two levels. At the micro level, it provides guidance for interacting in ways that promote mutual lifting up rather than tearing down through dog-eat-dog competition. At the macro level, humanistic interactions can collectively re-shape norms, values, and socio-economic structures. By extending dignity to others, we create norms of reciprocity that are protective both to us and them. This approach lies at the heart of the nonprofit sector. It's increasingly being taken up in commerce, too, through groups like Conscious Capitalism and purpose-driven organizations.

In many ways, diversity parallels why societies adopt governance by rule of law. A rules-based approach ensures the equitable application of fair principles to all people regardless of their circumstances. By agreeing to be ruled in this way, we gain stability that is only possible through collective cooperation. Similarly, embracing diversity creates stability through equity. This ensures our own safety, since it prohibits marginalization of anyone. In embracing diversity and shared power, we create the structural architecture that ensures our own well-being, too.

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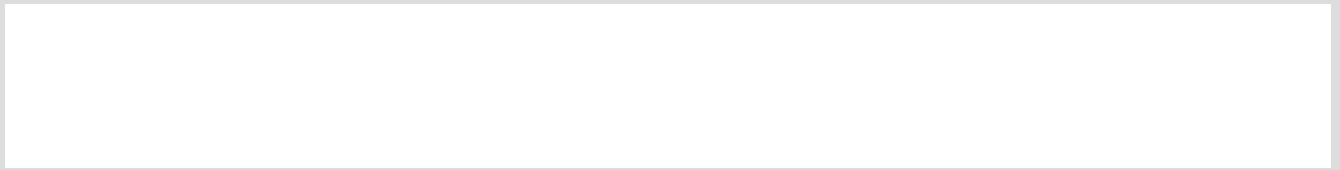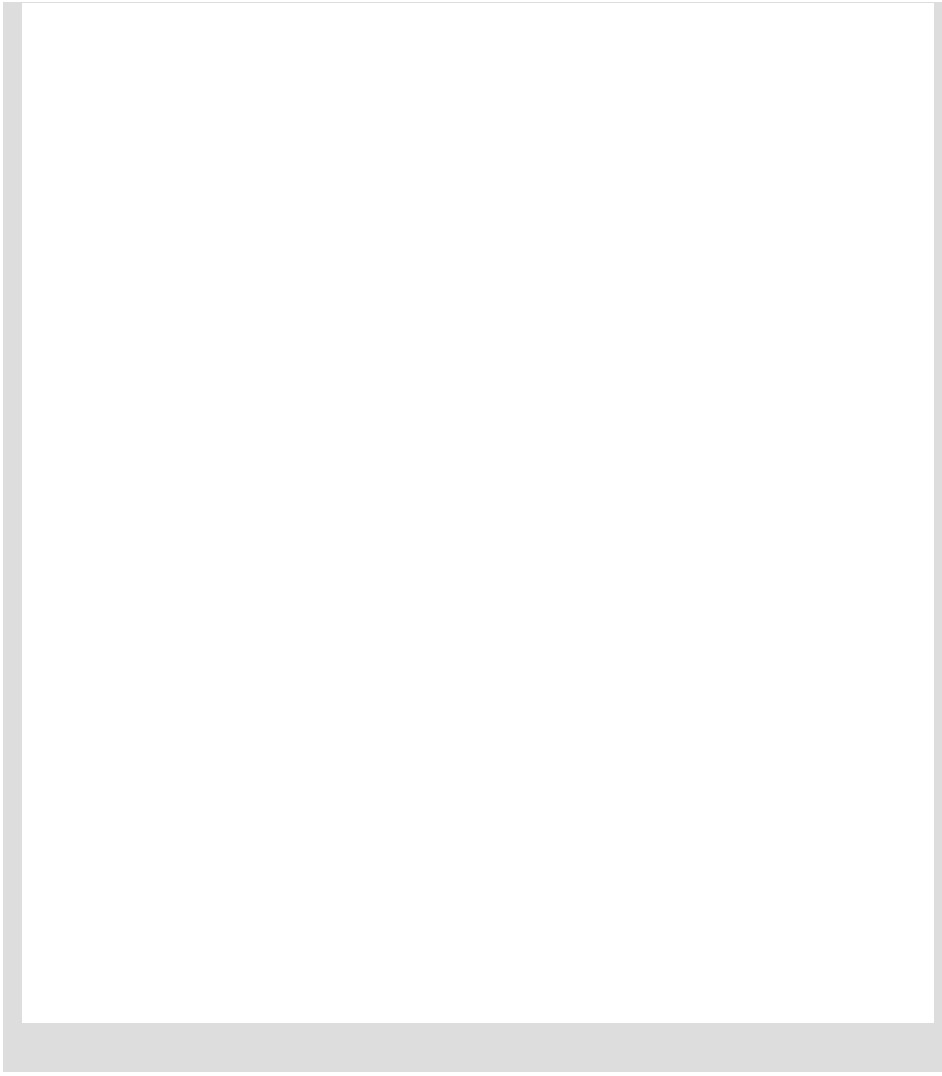
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