

February 26, 2007

Nonprofit Times

Nonprofits Have A Spotty Record On Diversity

By Eugene R. Tempel and Larry Smith

Racial and ethnic diversity in senior management is a significant challenge for the nonprofit sector. Research confirms that there is less diversity at the leadership level than in entry-level positions.

During a recent McCormick Tribune Foundation Philanthropy Summit entitled "Passing the Torch," convened by the Center on Philanthropy at Indiana University, nonprofit leaders from across the nation discussed the future of leadership in the sector, including questions of leadership diversity and possible steps to address these concerns.

Scholars and nonprofit professionals have identified, through research and experience, challenges and barriers to leadership diversity in the sector. Summit participants agreed that to more fully understand the problem and seek solutions, nonprofit leaders must take note of their findings.

To begin, it is important to recognize that nonprofit CEOs and other senior leaders often face multiple pressures due to the competing ways in which they are evaluated. They are accountable to their boards, to their employees, to the government and various regulatory organizations, and to the general public. They are evaluated on their fundraising achievements, strategic planning prowess, financial efficiency, staff performance, and adherence to ethical standards. At any one time, any (or all) of these vie for their attention. More often than not, staff diversity, and the planning thereof for future leadership, is not regarded as an urgent priority.

Efforts to increase leadership diversity in the future are hampered by a lack of diversity in existing leadership. White men are disproportionately represented in top management. In fact, according to an Annie E. Casey Foundation study, "Change Ahead: Nonprofit Executive Leadership and Transitions Survey (2004)," approximately 84 percent of nonprofit leadership is white, while only 42 percent of the nonprofits they lead serve primarily white communities.

Likewise, several studies have shown that roughly 90 percent of foundation leadership is white. Interestingly, however, a national study by the Joint Affinity Groups (JAG), "The Meaning and Impact of Board and Staff Diversity in the Philanthropic Field," finds that most nonprofit leaders do not believe their organizations would be more effective if they were more accountable to the communities they serve.

Finally, while in 2000 roughly 70 percent of the U.S. population was non-Hispanic white, the U.S. Census Bureau predicts that by 2050 approximately 50 percent of the population will be people of color. If the nonprofit sector expects to mirror these trends, diversity and equity must take their place among other "urgent" matters affecting our leaders and those who hire and evaluate them.

During the summit, Emmett Carson, president and CEO of the Silicon Valley Community Foundation, discussed some of the reasons why the sector finds itself lagging behind with regard to diversity, including his view that three arguments that are traditionally used to encourage diversity have failed to effect meaningful change.

One of these is what might be called "the moral imperative." According to Carson, the sector is composed of "good people" who want to "do the right thing;" therefore, it should embrace diversity by providing opportunities for all types of people to assume leadership roles.

And in fact, Independent Sector's influential set of principles, "Obedience to the Unenforceable," calls for a genuine commitment to "tolerance, diversity, and social justice," a value everyone in the sector should embrace to help all our stakeholders reach their full potential. This includes employees, board members, collaborators, and those who benefit from an organization's services.

However, it is becoming increasingly clear that this morality argument has failed to motivate most nonprofits to hire more leaders of color.

In addition to the failure of a moral imperative, Carson, and others, say that a second traditional argument -- reliance on market forces -- also has not produced results.

The idea is that in the for-profit sector market pressures help dictate that businesses take racial and ethnic diversity into account in hiring and promotion practices to satisfy the demand of customer and shareholder populations. This market effect is less potent in the nonprofit sector.

Carson proposed that the key to change is an honest discussion around a third argument -- merit -- that is the cornerstone of a long-running debate regarding the hiring of executives of color. He argues that the nonprofit sector in general does not recognize or value the skill set required to successfully lead nonprofits and foundations "because we fundamentally think anybody can do the work" of nonprofits.

Employers, then, often hire people for leadership positions "who have had absolutely no experience in the enterprise." Thus, many have argued, in the absence of an identified skill set or standards by which to measure merit or preparedness for leadership in the sector, unspoken -- yet very real -- discrimination surfaces amid discussions of a professional of color's "qualifications" for a leadership position.

Carson suggested that while their white counterparts are hired based more on "character" and their perceived ability to learn the necessary skills on the job, candidates of color are held to higher standards. He cited research funded by the Ford Foundation and the Association of Black Foundation Executives indicating that nonprofit leaders of color tend to be over-qualified when compared to white leaders in the sector. If the nonprofit sector clearly defined the skills and abilities needed for nonprofit leadership and recruited based upon those criteria, he says, "you would find that people of color would do far better on that measure."

Another aspect of this debate is highlighted in a speech entitled "Philanthropy's Record on Diversity and Inclusiveness: An Inconvenient Truth," given by Handy Lindsey, Jr., executive director of The Cameron Foundation. Lindsey observed, "The way we transact business, seek information, move from job-to-job, advance our ideas and seek collaborative partners all rely on relationships and trust. Doing what is comfortable may lead us to seek out only those we are used to collaborating with, relying on familiar networks...the exercise of preference reinforces exclusion."

In short, people tend to hire and promote those whom they perceive to be most like them. Thus, "networking" has often failed as an effective means for current nonprofit executives to identify potential leaders who are people of color because the majority of executives seldom encounter these individuals in their personal and professional circles.

Other factors might account for the lack of diversity as well. One is the "pipeline" issue -- challenges to attracting, retaining, and promoting younger employees with the potential to become successful leaders. Unfortunately, nonprofits are at a competitive disadvantage compared to the for-profit sector in recruiting such individuals.

The for-profit sector has the marketing prowess, the "cachet," the openings, and the dollars to attract top candidates. This means nonprofits must be more attentive to young people's work styles and concerns, and more creative and intentional in their recruiting efforts.

A report by R. Patrick Halpern of American Humanics, "Workforce Issues in the Nonprofit Sector," indicates that a high percentage of nonprofits lack a deputy or associate director who is poised to replace the executive director. Interestingly, when organizations do have such deputies and associate directors they tend to be slightly younger and more diverse than the average executive director. Yet, many organizations tend to hire externally for the top job.

Another factor is a lack of focus on mentoring succeeding generations of leaders, particularly people of color. Consequently, young people of color with leadership potential do not develop as they otherwise might. This situation can lead to the perception that there is not an emphasis on creating a diverse organizational culture within nonprofits. And the lack of racial and ethnic diversity, particularly in leadership, can make the organizational culture "alienating for persons of color," the American Humanics report notes. Nonprofits will perpetuate a perception of discrimination if they fail to create a welcoming culture for professionals of color, and part of creating that culture is being deliberate about preparing people of color for leadership opportunities.

Establishing an environment that attracts people of color and provides for their retention and promotion must begin with the chief executive officer. The JAG study noted that "leadership from the top is critical to the organization's commitment to diversity," both in setting expectations organization-wide and in ensuring that people of color are hired for executive positions. "The most successful foundations are those where the hiring and promotion of diverse individuals at the senior levels is a priority."

Further, chief executive officers and their boards should constantly communicate the importance of diversity and hold managers accountable in hiring and promotion. As a report on inclusiveness by The Denver Foundation states, "To have a lasting impact on an organization, race-related training programs need to be completed in tandem with other efforts to create more inclusive organizations."

Chief executives and other leaders also need to make a concerted effort to expand their personal and professional networks and their understanding of diversity issues. One step in this direction was proposed by The Minnesota Council on Foundation's special report, "Working Towards Diversity III," which highlights the need to include diversity issues in general conference sessions (not just "special" sessions on diversity) to emphasize that this is an important, urgent issue for CEOs.

Finally, it is increasingly important to promote nonprofit careers early in young people's educational experiences. Many in the for-profit sector try to attract students as young as middle school age to encourage interest in careers in their fields. A few current programs are designed to increase participation by undergraduate and graduate students of color in nonprofit management by improving their access to higher education in the field. More such programs -- and more solid research on diversity issues -- are needed to help pave the way for succeeding generations' most promising, and diverse, leadership.

Other efforts are also underway, including the Third Millennium Philanthropy and Leadership Initiative (Millennium) at the Center on Philanthropy at Indiana University, a collaborative effort aimed at enhancing philanthropy among people of color, women, and youth. Supported by the W.K. Kellogg Foundation, its goal is to learn from and share philanthropic expertise with those whose philanthropy has always been vibrant but who have been historically underrepresented in nonprofit leadership positions. This will allow such leaders to unleash greater philanthropic resources within and among their communities.

The barriers and challenges to more diverse nonprofit leadership are many and varied. But by understanding and addressing them, organizations can begin to change, and in doing so can strengthen leadership in our sector. Not to do so puts the sector at risk of losing touch with the populations nonprofits are organized to serve.

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