



UNIVERSITY OF SAN FRANCISCO

CHANGE THE WORLD FROM HERE

**[Breaking Through Barriers: Exploring The Link Between Board
Diversity and Organizational Effectiveness]**

by

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Abstract

Nonprofit organizations (NPOs) have been created to solve a significant lack of services that, historically, have been overlooked by the social and private sector. Many of these services and activities are directed at some of the world's most marginalized and vulnerable communities. This project explored how an organization's board is vital in carrying out their mission. Specifically, how board diversity and its inclusion practices at the board level related to a more effective organization. The research focused on defining diversity, behaviors and values related to diversity, inclusivity practices and how an organization may define its effectiveness. The result of the research concluded that diversity, at the board level, is a stepping stone towards effectiveness and inclusion practices are necessary for success. It further represents effectiveness along the lines of innovation, reputation, and legitimacy. Recommendations are geared towards a board's behavior, values, practices and procedures related to diversity and actions towards inclusion.

Keywords: Nonprofit Board, Diversity, Inclusion, Effectiveness, Relevance, Reputation, Innovation, Legitimacy

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Section 1. Introduction

The very existence of nonprofit organizations (NPO) rests on the notion that both the social and private sector have left significant gaps in services and programs to community groups. With this in mind one may conclude that such organizations must be finely tuned to the needs of said community groups. However, this is not always this case. In comparing demographic diversity with the 2010 census data and the 2017 BoardSource Leading With Intent report, diversity on nonprofit boards fall short of reflecting the overall diversity of the U.S. (Boardsource, 2017). A nonprofit organization's board of directors is often the guiding force for the strategic directives that determine the critical need areas that it can impact. In delivering these services an organization must understand the issues that are most engaging to its beneficiaries (Nonprofit HR, 2017).

The question of diversity on nonprofit boards is not a new one. Moreover, there may be more at stake for nonprofit organizations to act towards remedying the inequalities that exist. The social sector, in essence, is held to a higher standard. With that higher standard comes both responsibility and opportunity. Not only can a board begin to assess its response to the increasing conversation around diversity but use that same diversity to create sustainability for the organization. It is through this perspective that I begin to explore this topic.

The purpose of this research is to explore how an organization's board is vital in carrying out this mission. Specifically, how board diversity and its inclusion practices at the board level related to a more effective organization. It is designed to further increase the knowledge and issues relating to board diversity and inclusion within the nonprofit sector. It goes a step further in exploring the connection of diversity and effectiveness to give real world tools to increase an organization's capacity and understanding of the value of diversity.

The research was done through action research techniques that engaged both primary and secondary data methods. This included an exploration of literature on the featured topic, along with expert interviews of individuals with varying prospective of nonprofit boards. The combination of this research results in a model that looks to reframe the interconnectedness of diversity, inclusion, and effectiveness. Further, there are recommendations tied to outcome of the results of this research.

Section 2: Literature Review

Defining Diversity

To begin the conversation, I want to first explore the very definition of diversity. Diversity is not just one definable characteristic, there are many variations in which diversity can be measured. Gender, age, race/ethnicity, culture, ideology, sexual orientation, socioeconomic class, ability levels, special talent, geographic location, etc.

(Daley 2002). Research has divided diversity into three categories: task-related diversity (e.g., educational and/or professional background); traits and value diversity (e.g., values, personality or perceptions of organizational mission); and demographic diversity (e.g. gender, age, race, and ethnic differences) (Hamdani & Buckley, 2011). These categories represent both functional and demographic diversity traits. Through the lens of demographic diversity, the number represented is of great importance. However, do those numbers have an impact on decisions and policies as it pertains to the group they represent? Functional diversity can be used to answer that question as it looks at the incorporation of those diverse voices (Daley, 2002). Understanding the distinction between the two will create a foundation for how diversity interacts within a board. Therefore, a board should look at both demographic and functional diversity as important.

Many diversity initiatives will begin with demographic diversity as a touchstone. A board may evaluate their current landscape and find significant gaps in representation. While this is an important first step, there must also be emphasis placed on how those underrepresented voices are valued on the board. In an effort to diversify, a board has to avoid simply “checking the box” and creating a token diverse member. In this way, representation is important as we begin to look at diversity. A board should question its own goals in how those diverse individuals represent the larger

demographic. Daley (2002) provided a few key examples of how individuals may represent the community at large:

- Statistical representatives may only share a defining feature of that specific group. For instance, you may have a person of color on your board, but may not share the same background, socio-economic status, perspectives, experiences of those communities in which they "represent". In this way a board must be careful of tokenism.
- Model representatives tend to not only share that defining feature, but often the perspectives, socio-economic status or background, understanding, and experiences.
- Sociopolitical representatives are those that have been given authorization by a group to act on their behalf, although they may not be part of the demographic representation. In that instance there has been a level of trust established between both parties.
- Technical experts or advocates may have specific knowledge about a group but may not represent them in any other way. They may be research experts who have data or anecdotal evidence to back up their assertions, but no first-hand perspective or experience within the group.

To create a link to functional diversity a board must have a keen awareness of how these different forms of representation relate to their initiatives. I would argue that

remaining neutral in this area will not only sabotage any diversity initiatives but will taint the waters for any future efforts.

Diversity and The Board

So why should diversity matter to a board? Our communities are more diverse than ever, yet many of the institutions that represent these diverse communities lack diversity themselves (Daley 2002). The nonprofit sector is not immune to these factors, and I would argue that with the responsibility of nonprofit organizations, their commitment to diversity should be heightened. The foundation of any nonprofit organization is that of its board. The board of an organization not only maintains oversight of an organization, but for a nonprofit, it is essentially the organization. The board provides strategic planning, legal, ethical, and financial oversight, evaluating, guiding, supporting the CEO, and monitoring performance of the organization (Bernstein, Bilimoria, & Buse, 2016). Therefore, how the board is represented speaks directly to the values of the organization itself. In exploring diversity through this perspective one must dive into the dynamics of the board itself. One can argue that many boards may come together through a series of events that are far from planned or systematic. A board may consist of the people that who seem interested or those that one may already know. However, to create an effective board, that is not based around happenstance, there must be careful, purposeful, and intentional planning (Daley, 2002). The understanding of diversity must be just as intentional.

Going back to the idea of the valuation of diversity, there are various viewpoints as to the underlying behavior and values as to why moving towards diversity may be important for a board. Bernstein & Bilimoria (2013) provided three perspectives as to how a board may view diversity and the behaviors that go along with those views: discrimination and fairness, access and legitimacy, and integration and learning. The discrimination and fairness perspective is one in which the motivation that the right thing to do is to create a workplace that is based on equal opportunity and equal treatment (Bernstein & Bilimoria, 2013). In this instance, diverse boards may signal adherence to social laws and values (Miller & Triana, 2009). It stands to reason that ethnicity and race may play a key role in this perspective. With racial and ethnic minorities growing exponentially in this country, the conversations around diversity, inclusion, and equity have hit an all-time high. In response to this, organizations expend a good deal of effort trying to attract and manage that diversity (Miller & Triana, 2009).

The access and legitimacy perspective is centered around accepting and celebrating differences (Bernstein & Bilimoria, 2013). The drive for a representation of the community that the organization represents is paramount here. An organization can bring on individuals who represent the community that the organization serves, thus gaining access to knowledge about what the community needs. However, in this instance an organization must be careful to not make the individual feel devalued with

their race/ethnicity being the only factor of importance and not a larger contribution for the organization. While this may seem to be counterintuitive to the aforementioned idea of discrimination and fairness, it is ultimately about how those voices are incorporated or included in board governance.

The integration and learning perspective values the contribution of different perspectives and approaches from all individuals that allows all individuals to learn (Bernstein & Bilimoria, 2013). How a person experiences, sees, and understands the world will show up different based on their own cultural identity. These varied experiences can equate to a "source of insight and skill" for those individuals. Diversity in this setting is concentrated around knowledge exchange and experience-sharing (Kaczmarek, 2017).

All of these perspectives can and should be interwoven into how a board approaches the values and beliefs of diversity. I would argue that individuals on a board may hold one or all of these perspectives. It also stands to reason that looking at diversity as the "right" thing to do is not enough, so valuing more than one perspective is necessary for capturing diversity as a significant resource.

Growing Towards Diversity

There are several ways in which a board can think about their growth towards diversity. Key in this conversation is recognizing the changes and challenges that may be present, along with the increased opportunities diversity may provide. Understanding and planning for the change behavior required is paramount. Daley (2002) suggested five stages in the change process that a board should consider: consider pre-existing and contextual conditions; prepare the board for change; planning change; implementing change; assessing, adjusting and stabilizing change residue and celebration accomplishments.

The initial stage of change requires a board to look at their current make-up and decide what diversity may look like for them. Essentially, what is the “backstory” of the board and the likelihood that diversity will or will not be accepted. This may be one of the most important stages, as creating a diverse board comes with its own sets of challenges. Daley and Marsiglia (2000) had thoughts on organizational trends related to diversity (1) high levels of organizational growth, complexity and environmental turbulence (2) board composition issues relate to the participation of groups that historically have been stigmatized and how these group members contribute to policy setting and resource development (3) Board members are concerned about the integration of new members, new perspectives and new interests into board. Daley (2002) made note of the power dynamics that will come into play when bringing in new

voices. The assertion is that increasing diversity in which various perspectives are gained will cause decision-making processes to become more complex as "simple" issues may require more time and energy to come to a consensus.

The earlier idea of the integration and learning perspective is something that a board may look to alleviate or at the very least create a working solution in this process. Shifting the behavior from just valuing diversity as part of a larger social conversation to understanding how it can impact the inner workings of a board are where there can be increased dynamics. When considering this exchange experience, individual perceptions of the existing board have less likelihood of being distorted therefore there is less conflict (Kaczmarek, 2017). The integration and learning perspective also lend itself to a board moving beyond just diversity and into inclusion practices. Bernstein & Bilimoria (2013) found that behaviors related to including board members directly impacted the performance of both internal and external governance practices. This impact of performance underlines the importance that diversity without related inclusion behaviors will hinder rewards that may be reaped from diversity. A board should strive for high-performance standards for everyone, foster intergroup interactions, acknowledge the significance the cultural differences of people, and make all individuals feel valued and respected (Bernstein & Bilimoria, 2013).

Board and Organizational Effectiveness

In order to explore the theme of effectiveness, there must be some benchmark as to how effectiveness can be measured. The board of an organization holds several duties, key being stewarding the organization to its maximum potential. However, this proves to be somewhat of a challenge as it pertains to the nonprofit sector. While Brown (2005) found there to be a lack of criteria for defining and measuring board effectiveness, there are some key competencies that speak directly to the governance nature of the board. Jackson and Holland (1998) offered six categories that they deem essential competencies:

- Contextual - the board understands the cultural, norms, and values of the organization it governs
- Educational - the board ensures that all stakeholders are well informed about the organization, those that work within the organization along with roles, responsibilities, and performance of the board.
- Interpersonal - the board nurtures the development of its members as a group, attends to the board's collective welfare, and fosters a sense of cohesiveness.
- Analytical - the board recognizes complexities and subtleties in the issues it faces and draws on multiple perspectives to dissect complex problems and to synthesize appropriate responses.

- Political - The board accepts as one of its primary responsibilities the need to develop and maintain healthy relationships among all key constituencies.
- Strategic - The board envisions and shapes institutional direction and helps to ensure a strategic approach to the organization's future.

These competencies create a baseline in which a board can begin to evaluate how its own practices and attitudes toward defining effectiveness. It also can also challenge the argument that financial performance is the only measure that can be measured in reference to effectiveness. While some nonprofit boards may use three financial ratios (fundraising efficiency, public support, and fiscal performance) to assess their effectiveness, there is a danger that doing so may be complicated if used a measure for the entire sector (Brown, 2005). This may prove effective for some in the sector, particularly for larger organizations with greater revenue who may have larger boards with more formalized practices (Brown, 2005).

Then the question that remains it how can one measure effectiveness beyond the easily quantifiable nature of finances? If a board was to examine its role through the analytical & strategic competencies, an area that is gaining ground that of innovation. As resources may become more constrained, there must be a new way of tackling an organization's most pressing issues both internally and externally. Miller & Triana (2009) defined innovation as strategies that provide new opportunities for the firm to create

products or services. This is also tied to how an organization creatively manages its responses and approach to solving problems that come about (Svyantek & Bott, 2004). A board's strategy may be two-fold in this area. This may be the evaluation and learning evolution around the organization's programs. Is there a desire by the board to question the impacts and outcomes of its programs on the community it serves? This would be through the lens of the political competency. Further, how does the board approach funding opportunities and/or funders for the organization? Key in this area is how expansive of a funding strategy does the board employ.

To go a bit further than just the "innovation" approach, a board may look at the larger purview of the organization. More specifically, how does the external environment view the performance or reputation of the organization? Reputation can be an assessment of an organization's quality or esteem compared to other organizations (Miller & Triana). Internal innovations may lead to a direct impact on the reputation of the organization. These new strategies may be used to influence the views and feelings of both internal and external stakeholder in regard to the organization and, in turn, are then used by the public to evaluate the capabilities of the organization (Lee, 2018). It is important that reputation not be measured through a single lens, as the stakeholders and constituencies of an organization may differ greatly depending on the relationship with the organization. For instance, strategies employed around programs and the stakeholders directly affected may have different values than those of which

your fundraising strategies are targeted towards. Lee (2018) couched this topic in the idea of reputational capital. Essentially, this calls into questions as to how an organization differentiates itself from others.

There is a further concept that comes from reputational capital and that is one of legitimacy. Legitimacy, from an organizational point of view, is essentially the “value authority” that exists between the organization and the external environment (Lee, 2018). When reputational capital is greatly positive, one could easily argue that an organization’s legitimacy is greatly increased (Miller & Triana, 2009). So why would an increase in legitimacy matter for an organization? Those individuals and institutions that interact with the organization will view it as one that has greater quality of service and/or knowledge in the space in which it operates in. Depending on the number of organizations doing similar work, this could greatly increase the competitive advantage of one organization over another. For instance, in the Bay Area there are vast quantity of nonprofit organizations competing for both funding and users of their services. If increased reputational capital leads to increased legitimacy for an organization, that same organization will, arguably, have an advantage over the many other organizations that perform the same or similar work.

Intersection of diversity and effectiveness

While I have separately explored diversity and effectiveness, the real question revolves around the intersection of these two important topics. Specifically, does diversity really have an effect on organization effectiveness? It was important, before exploring this dimension, that I try to define the terms of each which was done in the previous sections of this report. In context of diversity, there are many ways in which one may define it, this exploration is through the lens of race/ethnicity. While diversity is widely seen as important, there exist some counter-argument as to the effect, if any, it has on effectiveness. In many organizations, there is either a case of an organization not sharing or not having data that establishes a link between diversity and performance (Hamdani & Buckley, 2011). Svyantek & Bott (2004) found that racial diversity, in context of performance, either produced mixed results or no effect on performance, particularly along financial aspects. Similarly, Siciliano (1996) found mixed results when looking at demographic diversity along the lines of effectiveness; with it ultimately having a negative financial effect. However, Harris (2014) offered a different perspective in that there's an increasing need for ethnic diversity, in particular for foundation boards in order to address the grantmaking needs of a more culturally diverse landscape. This perspective is one that is two-fold: (1) having a more diverse board gives a foundation the opportunity to assess who they may be giving money to through a cultural lens and opening up opportunities to those who they may not have in the past, (2) a diverse board on a foundation may look to an organization's

board diversity as one-factor in its grant-making process. Both have a profound effect on the potential impact, from a financial perspective.

As noted earlier, looking through the lens of financial performance should not be the only way to look at this intersection. The primary driver for diversity may not be economic, rather the goal is in addressing the approval of the organization's various stakeholders to whom the organization must remain relevant towards (Hamdani & Buckley, 2011). A board that uses diverse environments as a resource enable individuals to create new and innovative approaches to solving and improving organizational performance. The importance of diversity within any group is rooted in the notion that, contrary to homogeneous groups, they provide a greater range of information, knowledge, and perspectives (Bernstein & Bilimoria, 2013). Because race and ethnicity are often considered proxies of different perspectives individuals bring to organizations the human capital on demographically diverse boards should result in divergent and unique views and backgrounds brought to the firm (Miller & Triana, 2009). There may be missed opportunities in creating a robust understanding of these issues.

Homogeneous boards often lack the various viewpoints and ideas that may be generated by those from the communities it serves (Nonprofit HR, 2017). These diverse viewpoints are directly related to internal innovations. Directors of the board are constantly battling with how to allocate resources and provide ideas and relationships that increase the innovation of the firm. Board diversity provides strategic human and

social capital resources, often combined with new perspectives that challenge current standards and norms, thereby increasing innovation (Miller & Triana, 2009). This kind of innovation is highly influenced by the group decision process. Miller-Millensen (2003) found that a board's job was to essentially process complex information in order to deliver the best outcome for the organization. Diversity, as it relates to board composition, creates an environment where various perspectives and experiences affect the outcome of decisions made and enables adaptiveness in responding to the various stakeholders that the organization may come into contact with (Breur, 2016). In this area, for innovation to succeed, there must be the space for conflict and resolution. The interpersonal competency will be vital as a board looks to navigate what could potentially be "muddy" waters with challenges to the status quo.

In addition, two themes that came up were those of an organization's reputation and its legitimacy. Ultimately, a positive reputation will lead to legitimacy for an organization. Azmat & Rentschler (2017) posited ethnically diverse boards are perceived as better equipped to deal with the needs of a diverse market and to boost an organization's reputation. A board must contend with all the external forces that have a direct impact on its reputation and how those forces perceive the diversity of said board (Hamdani & Buckley, 2011). With decreased government funding and an increase in public scrutiny, nonprofit organizations must take the interest of their stakeholders into account more than ever (Azmat & Rentschler, 2017). An idea discussed earlier was the

discrimination and fairness perspective in which diversity is viewed through a social value lens. When an organization communicates its dedication to diversity on its board it can shape how the organization is perceived and signal the dedication to creating social value (Miller & Triana, 2009). Second, diverse boards should influence firm reputation because gender and racial diversity on boards signals norm adherence and positive working conditions (Miller & Triana, 2009). Diversity, in this context is important as it supports their self-perception as non-discriminatory, credible, and legitimate and generates stakeholder trust and confidence (Azmat & Rentschler, 2017). Harris (2014) found that boards with more racial/ethnic diversity held an organization to greater accountability through the form of outside audits, conflict of interest measures, and whistleblower policies. It can be argued that these mechanisms will create transparency which translates to increased trust with external stakeholders. This activity of building trust equates to greater positive reputational capital which in turn translates to legitimacy. In this context, legitimacy is necessary as an organization looks to the environment it exists in and must respond to said pressures from either its constituents or its competition (Hamdani & Buckley, 2011). Nonprofit organizations depend on funding from its stakeholders through grants, donations, and earned income so the trust for socially responsible business practices are key to the survival of an organization (Azmat & Rentschler, 2017).

Section 3: Methods and Approaches

The research conducted consisted of both primary and secondary data sources. The primary research question used to explore this topic was: How does board diversity relate to organizational effectiveness? Additionally, to provide a holistic approach to this question, there were secondary research questions that helped to ground the primary research question. These questions were as follows:

- How is diversity defined?
- What are the challenges that come with a pivot towards diversity and inclusion?
- How can an organization define its effectiveness?

Secondary data

A literature review was conducted that focused on defining diversity, various forms of diversity, the process of inclusion, challenges of creating a diverse environment, how an organization may define effectiveness, and how diversity effects said effectiveness. The literature consisted of varying academic journals used to provide context for the primary data that was collected. Additional data was used from BoardSource's annual Leading with Intent report to provide context to the primary data obtained from the expertise interviews.

Primary data

Three (3) expert interviews were conducted as primary data sources. Each expert was selected due to their various perspectives of both board participations and field expertise. These perspectives included organizational, consultant (multi-organizational), and community. Noted below are the three (3) experts that were selected along with their current title and working organization.

- Jeanne Bell - Director of Practice Advancement (Nonprofit Quarterly)
- Vernetta Walker - Senior Advisor, Diversity, Inclusion & Equity Programs (Board Source)
- Beatrice Cardenas-Duncan – USF MNA Graduate Student

Each interview was semi-structured with seven (7) open ended questions noted in Appendix A. The interviews were conducted via videoconference, telephone, and in-person. Each interview was recorded, with the permission of the participant, to ensure accuracy of information.

Section 4. Data Analysis

The interviews conducted provided important insight to board behavior and motivations pertaining to diversity. There were several themes that arose from the interviews that are both supported and complemented by the literature around diversity, inclusion, and effectiveness. First and foremost, before one can even begin to discuss effectiveness, there must be concrete understanding of what diversity means for the board and how to integrate those voices into the existing structure. This idea is echoed by Jeanne Bell, as she says, “You can’t begin to measure effectiveness until you begin to analyze the systemic and structural issues that cause the organization to be in existence” (personal communication, June 20, 2018). Thus, my analysis begins with understanding the value of diversity before moving on to potentially defining effectiveness.

Diversity, Mission Alignment, and Community Reflection

The interviews affirmed the importance of a board understanding what diversity means at the individual and organizational level. There has to be exploration into an individual’s beliefs, values, and perspectives around diversity. The initial question asked was, “how does a board define diversity?” The answers that resulted provided for an important foundation in the exploration of this topic. Vernetta Walker made sure to note that the board must define diversity for themselves. It is important that diversity for the board be in alignment with that of the mission of the organization. Jeanne Bell

offered a similar take on this question but provided a slight variation on that theme. Bell saw it through a social justice lens in which race and class is something that must be discussed. Interestingly enough, according to BoardSource (2017) there is 41% satisfaction of diversity regarding race/ethnicity by the Board Chair. Walker made the point that having a conversation around race & ethnicity is more difficult because of its relation to the history of this country. Neither felt the subject should be avoided but must be approached with care. One must seek to understand their connection to diversity. Beatrice Cardenas-Duncan spoke to this through the act of self-reflection. Cardenas-Duncan stated, "A person must come to understand their own set of biases towards how they engage those that are unlike themselves" (personal communication, July 21, 2018). This action to understand one's own belief structure around diversity will highlight how an individual may react to new perspectives and voices being brought into the conversation.

Going beyond just understanding the sheer misalignment of reflection, diversity should be reflective of the community it serves. Cardenas-Duncan talked about a board's responsibilities from the community it serves. A board should understand the needs of the community and be representative and inclusive of the community. This will allow a board to understand what programs and services are vital to that very community. There are several ways in which one can view diversity, as noted by in the literature. Bernstein & Bilimoria (2013) talked about various perspectives in which

diversity may be valued. This sense of valuation, whether that be a social justice, learning, or fairness perspective, will inform how you approach the inclusion of those individuals. This will also directly affect the representation by those diverse individuals. Cardenas-Duncan spoke passionately about it being more than just a number but about visibility. While race/ethnicity is important, the wisdom and experience that one brings must be considered.

Anecdotally, Bell made mention of an experience she had in which a board chair of a mostly white board expressed they had “tried” having an African American board member before. This notion of how the board has engaged in diversity in its past is important to note. In this case, the board found the first attempt “unsuccessful” so there was less motivation to try it again. Daley (2002) referred to having this level of knowledge when beginning to have a deeper conversation about diversity. While this does not excuse the lack of diversity, understanding the reasons as to why it did not work in the past can give a key to how it can work in the future.

Inclusion and Board Practices

Much of the interviews delved into the challenges related to diversity, which speaks directly to the inclusionary practices used by the board. What emerged as key challenges related directly to both board culture and structure. Particularly, as you bring in new board members whose perspectives and experiences challenge the current board environment. Walker talked of how some boards just want to “check the box” but

don't devote any additional time, effort, and resources towards continuing the conversation and training. As referenced in the literature, having interpersonal competency will be useful in alleviating many of those challenges. Cardenas-Duncan explained that when board members have been on a board for an extended period of time they may want "business as usual." However, when you bring in new diverse voices there will be some dissonance in the beginning. The integration and learning perspective championed by Bernstein & Bilimoria (2013) sought to reframe the approach to bringing in these new voices.

In moving towards inclusion, one should start to look at the individual through the lens of how they might be most effective for the board. In order to do this, a board must be able to assess the culture that exists and seek to challenge the existing dynamics and structure. Bell also found this approach important, but also questioned the current structure; one in which a board meets only a few times a year with much of the conversation geared towards strategy, governance, and finances. To create a safe space in which a board seeks to understand individuals who have divergent viewpoints may result in difficult conversations that take both time and trust.

Another important, but potentially divisive, topic on board diversity is the necessity of addressing the power dynamics that exist. When Cardenas-Duncan spoke of disrupting the "business as usual" practice she also brought up the perception that board leadership may see the dissonance as a challenge to their authority. While Bell

and Walker differed on their experiences of how the conversation around diversity begins, they both agreed that the board chair is the most important champion in order for the initiative to work. In talking about this necessity Bell emphatically stated:

“The work towards diversity [and inclusion] must be supported by the board chair...how the space feels, how conversations are moved forward or cut off. Don't let anyone in that sit who isn't with you as to where the organization is going” (personal communication, June 20, 2018).

Not only must there be constant conversation, there must be policies in place to move towards different voices being in that position of power. Cardenas-Duncan (personal communication, 2018) made the connection of terms limits with the prospect of new ideas and perspectives being brought into that leadership position. In her own experience, she made the decision to step down as a board chair with the understanding that doing so would allow a new generation of leaders to step up. While there are plenty of challenges given the time and topic constraints that currently surround board structure, there must be an intentional investment towards the work of inclusion. These sentiments were echoed in the interview with Walker in which she stated:

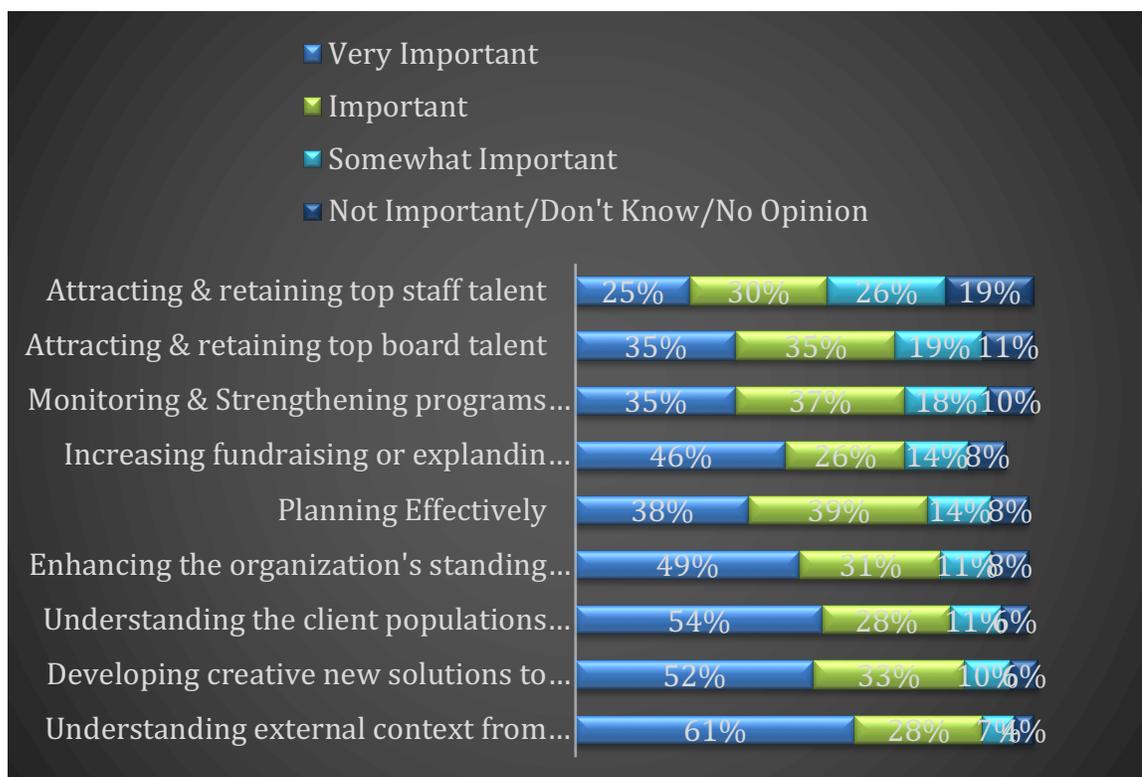
“It's all a process...it's not just one conversation. Start with the mission and the values of the organization. In order for it to be sustainable there must be commitment towards inclusion. They should communicate where they are at and measure their process. There will be bumps in the road, but don't abandon the trajectory of diversity and inclusion (personal communication, July 3, 2018).”

Innovation, Reputation, and Legitimacy as it relates to organizational effectiveness

In seeking to reframe the conversation around organizational effectiveness, one must look at why diversity is an important aspect within this context. This is best stated by Bell:

"Most board members are mostly scared that something is going to go wrong. [Finance] is the biggest risk in their minds. No...you try and say your biggest risk is your relevance. It doesn't matter how much money you have if no one wants to work here" (personal communication, June 20, 2018).

The key word here is the relevance of an organization. Relevance, in this context, is simply the idea of whether or not an organization will continue to exist or fall into obscurity. This sentiment was shared by Cardenas-Duncan as she stated, "Diversity is essential toward the survival of the organization and the community it serves" (personal communication, July 21, 2018). The relevance of an organization is driven by both internal and external elements. All which drive things such as fundraising potential, programs & services, and the competitive advantage of the organization. When asked how board diversity affects organizational effectiveness, Walker spoke of the decision-making process or avoiding group think, innovation, problem solving, gaining top talent, seeing blind-spots, and a keener understanding of how programming might be affected by having those diverse points of view. Many of these ideas are supported in the recent BoardSource (2017) report as noted in Table 1.

Table 1: Perspectives on the Importance of Board Diversity

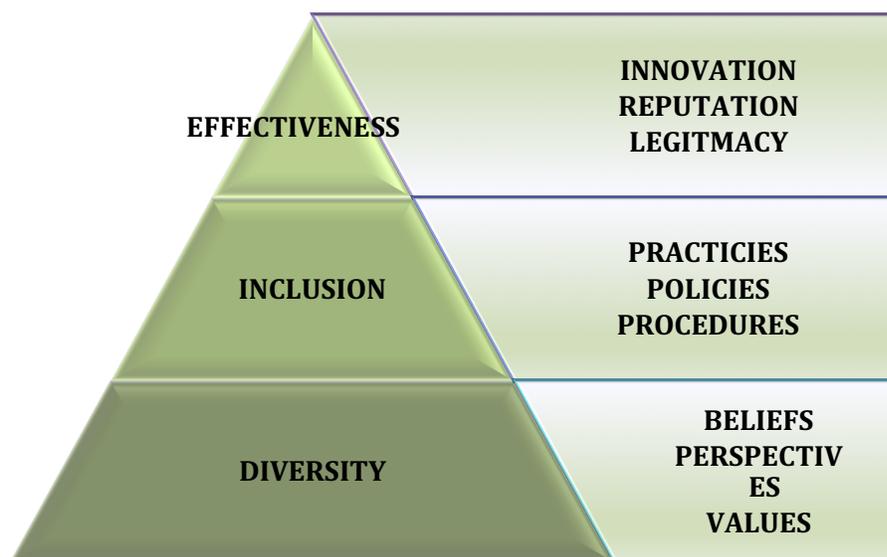
Data from, "Leading With Intent" by BoardSource, 2017

In particular, there is an emphasis placed on creating a greater sense of understanding the external environment of the organization and creating new & innovative solutions to solving problems. Bell posited that there is no such thing as generic programs or methods, but an analytic approach to strategically thinking about and addressing the problems in which created the need for the organization to begin with and how to solve those problems. Therefore, the board must constantly look at its activities as a reaction to the current realities in which the organization exists in and

constantly recalibrate its responses. It can be argued that a board will not be able to dynamically address those issues through a myopic and homogenous point of view.

In addition, the approach towards reputation capital in context of the external environment is shared by Walker who states, “The conversation in the world [about diversity] is being so you can’t escape the conversation” (personal communication, July 3, 2018). Much like Miller & Triana (2009) noted, this has become a topic that has immense social value. A board’s inability to keep up with societal norms in this area may create a dissonance between the organization and its external stakeholders. “Using data is not enough, as an organization can assume there is some magical return for diversity” (Jeanne Bell, personal communication, June 20, 2018).

Figure 1: Head, Heart, & Soul Model



Source: Author’s creation, 2018.

Section 5: Implications and Recommendations

Through my exploration of the literature and substantive expert interviews, it is evident that an organization cannot begin to define effectiveness in relation to board diversity until the board defines its role in diversity and inclusion. As evidenced in Figure 1, there must be an intentional and systematic approach to all three elements. In essence, there are steps that must be taken to link diversity to effectiveness. It starts with diversity, grows towards inclusion, and ultimately the resulting effectiveness.

I define this as the HHS model or Head, Heart, and Soul model. This was inspired by Bell who stated, “If you are not willing to work on do the work internally, there can't be true external change” (personal communication, June 20, 2018). The model's foundation is the soul (diversity), in which the board and its individual members must examine their own beliefs, perspectives, and values around diversity. This internal audit will enable the members to examine the motivations, perceptions and rationale behind a move towards diversity. As evidenced by Daley (2002) these examinations can prepare a board for change.

The next, and arguably, most important step is the heart (inclusion). Put simply, these are the actions that create an equitable and welcoming environment for new members. It is through this lens that a board must address the structures in which it exists in. These practices, policies, and procedures have the potential to enable or derail the diversity efforts.

Finally, there is the head (effectiveness) which is directly related to the impact of the diversity and inclusion efforts. There is an intentional shift of valuation of diversity to more than just empirical information. The literature spoke to the reframing of effectiveness towards the sustainability of an organization. The question is simply, “how can you maintain a competitive edge if you don’t understand the community that you serve?” When put in context of diversity, effectiveness essentially translates to relevance or the survival of the organization. Through this translation, effectiveness can be defined as innovation, reputation, and legitimacy. All of which have a bearing on the success or continued existence for an organization.

It is with the understanding that effectiveness, in context of the above, is limited to the successful initiation of diversity and inclusion efforts. With this in mind, the resulting recommendations for a board focus on possible actions toward diversity and inclusion than those of effectiveness.

1. Beliefs: A board should do an internal audit around their belief and ideas around diversity.
2. Values: Create an intentional strategy around diversity and how it aligns with the mission and values of the organization.
3. Strategy: Define short-term, mid-term, and long-term goals for the diversity strategy.
4. Champion: Ensure that board chair is on-board for any diversity strategy.

5. Policy: Ensure there are term limits for board members and board chairs.
6. Procedures: Create specific board meetings for board members to share their individual stories and perspectives on the work of the organization.

Section 6: Conclusions

The importance of diversity for a nonprofit organization's board is a topic that is not going away. While there has been an importance placed on the subject in the sector, there has been little movement towards the shift in recent years. The goal of this research project was to explore how board diversity relates to an effective organization. Additionally, it was more than just assessing the "problem" of diversity that exists for many nonprofit boards, but an aspirational approach of what the shift towards diversity could mean for the sector. The research explored this idea first, through understanding the varying perspectives and definitions of diversity. Understanding that a board can't stop at diversity, practices and challenges related to inclusion were explored. What became evident through this process is how interrelated both elements are to the success or failure of diversity practices. It was through this lens that the research explored the connection of organizational effectiveness.

In concert with the literature, three (3) expert interviews were conducted to provide a real-world perspective from various individuals within the sector. What

became illuminated through this process was the relationship of board diversity, inclusion, and defining effectiveness for an organization. It's important that a board and organization understand what diversity means to them, and how they may be preparing and enabling the change that is required. Measuring effectiveness against this standard allows for the reframing of effectiveness beyond a simple financial perspective. Ultimately the use of diversity and inclusion on the board can invite individuals to be part of the sustainability of the organization. The model presented in this research shows that the process is a multi-layered, foundational approach to this work. The result gives a board recommendation that will allow them to rethink how diversity works in context of their organization.

There is competition both in the sector and outside the sector. While the nonprofit sector doesn't like to think of competition as an important issue, it is more a reality more than ever. The reputation and perception of a nonprofit organization can serve as a clear advantage over many of the other firms that contend they are social good firms (Lee, S., Bolton, L., & Winterich, K., 2017). In this way diversity can be seen as strategic choice.

It should be noted that the research conducted for this project does not differentiate the case for diversity based on the type of organization, size, or subject matter area. These various factors may have an impact on diversity efforts for a board. Further, there is a clear opportunity for additional research in this area. One approach

may be to explore a comparative study on nonprofit organizations whose boards have shifted from homogenous to heterogenous and which diversity metric is used.

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Appendix A: Expert Semi-Structured Interview Questions

1. How would you define a diverse board?
2. What are the challenges as it pertains to a board becoming diverse?
3. What do you see as benefits to board diversity, if any?
4. From your experience, what motivates a board to become more diverse?
5. How would you define organizational effectiveness?
6. Does board diversity have an effect on organizational effectiveness?

Author's Bio

Brandon Jones is a full-time student in the Master of Nonprofit Administration Program at the University of San Francisco. Brandon worked as a consultant to several bay-area nonprofits in the areas of advocacy, fundraising, marketing, and social impact analysis. Prior to this, he was Associate Director of Events and Administration, where he oversaw and managed many of BMI's creative programs designed to educate and support songwriters. During his tenure at BMI he completed a week-long intensive Leadership Development Program at the world-renowned Center for Creative Leadership (CCL) in South Carolina. He currently volunteers for The Trevor Project, an organization dedicated to preventing suicide for LGBTQQ youth.