Board Diversity & Philanthropy

Embracing the Growing Importance of Board Diversity to Philanthropy, Leadership, and Board Engagement
Your Team

Una Osili
Associate Dean for Research and International Programs
Indiana University Lilly Family School of Philanthropy

Angela White
Senior Consultant & CEO
Johnson, Grossnickle & Associates

Researched by the Indiana University Lilly Family School of Philanthropy
in partnership with JGA and BoardSource
Welcome to the SNEAK PEEK!
Agenda:

- The Current Study & Introduction
- Summary Statistics
- Results
  - Engagement
  - Fundraising
  - Advocacy
- Spotlight: Racial Diversity
- Conclusion
- Call to Action
- Q & A
The Current Study & Introduction
Central Questions

• What is the current landscape of board diversity?

• How is diversity on nonprofit boards related to the boards’ engagement, fundraising, and advocacy?

What we found

Why it matters
Previous Research on Board Diversity

Most research on board diversity has focused on corporate boards.

The limited research on diversity on nonprofit boards has looked at limited demographic characteristics.

**Gap:** Research examining the affects of board diversity *and* organizational characteristics on *nonprofit* board effectiveness.
State of the Sector in 1982

Foundation CEOs
- Women: <33%
- Men: >67%

Foundation Board Trustees
- Women: 23%
- Men: 77%

Foundation CEOs
- Caucasian: 98%

Foundation Board Trustees
- Caucasian: 96%

Source: Burbridge, Diaz, Odendahl, & Shaw, 2002; https://www.issuelab.org/resources/13876/13876.pdf
Methodology

Data Sources

- BoardSource Survey Data
  - 2016 BoardSource Leading with Intent – CEO/Executive Director Survey
  - 2016 BoardSource Leading with Intent – Board Chair Survey
- Forms 990
- Million Dollar List
The Data
Demographic Breakdown

Average Percent of Board Members

Gender
- Women: 47%
- Men: 53%

Age
- 39 or younger: 16.9%
- 40+: 83.1%

Race
- White: 78.6%
- African-American: 7.5%
- Asian: 2.6%
- Other: 2.6%
- No answer/vacant seat: 6.8%
- Hispanic: 4.2%
- Non-Hispanic: 95.8%

*Note: Race categories include Native American, Hawaiian, Multi-race, Other, No answer/vacant seat.
<table>
<thead>
<tr>
<th>Category</th>
<th>Percent of Sample</th>
<th>All Public Charities*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts</td>
<td>8.3%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Education</td>
<td>6.6%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Environment/Animal</td>
<td>4.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Health</td>
<td>10.4%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Human Services</td>
<td>31.1%</td>
<td>35.5%</td>
</tr>
<tr>
<td>International</td>
<td>1.8%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Public Service Benefit</td>
<td>12.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Religious</td>
<td>1.0%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Unknown/Unclassified/Missing</td>
<td>24.0%</td>
<td></td>
</tr>
</tbody>
</table>

*Some respondents either did not respond to this question or their response did not fit into one of the appropriate categories. *Source: Urban Institute, National Center for Charitable Statistics, Core Files (Public Charities, 2013)
### The Data

#### Age of Organization X Diversity: Average Percent of Board Members

<table>
<thead>
<tr>
<th>Organization Founding Date</th>
<th>Women</th>
<th>Under 40</th>
<th>African-American</th>
<th>Asian</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1900</td>
<td>37.1%</td>
<td>15.4%</td>
<td>6.0%</td>
<td>1.4%</td>
<td>4.4%</td>
</tr>
<tr>
<td>1900 to 1949</td>
<td>45.7%</td>
<td>16.6%</td>
<td>7.2%</td>
<td>2.1%</td>
<td>3.4%</td>
</tr>
<tr>
<td>1950 to 1974</td>
<td>46.8%</td>
<td>15.8%</td>
<td>7.0%</td>
<td>2.5%</td>
<td>4.2%</td>
</tr>
<tr>
<td>1975 to 1999</td>
<td>46.4%</td>
<td>16.3%</td>
<td>8.0%</td>
<td>2.6%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2000 to 2016</td>
<td>52.1%</td>
<td>20.4%</td>
<td>7.7%</td>
<td>3.2%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>
### The Data

**Revenue X Diversity: Average Percent of Board Members**

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Women</th>
<th>Under 40</th>
<th>African-American</th>
<th>Asian</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue &lt; $500k</td>
<td>50.2%</td>
<td>21.6%</td>
<td>6.8%</td>
<td>2.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Revenue &gt; $500k &amp; &lt; $1M</td>
<td>48.1%</td>
<td>19.6%</td>
<td>8.0%</td>
<td>3.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Revenue &gt; $1M</td>
<td>45.2%</td>
<td>14.3%</td>
<td>7.8%</td>
<td>2.5%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>
## The Data

### NTEE Category X Diversity: Average Percent of Board Members

<table>
<thead>
<tr>
<th>Category</th>
<th>Women</th>
<th>Under 40</th>
<th>African-American</th>
<th>Asian</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts</td>
<td>46.7%</td>
<td>16.8%</td>
<td>5.6%</td>
<td>2.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Education</td>
<td>50.2%</td>
<td>17.5%</td>
<td><strong>14.2%</strong></td>
<td>2.3%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Environment/Animal</td>
<td>49.2%</td>
<td>14.8%</td>
<td><strong>1.4%</strong></td>
<td>2.0%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Health</td>
<td>49.7%</td>
<td>13.6%</td>
<td>8.5%</td>
<td>2.8%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Human Services</td>
<td>47.5%</td>
<td>17.1%</td>
<td>8.4%</td>
<td>2.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td>International</td>
<td>42.7%</td>
<td><strong>23.2%</strong></td>
<td><strong>1.0%</strong></td>
<td>3.2%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Public Service Benefit</td>
<td>46.7%</td>
<td>18.2%</td>
<td>7.1%</td>
<td><strong>3.8%</strong></td>
<td>3.9%</td>
</tr>
<tr>
<td>Religious</td>
<td><strong>27.9%</strong></td>
<td>16.5%</td>
<td>7.4%</td>
<td><strong>0.9%</strong></td>
<td>9.5%</td>
</tr>
<tr>
<td>Unknown/Unclassified/Missing</td>
<td>45.5%</td>
<td>17.3%</td>
<td>6.6%</td>
<td>2.4%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>
Results
Results

Boards play various roles within the organization and the nonprofit sector.
**Engagement:** Board members participate in community building and outreach, are engaged in oversite and governing of the organization, and are eager to stay on the board for the maximum amount of time allowed by the bylaws.

**Fundraising:** Board members meet with potential donors, ask others for money, personally contribute, and attend the organization’s fundraising events.

**Advocacy:** Board members engage with and educate policy makers, and monitor the impact of government policy.
Influencing Factors

Organization Characteristics

Board Diversity

Board Effectiveness

Engagement
Fundraising
Policy Advocacy
What we found
Subsector

**Engagement:** No significant relationship.

**Fundraising:** Boards for organizations in the Arts/Culture subsector seem to be more involved with fundraising than other boards.

**Advocacy:** No significant relationship.
**Age of Organization**

**Engagement:** The oldest organizations have much more involved boards.

**Fundraising:** The oldest organizations have a significantly higher percentage of the boards meeting with potential donors, asking others for money, and contributing themselves.

**Advocacy:** No significant relationship.

---

**Organizations founded before 1900**

- Big Brothers Big Sisters
- YMCA
- United Way
Revenue

**Engagement:** No significant relationship.

**Fundraising:** No significant relationship.

**Advocacy:** Boards for organizations with revenues from $5 million and up are more engaged with policy makers, monitoring the impact of government policy, and providing information on advocacy activities.
Why it matters

Newer organizations can learn from older organizations to better engage their board members.
Influencing Factors

Organization Characteristics

Board Diversity

Board Effectiveness

Engagement
Fundraising
Policy Advocacy

What we found
Gender

**Engagement:** Boards with higher percentage of women tend to have boards that are more engaged and have higher participation rates.

**Fundraising:** Boards with a higher percentage of women tend to more actively participate in fundraising and are graded higher by their CEO’s for their fundraising performance.

**Advocacy:** The percentage of the board that are women is positively correlated with engagement with advocacy activities.
**Age**

**Engagement:** Younger boards tend to be more engaged.

**Fundraising:** Younger boards tend to have fundraising expectations more clearly explained to them.

**Advocacy:** No significant relationship.
Race/Ethnicity

**Engagement:** Boards with higher percentages of African-Americans tend to have lower participation rates.*

**Fundraising:** Boards that have a higher percentage of Asians tend to be rated higher by their CEO’s for their fundraising performance.

**Advocacy:** No significant relationship.

*We will explore this relationship more in-depth later in the presentation.*
Why it matters

Diverse boards are engaged, but we need to bridge the gap between engagement and fundraising.
Influencing Factors

Organization Characteristics

Board Diversity

Board Effectiveness

Engagement
Fundraising
Policy Advocacy
Characteristics & Diversity

WHAT WE FOUND:

• Diversity and organizational characteristics influence each other, complicating the relationships with engagement, fundraising, and advocacy.
• Older organizations tend to have less diverse boards.
• Boards that are more diverse in one demographic are often also more diverse in other demographics.

WHY IT MATTERS:

• Understanding the interaction between organizational characteristics and board diversity can help the sector create “best practices” for nonprofit boards.
Spotlight: Racial Diversity
Spotlight: Diversity by Region

Racial Diversity by Region

- Central (Midwest)
- East
- South
- West

<table>
<thead>
<tr>
<th>Race</th>
<th>Central (Midwest)</th>
<th>East</th>
<th>South</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>80.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African-American</td>
<td>10.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asian</td>
<td>0.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Spotlight: Diversity by Region

Hispanic Diversity by Region

Central (Midwest)  East  South  West

Hispanic  Non-Hispanic
Spotlight: Diversity by Subsector

Racial Diversity by Subsector

- White
- African-American
- Asian

Legend:
- Arts
- Education
- Environment/Animal
- Health
- Human Services
- International
- Public Service Benefit
- Religious
- Unknown/Unclassified/Missing
Spotlight: Diversity by Subsector

Hispanic Diversity by Subsector

- Hispanic
- Non-Hispanic

- Arts
- Education
- Environment/Animal
- Health
- Human Services
- International
- Public Service Benefit
- Religious
- Unknown/Unclassified/Missing

BoardSource
Empowering Boards. Inspiring Leadership.
Boards with higher percentages of African-Americans tend to have lower participation rates.

This is

• Driven by organizations with higher revenue
  (> $1 million)

OR

• Driven by newer organizations
  (created after 1975).
Case Study
Conclusion
Call to Action

- Have the Tough Conversation
- Define your Board Priorities
- Align Board Composition with your Priorities
- Recognize Characteristics and Board Diversity Intersect
- Start Somewhere and Be Intentional
- Leverage Engagement and Fundraising
- Foster a Culture of Continuous Learning
Future research should examine:

- Do boards prioritize diversity?
- Does this affect engagement, fundraising, and advocacy?