



IGNITING
LEADERSHIP
FOR POWER
PURPOSE
& IMPACT

Board Diversity & Philanthropy

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

Your Team



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Researched by the Indiana University Lilly Family School of Philanthropy
in partnership with JGA and BoardSource

Welcome to the SNEAK PEEK!

Agenda:

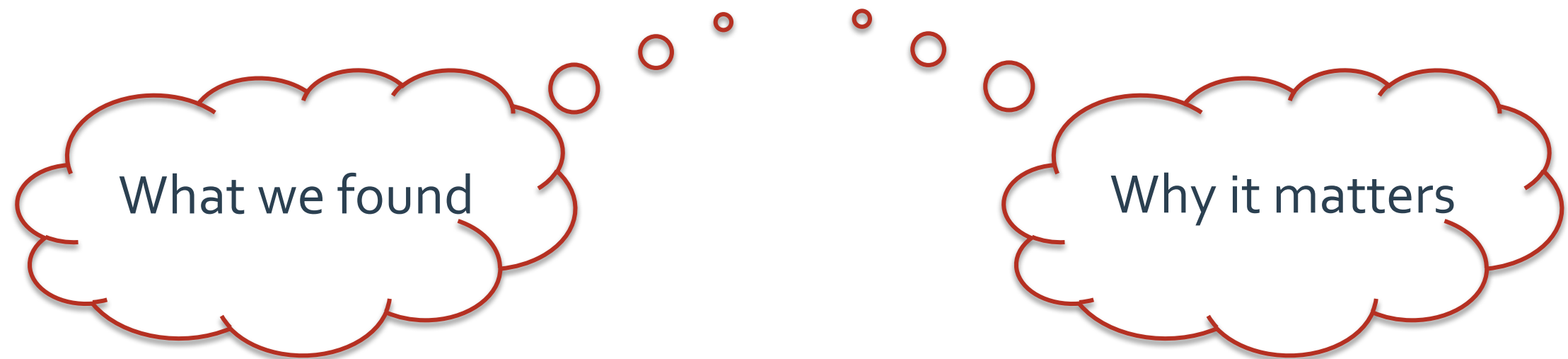
- The Current Study & Introduction
- Summary Statistics
- Results
 - Engagement
 - Fundraising
 - Advocacy
- Spotlight: Racial Diversity
- Conclusion
- Call to Action
- Q & A



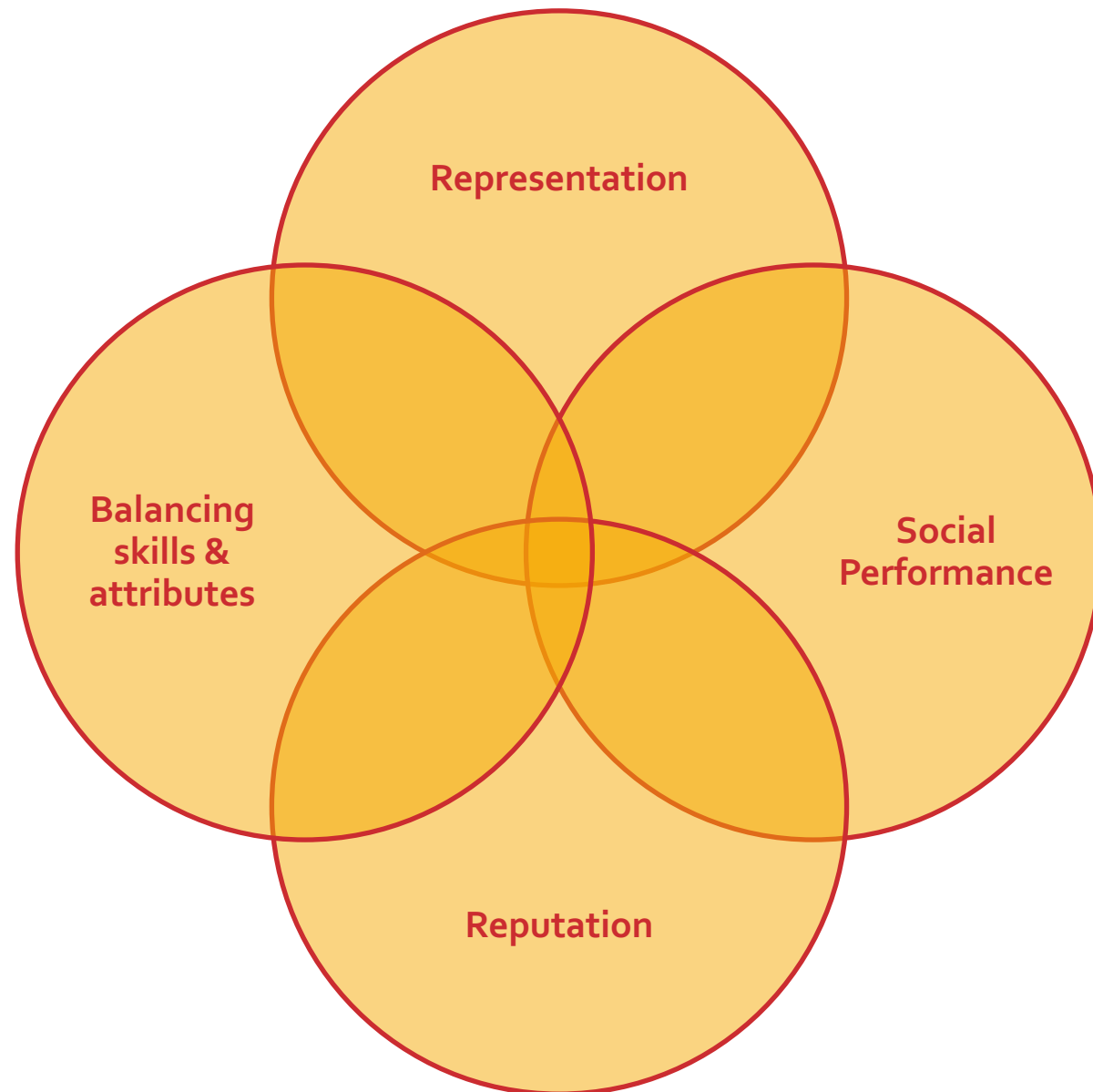
The Current Study & Introduction

Central Questions

- What is the current landscape of board diversity?
- How is diversity on nonprofit boards related to the boards' engagement, fundraising, and advocacy?



Previous Research on Board Diversity



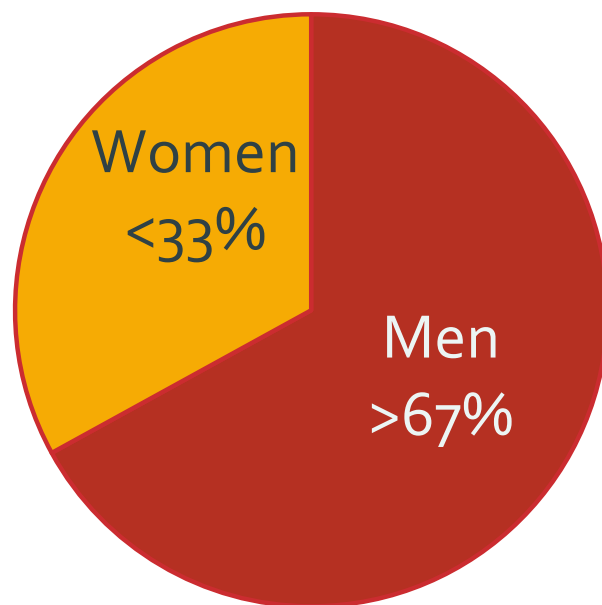
Most research on board diversity has focused on corporate boards.

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

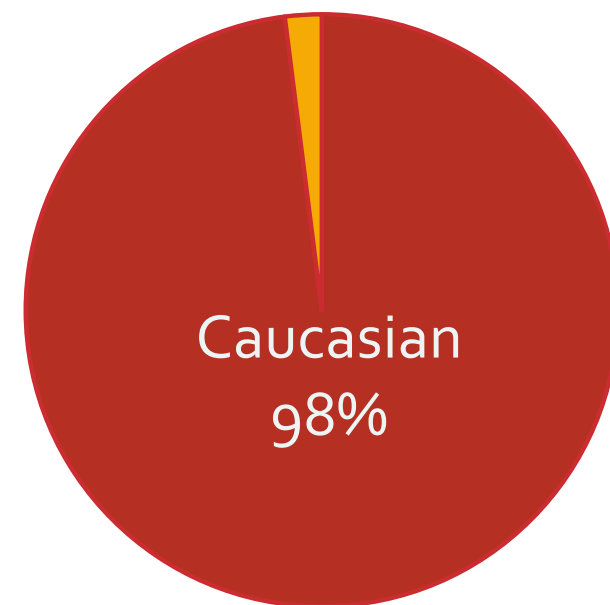
Gap: Research examining the affects of board diversity *and* organizational characteristics on *nonprofit* board effectiveness.

State of the Sector in 1982

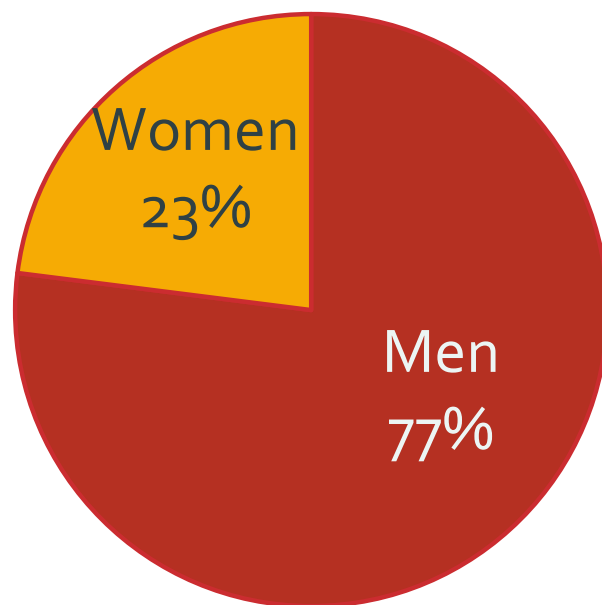
Foundation CEOs



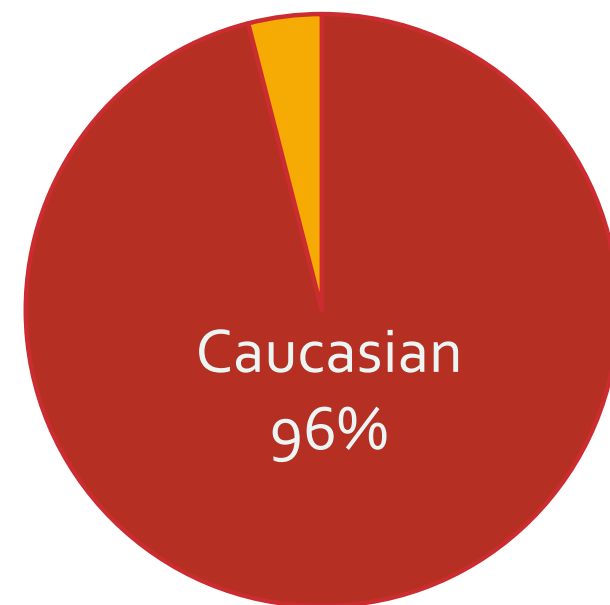
Foundation CEOs



Foundation Board Trustees



Foundation Board Trustees



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

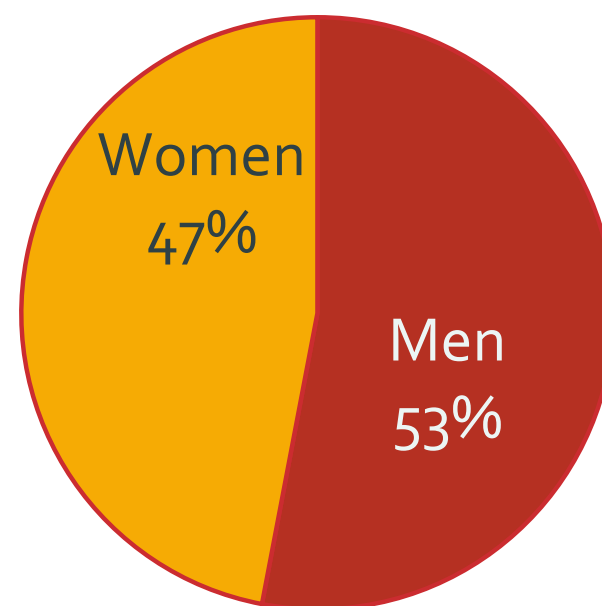


The Data

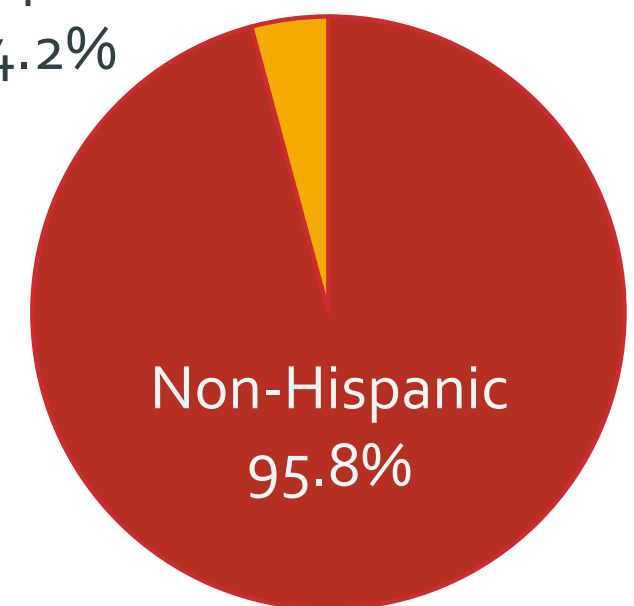
Demographic Breakdown

Average Percent of Board Members

Gender

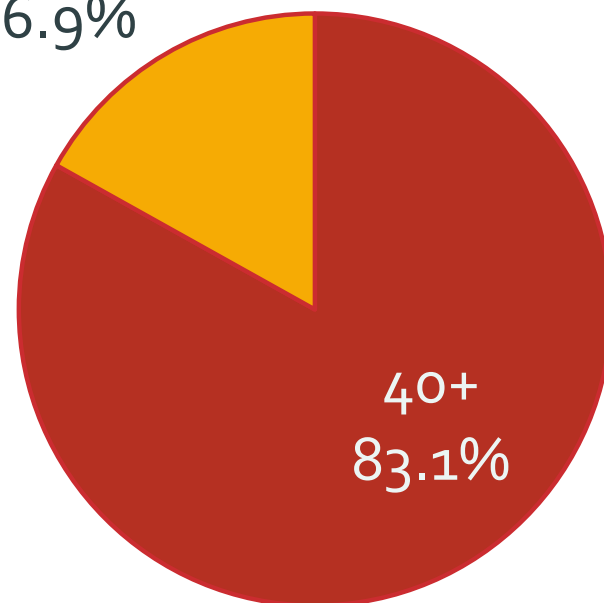


Hispanic
4.2%



39 or
younger
16.9%

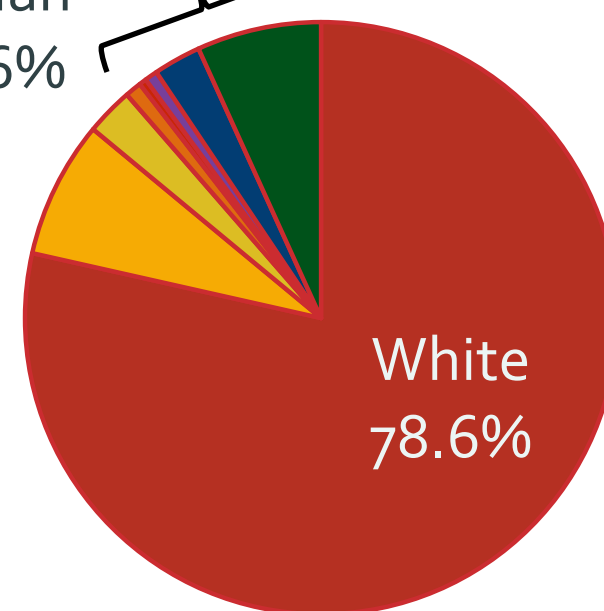
Age



Asian
2.6%

Race

African-
American
7.5%



- Native American 0.9%
- Hawaiian 0.4%
- Multi-race 0.7%
- Other 2.6%
- No answer/
vacant seat 6.8%

Subsector Distribution

National Taxonomy of Exempt Entities (NTEE) Category

Category	Percent of Sample	All Public Charities*
Arts	8.3%	9.9%
Education	6.6%	17.1%
Environment/Animal	4.0%	4.5%
Health	10.4%	12.9%
Human Services	31.1%	35.5%
International	1.8%	2.2%
Public Service Benefit	12.8%	11.6%
Religious	1.0%	6.2%
Unknown/Unclassified/Missing	24.0% ¹	

¹Some respondents either did not respond to this question or their response did not fit into one of the appropriate categories.

BoardSource
Empowering Boards. Inspiring Leadership.

*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

Organization Founding Date	Women	Under 40	African-American	Asian	Hispanic
Before 1900	37.1%	15.4%	6.0%	1.4%	4.4%
1900 to 1949	45.7%	16.6%	7.2%	2.1%	3.4%
1950 to 1974	46.8%	15.8%	7.0%	2.5%	4.2%
1975 to 1999	46.4%	16.3%	8.0%	2.6%	4.2%
2000 to 2016	52.1%	20.4%	7.7%	3.2%	4.8%

The Data

Revenue X Diversity: Average Percent of Board Members

Revenue	Women	Under 40	African-American	Asian	Hispanic
Revenue < \$500k	50.2%	21.6%	6.8%	2.6%	3.0%
Revenue > \$500k & < \$1M	48.1%	19.6%	8.0%	3.1%	4.2%
Revenue > \$1M	45.2%	14.3%	7.8%	2.5%	4.7%

The Data

NTEE Category X Diversity: Average Percent of Board Members

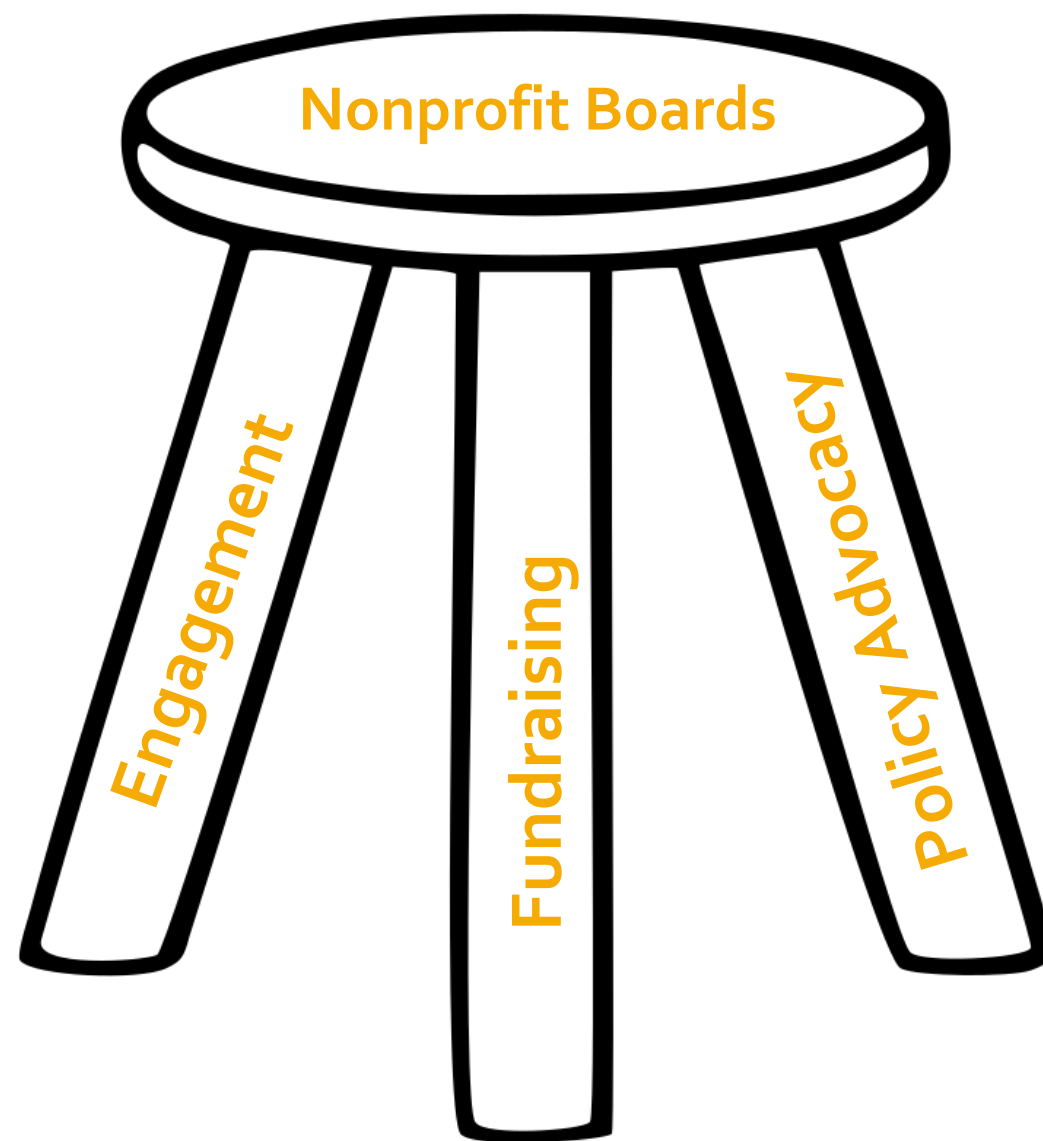
Category	Women	Under 40	African-American	Asian	Hispanic
Arts	46.7%	16.8%	5.6%	2.7%	2.7%
Education	50.2%	17.5%	14.2%	2.3%	5.4%
Environment/Animal	49.2%	14.8%	1.4%	2.0%	3.4%
Health	49.7%	13.6%	8.5%	2.8%	4.5%
Human Services	47.5%	17.1%	8.4%	2.2%	4.6%
International	42.7%	23.2%	1.0%	3.2%	3.0%
Public Service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



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 oversight and governing of the organization, and are eager to stay on the board for the maximum amount of time allowed by the bylaws.



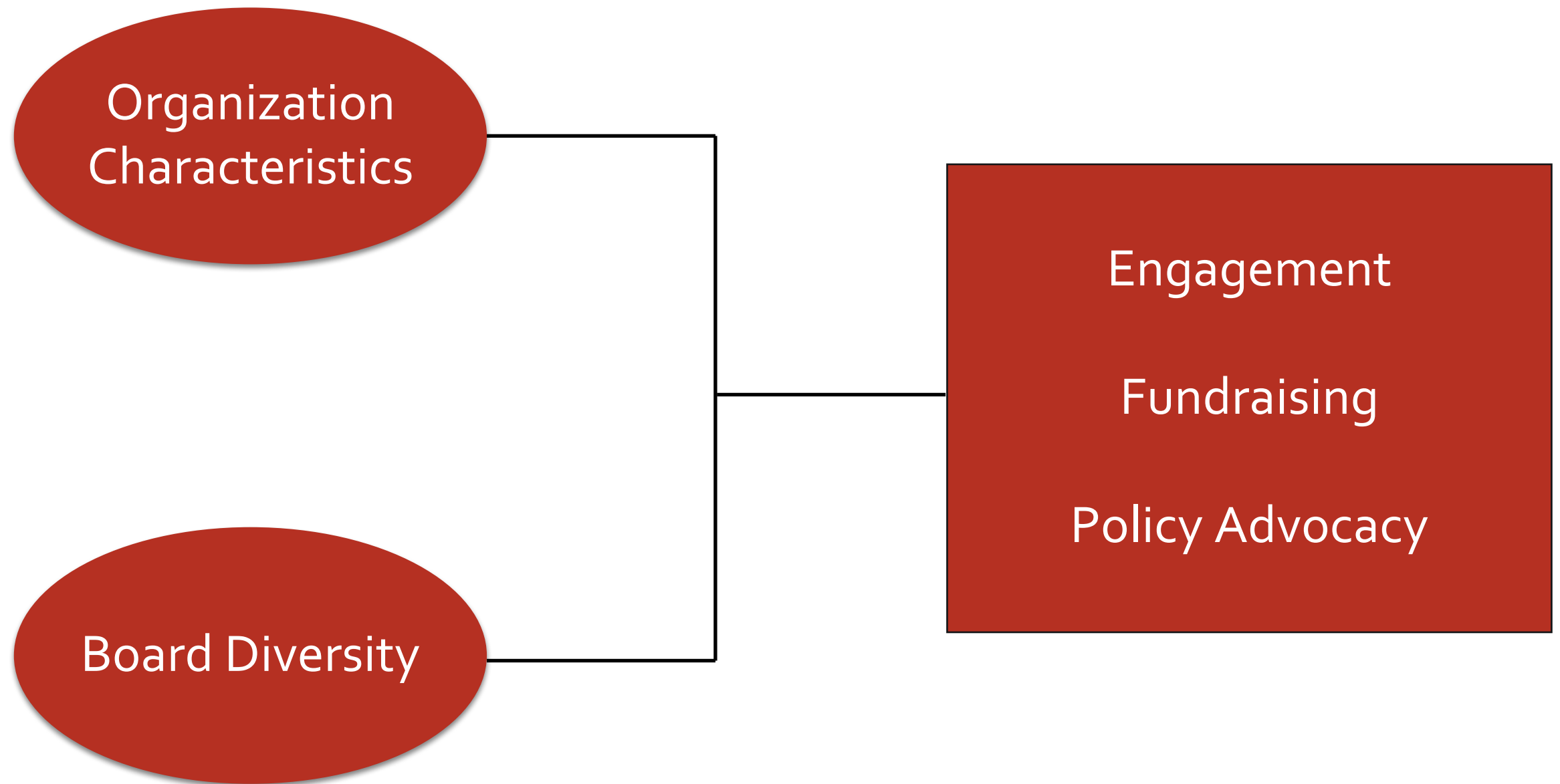
Fundraising: Board members meet with potential donors, ask others for money, personally contribute, and attend the organization's fundraising events.



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

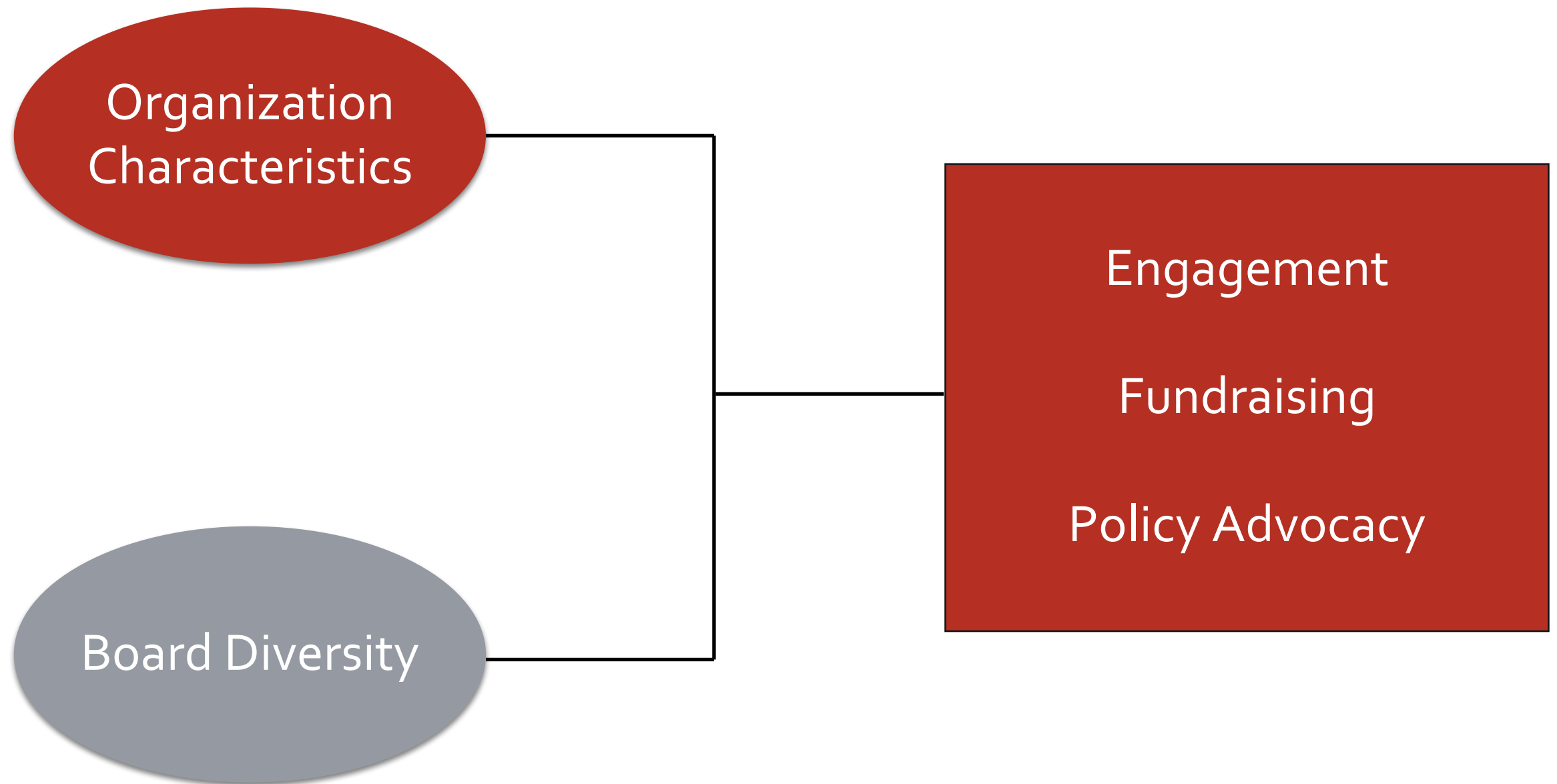
Influencing Factors

Board Effectiveness



Influencing Factors

Board Effectiveness



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.



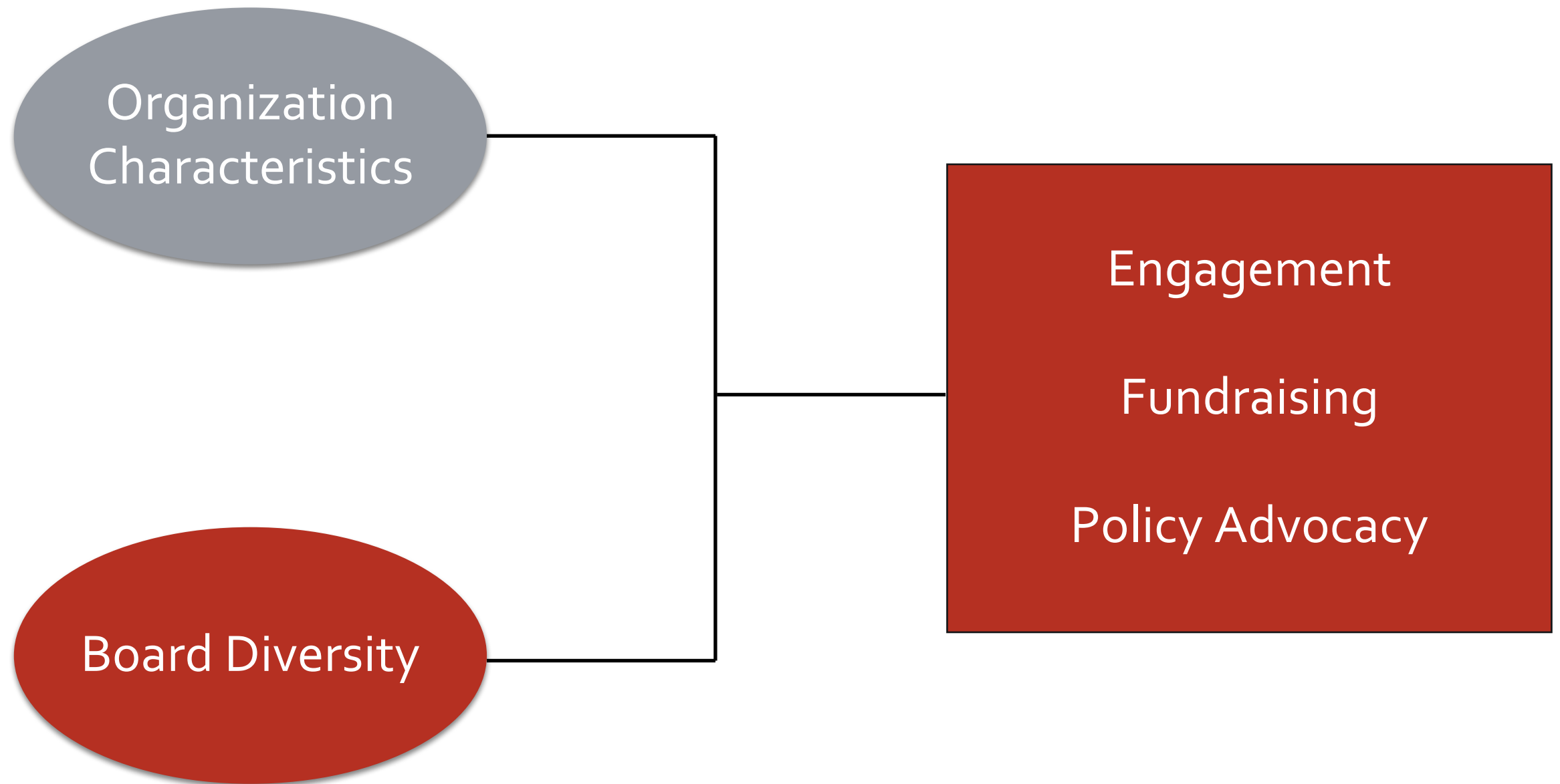
Advocacy: Boards for organizations with revenues from \$5 million and up are more engaged with policy makers, monitoring the impact of government policy, and providing information on advocacy activities.

Why it matters

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

Influencing Factors

Board Effectiveness



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.

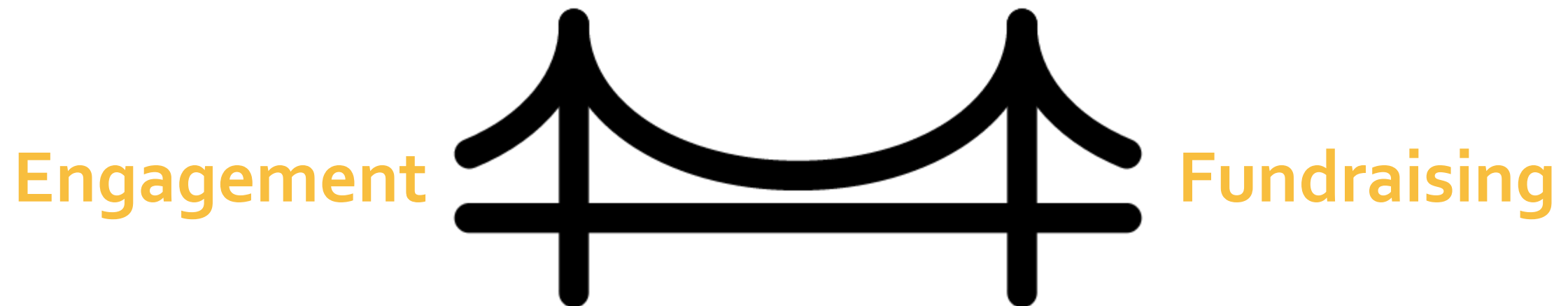


Advocacy: No significant relationship.

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

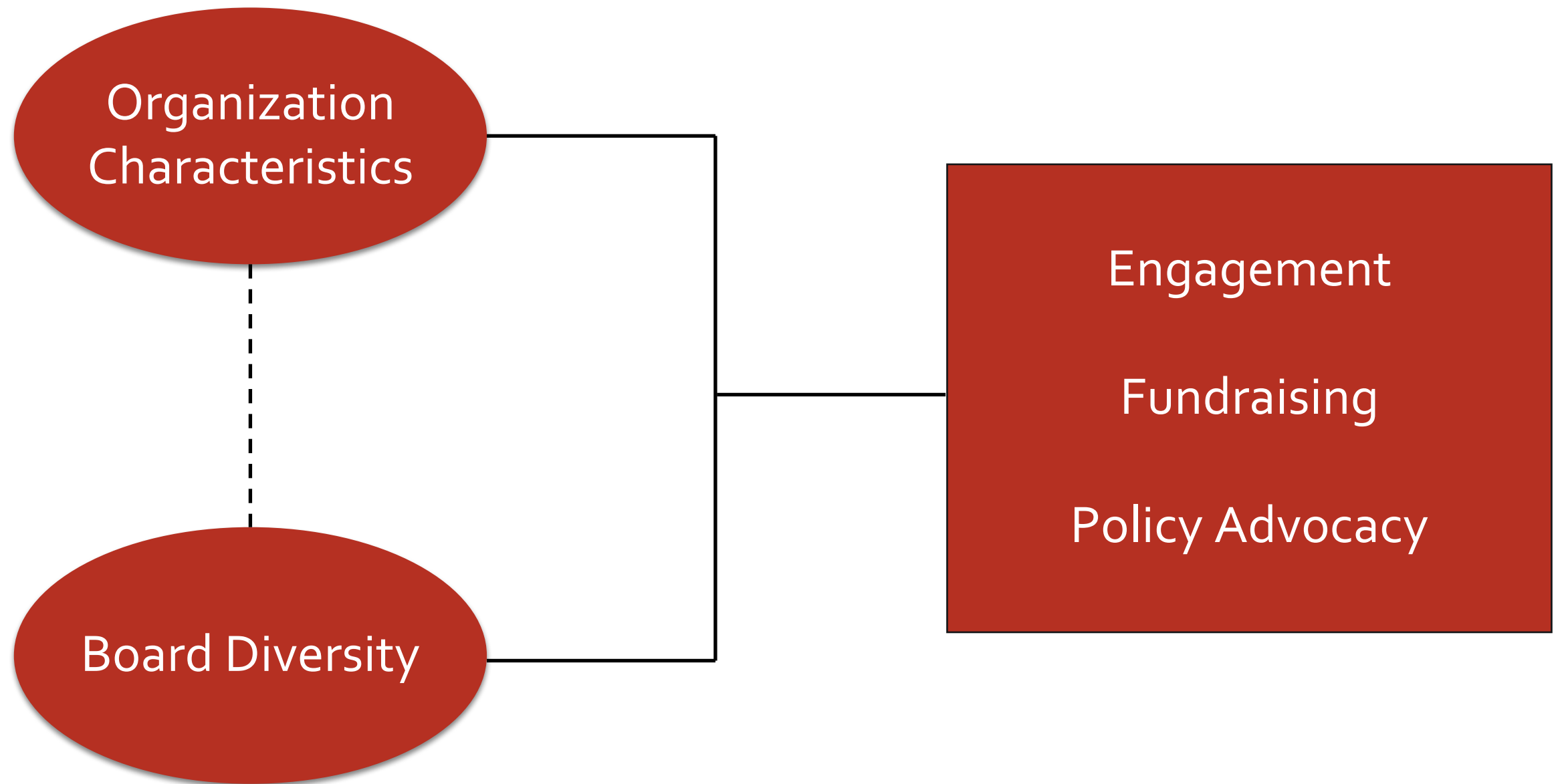
Why it matters

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



Influencing Factors

Board Effectiveness



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:

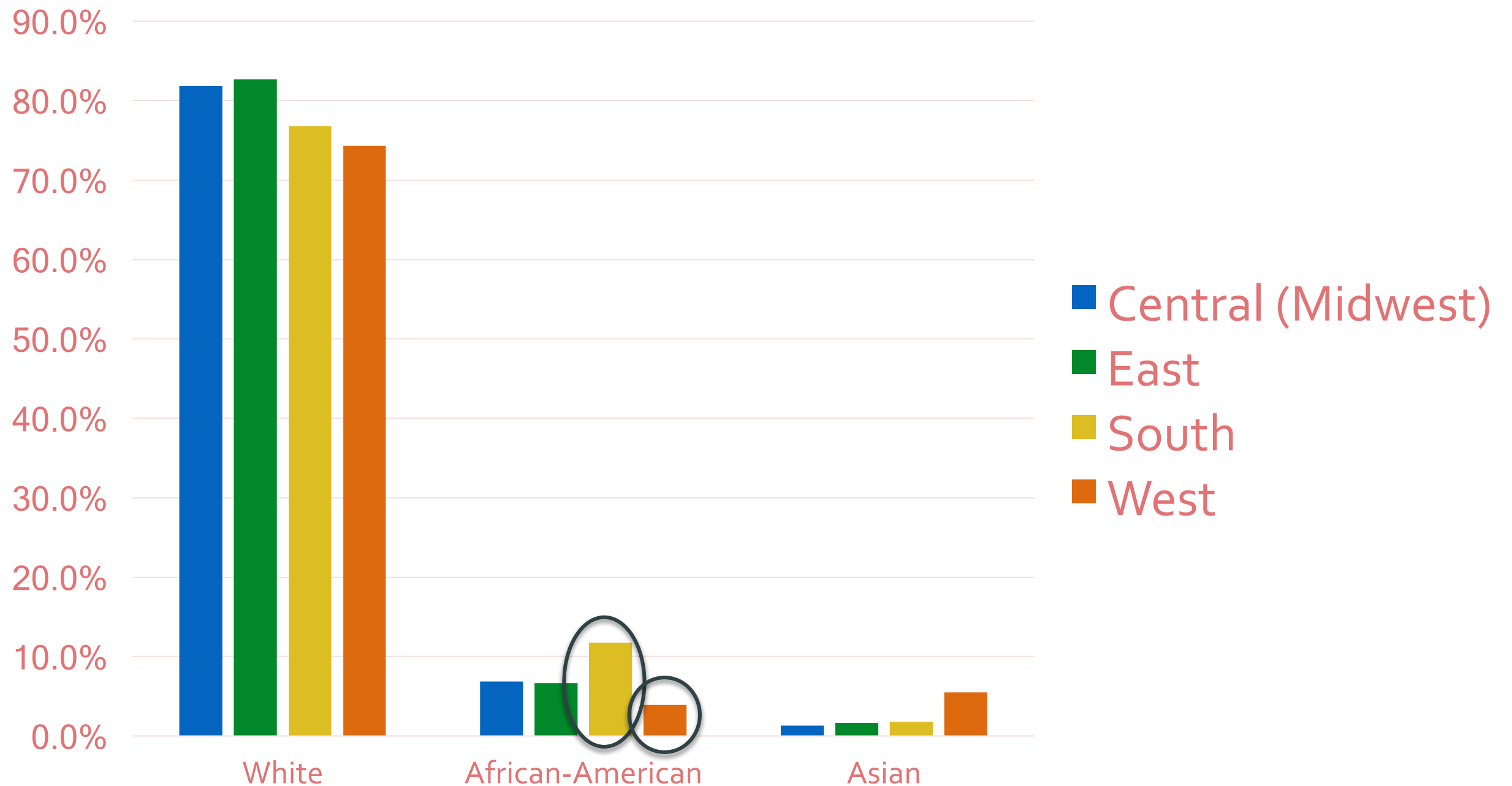
- Understanding the interaction between organizational characteristics and board diversity can help the sector create “best practices” for nonprofit boards.



Spotlight: Racial Diversity

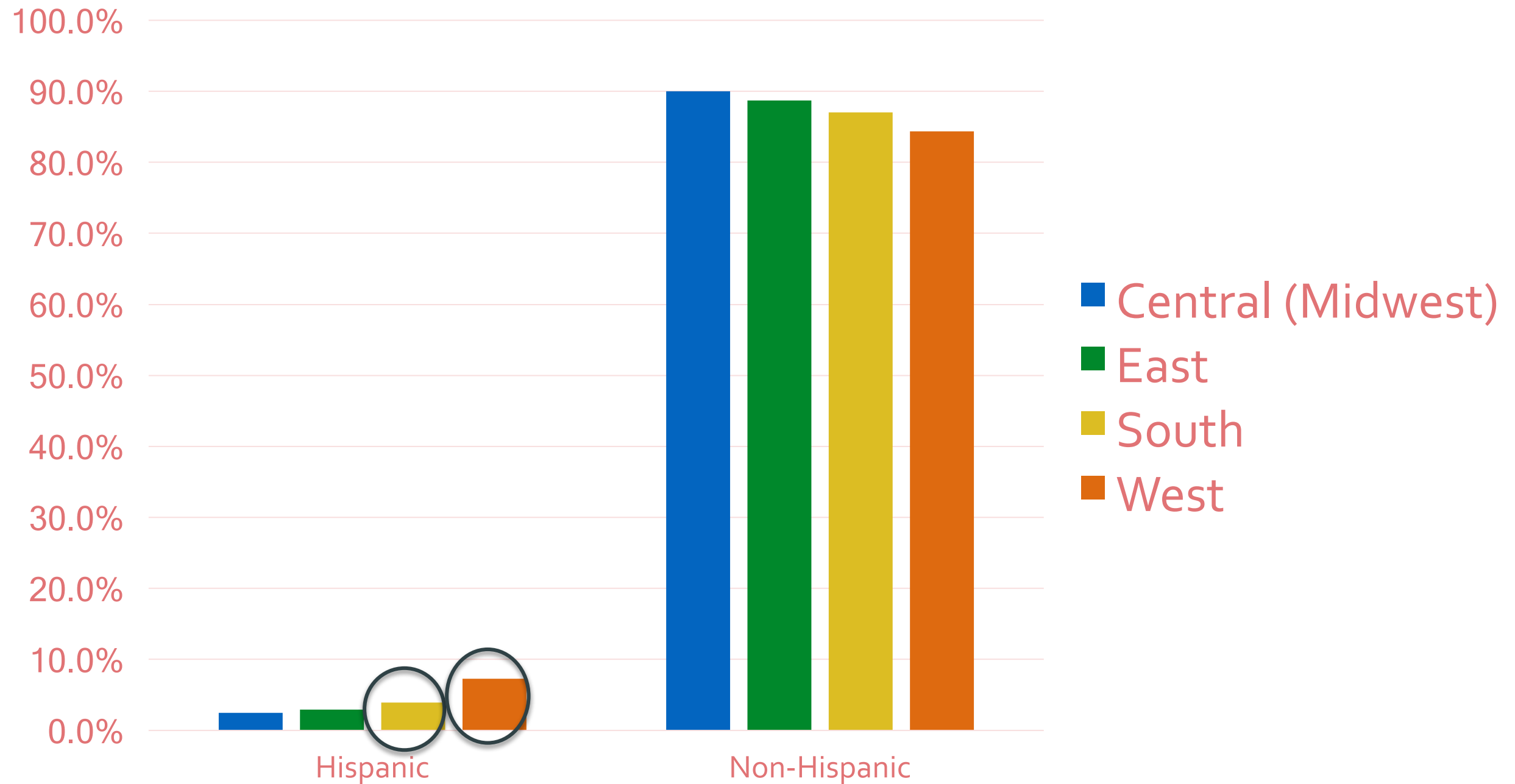
Spotlight: Diversity by Region

Racial Diversity by Region



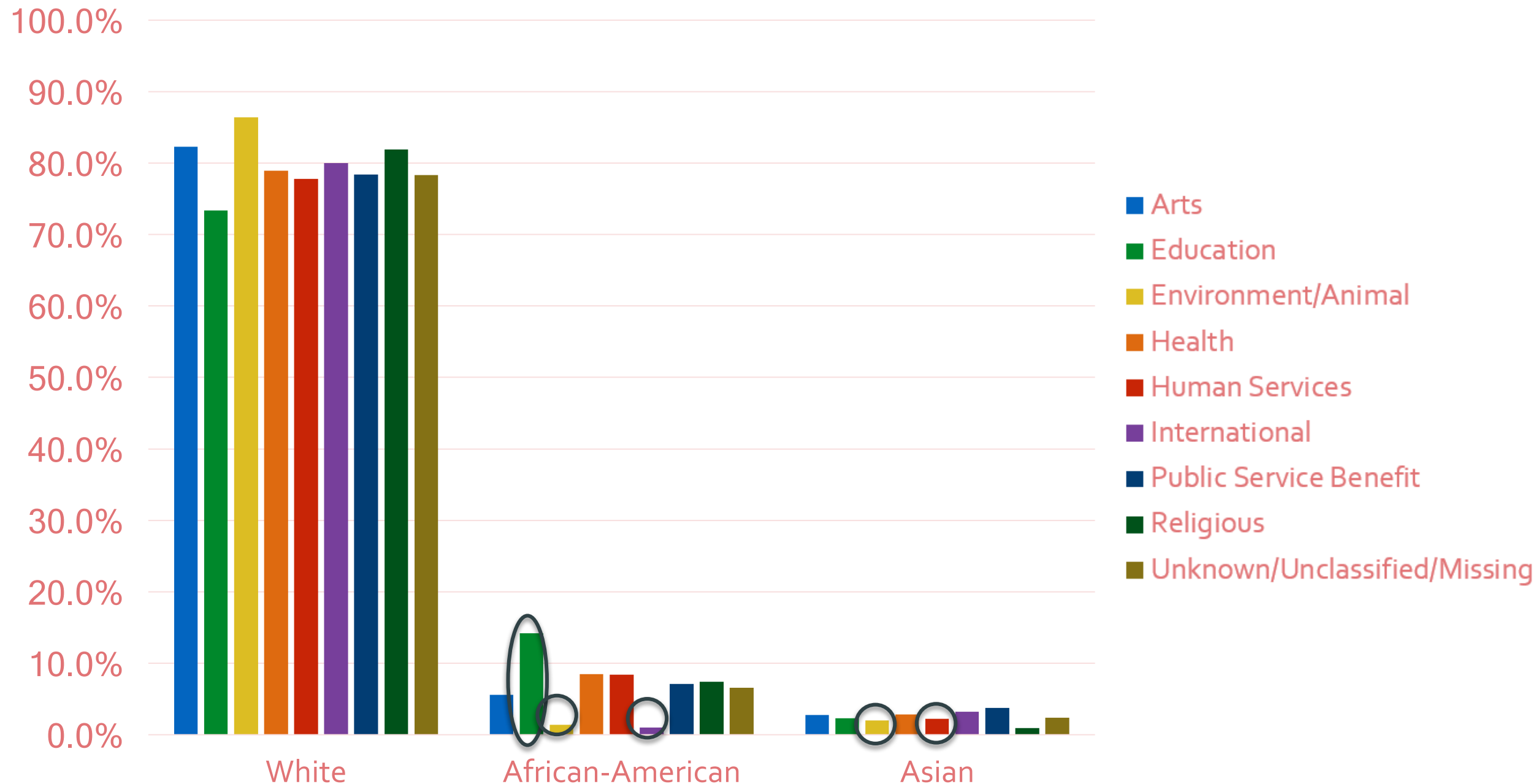
Spotlight: Diversity by Region

Hispanic Diversity by Region



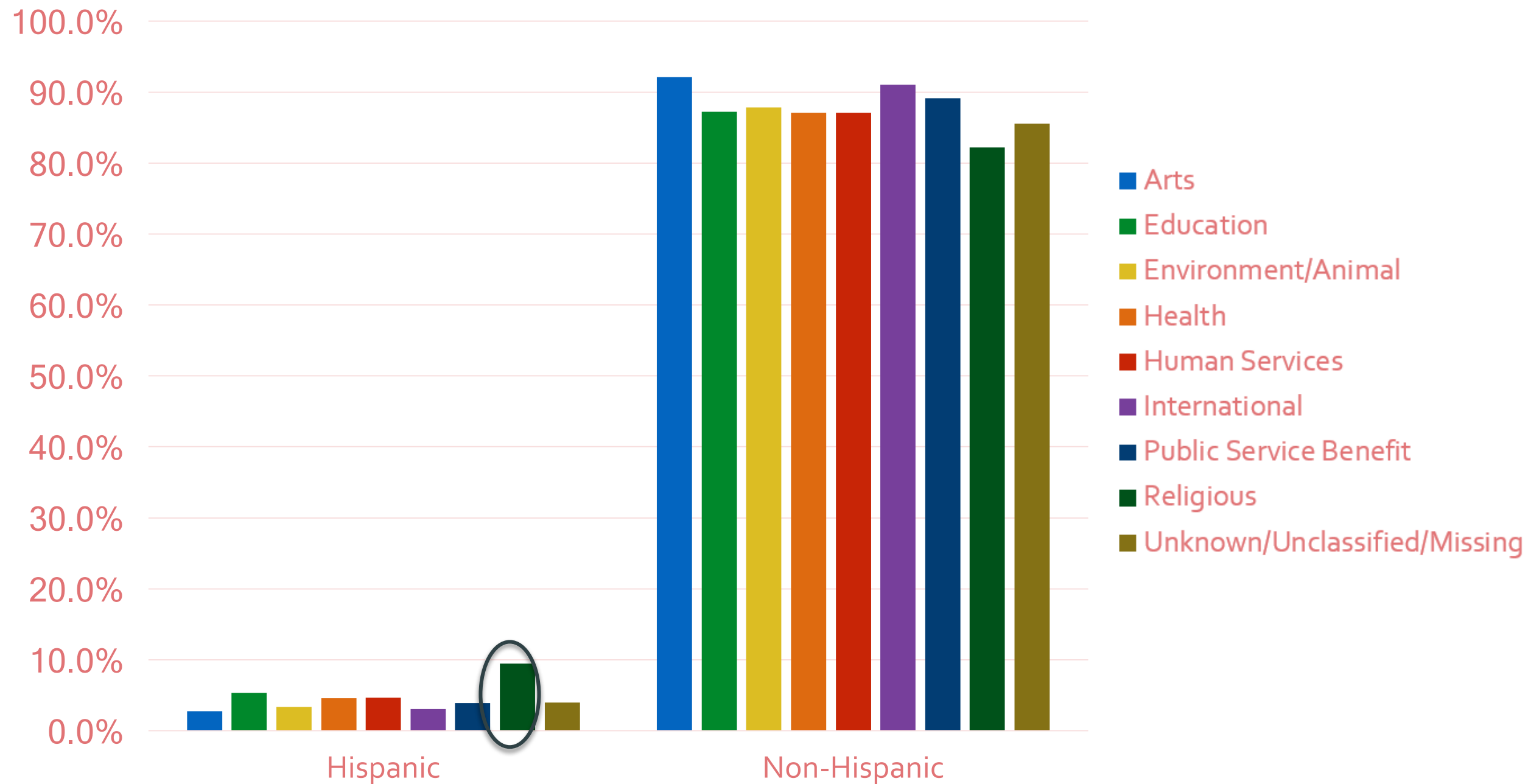
Spotlight: Diversity by Subsector

Racial Diversity by Subsector



Spotlight: Diversity by Subsector

Hispanic Diversity by Subsector



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

Future research should examine:

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

Q&A

