
Increasing Gender Diversity on the Boards of Nonprofit Eds and Meds: Why And How To Do It

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**WOMEN'S NONPROFIT
LEADERSHIP INITIATIVE**

EXECUTIVE SUMMARY

Large for-profit corporations have faced pressures to diversify their boards of directors from major shareholders, advocacy groups, some government entities, and the media. Their interest is based on years of research and reporting on the benefits of diversity. The largest nonprofits—educational and healthcare organizations (eds and meds)—have not faced comparable scrutiny or pressure. In fact, the composition of the eds and meds boards is sometimes challenging to discover.

We interviewed 59 women board members and male and female institutional leaders (board chairs and chief executives) across a wide variety of these institutions in 14 states and the District of Columbia, representing every region of the United States. Based on their confidential comments, we show that diversity benefits the boards, the institutions and key stakeholders, but that women face substantial barriers to gaining board seats and to succeeding once elected. We also discuss what boards should do to increase women's numbers and suggest the roles that different stakeholders could play in speeding the pace of change.

Though this study focused on gender diversity, we note the parallel barriers to racial diversity and the impact of the combined barriers of gender and race for women of color.

Women make a difference on nonprofit boards.

Study participants agree that board diversity adds value and that female directors have substantial impact on these boards and their significant decisions. Women make contributions related to their expertise, as do men, but they also bring different experiences and perspectives to the table. That matters. Women make particular contributions to issues involving consumers (students and patients), culture change, improved governance and the way decisions are made.

Important barriers to gender diversity and inclusion are particular to nonprofits.

Though many of the gender and racial barriers resemble barriers in public-company boards, some are particular to nonprofits, which differ in important ways from for-profits. Larger board sizes,

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the expectation to make financial contributions rather than to earn a stipend, and board member selection processes create different challenges to diversity and call for some different remedies.

Financial capacity strongly influences board composition and size.

In order to include significant numbers of major donors, eds and meds boards usually are far larger than for-profit boards. Though some board leaders are willing to forego the generally-expected dollar contributions from board candidates who bring other attributes like diversity or community and political connections, boards make such exceptions for only a limited number of seats. We explore some potential consequences of such practices and note that, although some interviewees believe an emphasis on fund-raising presents challenges to good governance, almost none seem concerned about the lack of economic diversity among board members.

Women face barriers to succeeding in the nonprofit boardroom.

Even when boards select women to serve, they do not always truly include the women or fully tap their potential to participate. Though interviewees regard 30% as the minimum presence of women necessary for true diversity, that presence alone does not guarantee inclusion. This is particularly the case on large boards, where committees do the real work and executive committees often make most decisions. Exclusion from power positions or committees, or appointment in small numbers, can mute women's voices. Interviewees described a pattern of female board members speaking less than their male colleagues, and a surprising number of the highly-qualified women on these powerful boards described themselves and other female colleagues as less likely than men to "take the floor."

Nonprofit boards can succeed in achieving and benefiting from diversity.

Some boards have successfully created gender diversity and inclusion. But the sensitive topic of board diversity doesn't make it onto the agenda for discussion by most full boards, particularly large boards that don't allow much discussion, except in committee meetings. Diversity discussions sometimes take place only in nominating and governance committees, leaving many board members with the sense that someone else is handling the issue. Although discussion seems a prerequisite for major change, it does not guarantee action. Action requires leadership and intentionality along with changes in board practices and systems. Strategies that have worked for institutions reporting progress range from putting less emphasis on a candidate's financial capacity to contribute, to changing recruiting practices, shrinking board size, and creating separate fundraising boards.

Stakeholders could propel change.

Interviewees believe most stakeholders – consumers (students and patients), employees (particularly faculty in the eds), alumni/ae and donors – do not pay much attention to boards generally or their makeup. We believe those stakeholders need to recognize that boards enact major decisions and policies and that diversity has a positive impact on the quality of those decisions and policies. If stakeholders paid greater attention to the lack of diversity on the boards of large nonprofit educational and healthcare institutions in the United States and organized to exert their influence, they could propel change.