
Leadership Diversity in the Nonprofit Sector: Baby Steps, Big Strides, and Bold Stances

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Prior to arriving at Sprott, Chris received a Seymour Schulich Teaching Excellence Award. Drawing on almost a decade of management experience, he brings an insightful yet pragmatic approach to management and strategy learning.

Chris's research interests draw on organization theory and strategic management to investigate evolutionary routines, dynamic collective processes, and organizational capabilities which serve as sources of innovation and resilience. His program of research incorporates people (social resources), practices (individual and collective processes), and context (systemic, structural, and environmental influences) to examine how new capabilities emerge and change over time. His primary research investigates the contribution of social networks to organizational performance, by examining how social capital emerges in dynamic networked environments and how social capital emergence impacts the evolution of organization capabilities. Chris is also an active researcher in the nonprofit sector, where he focuses on Canadian nonprofit boards of directors and the role of power and diversity in shaping change in organizational governance.

EXECUTIVE SUMMARY

This report is the fifth in a series of reports commissioned by the DiverseCity Counts research initiative. DiverseCity Counts is part of DiverseCity: The Greater Toronto Leadership Project, an initiative of Maytree and CivicAction. This report examines diversity in the boards of nonprofit sector organizations.

The focus on governance and leadership diversity is both timely and increasingly instrumental to the success, legitimacy, and viability of nonprofit and public organizations. Many have noted that nonprofit organizations are profoundly challenged by a multitude of concerns stemming from such varied causes as funding and fiscal instability, limited access to highly skilled human capital, and changing demographics of the communities and constituents these organizations and agencies have pledged to serve. In the face of these strategic challenges, greater leadership diversity among senior executives and boards of directors is necessary.

Baby Steps

This research examines the composition of the boards of directors and senior leaders of organizations through three surveys of board chairs and executive directors. Results indicate that there is a need to better reflect the demographic characteristics of the Greater Toronto Area. Of the total 4254 board members examined for this research, only 15.59% are visible minorities. This compares with 40% of visible minorities in the GTA's population. However, 77.9% of organizations have at least one visible minority on their boards. This suggests that some progress is being made in the majority of boards to diversify their leadership.

Big Strides

A larger number however appear to recognize the importance and value of diversity. A full 43.8% report having a formal working definition of diversity, and of these 83.6% include ethnicity, race and colour. Additionally, 49.4% identify country of origin, with 36.3% including immigrant and refugee status within their diversity policies. For these organizations, diversity in leadership and governance are strategic issues critical to organizational effectiveness. Regardless of how diverse the organization, overwhelmingly, respondents to the survey – who were primarily executive directors and board chairs – said that a diverse board generates strong returns.

Our findings indicate that diversity, even in small amounts, benefits boards and organizations in substantial ways by adding new and fresh perspectives in decision-making, bringing innovative new thinking to bear, and extending the reach of organizational networks. In addition, leadership diversity was found to contribute to organizational governance by helping to shape and guide the strategic direction of the board, improving board governance procedures, strengthening the board's financial management, and enhancing fundraising.

Bold Stances

With evidence to support that diversity improves nonprofit governance, a small number of organizations are pushing further - a movement that we hope will continue to grow. Our findings suggest that diversity contributes to effective governance, and that more diversity amplifies these benefits. We show the impact of following a 'critical mass 30%' rule, as we demonstrate that 'if some diversity makes a difference, more diversity equals more inclusive boards and better governance'. Among these 'critical mass' respondents, diversity and inclusion are an essential aspect of nonprofit sector success. Representing what is the leading edge of diversity initiatives, champions of critical mass inclusion emphasize the importance of building and maintaining inclusive board processes that lead to positive board dynamics and greater governance effectiveness.

Recommendations:

To achieve these benefits, this report highlights a number of recommendations including:

- Put decision-making power in the hands that need it most - make participation meaningful;
- Foster a critical mass - ensure that hard won gains in representation don't take a tokenistic turn;
- Emphasize meaningful roles in governance processes - assign diverse members to special committees and taskforces where ideation and problem-solving are critical;
- Mobilize senior organizational leaders as catalysts of change - afford opportunities for leaders to champion diversity beyond organization boundaries; and
- Communicate the benefits of diversity in leadership - celebrate and share your successes as well as your struggles to help others understand and strengthen the community of practice.

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RESEARCH MANDATE: CONTEXT FOR THE STUDY OF NONPROFIT SECTOR LEADERSHIP DIVERSITY

This research was commissioned by DiverseCity Counts which is a project of DiverseCity: The Greater Toronto Leadership Project led by Maytree and the Greater Toronto CivicAction Alliance.

It examines the state of diversity among the boards of directors of nonprofit organizations in the Greater Toronto Area, as reflected by the representation and participation of members of visible minority groups in the leadership and governance of these organizations. Representation and participation reflect two very different approaches to the issue of diversity; the former providing a sense of just how diverse the composition of a board might be, while the latter speaks more to the issues of engagement and influence in shaping the strategic decision-making processes of the organization.

While there are many ways to define diversity, in this report we focus on diversity through the lens of racial-ethnic demography as reflected in the representation of members of visible minority and immigrant communities in the governing and leading of nonprofit organizations and public agencies. Visible minority status is an approved Statistics Canada standard of measure which refers to whether a person belongs to a group who are non-Caucasian in race or non-white in color (Statistics Canada, Policy on Standards, 2009). This focus is appropriate in the Greater Toronto Area where 40% of the population is composed of visible minorities.

In this report, the term governance refers to the collection of activities involved with fiduciary oversight, strategic planning, executive and organizational evaluation, and the safeguarding of organizational missions and mandates. These activities may at times be relatively routine, as in the case of an annual executive performance evaluation or the selection of a financial auditing firm. At other times, governance may require the resolution of complex or highly contested situations such as how best to remain faithful to an organization's mission while simultaneously reinventing the organization to better reach and relate to new communities and constituents necessary for future success. Governance and the act of governing are the responsibility and purview of each organization or agency's boards of directors, falling specifically to their chairpersons, board members, and senior executive leaders.

This research project was undertaken with the mandate to explore and address four fundamental questions in the area of nonprofit sector leadership diversity. These research questions provided guidance throughout the collection and analyses of data, and they continue to guide the presentation of our results in this report.

1. How diverse are nonprofit and public sector boards in the Greater Toronto Area?

Understanding the degree of diversity within the boards of directors of nonprofit and public sector organizations is an essential first step in determining whether organizations are successfully attracting, recruiting, and retaining visible minority board members.

2. Why is diversity in the nonprofit sector important?

A great deal has been written extolling the virtues of greater leadership diversity. This report builds and provides nuance to this body of work.

3. What is the impact of diversity in leadership?

For those organizations that have developed a diversity policy or which have significantly formalized diversity within the strategic framework of the organizations, this report describes the benefits they have achieved.

4. What can organizations do to maximize the benefits of diversity?

This report provides concrete and practical recommendations for boards and organizations that wish to diversify their leadership and governance.

The journey to diversify is sometimes laden with concerns about board and organizational stability resulting from differences of perspective and interest. As a result, an additional aim of this research is to highlight what we believe are three important stages in the diversity journey from the representation, to the participation, and finally the inclusion of visible minority community members in the governance and leadership of nonprofit organizations and public agencies in the Greater Toronto Area.

RESEARCH METHODOLOGY

This research draws on three field surveys.

The first survey of boards in the Canadian not-for-profit sector was composed of a 14-page mail-based questionnaire, which was pre-tested in two focus groups of executive directors and revised based on their feedback. The questionnaire was sent to a total of 825 organizations on the membership mailing list of Imagine Canada (formerly the Canadian Centre for Philanthropy). Slightly fewer than 30% of these organizations responded by having either their chief executive officer, executive director, or board chairperson complete the questionnaire. This yielded a final sample of 234 organizations. Of these respondents, 96 organizations were identified as being located in the GTA and extracted from the sample for this study. We believe that this is a representative sample as the relative responses, when compared to all the organizations surveyed, were not obviously skewed towards a particular subsector, size or type of organization although non-response bias always needs to be considered. These organizations received at least three mailings. The first mailing was a complete package consisting of a cover letter, questionnaire, and postage-paid return envelope. We followed this with a thank you/reminder card about one week later. Organizations that did not return a completed questionnaire received a second questionnaire package, identical to the first but without the cover letter. Respondents were assured confidentiality and that their responses would be discussed only in the aggregate.

The second survey was constructed and administered electronically under the auspices of the DiverseCity onBoard program, an initiative managed by Maytree that is part of DiverseCity: The Greater Toronto Leadership Project. This program identifies qualified visible minorities and immigrants ready and willing to sit on a board, and matches these individuals with board opportunities. This survey instrument included a subset of the questions administered in the first survey for comparability; this survey too was pre-tested and further refined before release. An on-line survey distributed by Maytree sampled 1,111 individual members of the DiverseCity onBoard roster and executive representatives of 480 participating organizations. Data collected in this phase of study included 302 individual respondents and 151 responding organizations, yielding response rates of 27.2% and 31.5% respectively. Respondents to the organizational survey included only the senior most organizational leaders and identified as chief executive officer, executive director, or board chairperson when completing the questionnaire. In all cases, potential respondents received an introductory email that included a web-link to the electronic survey hosted by a reputable internet host site. Potential respondents who did not respond to the survey received reminder notifications. Consistent with protocols of the first survey, respondents were assured that their results would be held in confidence.

The third and final data collection was largely exploratory in nature, focusing exclusively on three sectors with which DiverseCity onBoard has only a limited presence. This field survey sampled Arts, Sports, and Environmental organizations from within the Greater Toronto Area.

Using a subset of the questions asked in the previous electronic survey, we contacted a number of intermediating organizations to reach out to senior leaders, board chairs, and executive directors of arts, sports, and environmental organizations on our behalf. The Ontario Trillium Foundation, which created the base list of approximately 1,000 organizations, sent an introductory email that included a web-link to the electronic survey several times over a period of a few months. Due to low response rate, we further reached out to the Ontario Nonprofit Network, Toronto Arts Council, SportMatters, Sport4Ontario, Diaspora Dialogues and the Sustainability Network to aid in further enhancing the representativeness of our sample. In sum, 269 organizations responded to our call for participation. Consistent with protocols of the first survey, respondents were assured that their results would be held in confidence.

In the interests of full disclosure, we do concede some limitations in the design and methodology of our approach to this research. While much of the data stems from samples with response rates approaching or in excess of 30%, there is room for further improvement in the representativeness of our sampling. Clearly the results would have offered a great deal more conclusiveness had we received a complete or near-complete response rate, which would have helped to ensure that we weren't capturing organizations with a bias toward engaging with issues of governance and leadership diversity. It is equally worth noting that survey-based research is often criticized for two important shortcomings. First, surveys like the ones conducted herein may afford an excellent snapshot of a point in time, but much like a picture, they tend not to capture the ongoing plot twists that are so commonly associated with organizational life. Luckily, some prior research exists in this domain, and this offers some comparative advantages in understanding and interpreting our results. Second, survey-based research is frequently criticized for forcing responses into categories that may be salient to the investigator, yet far removed from the observations and experience of the people being surveyed. Compounding this issue is that many survey designs leave little opportunity for respondents to express themselves or elaborate on their thoughts and experiences. We sought to minimize the impact of these concerns by including a great number of opportunities for further specificity or clarification within the framework of the survey. In addition, respondents were offered the opportunity to participate in a further interview of which Maytree representatives conducted 25 (15 with individual board members and 10 with organizational respondents).

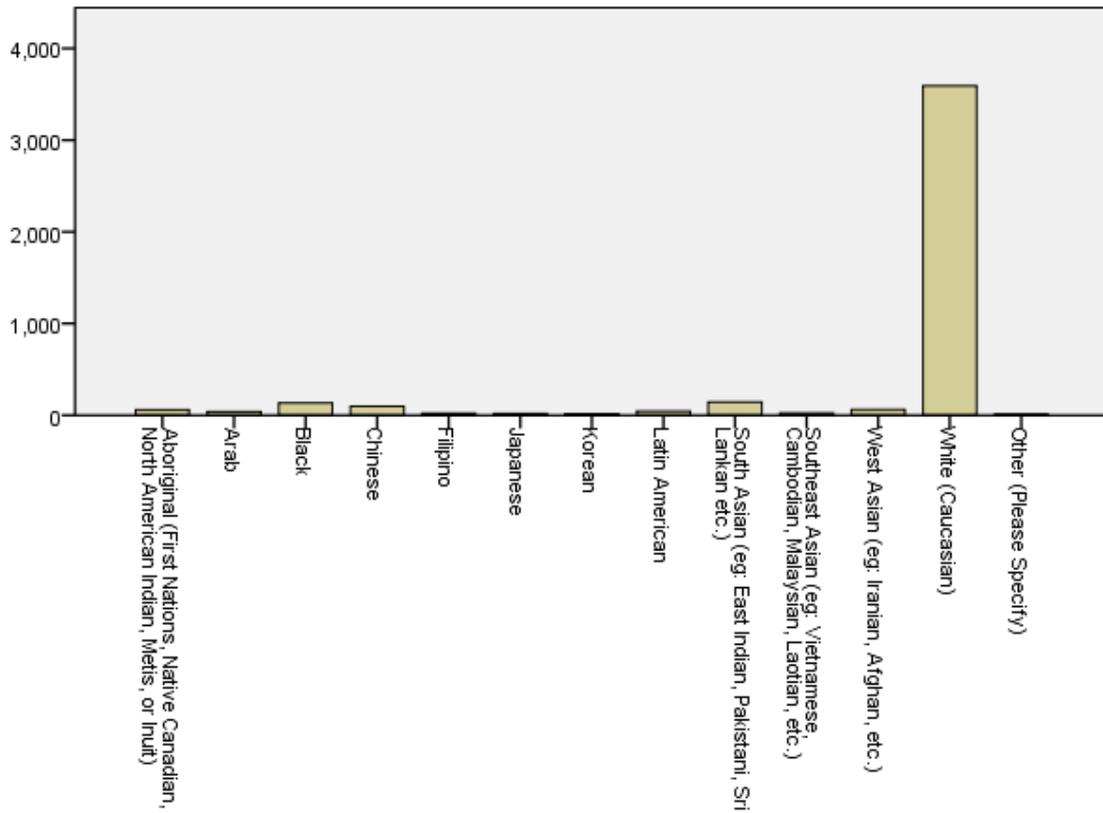
Thanks to those individuals who took time to share their experiences and organizational insights. The data collected from this outreach effort tells a compelling story about how organizations, and the individuals drawn to them, understand and engage with profound and sometimes challenging issues of diversity, and they are the basis upon which this report is founded.

HOW DIVERSE ARE NONPROFIT AND PUBLIC SECTOR BOARDS IN THE GREATER TORONTO AREA?

According to 2006 Census data, visible minorities comprise 40% of the population of the GTA, a figure that dwarfs rates of representation in the governance and leadership of nonprofit organizations and public agencies. Prior research tracking diversity in the nonprofit sector within some of the largest charities and foundations based on revenues registered in the Greater Toronto Area shows that in 2011 visible minorities made up 9.9% of senior executives. This represents a decrease from the 2010 rate of 15.5% but a slight increase from the 2009 rate of 8.5%. At the board level, visible minorities made up 13.3% of members, a slight increase from 11.9% in 2010 but a decline from 13.7% in 2009 (Cukier et al., 2011). To date, rates of representation and participation in the governance and leadership of nonprofit sector organizations by members of visible minority communities has been disproportionately lower than would be anticipated, despite facing an aging population, declining domestic birth rates, and intense competition for human talent (Parris, Cowan & Huggett, 2006).

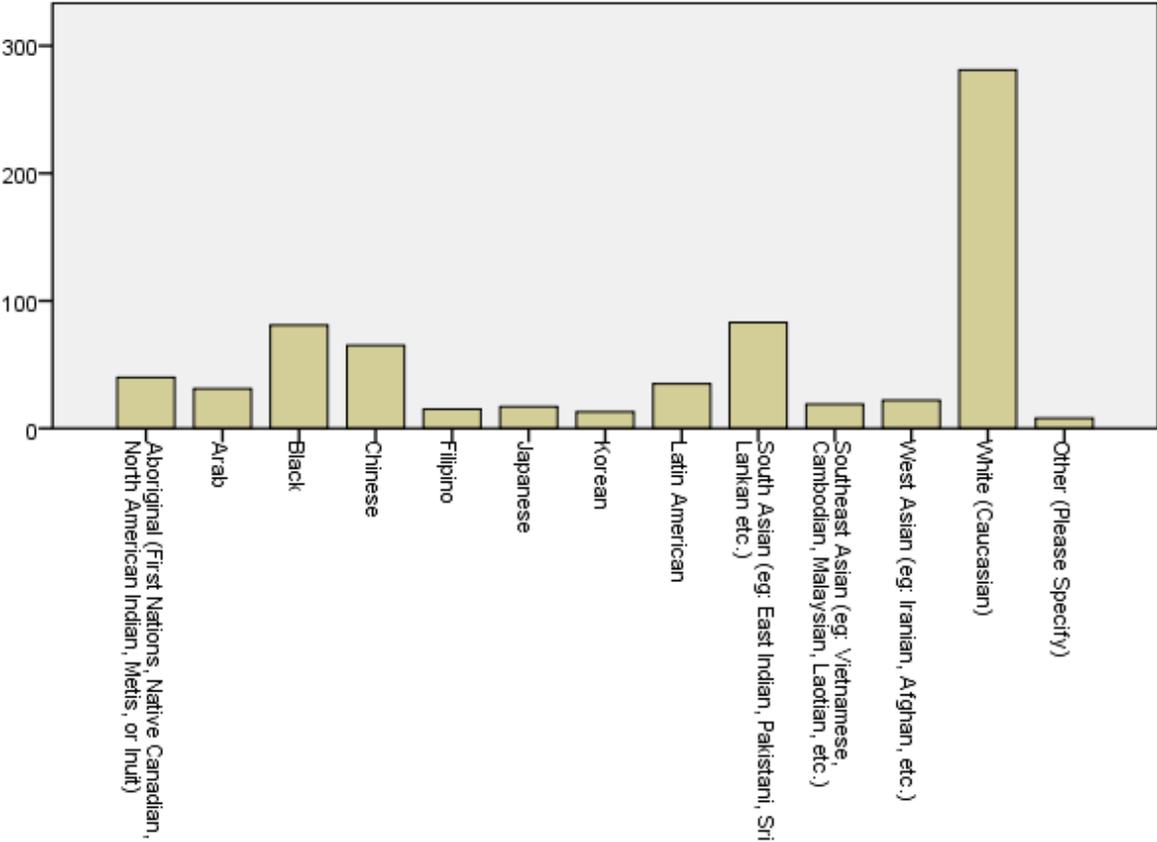
In our sample there were 420 organizations and 4,254 board members. Of this total, only 15.6% are visible minorities. All sub-groups of visible minorities are under-represented, but those of Korean descent, with 14 members (0.33%), have the fewest numbers of visible minorities in our sample, with Blacks (3.1%) and South Asians (3.4%) having the highest level of representation. See Figure 1 below for further details.

Figure 1: Board member ethnic origin and visible minority status



On a more positive note, however, 77.9% of organizations have at least one visible minority on the board. Figure 2 illustrates the frequency with which each demographic category appeared in the data.

Figure 2: Board composition reported by category occurrence



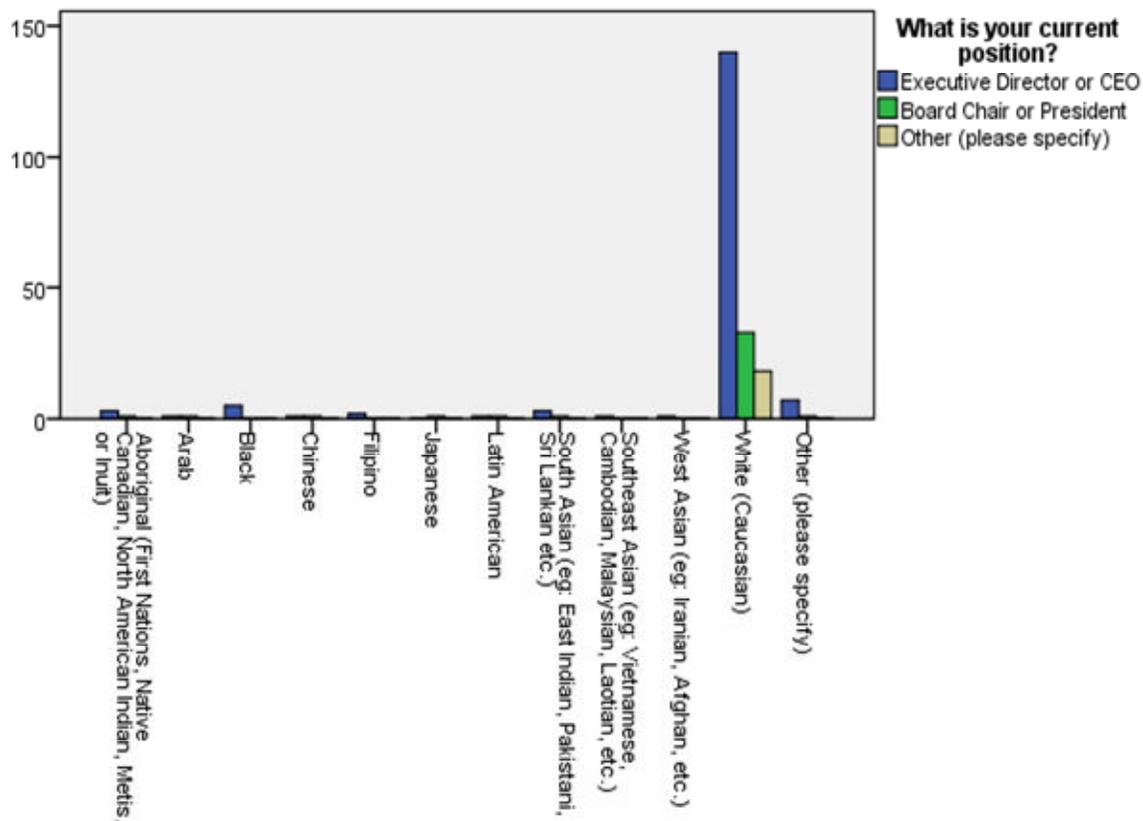
In early studies of social movements and gender-based change, it was argued that a critical mass was necessary to trigger and sustain a chain reaction that would bring about desired change. While the number of people necessary to constitute a critical mass may vary, some suggesting as high as 75% of a group, in the context of nonprofit governance where relevance and legitimacy to constituent groups is imperative, this number may be as little as three to four people from a board of twelve. Among responding organizations, slightly less than a quarter (24.2%) indicated having at least three visible minority board members, a result that closely mirrors the 24.5% of boards who report having compositions that are 30% diverse or more.

Table 1: Data in support of figures 1 and 2 illustrating responses by number of board members and by frequency of category occurrence

As far as you know, how many board members are:	Number of Members	% of Members
Aboriginal (First Nations, Native Canadian, North American Indian, Métis, or Inuit)	59	1.39%
Arab	38	.89%
Black	133	3.13%
Chinese	99	2.33%
Filipino	20	.47%
Japanese	18	.42%
Korean	14	.33%
Latin American	44	1.03%
South Asian (eg: East Indian, Pakistani, Sri Lankan etc.)	145	3.41%
Southeast Asian (eg: Vietnamese, Cambodian, Malaysian, Laotian, etc.)	24	.56%
West Asian (eg: Iranian, Afghan, etc.)	61	1.43%
White (Caucasian)	3591	84.41%
Other (Please Specify)	8	.19%
As far as you know, how many board members are:	Category Occurrence	% of Occurrence
Aboriginal (First Nations, Native Canadian, North American Indian, Métis, or Inuit)	40	5.63%
Arab	31	4.37%
Black	81	11.41%
Chinese	65	9.15%
Filipino	15	2.11%
Japanese	17	2.39%
Korean	13	1.83%
Latin American	35	4.93%
South Asian (eg: East Indian, Pakistani, Sri Lankan etc.)	83	11.69%
Southeast Asian (eg: Vietnamese, Cambodian, Malaysian, Laotian, etc.)	19	2.68%
West Asian (eg: Iranian, Afghan, etc.)	22	3.10%
White (Caucasian)	281	39.58%
Other (Please Specify)	8	1.13%

While our study is primarily focused on the diversity of boards, we also asked respondents – the majority of whom were Executive Directors – to describe their ethnic and racial characteristics. Of those who self-identified, the overwhelming majority did so as White (Caucasian). Consistent with the findings of past DiverseCity Counts research we found 14.35% of responding senior organizational leaders to identify as coming from a visible minority background as compared with 9.9% in 2011, 15.5% in 2010, and 8.5% reported in 2009.

Figure 3: Representative diversity among our senior organizational leadership respondents



Understanding the degree of diversity within the boards of directors of nonprofit and public sector organizations is an essential first step in determining whether organizations are successfully attracting, recruiting, and retaining visible minority board members.

That we see the majority of boards having at least one visible minority is evidence of progress toward greater representational diversity and it is a positive and quite welcome sign. However, given the state of diversity among those charged with governing and leading nonprofit organizations and public agencies relative to the community of constituents in which these

organizations are located, there is good reason for caution. It is relatively safe to conclude that if we are making progress we are doing so in *baby steps* rather than leaps and bounds.

Table 2: Cross reference of respondent demography and leadership diversity

Which of the following do you most identify with?	What is your current position?		
	Executive Director or CEO	Board Chair or President	Other
Aboriginal (First Nations, Native Canadian, North American Indian Métis, Inuit)	3	1	
Arab	1	1	
Black	5		
Chinese	1	1	
Filipino	2		
Japanese		1	
Latin American	1	1	
South Asian (eg: East Indian, Pakistani, Sri Lankan etc.)	3	1	
Southeast Asian (eg: Vietnamese, Cambodian, Malaysian, Laotian, etc.)	1		
West Asian (eg: Iranian, Afghan, etc.)	1		
White (Caucasian)	140	33	18
Other (please specify)	7	1	

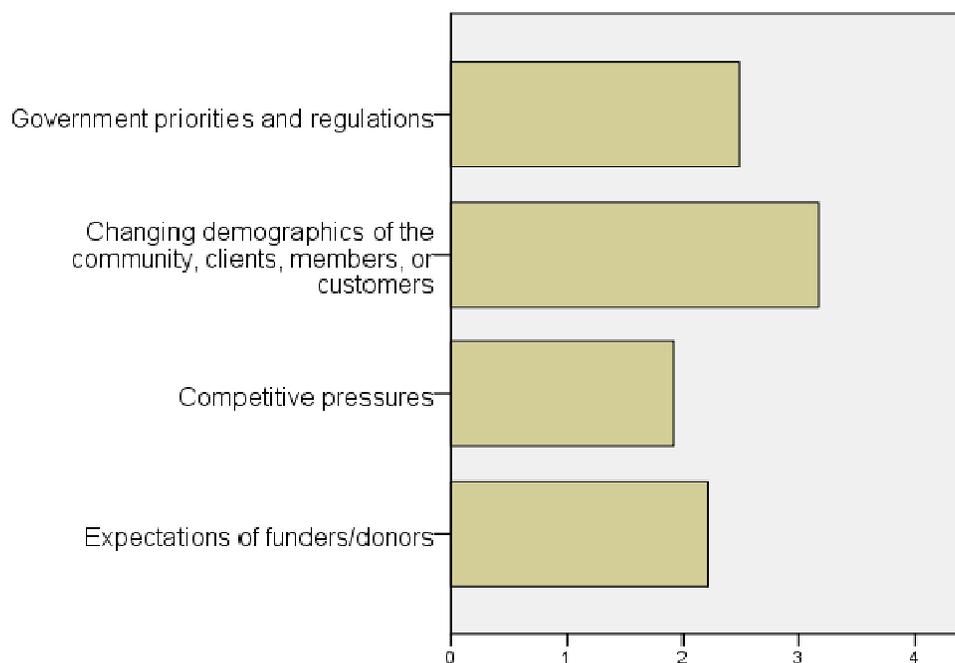
Organizations responding to our call for participation spanned multiple sectors within the nonprofit community, including arts and culture (38.9%), sports and leisure (22.2%), social welfare (10.7%), health and wellness (8.0%), and the environment (4.4%), among others. These organizations largely reported year-over-year stability, and in many cases growth, in important indicators of organizational health, including annual budgets, additional full-time paid staff, volunteer participation and service usage. On average, our respondents indicated positive annual budget growth for the period 2009 through 2012, with 38.5% reporting growth in excess of 10% and an additional 17.8% reporting positive growth of 10% or less. Similarly, 37.1% of organizations reported that their full-time equivalent staff increased during this period, as did the number of volunteers (45.5%), members (32.4%), and clients (45.5%) attracted to the organization.

In assessing the robustness of these results, we found little variation when we considered how other factors such as organizational age, size or sector might affect leadership diversity among boards, a finding consistent with past research conducted in the sector.

WHAT IS THE IMPACT OF DIVERSITY IN LEADERSHIP?

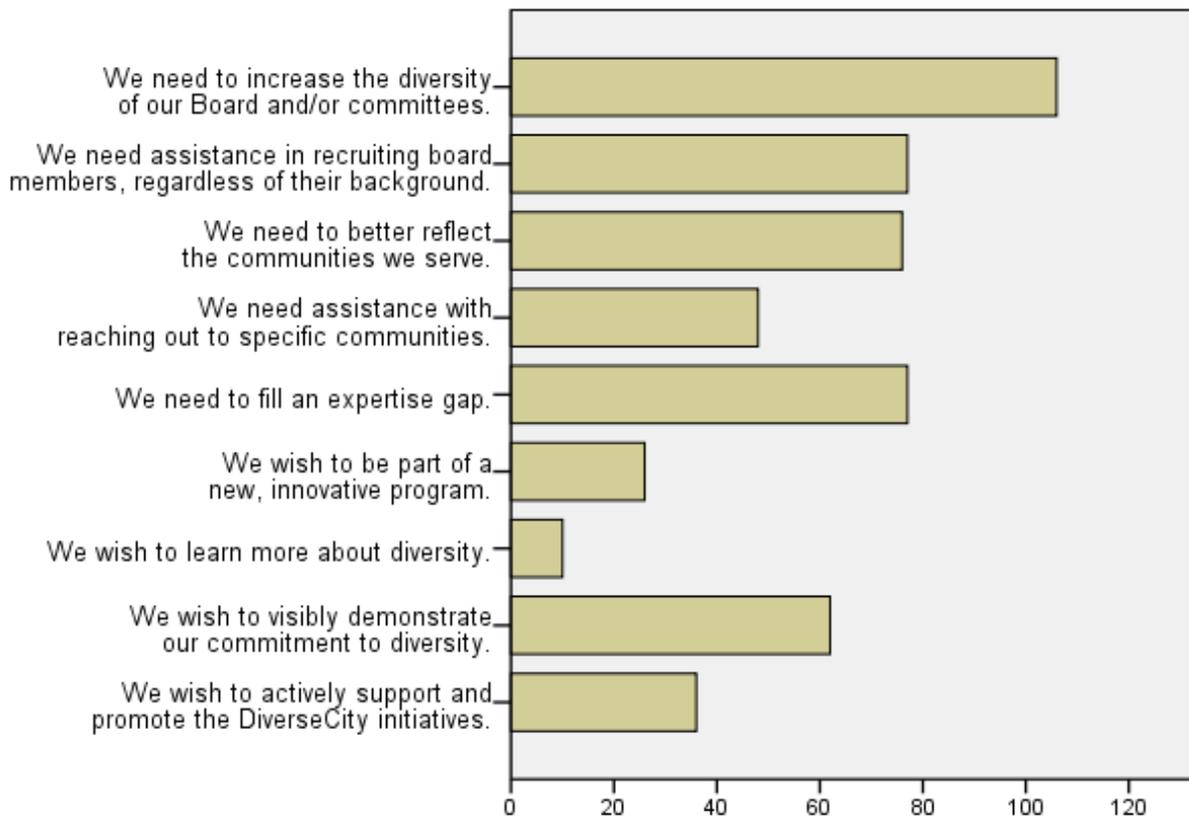
Four significant external factors are encouraging the organizations in our sample to diversify their boards. These include financial, competitive, regulatory, and market-driven influences (figure 4), which have traditionally associated with strategic threats to virtually every organization's success and viability (Parris et al., 2006; Joy, Carter, Wagner & Narayanan, 2011; Dobbin & Jung, 2011).

Figure 4: External factors that make diversity a priority in governance



Even though there are external factors that can motivate boards to diversify, there are also a number of motivations that relate to the perceived benefit of diversity on boards. Figure 5 presents some of the reasons given by those board chairs and executive directors who participated in the DiverseCity onBoard program.

Figure 5: Factors driving organizations toward greater diversity in organizational governance



Furthermore, a full 43.8% report having a formal working definition of diversity, and of these, 83.6% include ethnicity, race and colour, 49.4% identify country of origin, with 36.3% including immigrant and refugee status within their diversity policies. We see efforts to enhance organizational legitimacy in areas where the boards wish to demonstrate a commitment to diversity as a *big stride* in the journey to diversify. Making a strategic commitment to diversity demonstrates that they have identified this as an important issue, either to increase their responsiveness to local communities and constituents (Sicilian, 1996), or to build and promote stronger stakeholder relationships (Robinson and Dechant, 1997). Beyond the symbolic importance of such efforts, they may expect to reap tangible benefits from increased legitimacy in the form of reputational gains, service improvements among diverse populations, and improved fundraising as the organization is seen to more closely reflect the values of donors and constituents.

Echoing the results of prior research that suggested a relationship between diversity and creativity, our findings illustrated in figure 6 that those organizations that have welcomed a DiverseCity onBoard candidate to their board have benefited from fresh perspectives in decision-making and new and innovative thinking. Figure 6 also highlights the important relationship between diversity and organizational reach as suggested by the newfound ability to recruit more visible minority members to the board and the capacities to better connect and relate to stakeholder groups.

Figure 6: Functional benefits of leadership diversity

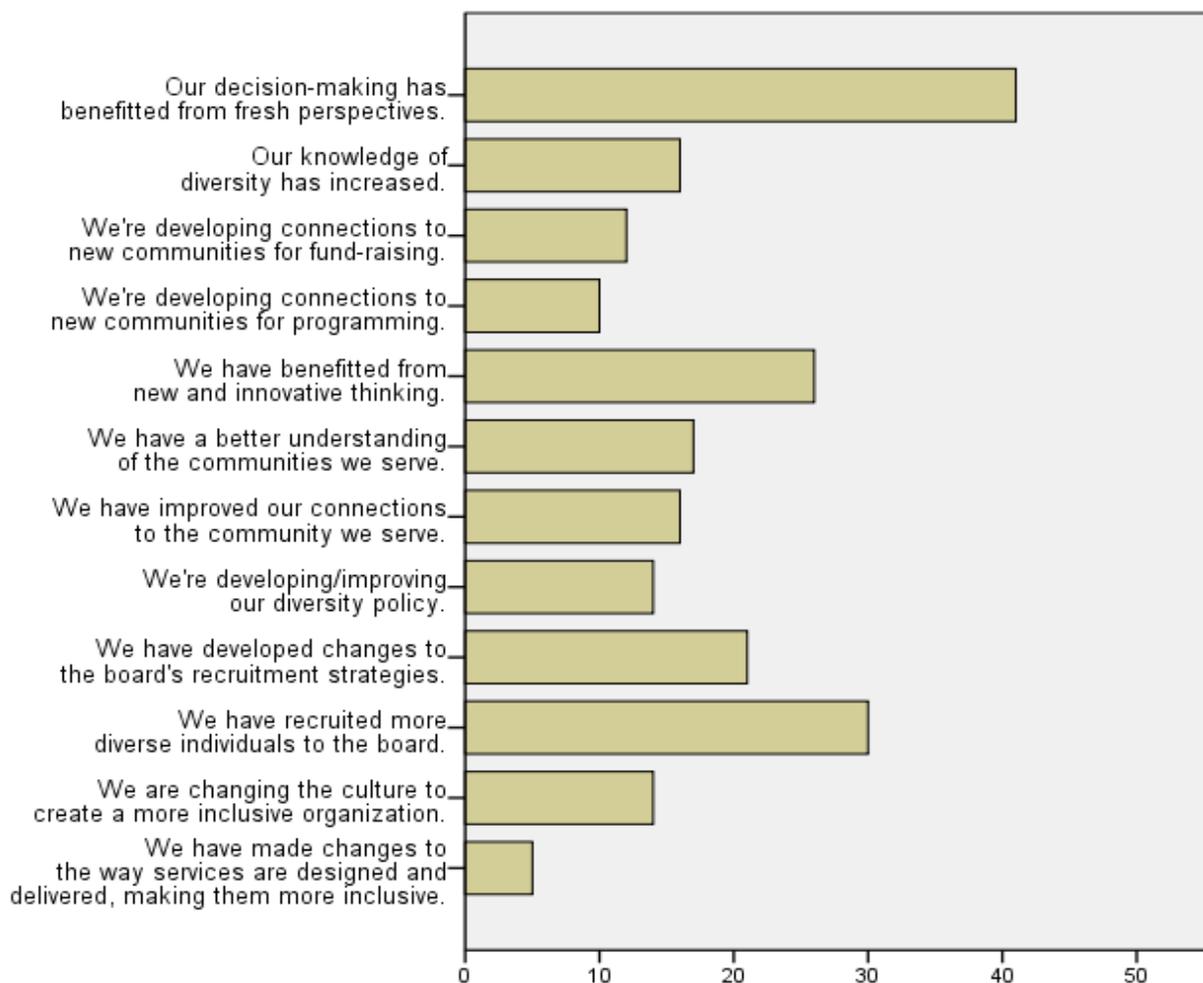
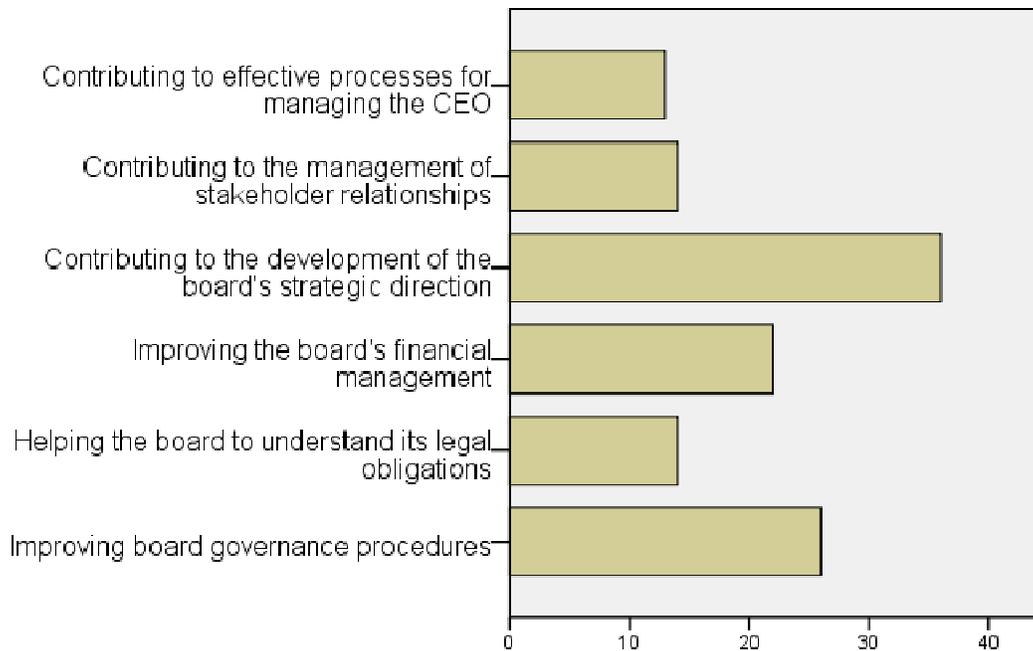


Figure 7 describes the benefits to the governance of the organization as described by respondents. Here we see that the three biggest overall contributions afforded by the inclusion of visible minority board members are attributable to participation in shaping the strategic

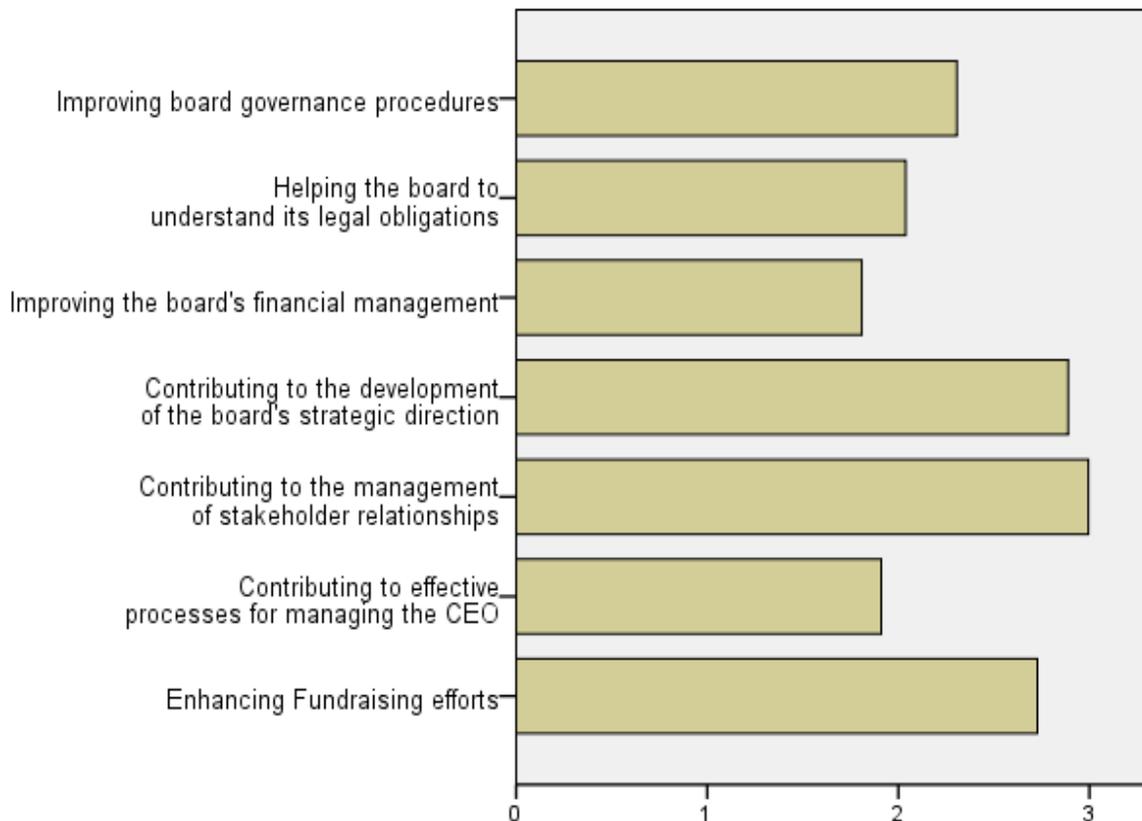
direction of the board, improving board governance procedures, and improving the board's financial management. When presented with the opportunity to engage in the processes of governing and leading, visible minority board members make real and tangible contributions to the effectiveness of their boards and organizations according to senior organizational leaders.

Figure 7: Contributions of leadership diversity to governance reported by senior leaders



In contrast to the data illustrated in figure 6 and 7 reported by organizational respondents, in figure 8 we present data identifying whether and how visible minority board members believed that they had contributed to the governance and leadership of their organizations. The reports of visible minority board members correspond in many important ways with those of senior organizational leaders, suggesting that board members also recognize the real and tangible contributions they are making to the effectiveness of their boards.

Figure 8: Contributions of leadership diversity reported by visible minority board members



Digging deeper into the data, we differentiate the boards of directors into low and high diversity categories based on the "critical mass 30%" rule and illustrate how greater diversity generates tangible improvements in the benefits of diversity (figure 9) and the contributions of diversity to governance (figure 10). The findings illustrated in prior figures (6 and 7) outlined the impact and importance of board diversity to governance. Figures 9 and 10 further dissect these results and show that, even in small amounts, leadership diversity contributes meaningfully to the performance of boards. However, when we compare boards with 30% or more diversity to those with less than 30%, we find a substantial improvement in both the reported benefits of diversity as well as the contributions that visible minority board members are making to their boards and organizations.

Figure 8: Functional benefits of diversity compared across high and low diversity boards

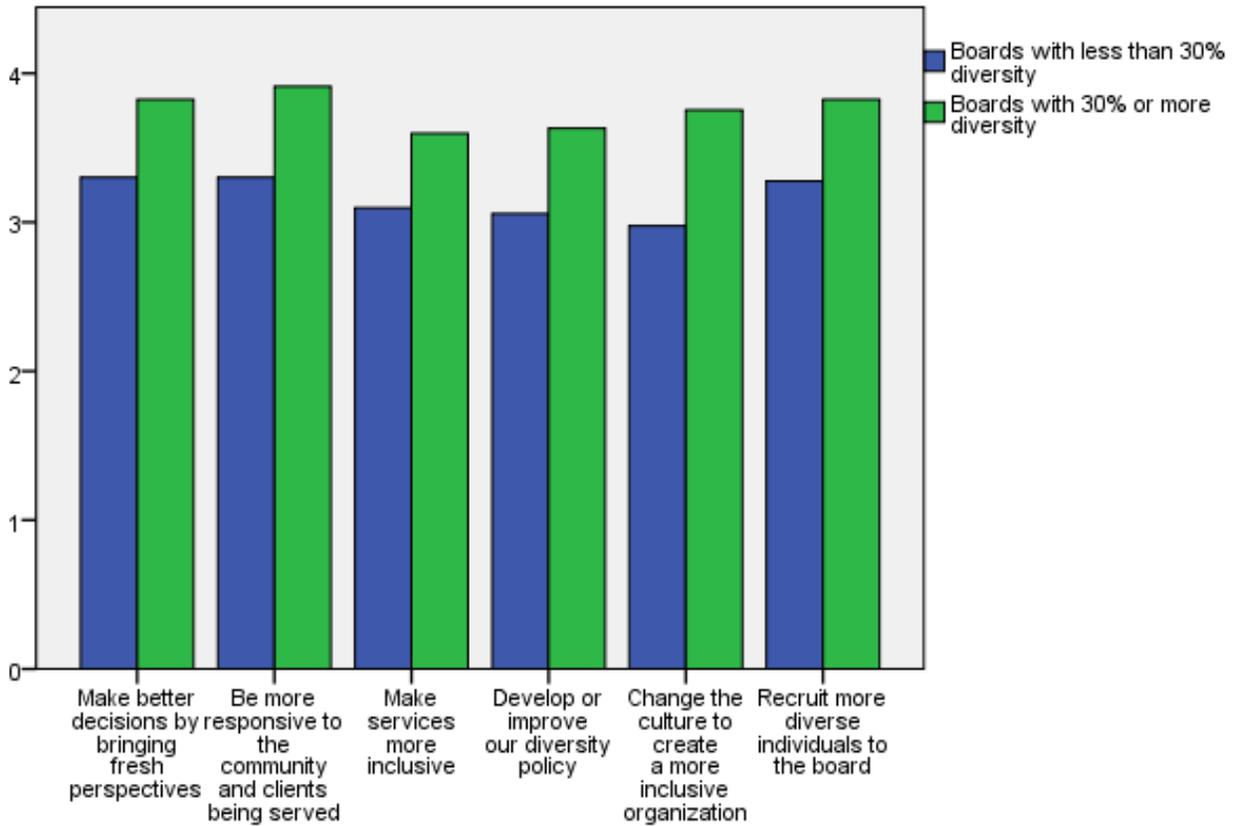
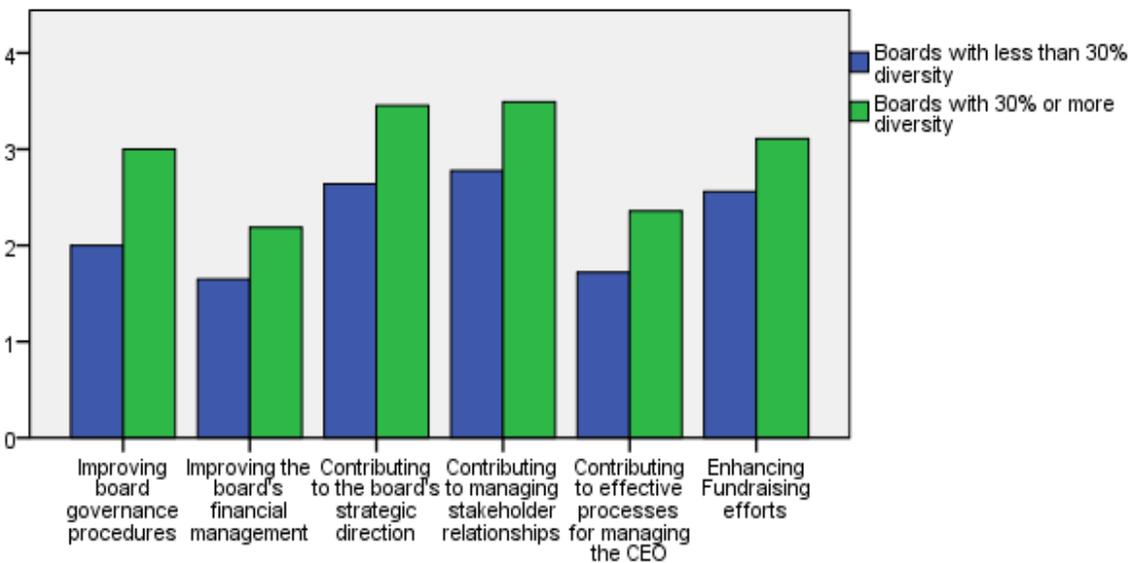
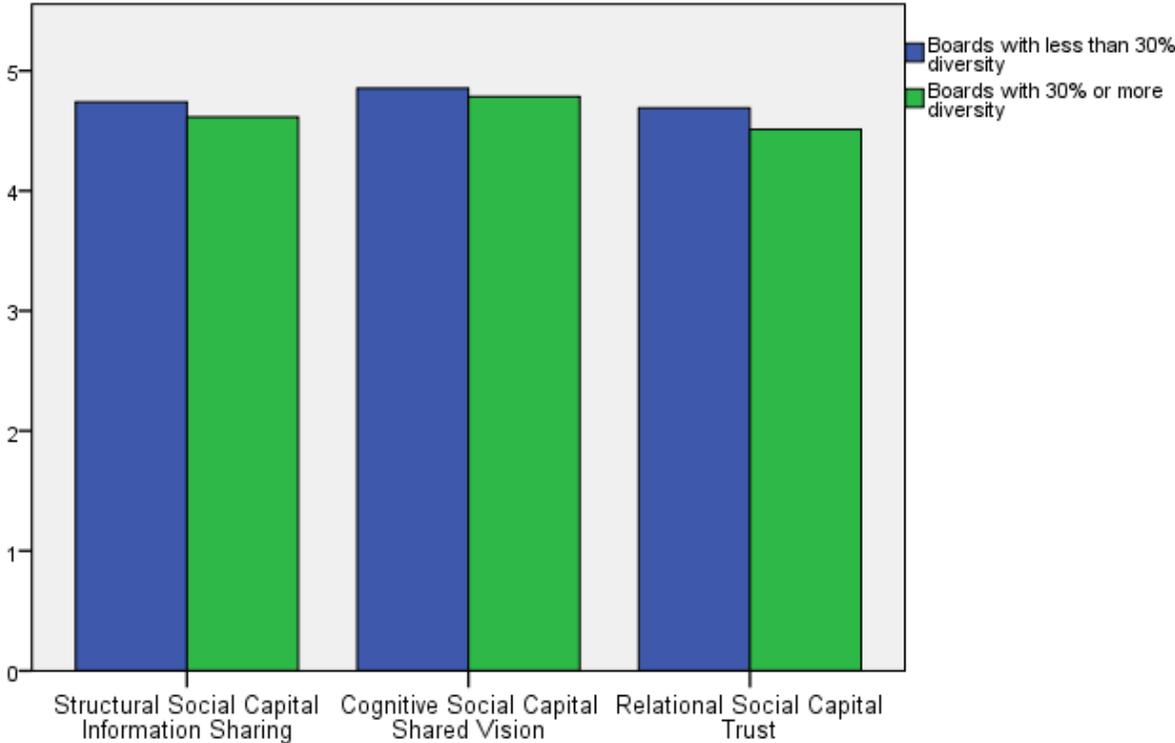


Figure 9: Contributions of diversity to governance comparing high and low diversity boards



Social capital has increasingly come to prominence as an important contributor to governance effectiveness and board health (Fredette & Bradshaw, 2012). In many ways, social capital is seen to be the bonding agent that keeps groups and communities working together, providing common ground with which to identify, a shared purpose and vision, and a sense of belonging and togetherness. A common concern among practitioner and academic communities is the notion that as groups become more diverse, competing interests and perspectives will lead to greater conflict causing a tangible decline of social capital. Our findings suggest no such effect among our respondents, as we found both a high degree of social capital within the boardrooms of our respondents, and no statistically significant difference when comparing less diverse boards to those with more diversity (figure 11). This is noteworthy because it dispels a common myth that adding diversity to the leadership and governance process will lead to friction in the boardroom.

Figure 11: Board-level social capital and diversity



What’s striking is that the more diverse an organization’s board, the more likely they are to report benefits to diversity. This finding suggests that there is strength in numbers. Once a critical mass of 30% is reached, there will be an increase in the benefits of diversity experienced by the organization, as our results illustrate. Moreover, we found no commensurate downside to either governance effectiveness or social capital as some have suggested that we might.

WHAT CAN ORGANIZATIONS DO TO MAXIMIZE THE BENEFITS OF DIVERSITY?

For organizations with a genuine interest in making progress toward greater representation of visible minority communities, diversity must become a strategic imperative. By this, we mean that issues of diversity need to be embedded into the decisions, discussions, and activities of boards in much the same way and with as much heft as are given financial considerations. For many groups and organizations, this will seem unnatural and unnecessary, yet without significant strategic endorsement during early attempts at building a representative foothold, all too frequently diversity has fallen victim to expedience. Formally identifying diversity as having strategic importance also helps to remind us that building more diversity into the leadership and governance of our organizations is not an idealized ambition, but an agenda issue and a strategic objective requiring concrete action to achieve.

In practice, organizational leaders and boards of directors wrestling with how to begin the recruitment of diverse leaders should consider the following approaches:

- Perform a demographic audit of your board - taking stock of demography is a necessary first step in understanding the breadth and depth of representation in your organization as it compares to stakeholders in your region
- Attract, recruit and retain with purpose - set explicit goals during search and selection processes for senior executives as well as board members
- Build a pipeline of talent for the future - collect demographic information about potential future board members and partner with organizations that specialize in finding and matching qualified visible minority candidates with suitable positions

Initiatives such as DiverseCity's onBoard program can also help. DiverseCity onBoard has more than 1,500 qualified and pre-screened potential board candidates waiting for the right opportunity. This program recently won second place in an international competition of diversity best practices, and there is interest in replicating this project in cities across Canada and the world.

However, to be successful in the diversity journey, organizations must go beyond recruitment. Organizations that have taken steps to diversify their boards frequently report struggling with issues of visible minority board member participation and turnover. Not surprisingly, it is quite reasonable to suggest that when people join boards, volunteer, and commit to organizations, they largely do so with the expectation that they will be able to participate in ways that make a meaningful contribution. Focusing on developing practices and processes that enable, endorse, and encourage meaningful participation in governance activities is an essential facet of this approach.

While representation may be today's dominant paradigm for understanding diversity, a growing number of leading practitioners and academics are turning their attention toward understanding diversity through the lens of inclusivity. Inclusion is a concept that has robust meaning in practice, particularly among traditionally marginalized communities, where inclusion has been described as an alternative to assimilation in which all people are treated the same or differentiation where differences are celebrated and are leveraged with the potential consequences of tokenism and exclusion (Fields, 2009).

In practice, to promote this kind of inclusion, we suggest that boards of directors stress the need for meaningful participation by:

- Aligning diversity efforts to the mission, mandates and goals of the organization
- Making participation meaningful by assigning diverse members to special committees and taskforces where ideation and problem-solving are critical
- Mobilizing senior organizational leaders as catalysts of change and affording opportunities for leaders to champion diversity beyond organization boundaries
- Communicating the benefits of diversity in leadership - celebrating and sharing the organization's successes as well as your struggles to help others understand and strengthen the community of practice

Inclusivity is a culture-changing process, and one that will bring a multitude of divergent logics and ideologies to bear on shared and sometimes-divergent interests. Bourne (2009, p. 263) describes an inclusion breakthrough as "a powerful transformation of an organization's culture to one in which every individual is valued as a vital component of the organization's success and competitive advantage." Rather than construing inclusion as providing a new seat at the table, many believe that inclusivity will result in transformation - a distinctly changed entity - one that balances permeable and responsive boundaries with achievement-oriented focus intended to meet the demands of the board and its mission. Institutionalizing practices, processes, and routines that foster functional and social inclusion enhances the effectiveness of boards of directors tasked with the complexities of organizational governance.

FINDINGS AND IMPLICATIONS – BABY STEPS, BIG STRIDES AND BOLD STANCES

In many respects, we have likened efforts to increase the diversity of an organization's governance and leadership to something of a long journey, one in which knowing where you are is perhaps as important as knowing where you want to go. We have argued throughout this report that maximizing the benefits of diversity is less about lofty goals and high-minded ideals, and much more about pragmatic action-oriented steps to advance from one stage in the journey to the next. Progressing from one stage to another, however, is contingent upon understanding where in the journey the organization is, where it is planning to go, and of course what the organization needs to do to achieve its next milestone.

We began our journey with a discussion of diversity in terms of representation, a first stage at which many organizations still find themselves. Results indicate that there is a need to improve levels of representative diversity among senior organizational leaders and boards of directors to better reflect the demographic characteristics of the Greater Toronto Area. Moreover, it appears that diversity in nonprofit sector leadership continues to progress in *baby steps* with influence and control largely in the hands of its traditional holders. More must be done to invite - identify, recruit and retain - members of visible minority communities into the boardroom and create conditions that enable and encourage them to stay. Overcoming the inertial tendencies that are impeding progress on this front requires a strategic approach to marry diversity to the mission and mandate of the organization.

Many nonprofit organizations and public agencies appear to be cognizant of the need for greater representation of members of visible minority groups in their governance and leadership. As a result, many organizations have developed a diversity policy. One conclusion of this research is that a growing number of organizations recognize visible minority representation and participation in governance and leadership as a strategic imperative. For these organizations, the taken-for-granted assumption that leadership and governance diversity are strategic issues critical to organizational effectiveness reflects a *big stride* forward. In large measure, their efforts and successes have increasingly called diversity into the foreground, highlighting the need to move from representation to participation for others in the sector.

We conclude on a note of enthusiasm with the promise that inclusion may offer the opportunity for transformational change that many have been seeking. A particularly noteworthy *bold stance* in the field is the growing awareness and legitimation of the role "critical mass" leadership diversity has in building more inclusive boards and organizations, a critical aspect of nonprofit sector success. Our findings suggest that diversity contributes to effective governance, and that more diversity amplifies these benefits. Representing what is the leading edge of diversity initiatives, champions of inclusion emphasize the importance of building and maintaining

inclusive board processes that lead to positive board dynamics and greater governance effectiveness.

We have argued that bringing diversity into organizations is a journey beginning with representation of visible minority groups that lead and govern nonprofit sector organizations. Without tangible efforts to foster participation in governance activities, however, organizations risk missing the benefits of diversity as well as the investment made in attracting and recruiting valuable candidates. The evolution from participation to inclusion is both a nuanced one and meaningful one, perhaps best captured by a respondent who suggested, "the difference lies in whether you are letting me lead and govern, or whether we are leading and governing together".

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