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LeRoux conducts research on nonprofit organizations with respect to their political advocacy activities and their ability to mobilize voters. LeRoux also studies performance, accountability, and networks of nonprofit agencies.

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RACIAL DIVERSITY & ENHANCING PERFORMANCE IN CHARITABLE ORGANIZATIONS

Introduction

Does racial diversity in staff and leadership enhance the performance of nonprofit social service organizations?

Nonprofit social service organizations play critical roles in urban communities across the U.S., filling gaps in the social safety net by providing food, clothing, housing, and other basic needs. The institutions providing these services are more likely to be viewed as trustworthy and their services fully utilized when the staff and leadership of these organizations are racially reflective of the communities and clients they serve. Yet there is evidence that both staffing and leadership in these organizations remain shockingly under-representative. Today's nonprofit workforce is roughly 82% White, and the lack of diversity is more dismal among the leadership, where only 14% of board members nation-wide are people of color.

This project set out to examine why the lack of diversity persists among the leadership of charitable organizations and to better understand the value that diversity brings to the nonprofit sector. The data used to examine these issues come from a national survey of several hundred charitable organizations as well as insights gained from interviewing nonprofit executives and leaders.

Findings

- Nonprofit leaders embrace the concept of diversity but lack a plan on how to achieve it. Leaders often fill board seats by approaching candidates within their existing (and often insular) networks leading to governance that is almost exclusively White.
- Diversity leads to better organizational performance. Over a 5 year period, nonprofits' net revenues increased by 20% for each additional Black, Latino, or Asian board member that joined a predominantly White board. This is still true after taking into account organizations' size, capacity, and CEO experience.
- Similarly, net assets increase by 17%, over the same period for each additional Black, Latino, or Asian board member that joined a predominantly White board.

Recommendations

These findings carry an important message for nonprofit leaders, as well as government agencies and foundations serving as sources of funding for charitable organizations. Nonprofit leaders and board chairs should include goals related to racial diversity in the organization's strategic plan and hold themselves accountable for meeting those goals. Government organizations that make grants or issue contracts to nonprofits should require demographic information pertaining to nonprofit boards and administrative leadership in the application process. Government agencies can then make racial diversity of the nonprofit's executive and administrative staff part of the criteria for distributing grants and awards. Similarly, foundations and philanthropic organizations that make grants to nonprofits should consider the diversity of executive and administrative staff in the awarding process, taking note of the positive return-on-investment that racial diversity brings to nonprofit governance.



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