



**BoardEffect**  
a Diligent brand

# Diversity, equity and inclusion

## What is it? Why does it matter?

### Executive summary

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In the U.S. nonprofit sector, boards continue to remain overwhelmingly white and male.

Some of this is due to the way mission-driven organizations have historically recruited board members. But, beyond that, the under-representation is due to preconceived ideas about who should serve on boards, which often causes potential board members to count themselves out.

Taking a closer look at successful diverse boards, it's apparent that definitions of diversity extend beyond the surface-level attributes to include thought, skills and background experiences. Each of these traits is under-represented on volunteer boards compared to the nation's demographics.

In the absence of government-mandated quotas, U.S. nonprofits have voluntarily developed diversity, equity and inclusion (DEI) frameworks and practices, recognizing that a DEI strategy is vital to future-proofing an organization.

The best way to identify a DEI strategy primed for success is to ensure your organization follows good governance practices through actions, such as:

- 1. Measuring DEI metrics** through surveys and polls to identify gaps.
- 2. Conducting regular skills audit** to measure and track board diversity, equity and inclusion outcomes.
- 3. Creating a robust modern recruitment strategy** centered around your unique needs.

These steps can help create successful diversity initiatives, leading to a healthier and more diverse board.

The need to address a lack of diversity on nonprofit boards in the U.S. has never been more pressing. Other nations, particularly in Europe, have made an effort to bolster DEI at the highest levels, and countries with diversity quotas are quickly eclipsing the U.S. – despite all efforts to increase diversity. The boards of mission-driven U.S. organizations must take swift action to address this gap.

This white paper examines who still doesn't have a seat at the table on nonprofit boards in the United States, despite global change, and why it isn't enough to tick a box. DEI measures are essential for having more board members feel valued and respected in the workplace.

# Introduction: What is DEI?

DEI is a complicated and multifaceted issue affecting boards worldwide. Despite recognizing that diversity and inclusion lead to a more equitable board of directors, mission-driven organizations in the U.S. are often slow to take the steps necessary to make lasting change.

A definition of DEI could logically start with a discussion of equality, and in the United States, some of the basics are enshrined into law; the [14th Amendment](#) extends the rights and liberties of the Bill of Rights to all citizens.

How does equality relate to DEI's "E," equity? In societies and on nonprofit boards, equality aims to create a level playing field for everyone. The goal is equity: equivalent outcomes for all, despite the challenges different individuals may be facing.

Moving on to DEI's first letter, diversity measures ensure that an organization comprises different people with varying skill sets. A diverse board of trustees is a board made up of people from all walks of life.

Organizations use equality and diversity as starting points to ensure they are creating an inclusive environment. Many people view diversity in the workforce as related to the protected characteristics listed within the Equal Employment Opportunity Act: age, disability, gender, race, religion and belief and sexual orientation. However, diversity doesn't stop at these characteristics.

[Diversity encompasses all of the features](#) that make each person unique: their mindsets, identities, career choices, hobbies, lifestyles, personalities and more. All of these things shape who a person is and form their beliefs and perspectives about the world around them.

Boards must [bring many views together](#) to unleash conceptual thinking, resilience and the ability to manage ambiguity. As situations often involve more than one right answer, [multiple perspectives](#) will result in more meaningful, strategic decisions.

When recruiting, you might consider two distinct categories:

1. **Primary attributes** — age, physical ability, gender and race
2. **Secondary attributes** — education, socioeconomic class, language, religion and belief, and skills

When boards default to superficial or perfunctory DEI implementation, they often seek candidates who only fill the primary attributes of diversity. Moves like this reduce a board's impact.

Finally, inclusion is successful once board members feel they are a respected part of the team and have an overall sense of belonging to the group. All efforts to create diverse and equitable boards are lost if directors don't feel valued as board members.



# Who is, and isn't, sitting on our boards?

It isn't surprising that boards tend to be whiter and more male than the overall population. What is surprising is just how stark those numbers are.

A 2021 survey of the U.S. nonprofit sector by the Urban Institute reported that only 21% of nonprofit board members are women or come from racial or ethnic minorities. [Statista's](#) 2022 data on nonprofit board member race and ethnicity reported 64% white, with only 16% Black/African American, 7% Hispanic/Latinx, 5% Asian American Pacific Islanders, and 1% Native American/Indigenous.

Who else is missing from nonprofit boards? Members of the LGBTQ+ community. The 2021 study by BoardSource reported that only 6% of board members are gay, lesbian or bisexual and only 1% are transgender.

People with disabilities — only 5% of board members today — are another significantly underrepresented group.

## Why aren't boards diverse? What are the barriers to recruiting a more diverse group of directors?

One reason for the lack of board diversity in the U.S. nonprofit sector is the recruitment system. The system relied on for decades yields a predictable result, and outdated practices persist because there has been little impetus to change them.

In [Nonprofit Quarterly](#), Aracely Muñoz reflected on joining the board of the Bobby Bragan Youth Foundation as the first member who'd personally received a scholarship from the organization: "When I was first invited to join

the foundation's board, I asked its members why it had taken them so long to ask a former scholarship recipient to serve on the board. Their answer? The thought had simply never occurred to them."

By addressing the need for board diversity, nonprofits can audit the recruitment strategies and assumptions they have followed for years, and measure how effectively — or not — these strategies have produced equitable outcomes.

But organizational leaders aren't the only ones with a limited picture of who can serve on a nonprofit board. Potential directors often count themselves out as well:

- **Assuming board positions aren't open to them** because the current board does not reflect their lived experience
- **Assuming inflexible requirements** for board service would prevent them from serving
- **Not knowing how to express their interest** in the position or take the next steps in becoming a candidate for consideration

**"Boards can fall prey to the tendency to 'clone,' which involves seeking individuals who have similar qualities to themselves or who are from the same professional or personal circles."**

According to [Taproot Foundation](#), a nonprofit organization which helps other nonprofit organizations build their infrastructure and staffing

# Existing solutions and downfalls

Diversity at the top drives diversity throughout an organization.

Yet all too often, boards push off discussions of DEI until they can ignore the topic no longer. Frequently a staff member identifies a lack of diversity in the organization and brings the issue to the board's attention.

DEI is an ongoing issue that constantly needs to be addressed at all levels of leadership, and establishing good board governance of it is a necessary step for any successful mission-driven organization.

But distinguishing between good and poor governance strategies is often easier said than done.

**“It is notable that performance increases significantly once a certain critical mass is attained: namely, at least three women on management committees for an average membership of 10 people.”**

[McKinsey](#), global consulting firm

## Standard DEI Solutions

### 1. Quotas

Norway is at the top of the list of countries with the highest proportion of female trustees on their boards. It's a legal requirement for publicly listed companies to verify that their board consists of 40% women. Some European countries have passed legislation introducing quotas

following the Norway model, including France, Spain and Iceland. Australia and Hong Kong have both adopted a “comply or explain” policy rather than imposing a quota.

[In the United States](#), several bills related to board diversity at the federal level have been introduced in Congress, but none have passed. At the state level, [12 states](#) have enacted or considered legislation requiring board diversity or calling for greater disclosure. None of the legislation to date directly impacts nonprofit boards, however.

Yet this lack of DEI quotas and mandates provides a unique opportunity for the U.S. nonprofit sector. Mission-driven organizations can tailor their DEI approach to their needs, on a timeline that suits them. Another thing to consider: Quotas may create an arbitrary standard for organizations, rather than foster an intrinsic culture of diversity.

### Quotas – Beyond the standard

Going beyond the check-box requirements of a quota or mandate can yield powerful results. Consider how a new board member, appointed in response to sudden new legislation, might compare with an individual who joins your board after a skills audit reveals gaps in the board's areas of knowledge.



## 2. Voluntary ratings and rankings

Since June 2023, over 400 nonprofit leaders from across the United States have signed [an open letter](#) to the IRS asking for an important addition to a required tax form – large public charities be required to disclose on their Form 990s the demographic representation of their boards of directors.

**“When the IRS began to ask charities whether they had a conflict-of-interest policy on the Form 990 in 2008, charities that never thought about the issue began to adopt policies and put some of the principles into practice.”**

Philadelphia lawyer, Don Kramer, writing about the topic in his online publication [Nonprofit Issues](#)

The addition of a demographic question “would likely cause them to think about diversity in a way they hadn’t before, and it would allow those who support the public charities to make their own judgments on what should be appropriate,” Kramer added.

This push for federal mandates on nonprofit disclosure reflects an overall trend in the U.S. nonprofit sector. In the absence of official legislation, a multifaceted system of voluntary self-governance has arisen, often with the interests of donors and end-beneficiaries in mind. Entities like [Charity Watch](#), [Charity Navigator](#), [Guidestar/Candid](#) and the [Human Rights Campaign Corporate Equality Index](#) deliver detailed third-party evaluations that can make or break a nonprofit’s reputation.

The benefits of a high score or ranking – and reputational risk of falling short – encourage a proactive

approach to DEI, as well as good governance overall, and often provide guidance on frameworks, policies and best practices to follow.

### Ratings and rankings – beyond the standard

Compare a mission-driven organization that hires a minority board member with a specific rating or ranking in mind with a nonprofit that takes a more comprehensive, ongoing approach, constantly revisiting and revising a robust diversity strategy.

Keeping DEI on the agenda year-round holds the board accountable and benefits the organization as a whole, on multiple levels. Nonprofits that are willing to [embrace diversity](#) not only create an enhanced environment and culture, they also cast a wider net for volunteers and donors.

## 3. Recruitment strategies

You could argue that the standard strategy for recruiting a new nonprofit director hasn’t changed much from what’s been used in the past: informal outreach to board members’ existing networks, based on job descriptions that haven’t been updated in years. Often, nonprofits consider an individual’s ability to give among their evaluation criteria or make a large donation an expectation of board membership – which eliminates potential directors of more modest means.

Organizations that want to drive lasting change in DEI will need to revisit their approach.

“Americans tend to form relationships with people of similar racial and ethnic backgrounds,” [Atinuke Adediran](#), an Associate Professor of Law at Fordham University, notes in *The Conversation*, a feature of Yahoo!News. “That is why I believe it makes sense for nonprofit leaders to go out of their way to mentor and hire other leaders from different racial and ethnic groups, and to recruit board members outside of their networks.”

## Recruitment strategies – beyond the standard

Mission-driven organizations can put DEI-focused recruiting into action by:

- A. Putting its DEI strategy into writing** and making it official, ensuring that board diversity is emphasized by future generations of board members.
- B. Posting job listings** for director openings publicly and broadly, to create a much larger and more diverse candidate pool that reflects the community the board serves.
- C. Expand the board’s definition of diversity** to include varied perspectives, skills and life experiences that candidates may bring to the board.
- D. Focus on retention efforts**, to make sure new directors feel included and valued (and avoid costly turnover).

## Steps to implementing a successful DEI strategy today

Boards who make a concerted effort to hire directors who match the demographics they serve will no doubt have an advantage over their more intractable counterparts. By proactively avoiding group-think and creating a non-homogeneous environment, your diverse board will promote good governance practices with balanced decision-making that reflects the community.

The best place to start is with a commitment to change and a board diversity policy that codifies this commitment. You can use [this sample template](#) as a starting point and guide and adapt it to your organization’s mission, vision and values accordingly.



Board portals can improve board engagement and provide easy board diversity reporting tools and surveys. Once you have decided to prioritize board diversity, you can take the first steps to real change by enacting:

- **Skills audits** — To tackle board diversity head-on, you must first understand the composition of your board. By conducting regular skills audits and using reporting tools that collect director demographic and background information, you will quickly identify any imbalances on the board.
- **DEI surveys** — Board members certainly aren't strangers to polls and surveys. It's essential to gather data that measures how valued each director feels and how rewarding they find their role. Surveys can provide insight and highlight areas where more substantial efforts toward equality are needed.
- **Mentorships** — New board members can feel intimidated without the right level of support. The purpose of a board is to help your organization succeed, so it's crucial that new directors feel included and ready to meet the day's challenges. Mentorships offer newcomers the best chance to fulfill their duties.
- **Education** — You don't know what you don't know. Keeping information up to date isn't always easy, especially when diversity could look very different from one mission-driven organization to the next. Still, it's important to stay educated regarding sensitive matters like DEI.
- **Collaboration** — This is a necessary component of improving nonprofit diversity. As you move toward making impactful changes in nonprofit diversity, why not take advantage of the right technology to assist these very important initiatives? BoardEffect designed its portal with all the right tools to manage various board cycles. Your board can also conduct your nominating, recruiting and advisory activities completely within the security of the portal.
- **Track progress** — Your DEI goals, along with actions to achieve them, should be outlined and visible to your board. BoardEffect supports these efforts with the ability to create and track tasks. Furthermore, the granular permissions feature ensures that only qualified individuals have access to various parts of your portal. Your committees or work groups can share messages and files without worry about discussions being hacked, compromised or lost.



# How governance technology can help you reach your DEI goals

By improving efficiency, measurement, collaboration and decision-making, governance technology can be a powerful tool in the DEI journey.

BoardEffect, in particular, is designed with the unique needs of nonprofit boards in mind:

- ✓ Streamlining communication and information-sharing to foster an open, inclusive culture.
- ✓ Centralizing DEI tracking and reporting to ensure transparency and accountability.
- ✓ Hosting reports and other documents that support continuous improvement.
- ✓ Enabling data collection through features like customizable surveys and polls, for insight into board demographics, inclusion perceptions and equity practices.

Diverse boards make for stronger nonprofits and benefit us all. Start incorporating DEI into your board operations today.

**Request a demo to see BoardEffect's diversity tools in action – and see how this Diligent brand has empowered over 14,000 mission-driven organizations with the tools to drive positive change.**

## About BoardEffect

BoardEffect provides innovative boardroom technology to nonprofit organizations. As a Diligent brand helping to serve over 14,000 mission-driven organizations, we empower boards with the tools to drive positive change. Our secure board management software helps to streamline operations, enhance governance practices and enable confident decision-making. With BoardEffect, mission-driven organizations can unlock potential, accelerate mission delivery and make a lasting impact in their communities.

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