

LEADING THE SECTOR FORWARD

Delaware Nonprofit Board & Leadership Diversity Study

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INTRODUCTION

As fiduciaries of charitable organizations working to improve communities, Delaware nonprofit boards of directors have an ethical responsibility to ensure their actions result in the positive changes their organizations seek. It is concerning, then, that in some local communities, stakeholders have been vastly underrepresented on nonprofit boards for decades. Instead, nonprofit board members have often been the elite, those with resources and networks, even those who have no personal connection to the individuals or communities the nonprofit serves. And they have been predominantly white. This lack of racial diversity has been in studies nationally by Boardsource (2021), Building Movement Project (2020, 2022), and in Delaware by DANA and Trustees of Color (2014). The 2014 Delaware study mirrored national findings: Delaware nonprofit boards of directors were predominantly white and male.

Since that study, our country and our state have experienced major societal shocks that have heightened awareness of racial inequities and added urgency to the need to address them. One key strategy for doing so is to ensure the leadership of community-based organizations has representation from those whose lived experiences can inform decisions and allocate resources. Yet national data reflects minimal progress in diversifying nonprofit boards and in advancing persons who identify as Black, Indigenous, or people of color (BIPOC) into leadership positions (BoardSource 2021, Building Movement Project (2022).

This survey was conducted to understand the current makeup of Delaware nonprofit boards and was expanded to understand the diversity profile of the executive director and senior teams. Diversity can reflect many different characteristics, including age, race, gender identity, sexual orientation, education, profession, experiences and even where board members live. It explores many of these characteristics but pays particular attention to racial diversity. We cannot avoid shining a light on the difference in racial representation between those who allocate nonprofit resources and those who are the beneficiaries of those resources. In addition, the nonprofit sector is not immune to racism and the institutional barriers that exist for people of color to serve in leadership roles within the organizations and on nonprofit boards (Building Movement Project, 2022).

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Although many factors influence board and leadership diversity, there are known practices that can, over time, improve the diversity composition of nonprofit boards and their leadership. This study seeks to understand in what ways nonprofits engage in those practices to create diverse, inclusive and equitable board and organizational cultures.

• • • • Acknowledgements & Gratitude

This study was shaped by several individuals who met with the DANA team members to advise them on survey design, analysis and the final report. We are grateful for the time and counsel of Raina Allen, Jamee Boone, Terrence Dickenson, Arreon Harley-Emerson, Cynthia Primo Martin, Noreen Poole, Heidi Sweetman, Patricia Rivera, Devona Williams and Chanta Wilkinson.

We are also grateful for the financial support of Barclays. And most of all, we are grateful for the 140 nonprofit leaders who spent precious time responding to this study.

• • • • About DANA

DANA, the Delaware Alliance for Nonprofit Advancement, is a nonprofit whose mission is to advance the Delaware nonprofit sector's impact. Our vision is the nonprofit sector is empowered to achieve inclusive, thriving, and vibrant communities in Delaware. Through our membership, advocacy, training, consulting, and research, DANA strives to strengthen nonprofit leadership, enhance Delaware nonprofit sustainability and resilience, and advance the sector. To learn more about DANA, its membership, and its services, visit delawarenonprofit.org.



This study shows women were over-represented in boards and board leadership. This is a change from the 2014 DANA/TOC study, where women were a minority.

Some characteristics, such as sexual orientation and disability status, were unknown to most respondents. It is possible that these diversity characteristics are not being measured in many organizations.

Context and experience matter, and for nonprofits that primarily serve a specific county, the majority of board members also live in the county. However, that is not the case in Wilmington where the majority of board members live outside of the city.

• • • • Putting Diversity, Equity and Inclusion into Practice

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Most respondents indicated they prioritize DEI values and principles in their work, with nearly half having made DEI a priority for more than five years.

Those organizations that have prioritized DEI for five years or more also have more diverse boards and executive leadership than those organizations that began this work within the past two years.

A quarter of the organizations have a statement or criteria for diversity in their bylaws.

Fewer than 25% of the organizations, however, have implemented recommended strategies for creating a more diverse, inclusive and equitable culture. This reflects a lower level of engagement in these strategies than noted in national diversity studies.

The survey findings can serve as a conversation starter for boards of directors and their leadership on what steps they can take to enhance diversity in the boardroom and in positions of power within their organizations. The report ends with a few suggestions, including:

- O Reflect on what diversity means for the board and the nonprofit.
- O Measure and report on diversity data.
- O Be intentional in recruitment practices.
- O Conduct regular assessments of culture, programs and talent management.
- O Bring racial equity and diversity into succession planning.
- O Support staff members of color to develop their leadership skills.
- O Adopt equitable compensation practices.
- O Invest in and keep at it for the long haul.



METHODOLOGY AND SAMPLE REPRESENTATION

• • • • Survey Development

This survey of diversity, equity and inclusion practices of nonprofits in the state of Delaware was collaboratively designed with representation from DANA, consultants with DEI expertise, and nonprofit leaders and was shaped by prior Delaware and national studies. It was distributed widely to Delaware nonprofits through DANA's membership list and through the email lists of statewide partners and foundations. An incentive was offered for survey completion: The names of participating nonprofits were entered into a raffle to win an Amazon gift card.

The survey was designed to answer the following questions:

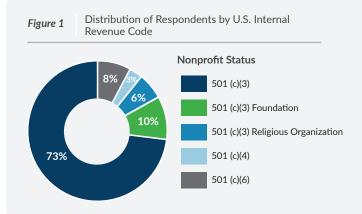
- O Do stakeholders believe their boards are reflective of their communities?
- **O** Are the boards *actually* reflective of their communities?
- **O** How does Delaware board and leadership diversity compare with national data?
- **O** In what ways are the DEI practices of Delaware nonprofits similar to practices nationwide?

• • • • Who Responded

Of the 217 individuals who started the survey, 140 were completed and used for analysis. Most of the respondents (89%) represented organizations identifying as 501(c)(3) under the U.S. Internal Revenue Code (*Figure 1*). This code encompasses charitable organizations including church/religious organizations and private foundations. The remainder of respondents represented 501(c)(4) organizations such as chambers of commerce, or trade associations, and 501(c)(6) organizations founded to promote causes related to social welfare, such as civic leagues. More than half (53%) of survey respondents served as the organization's executive director or CEO (*see Figure 2*). Nearly a quarter were board members, and most of these identified themselves as the board chair or president.

Appendix A provides more detailed information about the nonprofit organizations referenced in this survey. Compared with the nonprofit sector data provided by <u>SHARE Delaware</u>, this sample had a higher percentage of health and human services agency respondents than the sector as a whole, and significantly fewer safety/justice organizations. Forty-three percent of respondents represented organizations with an operating budget over \$1 million, compared with only a third of nonprofits in Delaware.

Where applicable, the survey findings were compared with the findings from the 2014 study conducted by DANA/TOC. Although the differences in the findings cannot be generalized, they show how this sample's board and leadership diversity profile compares to the 2014 findings.





REPORT FINDINGS

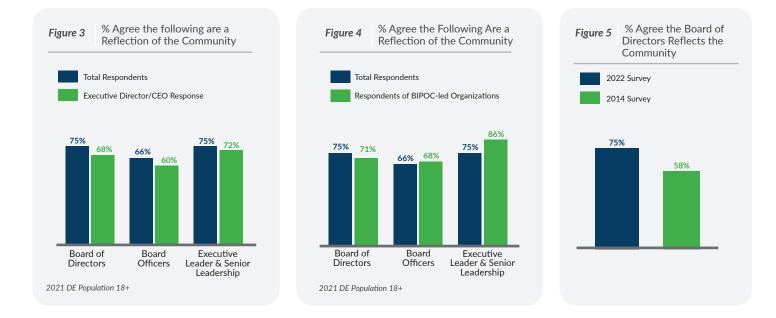
PERCEPTIONS OF BOARD AND LEADERSHIP DIVERSITY

Respondents were asked to share their opinions on whether the nonprofit leadership, the board and the board leadership reflected the diversity of the community the nonprofit serves. As *Figure 3* shows, three-quarters of respondents agreed that both the nonprofit leadership and the board of directors were reflective of the community, while only two-thirds agreed that the board officers reflected the diversity of the community.

There were distinctions between responding executive directors and other survey participants. A slightly smaller percentage of executives agreed that their board and board officers were reflective of community diversity. For those who represented an organization led by a person of color, there was even greater agreement that the leadership reflected the community they served (*Figure 4*).

This survey shows a 17 percentage-point increase in the perception that boards reflect community diversity compared with the 2014 DANA/TOC study. In that survey, only 58% of respondents felt their board reflected the population the nonprofit served (*Figure 5*).

As the next several sections reveal, the actual demographic diversity profile is not aligned with this perception of community representation.



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RACIAL DIVERSITY OF BOARD DIRECTORS AND LEADERSHIP

• • • • Racial/Ethnic Characteristics of the Board of Directors and Officers

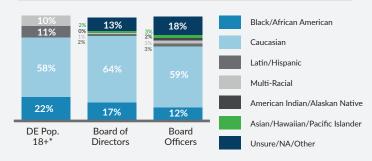
Board diversity can reflect many different characteristics, including age, race, gender identity, sexual orientation, education, profession, experiences and even where board members live. Each organization has to determine which diversity characteristics matter for the population it serves.

Compared with the Delaware population age 18 and older, the racial and ethnic diversity of Delaware nonprofit boards of directors and its leadership is still low (*Figure 6*). This study, however, shows a slight increase in racial diversity. In 2014, 14% of board directors and 10% of board leadership identified as Black/African American, compared with 17% and 12%, respectively, in 2022 (*Figure 7*).

Although 11% of the Delaware population over 18 is Hispanic, only 2% of boardrooms include Hispanic individuals. This is consistent with results from the 2014 study. Other ethnic groups are also underrepresented on nonprofit boards.

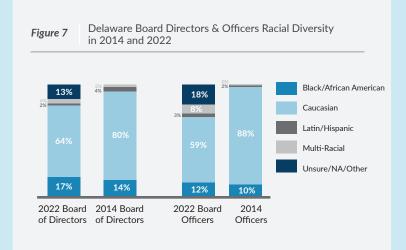
Delaware nonprofit boards seem to be more racially diverse than the national average (*Figure 8*).



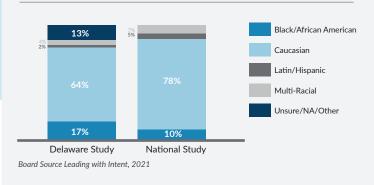


2021 DE Population 18+

*Of note: demographic data for the state of Delaware, counties, and Wilmington does not provide ethnic/racial delineations by age group beyond Caucasian, Black, and Hispanic.









• • • • Other Board Diversity Characteristics

Respondents were invited to share what other diversity characteristics they sought. The word cloud in *Figure 24* presents the responses. Beyond race and ethnicity, age, experience and skill sets were considered important by many.



OTHER NONPROFIT EXECUTIVE AND SENIOR LEADERSHIP DIVERSITY CHARACTERISTICS

Similar to racial diversity, other diversity characteristics of Delaware nonprofit executive directors mirrored the diversity profile of the board of directors. The senior leadership (for those agencies that stated they have senior leadership) tended to be more reflective of the population, or in the case of gender and sexual orientation, to have a greater level of representation.

Nonprofit executives are older than senior leadership, with less than 41% under the age of 50, compared with 51% of their senior team. Fifteen percent of executives in this study were over age 65, a slightly higher percentage than the national average of 11% (BoardSource, 2021).

Executive leaders also reflect the state's gender diversity, with slightly more than half identifying as female and 2% identifying as nonbinary. Over two-thirds (70%) of the senior leadership were female, and 3% identified as nonbinary. There were no sizeable differences in leadership gender among organization type.

A higher percentage of executive directors and senior leadership were identified as LGBTQIA+ (12% and 14%, respectively) compared with the estimated percentage of 4.5% in the general population (Wallace Institute). Nationally, 10% of executives identified as LGBTQIA+ (BoardSource, 2021).

Three percent of executives and 5% of senior leadership were identified as having a disability, which is consistent with national data (BoardSource, 2021).

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CONCLUSIONS

- O This survey marks substantial progress in measuring not only diversity in the leadership of nonprofits in Delaware but also the degree to which there are practices in place to move diversity efforts forward. Subsequent administration of this survey will allow for assessment of change over time.
- The data indicate that respondents may have felt more strongly that their boards and leadership reflect their community than is the case. Recognizing that respondents could define diversity and representation in many ways, this survey sought to look at racial diversity as well as other demographic characteristics to understand actual diversity representation.
- A comparison of these survey results with the 2014 DANA/TOC study suggests that Delaware nonprofits have made progress in increasing the racial diversity of their boards of directors and board leadership but that there is room for improvement because these numbers still do not reflect state demographics.

In particular, individuals of Hispanic or Latin American descent are significantly underrepresented. Although there is room to increase African American representation in board leadership and at the executive level, Delaware's boards and executive leadership reflect a greater percentage of African American individuals than do national studies. Similar to national studies, senior leadership shows more diversity than executive directors, indicating the potential for more diverse leadership if nonprofits work toward removing barriers and seek to promote diverse staff into executive director roles.

- Respondents' perspectives on valuing and prioritizing DEI were also more aspirational than what was reported as actual practices. Respondents overwhelmingly indicated their organizations prioritized DEI in their practices, with over half signifying they had prioritized DEI for five years or more. These organizations did have a greater level of racially diverse board and executive leadership than those prioritizing DEI for less than five years.
- Few respondents, however, indicated policies had been changed or actions taken in the past two years to recruit and retain more diverse individuals. Furthermore, they indicated significantly lower levels of prioritization of DEI practices compared with those who participated in the national study by Nonprofit HR (2021).

OPPORTUNITIES FOR ACTION



Bring racial equity and diversity into succession planning.

Policies that outline leadership succession for the board and executives can prepare organizations to identify and recruit diverse individuals to the board and leadership positions. Building Movement Project and BoardSource (2021) recommend creating a board action plan.

Support staff of color in their leadership development.

Race to Lead (2022) research on BIPOC leaders indicates that these individuals often are not afforded the same level of leadership development as their white counterparts receive. Fewer have access to affinity groups or professional cohorts, mentors, or training in financial management and fundraising.



Adopt equitable compensation practices.

For too long, a myth that nonprofit staff do not need to be paid for the value of their work has compressed earning opportunities for nonprofit staff. This has kept some individuals working in nonprofits at or below the poverty line. It also reduces a nonprofit's ability to attract top talent.



Invest in and keep at it for the long haul.

Changing the diversity of an organization's board and leadership requires resources of time and money. We recommend integrating diversity strategies with a nonprofit's strategic plan. Annually budget to ensure the staff and board are working on the identified actions to improve their diversity culture. Consider setting DEI performance goals for the board and executives. And, as stated earlier, measure and report progress.







RESOURCES REFERENCED IN THIS REPORT **2021** Nonprofit Diversity Practices: with new survey results, Nonprofit HR. https://www.nonprofithr.com/2021diversityreport/

Avoiding the Glass Cliff: Advice to Boards on Preparing for and Supporting a New Leader of Color, 2022, BoardSource and Building Movement Project.

https://boardsource.org/avoiding-glass-cliff/

Diversity, Equity, and Inclusion Assessment Offered by DANA in Partnership with Michigan Nonprofit Association. https://web.cvent.com/event/7d35b715-227b-4ba1-9036c01fa1b30467/summary

Diversity on Delaware's Nonprofit Boards, 2014. Delaware Alliance for Nonprofit Advancement and Trustees of Color, Unpublished Survey Report.

Handbook for Nonprofit Leadership: Recruiting, Training, and Engaging Trustees of Color, 2021, Cynthia Primo Martin, available through Cedar Tree Books or online.

https://www.cedartreebooks.com/catalog/1-books/162-handbook-fornonprofit-leadership

Leading with Intent: Reviewing the State of Diversity, Equity, and Inclusion on Nonprofit Boards, 2021, BoardSource. https://leadingwithintent.org/diversity-equity-and-inclusion-findings/

Race to Lead Revisited: Obstacles and Opportunities in Addressing the Nonprofit Racial Leadership Gap, 2020, Building Movement Project. https://buildingmovement.org/reports/race-to-lead-revisited-nationalreport/

Trading Glass Ceilings for Glass Cliffs: A Race to Lead Report on Nonprofit Executives of Color, 2022, Building Movement Project. https://buildingmovement.org/reports/trading-glass-ceilings-for-glasscliffs-a-race-to-lead-report-on-nonprofit-executives-of-color/

Delaware Population Consortium, 2021 population statistics https://stateplanning.delaware.gov/demography/dpc.shtml

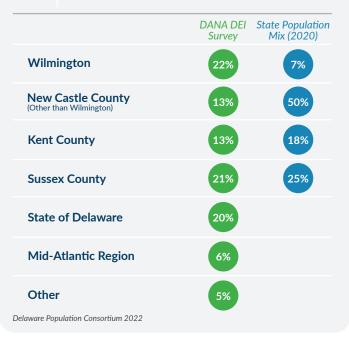


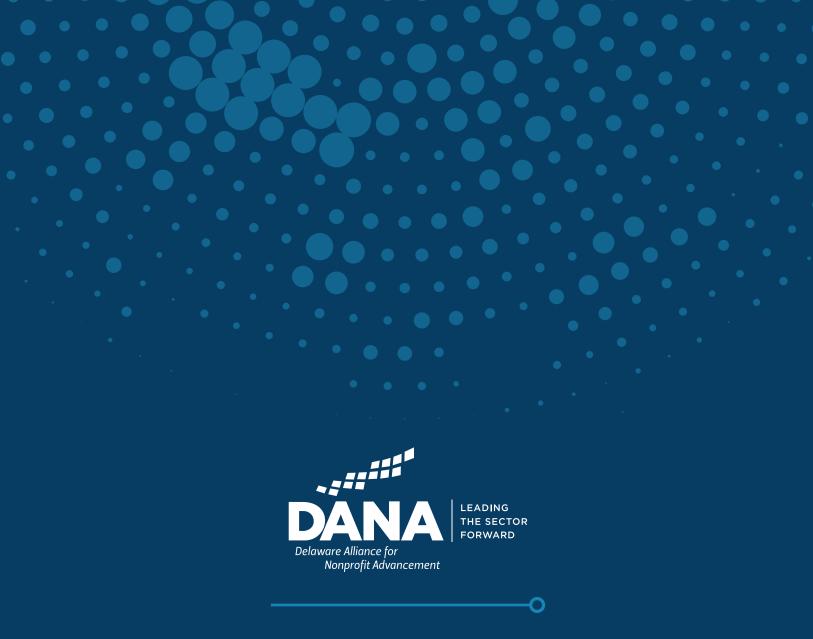
Table 1 Distribution of respondents by mission area compared to sector				
		SHARE Delaware	DANA DEI Survey	
Human Service		19%	30%	
Education/Employment/Youth		18%	13%	
Public Safety/Justice		14%	4%	
Arts, Culture, Humanities		11%	15%	
Health & Medical		10%	11%	
Religion/Spiritual		7%	4%	
Housing & Shelter		6%	8%	
Enviro	nment & Animal	4%	2%	
Comm Social	unity Improvement / Action	4%	6%	
Other		7%	8%	
	are using quailable IDS 000 and 000 EZ	data April 2022		

SHARE Delaware using available IRS 990 and 990 EZ data, April 2022

Table 2 Distribution of respondents by organization budget				
	SHARE Delaware	DANA DEI Survey		
Up to \$99,000	25%	11%		
\$100,000-\$399,999	26%	23%		
\$400,000-\$999,999	17%	23%		
\$1,000,000-\$1,999,999	11%	16%		
\$2,000,000-\$4,999,999	9%	15%		
\$5,000,000-\$9,999,999	5%	7%		
\$10,000,000 and above <u>SHARE Delaware</u> using available IRS 990 and 990	7% EZ data, April 2022	5%		

Table 3Distribution of respondents by geography served





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