2022

Community Representation Among Nonprofit Leadership: Why Should the Board Reflect Those Whom It Serves?

William N. Derwin
University of San Francisco, williamderwin@gmail.com

Public and Nonprofit Administration

School of Management

2022

Community Representation Among Nonprofit Leadership: Why Should the Board Reflect Those Whom It Serves?

William N. Derwin

UNIVERSITY OF SAN FRANCISCO

CHANGE THE WORLD FROM HERE

Community Representation Among
Nonprofit Leadership:
Why Should the Board Reflect Those Whom It Serves?

by

William N. Derwin

williamderwin@gmail.com

Capstone Research Report Submitted in Partial Fulfillment

Of the Requirements for the

Master of Nonprofit Administration Degree

In the School of Management

Directed by Dr. Marco Tavanti

San Francisco, California

Summer 2022

To my brother Charlie, whom I miss dearly,

And whose spirit fuels my resolve to support those who deserve better.

Abstract

Nonprofits, as vehicles for the delivery of essential community services, are integral to the health and prosperity of their communities. But many nonprofit leaders do not represent or adequately understand the community members whom their organizations serve. This study, through a literature review and a qualitative analysis of several expert interviews, evaluates the significance of community representation among nonprofit leadership, the best practices for improving community representation, and the relationship between a nonprofit's community ties and the outcomes of its grant applications. As the results of the study indicate, it is essential for nonprofit leaders to understand their communities; any leader who does not authentically know their community should commit themselves to learning about, and cultivating a deep understanding of, those whom their organization serves. Although many nonprofit leaders remain disconnected from their communities and uncommitted to building new relationships, this study shows that an absence of community connections ultimately reduces the quality and impacts of a nonprofit's services. To improve its leaders' representations of, and connections to, the community, a nonprofit is encouraged to consult with local community members during its board recruitment process. However, nonprofits should only engage in board diversification efforts if they are willing to comprehensively review their policies and cultures, and when necessary, undertake holistic transformations to become more inclusive. Finally, the results of this study demonstrate nonprofits are more likely to be awarded grants from community foundations if they have diverse leadership that represents the community. It is recommended community foundations continue to transparently prioritize diverse nonprofits connected to their communities to hold the nonprofit sector accountable and to provide equitable countermeasures against the structural discrimination still prevalent throughout the philanthropic sector.

Keywords: nonprofit, community, representation, board of directors, leadership, community foundation, grants

Table of Contents

List of Figures and Tables

Section 1. Introduction

Community-based nonprofit organizations are essential to the vitality of their communities. They act "as practical vehicles for the delivery of a broad spectrum of community services, ranging from affordable housing to […] vocational training to health care" (Frumkin, 2002, p. 2). Through these services, nonprofits play critical roles in supporting and uplifting their communities and empowering those who live within them. Many of these nonprofits, however, are led by people who are disconnected from, and dissimilar to, the community members whom their organizations are trying to help.

A recent survey of 820 nonprofit leaders shows that many nonprofit "boards [of directors] are disconnected from the communities they serve," and approximately half of nonprofit chief executives believe their boards lack the right members to "establish trust with [their] communities" (BoardSource, 2021, p. 29). These findings are problematic because, as Guo (2007) explains, nonprofit leaders must understand and be trusted by their communities to be able to adequately "reflect community interests in organizational policies, strategies, and operations" (p. 70). Without authentic connections to the community, a nonprofit's services are less effective, and ultimately the community and its people suffer.

The study presented in this report examines nonprofits' ties to their communities by evaluating how nonprofit leaders represent the community members whom their organizations serve. It analyzes the significance and impacts of community representation among nonprofit leadership and identifies some best practice recommendations for nonprofits to become stronger representatives of their communities. Additionally, due to the increasing frequency of community foundations requiring nonprofits to report their leaders' demographics and community ties when applying for grants, this study assesses the relationship between a nonprofit's community representation and its grant funding.

Definitions

In this report, the term, "nonprofit," is used as short-hand for community-based nonprofit organizations that operate in, and provide services to, a specific community area within the United States. These organizations are legally considered public charities with 501(c)(3) tax-exempt status.

For the purposes of this study, the concept of representation entails demographic metrics such as race, ethnicity, gender, religion, age, sexual orientation, and socioeconomic status; a person's place of residence and involvement in the local community; and one's lived experiences.

Finally, when discussing the communities served by nonprofits, this report focuses primarily though not exclusively on communities comprised of low-income people of color because these communities contain underrepresented groups—those who have historically suffered institutional discrimination and been denied access to basic powers and opportunities—for whom nonprofit services, support, and advocacy are often the most impactful.

Research Questions

Through a review of the literature and a qualitative analysis of several expert interviews, this study aims to address the following research questions:

1. Is it important to community-based nonprofits to have leadership that represents the communities they are serving?
2. What are the most effective strategies for making a nonprofit's leadership more representative of its community?
3. Does the amount of community representation among a nonprofit's leadership impact its success earning grants, especially from community foundations?

Structure of This Report

To begin, Section 2 of this report presents a comprehensive review of the relevant literature on the topics of nonprofit leaders' connections to, and representations of, the communities they serve; the best practices for making nonprofit leadership more representative;

and the impacts of nonprofit community representation on the outcomes of grant applications, especially those involving community foundations. Next, Section 4 provides a qualitative analysis of three expert interviews conducted with two nonprofit executive directors and a community foundation program officer about nonprofit community representation and grant funding. Finally, in Section 5 this report delivers the study's findings and implications derived from the research, and it concludes with several recommendations for how nonprofits can represent and serve their communities most effectively.

Section 2. Literature Review

The following literature review is based on 24 sources, including academic journal articles, books, reports, online periodicals, and online posts. This review examines how and why nonprofits represent the communities they serve, the recommended best practices for improving community representation among nonprofit leadership, and the correlation between a nonprofit's community representation and its success earning grant funding.

An Introduction to Nonprofit Community Representation

The Framework of Representation

Nonprofits represent the communities they serve in substantive as well as symbolic ways. Substantive representation takes place when "representatives 'act for' […] the interests of their constituents" (Guo & Musso, 2007, p. 311). As Andrasik and Mead (2019) describe, substantive representation is considered "any way by which a nonprofit may come to understand the issues, concerns, needs, priorities, and lived experiences of those it serves, represents, or advocates on behalf of" (p. 36). This dimension of representation "provides tangible benefits in terms of agendas, policies, and activities reflective of the interests of constituents" (Guo & Musso, 2007, p. 311).

Alternatively, symbolic representation "occurs when constituents believe in the legitimacy of an organization because of what it is perceived to be" (Guo & Musso, 2007, p. 313). "The act of achieving symbolic representation," Guo and Musso (2007) write, "is to take actions to earn the trust and confidence of constituencies, and to intensify their commitment to the mission of the organization" (p. 313). In this study, community representation is assessed through both these lenses because, when taken together, "[s]ubstantive and symbolic representation most directly signifies the representational legitimacy of organizations" (Guo & Musso, 2007, p. 311).

Boards of Directors As Indicators of Nonprofit Community Representation

The makeup, values, and community connections of a nonprofit's board of directors "indicate[ ] the breadth and depth of [the nonprofit's] community representation" (Guo, 2007, p. 70). When evaluating a nonprofit, its board of directors should be considered because "[t]he individual leaders who compose nonprofit boards reflect [the] organization's values and beliefs about who should be empowered and entrusted with its most important decisions" (BoardSource, 2021, p. 29). Boards also play essential roles in shifting nonprofits' attitudes and cultures. As Brennan and Forbes (2019) explain, the board "can and must lead the way" in a nonprofit's journey to become more inclusive and equitable, and this organizational evolution "begins with [the board's] own internal composition and practices" (p. 17). Accordingly, this study's analysis of nonprofit community representation focuses primarily on the composition, policies, and culture of nonprofits' boards of directors.

The Current State of Nonprofit Leaders' Ties to Their Communities

According to a 2021 survey of 820 nonprofit leaders, most nonprofit "boards are disconnected from the communities they serve" (BoardSource, 2021, p. 29). One reason for this disconnection is the demographic makeup of most boards. Nonprofit leaders, as compared to the populations they serve, are disproportionately White; the BoardSource survey (2021) finds 87% of nonprofit chief executives, 83% of board chairs, and 78% of board members identify as White (p. 28). Across the nonprofit sector, "many boards of directors are upper income, better educated, professional employers and managerial persons, whereas the community has little or no representation" on the board (Guo & Musso, 2007, p. 314). As a result, "almost half of [nonprofit] executives report that they do not have the right board members to 'establish trust with the communities they serve'" (BoardSource, 2021, p. 29).

Beyond boards' demographic compositions, nonprofit leaders are disconnected from their communities because they do not prioritize engaging with or even understanding the community members. BoardSource (2021) finds that 67% of nonprofit chief executives believe their boards do not dedicate enough time to building community relationships (p. 14). When grading whether their boards have built adequate community relationships to support and inform their

organizations' work, both chief executives and board chairs give grades of C+ (BoardSource, 2021, p. 12). "Only a third of boards (32%) place a high priority on 'knowledge of the community served,' and even fewer (28[%]) place a high priority on 'membership within the community served'" (BoardSource, 2021, p. 29) (see Figure 1).

Figure 1

How Nonprofit Boards Prioritize Community Understanding and Engagement
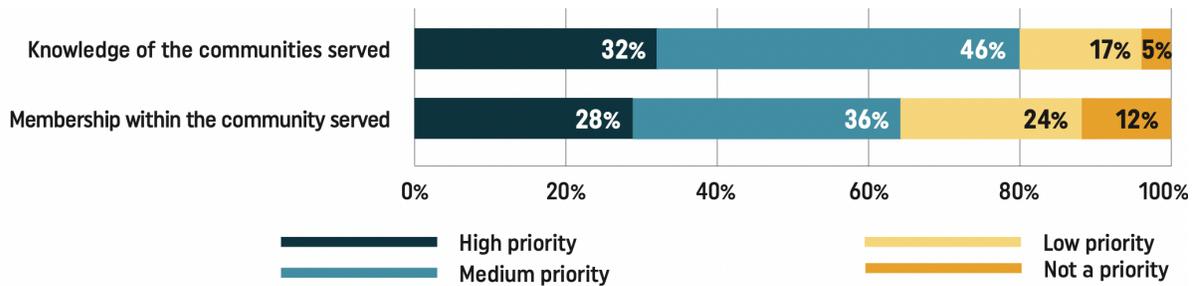
Note. From *Leading with Intent: BoardSource Index of Nonprofit Board Practices*, by BoardSource, 2021, p. 29 (https://leadingwithintent.org).

Board recruitment strategies also account for poor community representation among nonprofit leaders. BoardSource (2021) reports that 57% of nonprofit chief executives and board chairs consider it difficult to find people with community connections to serve on their boards (p. 31). "Tapping board members' and chief executives' networks are still the most commonly noted methods for identifying potential board candidates (96% and 88% of chief executives note that their boards deploy these methods, respectively)" (BoardSource, 2021, p. 31). However, the rise of community-oriented board recruitment strategies provides a sign of progress: Of the nonprofit chief executives surveyed by BoardSource (2021), 67% report recruiting community leaders to their boards, 56% report asking community leaders for board candidate referrals, and 45% report recruiting nonprofit clients to their boards (p. 31).

The Importance of Nonprofit Community Representation

The Benefits of Community Representation Among Nonprofit Leaders

One essential reason for a nonprofit's leaders to represent its community is to cultivate familiarity with, and understanding of, the community so the nonprofit can better serve its needs. Increased community representation brings "greater familiarity with an organization's constituents, which allows for a better understanding and incorporation of the needs and interests of diverse and traditionally marginalized community members […] who would otherwise remain underserved" (Fredette & Sessler Bernstein, 2019, p. 936). A "board that is more truly representative and more active may result in more community responsibility and more responsiveness from the organization," Guo (2007) writes, and greater representation helps "enhance [the board's] ability to reflect community interests in organizational policies, strategies, and operations" (p. 70).

Boards with greater community representation also improve their nonprofits' legitimacy and trust within communities. Legitimacy is "a key area of concern for nonprofits," and "incorporating stakeholders' viewpoints in decision-making […] is crucial to legitimize nonprofits within the civil society" (Leardini et al., 2019, p. 520). Community representation increases organizational legitimacy by demonstrating that the nonprofit "justly and properly speaks for and acts on behalf of [the community] it takes as its constituency" (Chaskin & Peters, 2000). When nonprofit leaders represent traditionally disadvantaged constituent groups, the representatives "may deliver a potent symbolic message to members of that group about the extent to which the organization values their needs and perspectives, thus increasing their trust toward this organization" (Guo & Musso, 2007, p. 315).

Further, when leaders represent and understand their community, they help empower members of that community to participate in political processes. "As it is difficult for politically unengaged citizens to be involved in participatory processes, public officials, business leaders, and health providers often recruit [community-based nonprofit] leaders as a logistical short-cut for citizen involvement" (Anasti et al., 2015, p. 4). Nonprofits can "form a link between citizens

and government," Anasti et al. (2015) explain, but this link is only effective when the nonprofit leaders authentically understand the community's interests and needs (p. 4).

The Consequences of Poor Community Representation

Failure of nonprofit boards to represent the communities they serve reduces the efficacy of the nonprofits' programs and services, ultimately harming the members of those communities. A nonprofit that lacks community representation "miss[es] opportunities to better understand and meet the needs of increasingly diverse clients and stakeholders" (Brennan & Forbes, 2019, p. 8). When a board cannot understand its community's needs, it not only fails to effectively support the community but also risks working against the community's best interests. According to Andrasik and Mead (2019), inadequate community representation often leads to "organizations engaging in advocacy which prioritizes their own organizational needs over the interests of their clients," and these nonprofits "sometimes actively work to the detriment of the population on whose behalf they purport to speak" (p. 35).

A nonprofit with leadership that does not represent the community also sends harmful signals to the people within that community, eroding clients' trust and willingness to engage with the nonprofit's services. "When boards are populated in a way that disconnects them from the communities their organizations exist to serve, it signals that the organization is not in partnership with the community it seeks to serve" (BoardSource, 2021, p. 29). "Perhaps even more problematic," BoardSource (2021) warns, this disconnection between nonprofit leadership and communities "signals that the organizations see this as a perfectly acceptable way of operating" (p. 29).

Strategies to Enhance Community Representation Among Nonprofit Leaders

Deepening Nonprofits' Understandings of Their Communities

Although changes to board composition—as discussed in the subsequent subsection—offer perhaps the greatest potential for transforming a nonprofit's community representation and benefiting the community members, the literature also provides several less rigorous methods for nonprofits to become more connected to their communities. Among the most effective of these

strategies is client engagement. Mosley and Grogan (2013) encourage nonprofits to "pursue frequent communication with, actively provide information to, and solicit the views of the relevant affected community" (p. 844). Nonprofit leaders can "ask[ ]clients about their lives and landscapes, and/or engage[ ] clients in some participatory activity that elicits clients' perspectives about their life and landscape" (Andrasik & Mead, 2019, p. 38). This "seemingly mundane activity" of "talking to clients [and] community members" not only deepens the nonprofit's understanding of the community but also fosters community trust by helping the "clients themselves believe that, through talk, their [nonprofit] workers [are] gaining a genuine understanding of their lives and perspectives" (Andrasik & Mead, 2019, p. 44). Ultimately, as Andrasik and Mead (2019) write, this talk-based outreach can "prove a powerful mechanism for improving [the nonprofit's] substantive representation" of its community (p. 44).

Surveys are a "very common form of talk-based client engagement used by nonprofits" (Andrasik & Mead, 2019, p. 43). Surveys are recommended because, "[r]egardless of the driving force, […] surveys, as a form of client talk, have the potential to offer nonprofits some insight and context about clients' lives and landscapes" (Andrasik & Mead, 2019, p. 43). They can also improve a nonprofit's overall efficacy by helping it "gauge organizational effectiveness, improve programs and activities, and inform strategic and annual workplans" (Minnesota Council of Nonprofits, 2014, pp. 21-22). Notably, though, Andrasik and Mead (2019) remind nonprofits to administer these surveys "in ways that are culturally sensitive and appropriate for the community served" (p. 39).

Moreover, engagement with a nonprofit's volunteers can help the nonprofit expand its ties to, and understanding of, the community. Volunteers "are often drawn from the community or are current or former beneficiaries of the services provided by the organization, and thus are an important group of community representatives" (Guo, 2007, p. 74). Even without recruiting volunteers for board membership, Guo's research (2007) shows that a nonprofit's mere "reliance on volunteer labor is associated with a higher likelihood of developing a strong community board" (p. 74).

Making Boards of Directors More Representative

Beyond engaging clients and volunteers, nonprofits can improve their community representation by making changes to their boards of directors. As a first step, Brennan and Forbes (2019) suggest a "basic board matrix that takes demographics into account […] is a good starting place for understanding who is represented on your board and who is not" (p. 28). The data from this matrix allow a nonprofit to compare the composition of its board to that of its community, keeping in mind that "the composition of boards should reflect community population characteristics" (Guo, 2007, p. 70).

To "engage [board candidates] who demographically reflect their clients [and] community," a nonprofit's surest strategy is to recruit from within the community itself (Andrasik & Mead, 2019, p. 39). As Leardini et al. (2019) state, "the role played by resident board members is pivotal, as they are perceived as being 'one of us,' thus fostering the community's trust in the organization" (p. 528). The addition of directors from the community "strengthens the idea that the [nonprofit] is close to its territory and more legitimate for acting for a common interest," and it "encourages the perception that the [nonprofit] continues to be rooted in the community and takes care of its interests" (Leardini et al., 2019, p. 528).

As part of the board recruitment process, the literature recommends nonprofits use community members as consultants and advisors. Input from, and even "direct designations" by, community members can "lead to the selection of board members with a higher awareness of the local community's needs" (Andrasik & Mead, 2019, p. 39). This practice can also inject into the recruitment process more diverse, underrepresented perspectives. "[I]n addition to racial, ethnic, gender, and other forms of demographic diversity, having a diversity of expertise, knowledge, and/or life experience in these processes is […] important because there's also a lot of variance within each of these areas" (Gibson, 2018, p. 19).

Further, including community members in such an impactful nonprofit process makes them feel empowered and strengthens their relationships with the nonprofit. Andrasik and Mead (2019) find these "opportunities to interact with [community members] on strategic issues and share power with [them]" deepen the connections between community members and the

nonprofit, ultimately helping the nonprofit "improve [its] substantive representation" and become a more effective provider of community services (p. 41).

Nonprofit staff, too, can help the organization become more representative of the community. "If frontline staff are given the opportunity to meaningfully convey their own understanding of their clients or community to the organization's key leaders," that exchange "may ultimately prove a powerful mechanism for improving substantive representation" (Andrasik & Mead, 2019, p. 44). Brennan and Forbes (2019) point out that "it's rare for boards to ask staff members for input on potential board members," and they encourage more staff involvement in the recruitment process (p. 29). "Bringing staff into the process of diversifying the board can also be useful in other ways," such as "help[ing] [them] see the board's commitment and action, creat[ing] new connections between the board and staff, and bring[ing] new ideas to the table" (Brennan & Forbes, 2019, p. 29).

But the effectiveness of these recruitment efforts will be limited if the board has policies and requirements that preclude certain individuals from joining. Nonprofits should scrutinize their boards' requirements and "consider who might be excluded from the boardroom because of such policies" (Spicer, 2020). For instance, the "'give, get, or get off' [fundraising] policy, that is still held by over 40% of nonprofit organizations, with average annual giving expectations ranging from $1,000 to $5,000," excludes certain community members who lack the necessary personal assets or social networks (Spicer, 2020). Often, these fundraising requirements are "prohibitive to people of color that otherwise meet or exceed the expectations of all board members" (Taylor, 2021).

Accordingly, Brennan and Forbes (2019) suggest nonprofits "[e]nsure that [their] policies and procedures reflect an inclusive culture" (p. 26). Spicer (2020) argues that "board recruitment must focus on equipping people to engage in meaningful fund development independent of their personal circumstances." For instance, nonprofit leaders can "take on the responsibility of helping new board members expand their networks by engaging in relationships with existing organizational donors" (Spicer, 2020).

Board attendance policies can also restrict who is able to become a director. Taylor (2021) explains that "[b]oards may have meeting schedule and attendance policies that are not

11

feasible for people of color who may have shift-work schedules that conflict with meeting times, or who may not be able to attend all meetings in person." Nonprofits should "[m]ake sure that meetings are at times and in locations that work for all," because "[n]ot everyone can get across town in the middle of a workday or take a day off to attend a meeting" (Brennan & Forbes, 2019, p. 25). Similarly, nonprofit boards should avoid "extensive—and expensive—travel requirements," which can exclude certain community members who lack the availability or personal finances for such trips (Brennan & Forbes, 2019, p. 26).

Finally, to effectively recruit more representative board members, nonprofit leaders must push against any biases or resistance they encounter from existing directors. "White board members may not relate to or understand [more diverse board candidates'] perspectives—which can lead to a lack of trust" (Taylor, 2021). According to Taylor (2021), some nonprofits suffer from "a general board philosophy of 'maintaining the status quo.'" This philosophy often "conflicts with the [culturally relevant] experiences and [creative] approaches that people of color have applied to their lives and careers," which are useful for understanding and reflecting the community but "may not lend themselves to the 'evidence' of [board] effectiveness that White board members may favor" (Taylor, 2021).

When nonprofit boards "have a bias toward specific board-building evaluation criteria and strategies that are inequitable to diverse board candidates and members," community members of color face challenges in "securing support (in being invited to join boards as well as in being included and valued after joining)" (Taylor, 2021). Thus, Andrasik and Mead (2019) suggest that as part of the board recruitment process, nonprofits undertake "formal reviews of board policy and culture" to "uncover these hidden issues" of bias, ultimately "recommending concrete changes" to become more inclusive (p. 40).

Notes of Caution

As nonprofits consider the community representation of their leadership, the literature cautions them to avoid overgeneralizing the community or defining its members with one homogenous identity. Andrasik and Mead (2019) remind nonprofits that "[c]lients are not monolithic, and care must be used when extrapolating information from or about a sample of

clients to the entire universe" (p. 38). For this reason, it is especially important for nonprofit leaders to engage with people from all parts of the community so they can better understand the different constituencies' needs, experiences, and identities.

Moreover, nonprofits must avoid the harmful practice of tokenism when they bring underrepresented community members onto their boards. Tokenism occurs "if the board environment elicits conformity with the cultural currency of [the original] board members, or if [the new] board members experience micro-inequities" (Andrasik & Mead, 2019, p. 40). It can take the form of "subtle, often unconscious messages indicating [the new board members'] value to the organization [is] not equal to other[s']." Andrasik and Mead (2019) show the prevalence of this issue: "A survey of nonprofit boards conducted by BoardSource found over 60% of the respondents who identified as minority 'felt excluded from power within their organizations,' and 13[%] had negative experiences due to tokenism" (p. 40).

Tokenism is especially challenging, as Savage et al. (2020) write, because it often involves unconscious bias, which is "ingrained into our assumptions, systems, and practices." It can "manifest as mistrust or microaggressions," "stymie or corrode relationships," and "perpetuate inequities," leaving "mental and emotional scars on leaders of color" (Savage et al., 2020). To prevent committing tokenism and causing these harms, nonprofits must be willing to do "deliberate work, learning, and honest reflection" (Savage et al., 2020).

The Impacts of Community Representation on Nonprofit Grant Awards

In addition to helping a nonprofit better understand its community, improve its services and client outcomes, and earn trust and legitimacy, nonprofit leadership that is more representative of the community improves the likelihood of earning grants from community foundations. However, in the broader context of the entire sector of philanthropy, the literature shows nonprofit leaders of color are inequitably deprived of many funding opportunities.

<u>Community Foundations' Preferences for Diverse Nonprofits That Represent Their Communities</u>

When making funding decisions, community foundations commonly prioritize nonprofits with diverse leadership that represents the community. Burdick (n.d.), whose organization

Candid provides information about thousands of nonprofits and foundations in the United States, reports that "[p]otential funders are actively seeking [a nonprofit's diversity, equity, and inclusion demographic] information to guide their giving priorities." This funding is often integral to a nonprofit's sustained success; as Drtina and Meyer (2014) explain, "many nonprofit[s] […] depend on charitable foundations to provide recurring funds for operations[,] […] infrastructure," and programs administration (p. 45). Thus, to be selected by community foundations for essential funding, nonprofits often have strong financial incentives to reflect the demographics and lived experiences of their communities.

Over the last few years, many community foundations have grown to recognize that "the knowledge and understanding of issues that comes from a leader being from the community is an invaluable asset that can make an organization and its approach distinctive and effective" (Savage et al., 2020). According to Savage et al. (2020), these funders are increasingly motivated to "prioritize [community] proximity more—valuing the organizations and leaders closest to the issues that are being addressed." In the following examples, the funding priorities of four influential community foundations illustrate the importance for nonprofit grant applicants to have diverse leadership that represents their communities.

The San Diego Foundation (n.d), San Diego's largest regional community foundation, "believes the board and staff composition of grant recipients should reflect the diversity and demographics of the community being served[,] and [a nonprofit should] include diversity among its leadership at the board and senior staff levels to ensure the diverse perspectives needed at these decision-making levels." Nonprofits applying for grants from the San Diego Foundation (n.d.) must provide the demographic data of their board and staff, describe how they "engage[ ] community members and constituents in planning, programming and making decisions," and discuss they "advance[] racial equity."

The Silicon Valley Community Foundation, the largest charitable foundation in the Silicon Valley region of California, also focuses on nonprofits with diverse leadership connected to their communities. In 2020, the foundation "shifted [its] grantmaking policies to provide more general operating support and capacity-building grants to organizations led by people of color and allied organizations that amplify the voices of and build power among historically

14

underrepresented communities" (Silicon Valley Community Foundation, n.d.). For its Movement and Power-Building Fund, the foundation is "especially interested in supporting" nonprofits that "increase representation and effect more equitable distribution of power" (Silicon Valley Community Foundation, n.d.).

The San Francisco Foundation, one of the largest community foundations in the United States, has similar preferences for funding diverse, representative nonprofits. It "make[s] a conscious effort to fund grantees that are led by diverse leadership. In 2021, 74% of organizations (with available data) that received program grants were led by people of color" (San Francisco Foundation, n.d.). The foundation is transparent about its selection criteria for nonprofit applicants: "We have intentionally prioritized race and socioeconomic status in our grantmaking" (San Francisco Foundation, n.d.).

Finally, the Quad Cities Community Foundation, the largest source of philanthropy in the Quad Cities region of Illinois and Iowa, considers the diversity and community representation of a nonprofit's board with "equal weight[ ] [to] the other evaluation criteria for each grant program" (Thompson, 2021). The foundation believes a board's diversity is a "factor contributing to whether the organization […] advances racial and other forms of equity […] through its actions and its leadership" (Thompson, 2021). Thompson (2021), the Vice President of Grantmaking and Community Initiatives, says that the Quad Cities Foundation focuses on board composition because "it is leadership that makes the difference when it comes to advancing equity."

<u>Negative Correlations Between Nonprofit Leaders of Color and Grant Funding</u>

Despite community foundations' preferences to fund nonprofits with diverse leaders who represent their communities, in other philanthropic contexts grant awards are often inversely correlated with diverse, representative leadership. At many nonprofits, dependence on earning grants leads to exclusionary board recruitment strategies that bar more diverse community members from being considered. Further, within the philanthropic sector more broadly, systemic inequities make nonprofits led by people of color less likely than their White-led counterparts to earn grant funding.

To begin, nonprofits that are reliant on grant awards often prioritize board members with professional skills, such as grant writing, instead of community representatives who may have different backgrounds and skillsets. As Mosley and Grogan (2013) explain, grant requirements such as "performance measurement[s], data demands, and reporting requirements all require increased professionalization" of the nonprofit board" (p. 13). This board professionalization "creates a challenge for [nonprofits] in regard to maintaining ties to the community, and internally reflecting the client base they serve" (Mosley & Grogan, 2013, p. 13). Nonprofits seeking grant funding often "have strong incentives to become more professionalized, larger, more data driven, and to make decisions regarding service provision based on resource availability rather than community needs" (Mosley & Grogan, 2013, p. 20).

Beyond their desired skillsets, individuals with white-collar professional experience are often prioritized for nonprofit leadership roles because they are believed to symbolize legitimacy in the eyes of funders (Guo, 2007, p. 74). According to Guo (2007), "as an organization receives more […] funding, its board might be treated as a co-optive or legitimizing device rather than as an independent governing body that should be representative of community interests and responsible for the mission, direction, and policies of the organization" (p. 74). Thus, a nonprofit's focus on earning grants can limit its board recruitment priorities to white-collar professionals, thereby excluding less privileged community members who lack certain skillsets and appearances. But this flawed perspective ignores the skills and value that more diverse community members often bring to boards: "[L]eaders of color may draw on their cultural background to develop innovative approaches, especially in addressing issues that affect their own community" (Savage et al., 2020).

Additionally, the literature demonstrates that nonprofit leaders of color who represent their communities generally receive fewer funding opportunities due to structural discrimination within philanthropy. "With few exceptions, [l]eaders of [c]olor and their organizations are significantly under-funded" (Building Bridges Initiative, 2022, p. 8). As Savage et al. (2020) show, "leaders of color[ ] on average have smaller budgets to work with and are more likely to report they lack access to (and face challenges securing) financial support from a variety of

funding sources than White leaders." The data show 51% of nonprofit leaders of color lack access to foundations (Savage et al., 2020).

A contributory factor to this funding disparity is that "organizations led by people of color rarely have" strong financial reserves (Dorsey et al., 2020, p. 14). Dorsey et al. (2020) label this a "classic 'chicken and the egg' dilemma: traditionally it has been difficult for organizations with low reserves to attract new funders, but that inability to attract new funders keeps reserves low" (p. 14). Without ample reserves, nonprofits led by people of color struggle to "generat[e] the evidence or conduct[ ] the type of evaluation donors want to see to show programming is making a difference," and they cannot "build the easy-to-define track records that excite donors" (Dorsey et al., 2020, p. 14).

Unfortunately, "[p]hilanthropy is overlooking leaders of color who have the most lived experience with and understanding of the problems [foundations and nonprofits] are trying to solve" (Dorsey et al., 2020, p. 4). These disparities are the results of "the structural discrimination that plagues our society," and until funders "tak[e] active antiracist measures to ensure equity in funding for the entire social sector, [they are] inadvertently contribut[ing] to inequities in society" (Savage et al., 2020).

Section 3. Methods and Approach

This study uses a mixed methods research approach to investigate the research questions. First, the literature review in Section 2 of this report provides secondary data on the topics of community representation among nonprofit leadership and nonprofit funding from community foundations. Then, three expert interviews presented in Section 4 offer primary qualitative data with which the findings of the literature review are synthesized to draw implications and make recommendations about nonprofit leaders' relationships with their communities in Section 5.

The semi-structured interviews conducted for this study involve three field experts: the executive directors of two local nonprofits and a program officer at a community foundation. The organizations selected for these interviews reflect distinct subfields of the social sector— affordable housing development, environmental restoration and education, and economic advancement—to explore different perspectives, experiences, and communities across a range of the sector. The data gathered from these interviews are intended not to stand for the entire field of nonprofits or community foundations but as examples to illustrate how some of the concepts and best practices highlighted in the literature review occur in the real world.

These expert interviews comprise a convenience sample. One of the nonprofit executive directors is a person whom the author has known personally for many years. The other nonprofit executive director leads the nonprofit at which the author works. The community foundation program officer attended a class in the author's master's program as a guest speaker.

Two of the interviews were conducted virtually using the Zoom meeting platform, and one was conducted over the phone. In the virtual interviews, the participants consented to the meetings being recorded to assist the author's subsequent analysis. The lengths of the interviews ranged from approximately 45 minutes to one hour.

The interviews were structured around a set of open-ended questions drafted by the author. The participants were encouraged to expand on the question topics as appropriate, leading to variance among the data collected. The results of these interviews, presented in Section 4 of this report, are grouped according to several major themes that emerge. The main

18

points and key takeaways are compiled in a table and arranged based on their applicability to this study's research questions (see Table 1).

Section 4. Data Analysis

This qualitative data analysis includes, first, a summary of the results of three expert interviews on the topics of nonprofit community representation and grant funding, and second, a table compiling the main points and key takeaways of these results that correspond to this study's research questions (see Table 1). Both interviews with nonprofit executive directors are presented together, followed by the interview with a community foundation program officer.

Interviews with Two Nonprofit Executive Directors

The following interview summaries involve two very different nonprofit organizations: East Palo Alto Community Alliance and Neighborhood Development Organization ("EPACANDO") and Grassroots Ecology. EPACANDO is a 32-year-old, community-based nonprofit, which provides affordable housing services to low-income residents of East Palo Alto, California. Grassroots Ecology is a 6-year-old environmental nonprofit, based in Palo Alto, California, which engages thousands of volunteers and interns for habitat restoration projects and hands-on nature education activities at field sites throughout Santa Clara and San Mateo Counties.

The Nonprofits' Communities and Boards of Directors

EPACANDO

Executive Director Duane Bay describes EPACANDO's services as "community economic development, with emphasis on 'community'" (personal communication, July 28, 2022). This community includes any East Palo Alto resident who seeks or receives housing services from the nonprofit, some of which include below-market-rate homeownership opportunities, rental housing for low-income tenants, development of accessory dwelling units on homeowners' properties, and various forms of housing counseling. Community members are primarily low-income people of color. Demographically, the nonprofit's community reflects the
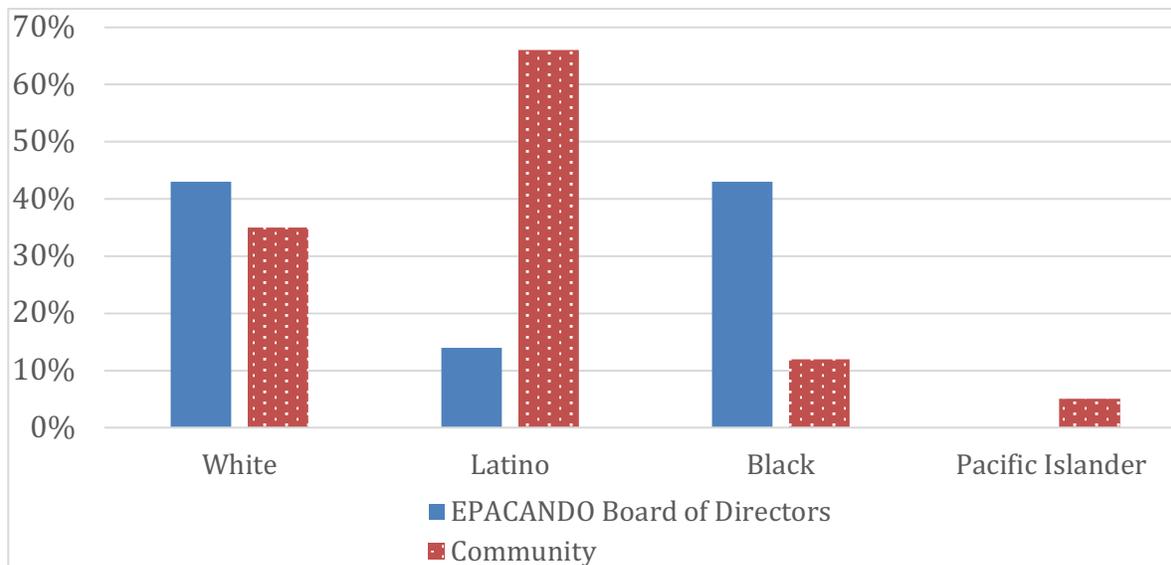
overall population of East Palo Alto, which is 66% Latino, 12% Black, and 5% Pacific Islander, with 41% of households foreign-born (D. Bay, personal communication, July 28, 2022).

EPACANDO's mission, programs, and governance structure prioritize the involvement of community members. Bay says the nonprofit seeks "the betterment of the community and individuals within the community, in the context that general betterment should be by whom and for whom, which is very important" (personal communication, July 28, 2022). The organization's structure reflects this community intent; as a member-managed nonprofit, the members—who must be residents of East Palo Alto—hold governance rights such as electing two-thirds of the nonprofit's board of directors (D. Bay, personal communication, July 28, 2022).

The current board of EPACANDO represents many, though not all, parts of the community. Of the seven current directors, six (85%) are long-time residents of East Palo Alto; four (57%) are people of color, with three identifying as Black and one as Latina; and three (42%) are below the age of 40 (D. Bay, personal communication, July 28, 2022). Bay acknowledges the under-representations of Latino and Pacific Islander community members among the board members, and he expresses a desire for that to improve (personal communication, July 28, 2022). In the following chart, the racial identities of EPACANDO's board members are compared to the racial identities of the community the nonprofit serves (see Figure 2).

Figure 2

Comparison of Racial Identities Between EPACANDO's Board and Its Community

A bar chart comparing racial identities. White: EPACANDO Board of Directors ~43%, Community ~35%. Latino: Board ~14%, Community ~66%. Black: Board ~43%, Community ~12%. Pacific Islander: Board 0%, Community ~5%. Legend: EPACANDO Board of Directors (blue), Community (red).

Note. Author's creation based on data provided by Duane Bay, Executive Director of EPACANDO.

According to Bay, over the nonprofit's 32 years, EPACANDO's boards have most often included a majority of Black directors, a minority of White directors, very few Latino directors, and almost no Pacific Islander directors (personal communication, July 28, 2022). Throughout the nonprofit's existence, Bay explains, "the understanding that leadership should be people of color, mostly African Americans historically, was from the start tacit" (personal communication, July 28, 2022). It should be noted that the demographics of East Palo Alto have shifted over the last several decades; historically there were far more Black residents and far fewer Latino and Pacific Islander residents than there are today.

Grassroots Ecology

Alex Von Feldt, Executive Director of Grassroots Ecology, defines the community her organization serves as the volunteers who participate in habitat restoration workdays and nature

education programs at field sites throughout the San Francisco Peninsula region, as well as the paid interns who receive job training and workforce development while helping the staff administer the nonprofit's programs (personal communication, July 25, 2022). Von Feldt estimates that the community is 60 to 70% people of color, most of whom identify as Asian, Indian, or Latino; approximately 80% high school-aged or young adults; and 10% low-income individuals (personal communication, July 25, 2022).

The composition of Grassroots Ecology's board of directors has changed over the last few years. In 2016, the founding board members were four "older White people" (A. Von Feldt, personal communication, July 25, 2022). Those directors relied on their personal networks to expand the board, thus maintaining the same demographic composition for several years. When Von Feldt first tried to diversify her board by applying to a board matching organization, they turned her down and explained they did not want "to stick one [underrepresented] person in there" because Grassroots Ecology's homogenous board "[did not] have the right culture." Von Feldt says her nonprofit embraced that feedback and committed itself to reshaping its board composition (personal communication, July 25, 2022).

As of today, the last four additions to Grassroots Ecology's board have been people of color, and the 11-member board is currently made up of 45% directors of color (A. Von Feldt, personal communication, July 25, 2022). There are board members who identify as Asian, Indian, Latino, and Black, and the board includes a 23-year-old director (A. Von Feldt, personal communication, July 25, 2022).

Von Feldt highlights several examples of how the more representative and diverse board has improved the nonprofit's overall culture. At a recent organization-wide lunch, for example, she noticed that the Latino interns were able to "see their races reflected in [some of] their leaders [on the board]," which was not the case several years ago (A. Von Feldt, personal communication, July 25, 2022). Similarly, on a recent organizational field trip, Von Feldt observed how several staff members of color spent most of the trip chatting and engaging with the 23-year-old board member of color, something she has never seen happen with the other board members (personal communication, July 25, 2022).

Von Feldt expresses the desire for Grassroots Ecology's entire organization to continue diversifying, but she feels encouraged by the progress made so far on diversity, equity, and inclusion (personal communication, July 25, 2022). In the chart below, certain demographic metrics of the board, staff, and interns of Grassroots Ecology are compared with those of the youth volunteers to whom the nonprofit provides environmental education and habitat restoration opportunities (see Figure 3). Although such a comparison deviates from this report's focus on board members specifically, it makes use of the available data and helps illustrate the nonprofit's representation of its largest constituency.

Figure 3

Demographic Comparison Between Grassroots Ecology (Board Members, Staff, & Interns) and the Community of Youth Volunteers
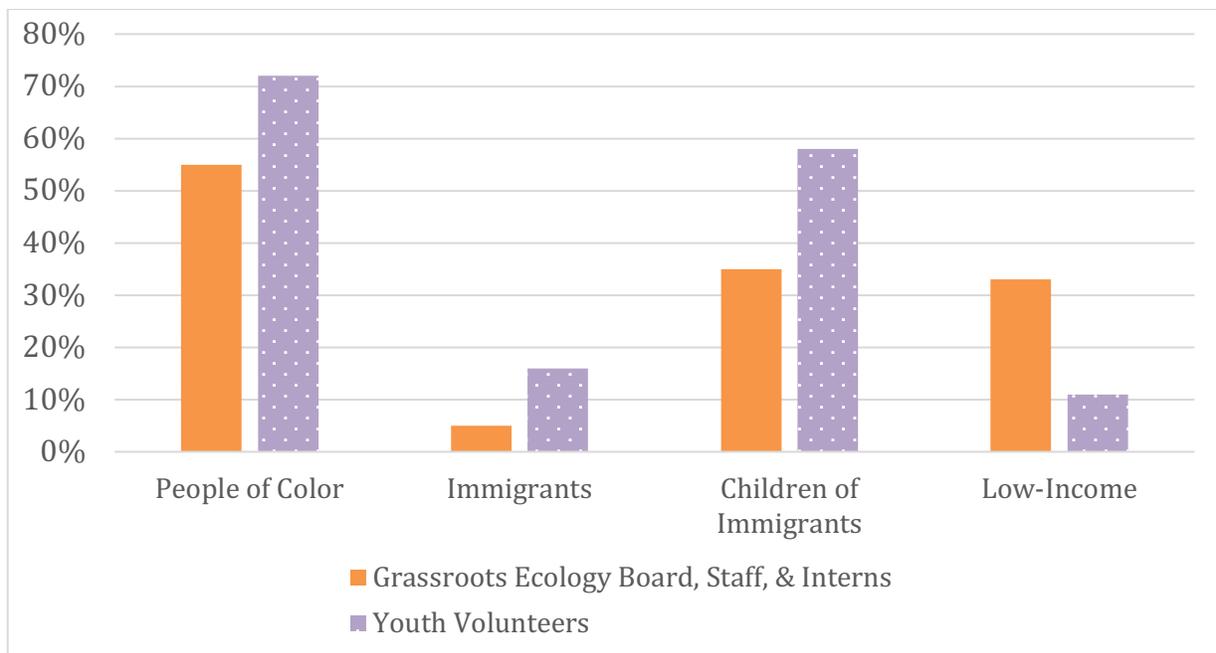
Note. Author's creation based on data provided by Alex Von Feldt, Executive Director of Grassroots Ecology.

<u>The Nonprofits' Board Recruitment Strategies</u>

EPACANDO

Bay expresses overall satisfaction about EPACANDO's board recruitment processes. Six of the nine board seats are elected by the nonprofit's members—who are residents of East Palo Alto—and to Bay, this "membership appointment power has often been used exactly as it was designed" (personal communication, July 28, 2022). Electing directors through this "membership mechanism is designed to be that community responsiveness," though Bay notes the process only functions properly when the nonprofit makes it a priority to "keep the membership vital, empowered, and diverse." Acknowledging that the current membership is smaller and less engaged than those of the past, Bay believes "the structure is there, but we have not been totally effective" at sustaining a membership for the most productive governance (personal communication, July 28, 2022).

To Bay, the most important qualities to look for in a prospective director are "politics, mission alignment, skillsets, demographic identity, and lived experience representative of the community" (personal communication, July 28, 2022). One's lived experience, Bay explains, "should be balanced with them having accumulated board skills along the way," and if those are lacking the organization must make "a serious commitment to provide that training." Bay notes that, unlike many of the other local nonprofits that have recruited onto their boards "angel donors, or people who can write big checks," EPACANDO has not followed this model; the nonprofit has instead prioritized community connections in its board recruitment (personal communication, July 28, 2022).

EPACANDO's board has no formal fundraising requirements (D. Bay, personal communication, July 28, 2022). "There's been a mild expectation all along that directors ought to contribute," but Bay acknowledges there is "not very much money coming from directors." He characterizes EPACANDO's recruitment approach as "super un-rigorous in terms of how we screen board candidates" on matters such as personal finances or background checks. Instead, fitness for board membership is "more about politics, skills, [and] demographic identity" (D. Bay, personal communication, July 28, 2022).

Grassroots Ecology

Grassroots Ecology has worked intentionally to make its board more diverse and representative of its constituents. Von Feldt describes the "first step of this whole plan" as asking, "who are we working with, and then, with that baseline of understanding, identifying some goals and where we want to go" (personal communication, July 25, 2022). The nonprofit has "purposely gone after people of […] [certain] races and backgrounds" that reflect its community, as well as younger candidates who represent the young people comprising 80% of the nonprofit's volunteers and interns (A. Von Feldt, personal communication, July 25, 2022).

One of Grassroots Ecology's approaches to board recruitment is searching from within its community of volunteers and interns. This has resulted in a 23-year-old woman of color, a former intern, joining the board (A. Von Feldt, personal communication, July 25, 2022). Another strategy is reaching out to local leadership organizations; the nonprofit's outreach to a Latino leadership group led to another new director, a Latino man. The nonprofit also encourages staff to promote people for board membership, though Von Feldt says, thus far, that does not happen often (personal communication, July 25, 2022).

There are no fundraising requirements for board membership at Grassroots Ecology. Von Feldt explains: "The only thing we say is that you will agree to give a gift that is meaningful to you" (personal communication, July 25, 2022). The current board members make annual gifts ranging from $100 to $18,000 (A. Von Feldt, personal communication, July 25, 2022).

A few of the longer-tenured board members have expressed some resistance to Grassroots Ecology's board diversification efforts. For instance, when the 23-year-old former intern was being considered, several of the original board members questioned her suitability and critiqued her inexperience, asking, "what does she bring?" (A. Von Feldt, personal communication, July 25, 2022). But as Von Feldt reminded them, Grassroots Ecology's mission is to provide workforce training and leadership development in addition to its environmental work, "and this [recruitment of a young director] is part of that." Those board members also "keep bringing up names" of additional older White people for board consideration, but Von Feldt understands that "sometimes it's just so easy to rely on their networks." In response, she

simply tells them that the Grassroots Ecology board "already has that view reflected" (A. Von Feldt, personal communication, July 25, 2022).

<u>Perspectives on How Community Representation Impacts Grants</u>

EPACANDO

Although EPACANDO "used to only occasionally be asked about [board] demographics" in the grants process, now "most of the grant applications explicitly ask" for this information (D. Bay, personal communication, July 28, 2022). This is especially true of the community foundations that often support EPACANDO; Bay believes they "want to up their game, and become more aware, more conscious, [and] more explicit" (personal communication, July 28, 2022).

With a representative and diverse board and staff, Bay has not perceived any negative impacts on grant results related to demographics or community connections (personal communication, July 28, 2022). As a White executive director of the organization, Bay personally views his race as a potential impediment to the nonprofit earning awards from funders. But he believes this is "balanced by the board and staff demographics," as well as by identifying himself as "an interim director with strong community ties and credibility" (D. Bay, personal communication, July 28, 2022).

Grassroots Ecology

At Grassroots Ecology, Von Feldt has noticed a correlation between her organization's demographic composition and the outcomes of the nonprofit's grant applications. "On most grant [applications], like government grants, foundation grants, anything," the nonprofit must report the diversity of its board and staff (A. Von Feldt, personal communication, July 25, 2022). She believes Grassroots Ecology has been rejected for grants in the past due, at least in part, to the board's lack of diversity and community representation. On "a lot of funding calls," she explains, she has "heard [the preference] from foundations and government agencies" to fund organizations whose leaders represent the community so they can "raise up the voices of their communities." Since Grassroots Ecology's board has become more diverse and representative,

Von Feldt has noticed more grants success, especially from community foundations (personal communication, July 25, 2022).

For Grassroots Ecology's work in underrepresented communities, a successful strategy is to partner with more representative local nonprofits and seek collaborative grants. As Von Feldt describes, Grassroots Ecology was recently awarded a large grant for habitat restoration work in East Palo Alto, and half the grant is intended for several local organizations—which are all led by people of color—to perform the outreach and community engagement parts of the project (personal communication, July 25, 2022). To Von Feldt, this collaborative approach feels "more genuine and authentic." She describes how the partnership works so well: "We're doing our expertise, which is more around the habitat restoration and volunteer organizing, but we're paying [those local nonprofits] to engage the communities that we [would be less] successful engaging" (A. Von Feldt, personal communication, July 25, 2022).

Von Feldt, as a White executive director, has "struggled with" concerns that her background and race send a detrimental message to funders and the public about Grassroots Ecology's commitment to diversity, equity, and inclusion (personal communication, July 25, 2022). Over the last year, she has made a "conscious shift" to operate "a little bit more behind the scenes" to assuage some of those worries. But she also recognizes that most "people don't want to do what [she] do[es]," such as the operational, financial, and grants administration duties. So, as of now, Von Feldt does not believe it would benefit the nonprofit for her to step down because of her racial identity (personal communication, July 25, 2022).

Interview with a Community Foundation Program Officer

Tuquan Harrison is a Program Officer at the James Irvine Foundation, an initiative-based community foundation that aims to expand economic opportunities for all low-income workers in California. In the statements and quotations provided in this report, Harrison speaks in their personal capacity, not as a representative of the foundation. Although these interview results do not stand for the broader field of community foundations, they provide insight into the perspective of a community foundation program officer who regularly examines how nonprofits relate to their communities.

The Evolving Focus of Community Foundations

Community foundations like the James Irvine Foundation are increasingly prioritizing comprehensive efforts to challenge systemic inequities and empower underrepresented communities. As Harrison explains, their foundation is "trying to be more intentional around pushing for more equity-driven approaches to grantmaking and processes," and it has "really invested in [the] idea of transformative versus transactional" community services (personal communication, July 27, 2022).

By targeting nonprofits that are "providing holistic services" to their communities, the James Irvine Foundation aims to "operationaliz[e] racial equity" (T. Harrison, personal communication, July 27, 2022). This work requires the foundation to "really look at [its] selection criteria," and to focus on nonprofits with "leadership [that] is [representative]" of their communities, and which serve community members "intentionally versus transactionally" (T. Harrison, personal communication, July 27, 2022).

The Importance of Nonprofit Boards Representing Their Communities

As illustrated by the James Irvine Foundation's priorities, a nonprofit board's community representation can be a very important factor in community foundation funding decisions. Harrison considers it "necessary [for a nonprofit board] to have folks from the community, to have folks who have [lived] experience or who are really aligned with the path and the mission of the organization" (personal communication, July 27, 2022). Although Harrison cautions that the James Irvine Foundation "can't necessarily give a certain metric like 50% or 75%" as the amount of community representation a board should have, they consider it "really important [for a nonprofit] to have [...] composition and makeup" that is reflective of the community. When Harrison's team reviews a nonprofit applicant, the board's ties to the community are "one of the things that [they] look for" because the foundation's staff members believe nonprofits need to "have that leadership, that direction, that understanding of the community, and that real, touching contact" (personal communication, July 27, 2022).

The James Irvine Foundation also emphasizes the importance of community through its use of advisory committees. Advisory committees, typically made up of representatives from 10

to 15 grassroots community organizations, "review applications and review organizations to be potentially recommended for grants" (T. Harrison, personal communication, July 27, 2022). Harrison calls them "trusted pillars," which are "community-accountable," and they "sit closely with" foundation staff to help "define[ ] strategy around how [the foundation] should be serving people, what types of projects [it] should be investing in, and how [the foundation], as a funder, needs to do better by those communities" (personal communication, July 27, 2022). These advisory committees—comprised of people who are intimately familiar with the community and its needs—make it essential for a nonprofit applicant to demonstrate its authentic ties to, and understanding of, the community.

<u>Best Practices for Those Who Do Not Represent the Communities They Serve</u>

For nonprofit leaders who are not connected to, or representative of, the community being served, Harrison believes there is still "a space" for them to be involved, but only if they do "extra due diligence work" to learn about the community (personal communication, July 27, 2022). These community outsiders must "deepen [their] understanding" and "get involved in the community" in order to "actually be impactful" at the nonprofit. They should acknowledge "coming from a place of privilege," that they are arriving with a "different lens," and then they should "just do the work to better understand" the community and its needs (T. Harrison, personal communication, July 27, 2022).

Nonprofits still should prioritize recruiting and "hir[ing] folks in the community," Harrison says, but if no qualified community members are interested, "there's still work that needs to be done," so a qualified outsider should fill the role if they are willing to "do [their] due diligence" of learning about the community (personal communication, July 27, 2022). Harrison explains: "I think that [nonprofits serving communities of color] can have White folks on [their] boards, and [they] can have folks who are in the process of learning," but those people "have to get in the community" and learn about it to effectively carry out the nonprofit's mission. "If [someone is] going to be doing this work in the community, [they] have to be a part of the community" (T. Harrison, personal communication, July 27, 2022).

Harrison stresses, though, that "if there is somebody from the community with lived experience and expertise, they will be priority" to fill a nonprofit role (personal communication, July 27, 2022). If a capable community member shows potential to "take [a community outsider's] position or move up the ladder," the community outsider should not only allow that but actively help them achieve it. The community outsider should "leverage [their] learnings and opportunities" to mentor the community member, helping them to "raise themselves up" (T. Harrison, personal communication, July 27, 2022).

<u>The Risks of Tokenism</u>

Finally, Harrison says, "tokenism is real," it is "a disservice," and it amounts to "another form of racism and implicit bias" (personal communication, July 27, 2022). When a person of color is tokenized—or treated as if their qualification to do the work is based primarily on their "proximity to other people of color"—Harrison believes that person is being "utilize[ed] on a transactional basis." To avoid committing this harmful offense, Harrison advocates for nonprofits to "creat[e] pipelines and opportunities to actually diversify [their] entire organization" (personal communication, July 27, 2022). This work requires nonprofits to "look at the statistics to get the data," identify the "areas of improvement" and areas where "investment" is needed, and then reflect on how they can "recruit and invest in a diversified workforce because they know that [is] advantageous for the work," instead of because it makes them appear more diverse (T. Harrison, personal communication, July 27, 2022).

The Main Points and Key Takeaways Pertaining to the Research Questions

In the following table, the qualitative data from the interviews are summarized into main points, which are further distilled into key takeaways that are pertinent to this study's underlying research questions (see Table 1).

Table 1

Interviews' Main Points and Key Takeaways Addressing the Research Questions

RQ1: Is it important to community-based nonprofits to have leadership that represents the communities they are serving?		
Source	*Main Point*	*Key Takeaway*
Bay (EPACANDO)	Through history, the nonprofit has had a tacit understanding it should have leaders of color	▪ Representation is important
Bay (EPACANDO)	The nonprofit's membership holds power over governance	▪ Representation is important
Bay (EPACANDO)	85% of board members are long-time community residents	▪ Representation is important
Bay (EPACANDO)	The board is a majority people of color; the ED acknowledges and critiques its under-representations of Latinos and Pacific Islanders	▪ Representation is important
Von Feldt (Grassroots Ecology)	The nonprofit has accepted, learned from, and improved regarding the negative feedback about its lack of representation	▪ Representation is important
Von Feldt (Grassroots Ecology)	The board's composition has evolved and is now moderately diverse and representative	▪ Representation is important
Von Feldt (Grassroots Ecology)	The positive impacts on organizational culture of adding more diversity and representation are celebrated	▪ Representation is important
Von Feldt (Grassroots Ecology)	A few older White board members resisted recruiting a young woman of color and continue trying to recruit more White directors	▪ No, representation is not important

RQ2: What are the most effective strategies for making a nonprofit's leadership more representative of its community?		
Source	*Main Point*	*Key Takeaway*
Bay (EPACANDO)	The membership appointment process empowers community members and ensures community representation	▪ Director appointment by members
Bay (EPACANDO)	Recruitment targets politics, mission alignment, skillsets, demographics, and lived experience	▪ Target demographics, lived experience, values ▪ Target skillsets
Bay (EPACANDO)	There are no formal requirements for board membership (no fundraising requirement)	▪ No fundraising requirement
Von Feldt (Grassroots Ecology)	Recruitment targets certain backgrounds, races, and ages	▪ Target demographics

Von Feldt (Grassroots Ecology)	The nonprofit recruits from within its volunteers and interns	▪ Recruit volunteers and interns
Von Feldt (Grassroots Ecology)	The nonprofit utilizes local leadership organizations for recruitment	▪ Outreach to leadership organizations
Von Feldt (Grassroots Ecology)	There are no formal requirements for board membership (no fundraising requirement)	▪ No fundraising requirement
Harrison (James Irvine Foundation)	Nonprofits must avoid tokenism by holistically diversifying their entire organizations (recruit people of color to improve the services, not for optics)	▪ Recruitment requires holistically diversifying the entire organization
Harrison (James Irvine Foundation)	Nonprofit leaders from outside the community should welcome and mentor community members with leadership potential, and even sometimes step aside for them	▪ Existing, privileged leaders should welcome, mentor, and empower new potential leaders from the community

RQ3: Does the amount of community representation among a nonprofit's leadership impact its success earning grants, especially from community foundations?		
Source	*Main Point*	*Key Takeaway*
Bay (EPACANDO)	Funders always ask for demographic data; the nonprofit's composition satisfies those inquiries	▪ Grant applications always ask for demographics
Bay (EPACANDO)	The E.D. believes that being a White leader is a disservice to funding efficacy	▪ White leadership can be problematic
Von Feldt (Grassroots Ecology)	Funders always ask for demographic data	▪ Grant applications always ask for demographics
Von Feldt (Grassroots Ecology)	The E.D. has been told the nonprofit's lack of diversity/representation has hurt grant results; and since adding diverse directors, they've had more success	▪ Diversity and representation correlate with grant awards
Von Feldt (Grassroots Ecology)	When partnering with more representative local nonprofits, they have had more funding success	▪ More community representation helps grants success
Von Feldt (Grassroots Ecology)	The E.D. believes that being a White leader is a disservice to funding efficacy	▪ White leadership can be problematic
Harrison (James Irvine Foundation)	The James Irvine Foundation prioritizes nonprofits with representative leadership	▪ More diversity/ representation allows more grants success

Harrison (James Irvine Foundation)	The Irvine Foundation's community-based advisory committees increase the importance of nonprofit applicants having ties to their communities	▪ Community members' involvements in grant decisions make nonprofit community ties very important
Harrison (James Irvine Foundation)	Nonprofit leaders who do not represent the community have a responsibility to learn about, and authentically understand, the community	▪ Everyone at a nonprofit must understand the community

Section 5. Implications and Recommendations

The following implications come from a synthesis of this study's qualitative data results and the findings of the literature review. First, the research results indicate that nonprofit leaders must deeply understand the communities in which they work. But not all leaders share this belief; regarding the first research question—"Is it important to community-based nonprofits to have leadership that represents the communities they are serving?"—the research implies considerable variance among nonprofit leaders' attitudes about community representation.

In response to the second research question—"What are the most effective strategies for making a nonprofit's leadership more representative of its community?"—this study illustrates several helpful strategies, the most notable of which is that nonprofits can increase their community representation by involving community members in their board recruitment processes. However, as the research also implies, any nonprofit wishing to make its board more representative must be willing to comprehensively review and systematically overhaul its policies and culture to become more inclusive.

Finally, concerning the third research question—"Does the amount of community representation among a nonprofit's leadership impact its success earning grants, especially from community foundations?"—the results demonstrate that community foundations' grantmaking decisions prioritize nonprofits with diverse leadership representative of their communities, though philanthropic inequities persist and nonprofit leaders of color generally face disproportionate difficulties accessing funding.

It Is Essential for Nonprofit Leaders to Understand Their Communities

As the research demonstrates, nonprofit leaders have a responsibility to deeply understand the communities in which they work. A nonprofit that develops a genuine understanding of its community becomes able to "reflect community interests in [its] organizational policies, strategies, and operations" (Guo, 2007, p. 70). It can "incorporate[ ]" into its services "the needs and interests of diverse and traditionally marginalized community members…who would otherwise remain underserved" (Fredette & Sessler Bernstein, 2019, p.

936). As Harrison explains, for a nonprofit's work to "actually be impactful," its leaders must truly know and understand their community (personal communication, July 27, 2022).

Accordingly, BoardSource's (2021) survey results raise concern when they find 67% of nonprofit chief executives believe their boards do not dedicate enough time to building community relationships (p. 14). Those board members are violating Harrison's guidance that, "if [someone is] going to be doing this work in the community, [they] have to be a part of the community" (personal communication, July 27, 2022). To produce more impactful work, they should prioritize "get[ting] involved in the community" and "deepen[ing] [their] understanding[s]" (T. Harrison, personal communication, July 27, 2022).

Nonprofit Leaders' Attitudes Vary About the Importance of Community Representation

Despite all the benefits for nonprofits whose leaders represent their communities—improvements to programs and services, increased trust and legitimacy, more successful outcomes for clients, and additional opportunities for grant funding from community foundations—community representation is not valued by all nonprofit leaders. BoardSource (2021) finds only 32% of nonprofit boards place a high priority on "knowledge of the community served," and only 28% of boards highly prioritize "membership within the community" (p. 29). These are the types of nonprofits that often suffer from "a general board philosophy of maintaining the status quo" (Taylor, 2021). Even at Grassroots Ecology, where the board has become significantly more representative over the last few years, several of the older White directors still question the board diversification efforts and advocate for adding more older White people to the board (A. Von Feldt, personal communication, July 25, 2022).

But as the interview results demonstrate, some nonprofits sincerely value and cultivate community representation among their leadership. EPACANDO, for instance, has always had a "tacit" "understanding that [its] leadership should be people of color" who reflect the community, and currently 85% of its directors are long-time community residents (D. Bay, personal communication, July 28, 2022). Grassroots Ecology, too, has "purposely gone after people of […] [certain] races and backgrounds" to make its board more representative of its community (A. Von Feldt, personal communication, July 25, 2022). Taken together, these

36

organizations illustrate a range of the nonprofit field across which community representation is embraced.

The Involvement of Community Members in the Board Recruitment Process Improves Nonprofit Community Representation

The research results also suggest nonprofits enhance their representation of, and ties to, the community when they involve community members in their board recruitment processes. Collaboration with people from the community adds "a diversity of expertise, knowledge, and/or life experience" to the recruitment approach (Gibson, 2018, p. 19). Further, "opportunities to interact with [community members] on strategic issues and share power with [them]" can strengthen a nonprofit's relationship with its community and "improve [its] substantive representation" (Andrasik & Mead, 2019, p. 41).

Already, this practice takes place at the James Irvine Foundation. Its advisory committees, made up of community representatives who assist the foundation in evaluating nonprofit grant applicants, inject authentic community perspectives and values into the review process. These committee members are considered "trusted pillars" who keep the foundation "community-accountable," and their inclusion helps the James Irvine Foundation "do better by [the] communities" (T. Harrison, personal communication, July 27, 2022).

EPACANDO's member-managed governance structure also illustrates the impacts of involving community members in a nonprofit's decision-making. The nonprofit's members, who are residents of the community, are responsible for electing two-thirds of the nonprofit board. This governance power is "designed to be [a source of] community responsiveness," and the board's strong representation of its community demonstrates the encouraging results that can come from turning to community members for board recruitment decisions (D. Bay, personal communication, July 28, 2022).

Board Diversification Efforts Often Require Comprehensive Organizational Transformations to Avoid Tokenism and Other Forms of Exclusion

When a nonprofit decides to diversify its board to better represent its community, the research emphasizes the need for it to comprehensively review its policies, procedures, and

culture and, if necessary, make significant organizational changes. One reason for the necessity of these actions is to avoid the harmful, counterproductive practice of tokenism.

To Harrison, tokenism is a "form of racism and implicit bias," which ultimately amounts to a "disservice" to the nonprofit and its ability to deliver impactful community services (personal communication, July 27, 2022). Nonprofits can avoid this disserve through an extensive internal review; they should "get the data," identify their "areas of improvement" and needs for "investment," and then decide to "recruit and invest in a diversified workforce because they know that [is] advantageous for the work" (T. Harrison, personal communication, July 27, 2022).

A potential area for improvement at over 40% of nonprofits involves the board's fundraising requirements (Spicer, 2020). These policies are often "prohibitive to people of color that otherwise meet or exceed the expectations of all board members," and a nonprofit that wants to authentically invest in more diversified leadership must scrutinize and consider eliminating this type of exclusionary policy (Taylor, 2021). Of note, neither EPACANDO, which has a board with strong community representation, nor Grassroots Ecology, whose board is increasingly becoming more representative, have fundraising requirements for their board members.

In addition to board policies, often a nonprofit's board culture must be overhauled to effectively bring community members into leadership roles while avoiding tokenism. Many nonprofit boards "have a bias toward specific board-building evaluation criteria and strategies that are inequitable to diverse board candidates and members" (Taylor, 2021). This bias creates challenges for people of color "in being invited to join boards as well as in being included and valued after joining" (Taylor, 2021).

Ultimately, the board's biases harm the nonprofit itself because the board excludes "leaders of color [who] may draw on their cultural background to develop innovative approaches, especially in addressing issues that affect their own community" (Savage et al., 2020). Thus, it is in a nonprofit's best interest to resolve any toxic biases within its board culture, not only because they can be degrading to community members of color but also because they lessen the nonprofit's opportunities to better understand the community and provide the most impactful services.

Community Representation Benefits Nonprofits Seeking Community Foundation Grants, Though Systemic Inequities Still Deprive Leaders of Color of Many Funding Opportunities

Finally, this study finds variable correlations between nonprofit community representation and nonprofit funding awards, though the results imply community foundation grant awards favor nonprofits with more diverse leaders who represent the community. Community foundations typically prefer to fund nonprofits whose leaders represent the community because they believe "the knowledge and understanding of issues that comes from a leader being from the community is an invaluable asset that can make an organization and its approach distinctive and effective" (Savage et al., 2020). At the James Irvine Foundation, Harrison's team "look[s] for" nonprofits with boards representative of their communities because they believe the most impactful nonprofits "have that leadership, that direction, that understanding of the community, and that real, touching contact" (personal communication, July 27, 2022).

Grassroots Ecology's funding record further demonstrates the importance of having diverse leadership that represents the community when applying for community foundation grants. Von Feldt recalls funders stating their preferences to fund diverse nonprofits with community ties because those organizations can more effectively "raise up the voices of their communities" (personal communication, July 25, 2022). In the time since Grassroots Ecology's board has become more diverse and representative, the nonprofit's grant application outcomes have been more successful (A. Von Feldt, personal communication, July 25, 2022).

However, in the context of philanthropy more generally, the literature shows a negative correlation between nonprofits led by people of color and successful funding outcomes. "With few exceptions, [l]eaders of [c]olor and their organizations are significantly under-funded" (Building Bridges Initiative, 2022, p. 8). They are "more likely to report they lack access to (and face challenges securing) financial support from a variety of funding sources than White leaders" (Savage et al., 2020). These funding disparities stem from "the structural discrimination that plagues our society," and Savage et al. (2020) believe it will take "active antiracist measures" to adequately address these inequities. For now, community foundations that prioritize nonprofits

with diverse leadership with community ties are leading the charge towards an equitable restructuring of the philanthropic sector.

Recommendations

Based on the findings and implications presented above, this study presents the following recommendations for nonprofit leaders and community foundations:

1. Any nonprofit leader who is not a member of the community in which they work should cultivate a deep understanding of that community. This due diligence requires spending time within the community and engaging with a diverse selection of community members.

2. For their work to be the most impactful, nonprofits should strive for leadership that is from or representative of the community. This helps nonprofits enhance their understandings of community needs, improve the quality of their services and programs, earn legitimacy and trust, and gain access to more community foundation grant opportunities.

3. When recruiting board members to improve community representation, nonprofits should include community members as consultants in the process. This can innovate the search process, empower underrepresented individuals, and strengthen the nonprofit's relationship with its community. A suggested strategy, when feasible, is to adopt a membership-managed governance structure in which nonprofit members from the community have the power to determine the board's composition.

4. A nonprofit should add community representatives to its board only if it believes they will help make the work more impactful and enhance the mission, and not if the primary motivation is for optics. When undertaking this board diversification process, the nonprofit must be willing to conduct a holistic review of its policies and culture and, if necessary, engage in comprehensive transformations.

5. In their funding decisions, community foundations should continue to transparently prioritize diverse nonprofit leadership that represents the community. This helps hold

nonprofits accountable to their communities, and it also provides an equitable countermeasure against the systemic racism prevalent in the philanthropic sector.

Section 6. Conclusion

Through a comprehensive literature review and a qualitative data analysis of three expert interviews, this study evaluates the significance of community representation among nonprofit leadership, the strategies for nonprofit leaders to become stronger community representatives, and the impacts of community connections on nonprofit grant awards. The results of this research demonstrate that nonprofit leaders' representations and understandings of their communities enhance the quality of their services and thus their impacts on clients, promote their organizational legitimacy and trustworthiness, and provide more opportunities for grant funding from community foundations. When attempting to cultivate more representative leadership, though, nonprofits must systematically review their policies and cultures and be willing to undertake comprehensive organizational transformations to become more inclusive.

Limitations and Future Research

For future research on this topic, a longitudinal study is suggested in which, using a large sample of similarly situated nonprofits, correlations are measured between board demographics, clients' satisfaction with services, and grant application outcomes.

Concerning the research conducted in this study, the sample is limited in nature and scope. Although the convenience sample of three expert interviews provides valuable insights as case studies covering distinct areas of the nonprofit and philanthropic fields, these data on their own cannot be extrapolated to reach larger conclusions about the sectors, thereby increasing this study's dependence on findings from the literature review to produce meaningful implications and recommendations. Also, the use of convenience sampling may skew the data, as the interview subjects' common connections to the author may correlate with similar values and perspectives about community service and thus overrepresent a preference for community representation among nonprofit leadership. Further research would benefit from a much larger, randomized sample of nonprofit and community foundation organizations.

Another limitation of this research is its reliance on anecdotal data obtained through the interviews, especially concerning this study's inquiry into the correlation between nonprofit

community representation and grant award outcomes. The nonprofit grants data are based on statements from the interviews, many of which lacked specificity. It is not possible to verify the accuracy of these data, and their subjective nature limits their utility for reaching broader conclusions. For further research, it is recommended to seek documentation of grant outcomes over several years, as well as documentation of board demographics over the same timeframe, each of which can be cross-referenced to produce more statistically significant results.

A final limitation of this study involves the use of some loosely defined, ambiguous terms and concepts. In the interviews and throughout this report, representational leadership is often referred to as if it equates to leadership of color, but in the nonprofit field these terms are not always the same. In future research, it is recommended that terms such as, "representation," and, "community," are defined more clearly and used more intentionally.

References

Anasti, C., Grogan, C., & Mosley, J. (2015). *The Representative Role of Community Based Organizations: Characteristics Associated with Involvement in Participatory Processes.* University of Chicago, School of Social Service Administration.

Andrasik, K., & Mead, J. W. (2019). Know me before you speak for me: Substantive public representation among nonprofits. *Public Performance and Management Review,* 42(1), 34–58.

BoardSource. (2021). *Leading with Intent: BoardSource Index of Nonprofit Board Practices*. https://leadingwithintent.org

Brennan, M. D., & Forbes, M. R. (2019). *The Governance Gap: Examining Diversity and Equity on Nonprofit Boards of Directors.* Koya Leadership Partners. https://koyapartners.com/wp-content/uploads/2018/12/KOYA_GovernanceGap_FINAL.pdf

Building Bridges Initiative. (2022). *Effective Strategies for Organizations of Color in Philanthropy.* https://nara.memberclicks.net/assets/docs/Publications/Resources/Beyond%20CLC%20Paper%208th%20August%202020.pdf

Burdick, R. (n.d.). *How to Complete the Demographics Section of your Nonprofit Profile.* Candid. https://help.guidestar.org/en/articles/3156343-how-to-complete-the-demographics-section-of-your-nonprofit-profile

Chaskin, R., & Peters, C. (2000). *Decision Making and Action at the Neighborhood Level: An Exploration of Mechanisms and Processes* (Discussion Paper No. CB-23). University of Chicago, Chapin Hall Center for Children.

Dorsey, C., Bradach, J., & Kim, P. (2020). *Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table*. Echoing Green/Bridgespan. https://www.bridgespan.org/bridgespan/Images/articles/racial-equity-and-philanthropy/racial-equity-and-philanthropy.pdf

Drtina, R., & Meyer, K. (2014). How do nonprofits win foundation grants? *Strategic Finance,* 96(4), 45-51.

Fredette, C., & Sessler Bernstein, R. (2019). Ethno-racial diversity on nonprofit boards: A critical mass perspective. *Nonprofit and Voluntary Sector Quarterly*, 48(5), 931–952.

Frumkin, P. (2002). *On Being Nonprofit: A Conceptual and Policy Primer*. Harvard University Press.

Gibson, C. (2018). *Deciding Together: Shifting Power and Resources through Participatory Grantmaking.* Foundation Center. https://learningforfunders.candid.org/wp-content/uploads/sites/2/2018/12/DecidingTogether_Final_20181002.pdf

Guo, C. (2007). Government funding and community representation on nonprofit boards: The bargain we strike. *The Nonprofit Quarterly,* 14(4), 70-76.

Guo, C., & Musso, J. (2007). Representation in nonprofit and voluntary organizations: A conceptual framework. *Nonprofit and Voluntary Sector Quarterly*, 36(2), 308-326.

Leardini, C, Moggi, S., & Rossi, G. (2019). The new era of stakeholder engagement: Gaining, maintaining, and repairing legitimacy in nonprofit organizations. *International Journal of Public Administration*, 42(6), 520-532.

Minnesota Council of Nonprofits. (2014). *Principles and practices for nonprofit excellence. A guide for nonprofit staff and board members.* https://www.minnesotanonprofits.org/docs/default-source/publications/principles-and-practices---full-publication.pdf?sfvrsn=93551894_4

Mosley, J. E., & Grogan, C. M. (2013). Representation in nonelected participatory processes: How residents understand the role of nonprofit community-based organizations. *Journal of Public Administration Research and Theory*, 23(4), 839–863.

San Diego Foundation. (n.d.). *What We Fund.* https://www.sdfoundation.org/nonprofits/what-we-fund/

San Francisco Foundation. (n.d.). *Our Equity Agenda.* https://sff.org/what-we-do/programs/

Savage, B., Dorsey, C., Kim, P., Daniels, C., & Sakaue, L. (2020). Overcoming the Racial Bias in Philanthropic Funding. *Stanford Social Innovation Review*. https://doi.org/10.48558/7WB9-K440

Silicon Valley Community Foundation. (n.d.). *Movement- and Power-Building: Community Action Grants.* https://www.siliconvalleycf.org/community-catalyst-fund-civic-participation-community-grants

Spicer, T.A. (2020, February 25). *To Tackle Complex Issues, Nonprofit Boards Must Embrace Their Own Complexity Through Diversity.* Dorothy A. Johnson Center. https://johnsoncenter.org/blog/to-tackle-complex-issues-nonprofit-boards-must-embrace-their-own-complexity-through-diversity/

Taylor, J. (2021, May 21). *Reflections on Trust and Its Relationship to Racial Inequity on Nonprofit Boards.* BoardSource. https://blog.boardsource.org/blog/reflections-on-trust-and-its-relationship-to-racial-inequity-on-nonprofit-boards

Thompson, K. (2021). *Why Do I Need to Collect Board Demographics for My Grant Applications Now?* Wastyn Associates. https://www.wastynassoc.com/single-post/boarddemographics

Author's Bio

Will Derwin works as a Senior Manager at East Palo Alto Community Alliance and Neighborhood Development Organization (EPACANDO), an affordable housing nonprofit in East Palo Alto, CA, which strives to empower and protect the rights of housing-insecure community members. In his role, Will supervises several staff members and manages three of the nonprofit's programs; leads the fund development and grant writing efforts; oversees legal compliance for the nonprofit and its affiliated entities; and handles other organizational matters involving project management, operations oversight, policy analysis, staff development, and administrative support.

Will has professional experience across a wide range of the nonprofit sector. Previously, he has worked in immigration removal defense at Centro Legal de la Raza, a community legal services nonprofit in Oakland, CA, and he has worked in environmental policy and advocacy at the Tuolumne River Trust, an environmental nonprofit in San Francisco, CA. During his time in law school, Will worked as a law clerk at the White House and the U.S. Department of Justice.

Will also makes pottery for his small business, Wilder Wind Ceramics. His passion is the immersive, intense, week-long process of wood-fired ceramics, for which he gathers with a small community of potters several times a year to fire hundreds of pots in an anagama kiln he helped build in Mendocino County, CA.

Will holds a Juris Doctor from the Georgetown University Law Center and a Bachelor of Science from the University of San Francisco. He lives in San Francisco, CA.