Racial Leadership Equity at Nonprofit Organizations

Kenneth Anderson Taylor, Ph.D.
Assistant Professor of the Practice
Director of Outreach and Professional Development

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Center for Nonprofits & Philanthropy

Excellence ★ **Respect** ★ **Leadership** ★ **Loyalty** ★ **Integrity** ★ **Selfless Service**

Founded in 2017, the Center operates with the belief that that nonprofits are instrumental in creating opportunities for all. This happens through capable leadership, excellent governance, and engagement of stakeholders. We also recommit to the principles of *public service and democracy* and the value of *diversity of thought and expression* that have helped The Bush School since its inception.

Our Mission: The CNP supports a vibrant nonprofit and philanthropic sector in Texas and beyond, through high quality research, professional outreach and engaged learning.

Our Values

Nonprofits
Opportunity for All
Board Governance
Leadership
Engagement

Educational Opportunities

- Master of Public Service & Administration
- Executive Master of Public Service & Administration
- Certificate in Nonprofit Management
- Certificate in Nonprofit Leadership
- Certificate in Social Justice Leadership

Grocery Industry

- Theme of commitment to properly serving their employees, customers, and the communities in which they operate

  - **Albertsons**...$5 million to social justice organizations

  - **H-E-B**...$1 million to address and fight racial inequality

  - **Jewel-Osco**...$1 million for grants focused on Black and LatinX small businesses owners in marginalized communities

  - **Kroger**...$5 million to improve social diversity, equity and inclusion

  - **Publix**...$1 million to National Urban League affiliates for ongoing support of civil rights efforts

Financial Services

- in thought, style, sexual orientation, gender identity and expression, culture, ethnicity and experience - recognizing that our diversity makes us a stronger company

- Having a diverse executive team, board, or both correlates with higher profitability. For every 10 percent more racially or ethnically diverse a company's senior team is, earnings before interest and taxes (EBIT) is nearly 1 percent higher.

- Financial institutions who effectively increase their diversity and create safe, inclusive work environments will also be better equipped to serve their customers, especially customers in low-income neighborhoods, because their employees and frontline staff will reflect and represent the communities they are supposed to be serving

BANK OF AMERICA

McKinsey&Company

B beneficial state foundation

Nonprofit Research

- board member diversity and expertise are associated with better-performing organizations; promotes creativity and innovation (1999)

- less diverse boards have a more difficult time responding to the varied needs of the populations they serve, making the need for diversity an important aspect of director recruitment (2007)

- diversity is an essential part of making effective decisions and delivering appropriate services to minority clients (2014)

Harvard Business Review

★

- **Getting Serious About Diversity: Enough Already with the Business Case (2020)**

  - *Increasing diversity does not, by itself, increase effectiveness; what matters is how an organization harnesses diversity, and whether it's willing to reshape its power structure*

- **Why So Many Organizations Stay White: Understanding how race is historically and structurally built into the workplace (2019)**

  - *The simplest way to think about organizational whiteness is through statistics*

  - *...thinking must go beyond the numbers; it's the reasons why these numbers persist that matter*

NPO Staff and Board Leaders who Identify as White

	2017	2021
Executive Directors/CEOs	90%	87%
Board Chairs	90%	83%
Board Members	84%	78%

Leading With Intent: BoardSource Index of Nonprofit Board Practices

Why Homogeneity Within Persists

- Enhanced racial diversity simply isn't a priority (those who want to make changes are in the minority), one's race/ethnicity, lack of skills/training, fewer PoC want to work in the space/serve as board members, lack of role models, inequitable policies (hiring practices, pay, professional development), leaders do not possess the awareness or skill set to address, equity not being viewed through a performance lens, tokenism, white dominance, power dynamics, funding, lack of access to boards and staff roles, not enough research to hold organizations accountable for inaction and ineffectiveness, the work isn't aspirational enough, too hard to sustain momentum, racism, etc

Call to Action

- Move beyond diversity, equity, and inclusion efforts which have increased awareness of justice issues within the nonprofit sector but, have not led to more widespread change

Leadership Intervention - Individual Level

- Reflect and identify who you are as a leader (style, attributes, behaviors), and connect racial equity leadership development to your core values; Authentic Leadership
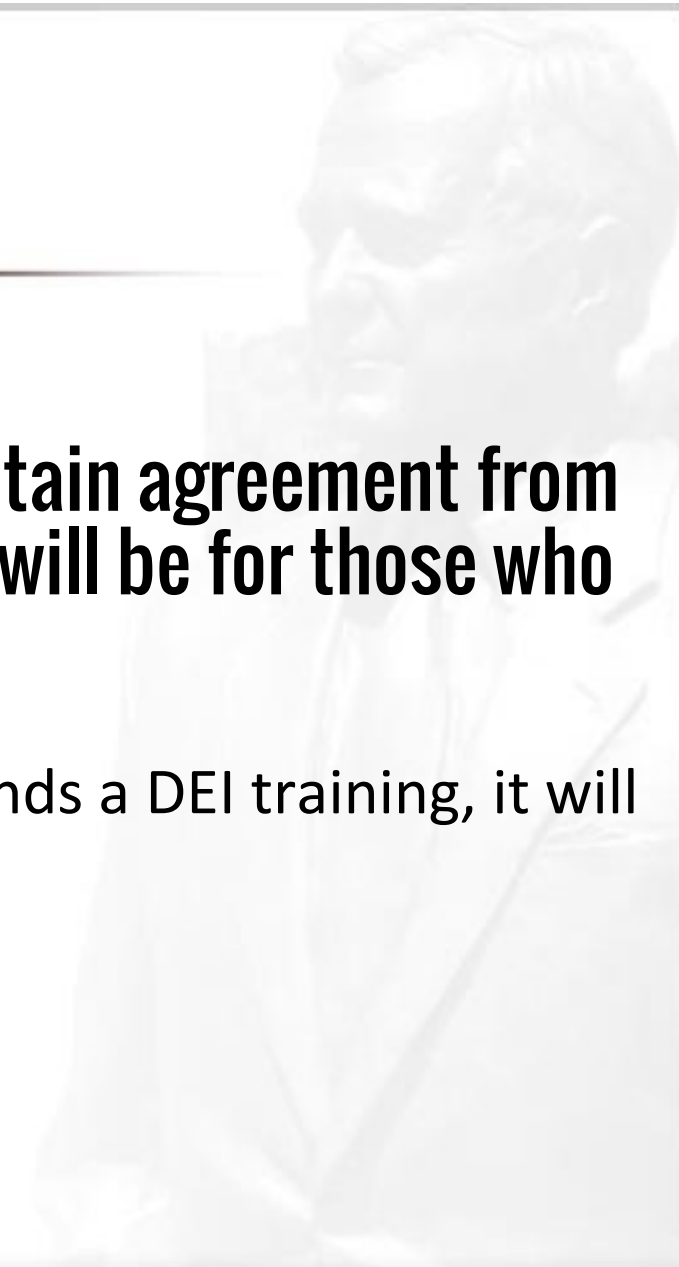
Transactional Leadership

- A behavioral approach where leaders do not individualize the needs of subordinates nor focus on their personal development; includes the constructs of:

  - **Contingent Reward**

  - **Active Management-by-Exception**

  - **Passive Management-by-Exception**

Transactional Leadership cont

- **Contingent Reward**…describes leaders who attempt to obtain agreement from employees on what needs to be done, and what the payoff will be for those who do it

  - A supervisor negotiates with an employee that if he/she attends a DEI training, it will be taken into consideration for a promotion

Transactional Leadership cont

- **Management-by-Exception (Active)**…describes leaders who typically engage in corrective criticism, negative feedback, and negative reinforcement

  - Here, leaders set standards and punish employees when associated goals are not met

    - Daily tight-knit monitoring of how DEI initiatives are implemented

    - Leader quickly corrects employees who do not carry out equity initiatives in the prescribed manner

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Transactional Leadership cont

- **Management-by-Exception (Passive)**…also describes leaders who typically engage in corrective criticism, negative feedback, and negative reinforcement

    - Here, leaders do not set standards and takes action with employees only after problems arise; passive avoidance

        - Leader who gives an employee an unsatisfactory performance evaluation, with regard to DEI goals, without ever discussing his/her prior performance

Transformational Leadership

- A behavioral approach where leaders are obligated and have a duty to show concern, lead by example, and being knowledgeable with an energetic approach to developing others; includes the constructs of:

  - **Individualized Consideration**

  - **Intellectual Stimulation**

  - **Idealized Influence**

  - **Inspirational Motivation**

Transformational Leadership cont

- **Individualized Consideration**…Describes leaders who provide a supportive climate in which they listen carefully to the individual needs of followers

  - Have concern for and identify needs of employees…

    - Understanding life experiences of those who work for you; deepens trust regarding equity

    - Identification of personalized training specific to deepening DEI skills of employees

Transformational Leadership cont

- **Intellectual Stimulation**…Describes leadership that stimulates followers to be creative and innovative and to challenge their own beliefs and values as well as those of the leader and the organization

    - Encourage followers to challenge the status quo and to achieve higher levels of performance; problem-solving around workplace structural inequities

Transformational Leadership cont

- **Idealized Influence**…Describes leaders who act as strong role models for followers; followers identify with these leaders and want very much to emulate them

  - Leaders embody the qualities that he/she wants in their team members

    - Personal display (by leaders) of the highest regard to morals and ethics

Transformational Leadership cont

- **Inspirational Motivation**…Describes leaders who communicate high expectations to followers, inspiring them through motivation to become committed to and a part of the shared vision in the organization

  - Leaders inspire members around being able to accomplish more together than they would in their own self-interest

    - Understanding that all will not buy-in to addressing inequities, leaders are/should be responsible for enhancing the level of team spirt at organizations around DEI initiatives

Leadership Intervention - Organizational Level

- ## Do organization policies reflect a commitment to equity?

  - Fairness in hiring practices

  - Equitable pay

  - Racial equity; though we tend to find boilerplate nondiscriminatory inclusion statements, might there be an opportunity to address more specifically

  - Defined procedures for holding bad actors accountable for improper treatment of PoC

Leadership Intervention - Organizational Level cont

- **Consider an organization equity assessment**

  - Within strategic plan, are racial equity or DEI goals addressed throughout?

  - Are there definitive actions and consequences for when people of color within experience discrimination; direct, indirect, inadvertent, or intentional

  - Does organization have any performance goals related to developing people of color for leadership roles?

  - Does the ED/CEO and Board address racial inequities within their formal organization updates?

  - Does mission and/or vision statement reflect an organizational commitment to racial equity?

Implication

- **Nonprofit sector not being able to fully realize its potential**

In closing…

- **Remember what's at stake**

    - Missions

    - Our own progress as leaders

    - The sector

UPCOMING EVENTS:
October 6, Nonprofit Board Governance for Executives
October 6, Cultural Competency in Nonprofit Management
October 18, Leadership in Board Service program
October 21, Trends and Data: Decisions for Fundraising Leaders

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