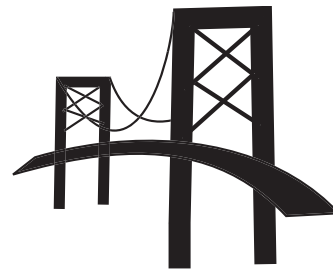


Nonprofit Research



Abridged

Connecting nonprofit sector research and leadership

Inclusive Governance in Practice: Characteristics and Strategies

Inclusive governance is recognized in the academic and training literature as a successful board strategy; a “best practice” that is often found in the work of effective nonprofit boards. Boards that practice inclusive governance are better able to meet the ongoing challenge of balancing social needs, organizational constraints, and community trust.

A board that practices inclusive governance is one that:

- 1) seeks information from multiple sources¹
- 2) demonstrates an awareness of the community and constituents who benefit and contribute to the organization’s services,² and
- 3) establishes policies and structures to foster stakeholder contributions.³

Inclusive governance involves raising awareness about organization stakeholders, as well as seeking information and incorporating input from stakeholders into board-level processes and decisions. A *stakeholder* is defined as “any group or individual who can affect or is affected by the achievements of the organization.”⁴

Several studies assert the importance of the board understanding the organization’s stakeholders. It has been demonstrated that when a board practices inclusive governance, the organization gains increased community legitimacy,⁵ has an increased number of beneficial relationships, and offers more effective, relevant programs.⁶ By incorporating diverse perspectives and ideas, boards also find better solutions to complex problems and enjoy increased innovation.⁷

Building upon previous investigation into inclusive governance and board diversity, the recent articles published by Professor Brown illuminate two **characteristics** of boards that are more successful at inclusive governance and also point to specific **strategies** of inclusive governance. The practice of inclusive governance requires developing a board that is characteristically and philosophically diverse as well as practicing and, most importantly, formalizing these specific strategies. The characteristics and strategies of an inclusive governing board are listed and explained on the following pages.

Inclusive Governance in Practice is based on two recently published academic journal articles by Professor Will Brown, “Inclusive Governance Practices in Nonprofit Organizations and Implications for Practice,” in *Nonprofit Management and Leadership* and “Racial Diversity and Performance of Nonprofit Boards of Directors,” in *The Journal of Applied Management and Entrepreneurship*. Included here are the key practical findings from Professor Brown’s research and specific strategies for developing a board of directors that practices inclusive governance.

Please visit our web site at www.asu.edu/copp/nonprofit for inclusive governance examples, the full text of the journal articles (including references), and a list of resources and readings.

CHARACTERISTICS OF BOARDS WHO PRACTICE INCLUSIVE GOVERNANCE

1. Diverse board composition.

Boards that are more demographically diverse and include members from traditionally unrepresented groups are more likely to practice inclusive governance.⁸ Diverse boards tend to perform better on recognized measures of board effectiveness, in particular, they are better at creative problem solving,⁹ have increased community legitimacy,¹⁰ and are inherently more aware of the community and constituents. Seeking information from multiple sources, a key component of inclusive governance, is automatically enhanced when multiple perspectives are included within board membership.

To achieve a board with significantly diverse composition requires developing specific practices, especially systematic recruitment strategies (see box below) to include underrepresented individuals and encourage participation from marginalized members.¹¹ To reap the benefits of diversity, a board has to get beyond “tokenism,” and achieve a board that has more than 20 percent of its members from racial/ethnic minorities.¹²

2. Positive attitudes toward diversity.

As important as measurable, demographic diversity are the attitudes of board members towards diversity and inclusion. Positive attitudes towards diversity is a strong predictor of effective board performance. Attitudes toward diversity can either restrict or support the dialogue necessary for effective group performance and inclusive governance. If board members feel supported and valued, they are able to contribute openly. Strategies to encourage awareness among board members include workshops and sensitivity training that explain the benefits and challenges of increased diversity. Boards that undergo such training place a higher value on diversity and have an increased understanding of its importance.

Increased awareness and sensitivity toward diversity is requisite to recruiting diverse board members.¹³ For a board that is not racially, ethnically or otherwise diverse, the first step is developing positive attitudes towards diversity and inclusion in those members presently serving on the board.

To reap the benefits of diversity
a board has to get beyond tokenism.

Systematic Recruitment Strategies

A board that has a systematic recruitment strategy in place is generally more successful at both recruiting a demographically diverse board and practicing inclusive governance. A nominating committee is the key to leading an effective, systematic recruitment process. A nominating committee should meet throughout the year to identify specific organizational and board composition needs and then seek board members to fill those needs. They also need to clearly explain board member responsibilities, orient new board members, and assign duties.

STRATEGIES FOR INCLUSIVE GOVERNANCE

Below are strategies for practicing inclusive governance, specific ways to *seek information from multiple sources* and *demonstrate an awareness of the community and constituents who benefit and contribute to the organization's services*.

1. Identifying the organization's stakeholders and **reserving a board seat for each stakeholder group**. A youth board member is a common example of this. The Winter 2001 issue of *Nonprofit Research Abridged* discusses the advantages of youth board members.¹⁴

2. **Creating and maintaining active committees with a blend of board members and non-board members** that have input into board-level decisions and processes.

3. Similarly, **creating and maintaining advisory committees comprised of entirely of non-board members** to advise the board or investigate particular issues. In one case, a local food bank utilized an existing committee to respond to a change in the social welfare system. The committee quickly assessed the needs of their clients and responded with a new food distribution method.

4. **Inviting stakeholders who are affected by a particular decision to give input** at a board meeting prior to the decision making. For example, when creating or updating staff policies, having staff members attend the board meeting and provide their perspectives.

5. **Developing a specific board committee on diversity and inclusion**, whose job it is to set and implement goals and objectives related to inclusive governance and keep the board on task toward their achievement. This type of

committee lends itself to having a blend of board members and non-board members, as suggested in strategy two.

6. **Conducting a thorough needs assessment of the community**, including statistical and demographic information. As mentioned in the Winter 2001 issue of *Nonprofit Research Abridged*, it is important to avoid the pitfall of over-reliance on one or two high-profile individuals for information about a community or stakeholder group.¹⁵

About the Researcher

William A. Brown is an Assistant Professor in the Department of Recreation Management and Tourism and a core faculty member of the Center for Nonprofit Leadership and Management at ASU. He coordinates the graduate certificate program in nonprofit leadership and teaches classes in Program Evaluation and Human Resources. His research focuses on boards of directors, leadership, and organizational effectiveness in nonprofit organizations. He regularly consults with nonprofit organizations to improve board and organizational performance.

7. The third component of inclusive governance, **establishing policies and structures to foster stakeholder contributions**, refers to the degree to which the practices of inclusive governance, such as those strategies outlined above, are formalized. Inclusive governance is enhanced when the structures and processes are in place and institutionalized.

Notes (Full references available at www.asu.edu/copp/nonprofit)

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 4. See note 2 above.
 5. Siciliano, J. I. "The Relationship of Board Member Diversity to Organizational Performance." *Journal of Business Ethics* 15: 313-332 (1996).
 6. Several referenced articles cite these findings. See full articles and references.
 7. Bantel, K. A., & Jackson, S. E. "Top Management and Innovations in Banking: Does the Composition of the Top Team Make a Difference?" *Strategic Management Journal* 10:107-124 (1989).
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 12. Rutledge, J. M. *Building Board Diversity*. Washington DC: National Center for Nonprofit Boards, 1994.
 13. Fletcher, K. (1997). *Building Board Diversity*. Washington, DC: Aspen Institute, 1997. See also note 11 above.
 14. Allison, M. (2001). "Diversity Issues and Challenges Facing Youth-Related Nonprofit Agencies." (Summarized in *Nonprofit Research Abridged* Volume 1, Issue 1.)
 15. Ibid.
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