

The prevalence of inclusive governance practices in nonprofit organizations  
and implications for practice

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### Abstract

An inclusive board seeks information from multiple sources, demonstrates an awareness of the community and constituents that benefit and contribute to the services of the organization, and establishes policies and structures to foster stakeholder contributions. This research investigated the prevalence of inclusive governance practices and its relationship to board composition, diversity attitudes and recruitment practices. Fifty-six executive directors and 43 board members, representing 62 nonprofit organizations returned a mailed survey (29% response rate). Two organizations that represented different styles of inclusive governance were profiled. The survey, part of a larger study, contained questions about inclusive practices, board composition, diversity attitudes and recruitment practices. Most organizations indicated that they operate with inclusive governance practices. The organizational profiles provide a picture of boards that used different strategies to accomplish that goal. Boards that use more inclusive practices were not necessarily heterogeneous in board member composition. Inclusive boards were more inclined to be sensitive to diversity issues and used recommended board recruitment practices. The existence of a task force or committee on diversity was also significantly associated with a more inclusive board. Nonprofit organizations must consider their philosophy on stakeholder involvement, recognizing that different strategies lead to different levels of stakeholder involvement.

Nonprofit chief executives and the board of directors struggle to identify and implement effective board practices and strategies. The board has the difficult task of balancing organizational constraints, community trust and need. They steer a successful course by securing necessary funding, negotiating partnerships, deciding on service methodologies, and setting a vision for the future. Without an excellent board of directors it doubtful that a nonprofit organization can attain its full potential (Herman & Renz, 1999). There is an abundance of practical advice for board performance and national centers to guide their development, but best practices for board behavior have limited empirical support. Practitioners must identify board practices that meet their particular organizational needs through intuition and judgment. Research is needed to guide decision making on the value and importance of these different practices of board governance.

Jon Van Til, Professor of Urban Studies, Rutgers University at Camden, states a fundamental belief about nonprofit organizations, “the effective nonprofit organization assesses and evaluates its work in an open and transparent process with its board and public” (ARNOVA-L correspondence, October 18, 1999). It is generally recognized that nonprofit organizations operate for the public benefit and that they should be open and ethical in all their business operations. One strategy for a nonprofit organization is to be inclusive in the practices of the board. An inclusive board demonstrates an awareness of the community and constituents that benefit and contribute to the services of the organization (Freeman, 1984), seeks information from multiple sources (Alkhafaji, 1989), and establishes policies and structures (e.g. committees) to foster stakeholder involvement (Duca, 1996). Empirical research has investigated the composition of the board and representation by minorities (e.g., Rutledge, 1994, Siciliano, 1996;

Widmer, 1987), but little research has investigated the prevalence of board practices to be open and inclusive.

### Nonprofit Board Member Composition

Nonprofit board member composition considers issues of diversity and participation of traditionally underrepresented groups (Bradshaw, Murray & Wolpin, 1992; Kang & Cnaan, 1995; Rutledge, 1994; Siciliano, 1996; Widmer, 1987), board member attitudes toward diversity (Fletcher, 1997), and board member recruitment strategies. Research suggests that increased heterogeneity of board members facilitates representation and sensitivity to stakeholders. In addition, research on top management decision-making teams suggests that heterogeneous work groups can be more productive and innovative (Bantel & Jackson, 1989; Michel & Hambrick, 1992).

The National Center for Nonprofit Boards (NCNB) conducted a comprehensive national survey to explore issues of diversity within NP organizations and within boards of directors (Rutledge, 1994) and found, as did Kang and Cnaan (1995), that although minority membership appears to be increasing, board members are still primarily white (approximately 80%) and male (approximately 60%). Siciliano (1996) found, when investigating NP boards, that increased categorical composition related to higher levels of social performance and fundraising success. Social performance was conceptualized as attitudes of community members toward the organization. In addition, increased gender diversity related to higher levels of social performance, but lower levels of fundraising success.

Fletcher (1997) found that increased awareness and sensitivity to diversity issues were critical aspects to increased board diversity. Fletcher's (1997) research investigated board membership in Planned Parenthood affiliates, which had instituted a policy to increase board

member diversity. Fletcher (1997) found that those affiliates that had addressed the cognitive beliefs of board members and made them aware of the benefits of diversity were more successful in recruiting diverse board members. Awareness strategies would include workshops that explain the benefits and challenges of increased diversity, as well as specific practices to include underrepresented individuals.

Inherent in practices to include underrepresented individuals would be recruitment practices. Effective recruitment strategies help nonprofit boards identify and secure qualified board members. In addition, if the board is concerned with minority or categorical composition, the use of systematic recruitment strategies could facilitate identification of potential members. Joyaux (1991) suggests that a nominating committee can be instrumental in leading the recruitment process. Selecting a potential new board member is a year-long process that addresses specific organizational and board composition needs. Clearly explaining board member responsibilities, orienting new board members and assigning responsibilities are some of the responsibilities of nominating committees. Several practical booklets are available that address the responsibilities and characteristics of nominating committees and recruitment strategies (for example, Hirzy, 1994; Hohn, 1996; Nelson, 1995), but relatively little empirical research has addressed the relationship of recruitment strategies to board composition or inclusiveness.

### Inclusive Governance

Stakeholder theory recognizes the importance of systematic attention to stakeholder interests. Freeman (1984) defined stakeholders as “any group or individual who can affect or is affected by the achievements of the organizations objectives” (1984; 46). The importance of understanding stakeholders in board level processes is fundamental to effective governance

(Alkhafaji, 1989; Bouckaert & Vandenhove, 1998; Duca, 1996; Wood, 1996). If boards are not sensitive and aware of constituent interest, they may incorrectly interpret the environment. A misinterpretation of the environment could result in errant policies and programs. Consequently, boards should have mechanisms in place to insure participation and understanding of critical stakeholders and to encourage a diversity of opinions on the board. Wang & Dewhirst (1992) investigated the stakeholder orientations of board members among for-profit corporations. They found that directors reported sensitivity to organizational stakeholders, but that they tend to overestimate their sensitivity to stakeholder groups.

Daley and Angulo (1994) suggest a concept of functional diversity, which is the incorporation of diverse voices into board level processes. This is conceptually similar to the political dimension proposed by Holland (1996), as one of six aspects of effective boards. The political dimension recognizes the importance of being connected to the community. Daily and Angulo (1994) and Holland (1996) suggest that boards should expand their connections with the community and be open to diverse voices and opinions. An inclusive board demonstrates an awareness of the community and constituents that benefit and contribute to the services of the organization (Freeman, 1984), seeks information from multiple sources (Daley & Angulo, 1994), and establishes policies and structures (e.g. committees) to foster stakeholder involvement (Duca, 1996).

Awareness of community and constituencies is a basic aspect of a board member's responsibility, but identification and agreement of constituencies can be difficult and potentially controversial. Carver (1997) talks about identifying "owners" of nonprofit organizations and how difficult and important it is to accomplish. If the ownership is the "community-at-large", as is often the case in many public benefit nonprofits, the board of directors should have

mechanisms in place to identify and understand these multiple constituents. Understanding the different stakeholders and their desires can place opposing goals and expectations on the organization, which can result in conflict. Consequently, boards can resist engaging in these conversations. However, understanding the customers and “owners” is a fundamental aspect of effective management. Strategies to understand stakeholders can differ depending on organizational need, but some general mechanisms include communicating decisions to those affected and having statistical information about the community and constituencies.

Distinctive from understanding stakeholders, are strategies to seek and gather information. Information must be gathered on the range of topics addressed by the board. This might include technical information about programs and services, professional information about staff, or community information about needs and resources. Understanding how information is provided and sought by the board of directors is critical. Practical strategies include inviting experts to board meetings, encouraging staff to share their perspectives more frequently and informally with board members, and seeking input from those likely to be affected by the board’s decisions.

The degree of formalization of these information seeking practices is important and reflects the organizations commitment to understanding their stakeholders. For example, what are the structures and processes currently in place to promote the inclusion of stakeholders? Are these practices developed ad-hoc or are they institutionalized so that stakeholders regularly contribute to board level conversations? Examples of these structures include forming committees or task forces with board and non-board members and the existence of advisory committees. Formalized practices ensure that constituents have a voice in board level processes and demonstrate a commitment by the organization

## Research Questions and Hypotheses

The first research question addresses the prevalence and distribution of inclusive practices among nonprofit organizations, and to understand the extent to which these practices are associated with organizational demographics such as age, budget size and service area. Since very little empirical work has investigated these characteristics it is not possible to propose expected relationships, but rather to explore any association that may exist.

Research question one: What is the prevalence of inclusive governance practices and to what extent are those practices associated with organizational age, budget size and service area?

Directly related to inclusive practices is board composition, diversity attitudes and recruitment practices. It would be expected that a board that engages in inclusive practices might also be more diverse, recognize the value of diversity, and use systematic recruitment practices. Existing studies indicate that most boards are not populated by diverse constituents (Rutledge, 1994); consequently, questions that investigate strategies of participation could be critical to understanding practices of nonprofit boards. Hence, the next research question is, to what extent are inclusive practices related to heterogeneous board membership, diversity attitudes and recruitment strategies? In this instance, and in the next three questions, it is possible to propose expected relationships, which will be stated as hypotheses one, two and three.

Hypothesis One: Boards that are more inclusive in their governance practices will also be more heterogeneous in board member composition.

Hypothesis two: Highly inclusive boards will have positive attitudes about diversity and the importance of heterogeneous board membership.

Hypothesis Three: Inclusive boards will use more systematic recruitment strategies.

Finally, since the research is exploratory it will be informative to better understand the character of inclusive boards. Do these boards look and behave the same or do they carry-out these strategies in very different ways? Using interviews to profile two organizations, which indicated better than average use of inclusive practices, will reveal the intricacies of how inclusive governance was carried out by these organizations.

### Methods

Two hundred fourteen NP organizations in the greater Los Angeles area received two surveys, an executive director's version and a board member's version. Both surveys were sent to the executive director with instructions to pass the second to a board member. The two versions were modified in the following ways. The executive director's survey contained questions about organizational demographics (e.g., size and budget) and board member composition (e.g., ethnicity), which were removed from the board member's survey. This was done to encourage board member responses by shortening their survey. A reminder post card was sent 2 weeks after the initial mailing and a second survey was sent to all non-respondents 10 days subsequent to the postcard reminder. Responses were received from 99 individuals, 56 executive directors and 43 board members, representing 62 different organizations, or 29% of the sample. In 37 (66%) of those organizations, both the executive director (ED) and a board member (BD) responded.

The majority of these organizations provided services to meet needs of low-income or disadvantaged individuals. Many of the organizations were small, such that a third of the organizations (35%) indicated that their annual budgets were under \$250,000, and 73% indicated that their budgets were under a million. Annual budgets were indicated on a seven-point scale (Under \$250,000 to Over 10 Million). Paid staff ranged considerably from zero to 870. Mean

staff size was 43, with a median of 9 paid staff members per organization. One organization was established as early as 1888, while the median year of initial operation was 1986. Board membership varied from as few as 5 members to as many as 60. The average number of board members was 16. Board meetings were conducted as frequently as once a month to as infrequently as twice a year. On average, these organizations held eight board meetings a year.

Interviews were conducted with individuals from four different organizations. These were selected from the top 25% of responses (17 organizations) on the inclusive-practices scale to further explore the concept of inclusion in nonprofit boards. Two of these organizations, a youth service organization and a community development organization, were profiled as they represent different strategies to be inclusive in governance.

### Measures

*Board Member Composition:* The executive director indicated the number of board members in five ethnic categories (Asian, African American, Latino, Caucasian, and other). A measure of minority composition was calculated by multiplying the number of minority categories selected (i.e., Asian, Black, Latino, or women) times the percentage of board members in each of those categories. This resulted in a minority composition measure that ranged from .29, very few minorities (i.e., predominately white male), to 5.40, a higher minority heterogeneity. In addition, executive directors indicated the number of board members across 26 other categories. These categories, intended to assess other aspects diversity, included personal attributes (e.g., disabled), education, and profession. A measure of categorical composition was calculated by summing the total number of categories selected. This resulted in scores ranging from 4 to 22 with an average response of 13 categories selected.

*Board Diversity Attitudes and Policies:* A seven-item scale was developed to assess the board's attitudes about diversity and the existence of diversity initiatives. For example, one question asked respondents if "This board believes it is important to have culturally diverse board members." Responses were collected from both executive director and board member respondents on a four-point scale from strongly disagree (1) to strongly agree (4). Negatively worded questions were re-coded so that higher responses indicated increased diversity awareness. The alpha coefficients were .70 for executive director responses and .79 for board member responses. A comparison of mean scores revealed no significant difference between board member and executive director responses ( $t = .162$ ,  $df = 35$ ), and a correlation of .41 ( $p < .01$ ).

*Recruitment Strategies:* A nine-item scale was developed to assess the thoroughness of board recruitment strategies utilized by the organizations. For example, one question asked if "a nominating committee is charged to identify new board members." Responses were collected from both the executive director and board member, and were recorded on a five-point scale from rarely/never (1) to frequently (5). A negatively worded question was reverse coded, such that higher scores reflect the increased use of recommended recruitment strategies. The alpha coefficient for executive director responses was .83 and .79 for board member responses. A comparison of mean scores for the scale revealed no significant difference between board member and executive director responses ( $t = -1.19$ ,  $df = 36$ , ns). The correlation between executive director and board member responses was .50 ( $p < .01$ ).

*Inclusive Board Practices:* The inclusive board practices scale was composed of nine questions from the political dimension of the Board Self Assessment Questionnaire (Jackson & Holland, 1997) and 15 additional questions drawn from literature on board and group

performance (Bradshaw, Murray, & Wolpin, 1992; and Zander, 1993). This scale contained three sub-scales: awareness of community and constituents (6 questions; alpha .82, ED; .68, BD), variety of information resources (9 questions; alpha .69, ED; .72, BD), and board structures and processes (9 questions; alpha .77, ED; .81 BD). The executive director and board member indicated their level of agreement to each statement on a four-point scale, which ranged from "Strongly Disagree" (1) to "Strongly Agree" (4). Negatively worded questions were re-coded so that higher scores indicated the existence of inclusive board practices. The composite inclusive practices scale had an alpha coefficient of .90 for executive director responses and .87 for board member responses. A comparison of executive director and board member responses is discussed in the next section.

## Results

### What boards are inclusive?

Investigating the pervasiveness of inclusive practices reveals that most board members and executive directors believe that their boards are fairly inclusive. Executive directors indicated a mean response of 2.78 (sd=.41) and board members indicated a mean response of 2.87 (sd=.38) on a four point scale. The sub-scales revealed a consistent pattern that board members tend to perceive their boards as slightly more inclusive than executive directors (see Table 1). There was a significant difference between executive director (ED) and board member (BD) responses on the awareness sub-scale ( $t=-2.31$ ,  $df=36$ ,  $p<.05$ ). Correlation coefficients between ED and BD responses indicated moderate to low agreement (see Table 1).

Table 1 Comparison of ED and BD Scores for Inclusive Practices Scale

	R	t	ED		BD	
			M	SD	M	SD
Inclusive Practices	.42**	1.06	2.82	.424	2.89	.397
Awareness	.40*	2.31*	2.90	.581	3.11	.392
Information Resources	.10	.034	2.83	.414	2.84	.415
Processes & Structures	.55***	.830	2.74	.451	2.81	.535

N=37, \* p< .05, \*\* p< .01, \*\*\*p < .001

Although mean averages suggest that executive directors and board members consider their boards to be moderately inclusive, it is instructive to review responses to three key questions. One question asked respondents if “at times this board has appeared unaware of the impact its decisions have within our service community”. Thirty-two percent of executive directors and 11% of board members agreed or strongly agreed with this statement. Another question asked if “Before reaching decisions on important issues, this board usually requests input from persons likely to be affected by the decision.” Twenty-nine percent of executive directors and 11% of board members disagreed or strongly disagreed with that statement. Finally, respondents were asked if “Individuals, who are not members of the board, regularly participate on committees or sub-committees”. Thirty-four percent of executive directors and 37% of board members disagreed or strongly disagreed with that statement.

Organizational demographics provided minimal insight into which organizations tended to be more inclusive than others. However, board members in organizations with budgets over \$1 million (27% of respondents) judged their boards to be significantly more inclusive than

organizations with budgets under \$1 million. This was reflected in the composite inclusive practices scale ( $t=2.20$ ,  $df=33$ ,  $p<.05$ ) and the information resources sub-scale ( $t=2.07$ ,  $df=33$ ,  $p<.05$ ). However, executive director responses did not reveal any differences between the inclusiveness of the board in larger and smaller organizations.

Using mission statements provided on the survey, the respondents were divided into three service categories. These categories were youth service ( $n=26$ , 42%), low income service providers ( $n=20$ , 32%), and all others ( $n=16$ , 26%). An analysis of variance between groups revealed no significant difference in the level of inclusive practices by service areas. In summary, executive directors and board members have different opinions of the inclusiveness of their boards and larger organizations report slightly higher levels of inclusive practices than smaller organizations, at least according to board members.

#### How does inclusiveness relate to board composition, attitudes and recruitment?

Hypothesis one proposed that inclusive boards would also be more diverse. A correlation analysis was conducted to determine the extent to which board member composition was associated with inclusive practices. There was a moderate correlation ( $r=.34$ ,  $p<.05$ ) between categorical composition and the inclusiveness of the board as reported by board members. This result suggests that as board memberships covers more of the 26 categories, the board also tends to be more inclusive. There was not a significant correlation between minority composition and inclusive governance.

Hypothesis two proposed that organizations that used more inclusive practices will also indicate positive attitudes toward board member diversity. A correlation analysis was conducted within executive director and board member responses and between executive director and board member responses. This resulted in four correlation coefficients for each hypothesis. There was

a strong positive association between diversity attitudes and inclusive governance practices in three of the four correlations. Executive director responses to diversity awareness correlated with both board member ( $r=.42, p<.01$ ) and executive director ( $r=.54, p<.001$ ) judgments of inclusive governance. Board member responses to diversity awareness correlated with inclusive practices as reported by board members ( $r=.52, p<.01$ ), but not with executive director responses ( $r=.23, ns$ ).

Additional analysis of individual questions in the diversity attitude and practices scale revealed several interesting associations. For example, both executive directors and board members expressed reasonable satisfaction with the ethnic diversity of their board (ED mean=2.41, SD=.89; BD mean=2.71, SD=.78). However, only for executive directors did increased satisfaction correlate with increased minority diversity of the board. This implies that board members are inclined to express satisfaction with the diversity of their board even when it was not that racially diverse. Next, based upon executive director responses to the diversity attitudes scale, only one question, which asked if there was a “task force or committee to address diversity”, was significantly correlated to both executive director ( $r=.55, p<.001$ ) and board member ( $r=.61, p<.001$ ) judgments of inclusive practices. Similarly, board member responses to the diversity attitudes and practices scale revealed only one question, which asked about participation in a diversity workshop, was significantly correlated with both executive director ( $r=.41, p<.05, ED$ ) and board member ( $r=.51, p<.01, BD$ ) judgments of inclusive governance.

In summary, hypothesis two is moderately supported suggesting that inclusive boards are also more aware of diversity issues. The existence of a task force to address diversity and participation in a diversity workshop were significantly correlated with inclusive practices. This

suggests strategies, for boards that wish to be more inclusive, to increase diversity awareness among board members.

Hypothesis three proposed that highly inclusive organizations would use systematic recruitment practices. A correlation analysis revealed significant positive correlations between executive director judgments of recruitment practices and inclusive governance as reported by both board members ( $r=.51, p<.01$ ) and executive directors ( $r=.50, p<.001$ ). There was also a positive correlation between board member judgments of recruitment practices and inclusive governance as reported by board members ( $r=.48, p<.01$ ). However, there was not a significant correlation with executive director judgments of inclusive governance ( $r=.11, ns$ ). In summary, the hypothesis is generally supported. There is a significant association between board recruitment practices and inclusive governance in three of the four relationships.

### Profiles of Inclusive Boards

A better understanding of what inclusive governance looks like in practice is needed. Profiles of two organizations that reported higher than average inclusive governance practices reveal significant differences in board behaviors, philosophies, and organizational strategies. The interviews were moderately structured to allow respondents to explain how their organizations engaged board members and constituents. These organizations demonstrated higher than average levels of inclusive practices, they were representative of organizations in the sample, and they invoked distinctive strategies to include constituents. One respondent was an executive director from a youth club and the second respondent was an executive director from a community development organization.

The youth club had been in operation for about 60 years, with an annual budget of over 1 million dollars and 18 full-time equivalent staff members. The board meets 10 times a year with

60 board members. Compared to other organizations in the research, they are underrepresented in all minority categories. Eighty-eight percent of the board members were white and 53% were classified as business professionals. Ten of 26 board member classifications were selected, while only one fell within the range of 10-40% of board membership. They indicated using more than average recruitment strategies and having lower than average awareness of diversity issues.

The board was a self-described “fund-raising board”, with an annual \$5000 “give, get or get off” policy. The primary purpose of the board was fiduciary responsibility, which was described as resource oversight and fund-raising. Consequently, the executive director expressed doubt that service recipients or their families could participate on the board, because of their limited financial resources. The executive director did conduct regular and comprehensive evaluations of board members, which included attendance, committee assignments, and contributions, but financial contributions were significantly weighted in the evaluation. The executive director indicated that many problems were alleviated through clear and up-front expectations about financial, committee and attendance requirements, and that these were communicated during the recruitment process.

Several strategies were utilized to help board members understand the constituencies of the organization, such as presentations by staff and service recipients at every board meeting. These were described as “dog and pony shows” to communicate an emotional appeal to board members. Board members were also expected to participate in some ‘project’ activity. This might entail working with middle level managers on special projects or more limited project sponsorship. It was intended to draw on the strengths and resources of the board member and foster a sense of connection to the organization. Through these activities and participation in

regular board meetings, the executive director felt the board was well informed of the stakeholders of the organization.

The community development organization was dedicated to helping low to moderate-income individuals attain home ownership and was in existence for seven years at the time of the interview. The annual operating budget was less than \$250,000, and they had 3.5 full-time staff members. There were 13 board members. This board was heterogeneous in ethnic composition with 23% black (3), 15% Hispanic (2), and 62% white (8). Eleven categories of 26 were selected, four within the range of 10-40% of board membership. The executive director indicated that they used rigorous board recruitment strategies that outlined board member responsibilities.

As part of a national affiliation of neighborhood development organizations, they have what the executive director called a “formula board”, whereby 51% of the board members must be residents who are eligible for services of the organization. In addition, they are required to have two government representatives, two business (typically, insurance and financial) representatives and one at-large member. This formula ensures representation from all critical constituents. This also effectively ensures that residents assume leadership. The executive director indicated that this was beneficial for program design and development, but not fund development. The executive director indicated that the residents know better than anyone what the community needs. The residents, however, do not have adequate financial resources or connections to secure the kind of funding necessary for this organization. To compensate two advisory councils were developed. One with financial lenders and the second with national insurance company representatives. The executive director indicated that the ability of board

members to perform a policy function was insured by rigorous and on-going board member training, which was facilitated through the national affiliation of the organization.

In summary, these organizations reflect distinct strategies of board governance. Different strategies were used to engage board members in the work of the organization and yet all indicated (through survey responses) higher than average inclusive practices. The ramifications of these findings and how they can be interpreted are presented in the next section.

### Conclusions

The profiles provide insight into how different boards justify and explain their practices. Each of these organizations reflect a different level of commitment to stakeholder involvement in decision making. The youth service organization sees participation of service recipients in governance as instrumental to the accomplishment of their objectives – providing more youth clubs and raising more funds. This can happen by using the staff and service recipients to apply an emotional appeal to the board members. The service recipients are not joined with the board in making decisions about program interventions, but rather are instruments to support the service technologies of the organization.

The community development organization, on the other hand, sees service recipients as fundamental to designing and guiding service practices (within the framework established by the national office). Decision making is based on equal and shared participation by key stakeholders. They provide the best guidance about how to affect lasting change in their community. The change is not based on the organization's capacity but the capacity of the community. However, such a board leaves an organization struggling to secure the resources necessary to implement the changes suggested by stakeholders. The board serves as a critical link to resources and such a board, although rich in innovations, was not linked to the significant

resources necessary for the organization. A successful accommodation included the development of advisory councils that had access to the financial resources necessary for the success of this organization.

Overall, participants believed they were inclusive in their governance, board members more so than executive directors. However, reviewing three critical questions reveals that almost 30% of the executive directors feel that their boards were not aware of their impact on stakeholders, they do not seek input from diverse groups, and they do not include non-board members in decision making groups. This is significant. It is typical that respondents might portray their behavior in the most favorable light. Hence, board members reporting more inclusion than executive directors is possibly an effect of self-response bias. This is similar to what Wang & Dewhirst (1992) found that board members in for-profit firms generally believed they were sensitive to stakeholders even when in many instances their board was not very responsive to stakeholders. Reviewing the organizational profiles and specific questions reveals that these boards are inclusive to a degree, but that egalitarian involvement in board processes is less common than the survey responses might suggest.

How can boards that oversee organizations for community benefit guide policies and programs without clear mechanisms to seek stakeholder voice? Inclusive governance, which engages constituents in board level processes, might foster program development and implementation that can improve the conditions of disadvantaged individuals better than a less engaged governance, but nonprofit organizations often face significant financial limitations. Thus the desire to identify wealthy board members who can contribute to the fulfillment of the organizations objectives. Boards have a tremendously challenging task of balancing

overwhelming needs to organizational constraints. Recognition of stakeholders, however, should be fundamental to how these organizations operate.

Returning to the comments of Van Til (ARNOVA-L correspondence, October 18, 1999) “the effective nonprofit organization assesses and evaluates its work in an open and transparent process with its board and public”. Transparency is the ideal for nonprofit organizations. They operate to benefit the community and without clear mechanisms to educate board members about the importance of stakeholder participation in board process and structures it is not likely to happen.

Results from the hypotheses provides some insight into how inclusive governance is associated with other board development practices. Hypothesis one reveals that inclusiveness is only slightly correlated with one measure of heterogeneity of board membership. This leads to a conclusion that a heterogeneous board is not necessarily an inclusive board. This result is substantiated by the fact that the practice of recruiting board members based on race or ethnicity is not correlated to any measure of inclusive governance. Merely adding board members based on race does not contribute to a sense of inclusiveness.

Diversity attitudes and recruitment practices were both associated to inclusive governance. The results reveal a fairly consistent positive association between systematic recruitment, increased sensitivity to diversity and a board that is more inclusive. In particular, an item analysis reveals that the existence of a task force or committee to address board member diversity was significantly associated with the inclusiveness of the board. This research does not reveal if inclusive boards were more inclined to develop such a committee or if the existence of such a committee encourages a board to be more inclusive. Nevertheless, the association is clear for both recruitment and attitudes, such a committee is associated with increased inclusively of

governance practices. This suggests that practitioners who want to increase the inclusiveness of their governance practices should consider the development of a taskforce or committee to address diversity and representation on the board. In addition, if a board participated in a diversity workshop they were also more inclined to operate more openly in their governance practices. As was already discussed, inclusive governance can be portrayed quite differently depending on the organizational context, but understanding how specific board behaviors are associated to inclusiveness does suggest strategies for practitioners who want to make their board more inclusive.

#### Limitations and Suggestions for Future Research

This research included a small sample of nonprofit organizations and relied primarily on survey responses from executive directors and board members. Inherent in single method data collection is the possibility of mono-method bias in results. Associations between constructs are revealed simply because the information was gathered through a single survey instrument. The research could have been strengthened by seeking alternative sources of information from clients, consumers, or staff members. Expanding data collection sources could have revealed some of the different orientations in board behaviors not identified by the survey data, but vividly revealed in the interviews.

Future research needs to expand on the assessment of inclusiveness and consider how best to assess an illusive construct. This might be accomplished through multiple stakeholder responses to the inclusiveness of board practices. Board members believe they are inclusive, but do service recipients agree? In addition, understanding the role of representation in governance needs further research. How does diversity contribute to board practices? If it does not make the board more inclusive, what does it do? Further research in board member diversity and

composition of the board needs to be addressed. Furthermore, understanding how these practices (inclusiveness, diversity) and other board practices relate to board performance is critical. The literature is full of recommended models of board behavior, but empirical research to guide practitioners' behavior is limited.

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