

Racial Diversity and Performance of Nonprofit Boards of Directors

Accepted for publication to

*The Journal of Applied Management and Entrepreneurship*

William A. Brown

Arizona State University

Center for Nonprofit Leadership and Management

Department of Recreation Management & Tourism

PO Box 874905

Tempe, AZ 85287-4905

(480) 965-2626

Fax (480) 965-5664

[William.brown@asu.edu](mailto:William.brown@asu.edu)

Abstract

Increasingly nonprofit boards of directors are becoming more racially diverse or face pressures to increase their diversity. This research used survey data from 121 executive directors in nonprofit organizations in two metropolitan areas to investigate the affect of board member diversity, attitudes, and recruitment practices on board performance. Analysis revealed that boards with a higher percentage of racial minorities reportedly performed better on the political aspect of board performance. Increased diversity awareness was associated to all aspects of board performance, and the use of recommended recruitment practices was associated to four dimensions (analytical, educational, political, and strategic). A regression analysis revealed that diversity attitudes consistently accounted for variance in board performance.

The boards of directors of nonprofit organizations are a powerful resource to negotiate a turbulent environment, to develop long range plans, and to improve performance (Bradshaw, Murray, & Wolpin, 1992; Green & Griesinger, 1996; Jackson & Holland, 1998). Similarly, boards serve as a legitimizing agent for the organization setting in place symbols, structures, and processes that earn approval of key constituents (Abzug & Galakiewicz, 2001; Herman, Renz, & Heimovics, 1997; Scott, 1995). Often the composition of the board serves as a fundamental force to secure resources (Provan, 1980) and legitimacy (Siciliano, 1996) for nonprofits. Aspects of composition that may improve the organization's position include, for example, securing members who are business professionals, lawyers, experts in the field, clients, philanthropic, and racially/ethnically diverse. Key constituents of the organization will influence who a nonprofit selects as board members, but increasingly demographic and racial diversity are seen as very important both politically and operationally for boards. Nonprofit boards are becoming increasingly diverse (Rutledge, 1994) and yet the effect of diverse board composition on performance is not clear.

### Group Diversity and Performance

There are two consistent and contradictory findings associated with increased group diversity. First, heterogeneous groups are better at problem solving and developing creative solutions to more ambiguous problems (Bantel & Jackson, 1989; Michel & Hambrick, 1992). Diversity encourages innovation and creativity because as more diverse individuals participate in a group they bring different ideas and perspectives and if managed effectively can come up with better solutions to complex problems. Second, these groups are more inclined to exhibit conflict and as a result homogeneous groups are better at solving task-orientated problems (Austin, 1997; Jackson, 1991). Diverse perspectives take time to work through and appreciate. Task oriented

individuals and groups can become frustrated when too much time is spent on process instead of task accomplishment. Several factors contribute to the contradictory nature of these results, including the complexity of the task, group leadership, attitudes and skills of participants, and the nature of diversity in the group (e.g., demographic, socioeconomic, cultural).

There are two general categories of diversity observable attributes (e.g., gender, race and age) and underlying attributes (e.g., attitudes, values, and socioeconomic status) some of which may be more important than observable characteristics (Shaw & Barrett-Power, 1998).

Nevertheless, nonprofit organizations are confronted with the reality of increasing observable attributes on their board. One of the rationales for increased diversity on board membership is that even small organizations do not operate in a vacuum. They need to operate in an environment that recognizes a variety of stakeholders, including funders, clients, and the general community. Key constituents seek traits, characteristics, and processes on the board that they can readily identify to ascribe legitimacy (Herman, Renz, & Heimovics, 1997). Investigating the influence of observable attributes in nonprofit boards is an important first step in understanding how diversity might affect board performance (Widmer, 1987).

#### Diversity on Boards of Directors

The National Center for Nonprofit Boards (NCNB) conducted a comprehensive national survey to explore issues of diversity within nonprofit organizations and within boards of directors. This was the first national survey to assess characteristics of staff, board members, and clients, and their attitudes toward diversity (Rutledge, 1994). They 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) researched board membership in YMCAs and found that increased occupational diversity among board members correlated to higher levels of social performance (i.e., legitimacy) and fundraising results. Social performance was conceptualized as judgments from community members about the effectiveness of the YMCAs. In addition, increased gender diversity correlated to higher levels of social performance, but negatively to fundraising success. Provan, (1980) looked at “power boards” and found that organizations with more prestigious board members were more successful in securing funding from the United Way.

Rutledge (1994) presented a series of concerns expressed by ethnic minority board members one of which is the prevalence of tokenism. A sense by minority board members or others on the board that minority members are only included to appease constituencies and hence are not “full” members of the board could significantly limit their influence. Minority membership needs to be significant, 20% or more, to effectively combat marginalizing those contributions to the group. Negative attitudes regarding the rationale for increased board member diversity can also influence participation. The benefits of heterogeneity cannot be realized if contributions by certain constituents are discounted or marginalized. Zander (1993) suggested that boards must address basic group processes, such as member attitudes, to optimize the talents of board members. Consequently, the existence of negative attitudes about diversity may significantly limit the benefits of a heterogeneous group.

#### Diversity Attitudes and Practices

Fletcher (1997) and Rutledge (1994) found that increased awareness and sensitivity to diversity issues were critical to increased board diversity. Fletcher (1997) investigated board membership in Planned Parenthood affiliates, which had instituted a policy to increase board member diversity. They found that those affiliates that had addressed the cognitive beliefs of

board members and made them aware of the benefits of board diversity were more successful in recruiting diverse board members.

Attitudes toward diversity can also restrict or support the dialogue necessary for effective group performance. If board members feel supported and valued, they are able to contribute openly. Strategies to encourage awareness among board members would include workshops that explain the benefits and challenges of increased diversity. The board also needs to develop specific practices (e.g., recruitment strategies) to include underrepresented individuals and encourage participation from marginalized members (Austin, 1997; Fletcher, 1997; Rutledge, 1994; Zander, 1993). If the board maintains positive attitudes toward diversity we would expect to see an influence on composition and potentially performance.

### Recruitment Strategies

Effective recruitment strategies are instrumental to identifying and securing qualified board members. Joyaux (1991) suggests that a nominating committee is the key to leading an effective recruitment process. The committee should meet throughout the year and identify specific organizational and board composition needs and then seek board members to fill those needs. They need to clearly explain board member responsibilities, orient new board members, and assign duties. Several practical booklets provide guidance for nominating committees and recruitment strategies (e.g., Hirzy, 1994; Hohn, 1996; Nelson, 1995), but little empirical research has addressed the relationship of these strategies to board performance.

### Board Performance in Nonprofit Organizations

The task of nonprofit board governance is ambiguous and challenging, and a variety of strategies to assess board performance are suggested in the literature. One of the most common is to assess how well the board fulfills a set of generally recognized responsibilities (Ingram,

1992). Typically, board members and/or executive staff are asked to rank board performance across those responsibilities. For example, Green and Griesinger (1996) investigated nine basic responsibilities of the board and found that boards that performed better on these on those roles (e.g., planning, setting policies, and program oversight) were judged more effective by stakeholders. An alternative to determining if the board has performed these responsibilities is to assess the extent to which a board has in place recommended procedures. Bradshaw, Murray, and Wolpin (1992) investigated thirteen generally recognized board processes, drawn from literature, (e.g., board involvement in operations, strategic planning, and board conflict) and found a positive association between the perception of board effectiveness and the use of these recommended practices (e.g., Carver, 1997; Houle, 1989). Similarly, Herman, Renz, and Heimovics (1997) found that most boards that used prescribed board practices, such as board development committees, board manuals, and consensus decision-making were judged to be more effective by stakeholders.

A third strategy is to determine if the board has the appropriate mindset to effectively perform the wide-range of responsibilities ascribed to it. So, irrespective of the particular responsibility, the board is able to contribute to the strategic needs of the organization. Chait, Holland, and Taylor (1996) identified six characteristics of highly effective boards. The characteristics were identified through research with more than 1,000 organizations and several hundred interviews. These characteristics are exhibited in boards that are appropriately positioned to meet the challenges of governance. First, effective boards are contextual; these boards take into account the culture, history, and values of the organization when making decisions. Second, effective boards are educational; they educate themselves about the organization, the profession, and their own roles and responsibilities. Third, effective boards are

interpersonal; they work to assure good relationships among board members. Fourth, effective boards are analytical; they recognize the complexities and subtleties of issues and seek to fully understand them. Fifth, effective boards are political; they accept as a primary responsibility the importance of maintaining healthy relationships among major constituencies. Finally, effective boards are strategic; they envision a direction and shape a strategy for the future (Holland, 1996).

Jackson and Holland (1997) assessed these indicators with the Board Self-Assessment Questionnaire (BSAQ). Using a longitudinal research design, they assessed board and financial performance before and after a comprehensive training program that taught board members about their responsibilities and the six indicators of effective boards. They were able to identify improvements in board performance based on these training interventions and these improvements were associated with improved financial performance of the organization.

The BSAQ is a viable and generally applicable tool to assess board performance. It is not restricted by classic roles, which maybe more important for some organization and less so for others (i.e., younger vs. older organizations), but instead identifies characteristics that should be present in any board. In addition, it recognizes the more ambiguous nature of the board's role and as a result maybe more sensitive to recognizing the effect of a heterogeneous group. For example, the ability to analyze issues and develop strategic options are contributions that every organization needs from its board, irrespective if it is a grassroots start-up or a multi-million dollar human service provider. Does ethnically diversity contribute to more effective performance or can a homogeneous board membership satisfactorily exhibit the characteristics of an effective board? Herman and Renz (1999) concluded that more research is needed to understand how the social and political characteristics of the board are associated with performance.

Research questions.

As this review demonstrates, there is a perceived positive relationship between board member heterogeneity and board performance, but the empirical support for this assumption is contradictory and limited. Consequently, the first set of research questions investigates the extent to which increasingly racial diversity among board members is associated with better performing board.

Hypothesis One: Boards with higher levels of racial diversity will be positively associated with optimal board performance.

Next, an analysis was conducted to determine if positive attitudes about diversity and the use of recommended recruitment practices were associated with better performing boards.

Hypothesis Two: Increased diversity awareness will be associated with optimal board performance.

Hypothesis Three: The use of recommended recruitment practices will be associated with higher levels of board performance.

In the event of a positive association between racial diversity, diversity attitudes, recruitment practices, and board performance it would be helpful to identify which accounts for unique variance in board performance. Unique variance means that above and beyond the variance accounted for by the other constructs, a variable is able to account for additional variance. For example, if recruitment practices and diversity attitudes are both associated with optimal board performance a regression analysis will determine if they account for more or less the same variance in board performance or whether they account for different aspects of performance. Understanding the ability of each construct to account for unique variance in board performance will suggest strategies for practitioners who want to improve board

performance. Similarly, it will be of value to understand if different constructs account for variance in different elements of board performance. For example, racial diversity may account for unique variance in the political aspect of board performance while not in the educational aspect of board performance. Therefore, the final research question will investigate the ability of each construct to account for unique variance in each aspect of board performance (contextual, educational, interpersonal, analytical, political, and strategic)

Hypothesis four: Racial diversity, diversity attitudes, and recruitment practices will each account for unique variance in board performance.

## Methods

### Procedure and Participants

The sample was obtained through two separate data collection endeavors. A similar strategy was used in data collection. Surveys were sent to executive directors in nonprofit organizations, a reminder post card was sent one week subsequent to the initial mailing and a second instrument was sent to all non-respondents 10 days after the post card. The first data collection took place in the spring of 1998 with two hundred fourteen nonprofit human service organizations in the greater Los Angeles area. Responses were received from 58 executive directors a 27% response rate. The second data collection took place in the fall of 2000 in a major city in the southwest. Three hundred twenty – four executive directors of nonprofit organizations were sent a similar survey instrument. Responses were received from 125 executives (39% response rate).

A comparison between the samples on several key organizational variables revealed that there was not a statistically significant difference between the groups on organizational age, staff size, board membership size, average number of racial categories represented on the board,

diversity attitudes, or recruitment practices. Organizations in the Los Angeles area did tend to have higher percentages of ethnic minorities on their boards. For example, blacks had a significantly higher representation in Los Angeles where they averaged nearly 20% of boards members compared to less than 1% in the southwest city ( $t=4.24$ ,  $df=155$ ,  $p<.001$ ). Similarly, Latinos accounted for about 16% of the board members in Los Angeles and less than 1% in the southwest city ( $t=2.46$ ,  $df=156$ ,  $p<.05$ ). Whites, however, represented a significantly higher portion of board members in the southwest city (82%) compared to Los Angeles nonprofit organizations (56%;  $t=-5.79$ ,  $df=173$ ,  $p<.001$ ). In reference to board performance, the organizations in the major southwest city did indicate slightly better performance on three dimensions interpersonal, contextual, and strategic, but not the composite measure. The difference in racial composition between the two samples is a concern, but the blended sample is more reflective of national nonprofit organizations and provides a rich context to consider issues of diversity. Although these differences may need to be investigated further it seems reasonable at this point to conduct analysis on all 183 responses.

Predominately these organizations provided services to meet needs of low-income or disadvantaged individuals. The sample, however, was very heterogeneous in reference to budget and staff size. For example, staff size ranged considerably from 0 to 870. Based upon a concern that organization size (budget and staff) may directly affect board performance, board composition (size and diversity), diversity attitudes, and recruitment practices, an analysis was conducted comparing smaller organizations (below the median) to larger organization (above the median). Analysis revealed that larger organizations performed better on three board performance dimensions (strategic, analytical, contextual) and the composite measure of board performance. Similarly, they tended to have better recruitment practices, larger and more

heterogeneous boards. Consequently, the sample needed to be adjusted to account for the effect of organizational size. Two controls were used to limit the effect of organizational size.

Organizations with budgets over 2 million and staff over 45 were excluded from the analysis.

This resulted in 121 organizations (66%). Repeating the analysis with only these organizations eliminates the effect of organizational size on board performance and diversity attitudes. Larger organizations, however, are still more likely use recommended recruitment practices ( $t=3.02$ ,  $df=119$ ,  $p<.01$ ) and have slightly more board members ( $t=3.25$ ,  $df=119$ ,  $p<.01$ ). These effects can be controlled for in later analysis.

The modified sample consisted of 121 organizations, seventy-eight from the southwest and 43 from Los Angeles. There was a mean staff size of 8.72 ( $sd =9.70$ ), and a median of 5 paid staff members per organization. One organization was established as early as 1885, while the median year of initial operation was 1986. Board membership varied from as few as 3 members to as many as 60. The average number of board members was 15.94. 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. The next section discusses the scales used to measure board performance, racial diversity, diversity attitudes, and recruitment practices.

## Measures

### Board Performance

A modified version of the Board Self-Assessment Questionnaire (BSAQ) was used to assess the six characteristics of effective boards, which resulted in a total of 40 questions (Jackson & Holland, 1997). Six questions each assessed the analytical, contextual, educational, and strategic dimensions, 7 questions assessed the interpersonal dimension, and the political dimension contained 9 questions. Responses were indicated on a four-point scale from “strongly

disagree” (1) to “strongly agree” (4). Negatively worded questions were re-coded, so higher scores represented more effective board performance. Table 1 has mean scores, standard deviations, alpha coefficients, and example questions for six dimensions of effective boards.

Insert Table 1 about here

### Board Member Diversity

Respondents provided the total number of board members and the number of board members in each of five racial categories (Asian, Black, Latino, White, and other). On average, 71% of the board members were white, and 50% of the board members were women. Racial heterogeneity was determined by summing the number of ethnic categories selected. Scores ranged from 1-5 with a mean response of 2.47 (sd=1.09) and 28 organizations (23%) indicated just one ethnic category on their board. The more categories selected indicates a more racially diverse board. In addition, the percent of racial minorities on the board was calculated by summing the number of board members who were black, Latino, Asian, and other and dividing by the total number of board members. On average, 27% of the board members were minority members and scores ranged from 0 (n= 26) no ethnic minorities on the board to 1.00 (n=7), all minority members.

### Board Diversity Attitudes

A three-item scale was developed to assess the board’s attitudes about diversity. For example, one question asked respondents to rate the statement “this board believes it is important to have culturally diverse board members”. Responses were collected on a four-point scale from strongly disagree (1) to strongly agree (4). A negatively worded question (“many of the board

members express or indicate a lack of awareness of diversity issues”) was re-coded so that higher responses indicated increased diversity awareness. Replacing missing responses with the series mean resulted in an alpha coefficient of .72.

### Recruitment Strategies

A seven-item scale was developed to assess the thoroughness of board recruitment strategies utilized by the organizations. For example, one question asked respondents if “A nominating committee is charged to identify new board members.” Responses were collected 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 was .78.

## Results and Analysis

### Board Member Diversity and Performance

Hypothesis one states that increased heterogeneity in board membership will relate to improved board performance. A comparison of board performance scores between more and less diverse boards was accomplished by dividing responses at the median score. Scores ranged from 1-5 categories racial categories selected. The median score was 3 resulting in two groups those with 1-2 racial categories represented (n=57) and those with 3-5 racial categories selected (n=61). A T-test revealed that organizations with higher levels of racial diversity are more inclined to indicate that their board performs better on the contextual dimension ( $t=2.46$ ,  $df=116$ ,  $p<.05$ ). There were no other significant differences in board performance between more and less diverse boards (see Table 2). A similar analysis was conducted to compare board performance between boards with a higher percentage of minority members to boards with a lower percentage of minority members. The median score (17%) was used to create two groups. Boards with

more than 17% of their board members identified as minority members (n=61) indicated that they were more politically oriented than boards below the median (n=61;  $t=2.75$ ,  $df=119$ ,  $p<.01$ ). In summary, results revealed that boards above the median number of racial categories represented tend to be more contextual than boards below the median and boards with higher percentages of minority board members tended to be more political than boards with a lower percentage of minority members. See Table 2 for T-values and mean board performance scores.

Insert table 2 about here

#### Diversity Awareness and Board performance

Hypothesis two states that increased board member understanding of diversity issues will be positively associated with board performance. Results from a correlation analysis are contained in Table 3. The board performance scale was positively correlated to diversity awareness in the range of .25 ( $p<.01$ ) to .43 ( $p<.001$ ). These results support hypothesis two and show that there was a positive association between increased diversity awareness of board members and optimal board performance.

Insert Table 3 about here

#### Recruitment Strategies and Board performance

Hypothesis three states that the increased use of recommended recruitment practices would be positively associated with improved board performance. Results from a correlation analyses are contained in Table 3. Recruitment strategies were positively correlated with five of

six dimensions and the composite measure of board performance (range  $r=.18$ ,  $p<.05$ ; to  $r.34$ ,  $p<.001$ ). The interpersonal dimension was not significantly correlated to recruitment practices. These results support hypothesis three and show that there was a positive association between increased use of recommended recruitment practices and optimal board performance.

#### Accounting for Variance in Board Performance

Based upon at least partial support for hypotheses one, two and three racial diversity, percent of minority board members, diversity attitudes, and recruitment practices were all entered into a stepwise regression analysis to determine which accounted for unique variance in board performance. In addition, to control for the effect of organizational size the number of staff members was entered first. In no instance did staff size account for a significant amount of variance in board performance. Consistently, diversity attitudes accounted for a significant amount of variance in all dimensions of board performance (3 – 18%; see Table 4). Recruitment practices also accounted for significant variance in four of the six dimensions (contextual, 6%; educational, 5%; political, 12%; and strategic, 8%) and the composite measure of board performance (6%). In addition, the percentage of minority board members accounted for variance in the analytical dimension (4%) and the interpersonal dimension (3%). These results reveal that each of these variables (racial composition, diversity attitudes, and recruitment practices) were important factors to consider when operating a nonprofit board. These constructs are distinctive and must each be considered as a factor that is associated with effective board performance.

Insert Tables 4 about here

### Discussion and Conclusion

This research investigated the association among board diversity, attitudes, recruitment practices, and board performance. Racial diversity was only moderately associated to optimal board performance. This is consistent with previous research on group diversity and performance, which suggests inconclusive results on the impact of diversity (Shaw & Barrett-Power, 1998). Several reasons exist for the limited effect of board diversity on performance. For instance, a different assessment of board performance might have better reflected the influence of heterogeneous membership. Similarly, this assessment of board performance is based solely upon the judgements of executive directors, although the executive director is significant in understanding and improving board performance. Herman and Heimovics (1991) explain how executive directors perform critical functions to define and clarify board roles and organizations with proactive executives tend to have boards that performed better. Nevertheless, an additional assessment strategy may have revealed other effects of diversity.

An increased percentage of minority members on the board was associated with boards who felt that they had a strong political orientation. This suggests that racially diverse boards will be more sensitive to the interests and concerns of stakeholders. They will seek input from those effected by board decisions and they will be more inclined to reach-out to key constituents. This finding is significant because it is not the mere inclusion of a token minority member (e.g., less than 15% of the board membership), but rather more substantial representation (e.g., about 20% or above), which is associated with this level of improved performance. Environmental turmoil and changing constituents substantiates the need of nonprofits to reach-out and draw in key constituents. This is revealed in the regression analysis as well, in that recruitment practices account for the most amount of variance in the political aspect of board performance.

This recognizes the political nature of board recruitment and the value in systematically reaching out to new board members. The use of recommended recruitment practices, although significantly associated to larger organizations and boards with more members, was associated with optimal board performance even after controlling for organizational size. This finding supports the normative literature, which says that systematically seeking board members and orienting them to their roles and responsibilities makes a difference in how the board performs.

The most significant predictor of board performance was the board's attitude about diversity. It was positively associated to board performance and accounted for unique variance above and beyond the other constructs (minority composition and recruitment practices). The positive association between this measure and board performance suggests the importance of attending to group attitudes and encouraging board members to value diversity as instrumental to board performance. Often, latent prejudice and stereotypes are not addressed in groups for fear of disturbing group norms and possibly losing members. However, without positive attitudes about including diverse perspectives, boards might inadvertently silence contributions of some members or entirely exclude others because of selection criteria (e.g., requirements on giving), which might be biased against non-traditional board members. Without open attitudes one of the fundamental aspects of effective board performance, the ability to engage openly in strategic issues of the organization, might not take place. Nonprofit boards and executives need to interpret and influence positive attitudes about diverse participation in board membership. Encouraging the board to value diverse participants may well improve their performance.

Seeking additional assessment tools to understand how board composition influences the behaviors and performance of the board is important. Often we believe that the board can add value to a nonprofit organization's mission and customers, but the objective indicators of that

benefit are often hard to quantify. The reality of a cash-strapped nonprofits can lead executives to overemphasize the board as a revenue source and not as an analytical strategic decision-maker. In addition, successful fund development is grounded in establishing relationships. A politically oriented board ensures that people know about the organization and its results. As people recognize the benefits of a nonprofit organization, they in turn will be more inclined to support the organization.

A concern about generalizability, this is not a randomly selected representative sample of nonprofit organizations. The heterogeneity of the organizations, the blending two independent samples, and limiting the analysis to organizations with less than 40 staff all bring to question the extent to which these findings are generally applicable. Truncating the sample to smaller organizations improves the ability to consider these results in the context of primarily smaller nonprofits. Nevertheless, the sample was still heterogeneous. Some organizations had no staff and served a very specific defined population or community, while others had 40 or more staff and tended to reach-out to multiple communities. The reality is that the nonprofit sector is very diverse, grassroots organizations to multi-national corporations. The ability to draw similarities between nonprofits is a challenge. The majority of these organizations are meeting needs of disadvantaged individuals and the extent to which that they encourage or discourage diverse board membership is of interest and has implications for how we develop small nonprofits.

Drawing organizations from two different regions is a strength and weakness. The two samples were different. The Los Angeles area nonprofits were more diverse, but they tended to indicate that the boards were not performing as well as the southwest area organizations. The blended sample allowed for a comparison of ethnically diverse organizations and an opportunity to see the effect of increased diversity. Each sample, independently, did not reveal the effect of

racial diversity on board performance but the blended sample provided the analytical power and significant diversity in board membership to allow the analysis. What does this mean? We need to continue looking for examples of boards that have heterogeneous members, across all sizes and types of nonprofits, and determine the effect of that diversity on their performance.

References

Abzug, R. & Galakiewicz, J. (2001). Nonprofit boards: Crucibles of expertise or symbols of local identities? Nonprofit and Voluntary Sector Quarterly, 30(1), 51-73.

Austin, J. R. (1997). A cognitive framework for understanding demographic influences in groups. International Journal of Organization Analysis, 5(4), 342-359.

Bantel, K. A., & Jackson, S. E. (1989). Top management and innovations in banking: Does the composition of the top team make a difference? Strategic Management Journal, 10, 107-124.

Bradshaw, P., Murray, V., & Wolpin, J. (1992). Do nonprofit boards make a difference? An exploration of relationships among board structure, process and effectiveness. Nonprofit and Voluntary Sector Quarterly, 21(3), 227-249.

Carver, J. (1997). Boards that make a difference. San Francisco, CA: Jossey Bass.

Chait, R., Holland, T., & Taylor, B. (1996). Improving the performance of governing boards. Phoenix, AZ: Oryx Press.

Fletcher, K. (1997). Building Board Diversity. Washington, DC: Aspen Institute

Green, J. C., & Griesinger, D. W. (1996). Board performance and organizational effectiveness in nonprofit social service organizations. Nonprofit Management and Leadership, 6(4), 381-402.

Herman, R. D., & Heimovics, R. D. (1991). Executive leadership in nonprofit organizations. San Francisco, CA: Jossey-Bass Publishers.

Herman, R. D., & Renz, D. O. (1999). Thesis on nonprofit organizational effectiveness, Nonprofit Voluntary Sector Quarterly, 28, 107-125.

Herman, R. D., Renz, D. O., & Heimovics, R. D. (1997). Board practices and board effectiveness in local nonprofit organizations. Nonprofit Management and Leadership, 7, 373-386.

Hirzy, E. (1994). The nominating committee. Washington, DC: National Center for Nonprofit Boards.

Hohn, H. G. (1996). Solving the board puzzle: How to select the 'right' directors. Chief Executive, 114, 58-61.

Holland, T. P. (1996). How to build a more effective board. Washington, DC: National Center for Nonprofit Boards.

Houle, C. O. (1989). Governing boards: Their nature and nurture. San Francisco, CA: Jossey Bass.

Jackson, S. E. (1991). Team composition in organizational settings: Issues in managing a diverse work force. In S. Worchel, W. Wood, & J. Simpson (Eds.), Group process and productivity. Beverly Hills, CA: Sage.

Jackson, D. K., & Holland, T. P. (1998). Measuring the effectiveness of nonprofit boards. Nonprofit and voluntary sector quarterly, 27, 159-182.

Joyaux, S. (1991). The nominating committee: Effective tool for improving the board. Fund Raising Management, 21, 38-42.

Kang, C. H., & Cnaan, R. A. (1995). New Findings on Large Human Service Organization Boards of Trustees. Administration in Social Work, 19, 17-44.

Michel, J. G., & Hambrick, D. C. (1992). Diversification posture and top management team characteristics. Academy of Management Journal, 35, 9-37.

- Nelson, J. (1995). Six keys to recruiting, orienting, and involving nonprofit board members. Washington, DC: National Center for Nonprofit Boards.
- Provan, K. G. (1980). Board power and organizational effectiveness among human service agencies. Academy of Management Journal, 23 (2), 221-236.
- Rutledge, J. M (1994). Building board diversity. Washington DC: National Center for Nonprofit Boards.
- Scott, W. R. (1995). Institutions and organizations. Thousand Oaks, CA: Sage.
- Shaw, J. B., & Barrett-Power, E. (1998). The effects of diversity on small work group processes and performance. Human Relations, 51(10), 1307-1325.
- Siciliano, J. I. (1996). The relationship of board member diversity to organizational performance. Journal of Business Ethics, 15, 313-132.
- Widmer, C. (1987). Minority participation of boards of directors of human services: Some evidence and suggestions. Journal of Voluntary Action Research, 16(4), 33-44.
- Zander, A. (1993). Making boards effective: The dynamics of nonprofit governing boards. San Francisco, CA: Jossey Bass.

Table 1

Mean Responses and Alpha Coefficients for Board Performance Scales

Dimensions with example questions	M	SD	$\alpha$
<u>Composite</u> : (40 questions)	2.87	.39	.94
<u>Analytical</u> : (6 questions) I have been in board meetings where the subtleties of the issues we dealt with escaped the awareness of a number of board members ( <i>reverse coded</i> ).	2.89	.42	.71
<u>Contextual</u> : (6 questions) Orientation programs for new board members specifically include a segment about the organization's history and traditions.	3.15	.49	.77
<u>Educational</u> : (6 Questions) This board does not allocate organizational funds for the purpose of board education and development ( <i>reverse coded</i> ).	2.58	.48	.73
<u>Interpersonal</u> (7 questions) Board members understand each other, their motivations and perspectives.	2.88	.46	.74
<u>Political</u> (9 questions) Before reaching decisions on important issues, this board usually requests input from persons likely to be effected by the decision.	2.88	.43	.73
<u>Strategic</u> (6 questions) This board discusses where the organization should be headed in five or more years into the future.	2.86	.57	.84

---

 N = 121

Table 2

Comparison of Mean Board Performance Scores

		Racial Heterogeneity		Percentage of Minority Members		
		High	Low	High	Low	
Dimensions of Board Performance	t value	N=61	N=57	t value	N=61	N=60
	df=116	M (sd)	M (sd)	df=119	M (sd)	M (sd)
Composite	1.32	2.91 (.36)	2.81 (.44)	1.64	2.92 (.38)	2.81 (.42)
Analytical	0.39	2.90 (.40)	2.87 (.44)	0.40	2.90 (.41)	2.87 (.42)
Contextual	2.46*	3.25 (.45)	3.03 (.51)	1.29	3.20 (.48)	3.09 (.52)
Educational	1.10	2.63 (.47)	2.54 (.50)	1.81	2.65 (.47)	2.50 (.48)
Interpersonal	0.84	2.92 (.40)	2.85 (.53)	1.12	2.93 (.42)	2.84 (.51)
Political	1.87	2.91 (.42)	2.76 (.45)	2.75**	2.94 (.45)	2.73 (.39)
Strategic	-0.60	2.85 (.53)	2.86 (.60)	0.62	2.89 (.56)	2.83 (.55)

\* p&lt;.05, \*\*p&lt;.01

Table 3

Correlation of diversity attitudes, recruitment practices, and board performance

	Diversity Attitudes	Recruitment Practices
Composite Board performance	.39***	.32***
Analytical	.37***	.18*
Contextual	.31***	.32***
Educational	.43***	.28**
Interpersonal	.40**	.17
Political	.25**	.34***
Strategic	.26**	.28**

---

N = 121, \* p<.05, \*\* p<.01, \*\*\* p<.001

Table 4Variance Accounted for in Board Performance

	Diversity		Recruitment		Percent	
	Attitudes		Strategies		Minority	
Board Performance	R <sup>2</sup>	Df	R <sup>2</sup>	Df	R <sup>2</sup>	Df
Composite	.15***	115	.06**	114	--	
Analytical	.13***	115	--		.04*	114
Contextual	.09**	115	.06**	114	--	
Educational	.18***	115	.05**	114	--	
Interpersonal	.16***	115	--		.03*	114
Political	.03*	114	.12***	115	--	
Strategic	.04*	114	.08**	115	--	

Note: Number of staff members was entered first on all analyses, df=116; df=115 variable entered second; df=114 variable entered third; \* p<.05, \*\* p<.01, \*\*\* p<.001