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Nonprofit Diversity: An Asset We Can No Longer Afford to Ignore

By HENRY A. J. RAMOS | March 21, 2004

In 1985, I joined the professional staff of the Ford Foundation, then the world's largest and most prolific nonprofit grantmaking institution. I was one of only two Hispanics on the Foundation's U.S. program team and the first Mexican American hired as a full-time staffer at its New York headquarters office. In 1992, I became a member of the James Irvine Foundation's program staff in my home state of California—at the time the Golden State's leading private philanthropy.

I came to these institutions confident of my capabilities. I had graduated from the prestigious Berkeley campus of the University of California and had a master's degree from Harvard's Kennedy School of Government. I had also worked as a public policy advocate in Washington, DC and was intimately familiar with the private real estate and hospitality industries through my grandparents' businesses in Los Angeles.

I had grown up happy and privileged in a largely white, exclusive community in southern California, and had never personally confronted racism as such. But my experiences in the foundation world, notwithstanding philanthropy's reputation as a liberal bastion of equal opportunity and tolerance, opened my eyes to the conundrum of institutionalized psychopathology around diversity issues in society. In some ways, I have been recovering ever since.

I learned quickly that nonprofit leaders and institutions were not always comfortable with a well-educated, upper middle class minority. With such an attenuated reality for even the likes of me, I could only surmise that more challenging diversity appointments—people with less class and educational advantages, or with even more sensitive differences in their backgrounds (like “out” gays and lesbians or people with disabilities) really faced hardships in the field. In too many cases, my experiences showed that to be the case.

In important respects, things seem to have gotten even worse in recent years.

Leaders or Laggards?

U.S. philanthropic leaders are facing a crisis of credibility on important issues of diversity at the outset of the 21st century. Despite nearly two decades of talking a great deal about promoting more inclusive institutions for people of color, women, gays and lesbians, low-income Americans, and other traditionally marginalized people, private funders now actually lag behind business and public-sector organizations relative to key diversity indicators, including, for example, minority staff and board representation. (In recent years, philanthropic institutions have actually stepped back from prior gains in important areas, such as minority-targeted grantmaking.)

Given the critical leadership role that private grantmakers play in defining the nonprofit sector's culture and priorities, these data can only have a discouraging impact on field-wide diversity trends.

As someone who has spent his career, thus far, striving to promote philanthropic diversity, recent trends are especially disturbing. But this problem is one that should concern everyone who cares about the vitality and relevance of the independent sector. The absence of a greater effort to match our publicly-stated commitments to diversity ultimately undermines our effectiveness and legitimacy as civic leaders.

In the current epoch of growing multiculturalism, homophobia, and expanding class division, moreover—and considering the persistent inequities facing traditionally disadvantaged groups, which are the fastest growing share of our population—this is not a direction we should be comfortable to find ourselves moving in. Continuing neglect of meaningful measures to address the issues can be good for neither our profession nor our society.

Sadly, much of the problem has to do with a remarkably resilient denial about both the nature and the implications of our lack of progress in this area, as well as about what meaningful change would require. This denial, in turn, is one of the sector's greatest indicators of institutional self-deception.

Missing the Point?

My entry into the field some twenty years ago coincided with widespread new efforts to promote diversity through myriad reports on the issues as well as considerable discussion among leading foundation and nonprofit executives about how to promote and "manage" diversity. New diversity enhancement efforts were being encouraged through educational and training programs. Important new funder affinity groups were being formed, as well as new nonprofit networks of diverse leaders. Some significant diversity gains in appointments and programming resulted, and for a time, things began to look up for historically under-represented groups. But subsequent trends have been sobering.

Numerous sources reveal, for example, that while about 18 percent of professional personnel of private foundations are people of color, the comparable figures for public and key selected private-sector institutions are now about 20 percent and 23 percent, respectively.¹

While private foundations still slightly outperform for-profit corporations in terms of minority representation on boards of directors (about 10 percent persons of color for foundations versus about 9 percent for leading publicly traded companies),² in fact racial and ethnic diversity among foundation trustees virtually stood still during the five-year period between 1996 and 2000—one of the greatest economic boom periods in U.S. history.³ (During this same period, leading private corporations more than doubled their minority board representation).⁴

Largely as a result of the slow progress made by private giving institutions in diversifying, U.S. nonprofits have substantially lacked the impetus to change themselves to better reflect the nation's growing diversity. In fact, present flows of social capital investment in nonprofits representing or staffed by those with diverse identities or viewpoints are grossly out of proportion relative to demographic realities and public needs. Racial and ethnic minority groups, for example, which have actually seen their share of philanthropic benefits decline in recent years, still receive less than 10 percent of all foundation grants on an annual basis nationwide,⁵ despite constituting nearly one-third of the U.S. population and experiencing some of society's greatest disadvantages. Women and girls also receive less than 10 percent of foundation-targeted dollars⁶ and gay-lesbian groups (conservatively estimated to represent about 10 percent of the American population) receive much less than one percent of foundation giving.⁷

Foundation leaders are quick to point out that such groups are not exclusively served by funders and nonprofits organized around their particular concerns; and it is undeniable that many mainstream grantmakers and nonprofits do great things on behalf of a broad spectrum of people in need. But, at best, the prevailing mainstream view relies on an increasingly outmoded trickle-down theory of social change: and the data clearly reveal that field investment in diversity remains a strikingly low priority.

The price of continuing this situation becomes increasingly burdensome as our society becomes more diverse, and as our nation's social challenges expand accordingly. Leading demographers estimate that by the mid-point of the current century, some 50 percent of Americans will be racial and ethnic minorities. Fully one in every four Americans alone, it is predicted, will be of Hispanic heritage. The demographers also tell us that our rapidly aging baby boom generation will radically increase the population of seniors and disabled Americans in the years to come. But notwithstanding these clear trends toward change, relatively few private philanthropies and nonprofits have begun to focus deeply on diversity as an appropriate strategic response.

Underinvestment in diversity threatens to diminish independent-sector responsiveness and impacts, going forward—indeed, it is already beginning to do so. Inattention to the reality of growing diversity across the nation is retarding institutional and leadership development in multicultural communities, which are clearly the growth centers of our national community. It is diminishing our abilities to work more intelligently and with greater impact by preventing us from unleashing the now grossly untapped ideas, knowledge, relationships, and resources that exist within these diverse populations—assets that would benefit all Americans, not only those of similar backgrounds. Finally, continuing under-investment in diversity is largely negating nonprofit executives' standing to model leadership in the larger arena of public and for-profit institutional governance, where the lion's share of society's power and resources resides, and where, notwithstanding recent representational gains, much more needs to be done.

Absent a more inclusive mindset and practice, social investment in the national field will be unlikely to maximize our potential for real problem solving and systems reform—the outcomes that most leading foundations and nonprofits claim to be their goals. Rather, field resources will predominantly continue to be invested by and in non-diverse individuals and institutions that, however well intended, are simply less prone to be as knowledgeable about how best to respond to society's most pressing problems as those diverse people and groups most directly affected by them.

Under these circumstances, the nation's largely monolithic independent sector will invite its own slippage into mediocrity and a lack of relevance that are entirely counter to its greatest potential and aspirations. It will succumb to a continuing single-mindedness of perspective that cannot possibly cover the radically-changing cultural and social landscapes that define our times. In these ways, finally, the sector will diminish its own powers to influence and to lead in the future that awaits us.

In Denial

Many independent sector leaders—still overwhelmingly white, male, and heterosexual—are in gross denial about the growing risks of not focusing greater attention on diversity, as well as about their own role in discouraging gains through diversity strategies. This is because the overwhelming majority of these leaders sincerely believes in diversity and thinks that the sector has been making progress, despite evidence to the contrary. Most such leaders, like most Americans, see themselves as good and fair-minded people who want to “do the right thing.” Indeed, most are good people who want to promote fairness. It is precisely these perceptions and inclinations, however, that block intellectual honesty about the reality of continuing resistance to diversity within the sector, and that prevent leaders in the field from seeing the need—and the possibility—to do much more of the right thing.

In fact, most nonprofit executives now readily accept the proposition that diversity is a major imperative. The problem is that their assumptions about what constitutes “real progress” in the diversity field are typically counterproductive to achieving the systemic change that most people of diverse backgrounds would themselves call success.

Too often still, leaders of mainstream foundations and nonprofits think that diversity can and should be achieved without changing fundamentally the ways their institutions do business. They simply want those with different identities and backgrounds to fill their ranks, doing essentially the same things in the same manner as has always been their custom. The upshot is to deny the standing of diverse people to call for needed cultural change in these institutions, as well as to partner with their mainstream counterparts in facilitating such change. This is why so many talented diversity appointments, especially those in more significant positions of responsibility, do not have long tenures in the field. They are either forced out when their voices and vision become too unsettling to those established executives and boards that are not interested in addressing diversity concerns that fall outside their comfort zones; or, they are inclined to leave of their own accord when their best efforts are met with only luke-warm response (or, worse yet, enthusiastic encouragement but virtually no corresponding follow-up).

Such individuals quickly realize that established philanthropies and nonprofits are largely unprepared to accommodate diversity where it matters most—namely, in relation to the exercise of real power and decision making; and that, contrary to what is frequently suggested, few philanthropic and nonprofit institutions reward those who would seek to encourage diversity at a deep level. Indeed, people of diverse backgrounds who succeed over time in these circumstances typically do so not because of institutional policy and practice, but rather in spite of it.

Another major stumbling point on diversity relates to the mainstream institutional predisposition to see diverse hires and appointments as quota fillers—people whose only standing revolves around their ability to speak to “minorities”, women, particular sexual identities, or the like. Thus, board and staff members of color are often tracked into roles that virtually preclude (or at least discourage) them from influencing larger organizational policy or resource-allocation decisions. Similarly, women, “out” gay/lesbian appointees, and others are often resigned to more restricted institutional roles and opportunities for influence (even when their institutional responsibilities are quite significant). This tendency not only diminishes the humanity of diverse individuals who come to the independent sector, but it also denies their employers and the larger field the full benefit of their many skills, insights, and other assets, which typically transcend their particular group identities.

Probably the most destructive assumption and barrier that besets the sector's ability to expand diversity is the still-often-heard assertion that while field executives desperately want to expand representation, they are simply unable to identify and secure “qualified” diversity candidates. Such claims are exceedingly painful and insulting to multicultural individuals who are interested in bringing their capabilities and leadership to the sector. Recent decades have seen unprecedented numbers of minority, women, gay/lesbian, and other historically disadvantaged group members emerge from the nation's leading academic institutions. The professions—business, law, medicine, public policy, and journalism, to name a few—though still lagging on diversity performance themselves, have nevertheless seen huge recent gains relative to the certification of diverse individuals in their ranks. To say, therefore, that there are too few qualified diversity candidates to fill open board and staff positions in the independent sector is simply inaccurate. It also appears disingenuous to diverse community professionals who have encountered along the way many white, straight, and male board members and executives of foundations and nonprofits who decidedly lack the relevant credentials and experiences that they themselves could bring to the field.

Assets We Can't Afford Not to Use

Perpetuation of pathologies like those reviewed above has had increasingly insidious impacts on the integrity of philanthropy and the nonprofit sector. In the current environment, the cost of continuing in a “business as usual” mode is simply too high. This is not about “doing the right thing” just because it is the moral or politically correct thing to do. At the end of the day, promoting diversity is the most practical and strategic thing to do, because it is the best way to achieve the nonprofit sector’s optimal resource arsenal to meet its core purposes and responsibilities: encouraging real improvements in the quality of human and community life, especially for society’s most needy and disadvantaged groups.

After years and years of planning for, talking about, and seeking ways to “manage” diversity, the time has come to surpass process concerns and get busy putting in place outcomes that we can all be proud of. Anything less would be beneath our best capabilities and interests as a professional field.

Endnotes

1. See Diversity Practices in Foundations: Findings From a National Study, The Joint Affinity Groups (citing Council on Foundations data), San Francisco, CA, 2002, p. 15. Also, The U.S. Federal Glass Ceiling Commission Report (Executive Summary), Washington, DC, 1995, p.13, and year 2000 U.S. Equal Employment Opportunity Commission data from the private investment banking and broadcasting industries, respectively, located at the following websites: <http://www.eeoc.govt/stats/reports/investmentbanking/> and <http://www.eeoc.govt/stats/reports/broadcasting/>.
2. See S. Kwoh and B. Tang, “The Foundation Board of the Twenty-First Century,” Chapter 7 from F. L. Ellsworth and J. Lumarda, From Grantmaker to Leader: Emerging Strategies for Twenty-First Century Foundations, John Wiley & Sons, 2003, p. 179, and C. Hymowitz, “In the Lead: What Will It Take To Create Diverse Boardrooms?” The Wall Street Journal, Dow Jones & Co., New York, July 8, 2003.
3. Ibid. As a result of the economic boom of the 1990s, private foundation assets doubled during the overlapping period 1995–1999, from \$226.7 billion to \$448.6 billion. See P. Eisenberg, “Philanthropy at the Crossroads,” in The State of Philanthropy 2002, National Committee for Responsive Philanthropy, Washington, DC, p. 4.
4. See again The U.S. Federal Glass Ceiling Commission Report (Executive Summary), Washington, DC, 1995, p.12, and C. Hymowitz, “In the Lead: What Will It Take To Create Diverse Boardrooms?” The Wall Street Journal, Dow Jones & Co., New York, July 8, 2003.
5. See Foundation Center Statistical Services, “Foundation Grants for Special Population Groups, circa 2001, Foundation Center, New York, 2003, located at the following website: www.foundationcenter.org/fc_stats; and comparable data for the years 1996–2000.
6. These data are especially striking considering that women now constitute fully 68 percent of all private foundation program staff and more than half of all foundation CEOs. See M. E. S. Capek and M. Mead, “Funding ‘Norm’ Doesn’t Fund Norma: Women, Girls, and Philanthropy,” in The State of Philanthropy 2002, National Committee for Responsive Philanthropy, Washington, DC, p. 38.
7. The actual percentage is just three-tenths of one percent. See K. Pease, “Philanthropy’s Failure: The Story of the Lesbian, Gay, Bisexual and Transgender Community and Philanthropy,” in The State of Philanthropy 2002, National Committee for Responsive Philanthropy, Washington, DC, p. 49.

About the Author

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