BY VICKI W. KRAMER AND CAROLYN T. ADAMS

Colleges and universities faced challenges that many had never seen before as they responded to COVID-19. But even before the pandemic hit, major headwinds in the higher education landscape were forcing these institutions' boards to recognize the need to consider significant changes in such things as recruiting strategies, delivery systems, and cost structure. Additionally, the COVID-19 pandemic's revelation of racial and gender disparities and the nationwide demonstrations about racism inspired by brutal police behavior have produced demands for major changes in our society and its institutions. Many call for new approaches to promote the welfare of a diverse population, including those whose needs have often been denied or neglected.

Colleges and universities rank among the institutions most likely to be called upon to improve opportunities for historically disadvantaged Americans, many of whom see the college degree as the key to economic advancement. Trustees need to think as broadly and creatively as possible to solve current and emerging problems in ways that take into account the needs of their gender and racially and economically diverse stakeholders: students, faculty and other employees, and members of their communities.

Boardroom diversity is particularly important to achieving this. So, we were troubled by the results of the Association of Governing Boards' third annual survey of trustees showing that less than half of the respondents thought it "very important" to add women and people of color to their boards. During the past few years, studies of board gender diversity in two major centers of higher education—Boston and Philadelphia—have called attention to low percentages of women on a large number of these boards. Women occupy an average of about 30 percent of the seats and, in the case of many individual institutions, far less. Existing data show that people of color are even more underrepresented.
TAKEAWAYS

A significant number of our country’s largest, most powerful and influential nonprofits—higher education and healthcare institutions (“eds and “meds”)—have boards that are predominantly male and white and do not represent the diverse populations they serve. Women, particularly women of color, are underrepresented in these boardrooms at a time when trustees need to think as broadly and creatively as possible about how to serve students and other stakeholders who are increasingly diverse by gender, race, and income.

Boards that govern higher education and healthcare institutions display some of the same barriers to diversity and inclusion as for-profit boards: unconscious bias, stereotypes, and the “mirror effect” of appointing people who look just like the dominant board members. Other barriers are particular to nonprofits: the emphasis on wealth in board recruitment, board member selection processes, and large boards. Although interviewees regard 30 percent as the minimum presence of women necessary for true diversity, mere numbers do not guarantee inclusion on large boards, where women may be absent from powerful positions or committees.

Workable strategies to change board composition and foster inclusion start with engaging the entire board in an intentional process and require examining and modifying recruitment and other practices and systems. Additional strategies range from putting less emphasis on a candidate’s financial capacity to contribute, to shrinking board size, and creating separate fundraising boards. Such changes, along with greater board diversity, result in improved governance.

New Study of Barriers to Diversity
A national study we undertook to understand the reasons behind these numbers, why board diversity is important, and what can be done to speed change confirmed that Boston’s and Philadelphia’s numbers are not aberrations and should concern all trustees. Our study showed that board diversity adds value and that female directors have substantial positive impacts on the boards and their significant decisions. Yet, in addition to facing the same barriers women face in participating on for-profit boards, they face particular barriers in nonprofits that relate to differences between the two sectors.

Our report, Increasing Gender Diversity on the Boards of Nonprofit Eds and Meds: How and Why to Do It, examines board diversity issues facing these two most prominent and powerful players in the nonprofit sector. Studying both educational institutions and health care institutions (so-called eds and meds) gave us the ability to compare and contrast their barriers to gender diversity, the experiences of women who serve on these boards, and what successful strategies they have employed to increase diversity. Many board members serve on both eds and meds boards. In many cases, eds and meds are interrelated, as many universities control related hospitals and health systems. The eds and meds boards are also much more similar to each other than to corporate for-profit boards. The corporate boards have reacted to scrutiny and pressure to diversify exerted by shareholders, advocacy groups, some government entities and the media, based on years of research and reporting on the benefits of diversity. No such scrutiny or pressure has operated to influence the nonprofit eds and meds.

We conducted in-depth confidential interviews with 59 women board members as well as male and female leaders (board chairs and chief executives)—29 from eds and 30 from meds—in 14 states and the District of Columbia. Interviewees included 7 male institutional leaders, and 39 percent of the female board member interviewees were women of color. The eds included major universities (some Ivy League) and colleges, including an historically black college, a women’s college, two that were originally women’s colleges, and some religiously affiliated universities or colleges. They did not include public universities, whose boards are largely appointed by government officials. However, our findings about the impact and value of board diversity are relevant to trustees of public universities as well. The meds included hospitals and health systems.

In this article we’ll discuss primarily the eds boards but refer to the meds where relevant. And, although our study focused on gender diversity, we found parallels between barriers to gender and racial diversity and we noted the impact of the combined barriers of gender and race for women of color, who lag behind white women and men of color in board representation.

Why Board Diversity Matters
We found women trustees make contributions related to their wide-ranging expertise, as do men, but they also bring different experiences and perspectives to the table. They make particular contributions related to issues involving consumers, culture change, improved governance, and the way decisions are made. We discuss all of these in our report (available free at https://www.nonprofitissues.com/webform/increasing-gender-diversity-boards-nonprofit-eds-and-meds and https://www.unil.org/studies).

To elaborate here on the consumer-related contributions, women are more likely than their male counterparts to focus on the effects of decisions and policies on people students, faculty, and other employees. They pay attention to campus life issues like safety, health (including mental health), and various student services. Such issues are particularly important in an era when the campus experience ranks highly among the criteria that prospective students and their families consider in the search pro-
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They are not just people issues; they affect the bottom line. Women trustees also take responsibility for reminding boards about the diversity implications of various issues and decisions and have significant impact on increasing diversity, not only on the boards, but also more broadly within the institutions.

When we posed the direct question of whether the gender composition of the board matters, only two respondents (both women on med boards) said "No, it doesn't." An overwhelming majority of interviewees also said the presence of women and other diversity can increase the institution's effectiveness in serving consumers.

Diversity and Inclusion
Despite the apparent value that gender diversity brings to the table, women occupy an average of 28 percent on the eds boards in our study, less than 30 percent of the seats on more than half these boards, and fewer than 20 percent on seven of these boards. Thirty percent is the number our interviewees most often cited as the minimum critical mass needed for women to succeed in fully contributing to boards. They pointed out that although research has shown 3 or more women constitute a critical mass on corporate boards of 9 to 11 members, almost all the eds and meds boards are much larger than that. In our study, the average eds board size was 36 members and some had 40, 50, or even 60 or more members. Our study also showed that even when women hold 30 percent of seats on a very large board, that does not guarantee inclusion. On such boards women may be excluded from power positions or committees like the executive committee, which may make most or all key decisions, or women may be appointed to committees in such small numbers that their voices are muted.

Recommended Strategies for Achieving Diversity and Inclusion
Our study suggests that significant barriers to diversity and inclusion are connected to long-standing practices and assumptions whose effects may not be intentional or even recognized by those who employ them. Some of these barriers are present in for-profits: unconscious bias, stereotypes, and the "mirror effect" of appointing people who look just like the dominant board members. Other barriers relate to differences between the nonprofit and for-profit sectors: how money affects board recruitment, how people become board candidates, and board size. Our report identifies strategies that eds and meds trustees have used—and that we recommend—to change the numbers and foster inclusion. We highlight here some key strategies.

1. Involve the whole board in an intentional process.
When the goal of recruiting qualified women and people of color is simply assigned to the nominating/governance committee (even though this is a positive step beyond what some interviewees reported), the majority of trustees can assume the issue is being taken care of and requires no action on their part. It is hard to see how a whole board accepts the importance of diversity and the board's responsibility to achieve it without a full board discussion of the connection between board diversity and the mission of the institution. The black American writer and activist James Baldwin put it succinctly when he said: "Not everything that is faced can be changed. But nothing can be changed until it is faced."

Our analysis showed that respondents whose full boards had discussed diversity as a shared goal were more likely than other boards to take concrete actions to pursue that goal. Those included steps like workshops and trainings for board members, establishing pipelines to bring more diverse candidates into the pool, meeting with a diverse senior management team (and "picking their brains"),
and changing board practices and systems. One board discussed diversity at every meeting and used a flow chart for quarterly reviews of women and people of color in the pipeline. Some boards also paid attention to how new board members become part of the group in order to create genuine inclusion: introducing robust orientations, board retreats and special events, and opening committee meetings to board members not serving on those committees.

2. Examine and modify recruitment methods and monitor candidate lists. To identify candidates to fill board vacancies, most boards now use a recruiting process that relies heavily on the social networks of current board members. Although corporate boards also can be constrained by this, most of them regularly use search firms. None of our eds reported doing that for board candidates, though at least five of our meds did. Since white men occupy the majority of board seats, they draw on social networks that include their clubs, executive suites, and management of professional firms that are primarily white and male. To move beyond this limited pool of possibilities, boards must make additional efforts to reach out to women and people of color who can recommend candidates in their networks.

Educational institutions tend to rely heavily on their pool of alumni and alumnae, particularly those who have been active on committees or advisory boards. Ensuring that this pipeline is populated with women and people of color is important. Fifteen of our female board interviewees attained their board seats through this route. Some eds involve the alumni and alumnae in choosing a number of trustees. According to one female ed trustee, “Most of the diversity represented on our board comes from the alumni/alumnae trustee category. That’s because alums are mostly liberal and habitually vote for women and minority candidates in the election process.”

Nominating committees could also consider adopting some variation of the “Rooney Rule,” a policy in the National Football League conceived by and named after Dan Rooney, the owner of the Pittsburgh Steelers. Teams pledge to interview at least one minority candidate before filling senior coaching or management positions. Institutional investors have successfully pushed for-profit companies to adopt the Rooney Rule to increase board gender and racial diversity. By adopting such a policy, nonprofit governing boards would not be instituting quotas or even a preference for women and/or candidates of color, but would be committing themselves to look harder at a broader range of capable candidates before filling board seats.

3. Rethink financial requirements for board membership and take socioeconomic diversity into account.

Boards often choose trustees who have been, or will likely become, major donors to the institution. Almost all of our eds thought financial contributions important, some requiring high minimum donations. Many relied on candidate recommendations from the development office. That practice contributes to women’s underrepresentation because of mistaken assumptions that men, especially in high-net-worth families, are the ones who make philanthropic donations. Research at Indiana University’s Lilly Family School of Philanthropy has shown that high-net-worth single women and single men do not significantly differ in their incidence or amount of giving. Furthermore, in high-net-worth married households, the researchers showed that women partic-
ipate in nearly 90 percent of household giving decisions, either as sole or joint decision makers. Two of our female interviewees became board members only because when their husbands were approached to join boards, the men recommended their wives as better candidates. One woman ended up as board chair.

We are not suggesting, however, that boards should simply focus on replacing wealthy men with wealthy women in board seats. Emphasis on giving capacity screens out some highly qualified women and people of color as well as lower-income white males. Taking money out of the board recruitment process would encourage broader socioeconomic diversity, which is also important to understanding numerous stakeholders: students and their families, employees, and members of surrounding communities.

4. Establish a separate fundraising board and reduce the size of the governing board. For various reasons, public universities have often established such foundations; and in our sample of medical institutions, 61 percent had done so. But only one of our private eds had a separate fundraising board. Separating fundraising from governance can help to improve governance in a number of ways. One female interviewee who had served on both a hospital and university board said: “There is a conflict between caring about governance and mission and the need to raise money, which influences who gets listened to.” Good governance requires listening to diverse voices and not giving undue weight to those with more money.

Good governance is also more easily achieved with smaller boards, and separating fundraising and governance helps reduce board size. It is not an accident that the one ed with a separate fundraising board is one of the smallest in our study; and in the med, those without separate fundraising boards have an average governing board size of 31 while those with separate boards average 18. Writing for Trustee in 2013, Martin Payson, a trustee of a number of leading universities, acknowledged that board size is related to fundraising needs and suggested that “in theory a smaller board would be better, but theory is different than economic reality at most higher education institutions.”

Our study found that larger boards often have difficulty functioning as deliberative and inclusive bodies. One college president we interviewed contrasted her experiences of serving on different sized ed boards. On larger boards, where committees did all the work, she was concerned that trustees might know almost nothing about various aspects of the university outside of their committees. In contrast, on smaller boards trustees are sitting around a table in conversation, getting to know each other well, thinking about board issues and more fully understanding the university. She discussed the importance of knowing and trusting other board members in order to have open and honest debates and emphasized the challenge to creating such a trusting environment when the board is not small enough to have discussions involving everyone.

Final Thoughts
Higher education leaders who serve on trustee boards and in executive offices have been historically insulated by their governing structures from direct public pressure, and they have valued that independence. And, unlike members of for-profit corporate boards, higher education board members will not confront pressure from shareholders since nonprofits have no shareholders. They do, however, have stakeholders, defined as the people who have an interest in or may be affected by the institution. When we asked the trustees we interviewed to identify their important stakeholders, almost all of them quickly mentioned students, alumni and alumnæ, and faculty members. Some also viewed residents and businesses located near the campus as stakeholders. But when asked if these stakeholders have voiced any interest in the composition of their boards, most of our respondents doubted that the stakeholders even know who serves on their boards. Our own research process revealed that: it is sometimes difficult to discover from publicly available information who sits on university boards.

Students are beginning to pay some attention to board decisions, and several student newspapers ran stories about the Philadelphia-area report on ed and med. We believe stakeholders who include not only students, faculty, and employees but also alumni and alumnæ, and other donors, should pay greater attention to the role of boards and to the makeup of the boards. Accrediting bodies could also take board diversity into account.

In the end, however, it will be up to the trustees, and particularly the board leaders, to take the steps necessary to diversify their boards. Taking the initiative to do so before being pressured by stakeholders, and making the identity of board members visible, would send positive signals to the diverse population of today’s and tomorrow’s stakeholders that the institution cares about the interests of its diverse constituencies.

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This article is based on the authors’ report, Increasing Gender Diversity on the Boards of Nonprofit Eds and Meds: How and Why to Do It, which was published jointly by Nonprofit Issues and Women’s Nonprofit Leadership Initiative in 2020. It is available online at: https://www.nonprofitissues.com/webform/increasing-gender-diversity-boards-nonprofit-eds-and-meds and also at: https://www.wnli.org/studies.