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A dissertation submitted in partial fulfillment for the requirement of the degree of
Doctor of Philosophy in Public Policy and Administration at Virginia Commonwealth
University

Understanding Effectiveness of a Diverse Board in the Nonprofit Sector: The Role of
Board Inclusion and Critical Mass of the Diverse Board Members

by

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ABSTRACT

Using rated responses from nonprofit CEOs who participated in the BoardSource national survey (2016), this study investigates whether nonprofit board inclusive behavior or board inclusive practices are positively correlated with nonprofit board effectiveness. It further examines whether a critical mass of racial and ethnic minority or women board members may moderate the relationship stated above. To answer these questions, the study tested six hypotheses using principal component analysis, followed by hierarchical regression analysis, and found no evidence of statistical significance in main or moderator effects. The study recommends that policymakers should frame policies that ensure mandatory quotas for women and racioethnic minority board members for nonprofits that receive government funding and/or act as alternative service delivery agents for governments. In addition, the nonprofit CEOs should promote the learning-integration perspective of group inclusion to help maximize the experience of inclusion of board members. The study further recommends that nonprofit boards should promote pluralistic diversity, abandon tokenism, and foster an inclusive environment for all board members irrespective of their gender and color.

Key words: nonprofit management, nonprofit leadership, nonprofit board, minority, gender, critical mass, social equity

Chapter 1: STUDY OVERVIEW AND BACKGROUND

Introduction

The purpose of this study is to investigate how nonprofit board behavior and nonprofit board practices influence board effectiveness. It further explores whether a critical mass (threshold level) of women or racial and ethnic minority board members act as moderators in the stated relationship. Adapting the definition given by LeRoux and Wright (2010), in a broad sense, nonprofit board effectiveness refers to the quality of services that the board provides to its constituents and its success in performing pre-established objectives of the organization. According to Buse, Bernstein, and Bilimoria (2016), board inclusive behavior refers to communication, influence, and power relations between dominant and minority members in a group. Fredette and Bradshaw (2012) noted that board inclusive behavior creates an environment in which the board members from minority and marginalized communities feel appreciated for their inputs and are encouraged to participate in essential board activities. According to Buse et al., board inclusive practices refer to all practices that have the potential to improve the experience of inclusion of a minority board member. According to the authors, board inclusive practices include diversity statements and policies, designated committees for leading diversity and inclusion initiatives in the organization, diversity training of board members, and well-defined organizational mission and vision statements that incorporate inclusive values. The policies and procedures that result from board practices ensure that the

minority group members do not face marginalization in accessing resources and opportunities in the group (adapted from “BBI Briefs,” 2012).

Nonprofit boards are central to their organizations and perform in a plethora of roles and responsibilities, including but not limited to, planning and implementation of critical financial, legal, and administrative decision-making for nonprofit organizations. According to some scholars (e.g. Herman & Renz, 1999; Harris, 2014), there is a positive correlation between nonprofit board performance and organizational performance. Herman and Renz (1999) noted that the success of nonprofits is dependent on the success of their boards and that nonprofits need “excellent boards” to perform to their fullest potential. In other words, effective boards result in effective organizations.

Problem Statement

While there seems to be the consensus among many nonprofit researchers about the link between effective nonprofit boards and successful organizations, there are multiple views about what factors drive success in nonprofits and their boards. For example, Brown (2007) found a positive correlation between good board development practices (recruitment, board member orientation, and evaluation) and board-member competence, and observed that more competent board members improved organizational performance. Olson (2000) found that increasing the board size, the average tenure of board members and levels of the business executive background of members influenced the performance of the organizations. In Jaskyte’s (2012) conceptual model, board processes (board culture, board human and social capitals, board cohesiveness, Executive Director-Chair relationship, Executive Director-board relationship)

and board demography (board diversity, board size) influence board effectiveness, which in turn influences organizational innovation.

While some of these studies found a positive relationship between board diversity and board and/or organizational performance, others showed a negative relationship. For example, Joshi and Roh (2009) categorized group diversity and explored the association between a diversity type and group performance. They did not consider the concept of group diversity as a single construct but one that was made of two separate kinds of diversities, namely, relations-oriented (e.g. race, ethnicity, gender, age) and task-oriented (e.g. education, tenure, skills) diversities. They were also interested in exploring if any other contextual or situational factors played a role in influencing the group diversity-performance association. After conducting a meta-analysis that involved studying work teams from different organization types and sectors, the authors concluded that the association varied depending on the industry, occupation, and team characteristics. They further observed that while the relations-oriented aspects of diversity were likely to have a negative correlation with the group's performance, the task-oriented diversity aspects were likely to influence group performance positively. Brown (2002) concluded that boards with a higher proportion of racioethnic minority members performed better in the political board roles and that overall, higher diversity awareness by the board members had a positive effect on optimal board performance. Bradshaw and Fredette (2013) while investigating predictors of board diversity, found that diversity of the community that the nonprofit served and prevalence of initiatives for institutionalized diversity policies in these nonprofits were strong predictors of board diversity. The authors found that it was likely that board size and recruitment strategy for new board members (e.g. inter-organizational alliance

for recruiting new members) determined board diversity. Harris (2014) and Ostrower (2007) concluded that the nonprofit board's demographic characteristics played a major role in its success. Harris found that nonprofit boards with a higher proportion of racial and ethnic minority members received more direct and indirect donations and government grants. Such positive outcomes are consistent with findings by Ostrower who observed that nonprofit boards with higher racial and ethnic diversity were likely to have more accountability measures (e.g. third-party audit, stand-alone audit committee, conflict resolution, and whistleblower policies). Since accountability is considered to be a performance indicator in nonprofit organizations (Poole, Nelson, Carnahan, Chepenik, & Tubiak (2000), Ostrower's results indicated a positive correlation between the racial and ethnic composition of nonprofit boards and organizational performance.

Research Questions

This study seeks to answer the following research questions:

1. How do nonprofit board inclusive behaviors relate to board effectiveness?
2. How do nonprofit board inclusive practices relate to board effectiveness?
3. How does the presence of a larger proportion of women or racial and ethnic minority board members moderate the relationship between board inclusive behavior and board effectiveness in the nonprofit sector?

4. How does the presence of a larger proportion of women or racial and ethnic minority board members moderate the relationship between board inclusive practices and board effectiveness in the nonprofit sector?

Academic Contributions

Several for-profit scholars have investigated topics such as board inclusion, board effectiveness, and critical mass of demographic or numeric minority on company boards, but such studies are largely unexplored in the nonprofit sector. This study contributes to the body of literature by asking these questions in the context of nonprofit organizations. Nonprofit boards are central stones of their organizations and perform a host of externally and internally oriented activities. By framing questions exploring the relationship between board inclusion (behavior and practice) and the effectiveness of board performance in the nonprofit sector, this study develops a better understanding of the association between inclusion and effectiveness. In addition to its contribution to the diversity and inclusion literature, the study also contributes significantly to the nonprofit literature. By framing questions related to the critical mass of demographic and numeric minority on boards of nonprofits, this study examines a concept (critical mass) that has so long been much studied by the corporate researchers but relatively neglected by the nonprofit scholars. In addition, a literature search did not find any prior nonprofit study that tested its hypotheses using the critical mass as the moderator. By pioneering research in this direction, this study paves the way to further investigation on this topic by future nonprofit scholars.

The remaining chapter will proceed in the following manner. This chapter will review and discuss a brief overview of nonprofit board roles and responsibilities, influence of context on board roles, effects of board designs on board roles, and normative board roles in academic and practitioner literature. The chapter will conclude by defining and discussing three key concepts used in this study-board effectiveness, board inclusion, and critical mass.

Overview of Nonprofit Board Roles and Responsibilities

Nonprofit boards differ from for-profit boards in certain aspects, though many fundamental functions remain the same. Many scholars have noted that nonprofit boards enjoy a more significant position in the organization, compared to their corporate counterparts. Unlike for-profit boards, nonprofit boards are accountable to a larger number of constituents (MacKillop, 2010), have higher levels of engagement (Drucker, 1989; Judge and Zeithami, 1992), undergo more rigid audit of their processes (MacKillop, 2010), exhibit higher levels of commitment towards their organizations (Drucker, 1989), and are engaged in more strategic decision-making processes (Judge and Zeithami, 1992). According to Jackson and Holland (1998), the pivotal role that nonprofit boards play in their organizations underlines the rationale to evaluate the effectiveness of their performance. “Any such assessment effort assumes the existence of standards that articulate what effective performance is and some means for determining the extent to which a board performance conforms to those standards” (page 159).

While there is consensus among nonprofit scholars about the importance of assessing board performance, there are different perspectives about which board roles should be included in the evaluation. Both academic and practitioner nonprofit literature abounds in lists of board

functions, but in reality, there is very little clarity on the topic. Nonprofit scholars have often noticed that the nonprofit boards might not always function in their prescribed roles (Holland, 2002; Miller, 2002), tend to go beyond their basic legal and stewardship functions, and may be shaped by several internal, external, and board variables that create contingencies (Saidel & Harlan, 1998; Ostrower & Stone, 2010). The following sections will review and discuss various factors that influence the nonprofit board's roles and responsibilities.

Factors Influencing Nonprofit Board Roles and Responsibilities

Some studies indicate that nonprofit board roles depend on several board attributes (e.g. percentage of women voting members, percentage of minority voting members, recruitment criteria when recruiting board members), internal organizational characteristics (e.g. age of the nonprofit), and external environmental factors (e.g. percentage of funding from government and other sources, state audit requirement, field of activity). According to the contingency model of Ostrower and Stone (2010), both external and internal environmental factors, besides board variables, influence board performance. The authors proposed that a host of factors predict the nonprofit board's decisions about its roles and responsibilities, depending on the context. The authors divided the predictors of nonprofit board activities in three categories. The first category consists of board variables related to board attributes, and characteristics, such as the demographic composition of the board, board size, and recruiting criteria adopted by boards for recruiting new board members. The second category consists of the internal contingency factors, such as the size of the nonprofit organization, the degree of staff professionalism, organizational crises, and major events. The third category of independent variables to influence board

functions are composed of external contingency factors, such as legislators, regulators, and donors. The findings by Saidel and Harlan (1998) suggesting that an environmental factor (e.g. the extent of government contracting) might influence board functions, provided empirical support to the contingency model. The authors observed that nonprofit boards engaged in both external (e.g. fundraising and building community relationships) and internal (e.g. financial oversight and policy setting) activities. However, the authors observed that there was a wide range of heterogeneity about their levels of engagement. For example, although all nonprofit boards engaged in fundraising, their extent of involvement in this activity varied between 15.53% (not at all active) to 29.23% (very active). The authors also found that one predictor might correlate with one board role but negatively with another. For example, the extent of government funding positively influenced externally oriented board roles such as fundraising and community relations but had no influence over internally oriented board roles. On the other hand, board size influenced internally oriented board roles positively but externally oriented roles negatively. Brown and Guo (2010) found that the CEOs of community-based nonprofits believed that the prescribed board roles could change under uncertainties. In addition, the authors found that CEO perceptions of important board roles sometimes varied between nonprofits of the same type. They interpreted this variation in the following words: “The study found that institutional and organizational forces can help explain tendencies of executives to prioritize different roles. Organizations that operate in resource-constrained environments are more likely to specify that board’s role in resource development as important. Organizations operating in complex environments that larger service areas offer are more likely to discuss the board’s role in helping shape the organization’s strategy. Third, we found that larger, more

diversified organizations were more likely to discuss the board's role in an oversight capacity. Finally, executives who held longer tenure, especially when compared to board members, were less likely to talk about oversight roles." (p. 544).

Influence of Contextual Changes on Nonprofit Structure and Governance

Boards of different designs prioritize different roles and responsibilities. Therefore, depending on the design of the board, there could be different criteria for evaluating board performance among nonprofits. The roles that are important for one board design might not be important for another. This adds to the complexities in measuring nonprofit board effectiveness. The factors that further accentuate this complexity are the changes in nonprofit structure, roles, and governance. However, there is no consensus among scholars about the most effective and ideal board design. Because of the changes resulting from the emergence of nonprofits as active alternative service delivery agents of the government (Nevile, 2009), nonprofit board designs have gone through much innovation.

In nonprofit as well as for-profit organizations, boards are interfaces of their organizations and are closely associated with their organizational identities. However, unlike in the past, when nonprofits had single identities (i.e. commitment to a core set of values) (Nevile, 2009), modern nonprofits juggle between multiple conflicting identities (Chenhall, Hall, & Smith, 2016). According to Nevile, such changes resulted from the emergence of nonprofits as active alternative service delivery agents of governments. Others such as Chenhall, Hall, and Smith (2013) pointed out that such changes in organizational roles have been instrumental in increasing the organizational size, degree of board professionalism and

organizational bureaucratization. In addition, new management structures and processes have replaced the older ones to accommodate these changes. Nonprofits now tend to focus more on standardized work practices, innovative incentives for high performing staff and managers (e.g. pay-for-performance plans), performance management of the workforce by using quantitative indicators, and multiple accountability mechanisms (LeRoux & Wright, 2010; Parsons & Broadbridge, 2010).

Chenhall, Hall, and Smith (2010) observed that nonprofits are the central actors in today's public service alternative delivery system. The authors noted that nonprofits are adapting to this change in their identities by fostering alliances with other nonprofits, for-profits, and public agencies. According to Chenhall et al. (2010), such partnerships help nonprofit organizations to leverage the scale of services and expertise among their allies. It also helps the other party to benefit from a partnership with a nonprofit. For example, the nonprofit partner helps the business to enhance its legitimacy while the business acts as a resource center for the nonprofit.

How nonprofits benefit from a for-profit partnership. According to a Forbes report (Stengel, 2013) nonprofits can benefit from partnering with for-profit companies by “saving cost by sharing infrastructure and administrative expenses, expanding their value propositions, improving their efficiency, tapping complementary skills and abilities, and increasing leadership skills” (online, no page number). For example, cost saving can happen through joint purchasing and shared use of resources such as transportation and technology. Leadership skill improvement takes place as the nonprofit becomes proficient in seeking external allies. The

nonprofit expands its value proposition by being able to increase its offerings without increasing its budget.

How businesses benefit from a nonprofit partnership. The practitioner literature emphasizes the importance of these types of alliance. According to Doyle (2018), nonprofits benefit their for-profit partners in a number of ways.

First, a partnership between a nonprofit and a for-profit organization sends a positive signal to the latter's consumers. Consumers like to associate themselves with socially responsible companies and prefer socially conscious companies to other competitors in the market. Thus, a partnership with nonprofits may result in an increase in the sales for the businesses.

Second, a nonprofit and for-profit partnership help businesses plan and implement their corporate social responsibility (CSR) projects more efficiently. Since businesses invest in CSR initiatives to mitigate some of the environmental, social, and financial damages they create through their operations, their nonprofit partners help them to appear socially responsible. This type of social stewardship help businesses attract more consumers and thus, increase their profits.

Third, businesses get a lot of positive media attention by collaborating with nonprofits and appearing to be responsible citizens. It improves their public image and enhances their reputation as a corporate citizen.

Mutual benefits from small and large nonprofit partnerships. Larger nonprofits have access to more resources (including human capital) compared small or medium nonprofits. Alliances and partnerships, thus, help nonprofits with lower budgets to fulfill their contracts

with governments. For larger nonprofits, building partnerships with smaller nonprofits is a way to reach out to more client communities and expanding the impacts. Such alliances, thus, provide legitimacy to both parties. Briefly, the practitioner literature strongly advises such a partnership for the very same reasons why it recommends a nonprofit and for-profit collaboration (Wilkinson, 2017).

Maier and Meyer (2011) observed that nonprofits in their new roles are more managerial, exhibit greater degrees of corporate-style governance and performance management, and focus on fundraising. Such changing scenarios and organizational identities have prompted many nonprofits to experiment with their board designs. The next section will review some of these board designs to illustrate that all boards engage in a set of prescribed roles, they prioritize their responsibilities based on their board designs.

Prioritization of Board Roles Based on Different Nonprofit Board Designs

According to Renz (2007), in an ideal world, nonprofits should take into account factors such as power, control, engagement, accountability, and autonomy while choosing the most appropriate board designs for nonprofits. However, he noted that, in reality, nonprofits design their boards in erratic manners. Renz recommended that to be effective, nonprofit boards should focus primarily on strategy and stakeholder engagement. However, each of these board roles comes with several variations. Renz divided these variations under primary and secondary dimensions. The primary dimensions under the strategic focus cover (1) strategy and policy, (2) strategy, policy, and management, (3) only management, (4) management and operations, and (5) only operations. The primary dimensions under the stakeholder

engagement focus cover board designs that range from being broadly inclusive (the board is composed of all key stakeholders who are also the primary decision-makers) to exclusive or elite (an elite group of board members makes all essential decisions). This implies that even when nonprofit boards are inclusive, they operate on a continuum of inclusion and prioritize the board functions based on their primary focus. According to Renz, nonprofit boards also depend on factors (secondary dimension) such as board autonomy, mission accountability, and decision centrality when setting role priorities. For example, before prioritizing its activities based on its primary dimension, the board takes into account several considerations such as the extent of the board's freedom from external control or the relative power between the CEO and board regarding the ultimate decision-making.

Other nonprofit scholars have proposed various board models to enhance the board's effectiveness. Each model prescribes a set of roles and responsibilities for nonprofit boards based on the model rationale. For example, Block (2007) suggested a nonprofit board design based on a relationship of mutual trust and cooperation between the board (first party) and the CEO and the staff (second parties). In the relationship model of nonprofit boards, boards do not pass down decisions in a top-down manner. In this model, the staff and the CEO bring issues before the board for deliberation. All parties work in a synchronized manner to make final decisions. Board members and the staff share their experiences together. In this model, the board plays a supportive role to assist the staff and the executive in important decision-making. Gottlieb (2008) suggested a community-driven model of nonprofit governance. As the name suggests, in this model, the board recruits all its resources in order to create programs and organizational infrastructure that will ensure the best possible outcomes for the

communities the nonprofit serves. Similar to a focus on stakeholder engagement in board design, Freiwirth and Letona (2007) proposed a system-wide nonprofit governance model in which boards include all constituents in decision-making. System-wide governance is a democratic framework that allows the board to perform its legal and fiduciary responsibilities. However, the focus of this board model is constituency-based planning and implementation. In Carver's (2006) policy governance model, the board members' main responsibility is to maintain a robust strategic focus for the organization. One key guiding principle of Carver's model is that board members should set strict boundaries for the CEO to operate and formulate organizational policies to help the organization achieve its core objectives.

Prioritization of Board Roles in Different Theoretical Frameworks

Frameworks provided by different board effectiveness theories such as agency theory (Berle and Means, 1932; Fama and Jensen, 1983) and resource dependency theory (Pfeffer and Salancik, 1978) support all board types described here. According to agency theory, effective boards perform high in tasks involving strategic decision-making and strengthening internal control. According to this theory, the members of an effective board act as mouthpieces of the stakeholders and support the Executive Director by drawing his attention to key performance indicators of the organization. In its generative governance role, the board acts as an agent of change, perpetuating changes in organization's values, norms, and beliefs, and introducing innovative alternatives in solving problems and making decisions (Chait, Ryan, & Taylor, 2005). According to resource dependency theory, members of effective boards act as resource

centers, acquiring and mobilizing resources, and utilizing these resources for enhancing their organization's performance.

However, there are marked differences in how the agent-principal relationships work in for-profit versus nonprofits (Olson, 2000). Accordingly, the roles and responsibilities of for-profit boards differ from those of nonprofit boards, even though agency theory influences board functions in both sectors. To understand the difference, it is necessary first to understand the emergence and implications of agency theory in the corporate sector.

Influence of Principal-Agent Relationship on Board Functions: For-profit v. Nonprofit

For-profit organizations or firms, with their increasing demands for capital, require a larger number of owners who will supply this excess fund. As more owners join, their ownership and responsibilities diffuse. As a result, owners become less motivated and more passive. The profit or loss the firm makes affects each owner much less compared to the effects when there were fewer owners. As the firm further expands, the need for professional input in management becomes even larger. Since not all owners might have the required professional expertise, very often, some owners find it hard to comprehend management decisions. At this stage, power-transference from owners to managers takes place, making the managers the locus of control. This stage also observes the divergence of utility functions between the firm's owners and managers.

In economics, the utility function measures an individual's preference over a set of goods and services. Differing utility function means that while the owners are interested in maximizing the efficiency of the firm, utilities that the managers derive from maximizing their

compensation, power, and security act as driving forces for the managers. It is evident from this that while owners have a long-run vision, the managers have short-run objectives. The third agent, board, therefore, is necessary so that decision-making and implementation can remain in separate hands. Thus, in the firm, the owners provide funding, the board makes decisions, and the managers implement. According to Berle and Means (1932), the proponents of agency theory, the problem in the principal-agent relationship stems from this differential utility functions of the owners versus the managers of the firm. The loss that occurs due to this divergence is known as a residual loss.

According to Olson (2000), in the nonprofit sector, an application of agency theory is different from that in the business sector. Primarily, this is because unlike firms, nonprofit organizations do not attract residual loss, and hence no question of paying out residual claims arises. In the absence of residual claims, nonprofit managers are not worried about that aspect of the future of their organizations (a sell-off threat). This implies that nonprofit managers have greater incentives to promote their self-interests and maximize their utility functions than their for-profit counterparts. This is why nonprofit boards need to perform a higher degree of monitoring than their for-profit counterparts.

Like some for-profit board members, some nonprofit board members may be primary donors to the organizations. However, the similarity ends here. In nonprofits, donors, as principals, have personal values that match with the missions of the nonprofit in which they donate. It follows that while the nonprofit donors do not expect a return on their investment (like for-profit investors do), they are definitely interested in assessing impacts their funds are creating. Given this scenario, one core responsibility of the nonprofit board is to ensure that no

financial mismanagement takes place. At the same time, the board needs to be active in building relationships with potential donors. Therefore, the dual roles of fundraising and donor management are prerogatives of nonprofit boards (Olson, 2000).

Normative Board Functions in Practitioner and Academic Literature

Normative board functions of nonprofit organizations are topics of much discussion in the practitioner and academic literature. Some nonprofit scholars (e.g. Green & Griesinger, 1996) took cue from the practitioner literature (e.g. Girl Scouts of America) and developed a list of prescriptive board functions covering external and internal activities (e.g. determining nonprofit's mission, purpose, and policies, strategic planning, conflict resolution between stakeholders, board development, CEO evaluation, financial management, and community outreach). A nonprofit practitioner tool developed by the McKinsey and Company (website, n.d.) for self-assessment of nonprofit boards contains similar core roles and responsibilities as the basis for the board performance evaluation (e.g. shaping mission and strategic direction, providing leadership and resources to the organization, and monitoring and evaluation of programs and services).

Of the nonprofit scholars, Brown (2002, 2007) emphasized that successful nonprofit boards tend to show proficiency in the external activities such as raising funds, building partnerships with multiple stakeholders, and internal activities such as drafting effective service methodologies and envisioning future pathways for both organizational and programmatic sustainability. The author highlighted the importance of board roles in community building and outreach on the ground that such activities presented the information on the mission and

programs of the nonprofit in front of a large number of stakeholders. The author explained that this would eventually increase the pool of interested candidates for board membership positions, and assist the existing board members to recruit new members. Similarly, Gill, Flynn, and Reissing (2005) advocated in favor of the external board functions of community building and outreach as essential because it fulfills the board's responsibility to present a positive organizational image before the main stakeholders and the overall community. Bernstein, Buse, and Slatten (2015) and Buse, Bernstein, and Bilimoria (2016) focused on internally oriented board roles such as strategic planning, strong understanding and awareness of the nonprofit's mission and programs, legal, ethical, and financial oversights, assessing the CEO's performance, supporting the CEO in managing the nonprofit, evaluating the nonprofit's performance and the impacts being created by it, and robust understanding of the roles and responsibilities of the board., and externally oriented board roles such as fundraising, community relations and outreach, and recruiting new board members. Brown and Guo (2010) prescribed the external board function such as fundraising or fund development as a critical board function. Herman and Renz (2000) enlisted a set of internal board functions (e.g. nominating board development committee, interviewing nominees for board membership, creating board manuals, self-evaluation of board members, and CEO evaluation) that were frequently cited as "required" for enhancing the effectiveness of board performance. The authors observed that out of these multiple board roles and responsibilities, the ones that significantly set apart highly effective nonprofit boards from less effective nonprofit boards were board self-evaluation, written expectations about giving and soliciting contributions, and CEO's role in board nomination.

Difficulties in Measuring Nonprofit Board Performance

Since different researchers enlisted different performance indicators, their measurement of nonprofit board performance also differs. Such a non-standardization of nonprofit board performance measurement has rendered comparative board effectiveness studies impossible. In the absence of a generalized model for measuring nonprofit board performance, Jackson and Holland (1998) found measuring board effectiveness of nonprofits imprecise, subjective, and based on anecdotal evidence. Some nonprofit researchers tried linking board characteristics with board effectiveness by testing a wide variety of correlations. For example, Bradshaw, Murray, and Wolpin (1992) examined the relationship between board structures, processes, and board performance, while Chait, Holland, and Taylor (1991) sought to explore a correlation between various board competencies and board performance. Brown (2002) acknowledged that complexities involved in ascertaining the roles that nonprofit boards should perform, and the roles that the boards perform in reality, make assessing the board performance a challenging task. However, this is not the only difficulty in measuring nonprofit board effectiveness. Another study by Brown (2007), which investigated the correlation between board development practices and board effectiveness in nonprofits, found the ambiguity in assessing member competency added to the challenges in measuring board performance. Further, almost all studies on this topic are judgment or perception studies and based on responses from CEOs, chairpersons, directors of the nonprofits or their clientele/constituents/stakeholders (e.g. Ostrower & Stone, 2010; Brown, 2007; Herman & Renz, 2000). This adds to the subjective natures of their findings. In the absence of a triangulated method of data collection, the responses of nonprofit leaders about their board

performance might exhibit a “halo effect” (the CEO of the nonprofit is inclined to perceive his board’s performance to be excellent). Researchers overcome such biases by collecting responses from a number of different stakeholders. However, this method has its own problems. Nonprofits often have multiple stakeholders whose interests are in conflict with each other (Brown, 2005). Because of this, board performance appraisals vary between stakeholders, rendering the evaluation process less objective. Methodological manipulations might reduce the bias in performance measurement but it is difficult to eradicate it completely.

Ostrower and Stone (2010) remarked that nonprofit governance practices are varied and contextually predicted, and there needs to be more research to investigate the heterogeneity in nonprofit board practices. In addition, as the authors pointed out that nonprofit research on governance is still relatively unexplored. According to the authors, many nonprofit governance studies do not involve large representative sample sizes. This makes the tasks of collecting empirical data on nonprofit governance and using the results for generalization a challenging task.

Conflicting Prescribed Board Roles in Nonprofits

Nonprofit scholars such as Carver (1997) pointed out that even for those nonprofits that perform the prescribed board functions, find measuring the effectiveness of their performance difficult. This is because of the conflicting nature of these functions. According to Carver, there is no one-size-fits-all solution when it comes to nonprofit board roles. Carver observed that none of these conflicting prescriptive board functions or roles is complete by itself and that to be effective, nonprofit boards should decide their roles contextually.

More involved versus less involved board. According to Carver (1997), the advocates of more board involvement in organizational functions emphasize that to be effective, nonprofit boards should be direct participants in organizational work and be ready to devote a substantial amount of their time and energy in it. On the other hand, the author noted, another group of scholars who believe that nonprofit boards should engage less in day-to-day organizational functions, advocate that the nonprofit board should depend on the CEO and the staff to conduct organizational work.

Board-staff relationship. Carver's (1997) observations about conflicting schools of thought regarding board-staff relationship include two antithetical relationship types: nonprofit board as a watchdog and a cheerleader. The advocates of a watchdog role for nonprofit boards put emphasis on the significance of sharp vigilance on the staff by the board members. Their justification of such stringent monitoring rests on their belief that effective nonprofit boards need to be the ultimate authority for organizational accountability. Carver noted that such close vigilance over the staff and their organizational activities might create a power imbalance between the board and staff. Sometimes this might prove to be counter-productive if the staff begins to perceive the board as their adversary in the organization. In contrast, the proponents of the "board as cheerleader" perspective propose that boards should support the staff and not be vigilant.

Board as manager/planner/communicator. Carver (1997) found that the advocates of the "board as a manager" perspective prescribe that effective nonprofit boards should have members who have excellent skills in finance and personnel management. Yet another group of scholars proposes that the staff should focus on managing or implementing and counters the

“board as a manager” perspective. The third school of nonprofit scholars believes that to successful, nonprofit boards should focus on effective communication. This school envisions a diverse composition of staff and board members and proposes that to be most effective, boards should be skilled in communicating organizational missions, visions, and plans among diverse racial and ethnic groups of employees (including board members).

Racial and Ethnic Gap in the Nonprofit Workforce and Leadership

In addition to the challenges of measuring nonprofit board effectiveness, the nonprofit sector faces challenges posed by a lack of racial and ethnic diversity in the workforce. Nonprofit scholars, such as Ostrower (2007) and Hayes (2012), who observed a racial and ethnic gap in the nonprofit workforce, echoed such concern. Ostrower found that 18 out of 100 nonprofits that had more than half of their clientele belonging to African-American or black community, did not have any trustee who was African-American or black. Also, 36 out of 100 nonprofits that reported having between 25 and 49% of African-American or black clientele, had no board members from this minority community. Hayes found that a disproportionately large percentage of the nonprofit workforce were white (82%), while a small fraction of the workforce was black or Hispanic. Nonprofit practitioner reports (e.g. BoardSource, 2017; Building Movement, 2017) revealed that primarily white leaders lead most US nonprofits. These reports further revealed that nonprofit boards today are as diverse as they were two and a half decades back (BoardSource, 2017). Given this context, it is easy to see why the questions of diversity and inclusion should be of paramount interests to nonprofit researchers. The next section defines and discusses the key concepts used in the present study.

Definitions and Discussion of Key Concepts

Board inclusion. Why is it important to study board inclusion in the nonprofit sector?

Brown (2002) stated that since nonprofits exist to serve public interests, it is important that they conduct all their functions in the most ethical and transparent manner. One way to do that is by having boards that are inclusive (in their strategies, practices, processes, behavior). Brown's research on the prevalence of inclusive nonprofit boards resulted in observations related to several reasons why boards should be inclusive. For example, inclusive boards are more aware of their communities and constituents. These boards frame policies that will help enhance stakeholder engagement levels and seek information from various sources. Such an awareness of and involvement with the constituents by inclusive nonprofit boards have multiple public benefits. First, it helps the boards to connect with their external environment better. Second, it helps the boards to understand the needs of the stakeholders. Third, correct comprehension and assessment of constituent needs, in turn, help nonprofits design better and appropriate programs for the communities they serve.

Boards are groups. The definition of board inclusion, therefore, aligns with group inclusion. Inclusion within groups refers to the degree to which group members feel that they are socially integrated to be a part of critical group processes and decision-making (Mor Barak, 2000; Mor Barak & Cherin, 1998). Brown (2002) defined an inclusive nonprofit board as one that "seeks information from multiple sources, demonstrates an awareness of the community and constituents that benefit from and contribute to the organization's services, and establishes policies and structures to foster stakeholder contributions." (p. 369)

Buse, Bernstein and Bilimoria (2016) categorized board inclusion into two components, namely, board inclusive behavior and board inclusive practices. According to the authors, board inclusive behavior includes communication, influence and power relations between the dominant and minority members in a small group. Boards that exhibit inclusive behaviors do not subject their minority members to offensive comments or insults. As a result, the minority board members begin perceiving their positions as ones of value and respect. A majority of members on these boards are culturally competent. This enables them to communicate with minority members effectively. According to the authors, board inclusive practice refers to all practices that have potential to improve the experience of inclusion by a minority board member (e.g. diversity statements and policies, designated committees for leading diversity and inclusion initiatives in the organization, diversity training of board members, and well-defined organizational mission and vision statements that incorporate inclusive values).

Interrelated but Different Concepts of Board Diversity and Inclusion

Evidence from the nonprofit literature revealed that board diversity and inclusion are beneficial for the organizations, although the existence of one does not presume the existence of the other. Siciliano (1996) found evidence in favor of heterogeneity in nonprofit board composition, concluding that increased categorical composition (having members from various identity groups in society) improved the nonprofit's chances in fundraising activities and fostered better citizen attitudes toward the organization, thus enhancing the nonprofit's "social performance." Brown (2002) researched whether nonprofits with higher diversity on their boards necessarily demonstrated inclusive governance. The findings indicated that there was

no link between nonprofit board diversity and inclusive governance. The author found that there was no significant correlation between minority board composition and board inclusion (i.e. more minority members on the board is not associated with higher inclusive behavior or practices by the board). However, a higher diversity attitude (e.g. cultural competence, greater awareness of diversity) among board members and executive directors influenced higher inclusivity in governance. Further, the results revealed although board members might be satisfied with the diverse ethnic board composition in their organizations, their higher degree of satisfaction had no correlation with an increase in minority board members. In addition, the author found that nonprofits with diversity management task forces demonstrated greater inclusive board practices, and recommended that exposing board members to diversity workshops and training would prove useful to increase board inclusion behavior and practices.

Different Board Inclusion Types

Some nonprofit scholars (e.g. Fredette, Bradshaw, & Krause, 2015) differentiated between functional and social aspects of board inclusion and investigated their roles. Fredette et al. (2015) examined the impact of social micro-processes of inclusion in heterogeneous governing bodies in the nonprofit sector. The authors defined the concept of functional inclusion as a type of board inclusion that is driven by organizational goals and that supports a purposeful inclusion of minority members. According to the authors, nonprofits do this to create desirable perceptions among stakeholders or constituents, many of whom belong to minority or marginalized communities. The authors observed that functional inclusion of nonprofit boards is a deliberate effort on the part of the board and involves conscious

recruitment of members from the marginalized communities as board members. In contrast, social inclusion in nonprofit boards was determined by the interpersonal relationships between board members of diverse backgrounds and was “epitomized by the individual’s desire to be accepted as an integral part of the social team in the boardroom.” (Fredette et al., 2015, p. 345)

In the nonprofit literature, scholars such as Weisinger and Salipante (2005) reviewed group inclusion at the organizational level through the lens of representational and pluralistic diversities. The difference between these two types of diversities brings out the difference between the (interrelated but distinct) concepts of diversity and inclusion. According to the authors, in pluralistic diversity, diverse ideas and perspectives of underrepresented minority members are incorporated in essential group decisions, unlike in representational diversity. The authors highlighted that the concept of representational diversity is limiting since under this definition, to be termed diverse, the organizations only need to fulfill the condition of having an underrepresented workforce. On the other hand, the authors explained, the concept of pluralistically diverse organizations, not only incorporates the idea of a workforce where employees are dissimilar to each other culturally and in lifestyles or social positions, but also where the dominant population is receptive of the unique viewpoints and creative ideas that stem from such group diversity. Their conceptualization of difference between these two types of diversities, therefore, resonates with those authors who advocate that group diversity and group inclusion (in the context of boards, work teams, or organizations as a whole) are inter-related but different concepts and should not be used interchangeably.

High representational diversity is not a pre-requisite for high board inclusion. Brown (2002) found that nonprofit boards through inclusive practices exhibited high degrees of board

inclusion even when the composition of those boards was less diverse representationally than some other nonprofit boards that scored less on board inclusion. Brown's findings, therefore, implied that in the case of nonprofit boards, one should not confuse between measures of board diversity and board inclusion. High diversity is not a pre-requisite for high inclusion in organizations.

Board effectiveness. LeRoux and Wright (2010), in their study on performance management in nonprofits, adapted corporate definitions of "efficiency" and "effectiveness" to differentiate between measuring the connection between resources and results obtained, and measuring how well a service has been provided or how successfully a department or program is fulfilling its already established objectives. Since this study aims at investigating the influence of board inclusion on board effectiveness of nonprofits, the second definition of LeRoux and Wright is applicable for the present study.

It is difficult to prescribe precisely the list of activities a nonprofit board should do to remain effective or increase its effectiveness. In fact, there is no standardized measure of board effectiveness (Herman, Renz, & Heimovics, 1997). Scholars attribute this to the lack of clarity of nonprofit boards about their roles and functions. Moreover, nonprofits have multiple stakeholders with conflicting interests. As a result, nonprofit boards often fail to meet their stakeholders' expectations (Middleton, 1987; Herman, 1989). Because of this ambiguity among scholars about what should characterize effective nonprofit boards, various scholars have measured board effectiveness in various ways.

Though it is common to find both qualitative and quantitative measures of board effectiveness in the nonprofit literature, most of the studies rely on qualitative measures.

Jackson and Holland (1998) developed a survey instrument “Board Self-Assessment Questionnaire” (BASQ) in which the authors first divided board effectiveness into six dimensions based on the board’s expected competencies. These dimensions were contextual, educational, interpersonal, analytical, political, and strategic. The authors measured each board competency by analysis of rated responses from the nonprofit trustees in their sample. Table 1.1 summarizes the dimensions.

Table 1.1

Jackson and Holland (1997) Typology

Dimensions of Board Effectiveness	Description
Contextual	Does the board understand the culture, values, and norms of the organization?
Educational	Is the board involved in ensuring that all employees receive adequate information about the organization, board tasks, and the board’s roles and responsibilities?

Interpersonal	Does the board engage in improving cohesiveness among the employees?
Analytical	Is the board able to dissect and find a resolution to various complex problems faced by the organization and arrive at appropriate responses?
Political	Is the board successful in maintaining good relationships with all its stakeholders?
Strategic	Is the board engaged in planning for the future of the organization and the program and offer strategic leadership to move the institution forward on a path of sustainability?

Note. Table 1.1 describes the competencies reflected by the dimensions of nonprofit board effectiveness as proposed by Jackson & Holland (1998).

Bradshaw, Murray, and Wolpin (1992) measured board effectiveness by the degree of board involvement in strategic planning, the use of good meeting management techniques, and low conflict within the board. Green and Griesinger (1996) measured nonprofit board effectiveness by the use of various board practices and then combined three ways of assessing organizational performance (ranking based on accreditation reports, ranking by government official whose agency contracted with the sample nonprofit organizations, and ranking by one of the researchers). Green and Griesinger found that while the CEOs of the surveyed

organizations measured their organizations' performance by board involvement in planning, policy-making, fundraising and financial management, and certain practices related to board development, the board members ascribed different sets of parameters to measure organizational performance. The authors observed that board members' perceptions of organizational effectiveness were predicted by several factors including board processes related to communication of critical information, training of new board members, and board review of management information. Herman and Renz (2000) measured nonprofit board effectiveness as evaluated by nonprofit CEOs by using an instrument ("Self-assessment for nonprofit boards") developed by the National Center for Nonprofit Boards. Bielefeld (1992) and Adams and Perlmutter (1995) measured nonprofit board effectiveness in terms of degrees of board member engagement in maintaining diverse fund development strategies and found a positive correlation between boards that were engaged in this type of strategic planning and organizational performance. Herman, Renz, and Heimovics (1997) found that board effectiveness measured by a number of board development committees and the board's self-evaluation of their performance were two of the factors that influenced CEOs' perceptions of their organizational performance.

Critical mass. Critical mass refers to the threshold level of demographic minorities in a diverse group, required so that the minority members can exert their influence over critical group processes and decision-making. Nonprofit literature's contribution to developing the concept and related theory of critical mass has been negligible. This gap in nonprofit research looks especially concerning when one considers the national census data and compares it with nonprofit leadership data. In a country where whites (but not Hispanic or Latino) constitute

60.7% of the population (US Census, 2010), almost 80% of the nonprofit CEOs are white (BoardSource, 2017). While the BoardSource report does not directly measure a critical mass in relation to nonprofit board composition, it does underscore the apparent gap between attitudes and action of the CEOs in relation to board recruitment. The report pointed out that though 20% of the CEOs expressed extreme dissatisfaction at the lack of diversity of their board members, in particular, related to the racial and ethnic diversity, only 25% of them were ready to prioritize race and ethnicity at the time of board recruitment. Within 363 nonprofits that reported zero racial and ethnic minority board members, 62% agreed that having boards with higher diversity would help them drive their missions better. However, only 10% of these nonprofit CEOs were interested to consider demographics to be their top priorities during board recruitment. Given this background, it is easy to feel concerned that nonprofit researchers still lag behind the corporate researchers in exploring a topic such as critical mass.

A group of researchers (e.g. Kanter, 1977) investigated whether the number of women or demographic minorities in a group made any difference to their contribution to critical functioning as a group member. They questioned whether there was a critical threshold of personnel needed to influence policies and to make essential decisions in a group. According to Oliver (2013) and Oliver and Marwell (2001), as a concept, “critical mass” initially appeared on pages of nuclear physics where this term referred to the smallest amount of fissile material needed to sustain a nuclear chain reaction. According to Oliver, scholars have used the term, both analogously and metaphorically, in social sciences, gender studies, and collective political action manuals. Similarly, Addis (2007), observed a wide usage of this term in public policy literature and in studies on gender and racial and ethnic minorities in college admissions.

The often-used theoretical framework for critical mass studies is a contribution of Kanter (1977) from her seminal work “Some Effects of Proportions on Group Life: Skewed Sex Ratios and Responses to Token Women.” In her study, the author studied women managers in senior positions in Fortune 500 companies and the link between the number of women board members and firm performance. Her theory predicted that the higher is the proportion of women in a group, the more decision-making powers they have. She observed that, as the percentage of women in a group increases, women find it easier to form coalitions, be supportive of each other, and exert influence on group decisions. Kanter classified groups under uniform, balanced, tilted, and skewed group types based on gender distribution. As the term suggests, in uniform groups all members in the group are either males or females. In balanced groups, there is a 50-50 ratio between the genders. In both tilted and skewed groups, one gender outnumbers the other. However, in tilted groups, gender distribution is less unbalanced than in skewed groups. In male-dominated skewed groups, male members outnumber the female members by a large proportion and clearly dominate the group in setting norms and regulations, and in decision-making. The female members in skewed groups play the roles of tokens. According to Kanter, this type of group has fewer than 20% female members. One can apply the same rationale to ascertain the critical mass for racial and ethnic minorities in diverse groups. Kanter’s theory also reflects propositions presented by social impact theory and mirroring of the majority groups by minority groups. “Token” women are likely to use a variety of coping mechanisms to survive in skewed groups. These coping mechanisms include pretending that they are not being overlooked or differences of treatment do not exist or conforming to gender stereotypes to gain acceptance by their male counterparts.

Synthesizing Definitions

Since the terms and concepts used in this study have multiple definitions, for ease of understanding, Table 1.2 synthesizes the definitions of key terms and concepts to indicate their usage in this study.

Table 1.2

Definitions of Key Concepts

Key Concepts	Definitions
Group Diversity/ group heterogeneity	Group diversity refers to the presence of dissimilar characteristics between members of a group. These dissimilarities might be relational (e.g. race, ethnicity, and gender) and task-oriented (e.g. tenure, skills, educational attainment).

Group Inclusion/ group inclusivity	Group inclusion refers to an individual's feeling of social integration by a demographic minority group member as a part of the group's vital decision-making and other critical processes without compromising the minority member's racial, ethnic, and/or gender-related uniqueness
Board Inclusion	An inclusive board is one that seeks information from multiple sources, demonstrates an awareness of the community and constituents, and establishes policies and structures to foster shareholder contributions
Board Effectiveness	The degree of board involvement in an array of board practices including but not limited to legal, financial, ethical planning and management, strategic planning, use of good management techniques (e.g. vigilance and monitoring of group members including the CEO), and resource mobilization for the organization
Critical Mass	The threshold level of demographic minorities in a group required so that the minority members can exert their influence over critical group processes and decision-making

Note. Table 1.2 is a summary of the definitions of key concepts.

Research Outline

The purpose of this study is to examine relationships between (1) board effectiveness and board inclusive behavior and (2) board effectiveness and board inclusive practices. Further, this research examines if a critical mass of racial and ethnic minority or women board members may moderate the stated relationship. The chapters in this research proceed in the following manner. Chapter 1 introduced the topic and the background for this study before presenting the problem statement, research questions, and academic contributions of this study. Chapter 1 concludes by defining and discussing the key concepts used in this study. Chapter 2 reviews the existing literature on empirical studies and theoretical perspectives and derives six hypotheses based on the review. It further specifies the variables of interest and their measures. Chapter 3 describes the research design and data. Chapter 4 describes the statistical analyses and presents the results. Chapter 5 discusses the findings, presents the implications for public policy and nonprofit management, future research potentials of this study, and study conclusions.

Chapter 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Chapter Overview

The primary focus of this chapter is to review the extant nonprofit literature and presents several theoretical perspectives that shape the study hypotheses. The empirical evidence discussed in this chapter comes primarily from nonprofit studies. However, nonprofit board literature is still in its nascent stage and fewer nonprofit scholars have explored it as compared to the for-profit researchers. Since the theoretical perspectives on diversity, inclusion, and group behavior displayed in this study and some previous nonprofit studies come from corporate sector research, this chapter partly reviews for-profit empirical studies and associated theoretical frameworks. This chapter's review of evidence and theory forms the basis for the hypotheses and the conceptual model.

Organizational Diversity and Inclusion Research in Nonprofit Sector

Weisinger, Borges-Mendez, and Milofsky (2016) reflected that in social sciences, the concept of diversity follows one of the three definitions. The first definition relates to equal employment opportunity in organizations and affirmative action initiatives and focuses on improving the organizational performance. The second diversity concept relates to inclusive practices that incorporate minority workers into organizational decision-making and essential operations. The third definition relates to the politics of identity and stereotyping that stems from objectifying such diverse characteristics as attributes of individuals. The meta-analytical

study by Weisinger et al. showed that in the nonprofit sector, researchers used the term “diversity” to refer to a combination of all of the above definitions.

Group Diversity Types

Nonprofit scholars do not consider diversity to be a single construct but differentiate between different types of diversity in groups. For example, Weisinger and Salipante (2005) differentiated between pluralistic and representational diversities. Under pluralistic diversity, group members from the dominant or majority population incorporate diverse ideas and perspectives of underrepresented minority members in essential group decisions. Under representational diversity, the focus is on creating a pool of individuals who reflect the characteristics of the constituents.

Nonprofit scholars Gazley, Chang, and Bingham (2010) called research on diversity, representation, and performance to be a “complicated landscape” (p. 611) since it involved several factors, adding to the complexities. Organizational diversity (and inclusion) researchers use a wide variety of theoretical frameworks. While the same problem exists in for-profit diversity studies, in nonprofit studies, the complexity is high because of the co-existence of a rigid, objective approach to measuring the efficiency with a more flexible social constructionist approach to measuring the effectiveness of boards and organizations (Herman & Renz, 1999). Germane to the nonprofit sector is the problem that there might be ambiguity about the causal relationship between diversity and performance “if the performance measures are not relevant to the organizational qualities that are being tested” (p. 611).

In public service research, Pitt (2006) found that the teacher's ethnicity was a good predictor for minority student performance and retention. However, since minority teachers and students both formed parts of a much larger canvass, namely the public school system, it was most likely that the organizational culture was a predictor for minority student success, too. In other words, the effectiveness of a public school when measured in terms of minority student performance and retention has many contributing factors besides ethnicity of its teachers. Establishing a causal relationship between the influence of diversity and performance, in this case, therefore, was impossible.

In addition to these challenges is the fact that diversity is multi-dimensional and not all dimensions support inclusion equally. The next section highlights the differences between pluralistic and representative diversities and emphasizes that diversity and inclusion are closely related but different concepts. The prevalence of diversity does not guarantee the prevalence of inclusion.

Representational versus Pluralistic Diversity

In nonprofit literature, scholars such as Weisinger and Salipante (2005) reviewed group inclusion at the organizational level through the lens of representational and pluralistic diversities. The difference between these two types of diversities brings out the difference between the (interrelated but distinct) concepts of diversity and inclusion. According to the authors, in the pluralistic form of diversity, the demographically or culturally dominant group members incorporate diverse ideas and perspectives of the underrepresented minority members in essential group decisions, unlike in the representational form of diversity. The authors

highlighted that the concept of representational diversity is restrictive to “looking” diverse. The organizations only need to fulfill the condition of having an under-represented workforce to exhibit representational diversity. On the other hand, the authors explained, the concept of pluralistically diverse organizations refers to a culturally and demographically diverse workforce with supportive group members from the dominant population. The dominant population, in this model, readily accepts unique viewpoints and creative ideas stemming from group diversity. In other words, pluralistic diversity supports group inclusion while representational diversity supports tokenism and an exclusionary world-view. Among other factors, this difference between group diversity types explains why some researchers found group diversity beneficial to group performance, while others did not.

Types of group diversities and their impacts on group inclusion make it apparent that diversity seems to be only one part of the puzzle in organizations. Studying diversity, without studying inclusion, will possibly leave out many important research questions. Many organizational scholars, more in for-profit research compared to nonprofit research, and behavioral theorists have explored organizational inclusion in different contexts. For example, in their conceptual model, Elsass and Graves (1997) differentiated between social and instrumental interpersonal interactions in a diverse group and predicted that the quality of each type of interactions would determine patterns of exchange for minority members in the group. Corporate researchers Blau (1964), Lind and Tyler (1988), and Cropanzano and Mitchell (2005) suggested that member-to-member social and relational inclusiveness should form parts of group inclusion assessment. Their findings underscored the importance of member-to-member reciprocity as an essential mechanism to foster inclusion in diverse groups.

While there are studies on nonprofit board diversity, there is little research on the topic of nonprofit board inclusion. In this scenario, Buse, Bernstein, and Bilimoria's (2016) study stood out for being one of the very few nonprofit studies that focused on the issue of board inclusion along with board diversity. The authors found that a higher board diversity had a positive association with board performance but only when board inclusion acts as a mediator in that relationship. However, examining organizational inclusion is incomplete without investigating its boundary conditions, that is, the factors that might enhance or impede its effectiveness.

Empirical Evidence from Nonprofit Studies

Siciliano (1996) found evidence that nonprofits with diverse board membership performed better in an essential board performance measure such as fundraising. Guo (2007) observed that "community representativeness" of nonprofit boards was instrumental in achieving organizational legitimacy, building a superior image, and acquiring resources. Ostrower (2007) found that positive outcomes that were related to having a greater percentage of women directors on nonprofit boards included geographic focus, knowledge of organizational missions, funding sources, and willingness to give time. Jaskyte (2012) found that boards that are more diverse, provided better advice to the Executive Director, and were better at fundraising and resource acquisition. Shore, Randel, Chung, Dean, Ehrhart, and Singh (2011) emphasized the urgency of developing an understanding of organizational inclusion constructs and proposed that diversity researchers and practitioners utilize these constructs to inform their studies. Shore et al. rationalized that focusing on inclusion in workgroups or

organizations is necessary because, despite decades of research and legal and media attention to diversity in organizations, discrimination against the minorities and their exclusion from essential decision-making still persisted in organizations. Gonzalez-Riviera (2009) cited evidence suggesting that a diversified and ethnically representative foundation board was necessary “to be responsive to the grant-making needs of our culturally diverse nation” (Harris, 2014). Jaskyte and Dressler (2005) observed that high cultural consensus among nonprofit board members was counter-productive to organizational innovation, noting a likely reason could be that leaders who give strong directives and seek uniformity in decisions often lead highly cohesive groups. High group cohesiveness, therefore, promotes “groupthink” phenomenon, unanimous decision-seeking behavior among group members, and inhibits the free exchange of ideas and perspectives. Since heterogeneous group characteristics include low group cohesiveness, these observations hint at a favorable association between group diversity and group performance. However, in the opinion of Jaskyte and Dressler, a linear relationship between the concepts of board heterogeneity and a performance indicator, such as innovation, might not always hold, proposing that group cohesiveness might have a curvilinear relation with group innovation. In terms of board diversity, this implies that board diversity favors organizational innovation up to a point, but the positive effect diminishes as diversity increases within the group, eventually becoming negative.

Varying Focus, Level of Analysis, Context, and Methodology

Weisinger et al. (2016) identified several challenges for understanding the concepts of diversity and inclusion in nonprofits in their meta-analysis of existing research Not only do

these studies address different diversity foci, but they also vary from each other in their conceptual focus, levels of analysis, research contexts, and methodological approaches. For example, Bernstein and Bilimoria (2013) chose race and ethnicity as their diversity focus, diversity paradigms as their conceptual focus, nonprofit boards as their research context, individual members as their level of analysis, and partial least square analysis as their methodology. Bradshaw and Fredette (2013) focused on ethnocultural diversity, conceptualized their study based on various diversity determinants, in the context of boards of nonprofits, and chose organizations as their units of analysis. Their method of statistical analysis differed from that of Bernstein and Bilimoria who followed factorial analysis and multiple regression. Brown (2002) chose board diversity, diversity attitudes, and inclusive board practices as diversity focus, stakeholder theory as the conceptual focus, nonprofit boards as the research context, individual members as the unit of analysis, and correlation as the method. Gazley et al. (2010) selected board size and diversity as their diversity focus, board performance as their conceptual focus, the organization as their level of analysis, community development loan funds as their research context, and OLS regression as their method. Hartarska and Nadolnyk (2010) considered board size and diversity as their diversity focus, board performance as their conceptual focus, community development funds as their research context, the organization as their level of analysis, economic modeling of performance and cost efficiency as their methodology. Leiter, Solebello, and Tschirhart (2011) chose diversity and inclusion practices and perspectives as their diversity focus, the organization as their level of analysis, membership associations as their research context, and qualitative methods for data analysis. Perkins and Fields (2010) had top management team (TMT) diversity as their

diversity focus, TMT diversity, and performance as their conceptual focus, the organization as their level of analysis, Christian churches of the single denomination as their research context, and multiple regression as their method of analysis.

Empirical Findings from Nonprofit Literature

The empirical findings from nonprofit board studies reveal a host of important results. Perkins and Fields (2010) found that the diversity of the top management team in churches had a positive influence on organizational growth, increased constituent learning, and operating efficiency. However, the authors found that a diverse top management team was likely to affect the revenue growth of the church negatively. Leiter et al. (2011) found that there was a paradoxical reaction when an attempt of the management to increase the inclusiveness of the nonprofit was met with a desire to maintain exclusiveness. According to the authors, nonprofits could manage such paradoxical reactions in two ways. First, the nonprofits might adopt diversity management strategies that legitimized organizational diversity. Second, they might become more accountable to diversity-related practices and policies. Brown (2002) concluded that boards that had a higher proportion of racial minority members performed better in the political performance of the boards. Overall, higher diversity awareness by the board members had a positive effect on optimal board performance. Bradshaw and Fredette (2013) while investigating predictors of board diversity, found that diversity of the community that the nonprofit served and prevalence of initiatives for institutionalized diversity policies in these nonprofits were strong predictors of board diversity. The authors found that there was a small likelihood that board size and recruitment strategy for new board members (e.g. inter-

organizational alliance for recruiting new members) were the determinants of board diversity. Buse et al. (2013) found that higher board diversity had a positive association with board performance only when the relationship was mediated by board inclusion. Bernstein and Bilimoria (2013) found that while all paradigms of group inclusion had positive influences on individual member's experience of inclusion, the learning-and-integration perspective that values individual culture, creativity, and contribution, and engages minority members in critical decision-making, affects experiences of inclusion most. Fredette, Bradshaw, and Krause (2016) observed that groups, in their attempts to be diverse, face problems related to "conflict and creativity" (p. 28). In their studies on the dynamics of diversity and inclusion in the context of nonprofit boards, the authors adapted the definition of group inclusion as a transformative force that intervenes with the organizational culture to foster an atmosphere in which every member is accepted and appreciated as a vital component, contributing to the organization's success. According to the authors, such unique contributions provide inclusive heterogeneous groups competitive advantages over diverse groups that are not inclusive. Mor Barak and Cherin (1998) defined inclusion as the degree to which an individual perceives himself to be a part of critical organizational or group process. Later researchers used this definition of inclusion and/or build upon it, in the context of various group settings (organizations, teams, and boards).

Empirical Evidence from Public Sector Organizational Literature

In a public sector study, Sabharwal (2014) described the organizational inclusionary approach as critical in fostering an environment in the workplace where employees from the

majority population appreciate workforce diversities. The author noted that employees belonging to the majority group create a socially equitable group for diverse employees to perform to their highest potential and that in the absence of an inclusionary approach group diversity becomes counter-productive. In addition, the author reflected that inclusionary approaches in a diverse group (e.g. in an organization with a diverse workforce) are showcased in myriad ways. These could be, for example, the extent to which diverse ideas are respected and utilized, current members' feelings of belongingness to the group, interpersonal relations between diverse members, and their synchronized march towards a common group goal, and the mechanism through which the group attracts prospective diverse members and ceaselessly pursues "flexibility, choice, and diversity" (p. 199). In the absence of such flexibility and choice, group diversity might prove to be a burden and not an asset for the group. Roberson (2006), in her public sector study, concluded that diversity and inclusion are two different concepts. Roberson derived these concepts from previous works by organizational researchers such as McGrath, Berdahl, and Arrow (1995), Larkey (1996), and Cox (1994). Roberson observed that the simplest definition of the term "diversity" refers to it as group characteristics related to demographic differences between group members. However, the complex nature of the term implies that its scope goes beyond demographic differences. The concept of diversity, Roberson concluded, extends itself to embrace inter-group differences in identities, perspectives, cognitive abilities, and behavioral aspects, couched in different cultural frameworks. Diversity attributes, Roberson commented, are not only observable (e.g. race, ethnicity, gender) but also include those that are unobservable (e.g. education, socio-economic background, organizational tenure, functional areas of expertise, and personality).

Group Dynamics in the Absence of Inclusion

What happens when a diverse group's synchronized march towards a common goal does not happen? What outcomes do group diversity without inclusion produce for the group? According to Mor Barak, Cherin, and Berkman (1998), in a diverse group, the culturally or demographically dominant members use power and control to keep the minority members away from participating in critical decision-making processes. In these groups, the minority members feel unaccepted, alienated, and demotivated, and cannot contribute to their full potential to essential group processes. Because of their lack of inclusion in these heterogeneous groups, the minority members cannot contribute to critical thinking, innovative ideas, and creative solutions to problems.

Perception of Diversity Climate and Experience of Inclusion in Nonprofits

Nonprofit literature contains some research on a group member's perception of diversity and/or his experience of inclusion in a heterogeneous group. Researchers conducted most of these studies at the organizational level. However, one can extend these models and frameworks to other heterogeneous group contexts (e.g. work team or board of an organization).

How a minority member perceives the diversity climate within a group is not dependent on the level of heterogeneity in the group but on other factors. Socio-psychologists and organizational researchers (e.g. Mor Barak et al., 1998), who focused on the diversity perceptions of employees, divided the diversity environment for a group (e.g. an organization) into two dimensions: the personal and organizational. The personal dimension captures an

individual member's perceptions of, bias against, and reactions towards dissimilarities of his other members. The organizational dimension refers to the perceptions of the management towards a diverse workforce (in the context of race, ethnicity, gender), and how the management uses this perception to formulate organizational policies guiding essential organizational functions (e.g. recruitment practices, promotion procedures, resource allocation, and access to various opportunities). Mor Barak et al. observed that how a minority (racial-ethnic or woman) would perceive the organization's diversity climate depends on both the diversity dimensions. The authors provide the following example: "... a woman who is a member of a workgroup that gives her more professional and promotional opportunities may view the organizational diversity climate more favorably than one who belongs to a workgroup that discriminates against women" (p. 85). The authors theorized that the two dimensions of diversity environment need not co-exist and that there could be potential conflicts between these two. "For example, those who benefit from current organizational policies may perceive them as fair enough because they have a stake in preserving the existing power-differential" (p. 86).

Diversity management. According to Sabharwal (2014), a group member's experience of inclusion results from a concerted effort by the group to make him feel that diversity in the group has a positive role to play, he is valued, and he can provide inputs and contribute to the group without losing his cultural or demographic identity. Organizations with diverse workforces are likely to believe that they can provide their employees with experience of inclusion by implementing robust diversity management initiatives. However, the author cautioned, diversity management is not inclusion, and inclusionary group approaches should

transcend diversity management strategies of ensuring diverse members work in a synchronized manner to the fullest potentials, reaching the organization's objectives, guided by the organization's principles. Diversity management initiatives by organizations with the heterogeneous workforce, while attempts to promote diversity, these initiatives, as Sabharwal pointed out, are often encapsulated in organizational policies (e.g. mentoring, alternative work arrangements, telecommuting, and flex-time work), might not have a positive correlation with individual job satisfaction and organizational performance. On the other hand, inclusion is concerned with removing hurdles and is a performance enabler (Mor Barak & Cherin, 1998). Sabharwal concluded that clearly an organization's inclusive behavior was distinct from its diversity management initiatives.

Consistent with the findings by Cho and Mor Barak (2008), Sabharwal (2014) found that a member's perception of inclusion influenced his job commitment performance (at both individual and group-level), and was dependent on the support that he received from the group's leadership. Similarly, Shore et al. (2011) stated that a member's experience of inclusion is instrumental in influencing his performance, job satisfaction, organizational commitment, organizational citizenship, retention, and overall feeling of well-being. The authors emphasized that such experiences were contingent upon the extent to which the group accepts the member's uniqueness and the level of belongingness the member feels when such acceptance occurs.

Theoretical Framework for Group Diversity and Performance

For-profit researchers developed the theoretical frameworks for group diversity and inclusion and used these frameworks for business studies. Later, nonprofit scholars adopted these frameworks to interpret results in their studies. Though one can segregate the empirical evidence into nonprofit and for-profit categories, both corporate and nonprofit researchers use these frameworks. Use of these theoretical frameworks is common among public service researchers as well. For example, Sabharwal (2014) used Cox's (1991) typology of organizations that successfully differentiates between organizational diversity management and inclusion, as one of her conceptual frameworks. Cox based his typology on the concepts of acculturation, structural and informal integration, cultural bias, organizational identification, and conflicts between the majority and minority groups, and proposed that organizations fulfill these conditions in varying degrees. The findings imply that whether an organization is truly inclusive and aware of the significance of workforce diversity depends on the extent to which these conditions are fulfilled. Cox's typology is not the only example of a theoretical framework developed for corporate studies used by nonprofit scholars. Nonprofit scholars have widely used business scholar theories such as resource dependency theory, agency theory, and stewardship theory in studying nonprofit boards.

Group development model in small diverse groups. Organizational theorists, such as Shaw and Barrett-Power (1998), developed group development models to investigate benefits of diversity for the group and to examine reasons behind the inconclusive relationships between group diversity and group performance. Shaw and Barrett-Power divided the group development processes into four stages and theorized that the group's diversity influences the

group's behavior at each stage. According to the model, the group development process can be divided into forming (activities that establish a pattern of interactions between group members), storming (activities related to conflict resolution between group members), norming (activities that lead to setting of standards of group behavior and processes), and behavioral integration (collaborative behavior among group members such as joint decision-making). The authors proposed that the greater is the group's demographic diversity, the less cohesion, interaction, and attraction between the members are prevalent. In addition, they proposed that a higher degree of diversity would act adversely during group formation and would have negative influences on the storming and norming stages. According to their model, one of the reasons that members in a diverse group find it hard to resolve their conflicts during the storming phase is because different cultures perceive conflict and resolution strategies differently. Moreover, the authors theorized that even when diverse members are amicable to each other, they still might have conflicts over group norms (during the norming stage) because of their different perceptions of what constitutes an acceptable group behavior. The authors summarized that inter-member cognitive dissonance is the primary reason why diverse groups find it difficult to be inclusive. As a result, the authors theorized, heterogeneous groups find it hard to reach the ultimate stage in the group development process (integration of group behavior). In the absence of this integration, groups fail to exhibit inclusive behavior to their diverse members. Shaw and Barrett-Power based their assumptions on the small workgroups (with 10 or fewer members). While examining how each category of diversity attributes influenced group inclusion, the authors emphasized that readily identifiable characteristics (such as race, ethnicity, and gender) make

the group members promptly aware of their dissimilarities. The authors theorized that such awareness of “self,” in relation to other members in the group, leads to biases and stereotyping of “others,” alienates group members, and adds hindrance to group inclusion. In the authors’ words:

First, differences in readily detectable attributes cause the individuals to become more aware of their social “identity.” The realization that “I am not like you” becomes more salient and draws attention to the characteristics, which represent those differences.

Second, because of the increased salience of nonsimilarity, stereotyping tends to increase which causes misperceptions and bias in how we interpret information about another person... Third, anxiety about interactions with nonsimilar individuals increases.

Finally, the attraction of the other person decreases and negative judgments of dissimilar others increase... (p. 1313)

Empirical Evidence from For-Profits on Group Diversity and Performance

Much like nonprofit researchers, business scholars exploring group diversity and group performance in the corporate sector differentiate between the interrelated but unique concepts of diversity and inclusion. According to Jackson, May, and Whitney (1995), diversity refers to the presence of dissimilarities of members of a social unit. Guzzo and Dickson (1996) extended this definition by adding that group formation takes place by individuals (social entities) who depend on each other as members of the larger social unit to perform a task for their assigned group. They further added that groups could be parts of one or more larger social systems. These definitions can be extended to define diversity in various group settings,

including work groups (e.g. teams, boards, departments, and divisions), and sub-groups within larger workgroups (e.g. racial and ethnic minorities or women board members). According to Dobusch (2013), the concept of inclusion refers to a set of conditions that provide access to individuals to areas previously inaccessible to them, intentionally or unintentionally. Some of the operational variables for group inclusion are access to critical information and resources, the ability to exert influence essential decision-making, amicable relationship between members of dominant and minority groups, and demonstration of interest of dominant group members in the cultural aspects of members from less dominant groups (Pelled, Ledford, & Mohrman, 1999; Janssens & Zanoni, 2008). Similarly, Pless and Maak (2006) conceptualized organizational inclusion as a safe zone in which one can house organizational diversity management.

Researchers observed an ambiguous correlation between group diversity and group performance in the corporate sector studies, too. These studies investigated the influence of diversity on performance in a number of group settings such as organization and workgroups or teams. While scholars, such as Van der Vegt, Van de Vliert, and Huang (2005) found group diversity to be beneficial to group performance, others (e.g. Jehn, Northcraft, & Neale, 1999; Leonard, Levine, & Joshi, 2004; Cox, 1991; Richard, Barnett, Dwyer, & Chadwick, 2004; Treichler, 1995; and Goodstein, Gautam, & Boeker, 1994; Hambrick, Cho, & Chen, 1996; William & O'Reilly, 1998; Earley, 1993; Fiedler, 1966; Kilduff, Angelmar, & Mehra, 2000; Pate, Watson, & Johnson, 1988; Watson, Johnson, & Merritt, 1998; Pelled, Eisenhart, & Xin 1999; Timmerman, 2000) found a negative association between the two. Such

inconclusive results make it difficult for diversity advocates to promote organizational diversity.

The split between organizational scholars about the benefits of group diversity is not a new one. Murray (1989), French (1941), Back (1951) and Lott and Lott (1961) inferred that the social cohesion experienced by members of a homogeneous group was beneficial to interpersonal communications. Their results were countered by others who pointed out that high levels of cohesion among members in a homogeneous group was likely to result in high degrees of conformity exhibited by them (Shaw & Shaw, 1962; Bovard, 1951; Schachter, Ellertson, McBride, & Gregory, 1951; Berkowitz, 1954; Lott & Lott, 1961; Wyer, 1966). Such high conformity could potentially impede innovation. Moreover, as some scholars (e.g. Watson, Kumar, & Michaelson, 1993) observed, although social cohesion was more readily observable within homogeneous groups, it was not altogether absent from diverse groups. These scholars found that heterogeneous groups exhibited social cohesion among members after a time lag when the members resolved their inter-personal conflicts and communication challenges.

Predictors of for-profit group diversity and performance. Researchers studying heterogeneous group dynamics in the corporate sector have found a host of reasons that explain why there is no clear association between group diversity and group performance. According to Cox (1991), while diverse groups enjoy the benefits of innovative ideas, better decision-making, and improved creativity, they also suffer from high costs of frequent employee turnover, interpersonal conflicts, and failed communication. Some scholars (e.g. Bailyn, 1993; Jehn et al., 1999; Ferdman, Avigdor, Braun, Konkin, & Kuzmycz, 2010) explored the power

relationship between the minority and majority group members and observed that in diverse groups, the demographic majority or the dominant population took control by influencing or setting rules, processes, expectations, and norms. Further, the dominant population in diverse groups was likely to resolve conflicts with minority members by use of coercive mechanisms. The authors observed that such power plays resulted in making the minority group members feel insecure, demotivated, unappreciated, and restricted. Other researchers (e.g. Richard, Barnett, Dwyer, & Chadwick, 2004; Treichler, 1995; Tsui, Egan, & O'Reilly, 1992; Greenhaus, Parasuraman, & Wormley, 1990; Lefkowitz, 1994; Baugh & Graen, 1997; Lawler, 1995; Freund, 2005) explained the negative correlation between group diversity and performance to motivation to work, job satisfaction, and job commitment. These authors found that in diverse groups, minority members suffered from a feeling of alienation that reflected in their decreased motivation, job satisfaction, and commitment, and high rates of absenteeism and turnover. Some researchers, such as Joshi and Roh (2009) investigated various categories of group diversity and explored the association between a diversity type and group performance. The authors did not consider the concept of group diversity as a single construct but referred to it as one that was made of two separate kinds of diversities. According to them, these diversity types are relations-oriented (e.g. race, ethnicity, gender, age) and task-oriented (e.g. education, tenure, skills). They examined whether any other contextual or situational factors played a role in influencing the group diversity-performance association. Observing results from their meta-analysis of studies that investigated heterogeneous work team dynamics from different organization types and sectors, the authors concluded that the association varied depending on the industry, occupation, and team characteristics. The authors observed that while the

relations-oriented aspects of diversity were likely to have a negative correlation with the group's performance, the task-oriented diversity aspects were likely to influence group performance positively.

According to some corporate studies, the ambiguous nature of the correlation between group diversity and output shows a positive relationship when influenced by diversity moderators or mediators. According to Chatman, Polzer, Bersade, and Neale (1998), group diversity correlates positively to group performance in collectivist cultures (as opposed to individualistic culture). Ely and Thomas (2001) found that a positive relationship between group diversity and performance occurs when group members share integration-and-learning perspectives. Gibson and Gibbs (2006) observed that when diverse members feel psychologically safe, the group's performance improved. Bowers, Pharmer, and Salas (2000) found a positive correlation between group diversity and performance when diverse groups had to complete complex and non-routine tasks. Schippers, Den Hartog, Koopman, and Wienk (2003) found high task interdependence among group members moderate a positive relationship between group diversity and performance. Harrison, Price, and Bell (1998) attribute the length of time members spend together on a task to be a moderator fostering a positive relationship between group diversity and performance. Some others (e.g. Goodacre, 1953; Van Zelst, 1952; Shaw & Shaw, 1962) concluded that a positive relationship between homogeneous group composition and performance held only under the condition that goals of a member were not in conflict with the group's goals. In the case of a misalignment between the two kinds of goals, homogenous group members were less likely to achieve the group's goals. According to Hambrick and Mason (1984), contingency factors or crises were likely to

disrupt the stability of the group's environment and negatively influenced the efficiency of a homogeneous group. According to the authors, heterogeneous groups had greater adaptability. Their conclusion came from their observation that crises and changing environments had a less negative influence on heterogeneous groups than on homogeneous groups. Murray (1989) noted that the conflicts that heterogeneous groups faced enhanced their adaptability to unstable environments.

Role of inclusion in for-profit group performance. Similar to the nonprofit literature, the for-profit literature distinguishes between group diversity and inclusion, holds them as mutually exclusive terms, and promotes inclusion as an instrument of justice and equality in diverse groups. In one such study, Holvino, Ferdman, and Merrill-Sands (2004) observed that inclusive organizations exhibited equality and organizational justice by proactively providing all their employees with equal access to opportunities and decision-making power, irrespective of gender, country of origin, race, ethnicity, and any other group identities that differentiate them from dominant groups. Pearce and Randel (2004) investigated the role of group inclusion in the correlation between group diversity and group performance. The authors found that a cohesive and inclusive workplace climate benefitted individual employee outputs. To aid their study, the researchers developed a workplace social index (WSI), which examined whether inclusion factors such as an employee's experience of inclusion, informal social ties, the perception of belongingness, and social cohesion in the workplace had any impact on job performance, as perceived by the employee's supervisor. The authors found that the employees with high scores on the index were the ones whom supervisors perceived as better performers. Findings by other organizational researchers and diversity scholars also resonate with these

results. For example, Mannix and Neale (2005) found that inclusive group processes related to free exchanges of information, unbiased and un-coerced conflict resolution, and group cohesiveness had positive associations with the group performance. Similarly, Tyler and Lind (1992) found that, in any type of organization, the work groups that legitimized inclusive group processes related to sharing of diverse knowledge and experience of the culturally diverse members resulted in creating environments where the minority employees felt valued and performed to their best potential.

Achieving group inclusion in diverse groups in for-profits. Among for-profit scholars who advocate in favor of group inclusion, there are various suggestions about how to achieve inclusion in a diverse group (e.g. Elsass & Graves, 1997; Mannix & Neale, 2006; Nkoma & Cox, 1996; Van Knippenberg, West, Dawn, & Homan, 2010). Elsass and Graves (1997) highlighted the importance of achieving inclusive interpersonal interactions to foster inclusive group environments. The authors differentiated between social and instrumental interpersonal interactions in a diverse group and predicted that the quality of each type of interactions would determine patterns of exchange for minority members in the group. Similarly, Blau (1964), Lind and Tyler (1988), and Cropanzano and Mitchell (2005) suggested that member-to-member social and relational inclusiveness should be considered when assessing group inclusion. Their findings underscored the importance of member-to-member reciprocity. Several diversity scholars (e.g. Ferdman et al., 2010; Wasserman, Gallegos, & Ferdman, 2008) have questioned the rationale of fostering group inclusion through assimilation techniques (as supported by the assimilation-accommodation model). These scholars argued that using assimilation, as a strategy for bringing about group inclusion, lacked the spirit of

inclusion. According to these researchers, the assimilation-accommodation technique was problematic because it did not value the minority members' uniqueness. These scholars found that while this inclusion model fostered a friendly environment for the minority group members, the dominant group members did not accept the latter because of their "individuation" (but despite their unique qualities). The authors prescribed that instead of assimilation-accommodation, a collaborative approach to promote group inclusion would prove more beneficial. In the collaborative approach, group members belonging to the dominant population do not coerce members from minority populations to compromise, conceal, or sacrifice their unique identities. Instead, they acknowledge and celebrate the talents and contributions of diverse group members and cultivate a culture of inclusion.

Inclusion Frameworks Informed by Group Diversity Theories

Some theorists (e.g. Shore et al., 2011) developed frameworks for studying the concept of group inclusion, not as a single construct, but in its various nuances in the context of group behavior. Even when researchers differentiate between inclusion and diversity as concepts, they tend to use inclusion more interchangeably with the concept of assimilation. Shore et al.'s (2011) theoretical framework brings out the difference between these two concepts. Their conceptual model also brings out the difference between two terms- differentiation and exclusion. These incorrect usages lead to the misunderstanding of group dynamics and make measuring group inclusion a challenging task. In their model, the authors presented each of these terms in relation to their interactions with varying levels of "belongingness" (that the

minority member feels) and the values assigned to “uniqueness” (of the minority member by the dominant members in the group). Table 2.1 summarizes their propositions.

Table 2. 1
Group Inclusion Framework

Construct	Belongingness	Uniqueness
Exclusion	Low	Low
Differentiation	Low	High
Assimilation	High	Low

Inclusion

High

High

Note. Table 2.1 is a summary representation of findings of Shore, Chung-Herrera, Dean, Ehrhart, Jung, Randel & Singh (2009).

In Table 2.1, in the context of a diverse group, the authors defined the terms exclusion, differentiation, assimilation, and inclusion in the following manner. They defined exclusion in a diverse group as a situation when the majority members do not treat the minority members as insiders to the group and do not appreciate their uniqueness. The authors highlighted that the minority members feel differentiated when the majority members acknowledge the benefits of group diversity, even though they still do not treat the minority members as insiders. The authors state that assimilation is a better situation for minority members because now the majority members accept them as insiders as long as they are ready to accept or follow the dominant cultural norms and rules. Finally, the authors used the term inclusion to imply satisfaction of both conditions: the majority population treats the minority members as insiders and appreciates the latter's uniqueness.

The theoretical underpinnings of Elsass and Graves' (1997) model rest on optimal distinctiveness theory (Brewer, 1991) that proposed in a group, the members try to balance between their needs to feel validated (belongingness) and unique (individuation). Brewer theorized that group members make constant efforts to balance these two opposing needs, until reaching an optimal point. The author defined the concept of "belongingness" as the need of a

group member to develop stable relationships with other group members (Baumeister & Leary, 1995). An individual sacrifices his “individuation” to create a social identity, which creates inter-connection between members in a social group.

As the summary table portrays, the minority member faces exclusion when the feeling of belongingness to the group and the group’s acceptance of the individual’s uniqueness are low. When the minority member is differentiated, the feeling of belongingness to the group is still low, although the group’s acceptance of the individual’s uniqueness is high. When the minority member is assimilated, the feeling of belongingness increases, but the group’s acceptance of the individual’s uniqueness is low. Finally, when the minority member is included, the feeling of belongingness to the group and the group’s acceptance of uniqueness are both high.

Minority Member Perception of Group Inclusion

Shore et al. (2011) categorized group inclusion into the climate of inclusiveness (composed of group’s fairness system, diversity climate), inclusive leadership (management philosophy and values, strategies and decisions), and inclusive practices (composed of promotion of satisfaction of belongingness and uniqueness needs). The authors further expanded the definition of inclusive practices to information access, participation in decision-making, conflict resolution procedures, freedom from biases and stereotyping, and any other group practices that promote group cohesiveness and group interdependence as the group’s inclusive practices. Together these components are known as contextual antecedents. According to the model, the presence of these components would enhance a minority member’s

perception of group inclusion. The model reveals that when a minority member perceives group inclusion positively, individual outcomes (e.g. job satisfaction, intention to stay, organizational citizenship, organizational commitment, mental and physical well-being, creativity at work, career opportunities for all members, and camaraderie between members) improve.

Evidence from Behavioral Science on Racialized and Gendered Perception of Inclusion

Empirical evidence on group members' perceptions of their experience of inclusion/exclusion comes from Mor Barak and Cherin (1998) who conducted a study involving a diverse workforce in an electronic company. The authors observed that employee perceptions of organizational inclusion, fairness, and justice differed based on race/ethnicity and gender. Their analysis revealed that white male employees perceived their organization to be more just and inclusive than women and racial and ethnic minority employees. Second, white women and racial and ethnic minority employees placed a higher value on organizational diversity than did the white male employees. These findings find their support in various intergroup theories, including social identity theory. Mor Barak and Cherin arrived at their conclusions after examining the organizational and personal dimensions of the employees about inclusion. They found that while the organizational dimension was composed of fairness and inclusion factors, employees' personal dimensions were composed of diversity, values, and personal comfort factors.

Diversity and Inclusion Theoretical Perspectives

Ely and Thomas (2001) contributed three theoretical perspectives or paradigms to explain the correlation between group processes and group performance in the case of culturally diverse work groups. These perspectives- (1) integration-learning (2) access-legitimacy and (3) discrimination-fairness-are differentiated by their underlying assumptions and outcomes. All these theoretical perspectives are identical in that they facilitate organizations with diverse workforces to answer two vital questions: “What do we do with this diversity?” and “Why do we want a diversified workforce?” (Ely & Thomas, 2001; Thomas & Ely, 1996).

Discrimination-fairness. Ely and Thomas (2001) based the discrimination-fairness perspective on two assumptions. The first assumption states that although there might be differences between group members, they are all on the same team and therefore, all should work in tandem towards a common goal. The second assumption states that to discriminate between group members because of their diversities is unfair (“we are on the same team despite our differences”). According to this perspective, discrimination refers to those legal or formal barriers that prevent or cause hindrances for the demographic minority members. Discrimination prevents these populations from receiving fair and equal treatment. The authors stated that the discrimination-fairness perspective underlines that groups can achieve progress by setting non-discriminatory recruitment and retention goals as the group’s objectives.

Assimilation-Accommodation. Diversity scholars have criticized Ely and Thomas’ (2001) model built on the assimilation-accommodation perspective for nurturing both gender and colorblindness. According to critics, this perspective seeks to establish uniformity within

the group by steamrolling over dissimilarities among members. According to a developmental psychologist, Piaget (1968), while such social absorption (assimilation) can be instrumental in creating equality (accommodation) within a diverse group, these practices lead to loss of unique cultural identities for various sub-groups.

Learning-integration. The learning-integration perspective is the basis for integration model (with its key philosophy as “we are on the same team, not despite, but with our differences”) and is an improvement over the discrimination-fairness perspective because it is not gender or colorblind. Based on the concept of equality in which the organizations consider workforce diversities to be their assets, this perspective proposes that organizations should not only recognize dissimilarities between its members but also use diversity-related interpersonal conflicts as learning experiences. According to the integration-learning perspective, culturally diverse work groups bring creativity, innovation, and diverse insights, skills, and experiences. This diversity of ideas and talents help all group members to rethink and redefine strategies and work processes, therefore, enhancing the organizational performance. The integration model, thus, fosters an inclusive group atmosphere that encourages collaboration and cooperation between group members (Berry, 2008). Unlike the assimilation-accommodation model that attempts to erase the “individuation” of demographic minorities in a group, the integration model supports inclusivity in groups without compromising the cultural uniqueness and identities of the minority members.

Access-legitimacy. The access-legitimacy perspective begins on a problematic note since this approach advocates a representative diversity of work groups as a means to foster a better relationship with the organization’s multi-cultural constituents. In other words,

organizations or boards with this perspective use diversity to gain legitimacy. On one hand, the access-legitimacy model does accept the individual differences in culture, values, and norms. On the other hand, this perspective does not support integrating these dissimilarities into the group's critical processes or decision-making. In this framework, the cultural minority perceives that he is being valued only for his demographic characteristic (e.g. race, ethnicity, gender), while his skills and task contributions are undermined (Bernstein & Bilimoria, 2013). Table 2.2 summarizes the four perspectives presented by Ely and Thomas (2001).

Table 2. 2

Diversity and Inclusion Perspectives of Ely and Thomas (2001)

Perspectives	Description
Discrimination-fairness	This perspective emphasizes that although group members in a diverse group have dissimilarities, they are all on the same team, and therefore, should work in unison to achieve a common goal for the group. Discrimination based on diversities is unfair.

**Assimilation-
accommodation**

This perspective proposes to achieve inclusion without acknowledging diversity among group members. According to this perspective, the majority members socially absorb the minority group members if the latter group is ready to accept or accept the rules and values of the culturally or demographically dominant group members fully.

**Acceptance-
legitimacy**

In this perspective, the dominant members of a diverse group use minority members as diversity representatives to gain legitimacy. The majority members accept diversities for their group members only when such an acceptance helps the group to interact more effectively with their multi-cultural constituents.

**Learning-
integration**

This perspective prescribes that the dominant members in a group should accept and learn from different perspectives of the minority members. The former group should integrate these learnings into further designing processes to maximize group potential and output.

Note. Table 2.2 summarizes Ely and Thomas' theoretical perspectives on group diversity and inclusion.

Varying Degrees of Inclusion Experiences

Bernstein and Bilimoria (2013) observed that each of these group inclusion perspectives provides a minority board member with varying degrees of inclusion experience. According to the authors, the discrimination-fairness perspective provides the least inclusive experience to the minority board members because of its focus on organizational compliance and assimilation of group diversities. In contrast, the authors concluded that the learning-integration perspective provides the highest inclusion experience to the minority board members because it supports valuing group diversities and accepting contributions of diverse members in critical group

processes and decision-making. The access-legitimacy perspective, the authors found, provides the minority board member with more experience of inclusion than he would experience under the discrimination-fairness approach but much less than that under the learning-integration approach.

Social Identity or Self-Categorization Theory

Socio-psychological theorists have attempted to understand the dynamics between the group members in a diverse group. These theories investigate the outcomes of group diversity and inclusion and their outcomes. Tajfel's (1982) social identity (also known as self-categorization theory) and Elsass and Graves' (1997) model based on it, are two most prominent socio-psychological theories.

Tajfel's (1982) self-categorization/ social identity theory (part of an array of group inclusion theories) focuses on social cognitive processes that assist people to identify with groups and lead to group behaviors. This theory explains heterogeneous group dynamics and correlations between group diversity and group performance. Tajfel proposed that individuals categorize themselves and other group members as in-group and out-group members, based on similarities and dissimilarities of characteristics (such as gender, color, age, and educational attainment) with respect to "self." Such categorization influences the individual's social behavior, perceptions about "self" and the out-groupers, and determines "self's" interactions with the latter (Abrams & Hogg, 1998). According to Tajfel, individuals nurture more favorable feelings towards in-group members than towards out-group members. Additional assertions of this theory are: (1) individuals prefer homogeneous groups to heterogeneous

groups; (2) being in heterogeneous groups make individuals anxious; (3) being in homogeneous groups increase their self-esteem; (4) members within homogeneous groups communicate better with each other, exhibit more predictable behaviors and higher reciprocity, and enjoy greater trust with other group members; (5) the process of self-categorization leads to accentuating similarities between self and in-group members, while accentuating dissimilarities between self and out-group members, resulting in self-stereotyping, which influences several factors such as inter-group beliefs, values, attitudes, emotions, communication, and norm-setting; (6) during the process of differentiation, individuals tend to differentiate in-groups from out-groups in those dimensions that help the in-group members to acquire an exclusively “positive distinctiveness” and a more positive social and self-identity compared to the out-group members; these assessments help individuals to enjoy a greater perception of well-being, self-worth, and self-esteem; (7) these biases that categorization creates are often based on dissimilarities fostered by race, ethnicity, and gender; (8) individuals are likely to associate positive behaviors of other individuals of the same gender and/or race and ethnicity to desirable attributes such as skills, dedication, and hard work, but associate the same positive behaviors of individuals with dissimilar gender and/or race and ethnicity to luck and special advantage; individuals attribute negative behaviors of others of the same gender, and/or race and ethnicity to external constraints or temporary situations (“the task was difficult to perform”). However, they attribute negative behaviors of others unlike themselves in race, ethnicity, and/or gender to lack of effort or competence.

Use of Social Identity Theory in Nonprofit Studies

Several generations of for-profit researchers (e.g. Messick & Mackie, 1989; Kramer, 1991; Schneider, 1987; Abrams & Hogg, 1998; Chatman & von Hippel, 2001; Hewstone, 1990; Weber, 1994; Ybarra, 2002; Brewer & Kramer, 1985; DeCremer, 2001; Hagendroon & Hraba, 1987; Wiersema & Bantel, 1992; Hambrick & Mason, 1984; Westphal & Stern, 2007; Pelled, Eisenhardt, & Xin, 1999) have empirically tested Tajfel's theory. However, its application in nonprofit governance research has been limited.

One way to test Tajfel's theory is to examine how diverse work groups in nonprofits perform at the organizational or board level, a relatively unexplored area of nonprofit scholarship. The paucity of research led Stone and Ostrower (2007) to remark that, in the absence of adequate empirical evidence from the nonprofit sector investigating how board composition affected the organizational performance, it was difficult to determine the impacts such a relationship might foster. Even when nonprofit researchers conducted such studies, they have mostly relied on descriptive or exploratory methods of analysis (Callen, Klein, and Tinkelman, 2009). Some nonprofit researchers (e.g. Tidwell, 2005) explored diverse group dynamics by observing volunteer behavior in nonprofits. Tidwell (2005) used social identity theory as the theoretical framework for his social identification model of prosocial behavior and found that when volunteers identified with nonprofits they are working for, their prosocial behavior (behavior with an intention to benefit others such as caring, sharing, and volunteering), job commitment, and satisfaction improved.

Use of Social Identity Theory in Public Sector Studies

In public sector research, diversity scholars Sabharwal (2014) and Choi and Rainey (2009) used social identity theory as their theoretical framework. Sabharwal's (2014) study, in the context of Texas public agencies, indicated that organizations should focus on strategies that augmented organizational inclusion (rather than only focusing on diversity management initiatives). According to Sabharwal, focusing on organizational inclusion will help diverse employees feel welcome and appreciated for their contributions to team tasks. The author noted that organizations demonstrated inclusive behavior when the leadership empowered employees with adequate information, which they could use to make critical work-related decisions. In the other public sector study, Choi and Rainey tested whether organizational diversity management processes and practices moderated the effect between demographic diversity and the organizational performance. Their findings indicated that an organization's diversity management interacted with its workforce's racial diversity to change the direction of its relationship with the organizational performance from negative to positive. However, the authors observed that the moderator effects of contextual variables on age and gender diversity produced mixed results.

Focal Individual's Experience in a Diverse Group

In the context of a newly constructed diverse group and based on Tajfel's (1982) social identity theory, Elsass and Graves (1997) developed a three-phased theoretical framework (cognitive, behavioral, and outcome) with women and racial and ethnic minority group

members in focus (focal individuals). The main difference between Tajfel's model and that of Elsass and Graves' model is that the latter model is dynamic and functions on feedback loops.

Phase 1. Under the cognitive processes, at first, the focal individuals go through a self-categorization process, based on their demographic characteristics such as race, ethnicity, and gender, and create their role expectations. While an individual's role expectations could be positive or negative, the authors noted that "cognitive processes evoked by categorization, including status, judgments, stereotypes, and similarity bias are likely to lead to negative expectations for the focal individual" (Elsass & Graves, 1997, p. 949). The authors further theorized that the focal individuals are likely to develop negative self-expectations about their group roles. Elsass and Graves illustrated their point with the following example. When black team members received a critical task, they perceived themselves to be intellectually inferior to their white counterparts, and developed self-doubt about their competence in accomplishing the task (Plous & William, 1995). The negative stereotypes and low status that are attached to the focal individuals are detrimental to their efficient functioning since these prevent the individuals from accessing and fully utilizing all available resources and opportunities. Because of their limited access to the best resources, the focal individuals often fail at their tasks. When that happens, their negative self-perceptions receive full validation, giving rise to a self-fulfilling prophecy (Ilgen & Youtz, 1986). In addition, the dissimilarities between the focal individuals and the dominant population in the team make the focal individuals feel biased against the other team members. Such biases create beliefs in their minds that they will face challenges from the dominant members in higher degrees compared to their other team members (Ibarra, 1992).

Phase 2. In the second phase, Elsass and Graves (1997) used Seers' (1989) team-member exchange theory to explain group dynamics. According to the authors, the focal individuals and the dominant members interact in two types of exchanges. The authors defined an exchange to be reciprocity of behavior. The exchanges can be instrumental or social. The instrumental exchange refers to the (1) willingness of focal and dominant members to exchange information and (2) process in which the dominant members solicit contributions of the focal individuals. The social exchange refers to the willingness of both parties to exchange social supports to each other. The instrumental exchange is task-dependent while the social exchange focuses on cohesion between team members. Although conceptually different, these two exchange types might be interdependent in some groups. In a team, the focal members, who have negative stereotypes (e.g. low intellectual capabilities and lack of expertise) bestowed upon them by the dominant members, (might not be entrusted with critical tasks. Even when the focal members demonstrate their competence and high performance in completing group tasks, the dominant members might not recognize the former's inputs. This phenomenon- when the focal individuals' important contributions are unrecognized and the high performance is misinterpreted as low performance- is known as the "attributional error" (Pettigrew, 1979). Collectively, such exchanges reinforce the negative self-perceptions and low self-esteem of the focal individuals, further forcing them into withdrawing from contributing to team activities. In this phase, the negative stereotyping of the focal individuals might make the other members justify the former's good performance as results of good luck. On the other hand, the other members might justify poor performances by the focal individual as results of lack of skills and cognitive abilities (and not caused by bad luck). Phases 1 links with Phase 2 by feedback

loops. The findings by nonprofit scholars Gardham and Brown (2001), social psychologists Otten and Mummendey (1999), and Otten and Wentura (2001) indicated that attribution errors between in-group/out-group members predicted in-group favoritism, such as allocation of job opportunities only to in-group members. Elsass and Graves observed that in heterogeneous groups, members have divergent belief systems because of their different priorities, values, speculations, and understanding of alternatives, resulting in conflicts in this phase.

Phase 3. Elsass and Graves (1997) named the third and the last phase of their model, the outcome phase. In this phase, the determinants of the quality of the group outcome are the positive or negative exchanges that occurred between the focal individuals and other members in the previous two phases. The authors stated that category-based cognitive processes result in low-quality exchanges between the dominant group and the focal individuals (e.g. women and racioethnic minority member), it is probable that the focal individuals would contribute very little to group tasks and play no or marginal role in group effectiveness.

Exclusion, Complementary, Contributing, and Engagement. Elsass and Graves (1997) used the following definitions to explain the terms exclusion, complementary, contributing, and engagement. Exclusion refers to a situation when “category-based processes exclude out-group members from both task and social relations” (p. 953). Complementary refers to a situation when “category-based processes lead out-group members to engage in social, but not task relations” (p. 953). Contributing refers to a situation when “category-based processes constrain out-group member’s social but not task relations” (p. 953). Engagement refers to a situation when “category-based processes are avoided or remedied; out-group member enjoys task and social relations” (p. 953). It is evident from the definitions that

exclusion occurs when the focal member (or the outgroup member) faces low quality of social and instrumental exchanges with dominant members (in-group members). The complementary exchange occurs when the focal member faces high quality of social exchange but the low quality of instrumental exchange. Contributing exchange occurs when the focal individual faces low quality of social exchange but the high quality of instrumental exchanges. Lastly, the focal member is fully engaged when he or she faces a high quality of both social and instrumental exchanges.

Resource Dependency, Agency, Stewardship Theories of Board Effectiveness

Nonprofit scholars use corporate governance theories such as resource dependency theory, agency theory, and stewardship theory to explore board effectiveness. According to Hillman and Dalziel (2003), contributions of these theories to the nonprofit and public service sectors to understand the connection between board composition and the organizational performance are immense. Extending Miller's (2002) corporate definition of agency theory, Gazley et al. (2010) pointed out that in the nonprofit and public service sectors, donors, legislators, and regulators (principals) trust the nonprofit board (agent) to act in the public interest.

Resource dependency theory. Resource dependency theory, in the nonprofit and public service sectors, relates to a board's ability to secure resources such as private and government funding, advice, and expertise to achieve superior organizational performance (Siciliano, 1996). In that, it is not unlike a corporate board that acts as a resource center and plays a vital role in enhancing the firm's performance (Hillman & Dalziel, 2003). As can be seen from the

definitions, these theories underscore the importance of board inclusion and representativeness in front of the stakeholders. According to Keeley (1988), following the principles of social contract theory, nonprofit leaders are under moral obligations and have responsibilities to represent the constituents.

Agency and stewardship theories. Both agency and stewardship theories fall under the broad purview of principal-agent theory. Although for-profit scholars frequently use agency theory in corporate governance studies, nonprofit scholars have used this theory less frequently in their studies (Olson, 2000). Nonetheless, its relevance in assessing nonprofit board's performance is unavoidable. Broadly speaking, an agency relationship is established between two parties when one party is dependent on the other to fulfill a task or perform a service. The party that does the service is the agent, and the party that the agent serves (or the party that the agent affects by his engagement) is the principal. Developed and popularized in the corporate sector, agency theory proposes that in the principal-agent relationship, the agent maximizes his utility and is the decision-maker. In this relationship, the agent is better off with more information than the principal is, and because of his position of control and power, might not act in the best interest of the principal (Fama, 1980; Eisenhardt, 1999; Berle & Means, 1932).

According to Olson (2000), the nonprofit board is a resource center and performs roles such as generating and managing funds. In many cases, the nonprofit board recruits the most resourceful donors as board members. The board is also responsible for critical decision-making. Therefore, the dual role of fund developing and managing, and decision-making power equates a nonprofit board to an agent.

Stewardship theory, which like agency theory establishes a principal-agent relationship, has two branches based on the extent of principal-agent goal alignment. The first branch assumes that there is no goal alignment between the principal and the agent, while the second branch assumes that there is a perfect alignment between their goals. The first branch starts from the same premise as the agency theory in that it proposes that the principal and agent share conflicting goals. However, unlike agency theory, the first branch of stewardship theory proposes that the agent is motivated to act in the interest of the principal, even when there is a mismatch between their interests. The basis for this assumption is that the agent's need for personal achievement, affiliation, and self-actualization act as his motivation. The second branch of stewardship theory proposes that since both the agent and principal are pursuing the same goal, the agent's action will not contradict the principal's interests. The agent might be externally or internally motivated to act in the best interest of the principal. Under stewardship theory, the agent is intrinsically motivated, that is, no other reward but the activity itself drives him. On the other hand, agency theory assumes that extrinsic motivation (e.g. money, status, rewards) drives the agent. Thus, the agents described in the agency theory, are individualistic and self-serving, while those in the stewardship theory are collectivistic (Puyvelde, Caers, Du Bois, & Jegers, 2012).

Institutional and Strategic Management Theories of Board Effectiveness

Although most nonprofit scholars embed their board performance studies in resource dependency, agency, and stewardship theories, Brown and Guo (2010) felt that these theories are inadequate to provide a framework for studying nonprofit board performance. In the

context of the newly evolving governance structures and identities of nonprofits, other theories, such as institutional theory (Guo, 2007), democratic theory (Guo, 2007) and strategic management theory (Cornforth & Edwards, 1999) need to be studied to gain a greater understanding how effective nonprofit boards perform. Of these theories, institutional and strategic management theories are especially relevant for the present study.

Institutional theory. In the context of nonprofits that mainly receive government funding and are alternative service delivery channels for governments, Guo (2007) asserted that institutional theory provides a framework to explain how state pressurizes an organizational behavior. Guo suggested that the nonprofit boards perform the role of a legitimizing tool to fulfill expectations of external stakeholders (such as the government). The government enjoys the status of being the most important funding source for the nonprofits, besides being the largest institutional actor with the capability of forming legal mandates within which nonprofits are required to function.

Strategic management theory. Cornforth and Edwards' (1999) strategic management theory of nonprofits captures normative and coercive institutional influence on nonprofit boards. This theory distinguishes between four strategic management models and shows roles played by nonprofit boards collectively and by members individually in relation to these models. Nonprofit board's role in the compliance model (agency perspective) includes safeguarding assets, recruiting and monitoring management, and monitoring organizational processes. The main functions performed by nonprofit boards in the partnership model (managerial perspective) include strategic responsibilities such as reviewing and improving

management decisions. In the political model (democratic perspective), the nonprofit board's representative role includes promoting interests of its multiple stakeholders, making policies, conflict management, and controlling the CEO. Nonprofit boards play supporting roles in the supporters' club model (elite perspective based on resource dependency theory). At their individual levels, nonprofit board members perform the roles of trustees in the compliance model of governance. In the partnership and supporters' club models, the board member is typically someone with special expertise and skills, and/or elite to bring skills and funds at the table. The political model allows a layperson to be selected as a board member if the stakeholders nominate him. In designing their models, Cornforth and Edwards borrowed concepts of "institutionalization" by DiMaggio and Powell (1991) who distinguish between normative, coercive, and mimetic institutional influences (or pressures) on organizational governance. For their nonprofit governance theories, Cornforth and Edwards (1999) referred to the normative and coercive forces. The authors defined normative institutional pressures as those emerging from social values and norms through socialization, professional training, and education. In contrast, coercive pressures are those that are contained in organizational abilities to impose rules on others. Governments, for example, have the authority to impose legal restrictions on a human or organizational entity.

Cornforth and Edwards (1999) conceptualized the institutional influence on nonprofit board roles using a variation of the organizational input-output model. The entire model is dynamic in nature and works on a feedback loop. Different institutional influences (such as legal regulations, board constitutions, and previous board actions) and board skills and

experience (inputs) separately affect and are affected by board processes that eventually influence and are influenced by board tasks (outputs). Each of the components in this model, namely, institutional influence, board input, board processes, and board tasks relate to each other through the feedback loop.

Table 2. 3

Board Effectiveness Theories

Theory	Proposition
Agency theory	An agent-principal relationship emerges from the action taken by the agent on behalf of the principal. In the case of nonprofits, for example, private and government funders are the principals who finance certain programs of the nonprofit with the expectation of achieving some missions or creating impacts. The board of a nonprofit with critical decision-making power becomes the agent. There might not be goal alignment with the principal. The agent acts from the individualistic perspective and is extrinsically motivated.
Stewardship theory	This is another principal-agent theory. However, this theory assumes that irrespective of goal alignment between the agent and the principal, the agent will always act in the best interest of the principal since the agent is intrinsically motivated and is seeking affiliation and self-actualization. The agent is collectivistic in this case. Under this theory, the nonprofit board will always act in the best interest of its principals (e.g. donors, client communities).

Resource dependency theory	In this theory, the board acts as a resource catalyst in connecting organizations to potential funders and adding expertise related to financial management, legal counseling, technical support, strategic planning, and other opportunities to achieve organizational efficiency.
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Institutional Theory	This theory proposes and discusses how the state predicts organizational behavior. It is based on the assumption that nonprofit boards perform the role of a legitimizing tool to fulfill expectations of external stakeholders such as the government.
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Strategic Management Theory	This theory is built on the notion that normative and coercive institutional pressures shape board roles. This theory has 4 perspectives: compliance model, partnership model, political model, and supporters' club model.

Note. Table 2.3 summarizes board effectiveness theories.

In sum, empirical evidence and theoretical perspectives show that, in diverse groups, such as organizational boards, group inclusion fosters an environment in which demographic and cultural minority members could perform to their fullest potential and contribute meaningfully to the group tasks. In contrast, when group inclusion is missing, the culturally or demographically dominant members tend to overlook the unique contributions of the other members, attribute negative stereotypes to them, use coercion and pressure to subjugate them, and do not let them participate in important group decisions. This results in a lack of motivation to perform by the out-group members. In some instances, this creates negative self-

perceptions in their minds about their cognitive abilities and skills. While the group diversity's association with group performance is inconclusive, both empirical and theoretical scholars agree that a diverse workforce has potentials to contribute through unique ideas, creativity, diverse problem-solving techniques, and diverse knowledge. The mixed results could probably stem from uneven playing grounds for the two parties in the absence of inclusion. This research raises questions whether the results will change if the marginalized members feel appreciated, accepted, and valued in the group and whether inclusive board environments (supported by inclusive inter-personal exchanges and affirmative practices) would facilitate diverse board members to collectively excel in their responsibilities and produce more effective outputs for the board.

To explore these issues, the present study proposes to test the following hypotheses:

Hypothesis 1

H1- All else being equal, there will be a positive correlation between board inclusive behavior and board effectiveness in nonprofits.

Hypothesis 2

H2 - All else being equal, there will be a positive correlation between board inclusive practices and board effectiveness in nonprofits.

Critical Mass Theory and Evidence from Nonprofit Literature

Kanter's (1977) critical mass theory is defined as the critical number of minorities that must be in the group to exert their influence over group decision-making. In its original form,

the theory covered only women on corporate boards but since then, it has found a wider application among researchers exploring race, ethnicity, and socio-psychological behavior. This section discusses two of these theories.

A socio-psychologist, Carli (1989) demonstrated that the gender of a group member influenced certain group processes and outcomes. For example, women group members are likely to express more agreement with other group members than male members do, as a strategy for conflict resolution and improving group cohesion. On the other hand, Carli observed that the male group members tended to demonstrate greater degrees of task-oriented behavior than female members in the same group did. Carli also observed the gendered nature of that the persuasion styles of group members. While the female members adopted a persuasion style that involved the use of referent powers, the male members adopted that which made greater use of expert powers. Therefore, whether a group diverse in gender would be able to demonstrate effective group performance was dependent on the type of tasks and skills required to perform those tasks. It follows that the context is important to understand the direction of the relationship between group diversity and group performance. Carli's study did not investigate if the proportion of women members in the group mattered or influenced women members' conflict resolution and communication strategies.

Justification of critical mass theory (Kanter, 1977) comes from Latane's (1981) social impact theory that states that in a group, critical decisions are disproportionately influenced by individuals belonging to the majority population, in situations when a threshold number of members from minority populations are absent. Social impact theory proposes that when other people are the source of impact while an individual is the target, a product of three factors-

strength, immediacy, and number of “others” (creating the impact on the individual) might measure the impact that the target individual feels. Another condition of this theory is that when the number of people being targeted in the group increases (Latane uses the term “standing together”), and they face force from outside the group (with potential to create impact), the resulting impact is divided in a manner such that it is an inverse function of the three stated factors. Latane’s assertions underline the importance of having a critical mass of cultural and demographic minority members in a group to exert influence on the decision-making process of the group.

The paucity of empirical evidence from the nonprofit sector related to the critical mass of minorities (based on their demographic characteristics) contrasts with the overwhelming volume of corporate sector studies on this topic. Considering Kanter (1977) developed her theory in a study about the underrepresentation of women directors on corporate boards, it is easy to understand the reason why so many for-profit studies have investigated this concept. Few nonprofit scholars have explored the critical mass in their studies.

Ostrower and Stone’s (2010) research on the critical mass of women board directors in nonprofit organizations is one of the few nonprofit studies that investigated the relationship between the percentage of women board directors and organizational effectiveness. Their results were inconclusive as they found no compelling evidence in support of a positive correlation between the board’s gender composition and overall performance of the nonprofit. Their findings suggested that the percentage of women board of directors positively associated with the performance of the externally oriented responsibilities of the board members but had no significant association with the internally oriented ones. In the context of community

development loan fund organizations, Hartarska and Nadolnyak (2012) found that gender diversity on boards influenced their organizational efficiency positively until the proportion of the women members on board reaches .45 of the total number of board members. After this, the relationship between gender diversity and organizational efficiency became negative. Their results regarding racial and ethnic minority board members showed that a higher proportion of minority members on boards influenced efficiency negatively. In an organizational effectiveness study, Siciliano (1996) investigated the influence of gender, age, and occupational diversity of board members on the organizational performance of the nonprofit. In this study, the author measured organizational performance by the organization's social missions, fundraising, and operational efficiency. The results indicated that the presence of racial and ethnic minority board members in the nonprofit workforce increased the organization's social missions. However, the findings indicated no positive correlation between gender diversity on nonprofit boards and fundraising. Moreover, the results suggested that a high gender diverse board did not enhance the organization's operational efficiency significantly. Social impact theory can explain these findings largely.

Critical Mass in Public Sector Research

In the public sector research, a study by Sabharwal (2013) in the context of federal agencies showed that women employees in Senior Executive Services (SES) faced glass cliff challenges in distributive and constituent policy services, resulting in their high turn-over intentions. Her findings indicated that the SES women were likely to remain in their jobs if they had higher decision-making power, could actively engage in policy making in their

respective agencies, believed certain in-department or organizational policies were empowering them, and experienced the equitable or inclusive organizational environment. While Sabharwal's study does not directly relate to critical mass theory, it draws our attention to the reason why a critical mass of women (and racial and ethnic minority or any other marginalized population) in management /board positions is essential. In drawing out her study and its details, Sabharwal refers to certain terms from social sciences that relate to women's struggle to carve out a career in a senior leadership position in an organization. For example, glass ceiling in feminist literature refers to barriers a woman faces in progressing her career in leadership positions in her chosen field. Glass walls refer to barriers a woman faces when her career is limited in certain agencies whose work is considered feminine. Sticky floors constrict women in low-level positions in an organization and prevent her from rising to the top management level. Glass cliff refers to the phenomenon when organizations deliberately put women in those leadership positions in which they are likely to fail. According to Sabharwal, when women face glass cliffs, they are more likely to leave their jobs. Sabharwal's study emphasized that in addition to getting fewer opportunities to grow and excel in their careers, women employees in male-dominated positions receive less support from their male co-workers and supervisors than they would if they were male employees. In the absence of fair treatment and inclusion, the discriminatory practices and attitudes result in interpersonal conflicts within the group, eventually resulting in women employee attrition.

Evidence from For-Profit Critical Mass Studies

Most of the empirical evidence in the for-profit sector comes from corporate researchers who focused on gender and try to make a business case for increasing proportion of women on corporate boards. Given the social context that women are disproportionately underrepresented in high-ranked positions in the corporate, it is easy to understand the motivation behind such studies. These corporate studies suffer from the limitations that they primarily focus on a critical mass of women on board or in leadership positions in firms, and overlook the application of the theory in relation to racial and ethnic minority board members or organizational leaders. That said, it is justified to extend the critical mass theoretical perspectives and empirical findings to make a case for the racial and ethnic minority members since the concept of critical mass is fundamentally concerned with a disproportionate representation of demographic minorities in a diverse group.

Critical mass, as the definition goes, is the threshold level (tipping point) that the less dominant population (e.g. racial and ethnic minorities or women) must reach in the group to influence group decision-making (Ely, 1995). Torchia, Calabro, and Huse (2011) found that when the number of women directors was increased from a token representation of one or two to a critical mass of three (“consistent minority”), there was a significant improvement in firm innovation. Previous scholars such as Asch (1951, 1955), Tanford and Penrod (1984) concluded that in a group composed of the majority and minority sub-groups, the majority influenced all critical decisions and exerted influence on the group simply because they enjoyed higher representation in the group (being more in number). While there is no debate about the desirability of a higher number of women a member on boards to exert influence on

critical decision-making (Burke, 1997; Carver, 2002; Huse, 2008), researchers differ about what that “higher number” (critical mass) should be (Torchia et al., 2011). Next section discusses some of these corporate studies (e.g. Asch, 1951, 1952; Kramer, 2011; Joecks, Pull, & Vetter, 2012; Credit Suisse report, 2012).

Before Kanter (1977) developed critical mass theory, Asch (1951, 1955) found that when an individual was faced with the unanimous opinion of three group members, he felt pressurized to exhibit conformity to the opinion of these members. Years later, Kanter observed that the dominant population in a diverse group (e.g. corporate board) treats the minorities as mere tokens when the latter exhibit a modest presence. Kanter’s studies focused on women working in male-dominated fields or boards in the corporate sector and investigated how the number of women in these groups predicted group processes. She explained that the stereotyping of the tokens by the dominants results in perceptions of barriers (in the minds of the minority members) to influencing group decision-making (or participation in critical group processes). Similarly, according to Maas and Clark (1984) and Nemeth and Wachtler (1983), the dominant population in a diverse group perceives the token individuals negatively, does not trust them, treats them with contempt, mockery, and ridicule, and pushes them into isolation. These biased behaviors by the dominants in the group result in demotivating the tokens and in their poor performance, further conforming to the stereotype perceptions about them. However, interpersonal relations change when the number of tokens increases, until they reach an optimal point (critical mass) when they no longer stand out because of their dissimilarities but are valued because of their improved performance, the uniqueness of their ideas or “individuation” that benefits the group.

In late 2011, Kramer organized a national summit for women's organizations, institutional investors, senior business executives, corporate governance experts, and board members, aiming at forming a national coalition (named by her as the "Thirty Percent Coalition"). The Coalition aimed at providing a common platform for women to act jointly to increase their participation on boards. The Coalition set a goal of multicultural women holding 30% of board seats across public companies by the end of 2015. Similarly, in another study, Joecks, Pull, and Vetter (2012) found that gender diversity in company boards at first negatively correlated to the organizational performance but demonstrated a positive correlation after women members on board reached 30% critical mass. Findings by Credit Suisse (2012) suggested that company boards with more than a single woman director performed 26% better than those boards with no women directors. In another study, researchers Elstad and Ladegard (2012) investigated how the increasing ratio of women directors on corporate boards was associated with board decision-making, specifically the perceived participation and influence of the women directors. The authors tested their hypotheses using a sample of women directors on Norwegian corporate boards with varying ratio of women to men board directors (11 to 100 percent). Their results revealed that women directors perceived that their influence on various critical board processes increased when there were a higher number of women directors on boards. According to Kesner (1988), a positive relationship between the proportion of women directors on board and the organization's financial performance might be because as "outsiders" the women directors brought unique ideas to manage company's finances. Rosener (1995) found that women as organizational leaders strongly influenced high productivity, moral stands, and profits of the

companies. The author also proposed that there should be a higher proportion of women directors on boards of both for-profits and nonprofits. However, the author held the view that to exert influence on decision-making as board members, a critical mass of women should be present.

How Women Improve Group Performance: Evidence from For-Profits

Some corporate studies found that when a critical mass of women directors was absent, the existing women directors tended to change their unique leadership, cognitive, and working styles. For example, Eagley and Johnson (1990) found that women directors were perceived as being more open (than their male colleagues) are to newer (sometimes controversial) issues and divergent perspectives. They found that women directors asked tough questions and demanded direct and detailed answers to these questions. The authors observed that multiple stakeholders perceived these attributes to be successful techniques in improving the performance of organizations. Further, the authors noted that because women perceive, gather, and process information differently than men, women managers were more successful as facilitators in resolving conflicts and in demonstrating democratic leadership than male managers. They also observed the gendered nature of leadership styles. In their study, the authors observed that women managers preferred a democratic or collaborative leadership style while their male counterparts preferred an autocratic style. Each of the leadership styles has its distinct advantages and contextual relevance. A collaborative leader devotes more time to listening to other group members, creating an environment of cohesion and social support, facilitating effective problem-solving. The authors found that the women managers, in male-dominated roles, often abandoned their collaborative leadership style. The authors concluded

that women managers adopted a masculine leadership style as their survival technique and coping mechanism. While mirroring of majority populations can create safe and cohesive climates within groups, such lack of “individuation” limits the unique contributions of women in these positions. These tendencies are counter-productive for two reasons. First, they cost the minority population their uniqueness and identity. Second, they prevent the group benefitting from divergent views, creativity, innovations, problem solving, and critical thinking, as proposed by human capital theory (Becker, 1964; Terjeson, Sealy, & Singh, 2009). Krishnan and Park (2005) observed that women managers possess the “feeling” cognitive style. A person possessing the “feeling” cognitive style is value-centered, harmonious, people-oriented, warm, committed or over-committed (Hurst, Rush, & White, 1989), supports sharing of resources and information (Earley & Mosakowski, 2000). Some studies found that women in top management positions had more resilience and “toughness” compared to their male colleagues in similar positions because they were used to facing challenges in male-dominated corporate environments (Hambrick & Mason, 1984; Krishnan & Park, 2005). Using board effectiveness as a determinant for the financial performance of organizations, Daily and Dalton (2003), Joecks et al. (2013), Erhardt, Werbel, and Shrader (2003) found that the presence of women directors improved board effectiveness in organizations under certain conditions (e.g. weak shareholder interest). The researchers concluded that this was because the women directors were more intense monitors than their male peers were. Their findings find support in human capital theory that forms the basis of Cox and Blake’s (1991) proposition. This proposition states when companies recruit a greater

number of diverse members in top management positions, they improve their chances of recruiting the best in the talent pool by including diverse resources.

As already mentioned, the literature on critical mass mainly focuses on women as members of groups, in which they form a disadvantaged minority group, much like the racial and ethnic minority group members. Therefore, one can extend these frameworks, experiments, and inferences in answering the research questions that relate to racial and ethnic minority group members. Based on the review of the literature, the following hypotheses are tested.

Hypothesis 3

H3- All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women members is high than when it is low.

Hypothesis 4

H4- All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Hypothesis 5

H5: All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members

such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Hypothesis 6

H6: All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Alignment between Hypotheses and Theories

Table 2.4 demonstrates an alignment between hypotheses and theories that support these hypotheses. The first hypothesis tests the main effect of board inclusive behavior (independent variable) on board effectiveness (dependent variable). The second hypothesis tests the main effect of board inclusive practices (independent variable) on board effectiveness (dependent variable). The third and fourth hypotheses test the impact of board inclusive behavior interacting with a critical mass of women board members on board effectiveness. The fourth hypothesis tests the impact of board inclusive practices interacting with a critical mass of racial and ethnic minority board members on board effectiveness.

All variable measures are based on responses of nonprofit CEOs to the 2016 BoardSource survey. Hence, it is a perception study. Herman and Renz (2000) justified use of such perception-based measures in the following words: “[A] major issue in the study of nonprofit organizational and board effectiveness is the manner in which effectiveness should be conceived as a real characteristic of a board or organization or as a socially constructed

judgment reached by multiple constituencies” (p. 150). Herman and Renz stated that the social constructionist argument stressed in favor of an absence of a “real” board (or nonprofit) effectiveness. This also forms the basis of their approach towards measuring nonprofit board effectiveness. That is to say, “[Thus] perceptions of effectiveness are not partial or biased perceptions of some difficult-to-discern reality; judgments of effectiveness are effectiveness” (p. 151). Table 2.4 synthesizes hypotheses with corresponding theories.

Table 2. 4

Alignment between Hypotheses and Theories

Hypothesis	Theories
Hypothesis 1 (H1) - All else being equal, there will be a positive correlation between board inclusive behavior and board effectiveness in nonprofits.	Ely and Thomas’ Diversity Perspectives (Discrimination-Fairness, Assimilation-accommodation, Learning-integration, Access-legitimacy), Inclusion Framework by Shore et al. based on Brewer’s Optimal Distinctiveness
Hypothesis 2 (H2) - All else being equal, there will be a positive correlation between board inclusive practices and board effectiveness in nonprofits.	Theory, Socio-psychological Theories (Tajfel’s Self-categorization/ Self-identity Theory, Adler’s Theory of Diversity), Guo’s Participatory Representation Model, Guo’s Institutional Theory, Cornforth and Edward’s Strategic Management Theory, Guo’s Democratic Theory

Hypothesis 3 (H3)- All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women members is high than when it is low.

Hypothesis 4 (H4)- All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Kanter's Critical Mass Theory (and various iterations), Latane's Social Impact Theory

Hypothesis 5 (H5): All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Hypothesis 6 (H6): All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Kanter's Critical Mass Theory (and various iterations), Latane's Social Impact Theory

Note. Table 2.4 demonstrates alignment between hypotheses and theories that support these hypotheses.

Conceptual Model

Fig. 2.1 shows the conceptual model used in this study. The model specifies board inclusion composed of board inclusive behavior and board inclusive practices as independent variables, board effectiveness as the dependent variable, and critical mass composed of a critical mass of racial and ethnic minority board members and women board members as the moderator variables. Baron and Kenny (1986) defined a moderator as a third variable that influences the direction and/or the strength of the relationship between the independent and dependent variables. While studies of such moderator effect involving board composition exist in the corporate sector (e.g. Dalton, Daily, Ellstrand, & Johnson, 1998), researchers of nonprofit governance have left this relatively unexplored.

Some public sector researchers tested interaction effects (or moderator effects) in their studies. For example, in a public sector study, Choi and Rainey (2009) found that racial diversity had a negative relationship with the organizational performance. However, when moderated by diversity management practices, processes, and team processes, the authors observed a positive link between racial diversity and the organizational performance. Similarly, the authors moderated relations between gender diversity and the organizational performance, and age diversity and the organizational performance, with contextual variables. In these cases, however, they could not reach conclusive results. A study by Buse et al. (2016) is one of the few studies that explored facilitating factors in determining the association between board inclusion and board effectiveness in the nonprofit sector. In this study, Buse et

al. used board inclusive behavior as their mediating variable to investigate a link between board composition (age, gender, racial and ethnic diversity of the board members) and board governance practices. The literature search did not reveal studies in which scholars investigated moderator effects of a critical mass of racial and ethnic minority or women board members in nonprofits.

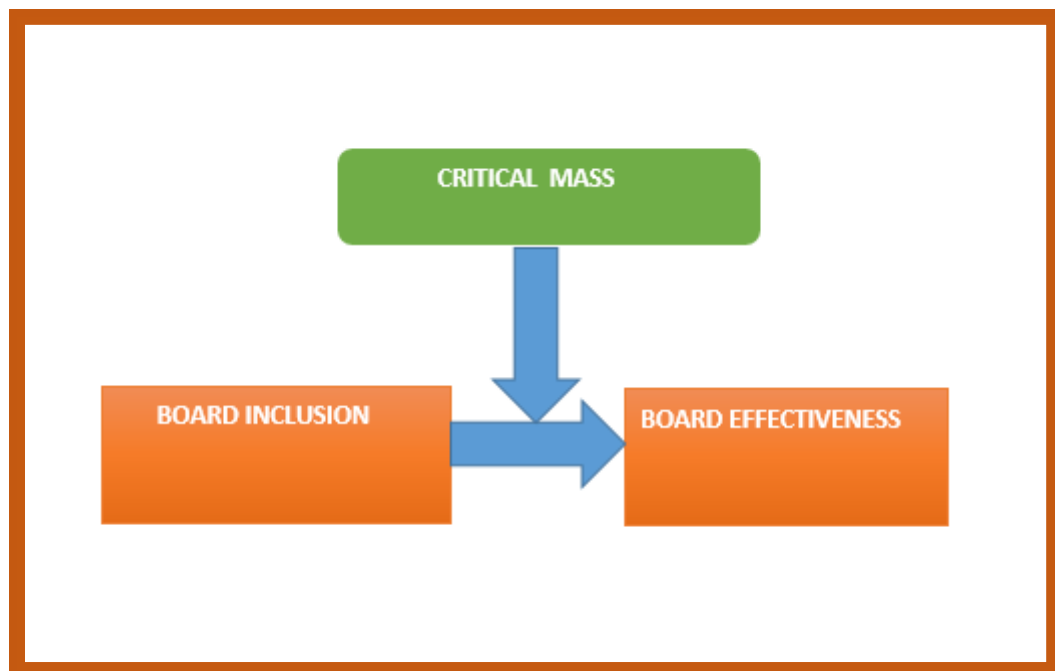


Fig. 2.1. This figure illustrates the conceptual model used in the present study.

Chapter Summary

This chapter reviewed the empirical studies and theoretical frameworks and derived six hypotheses based on the literature review. This chapter concluded by presenting the conceptual model.

CHAPTER 3: METHODOLOGY

Chapter Overview

The purpose of this study was to investigate the relationships between board effectiveness and (1) board inclusive behavior and (2) board inclusive practice. It further investigated whether a critical mass of women or racioethnic minority board members would moderate the stated relationships. To recap, this study sought to answer the following research questions:

1. How do nonprofit board inclusive behaviors relate to board effectiveness?
2. How do nonprofit board inclusive practices relate to board effectiveness?
3. How does the presence of a larger proportion of women or racial and ethnic minority board members moderate the relationship between board inclusive behavior and board effectiveness in the nonprofit sector?
4. How does the presence of a larger proportion of women or racial and ethnic minority board members moderate the relationship between board inclusive practices and board effectiveness in the nonprofit sector?

To answer these research questions, the following hypotheses were tested:

Hypothesis 1 (H1)

All else being equal, there will be a positive correlation between board inclusive behavior and board effectiveness in nonprofits.

Hypothesis 2 (H2) - All else being equal, there will be a positive correlation between board inclusive practices and board effectiveness in nonprofits.

Hypothesis 3 (H3)

All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women members is high than when it is low.

Hypothesis 4 (H4)

All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Hypothesis 5 (H5): All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Hypothesis 6 (H6): All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

This chapter describes the data used in the present study and discusses the variables of interest and their measures, before ending with specifying the statistical analysis techniques and the key statistical terms used here.

Research Design

This quantitative study was designed as a cross-sectional correlational study using secondary data from a survey of CEOs, collected by BoardSource in 2016 using the non-probabilistic technique of convenience sampling.

Participants

The secondary data is comprised of responses from CEOs of nonprofit organizations in the BoardSource network. BoardSource offers nonprofits fee-based membership. The participants came from a wide cross-section of nonprofit organization representing different organization fields, service regions, categories, missions, budgets, and board compositions. BoardSource has been conducting online (nonprofit board and leadership related) surveys and reporting the findings since 1994. The 2016 survey was the ninth such survey that BoardSource conducted. BoardSource uses learnings from its surveys to support, train, and educate nonprofit leaders both nationally and internationally.

Sampling

BoardSource recruited its participants through convenience sampling. The participants belonged to nonprofit organizations affiliated with BoardSource as members. BoardSource is a membership organization that offers fee-based membership to nonprofits.

In 2016, BoardSource administered an online national survey (Leading with Intent survey) to 22,708 nonprofit leaders. BoardSource took care to ensure that samples represented all states. Out of 22,708 survey questionnaires that BoardSource sent, it received back 1,759 completed surveys. Each survey was a unique response, implying that 1,759 participants had completed the survey. Out of these 1,759 participants, 1,378 were nonprofit CEOs.

The present study excluded CEO responses from the foundations. Therefore, the total number of CEOs whose responses were used for data analysis was 1,267. Each response is a unique response and represents one nonprofit. This means, the total number of nonprofit organizations in the sample used in the present study was also 1,267. However, BoardSource did not frame any question in the survey questionnaire as mandatory. As a result, each question in the survey reflected its own sample size.

Data

BoardSource collected the data via an online survey in 2016. The online survey was in field between May 10, 2016 and July 5, 2016. The survey had 111 questions that covered four broad categories, namely, people, culture, work, and impact.

BoardSource ensured that participants understood that the online survey was voluntary and that all data collected in the process would be shared with third parties or secondary data users after redacting all identifiers. The respondent could proceed with the online survey only

after giving his consent. To express appreciation for participation in the survey, BoardSource offered all respondents a complimentary board leadership resource.

The next few sections discuss the variables of interest and their measures. In this study, there were two independent variables-board inclusive behavior and board inclusive practice. The dependent variable in this study was board effectiveness. The moderator variables in this study were critical mass of women board members and critical mass of racial and ethnic minority board members.

Independent Variables

Board Inclusive Behavior (BIB). Operationally, BIB refers to the degree to which diverse board members interact with each other and work in tandem to achieve a common organizational goal. In this study, BIB was measured by rated responses from the CEOs of the nonprofits in the BoardSource network. The responses were measured on a 6 point Likert scale ranging from strongly disagree, disagree, no opinion either way, agree, strongly agree, and don't know/inadequate opportunity to observe. A composite score was calculated by taking an average of the scores of the items retained out of this list for the final analysis. The following eight items were considered for measuring BIB.

1. The board encourages, supports, and listens to creative and innovative suggestions
2. Our board is a collaborative team that works well together toward a common goal
3. There is honest communication between board members
4. Success is celebrated on the board
5. Board members share accountability and take collective responsibility for failures and mistakes
6. Our board has social time specifically for its members

7. Our board has an annual retreat with getting-to-know-you and bonding exercises
8. Board members listen attentively and respectfully to each other

Board Inclusive Practices (BIP). The operational definition of BIP refers to all practices that have potential to improve the experience of inclusion by a minority board member (e.g. diversity statements and policies, designated committees for leading diversity and inclusion initiatives in the organization, diversity training of board members, and well-defined organizational mission and vision statements that incorporate inclusive values) (Buse & Bilimoria, 2013). The policies and procedures that these practices generate ensure creation of a work environment in which no board members are excluded, marginalized, or treated unfairly with such discriminations preventing the board member from accessing opportunities and resources (“BBI Briefs,” 2012). In the present study, board inclusive practices are measured on a dichotomous scale (0=no and 1=yes) based on responses from CEOs of the nonprofits. A composite score was calculated by taking an average of the scores of the items retained out of this list for the final analysis. The following seven items were used for measuring BIP in this study.

1. The board has made explicit and discussed the benefits of diversity and inclusivity of the board, as it pertains to your mission
2. The board has agreed that it is important to incorporate diversity and inclusion into the organization’s core values
3. The board has developed a detailed plan of action for the board to become more inclusive, including measures of progress

4. The board has encouraged resources be allocated to support recruitment of diverse board leaders and to inspire board service
5. The board has modified organizational policies and procedures to be more inclusive
6. The board has conducted diversity training for staff and board members
7. The board has evaluated and modified recruitment efforts specifically to reach potential members from diverse backgrounds

Dependent Variable

Board Effectiveness (BE). As informed by the nonprofit literature (e.g. Bradshaw, Murray, and Wolpin, 1992; Green and Griesinger, 1996; Jackson and Holland, 1998; Herman and Renz, 2000), BE operationally refers to the assessment of board performance in several performance indicators such as strategic thinking, financial, legal, ethical oversights, monitoring, evaluation of CEO performance, fundraising, community building and outreach, creation of a superior public image, understanding of organization's mission and vision, awareness and knowledge of organizational programs, and planning effectively for a sustainable future for the organization. This operational definition fits into the broad definition of BE as the quality of services that the board provides to its constituents and its success in performing pre-established objectives of the organization (LeRoux and Wright, 2010). The operational definition of BE in the present study conforms to Jackson and Holland's (1994) typology of nonprofit board competence that groups board performance into contextual, educational, interpersonal, analytical, political, and strategic type. In this study, BE was measured by rated responses to 15 items from the CEOs of the nonprofits in the BoardSource network. The CEOs were asked how strongly they agreed or disagreed about their boards'

effectiveness in performing different functions. The responses from the CEOs were measured on a 5-point Likert scale (Excellent=4, Above average=3, Average=2, Below average=1, Failing=0). A composite score was calculated by taking an average of the scores of the items retained out of this list for the final analysis. The following 15 items were considered for measuring BE in this study.

1. How effective is your board in thinking strategically as a board?
2. How effective is your board in understanding organization's missions?
3. How effective is your board in adopting and following a strategic plan?
4. How effective is your board in understanding the board's roles and responsibilities?
5. How effective is your board in demonstration of the level of commitment and involvement?
6. How effective is your board in the knowledge of your organization's programs?
7. How effective is your board in fundraising?
8. How effective is your board in providing guidance and support to the chief executive?
9. How effective is your board in evaluating the CEO?
10. How effective is your board's legal and ethical oversight?
11. How effective is your board's financial oversight?
12. How effective is your board in monitoring legislative and regulatory issues that have the potential to impact the organization?
13. How effective is your board in increasing the diversity of the board?
14. How effective is your board in community building and outreach?
15. How effective is your board in monitoring organizational performance and impact against strategic plan goals or objectives?

Moderating Variables

Critical Mass (CM). Following Kanter's (1977) conceptualization of this term as a desirable proportion of women directors on company boards, for this study, the operational definition of CM refers to the threshold that an organizational minority (in relation to characteristics including race, ethnicity, and gender) must achieve before its members could exert sufficient influence on critical decision-making. In this study, there are two moderator variables: critical mass of women board members (CMW) and critical mass of racioethnic minority board members (CMREM). CMW was measured as the ratio between number of women voting members on the board of the nonprofit and total number of board members with voting power. CMREM was measured as the ratio between number of racioethnic minority voting members on the board of the nonprofit and total number of board members with voting power. Both these moderator variables were calculated as continuous numbers and were computed using the responses of the CEOs to the following items:

1. Indicate how many board members are there with voting power
2. Indicate how many voting members on board are men and women
3. How many of the board's voting members are in the following Bureau of Census race groups?
 - American Indian/Alaska Native
 - Asian
 - Black/African American
 - White
 - Native Hawaiian/Pacific Islander
 - Some other race

- More than one race
- 4. How many of board's voting members are in the Bureau of Census ethnic group:
 - Hispanic of any race
 - Not Hispanic

Control Variables

Following Mor Barak, Cherin, and Berkman's (1998) empirical evidence on employee perception of inclusion experience and Tajfel's (1982) social identity theory, it was anticipated that the CEO's age, race, and gender identities might influence his or her perceptions of board inclusion and board effectiveness. Thus, these demographic characteristics were selected as control variables. Further, it was anticipated that the CEO's dual role as an executive and a board member or chair or president might influence his or her perception about board inclusion and effectiveness due to intergroup dynamics. This was why these dichotomous variables (CEO as board member and CEO as chair or president) were chosen as additional controls in this study. Moreover, it was anticipated that nonprofit service areas and organizational categories might influence the CEOs' perceptions about how BIB and BIP connect with BE. Hence, these variables were also selected as control variables.

The control variables for this study are age of CEO, race of CEO (American Indian or Alaska native; Asian; Black/African American; White; Native Hawaiian/Pacific Islander; Some other race; More than one Race), gender of CEO (male/ female/ other), CEO as the board member (yes, but a non-voting member/yes, as a voting/no, not a board member), CEO as the chair or president (yes/no), nonprofit service areas (local; regional within state; state-wide; regional multi-state; national; international), organizational categories (public charity/ school,

college, and university/ government agency/ association of professional society or trade associations/ any other), Age of the CEO was computed as a discrete variable. All other control variables were categorical variables that were transformed into dummy variables for statistical analysis. In testing the hypotheses on interaction effects of critical mass of women (CMW) and racioethnic minority (CMREM) board members (H3, H4, H5, H6), the moderator variables CMW and CMREM were taken as control variables in step 1.

Statistical Analysis

The statistical operations for data analysis were run on SPSS. Principal Component Analysis (PCA) was used as the method of extraction with varimax rotation to identify components of board inclusive behavior, board inclusive practices, and board effectiveness. Internal reliability was tested by Cronbach's alpha. Finally, the scales of the retained items were summed and their average taken to represent board inclusive behavior, board inclusive practices, and board effectiveness. To test the hypotheses, multivariate regression models were run. Some of the common terms used in PCA are briefly discussed below.

Principal component. According to Jolliffe (2002), the main aim of performing PCA on a data set with a large number of interrelated variables, is to reduce its dimensionality in such a manner that most of the variation in the data set is retained. This is done by transforming the interrelated variables to a set of uncorrelated variables. The uncorrelated variables or the Principal Components (PCs) are produced in an ordered manner, implying that the first few PCs retain most of the variation present in the original variables.

Variance and covariance. Variance measures how much the data is spread out. Covariance measures how much corresponding elements of two sets of ordered data move in the same direction.

Eigenvalues and eigenvectors. Every eigenvector has a corresponding eigenvalue. Eigenvector depicts a direction. Eigenvalue is a number that determines how much variance is there in the particular direction as denoted by the eigenvector.

Loading. The factor loadings, also called component loadings in PCA, are the correlation coefficients between the variables/ items (rows) and components (columns). Squared factor loading is the percent of variance in that variable explained by the factor.

Chapter Summary

This chapter described the data used in this study and discussed the variables of interest and their measures. The chapter concludes by briefly discussing the statistical analysis method and key statistical terms of Principal Component Analysis.

CHAPTER 4: RESULTS

Chapter Overview

This chapter first reviews the descriptive statistics before reporting the findings from Principal Component Analysis, Reliability Analysis, and Regression Analysis to explore relationships between Board Inclusive Behavior (BIB) and Board Effectiveness (BE), and Board Inclusive Practice (BIP) and BE. In addition, these results reflect the moderator effects of Critical Mass of women board members (CMW) and Critical Mass of racial and ethnic minority board members (CMREM) in the stated relationships.

Descriptive Statistics

To understand the extent of diversity in the organizations in the sample, Blau's index of diversity was calculated. The calculations are resorted in Table 4.1.

Table 4. 1

Blau's Diversity Index for Race and Gender

Diversity Type	Blau's Index
Racial diversity	0.2024
Gender diversity	0.4397

Blau's index of diversity is defined as $1 - \sum_{i=1}^k p_i^2$, where p_i refers to the proportion of individuals in the i -th category in a sample that has k categories. Blau's index values can vary between 1 and 0, with 0 implying that there is no diversity in the sample. In other words, the closer is the value of the diversity index to 1, the higher is the diversity in that category. On the other hand, when the value approaches 0, the diversity in that category is deemed less. Following this rationale, as the descriptive statistics reflect, in the sample, on average, board racial and ethnic diversity is low, gender diversity is moderate, and age diversity is high.

Table 4.2 reveals that 38% of the nonprofits in the sample had 51% or more women board members.

Table 4.2

Percentage of Women Voters

Percentage of Women Voting members	Number of Nonprofits	Percentage of Nonprofits
Less than 10	25	2
10 to 20	73	6
21 to 30	169	13
31 to 40	227	18
41 to 50	288	23
51 to 60	193	15
61 to 70	126	10
71 to 80	77	6
81 to 90	52	4
91 to 100	37	3
Total	1267	

Table 4.3 reveals that only 4% of the nonprofits in the sample had 51% or more racial and ethnic minority board members.

Table 4.3

Percentage of Racial and Ethnic Minority Voting Members

Percentage of minority voting members	Number of organizations (N=1267)	Percentage of organizations
Less than 10	721	57
10 to 20	297	23
21 to 30	118	9
31 to 40	58	5
41 to 50	22	2
51 to 60	10	1
61 to 70	6	0
71 to 80	9	1
81 to 90	8	1
91 to 100	18	1
Total	1267	

Together, Tables 4.1, 4.2, and 4.3 confirm that while the sample had moderately high gender diversity, it had very low racial and ethnic minority board members.

Analysis of the data reveals that the top three mission types in the sample were human services, education, and arts, culture, and humanities making up 37.3% of the sample. These results are reported in Table 4.4.

Table 4.4

Mission Types of Nonprofits

Mission Types	Frequency	Percent
Arts, culture, humanities	114	9.4
Education	135	11.1
Environment	34	2.8
Animal-related	25	2.1
Health care	86	7.1
Mental health and crisis intervention	37	3.1
Disease, disorder, medical disciplines	24	2
Medical research	3	0.2
Crime and legal-related	10	0.8
Employment	16	1.3
Food, agriculture, and nutrition	26	2.1
Housing and shelter	81	6.7
Public safety, disaster preparedness, relief	10	0.8
Recreation and sports	20	1.7
Youth development	104	8.6
Human services	204	16.8
International, foreign affairs, national security	13	1.1
Civil rights, social action, advocacy	24	2
Community improvement and capacity building	50	4.1
Philanthropy, voluntarism, grant	37	3.1
Science and technology	12	1
Social science	2	0.2
Public and societal benefit	21	1.7
Religion-related	16	1.3
Mutual and membership benefits	12	1
Unknown	1	0.1
Other	94	7.8
Total	1211	100

As far as service areas are concerned, the majority of the nonprofits in the sample were local organizations while almost a quarter of the nonprofits were regional within a state.

Together these two groups constitute 67.4% of the sample. Service area percentages are summarized in Table 4.5.

Table 4.5

Service Areas of Nonprofits

Service Areas	Frequency	Percent
Local	492	40.6
Regional within state	324	26.8
State-wide	134	11.1
Regional multi-state	76	6.3
National	100	8.3
International	85	7
Total	1211	100

In our sample, almost 70% of the nonprofits in the data were public charity organizations. Second largest single category of nonprofits were associations of professional societies or trade associations. Table 4.6 offers a summary of organizational categories by percentage of the sample.

Table 4.6

Organizational Categories

Category	Frequency	Percent
Association of professional society or trade association	122	9.6
Government agency	9	0.7
School, college, and university	19	1.5
Public charity	879	69.4
Any other	238	18.8
Total	1267	100

Table 4.7 shows that the majority of the nonprofits in our data were established between 1975 and 1999, while one-fifth of the nonprofits were founded in the last 16 years approximately (Table 4.7).

Table 4.7*Age of Nonprofits*

Founding Year	Frequency	Percent
Before 1900	60	5
Between 1900 and 1949	141	11.7
Between 1950 and 1974	274	22.7
Between 1975 and 1999	506	41.9
Between 2000 and 2016	228	18.9
Total	1209	100

Almost 45% of the nonprofits in the sample earned less than \$ 1 million as total revenue in the financial year 2015, followed by almost 40% of the nonprofits that earned between \$1 and \$4.9 million in this period. Table 4.8 captures this data.

Table 4.8*Total Revenue Earned by Nonprofits in FY 2015*

Total Revenue	Frequency	Percent
Less than \$1 million	530	43.8
\$1-\$4.9 million	469	38.8
\$5-\$9.9 million	95	7.9
\$10-\$19.9 million	66	5.5
\$20-\$49.9 million	29	2.4
\$50-\$99.9 million	9	0.7
\$100 million or above	12	1
Total	1210	100

Table 4.9 shows CEO demographics (gender, race, and ethnicity, CEO as board member, CEO as chair or president). In the sample, 28% of the CEOs were male and 71.8% were female. Almost 90% of the CEOs were white. The largest racioethnic minority group among the CEOs was black or African American formed of 4% of the CEO in the sample. As far as the CEO role duality is concerned (Table 4.9), close to half of the CEOs reported not being part of their boards, almost 40% of the CEOs declared themselves to be board members without any voting power. Only a miniscule 13% of the CEOs reported that they were board members with voting power. Almost 94% of the CEOs who answered the survey mentioned that they were not board president or chairs.

Table 4.9*CEO Demographics (N=1267)*

CEO Demographics	Frequency	Percent
CEO GENDER		
Male	355	28%
Female	910	71.8%
CEO RACE		
American Indian or Alaska Native	6	0.5%
Asian	18	1.4%
Black or African American	52	4.1%
White	1136	89.7%
Native Hawaiian Or Pacific Islander	5	0.4%
More Than One Race	21	1.7%
Prefer Not To Answer	9	0.7%
Any Other Race Not Mentioned Here	20	1.6%

CEO ETHNICITY

Hispanic Or Latino Of Any Race	31	2.5%
Not Hispanic Or Latino	1183	94.9%
Prefer Not To Answer	32	2.6%

CEO AS THE BOARD MEMBER

Yes, As Non-Voting Member	500	39.5%
Yes, As Voting Member	161	12.7%
No	606	47.8%

CEO AS THE BOARD CHAIR OR PRESIDENT

Yes	81	6.4%
No	1186	93.6%

Table 4.10 reveals that almost 72% of the CEOs who responded were women. Moreover, of the women CEOs who responded, 90% were white. Of the male CEOs who responded, 88.5% were white. Therefore, together Table 4.9 and Table 4.10 show that the majority of the responding CEOs were white females.

Table 4.10*Cross tabulation CEO Gender X CEO Race*

		CEO Race	American Indian or Alaska native	Asian	Black or African American	White	Native Hawaiian or Pacific Islander	More than one race	Prefer not to answer	Other	Tot
CEO Gender	M	Count	3	6	16	316	2	3	4	7	357
		% within CEO gender	0.80	1.70	4.50	88.5	0.60	0.80	1.10	2.00	100
		% within CEO race	50.0	33.3	30.8	27.8	40.0	14.3	44.4	35.0	28.2
		% of Total	0.20	0.50	1.30	24.9	0.20	0.20	0.30	0.60	28.2
CEO Gender	F	Count	3	12	36	820	3	18	5	13	910
		% within CEO gender	0.30	1.30	4.00	90.1	0.30	2.00	0.50	1.40	100
		% within CEO race	50.0	66.7	69.2	72.2	60.0	85.7	55.6	65.0	71.8
		% of Total	0.20	0.90	2.80	64.7	0.20	1.40	0.40	1.00	71.8
TOTAL		Count	6	18	52	1136	5	21	9	20	1267
		% within CEO gender	0.50	1.40	4.10	89.7	0.40	1.70	0.70	1.60	100
		% within CEO race	100	100	100	100	100	100	100	100	100
		% of Total	0.50	1.4	4.10	89.70	0.40	1.70	0.70	1.60	100

BIB Principal Component Analysis

Following Buse and Bilimoria (2013), operationally BIB refers to the extent of inclusion in inter-personal relationships between diverse board members that result in their working in a synchronized manner towards a common organizational goal. Principal Component Analysis

(PCA) with varimax rotation as the extraction method was conducted on eight items representing board inclusive behavior. To test if the data was feasible for factorability, two tests- Bartlett Test of Sphericity (BTS) and Kaiser-Meyer-Olim (KMO)-were conducted. BTS tests the null hypothesis that the correlation matrix is an identity matrix (all diagonal terms =1 and all non-diagonal terms=0). KMO is a measure of sampling adequacy and compares the sum of the squared correlation coefficients with the sum of the squared partial correlation coefficients. In this case, KMO for BIB items was .784 (implying a good fit) and BTS was significant (at approximate Chi-square=2662.854, df=28). After favorable results of both these measures, as the next step, (as a method to reduce the dimensions), PCA with varimax rotation and Kaiser normalization was run on SPSS to identify the items. As criteria for item retention, those items with loading of .6 or above on one component and no loading on any other component(s) were retained for further analysis. Following these criteria, two components were extracted. Together these two components could explain 55.7% of total variance. There were five items under the first component and two items under the second component. One item that did not satisfy item retention criteria was suppressed. As the next step, average scores of items loaded on each component was computed and PCA was re-run over these two constructs. In the second round of PCA, only one component was extracted explaining 62.8% of total variance. This completed PCA. Tables 4.11, 4.12, and 4.13 show Total Variance Explained in PCA step 1, item loadings for all items in PCA step 1, and item loadings for retained items.

Table 4. 11*BIB Total Variance Explained (PCA step 1)*

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Tot	% of Variance	Cumulative %	Tot	% of Variance	Cumulative %
1	3.251	40.635	40.635	2.963	37.036	37.036
2	1.204	15.047	55.682	1.492	18.645	55.682
3	0.895	11.186	66.868			
4	0.804	10.053	76.921			
5	0.658	8.23	85.151			
6	0.513	6.414	91.565			
7	0.402	5.019	96.584			
8	0.273	3.416	100			

Table 4.12*BIB Item Loadings (PCA step 1)*

Board Inclusive Behavior Items	Component	
	1	2
The board encourages, supports, and listens to creative and innovative suggestions	0.784	
Our board is a collaborative team that works well together toward a common goal	0.798	
There is honest communication between board members	0.665	
Our board has an annual retreat with getting-to-know-you and bonding exercises		0.705
Board members listen attentively and respectfully to each other	0.805	

Our board has social time specifically for its members	0.811
Board members share accountability and take collective responsibility for failures and mistakes	0.474
Success is celebrated on the board	0.738

Table 4.13

BIB Retained Item Loadings, Eigen Values, Total Variance Explained

Board Inclusive Behavior Component	Ite	Ei	% of
Component 1			
The board encourages, supports, and listens to creative and innovative suggestions	0.784		
Our board is a collaborative team that works well together toward a common goal	0.798		
There is honest communication between board members	0.665		
Board members listen attentively and respectfully to each other	0.805		
Success is celebrated on the board	0.738		
		3.251	37.036
Component 2			
Our board has an annual retreat with getting-to-know-you and bonding exercises	0.705		
Our board has social time specifically for its members	0.811		
		1.204	18.645

BIB Reliability Analysis

In the next step, reliability analysis was conducted to understand which items should be retained for final analysis. This was achieved by running Cronbach's alpha. Cronbach's alpha is a measure of internal consistency (reliability), its value ranging from 0 to 1 (the closer is the

value to 1, the more is the internal consistency of the items). In statistics, internal consistency measures whether several items that propose to measure the same construct, produce similar scores. Since Cronbach's alpha for BIB items was found to be .77, it suggested high internal consistency or reliability. The last column of Table 4.14 shows the value of Cronbach's alpha if a certain item is removed. The last item "Our board has an annual retreat with getting-to-know you and bonding exercises" if removed increased the internal consistency to more than .77 (alpha). However, the increase was marginal (.78) and hence the stated item was retained. Finally, an average score of these seven items was calculated. This composite score represented BIB score in this study. Table 4.15 captures BIB item statistics.

Table 4.14*BIB Item-Total Statistics*

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Board members listen attentively and respectfully to each other	30.65	955.919	0.641	0.57	0.697
The board encourages, supports, and listens to creative and innovative suggestions.	30.6	945.369	0.625	0.528	0.7
Our board is a collaborative team that works well together toward a common goal	31.52	1047.409	0.584	0.479	0.716
There is honest communication between board members	31.24	1065.715	0.465	0.323	0.736

Success is celebrated on the board	30.95	967.342	0.609	0.418	0.705
Our board has social time specifically for its members	32.07	1161.356	0.249	0.14	0.777
Our board has an annual retreat with getting-to-know-you and bonding exercises	31.64	1080.628	0.274	0.131	0.785

Table 4.15

BIB Item Statistics (N=1183)

Board Inclusive Behavior Items	Mean	SD
Board members listen attentively and respectfully to each other	5.8	8.247
The board encourages, supports, and listens to creative and innovative suggestions	5.84	8.625
Our board is a collaborative team that works well together toward a common goal	4.92	6.803
There is honest communication between board members	5.2	7.529
Success is celebrated on the board	5.5	8.31
Our board has social time specifically for its members	4.38	7.692
Our board has an annual retreat with getting-to-know-you and bonding exercise	4.8	9.738

As the last step in this process, item scores of the retained items were summed over and the mean was taken. This value represented BIB score for our analysis (variable name BIB_score).

BIP Principal Component Analysis

According to Buse and Bilimoria (2013), BIP can be best defined as all practices that have potential to improve the experience of inclusion by a minority board member (e.g. diversity statements and policies, designated committees for leading diversity and inclusion initiatives in the organization, diversity training of board members, and well-defined organizational mission and vision statements that incorporate inclusive values). It is expected that BIP will result in those policies and procedures, which when implemented as intended, help to generate a work environment in which no board members are excluded, marginalized, treated unfairly, or prevented from accessing any resources, responsibilities, opportunities, and/or benefits of employment (definition adapted from “BBI Briefs,” 2012). PCA as extraction method with varimax rotation (Kaiser normalization) was conducted on seven items representing board inclusive practices. The factorability of the data was tested by two measures- KMO sample adequacy test and BTS. KMO value was observed to be .769 (thus passing the sample adequacy test) and BTS value was significant (at approximate chi-square=1051.773, df =21). PCA extracted one component. This completed the PCA. Table 4.16 shows total variance explained by items representing board inclusive practices.

Table 4.16

BIP Total Variance Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	2.407	34.391	34.391
2	0.962	13.738	48.129
3	0.942	13.463	61.593

4	0.742	10.597	72.19
5	0.723	10.332	82.522
6	0.664	9.492	92.014
7	0.559	7.986	100

BIP Reliability Analysis

In the next step, internal consistency was checked for these items using Cronbach's alpha. The analysis reflected moderate consistency ($\alpha=.68$). The last column of Table 4.17 shows, for each item, Cronbach's alpha if that item is deleted. Results of this column confirmed that all items on this table could be retained. Table 4.18 shows BIP item statistics.

Table 4.17

BIP Item-Total Statistics

Board Inclusive Practices Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
The board has modified organizational policies and procedures to be more inclusive	2.07	2.403	0.376	0.166	0.645
The board has agreed that it is important to incorporate diversity and inclusion into the	1.68	2.251	0.416	0.216	0.634
The board has conducted diversity training for staff and board members	2.13	2.503	0.354	0.153	0.651
The board has developed a detailed plan of action for the board to become more inclusive,	2.17	2.479	0.43	0.19	0.635

The board has encouraged resources be allocated to support recruitment of diverse board	2.17	2.613	0.312	0.114	0.661
The board has evaluated and modified recruitment efforts specifically to reach potential	1.92	2.293	0.374	0.158	0.648
The board has made explicit and discussed the benefits of diversity and inclusivity of the board, as it pertains to your mission	1.74	2.176	0.456	0.251	0.621

Table 4.18*BIP Item Statistics (N=1267)*

Board Inclusive Practices Items	Mean	SD
The board has modified organizational policies and procedures to be more inclusive	0.24	0.428
The board has agreed that it is important to incorporate diversity and inclusion into the organization's core values	0.63	0.482
The board has conducted diversity training for staff and board members	0.18	0.386
The board has developed a detailed plan of action for the board to become more inclusive, including measures of progress	0.15	0.355
The board has encouraged resources be allocated to support recruitment of diverse board leaders and to inspire board service	0.14	0.348
The board has evaluated and modified recruitment efforts specifically to reach potential members from diverse backgrounds	0.39	0.488

The board has made explicit and discussed the benefits of diversity and inclusivity of the board, as it pertains to your mission	0.58	0.494
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As the last step, mean of these seven item scores was calculated to get BIP score (variable name is BIP_score).

BE Principal Component Analysis

According to nonprofit scholars, the nonprofit literature (e.g. Bradshaw, Murray, & Wolpin, 1992; Green & Griesinger, 1996; Jackson & Holland, 1998; Herman & Renz, 2000), BE, operationally, could be best described as the assessment of board performance in several performance indicators such as strategic thinking, financial, legal, ethical oversights, monitoring, evaluation of CEO performance, fundraising, community-building and outreach, creation of a superior public image, understanding of organization's mission and vision, awareness and knowledge of organizational programs, and planning effectively for a sustainable future for the organization. To decide which BE items should be included in the model, Principal Component Analysis (PCA) was deemed to be the method. However, first the data needed to be tested for factorability. Two measures-KMO and BTS were performed for this purpose. The result for KMO was .934 (indicating it is an excellent fit). The result for BTS showed that it was significant (at approximate Chi-square=9457.973 at df =105). These tests confirmed that PCA was a feasible option for dimension reduction. As the next step, the extraction method PCA, varimax rotation with Kaiser normalization, was conducted on 15 board effectiveness items. An item was retained if the item loading on its intended component was at .60 or higher with no loading on any other components. PCA step 1 extracted 3

components that cumulatively explained 62.349 % of total variance in the model (Table 4.19). Given the item retention criteria, the following 6 items out of 15 were not included (Table 4.20): (1) effectiveness of the board in thinking strategically as a board; (2) effectiveness of the board in understanding board's roles and responsibilities; (3) effectiveness of the board in providing guidance and support to the CEO; (4) effectiveness of the board in monitoring legislative and regulatory issues that have potential to impact the organization; (5) effectiveness of the board in monitoring legislative and regulatory issues that have potential to impact the organization; and (6) effectiveness of the board in monitoring organizational performance and impact of the strategic plan goals and objectives. Table 4.21 shows the retained items with loadings, percentage of variance explained by these items, and their respective eigenvalues. Next, mean scores of all items loading on to each component were calculated. These new variables were named board effectiveness construct mean 1 (4 items), board effectiveness construct mean 2 (3 items), and board effectiveness construct mean 3 (2 items). PCA was re-run on these three constructs. The output reflected that all variables loaded on to a single component. This completed the PCA.

Table 4.19

BE Total Variance Explained (PCA step 1)

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.336	48.907	48.907	3.749	24.996	24.996
2	1.011	6.737	55.644	3.084	20.563	45.559

3	1.006	6.705	62.349	2.519	16.790	62.349
4	.853	5.688	68.038			
5	.689	4.595	72.632			
6	.606	4.042	76.675			
7	.572	3.811	80.486			
8	.508	3.385	83.871			
9	.457	3.046	86.917			
10	.435	2.902	89.819			
11	.376	2.508	92.327			
12	.346	2.308	94.634			
13	.314	2.092	96.726			
14	.248	1.655	98.381			
15	.243	1.619	100.000			

Table 4.20*BE Items Item Loadings (PCA step 1)*

Board Effectiveness Items	Component		
	1	2	3
Effectiveness of the board in understanding organization's missions		.732	
Effectiveness of the board in thinking strategically as a board	.553	.490	
Effectiveness of the board in adopting and following a strategic plan	.619		
Effectiveness of the board in understanding board's roles and responsibilities	.550	.517	
Effectiveness of the board in demonstrating levels of commitment and involvement		.694	
Effectiveness of the board in its knowledge of organizational program		.740	
Effectiveness of the board in fundraising		.482	.530
Effectiveness of the board in providing guidance and support to the CEO	.478	.499	

Effectiveness of the board in evaluating the CEO	.712		
Effectiveness of the board in legal and ethical oversight	.751		
Effectiveness of the board in financial oversight	.761		
Effectiveness of the board in monitoring legislative and regulatory issues that have potential to impact the organization	.476		.558
Effectiveness of the board in increasing diversity of the board			.788
Effectiveness of the board in community-building and outreach			.715
Effectiveness of the board in monitoring organizational performance and impact of the strategic plan goals and objectives	.589		.403

Table 4.21

BE Retained Item Loadings, Eigen Values, Total Variance (PCA step 1)

Board Effectiveness Components	Item Loadings	Eigenvalues	% of Variance Explained
Component 1			
• Effectiveness of the board in adopting and following a strategic plan	.619		
• Effectiveness of the board in evaluating the CEO	.712	7.3361	
• Effectiveness of the board in legal and ethical oversight	.751		
• Effectiveness of the board in financial oversight	.761		
			24.996

Component 2

• Effectiveness of the board in understanding organization's missions	.732		
		1.011	20.563
• Effectiveness of the board in demonstrating levels of commitment and involvement	.694		
	.740		
• Effectiveness of the board in its knowledge of organizational program			

Component 3

• Effectiveness of the board in increasing diversity of the board	.788		
	.715	1.006	16.790
• Effectiveness of the board in community-building and outreach			

BE Reliability Analysis

To check the internal consistency or reliability of the data, reliability statistics was run. Cronbach's alpha was found to be .862 confirming high reliability. The last column of Table 4.22 confirmed that internal consistency could not be improved by excluding any of the BE items. Table 4.23 shows BE item statistics.

Table 4.22*BE Item-Total Statistics*

Board Effectiveness Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Effectiveness of the board in its knowledge of organizational program	21.1918	30.606	0.576	0.42	0.845
Effectiveness of the board in community-building and outreach	21.7562	29.207	0.591	0.425	0.842
Effectiveness of the board in evaluating the CEO	21.5004	27.796	0.577	0.376	0.846
Effectiveness of the board in financial oversight	20.7802	29.864	0.603	0.529	0.842
Effectiveness of the board in legal and ethical oversight	21.02	28.724	0.683	0.592	0.834
Effectiveness of the board in increasing diversity of the board	22.1663	29.908	0.513	0.348	0.85
Effectiveness of the board in understanding organization's missions	20.538	31.449	0.528	0.347	0.849
Effectiveness of the board in demonstrating levels of commitment and involvement	21.1743	29.342	0.626	0.434	0.839

Effectiveness of the board in adopting and following a strategic plan	21.2782	28.502	0.597	0.372	0.842
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Table 4.23*BE Item Statistics (N=1251)*

Board Effectiveness Items	Mean	SD
Effectiveness of the board in its knowledge of organizational program	2.733 8	0.8411 2
Effectiveness of the board in community-building and outreach	2.169 5	1.0087 9
Effectiveness of the board in evaluating the CEO	2.425 3	1.2164 7
Effectiveness of the board in financial oversight	3.145 5	0.9075 3
Effectiveness of the board in legal and ethical oversight	2.905 7	0.9595 3
Effectiveness of the board in increasing diversity of the board	1.759 4	1.0200 3
Effectiveness of the board in understanding organization's missions	3.387 7	0.7792 2
Effectiveness of the board in demonstrating levels of commitment and involvement	2.751 4	0.9481 3
Effectiveness of the board in adopting and following a strategic plan	2.647 5	1.0945 5

As the very last step, sum of scales of board effectiveness items under these three constructs was computed and their mean values were calculated. The mean value signified board effectiveness score for each survey respondent (variable name is boardeffectivenessscore).

Creating Dummy Variables

All categorical variables were transformed into dummy variables (for k-1 categories where k= total number of categories) for regression analysis.

Regression Analysis (Testing Hypotheses 1 and 2)

Influence of Board Inclusive Behavior (BIB) on Board Effectiveness (BE). Linear regression analysis was used to investigate the influence of BIB (IV) on BE (DV). A statistically insignificant relationship was found at $F(22, 1076) = .896, p > .05$, with an $R^2 = .018$. Tables 4.24, 4.25, 4.26, and 4.27 show descriptive statistics, model summary, ANOVA, and coefficients.

Table 4.24

Descriptive Statistics (n=1099)

	Mean	Std. Deviation
boardeffectivenessscore	2.6678	.67051
dummy public charity org category	.6988	.45898
dummy educational org category	.0136	.11608
dummy gov agency org category	.0082	.09016
dummy professional or trade association org category	.0946	.29284
dummy_CEO_race_american_indian_alaska	.0027	.05220
dummy_CEO_race_asian	.0136	.11608
dummy_CEO_race_black	.0355	.18509
dummy_CEO_race_white	.9054	.29284
dummy_CEO_race_nhpi	.0045	.06733
dummy_CEO_race_multi_race	.0164	.12698
dummy_CEO_race_other_race	.0164	.12698
dummy_npo_serv_local	.4095	.49196
dummy_npo_serv_regstate	.2712	.44476
dummy_npo_serv_state	.1128	.31653

dummy_npo_serv_multi_state	.0610	.23937
dummy_npo_serv_national	.0783	.26869
CEO is the non-voting board member	.4022	.49056
CEO is the voting board member	.1237	.32944
CEO as president	.0610	.23937
CEO gender is male	.2830	.45065
CEO gender is female	.7170	.45065
CEO age	53.78	9.940
centered_BIB_score	-.0064	5.16602

Table 4.25*Model Summary*

R	R Square	Adjusted R Square	Std. Error of the Estimate
.134	0.018	-0.002	0.67121

Table 4.26*ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.877	22	0.403	0.896	.601
Residual	484.764	1076	0.451		
Total	493.641	1098			

Table 4.27*Coefficient Table*

(Constant)	2.963	(.308)**
dummy public charity org category	.008	(.054)
dummy educational org category	.077	(.181)
dummy gov agency org category	-.089	(.230)
dummy professional or trade association org category	.139	(.085)
dummy_CEO_race_american_indian_alaska	-.491	(.477)
dummy_CEO_race_asian	-.013	(.327)
dummy_CEO_race_black	-.086	(.297)

dummy_CEO_race_white	-.175	(.277)
dummy_CEO_race_nhpi	-.578	(.410)
dummy_CEO_race_multi_race	-.230	(.319)
dummy_CEO_race_other_race	-.158	(.319)
dummy_npo_serv_local	-.036	(.088)
dummy_npo_serv_regstate	-.065	(.091)
dummy_npo_serv_state	-.161	(.101)
dummy_npo_serv_multi_state	-.125	(.114)
dummy_npo_serv_national	-.122	(.108)
CEO is the non-voting board member	-.065	(.044)
CEO is the voting board member	-.083	(.073)
CEO as president	-.074	(.094)
CEO gender is female	.060	(.046)
CEO age	-.001	(.002)
centered_BIB_score	.004	(.004)

**p<.05

Figures in parentheses represent Standard Error

Influence of Board Inclusive Policy and Procedure (BIP) on Board Effectiveness

(BE). Linear regression analysis was used to investigate the influence of BIP (IV) on BE (DV).

A statistically insignificant relationship was found at $F(22, 1144) = .693, p > .05$, with an $R^2 = .013$. Tables 4.28, 4.29, and 4.30, 4.31 show descriptive statistics, model summary, ANOVA, and coefficients.

Table 4.28

Descriptive Statistics (n=1167)

	Mean	Std. Deviation
boardeffectivenessscore	2.6618	.67389
dummy public charity org category	.6975	.45953
dummy educational org category	.0129	.11269
dummy gov agency org category	.0077	.08752
dummy professional or trade association org category	.0968	.29585
dummy_CEO_race_american_indian_alaska	.0043	.06534
dummy_CEO_race_asian	.0129	.11269
dummy_CEO_race_black	.0394	.19467

dummy_CEO_race_white	.9015	.29818
dummy_CEO_race_nhpi	.0043	.06534
dummy_CEO_race_multi_race	.0163	.12661
dummy_CEO_race_other_race	.0154	.12329
dummy_npo_serv_local	.3916	.48832
dummy_npo_serv_regstate	.2588	.43815
dummy_npo_serv_state	.1088	.31155
dummy_npo_serv_multi_state	.0583	.23435
dummy_npo_serv_national	.0754	.26416
CEO is the non-voting board member	.3993	.48997
CEO is the voting board member	.1285	.33483
CEO as president	.0651	.24685
CEO gender is male	.2819	.45013
CEO gender is female	.7181	.45013
CEO age	53.66	10.180
centered_BIP_score	-.0017	.25047
centered_criticalmass_women	.0030	.20375

Table 4.29*Model Summary*

R	R Square	Adjusted R Square	Std. Error of the Estimate
.115	0.013	-0.006	0.67585

Table 4.30*ANOVA*

	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.966	22	0.317	0.693	.850
Residual	522.550	1144	0.457		
Total	529.516	1166			

Table 4.31*Coefficient Table*

(Constant)	2.834	(.288)**
dummy public charity org category	.039	(.053)
dummy educational org category	.117	(.182)
dummy gov agency org category	-.072	(.231)
dummy professional or trade association org category	.141	(.082)
dummy_CEO_race_american_indian_alaska	-.190	(.399)
dummy_CEO_race_asian	.088	(.312)
dummy_CEO_race_black	-.066	(.276)
dummy_CEO_race_white	-.090	(.258)
dummy_CEO_race_nhpi	-.506	(.399)
dummy_CEO_race_multi_race	-.098	(.301)
dummy_CEO_race_other_race	-.050	(.303)
dummy_npo_serv_local	.019	(.070)
dummy_npo_serv_regstate	-.007	(.074)
dummy_npo_serv_state	-.087	(.086)
dummy_npo_serv_multi_state	-.056	(.103)
dummy_npo_serv_national	-.056	(.095)
CEO is the non-voting board member	-.071	(.043)
CEO is the voting board member	-.087	(.070)
CEO as president	-.047	(.090)
CEO gender is female	.034	(.045)
CEO age	-.002	(.002)
centered_BIPP_score	-.044	(.080)

**p<.05

Figures in parentheses represent Standard Error

Hierarchical Regression Analysis (Testing Hypotheses 3-6)

Critical mass of women board members (CMW) X Board Inclusive Behavior

(BIB). To test the moderator effects of critical mass of women board members in the relation between BIB (IV) and BE (DV), hierarchical regression analysis was run in the two steps. First, the independent variable, moderator variable, and control variables were entered. Next, the interaction term was entered. Results showed that both models were statistically insignificant. The first one (independent variable, control variables, and moderator variable) was found to be statistically insignificant with $F(55, 1043) = .815, p > .05, R^2 = .018$. Results of the second model (independent variable, control variables, moderator variable, and interaction term) showed that moderator effect was statistically insignificant at $F(24, 1074) = .832, p > .05, R^2 = .018$. Tables 4.32, 4.33, 4.34, and 4.35 show descriptive statistics, model summary, ANOVA, and coefficients.

Table 4.32

Descriptive Statistics (n=1099)

	Mean	Std. Deviation
boardeffectivenessscore	2.6678	.67051
centered_BIB_score	-.0064	5.16602
dummy public charity org category	.6988	.45898
dummy educational org category	.0136	.11608
dummy gov agency org category	.0082	.09016
dummy professional or trade association org category	.0946	.29284
dummy_CEO_race_american_indian_alaska	.0027	.05220
dummy_CEO_race_asian	.0136	.11608
dummy_CEO_race_black	.0355	.18509
dummy_CEO_race_white	.9054	.29284
dummy_CEO_race_nhpi	.0045	.06733
dummy_CEO_race_multi_race	.0164	.12698

dummy_CEO_race_other_race	.0164	.12698
dummy_npo_serv_local	.4095	.49196
dummy_npo_serv_regstate	.2712	.44476
dummy_npo_serv_state	.1128	.31653
dummy_npo_serv_multi_state	.0610	.23937
dummy_npo_serv_national	.0783	.26869
CEO is the non-voting board member	.4022	.49056
CEO is the voting board member	.1237	.32944
CEO as president	.0610	.23937
CEO gender is male	.2830	.45065
CEO gender is female	.7170	.45065
CEO age	53.78	9.940
centered_criticalmass_women	-.0010	.19984
prod_centered_BIB_cmw	-.0057	1.04439

Table 4.33*Model Summary*

	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.135	0.018	-0.003	0.67144
2 (interaction)	.135	0.018	-0.004	0.67174

Table 4.34*ANOVA*

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.995	55	0.37	0.815	.830
	Residual	484.646	1043	0.454		
	Total	493.641	1098			
2 (interaction)	Regression	9.015	24	0.376	0.832	.697
	Residual	484.626	1074	0.451		
	Total	493.641	1098			

Table 4.35*Coefficient Table*

Model	1		2	
(Constant)	2.961	(.309)**	2.961	(.309)**
centered_BIB_score	.004	(.004)	.004	(.004)
dummy public charity org category	.007	(.054)	.007	(.054)
dummy educational org category	.074	(.182)	.072	(.182)
dummy gov agency org category	-.084	(.231)	-.084	(.231)
dummy professional or trade association org category	.138	(.085)	.138	(.085)
dummy_CEO_race_american_indian_alaska	-.493	(.477)	-.492	(.478)
dummy_CEO_race_asian	-.008	(.327)	-.007	(.327)
dummy_CEO_race_black	-.086	(.297)	-.083	(.297)
dummy_CEO_race_white	-.173	(.277)	-.172	(.277)
dummy_CEO_race_nhpi	-.576	(.410)	-.575	(.410)
dummy_CEO_race_multi_race	-.231	(.319)	-.231	(.319)
dummy_CEO_race_other_race	-.157	.319	-.155	(.319)
dummy_npo_serv_local	-.037	.088	-.037	(.088)
dummy_npo_serv_regstate	-.067	.091	-.066	(.091)
dummy_npo_serv_state	-.160	.101	-.160	(.101)
dummy_npo_serv_multi_state	-.129	.115	-.128	(.115)
dummy_npo_serv_national	-.122	.108	-.122	(.108)
CEO is the non-voting board member	-.064	.044	-.064	(.044)
CEO is the voting board member	-.081	.073	-.081	(.073)
CEO as president	-.073	.094	-.072	(.094)
CEO gender is female	.066	.047	.065	(.047)
CEO age	-.001	.002	-.001	(.002)
centered_criticalmass_women	-.054	.105	-.054	(.105)
prod_centered_BIB_cmw			.004	(.020)

**p<.05

Figures in parentheses represent Standard Error

Critical mass of women board members (CMW) X Board Inclusive Practices (BIP).

To test the moderator effects of critical mass of women board members in the relationship between BIP (IV) and BE (DV), hierarchical regression analysis was run. In the first step, the independent variable, moderator variable, and the control variables were entered. In the next step, the interaction term was entered. Results revealed that both models were statistically insignificant. The first model (independent variable, control variables, and moderator variable) was found to be statistically insignificant at $F(55, 1111) = .666, p > .05, R^2 = .013$. For the second model (independent variable, control variables, moderator variable, and interaction term), results showed statistically insignificant moderator effect at $F(24, 1142) = .761, p > .05, R^2 = .016$. Tables 4.36, 4.37, 4.38, and 4.39 show descriptive statistics, model summary, ANOVA, and coefficients.

Table 4.36

Descriptive Statistics (n=1167)

	Mean	Std. Deviation
boardeffectivenessscore	2.6618	.67389
dummy public charity org category	.6975	.45953
dummy educational org category	.0129	.11269
dummy gov agency org category	.0077	.08752
dummy professional or trade association org category	.0968	.29585
dummy_CEO_race_american_indian_alaska	.0043	.06534
dummy_CEO_race_asian	.0129	.11269
dummy_CEO_race_black	.0394	.19467
dummy_CEO_race_white	.9015	.29818
dummy_CEO_race_nhpi	.0043	.06534
dummy_CEO_race_multi_race	.0163	.12661
dummy_CEO_race_other_race	.0154	.12329

dummy_npo_serv_local	.3916	.48832
dummy_npo_serv_regstate	.2588	.43815
dummy_npo_serv_state	.1088	.31155
dummy_npo_serv_multi_state	.0583	.23435
dummy_npo_serv_national	.0754	.26416
CEO is the non-voting board member	.3993	.48997
CEO is the voting board member	.1285	.33483
CEO as president	.0651	.24685
CEO gender is male	.2819	.45013
CEO gender is female	.7181	.45013
CEO age	53.66	10.180
centered_BIP_score	-.0017	.25047
centered_criticalmass_women	.0030	.20375
prod_centered_BIP_cmw	.0058	.05202

Table 4.37*Model Summary*

	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.116	0.013	-0.006	0.67607
2 (interaction)	.125	0.016	-0.005	0.67555

Table 4.38*ANOVA*

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.083	55	0.307	0.666	.971
	Residual	522.433	1111	0.461		
	Total	529.516	1166			
2 (interaction)	Regression	8.336	24	0.347	0.761	.788
	Residual	521.180	1142	0.456		
	Total	529.516	1166			

Table 4.39*Coefficient Table*

Model	1		2	
(Constant)	2.835	(.289)**	2.839	(.288)**
dummy public charity org category	.038	(.053)	.034	(.053)
dummy educational org category	.114	(.182)	.107	(.182)
dummy gov agency org category	-.068	(.232)	-.075	(.232)
dummy professional or trade association org category	.140	(.082)	.129	(.083)
dummy_CEO_race_american_indian_alaska	-.191	(.399)	-.184	(.399)
dummy_CEO_race_asian	.092	(.312)	.083	(.312)
dummy_CEO_race_black	-.066	(.276)	-.059	(.276)
dummy_CEO_race_white	-.088	(.258)	-.088	(.258)
dummy_CEO_race_nhpi	-.504	(.399)	-.520	(.399)
dummy_CEO_race_multi_race	-.098	(.301)	-.099	(.300)
dummy_CEO_race_other_race	-.049	(.303)	-.053	(.303)
dummy_npo_serv_local	.017	(.071)	.019	(.071)
dummy_npo_serv_regstate	-.010	(.074)	-.005	(.074)
dummy_npo_serv_state	-.087	(.086)	-.088	(.086)
dummy_npo_serv_multi_state	-.060	(.103)	-.057	(.103)
dummy_npo_serv_national	-.058	(.096)	-.057	(.095)
CEO is the non-voting board member	-.071	(.043)	-.071	(.043)
CEO is the voting board member	-.087	(.070)	-.089	(.070)
CEO as president	-.045	(.090)	-.052	(.090)
CEO gender is female	.039	(.046)	.036	(.046)
CEO age	-.002	(.002)	-.002	(.002)
centered_BIPP_score	-.039	(.081)	-.050	(.081)
centered_criticalmass_women	-.051	(.102)	-.041	(.102)
prod_centered_BIPP_cmw			.640	(.386)

**p<.05

Figures in parentheses represent Standard Error

Critical mass of racial and ethnic minority board members (CMREM) X Board

inclusive behavior (BIB). Hierarchical regression analysis was conducted to test the interaction effect on the relation between BIBB (IV) and BE (DV). To achieve this, at first the independent variable (BIB), moderator variable, and control variables were entered. This was followed by entering the interaction term. Results showed that the first model (independent variable, control variables, and moderator variable) was statistically insignificant at $F(23, 1071) = .925, p > .05, R^2 = .019$. For the second model (independent variable, control variables, moderator variable, and interaction term), statistically insignificant moderator effect was detected at $F(24, 1070) = .889, p > .05, R^2 = .020$. Tables 4.40, 4.41, 4.42, and 4.43 show descriptive statistics, model summary, ANOVA, and coefficients.

Table 4.40

Descriptive Statistics (n=1095)

	Mean	Std. Deviation
boardeffectivenessscore	2.6690	.67131
centered_BIB_score	-.0004	5.17440
dummy public charity org category	.6995	.45867
dummy educational org category	.0137	.11629
dummy gov agency org category	.0082	.09033
dummy professional or trade association org category	.0950	.29332
dummy_CEO_race_american_indian_alaska	.0018	.04272
dummy_CEO_race_asian	.0137	.11629
dummy_CEO_race_black	.0356	.18542
dummy_CEO_race_white	.9059	.29205
dummy_CEO_race_nhpi	.0046	.06745
dummy_CEO_race_multi_race	.0164	.12721
dummy_CEO_race_other_race	.0164	.12721
dummy_npo_serv_local	.4100	.49207
dummy_npo_serv_regstate	.2712	.44480
dummy_npo_serv_state	.1132	.31703

dummy_npo_serv_multi_state	.0612	.23978
dummy_npo_serv_national	.0776	.26770
CEO is the non-voting board member	.4027	.49067
CEO is the voting board member	.1242	.32996
CEO as president	.0612	.23978
CEO gender is male	.2822	.45027
CEO gender is female	.7178	.45027
CEO age	53.80	9.929
centered_criticalmass_minority_voting_members	.0190	1.38764
prod_centered_BIB_cmrminority	-.0858	5.74742

Table 4.41*Model Summary*

	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.140	0.019	-0.002	0.67184
2 (interaction)	0.140	0.020	-0.002	0.67213

Table 4.42*ANOVA*

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.602	23	0.417	0.925	.565
	Residual	483.417	1071	0.451		
	Total	493.019	1094			
2 (interaction)	Regression	9.636	24	0.401	0.889	.619
	Residual	483.383	1070	0.452		
	Total	493.019	1094			

Table 4.43*Coefficient Table*

Model	1		2	
(Constant)	2.957	(.310)**	2.958	(.310)**
centered_BIB_score	.004	(.004)	.004	(.004)

dummy public charity org category	.003	(.054)	.003	(.054)
dummy educational org category	.077	(.182)	.078	(.182)
dummy gov agency org category	-.099	(.231)	-.099	(.231)
dummy professional or trade association org category	.141	(.086)	.140	(.086)
dummy_CEO_race_american_indian_alaska	-.592	(.551)	-.592	(.551)
dummy_CEO_race_asian	.005	(.328)	.005	(.328)
dummy_CEO_race_black	-.066	(.297)	-.067	(.297)
dummy_CEO_race_white	-.162	(.277)	-.162	(.277)
dummy_CEO_race_nhpi	-.561	(.411)	-.562	(.411)
dummy_CEO_race_multi_race	-.217	(.319)	-.217	(.320)
dummy_CEO_race_other_race	-.145	(.319)	-.143	(.320)
dummy_npo_serv_local	-.042	(.088)	-.041	(.089)
dummy_npo_serv_regstate	-.072	(.091)	-.072	(.091)
dummy_npo_serv_state	-.164	(.102)	-.164	(.102)
dummy_npo_serv_multi_state	-.136	(.115)	-.136	(.115)
dummy_npo_serv_national	-.134	(.109)	-.134	(.109)
CEO is the non-voting board member	-.066	(.044)	-.066	(.044)
CEO is the voting board member	-.081	(.073)	-.082	(.073)
CEO as president	-.078	(.094)	-.077	(.095)
CEO gender is female	.056	(.046)	.056	(.046)
CEO age	-.001	(.002)	-.001	(.002)
centered_criticalmass_minority_voting_members	-.017	(.015)	-.020	(.017)
prod_centered_BIB_cmrminority			-.001	(.004)

**p<.05

Figures in parentheses represent Standard Error

Critical mass of racial and ethnic minority board members (CMREM) X Board

Inclusive Practices (BIP). To test the interaction effect of critical mass of racial and ethnic minority and board inclusive practices in the relation between BIP (IV) and BE (DV), hierarchical regression analysis was conducted. In the first step, the moderator variable was entered along with the independent variable and control variables. In the next step, the

interaction was introduced. Results showed that both models were statistically insignificant.

The first model (independent variable, control variables, and moderator variable) was statistically insignificant at $F(23, 1139) = .703, p > .05, R^2 =$ Results of the second model (independent variable, control variables, moderator variable, and interaction term) could not verify a statistically significant moderator effect at $F(24, 1138) = .776, p > .05, R^2 = .016$.

Tables 4.44, 4.45, 4.46, and 4.47 show descriptive statistics, model summary, ANOVA, and coefficients.

Table 4.44

Descriptive Statistics (n=1163)

	Mean	Std. Deviation
boardeffectivenessscore	2.6629	.67466
dummy public charity org category	.6982	.45924
dummy educational org category	.0129	.11288
dummy gov agency org category	.0077	.08767
dummy professional or trade association org category	.0972	.29631
dummy_CEO_race_american_indian_alaska	.0034	.05857
dummy_CEO_race_asian	.0129	.11288
dummy_CEO_race_black	.0396	.19499
dummy_CEO_race_white	.9020	.29747
dummy_CEO_race_nhpi	.0043	.06546
dummy_CEO_race_multi_race	.0163	.12682
dummy_CEO_race_other_race	.0155	.12349
dummy_npo_serv_local	.3921	.48843
dummy_npo_serv_regstate	.2588	.43817
dummy_npo_serv_state	.1092	.31202
dummy_npo_serv_multi_state	.0585	.23473
dummy_npo_serv_national	.0748	.26319
CEO is the non-voting board member	.3998	.49007
CEO is the voting board member	.1290	.33532
CEO as president	.0653	.24725
CEO gender is male	.2812	.44976
CEO gender is female	.7188	.44976
CEO age	53.68	10.171
centered_BIP_score	-.0015	.25088
centered_criticalmass_minority_voting_members	.0078	1.35278

prod_centered_BIP_cmrminority	.0397	.27158
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Table 4.45*Model Summary*

	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.118	0.014	-0.006	0.67665
2 (interaction)	0.127	0.016	-0.005	0.67623

Table 4.46*ANOVA*

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.407	23	0.322	0.703	.846
	Residual	521.503	1139	0.458		
	Total	528.910	1162			
2 (interaction)	Regression	8.516	24	0.355	0.776	.770
	Residual	520.393	1138	0.458		
	Total	528.910	1162			

Table 4.47*Coefficient Table*

Model	1		2	
(Constant)	2.830	(.289)**	2.833	(.289)**
dummy public charity org category	.035	(.053)	.032	(.053)
dummy educational org category	.117	(.183)	.105	(.183)
dummy gov agency org category	-.080	(.232)	-.092	(.232)
dummy professional or trade association org category	.141	(.083)	.139	(.083)
dummy_CEO_race_american_indian_alaska	-.175	(.428)	-.179	(.428)
dummy_CEO_race_asian	.100	(.312)	.098	(.312)

dummy_CEO_race_black	-.052	(.277)	-.041	(.277)
dummy_CEO_race_white	-.080	(.258)	-.082	(.258)
dummy_CEO_race_nhpi	-.494	(.400)	-.506	(.400)
dummy_CEO_race_multi_race	-.087	(.301)	-.083	(.301)
dummy_CEO_race_other_race	-.041	(.303)	-.042	(.303)
dummy_npo_serv_local	.018	(.071)	.021	(.071)
dummy_npo_serv_regstate	-.009	(.074)	-.007	(.074)
dummy_npo_serv_state	-.086	(.087)	-.078	(.087)
dummy_npo_serv_multi_state	-.061	(.103)	-.059	(.103)
dummy_npo_serv_national	-.060	(.096)	-.058	(.096)
CEO is the non-voting board member	-.072	(.043)	-.075	(.043)
CEO is the voting board member	-.086	(.070)	-.086	(.070)
CEO as president	-.051	(.090)	-.053	(.090)
CEO gender is female	.031	(.045)	.032	(.045)
CEO age	-.002	(.002)	-.002	(.002)
centered_BIPP_score	-.035	(.081)	-.039	(.081)
centered_criticalmass_minority_voting_members	-.015	(.015)	-.024	(.016)
prod_centered_BIPP_cmrminority			.124	(.080)

**p<.05

Figures in parentheses represent Standard Error

Chapter Summary

This chapter described and presented the findings from Principal Component Analysis (PCA), Reliability Analysis, and Regression Analysis. In case of BIB, two rounds of PCA extracted seven out of original eight items. In case of BIP, only one round of PCA was run and all seven items were retained. To extract items under BE, two rounds of PCA were conducted over 15 items, suppressing six items, and retaining nine for the final analysis. After ensuring that the items passed Cronbach's alpha test for internal consistency or reliability, finally the composite scores for each of BIB, BIP, and BE items were calculated by averaging the scores

of items under each. Next, to test the hypotheses, hierarchical regression analysis was conducted. To test the main effects, only the independent variable along with the dummy variables (control variables) was entered. In the next step, the moderator variable was entered. In the final step, the interaction term was entered. None of the results of regression analysis was found to be statistically significant. In the next section, these findings and their implications are discussed in details. Table 4.48 summarizes the results.

Table 4.48*Result Summary*

Null Hypothesis	Alternate Hypothesis	Outcome
H ₀ : All else being equal, there will be no relationship between board inclusive behavior and board effectiveness in nonprofits.	H ₁ : All else being equal, there will be a positive correlation between board inclusive behavior and board effectiveness in nonprofits.	Fail to reject the null hypothesis
H ₀ : All else being equal, there will be no relationship between board inclusive practices and board effectiveness in nonprofits.	H ₂ : All else being equal, there will be a positive correlation between board inclusive practices and board effectiveness in nonprofits.	Fail to reject the null hypothesis

H₀: All else being equal, the relation between nonprofit board inclusive behavior and board effectiveness will not be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

H₃: All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Fail to reject the null hypothesis

H₀: All else being equal, the relation between nonprofit board inclusive practices and board effectiveness will not be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

H₄: All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Fail to reject the null hypothesis

H₀: All else being equal, the relation between nonprofit board inclusive behavior and board effectiveness will not be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

H₅: All else being equal, the relation between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Fail to reject the null hypothesis

H₀: All else being equal, the relation between nonprofit board inclusive practices and board effectiveness will not be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

H₆: All else being equal, the relation between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Fail to reject the null hypothesis

Chapter 5: DISCUSSION

Chapter Overview

The final chapter summarizes and recaps the study purpose, research questions, and methodology, before analyzing and discussing findings. The chapter then presents the study limitations, implications for public policy and nonprofit management, and concludes with suggestions about future research.

Summary of Study Purpose

In the context of nonprofits, this study investigated whether there is a positive correlation between the dependent variable board effectiveness (BE) and the independent variables (1) board inclusive behavior (BIB) and (2) board inclusive practices (BIP). The study further investigated whether the stated relationships may be moderated by a critical mass (CM) of racial and ethnic minority or women board members.

Summary of Theories

This research is grounded in various socio-economic group behavior theories that provide a framework to explore the board inclusion question. Some of the key theoretical perspectives discussed here are discrimination-fairness, assimilation-accommodation, acceptance-legitimacy, and learning-integration (Ely & Thomas, 2001). The discrimination-fairness perspective states that although group members in a diverse group have dissimilarities, they are all on the same team, and therefore, should work together to achieve the group goal.

The access-legitimacy perspective asserts that sometimes organizations use minority group members as diversity representatives to help the organization interact more effectively with its multi-cultural constituents and gain legitimacy. The assimilation-accommodation perspective proposes that social absorption of diverse members is achieved when they fully adopt the rules and values of the culturally or demographically dominant group members. This learning-integration perspective improves this assertion by its appreciation of group diversity and emphasis on group inclusion.

The prominent board effectiveness theories discussed in this study are agency theory (Berle & Means, 1932), stewardship theory (Puyvelde et al., 2012), resource dependency theory (Pfeffer & Salancik, 1978), institutional theory (Guo, 2007), strategic management theory (Guo, 2007), and democratic theory (Guo, 2007). According to agency theory, an agent-principal relationship emerges from the action taken by the agent on behalf of the principal. The board of a nonprofit with critical decision-making power becomes the agent. There might not be goal alignment with the principal. The agent acts from an individualistic perspective and is extrinsically motivated. Stewardship theory is another principal-agent theory that is antithetical to agency theory. Unlike agency theory, stewardship theory assumes that irrespective of the presence of goal alignment between the agent and the principal, the agent will always act in the best interest of the principal. This is because the agent is intrinsically motivated, collectivistic, and prioritizes affiliation and self-actualization over personal gains. According to this theory, the nonprofit board will always act in the best interest of its principals (e.g. donors and constituents they serve). Under resource dependency theory, the board acts as a resource catalyst by connecting organizations to potential funders. As the main organizational

resource center, the board adds expertise (e.g. financial management, legal counseling, technical support, and strategic planning) to enhance the organization's performance.

Institutional theory discusses how the state predicts organizational behavior. The basis of the theory is the assumption that nonprofit boards perform the role of a legitimizing tool to fulfill the expectations of external stakeholders (e.g. the government). Strategic management theory reflects on how normative and coercive institutional pressures shape board roles.

This study also explores whether a critical mass of women or racial and ethnic minority board members might moderate the relationship between board inclusion and board effectiveness. For answering this question, this study looked into Kanter's (1977) critical mass theory in the corporate sector, which classifies groups as uniform, balanced, tilted, or skewed, based on gender distribution. In uniform groups, all members in the group are either male or female. In balanced groups, there is a 50-50 ratio between the genders. In both tilted and skewed groups, one gender outnumber the others. In tilted groups, such gender distribution is less disproportionate than in skewed groups. In the male-dominated skewed groups, male members outnumber the female members by a large proportion and clearly dominate the group in vital functions such as norm and regulation setting and decision-making. The female members in skewed groups play the roles of tokens.

Aligning Research Questions and Hypotheses

Research Question 1:

- How is nonprofit board inclusive behavior related to board effectiveness?

Hypothesis 1:

➤ All else being equal, there will be a positive correlation between board inclusive behavior and board effectiveness in nonprofits.

Research Question 2:

➤ How are nonprofit board inclusive practices related to board effectiveness?

Hypothesis 2:

➤ All else being equal, there will be a positive correlation between board inclusive practices and board effectiveness in nonprofits.

Research Question 3:

➤ How does the presence of a larger proportion of women or racial and ethnic minority board members moderate the relationship between board inclusive behavior and board effectiveness in the nonprofit sector?

Hypothesis 3:

➤ All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Hypothesis 5:

➤ All else being equal, the relation between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Research Question 4:

➤ How does the presence of a larger proportion of women or racial and ethnic minority board members moderate the relationship between board inclusive practices and board effectiveness in the nonprofit sector?

Hypothesis 4:

➤ All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Hypothesis 6:

➤ All else being equal, the relation between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

Summary of Method

Operational Definitions of Key Variables. Following Buse, Bernstein, and Bilimoria (2016), operationally BIB is defined here as the extent of inclusion in inter-personal relationships between diverse board members that result in their working in a synchronized manner towards a common organizational goal. The operational definition of BIP referred to all practices that have potential to improve the experience of inclusion of a minority board

member (e.g. diversity statements and policies, designated committees for leading diversity and inclusion initiatives in the organization, diversity training of board members, and well-defined organizational mission and vision statements that incorporate inclusive values) (Buse, Bernstein, & Bilimoria, 2016). BIP is expected to result in policies and procedures that ensure the creation of a work environment in which no board members are excluded, marginalized, or treated unfairly with such discriminations preventing the board member from accessing opportunities and resources (“BBI Briefs,” 2012). In this study, operationally, BE accounted for an assessment of board’s performance in strategic thinking, financial, legal, ethical oversights, monitoring, evaluation of CEO performance, fundraising, community building and outreach, creation of a superior public image, understanding of organization’s mission and vision, awareness and knowledge of organizational programs, and planning effectively for a sustainable future for the organization (e.g. Bradshaw, Murray, & Wolpin, 1992; Green & Griesinger, 1996; Jackson & Holland, 1998; Herman & Renz, 2000). Following Kanter’s (1977) conceptualization of CM in the context of desirable proportion of women directors in company boards, for this study, operationally CM is defined as the threshold that an organizational minority (race and ethnicity or gender) must achieve before its members could exert sufficient influence on critical decision-making and contribute meaningfully to the group tasks. Torchia, Calabro, and Huse (2011) found compelling evidence that a critical mass of women directors improved company performance in some parameters. According to the authors, increasing the number of women directors from one (tokenism) to three (consistent minority) improved the firm’s innovation when mediated by its strategic tasks.

Variables of interest. The control variables for this study were age of CEO, race of CEO, gender of CEO, CEO as the board member, CEO as the chair or president, nonprofit mission types, nonprofit service areas, proportion of women voting members, and proportion of racial and ethnic minority voting board members. BE, BIB, BIP were measured by composite scores derived by averaging the retained items scores based on rated responses of nonprofit CEOs who participated in the BoardSource national survey (2016). CM was measured by the ratio between (1) total number of racial and ethnic minority board members with voting power and total number of board members with voting power and (2) total number of women board members with voting power and total number of board members with voting power.

Statistical analysis. Principal Component Analysis (PCA) was used to extract BE, BIB, and BIP items and Cronbach's Alpha test was run to check internal consistency. Finally, the average score of the retained items for BE, BIB, and BIP was calculated. Next, multivariate regression analysis was conducted to test the hypotheses. Since four hypotheses tested interaction effects, hierarchical regression analysis was conducted. None of the results proved to be statistically significant.

Summary of Regression Analysis Results

Influence of Board Inclusive Behavior (BIB) on Board Effectiveness (BE). Linear regression analysis was used to investigate the influence of BIB (IV) on BE (DV). A statistically insignificant relation was found at $F(22, 1076) = .896, p > .05$, with an R^2 of .018.

Influence of Board Inclusive Practices (BIP) on Board Effectiveness (BE). Linear regression analysis was used to investigate the influence of BIP (IV) on BE (DV). A

statistically insignificant relationship was found at $F(22, 1144) = .693, p > .05$, with an R-square of .013.

Critical mass of women board members (CMW) X Board Inclusive Behavior

(BIB). To test the moderator effects of critical mass of women board members in the relation between BIB (IV) and BE (DV), hierarchical regression analysis was run in the two steps- first, the independent variable, moderator variable, and control variables were entered; second, the interaction term was entered. Results showed that both models were statistically insignificant. The first one (independent variable, control variables, and moderator variable) was found to be statistically insignificant with $F(55, 1043) = .815, p > .05, R^2 = .018$. Results of the second model (independent variable, control variables, moderator variable, and interaction term) showed that moderator effect was statistically insignificant at $F(24, 1074) = .832, p > .05, R^2 = .018$.

Critical mass of women board members (CMW) X Board Inclusive Practices

(BIP). To test the moderator effects of critical mass of women board members in the relation between BIP (IV) and BE (DV), hierarchical regression analysis was run. In the first step, the independent variable, moderator variable, and the control variables were entered. In the next step, the interaction term was entered. Results revealed that both models were statistically insignificant. The first model (independent variable, control variables, and moderator variable) was found to be statistically insignificant at $F(55, 1111) = .666, p > .05, R^2 = .013$. For the second model (independent variable, control variables, moderator variable, and interaction term), results showed statistically insignificant moderator effect at $F(24, 1142) = .761, p > .05, R^2 = .016$.

Critical mass of racial and ethnic minority board members (CMREM) X Board inclusive behavior (BIB). Hierarchical regression analysis was conducted to test the interaction effect on the relation between BIBB (IV) and BE (DV). To achieve this, at first, the independent variable (BIB), moderator variable, and control variables were entered. This was followed by entering the interaction term. Results showed that the first model (independent variable, control variables, and moderator variable) was statistically insignificant at $F(23, 1071) = .925, p > .05, R^2 = .019$. No statistically insignificant moderator effect was detected at $F(24, 1070) = .889, p > .05, R^2 = .020$.

Critical mass of racial and ethnic minority board members (CMREM) X Board Inclusive Practices (BIP). To test the interaction effect of critical mass of racial and ethnic minority and board inclusive practices in the relation between BIP (IV) and BE (DV), hierarchical regression analysis was conducted. In the first step, the moderator variable was entered along with the independent variable and control variables. In the next step, the interaction was introduced. Results showed that both models were statistically insignificant. The first model (independent variable, control variables, and moderator variable) was statistically insignificant at $F(23, 1139) = .703, p > .05, R^2 =$ Results of the second model (independent variable, control variables, moderator variable, and interaction term) could not verify a statistically significant moderator effect at $F(24, 1138) = .776, p > .05, R^2 = .016$.

This concludes the summary review. The following sections interpret the results of this study.

Interpreting the Results

This study interprets the results under three broad categories. The first category of explanations falls under sampling bias. The second category illustrates the survey design error in this study. The third category interprets the results from the perspectives of socio-psychological and group behavior theories.

Sampling Bias

Henry (1990) defines sampling bias as systematic errors resulting from a sampling technique that over-represents a portion of the study population. Convenience sampling that this study used is prone to sampling bias because of its non-probabilistic design. The following sections discuss sampling biases resulting from geographic distribution of nonprofits in the sample and selection of a single category of stakeholder as sampled respondents.

Unrepresentative sample related to geographic distribution. While BoardSource took care to send their online survey to a wide sample that covered all states, they relied on non-probabilistic convenience sampling. This resulted in generating geographically unrepresentative data. First, although the sample covers all states, the percentage of respondents vary widely, ranging from 9.4% from California to .1% from West Virginia. Previous discussions in the present study on the role of a nonprofit in the principal-agent relationship drew from the conceptual model of Puyvelde, Caers, Du Bois, and Jegers (2012). The model shows how interactions between internal and external stakeholders influence board

roles in nonprofits. Both Guo (2007) and Puyvelde et al. noted the government to be the strongest external stakeholder of a nonprofit organization. The CEO responses might change depending on the nonprofit's partnership with the government as its alternative service delivery partner. How a nonprofit board understands, prioritizes, and assesses its roles and responsibilities may depend on the larger system (political, social, and economic) that houses it. This also implies that the nonprofit board's understanding, prioritization, and assessment of its performance will vary from among contexts. Similarly, CEOs, who are themselves, part of the organizations, will vary in their perceptions and expectations of board roles among different systems. Simply put, a nonprofit CEO in urban California might set different criteria to measure board effectiveness than a nonprofit CEO in rural West Virginia. The disproportionate geographic distribution of organizations in the sample might have contributed to a selection bias when the aggregated independent and dependent variable scores were taken for the entire sample.

A single category of stakeholder in the sample. Scholars (e.g. Denny, 2015) have observed that the perceptions between nonprofit CEOs and board members differ on questions related to board effectiveness and its measures. Denny pointed out that such variation between the perceptions exist because of the differing expectations between the CEO and the board members of what roles a board should perform. Simply put, a CEO's perceptions of the relationship between board inclusion and board effectiveness might be very different from the board members' perceptions of this relationship. The data in this study consists of the responses from the CEOs of the nonprofits in the sample, and not of board members themselves

(or staff and any other stakeholders). The findings might not be generalizable because responses were collected only from the CEOs.

Survey Design Error

This section interprets the results from the perspective of survey design errors. According to Fowler (1995), errors in survey designs and data collection method may lead to potential biases and errors, such that (1) the sample does not represent the population and (2) the responses given to the survey questions fail to measure the statistics they are supposed to measure.

An absence of task-interdependence questions. It is likely that there is yet another reason for the insignificant association between BIB and BE, as revealed by these results. Recall the questionnaire did not address skill-based diversity but solely focused on demographic diversity (based on race, ethnicity, gender, socio-economic strata or SES, sexual orientation, and disability). As discussed previously, Joshi and Roh (2009) categorized group diversity and explored the association between a diversity type and group performance. They did not consider the concept of group diversity as a single construct but one that was made of two separate kinds of diversities, namely, relations-oriented (e.g. race, ethnicity, gender, age) and task-oriented (e.g. education, tenure, skills) diversities. They were also interested in exploring if any other contextual or situational factors played a role in influencing the group diversity-performance association. After conducting a meta-analysis that involved studying work teams from different organization types and sectors, the authors concluded that the association varied depending on the industry, occupation, and team characteristics. They

further observed that, while the relations-oriented aspects of diversity had a negative correlation with the group's performance, the task-oriented diversity aspects influenced group performance positively.

Similarly, in a psychological laboratory experiment on group behavior, Bachrach, Powell, Collins, and Richey (2006) observed that group members' "helping behavior" influenced group performance positively depending on levels of task-dependence required by the members. Interpreting inclusive behavior among board members as the "helping behavior," based on findings by Bachrach et al., one can conclude that the relationship between board effectiveness and board inclusive behavior is contextual and depends on levels of task-interdependence. In corporate sector studies, researchers such as Shea and Guzzo (1987) defined task interdependence as the extent of member-to-member interaction within a team so that each member can complete his task. In the context of student project teams in universities, Sargent and Sue-Chan (2001) observed that interactive effects of racioethnic diversity and social cohesion on group efficacy with task-interdependence as a mediator. The term social cohesion refers to as "summation of all factors that result in making the member stay in the group" (Festinger, 1950). Given this definition, group inclusive behavior may be a measure of social cohesion within a diverse team. Bandura (1990, 1993) defined the term group efficacy as the shared beliefs that the group holds about attaining the desired group output through collective efforts in designing and executing courses of action.

The survey questionnaire excluded task-dependence questions. In the absence of any such questions, the survey questions collected data related to relational diversity but not the

functional diversity of the board members. The question on board diversity and inclusion overlooked whether board members depended on each other to complete their tasks.

Considering that more and more nonprofits are becoming alternative service delivery channels for government, recruiting board members based on their unique professional skills has become the norm in nonprofits (Guo, 2007). As a result, a more appropriate approach in testing a link between BIB and BE would have been to take a sample of nonprofits whose CEOs respond to questions on task-interdependence of board members.

Over-emphasis on internal board functions in the questionnaire. The survey reflects that, out of nine board effectiveness items, only two were externally oriented board roles. This implies, when considering the questions on board effectiveness, the CEOs perceptions of board effectiveness were influenced more by their evaluation of board performance in internally oriented activities than externally oriented ones. Table 5.1 summarizes board roles and board role orientations.

Table 5.1

Board Roles and Board Role Orientation

Board Role Related to Item	Board Role Orientation
Knowledge of organizational program	Internal
Community-building and outreach	External

Evaluating the CEO	Internal
Financial oversight	Internal
Legal and ethical oversight	Internal
Increasing board diversity	External
Understanding organization's missions	Internal
Being committed and involved	Internal
Adopting and following a strategic plan	Internal

One reason for insignificant results between board inclusive (behavior and practices) and board effectiveness could be because nonprofit CEOs attribute different board-related variables (e.g. board member professionalism, number of committees, board-CEO relationship, and economic uncertainties and risks during the assessment period) to be better predictors of board effectiveness items related to internally oriented functions (e.g. strategic planning and financial oversight). Since externally oriented board functions correspond with representational diversity of the board (Goodstein, 1994; Luomo & Goodstein, 1999), it is possible that the responding CEOs considered board inclusion to be a good predictor of board effectiveness only for two of the nine items, community building/ outreach and diversity-enhancing board member recruitment strategy. Aggregating externally and internally oriented board

effectiveness items may have weakened the model because of the differing perceptions among the CEOs about the kinds of board variables that influenced their boards' performance. A balanced itemization of external and internal board functions by the survey designers or in this study might have yielded different results.

Socio-psychological Theories

This section will interpret the hypotheses using socio-psychological theories.

According to Baron, Byrne, and Suls (1989), socio-psychologists seeks to understand why an individual behaves in a certain way in a social or group situation. This scientific field interprets individual behavior in terms of factors such as social cognition and influence, interpersonal processes, self-concept, stereotyping, and attribution.

Interpreting Hypothesis 1 Results

H1: All else being equal, there will be a positive correlation between board inclusive behavior and board effectiveness in nonprofits.

The insignificant relationship between board inclusive behavior (BIB) and board effectiveness (BE) can be explained by the theoretical framework of Tajfel's (1982) social identity theory, Elsass and Graves' (1997) focal individual inclusion experience, and an absence of task dependence questions in the survey.

Social Identity Theory and Focal Individual Experience of Inclusion. No discussion of race, ethnicity, and gender or perceptions of them can proceed without a mention of Tajfel's (1982) social identity theory (also called self-categorization theory). Social identity theory, which informs, in part, an array of group inclusion theories, focuses on social cognitive

processes that assist people to identify with groups and result in in-group/out-group behaviors. The present study reviewed social identity theory to add insight into heterogeneous group dynamics and the influence of these dynamics on group performance.

To recap social identity theory, Tajfel (1982) theorized that individuals categorize themselves and other group members as in-group and out-group members, based on similarities and dissimilarities of characteristics of other members in relation to “self.” Such categorization influences the individual’s social behavior, perceptions about “self” and the out-group members, and determines “self’s” interactions with the latter (Abrams & Hogg, 1998). According to Tajfel, individuals nurture more favorable feelings towards the in-group members than towards the out-group members. Moreover, members within homogeneous groups communicate better with each other and enjoy greater trust with fellow members. Social identification leads to accentuating similarities between self and in-group members, while highlighting dissimilarities between self and out-group members, influencing inter-group beliefs, values, and in-group favoritism. Consistent with theoretical assertions, empirical evidence (e.g. Brewer, 2000) revealed that an individual’s social identity was a good predictor for his perceptions of and biases and prejudices against the out-group members. Elsass and Graves’ (1997) focal individual inclusion model further contributes to Tajfel’s social identity theory in explaining diverse group dynamics and inter-member behavioral exchanges.

Recall in the second phase of their theoretical framework, Elsass and Graves used team-member exchange theory developed by Seers (1989) to explain the group dynamics. In this phase, the focal individuals and the dominant members interact in two types of exchanges. Elsass and Graves defined an “exchange” as reciprocity of behavior between members in a

group. The instrumental exchange is composed of two components: a. willingness of focal and dominant members to engage in an exchange of information, and b. the process in which the dominant members solicit contributions of the focal individuals. The social exchange reflects the willingness of both parties to exchange social supports to each other. The instrumental exchange is task-dependent while the social exchange focuses on social cohesion between team members. Although conceptually different, these two exchange types might be interdependent in some groups. In a team, the majority members might not select the focal members to perform tasks that are critical for the team because of the negative stereotypes the majority assigns to the minority. Even when the focal members demonstrate their competence and a high performance in completing group tasks, the dominant members might not recognize the former's inputs (attribution error) (Pettigrew, 1979). Such exchanges reinforce the negative self-perceptions and low self-esteem of the focal individuals, leading to their withdrawal from team activities. In this phase, the other members perceive a good performance by the focal individual because of his good luck. On the other hand, the other members might justify poor performances by the focal individual, because of the latter population's lack of skills and cognitive abilities (and not caused by bad luck).

Bear in mind that the percentage racioethnic distribution in the sample was disproportionately white. According to descriptive statistics, in the sample, 88.5% of the male CEOs and 90% of the female CEOs who responded were white. It is likely that, following the group behavior and inclusion theories discussed here, perceptions of the participants in the BoardSource survey were affected by the respondents' racial identities. In other words, the theories may offer a likely justification for the perceptions of the majority responding CEOs

that board inclusive behavior would have little or no influence in improving the board's performance. The insignificant correlation between BIB and BE could be explained in terms of the negative stereotyping of minority members and attribution errors that both Tajfel (1982) and Elsass and Graves (1997) mentioned in their theoretical frameworks.

However, there is one problem in this interpretation. Recall that the data revealed a high gender diversity but a poor racioethnic diversity in the sample. The Blau's Index for gender diversity was .4 while that for racioethnic diversity was .2 (Table 4.1). Between race/ethnicity and gender, therefore, the question of inclusion relates more to gender than to racioethnicity of the board members. In addition, statistics on the CEO demographics reveal that a little over 71% of the CEOs who responded to the survey were female. Given that, the in-group/out-group self-categorization (under social identity theory) would imply favorable perceptions of gender inclusion among the majority of respondents. The results of the regression analysis, however, defied the stated logic. Why did that happen?

The answer to the question may come from Hughes (1945) and his master status perspective about self-identity. According to Hughes, the master status refers to the primary status position that dominates over all other status positions in any social situation. Simply put, an individual has many identities but only one would become his or her primary identity because that attracts maximum social status. While Tajfel's (1982) social identity theory rests on the categorization of "self" vis-à-vis others in a diverse group or society, Hughes' perspective is about the individual's self-identity. For example, a white female voter might prefer to cast her vote in favor of a white male candidate as opposed to a black female candidate because to the voter, her gender identity comes second to her racial identity. In this

case, therefore, her master status is her race. Individuals decide which identity they would hold as the primary one based on the degree of social status that is attached with a particular identity. In our example, the female white candidate prefers to vote for the white male candidate over the female black candidate because the voter attaches a higher social status being white than being a woman. A similar rationale may explain that the racial identity was more important to the female responding CEOs in this survey than their gender identities. Hence their perceptions were not in favor of a significant link between BIB and BE.

Interpreting Hypothesis 2 Results

H2: All else being equal, there will be a positive correlation between board inclusive practices and board effectiveness in nonprofits.

One factor that may have resulted in an insignificant relationship between board inclusive practice (BIP) and board effectiveness (BE) was differing perceptions of inclusive practices between majority and minority members and preference for work autonomy by the majority group members. The next section adds deeper insight on this topic.

Differing perceptions between the majority and minority. Some corporate studies on diversity and inclusion may help to interpret statistically insignificant results between BIP and BE in our study. Some for-profit researchers observed that organizational inclusive practices (aiming at generating inclusive or affirmative policies) often generate inter-group conflicts, instead of group cohesion, and do not necessarily result in improved organizational performance. For example, Hemphill and Haines (1997) found historical evidence indicating the failure of affirmative policies emanating from inclusive practices.

Organizational researchers Hemphill and Haines noted that organizational inclusive practices often put a high emphasis on inter-member dissimilarities, perpetuating stereotypes about minority members. Thus, instead of helping the minority employees, these practices deter their progress in the system. As discussed in the earlier sections in this chapter, Tajfel's (1982) social identity theory and Elsass and Graves' (1997) theoretical extension of it showed how the dominant population's negative perceptions of minority stereotypes influence the self-perceptions of the minority group members and impede group productivity. Similar clarifications about detrimental effects of minority stereotypes in heterogeneous groups also come from corporate researcher and theorist Cox (2011). Cox pointed out that perceptions of minority stereotypes make minority group members act defensively, which in turn prevents the minority from contributing meaningfully to group tasks. Therefore, the intended benefits of inclusive practices do not adhere to the minority members or improve the group's performance.

Consistent with Hemphill and Haines' (1997) empirical findings were theoretical perspectives developed by some social psychologists and diversity scholars, such as Brannon, Carter, Murdock-Perreira, and Higginbotham (2018). In their theoretical perspectives on organizational diversity management practices (or inclusive practices), Brannon et al. noted that diversity management practices, designed to promote organizational inclusion, often fail because of the negative reactions and reluctance from the dominant group in the organization (e.g. white employees). The authors indicated that the dominant and marginalized populations in organizations have conflicting interests, motivations, and goals. According to the authors, in the absence of simultaneous acceptance of inclusive practices from both dominant and

marginalized populations, it is hard to align their interests. Based on their understanding of this issue, Brannon et al. presented a theoretical framework in which they explored the differentiated impacts of inclusive practices on marginalized and dominant groups of employees. According to their model, inclusive practices generate support from the marginalized group since these practices protect their interests. In contrast, inclusive practices threaten the dominant groups in the workforce who perceive them as detrimental to their growth and sustenance in the system. The authors suggested that this misalignment of perceptions of inclusive practices (positive by the marginalized population and negative by the dominant population) makes it hard to assess the influence on group outcomes. Brannon et al. illustrated their theoretical assertions with case studies that documented backlash coming from dominant group members who felt insecure about organizational diversity policies.

Majority preference for work autonomy. The literature offers another explanation for the CEO perception of an insignificant effect of BIP on BE. According to socio-psychologists Markus and Connor (2014), in a developed country such as the U.S., those members who belong to the dominant group draw their work motivation from autonomy in workplaces. Other behavior scientists Deci and Ryan (1987), Dickinson (1995), Markus and Kityama (1991), and Vansteenkiste, Simons, Lens, Sheldon, and Deci (2004) observed that when the majority group members experienced work autonomy, a number of group performance indicators (e.g. team productivity, mutual trust, and creativity) improved.

Interpreting Interaction Effect Results

This section reviews and interprets the findings of the four hypotheses that tested the interaction effects in this study. Recall, the interaction effect with critical mass of women board members (CMW) was tested by the following two hypotheses:

H3: All else being equal, the relationship between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

H4: All else being equal, the relationship between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of women board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of women board members is high than when it is low.

Given that approximately 7 out of 10 CEOs who responded were female, it was reasonable to anticipate that the hypotheses on moderator effect of a greater proportion of women board members would be confirmed. Following social identity theory and its assertions on in-group/out-group dynamics (Tajfel, 1982), it was expected that women CEOs perceived a higher proportion of women on board to have moderating effects on the board inclusion-board

effectiveness relationship. However, the insignificant results suggested that some other organizational behavior was at play.

Duguid's (2011) empirical research on token women in high-prestige jobs in higher educational institutions suggested an answer to this conundrum. Her research shows that female tokens in high-prestige jobs (e.g., Dean) are less likely to recruit other women in their teams because of the fear of being outperformed or under-valued. They feel that acknowledging competence of other women might pose challenges to their own positions. Similarly, it is possible that the female CEOs in the present study were more interested in maintaining their "first and only" status and therefore, perceived no enhancement in power and effect of the relationship between board inclusion and effectiveness, if the proportion of women board members increased.

Results of two hypotheses testing moderating effect of a critical mass of racial and ethnic minority board members on the relationship between board inclusion (behavior and practice) and board effectiveness could be explained by social identity theory (Tajfel, 1982), focal individual inclusion experience (Elsass & Graves, 1997), and unrepresentative sampling bias. Recall the hypotheses testing interaction effect of a critical mass of racial and ethnic minority board members (CMREM) in question were:

H5: All else being equal, the relation between nonprofit board inclusive behavior and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

H6: All else being equal, the relation between nonprofit board inclusive practices and board effectiveness will be moderated by a critical mass of racial and ethnic minority board members such that the impact of inclusivity is stronger (or more pronounced) when the proportion of racial and ethnic minority board members is high than when it is low.

The low racioethnic minority percentage on the nonprofit boards in the sample is an example of tokenism. According to Kanter (1977), tokens in workgroups (her observation related to women board members in the corporate sector) feel alienated and demotivated. As a result, their performance suffers. In line with Kanter's critical mass theory, it is plausible that the racioethnic token minority board members failed to perform to their fullest potentials because of the social isolation.

Limitations of the Study

The 2016 BoardSource survey data has some inherent inadequacies that may have affected the results of the present study. First, the selection of participants in this survey took place through convenience sampling from BoardSource's network of nonprofit leaders, excluding a large portion of nonprofits who were not BoardSource members. As a non-probability sampling technique, convenience sampling suffers from external validity problems unlike probability sampling. The survey designers attempted to reduce the limitations of convenience sampling by including a wide array of missions, organization types, and service areas. However, the survey still contained the inherent weaknesses of a non-probability

sampling method. Second, because of the way in which the survey was designed, response biases might have occurred in the survey in at least three ways. According to Paulhus (1991), response biases arise when the respondent knowingly gives incorrect responses to questions or avoids answering some questions. This study relied on responses from the nonprofit CEOs and reflected the CEOs' perceptions or judgment in evaluating the relationship between board inclusion (behavior and practice) and board effectiveness. Since no other external or internal stakeholders were surveyed, it is difficult to generalize the results. Moreover, since the majority of the responding CEOs were white, it might have contributed to a response bias. In the absence of non-mandatory questions, the respondents were free to avoid answering any question. For example, a CEO might have skipped answering a question if he believed that his response would reflect poorly on the inclusivity and the performance of the board. A triangulated method of data collection would have reduced the response bias to some extent. In addition to generating a response bias, since the survey questionnaire did not specify any mandatory questions, a sample size or survey response rate could not be calculated. Lastly, the survey questions related to board effectiveness predominantly featured internally oriented board roles, which might make the results less generalizable.

Implications and Recommendations for Public Policy and Administration

Nonprofits play important roles in public life, which justifies why studies in this sector should inform public policies. According to Bryce (2006), nonprofits act in the public policy sphere through advocacy, lobbying, implementation, and evaluation of public policies, and adjudication of public policies in the court of law. Their functional proximity to the

government makes them an agent with the government as a principal in a principal-agent relationship. In the capacity of agents, nonprofits actively engage in the implementation of various public services and contribute to the government's alternative service delivery mechanism. Nonprofits' role in alternative service delivery is on the rise to the degree that nonprofits today are pillars of support for the government (Saidel, 1991; Saidel & Harlan, 1998; Smith & Lipsky, 1993). According to the National Council of Nonprofits (website, n.d.), the US nonprofit sector earns almost one-third of its total revenue as government contractors for delivering services every year, reflecting the government's dependence on the nonprofit sector.

In nonprofits, board members make critical decisions. Because of the nonprofit's proximity to the public through goods and service delivery, it is therefore important that the board members represent the client communities organizations are serving. In other words, in the era of increasing alternative service delivery and government-nonprofit partnership, it is important that nonprofit boards demonstrate not only diversity but also inclusion, so that the public perceives them as socially just, ethical, and accountable.

Consistent with existing nonprofit leadership research, the results of this study reflected a lack of racioethnic diversity on boards of nonprofits, although gender diversity on these boards was high. **Disproportionate racial and ethnic distribution on nonprofit boards necessitates framing of socially equitable board recruitment policies, not only to more closely represent those being served but also to promote a diversity of experience, skills,**

ideas, and creativity of the minority members for better decision-making and problem-solving..

This policy recommendation is especially relevant because white leaders and staff disproportionately dominate the U.S. nonprofit sector (BoardSource, 2017; Building Movement, 2017). The gender divide at the CEO level is prominent because of the underrepresentation of women CEOs, especially in large nonprofits, and the gender pay gap between male and female CEOs (Guide Star, 2018) in large nonprofits. Nonprofit HR (2017) reported that although overall 43% of nonprofit board members are women, only 33% of board members of large nonprofits (with annual revenues of \$25 million or more) are women. Although board members mostly offer voluntary service to the nonprofit, it is expected that an increasingly higher number of female CEOs in nonprofits of all sizes will attract more and more female board members. Similarly, a higher number of CEOs from racial and ethnic minority backgrounds will attract a greater number of board members from minority communities. An increased number of women and the racioethnic minority board members will also help create a pipeline for the CEO from these demographic backgrounds and help reduce the disproportionate racial distribution at the leadership level. For policymakers and legislators, the results of the present study have important suggestions to make. Without strong public policies, board recruitment practices in U.S. nonprofits would maintain the status quo. As a powerful stakeholder in the principal-agent relationship, the government is in a position to frame mandatory regulations and laws for the nonprofits receiving government fund and/or in an alliance with the government as an alternative service delivery channel.

In institutional theory, Guo (2007) discussed how governments, in their capacity as powerful principals of nonprofits, are in a position to mandate regulations related to reservations for women and the racioethnic minority board members. It is important to note here, there are variations in the extent of power and control the government exercises over a nonprofit in the principal-agent relationship, depending on what role the nonprofit plays in the relationship: supplementary, adversary, or complementary (Young, 1999). However, with the increased usage of the alternative service delivery system, the government can legislate and mandate some basic laws and regulations directing nonprofits receiving government funding regarding gender and minority quotas on boards. Such policies will help these demographic groups achieve equality of outcomes (equal representation of underserved community members on nonprofit boards) and equality of opportunities. The question of robust legislation in relation to seat reservation or quota is important because of the tendencies of organizations led by a disproportionate percentage of the majority population (e.g. white in the U.S. nonprofit sector) to take recourse to tokenism in the guise of promoting diversity and inclusion. Without regulations, nonprofits might increase the representational capacity of their boards only to a bare minimum point in order to legitimize themselves in front of their multi-cultural clients and other stakeholders. As previously discussed, this kind of access-legitimacy framework does not benefit women or the racial and ethnic minorities.

While making legislation, the policymakers can take their inspiration from the domestic and global corporate regulations. According to a fact sheet on CA government website (n.d.), within a deadline of 2021, California's SB826 requires that public companies have:

- (1) one woman board member on boards with four or fewer members (minimum 25% of the board seats)
- (2) two on a board of five members (40% of the board seats), and
- (3) three on boards of six or more members (50% or less percentage of board seats)

Internationally, countries with legislation for reservation of seats or quotas on corporate boards include Norway, Spain, France, Iceland, Italy, Belgium, and Germany (Smale and Miller, 2015). Legislation in these European countries ensures that boards of publicly listed companies reserve quotas for women members, ranging from 30% (Belgium, Netherlands, and Germany) to 40% (Norway, Spain, France, and Iceland). Although these regulations have met with mixed success, they represent a step forward towards more socially equitable board representation. **This study recommends that the U.S. policymakers take note of the corporate legislation and formulate laws guaranteeing quotas for women and the racial and ethnic minority board members in the nonprofit sector.**

Recommendation 1

Policymakers should frame policies that ensure mandatory quotas or reserved seats for women and/or racial and ethnic minority board members for nonprofits that receive government funding and act as alternative service delivery channels for governments.

Recommendation 2

Although structures may vary between the corporate sector legislation in European countries related to seat reservations or quota for women on boards of public listed companies, U.S. policymakers should learn from the European system, adopt their best practices in legalizing quotas, and implement these in the domestic nonprofit sector.

Implications and Recommendations for Nonprofit Management

Nonprofit CEOs and boards may benefit in many ways from the findings of the present study. The results suggest that there was no statistically significant correlation between board inclusive behavior and board effectiveness as evaluated by the CEOs. From the results of this study, it appears that the CEOs perceived board inclusion to model Ely and Thomas' (2001) fairness-discrimination, access-legitimacy, accommodation-assimilation perspective, but not learning-integration. While the learning-integration perspective acknowledges group diversity with all its uniqueness and appreciates diverse inputs from the minority members, the other three are superficial, colorblind, and promote tokenism without promoting group inclusion. According to Buse et al. (2014), the learning-integration perspective is most effective in improving an individual employee's experience of inclusion. **Can nonprofit CEOs embrace the learning-integration perspective that will maximize the individual inclusivity experience of the board members?**

The second implication and recommendation relate to the promotion of tokenism in nonprofits. The descriptive statistics revealed that only 4% nonprofits in the sample had more

than 50% of their members as the racioethnic minority. A staggering 57% of the nonprofits had less than 10% board members from racial and ethnic minority communities. Why do tokens not perform to their fullest potentials?

Empirical evidence from the group behavior literature suggests that the consequences of tokenism prevent even the most efficient minority employee to perform at a level that is less than his best abilities. For example, according to Elstad & Ladegard (2012), visibility, polarization, and assimilation are three consequences that tokens face in a group. Since a token is recruited to increase the legitimacy of the group, he faces constant scrutiny and excessive visibility, resulting in performance pressure for him. The token may also feel uncomfortable in performing better than the dominant group members perform. The dominant population in the group polarizes the token by excluding him from informal networks. This socially isolation puts further pressure on tokens and prevents them from performing efficiently. Finally, the dominant population on the board assimilates the token at the cost of his “individuation.” Assimilation comes with negative stereotyping of minorities in the group. The token develops low self-esteem, feels demotivated and alienated, to such an extent that his performance slips. Thus, the negative stereotyping becomes a self-fulfilling prophesy. **Can white-and male-dominated nonprofit boards abandon tokenism and foster an inclusive environment for all board members such that women or the racioethnic minority members feel appreciated for their contributions, are included in critical decision-making processes, and are encouraged to perform to their best potential?**

The third implication and recommendation emerges from the fact that the CEOs did not perceive that by being inclusive (through practices or behavior) nonprofit boards are likely

to improve board functions. Recall the board effectiveness items in the survey enlisted only two related to external board roles, while the remaining seven board-role items were internally oriented. This may imply that the CEOs connected only the externally oriented board functions with notions of board inclusion. Recall from the previous discussions, external board activities are associated with representative diversity of the board. In other words, boards that engage more actively in external activities, increase their representational capacities. On the other hand, since internally oriented board functions include those board roles that members conduct in boardrooms, a reasonable assumption will be that boards should benefit most if they embrace pluralistic diversity. By definition, pluralistic diversity is not devoid of the element of inclusion since in this type of diversity the majority members incorporate the minority inputs and ideas (Weisinger & Salipante, 2005). However, as the regression results revealed the CEOs did not perceive that most of the board functions listed under board effectiveness could be improved through inclusion. Therefore, in a way, the CEOs did not consider pluralistic diversity when they responded. In other words, they did not believe that in any way participation by women or racioethnic minorities in board activities could improve the outputs. Pluralistic diversity is associated with the learning-integration perspective (Ely & Thomas, 2001) while representative diversity is associated with the access-legitimacy perspective (Ely & Thomas, 2001). **Can nonprofit CEOs promote pluralistic diversity and focus on creativity, uniqueness of ideas, and skills that women or the racioethnic minority board members can bring on the table?**

Recommendation 1

Nonprofit CEOs should promote learning-integration perspective that maximizes individual board member experience of inclusion.

Recommendation 2

White-dominated nonprofit boards should abandon tokenism and foster an inclusive environment for all board members such that women and racioethnic minority members feel appreciated, are included in critical decision-making processes, and are encouraged to perform to their best potentials.

Recommendation 3

The nonprofit CEOs should encourage pluralistic diversity on their boards so that their organizations can benefit from diverse skills and uniqueness of ideas of female or the racioethnic minority board members.

Future Research

In conclusion, future studies that emerge from this research need to be discussed here. This study was limited to quantitative analysis of responses coming from the CEOs of nonprofit organizations. One way to proceed in future research will be to triangulate the research design (e.g. mixed method with in-person interviews and focused group discussions of CEOs, grantees, staff, and clients) and data collection method (collecting survey responses from

multiple internal and external stakeholders). This study could improve by measuring board performance not only in terms of undefined effectiveness but also in terms of efficiency.

A limitation of the survey used in this study is that the questionnaire did not include questions asking about task-dependence between the members. The diversity questions in the survey only focus on demographic aspects while overlooking skill-based diversities. Diversity and inclusion scholars, as the literature review showed, advocate in favor of group inclusion based on the notion that diverse members will be able to contribute significantly through their unique ideas, creativity, knowledge, and skills. The learning-integration perspective supports this view. One future direction could be incorporating skill-based diversity questions in the survey and including those items under board inclusion. Another possible direction could be exploring the research questions asked in this study for various board designs or models. Board members prioritize their roles and responsibilities depending on the type of board design the nonprofit has. This is especially relevant for measuring board effectiveness. The present questionnaire does not differentiate between different board designs. For future research, it will be interesting to test the hypotheses separately for each board design. A third future direction in research could be to test the hypotheses related to critical mass on an intersectional population, that is, board directors who are women of color. The present study tested for moderators separately for women and racial and ethnic minority board members and was limited in its approach. Another suggestion is to explore critical race theory in connection with nonprofit management and leadership studies that involve race, ethnicity, and gender issues. As the data in this study revealed, U.S. nonprofits occupy a “white space” (Anderson, 2015). According to Anderson, white spaces refer to those spaces that have an overwhelming presence

of white people. Researchers who study “white spaces,” often do so using the framework of critical race theory. Critical race theory originated in the American jurisprudence in the 1980s (Harris, 2015) but now provides a guiding framework to public policy and practice, and related disciplines such as social work (Daftary, 2018).

Conclusion

Overall, this research suggests that there are racial and gender gaps in the perceptions of nonprofit CEOs about the relationship between board inclusion (related to behavior and practices) and board effectiveness. The findings of this study underline the urgency with which nonprofit leadership must act to make their organizations socially equitable workplaces.

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APPENDIX A

Table A.1

Board Inclusive Behavior Items Descriptive Statistics

The board encourages, supports, and listens to creative and innovative suggestions		
	Frequency	Percent
Strongly Disagree	10	0.8
Disagree	37	3.1
No opinion either way	93	7.9
Agree	414	35
Strongly agree	594	50.2
Don't know or inadequate opportunity to observe	35	3
Total	1183	100
Our board is a collaborative team that works well together toward a common goal		
	Frequency	Percent
Strongly disagree	18	1.5
Disagree	78	6.6
No opinion either way	193	16.3
Agree	450	38
Strongly agree	423	35.8
Don't know or inadequate opportunity to observe	21	1.8
Total	1183	100

There is honest communication between board members		
	Frequency	Percent
Strongly disagree	18	1.5
Disagree	81	6.8
No opinion either way	144	12.2
Agree	458	38.7
Strongly agree	456	38.5
Don't know or inadequate opportunity to observation	26	2.2
Total	1183	100
Success is celebrated on the board		
	Frequency	Percent
Strongly disagree	14	1.2
Disagree	75	6.3
No opinion either way	146	12.3
Agree	440	37.2
Strongly agree	476	40.2
Don't know or inadequate opportunity to observe	32	2.7
Total	1183	100
Board members share accountability and take collective responsibility for failures and mistakes		
	Frequency	Percent
Strongly disagree	37	3.1
Disagree	190	16.1
No opinion either way	284	24
Agree	393	33.2
Strongly agree	238	20.1
Don't know or inadequate opportunity to observe	41	3.5
Total	1183	100
Our board has social time specifically for its members		
	Frequency	Percent
Strongly disagree	93	7.9
Disagree	307	26
No opinion either way	203	17.2
Agree	336	28.4
Strongly agree	218	18.4
Don't know or inadequate opportunity to observe	26	2.2
Total	1183	100
Our board has an annual retreat with getting-to-know-you and bonding exercises		

	Frequency	Percent
Strongly disagree	229	19.4
Disagree	299	25.3
No opinion either way	131	11.1
Agree	258	21.8
Strongly agree	224	18.9
Don't know or inadequate opportunity to observe	42	3.6
Total	1183	100
Board members listen attentively and respectfully to each other		
	Frequency	Percent
Strongly disagree	11	0.9
Disagree	38	3.2
No opinion either way	63	5.3
Agree	372	31.4
Strongly agree	667	56.4
Don't know or inadequate opportunity to observe	32	2.7
Total	1183	100

APPENDIX B

Table B.1*Board Inclusive Practices Items Descriptive Statistics*

The board has made explicit and discussed the benefits of diversity and inclusivity of the board, as it pertains to your mission		
	Frequency	Percent
No	534	42.1
Yes	733	57.9
Total	1267	100
The board has agreed that it is important to incorporate diversity and inclusion into the organization's core values		
	Frequency	Percent
No	465	36.7
Yes	802	63.3
Total	1267	100
The board has developed a detailed plan of action for the board to become more inclusive, including measures of progress		
	Frequency	Percent
No	1080	85.2
Yes	187	14.8
Total	1267	100
The board has encouraged resources be allocated to support recruitment of diverse board leaders and to inspire board service		
	Frequency	Percent
No	1089	86
Yes	178	14
Total	1267	100
The board has modified organizational policies and procedures to be more inclusive		
	Frequency	Percent

No	962	75.9
Yes	305	24.1
Total	1267	100

The board has conducted diversity training for staff and board members

	Frequency	Percent
No	1036	81.8
Yes	231	18.2
Total	1267	100

The board has evaluated and modified recruitment efforts specifically to reach potential members from diverse backgrounds

	Frequency	Percent
No	771	60.9
Yes	496	39.1
Total	1267	100

APPENDIX C

Table C.1*Board Effectiveness Items Descriptive Statistics*

Effectiveness of your board in adopting and following a strategic plan		
	Frequency	Percent
Failing	53	4.2
Below Average	148	11.6
Average	319	25
Above average	433	34
Excellent	321	25.2
Total	1274	100
Effectiveness of your board in understanding the board's roles and responsibilities		
	Frequency	Percent
Failing	29	2.3
Below Average	96	7.5
Average	344	27
Above average	525	41.2
Excellent	281	22
Total	1275	100
Effectiveness of your board in demonstrating levels of commitment and involvement		
	Frequency	Percent
Failing	18	1.4
Below Average	109	8.5
Average	336	26.4
Above average	520	40.8
Excellent	292	22.9
Total	1275	100
Effectiveness of your board in community-building and outreach		
	Frequency	Percent
Failing	71	5.6
Below Average	231	18.2

Average	492	38.7
Above average	366	28.8
Excellent	112	8.8
Total	1272	100

Effectiveness of your board in evaluating the CEO

	Frequency	Percent
Failing	104	8.2
Below Average	187	14.7
Average	323	25.5
Above average	370	29.2
Excellent	284	22.4
Total	1268	92

Effectiveness of your board's financial oversight

	Frequency	Percent
Failing	15	1.2
Below Average	44	3.5
Average	226	17.8
Above average	446	35.1
Excellent	541	42.5
Total	1272	100

Effectiveness of your board in fundraising

	Frequency	Percent
Failing	150	12.1
Below Average	344	27.7
Average	453	36.5
Above average	232	18.7
Excellent	62	5
Total	1241	100

Effectiveness of your board in providing guidance and support to the chief executive

	Frequency	Percent
Failing	20	1.6
Below Average	117	9.2
Average	318	25
Above average	479	37.6
Excellent	339	26.6
Total	1273	100

Effectiveness of your board in increasing the diversity of the board

	Frequency	Percent
Failing	143	11.3
Below Average	361	28.4
Average	477	37.6
Above average	234	18.4
Excellent	55	4.3
Total	1270	100

Effectiveness of your board's legal and ethical oversight

	Frequency	Percent
Failing	18	1.4
Below Average	76	6
Average	317	24.9
Above average	463	36.4
Excellent	399	31.3
Total	1273	100

Effectiveness of your board in monitoring legislative and regulatory issues that have the potential to impact the organization

	Frequency	Percent
Failing	141	11.1
Below Average	304	24
Average	503	39.6
Above average	232	18.3
Excellent	89	7
Total	1269	100

Effectiveness of your board in monitoring organizational performance and impact against strategic plan goals or objectives

	Frequency	Percent
Failing	65	5.1
Below Average	148	11.7
Average	436	34.4
Above average	428	33.7
Excellent	192	15.1
Total	1269	100

Effectiveness is your board in understanding organization's missions

	Frequency	Percent
Failing	4	0.3
Below Average	23	1.8
Average	139	10.9

Above average	412	32.3
Excellent	698	54.7
Total	1276	100

Effectiveness of your board in the knowledge of your organization's programs

	Frequency	Percent
Failing	9	0.7
Below Average	77	6
Average	384	30.1
Above average	577	45.3
Excellent	228	17.9
Total	1275	100

Effectiveness of your board in thinking strategically as a board

	Frequency	Percent
Failing	19	1.5
Below Average	106	8.3
Average	371	29.1
Above average	522	41
Excellent	256	20.1
Total	1274	100

APPENDIX D**Table D.1***Impact of Board on the Overall Effectiveness of Organization's Performance*

	Frequency	Percent
Don't know	7	0.6
Very positive impact	324	27.5
Somewhat positive impact	618	52.5
No impact either way	167	14.2
Somewhat negative impact	57	4.8
Very negative impact	4	0.3
Total	1177	100

Table D.2

Importance of Board Diversity and Inclusivity to Enhance:

Attraction and retention of top talent for the board			
		Frequency	Percent
	Don't know/No opinion	35	2.8
	Very important	448	35.6
	Important	444	35.3
	Only somewhat important	235	18.7
	Not important at all	96	7.6
	Total	1258	100
Attraction and retention of top talent from the staff			
		Frequency	Percent
	Don't know/No opinion	47	3.7
	Very important	321	25.5
	Important	375	29.8
	Only somewhat important	326	25.9
	Not important at all	188	15
	Total	1257	100

Understanding of the changing environment from a broader perspective			
		Frequency	Percent
	Don't know/No opinion	16	1.3
	Very important	779	61.9
	Important	349	27.7
	Only somewhat important	86	6.8
	Not important at all	29	2.3
	Total	1259	100
Effective Planning			
		Frequency	Percent
	Don't know/No opinion	27	2.2
	Very important	481	38.4
	Important	497	39.6
	Only somewhat important	176	14
	Not important at all	73	5.8
	Total	1254	100
Development of creative new solutions to new problems			
		Frequency	Percent
	Don't know/No opinion	25	2
	Very important	661	52.6
	Important	408	32.5
	Only somewhat important	120	9.5
	Not important at all	43	3.4
	Total	1257	100
Understanding of the client populations served by the organization			
		Frequency	Percent
	Don't know/No opinion	28	2.2
	Very important	691	54.9
	Important	347	27.6
	Only somewhat important	142	11.3
	Not important at all	51	4.1
	Total	1259	100
Monitoring and strengthening of programs and services			
		Frequency	Percent
	Don't know/No opinion	28	2.2
	Very important	450	35.9
	Important	463	36.9
	Only somewhat important	222	17.7

Not important at all	92	7.3
Total	1255	100
Increase in fundraising and donor networks		
	Frequency	Percent
Don't know/No opinion	58	4.6
Very important	594	47.3
Important	339	27
Only somewhat important	173	13.8
Not important at all	92	7.3
Total	1256	100
Enhancement of the organization's standing with the general public		
	Frequency	Percent
Don't know/No opinion	50	4
Very important	630	50.2
Important	384	30.6
Only somewhat important	144	11.5
Not important at all	47	3.7
Total	1255	100

APPENDIX E

Table E.1

Dummy Variables

Dummy Variable	Label
dummy_CEO_boardmem_y_non_voting	CEO is a non-voting board member
dummy_CEO_boardmem_y_voting	CEO is a voting board member
dummy_CEO_gender_fmale	CEO is female
dummy_CEO_gender_male	CEO is male
dummy_CEO_president	CEO is the President or Chairperson of the board
dummy_CEO_race_american_indian_alaska	CEO is American Indian or Alaska Native
dummy_CEO_race_asian	CEO is Asian
dummy_CEO_race_black	CEO is Black
dummy_CEO_race_multi_race	CEO is multi-racial
dummy_CEO_race_nhpi	CEO is Native Hawaiian or Pacific Islander
dummy_CEO_race_other_race	CEO's race is some other race
dummy_CEO_race_white	CEO is White
dummy_npo_serv_local	Nonprofit's (NPO) service area is local
dummy_npo_serv_multi_state	NPO service area is multi-state
dummy_npo_serv_national	NPO service area is national
dummy_npo_serv_regstate	NPO service area is regional within state
dummy_npo_serv_state	NPO service area is state
dummy_orgcat_association	NPO category is association of professional society or trade association
dummy_orgcat_educational	NPO category is school, college, and university
dummy_orgcat_gov_agency	NPO category is government agency
dummy_orgcat_public_char	NPO category is public charity

IRB APPROVAL

4/12/2019



TO: Nancy Stutts

Suparna Dutta

CC: Susan White

FROM: VCU IRB Panel A

RE: Nancy Stutts ; [HM20011821](#) Understanding Effectiveness of a Diverse Board in the Nonprofit Sector: The Role of Board Inclusion and Critical Mass of the Diverse Board Members

Section 45 CFR 46.102(d) of the HHS Regulations for the Protection of Human Subjects defines **research** as “ *a systematic investigation, including research development, testing and evaluation, designed to develop or contribute to generalizable knowledge. Activities which meet this definition constitute research for*

purposes of this policy, whether or not they are conducted or supported under a program which is considered research for other purposes.”

Section 45 CFR 46.102(f) of the HHS Regulations for the Protection of Human Subjects defines a **human subject** as “*a living individual about whom an investigator conducting research obtains:*

1. *Data through intervention or interaction with the individual, or*
2. *Identifiable private information”.*

To be subject to the regulations, a study must meet the definitions for BOTH “*human subject*” AND “*research*”. While your study may fit one of these definitions, it does not fit both. **Therefore, your study is not subject to the regulations and no IRB review or approval is required before you proceed with your study.**

Thank you for informing us of the project. If we can be of service with respect to future research studies, please contact us.

If you have any questions, please contact the Office of Research Subjects Protection (ORSP) or the IRB member(s) assigned to this review. Reviewer contact information is available by clicking on the Reviewer’s name at the top of the study workspace.

Thank you for your continued collaboration in maintaining VCU's commitment to protecting human participants in research.

VITA

Suparna Dutta was born in Kolkata, India and migrated to the U.S. as an international graduate student. She is an alumna of Columbia University, where she received a Master of Science degree in Sustainability Management and Birla Institute of Management Technology in India, where she earned an MBA in Marketing and Human Resources Management. She received her PhD in Public Policy and Administration from L. Douglas Wilder School in Virginia Commonwealth University (VCU) in Richmond, VA. Prior to enrolling at VCU, Suparna spent a decade working in multiple sectors, including nonprofits, higher education, and financial services, as researcher, analyst, and program/ project manager. She is the recipient of multiple awards including a prestigious appointment as an American Society of Public Administration Founders' Fellow, VCU's International Student Scholarship Award, Jeffrey S. Cribbs, Sr. Endowed Scholarship in Philanthropy, and the Excellence in Virginia Government Graduate Scholarship Award.

