



LEADERSHIP DIVERSITY IN MILWAUKEE-AREA NONPROFITS: OVERVIEW OF BENCHMARK STUDY FINDINGS

Introduction

In 2008, the Helen Bader Institute for Nonprofit Management at UWM commissioned the Center for Urban Initiatives and Research to undertake a benchmark study of leadership diversity within nonprofit organizations in Milwaukee County. The study's goal was to provide a baseline measure of diversity at three leaderships levels within nonprofits: (1) top executive (typically with title of Executive Director but also that of President or CEO), (2) top-level managers who report to the executive (if such staff are present in the organization), and (3) boards of directors. This overview provides highlights of the study.

This diversity study is based on a survey that was mailed in March 2008 to 1,403 executive directors of Milwaukee County nonprofit organizations. A total of 281 completed surveys were returned by the closing date for an effective response rate of 21%.

Leadership Diversity and Race/Ethnicity

Executive Directors. Racial/ethnic status was one measure of diversity explored in this study. Mail survey results indicate that 80% of top leaders in Milwaukee County nonprofits are white, 12% are African American, 4% are Hispanic/Latino, and 1% are Native American (see Table 1 and Figure 1).

Managers. The benchmark study asked executive directors in local nonprofits to describe the second-level managers in their organization—defined as individuals who directly report to the executive director and supervise one or more non-clerical employees. Organizations could report information on

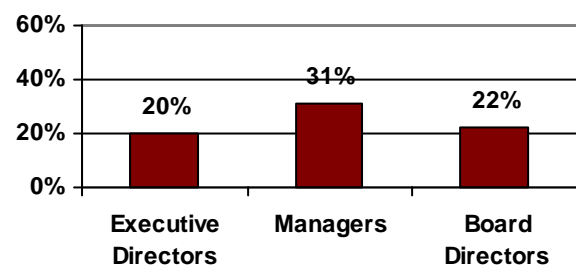
up to five second-level managers. With regard to racial/ethnic diversity, these second-level managers are somewhat more diverse than executive directors with 69% of managers being white, 21% African American, 6% Latino/Hispanic, 2% Native American and 1% Asian American.

Board Directors. The diversity of nonprofit board directors was another focus of the benchmark study. Across the nonprofit organizations that participated in this study, the total pool of board directors shows the following race/ethnicity composition: 78% white, 14% African American, 4% Latino/Hispanic, and 1% each Asian American and Native American.

Table 1. Race/Ethnicity of Nonprofit Executives, Managers, and Board Directors

Category	Executives	Managers	Board Directors
White	80%	69%	78%
African American	12%	21%	14%
Hispanic / Latino	4%	6%	4%
Mixed	2%	0%	0%
Native American	1%	2%	1%
Other	1%	2%	1%
Asian American	0%	1%	1%
Total	100%	100%	100%

Figure 1. Percentages of People of Color in Nonprofit Leadership & Governance



Influences on Diversity. This study explored factors that might influence (or be correlated with) leadership diversity in nonprofits including organizational size, geographic focus of programs, location within the county (i.e., location in the city versus a suburban community), and diversity of people served by the organization.

For **nonprofit executives:**

- **Geographic Focus.** As the geographic focus of agency mission expands, racial/ethnic diversity of nonprofit executives diminishes. Thirty-three percent of executive directors of organizations working solely within one neighborhood of the city of Milwaukee are people of color, compared with 10% who work in organizations with a focus on the entire United States.
- **Location.** Nonprofits that are located within the City of Milwaukee have higher levels of race/ethnicity diversity than those in the remainder of Milwaukee County. Only 3% of executive directors outside Milwaukee are people of color, compared with 23% working with an organization located within Milwaukee.
- **Clientele.** Organizations serving larger percentages of people of color are more likely to have top executives who are people of color. Six percent of organizations serving fewer than 25% people of color have executive directors who are people of color. This percentage increases to 32% for organizations serving more than 75% people of color.

With regard to **managers** working under the executive director, the study found the following patterns:

- **Budget Size.** As budget size increases (a measure of organizational size), the racial/ethnic diversity of nonprofit managers increases.
- **Geographic Focus.** As an organization's focus expands geographically, it is less likely that managers will be people of color.

- **Location.** If an organization is located within the City of Milwaukee, it is more likely to have a racially/ethnically diverse management team working under the top executive.
- **Clientele.** The larger the percentage of people of color that the organization serves, the more likely it will have one or more managers of color, one or more African-American managers, and one or more Hispanic managers.

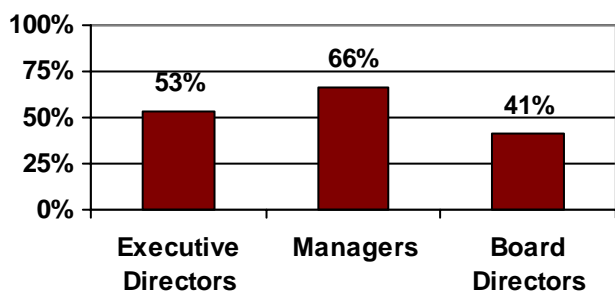
For **boards of directors**, the benchmark study found:

- **Budget Size.** As budget size increases, the percentage of organizations whose boards comprise at least 10% people of color also increases.
- **Geographic Focus.** The relationship between an organization's geographic focus and its board diversity is quite strong. As an organization's focus expands geographically, its board becomes less diverse. For example, while 72% of organizations with a single Milwaukee neighborhood focus have boards comprising over 10% people of color, only 48% of organizations with a regional southeastern Wisconsin focus have boards comprising over 10% people of color.
- **Location.** Boards of directors in organizations located outside the City of Milwaukee are less diverse than their Milwaukee counterparts. Eighteen percent of organizations outside Milwaukee have boards comprising over 10% people of color; 67% of organizations with a Milwaukee zip code have boards comprising over 10% people of color.
- **Clientele.** As the percentage of people of color served by a nonprofit organization grows, so does the likelihood of representation by board directors of color.

Leadership Diversity and Gender

Nonprofit leadership diversity was also investigated in terms of female representation at the executive director level, within second-tier management, and with board composition. Figure 2 lists the percentages of women in each leadership area. Study results indicate that 53% of executive directors are women. Two-thirds of all managers reported are women and 41% of all board directors are women.

Figure 2. Percentages of Women in Nonprofit Leadership & Governance



Influences on Gender Diversity. Gender was compared across four organizational characteristics: budget size, location, geographic focus of mission, and gender of clientele.

For **executive directors** the study found that:

- **Budget Size.** The percentage of organizations with female executive directors decreases as budget size increases. For example, 72% of nonprofits whose budgets are \$50,000 or less are led by women as contrasted with only 26% for those with budgets of \$5 million or more.
- **Female Clientele.** The higher the proportion of clientele that are women, the more likely the organization is to have a female executive director.

For **managers** who serve under the executive director, no significant correlations were found between manager gender and budget size, gender of clientele served by the organization, location, or geographic focus of mission.

Looking at **board directors**, similar to the pattern found for executive directors:

- **Budget Size.** The percentage of organizations whose boards are composed of a majority of women decreases as budget size increases.
- **Female Clientele.** The more female clients an organization has, the more likely the board will have a female majority.

Leadership Diversity and Age

A third dimension of leadership included in this study focused on age.

Executive Directors. Four percent of executives are age 35 or younger, 48% are age 36 to 55, and 48% are age 56 or older.

Managers. Seventeen percent of second-tier managers are under 35 years of age, 62% are age 36 to 55, and the remaining 21% are age 56 or older.

Board Directors. Thirteen percent of all boards directors reported are under 40 years old. Eighty-one percent of organizations have boards with over 10% of their board directors that are under 40 years old. Thirty-six percent of organizations have boards with over 25% of their board directors that are under 40 years old. Seven percent of organizations have boards with at least a majority of their directors that are under 40 years old.

Influences on Age Diversity. With regard to factors that correlate with age, for **executive directors**:

- **Budget Size.** As an organization's budget increases, the likelihood of an executive director under 46 years old decreases. Almost one-third of executive directors serving in organizations with an annual budget under \$50,000 are under 46 years old, compared with only 11% of executive directors in organizations with annual budgets over \$5 million.

For **managers**, the benchmark study found:

- **Budget Size.** As an organization's budget increases, the likelihood of a younger management team decreases.
- **Senior Clientele.** As an organization's percentage of older clients increases, the likelihood of younger management and younger boards decreases.

When looking at **board directors**, survey results indicate that:

- **Budget Size.** Similar to executive directors and management, the percentage of nonprofits boards with directors under 40 declines as budget size increases.

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To obtain a copy of the full research report, go to <http://www.hbi.uwm.edu/research/studies.html>

The Helen Bader Institute for Nonprofit

Management (HBI) is a multi-disciplinary, university-wide nonprofit academic center at the University of Wisconsin-Milwaukee. Established in 2001 as the first nonprofit academic center in Wisconsin, the Institute engages the university and community in improving the leadership and effectiveness of nonprofit organizations through education, research and service.

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