



**Fund the
People Toolkit**

Equity & Inclusion
Literature Review





Literature Review

This literature review is part of a suite of materials that explore the topic of investing in equitable and inclusive talent in the nonprofit workforce. It examines the ideas and practice that sit at the intersection of the nonprofit workforce, philanthropic behavior, and equity and inclusion and is based on practical literature developed by the nonprofit and philanthropic sectors, rather than by way of academic scholarship.

Over the past several decades, the American nonprofit sector and its funders have come to champion diversity as a core value. There is a sweeping consensus that diversity should be both promoted through programming and services and mirrored by the nonprofit workforce itself. However, once discussion shifts from embracing principles to practicing diversity, from the meaning of diversity to how to achieve it, that consensus rapidly begins to unravel.

- Does diversity mean simply recognizing and celebrating difference, or does it require a proactive commitment both to combating inequality and building an inclusive society?
- Does diversity, in a U.S. context, primarily refer to race and ethnicity, or does it encompass the many other aspects of identity and power—including, but not limited to, gender, sexual orientation and gender identity/expression, dis/ability, socio-economic class, age, religion, and geographic location? How should the nonprofit sector address diversity internally?
- How should funders invest in equity and inclusion—beyond making grants—and instead help to build the philanthropic sector itself?

This paper serves two purposes. First, we lay out our thinking on how two critical agendas—talent-investment, and diversity, equity, and inclusion (DEI)—are fundamentally intertwined and mutually reinforce in

philanthropy and the nonprofit sector. Second, we explore this relationship between talent-investment and DEI through an extensive review of the practical field-based literature.

Linking Diversity, Equity, and Inclusion with Talent Agendas

As Miecha Forbes of Koya Leadership Partnerships observes, “building a truly diverse organization requires more than just adding ‘diversity’ to the list of strategic goals and making a few key hires.”¹ The mission of Fund the People is to ensure that funders invest in a well-supported, high-performing workforce. Making nonprofit careers viable and appealing for a diverse population—especially members of the historically marginalized and disenfranchised communities that are engaged by so many nonprofit organizations—requires a fundamental commitment to investing in nonprofit talent. As we argue in our [Invest In Equity Inside the Nonprofit Workforce](#) statement, the talent-investment agenda is by nature diversity, equity, and inclusion agenda, and the equity and inclusion agenda is by nature a talent-investment agenda.

As part of our review of the prevailing literature, we surveyed existing tools, research reports, scholarship, and other resources. We knew going into this review that there is vast and rich literature on diversity in the nonprofit sector, and a smaller, but still significant, nonprofit literature addressing equity and inclusion beyond basic diversity. We also knew that the literature on talent-investment is small but growing. In our review, we found, perhaps not surprisingly, a paucity of resources addressing the funding of diversity, equity and inclusion (DEI) work, and that there are very few tools or research reports that analyze DEI in the nonprofit sector or among funders through the lens of talent. Our conversations with foundation program officers and nonprofit leaders, which we conducted specifically for this literature review, echoed these findings.



Our colleagues noted the urgent need for more narratives and more quantitative data connecting the funding of talent and DEI in the social sector.

Defining Diversity, Equity, and Inclusion

Funders have grappled with how to address diversity—most commonly, racial diversity—since at least 1971, when members of the Council on Foundations demanded the association leadership encompass “Black professionals who demonstrated a commitment to a concept of philanthropy that addressed the needs of minorities and the poor.” Linking diverse talent to outcomes, the protesters decried “the scarcity of Black professionals working in the philanthropic sector” and called for their inclusion on “foundation staff, among trustees, and institutional decision-making and grantmaking.”² These efforts led to the formation of philanthropy’s first affinity group, the Association of Black Foundation Executives. Though the framing of “diversity, equity, and inclusion” (attended by its own acronym, DEI) is relatively recent, the issues at stake have been on the table for nearly half a century.

The question of *how* to diversify philanthropy and the broader nonprofit sector follows the question of *why* to prioritize promoting diversity, equity, and inclusion. Rockefeller Philanthropy Advisors, launching its 2008-2009 series of reports on diversity, effectiveness, and impact, tracked how the case for racial diversity shifted from “the moral thing to do” starting in the late 1960s to a human resources-focused legal imperative in the mid-1980s. But as the censuses of 1990 and 2000 documented the nation’s rapidly shifting racial and ethnic demographics, “many foundations began acknowledging the necessity of increasing their understanding of [poverty-related] issues and their potential solutions from the perspectives and cultural backgrounds of the populations they were trying to serve.” Moreover, a “marketplace” rationale for diversifying staff and boards took hold, and foundations realized that many of their largest grantees (e.g., universities, museums, and medical centers) were now serving increasingly diverse “customers.” However, advocates of this market-driven framework quickly discovered that hiring staff of color did not reflexively “translate to increased giving to diverse communities, or to more effective solutions.”³

Reviewing the lessons identified by the Diversity in Philanthropy Project (DPP)— the effort to increase the diversity and inclusiveness of the boards, staff, grant-making, and other operations of organized philanthropies was the predecessor of the D5 Coalition—Jessica Bearman, Henry A.J. Ramos, and Anna-Nanine S. Pond identified the most compelling reasons that embracing diversity, equity, and inclusion are essential to philanthropy’s success. First, as demographic shifts and the increasing complexity of enduring social problems require foundations to become learning organizations, “diverse perspectives increase team problem-solving capacity.” Second, when foundations reflect the broad, diverse communities they serve, the gap in experience and perspective between grantmakers and grantseekers will shrink. The resulting authentic relations between the two increase the likelihood that funding will have the desired impact on recipient communities and organizations. Third, DEI initiatives open the path for foundations committed to “expanding resources and dismantling structural barriers to equality... to remedy inequities among their philanthropic decision-making and grantee ranks.” These lessons, though directed at grantmakers, may help nonprofit leaders more generally frame their case.⁴

Talent-investment is absolutely essential to advancing DEI in the nonprofit sector and that, vice-versa, investing in DEI is equally critical to deepening, strengthening, and retaining the sector’s workforce. Defining what constitutes DEI is a prerequisite to achieving progress on these fronts. Indeed, while diversity, equity, and inclusion are all fundamentally interrelated, they are also distinct attributes, each needing to be approached with intentionality. The D5 Coalition, in its 2013 review of philanthropic policies, practices, and programs, explains that “diversity and inclusion focus, respectively, on people and processes; equity is about overall impact.” Moreover, D5’s report notes how the three terms are frequently conflated and confused in both concept and practice, and that an organization may be “committed to diversity but not inclusion, or to diversity and inclusion without taking the larger step toward equity.”⁵ Numerous tools and resources explain each term; we draw our working definitions from those offered by the D5 Coalition, GrantCraft, the St. Paul Foundation, and the Annie E. Casey Foundation. In brief:



- **Diversity** refers to the wide range of differences among people and their perspectives
- **Equity**: while diversity and inclusion address internal change, equity focuses on external impact and outcome. Equity work takes a structural, systemic approach, drawing upon identifying and analyzing root causes of social injustice, devising solutions, and setting benchmarks for success. Equity is reached when disparities of resource distribution, opportunities, and burdens cannot be predicted or determined by race, ethnicity, gender, or other forms of inequality
- **Inclusion** means the action or state of inviting or of being invited within a group or structure including or of being included within a group or structure. More than mere numerical representation, inclusion involves authentic and empowered participation, especially in decision-making, along with a true sense of belonging⁶

The D5 Coalition report notes how a diverse workplace is not necessarily an equitable one and that the presence of diverse people in an organization does not guarantee decision-making beneficial to diverse populations. Moreover, notions and practices of diversity, equity, and inclusion may reinforce power differentials between those being included and those being excluded. In turn, a commitment to equity “recognizes and accounts for the complex interaction between the dynamics of identity, socio-economic forces, and policy and practice that operate in the environments in which philanthropic investments can occur.”⁷

Funders and nonprofits envision the scope of diversity in different ways. The D5 Coalition report, for example, analyzes “race and ethnicity, sexuality, gender, and ability” in foundation policies, practices, and programs.⁸ Some resources and tools surveyed for this review took a comparably sweeping view of diversity, but the clear majority focused on race and ethnicity.

A few reports investigated talent-investment for LGBTQ members of the nonprofit workforce, while the tools and resources specifically addressing women in the sector are surprisingly rare. This gap likely reflects that women

comprise 75% of the American nonprofit and philanthropic workforce, according to a 2013 report from the University of Denver-Colorado Women’s College. However, that same study also showed that women comprised only 43% of top leadership roles.⁹ Moreover, Guidestar’s 2015 Nonprofit Compensation Report found that the percentage of women in nonprofit CEO positions has decreased over the past decade, especially at smaller organizations. The report also found that the gender gap for CEOs persists, ranging from 6% to 23%, depending on the size of the organization.¹⁰ Clearly, talent-investment must address gender equity and inclusion, especially for women of color; lesbian, gay, bisexual, transgender and queer people; or other people who are more likely to be disenfranchised based on their identities.

In tackling the “good intentions” and language of diversity, some foundation staff note that even funders with a specific commitment to addressing race are reluctant to explicitly mention it because they fear that such language is divisive, or because they see racial justice work as a subset of combating economic disparities. Cynthia Renfro, former director of programs and evaluation at the Marguerite Casey Foundation, warns that, “if it’s not stipulated explicitly, you lose the issue of race.”¹¹ The Annie E. Casey Foundation proclaims that “we are aware that race is central to any analysis of social conditions in America; it is equally central to any attempt to address those conditions.”¹² Ashley Stewart, senior associate for talent and leadership development at the Baltimore-based Casey Foundation, explains the foundation’s data-driven decision to frame its work in terms of race equity, rather than diversity:

*We have come to understand that without making sure our strategies produce equitable outcomes that allow all children to succeed, and without analyzing the data to understand how our work affects all populations, we are unlikely to achieve our mission. In our talent and leadership work, this means not only developing a talent pool that is diverse, but making sure that we use a race equity lens in all components of our work to effectively contribute to social change.*¹³

Sociologist Ellen Berrey, author of *The Enigma of Diversity: The Language of Race and the Limits of Racial Justice*, argues that “diversity is how we talk about race



when we can't talk about race." Diversity—a "polite, positive, hopeful" term—she proposes has become a stand-in when an open discussion of race is too controversial or—let's be frank—when white people find the topic of race uncomfortable." At an historic moment when endemic police brutality has given birth to the #BlackLivesMatter movement, "watered down ... diversity talk is not enough"; instead of policies that promote justice, "we get a celebration of cultural difference as a competitive advantage... good for learning, good for the bottom line, even good for white people," she continues. While Berrey focuses on higher education and the corporate sector, her framing is critical for considering how funders and nonprofits approach diversity, equity, and inclusion in the social sector.¹⁴

In proposing that talent-investment is foundational to advancing DEI in the nonprofit sector, we recognize the central place that structural racism holds in shaping social, economic, cultural, and political disparities in the United States, past and present. We acknowledge those many other persistent disparities grounded in gender, sexual orientation, gender identity and expression, ability, socio-economic class, age, and other identities. Furthermore, we understand the intersectional nature of these dynamic, overlapping identities: for example, both an able-bodied, heterosexual, African-American woman and a gay, white man with an invisible disability are whole beings, experiencing their race, gender, sexual orientation, and dis/ability all at once.¹⁵ The nonprofit workforce and the communities served by the social sector are comprised of individuals living these intersectional lives, and DEI and talent-investment strategies must take this into account. Moreover, those nonprofits and foundations developing inclusion strategies should consider how previous strategies have not adequately addressed the pressure to conform to an organizational culture. Kenji Yoshino's pioneering work on "covering"—showing how individuals alter their appearance, avoid behaviors commonly associated with their identity, refrain from advocacy on behalf of "their group," and manage their contact with other group members—holds urgent lessons for those strategizing investments in developing, recruiting, retaining, and promoting diverse nonprofit talent.¹⁶

Changing the Lens

To expand investment in the nonprofit workforce with a fundamental commitment to, equity, and inclusion, we first need to re frame two of the sector's deeply entrenched narratives. The first, dating back to the mid-2000s, warns of a looming leadership crisis or deficit, presuming baby-boomer generation executive directors would soon begin to retire and that the sector lacks adequate replacements to fill the resulting vacancies.¹⁷ Despite the dire forecast—one that conflates top-level executive leadership with management more generally—this has not come to pass; "the sky isn't falling," notes a 2012 Emerging Practitioners in Philanthropy (EPIP) report calling for investment in talent and leadership at all levels.¹⁸ Second, a frequent refrain appearing throughout the literature is the challenge of recruiting diverse staff. David Brown, a managing director at Bridge Partners LLC, an executive search firm based in New Jersey, notes that "recruiting for diversity is harder on a tactical level for a couple of reasons. First, you have to work harder to break out of the usual networks, the usual sources, the usual databases. On top of that, the numbers are simply fewer, so you have to dig harder and make a much more concerted effort."¹⁹ This point—grounded in genuine challenges facing nonprofit hiring managers—presumes that talent already exists and can be identified and recruited. As one of our colleagues confidentially explained to us, "you want a broad, diverse candidate pool, but so very often, you are concerned about making the wrong hire or no hire at all, and you have very limited resources to begin with, so you hire a candidate that someone in the group knows. There's a real fear of hiring the unknown, and this is a major obstacle to promoting DEI in hiring."

Balancing the immediate needs of a hiring committee and the sector-wide DEI and talent issues are not small tasks. As Vu Le, executive director of Rainier Valley Corps, explains, "the huge problem with our sector's diversity strategies is that they increase demand without increasing supply. Doing this just ups the burden that leaders of color have to bear."²⁰ Le's point underscores how both of the above narratives presume the scarcity of nonprofit talent—especially talent that reflects the diversity of the American population and those people served by the social sector, both at the executive level and throughout the nonprofit workforce. We do not



subscribe to this vision of scarcity. Instead, we bring a talent lens to the task of expanding, developing, supporting, retaining, and promoting nonprofit staff at all levels of the social sector workforce. While we fully recognize the value of executive leadership, we also recognize how, as Niki Jagpal and Ryan Schlegel write, “there is value in understanding that leadership can emerge from any level of an organization, not just the executive level.”²¹

Looking at the sector through this talent lens, we promote intentional investment in human talent *as part of any and every grant* to advance the performance and sustainability of grantees and nonprofit professionals. Current talent-investment is grossly inadequate; a recent review of Foundation Center data from 1992 to 2011 found that less than 1 percent of foundation dollars went to talent-investment.²² We must increase investments in compensation and benefits; leadership, career, and professional development; executive transition management, and board development; healthy, sustainable workplace cultures; and in developing effective and equitable employment policies and practices. This approach does not necessarily call for foundations to establish new grantmaking or operating programs specifically focused on nonprofit talent. Rather, it is more practical and valuable for funders to integrate talent-investments into their existing grantmaking strategies, programs, and portfolios.

For funders and nonprofits alike, viewing both internal operations and external services through the lens of talent will be carried out parallel to the examination of racial equity and gender mainstreaming practices that many organizations have adopted in the last decade. In GrantCraft’s guide to grantmaking through a gender lens, William Ryan explains that:

*Consciously and unconsciously, grant makers use different “lenses” to help them understand a field, program, or organization. They might view the same landscape from several perspectives—for example, leadership, public policy, and community engagement—each time seeing something different. The lenses they choose shape their decisions.*²³

GrantCraft’s guide to funding through a racial equity lens brings front and center the structural issues involved, explaining that:

*a “racial equity lens” brings into focus the ways in which race and ethnicity shape experiences with power, access to opportunity, treatment, and outcomes, both today and historically. It can also help grantmakers think about what can be done to eliminate the resulting inequities.*²⁴

Whether or not a funder or a nonprofit consciously chooses to prioritize DEI and/or talent-investment, they are already looking through lenses that determine each choice they make. Moreover, for a variety of reasons, both historical and complex, those lenses generally skew to white, heterosexual, able-bodied, cisgender men.

DEI and Organizational Culture

Adopting and integrating talent and DEI into an organizational structure may demand the challenging work of deliberately changing the source codes, which Tom David and Kathleen Enright describe as the “set of influences shaped by the organization[’s] founders and leaders”, that continue to underpin the “personalities, behaviors, and underlying assumptions” of a given organizational culture.²⁵ In particular, David and Enright highlight those unseen or unconscious aspects of organizational culture that:

*make culture both powerful and difficult to fully see and understand. Culture serves many important positive functions in building and strengthening organizations and enhancing their effectiveness over time. It can help ensure alignment of both values and effort and provides a shared sense of coherence, purpose and motivation. Culture can help establish and maintain appropriate standards of behavior and productivity and simplify the task of integrating new staff members into their jobs. But cultural norms can also constrain and control behavior in ways that may detract from the fulfillment of an organization’s mission.*²⁶



This is evident in the 2014 Green 2.0 report on diversity in environmental organizations, which found that racial prejudice and discrimination do not explain the field's failure to build a racially diverse workforce. Instead, the authors conclude that “homogenous workplaces arise because of adherence to particular [organizational] cultural norms, filtering, network structure, and recruitment practices.” For example, environmental jobs are commonly advertised and new employees recruited in ways that introduce unconscious bias and facilitate the replication of the current workforce.²⁷

Throughout the literature we surveyed, we found numerous references to the fundamental role organizational culture plays in perpetuating the cycle of the inability to attract employees of color, increased employee dissatisfaction, and inability to retain top talent.²⁸ This statement is supported by the 2011 CommonGood Careers' report on diversity, equity, and inclusion in the nonprofit workforce, which remains required reading for funders and nonprofit leaders working for DEI and talent-investment. CommonGood Careers found that nonprofit professionals frequently believe “that their employers value diversity, but that those values are not being translated into actions resulting in the creation of diverse and inclusive workplaces.”²⁹ In *The Voice of Nonprofit Talent*, nonprofit staff members noted two major themes in the failure of their organizations to create racially diverse and inclusive workplaces: “reliance on ‘empty talk’ but not action” and “the lack of staff diversity itself.” The authors found that “the actual diversity of an organization's staff was by far the strongest indicator to nonprofit employees of that organization's genuine commitment to diversity.” Even employees who believed their organizations truly “did value diversity” indicated that “these values were either not strategically implemented or not prioritized by management.” As one African-American female respondent, and a 16-year veteran of the sector reported, her employer “says they value diversity and inclusiveness but it is always the last item in the budget.”³⁰ Testimonials such as this and the literature more generally illustrate that the need to invest in diversity, equity, and inclusion and in nonprofit talent development are inseparable.

The Annie E. Casey Foundation's research on the recruitment, retention, and advancement of people of color

in the nonprofit sector starkly documents the impact of the failure to diversify even when the goal is to diversify. People of color make up only 18% of the U.S. nonprofit sector (1.1 million out of 6.1 million), as compared to 30% of the entire employed population. Digging into this disparity, the Casey Foundation identified how the sector loses people of color throughout the workforce lifecycle, from recruitment and hiring to retention and advancement to executive leadership. Low salaries, a scarcity of opportunities for career advancement, and a lack of organizational commitment all represented major factors in people of color choosing not only to leave their jobs but to exit the nonprofit sector altogether. The Casey Foundation pinpointed several key obstacles to people of color advancing within the sector, including the lack of mentoring; inadequate access to developmental networks; and entrenched cultural biases that envision executive leadership as the exclusive domain of white males.³¹ These findings echo the Green 2.0 report in which structural forces and organizational culture combine to replicate the status quo, inadvertently hindering the sector's best intentions of fostering diversity, equity, and inclusion.

Robert Schwartz, former executive director of the Level Playing Field Institute, argues that “the best way to create diversity of thought is through diversification of the workplace and then by creating [an organizational] culture that truly values and rewards such differences.” Instead, Schwartz continues, “what we find is that organizations blame a lack of ‘cultural fit’ which further codifies a homogeneous staff by creating insiders and outsiders. The outsiders will usually leave.”³² Philanthropy Northwest, drawing on its survey of two dozen foundation leaders, found that more than any specific policy or practice, organizational culture will determine how successful efforts to advance DEI turn out. In particular, “moving an organization toward greater diversity, equity, and inclusion requires intentional, committed and often courageous leadership,” especially from CEOs. Changing organizational culture “requires leaders to foster an environment that fosters learning,” along with “difficult and complex, but essential” conversations with board and staff about a broad range of identities and forms of inequality. Additionally, experimentation and peer networks for leaders, board members, and staff are critical components of putting DEI at the heart of



organizational culture.³³ David and Enright concur, acknowledging that “cultural forces are powerful precisely because they exist under the surface and are rarely identified and addressed, and some cultures can take time to transform.” They conclude that:

Understanding and changing culture requires foundations to engage in self-examination to identify how organizational culture influences the way in which they see the world, interact with the world and assess opportunities for taking action... Transforming culture can also lead to changes outside a foundation — to its relationships; the roles it plays in its communities; and the perceptions of grantees, supporters and other stakeholders.³⁴

David and Enright’s observations about internal self-examination and external relationships, aimed specifically at foundations, can be applied to all nonprofits dedicated to putting DEI at the center of their organizations.

Strategies and Tools

Though nonprofit organizations rarely adopt a talent lens, numerous tools exist for fostering a culture of DEI. Third Sector New England’s *Step-By-Step: A Guide to Achieving Diversity in the Workplace* is an excellent resource.³⁵ Funders aiming to support DEI through their grantmaking may wish to use the aforementioned GrantCraft guides for adopting gender and racial equity lenses.³⁶ Foundations and nonprofit leaders dedicated to racial equity may also want to consult the Annie E. Casey Foundation’s Race Matters collection, complete with self-assessment tools, impact assessment guides, issue briefs, and other resources.³⁷ Casey’s 2009 *Advancing the Mission: Tools for Equity, Diversity, and Inclusion*³⁸ and 2014 *Race Equity and Inclusion Action Guide: 7 Steps to Advance and Embed Race Equity and Inclusion Within Your Organization*³⁹ are also invaluable resources for DEI advocates. Additionally, the Philanthropic Initiative for Racial Equity’s 2009 report, *Racial Justice Grantmaking Assessment* includes the surveys used to conduct the evaluation.⁴⁰ All these tools outline the slow, deliberate, challenging path towards building individual and organizational buy-in to DEI work, ground their advice in building an organizational culture of learning, and emphasize the necessity of collecting data to ensure accountability. Casey’s 2014 race equity guide, for example, recommends:

- **Defining a shared understanding of, equity, and inclusion principles**
- **Engaging affected populations and stakeholders**
- **Collecting and analyzing data disaggregated by race, gender, and other available demographic categories**
- **Analyzing the systemic and structural causes of inequities**
- **Identifying strategies and targeting resources to address structural causes of inequities**
- **Assessing the impact of all policies and decision-making**
- **Continually evaluating effectiveness and adapting strategies as needed⁴¹**

Though they don’t explicitly address talent-investment, all of these recommendations can be adapted to inform and implement strategies designed to expand, retain, and advance an inclusive nonprofit workforce.

Currently, there is a scarcity of tools designed specifically to promote talent development and investment. We developed a toolkit to provide practical resources for grantmakers and nonprofits integrating talent-investment into their respective grantmaking and fundraising practices. The toolkit incorporates a DEI lens to make these resources even more useful and relevant to our foundation and nonprofit audiences. We also contributed an extensive practical guide to raising talent-development funding for the nonprofit community to Heather Carpenter and Tera Wozniak Qualls’s 2015 book *The Talent Development Platform*.⁴²

The Leadership Learning Community’s 2009 “Leadership Development Investment Framework” is one of the earliest tools for helping funders determine how to support talent-investment. The framework assists funders in identifying current investment strategies and becoming more intentional, whether supporting individual development, systems change, or everything in between.⁴³ The National Committee for Responsive Philanthropy (NCRP), in its 2015 report on cultivating nonprofit leadership, proposed five concrete strategies for boosting leadership development:

1. **Begin or increase funding for leadership development**
2. **Integrate leadership development with program strategy**
3. **Engage with grantees as true partners**



4. Use a culturally inclusive lens

5. Build capacity that supports leadership development⁴⁴

Though NCRP's report focuses on developing executive-level leadership in social justice organizations, its model can inform a broader vision of talent-investment at nonprofits making talent-investments at all levels within nonprofit organizations. What these resources all make clear is that although institutionalizing commitment and adopting a DEI and talent lens can take substantial time, thought, and commitment, doing so is essential to the organizational effectiveness of nonprofits and, by extension, the foundations that support their work.

Funding: What's Happening?

We all know that programs and strategies don't solve problems; people do. So why aren't more foundations making leadership development an integral part of their grant-making strategies?

If we agree that strong leadership is crucial to the success of the nonprofits we support, what is keeping us from maximizing the impact of our funding by investing more in the skills and capabilities of people who lead organizations, including staff and board members?

Unless we can figure out what is behind the nonprofit world's chronic underinvestment in leadership and turn things around, we will continue to overlook one of the most important ingredients of positive social change. Investing in leadership doesn't just deliver higher performance; it can also deliver a better, more equitable world.

— Ira Hirschfield, president of the Evelyn and Walter Haas, Jr. Fund⁴⁵

In a 2014 op-ed, Ira Hirschfield, president of the Evelyn and Walter Haas, Jr. Fund, contrasted the chronic lack of foundation funding for leadership development—less than 1% of grants made from 1992 to 2001—with the more than \$70 billion spent by U.S. corporations on training and development in 2013, up 15% from the previous year.⁴⁶ That same year, Laura Callahan of McKinsey & Company found that on a per-employee basis, the business sector spends \$120 per employee, per year, while the social sector spends just \$29.⁴⁷ While compar-

ing dollars spent in the nonprofit and for-profit sectors is a less than ideal metric, the relative lack of investment in nonprofit talent is apparent.

Despite the sector's professed commitment to diversity, data documenting concrete investment in promoting DEI remains sparse. A decade ago, in a controversial, politically loaded effort, the Greenlining Institute sought to measure the role foundations were playing in empowering minority communities to participate in public policy debates, only to receive a surprisingly “vehemently negative response” by funders:

Greenlining requested information on grants from 35 foundations—only five actively cooperated. Most foundations simply ignored our repeated requests. Some stated they did not collect the data as requested. Some foundations were adamant that we should not complete the study. Almost all foundations that responded in some fashion argued the study would unfairly portray them as it would not measure the true impact their philanthropy was having on communities of color.⁴⁸

Attempts to collect similar data today and to better quantify funding for DEI-centered talent-investment remain scant, although the partnership between GuideStar, the D5 Coalition, and Green 2.0 launched in 2014 to develop standards for reporting diversity data in the nonprofit sector is a promising development.⁴⁹

Sandra R. Hernández and Kurt C. Organista's short essay in the 2009 report from Rockefeller Philanthropy Advisors and the Council on Foundations, "Diversity in Action: Strategies with Impact", is a rare published account of funding for talent-investment specifically cultivating people of color. Hernández and Organista detail the San Francisco Foundation's longstanding “commitment to investing in “community risk-takers,” providing them the support to “become beacons of change leveraging the power of civic engagement.” Through two fellowship programs, the Foundation helps community leaders become “bridge builders” to the public, corporate, and philanthropic sectors. While its Multicultural Fellowship Program is not specifically framed as talent-investment for the social sector (fellows are placed in the Foundation's own grantmaking program), Hernández and



Organista note how it serves as a pipeline for employment in leadership positions in nonprofit organizations, philanthropies, and local government. Ultimately, they argue investment in the sector's diverse human talent is "prerequisite to effective programs, policy design, and systems change."⁵⁰

All too often, funders and nonprofits have been hesitant to invest in talent and leadership. In its 2009 report, *Building LGBT Nonprofit Leadership Talent*, the Movement Advancement Project (MAP) documents that "nonprofits are reluctant to invest in strengthening their own leadership because these activities are perceived as a luxury." One nonprofit told MAP, "We would have felt too guilty to spend this money on ourselves."⁵¹ This explanation came after MAP's 2008 career survey report, in which "many LGBT nonprofit staff members expressed dismay regarding current levels of support for development and training programs." (MAP's own research mirrored our findings, reporting that 0.9% of the grants in its database were directed to talent and leadership development for LGBT nonprofit staff members),⁵² LGBT nonprofits also listed "low levels of general operating support [and] pressure from donors to achieve near-term results and keep overhead low" as high among the reasons for under-investing in talent and leadership.⁵³ Ultimately, MAP argues that grantmakers should help LGBT nonprofit leaders understand that it is "imperative ... to invest in their own development, and in systems that will build talent throughout their organizations," in order to fulfill the goals of the LGBT movement.⁵⁴

More recently, the National Committee for Responsive Philanthropy (NCRP) has reported several perceived challenges to increasing investment in talent and leadership. One leading challenge is the question of whether and how to measure the impact of such investments. Given the turn toward strategic philanthropy in recent years, with its emphasis on quantitative data, leads many funders' to query how to measure success when presented with a proposal for leadership development. Niki Jagpal and Ryan Schlegel, writing for NCRP, did find examples of quantitative evaluation of the impact of talent-investments, such as the Evelyn and Walter Haas, Jr. Fund's Flexible Leadership Awards' "dashboard" measurements of budgets and mission-related accomplishments for organizations participating in the

program. The authors acknowledge the challenge of quantifying the individual and organizational impact of such investments, as "results are often complex, long-term and multidirectional." But they stress the value of anecdotal evidence illustrating how leadership investment facilitates better articulation of an organization's mission and promotes new partnership building.⁵⁵

Jagpal and Schlegel report additional challenges to increasing investment in talent and leadership, including:

- **Decision-makers at the foundation level do not see the value of investing in leadership development**
- **The desire to continue funding current grantees prevents the grantmaker from adding leadership development**
- **There is a dearth of knowledge about which organizations provide good leadership development, as well as the needs of the sector**
- **Funders are focused on issue silos and outcomes**⁵⁶

Adopting a talent lens acknowledges that talent-investment in nonprofits is integral to the effectiveness of funded programs and improves their odds of achieving success. Moreover, grantmaking through a talent lens dispenses with the false dichotomy of having to choose between funding current grantees programs and services, and investing in nonprofit talent. Anecdotal evidence is crucial to demonstrating the impact of such investments on the individual, the organization, and the community it serves. As Jagpal and Schlegel note, "moving the needle contributes to success even if the win is yet to come."⁵⁷

The Road(s) Forward

In their review of the Diversity in Philanthropy Project, Jessica Bearman *et al.* explain that for more than three decades, only a handful of foundations and funder networks have actively prioritized equity, and inclusion. For other funders, diversity and inclusion "have remained peripheral—something that might be important in principle, but not viewed as critical in practice." Furthermore, they note how in philanthropy, diversity and inclusion have been further marginalized by the siloed nature of the sector's infrastructure, including funder networks, advocacy groups, and research institutions.⁵⁸ Assessing the DPP's achievements and



challenges, Bearman *et al.* concluded that “no magic bullets and few existing tools are out there that make this work easier.” Moreover, “few, if any, models of successfully diverse, healthy learning organizations exist, in philanthropy or other sectors.”⁵⁹

It is abundantly clear that these observations throw our mission into doubt; there are no magic bullets that will swiftly ensure the talent-investment the nonprofit sector needs to promote equity, and inclusion. But with the remainder of this literature review, we will focus on those DEI-centered efforts already underway to expand the sector’s talent pipeline. Strategic thinking is essential here. Kathleen Yazbak of The Bridgespan Group urges nonprofit leaders to begin developing talent pipelines “by thinking about how each position in the organization aligns with its strategic priorities” and, looking two to three years out, determining the skills and talent the organization needs to fulfill those priorities. These pipelines are important for nonprofit leaders looking to fill critical positions—including senior management—both on an immediate basis and down the road.⁶⁰

In the long run, though, this is not only about filling such positions, but also about moving forward systemically with, as explained by David Day, an integrated system for not only designing jobs but developing employees to assume those jobs.⁶¹

A decade ago, Grantmakers for Effective Organizations helped pave the way for the nonprofit talent-investment movement with its two-volume series of reports, *Investing in Leadership*. Connecting executive leadership development to organizational effectiveness, GEO’s publications offer a framework, tools, and case studies for funders investing in human talent to help their grantees fulfill their missions.⁶² In the ten years since then, it has become clear that there is no single definition of leadership development and no single road to talent-investment. Emerging Practitioners in Philanthropy’s “*Generating Change*” report offers funders a broad range of specific recommendations for investing in nonprofit talent and leadership development from recruiting and retaining individuals to supporting leadership development systems and organizational realignment to underwriting succession and transition planning programs to creating “encore” programs to re-engage experienced

or seasoned career professionals within the sector.⁶³ The National Committee for Responsive Leadership encourages programs that “sometimes take individual leaders away from their usual work environments and places them in authentic relationships with their peers” and provides the opportunity “to be of clear purpose and engage in self-reflection.” Such leadership cohorts “are able to build lifelong connections that deepen and evolve over time,” and their development is necessarily “relational, iterative, and dynamic.” Alumni networks help sustain these relationships and distinguish talent and leadership investment from one-time events and sabbaticals.⁶⁴

One innovative approach to expanding the pool of diverse nonprofit talent is the partnership between Management Leadership for Tomorrow (MLT), the Annie E. Casey Foundation, and New York University’s Robert F. Wagner Graduate School of Public Service, and Leonard N. Stern School of Business. MLT, which originally set out to provide the training, coaching, and professional networks to support people of color entering the corporate world, recognized the urgent need to develop equivalent pipelines for the nonprofit sector. It partnered with Casey, Wagner, and Stern to launch the Social Sector Talent Initiative. The Initiative adapts MLT’s agenda to build “the hard and soft skills, provide “early exposure to high-impact career opportunities [and] understanding of the path to senior [management] levels,” and make available “inspiring leaders and mentors” from its corporate sector programs. Designed to build a pipeline to nonprofit management jobs for minority students, and early and mid-career professionals, MLT provides undergraduate career fairs and MBA career development boot camps, promotes a MBA/MPA dual-degree program through Stern and Wagner, and offers one-on-one coaching for MLT Fellows. In 2011 and 2012, the Initiative’s first two years, it supported 770 emerging nonprofit leaders of color, including placing 110 MLT Fellows at new jobs in the social sector.⁶⁵

The Bush Foundation’s Native Nations Rebuilders Program represents some of the most sustained and comprehensive DEI talent-investment work. Begun in 2009 and now supporting its seventh cohort as of this writing, the program is a two-year leadership development and networking opportunity for the citizens of the 23



Native Nations sharing the Foundation’s service area of Minnesota and the Dakotas. In the first year, a cohort of roughly thirty Rebuilders followed a curriculum and participated in four in-person trainings, while in the second year, those fellows used that experience to design and implement action plans for their communities. Grounded in “the belief that effective governance is a fundamental factor for sustainable community and economic development,” the Foundation rejects any “one-size-fits-all” model for such work, and supports Native American tribes that “are engaged in redesigning governance systems—including collective decision-making, dispute resolution, and tribal elections.”⁶⁶

Stephanie Andrews, talent development director at the Bush Foundation, explained that the Foundation “made a very intentional decision to support Native American leadership and to build experts from and within those communities.” The program is based on the premise that “if you want to move forward, you both need to get the idea right and properly support the people involved,” according to Andrews. She also observes that “the connections that Rebuilders make along the fellowship are critical to their experience when they go back to make change in their tribe. That support turns out to be as important as what they learn from trainings, and the cohort building component of the program is critical for that.” Discussing the Foundation’s commitment to both the Native Nations Rebuilders Program and DEI-based talent-investment more broadly, Andrews explains, “there are all these stories about why do grants fail. Often it’s not a failure of strategy, but that the person you were counting on left, or over-promised and over-committed what they could do. It’s all about the people, and yet we pretend that investing in people is outside of grantmaking.”⁶⁷

DEI and the Philanthropic Sector

Philanthropy faces the same challenges to recruiting, retaining, and promoting diverse talent as the broader nonprofit sector. ABFE’s 2014 report on the reasons that African-American staff members leave grantmaking institutions painted a bleak picture, as only 3% of philanthropic institutions are led by black chief executives and only 7% have black trustees. ABFE’s survey respondents reported that the failure to build pipelines, support systems, and more broadly, a culture of equity and

inclusiveness all underlie this ongoing exodus from the field. More specifically, black philanthropic professionals believed they lacked real opportunities for meaningful leadership roles and frequently felt their expertise was not valued by their colleagues in grantmaking decisions. More generally, they experienced isolation and tokenism at their institutions.⁶⁸ The Council on Foundations’ 2010 Career Pathways research echoed this, finding that nearly 80% of the 440 foundations that appointed new CEOs or executive directors during the years of its study were external hires, and nearly 50% came from outside the philanthropic sector—indeed, a quarter came from the corporate world.⁶⁹ One senior foundation official told the Council on Foundations researchers that:

Because of the emphasis on diversity, there is more diversity in the program staff. But, as the research suggests, because of the tendency to go outside the field for CEOs, many of the well-prepared, diverse candidates within foundation program departments are being cut off at the pass, indicating that efforts to diversify lower staff positions is not the right way to influence and diversify leadership and executive positions.⁷⁰

No matter how successful programs for early and mid-career philanthropic staff might be, the field will continue to lose this talent without a clear commitment to retain and promote from within.

An in-depth analysis of, equity and inclusion issues specific to grantmaking institutions lies beyond the scope of this literature review. Those readers interested in further readings on DEI and the philanthropic sector may consult our annotated bibliography accompanying this review. Readings of particular interest include:

- **Several reports from the D5 Coalition, including *Analysis of Policies, Practices, and Programs for Advancing Diversity, Equity, and Inclusion* (2013), *Philanthropic Paths: An Exploratory Study of the Career Pathways of Professionals of Color in Philanthropy* (2014), *Advancing Diversity, Equity and Inclusion: Message Manual for the Field* (2013) and *State of the Work: Tackling the Tough Challenges to Advancing Diversity, Equity, and Inclusion* (2014)⁷¹**



- **Rockefeller Philanthropy Advisors’ three-volume series: *Philanthropy in a Changing Society: Achieving Effectiveness Through Diversity* (2008), *Diversity & Inclusion: Lessons from the Field* (2008), and *Diversity in Action: Strategies with Impact* (2009)⁷²**
- **Emerging Practitioners in Philanthropy’s 2013 monograph, *The Next Generation Speaks: What Emerging Leaders of Color in Philanthropy Think About Race*.**⁷³
- **The Saint Paul Foundation and Minnesota Community Foundation’s “Facing Race” framework, tools, hiring guidelines, and other resources for promoting racial equity both internally and externally⁷⁴**

For foundations, as for nonprofits more broadly, there is no single path to embracing DEI. The mission and structure of a small community foundation or a family foundation with one paid staff member vary greatly from those of a national or global foundation. But being nonprofits themselves, funders will maximize their effectiveness by aligning their internal commitment to equity and inclusion with their public grantmaking.

The Bush Foundation’s Ron McKinley Philanthropy Fellowship illustrates how one funder has committed to promoting DEI in the philanthropic sector as well as in its broader talent-investment work. The program “prepares high-potential individuals from communities underrepresented in leadership positions in philanthropy for careers in the field.” Focusing in the immediate future on racial diversity, equity, and inclusion, the Minnesota Council on Foundations employs the McKinley Fellows in three-year positions at grantmaking institutions in Minnesota and the Dakotas. Over the course of the fellowship, participants receive extensive professional development and networking opportunities.⁷⁵ At the end of three years, the program helps Fellows find permanent employment, whether in philanthropy or elsewhere in the social sector. Stephanie Andrews of the Bush Foundation explains that in “saying that we want to improve the philanthropic sector in this region,” we have to ask “how do we create grantmaking leaders of color, not just hire people of color?” The fellowship program “is about modeling better behavior as an orga-

nization and learning lessons from when you diversify,” she continues, explaining that Bush is developing plans to share what it has learned. For the Bush Foundation, a commitment to talent-investment grounded in diversity, equity, and inclusion is not only about building external leadership, as through the Native Nations Rebuilders Program, but also about a commitment to developing diverse and inclusive internal leadership through the Ron McKinley Fellowship Program.⁷⁶

Conclusion

In this literature review, we set out to examine the interlocking connection between talent-investment and equity and inclusion, and to review the relevant resources and literature for practitioners. Despite the strong connection among the practices, there are few tools available to help funders and nonprofit leaders promote this agenda. Moreover, within DEI, much of the literature remains focused on diversity, with some attention given to equity and inclusion. However the sector has yet to fully commit to an equity-driven approach to changing external impact and outcome. But whether a funder or nonprofit puts a priority on combating inequities of all varieties—or takes a holistic approach to embracing diversity—one thing is clear from the existing literature: *promoting diversity, equity, and inclusion is an ongoing process, not a destination; an organization cannot simply hire its way to diversity.*

This literature review covers just a portion of the tools and resources that address the topics and readers interested in exploring DEI and talent-investment more extensively are encouraged to consult the annotated bibliography accompanying this review. Nevertheless it is apparent that we need more data and more stories. As Stephanie Andrews asks, “how can we collect stories of the places where we were so much more effective because of [our DEI work], having McKinley Fellows on staff, leading to grant applications from communities where we never previously had connections. We have new connections in communities before we make mistakes not knowing what we’re doing.” She explains that diversity, equity, and inclusion work is “a strategy for effectiveness, not just for inclusion” for its own sake—“it’s just the way we get better at our own work.”⁷⁷ After a half-century of discussing the deficit of diversity in the nonprofit sector without adequately solving the



problem, it is clear that investing in the talent pipeline to recruit, retain, advance, and fully support a diverse workforce is a critical missing piece of that puzzle. We hope that this literature review both opens the space for necessary conversations about these issues and provides practitioners with the tools and resources needed to concretely advance diversity, equity, and inclusion.

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About Fund the People



Fund the People is the national campaign to maximize investment in the nonprofit workforce. To achieve this goal, we make the case, equip for action, and build a movement to change the attitudes and behaviors of funders, fundraising nonprofits, and the intermediaries that support them. There is a long-standing, sector-wide deficit of investment in the nonprofit workforce. Nonprofit professionals work in environments typified by high burnout and stretched resources. So there is a real demand for equitable salaries and benefits, more and better professional development, improved

human resources functions, and healthy organizational culture. Together, we can address these challenges by reshaping existing resources to prioritize nonprofit people as the central asset of nonprofit performance. Now more than ever, we can ensure that America's civic leadership is diverse, well-supported, high-performing, and sustainable for the long haul. Launched in 2014 and headquartered in Beacon, NY, Fund the People (originally known as Talent Philanthropy Project) is a project of Community Partners. Our work is informed by an Advisory Council of diverse leaders and a team of skilled staff and consultants, and is supported by a coalition of regional and national foundations.

To learn more about Fund the People visit:
fundthepeople.org

Acknowledgments

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