

# Talent Justice | Executive Summary

Investing in Equity  
in the Nonprofit  
Workforce





# ACKNOWLEDGMENTS

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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 are making the case, equipping for action, and building a movement for talent-investing among funders, nonprofits, and the intermediaries that support them. Launched in 2014 and headquartered in Beacon, NY, Fund the People is a project of Community Partners, an LA-based fiscal sponsor organization. Our work is informed by a national Advisory Council of diverse leaders and a team of skilled staff and consultants. To learn more, visit [fundthepeople.org](http://fundthepeople.org).

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## About the Center for Urban and Racial Equity:

The Center for Urban and Racial Equity partners with people and organizations to advance equity through policy, systems, institutional, community, and societal change. We work locally and nationally, across sectors and issue areas to bring an equity lens to long standing inequities in health, employment, criminal justice, housing, and civic engagement. CURE conducts research that documents gaps and opportunities for action, leads organizational change efforts, and facilitates training and learning programs that foster equitable policies, programs, practices, and environments. To learn more, visit [urbanandraciaequity.org](http://urbanandraciaequity.org).



# EXECUTIVE SUMMARY



Fund the People's mission is to maximize investment in the nonprofit workforce. To understand the challenges, opportunities, and promising practices for investing in equity in the nonprofit workforce, in the summer of 2018, Fund the People partnered with the Center for Urban and Racial Equity (CURE) to conduct the Talent Justice Study. In contrast to studies that have concentrated on the sector's dismal record on diversifying its executive leadership ranks, we took a broader approach by applying an intersectional racial equity lens across the entire career life-cycle of nonprofit professionals. Our study includes nonprofit employees at various positions and stages in their careers—because the entire workforce is valuable and talent-investing is needed at all levels.

We explored the following dynamics of inequity associated with three broad phases of nonprofit career development:

- **Access to Nonprofit Work:**  
How unpaid and underpaid apprenticeships and entry-level jobs contribute to exclusionary entry points into nonprofit work
- **Advancement and Retention:**  
How the uneven distribution of mentorship, professional development, compensation, and benefits makes nonprofit careers unsustainable
- **Ascension to Positions of Leadership:**  
How the lack of thoughtful investment in equity and inclusion before and during the process of executive transition, executive recruitment, and executive onboarding maintains an exclusionary top-tier of leadership in the sector

Our report does not simply place the onus for change on operating nonprofits themselves. Given our focus on investment in the nonprofit workforce, we examine the critical role that philanthropic foundations play in the problem, and, perhaps more importantly, the opportunity for grantmakers to be a powerful part of the solution.



## KEY FINDINGS

1

### Funders and nonprofits are making insufficient investments in practices that support workforce equity at access and advancement phases

Across a number of talent-investment practices that facilitate workforce equity, reported needs tended to outpace reported action being taken by both nonprofits and foundations. For example: 84% of nonprofit and foundation respondents stated that competitive salaries and benefits are needed for entry-level nonprofit jobs. Yet only 41% of foundations provide funding to grantees for these purposes. Only a slightly higher percentage (46%) of nonprofits reported investing in competitive salaries and benefits. In contrast to the access and advancement phases, talent-investments in the ascension phase generally outpace reported needs.

2

### Funders and nonprofits differ on how to promote workforce equity

Nonprofit staff are more likely than funders to suggest increased compensation and competitive benefits, along with intentional succession planning, as the most effective ways to promote equitable access, advancement, and ascension in the sector. In contrast, funders favor paid internships and fellowships, formal mentorships, and well-functioning HR infrastructures as practices that facilitate workforce equity. Getting nonprofits and funders on the same page is critical to utilizing investments in ways that are most effective. Senior nonprofit leaders, however, are less optimistic about the potential for talent-investment practices to create an equitable playing field for people of color once they ascend to leadership in the sector. The diminished belief in these efforts among senior leaders might be attributed to first hand experience with the limitations of these practices, and the recognition of the scale of structural change needed to dismantle the systems, norms, and organizational cultures that produce race, class, and gender-based inequities in nonprofit workplaces.

3

### Low pay is a barrier for younger workers

Young nonprofit (22-37 years of age) workers feel the pain of low-paying, entry-level jobs more than professionals from preceding generations did when they started their careers. Across different age groups, younger respondents are more likely to report financial barriers to entry than older respondents. Millennials are pinched financially in ways that previous generations were not, and may be more likely to perceive low-paying, entry-level jobs as a particularly high hurdle to scale to do mission-driven work.

4

### Bias hurts careers of people of color

People of color report experiencing more barriers and unique challenges to access, advancement, and ascension to leadership in the sector than their white colleagues. When beginning nonprofit careers, for example, people of color were more likely to lack:

- the connections with people in hiring roles
- recruitment events within their communities
- skills or experience needed to enter (or advance through) the field
- degree requirements for advertised positions

Moreover, organizational culture was more damaging to—and noticed more by people of color—than whites. Nonprofit respondents of color perceived exclusionary organizational culture as a major roadblock to their advancement.



5

### Exclusionary organizational cultures and “wait-and-see” funding hinder advancement of new Americans

Nonprofit professionals with one or more foreign-born parents were significantly more likely to report exclusionary culture and practices as a barrier to advancement (43%) than either those born outside the U.S. (30%), or those with no immediate immigration experience (22%). Additionally, senior nonprofit leaders born outside the U.S. were significantly more likely to say that their ability to succeed was hindered by funders that took a “wait-and-see” approach to providing grant funding following their ascension to leadership.

6

### “Woman’s work” means low wages and unfair practices

The nonprofit sector is gendered, with the majority of employees identifying as women. In our sample, 82 percent of nonprofit professionals were women. The traditional role of nonprofits as providers of health and social services means the sector has become a highly-feminized part of the U.S. economy. That equates to low wages, increased emotional labor, and the highest paying jobs historically going to men, even though they are the minority in the field. The impact of these trends on women of color are compounded by the pressure to conform in exclusionary work environments where they’re asked to represent or be the voice of their racial or ethnic group.

The results of the research point to consistent patterns of systemic exclusion that inhibit the careers for people of color, women, and young professionals in many nonprofit organizations. Talent justice is necessary to address the longstanding structural inequities that produce disparities experienced by nonprofit professionals of color and others across the sector.

## CONCLUSIONS AND RECOMMENDATIONS

Talent justice entails a set of practices and outcomes that utilize investments in nonprofit staff to advance intersectional racial equity across the nonprofit career lifecycle. Talent justice seeks to transform organizational cultures to maximize access, advancement, and ascension in nonprofit careers for people of color, women, young people, and other diverse constituencies that compose America.

The inequities highlighted in this report prevent the talents of diverse professionals including people of color, women, immigrants, and young people from being fully realized and brought to bear in service of the organizations and the communities they serve. To build more equitable organizations that effectively leverage the talents of all nonprofit professionals, funders and nonprofits must be willing to invest in the transformation of sector-wide and organizational systems, cultures, and practices. Part of this work necessitates challenging those who wield power in the sector and the exploitative practices that extract labor from employees in the name of doing more with less resources.

Strategies for promoting talent justice that emerged from this study are highlighted below. Both funders and nonprofits can play important roles in customizing and implementing these strategies. Funders, in particular, can deploy political and financial capital to incentivize and empower the boards and executives of grantee organizations to bring about these changes.

The full report and accompanying toolkit provides more details, resources, and case studies to help nonprofits and funders invest in creating racially just and equitable nonprofit workplaces.



### **Improve compensation for early-career professionals and across the nonprofit career lifecycle**

Overwhelmingly, study findings indicate people of color and young people are feeling burdened by unpaid internships and low-paying, entry-level jobs in the early phases of their careers. Foundations can invest in improving access to the sector by enabling grantees to host paid internships and fellowships, along with funding competitive starting salaries and benefits. Funders can also enable grantees to work with consultants who help them develop rational, market-based compensation packages and pay scales. Efforts along these lines dismantle structural barriers that reinforce racial and economic inequities that may deter diverse talent from pursuing and launching nonprofit careers.

### **Design fair apprenticeship experiences**

In both qualitative and survey data, respondents identified paid internships, competitive starting salaries, and hiring based on lived experience as three key ways to facilitate equitable access to nonprofit work. The sector should approach internships and job-corps programs as mutually beneficial relationships that provide meaningful training and professional experiences at a foundational point in a nonprofit professional's career. Nonprofits can reduce racial and socio-economic barriers to these opportunities through targeted recruitment strategies and fair compensation.

### **Challenge white dominant cultural norms**

White dominant culture often prioritizes perfection and formality, measurable outcomes, and hierarchical power structures. Most U.S. workplaces are guided by white dominant cultural norms, which are often unnoticed in organizations that are predominantly white but also practiced in more diverse organizations. To advance talent justice, nonprofits should develop organizational cultures that truly value diverse backgrounds and experiences and make room for different types of thinking, management, leadership, and forms of evaluation.

### **Reduce staff burnout and manage stress**

Nonprofits should think more holistically about the needs of their staff and develop structural and interpersonal opportunities to proactively address burnout

and manage stress. Organizations can create a healthy and balanced organizational culture by clarifying goals and priorities for staff; no longer glorifying overwork; developing feedback mechanisms so that constructive and corrective criticism do not feel like attacks; and prioritizing staff safety and health. Additionally, nonprofits should focus on mediating conflict, supporting staff of color in achieving equity, and developing tools for white employees to address their biases.

### **Eliminate bias in recruitment, hiring, and performance evaluations**

Strategies for reducing racial bias in hiring, promotion, and performance evaluations should be part of an organization's commitment to making racial justice a top priority. Reducing the unintentional influence of bias can generate pools of racially diverse candidates for open positions and reduce the undervaluing and overly critical performance evaluations that marginalized employees often experience in workplaces. Implicit bias training, standardized interview processes, as well as clear and specific criteria for performance reviews are some of the steps organizations can take to interrupt bias.

### **Make intentional succession planning a priority**

Poor succession planning is a major barrier to equitable and inclusive leadership transitions. Lack of opportunities at the senior-leadership level also hamper ascension, particularly for people of color. Improving succession planning was the most commonly mentioned practice for facilitating a fruitful transition into positional leadership in nonprofit organizations. This process can be better facilitated through intentional planning that includes building a diverse bench of potential candidates, training and institutional support for new leaders, and transitioning or expanding funding relationships from current executive directors to high-potential senior staff and incoming executive directors. Foundations should also be mindful of the tendency to take a "wait-and-see" approach to funding when new leaders assume executive director and CEO positions. Both white and senior nonprofit leaders of color reported this as a practice, with people of color nearly two times more likely to say that this practice hinders successful executive transitions.



### Invest in diverse talent and wide and inclusive search processes

Study participants emphasized the need for organizations to make a more concentrated effort to attract, develop, and promote individuals from diverse backgrounds. Foundations can partner with grantees to create a pipeline of diverse leaders by forming relationships with rising talent at grantee organizations and investing in coaching and leadership development opportunities within and beyond those institutions. Funders can also support the pipeline of talent within nonprofits by providing resources that enable organizations to invest in their talent at all levels. In addition to general-support funds, foundations should provide more specific forms of backing to assist boards and search committees with the structural aspects of the executive transition and search process (e.g., hiring a search firm that demonstrates a commitment to and a successful track record with advancing equity in senior leadership, along with training opportunities for the top tier).

### Use sabbaticals to develop new leaders

Sabbatical programs that encourage executives to intentionally vacate their positions for a few months as part of the organization's leadership development strategy can provide opportunities to develop high-potential senior leaders. This planned vacancy allows others to temporarily step up and take over management responsibilities, trying on new roles in a relatively safe and supported context. This approach demonstrates a commitment to developing senior leaders from within an organization's own ranks and prepares potential leaders more effectively for ascension.

### Place high-value on diverse leadership styles

Nonprofits must be willing to fully embody equity and inclusion and that means going beyond representation alone. Diverse leadership means using the right leadership style for a team, a moment, and a movement. An organization that values diverse leadership styles must be willing to redefine what leadership looks like, enable new leaders to be vulnerable and take risks, as well as be open to team-based and other leadership approaches that may be informed by generation, culture, gender, and other differences in experience and expertise.

## TALENT JUSTICE REPORT

The full report, *Talent Justice: Investing in Equity Across the Nonprofit Career Lifecycle*, features data on barriers, as well as promising practices for promoting workforce equity in each career phase including access, advancement, and ascension. It also includes comparisons of funder, nonprofit, and consultant perspectives for each phase of the career lifecycle. To download the full report, visit [talentjustice.org](http://talentjustice.org).

## TALENT JUSTICE TOOLKIT

The Talent Justice Toolkit released along with this report provides resources to facilitate action on the recommendations. These Talent Justice tools are now part of Fund the People's overall Toolkit, which offers an array of resources to help funders, nonprofits, and others to maximize investment in the nonprofit workforce.

### Endnotes

- <sup>1</sup> Tancaitor, C. 2016. A Survey of Executive-based Compensation by Gender in Nonprofit Organizations in Southwestern Pennsylvania: Robert Morris University.



To download this full report and other resources, visit [talentjustice.org](https://talentjustice.org).