Doing More With Less: Racial Diversity in Nonprofit Leadership and Organizational Resilience

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Racial diversity in nonprofit leadership presents a variety of benefits crucial for responding to the COVID-19 pandemic. However, leadership remains predominately white. Practitioner-oriented studies decry racial disparities in nonprofit funding, but academic literature offers mixed conclusions on how diversity influences resource acquisition. This article examines associations between racial composition of nonprofit leadership and organizational resilience to the pandemic, based on a survey of New Orleans-based nonprofits in winter 2021. Logistic regressions assess whether leadership diversity increases the likelihood of organizational resilience in both service delivery and financial health, finding that greater board diversity is associated with targeted programming and advocacy to support racially diverse communities, and expanded service delivery. However, greater Black board representation is associated with lack of reserves, threatening financial sustainability. The analysis uncovers disparate effects of racial diversity on resilience for service delivery versus finances, suggesting diverse nonprofits are “doing more with less” in response to the pandemic.

Keywords: Nonprofit Leadership, Racial Diversity, Organizational Resilience, COVID-19 Pandemic, Racial Funding Gap

Introduction

Racial diversity in nonprofit executive and board leadership has been theoretically linked to both ‘social justice’ and ‘business’ benefits (Weisinger et al., 2016). Nonprofits with leaders and boards who demographically reflect the community served, especially when that community is comprised of a large proportion of racial and ethnic minority group members subject to historical and ongoing inequities (Blessett et al., 2019; Dorsey et al., 2020), may be more innovative in responding to community needs and perceived as more trustworthy by community members. In this case, diversity is more narrowly conceived as racial representation of clients and community members among an organization’s leaders, which may simultaneously serve descriptive, symbolic, and substantive functions (Gazley et al., 2010; Guo & Musso, 2007; LeRoux, 2009).

The potential benefits of racial representation in nonprofit leadership are crucial for nonprofits delivering services in response to the COVID-19 pandemic, which has disproportionately harmed communities of color in the United States in the domains of both public health (National Governors Association, 2020; Wright & Merritt, 2020) and economic security (Fairlie, 2020; Groshen, 2020), and demands adaptive and emergent leadership to...
guide crisis response (Heifetz et al., 2009; McMullin & Rago, 2020). Nonetheless, leadership in the U.S. nonprofit sector remains predominately White (BoardSource, 2017; Faulk et al., 2021). A variety of recent practitioner-oriented studies in the nonprofit field decry racial disparities in nonprofit leadership and funding (Dorsey et al., 2020; Douglas & Iyer, 2020; Howe & Frazer, 2020; Kunreuther & Thomas-Breitfeld, 2020). Aspiring leaders who identify as Black, Indigenous, and People of Color (BIPOC) face significant barriers to obtaining leadership roles, and when they do, may lack access to resources and funding networks to grow their organization (Faulk et al., 2016).

However, as scholarly interest in nonprofit racial diversity's implications for organizational performance has increased over the last 20 years, empirical academic literature offers only mixed conclusions on exactly how racial diversity may influence a nonprofit's capacity to acquire and mobilize resources (Fredette & Bernstein, 2019; Fulton, 2021; Garrow, 2012). Additional studies are needed to replicate findings from the grey literature, often based on convenience samples and bivariate analyses, and solidify our understanding of apparent racial inequities in nonprofit funding, with implications for nonprofits' capacity to provide critical services in times of crisis.

This article examines whether the racial composition of a nonprofit's leadership is associated with organizational resilience (i.e., the ability to survive and thrive; Hutton et al., 2021; Kimberlin et al., 2011) during the COVID-19 pandemic, based on survey data collected from a sample of New Orleans-based nonprofits in winter 2021. Resilience is operationalized as sustained short-term financial health, but also the capacity to expand critical services in support of communities most impacted by the pandemic. A series of logistic regressions was conducted to assess whether racial diversity in a nonprofit's leadership—measured as the extent to which its Chief Executive, Board Chair, and board members identify as BIPOC or more specifically Black—increases the likelihood of resilience outcomes in both areas.

The analysis finds that greater representation of BIPOC and Black individuals within a nonprofit's board are associated with targeted programming and advocacy in support of BIPOC and Black communities, and greater resilience in service delivery. At the same time, greater Black board representation is associated with lack of reserves and thus potentially lean operating margins, threatening pandemic response and financial sustainability (Kim & Mason, 2020). The analysis contributes to the nonprofit governance literature by uncovering disparate effects of nonprofit racial diversity on resilience for service delivery versus finances, suggesting diverse nonprofits are ‘doing more with less,’ but they should not have to be. The article concludes with suggestions for enhancing nonprofit leadership’s racial diversity and inclusion, as well as the financial capacity of BIPOC-led nonprofits to avoid burnout and closure, in order to strengthen nonprofit resilience to the ongoing pandemic and concurrent and future disasters (Hutton et al., 2021).

**Review of the Literature**

This section reviews the academic literature connecting nonprofit racial diversity to performance, specifically organizational resilience to the COVID-19 pandemic. It begins with discussion of potential benefits and challenges of racially diverse nonprofit leadership, and particularly boards, while acknowledging that scholars have not reached a clear consensus on the relevant tradeoffs and contingencies. Less contested is racially representative leadership’s positive connection to nonprofits’ engagement in racial equity work through responsive services and advocacy in support of BIPOC communities, underlining concerns about the sector’s racial leadership gap.

Next, factors contributing to nonprofit resilience to pandemic—both cultural and financial—are examined. While racially diverse nonprofits might demonstrate greater innovation and
therefore resilience in service delivery, their financial resilience may be threatened by a racial funding gap. Funding inequities may have been further exacerbated by the COVID-19 pandemic, despite recent philanthropic pledges to mobilize resources to nonprofits advancing racial justice and serving BIPOC populations disproportionately harmed by the pandemic (Cyril et al., 2021). The section concludes by synthesizing the literature review into three hypotheses motivating the subsequent analysis.

**Potential Benefits and Challenges of Racial Diversity**

Scholars generally agree that racial diversity portends performance benefits for nonprofits. Weisinger et al. (2016) describe both a ‘social justice’ and ‘business’ case for diversity. In the social justice case, diversity is a moral imperative for correcting historical injustices (i.e., it is the right thing to do), and thus can enhance a nonprofit’s reputation. In the business case, diversity brings the best talent available, attention to diverse clients’ needs, and enhanced creativity and problem-solving, which promote innovation and performance. Board diversity in particular has been proposed to strengthen financial performance, leadership effectiveness, community responsiveness, and cultural sensitivity (Bradshaw & Fredette, 2012), by maximizing the nonprofit’s expertise, influence, empathy, and opportunities for dialogue (Daley, 2002).

Nevertheless, empirical investigations of how nonprofit diversity—and more precisely, racial composition of the board— influences performance have produced mixed and nuanced findings. Board diversity has been found to promote nonprofits’ success on both financial and non-financial measures among institutions of higher education (Harris, 2014). By expanding social networks, greater board diversity can facilitate access to external resources (Faulk et al., 2016; Fulton, 2021). On the other hand, boards with a large proportion of BIPOC representation may be less dominated by wealthy elites, reducing the nonprofit’s social capital and fundraising capacity (Daley, 2002).

The benefits of board diversity may therefore depend on the degree to which a ‘critical mass’ (e.g., at least a certain number or percentage of board members of color) and careful balance of diverse leaders are present (Fredette & Bernstein, 2019). At the same time, a pluralistic board may lack cohesion and coordination (Fulton, 2021), which are critical for nonprofit performance (BoardSource, 2017). Competing subcultures on a board may create power struggles, forcing executive leadership to mediate among stakeholders (Schubert & Willems, 2020). In this way, performance benefits of diversity are moderated by cultivation of an inclusive organizational culture (Buse et al., 2016; Fredette et al., 2016; Weisinger et al., 2016).

In short, evidence that racial diversity in nonprofit leadership contributes to organizational performance—and especially financial performance—is tentative and contingent. A challenge to disentangling the complex relationships between nonprofit diversity and performance is the variety of ways in which diversity has been operationalized (Weisinger et al., 2016). This article focuses more narrowly on representational diversity, as measured by the racial composition of a nonprofit’s executive leadership and board, and specifically the degree to which positions are held by members of traditionally under-represented racial and ethnic groups (Daley, 2002; Fredette & Bernstein, 2019; Kim & Mason, 2018; Weisinger et al., 2016) and are therefore descriptively reflective of a racially diverse community served (Guo & Musso, 2007).

**Nonprofit Representational Diversity and Racial Equity Work**

Representational diversity is important and carries symbolic and potentially substantive implications for organizational activities (Gazley et al., 2010; Guo & Musso, 2007; LeRoux, 2009). In studies of representative bureaucracy in the public sector, racial representation has been found to enhance service delivery for specific groups, and the organization’s legitimacy as perceived by clients (Ding et al., 2021). Nonprofits with leadership representing racial and
ethnic minority groups, especially when they are embedded in BIPOC communities, may adopt and actualize a mission and values focused on BIPOC populations (Berlan, 2018; Howe & Frazer, 2020; Lecy et al., 2019), who may also be most in need of nonprofit services due to inequities in public investment (Garrow, 2012). In particular, organizations with leadership bonded around a shared BIPOC identity are expected to exhibit greater mission alignment and mobilization in service of racial equity (Fulton, 2021).

Racially diverse nonprofits indeed appear to be more intentional in their efforts to address racial inequities. For instance, churches with more diverse leadership engage more, and more diverse, community members, especially in multicultural urban communities, by appealing to a wider variety of needs through responsive and culturally competent services, building trust through symbolic representation (Perkins & Fields, 2010; Polson, 2015). Similar connections between representation and responsiveness to BIPOC communities have been suggested for arts nonprofits (Kim & Mason, 2018). By delivering more responsive services, racially diverse nonprofits may be more effective in their service delivery (Fredette & Bernstein, 2019). In fact, Gooden et al. (2018) found that African American-led youth-focused nonprofits attain better youth outcomes for their program participants in multiple domains than their peer nonprofits.

Furthermore, nonprofits with specialized service populations are more likely to engage in policy advocacy and civic engagement to promote the interests of marginalized populations they represent and serve, incorporating under-represented voices into the policy process (Howe & Frazer, 2020; LeRoux, 2009; MacIndoe, 2014). MacIndoe (2014) cautions that advocacy, especially when conducted by nonprofits traditionally focused on direct service delivery, requires devotion of slack resources in the form of staff and funds. However, resource-constrained nonprofits might overcome financial barriers to advocacy by engaging in coalitions and less expensive modalities. Nonprofits with diverse leadership may adopt ‘group styles’ (i.e., modes of cultural interaction and linguistic practices) that enhance their capacity to engage and mobilize particular ethnic groups (Yukich et al., 2020).

That said, nonprofit leaders rarely reflect the racial diversity of the communities they serve, potentially limiting their ability to effectively deliver services to and advocate on behalf of diverse constituents. Nonprofit boards are overwhelmingly White (BoardSource, 2017; Kunreuther & Thomas-Breitfeld, 2020), including (albeit less starkly) those of nonprofits embedded in racially diverse urban communities and serving BIPOC populations (De Vita et al., 2012; Faulk et al., 2021; Ostrower, 2007). Nonprofit staff are also overwhelmingly White and do not reflect the United States’ increasingly multicultural workforce (Faulk et al., 2021; Independent Sector, 2020; Weisinger et al., 2016). This racial leadership gap in the U.S. nonprofit sector has troubling implications for its capacity to provide culturally competent services to populations most harmed by the COVID-19 pandemic.

Nonprofit Resilience to the COVID-19 Pandemic

Diversity in organizational leadership, and its promise for delivering responsive services to diverse communities, is even more important during the COVID-19 pandemic, due to the novelty and severity of the crisis (McKinsey & Company, 2020). Before the pandemic struck the United States in spring 2020, BIPOC, and specifically Black and African American, communities faced longstanding disparities and barriers to equitable treatment, outcomes, and investment in a variety of domains (e.g., Blessett et al., 2019; Dorsey et al., 2020; Ford et al., 2021; McKinsey & Company, 2021). These disparities were exacerbated by the pandemic (Wright & Merritt, 2020). In turn, nonprofits with BIPOC leaders stepped “on the frontlines of response and recovery efforts related to both the pandemic and the calls for systemic change” (Douglas & Iyer, 2020, p. 2), including by advocating for racial justice in pandemic response and on broader issues of racial equity (Howe & Frazer, 2020).
To support communities in need, nonprofits must demonstrate resilience to the pandemic’s adverse effects on their viability. Resilience is the ability to survive and thrive during a crisis (Hutton et al., 2021; Kimberlin et al., 2011). According to Lee et al. (2013), “To be resilient, organizations rely on strong leadership, an awareness and understanding of their operating environment, their ability to manage vulnerabilities, and their ability to adapt in response to rapid change” (p. 29). Organizations build resilience capacity in normal times and mobilize it when emergencies occur, allowing them to manage disruptions while maintaining service reliability. Resilience is not only an outcome, but also a process by which organizations move through a continuous cycle of adaptation to maintain integrity while regaining stability (Witmer & Mellinger, 2016). “Creating a resilient organization is not a one-time activity” (Kimberlin et al., 2011, p. 12).

There is a dearth of literature applying resilience directly and with precision to nonprofit organizations, and therefore the constellation of characteristics promoting nonprofit resilience remains under-specified. Indeed, when applied to nonprofit organizations, the term resilience has been labelled a “slippery concept” or “buzzword” that implies preservation of an inequitable status quo (Lynn et al., 2021, p. 54); at the same time, others are attempting to “redeem or rebrand” the term as connoting “not merely bouncing back to a predisturbance state, but rather a ‘bouncing forward’ toward something new” through proactive learning and adaptation (Lynn et al., 2021, p. 54). By instigating positive change, resilience might serve to enhance equity. In this vein, scholars studying nonprofit disaster response and mitigation have identified a variety of specific capacities thought to promote proactive and equitable resilience (Hutton et al., 2021).

Kimberlin et al. (2011) identified entrepreneurial and effective leadership, internal evaluation, external engagement to understand and respond to community and constituent needs, redundant infrastructure, and diversified financial and community support as factors driving nonprofit resilience. More recently, Witmer and Mellinger (2016) likewise suggested that nonprofit leadership plays a foundational role in enhancing resilience by inspiring mission commitment and optimism in the face of crisis, building reciprocal relationships with internal and external stakeholders, improvising, and being transparent about financial challenges. Building on these authors, Hutton et al. (2021) theorized a range of nonprofit capacities that contribute to organizational—and therefore broader community—resilience, including financial and staff management, operational and adaptive capacity, planning and mission orientation, external communication, and board leadership.

As the literature cited above suggests, existing financial resources and infrastructure are important for resilience, but social and cultural factors indicating a broader adaptive capacity—such as leader and staff engagement and experience—may be more crucial (Heifetz et al., 2009; Lee et al., 2013). For example, in New Orleans after Hurricane Katrina, the most resilient nonprofits “reframed their work to fit into the postdisaster context” through adaptation during the response and recovery phases of disaster, allowing them to reflexively react to community feedback, meet emergent community needs, establish a broader community vision for rebuilding, and leverage collaborative relationships to access relief funds from the federal government and philanthropy (Jenkins et al., 2015, p. 1267). In their efforts to pitch in however possible, leadership and staff ‘self-care’ became a concern, and mental health support and leaves of absence became necessary.

Leadership at the board level may be especially important for nonprofit resilience (Hutton et al., 2021; Kimberlin et al., 2011). Effective boards support innovation needed for adaptation, an effort enhanced by a potentially rare balance between board diversity and cultural cohesion (Jaskyte, 2012, 2018). Whereas homogenous boards are often characterized by conformity and tradition, diverse boards may be better able to monitor the external environment and solve emergent problems, to the extent they can avoid internal conflict and communication and coordination challenges. If racial diversity promotes innovation within nonprofits, it should
also support resilience, as both capacities depend on cyclical processes of adaptation and transformation (Westley, 2013).

**Racial Funding Gap in the Nonprofit Sector**

Nevertheless, financial resources, and especially financial slack, are critical to organizational survival during a crisis such as the COVID-19 pandemic (Lin & Wang, 2016). Organizations with sufficient financial reserves are more able to maintain services and therefore potential revenue streams when community need increases (Kim & Mason, 2020). Specific financial capacities promoting nonprofit resilience include high operating margins and low debt (that is, opportunities to amass flexible reserves and assets), and external funding relationships permitting stable, long-term funding streams (Faulk et al., 2016). Contrary to popular wisdom, revenue diversification may not promote financial resilience, at least not to severe shocks that evade a 'quick fix' of reapportioning funding sources (Lin & Wang, 2016). It is therefore worrisome that BIPOC-led nonprofits, which by and large have adapted to the demands of the pandemic to support communities in crisis (Douglas & Iyer, 2020), may face acute financial strains (Faulk et al., 2021).

While racially diverse nonprofits may experience advantages in innovation and other adaptive forms of resilience, they may simultaneously be disadvantaged in access to funding. Historically, philanthropy has espoused a “color-blind approach,” leading to “chronic underfunding for Black girls and women” (Ford et al., 2021, p. 4) and other marginalized groups. This approach has favored White-led organizations (Kunreuther & Thomas-Breitfeld, 2020). Both individual and institutional donors may be less willing to invest in nonprofits with BIPOC executives due to structural racism and the implicit biases it propagates (Dorsey et al., 2020; Howe & Frazer, 2020). While some donors, and especially philanthropic institutions, may increasingly prefer to direct giving towards marginalized communities (Finchum-Mason et al., 2020), sometimes as a condition for grant eligibility, other funders are uncomfortable targeting populations explicitly defined by race (Lockhart, 2008) or may not follow through on public pledges (Cyril et al., 2021).

Likewise, there has historically been a dearth of federal and other public funds targeting Black populations and racial equity work (Ford et al., 2021). Nonprofits representing BIPOC communities may therefore lack opportunities for government funding, despite potential for higher poverty and need for government-funded social services in these communities (Garrow, 2012). At the same time, nonprofits serving BIPOC communities may be disproportionately dependent on government grants and contracts, which carry additional transaction costs in the form of burdensome reporting requirements and other bureaucratic ‘red tape.’ This situation places greater demands on community philanthropy to fill funding gaps (Besel et al., 2011), but racially diverse boards may lack elite connections characteristic of robust fundraising networks.

As a result of funding inequities, BIPOC—and specifically Black-led nonprofits—often lack sufficient funds, staff, capacity, and support to adequately serve under-resourced communities (Douglas & Iyer, 2020; Howe & Frazer, 2020; Wiles-Abel, 2020). Nevertheless, nonprofits with racially diverse and representative leadership are often deeply and personally connected to BIPOC communities and well-positioned to provide culturally competent services. Consequently, racially diverse nonprofits may be forced to demonstrate resilience through creative fundraising and a capacity to stretch limited resources. Historically, many BIPOC-led nonprofits have turned to ‘identity-based philanthropy’ to make ends meet (W.K. Kellogg Foundation, 2012), raising small but consistent donations of money, in-kind resources, and time commitment from non-wealthy individual donors and volunteers (Howe & Frazer, 2020).
Funding Impact of the COVID-19 Pandemic

The financial sustainability of diverse nonprofits is particularly threatened by the COVID-19 pandemic. Estimates suggest the nonprofit sector in the United States lost almost one million jobs from the start of the pandemic in spring 2020 through February 2021, and recovery of nonprofit employment has been slower than in other sectors of the economy (Center for Civil Society Studies, 2021), placing the sector’s long-term financial health at risk (Independent Sector, 2020, 2021). A May 2020 survey found that nonprofits across the U.S. were negatively impacted in the early stages of the pandemic, but those providing direct services to disadvantaged communities were most affected by an increase in service demand (Martin et al., 2020). Acute challenges for these communities centered on financial and food security and mental health needs, while nonprofits faced threats to financial security and staff well-being.

Furthermore, individual giving decreased in the early months of the pandemic, a reversal from past disaster response, likely due to the pandemic’s generalized and recessionary impacts (Women’s Philanthropy Institute, 2020), although giving appears to have subsequently rebounded in the latter half of 2020 (Lilly Family School of Philanthropy, 2021). BIPOC and Black individuals already lacking employment opportunities in high-wage jobs (McKinsey & Company, 2021) were disproportionately harmed by the pandemic’s economic impact (Associated Press-NORC Center for Public Affairs Research, 2021; Groshen, 2020). Minority-owned private business losses have been particularly severe, especially for African American owned businesses (Fairlie, 2020). As a result, racially diverse nonprofits may have lost a disproportionate amount of revenue from small-scale individual donors, which were a crucial funding source prior to the pandemic (Faulk et al., 2021).

Many nonprofits in the United States relied on federally guaranteed and potentially forgivable Paycheck Protection Program (PPP) loans, available to organizations of all types with 500 or fewer employees (Williams, 2020). However, access to these loans depended on banking relationships that may be lacking for BIPOC leaders (Douglas & Iyer, 2020). Indeed, an analysis of PPP loans to for-profit businesses found they were disproportionately disbursed to non-BIPOC communities in the first round, though that trend seems to have reversed for subsequent rounds of the program and other federally-backed disaster loans more specifically targeted at smaller and BIPOC-owned or -led organizations (Fairlie, 2020).

Fortunately, institutional philanthropy responded to the pandemic by increasing overall giving in 2020 (Cyril et al., 2021; Independent Sector, 2020; Lilly Family School of Philanthropy, 2021). In particular, foundations of all types disbursed ‘rapid response grants’ and expanded unrestricted funding to organizations serving BIPOC communities after June of that year (Candid & Center for Disaster Philanthropy, 2021; Finchum-Mason et al., 2020). Funding explicitly targeting racial justice increased markedly in 2020 (Ford et al., 2021), although the exact size of this increase has been contested (Cyril et al., 2021). Further, this support may not be sufficiently large and sustained to overcome the severe need and long-standing inequities (Douglas & Iyer, 2020), or necessarily directed at the most racially diverse nonprofits (Howe & Frazer, 2020). Lingering challenges—including leader and staff burnout—loom in the pandemic’s recovery phase (Hutton et al., 2021).

Hypotheses

The literature review suggests three sets of hypotheses related to nonprofit racial diversity and organizational resilience to the COVID-19 pandemic. First, greater BIPOC, and more specifically Black, representation in a nonprofit’s executive and board leadership should drive greater engagement in racial equity work, both in terms of explicitly targeting services to BIPOC and Black communities and conducting policy advocacy activities on their behalf. Findings in support of this hypothesis would build on prior research (e.g., Kim & Mason, 2018; LeRoux, 2009; MacIndoe, 2014; Perkins & Fields, 2010; Polson, 2015).
$H_1$ (Racial Equity Work): Nonprofits with greater BIPOC and Black representation among the Chief Executive, Board Chair, and board membership (i.e., in their leadership) are more likely to target services to BIPOC and Black populations and engage in advocacy.

Second, due to the pandemic’s disproportionate impact on BIPOC and Black communities in multiple domains, which exacerbated longstanding inequities and brought increased attention to calls for racial justice, nonprofits with greater BIPOC and Black representation in their leadership should have experienced increased demand for services during the pandemic. In turn, by leveraging racial diversity to enhance innovation and resilience in service delivery, they should have expanded services to meet the increased demand (i.e., they were ‘doing more’ for pandemic response).

$H_2$ (Resilience in Service Delivery): Nonprofits with greater BIPOC and Black representation in their leadership are more likely to have experienced increased demand for services during the pandemic and expanded services to meet it.

Third, as a result of funding disparities facing Black- and BIPOC-led nonprofits—the so-called ‘racial funding gap’—nonprofits with greater BIPOC and Black representation in their leadership should operate on thinner financial margins and therefore lack slack resources in the form of a reserve fund available for emergencies. Because of systemic exclusion from banks and long-term funding relationships, similar to BIPOC-led small businesses (Fairlie, 2020), they should have faced greater difficulty securing forgivable loans through the Paycheck Protection Program (PPP) and other federal relief programs. That is, racially diverse nonprofits do more ‘with less.’

$H_3$ (Financial Resilience): Nonprofits with greater BIPOC and Black representation in their leadership are less likely to have access to a reserve fund or receive a PPP loan.

**Methods and Data**

The three hypotheses were tested through survey data collected from a sample of 501(c)3 nonprofits (i.e., ’public charities’) in the New Orleans-Metairie Metropolitan Statistical Area (MSA) in the southern United States. The research was approved by the Institutional Review Board (IRB) of the author’s academic institution. Relevant aspects of the research context are discussed, followed by description of processes for designing the survey instrument, compiling the sample, and collecting survey data and assessing sample representativeness based on known population characteristics of regional and national nonprofits. This section then details selection of variables and statistical analyses, which applied a series of logistic regressions to test the hypotheses.

**Research Context**

The New Orleans-Metairie MSA in Southeastern Louisiana, United States, is inhabited by approximately 1.27 million people across about 3,200 square miles of primarily urban and suburban development (Census Reporter, 2019). The MSA’s median household income is $55,710, which is about four-fifths of the U.S. median income. More than 16% of inhabitants, and 24% of children under age 18, live in households with income below the poverty line; the overall poverty rate is 1.3 times that of the United States in total. The MSA is racially diverse, comprised of 51% White inhabitants, and 35% Black inhabitants, in addition to sizable numbers of residents identifying as Latinx and Asian and Pacific Islander. As a result of its large and racially heterogeneous population, it is an ideal area for statistically studying racial diversity and representation.
The New Orleans-Metairie MSA can be viewed as a microcosm of the nonprofit sector in the United States for several reasons. First, according to a recent nationally representative survey of U.S. nonprofits (Faulk et al., 2021), more than four-fifths are headquartered in urban and suburban areas, mirroring the U.S. population, although many of these nonprofits extend their services into rural areas. Second, more than half of nonprofits in the nation are headquartered in relatively 'low-income' communities, and a majority of these nonprofits serve people with household incomes below the poverty level as a primary population. Third, almost 30% of nonprofits nationwide primarily serve Black constituents. All of these demographic characteristics of nonprofits across the U.S. (i.e., mostly urban and suburban, based in areas with below-median incomes, and disproportionately directing services towards Black constituents) are generally descriptive of the MSA. Further, the MSA is not an outlier in terms of the size, density, or finances of its local nonprofit sector (McKeever et al., 2016). Additional considerations and potential limitations for generalizability are discussed further below.

Like many parts of the United States (Blessett et al., 2019; Wright & Merritt, 2020), the MSA’s urban core of Orleans and Jefferson Parishes (counties) is characterized by stark racial inequities in life expectancy, median earnings, and education and youth outcomes (Social Science Research Council, 2020). These longstanding and structural racial disparities in human development indicators were further exacerbated by the COVID-19 pandemic (Shervington & Richardson, 2020). Indeed, the MSA was particularly hard hit by the pandemic in March 2020, after Mardi Gras festivities attracted visitors from around the world. New Orleans became an early national epicenter for the virus, raising comparisons to the region’s devastation by Hurricane Katrina in 2005. The pandemic’s disproportionate effects on BIPOC residents’ physical and mental health, as well as economic security, necessitated a robust response from regional nonprofits, especially those directing services to marginalized communities (Hutton et al., 2021).

**Instrument Design**

To explore effects of the pandemic on nonprofits in the New Orleans-Metairie MSA, an online survey consisting of about 40 closed- and open-ended questions was developed, with input from representatives of the community foundation and funders’ network supporting the research. The survey design also benefitted from the guidance of a racially diverse advisory group composed of eight nonprofit leaders based in the MSA. The survey was intended to be completed by the nonprofit’s Chief Executive or a delegated staff member, on behalf of the entire nonprofit organization, which served as the unit of analysis. Therefore, questions avoided subjective ratings.

The survey covered nonprofit operations, services, staffing, finances, collaborations, and capacity-building needs, with emphasis on impacts of the COVID-19 pandemic in each area since it struck the region in March 2020. The survey also asked for the racial demographics of the nonprofit’s Chief Executive, Board Chair, and board members. Questions about service demand and financial reserves were adapted from the Nonprofit Finance Fund’s (2018) State of the Nonprofit Sector Survey. Respondents likely had to gather organizational data, especially on board demographics and finances, prior to completion. Five of eight advisory group members piloted the survey and offered feedback for refining the final instrument. Pilot tests suggest the survey took about 20 minutes to complete after relevant data were compiled.

**Sampling Frame Construction**

Nonprofits included in the survey’s sampling frame were identified through the Urban Institute’s National Center for Charitable Statistics’ (NCCS) cleaned version of the Internal Revenue Service’s (IRS) Business Master File (BMF) for April 2020, listing all tax-exempt organizations actively registered with the U.S. federal government at that time (NCCS, 2020).
Culled from this list were 501(c)3 public charities with addresses based in one of eight parishes (counties) included in the New Orleans-Metairie MSA.

The sampling frame was further limited to public charities that filed IRS Form 990 (i.e., full end-of-year U.S. federal tax filings) since 2018. Only nonprofits with total annual gross receipts of at least $50,000 file Form 990; nonprofits with gross receipts below this threshold do not report financial data to the IRS, and therefore their exact annual revenues were unavailable for purposes of assessing the sample’s representativeness and conducting multivariate analyses. Nonprofits that met this threshold but reported negative or zero revenues in their most recent Form 990 filings available in the dataset were also excluded due to potential inactivity or reporting error.

Also excluded from the sampling frame were especially large nonprofits with qualitatively different experiences of the pandemic—including hospitals, clinics, nursing homes, universities, charter schools, and foundations—as well as religious congregations, which have the option of filing with the IRS (Faulk et al., 2021). The resulting list was matched to email contacts derived from a review of public websites and the sponsoring community foundation’s internal contact database to construct a final sampling frame of 614 nonprofits in the MSA with viable email contact information.

Survey Data Collection and Sample Representativeness

The final survey was entered into an online survey platform, and unique links were emailed to the full sampling frame at least weekly between January 12 and February 15, 2021, for a total of almost five weeks. Reminders were variously addressed from the author’s institutional email account, and from the accounts of a representative of the community foundation sponsoring the research, in an effort to leverage professional connections to increase the response rate. Respondents who completed the survey by February 1 were entered into a drawing to receive one of four $50 gift cards to a local business, furnished by the community foundation.

A total of 143 nonprofits out of the 614 included in the sampling frame (23.3%) submitted a complete survey and are included in subsequent analyses. The representativeness of the final survey sample to the overall sampling frame is displayed in Table 1, based on two criteria drawn from the NCCS dataset: (1) the nonprofit’s annual revenues, and (2) mission category. The sampling frame was roughly divided into thirds based on annual revenues, with cut points of $150,000 and $650,000. Mission categories represent combinations of major subsectors from the National Taxonomy of Exempt Entities (NTEE) nonprofit classification system (Jones, 2019).

Similar to other survey studies’ samples (e.g., Faulk et al., 2021), the sample over-represents nonprofits from the sampling frame’s largest and, to a lesser extent, middle revenue categories, based on the most recent IRS Form 990 filings available, and under-represents nonprofits in the smallest category, earning less than $150,000 in revenues in this case. That said, mean revenues for survey respondents ($M=2,219,021.72, SD=$5,105,297.62) and non-respondents ($M=1,964,239.00, SD=$7,293,301.28) were not significantly different, $t(612)=0.39, p=.70$.

The sample over-represents health and human services, or ‘HHS,’ missions (reflecting a combination of NTEE codes), and under-represents ‘other’ missions, a category combining nonprofits with educational missions and an assortment of missions related to issues such as the environment and animals, international affairs, and so on. The composition of this study’s sample in terms of mission type is comparable to the national sample obtained by Faulk et al. (2021); that said, unlike that study, weights were not applied here because of the relative representativeness of the survey sample to nonprofits in the MSA, as well as the potential for
Table 1. Representativeness of Survey Sample to Sampling Frame

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<tr>
<th>Nonprofit Characteristic</th>
<th>% of Sampling Frame (n=614)</th>
<th>% of Survey Sample (n=143)</th>
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<tr>
<td>Total Annual Revenues</td>
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<tr>
<td>Greater than $650,000</td>
<td>34.5</td>
<td>46.9</td>
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<td>$150,000 to $650,000</td>
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<td>39.2</td>
</tr>
<tr>
<td>Less than $150,000</td>
<td>31.3</td>
<td>14.0</td>
</tr>
<tr>
<td>Mission Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts and Culture</td>
<td>18.4</td>
<td>20.3</td>
</tr>
<tr>
<td>Health and Human Services (HHS)</td>
<td>45.6</td>
<td>54.5</td>
</tr>
<tr>
<td>Other Missions</td>
<td>36.0</td>
<td>25.2</td>
</tr>
</tbody>
</table>

Note: Data on nonprofit characteristics are derived from the Urban Institute’s National Center for Charitable Statistics’ (NCCS) cleaned version of the Internal Revenue Service’s (IRS) Business Master File (BMF) for April 2020 (NCCS, 2020). Mission category is based on combinations of NTEE major subsector groups.

a Only nonprofits that filed IRS Form 990 since 2018 (i.e., brought in at least $50,000 in annual gross receipts) and reported positive annual revenues were included in the sampling frame.

b Other missions included nonprofits in the education subsector combined with those in the ‘other’ subsector representing an assortment of missions related to issues such as the environment and animals, international affairs, etc.

weighted data to invalidate statistical tests. The rationale for the particular mission groupings used in this study is explained below as it relates to control variables for the logistic regressions. Potential limitations to generalizability of results based on the sample’s lack of perfect representativeness on the specified characteristics are explored later in this article.

Dependent Variables

The three outcomes examined in the hypotheses—racial equity work, resilience in service delivery, and financial resilience—were operationalized through two survey questions each. Variables related to racial equity work were measured through a series of check boxes. Respondents were asked if their services target a number of specific racial and ethnic minority groups, including Black or African American communities, or ‘People of Color’ in general; and, immediately after that, if they engage in a number of advocacy activities, including grassroots advocacy, legal advocacy, lobbying, and organizing. If any of these items were checked, the relevant variable was coded as 1, or as 0 if a box was checked indicating ‘none.’ Those who did not check any boxes were removed from the sample.

Questions about expanding services and receiving a Paycheck Protection Program (PPP) or other federally backed loan (e.g., COVID-19 Economic Injury Disaster Loan, or EIDL), guaranteed by the Small Business Administration (SBA) in response to the pandemic’s economic impact, were likewise measured via check boxes among a list, but each variable was only coded as 1 if the respondent checked that specific item. If the respondent did not check the relevant box but checked at least one other, including a ‘none of the above’ option, their response was coded as 0. The survey questions for increased service demand and existence of a reserve fund each allowed only one choice among the response options.

Descriptive statistics and survey questions for the six dependent variables, representing the three hypotheses, are summarized in Table 2. Note that all six dependent variables were measured dichotomously. About half of the sample responded affirmatively on each variable, except the last pertaining to PPP and other SBA loans ($M=0.81, SD=0.39$), which reveals that a large majority of sampled nonprofits received at least one of these loans by early 2021. Similarly, in a nationally representative survey, Faulk et al. (2021) found that almost two-
Table 2. Description of Dichotomous Dependent Variables (n=143)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>M</th>
<th>SD</th>
<th>Survey Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Racial Equity Work</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services Target BIPOC Populations&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0.52</td>
<td>0.50</td>
<td>Does your organization specifically target any of the following groups in its programming or services (check all that apply)?</td>
</tr>
<tr>
<td>Conduct Advocacy&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0.58</td>
<td>0.50</td>
<td>Does your organization engage formally in and of the following advocacy/policy change activities (check all that apply)?</td>
</tr>
<tr>
<td><strong>Resilience in Service Delivery</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Demand Increased</td>
<td>0.57</td>
<td>0.50</td>
<td>In the past year, did overall demand for your organization’s services: Increase, Stay the Same, Decrease?</td>
</tr>
<tr>
<td>Expanded Services&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.43</td>
<td>0.50</td>
<td>In which of the following ways has your organization changed its services and/or programming since March 2020: Expanded existing programs or services to more clients or new client populations?</td>
</tr>
<tr>
<td><strong>Financial Resilience</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have a Reserve Fund</td>
<td>0.50</td>
<td>0.50</td>
<td>Does your organization have reserves specifically designated for emergencies and/or opportunities, separate from operating cash on hand: Yes or No?</td>
</tr>
<tr>
<td>Received a PPP or SBA Loan&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.81</td>
<td>0.39</td>
<td>Did your organization receive funds from the following types of sources since March 2020: Federal PPP or SBA loan?</td>
</tr>
</tbody>
</table>

Notes: <sup>a</sup>Coded as 1 if any relevant boxes were checked, or 0 for a response of ‘none of the above.’<br>
<sup>b</sup>Coded as 1 only if the relevant box was checked, or 0 for any other set of responses.

thirds of nonprofits received PPP loans by the same timeframe in early 2021, although they did not ask about SBA loans more broadly.

Independent Variables

Racial diversity within nonprofits has been measured in a variety of ways, ranging from the number of different racial and ethnic minority groups represented, to the percentage of people belonging to various groups, match to community population demographics, indices reflecting the heterogeneity of group membership, ethnicity of individual leaders, and so on (e.g., Buse et al., 2016; Coffe & Geys, 2007; Firat & Glanville, 2017; Fredette et al., 2016; Fulton, 2021; Harris, 2014; Polson, 2015). This article focuses on the disparities facing nonprofits with greater composition of BIPOC (i.e., non-White) and Black individuals in their executive and board leadership, more narrowly indicative of descriptive representation (Guo & Musso, 2007), particularly among nonprofits located in racially heterogeneous communities such as New Orleans and serving racially diverse urban and low-income communities (Faulk et al., 2021).

A nonprofit’s Chief Executive, Board Chair, and board all perform critical functions for the organization’s leadership and governance (BoardSource, 2017). These nonprofit leaders set the organization’s vision and strategic priorities, develop alliances and resources, and assess the external environment (Harrison & Murray, 2012; McMullin & Raggio, 2020). In particular, Board Chairs often serve as an intermediary between the Chief Executive and the larger board,
with implications for innovation, board collaboration and effectiveness, and overall organizational performance (Jaskyte, 2012).

In this article, the degree of racial diversity in the nonprofit's executive and board leadership was measured by three separate variables as follows. Two survey questions asked for the race and ethnicity of the nonprofit's Chief Executive and Board Chair, respectively. Responses were coded into dichotomous variables indicating whether each leader identified as BIPOC (i.e., any race or ethnicity besides non-Hispanic White) or more specifically Black. Survey respondents were also asked to record the total number of members comprising their board, as well as the number of board members belonging to a range of different racial and ethnic groups. Through simple division, these figures were transformed into a percentage of each nonprofit's board members identifying as BIPOC and Black, not including the Board Chair, who was already reflected in the binary variable described above.

The sample means of BIPOC Chief Executives ($M=0.31, SD=0.46$) and Board Chairs ($M=0.33, SD=0.47$) are both slightly high compared to national estimates, which suggest closer to 80% of these positions are held by White leaders across the U.S., although that proportion drops to a comparable two-thirds for nonprofits in urban areas (Faulk et al., 2021). Nevertheless, leaders in the sample do not fully represent the racially diverse New Orleans-Metairie MSA, which is 49% BIPOC. Black or African American executives ($M=0.26, SD=0.44$) and chairs ($M=0.28, SD=0.45$) are particularly prominent, comprising about 85% of BIPOC leaders in both categories, but still not representative of the MSA, which is 35% Black. One-fifth of sampled nonprofits have both a BIPOC executive and Board Chair ($M=0.20, SD=0.40$).

Sample means for the total number of board members excluding the chair ($M=13.62, SD=10.80$), and for BIPOC board members specifically ($M=4.42, SD=3.30$), translate into a mean percentage of BIPOC members on the board ($M=0.39, SD=0.28$) that comes closer to adequate racial representation of the MSA overall. Indeed, these figures far surpass national estimates suggesting that an average of 80 to 89% of nonprofit board members are White, although this figure is not available for nonprofits located in urban areas (Faulk et al., 2021). More than three-quarters (78%) of all BIPOC board members included in the sample region-wide ($n=490$) are Black. On average, boards in the sample are represented by 1.52 different minority racial and ethnic groups ($SD=0.93$). Nonprofits with a BIPOC executive and/or Board Chair have greater BIPOC representation on their board than their White-led counterparts, at about 60 to 65% on average.

Control Variables

Controls included in multivariate analyses include annual revenues, mission category, and organizational age in years, derived from the NCCS dataset. Board governance practices (Blackwood et al., 2014) and nonprofit financial capacity (Lin & Wang, 2016) have been linked empirically to nonprofit budget, mission type, and age. Ostrower (2007) found that nonprofit age and board racial diversity are negatively associated. During the COVID-19 pandemic, a greater share of funding was directed towards health and human service nonprofits, which are most likely to serve on the front lines of response and recovery (Candid & Center for Disaster Philanthropy, 2021; Independent Sector, 2020). Arts and culture nonprofits, on the other hand, reported the largest share of pandemic-related job losses (Center for Civil Society Studies, 2021).

Annual revenues prior to the pandemic for the sampled nonprofits range from $21,455 to more than $30 million, with a median of $546,453. Mean revenues and the percentages of nonprofits with different mission categories were presented above in relation to sample representativeness. As Table 1 above displays, more than half of the sample is comprised of health and human service nonprofits (54.5%), and another fifth focus on arts and culture
Doing More With Less: Racial Diversity

(20.3%). For multivariate analyses, the miscellaneous category of ‘other’ missions served as the reference group.

Nonprofit ages in years between founding and survey collection in February 2021 range from 3.40 to 100.98, with a mean of 26.17 (SD=21.12) and median of 19.23. Revenues and age were logged in multivariate analyses to reflect percentage changes. Nonprofits’ staff size, in terms of full-time equivalent (FTE) staff, were self-reported in the survey but not included in analyses due to potential multi-collinearity with revenues, $r(141)=.78$, $p<0.01$. However, for reference, staff FTEs ranged from one to 480, with a mean of 24.00 (SD=65.44) and median of six. No significant differences in average FTE staff size were found for nonprofits with BIPOC or Black as opposed to white Chief Executives and Board Chairs.

Analysis

Hypotheses were tested through a series of logistic regressions (Peng et al., 2002), using SPSS Version 27, incorporating the seven variables detailed above. Logistic regression is appropriate for dichotomous dependent variables with mutually exclusive response categories. Ten or more observations per predictor and a minimum sample size of 100 are recommended; both of these requirements were met in the parsimonious models. Logistic regression does not assume normally distributed predictors. However, it requires a linear relationship between continuous independent variables and the logit transformation of the dependent variable. This assumption was met for all but the last model through the Box-Tidwell Test, as will be noted in the next section. Continuous independent variables were tested for multi-collinearity; none was found.

Models were explored for goodness-of-fit compared to a null model based on both the likelihood ratio with $\chi^2$ test of significance, and the percentage accuracy of model predictions, reported in the next section for each model. Psuedo-$R^2$ values were not reported because of lack of interpretability for logistic regressions (Peng et al., 2002). Hosmer-Lemeshow tests were also not reported for simplicity, but all models passed. Regression coefficients were converted to odds ratios, indicating the change in the odds of the dependent variable being satisfied given a one-unit change in the predictor variable, when all other predictors are held constant. An odds ratio greater than one suggests the predictor increases the likelihood of the dependent variable being satisfied, while an odds ratio less than one means the opposite. Due to the exploratory nature of this analysis and difficulty interpreting odds ratios across the range of values for the independent variables, results focus on coefficients’ direction and significance but not precise magnitude.

Results

Results of six logistic regression models testing the three hypotheses are displayed in Table 3 for BIPOC leadership more broadly. As will be explained below, more specific analyses of Black leadership exhibited similar patterns as displayed in Table 3, except for in Models 3 and 5 where demand increase and existence of a reserve fund served as the respective dependent variables. The similarity in results is not surprising given that three-quarters or more of BIPOC leaders in the sample are Black. Only the findings for BIPOC leaders in the sample are Black. Only the findings for BIPOC leaders are presented in Table 3 because the larger sub-sample allowed for more statistical power and confidence in the resulting models and odds ratios.

Five of the six models significantly improved fit compared to the null model and accurately predicted almost two-thirds or more observations, notably better than chance. The exception was the sixth model with receipt of a PPP or SBA loan as the dependent variable; this model exhibited poor fit, and its accuracy was skewed because 81% of nonprofits in the sample reported receiving a PPP or SBA loan. Control variables for mission category, compared to the
Table 3. Results of Logistic Regressions (n=143)

<table>
<thead>
<tr>
<th></th>
<th>Racial Equity Work</th>
<th>Resilience in Service Delivery</th>
<th>Financial Resilience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Target BIPOC</td>
<td>(2) Advocate</td>
<td>(3) Demand Increased</td>
</tr>
<tr>
<td><strong>BIPOC Leadership</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive</td>
<td>0.964 (0.497)</td>
<td>0.793 (0.492)</td>
<td>0.688 (0.499)</td>
</tr>
<tr>
<td>Board Chair</td>
<td>1.863 (0.510)</td>
<td>0.732 (0.513)</td>
<td>0.644 (0.530)</td>
</tr>
<tr>
<td>% Board</td>
<td><strong>10.498</strong>* (0.913)</td>
<td><strong>10.579</strong>* (0.883)</td>
<td><strong>8.785</strong>* (0.885)</td>
</tr>
<tr>
<td><strong>Control Variables</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ln(Age)</td>
<td>0.682 (0.284)</td>
<td>1.031 (0.268)</td>
<td><strong>0.507</strong>* (0.279)</td>
</tr>
<tr>
<td>Ln(Revenue)</td>
<td>1.191 (0.146)</td>
<td><strong>1.383</strong>* (0.149)</td>
<td>1.168 (0.144)</td>
</tr>
<tr>
<td><strong>Mission Category</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts</td>
<td>3.043 (0.587)</td>
<td>0.497 (0.547)</td>
<td>0.332 (0.566)</td>
</tr>
<tr>
<td>HHS</td>
<td>0.781 (0.449)</td>
<td>1.118 (0.432)</td>
<td>1.125 (0.441)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.100 (1.798)</td>
<td><strong>0.009</strong>* (1.889)</td>
<td>0.798 (1.786)</td>
</tr>
<tr>
<td><strong>Model Fit Statistics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>χ²</td>
<td><strong>29.312</strong>*</td>
<td><strong>18.929</strong>*</td>
<td><strong>24.860</strong>*</td>
</tr>
<tr>
<td>Accuracy %</td>
<td>70.6</td>
<td>67.1</td>
<td>64.3</td>
</tr>
</tbody>
</table>

Note: Table displays odds ratios (SE) from separate models for six dependent variables across three hypotheses; *p<0.05.

a See text for results of alternate specification.
b HHS=health and human services; reference category is ‘other’ mission.
c Sensitivity (i.e., correctly predicted yes) is 99.1%, but specificity (i.e., correctly predicted no) is only 11.1%.

reference group of nonprofits with ‘other’ missions, were not significant predictors of the outcomes variables and will not be discussed further. The remaining results are detailed below for each of the three hypotheses, tested by two models each.

H1: Racial Equity Work

The first hypothesis was supported by the data, as shown in Models 1 and 2. That is, an increase in the percentage of BIPOC and Black representation on the board (excluding the chair) is associated with significantly greater likelihood that the nonprofit explicitly targets BIPOC and Black populations in its programs and services and conducts advocacy, in particular labor-intensive grassroots advocacy and organizing (results not shown). Similar to what Kim and Mason (2018) found, having a BIPOC or Black Chief Executive or Board Chair did not predict engaging in racial equity work, possibly because advocacy is more deeply institutionalized in a nonprofit’s services through its mission, strategies, and budget, set by the larger board in response to community needs and possibly demographics. Greater revenues also increased the likelihood of conducting advocacy, replicating prior research (MacIndoe, 2014). More study is needed of the degree to which and how individual nonprofit leaders, larger boards, nonprofit
resources, and community characteristics interact to influence nonprofit engagement in advocacy, particularly in support of communities of color (Kim & Mason, 2018; Mason, 2015).

**H₂: Resilience in Service Delivery**

The second hypothesis was partially supported. Nonprofits with greater BIPOC representation on the board were significantly more likely to experience increased service demand during the pandemic, possibly driven by the relevance of their services to communities disproportionately impacted by the pandemic. However, under the alternate specification using indicators of Black leadership, the coefficient for percentage of board members identifying as Black was not significant. Older nonprofits were less likely to experience an increase in demand; indeed, nonprofit age in years was negatively correlated with the percentage of the board identifying as BIPOC, $r(141) = -0.29, p < 0.001$. Model 3 suggests more racially diverse (at least in terms of BIPOC board representation more broadly) and newer nonprofits were more directly affected by the pandemic in their service delivery.

Having a BIPOC or Black Board Chair significantly increased the likelihood the nonprofit expanded services during 2020, whereas having a BIPOC or Black Chief Executive decreased it. These individuals may have had a more pivotal role than the larger board in guiding short-term strategic response to the pandemic. It is possible BIPOC Board Chairs more actively called for service expansion, such as to establish a legacy during their term, while BIPOC Chief Executives may have lacked resources to do so, or already oversaw a sufficient level of direct service delivery. Indeed, nonprofits with larger revenues were more likely to expand services, probably due to resource availability.

However, interpretation of this mixed result would be speculative, and it invites more exploration of the dynamics between executive and chair (Harrison & Murray, 2012), and the implications of potential conflict on these leaders’ ability to adapt and successfully navigate crisis (Heifetz et al., 2009; McMullin & Raggo, 2020), especially when leaders do not share racial and cultural characteristics. Qualitative study of these dynamics within particular nonprofits throughout the process of making strategic decisions may be instructive and suggest additional variables to investigate quantitatively.

**H₃: Financial Resilience**

The third hypothesis related to a racial funding gap—as narrowly operationalized in this study—was not directly supported by the data for BIPOC leadership, but it was partially supported for Black leadership. The degree of BIPOC representation in the nonprofit’s leadership did not predict the existence of a reserve fund; instead, only older organizations were more likely to have a reserve in the initial specification. On the other hand, when the independent variables in Model 5 were replaced with indicators of Black leadership, the coefficient for the percentage board composition became significant in the hypothesized direction (odds ratio = 0.140, SE = 0.970, $p < 0.05$). This finding suggests a gap in reserves indeed exists for nonprofits with greater Black representation on their board, and these nonprofits may operate on leaner financial margins despite their greater propensity to target BIPOC and Black populations with their services and advocate.

Next, the degree of BIPOC or Black representation did not predict receipt of a PPP or SBA loan; however, Model 6 exhibited poor fit to the data and did not pass the Box-Tidwell Test for meeting assumptions for logistic regression. Rather, nonprofits with larger budgets were more likely to receive a federally backed loan, as suggested by Faulk et al.’s national study (2021). That said, in bivariate statistics, nonprofits that reported receiving a PPP or SBA loan had significantly less BIPOC representation on their board ($M = 0.37$, $SD = 0.26$), compared to nonprofits that did not receive a federal loan ($M = 0.50$, $SD = 0.33$), $t(141) = -2.25, p = 0.026$; the percentage difference was similar in magnitude and significance for Black representation.
Loan recipients were significantly more likely to report having a reserve fund at the time of the survey, 56.0% to 22.2% of non-recipients, $\chi^2(1, n=143)=10.016, p=0.002$. Although the causal direction of this relationship is unclear, it suggests that emergency federal loans and reserve funds are mutually supportive and potentially promote overall organizational resilience to disaster, as suggested by the literature (Kim & Mason, 2020; Lin & Wang, 2016). More nuanced studies using exact loan amounts over the full duration of the program should explore the extent of racial disparities in, and the financial impact of, nonprofits’ receipt of PPP or SBA loans, seeking to replicate studies of for-profit businesses (Fairlie, 2020).

Lastly, nonprofit annual revenues and cumulative assets prior to the pandemic, derived from the NCCS (2020) dataset, were analyzed for any additional bivariate evidence of a racial funding gap among the surveyed nonprofits. BIPOC board composition and the organization’s revenues, $r(141)=-0.03, p=0.77$, or cumulative assets, $r(141)=-0.11, p=0.19$, were not significantly correlated; likewise for Black board representation. However, nonprofits with White Board Chairs had notably greater assets on average ($M=$4,578,450.22, $SD=$11,299,878.81) compared to those with BIPOC Board Chairs ($M=$1,379,960.81, $SD=$2,111,962.75), $t(141)=-1.92, p=0.057$. This pattern held for Black Board Chairs as well. Differences in assets for BIPOC or Black executives, or in revenues for any category of leader, did not reach this marginal level of significance. This preliminary finding implies that nonprofits in which BIPOC board members are selected by their peers to assume substantive voluntary leadership roles may be most likely to suffer from a racial funding gap (Howe & Frazer, 2020).

**Sensitivity Analyses**

The analyses summarized above operationalized board racial diversity as the percentage of BIPOC or Black members. Fredette and Bernstein (2019) instead raised the importance of having a ‘critical mass’ and balance of racially diverse board members, measured through higher-order effects, which present interpretation challenges within logistic regression. A critical mass of multiple minority board members may gain sufficient presence, voting influence, and voice to avoid ‘tokenism’ and substantially influence nonprofit governance. Sensitivity analyses suggest that inclusion of quadratic and cubic terms for the percentage of BIPOC or Black board representatives enhance model fit for Models 4 through 6, but the pattern of results across models was otherwise unchanged from Table 3 above (results not shown). Likewise, models substituting the number of BIPOC or Black board members for percentage obtained the same pattern of results as reported in Table 3 (results not shown).

Finally, models for each dependent variable were run with different number and percentage thresholds of BIPOC and Black board members (results not shown). These analyses suggest that a critical mass of minority board membership, where the binary threshold variable becomes a significant predictor of outcomes in Models 1 through 3 as reported above (i.e., the nonprofit becomes significantly more likely to target BIPOC and Black communities through services, advocate, and have experienced an increase in service demand during the pandemic) may fall at about two to three BIPOC or Black board members, and/or approximately 20% to 40% BIPOC or Black board composition.

These findings generally comport with those of Fredette and Bernstein (2019) and other literature they cite on board diversity. The possibility that just two to three BIPOC board members may influence an organization’s strategies is encouraging, especially when 70% of boards nationwide have at least one BIPOC member (Faulk et al., 2021). However, these findings are preliminary and exploratory, and the possibility of specifying a universal critical mass of racially heterogeneous board members for achieving desired outcomes deserves more investigation, particularly outside the context of logistic regression where higher-order effects are difficult to interpret quantitatively. Nonetheless, the overall pattern of results from these sensitivity analyses supports the study’s initial conclusions.
Discussion

The logistic regression results suggest unequivocally that New Orleans-based nonprofits with greater representational diversity in terms of BIPOC composition of the board leadership and membership are ‘doing more’ in response to the COVID-19 pandemic. That is, they are more likely to report targeting services to BIPOC communities, conducting grassroots-level advocacy to support them, experiencing an increase in service demand, and expanding services to meet that demand. Service expansion was specifically driven by BIPOC Board Chairs, possibly showcasing adaptive and emergent leadership in a crisis (Heifetz et al., 2009; McMullin & Raggo, 2020). The decreased likelihood of BIPOC Chief Executives to expand services requires more exploration and suggests that board diversity may supersede that of executive leadership in enhancing resilience outcomes, at least in terms of service delivery as measured in this analysis. Not surprisingly, both advocacy and service expansion are supported by larger annual revenues, emphasizing a crucial role for financial resources in times of crisis (Kim & Mason, 2020).

Findings were less certain about whether racially diverse nonprofits were doing more ‘with less’ during the first year of the pandemic. BIPOC representation was not associated with existence of a reserve fund or receipt of a PPP or other federally backed SBA loan, based on self-reported data. That said, nonprofits with a larger percentage of Black board members were less likely to have access to a flexible reserve to draw on for emergency resources, suggesting that Black-led nonprofits are especially vulnerable financially (Lin & Wang, 2016), potentially due to systemic exclusion from funding networks (Faulk et al., 2016). This is concerning given that nonprofits with greater Black board representation are simultaneously more likely to advocate and expand services to communities disproportionately impacted by the pandemic. Recent practitioner-oriented studies have arrived at similar conclusions (Dorsey et al., 2020; Douglas & Iyer, 2020; Howe & Frazer, 2020; Kunreuther & Thomas-Breitfeld, 2020).

This nuanced finding around financial resilience is even more concerning in light of the increase in pledged philanthropic support to Black-led nonprofits and causes in the second half of 2020 (Candid & Center for Disaster Philanthropy, 2021; Cyril et al., 2021; Finchum-Mason et al., 2020). Indeed, the New Orleans area was a large beneficiary of this support (Candid, 2021). However, it implies that much work remains for these targeted efforts to eliminate longstanding racial disparities in nonprofit funding, and that Black-led nonprofits in particular are devoting scarce resources towards direct service delivery to support communities with acute needs. Philanthropic institutions, including a community foundation in New Orleans supporting this research, also actively provided information, technical assistance, and connections to help nonprofits access PPP loans, and subsequent rounds of the program focused on smaller and minority-led organizations (Fairlie, 2020). These efforts may explain the high degree of PPP loan receipt within the sample. This large-scale, exogenous intervention alone may have mitigated the financial toll of the pandemic on the regional nonprofit sector.

Implications for Racial Equity

It appears that racial diversity in nonprofit leadership indeed enhances nonprofits’ responsiveness to racially diverse populations most in need of services, especially during a severe and unevenly felt crisis like the COVID-19 pandemic. However, this article’s analysis replicated a racial leadership gap in the regional sector, comparable to the nationwide gap (Faulk et al., 2021). Just as troubling, Mason (2020) found that nonprofits (in this case, associations) lack engagement in diversity, equity, and inclusion (DEI) practices that might serve to mitigate the gap and help capitalize on the substantial benefits of racially diverse leadership. A separate report found that DEI is increasingly prioritized by nonprofits, but this
interest has not resulted in concrete cultural changes sector-wide (Kunreuther & Thomas-Breitfeld, 2020).

Promising practices that promote DEI—including formal policies (Bradshaw & Fredette, 2012; Buse et al., 2016) related to employee hiring, training, mentoring, and benefits (Mason, 2020)—help develop under-represented employees as organizational leaders. But support of existing leadership is crucial for organization-wide adoption of these practices (Brimhall, 2019). An internal change agent can pressure the organization to diversify and ensure efforts are adequately resourced and integrated into organizational culture and strategies (Daley, 2002; Mason, 2015, 2020). The pandemic and accompanying calls for racial justice present a unique opportunity for ‘institutional entrepreneurs’ to promote DEI practices and cultivate a more inclusive organizational culture.

Results of this article’s analysis suggest DEI efforts may need to begin with the board, given its potential internal and external advocacy roles (BoardSource, 2017). Board diversity and responsiveness to community needs (e.g., via advocacy initiatives) tend to follow the diversity of the community served and operated in (Bradshaw & Fredette, 2012; Kim & Mason, 2018). Expanding board size may present opportunities to recruit a racially representative board, but targeted board recruitment efforts lack the advantage of offering financial incentives (Fredette et al., 2016).

Paradoxically, formation of racial affinity groups focused on anti-racism may promote inclusion within the board (Blitz & Kohl, 2012; Pour-Khorshid, 2018), by creating internal trust through bonding (Fredette & Bradshaw, 2012; Weisinger & Salipante, 2005), which supports broader cultural change. A good starting place is board self-assessment of DEI competencies (Millesen & Carman, 2019), which can be expanded to simultaneously assess organizational resilience and adaptive capacity (Lee et al., 2013) considering potential synergies between those constructs.

Implications for Organizational Resilience

But it is not sufficient to merely diversify nonprofit leadership. The ability of racially diverse—and especially Black-led—nonprofits to resiliently expand services despite financial constraints suggests an adaptive capacity rooted in cultural factors, such as leader and staff motivation and mission orientation, flexibility and innovation, and collaboration. But is this form of ‘doing more with less’ resilience sustainable without financial support? In normal times, a nonprofit’s commitment to social justice may enhance staff retention and job satisfaction (Vincent & Marmo, 2018). But during the pandemic, the workload and stress have taken a toll on BIPOC leaders (Douglas & Iyer, 2020). Adequate compensation and staff capacity are needed to promote self-care among nonprofit leaders and staff (Johnson, 2021; Selden & Sowa, 2015).

Indeed, results of this study suggest that organizational resilience to disasters can be separated into two sets of capacities, or factors, which may be in tension: the capacity to expand services to meet emergent community needs (Jenkins et al., 2015), and the capacity to adequately resource organizational operations throughout a disaster and beyond (Lin & Wang, 2016). While resource slack in the form of reserves and government emergency funds may support service continuity and expansion (Kim & Mason, 2020), some nonprofits—particularly those led by individuals from economically marginalized communities—may nonetheless expand services through ‘sweat equity’ alone.

This determination is laudable but not equitable or sustainable (Jenkins et al., 2015), and creates vulnerabilities to burnout and concurrent disasters such as hurricanes (Hutton et al., 2021). In fact, Hurricane Ida struck New Orleans in August 2021 and preyed on exactly these sorts of vulnerabilities, especially within communities of color (e.g., Robinson, 2021). ‘Doing
more with less’ is not an acceptable form of long-term resilience; the construct needs to be updated to denote more equitable rebuilding and strengthening of vulnerable communities, through the adequately resourced leadership of members of those communities (Lynn et al., 2021). In turn, nonprofit leaders of all backgrounds must practice wise stewardship of their resources during non-disaster times, such as by compiling reserves so they can allocate slack resources towards service expansion and staff care when disaster strikes (Sontag-Padilla et al., 2012).

This article’s analysis appears to justify recent philanthropic and fundraising focus on Black-led organizations (Cyril et al., 2021; Ford et al., 2021), and supports the case for holding donors accountable for honoring pledges made in 2020 to sustain and amplify support of organizations and causes that center BIPOC and Black communities going forward (Beer et al., 2021). Likewise, government—particularly at the federal level—should be held accountable for equitably distributing emergency funds, such as PPP loans, according to need, and providing technical assistance to help people of color access these resources (often through nonprofits), such as was apparently done in subsequent rounds of PPP loans (Fairlie, 2020).

In turn, funders may be rewarded by a better social return on their investment, as more of their dollars flow directly to addressing inequities facing marginalized communities (Norman-Major, 2011). And they may build authentic trust with marginalized communities they purport to help (Cyril et al., 2021). The need and urgency for financial support continue to exist (Faulk et al., 2021; Howe & Frazer, 2020), and nonprofits with racially diverse leaders will depend on a genuine and continuous expansion of their social capital and funder networks for long-term sustainability (Fulton, 2021). Such investment may allow more nonprofits to target services and advocacy towards marginalized communities, and thereby better address the root causes of inequities.

More specifically, as others have recommended, donors, and especially institutional funders, would be wise to target even more resources to BIPOC- and Black-led nonprofits and communities, with special attention to the racial (and potentially gender) composition of boards; supplement grants with technical assistance, particularly for first-time applicants and grantees; offer unrestricted funding to support organizational development and grassroots-level advocacy; and track and report grant-making data disaggregated by leader race (Dorsey et al., 2020; Ford et al., 2021; Howe & Frazer, 2020). Funders should be careful to ensure their grants do not alter the community-focused missions, strategies, and programming adopted by nonprofits serving marginalized populations (Sontag-Padilla et al., 2012), such as by following the lead of foundations more experienced with ‘social justice philanthropy’ (Suarez, 2012). Above all, funders must sustain support into the pandemic’s recovery phase to reverse a historical pattern of returning to prior levels of giving after an immediate crisis begins to subside (Lawrence, 2010).

**Limitations**

The results of the analysis presented in this article are robust; however, they suffer from potential limitations. Survey data were self-reported by the nonprofit’s Chief Executive or a staff delegate, and the survey was initiated by a community foundation serving the region, which may have introduced bias towards socially desirable responses. The point-in-time survey produced cross-sectional data insufficient for drawing causal conclusions. Indeed, it is possible the sampled nonprofits’ leadership became more racially diverse over the prior year given the increased attention to DEI, although the survey found similar leadership demographics as a comparable study of the region’s health and human services nonprofits almost a decade ago (De Vita et al., 2012). There is also potential bias from nonprofits’ self-selection into the survey sample.
This article focused on the extent of descriptive representational diversity (Daley, 2002; Guo & Musso, 2007; Weisinger & Salipante, 2005; Weisinger et al., 2016) and did not explore board heterogeneity, match to community demographics, or inclusion (Fredette et al., 2016; Fulton, 2021). Nor did the analysis explore effects of leader tenure (Achbari et al., 2018), with implications for inclusion and trust-building, or how gender and other marginalized identities may intersect with race (Weisinger et al., 2016) to moderate effects of racial diversity on nonprofit resilience (Buse et al., 2016). The sample size was too limited to adequately explore the significance of interactions and moderating variables.

In terms of generalizability, the survey sample excludes less formalized nonprofits that did not file IRS Form 990, and over-represents nonprofits with larger revenues, likely limiting ability to draw conclusions about smaller nonprofits like ‘mutual aid organizations’ whose leadership may be more racially diverse and funding challenges more severe (Tolentino, 2020). The research context of the New Orleans-Metairie MSA is more racially diverse than the nation overall, with implications for leadership diversity (Bradshaw & Fredette, 2012; Kim & Mason, 2018; Ostrower, 2007) and nonprofit missions and target populations (Lecy et al., 2019). The U.S. South has a long history of racial discrimination, but the localized survey did not permit controls for regional characteristics.

That said, as discussed above, the New Orleans area is broadly representative of the national nonprofit sector in many respects, at least when compared to nonprofits located in urban and suburban (as opposed to more homogenous rural) communities nationwide (Faulk et al., 2021). Even in rural areas with limited racial diversity, the presence of just two or three board members of color may substantially influence a nonprofit’s strategies and commitment to marginalized communities. New Orleans’ racial diversity permitted a sufficient degree of nonprofit executive and board diversity for multivariate analyses, avoiding sampling limitations experienced by similar studies (e.g., Fredette & Bernstein, 2019). At the same time, majority-BIPOC and majority-White communities appear to exhibit similar donation trends in recent years (Faulk et al., 2021).

This particular region has experience with disaster response and a history of resilience following Hurricane Katrina (De Vita et al., 2012; Jenkins et al., 2015). The analysis is limited to nonprofits in the midst of responding to the COVID-19 pandemic, and the observed patterns may not extend to other non-crisis contexts or even other types of crises, such as natural disasters. The pandemic is different from other types of natural disaster, like hurricanes, because of its long duration with intermittent surges, focus on healthcare services, demands for social distancing, and global versus localized impact; that said, reliance on nonprofits for serving the basic needs of vulnerable communities is consistent across disasters (Hutton et al., 2021). Thus, while the pandemic may be more severe and impactful than other more acute types of disaster, the resilience capacities nonprofits need to survive and thrive through it are not unique. And as COVID-19 continues to evolve, and climate-related disasters proliferate, nonprofit resilience becomes a concern not only in disaster response, but also during calmer times.

**Future Research**

More study is needed on determinants of racial diversity in nonprofit leadership (Bradshaw & Fredette, 2012), and how diversity promotes a nonprofit’s internal DEI practices (Fulton, 2021; Mason, 2020) and external racial equity work (Kim & Mason, 2018). Qualitative interviews and focus groups with nonprofit executives and board members, and case studies of nonprofits from multiple subsectors, would be fruitful. In particular, studies might assess the degree to which DEI practices, and advocacy efforts and programming explicitly targeting BIPOC communities, are initiated and institutionalized by the board, Board Chair, Chief Executive, or some combination of nonprofit leaders, within different organizational cultures and contexts. Racial differences between the Board Chair and Chief Executive are especially
ripe for examination (Harrison & Murray, 2012; McMullin & Raggo, 2020), with implications for DEI and service expansion in crisis response and during non-crisis times.

More rigorous causal analysis of potential relationships between nonprofit diversity and resilience factors explored in this article is also needed, such as through more complex factor analyses of resilience capacities, structural models, and panel data permitting survival analysis. For instance, studies might explore causal links between racial diversity and organizational adaptation and innovation (Westley, 2013), as well as other factors potentially promoting nonprofit resilience (Kimberlin et al., 2011) to the COVID-19 pandemic and other disasters (Hutton et al., 2021). In particular, the role of collaborations and social networks as mediators between nonprofit diversity and resilience should be examined. Extant validated self-assessment tools could be synthesized and applied (Lee et al., 2013; Millesen & Carman, 2019), and specific practices supporting resilience could be identified and replicated. Because resilience is theorized as a process in addition to an outcome (Witmer & Mellinger, 2016), qualitative studies would also be fruitful here.

Lastly, future research should analyze the degree to which public and philanthropic investments in Black-led nonprofits, causes, and communities are sustained and amplified over the longer term and post-pandemic, and which funding and capacity-building mechanisms show the most promise for institutionalizing structural changes to address the nonprofit racial funding gap and other racial inequities confronting the sector. Targeted, forgivable federal emergency loans and private grants have the potential to mitigate racial disparities in nonprofit funding, but it remains to be seen whether pledges will be honored and make a meaningful impact (Cyril et al., 2021). Researchers might also explore the potential role of tightly coupled funding networks in perpetuating the racial funding gap through systematic exclusion of BIPOC- and Black-led nonprofits (Faulk et al., 2016). As public and private funders become more savvy in directing grants where they are most needed, they should release data on grant-making criteria and results (Beer et al., 2021), so that scholars can conduct empirical analysis of how best to operationalize the complex construct of a ‘Black- or BIPOC-led’ nonprofit, with consequences for equity.

Conclusion

The research presented in this article was intended to partially replicate prior practitioner-oriented studies on the importance and challenges of racially diverse representation in nonprofit leadership, especially as it relates to funding disparities; empirically connect scholarly research on nonprofit racial diversity to COVID-19 pandemic response and organizational resilience through crisis more broadly; and assess the degree of empirical support for the need and short-term outcomes of targeted funding efforts to address racial inequities hindering Black- and BIPOC-led nonprofits and the communities they serve from flourishing. It is the author’s hope the findings serve as a call to action, invigorating strategically targeted funding streams, equitable shifts in organizational practices, and a sustained research agenda on the far-ranging implications of diversity in nonprofit leadership. To that end, nonprofit scholars and practitioners have work ahead, so that BIPOC and Black leaders may do more with more, not less.

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