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ABSTRACT

RACIAL DIVERSITY AT THE LEADERSHIP LEVEL: THE CASE OF NONPROFIT HUMAN SERVICE ORGANIZATIONS

By

BO LI

AUGUST 2023

Committee Chair: Dr. Mirae Kim

Major Department: Public Management and Policy

This dissertation examines whether and how leaders' race/ethnicity influences organizational practices in the nonprofit sector, considering both executive directors (EDs) and nonprofit boards as leaders. The topic has gained growing significance because of the prevalence of a nonprofit racial/ethnic leadership gap and the demographic shift in US society. Drawing on upper echelon theory, representative bureaucracy theory, and the theory of networks, I constructed an integrated framework to guide empirical tests of four aspects: financing practices, diversity management, inter-organizational collaboration, and recruitment.

Combining data from an original online survey of human service nonprofits in Georgia with Form 990 tax data and US Census data, I identified differences in management practices based on the racial/ethnic composition of nonprofit leaders. First, nonprofits governed by majority-POC boards experience more challenges in resource development and have a less diversified revenue structure. They are also more likely to rely on government support and less on donations. Second, nonprofits governed by a racially/ethnically diverse board are more likely to engage in diversity management. The racial/ethnic composition of the board also relates to an ED's attitudes toward diversity: EDs of color hold more positive attitudes toward diversity than

White EDs when working with White-dominated boards, while White EDs value diversity more when the board is POC-dominated. Third, nonprofits with racially/ethnically diverse boards are more active in inter-organizational collaboration.

The survey data also shows that POC-led nonprofits are more likely to have POC as employees, a finding consistent with existing evidence. To further investigate the cause, I conducted an online survey experiment and found that while people rate POC-led nonprofits higher on valuing different perspectives and being committed to diversity, they would choose to work for White-led nonprofits over otherwise comparable POC-led nonprofits if given the option. These results highlight current challenges experienced by POC and POC-led nonprofits in the hiring process, providing valuable insights for ongoing discussions about racial diversity in the nonprofit sector.

This dissertation enriches our understanding of racial diversity in nonprofit leadership. With future research, I plan to continue the exploration by connecting the findings to measures of organizational outcomes.

RACIAL DIVERSITY AT THE LEADERSHIP LEVEL: THE CASE OF NONPROFIT
HUMAN SERVICE ORGANIZATIONS

By
BO LI

A Dissertation Submitted in Partial Fulfillment
of the Requirements for the Degree
of
Doctor of Philosophy
in the
Andrew Young School of Policy Studies
of
Georgia State University

GEORGIA STATE UNIVERSITY
2023

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Bo Li
2023

ACCEPTANCE

This dissertation was prepared under the direction of the candidate's Dissertation Committee. It has been approved and accepted by all members of that committee, and it has been accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Public Policy at the Andrew Young School of Policy Studies of Georgia State University.

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August 2023

DEDICATION

To my grandmother, Xiuying Wang.

Thank you for all the brightness.

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I am deeply grateful for all the helping hands offered to me through the ups and downs along this journey.

First, thanks to the generous support from my dissertation committee. Dr. Mirae Kim is not only the committee chair and my beloved advisor, but also a role model and friend who has deeply shaped my research, teaching, and attitudes toward opportunities and challenges. Knowing her has been a turning point that has shaped the person I am today. Dr. John Thomas, his kindness and support helped me survive my initial year of studying abroad, and then continuously accompanied me for all the milestones of the doctoral programs. I appreciate his constant encouragement and feedback. Dr. Juree Capers, I am grateful for her insightful perspectives on research and teaching, and for always taking the time to answer my random questions. She has been an exceptional mentor, always providing practical advice with concrete examples. She has also taught me what concentration and continuous effort could bring. I am also thankful to Dr. Jessica Sowa, a role model to many in the entire field of public administration and policy. Her exemplary dedication to both theoretical development and applicable knowledge has been truly inspiring. Her continuous contributions to the field always motivate me to try harder.

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cheering me up and celebrating with me for every small achievement. Working with you is truly beneficial in various aspects. I also appreciate our department manager and staff members. Elsa Gebremedhin, Abena Otudor, Amber Slyter, and Ana Moseley, thank you for always being responsive and ready to help.

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CHAPTER 1. INTRODUCTION

Background

Nonprofit organizations are expected to play an important role in serving communities of color whose needs have been largely overlooked by the market and the government (de Graauw, 2016; Hansmann, 1980; Lee et al., 2017). However, nonprofits could fail in this role due to the nonprofit racial leadership gap and the associated disconnect between nonprofit organizations and the populations they served. Currently, nonprofit organizations are predominantly led by White people (BoardSource, 2017; Medina, 2017) and do not reflect the increasing diversity of the communities served (De Vita et al., 2009; Nonprofit HR, 2013). In a recent national report, Faulk and colleagues (2021) found that 16% of nonprofits that primarily serve people of color (POC) are led by all-White boards. It is unclear whether the needs of POC beneficiaries could be understood by such organizations. The mismatch between organizational leaders and the population served can result in an organization's cultural incompetency, lower credibility among clients, and unfamiliarity with local needs (Hasenfeld et al., 2013; Vu et al., 2017). All of these could harm program effectiveness and ultimately reinforce structural inequality within the community (Buffett, 2013; de Graauw, Gleeson, & Bloemraad, 2013; Vu et al., 2017; Patraporn, Pfeiffer, & Ong, 2010). Despite programs and initiatives designed to increase diversity in the sector, the underrepresentation of POC in nonprofit leadership persists (Bell, Moyers, & Wolfred, 2006; BoardSource, 2017; Cornelius, Moyers, & Bell, 2011; Faulk et al., 2021).

The racial/ethnic leadership gap has gained more attention with recent changes in the society (Fredette & Sessler Bernstein, 2019; Leroux, 2020; Sessler Bernstein & Fredette, 2023; Rolf et al., 2022). The United States is experiencing a drastic demographic shift due to the increase of immigrants from Asia and Latin America. According to the Census, the portion of

non-Hispanic Whites is projected to be less than 50% of the total population in 2045 (Vespa, Median, & Armstrong, 2020). This change will also be reflected in the labor market. Based on data from the Bureau of Labor Statistics and trends in college completion by race/ethnicity, Wilson (2016) projects that POC will become the majority of the American working class by 2032. This demographic shift will affect the racial/ethnic composition of both the nonprofit workforce and their target population.

Given such demographic changes, nonprofit organizations need to adjust management practices for a more diverse workforce and build cultural competencies to serve a more diverse client group (Gooden et al., 2018; Holley, 2003; Weisinger et al., 2016). Increasing racial/ethnic diversity among nonprofit leaders could contribute to achieving such goals because leaders of color are better connected with communities of color. Compared to their White counterparts, leaders of color tend to have a better understanding of POC-related issues and are perceived as more trustworthy by POC (Fulton et al., 2019; Gooden et al., 2018; Vu et al., 2017). Moreover, a diverse leadership team is beneficial because it can provide a broader range of information, knowledge, and perspectives (Cox et al., 1991; Fulton et al., 2019; Weisinger, 2017).

As the baby boom generation of nonprofit leaders retires, the sector will experience a massive leadership transition that offers the opportunity to change the overall leadership structure (Froelich et al., 2011; Nonprofit HR, 2013). Such change will be supported by the availability of POC talent. Recent studies found that when compared to White employees, nonprofit employees of color show similar levels of qualification but more aspirations for leadership roles (Kunreuther & Thomas-Breitfeld, 2020; Thomas-Breitfeld & Kunreuther, 2017a). However, current knowledge about nonprofit leaders of color and their organizations is still limited. For example, despite the normative argument that leaders of color will represent the

interests of minorities (Meier & Capers, 2012; Rutherford & Meier, 2020), little empirical evidence exists for the association between executive leaders' race/ethnicity and different organizational practices. To change the established homogenously White leadership, we need a better understanding of leaders of color and their organizations. Research about the benefits associated with leaders of color and the structural barriers POC-led nonprofits face will help demonstrate the necessity and the actionable steps for this change.

In short, racial/ethnic diversity among nonprofit leadership has received more attention for three key reasons: the sector's mission to serve the unmet needs of minorities, the increasing racial/ethnic diversity among the workforce and general population, and the opening of the opportunity window for leadership structural change. Understanding how nonprofit leaders' race/ethnicity affects their organizations is key to addressing the current racial/ethnic leadership gap throughout the sector.

Leaders of Color and Their Impact

Typically, nonprofit leaders include the executive directors and the board of directors. Nonprofit executive directors (EDs) hold "psychological centrality" in organizations, while nonprofit boards have the ultimate responsibility for organizational performance (Herman, 2016; Renz, 2016). They depend on each other in organizational management.

According to upper echelon theory (UET) and representative bureaucracy theory, leaders' race/ethnicity will affect organizational decision-making because of their bounded rationality as individuals and the impact of their own social experiences and values that they place on the decision-making process (Finkelstein, 2009; Keiser, 2010; Simon, 1997). Leaders' personal characteristics can also affect organizational constituents' attitudes and behaviors. For example, employees of color tend to view nonprofits with a racially/ethnically diverse leadership team to

be more committed to racial equity (Schwartz et al., 2011). Thus, having leaders of color may lead to different organizational practices and alter constituents' perceptions of an organization.

Organizations are also constrained by contextual factors (Hill & Lynn, 2003; Pfeffer & Salancik, 2003). Based on the theory of networks, leaders of color tend to have smaller networks that are comprised primarily of POC and are subject to marginalization within White-dominated networks (Lin, 2000; McPherson et al., 2001). Leaders' social connections correspond with the organization's external relationships (Guo & Acar, 2005; MacIndoe & Sullivan, 2014). In other words, POC-led nonprofits tend to have limited connections, which challenges their performance in inter-organizational collaboration and resource development.

A recent increase in the number of studies about nonprofit leaders of color demonstrates the importance and relevance of this topic to the nonprofit sector (Danley & Blessett, 2022; Fulton, 2020; Gooden et al., 2018; Kim & Li, 2022; Lee, 2022; Sessler Bernstein & Fredette, 2023). Currently, in their efforts to understand the role of leaders of color, nonprofit scholars have a central focus on the board's racial/ethnic diversity and assess its impact on board performance and organizational outcomes (Brown, 2002a; Buse et al., 2016; Fredette, Bradshaw & Krause, 2016; Fredette & Sessler Bernstein, 2019; Fulton et al., 2019; LeRoux, 2020; Sessler Bernstein & Fredette, 2023). The findings are inconclusive due to the limited number of studies, the variety of performance measures used, the different research contexts, and the relationships' complexity. More studies are needed to better understand the impact of nonprofit boards' racial/ethnic diversity on organizational performance.

There is limited academic research investigating the impact of nonprofit EDs of color on their respective organizations. Existing findings show some promise that nonprofits led by EDs of color may excel in aspects such as serving POC or advancing racial equity; however, they

may also suffer from financial vulnerability due to institutional barriers in resource development. For example, Gooden et al. (2018) found that African American-led nonprofits play an important role in serving African American youths and helping improve their learning performance. Fulton et al. (2019) and Fulton (2020) noted the positive impact leaders of color have on advancing racial equality and expanding social resources. With regard to financing, Kim and Li (2022) found that POC-led nonprofits face more financial difficulties due to the extra challenges that they experience in resource development. These findings align with many practitioner-based reports indicating that EDs of color face more difficulties in outreach and resource development (e.g., Cornelius et al., 2011; Dorsey et al., 2020; Thomas-Breitfeld & Krunreuther, 2017a), and that POC-led nonprofits tend to be more financially vulnerable than White-led nonprofits (Branch Association, 2016; De Vita et al., 2009). Taken together, these studies showed differences between POC-led nonprofits and White-led nonprofits, which supports the claim that nonprofit EDs' race/ethnicity influences organizational activities and outcomes. Because racial/ethnic backgrounds affect leaders' perspectives on race/ethnicity-related issues and social connections, the organizational differences between POC-led nonprofits and White-led nonprofits could be most evident in aspects such as racial/ethnic diversity management, financing activities, and inter-organizational collaboration.

Purpose of the Study

This dissertation empirically tests the relations between nonprofit leaders' race/ethnicity and organizational practices. Focusing on the human service subsector, I compared POC-led nonprofits with White-led nonprofits across two aspects: 1) organizations' strategic choices on financing practices, diversity management, as well as inter-organizational collaboration, and 2) the attractiveness of the organizations to job seekers, especially job seekers of color. Nonprofit

human service organizations represent the largest nonprofit subsector in terms of organization numbers, comprising 35% of all public charities in 2016 (NCCS Project Team, 2020). This subsector was selected because of 1) its importance in serving and representing marginalized populations, including POC, and 2) its increasing influence on collaborative governance for social services provision (Boris et al., 2010; Gronbjerg, 1991; Mosley, 2020). Figure 1 shows the conceptual framework of the dissertation.

Figure 1. Conceptual Framework



The dissertation draws data from multiple sources. To access organizational differences between POC-led and White-led nonprofits, I used data from an online survey with Internal Revenue Service (IRS)-registered nonprofit human service organizations in Georgia. All survey responses were combined with 990 tax data for corresponding organizations and US census data for surrounding communities. To gauge the symbolic effect of leaders of color on employees of color, I used data from an online survey experiment. As shown by the data from the online organizational survey, as well as existing studies, POC-led nonprofits are more likely to have POC employees than White-led nonprofits. The experimental study directly tests if the phenomenon is caused by the symbolic effect of leaders of color.

Significance of the Study

First, this study enhances our understanding of leaders' impact on nonprofit organizations, especially the individual-level factor of race. Nonprofit organizations rely heavily on external resources due to their revenue structure. While the "resource dependence" perspective has been broadly used in studies to understand organizational behaviors among nonprofits (e.g., Froelich, 1999; Gazley & Guo, 2020; Kim et al., 2018), we should not neglect the effects that individuals have on shaping organizational practices, especially when those individuals are the top managers or board members—people who have authority to make significant decisions. Organizational strategic decisions represent a "weak situation" that is complex and ambiguous (Mischel, 1977). Instead of being optimized, decision-making is a result of human limitations and biases (Finkelstein et al., 2009; March & Simon, 1958; Simon, 1997). That is, decision-makers act based on their knowledge, beliefs, and preferences. Race/ethnicity plays a vital role in determining individuals' values, perceptions, and preferences (Gasman et al., 2011; Newkirk, 2019), which in turn affect their decision choices.

In this study, leaders' race/ethnicity is the central focus rather than being treated as a control variable. I compared POC-led and White-led nonprofits across different areas such as financing activities, diversity management, inter-organizational collaboration, racial/ethnic composition of employees, and organizational attractiveness to job seekers. The findings enhance our understanding of issues such as whether leaders of color hold different perceptions of organizational management than White leaders and how that relates to the organizations' adoption and implementation of management strategies. The findings also provide insights into the impact of racial representation on employees' composition and recruitment.

Second, this study contributes to the literature on nonprofit leadership racial/ethnic diversity by focusing on executive directors (EDs). Currently, nonprofit boards have been the central focus of most relevant studies, while EDs have not received much attention in the literature (W. A. Brown, 2002b; Fredette & Sessler Bernstein, 2019; Fulton et al., 2019; LeRoux, 2020; Sessler Bernstein & Fredette, 2023). Nonprofit EDs get paid to manage an organization's daily operations. Their organizational impact is growing as the sector becomes more professionalized (Hwang & Powell, 2009; Suarez, 2011). Stewart (2014) argued that the increasing importance of management skills and programmatic expertise would grant executives greater leadership autonomy. This study enhances our knowledge about the impact of leadership racial/ethnic diversity on organizational practices by capturing previously overlooked perspectives from executive leaders.

Theoretically, the study expands the application of representative bureaucracy theory and upper echelon theory in the nonprofit context. In particular, it provides empirical evidence for the effects of symbolic representation in a nonprofit setting focusing on the leader-employee relationship. It also extends upper echelon theory's focus on top managers by emphasizing their signaling effect. Though nonprofit organizations are distinct from public or for-profit organizations, the recent growth in cross-sector collaboration has blurred sectors' boundaries. For example, nonprofits' increasing role in policy implementation under collaborative governance and government procurement lays the foundation for testing and applying public administration theories to nonprofit studies. This expansion not only benefits nonprofit research but also promotes the development of new theoretical frameworks.

Outline of the Dissertation

Chapter 2 introduces both the racial/ethnic gap among nonprofit leaders and the theoretical framework for the dissertation. It describes the research context and lays the theoretical foundation for the impact of leaders' race/ethnicity on an organization's management practices and attractiveness for job seekers. Chapters 3 and 4 are empirical explorations. Chapter 3 focuses on three aspects of management (i.e., financing practices, diversity management, and collaboration) that are affected by leaders' decision-making. Chapter 4 discusses the potential symbolic effect on job seekers' attitudes and behaviors. The dissertation concludes in Chapter 5 with a discussion on the limitations, the implications of the findings, and avenues for future research.

CHAPTER 2. LITERATURE REVIEW

This chapter contains two parts. First, it introduces nonprofit organizational leaders—executive directors and board of directors—and summarizes the research on their racial/ethnic diversity. This sets the stage for the study by providing an overview of the research subject and the general context. As described in the following sections, studies on nonprofit leaders of color are still at an early stage with a central focus on the board of directors. Little is known about how executive directors’ race/ethnicity affects their perceptions and management decisions. Second, the chapter introduces the theoretical framework used to guide the empirical tests. Based on upper echelon theory (UET), representative bureaucracy theory, and the theory of networks, I construct a multi-theory, integrated framework to understand the impact of leaders’ race/ethnicity on organizational practices and attractiveness to employees of color.

Leaders of Color in the Nonprofit Sector

Race and ethnicity are social constructs that group people based on shared culture, geographic origins, language, and religion (van den Berghe, 1978). Usually used interchangeably, race focuses on physical appearance while ethnicity emphasizes culture (Schaefer, 2008). “People of color” (POC) refers to people who are not non-Hispanic White. Compared to “racial/ethnic minority,” the term “people of color” has gained popularity in recent years because it helps remove the sense of inferiority as well as the demographic inaccuracy associated with “minority,” and emphasizes the commonalities among these non-White groups (Franklin et al., 2006; Paarlberg, McGinnis Johnson, et al., 2020). POC are underrepresented in the nonprofit workforce (Fernandez & Brown, 2015), especially at the leadership level. Both nonprofit executive directors and board members are predominantly white. The following parts review the literature on nonprofit leadership and their racial/ethnic diversity.

Executive Directors

Nonprofit executive directors (EDs) hold psychological centrality in organizations and are usually the highest-paid staff (Herman, 2016; Stewart & Diebold, 2017). They are perceived to hold the primary responsibility for organizational affairs (Herman, 2016; Herman & Heimovics, 1990). For example, EDs take the lead in organizational policy development, strategic planning, and implementation (Ostrower & Stone, 2006). They make important decisions like pursuing specific funding streams (Wilsker & Young, 2010), balancing different and sometimes conflicting expectations, and maintaining complex internal and external relations that are vital for the organization's survival and growth (Steward & Diebold, 2017). Worth (2018) argues that nonprofit management is distinct from management in government or for-profit organizations, and that nonprofits require strong leadership from EDs who can develop consensus based on organizational mission and articulate the visions necessary to gain commitment from various stakeholders. Because context can significantly constrain available choices and viable strategies, it is hard to consistently define effective leadership. Some elements frequently mentioned in the literature include a focus on mission and external relationships, attention to the board and ED-board relationship, and understanding the interplay among key constituencies (Crutchfield & Grant, 2012; Herman & Heimovics, 2005; Routhieaux, 2015). Because of their top position in an organization and their crucial role in decision-making, EDs exhibit characteristics described as "CEO factors" that impact organizational practices (Herman, 2016; Stewart & Diebold, 2017).

POC are significantly underrepresented in nonprofit leadership. Based on 2020 employment data, Independent Sector (2020) reported that non-Hispanic Whites account for 68% of nonprofit workforce. However, they predominantly serve as nonprofit EDs and the situation

has existed for more than a decade with little change over time. Based on a national study, Bell et al. (2006) found that non-Hispanic Whites account for 82% of nonprofit EDs. Cornelius and colleagues (2011) implemented a follow-up study and found that the situation has barely changed after five years. In a recent report, Faulk et al. (2021) found the share of non-Hispanic White EDs is 79%—slightly more diverse than before but still not reflective of the racial/ethnic composition of the workforce. This racial/ethnic leadership gap is not affected by the organizational size, as similar findings hold for the largest foundations and nonprofits (Medina, 2017).

In addition to the descriptive representation, racial/ethnic disparities also exist in other aspects of nonprofit leadership. Compared to White EDs, EDs of color experience a higher rate of common challenges and frustrations stemming from the lack of role models, social capital, and connections, as well as being unfairly called on to represent an entire community (Thomas-Breitfeld & Krunreuther, 2017a; Wallace, 2019). They also face more difficulties in resource development due to structural barriers in the mainstream funding market (Dorsey et al., 2020; Kim & Li, 2022; Krunreuther & Thomas-Breitfeld, 2020). Thomas-Breitfeld and Krunreuther (2017b) found that among White workers, levels of frustration decreased as they were promoted to ED positions. The situation is different for POC—leaders of color reported a higher rate of frustration than staff of color. These pressures directly link to turnover intentions and behaviors (Ronquillo et al., 2017), which could aggravate the lack of racial/ethnic diversity among top leaders.

Though research on nonprofit EDs is still at an early stage, with most information coming from practitioner-based reports, it is beyond doubt that racial/ethnic disparity exists between White EDs and EDs of color. Structural barriers play a role in the formation and reinforcement

of this situation. POC are less likely to reach the top positions because of unequal opportunities, limited social capital, social stereotyping, and implicit biases (Cornelius et al., 2011; Thomas-Breitfeld & Krunreuther, 2017a). These challenges persist for EDs of color and could negatively affect organizational performance. That is, even if POC reach the top positions, it may be more difficult for them to succeed in those roles due to additional challenges imposed on leaders of color.

POC-led nonprofits may operate differently than White-led nonprofits due to the challenges their EDs experience. For example, EDs of color may be less active in inter-organizational collaboration given their more limited social connections. Or they may be more committed to racial/ethnic diversity management because of their leaders' knowledge about unconscious biases and workplace discrimination. By understanding these aspects, we could not only refine management theories about race/ethnicity but also demonstrate the advantages of leaders of color and address the current structural barriers against EDs of color and POC-led nonprofits. This, in turn, contributes to the efforts to not only have leaders of color in the nonprofit sector but to support and sustain them as well.

Board of Directors

The nonprofit board of directors has the ultimate authority and responsibility for an organization's performance. They have the duty of care, loyalty, and obedience as well as being overseen and sanctioned by public sources, including the IRS (Renz, 2016). Board members are usually unpaid volunteers. They are supposed to monitor nonprofit performance and governance, though in practice many focus primarily on fundraising and outreach. Nonprofit boards can be formed through different approaches, including election by organization members, selection by

existing board members, or appointment by external authorities, such as the government (Worth, 2018). The head of the board is usually called the “president” or the “chair.”

Ideally, the board of directors and the ED will collaboratively govern a nonprofit organization (Golensky & Hager, 2020; Herman, 2016), with EDs reporting to boards and boards trusting EDs to handle management and other concerns. On the one hand, the board is responsible for hiring and overseeing the EDs. Board members need to manage EDs’ performance and provide support and encouragement EDs may need. On the other hand, EDs should confirm that boards fulfill their various responsibilities. Both boards and EDs are supposed to be important decision-makers who should work interdependently to improve organizational effectiveness, although the exact power balance could vary within specific organizations, situations, and contexts (Cornforth & Macmillan, 2016; Golensky & Hager, 2020; Iecovich & Bar-Mor, 2007; Kramer, 1985; Ostrower & Stone, 2006).

Similar to the underrepresentation seen with EDs, the racial/ethnic composition of society has not been fairly reflected in nonprofit boards. Faulk et al. (2021) found that 79% of nonprofit board chairs are non-Hispanic White. On average, POC only account for 11% to 20% of board members. This underrepresentation of POC in nonprofit boards is similar to findings from other sources (BoardSource, 2017, 2021a; Ostrower 2007). The White-dominated board structure has caused dissatisfaction among both nonprofit EDs and board chairs (BoardSource, 2021a).

Currently, the racial/ethnic diversity of boards is the central focus of academic studies on nonprofit leadership diversity. Evidence has been found that an increase in racial/ethnic diversity among board members can positively affect both board performance and organizational outcomes. Sessler Bernstein and Fredette (2023) found that board racial diversity could improve board performance in external engagement and DEI competence. Similarly, Brown (2002a)

stated that boards' racial/ethnic diversity enhances board members' connections with local residents. In terms of organizational performance, having a racially/ethnically diverse board increases organizations' effectiveness in community problem-solving and program implementation (Daley & Marsiglia, 2001), levels of political advocacy (LeRoux, 2009), total contributions (Harris, 2014), and both total revenue and total assets (LeRoux, 2020).

However, such results remain inconclusive, as negative and nonlinear effects have also been found. Sessler Bernstein and Fredette (2023) found the racial diversity of the board is related to negative organizational change. Buse et al. (2016) noted that an increase in board racial/ethnic diversity could negatively affect board performance. In their study on Canadian nonprofits, Fredette and Sessler Bernstein (2019) found an unevenly distributed S-shape curvilinear relationship between racial/ethnic diversity and board performance, which indicates that the effect can depend on the relative share of each racial/ethnic group.

Sometimes, the board's racial/ethnic diversity shows no effect on the nonprofits. Sessler Bernstein and Fredette (2023) found no relationships between board diversity and board performance on strategic oversight, internal awareness, and board culture. Osili et al. (2018) found no significant relationship between the proportion of board members of color and board outcomes. In terms of organizational outcomes, Sessler Bernstein and Fredette (2023) found no effect of board racial diversity on aspects such as positive organizational change, profit margin, and revenue concentration. Harris (2014) concluded that the racial/ethnic diversity of nonprofit college boards did not affect organizational outcomes such as ranking, retention rate, and enrollment growth. Gazley et al. (2010) noted that racial/ethnic diversity within community mediation centers did not influence an organization's external linkages or case settlement. Jaskyte (2018) found that racial diversity was not significantly related to organizational

innovation. Additionally, in regard to advocacy activities, LeRoux (2009) indicated that the portion of African American board members did not affect nonprofits' commitment to voter mobilization or contacting public officials. Fulton et al. (2019) found that the proportion of POC on nonprofit boards was not connected to an organization's commitment to improving racial inequality.

The impact of boards' racial/ethnic diversity could depend on factors such as organizational situations and the management process. This helps explain the mixed findings in the literature. For example, organizational culture, diversity management practices, resource networks, strategic capacity, and market share are found to affect the relationship between the boards' racial/ethnic diversity and organizational outcomes (Buse et al., 2016; Fredette et al., 2016; Gazley et al., 2010; LeRoux, 2020).

Gaps in the Current Literature

Current research shows that POC are underrepresented in nonprofit leadership. Studies on leaders of color in the nonprofit sector are still at an early stage with insufficient evidence of their organizational impact. To address the racial/ethnic leadership gap, more studies are needed to understand the differences between POC-led and White-led nonprofits and the impact of leaders of color in general. An increase in the number of leaders of color can enhance POC's demographic representation and promote social equality. Given the advantage of a diverse team, the increase in leaders' racial/ethnic diversity could also improve organizational decision-making (Brown, 2002a; Ely & Thomas, 2001). Additionally, leaders of color have different attitudes and understandings of race/ethnicity-related issues than White leaders. POC-led organizations may be able to cultivate a racially/ethnically diverse and inclusive atmosphere because of the leaders' commitments. Research on these aspects can provide empirical evidence for the benefits of

racially/ethnically diverse leadership and support the practice to increase the number of leaders of color.

The racial/ethnic leadership gap reflects the racial inequality in society. POC are more likely to experience structural barriers such as unspoken and implicit biases, limited social capital, and marginalized position in White networks (Cornelius et al., 2011; Thomas-Breitfeld & Krunreuther, 2017a). These barriers not only prohibit POC's career advancement but could also affect the performance and survival of POC-led nonprofits. These organizations may experience extra challenges in inter-organizational collaboration or resource development because these activities are affected by external actors and existing social networks. Research that compares POC-led nonprofits and White-led nonprofits regarding external networking or fundraising activities will not only describe leaders of color's impact on organizational management but will also help reveal the sector's structural barriers against POC. Such research can help inform and influence the ongoing leadership change by shifting the focus from individuals to structural factors, thereby providing more efficient approaches to nonprofit leadership diversification.

Previous lack of research on nonprofit leaders of color could be partially caused by the lack of leaders of color in reality—the research subjects are unavailable. For example, the number of POC-led nonprofits is too small for nuanced analysis in quantitative studies. However, the situation is changing. The nonprofit sector now faces more pressure to increase racial/ethnic diversity at different levels, including leadership (Bradshaw & Fredette 2013; LeRoux, 2020). Consequently, more POC have stepped up as top leaders. For example, POC have been promoted to the head of large nonprofits including the Ford Foundation, the W. K. Kellogg Foundation, and Feeding America. Wallace (2019) highlighted the fact that POC “have

reached pinnacles of power in philanthropy that once would have been unimaginable” (Wallace, 2019, para. 1). The changes not only signify a more diverse leadership team but also provide the conditions for empirical research on the role of leaders of color. Studies on this topic will enhance our understanding of nonprofits that are led by POC and further assist the transition to a more racially/ethnically diverse sector.

Theoretical Framework

Organizational leaders are people who initiate changes, set the tone for actions, and decide crucial issues for the entire organization (Crutchfield & Grant, 2012; Kim & Mason, 2020; Worth, 2018). Though sometimes the emphasis is placed on institutional or contextual factors that are out of leaders’ control (DiMaggio & Powell, 1983; Hannan & Freeman, 1977; Lieberman & O’Connor, 1972), evidence suggests that leaders have, at minimum, a partial effect on organizational behaviors (e.g., Finkelstein, 2009; Kim & Mason, 2018; LeRoux, 2020).

Race/ethnicity is at the intersection of individual identities and societal structures (Schaefer, 2008). On the individual level, leaders of color tend to have different experiences, values, beliefs, and perceptions from their White counterparts (Gasman et al., 2011; Grissom & Jones, 2020). These differences inform management strategies and organizational decisions that prioritize racial/ethnic diversity and inclusion. Regarding the social structure, leaders of color are affected by existing racial/ethnic systems, which constrain their social connections and resources (Cornelius et al., 2011; Thomas-Breitfeld & Krunreuther, 2017a). The structural barriers that leaders of color experience can be further reflected in the organization’s capacity to build connections and perform resource development activities (Guo & Acar, 2005; MacIndoe & Sullivan, 2014).

Race/ethnicity impacts social categorization (Tajfel & Turner, 1986). People tend to group each other based on their racial/ethnic identities and interact along this line. This is known as “similarity-attraction”: people who share racial/ethnic identities tend to group together (Byrne, 1971). Similarity is preferred among interactions due to perceptions of easier communications, higher levels of trust, and more predictable behaviors (Brewer, 1981; Komorita et al., 1992). Extending this line of logic to the context of work relationships, leaders of color may increase the organization’s attractiveness to employees of color because of this “similarity-attraction.”

In short, leaders’ race/ethnicity will influence their organizations through proactive strategic choices, passive reactions to structural constraints, and symbolic effects on employees of color. In the following sections, I review three main theories to support the assumptions that POC-led nonprofits differ from White-led nonprofits regarding organizational practices and attractiveness. It lays the foundation for this dissertation’s research questions. Specifically, I use upper echelon theory (UET) and representative bureaucracy theory to explain the managerial effect. Both theories support the impact of leaders’ values, experiences, and perceptions on individual actions. However, UET emphasizes the role of top managers, and representative bureaucracy theory suggests the direction of leaders’ actions as representatives of their racial/ethnic groups. The theory of networks and the related concept of the homophily effect are introduced with an emphasis on the contextual impact¹. I construct an integrated framework based on these theories.

¹ With that said, overlappings exist and there is no clear cut between individual and structural influence as well as proactive and passive choices.

Upper Echelon Theory

Upper echelon theory (UET) emphasizes “managerial impact,” especially from top managers (Finkelstein, 2009; Hambrick & Mason, 1984). The impact could come from a single person (the executive director or CEO) or multiple persons who comprise the “top management team (TMT).” UET states that organizational decisions have a large behavioral component and reflect the idiosyncrasies of decision-makers because of the bounded rationality of individuals and the complexity of the environment. Thus, organizational strategic choices and effectiveness are partially predicted by the characteristics of top managers. These characteristics contain both *psychological* factors, such as values or personality, and *observable* factors, such as experience, age, or race. Psychological and observable factors can interact with each other. For example, people from similar racial/ethnic backgrounds share similar values or social standings. Compared to cognitive factors, race/ethnicity is easier to observe which helps improve our understanding of organizational behaviors.

UET has been broadly used in organization and management studies; however, its application in the nonprofit sector is still rare (Kuenzi & Stewart, 2017; Phipps & Burbach, 2010). With that said, empirical studies in the nonprofit sector did provide some support for the impact of leaders’ race/ethnicity. For example, the race/ethnicity of the executive directors (Gooden et al., 2018; LeRoux, 2011; Sessler Bernstein & Fredette, 2023), the leadership teams (Fulton, 2020), and the boards (BoardSource, 2021; Brown, 2002a; Fredette & Sessler Bernstein, 2019; LeRoux, 2020; Sessler Bernstein & Fredette, 2023) are shown to affect organizational practices and performance. Gasman et al. (2011) found that nonprofit leaders of color have different cognitions and values from their White counterparts.

Based on UET, I argue that, compared to White leaders, nonprofit leaders of color tend to have different views on organizational strategies, such as the adoption of diversity practices or participation in collaborative activities. Accordingly, they will make different choices that result in different organizational practices.

Representative Bureaucracy Theory

Representative bureaucracy theory posits that bureaucracies may act in favor of the constituents who share similar demographic characteristics (Mosher, 1982; Pitkin, 1972). It has been broadly tested in the context of public and nonprofit organizations (e.g., Brunjes & Kellough, 2018; Capers, 2018; Gooden et al., 2018; Headley & Wright, 2020; Kim & Mason, 2018). Among the different demographic characteristics, race is of particular interest because of its salience in American society and policy-related attitudes (Bishu & Kennedy, 2020; Kennedy, 2014). The argument that managers' race/ethnicity influences decision-making lays the moral foundation for increasing racial/ethnic diversity² at the top positions.

Mosher (1982) classified representation into active and passive types: passive representation indicates shared demographic characteristics between public managers and the general public, while active representation means that managers make decisions on behalf of the specific groups they represent. Most arguments for the benefits of representative bureaucracy assume that passive representation predicts active representation. For example, having leaders of color is essential for realizing the needs of POC in policy design and implementation (Meier, 1993; Mosher, 1982). Empirical studies support the argument by demonstrating that the representation of minority groups in the public and nonprofit workforce helps ensure the interests

² It should be noted that, though representativeness and diversity are sometimes used interchangeably, they are two different concepts (see Gazely et al., 2010; Kim & Mason, 2018; Pitts, 2005). However, considering the current racial/ethnic homogeneity of the nonprofit leadershs, the increase in leaders of color will enhance both the representation and the diversity of nonprofit leadership.

of members from the same minority groups (e.g., Atkins & Wilkins, 2013; Gooden et al., 2018; Guo & Zhang, 2013; Marvel & Resh, 2015; Sowa & Selden, 2003).

Pitkin (1972) classified representation into four types: *descriptive* (leaders of an organization reflect the characteristics of its constituents), *substantive* (an organization is responsive to constituents' demands and acts for them), *formal* (formal organizational arrangements), and *symbolic* (constituents view an organization as a legitimate representative) representation. Focusing on nonprofit and voluntary organizations, Guo & Musso (2007) added a fifth dimension of *participatory* representation, which emphasizes communication between leaders and the people they represent. Both Pitkin (1972) and Guo and Musso (2007) mentioned symbolic representation, which emphasizes the constituents' perceptions of the organization as legitimate and trustworthy. Guo and Musso (2007) argued that descriptive, formal, and participatory representation are measures of an organization's capacity to provide symbolic and substantive representation. Focusing on the public sector, Riccucci and Ryzin (2017) indicated the channel from passive representation to symbolic representation. Lim (2006) described changes in attitude and/or behavior among constituents as an oftentimes neglected "indirect benefit" of passive representation. Studies in the public sector have found some evidence for linking descriptive (passive) racial/ethnic representation with constituents' attitude change, though the effect of symbolic representation may depend on specific policy contexts (Sievert, 2021; Van Ryzin et al., 2017) or lived experience (Headley et al., 2021; Merritt et al., 2020). Constituent groups contain both organizational clients (Headley et al., 2021; Theobald & Haider-Markel, 2008) and employees (Grissom & Keiser, 2011).

Studies on representative bureaucracy have focused primarily on the design and implementation of social policies and their impact on the clients or target population. However,

active representation could also exist inside an organization and influence organizational practices and performance (Andrews et al., 2005; Grissom & Keiser, 2011; Pitts, 2005). For nonprofit organizations, leaders of color may be more likely to lead the equity and diversity initiatives inside their organizations or to avoid collaborative actions that drift from their mission to serve marginalized communities. They may also send out positive signals to job applicants of color and increase the organization's attractiveness to them.

Considering the current paradigm of White-dominated nonprofit leadership, adding leaders of color as top managers or board members will increase the descriptive (passive) representation of the organization. This passive representation may lead to active representation because leaders of color have the power to affect organizational actions, especially internal organizational practices and policies. Nonprofit leaders of color are better connected to communities of color. They could represent and serve POC's interests that may not have been recognized before. Having leaders of color also sends out the signals that the organization is committed to racial/ethnic diversity and equal access to power. It indicates that POC have the opportunity for promotion and career advancement, which may increase the organizations' attractiveness to POC. Moreover, based on the social identity theories and the similarity-attraction paradigm (Byrne, 1971; Tajfel & Turner, 1986), people tend to develop more favorable attitudes toward those who share their racial/ethnic identities, and seek environments that affirm these identities (Ashforth & Mael, 1989; Tajfel & Turner, 1986). Thus, POC may prefer POC-led nonprofits because of the shared racial/ethnic identity.

Theory of Networks

A network is comprised of a set of actors and their links to one another (Borgatti & Halgin, 2011). The term has broad applications and can apply to an individual's web of social

relationships (Umberson & Montez, 2010) or the connections among organizations (Gazley, 2010; Guo & Acar, 2005). Understanding networks is crucial for understanding organizational activities, in large part because of the resource flow among the connections between people and organizations. But the concept does carry some risks of incongruence and confusion (Borgatti & Halgin, 2011; Lecy et al., 2014). Following Borgatti and Halgin (2011), I use the *theory of networks* to refer to the processes of network “formation” and the characteristics of the networks. This is different from *network theory*, which emphasizes the overall impact of the networks. Because I argue that race/ethnicity will affect the social connectedness of both leaders of color and their nonprofit organizations, emphasis is placed on the formation side³.

Based on the homophily effect (McPherson et al., 2001), people are more likely to be connected to others who share similar racial/ethnic backgrounds. Due to the tendency to be homophilous, members of the majority race will hold a central place in social networks while racial/ethnic minorities will be found at the periphery. Network positions will affect actors’ ability to be connected to others. This aligns with the findings that the social networks of POC are usually smaller and more homogenous than Whites (Lin, 2000; McPherson et al., 2001).

As for the nonprofit sector, White leaders dominate existing networks. Leaders of color have limited connections to White leaders and face more challenges to join their networks. For example, Dorsey et al. (2020) found that White people’s networks are largely White and function as the mainstream social networks. Leaders of color have inequitable access to these networks. Thomas-Breitfeld & Kunreuther (2017b) found that leaders of color are challenged by the lack of social capital, networks, and connections with funding sources. The formation and maintenance

³ Of course, the formation and impact of network are tightly connected. And the impact of network is also relevant because it demonstrates the significance of the investigation—we need to understand external connections because it will affect organizational resources and ultimately, organizational performance.

of social networks rely heavily on trust (Reiter et al., 2018; Snavely & Tracy, 2002; Thomson & Perry, 2006). However, leaders of color usually experience a lack of trust from institutional funders (Dorsey et al., 2020; Branch Associates, 2016) and are usually perceived to be less capable (Wallace, 2019). Another form of distrust could go from leaders of color to White leaders with whom they need to collaborate. Racial group consciousness, stemming from the view that POC are discriminated against by the dominant group, could increase the difficulties in forming and maintaining collaborative relationships between POC and White leaders.

Leaders of color's limited social connection and marginalized position in the White-dominated networks could directly harm their organizations in terms of resource development and inter-organizational collaboration. Studies have found that interpersonal connections, such as board linkages, play a crucial role in grant-making (Faulk et al., 2016; Paarlberg, Hannibal, et al., 2020). Dorsey et al. (2020) reported that leaders of color's limited social connections and others' interpersonal biases have been key barriers to gaining capital. Leaders' personal or professional connections could also correspond with an organization's network in other aspects. Guo and Acar (2005) found that board linkages affect a nonprofit organization's formal collaborative activities. Based on nonprofits in Boston, MacIndoe and Sullivan (2014) found that cross-sector board linkages enhance the probability of collaboration.

For nonprofits, whether or not to collaborate with other organizations is a strategic choice made in response to the environment or to the funding uncertainty (Hill & Lynn, 2003; Pfeffer & Salancik, 2003; Sowa, 2009). Organizational leaders' perceptions of collaboration's costs and benefits could affect their decisions (Gazley, 2010; Gazley & Brudney, 2007). Factors such as perceived power dynamics, trust and reciprocity, and shared norms could each affect a manager's expected difficulties in collaboration. Compared to their White counterparts, nonprofit

leaders of color may be more likely to experience challenges that constrain their capacity and desire to pursue collaborative strategies. Though race/ethnicity has been rarely reviewed in relevant research, other aspects of nonprofit managers' characteristics, such as gender, have been found to be influential in collaborative decision-making (AbouAssi et al., 2016; Gazley, 2010).

Existing networks and previous collaborative experience play a crucial role in the formation of further collaboration. They are used to judge organizational legitimacy, commitments, and trustworthiness (AbouAssi et al., 2020; Bryson et al., 2015; Gulati, 1998; Larson, 1992). As stated above, POC-led nonprofits may have limited connections with mainstream nonprofits or institutional funders, which further constrains their capacity to form and maintain collaborative relationships in the future.

In summary, leaders' race/ethnicity could affect organizational strategic choices such as inter-organizational collaboration and revenue diversification. Though made by the organizational managers, these choices are more likely to be affected by the race-based structural barriers that constrain leaders of color and their organizations. Based on the theory of networks and the related homophily effect, I expect that POC-led nonprofits have limited revenue sources and inter-organizational connections.

Synthesis

Nonprofit leaders' race/ethnicity matters because of its impact on decision-making, organizational image, and inter-organizational connections. People from different racial/ethnic groups could have different experiences, values, and perceptions. These experiences, values, and perceptions affect the interpretations of organizational situations, which will lead to different leadership approaches and management practices. As representatives of communities of color, nonprofit leaders of color have a better understanding of these communities and may be more

committed to supporting them. Thus, POC-led nonprofits may act differently than White-led nonprofits regarding race/ethnicity-related issues. Top managers are also representatives of their organizations. POC-led nonprofits could be viewed as more trustworthy and accountable by POC, even without differences in organizational practices. That is, leaders of color could exert a symbolic effect on organizational constituents' attitudes and behaviors (Ricucci & Van Ryzin, 2017; Schwartz et al., 2011). Nonprofits with racially/ethnically diverse leadership could be more attractive to employees of color.

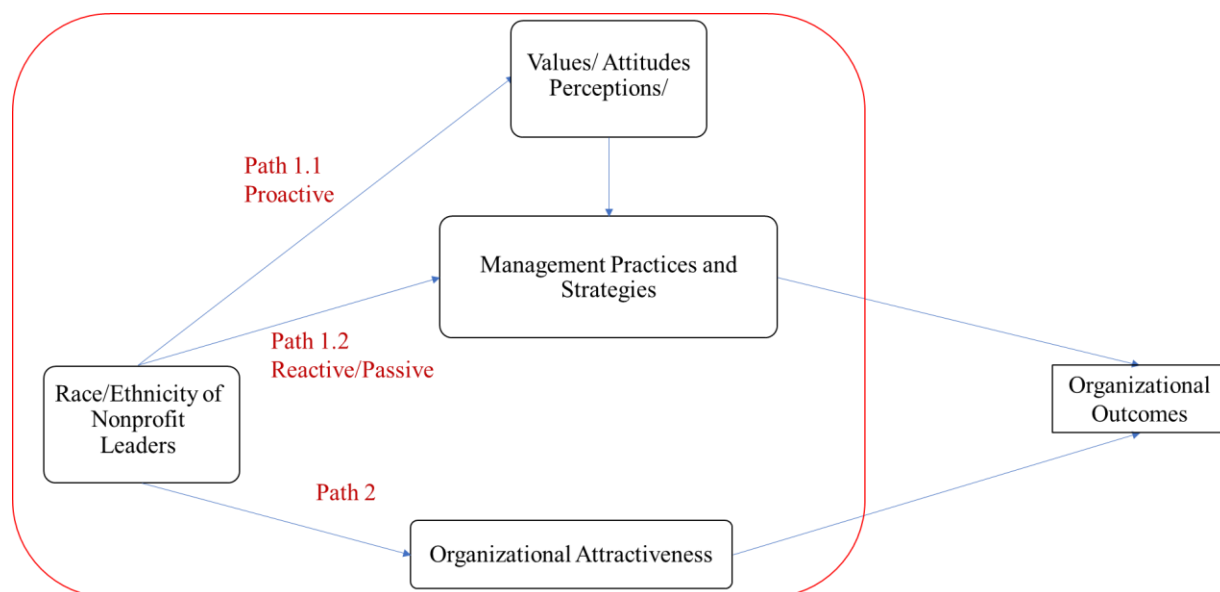
Nonprofit organizations also operate in an open system and need to interact with the external environment. POC-led nonprofits tend to confront more challenges due to society's racial/ethnic structure. Leaders of color are traditionally underrepresented and are treated as "outsiders" in White-dominated networks. They face more difficulties in outreach and connection-building due to implicit biases and structural barriers. These limited social connections constrain leaders of color's choices, resulting in differences in organizational practices between POC-led and White-led nonprofits.

Figure 2 demonstrates the theoretical framework of this dissertation. Based on three theories (UET, representative bureaucracy theory, and theory of networks), I construct an integrated framework that helps understand the impact of nonprofit top leaders' race/ethnicity on organizational practices. I expect to see two mechanisms of the impact: *Path 1* focuses on organizational leaders' choices and *Path 2* focuses on the choices of organizational constituents such as employees, donors, and clients. For Path 1, leaders' decision-making could be a result of their proactive choices based on different understandings and perceptions (Path 1.1) or their passive or reactive choices due to environmental limitations, such as network constraints and structural barriers (Path 1.2). Path 2 focuses on the symbolic effect of leaders' race/ethnicity on

constituents' attitudes and behaviors. Through the two paths, nonprofit leaders' race/ethnicity will ultimately affect organizational performance and outcomes.

As shown in Figure 2, the section in the red box is the focus of this study. It describes the impact on organizational activities and attractions. Organizational activities and attractions constitute the organizational outputs, which is a crucial component of organizational performance (Gazley et al., 2010; Sowa et al., 2004). Organizational outputs demonstrate the mechanisms that link the organizational actors (e.g., managers and employees) to the organizational outcomes. That is, compared to outcomes, outputs are directly affected by the actors' decisions and play a vital role in the achievement of outcomes. The knowledge of organizational outputs contributes to a more comprehensive understanding of race/ethnicity's impact on organizational outcomes.

Figure 2. Theoretical Framework: Impact of Nonprofit Leaders' Race/Ethnicity



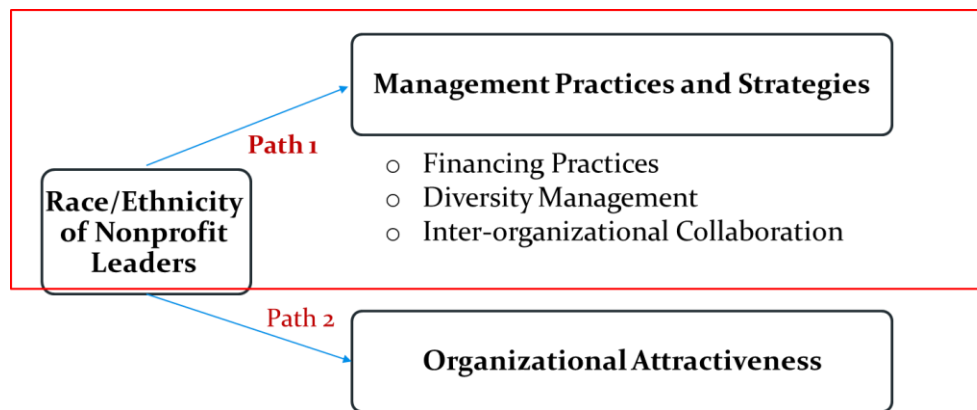
CHAPTER 3. LEADERS OF COLOR AND MANAGEMENT PRACTICES

As discussed in the previous section, nonprofit leaders' race/ethnicity could affect organizational practices and behaviors. Based on the UET and representative bureaucracy theory, nonprofit EDs and board members play a crucial role in determining and implementing organizational strategies. However, as the theory of networks describes, this decision-making process could be constrained by social connections and existing networks. Whereas EDs' perceptions and preferences may play a larger role in internal organizational policies, organizational practices related to external actors will be influenced more by social networks.

This section empirically tests the relationship between leadership racial/ethnic composition and organizational practices (Path1 in Figure 3). The data comes from three sources: 1) an online survey with nonprofit human service organizations (HSOs) in Georgia, 2) IRS Form 990 tax data for corresponding organizations, and 3) US Census Bureau data for surrounding counties. I focused on both executive leadership and board leadership; that is, I used both the race/ethnicity of EDs and the racial/ethnic composition of the board to identify POC-led and White-led nonprofits. In terms of management practices, I examined three aspects: financing practices, diversity management practices, and inter-organizational collaboration. These activities cover both internal and external organizational actions and are crucial for a nonprofit's survival and mission achievement. They also directly relate to issues of race/ethnicity.

This chapter starts by introducing relevant literature and hypotheses. Then, I describe the data and the findings from empirical analysis.

Figure 3. Theoretical Framework: Impact of Nonprofit Leaders' Race/Ethnicity (Management Practices)



Existing Studies and Hypotheses

Financing Practices

Unlike corporations or government agencies, nonprofit organizations can draw income from multiple sources, including individual and corporate donations, foundation grants, government funding, and earned income from service fees or investments (Froelich, 1999; Kerlin & Pollak, 2011). The specific composition of these revenue sources constitutes an organization's revenue structure. Each revenue stream has unique characteristics and brings different management requirements. For example, grants from institutional funders tend to have complex application and reporting processes, as well as clear goals that leave organizations with less flexibility (Boris et al., 2010; Froelich, 1999; Gronbjerg, 1993). Grants from private foundations may be more volatile than government funds. Among all revenue sources, earned income is more stable and provides organizations with the most flexibility (Froelich, 1999); however, it has been criticized as a possible threat to the charitable ideal that nonprofits are supposed to exemplify (Eikenberry & Kluver, 2004; Salamon, 2015). Some organizations may only have one major

revenue source while others may draw revenue from many different sources, including combinations of any or all of those listed above. Resource development and the choice of a specific revenue structure are important for nonprofit organizations. An organization's financial situation can directly determine its survival and quality of services (Bowman, 2011; Hager, 2001; Kim, 2017). To maintain a stable revenue base, nonprofit managers need to build the revenue structure strategically.

Revenue structure is a vital aspect of nonprofit financial health. Tuckman and Chang (1991) described revenue diversification as an indicator of financial vulnerability based on the underlying logic that multiple revenue sources help organizations alleviate harm by the abrupt decline in any single revenue stream. Revenue diversification has been broadly adopted in nonprofit finance research (e.g., Hager, 2001; Kim, 2017; Prentice, 2016; Sessler Bernstein & Fredette, 2023). Studies found some empirical support for the impact of revenue diversification on financial stability (Carroll & Stater, 2009) or decreased financial vulnerability (e.g., Greenlee & Trussel, 2000; Hager, 2001; Trussel, 2002).

Although revenue diversification has been praised as a strategy to improve organizational financial health, empirical studies have not reached a consensus (Hung & Hager, 2019; Lu et al., 2019), in part because revenue concentration has also demonstrated benefits, such as supporting organizational growth (Chikoto & Neely, 2014; W. Foster & Fine, 2007; von Schnurbein & Fritz, 2017), lowering revenue portfolio risk (Qu, 2019), and reducing administrative and fundraising expenses (Frumkin & Keating, 2011). The effectiveness of revenue diversification may depend on organizational situations such as administrative capacity (Chikoto & Neely, 2014; Hung & Hager, 2019). Establishing and maintaining multiple revenue sources increases management burdens (Froelich, 1999; Wicker & Breuer, 2013). For organizations with limited

capacity, the costs associated with increased management burdens may surpass revenue diversification's benefits, thereby disincentivizing them from pursuing revenue diversification.

To date, there is limited research investigating the financial situations of POC-led nonprofits. Sessler Bernstein and Fredette (2023) stated that the racial composition of nonprofit leaders affects revenue concentration and share of earned income, primarily through mechanisms such as external engagement and board culture. Based on nonprofits serving particular racial/ethnic groups, Kim and Li (2022) found that POC-led nonprofits reported more financial difficulty than White-led counterparts, and that this difficulty is related to their challenges in resource development. Based on organizations in New Orleans, Mumford (2022) found that greater Black representation on governing boards is related to the lack of a reserve fund. Many practitioner-based reports also found that POC-led nonprofits tend to be more financially vulnerable than White-led nonprofits. For example, POC-led nonprofits usually operate on smaller budgets (Krunreuther & Thomas-Breitfeld, 2020; Thomas-Breitfeld & Krunreuther, 2017b), have fewer assets (Branch Association, 2016; Dorsey et al., 2020), and are more vulnerable to economic downturns than White-led nonprofits (Branch Association, 2016; De Vita et al., 2009).

There is also evidence describing the structural barriers against POC-led nonprofits in the funding market. Leaders of color are marginalized in the mainstream funding market and face difficulties in resource development (Krunreuther & Thomas-Breitfeld, 2020; Thomas-Breitfeld & Krunreuther, 2017b). Kasper et al. (2004) found that POC-led nonprofits receive less than 10% of all foundation grants. Based on a sample of 35 independent foundations, Gonzalez-Rivera et al. (2008) noted that foundations gave only 8% of grant dollars and 12% of grants to POC-led organizations in 2005. More recently, Dorsey et al. (2020) found that POC-led

nonprofits receive disproportionately less funding regardless of their organizations' development stages.

Given the structural barriers in the funding markets and the financial vulnerability of POC-led nonprofits, I expect that POC-led nonprofits face more challenges in resource development and have a more concentrated revenue structure. Thus, I propose:

Hypothesis 1.1: POC-led nonprofits face more challenges in resource development than comparable White-led nonprofits.

Hypothesis 1.2: POC-led nonprofits are less likely to have a diverse revenue structure than comparable White-led nonprofits.

Diversity Management

Diversity management refers to strategies or organizational practices aiming to promote workforce diversity and realize the benefits associated with a diverse workforce (Kellough & Naff, 2004; Linos, 2018; Pitts, 2005; Sabharwal et al., 2018). The term covers policies and practices such as recruiting and retaining individuals from diverse backgrounds, diversity training or cultural awareness programs geared toward recognizing value differences, and supporting underrepresented groups through mentoring policies or family-friendly policies. It also covers diversity from various aspects such as race, ethnicity, gender, sexual orientation, religion, nationality, and the intersectionality of these different identities (Lewis & Pitts, 2011; Pitts et al., 2010; Riccucci, 2021). The adoption of diversity management practices could relate to various factors such as organizational capacity, environmental uncertainty, peer pressure, and institutional isomorphism (McCrea et al., 2022; Pitts et al., 2010). Leaders' characteristics, such as race/ethnicity, could also play a role in the process.

Existing studies found that race can affect leaders' approaches to racial issues (Bonilla-Silva, 2009; McCorkel & Rodriguez, 2009). For example, White leaders may not recognize racialized dynamics within their organizations due to color-blind approaches (Delgado & Stefancic, 2001; Fulton et al., 2019). McCorkel and Rodriguez (2009) argued that White people committed to reducing racial inequality could still deemphasize racialized structures because of their misperceptions; and leaders of color exhibit a greater awareness of and heightened sensitivity to the systemic factors that are biased against employees of color. Thus, they are more likely to commit to the core values of diversity, equity, and inclusion (DEI) within nonprofit operations (Foldy & Buckley, 2014; Nishii et al., 2007). Thomas-Breitfeld and Krunreuther (2017b) found that nonprofit staff of all racial groups tend to give White leaders a lower ranking regarding their diversity efforts. Nishii et al. (2007) stated that the racial/ethnic diversity of senior managers is positively related to the adoption of diversity practices. BoardSource (2021) found that compared to nonprofits with all-White boards, those with POC on board are more likely to adopt DEI practices.

Studies on representative bureaucracy found that the effect of bureaucratic representation could depend on specific contexts. To actively support the interests of their groups, bureaucrats need to engage in a policy area that is relevant to their identities and to have the bureaucratic discretion to make decisions and implement policies (Keiser et al., 2002; Selden et al., 1998). As the primary decision-makers, nonprofit executive directors have the power to shape organizational policies. Their commitment can further affect employee attitudes and determine initiative success (Mason, 2020; Wentling, 2004). Diversity management practices and policies are designed to increase employees' awareness of DEI-related issues, to train staff from different socioeconomic backgrounds about the values of DEI, and to build an open and fair environment

that promotes the development of all employees (Buse et al., 2016; Nishii et al., 2007). DEI is a policy area that is directly related to racial/ethnic identity. Compared to White leaders, EDs of color are more familiar with the structural challenges associated with race/ethnicity and the harm caused by a lack of openness and inclusivity. Thus, they could be more aware of and committed to diversity practices in their organizations.

Additionally, POC-led nonprofits may need to implement diversity management practices due to instrumental needs to effectively manage a diverse workforce and to better achieve organizational outcomes. Studies show that POC-led nonprofits are more likely to have a racially diverse workforce (De Vita et al., 2009). This could be related to the symbolic effect of leaders of color and the recruiting process; that is, POC may prefer to work for POC-led nonprofits due to an expectation of fairer treatment. Furthermore, leaders of color tend to recruit from their own network, which has a higher proportion of POC. However, in addition to producing more ideas, skills, and insights for problem-solving (Cox et al., 1991; Ely, 2004), a heterogeneous work team could also increase the costs for coordination and conflict resolution (Ely, 2004). Diversity management practices could help alleviate this negative effect and contribute to the general effectiveness of the organization (BoardSource, 2021b; Choi & Rainey, 2010; Riccucci, 2021). Thus, having a diverse workforce may further drive the practical need for diversity management practices.

Based on the above, I propose:

Hypothesis 2.1: EDs of color value diversity management practices more than comparable White EDs.

Hypothesis 2.2: POC-led nonprofits are more likely to implement diversity management practices than comparable White-led nonprofits.

Inter-organizational Collaboration

Inter-organizational collaboration has been praised as a best practice that promotes organizational success in handling complex social problems (Crutchfield & Grant, 2012; Hill & Lynn, 2003; Johansen & LeRoux, 2013; Mitchell et al., 2015). It refers to a joint effort among organizations in the pursuit of some shared goals (Agranoff & McGuire, 2003; Gazley, 2008; Guo & Acar, 2005). Collaboration can happen among organizations within the same sector or from different sectors, such as between nonprofits and government agencies (Bauer et al., 2022; Bryson et al., 2015). It could also take different forms that vary in the degrees of formality or intensity of collaboration (Guo & Acar, 2005; Proulx et al., 2014). Examples include information sharing, client referral, joint programs, and mergers and acquisitions. It is common for nonprofit organizations to collaborate with others in order to gain resources and achieve goals that they cannot complete on their own (Gazley, 2008; Gazley & Brudney, 2007; Selden et al., 2006). Theories, such as resource dependence (Pfeffer & Salancik, 2003), suggest that nonprofit managers reduce environmental uncertainty and organizational overdependence through partnerships with various stakeholders, including governments, foundations, and other nonprofit organizations. Given the importance of social networks in obtaining information, visibility, and economic benefits, an analysis of the external organizational connections will improve our understanding of the differences between POC-led and White-led nonprofits. In this study, I view inter-organizational collaboration in a broad sense that includes both less formal relationships and more integrative collaboration.

Empirical studies on nonprofit collaboration have found that certain traits and experiences of the leaders affect decisions to pursue inter-organizational partnerships (M. K. Foster & Meinhard, 2002; Gazley & Brudney, 2007). Examples of such traits include personality

types (Goldman & Kahnweiler, 2000) and gender (AbouAssi et al., 2016; Bauer et al., 2022; Gazley, 2010). Though barely tested, race/ethnicity could also play a role considering the disparity in social networks between white leaders and leaders of color.

According to the theory of networks, the social networks of leaders of color tend to be smaller and more homogenous (Lin, 2000; McPherson et al., 2001; Thomas-Breitfeld & Kunreuther, 2017b). EDs of color are usually in a marginalized position within White-dominated networks. It is harder for EDs of color to build connections with White leaders because of racial/ethnic identity's impact on trust-building and relationship formation (Snively & Tracy, 2002; Sowa, 2009; Tajfel & Turner, 1986). A nonprofit organization's external connections correspond with its leaders' social connections (Guo & Acar, 2005; Faulk et al., 2016). POC's limited social connectedness could hinder their organization's collaboration with other institutions. This lack of connections to external networks will limit the social resources accessible to an organization and undermine organizational performance (Reagans & Zuckerman, 2001). Ihm & Shumate (2019) found that nonprofit board members' social capital positively associates with organizational collaboration. Furthermore, receiving grants or contracts is also a form of collaboration between nonprofits and institutional funders. As previously stated, it is harder for POC-led nonprofits to get funding opportunities, which also means it is harder for them to form partnerships with institutional funders. Though limited evidence has been recorded, similar challenges could also apply to other forms of formal and informal collaborative activities.

Gazley (2017) suggested that the formation of organizational collaboration is a strategic choice that is cognitive and psychological. Managers' willingness to collaborate with other organizations will affect the organization's collaborative activities. The perceived difficulties

associated with collaborative initiatives could discourage leaders of color from participating in inter-organizational collaboration. Bryson et al. (2006) argued that to enjoy the benefits of collaboration, an organization has to meet certain capacity requirements. Given the vulnerability of POC-led nonprofits, they may not reach this minimum requirement and are less likely to collaborate because the costs of collaboration may exceed the benefits. Besides the networking challenges, other factors, such as mission drift or the loss of autonomy, may also inhibit organizations from collaboration (Gazley, 2010). The values, needs, and demands of communities of color are often subject to neglect. As representatives for them, EDs of color may be less likely to compromise their organizational values for immediate functional benefits. EDs of color may therefore choose to avoid collaboration to maintain their focus on the interests of marginalized groups.

Thus, I propose:

Hypothesis 3.1(a) EDs of color hold more negative perceptions of inter-organizational collaboration than comparable White EDs.

Hypothesis 3.2(a) POC-led nonprofits are less active in inter-organizational collaboration than comparable White-led nonprofits⁴.

On the other hand, POC-led nonprofits may welcome inter-organization collaboration just as much as other nonprofits. Based on a survey of more than 300 nonprofits and foundations, Neuhoﬀ and colleagues (2014) found that collaboration is such a widespread practice that 91% of their respondents engaged in some form of it, indicating the broad engagement in collaboration across all types of nonprofits. Because collaboration is usually associated with

⁴ As shown in the following section on variables, this study operationalized “activeness in collaboration” by 1) the number of collaborators and 2) the scope of collaboration.

benefits such as sharing information, generating social capital, and building capacity (Milward & Provan, 2006; Scheneider, 2009), POC-led nonprofits may use it as a strategy to overcome some of the institutional barriers they experience. In other words, compared to nonprofits with more resources and higher capacity on their own, POC-led nonprofits with various constraints may choose to be more active in inter-organizational collaboration. Though not directly focusing on POC-led nonprofits, Bauer and colleagues (2022) found that organizations suffering from insufficient resources are more likely to join formal arrangements of cross-sectoral collaboration.

Moreover, though disadvantaged in White-dominated networks, leaders of color can network with other POC-led organizations. In other words, for POC-led nonprofits, collaboration may not necessarily mean joining the White-dominated network. If locating in a racially/ethnically diverse community, it may be even easier for POC-led nonprofits to collaborate with others without encountering the extra challenges imposed by a homogenously White sector and racial segregation. No existing studies directly examine the phenomenon of collaboration among POC-led nonprofits; however, some insights on networking could be drawn from related fields. For example, Fulton (2019) found that having leaders of color could contribute to the organizational activities in outreach and leaders of color could act as brokers for additional connections with communities of color.

Besides specific instrumental benefits, the promotion of collaboration may also relate to some normative considerations. For example, to emphasize the democratic values of equity or diversity, institutional funders may require certain programs to be implemented in collaboration with POC-led nonprofits. And for many government programs targeting communities of color, they may be more likely to select POC-led nonprofits that are better connected to the local communities, thereby demonstrating better representation of the local clients and sensitivity to

their needs. In this scenario, POC-led nonprofits may also be active in various collaborative activities due to their racial diversity.

Currently, no existing study directly examines the leadership racial composition and collaboration, so the direction of the association is not clear. Thus, I propose the following contrasting hypotheses to Hypothesis 3.1 (a) and Hypothesis 3.2 (a):

Hypothesis 3.1(b) EDs of color hold more positive perceptions of inter-organizational collaboration than White EDs.

Hypothesis 3.2(b) POC-led nonprofits are more active in inter-organizational collaboration than comparable White-led nonprofits.

Table 1. Summary of Hypotheses

Dimension Tested	Hypothesis Number	Specific Aspects	Expected Direction	Description
Financing Practices	1.1	Resource Development Challenges	+	POC-led nonprofits face more challenges in resource development than comparable White-led nonprofits.
	1.2	Revenue Diversification	-	POC-led nonprofits are less likely to have a diverse revenue structure than comparable White-led nonprofits.
Diversity Management	2.1	Attitudes toward Diversity	+	EDs of color value diversity management practices more than comparable White EDs.
	2.2	Diversity Management Practices	+	POC-led nonprofits are more likely to implement diversity management practices than comparable White-led nonprofits.
Inter-Organizational Collaboration	3.1	Perception of Collaboration	- or +	EDs of color hold more negative/similar perceptions of inter-organizational collaboration than comparable White EDs.
	3.2	Engagement in Collaboration	- or +	POC-led nonprofits are more/less active in inter-organizational collaboration than comparable White-led nonprofits.

Data and Methods

Due to the limited data on nonprofit leaders' race/ethnicity, I implemented an original online survey to collect relevant information. The survey also contains questions about revenue sources, diversity management, and inter-organizational collaboration. I combined the survey data with secondary data to obtain additional information on organizational finance and community characteristics. In particular, all survey responses have been merged with 990 tax data for corresponding organizations as well as US census data for surrounding communities. Due to resource limitations and the researcher's location, the survey covers only nonprofit human service organizations (HSOs) in the state of Georgia.

Survey Sample Selection and Contact Information Collection

The study focuses on the nonprofit human service subsector, which is the largest nonprofit subsector in terms of organization numbers—it comprises 35% of all public charities recorded in 2016 (NCCS Project Team, 2020). The subsector ranked the third in nonprofit employment and accounts for 43% of private employment in social service areas (Salamon & Newhouse, 2019). Nonprofit HSOs play a vital role in serving, supporting, and representing the marginalized population, including POC. Often contracting with local government agencies, they leverage substantial resources to the vulnerable population (Mosley, 2020; Smith, 2017).

The survey sample has been drawn from the *2017 Core File* from the National Center for Charitable Statistics (NCCS). This file contains all 501(c)(3) public charities that filed a 990 or 990-EZ Form around 2017 (McKeever, 2018). I selected the human service nonprofits based on their National Taxonomy of Exempt Entities (NTEE) code. The NTEE code is a broadly adopted classification system created by the NCCS and the Internal Revenue Service (IRS). Based on organizational mission, it classifies nonprofits into different subsectors, such as human service,

arts and culture, education, and environment. To identify HSOs, I used the following NTEE code major groups:

F “Mental Health and Crisis Intervention”

I “Crime and Legal-Related”

J “Employment”

K “Food, Agriculture and Nutrition”

L “Housing and Shelter”

M “Public Safety, Disaster Preparedness and Relief”

N “Recreation and Sports”

O “Youth Development”

P “Human Services”

According to the NTEE system, organizations in major groups I to P are classified as “Human Services” subsector (Jones, 2019). However, existing studies sometimes use a slightly different categorization. For example, Boris et al. (2010) used code I to M, O, P; Johansen and LeRoux (2013) used code F, I to L, P, R “Social Action”, S “Community Improvement”; Mosley (2020) used code F, I to M, O, P. For this study, I relied primarily on the NTEE system categorization (I to P as “Human Services”) but also include the F category “Mental Health and Crisis Intervention” considering the tradition of existing studies and the nature of their services.

According to the 2017 *Core File*,⁵ there are 4,002 nonprofit human service organizations that are both registered as 501(c)(3) “public charity” and that have filed 990 or 990-EZ forms in Georgia. After excluding organizations that do not provide direct service or do not serve the US

⁵ The latest Core File that was available when drawing the sample.

population (full list shown in Appendix A), there are 3,410 registered human service nonprofits in Georgia (see Table 2).

Table 2. Survey Sample Selection

	Number of Organizations
Beginning	458,978
GA	11,543
Public Charity	11,499
Human Services Organizations	4,002
Removing	
"Out of Scope" Organizations	253
NTEE 01,02,03,05,11,12,19	161
Supporting Organization 509(a)(3)	94
Mutual Benefit and Supporting Public Charity	66
Church	18
Total	592
End	3,410

It is a common practice to direct the online survey to nonprofit leaders who have the best knowledge of organizational practices (e.g., Kim & Mason, 2018; Kim & Peng, 2018; LeRoux & Langer, 2016; Lu, 2015). Since no one source provides the contact information of all human service nonprofit organizations in Georgia, I manually collected the relevant information through a webpage search. Specifically, I obtained the information through organizations' websites, social media homepages, or GuideStar (by Candid) pages. When the ED's email was not directly listed in these sources, I also tried an additional search on LinkedIn for the executive's email. Out of the 3,400 human service nonprofits registered in Georgia, I was able to collect email addresses connected to 2,192 organizations. These email addresses either belonged to executive directors or served as official emails for the entire organizations. I used executives' emails

whenever available to send out the survey. When EDs' emails were not available, the survey was sent to the organization's official email asking to be forwarded to the appropriate person (see Appendix B for the survey invitation emails).

Survey Development and Implementation

A well-designed questionnaire is essential for collecting high-quality data and ensuring the success of the research (Dillman et al., 2014; Remler & Ryzin, 2011). The survey questionnaire is developed based on multiple existing survey instruments from existing studies. Modifications have been made for several questions based on the purpose of this study. The survey uses mostly closed-ended questions with one open-ended question at the very end to solicit participants' comments and feedback about the study. All questions were entered in *Qualtrics*, an online survey platform, and structured to ensure format clarity and appropriate display on both computer screens and mobile devices. I shared the questionnaire with survey experts, nonprofit scholars, and nonprofit working professionals to evaluate each question regarding clarity and understandability.

The questionnaire is designed to minimize respondent fatigue and maximize messages clarity. The strategy includes mixing multiple types of questions, using consistent formats, and piping techniques. Some questions have the choice of "Other," which enables respondents to write out their specific answers. Respondents could also go back and forth between questions or save their answers and come back later to complete the survey.

The questionnaire contains 24 questions that have been categorized into the following sections: organization basic features (Q1-Q3), revenue and resource development (Q4-Q6), diversity management (Q7-Q10), collaboration (Q11-Q15), and demographic information of the respondents (Q16-Q22). The complete questionnaire is available in *Appendix A*.

Using Qualtrics, an email invitation containing the link to open the web survey was sent to the 2,192 organizations for whom I have collected contact information. After removing the 188 invalid email addresses identified by Qualtrics, I reached 2,004 organizations. Following the initial email sent in October 2020, four reminder emails were sent to non-respondents in the following two months to increase the response rate (Dillman et al., 2014; Relmer & Van Ryzin, 2011). To improve the response rate, I also promised to provide a \$10 Amazon e-gift card and a final report for all participants who completed the survey. The survey was closed in January 2021. 333 organizations responded to the survey, leading to a survey response rate of 16.6% (333/2004). Among the 333 organizations, 227 of them completed the entire survey (11.3% of 2,004 organizations). Due to some missing information on the board composition, the following analyses are based on answers from 217 organizations. A lower response rate is common in web-surveys with organizations (Dillman et al., 2014; Fan & Yan, 2010) and organizational difficulties caused by the pandemic may have worsened the situation. A large-scale national study of nonprofit organizations conducted during the pandemic reported a similar response rate of 10% (Faulk et al., 2021).

Among the survey respondents, 32% are organizational founders and 66% are female. On average, they have worked for the organizations for 13 years. Ninety percent hold at least a college degree and 32% are in the age range 40-49. Fulton county ranks the highest with the location of the participants (17%), followed by DeKalb county (10%) and Cobb county (7%).

I compared the survey participants with all human service nonprofits in Georgia, focusing on aspects such as organization age, organization size (in total expenses), and types. In Table 3, the unweighted survey sample contains fewer newly established (less than 10 years) and smaller nonprofits (total expenses less than \$100,000). On the other hand, the sample's share of

organizations in the age category “30-50 years” and expense category “\$1 million to \$4.99 million” is higher than the population. With regard to the organizational types, there are fewer “recreation and sports” and “youth development” nonprofits in the sample but more nonprofits from the “human service” general category.

Table 3. Comparison of Weighted and Unweighted Profiles of Respondents

	Population	Unweighted		Weighted
Organization age (in years)				
Younger than 10 years	24.8%	15.5%	***	23.2%
At least 10 years but younger than 30 years	50.1%	51.2%		52.3%
At least 30 years but younger than 50 years	19.4%	27.7%	***	19.5%
At least 50 years but younger than 70 years	4.6%	5.2%		4.5%
At least 70 years or older	1.2%	0.5%		0.4%
Total expenses^b				
Below \$100,000	39.3%	21.6%	***	38.3%
At least US\$100,000 or more but smaller than US\$500,000	32.5%	36.2%		34.5%
At least US\$500,000 or more but smaller than US\$1 million	0.0%	0.0%		0.0%
At least US\$1 million or more but smaller than US\$5 million	12.6%	24.9%	***	12.6%
At least US\$5 million or more but smaller than US\$10 million	2.0%	1.9%		1.8%
\$10 million or more	13.6%	15.5%		12.8%
Type				
mental health & crisis intervention	6.4%	8.0%		6.9%
crime & legal-related	4.6%	7.0%		5.5%
employment	2.7%	2.2%		2.3%
food, agriculture & nutrition	4.0%	6.2%		6.0%
housing & shelter	13.7%	12.8%		11.2%
public safety, disaster preparedness & relief	2.2%	2.6%		2.6%
recreation & sports	19.3%	10.6%	***	19.9%
youth development	8.9%	6.0%	**	7.0%
human services ^c	38.3%	44.9%	***	38.7%
Total	3143 ^a	217		217

* p<.10; **p<.05; ***p<.01

a. Information about the "population" is based on the 2019 Core File. Thus, the size of the human service subsector is slightly different. That is, the number of organizations is 3143, not the 3410 shown in the

b. The categories of total expenses is based on the Urban Institute's Nonprofit Sector in Brief 2019.

c. The types is based on the NTEE code. The "human services" type belongs to a subcategory for the "nonprofit human service subsector" in the classification.

Due to the differences between the raw sample data and the population, I used weighted survey responses so that later estimates are more representative of HSOs in Georgia (as shown in the “weighted” column in Table 3). In particular, I calculated the post-stratification weights based on the population information (Heeringa et al., 2010; Schaffner, 2018). The weights include adjustments for the different response rates in the seven groups identified in Table 3: organization age “younger than 10 years”, organization age “30-50”, total expenses “below \$100,000”, total expenses “between \$1 million to \$5 million”, recreation & sports nonprofits, youth development nonprofits, and human service nonprofits. The weight variable ranges from 0.45 to 2.61, with a mean of 1 and a standard deviation of 0.47. Though post-stratification adjustments help make the results more generalizable, weighting doesn’t eliminate biases that are independent of the weighted variables (Pasek, 2016).

Variables

Main Independent Variables

EDs’ Race/Ethnicity. Respondents were asked about their race/ethnicity. I used this information to identify the race/ethnicity of the organization’s EDs. The survey is designed to be completed by nonprofit EDs or managers who serve the equivalent position; thus, it is appropriate to treat the respondents’ race/ethnicity as executive leaders’ race/ethnicity and use it to identify POC-led nonprofits. I have further examined the status of the respondents and found that 87% hold positions such as “CEO” “Executive Director” or “President”. Based on Table 4, POC account for 38.4% of nonprofit executives. Among POC, the majority are Black (27.5%). The share of other racial/ethnic groups is quite small. Based on the six categories shown in Table

4, I created a binary variable to measure EDs' race/ethnicity. The binary variable uses 0 for non-Hispanic Whites and 1 for POC⁶.

Table 4. Distribution of EDs' Race/Ethnicity (N=217, Weighted)

	%	Std. Err.
Non-Hispanic White	61.6%	(0.037)
Black	27.5%	(0.034)
Hispanic	3.7%	(0.015)
Asian	2.3%	(0.011)
Native	0.4%	(0.004)
Other	4.4%	(0.016)

Racial/Ethnic Composition of the Board. This variable is based on the survey question, “*What percentage of your organization's board members are people of color?*” Respondents chose among options: “less than 30%,” “30% - 50%,” “51%-70%,” “more than 70%,” and “don’t know.” Table 5 reveals that 53% of the organizations have a board with less than 30% POC and only 17% of the organizations have a POC-dominated board where POC account for more than 70% of the board members.

Table 5. Racial/Ethnic Composition of the Board (N=217, Weighted)

	%	Std. Err.
POC account for		
less than 30%	53.0%	(0.04)
30%-50%	21.7%	(0.03)
51%-70%	8.6%	(0.02)
more than 70%	16.7%	(0.03)

⁶ Appendix F summarizes the findings when using three categories to measure EDs' race/ethnicity.

The summary statistics of leaders' racial/ethnic composition show that 38% of human service nonprofits in Georgia have an ED of color and 25% of them have a White-minority board (i.e., POC account for more than 50% of board members), reporting a better representation of POC among nonprofit leaders than previous national reports (e.g., BoardSource, 2021; Faulk et al., 2021). This difference could be caused by the unique racial/ethnic composition of the state of Georgia and the specific features of human service nonprofits. For example, POC account for 49% of the Georgian population, which is higher than the national average of 41% (Census, 2023). Rolf and colleagues (2022) found that the heterogeneity of the local communities is related to better representation of POC in nonprofit leadership. Furthermore, compared to nonprofit subsectors such as environment and animals, human service nonprofits are more likely to interact with communities of color through direct service delivery. Thus, racial/ethnic representation may be emphasized more in this type of nonprofit organization.

Dependent Variables. The following section introduces the dependent variables. They have been divided into three categories: financing practices, diversity management, and inter-organizational collaboration. Each category contains two or more variables. All the dependent variables are based on responses from the online survey.

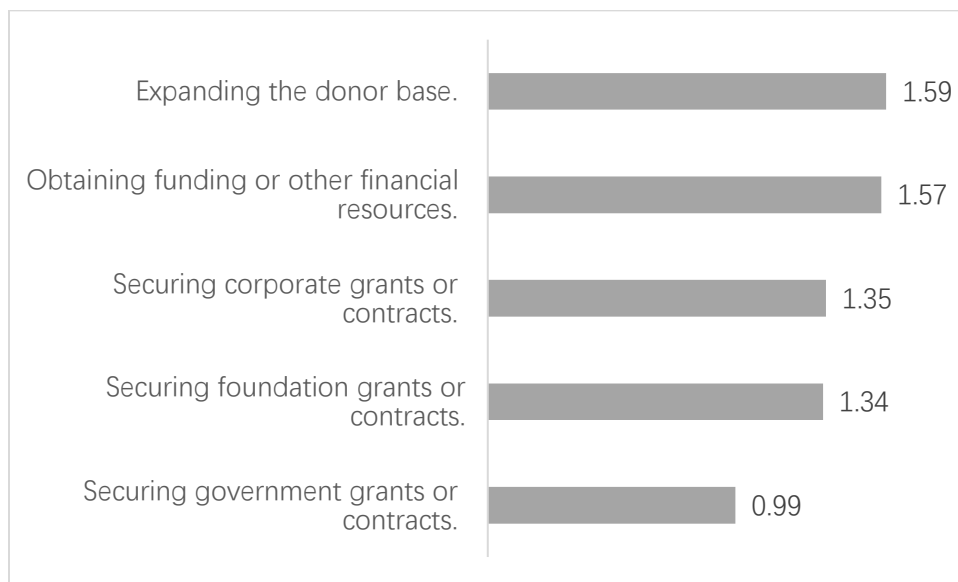
Financing Practices: Challenges in Resource Development. This variable is based on a matrix question, *“To what extent do the following resource activities currently pose a challenge for your organization in fulfilling its mission or goals?”* Five activities were assessed (details see Figure 4). The question was drawn and modified based on the Nonprofit Finance Fund's 2018 *National State of the Nonprofit Sector Survey*. I created a 3-point ordinal variable based on the original options: “a major challenge” (2), “a minor challenge” (1), “not a challenge” or “not applicable” (0). In Figure 4, most items reached a mean greater than 1, indicating that

organizations experienced at least minor challenges with most resource-related activities⁷.

Among the five activities, *expanding the donor base* and *obtaining funding or other financial resources* posed the most challenges to human service nonprofits in Georgia.

To measure the overall challenges in resource development, I created a summative index by adding the five variables together (Cronbach Alpha= 0.8202). This new index ranges from 0 to 10, with an average value of 6.82. For the summative index, a larger value indicates more challenges.

Figure 4. Challenges in Resource Development (N=217, Weighted)



Financing Practices: Revenue Structure. Based on the survey question, “*During the most recently completed fiscal year, what percentage of your organization's revenues, on average, came from the following sources? (Total should be 100%).*” I collected information

⁷ Given that the survey was distributed in year 2022, the results may reflect the impact of the pandemic.

about revenue sources including *government or public agencies, donations and gifts, special events, dues/membership fees, private sale of goods and services (non-government), and other sources (including endowment, interest)*. This question is based on an existing question from the *Indiana Nonprofit Survey*. Based on Table 6, human service nonprofits in Georgia rely primarily on donations, followed by government funds. This distribution aligns with previous findings on the revenue composition of human service nonprofits (e.g., Chang, Tuckman, & Chikoto-Schultz, 2018; Pettijohn et al., 2013).

Table 6. Distribution of Revenue Sources (N=217, Weighted)

	Proportion	(Std. Err.)
Donations	36%	(2.64)
Government	33%	(2.80)
Dues/membership fees	10%	(1.93)
Special events	9%	(1.32)
Earned income	6%	(1.12)
Other souces	5%	(1.59)

If respondents received any government funding, they were further asked, “*Among the grants and/or contracts from the government, what percentage comes from... (please consider the situation in the most recently completed fiscal year)*.” Six options (0%, 1-20%, 21-40%, 41%-60%, 61%-80%, 81%-100%) were provided for three levels of government (federal, state, and local). One hundred and forty-four organizations in the sample indicated that they received government support.

As shown in Table 7, 17% of respondents relied heavily on federal support (i.e., more than 60% of their government support was from the federal level), with state and local funding being much less likely to serve as an organization’s largest source of government support—just

10% of human services nonprofits drew more than 60% of their government revenues from the state level and 5% of the organizations' government support primarily came from the local level.

Table 7. Revenue Distribution: Government Sources (N=217, Weighted)

	Federal		State		Local	
	Proportion	(Std. Err.)	Proportion	(Std. Err.)	Proportion	(Std. Err.)
0%	63%	(0.03)	67%	(0.03)	74%	(0.03)
1%-20%	8%	(0.02)	9%	(0.02)	16%	(0.02)
21%-40%	3%	(0.01)	10%	(0.02)	2%	(0.01)
41%-60%	8%	(0.02)	5%	(0.02)	3%	(0.01)
61%-80%	7%	(0.02)	5%	(0.01)	1%	(0.01)
81%-100%	10%	(0.02)	5%	(0.02)	4%	(0.01)

To measure revenue diversification, I followed the tradition of existing studies (Carroll & Stater, 2009; Chikoto & Neely, 2014; Kim, 2017) and calculated the Herfindahl–Hirschman Index (HHI) (see the following formula). This index ranges from 0 to 1 with a larger value indicating a more concentrated revenue structure. Based on the weighted sample, the mean value of HHI is 0.65.

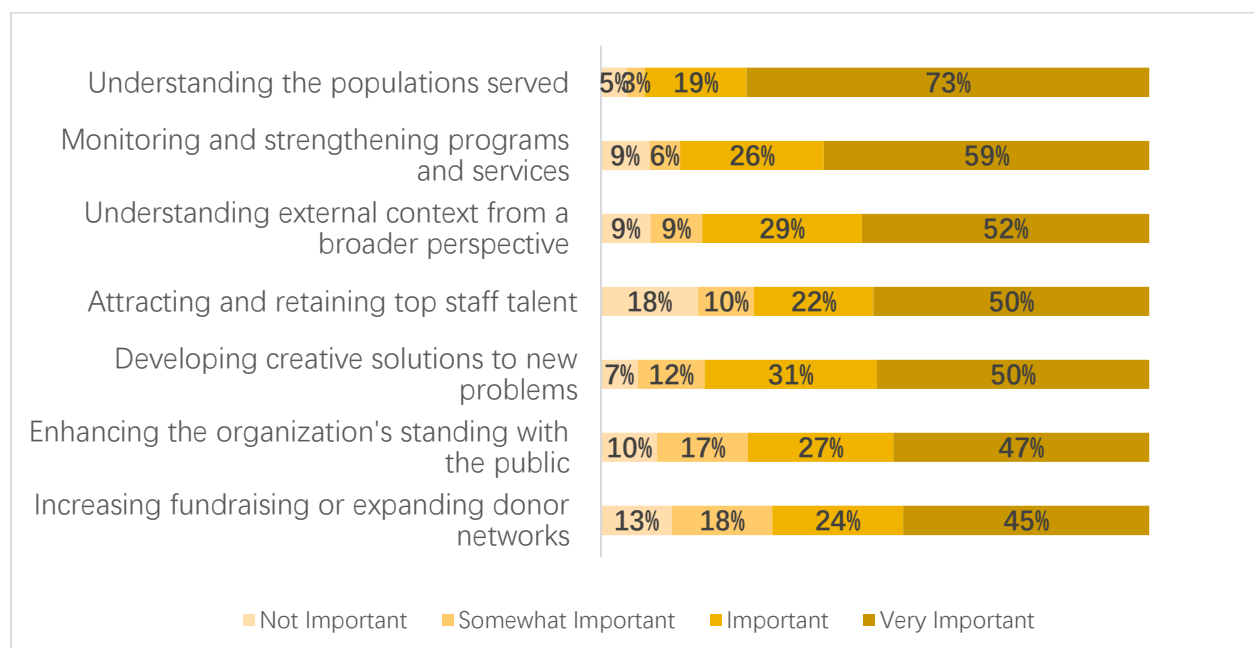
$$HHI = \sum_{i=1}^i \left(\frac{\text{revenue source}_i}{\text{total revenue}} \right)^2$$

where “i” stands for the six different revenue sources: donations, government or public agencies, special events, dues or membership fees, earned income, and other sources.

Diversity Management: Attitudes toward Diversity. This variable is based on a matrix question “Is diversity important for your organization regarding...” and respondents evaluated seven statements (see Figure 5). Respondents could choose from “very important,” “important,” “somewhat important,” “not important,” and “don’t know/no opinion.” This question was based

on BoardSource’s (2017) *Leading with Intent* report and was modified for this study. I recorded the answers into an ordinal variable that ranges from 0 to 3, with 0 standing for “not important” and “don’t know/no opinion” and 3 standing for “very important.” Based on Figure 5, respondents believe that diversity is most important for aspects such as *understanding the populations served, monitoring and strengthening programs and services, and understanding external context from a broader perspective*. On the other hand, more than 10% of organizations think that diversity is not important for *attracting and retaining top staff talent, increasing fundraising or expanding donor networks, and enhancing the organization’s standing with the public*.

Figure 5. Nonprofit Leaders’ Attitudes Toward Diversity (N=217, Weighted)



To measure leaders' general attitudes toward diversity, I created a summative index by adding the seven ordinal-level variables together (Cronbach Alpha =0.8635)⁸. The index ranges from 0 to 21, with a larger value indicating more emphasis the leaders put on diversity. The index has a mean value of 15.6, demonstrating the overall positive attitudes toward diversity's value to a nonprofit organization.

Diversity Management: Diversity Management Practices. This variable is based on the survey question, "Which of the following diversity-related activities has your organization done in the past 3 years?" Eleven activities were provided in the survey. This question was adopted from *the 2019 Nonprofit Diversity Practices Survey* and Buse et al. (2016) and was modified for this study. Results in Figure 6 suggest some participation in diversity management though the most commonly adopted practices are related to general discussions such as *encouraging open and honest conversations on race, discussing the values and benefits of expanding racial/ethnic diversity, and incorporating diversity into our core values*. Organizations are less likely to engage in activities that require more resources and commitment such as training or adjustment of organizational practice.

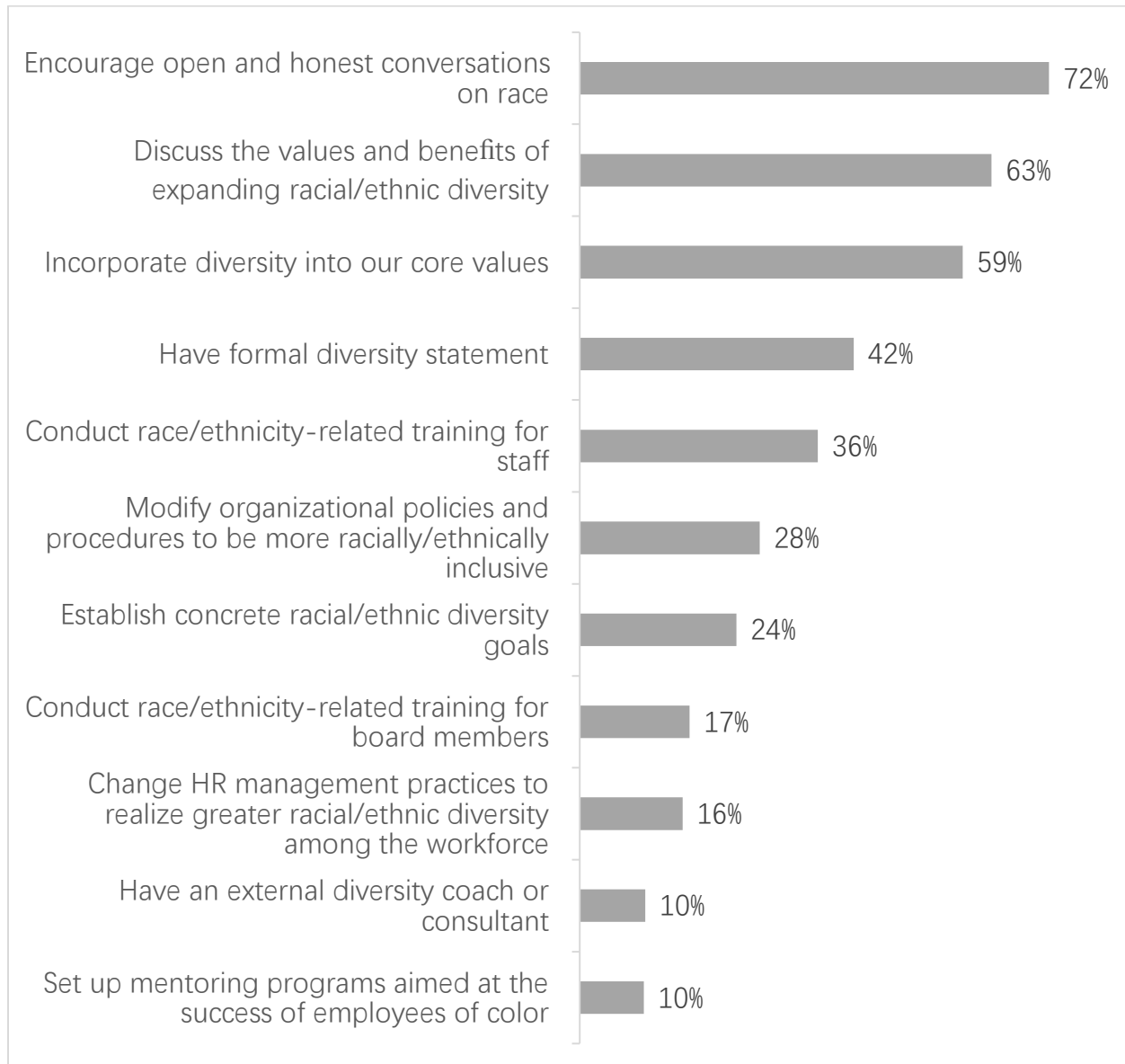
As shown in Figure 6, only around 10% of the participants implemented activities such as *setting up mentoring programs aimed at the success of employees of color and having an external diversity coach or consultant*. It is also interesting to see that 36% of HSOs implemented race/ethnicity-related training for staff but only 17% conducted similar training for board members. It is unfortunate that less than a quarter (24%) of organizations "*establish[ed]*

⁸ I also tried factor analysis and the results indicate one major factor. Another exploration is to use only questions related to race/ethnicity and create a summative index for racial/ethnic diversity. The results are very similar to the results using the overall index, which may indicate the close connections between diversity issue and racial/ethnic diversity issue in the current nonprofit sector.

concrete racial/ethnic diversity goals,” as without clear goals it will be hard to coordinate organizational efforts or monitor progress for accountability.

To measure organizations’ diversity management practices, I created a summative index by adding all the answers to the eleven statements (Cronbach Alpha=0.7849). The index ranges from 0 to 11 and a larger value represents more diversity management practices in the organizations. The index has a mean value of 3.75, indicating that there is still plenty of space for improvement in the engagement of diversity management practices.

Figure 6. Diversity-Related Activities That Nonprofits Have Implemented (N=217, Weighted)



Inter-Organizational Collaboration. This study measures collaboration from three aspects: leaders' perceptions of collaboration, the number of collaborators, and the scope of collaborative activities. In the survey, I provided the following definition to help maintain consistency in respondents' answers.

Collaboration refers to "collective actions to achieve shared goals. It involves sharing each other's resources, conducting activities together that produce joint outcomes, and working on joint projects to provide a set of services to mutual clients" (Fu & Cooper, 2021, p. 9-10).

Inter-Organizational Collaboration: Perceptions of Collaboration. This variable is from a matrix question, "To what extent do you agree or disagree with the following statements about inter-organizational collaboration?" Respondents can choose from "strongly agree," "somewhat agree," "neither agree nor disagree," "somewhat disagree," and "strongly disagree." This question was created based on multiple existing studies (Gazley, 2010; Mitchell et al., 2015; Snaveley & Tracy, 2000; Zaheer et al., 1998).

Figure 7 shows the ten statements participants evaluated. The statements have been divided into descriptions of the potential benefits and costs of collaboration; specifically, the first five statements are about the benefits of collaboration and the last five are about the costs. As shown in Figure 7, the majority of respondents (around 90%) "strongly agree" or "somewhat agree" with the five statements on benefits, with "*collaboration can improve the quality of services delivered to people*" ranking the highest and "*collaborating with other organizations helps leverage resources for my organization*" the lowest.

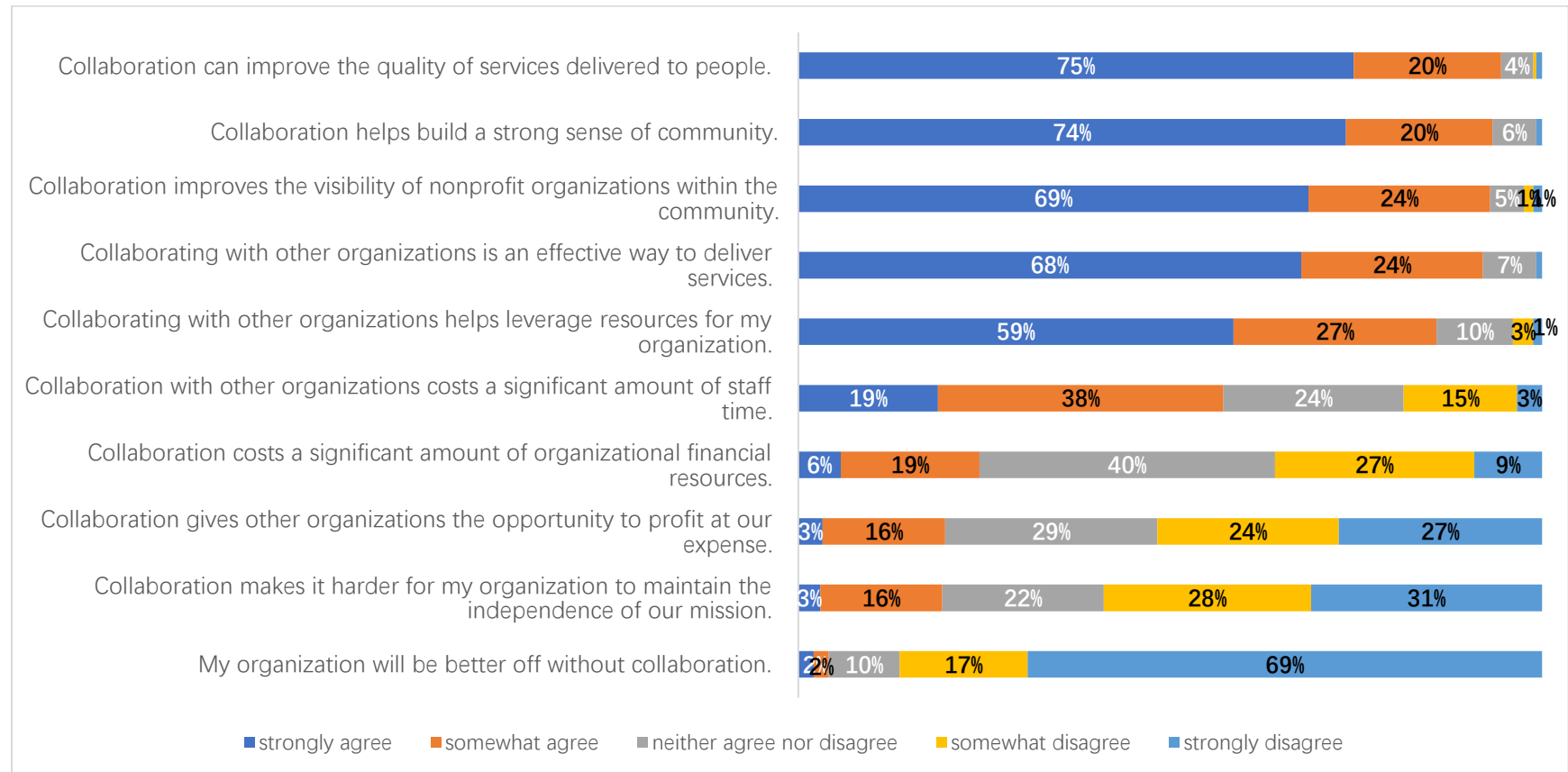
Regarding the costs, the answers are more diverse. For example, only 4% of HSOs think their organizations "will be better off without collaboration" but more than half of the organizations (57%) agree that collaboration costs a significant amount of their staff time. Compared to the costs in staff time, a lower share of HSOs (25%) believe collaboration costs a significant amount of organizational financial resources.

I recoded the answers based on the positivity toward collaboration. That is, for the first five statements on benefits, I used the following coding scheme: "strongly agree" as 2,

“somewhat agree” as 1, “Neither agree nor disagree” as 0, “somewhat disagree” as -1, and “strongly disagree” as -2. For the other five statements on costs, the answers were coded reversely: “strongly agree” as -2, “somewhat agree” as -1, “Neither agree nor disagree” as 0, “somewhat disagree” as 1, and “strongly disagree” as 2. Based on the 10 variables, I created a summative index (Cronbach Alpha=0.7810) for people’s general perceptions of collaboration: for this new variable, a larger value indicates a more positive attitude. The new variable ranges from -7 to 20 and has a mean value of 10.22⁹.

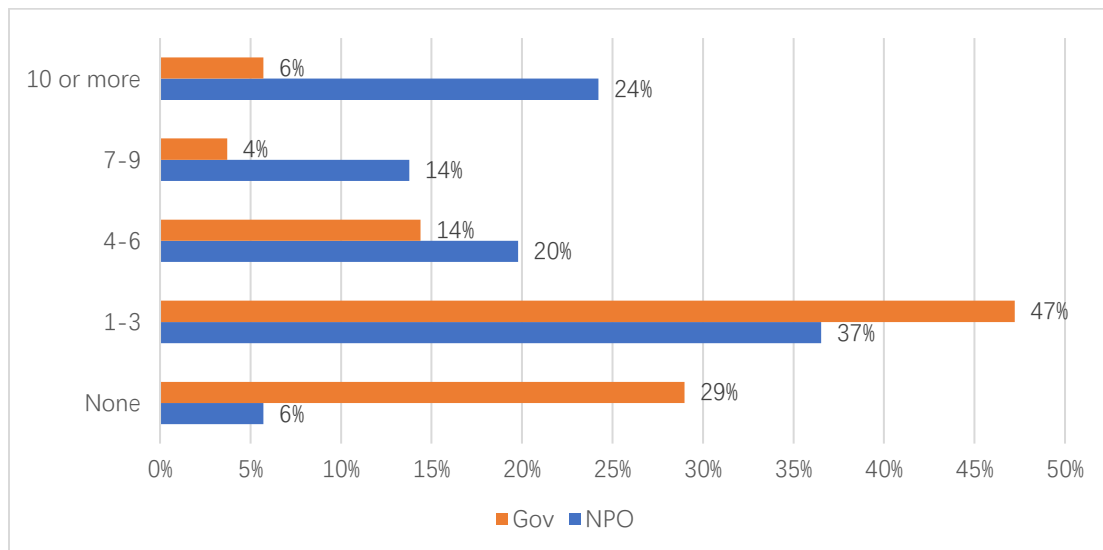
⁹ Factor analysis indicates one major factor. But I also tried to create two separate variables: one for the benefit statements and one for the cost statements. The results are quite similar.

Figure 7. Perceptions of Collaboration (N=217, Weighted)



Inter-Organizational Collaboration: The Number of Collaborators. To distinguish between within-sector collaboration and cross-sector collaboration, I divide collaborators into two categories: other nonprofit organizations and government agencies. Information about the number of collaborators comes from the survey question, “*In the past 3 years, how many other nonprofits (government agencies) have your organization collaborated with?*” Respondents were asked to choose from five categories: “none,” “1-3,” “4-5,” “7-9,” and “10 or more.” This question is based on existing studies (Fu & Cooper, 2021; Kim, 2014). Figure 8 shows that around 37% of HSOs in Georgia collaborated with 1-3 other nonprofits and 24% collaborated with 10 or more other nonprofits. As for government partners, almost half (47%) had around 1-3 government collaborators in the past three years while only around 6% collaborated with 10 or more government agencies in the past three years.

Figure 8. Number of Collaborators (N=217, Weighted)



Inter-Organizational Collaboration: Scope of Collaboration. This variable is from a multi-item question, “*Please check the activities your organizations have held with other*

nonprofits or government agencies in the previous 3 years.” This question was drawn from Snaveley and Tracy (2000) and Kim and Mason (2018) and was modified for this survey. Figure 9 shows the nine activities that participants evaluated. Answers to the nine statements are binary with 1 for “has held” and 0 for “not”. I classified the collaborative activities by the type of collaborator. As revealed in Figure 9, HSOs are more likely to carry out all nine kinds of activities with other nonprofits than with government agencies, indicating the popularity of within-sector collaboration over cross-sector collaboration with the government. Activities such as “refer people to other organizations for service or receive referrals from other organizations,” “share information about people we serve,” and “participate in community-wide efforts to examine community problems and issues” are the most popular collaborative activities in both within-sector collaboration and cross-sector collaboration.

I add all the binary variables together to create two summative indexes, one for collaborative activities with other nonprofits (Cronbach Alpha=0.7982) and one for collaborative activities with government agencies (Cronbach Alpha=0.8609). Both indexes range from 0 to 9, with a larger number indicating a broader scope of activities. On average, HSOs tend to hold a broader range of collaborative activities with other nonprofits (Mean=5.45) than with government agencies (Mean=2.70).

Table 8 shows the summary statistics of all the dependent variables.

Figure 9. Collaborative Activities with Nonprofits and Government (N=217, Weighted)

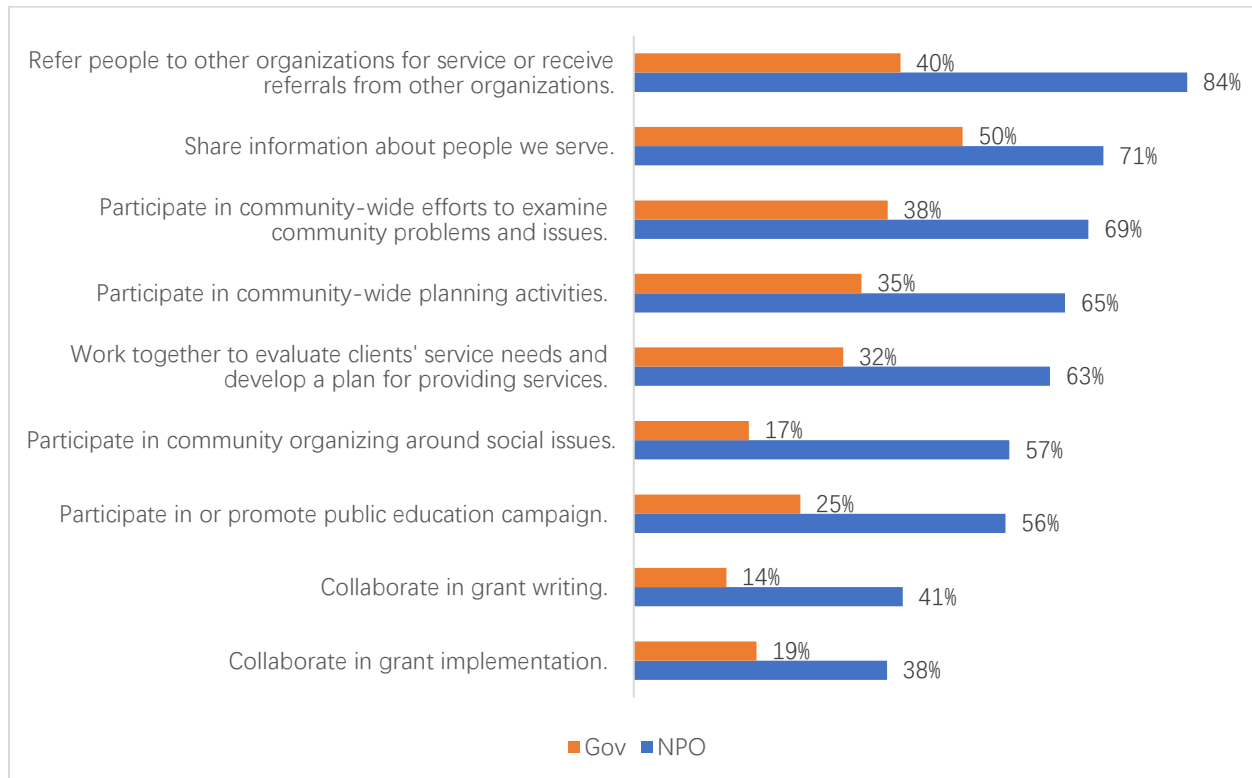


Table 8. Summary Statistics of All Dependent Variables (N=217, Weighted)

	Variable	Mean	(Std. Err.)
Financing	Challenge in resource development	6.82	(0.22)
	HHI	0.65	(0.02)
	Share of revenue from donations	35.72	(2.64)
	Share of revenue from government	32.61	(2.80)
Diversity	Attitudes toward diversity	15.61	(0.40)
	Diversity management practices	3.75	(0.20)
Collaboration	Perception of collaboration	10.22	(0.41)
	Number of collaborators-npo	3.14	(0.09)
	Number of collaborators-gov	2.10	(0.07)
	Scope of collaboration-npo	5.45	(0.20)
	Scope of collaboration-gov	2.70	(0.20)

Control Variables. Organizational characteristics and community features are important factors that affect how managers adopt and implement management practices and policies (Amirkhanyan et al., 2019; Fu et al., 2021; Kim & Peng, 2018; W. Lee, 2017; LeRoux & Medina, 2022; McCrea et al., 2022; Rolf et al., 2022; Snavely & Tracy, 2002). For example, due to the liabilities of newness and smallness, organizations of different ages and sizes may act differently. Based on human service nonprofits and religious nonprofits, respectively, Fu and colleagues (2021) and Kim and Peng (2018) found that higher organizational capacity is related to having more organizational collaborators. Community factors such as racial/ethnic composition and local economic conditions may also affect nonprofits through the existence of networks for POC and the availability of local resources. For example, McCrea and colleagues (2022) found that the racial composition of the service area is related to nonprofit hospitals' adoption of diversity management practices. Table 9 provides the details of all control variables¹⁰ that were used in the following analyses. Organizational factors were drawn from the online survey and 990 tax data. Contextual factors were drawn from the American Community Survey (ACS, 2019 5-year estimates) and measured at the county level.

¹⁰ Not all these control variables were included in one regression model. In other words, some regression models did not include all the listed control variables.

Table 9. Control Variables (N=217, Weighted)

Variables	Operationalization	Mean	Std. Err.	Source
Individual-level factors				
Gender	Male=1, female=0	0.34	(0.04)	Web Survey
Organizational features				
Organizational age	(2022 – the year that got tax-exempt status from the IRS)	20.78	(1.02)	Form 990
Organizational size	ln(total expense)	11.95	(0.17)	Form 990
Contextual factors (county level)				
The Non-Hispanic White population ratio	% of non-Hispanic white residents	51.12	(1.24)	Census Data
Unemployment rate	unemployment rate	5.98	(0.14)	
Median household income	ln(median household income)	10.96	(0.02)	
Nonprofit density	(number of HSOs in a county/total population)*10000	3.73	(0.11)	

Comparison between POC-led and White-led Nonprofits

Table 10 compares POC-led and White-led nonprofits. When focusing on the ED's race/ethnicity, POC-led nonprofits are similar to White-led nonprofits in terms of total revenue, total expenses, total assets, the number of people on boards, revenue structure, and the number of collaborators. On the other hand, POC-led nonprofits tend to be younger and are more likely to have POC as board members, staff, and clients. They are also more likely to locate in areas with higher population density, higher employment rates, and a lower share of non-Hispanic White residents. EDs of color are also more likely to be organizational founders, which may be associated with the barriers POC face in seeking promotions to top positions (Rolf et al., 2022). With regard to the dependent variables, having an ED of color is related to having more diversity management practices and a broader range of collaborative activities with other nonprofits but fewer types of collaborative activities with the government and more challenges in resource development.

I also use the racial/ethnic composition of the board to capture nonprofit leadership by creating a binary variable: those with more than 50% of members identified as POC and those

with less than 50% POC. Most of the patterns found based on EDs' race/ethnicity hold for board leadership (see Table 10). In addition, nonprofits governed by POC-majority boards tend to have smaller boards and fewer assets. As for the dependent variables, on average, nonprofits with POC-dominated boards face more challenges in resource development, rely less on donative revenues, and hold more positive attitudes toward diversity.

Table 10. Comparison between POC-led and White-led HSOs (N=217, Weighted)

	ED of Color (share=38.5%)	White ED (share=61.4%)		Board of Color (>50%) (share=25.2%)	White Board (>50%) (share=74.8%)	
Total revenue (in 1 million)	0.69	0.79		0.71	0.77	
Expense (in 1 million)	0.75	0.76		0.68	0.71	
Asset (in 1 million)	1.04	0.69		0.46	0.95	*
Organization age	19	22	*	17	22	***
Board size	10	10		8	11	***
% founder	51.1%	28.2%	***	-	-	
POC account for more than 50% of						
Board	56.0%	6.2%	***	-	-	
Full-time employees	68.6%	15.8%	***	86.3%	21.2%	***
Part-time employees	70.4%	22.5%	***	77.4%	27.3%	***
Clients	74.0%	47.8%	***	87.2%	48.0%	***
Community						
Population Density	1432	856	***	1422	961	***
% of non-Hispanic White	43%	56%	***	42%	54%	***
Median Household Income	60270	58756		60486	58948	
Unemployment Rate	6.38%	5.73%	**	6.46%	5.82%	**
NPO Density (per 10,000 residents)	3.99	3.56	*	4.01	3.63	
Dependent Variables						
Challenge in resource development	7.51	6.39	**	7.83	6.48	***
HHI	0.64	0.66		0.68	0.64	
% of revenue from donations	0.33	0.38		26.94	38.70	*
% of revenue from government	0.33	0.32		38.50	30.61	
Attitudes toward diversity	16.41	15.12		17.05	15.12	**
Diversity management practices	4.19	3.48	*	3.91	3.70	
Perception of collaboration	10.07	10.32		9.06	10.61	
Number of collaborators-npo	3.13	3.15		2.94	3.21	
Number of collaborators-gov	2.00	2.16		1.94	2.15	
Scope of collaboration-npo	6.03	5.08	**	5.92	5.29	
Scope of collaboration-gov	2.28	2.97	*	2.48	2.78	

* p<.10; **p<.05; ***p<.01. N = 217

Empirical Results

I ran multiple regression analyses with the variables introduced in the previous section. The following equations show the generic formats of the empirical models that were estimated.

$$\textit{Attitudes toward diversity or Perceptions of collaboration} = \beta_0 + \beta_1 * ED_POC + \beta_2 * ED_male + \beta_3 * \textit{organizational factors} + \beta_4 * \textit{community factors} + \varepsilon$$

Because the surveys were answered by executive directors, the correspondent questions collected EDs' perceptions of these issues. I focus on ED's race/ethnicity as the main independent variable. The racial/ethnic composition of the board is also included in the model but it is treated as an "organizational factor." "Organizational factors" also contain other control variables such as total expenses and organization age. "Community factors" include the proportions of non-Hispanic Whites in the county and nonprofit density in the county.

$$\textit{Resourcing Challenges or Revenue Structure} = \beta_0 + \beta_1 * ED_POC + \beta_2 * Board_POC + \beta_3 * Controls + \varepsilon$$

$$\textit{Diversity Management Practices} = \beta_0 + \beta_1 * ED_POC + \beta_2 * Board_POC + \beta_3 * \textit{Attitudes toward diversity} + \beta_4 * Controls + \varepsilon$$

$$\textit{Collaboration Practices} = \beta_0 + \beta_1 * ED_POC + \beta_2 * Board_POC + \beta_3 * \textit{Perceptions of collaboration} + \beta_4 * Controls + \varepsilon$$

The control variables include ED's gender and some organizational and community factors. The organizational factors are total expenses and organization age. Community factors contain the proportions of non-Hispanic Whites in the county, median household income, and nonprofit density in the county.

Financing Practices

Challenges in Resource Development. I ran Ordinary Least Square (OLS) models with the summative index for resource development challenges as the dependent variable. The results show relations between the leaders' racial composition and the challenges in resourcing (see Model 1 and Model 2 in Table 11). Model 2 includes an interaction term between EDs' race/ethnicity and the racial/ethnic composition of the board. In Model 2, the coefficient of the ED means that among nonprofits with White-dominated boards (i.e., less than 30% POC), those with an ED of color are expected to score 1.437 higher on the challenge index than comparable nonprofits with a White ED. The coefficients of the board mean that among nonprofits with a White ED, those with a board where POC account for more than half of the members are expected to face more challenges. For example, a board with 51%-70% POC is expected to score 1.928 higher on the challenge index than otherwise comparable nonprofits (i.e., those governed by a board where POC members comprise fewer than 30%). But there is no statistically significant difference between a White-dominated board and a board where POC account for 30-50%. Though nonprofits with a POC-dominated board score 3.327 higher on the challenge index than those with a White-dominated board under White executive leadership, that disadvantage disappears and changes to a 0.72 ($-4.048 + 3.327$) lower score on the challenge index if the ED is a person of color.

In summary, the results show that having EDs of color or more than half of the board identifying as POC is associated with more resourcing challenges. Thus, Hypothesis 1.1—that POC-led nonprofits face more challenges in resource development than comparable white-led nonprofits—is supported. In addition, the results show that having both an ED of color and a POC-dominated board (i.e. POC account for more than 70%) does not bring dual jeopardy.

However, nonprofits need to be cautious when the ED's race/ethnicity does not match the racial majority of the board. Model 2 shows that nonprofits with a White ED and a POC-dominated board are expected to score the highest in the challenge index. Nonprofits with an ED of color and a White-dominated board are also expected to face more challenges than similar nonprofits with a White ED.

Among the control variables, nonprofits with a male ED are expected to face fewer resourcing challenges than comparable nonprofits with a female ED. With regard to community features, nonprofits in communities with a higher proportion of Whites or higher median household income are expected to face fewer challenges. Surprisingly, nonprofits in counties with higher unemployment rates are also expected to experience fewer resource challenges.

Revenue Structure. I ran OLS models to examine the relationships between leaders' race/ethnicity and the organization's revenue structure. Three variables (HHI, share of the revenue from donation, and share of the revenue from government) were used to measure revenue structure. Results are shown in Models 3-5 of Table 11.

Model 3 shows that nonprofits with 51%-70% of board members identified as POC are expected to have a more concentrated revenue structure than comparable nonprofits with less than 30% of board members being POC. However, those with more than 70% POC have a similar level of diversification to those with less than 30% POC. Thus, Hypothesis 1.2 is partially supported. Among the control variables, older nonprofits facing more resourcing challenges are related to having more diversified revenues. Nonprofits located in communities with higher unemployment rates are expected to have a more concentrated revenue structure.

Model 4 and Model 5 contain the results for the shares of the revenue from donations and government, respectively. Both dependent variables show statistically significant associations

with the racial/ethnic composition of the board, but not with the ED's race/ethnicity. Specifically, compared to nonprofits with a White-dominated board (i.e., less than 30% are POC), those with a POC-dominated board (i.e., more than 70%) are expected to have a lower share of donations but a higher share of government support. In other words, if focusing on board leadership, POC-led nonprofits are more likely to rely on government support but less likely to rely on donations. Among the control, nonprofits with a male ED are expected to rely less on government funding than comparable organizations with a female ED. Organization size shows a positive relation with government funding but negative relation with donations. Resourcing challenges are related to more reliance on government support but are not related to income from donations.

Table 11. Ordinary Least Square (OLS) Regression Results: Financing Practices (N=217, Weighted)

	Resource Development Challenges				HHI		Share of revenue from donation		Share of revenue from government	
	Model 1		Model 2		Model 3		Model 4		Model 5	
	Coefficient	(Std. Err)	Coefficient	(Std. Err)	Coefficient	(Std. Err)	Coefficient	(Std. Err)	Coefficient	(Std. Err)
ED Male	-0.879	(0.48) *	-0.939	(0.48) *	0.010	(0.04)	2.091	(5.46)	-13.740	(5.77) **
ED_POC	0.575	(0.47)	1.437	(0.66) **	-0.034	(0.04)	2.914	(5.98)	-2.508	(5.81)
Board POC (ref. less than 30%)										
30%-50% poc	0.452	(0.56)	0.892	(0.65)	0.040	(0.04)	-8.670	(6.56)	6.053	(7.36)
51-70% poc	1.893	(0.50) ***	1.928	(0.66) ***	0.135	(0.06) **	-1.433	(10.82)	2.853	(9.99)
more than 70% poc	0.173	(0.71)	3.327	(1.04) ***	0.051	(0.07)	-31.626	(7.68) ***	18.983	(9.31) **
ED#Board										
POC, 30%-50% POC	-	-	-1.713	(1.12)	-	-	-	-	-	-
POC, 51-70% POC	-	-	-0.626	(0.96)	-	-	-	-	-	-
POC, more than 70% POC	-	-	-4.048	(1.30) ***	-	-	-	-	-	-
Ln(total expense)	-0.135	(0.10)	-0.142	(0.10)	0.004	(0.01)	-2.963	(1.47) **	5.344	(1.23) ***
Organizational age	-0.002	(0.02)	-0.002	(0.02)	-0.004	(0.00) ***	-0.226	(0.22)	0.083	(0.19)
Challenges in resource development	-	-	-	-	-0.018	(0.01) ***	0.074	(0.89)	2.081	(0.90) **
Community										
% non-Hispanic White	-0.034	(0.02) *	-0.032	(0.02) *	0.002	(0.00)	0.054	(0.21)	0.276	(0.22)
NPO density	-0.094	(0.17)	-0.052	(0.17)	-0.020	(0.01)	-0.922	(1.94)	-1.685	(2.20)
Ln(median household income)	-2.583	(1.23) **	-2.569	(1.22) **	0.048	(0.08)	26.321	(13.33) *	7.530	(14.47)
Unemployment rate	-0.331	(0.17) *	-0.367	(0.17) **	0.030	(0.01) ***	2.357	(2.18)	2.398	(2.11)
Constant	40.672	(14.30) ***	40.408	(14.23) ***	0.081	(0.96)	-221.089	(158.58)	-150.915	(172.04)
R2	0.1368		0.198		0.1877		0.1612		0.1992	

* p<.10; **p<.05; ***p<.01. Robust standard errors are in parentheses. N = 217

Diversity Management

Attitudes toward Diversity. I ran Ordinary Least Square (OLS) models using the attitude index as the dependent variable. Results are shown in Table 12 Models 1-2. Based on Model 2, in a nonprofit with a White-dominated board, EDs of color are expected to score 2.325 higher in the attitude index than comparable White EDs. White EDs are expected to score higher in the attitude index as the share of POC on the board increases. For example, White EDs are expected to score 4.114 higher in the index if with a POC-dominated board than with a White-dominated board; however, there is an exception for the general positive association between leaders of color and more positive attitudes. EDs of color with a POC-dominated board are expected to value diversity less ($-5.018 + 2.32 = -2.693$) than White EDs with a POC-dominated board. Thus, Hypothesis 2.1 is partially supported.

Among the control variables, EDs' gender is related to their attitudes toward diversity. In particular, male EDs are expected to value diversity less than comparable female EDs. This finding aligns with previous studies on nonprofit hospitals (Johansen & Zhu, 2017). There is no interaction effect between ED's race and gender.

Diversity Management Practices. I ran Ordinary Least Square (OLS) models using the summative index of an organization's diversity management practices as the dependent variable. Results are shown in Table 12 Models 3-4. The positive coefficients of ED show that nonprofits with EDs of color are expected to have more diversity management practices than comparable White-led nonprofits, but the impact is not statistically significant. Nonprofits with boards where POC account for 30-50% are expected to score higher in the index than comparable nonprofits with White-dominated boards (i.e. less than 30% POC). The size of the coefficient is around 1, meaning that they are expected to implement almost one more diversity management practice on

average. Contrary to my expectation, nonprofits with POC-dominated boards are expected to implement less diversity management practices than comparable nonprofits with White-dominated boards. For example, nonprofits with a White ED and a POC-dominated board are expected to score 2.8 less in the index than comparable nonprofits with a White ED but a White-dominated board. The size of the coefficient means that they are expected to carry out almost three fewer activities. Though the coefficient of the interaction term shows that the size of the relation is smaller for nonprofits with an ED of color, the negative relation holds. Thus, Hypothesis 2.2 is not supported.

Among the control variables, leaders' attitudes toward diversity and the racial/ethnic composition of the community demonstrate statistically significant relations with an organization's diversity management practices. In particular, nonprofits with leaders who value diversity practices are more likely to implement diversity practices. Nonprofits located in a White-dominated community are less likely to carry out diversity management practices.

Table 12. Ordinary Least Square (OLS) Regression Results: Diversity Management (N=217, Weighted)

	Attitudes: Diversity						Diversity Practices			
	Model 1			Model 2			Model 3		Model 4	
	Coefficient	(Std. Err)		Coefficient	(Std. Err)		Coefficient	(Std. Err)	Coefficient	(Std. Err)
ED Male	-3.738	(0.90)	***	-3.856	(0.91)	***	0.360	(0.40)	0.346	(0.39)
ED POC	0.562	(0.81)		2.325	(1.11)	**	0.386	(0.46)	0.546	(0.63)
Board (ref.: less than 30% are POC)										
30%-50% POC	0.779	(0.92)		1.696	(0.92)	*	0.910	(0.45)	0.932	(0.54)
51-70% POC	1.920	(1.08)	*	3.022	(1.50)	**	-0.454	(0.89)	1.183	(0.88)
more than 70% POC	0.709	(1.17)		4.114	(0.84)	***	-0.271	(0.59)	-2.833	(1.19)
ED#Board										
POC, 30%-50% POC				-3.579	2.166				-0.08326	1.0093
POC, 51-70% POC				-2.882	2.152				-2.51356	1.6061
POC, more than 70% POC				-5.018	1.75	***			2.59376	1.3936
Attitudes toward diversity				-	-		0.209	(0.03)	0.210	(0.03)
Ln(total expense)	0.130	(0.25)		0.118	(0.25)		0.076	(0.08)	0.067	(0.08)
Organizational age	0.005	(0.04)		0.002	(0.04)		0.007	(0.01)	0.004	(0.01)
Community										
% non-Hispanic White	-0.019	(0.02)		-0.012	(0.03)		-0.031	(0.01)	-0.031	(0.01)
NPO density	-0.197	(0.26)		-0.113	(0.27)		-0.120	(0.13)	-0.145	(0.13)
Constant	16.296	(3.51)	***	15.497	(3.50)	***	1.108	(1.61)	1.307	(1.54)
R2	0.1687			0.1879			0.2511		0.2762	

* p<.10; **p<.05; ***p<.01. Robust standard errors are in parentheses. N = 217

Inter-Organizational Collaboration

Perceptions of Collaboration. I ran Ordinary Least Square (OLS) regression using the perception index as the dependent variable. Model 1 in Table 13 shows the results with the main effect of EDs' race/ethnicity and gender. Model 2 shows the full results with an interaction term between gender and race. Based on Model 2, EDs who are White men are expected to score 3.183 points less in the perception index than White women while minority men are expected to score 0.57 points more than minority women. No statistically significant differences were identified between White women and minority women. The findings partially support Hypothesis 3.1 on the association between EDs' race/ethnicity and attitudes toward inter-organizational collaboration. In particular, it demonstrates that EDs who are minority men are

expected to value collaboration the most while White men are expected to value collaboration the least.

Table 13. Ordinary Least Square (OLS) Regression Results: Perceptions of Collaboration
(N=217, Weighted)

	Model 1			Model 2		
	Coefficient (Std. Err)			Coefficient (Std. Err)		
ED male	-1.859	(0.85)	**	-3.183	(1.02)	***
ED POC	1.265	(0.99)		-0.201	(1.12)	
ED POC * ED male				3.753	(1.60)	**
Board (ref.: less than 30% are POC)						
30%-50% POC	-0.525	(0.85)		-0.512	(0.88)	
51-70% POC	-2.957	(1.87)		-2.472	(1.79)	
more than 70% POC	-1.648	(1.43)		-1.334	(1.37)	
Ln(total expense)	0.079	(0.16)		0.017	(0.16)	
Organizational age	0.040	(0.03)		0.039	(0.03)	
<i>Community</i>						
% non-Hispanic White	0.044	(0.02)	*	0.045	(0.02)	*
NPO density	0.276	(0.30)		0.312	(0.30)	
Constant	5.962	(2.51)	**	7.034	(2.62)	***
R2	0.0716			0.0959		

* p<.10; **p<.05; ***p<.01. Robust standard errors are in parentheses. N = 217

The Number of Collaborators. I ran ordered logistic regression models with the number of collaborators as the dependent variable. Model 1 in Table 14 shows the results for nonprofit collaborators and Model 2 is for government collaborators.

The positive coefficients of ED in the two models mean that nonprofits with EDs of color are expected to have more collaborators with both nonprofits and government agencies than comparable nonprofits with White EDs. However, none of the coefficients are statistically significant. In terms of the board, statistically significant results demonstrate that nonprofits with

30-50% of board members identifying as POC are expected to have more collaborators than comparable organizations with White-dominated boards (i.e., POC account for less than 30%). This positive association applies to both nonprofit collaborators and government collaborators, though the coefficient of the nonprofit collaborators is only marginally significant. If the share of POC on the board changes to any higher levels, the difference is no longer statistically significant. Given that the share of POC on board is less than 50%, it is hard to classify these nonprofits as POC-led organizations. Thus, for the number of collaborators, Hypothesis 3.2 is not supported.

Among the control variables, EDs' perceptions of collaboration and organization size also demonstrate statistically significant results. In particular, larger organizations with EDs who value collaboration are expected to have more collaborators in both the nonprofit and the public sectors. Among the community characteristics, the increase in nonprofit density is associated with fewer government collaborators.

Table 14. Ordered Logistic Regression Results: Number of Collaborators (N=217, Weighted)

	Model 1 Other NPOs			Model 2 Government	
	Coefficient (Std. Err)			Coefficient (Std. Err)	
ED male	0.125	(0.30)		0.085	(0.38)
ED POC	0.278	(0.35)		0.085	(0.37)
Board (ref.: less than 30% are POC)					
30%-50% POC	0.732	(0.43) *		0.912	(0.37) **
51-70% POC	0.502	(0.51)		0.581	(0.48)
more than 70% POC	-0.393	(0.42)		-0.245	(0.53)
Collaboration: Perceptions	0.085	(0.03) ***		0.109	(0.03) ***
Ln(total expense)	0.190	(0.10) *		0.309	(0.12) **
Organizational age	-0.014	(0.01)		-0.007	(0.01)
<i>Community</i>					
% non-Hispanic White	0.002	(0.01)		0.003	(0.01)
NPO density	0.078	(0.10)		-0.239	(0.12) **
Pseudo R2	0.0468			0.0967	

* p<.10; **p<.05; ***p<.01. Robust standard errors are in parentheses. N = 217

Scope of Collaborative Activities. I ran OLS models with the scope indexes as the dependent variables. In Table 15, Model 1 shows results for the scope of collaboration with nonprofit partners and Model 2 is for government partners.

Regarding collaborative activities with other nonprofits, Model 1 reveals that organizations with an ED of color are expected to implement a broader range of activities than comparable organizations with a White ED. Compared to nonprofits with White-dominated boards (i.e., less than 30% POC), those governed by a POC-majority board (i.e., 51%-70% POC) are expected to implement a broader scope of collaborative activities. However, this difference did not hold for nonprofits with a POC-dominated board (i.e., more than 70% POC). That is, nonprofits with a POC-dominated board are expected to implement a similar scope of activities as those with a White-dominated board.

Regarding collaborative activities with government agencies, Model 2 shows that nonprofits with an ED of color are expected to carry out a narrower range of activities; however, the coefficient is not statistically significant. With regard to the boards' racial composition, similar to the previous model on within-sector collaboration (Model 1), nonprofits with a POC-majority board (i.e., 51-70% POC) expected to implement a broader range of collaborative activities than comparable nonprofits with a White-dominated board, though the coefficient is only marginally significant.

Among the control variables, perceptions of collaboration show positive associations in both models, though the relation is quite small and only marginally significant for the government model. The number of government collaborators is positively related to the scope of collaboration with both nonprofits and the government, while the number of nonprofit collaborators is only related to the scope of collaborative activities with nonprofit partners. Older nonprofits are expected to have a broader scope of collaborative activities with government agencies, but the relation is only marginally significant.

Table 15. Ordinary Least Square (OLS) Regression Results: Scope of Collaborative Activities
(N=217, Weighted)

	Model 1			Model 2		
	Coefficient (Std. Err)			Coefficient (Std. Err)		
ED male	-0.67	(0.34)	**	-0.33	(0.29)	
ED POC	0.93	(0.35)	***	-0.57	(0.42)	
Board (ref.: less than 30% are POC)						
30%-50% POC	0.19	(0.40)		0.09	(0.32)	
51-70% POC	1.17	(0.57)	**	1.12	(0.59)	*
more than 70% POC	0.22	(0.51)		0.44	(0.55)	
Collaboration: Perceptions	0.13	(0.03)	***	0.04	(0.03)	*
Number of Collaborators_NPO	0.49	(0.15)	***	0.20	(0.13)	
Number of Collaborators_GOV	0.73	(0.16)	***	1.56	(0.16)	***
Ln(total expense)	0.00	(0.08)		0.04	(0.07)	
Organizational age	0.01	(0.01)		0.02	(0.01)	*
<i>Community</i>						
% non-Hispanic White	0.00	(0.01)		0.00	(0.01)	
NPO density	-0.02	(0.12)		-0.07	(0.11)	
Constant	0.54	(1.46)		-2.25	(1.04)	**
R2	0.4358			0.5467		

* p<.10; **p<.05; ***p<.01. Robust standard errors are in parentheses. N = 217

Summary of Findings

In summary, the study on human service nonprofits in Georgia revealed that POC-led nonprofits differ from White-led nonprofits in areas such as financing practices, diversity management, and inter-organizational collaboration. Nuances were found between executive leadership and board leadership, as well as the levels of racial/ethnic diversity within boards.

As for financing practices, having an ED of color or a majority-POC board (i.e., more than 50%) is related to more challenges in resource development. The mismatch between an ED's race/ethnicity and the racial majority of the board (i.e., 70% of the board) associates with more challenges. For revenue structure, only the racial/ethnic composition of the board shows

some associations. In particular, compared to nonprofits with a White-dominated board (i.e., less than 30% POC), those where POC account for 51%-70% of the board are expected to have a more concentrated revenue structure, and those with more than 70% POC are expected to rely more on government funding and less on donations. Thus, Hypothesis 1.1 is supported, and Hypothesis 1.2 is partially supported.

As for diversity and collaboration, EDs of color's perceptions interact with factors such as the racial/ethnic composition of the board and the EDs' gender. In particular, EDs' attitudes toward diversity depend on the racial/ethnic composition of the board—EDs of color hold more positive attitudes than White EDs if both work with a White-dominated board; if both work with a POC-dominated board, EDs of color are expected to value diversity less than comparable White EDs. EDs' perceptions of collaboration depend on both their race and gender. White men tend to value collaboration the least and minority men value collaboration the most. White women and minority women hold similar perceptions that rank in the middle. Thus, Hypothesis 2.1 and Hypothesis 3.1 (b) are partially supported.

In general, positive perceptions are related to the active implementation of relevant practices in diversity management and inter-organizational collaboration. However, after holding the attitudes constant, there are still some differences in these aspects based on the racial compositions of the leaders.

For diversity practices, nonprofits with a racially/ethnically diverse board (i.e., 30%-50% POC) are expected to implement more diversity management practices while those with a POC-dominated board (i.e., more than 70% POC) are expected to implement less diversity management practices. As for collaboration, having an ED of color is related to a broader range of collaborative activities with other nonprofits; having a board where POC account for 51%-

70% is related to a broader scope of collaborative activities with both nonprofits and government agencies. Hypothesis 2.2 is not supported, and Hypothesis 3.2 (b) is partially supported.

Table 16 summarizes the findings for having an ED of color and a POC-majority board (i.e., more than 50% POC). For additional discussions about the findings and their implications, please see Chapter 5.

Table 16. Summary of the Results

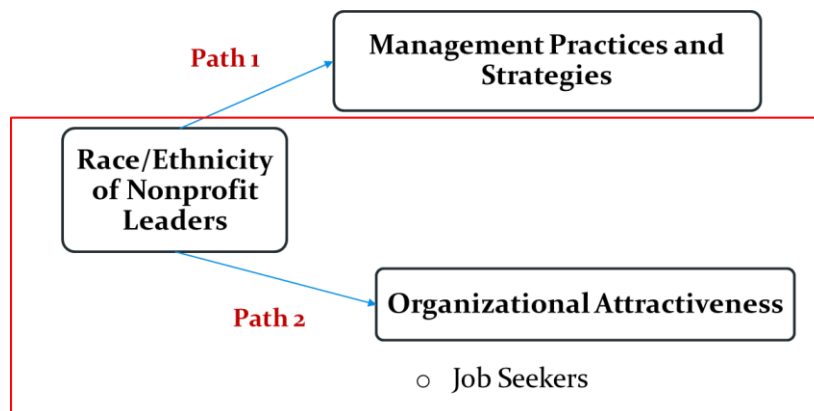
Dimension	Hypothesis	ED of Color	POC-Majority Board
Financing Practices	H1.1: challenges in resource development	+	+
	H1.2: revenue diversification-- HHI	null	+
	Share of donations	null	-
	Share of government support	null	+
Diversity Management	H2.1: attitudes toward diversity	+	+
	H2.2: diversity management practice	null	-
Inter-Organizational Collaboration	H3.1: perception of collaboration	+	null
	H3.2: number of collaborator (other nonprofits)	null	null
	H3.2: number of collaborator (government)	null	null
	H3.2: scope of collaborative activities (other nonprofits)	+	+
	H3.2: scope of collaborative activities (government)	null	+

CHAPTER 4. LEADERS OF COLOR AND THE SYMBOLIC EFFECT

Leaders are the representatives of the organizations. Their reputation and behaviors can affect how constituents perceive entire organizations. Based on the theoretical framework, nonprofit leaders' race/ethnicity can exert a symbolic effect on the constituents (see Path 2 in Figure 10). For example, the leadership's racial/ethnic composition could affect job seekers' perceptions and willingness to work for the organization. The phenomenon that POC-led nonprofits are more likely to have employees of color may reflect the proactive choice of POC in their job decisions.

This chapter investigates the impact of leaders' race/ethnicity on organizational attractiveness to employees of color. Data from an online survey experiment has been used to explore the causal relationship between nonprofit leaders' race/ethnicity and job seekers' choices. This chapter starts by introducing relevant literature and hypotheses. Then, the data and findings from empirical analysis are described.

Figure 10. Theoretical Framework: Impact of Nonprofit Leaders' Race/Ethnicity (Symbolic Effect and Job Attractiveness)



Existing Studies and Hypotheses

Impact of Racial/Ethnic Identity on Job Selection

Applicant attraction refers to a job applicant's interest in seeking employment with a certain organization (Rau & Hyland, 2002). It includes applicants' perceptions, intentions, and behaviors (Evertz & Süß, 2017). The racial/ethnic composition of an organization's workforce, especially the ones in higher positions, could affect the organization's attraction to job seekers (e.g., Avery, 2003; Avery et al., 2004; Evertz & Süß, 2017; McKay & Avery, 2006). For example, Walker et al. (2012) noted that job seekers not only spent more time with recruiters that demonstrated racial/ethnic diversity cues but also recalled their information better. This effect applies to both Black and White job seekers. Giuliano et al. (2006) found that race congruence affects the rate of employee quitting, dismissals, and promotions—POC with a White manager are more likely to be fired and less likely to be promoted, while White subordinates with a POC manager are less likely to be fired and more likely to be promoted. Drawing data from around 1,600 current and former nonprofit employees, Schwartz et al. (2011) stated that most participants would examine the racial/ethnic composition of an organization's senior managers and boards during the job search process, then use that information to determine whether to apply for a position or to accept a job offer.

Employees of color can suffer from unconscious biases in White-led organizations (Foldy & Buckley, 2014; Jost et al., 2004; Reskin, 2000). White leaders tend to view African American employees as incompetent and overly aggressive and view Hispanic employees as uneducated and lacking ambition (James Jr., n.d.; Kennelly, 1999). Stainback and Irvin (2012) stated that having a same-race manager reduced perceptions of racial discrimination among employees. Employees of color who were subject to implicit biases could feel more isolated and less

motivated (Amis et al., 2020; Dust et al., 2018; Greenhaus et al., 1990), and those perceived challenges could lead to dissatisfaction and higher turnover. Greenhaus et al. (1990) found that compared to Whites, Blacks perceived to have less discretion in their jobs and are less accepted in their organizations, which lowers their career satisfaction. Vecchio and Bullis (2001) noted that the support for equal opportunity can moderate the relationship between job satisfaction and racial congruence with supervisors. Studies also show that perceived racial discrimination could affect organizational attachment (Stainback and Irvin 2012), and that nonprofit employees tend to treat top leaders' race/ethnicity as a significant indicator of an organization's commitment to racial/ethnic diversity, which in turn affects their job choices (Schwartz et al. 2011).

In summary, the existing studies suggest that a more racially/ethnically diverse leadership can signal a more inclusive working environment, which then affects job seekers' perceptions and willingness to work for an organization.

Racial/Ethnic Composition of Nonprofit Leaders and Employees

A growing body of research on the nonprofit sector demonstrates that the racial/ethnic composition of nonprofit leaders is related to the racial/ethnic diversity of nonprofit employees, though the causes for this association may be beyond the leaders' symbolic effect¹¹. Studies have found that POC-led nonprofits are more likely to have racially/ethnically diverse staff (De Vita et al., 2009; Kunreuther & Thomas-Breitfeld, 2020; Lee, 2022). Using data from Chapter 3, I ran multiple regression analyses and found a similar association in the context of HSOs in Georgia. The association applies to both full-time employees and part-time employees (details see Appendix E).

¹¹ The association could be caused by other factors, such as leaders of color being more likely than whites to recruit from a diverse candidate pool, leaders of color choosing to work for a racially/ethnically diverse organization, or POC being more likely to be promoted to senior positions in organizations with racially/ethnically diverse employees.

Related to the symbolic effect of leaders, the phenomenon could be caused by the proactive choice of job seekers. That is, POC prefer to work for POC-led nonprofits out of factors such as value congruence or a sense of belonging. To my best knowledge, no existing study has directly tested the cause of the situation. However, some insights can be drawn from the literature. Existing studies suggest that POC working in the nonprofit sector are less inclined to work in White-dominated organizations than their White counterparts (Kunreuther & Thomas-Breitfeld, 2020; Thomas-Breitfeld & Kunreuther, 2017a). In a report with current and previous nonprofit employees, Schwartz et al. (2011) found that senior management teams' race/ethnicity affects the career choices of both prospective and current nonprofit employees. These findings emphasize the importance of employees' preferences and their proactive choices in the job search process.

Pull or Push: Similarity Attraction or Organizational Challenges

Based on the symbolic representation, people tend to develop more favorable attitudes toward those who share their racial/ethnic identities, leading them to seek environments that affirm these identities (Ashforth & Mael, 1989; Byrne, 1971; Tajfel & Turner, 1986). Thus, racial congruence may play a role in the decision-making process for job seekers choosing which organizations they want to work for. Moreover, organizations with leaders of color may also signal that they are committed to racial/ethnic diversity and equal access to power. In other words, it can contribute to an organization's reputation as a workplace where POC have opportunities for fair promotion and career advancement. Compared to organizations led mainly by Whites, POC-led organizations could also take advantage of the well-known benefits of having diverse leadership, including connections to broader community membership or the presence of various perspectives that can help address different problems (Brown, 2002b; Cox,

1994; Fulton et al., 2019; Fulton, 2020; LeRoux, 2020). Taken together, job seekers of color may be attracted to those POC-led nonprofits.

However, the systemic barriers that POC-led nonprofits face could moderate the positive effect of racial congruence and similarity-attraction. As introduced in the previous chapters, the racial/ethnic leadership gap has been persistent with little progress over time (BoardSource, 2017; Cornelius et al., 2011; Faulk et al., 2021). POC-led nonprofits usually face extra challenges in activities such as resource development and networking (Dorsey et al., 2020; Krunreuther & Thomas-Breitfeld, 2020), which negatively affect their financial health and organizational sustainability (Branch Association, 2016; Faulk et al., 2021; Kim & Li, 2022). These organizational challenges could negatively affect their staff and working environment. For example, working for POC-led nonprofits could mean longer working hours, more stress, and higher job insecurity due to organizational vulnerability. With this in mind, prospective nonprofit workers may choose to avoid POC-led nonprofits and search for a White-led one with a better working environment and more job security.

In addition, among recent discussions on representative bureaucracy theory, scholars also argue that the effect of symbolic representation may depend on factors such as lived experience (Headley et al., 2021). This proposition further supports that existing working experience or knowledge of the hardship experienced by POC-led nonprofits may affect people's choice to work for them irrespective of the similarity-attraction effect.

Because the direction of the impact is not clear, I propose two contrasting hypotheses. Hypothesis 4.1 follows the logic of symbolic representation and similarity-attraction effect while Hypothesis 4.2 is based on the disadvantage of POC-led nonprofits.

Hypothesis 4.1: Job seekers of color would prefer to work for POC-led nonprofits than comparable White-led nonprofits.

Hypothesis 4.2 Job seekers in general would prefer to work for White-led nonprofits than comparable POC-led nonprofits.

Data and Methods

Though the phenomenon that POC-led nonprofits are more likely to have employees of color provides some evidence for the possible symbolic effect of leaders of color on racial/ethnic minority employees, it is hard to make causal inferences based on cross-sectional data. Thus, I used a survey experiment to investigate if the association is caused by the proactive choices of job seekers of color.

Survey Implementation

I conducted the survey experiment with Amazon MTurk, which has been widely used in experimental research (Deslatte, 2020; Faulk et al., 2020; Jurcevic & Fyall, 2020). Compared to traditional respondents' panels of college students, respondents from MTurk are more socio-economically diverse and are more attentive to surveys (Casler et al., 2013; Hauser & Schwarz, 2016). Clifford and colleagues (2015) found similar results between MTurk and national samples and argued that MTurk is a valid recruitment tool for research.

From Amazon MTurk, I recruited 320 participants who met several criteria: workers who have completed more than 500 tasks on the MTurk platform and have a task approval rating of at least 97%. Setting criteria in this manner helps maintain data quality (Aguinis et al., 2021; Cheung et al., 2017). In addition, I also include two questions to examine if the participants were paying attention to the survey question and if the experimental manipulation is successful. For the attention-check question, I ask participants to simply move a slider to 20 (see Appendix D

Q8.3). For the manipulation check question, I ask participants “According to the description you read above, can you say that Organization F has a CEO who is a person of color?”(see Appendix D Q4.5). The answer to this question is supposed to be “yes.” Responses that failed these two questions were removed from later analysis.

I paid a nominal fee of \$0.8 for each participant. After removing cases that failed the attention-check question and the manipulation-check question, I kept answers from 242 participants. Among these 242 participants, 57% are male, 29% are POC, and 43% are in the age group “30-39.” In terms of education level, 82% have at least a college degree. More than half of the participants (61%) have working experience in the nonprofit sector.

Experimental Design

Figure 11 describes the structure of the survey instrument. After agreeing to participate in the study, participants would read an introduction and complete relevant tasks in the main experiment. After the experiment part, participants would answer some additional questions such as working experience in the nonprofit sector and their demographic information.

Figure 11. Survey Structure

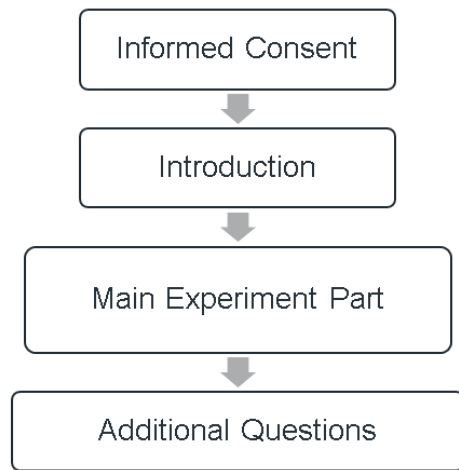


Figure 12 shows the introduction. Participants were asked to imagine that they were searching for a nonprofit job and had received job offers from multiple organizations. Now they need to decide which offer to accept. The introduction emphasizes that all the organizations are very similar except for the features that will be provided in the following pages, and that participants need to make their decisions based only on the information provided.

Figure 12. Experiment Introduction

“Imagine that you are currently searching for a job in the nonprofit sector. Now you have received job offers from multiple nonprofit organizations and are about to make a choice.”

All nonprofit organizations that have offered you a job:

- operate in a metropolitan area.
- are youth development organizations that aim to inspire, educate, and empower youth through various cultural and social activities.
- serve youth of all ages and backgrounds.

On the next few pages, more information about the organization will be provided and you will be asked to evaluate six pairs of organizations based solely on the given information.

After the introduction, participants need to evaluate six pairs of organizations in the experiment. Because each participant evaluated six pairs of organizations ($2 \times 6 = 12$ organizations), the final number of observations for later analysis is “ $12 \times$ number of survey respondents.”

The experiment section adopts a Discrete Choice Experiment (DCE) design asking each participant to evaluate six pairs of organizations. In the DCE design, a pair of organizations is also called a “choice set.” For this study, organizations only differ in the leaders’ race/ethnicity. In particular, the organizations could be led by a White ED or an ED of color; they could have a White-dominated board or a POC-dominated board. The only organizational feature that changed in the study are ED’s race/ethnicity and the racial/ethnic composition of the board. These two aspects are also called two “attributes” in the DCE design. Their potential values are called “levels” of an attribute. For this study, the two attributes each have two levels (see Table 17).

Table 17. Attributes and Levels

Attributes		Levels
ED	white (0)	a person of color (1)
Board	white-dominated (0)	POC-dominated (1)

Because this study focuses on the two attributes that each contain two levels, overall, there could be $2 \times 2 = 4$ potential organizational profiles. Given that each choice set contains two organizations, the 4 potential organizational profiles further provide $4 \times 3 = 12$ possible comparison pairs (i.e., 12 possible choice sets) (see Table 18). After removing repetitive pairs, six pairs of organizations remain and have been used in the survey (shown in Table 19). This design allows for the estimation of both the main effects and two-factor interactions (Street et al., 2001, 2005).

In the survey, the order of the six pairs of organizations was randomized to eliminate the order effect.

Table 18. Twelve Pairs of Organizations

Pair	First Organization		Second Organization	
	ED	Board	ED	Board
1	0	0	1	1
2	0	1	1	0
3	1	0	0	1
4	1	1	0	0
5	0	0	1	0
6	0	1	1	1
7	1	0	0	0
8	1	1	0	1
9	0	0	0	1
10	0	1	0	0
11	1	0	1	1
12	1	1	1	0
* 0 stands for ED is <i>white</i> or board is <i>white-dominated</i> ; 1 stands for ED is <i>a person of color</i> or board is <i>POC-dominated</i> . * Repetitive pairs have been highlighted in bold				

Table 19. The Six Pairs of Organizations Included in the Survey

Pair	First Organization		Second Organization	
	ED	Board	ED	Board
1	0	0	1	1
2	0	1	1	0
3	0	0	1	0
4	0	1	1	1
5	0	0	0	1
6	1	0	1	1

1=POC, 0=White

Figure 13 shows an example of one choice set. In this study, I did not assign specific organization names; organizations are instead labeled “Organization A” to “Organization L.” Below the information table shown in Figure 13, participants were asked to finish some tasks such as choosing for which organization they would work. Organizational information and evaluation tasks are shown on the same page so that participants do not need to memorize the information about leaders’ race/ethnicity.

Figure 13. An Exemplary Pair of Nonprofits Shown in A Choice Set

You have received job offers from Organization E and Organization F. Assume that Organization E and Organization F are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization E	Organization F
The organization has a CEO who is identified as a non-Hispanic white.	The organization has a CEO who is identified as a person of color.
The majority of board members (more than 70%) are non-Hispanic white.	The majority of board members (more than 70%) are non-Hispanic white.

Empirical Model

The following equations show the generic formats of the empirical models that were estimated.

$$Y = \beta_0 + \beta_1 * ED + \beta_2 * Board + \varepsilon$$

The dependent variables come from three survey items representing a participant’s perceptions and job choices. First, I asked, “*If you had to choose, which nonprofit organization would you prefer to work for?*” Participants need to evaluate six pairs of organizations. In each pair, the organization that had been chosen was coded as 1, and the other organization that had not been chosen was coded as 0.

The other two dependent variables come from a matrix survey question, “*Please use 1-5 to rate the two organizations regarding the following aspects. (A higher score indicates a higher level of agreement).*” My analysis focuses on two items: “*the organization will value different perspectives and experiences*” and “*the organization’s commitment to promoting racial/ethnic diversity seems authentic.*” I recoded the responses as binary variables. That is, if the organization got a score of 4 or higher, I recoded it as 1; and if the organization got a score of 3 or lower, I recoded it as 0.

The independent variables are the EDs’ race/ethnicity and the racial/ethnic composition of the boards. Both independent variables are binary variables. For EDs, White is coded as 0 and POC is coded as 1. Similarly, White-dominated boards are coded as 0 and POC-dominated boards are coded as 1 (also see above Table 17).

Results

I estimated the results using a conditional logistic model, which is the commonly used analytical method for data from discrete choice experiments (Lancsar et al., 2017; McFadden, 1973). Because each participant evaluated six pairs of organizations, I report robust standard errors clustered by individuals.

Table 20 shows the results with job decisions as the dependent variable. Model 1 is based on the entire sample and Models 2-5 are based on different subsamples. Model 1 suggests that job seekers, in general, are less likely to work for POC-led nonprofits if given an alternative, White-led nonprofit, though the coefficient for the board is not statistically significant. The subsample analyses based on the participants’ race/ethnicity and their working experience in the nonprofit sector show more nuanced stories. The estimations for the sample with only participants of color (Model 2) suggest that job seekers of color are more likely to choose

nonprofits with POC-dominated boards, but this result is not statistically significant. Model 3 is based on answers from White participants and suggests that White job seekers are less likely to choose to work for nonprofits with an ED of color or a POC-dominated board. Whites are more likely to work for nonprofits with homogenously White leadership.

Because I assume that the current difficulties experienced by POC-led nonprofits may play a role in people's aversion to working for them, I further divide the sample into job seekers with nonprofit working experience (Model 4) and those without nonprofit working experience (Model 5)¹². The first two columns in Model 4 and Model 5 display answers based on White participants, and the last two columns in each model display answers based on POC. Model 4 suggests that the previously mentioned negative effect of having a POC leadership holds for those with nonprofit working experience. The coefficients are larger in absolute value than the ones in Model 2 and Model 3, indicating a larger negative effect among those participants with nonprofit working experience.

In Model 5, White participants without nonprofit working experience are indifferent to leadership racial composition, whereas POC without nonprofit working experience are more likely to choose to work for POC-led nonprofits over White-led counterparts, which provides some support for the symbolic representation effect. Comparison between Model 4 and Model 5 suggests that the negative effect of being led by POC is more pronounced among those with experience working in the nonprofit sector than those without. This suggests that those well-versed in nonprofit contexts might be more aware of the dire situations faced by POC-led

¹² This distinction is based on a survey question, "How many years have you been working in the nonprofit sector?"

organizations, leading them to choose not to work for those organizations when provided with a White-led alternative.

Table 20. Conditional Logistic Estimations of Job Choices

	Model 1 (Whole Sample)			Model 2 (POC Participants)			Model 3 (White Participants)	
	Coef.	SE		Coef.	SE		Coef.	SE
ED_POC	-0.24	(0.08)	***	-0.01	(0.15)		-0.35	(0.10) ***
Board_POC	-0.11	(0.10)		0.26	(0.17)		-0.27	(0.12) **
N	2,488			758			1,730	
Pseudo R2	0.0085			0.0078			0.0234	

* p<.10; **p<.05; ***p<.01. Clustered standard errors are in parentheses.

	Model 4 (With NPO Working Experience)					Model 5 (Without NPO Working Experience)			
	Coef.	SE		Coef.	SE		Coef.	SE	
ED_POC	-0.40	(0.10)	***	-0.33	(0.16)	**	-0.02	(0.14)	0.70 (0.36) **
Board_POC	-0.31	(0.12)	**	-0.13	(0.20)		0.17	(0.17)	1.14 (0.36) ***
Subsample	White			POC			White		POC
N	1,480			496			1,008		262
Pseudo R2	0.0295			0.0148			0.0034		0.1715

* p<.10; **p<.05; ***p<.01. Clustered standard errors are in parentheses.

Table 21 shows two models that estimate the effect of POC leadership on potential job seekers' attitudes toward organizations. Model 1 is for the dependent variable "valuing different perspectives" and Model 2 is for the dependent variable "having an authentic commitment to promoting racial/ethnic diversity." The second column in each model shows the results with an interaction term between the two independent variables. In general, the positive coefficients demonstrate that people are more likely to believe that POC-led nonprofits—whether that leadership is an ED of color or a POC-dominated board—would value different perspectives and experiences in their organization. The coefficient of the interaction term suggests that the

positive effect shrinks when a nonprofit is led by both an ED of color and a POC-dominated board. That is, the most positive views are given to nonprofits with racially/ethnically diverse leadership instead of White-dominated or POC-dominated leadership. Similar patterns hold for participants' belief in whether an organization's commitment to promoting racial/ethnic diversity is authentic (Model 2).

Table 21. Conditional Logistic Estimations of Attitudes

	Model 1 DV: Valuing different perspectives & experiences		Model 2 DV: Authentic commitment to racial/ethnic diversity	
	Coef.	Coef.	Coef.	Coef.
ED_POC	0.45 *** (0.15)	0.96 *** (0.21)	0.28 * (0.14)	0.55 *** (0.19)
Board_POC	0.34 * (0.18)	1.03 *** (0.29)	0.50 ** (0.17)	0.91 *** (0.26)
ED_POC * Board_POC		-1.01 *** (0.30)		-0.60 ** (0.28)
N	570	570	678	678
Pseudo R2	0.0444	0.0674	0.0417	0.0498

* p<.10; **p<.05; ***p<.01. Clustered standard errors are in parentheses.

Summary of Findings. Previous studies and the organizational survey introduced in Chapter 3 found that POC-led nonprofits are more likely to have a racially/ethnically diverse workforce than comparable, White-led nonprofits (De Vita et al., 2009; Faulk et al., 2021). Though some consensus has been achieved about the existence of this relationship, we know little about the potential cause of this phenomenon. For example, whether it is caused by the proactive choices of POC, meaning that POC may be more likely to choose to work for POC-led

nonprofits; or if it could be related to the discrimination against POC in the job market or the interview process among White-led nonprofits.

I used an online survey experiment to investigate one possible explanation for this phenomenon; that is, whether the leaders' race/ethnicity could have a symbolic effect that will affect job seekers' decisions. The findings show that, regardless of their own race/ethnicity, people view POC-led nonprofits as more acceptable to different perspectives and more committed to racial diversity; however, they would avoid these nonprofits when it comes to job decisions if a White-led alternative is available. Subsample analyses based on participants' race/ethnicity and previous working experience in the nonprofit sector showed more nuanced stories. The negative effect of POC leadership is larger on participants with previous nonprofit working experience, indicating the potential effect of hardships experienced by POC-led nonprofits. The symbolic presentation effect was found among POC without previous nonprofit working experience as they are more likely to choose to work for POC-led nonprofits.

CHAPTER 5. DISCUSSION AND CONCLUSIONS

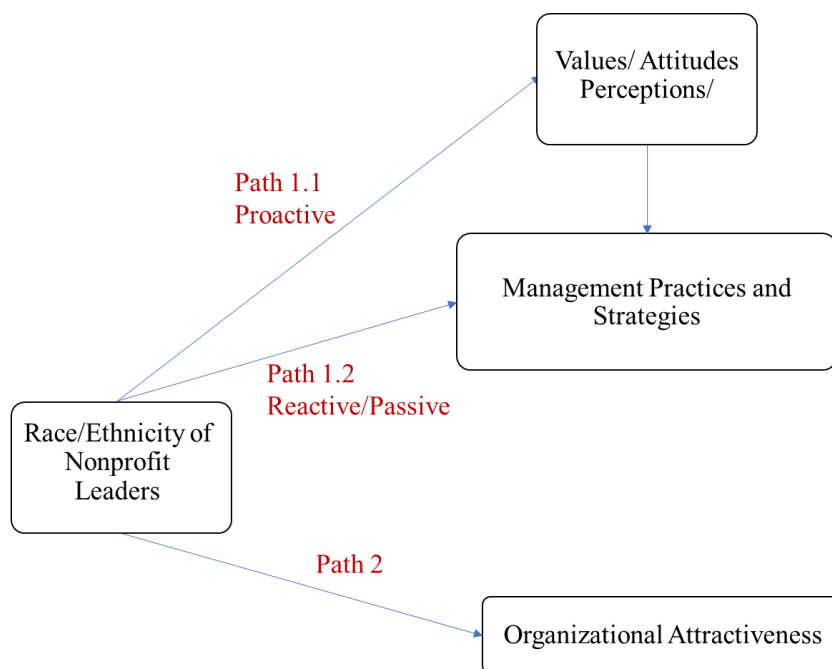
This dissertation examines the impact of nonprofit leaders' race/ethnicity on organizational strategies and attractiveness. The topic has gained growing attention for its significance because of the prevalence of the nonprofit racial/ethnic leadership gap and the demographic shift in US society. Based on upper echelon theory, representative bureaucracy theory, and theory of networks, I constructed an integrated framework to guide my empirical tests (Figure 14). With this framework, I expect that leaders' race/ethnicity relates to organizational practices and outcomes through two paths. The first path is through their choices among different management strategies and practices. The choices could be a result of their proactive decisions based on different understandings and perceptions (Path 1.1); different choices could also be passive or reactive due to environmental limitations, such as network constraints and structural barriers (Path 1.2). In this study, I focused on three aspects of management practices: financing, diversity management, and collaboration. By connecting original online survey data with IRS 990 tax data and US Census Bureau data, I found that leaders' race/ethnicity is related to their attitudes toward diversity and collaboration; however, differences in organizational practices still exist after controlling for attitude variables, indicating the influence of both Path 1.1 and Path 1.2.

The second path is through leaders' symbolic effect on organizational constituents. The constituents could cover a broad range of stakeholders, such as the population served, employees, and prospective donors. The symbolic effect focuses on the attitudes or behaviors of the constituents without substantial changes in organizational actions. In this study, I empirically test the impact of leaders' racial composition on employees' job decisions. The data is from an online survey experiment. Findings show that while people (regardless of race/ethnicity) rate

POC-led nonprofits higher on valuing different perspectives and commitment to diversity, they would eschew these organizations when deciding where to work. The results also demonstrate the possible moderators (e.g., working experience) for the connections between racial/ethnic identity and job decisions.

This chapter discusses the findings of this study and corresponding implications for both nonprofit scholars and practitioners. It also covers the limitations and suggestions for future research.

Figure 14. Theoretical Framework for Empirical Tests



Organizational Management Practices

Chapter 3 shows results based on a web survey of human service nonprofits (HSOs) in Georgia. I found that POC have a better representation as both ED and board members among HSOs in Georgia. In particular, they account for 38% of nonprofit executives. About 25% of

organizations have a POC-majority board, which includes 17% with a POC-dominated board (i.e., more than 70%) and 9% with a board where POC account for 51%-70%. This racial/ethnic representation is better than the national average and the cause is beyond the scope of the study. It could be a valuable case for future comparative studies or for exploring ways to promote leadership diversity among nonprofit organizations. The findings also demonstrate the diversity in the nonprofit sector and bring some uplifting news for the ongoing discussion on the nonprofit racial/ethnic leadership gap. The underrepresentation of POC among nonprofit leaders is obvious based on national data (BoardSource, 2017; Faulk et al., 2021). However, the aggregated data may hide the variations across subsectors or areas. Some subsectors or geographic areas may be better than the national average due to intentional efforts to increase leadership diversity or environmental factors such as a racially/ethnically more diverse workforce or clients.

That said, the finding of extra resource challenges reminds us that reaching the top position is only a starting point. Institutional support is still needed for the continuous success of leaders of color and their organizations. When talking about increasing the racial diversity and representation of nonprofit leaders, at least two steps need to be accomplished: increasing passive representation by having more leaders of color, as well as changing the institutional structure and constructing a supportive environment for leaders of color and POC-led organizations. The larger share of leaders of color among HSOs in Georgia probably demonstrates the progress in the first step while the challenges they face call for continuous support by changing institutional structure.

Based on regression analysis, I found that racial diversity of the leadership is related to management practices on financing, diversity management, and collaboration. For financing practices and diversity management, the interaction between the ED's race and the racial

composition of the board was identified. The following sections provide a detailed discussion of each aspect.

Financing Practices

The findings suggest that, in general, having an ED of color or a POC-dominated board is related to more challenges in resource development. However, no “double disadvantage” has been found for organizations with both an ED of color and a POC-dominated board. On the contrary, these organizations reported fewer challenges than those with a White ED but a POC-dominated board or an ED of color but a White-dominated board. The disadvantage associated with leaders of color supports existing evidence of racial discrimination in the funding market (Dorsey et al., 2020; Krunreuther & Thomas-Breiftfeld, 2020), while the difficulty identified for the incongruence between EDs’ race/ethnicity and the racial/ethnic majority of the board may relate to the costs and tensions in cross-group coordination, communications, and power dynamics.

Nonprofit boards are supposed to play an important role in resource development. Other than donating to the organizations on their own, they are supposed to play an active role in donor identification, cultivation, and solicitation (Brown, 2022; Worth, 2018). Having fewer White members on board may mean less access to resources due to the discrimination and structural racism against POC (Kim & Li, 2022). Given the significant role of board members in resource advancement, having a White ED alone cannot alleviate the disadvantage. In addition, the racial incongruence between ED and the board’s majority may increase the costs in the process of communications and coordination or even lead to severe conflicts as documented by anecdotal evidence (McCambridge, 2018). The fractions, tensions, or misunderstandings could bring more

challenges to the interdependence between the ED and the board in leading and governing nonprofits in financing and resource development.

The findings provide important implications for nonprofit leaders and funders who want to change the current White-dominated leadership. Assigning an ED of color or more POC on board may be an easy strategy to increase racial representation and diversity in the organization. However, without strategic planning and continuous support, if the change leads to racial incongruence between ED and the majority on board, the costs may outweigh the gains by increasing tensions or problems in organization leadership and governance.

Over time, challenges in resource development could transfer into financial vulnerability and even organizational demise. However, this may not be the case in the short term and we cannot link the above findings directly to limited funding or a worse financial situation. For example, findings show that the resourcing challenge is not related to the share of the revenue from donations, but it is related to a more diversified revenue structure and a higher share of the revenue from the government. This could be related to the fact that experiencing more challenges does not necessarily mean that the organizations obtained less revenue or assets. For example, if an organization only draws a small share of income from individual donations or if an organization does not have governmental funding at all, the organization may also report these revenue sources as “not a challenge” because they did not invest much effort or paid attention to these sources that are unimportant to them. In other words, some of the reported challenges may be related to a revenue source’s significance to the organizations, and increased familiarity with the financing process may lead to the identification of more challenges and problems. To enhance the understanding, future studies could further link the funding challenges to the financial performance of organizations.

Diversity Management

The findings show that having a racially/ethnically diverse board (i.e., 30%-50% POC) is related to more diversity management practices while having a POC-dominated board (i.e., more than 70% POC) is related to fewer diversity management practices. The unexpected negative association between POC board leadership and diversity management practices may be related to the limited organizational capacity of POC-led nonprofits. Compared to other organizational management practices such as financial management or grant management, diversity management may not be ranked high on the list of nonprofit leaders. When competing for resources, support, and attention with other organizational practices and policies, diversity management may easily fall out of the agenda of the organization. Thus, many smaller nonprofits with limited administrative capacity and resources may not have the ability to implement those practices such as providing training or mentoring programs. Given the fact that POC-led nonprofits are more likely to be those nonprofits who are still struggling for survival, they may not have the luxury to focus on improving management practices such as diversity policies. On the other hand, this association may also relate to the insufficient understanding of the significance of diversity and the unauthentic investment in relevant practices. That is, nonprofits may establish diversity-related policies for some instrumental reasons such as organizational image, peer pressure, or stakeholders' requirements, without a comprehensive understanding of its value. If that is the case, nonprofits with POC-dominated boards may not need these symbolic gestures as much as nonprofits with homogenously White leaders, as their board composition could be used as a way to frame their organizations' representativeness or commitment to increasing leadership diversity. Compared to them, a nonprofit with a White ED and White-

dominated board may face more pressure due to their homogenous leadership and are more likely to implement diversity management practices to demonstrate their efforts in DEI issues.

Compared to nonprofits with a POC-dominated board, those with a racially/ethnically diverse board (i.e., 30%-50% POC) may also value diversity management practices more because their board composition is more diverse. It is well-documented that the efficacy of a diverse team is contingent upon how the diversity is managed (Hur, 2013; Riccucci, 2021). These board members may experience the values of diversity management practices firsthand during their governance process; therefore, providing extra leadership commitment to promoting relevant organizational policies, which is important for the implementation of diversity management practices (Riccucci, 2021).

The findings that EDs' perceptions of diversity vary based on the racial/ethnic composition of the board also point out the importance of organizational context and atmosphere in shaping individuals' perceptions and behaviors. For example, studies suggested that it is not micro-level racism but institutional practices that shape the behaviors of both White and minority police officers (Epp et al., 2017; Menifield et al., 2019; Wilkins & Williams, 2008). EDs of color's perceptions of diversity may be related to the "socialization" or learning that happened in their organization. For example, positive interaction with a POC-dominated board may make the White ED value diversity more.

Inter-Organizational Collaboration

The study found that nonprofits with boards where POC account for 30-50% are expected to have more collaborators than the other three groups (i.e., those with less than 30% POC, 51-70% POC, and more than 70% POC). It is not clear what is the cause for the activeness in collaboration among this 30-50% category. Possible reasons could be that this type of board

provides the best plan for nonprofits to take advantage of the social connections of both White and minority board members. In other words, these nonprofits could better connect to communities of color without significantly losing contact with the White networks. However, the reverse of the causation could also be true. That is, nonprofits who are active in collaboration are more likely to have a diverse board composition of around 30-50% POC. For example, board diversity may be used as a rule for collaboration formation. And the threshold has usually been set as 30-50%. Either way, the finding provides some insights for nonprofit organizations. To initiate or expand collaborators, constructing and maintaining a racially/ethnically diverse board where POC account for around 30%-50% may be a good strategy.

Though existing evidence suggested the difficulties POC-led nonprofits experience in connecting with mainstream, White-led nonprofits or foundations (Krunreuther & Thomas-Breitfeld, 2020), this study shows that the hardship did not directly transfer to negative attitudes toward collaboration or inactivity in collaboration. On the contrary, the findings show that POC-led nonprofits are active participants in collaboration. Considering the benefits of inter-organizational collaboration, these POC-led nonprofits may use it as a strategy to leverage resources and overcome challenges they face in other aspects such as resource development. Additional research is needed to establish this causation.

The findings show that leaders' perceptions of collaboration are related to both their gender and race. In particular, minority men value collaboration the most while White men value collaboration the least. The attitudes of White men may be related to their privilege in the nonprofit sector and society in general. Though collaboration is supposed to benefit participating organizations in aspects such as leveraging resources and increasing visibility, it comes with potential costs such as time commitment and compromise with others. For nonprofits led by

White males, they may easily obtain the needed resources on their own so the marginal gains from collaboration may not be as large as for smaller nonprofits that need the support from others. However, based on this logic, it may easily be speculated that nonprofits led by minority males face the most challenges as they value collaboration the most, which may sound counterintuitive given the usual belief in the “dual disadvantage” that comes with minority women. The question cannot be addressed here but it may relate to the uniqueness of the nonprofit sector. On the one hand, female workers are the majority of nonprofit workers and existing evidence shows that women comprise around 60% of nonprofit CEOs (Faulk et al., 2021; Hirsch et al., 2018). BoardSource (2017) suggests that the gender makeup of nonprofit boards has almost achieved complete gender equality. On the other hand, issues such as gender pay inequity and discrimination in career promotion still apply to female workers in nonprofits (Lee & Lee, 2021; Zhao, 2020). Intersectionality is an analytical framework to examine the intersecting of different identities such as gender and race. Though not the focus of this study, intersectionality provides a crucial theoretical framework for future research on how different identities such as race and gender affect the formation of people’s views and actions (Bearfield, 2009; Crenshaw, 1989; Hamidullah & Riccucci, 2017).

Symbolic Effect on Job Seekers

In Chapter 4, I used an experimental method to test if nonprofit leaders’ racial/ethnic composition affects job seekers’ attitudes and decisions. I found that job seekers do not choose POC-led nonprofits over White-led nonprofits even though they view POC-led nonprofits as being more committed to diverse values. I also found differences based on job seekers’ race—job seekers of color are indifferent to the racial/ethnic composition of leaders, while Whites seem to be less attracted to POC-led nonprofits. The aversion toward POC-led nonprofits also broadly

exists among participants with nonprofit working experience regardless of their race/ethnicity. However, POC with no nonprofit working experience prefer nonprofits with racially/ethnically diverse leadership. The results provide some support for both the positive and negative influence that POC leadership has on recruiting talents.

A growing number of studies argued that the nonprofit sector needs to expand POC representation among leadership. Such diversity can positively influence organizational performance across various areas, including employees' job satisfaction, sense of mission, and community connectedness (Pitts, 2005; Bernstein & Bilimoria, 2013; Weisinger et al., 2016). Moreover, it is crucial for equitable service provision as nonprofits play an increasingly important role in public service delivery and advocacy (Cheng et al., 2022; Smith & Lipsky, 1995; Vu et al., 2017). Based on such backdrops, the findings have several implications for the nonprofit sector in both theory and practice. First, this study provides one of the first attempts to examine the effect of symbolic representation in the nonprofit context, particularly through the "leader-employee" relationship rather than the "bureaucrats-clients" dyads discussed in the public administration context. The findings demonstrate the nuances regarding the impact of symbolic representation. That is, the influence on constituents' attitudes may not directly link to changes in actions. As shown from the study, POC representation has a direct effect on attitudes but job seekers' actions may be moderated by some other factors. In addition, as the government increasingly relies on nonprofit organizations in service provisions, nonprofits' representativeness could also affect equitable service access. Thus, the theoretical development and empirical investigation of representative bureaucracy should also pay attention to the nonprofit context. Second, the experimental results help explain why POC-led nonprofits tend to have more employees of color, which has been documented in previous studies. The findings

suggest that such association is not necessarily because job seekers of color choose POC-led nonprofits over comparable White-led nonprofits, even though they view POC-led nonprofits as being more authentically committed to racial/ethnic diversity and diverse perspectives. This association could be partly due to White jobseekers self-eliminating from POC-led nonprofits. Future research should further explore how POC-led nonprofits can address the concerns embraced by potential job seekers, especially those favoring POC leadership but discouraged by worries of organizational stability or barriers to entry. Future research should also explore if there were other systemic barriers that bring employees of color to POC-led nonprofits when they may otherwise choose comparable White-led organizations, particularly given the findings in previous studies on racial discrimination in the hiring process. Third, the disadvantage in recruiting the best talent in the candidate pool could exacerbate the racial/ethnic leadership gap in the nonprofit sector and lead to additional barriers to increasing nonprofit workforce diversity in general.

Limitations and Future Research

Due to some limitations, the results should be taken with caution. First, the organizational data is based on the human service subsector in Georgia, which may constrain the generalizability of the results. Compared to the national average of 59%, Non-Hispanic Whites account for only 51% of the population in Georgia and the share is even much lower for major cities such as Atlanta (39%) and Savannah (37%) where the nonprofits are concentrated (Census, 2023). This racial/ethnic composition of the community may increase the share of leaders of color and help reduce some of the structural barriers POC-led nonprofits could have experienced if located in a White-dominated area. For example, the results may differ from areas with homogenously White populations. In addition, nonprofit subsectors usually are associated with

different features. For example, the human service subsector differs from the environment or culture & art subsectors in aspects such as revenue composition, level of professionalization, and population served (Chang et al., 2018). Leaders' race/ethnicity may play a different role in service contexts other than human service areas.

Even with human service nonprofits in Georgia, the data may not fully capture small nonprofits. The sample draws from nonprofits who filed the tax Form 990 or 990EZ in 2017. Smaller nonprofits with gross receipts less than \$200,000 or total assets less than \$500,000 in one fiscal year are not required to file the forms and are not included in the data. In addition, nonprofits without email contact information available online were not contacted. As mentioned in Chapter 3, the raw survey data contains fewer smaller and younger nonprofits than the population. Though I tried to improve the situation by applying post-stratification weighting in my analysis, the method is not perfect in addressing the issue.

Second, both the organizational survey and the survey experiment rely on self-reported data which may not accurately reflect the real situation. For example, the organizational surveys were answered by organizational leaders and their answers to questions such as challenges in resource development or inter-organizational collaboration may contain some subjective judgments. Regarding the experimental study, the respondents were directed to think about a hypothetical scenario and make their decisions accordingly. Their behaviors in real life may differ from their choices in this experimental setting.

Third, the results may reflect the impact of the COVID-19 pandemic and the racial reckoning in the spring and summer of 2020. For example, these social events may affect the information collected on organizational finance. On the one hand, many human service nonprofits have experienced severe challenges such as a decline in revenue and suspension of

operation (Candid, 2021; Faulk et al., 2021; Kim & Mason, 2020). On the other hand, the nonprofit sector also received special assistance from institutional funders. Relevant supports include special COVID-19 relief funds or releasing restrictions on existing funds. These supports are temporary but may affect organizations' revenue structure. Thus, the organizational survey questions on revenue composition and resource challenges may be unique and cannot represent situations in normal times. Social events may also affect information on diversity. The organizational survey was implemented in the fall of 2021 and the survey experiment was implemented in the spring of 2022. Answers to questions related to diversity and equity issues may reflect the social trends of increasing emphasis on DEI issues in both organizational management and interpersonal interactions. Social desirability bias may exist in the answers. For example, the similar attitudes toward diversity found in this study may be associated with the increasing discussion on the issue in society.

Fourth, given the multifaceted features of some of the concepts, the results may not capture the entire story. Even though I tried to measure inter-organizational collaboration from different aspects such as the number of collaborators, the type of collaborators, and the scope of collaborative activities, there are still some missing pieces such as collaboration with corporate partners and specific features of the collaborators. For example, the findings cannot demonstrate if POC-led nonprofits have joined the White-dominated network in collaboration or if they are still constrained by existing segregation and only collaborated with other POC-led nonprofits.

Future Directions

Based on the findings and limitations of this study, future research could continue to examine the impact of the leaders' race/ethnicity from the following aspects.

This study treats POC as a shared identity for two reasons. First, it tests the role of this shared identity in the context of nonprofit management. Second, given the underrepresentation of leaders of color, classification based on the specific racial/ethnic group makes it harder to achieve comparable-sized nonprofits for analysis. However, POC is not a homogenous group¹³. With the ongoing efforts in leadership diversity and the stepping up of more leaders of color, future research should investigate the more fine-grained impact among different minority groups. For example, among POC, Blacks and Latinos may hold different attitudes toward an Asian-led nonprofit. Native American leaders may face different structural barriers than Black leaders.

In addition, it is also important to examine the interactions among different social identities. Besides race/ethnicity, other demographic features such as gender, professional training, and immigrant experience may also affect an individual's decision-making. For example, in Chapter 3, I found that race interacts with gender in affecting leaders' perceptions of collaboration. The intersectionality between gender and race has been well-documented in existing studies (Branche & Ford, 2022; Crenshaw, 1989; Heckler, 2019; Rosette et al., 2018). Because this study focuses on the comparison between POC-led and White-led nonprofits, it did not dig deep into this aspect. Future studies on the intersectional effect between race and other identities could provide a more comprehensive picture. Data on nonprofit diversity has drawn more attention recently. Institutions such as Candid, Urban Institutes, and BoardSource have put efforts into collecting data on the demographic characteristics of nonprofit leaders, which provides good opportunities for future research.

¹³ As shown in Appendix F, for EDs' race/ethnicity, if changing the binary variable to a categorical variable of three racial/ethnic groups, the general findings hold but there are some nuances between Black EDs and EDs from other racial groups.

As shown in the theoretical framework, this study compares POC-led nonprofits with White-led nonprofits with a focus on organizational management practices or employees' job decisions. Though the differences are expected to further extend to organizational performance or program outcomes, I did not cover those aspects in this dissertation. For future study, it is important to integrate these aspects so that a clear path can be drawn on the dynamic links among POC leadership, organizational strategies, and organizational outcomes.

Another avenue for future research is to implement field experiments for studies on the interaction between nonprofit managers and employees. For example, students from public affairs schools would be good candidates for these types of research. Collaboration with nonprofit organizations or professional associations such as the Association for Fundraising Professionals (AFP) and Nonprofit Leadership Alliance (NLA) will also help better simulate the real experience.

APPENDIX A. SURVEY SAMPLE SELECTION

When constructing the survey sample, I removed the following organizations that do not provide direct service for the public or do not serve the US population:

- Nonprofits that have been deemed “out of scope for US nonprofit sector analysis” (e.g., “being a foreign-based entity filing with the IRS, or organizations operating in US Territories or overseas”) (McKeever, 2018, p.4).
- Organizations that do not provide service directly to the general public
 - a) NTEE codes fall into the following categories.
 - 01 Alliance/Advocacy Organizations
 - 02 Management and Technical Assistance
 - 03 Professional Societies/Associations
 - 05 Research Institutes and/or Public Policy Analysis
 - 11 Monetary Support - Single Organization
 - 12 Monetary Support - Multiple Organizations
 - 19 Nonmonetary Support Not Elsewhere Classified (NEC.)
 - b) 509a3 supporting organizations
 - ♦ Supporting Organization 509(a)(3) for benefit and in conjunction with organization(s) coded 10-16
 - ♦ Supporting Organization 509(a)(3) Type I
 - ♦ Supporting Organization 509(a)(3) Type II
 - c) Mutual benefit public charity and supporting public charity
 - d) Church

APPENDIX B. SURVEY INVITATION MESSAGE

-----Initial Survey Invitation Sent Via E-Mail-----

Dear {INSERT DIRECTOR NAME HERE} (OR Dear Director of [Organization Name]),

We are researchers at Georgia State University. We would like to invite you to a survey that intends to understand human service nonprofits' practices in diversity management and inter-organizational collaboration.

You are invited to participate on behalf of {INSERT ORG NAME HERE}

The survey will only take about **15 minutes or less** to complete. **If you do not hold the position of CEO/Managing Director/Executive Director or equivalent position, please kindly forward this message to the appropriate person.*

As a token of our appreciation for your time, we will provide all participants who have completed the survey 1) a report of the survey results; 2) a \$10 Amazon e-gift card (*Under the U.S. federal tax law, you may have individual responsibilities for disclosing the dollar value of the incentive received on this study.*)

Your participation is entirely voluntary, and you may skip any questions that you do not want to answer. All of your answers will be kept confidential and used for research purposes only. Study results will be published only in aggregate or summary form, and no individual organization's information will be shared or identified.

If you would like to participate, please use the link below to begin the survey. (If needing to leave in the middle of the survey, you can always come back and resume with these links.)

Begin the survey here [Embedded link]

Or copy and paste the URL below into your Internet browser: [Insert the URL]

Thank you in advance for your participation. Please do not hesitate to contact us if you have any questions or need any additional information.

Sincerely,

Bo Li, PhD Candidate

Andrew Young School of Policy Studies

Georgia State University

Follow the link to opt out of future emails: xxxxxxxx

[Follow-up Email #1] to be sent to non-respondents (after 7 and 14 days)

Dear {INSERT DIRECTOR NAME HERE}, (OR Dear Director of [Organization Name]),

About a week (two weeks) ago, we sent you an email invitation for a survey about human service nonprofit organizations like yours. You are invited to participate in this survey as a leader of your organization, {ORG NAME} and your participation will help provide crucial insights into nonprofit diversity management and collaborative practices. **If you do not hold the position of CEO/Managing Director/Executive Director or equivalent position, please kindly forward this message to the appropriate person.*

We are writing again because of the importance that your response has for helping to ensure accurate results for this study. The survey should take only about **15 minutes or less** of your time to complete. Your answers will be kept confidential and used for research purposes only. Study results will be published only in aggregate or summary form, and no individual organization's information will be shared or identified.

You will get a chance to see how other similar organizations answer the questions through a summary report, and receive a \$10 Amazon e-gift card after completing the survey.

You can begin the survey here [Embedded link]

Or copy and paste the URL below into your internet browser: [Insert the URL]

Thank you in advance for completing the survey. Please do not hesitate to contact us if you have any questions or need any additional information.

Bo Li, PhD Candidate

Andrew Young School of Policy Studies

Georgia State University

Follow the link to opt out of future emails: xxxxxxxx

[Follow-up Email #2] to be sent to non-respondents (after 21 days)

Dear {INSERT DIRECTOR NAME HERE} (OR Dear Director of [Organization Name]),

We are writing you again about our study of human service nonprofits. We hope you may be able to give about **15 minutes** to help us collect important information for the study. **If you do not hold the position of CEO/Managing Director/Executive Director or equivalent position, please kindly forward this message to the appropriate persons.*

The study is drawing to a close, so we wanted to email everyone who has not responded to make sure you had a chance to participate. As a token of our appreciation, we will provide everyone who completed the survey 1) a summary report, and 2) a \$10 Amazon e-gift card.

You can begin the survey here [Embedded Link], or copy and pastes the URL below into your internet browser: [Insert the URL]

Thank you in advance for completing the survey! Please feel free to contact us for any questions about the study.

Bo Li, PhD Candidate

Andrew Young School of Policy Studies

Georgia State University

Follow the link to opt out of future emails: xxxxxxxx

APPENDIX C. SURVEY QUESTIONNAIRE

Nonprofit Human Service Organizations in Georgia

The questionnaire has been programmed into Qualtrics, an online survey software. The exact format may differ from the following display.

Q1 Currently, how many people work in your organization as

[This question is adopted from the Seattle Comprehensive Nonprofit Survey and modified for this survey.]

	Number
Board Members	
Full-time employees (at least 35 hours per week)	
Part-time employees (less than 35 hours per week)	

Q2 What percentage of your organization's stakeholders are people of color?

("People of color" refers to anyone who is **NOT** "non-Hispanic, White." Examples include African Americans, Asian Americans, Pacific Islanders, Native Americans, or Hispanics.)

[This question is adopted from the Grantee Voice Survey 2018 (CEP) and modified for this survey.]

	Less than 30%	30%-50%	51%-70%	More than 70%	Don't Know	Not Applicable
Board members	•	•	•	•	•	•
Full-time employees (at least 35 hours per week)	•	•	•	•	•	•
Part-time employees (less than 35 hours per week)	•	•	•	•	•	•
Clients	•	•	•	•	•	•

Q3 During the most recently completed fiscal year, what percentage of your organization's revenues, on average, came from the following sources?

[This question is adopted from Indiana Nonprofit Survey and modified for this survey.]

Government or public agencies (e.g., grants, fees, sales, appropriations): _____

Donations and gifts (e.g., United Way, foundations, individuals, corporations): _____

Special events (net of expense): _____

Dues/membership fees: _____

Private sale of goods and services (non-government): _____

Other sources (including endowment, interest): _____

Total: _____

Display This Question:

If During the most recently completed fiscal year, what percentage of your organization's revenues,... [Government or public agencies (e.g., grants, fees, sales, appropriations)] != 0

Q4 Among the grants and/or contracts from the **government**, what percentage comes from...

(please consider the situation in the most recently completed fiscal year)

[This question is adopted from the State of the Nonprofit Sector Survey 2018 Survey and modified for this survey.]

	0%	1%- 20%	21%-40%	41%-60%	61%-80%	81%-100%
Federal government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local government (such as city or county agencies)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q5 To what extent do the following resource activities currently **pose a challenge** for your organization in fulfilling its mission or goals?

[This question is adopted from the State of the Nonprofit Sector Survey 2018 Survey and modified for this survey.]

	Not a challenge	A minor challenge	A major challenge	Not applicable
Obtaining funding or other financial resources.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securing government grants or contracts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securing foundation grants or contracts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securing corporate grants or contracts.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Expanding the donor base.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6 Which of the following diversity-related activities has your organization done in **the past 3 years**? (Please select all that apply.)

[This question is adopted from Buse et al. (2016) and 2019 nonprofit diversity practices survey (by Nonprofit HR) and modified for this survey.]

	Yes	No
Incorporate diversity into our core values	<input type="checkbox"/>	<input type="checkbox"/>
Have formal diversity statement	<input type="checkbox"/>	<input type="checkbox"/>
Have an external diversity coach or consultant	<input type="checkbox"/>	<input type="checkbox"/>
Discuss the values and benefits of expanding racial/ethnic diversity	<input type="checkbox"/>	<input type="checkbox"/>
Establish concrete racial/ethnic diversity goals	<input type="checkbox"/>	<input type="checkbox"/>
Modify organizational policies and procedures to be more inclusive	<input type="checkbox"/>	<input type="checkbox"/>
Change HR management practices to realize greater racial/ethnic diversity among the workforce	<input type="checkbox"/>	<input type="checkbox"/>
Conducted race/ethnicity-related training for board members	<input type="checkbox"/>	<input type="checkbox"/>
Conducted race/ethnicity-related training for staff	<input type="checkbox"/>	<input type="checkbox"/>
Set up mentoring programs aimed at the success of employees of color	<input type="checkbox"/>	<input type="checkbox"/>
Encouraged open and honest conversations on race	<input type="checkbox"/>	<input type="checkbox"/>

Display This Question:

If Which of the following diversity-related activities has your organization done in the past 3 year... [Change HR management practices to realize greater racial/ethnic diversity among the workforce] (Recode) = 1

Q7 During the past 3 years, what are the HR management practices your organization changed to realize greater racial/ethnic diversity among the workforce? (Please select all that apply)

[This question is adopted from the 2019 nonprofit diversity practices survey (by Nonprofit HR) and modified for this survey.]

- ☐ Interviewing practices/policies
- ☐ Hiring practices/policies
- ☐ Promotion practices/policies
- ☐ Compensation and benefits practices/policies
- ☐ Performance management practices/policies
- ☐ Others _____

Q8 Is **diversity** important for your organization regarding...

[This question is adopted from the BoardSource (2017) and modified for this survey.]

	Very important	Important	Somewhat important	Not important	Don't know/no opinion
Understanding external context from a broader perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing creative solutions to new problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Understanding the client populations served	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enhancing the organization's standing with the public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing fundraising or expanding donor networks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Monitoring and strengthening programs and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attracting and retaining top staff talent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q9 To what extent do you agree or disagree with the following statement?

"Having the right person for the job is more important than workforce diversity."

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Q11 In the past 3 years, how many **other nonprofits** have your organization collaborated with?

Collaboration refers to "collective actions to achieve shared goals. It involves sharing each other's resources, conducting activities together that produce joint outcomes, and working on joint projects to provide a set of services to mutual clients."

[This question is modified from Fu & Cooper (2021), Kim (2014)]

- None
- 1-3
- 4-6
- 7-9
- 10 or more than 10

Q12 In the past 3 years, how many **government agencies** have your organization collaborated with?

Collaboration refers to "collective actions to achieve shared goals. It involves sharing each other's resources, conducting activities together that produce joint outcomes, and working on joint projects to provide a set of services to mutual clients."

[This question is modified from Fu & Cooper (2021), Kim (2014)]

- None
- 1-3
- 4-6
- 7-9
- 10 or more than 10

Q11 Please check the activities your organizations have held with other nonprofits or government agencies in the previous 3 years.

[This question is adopted from Snavelly & Tracy (2000), Kim & Mason (2018) and modified for this survey.]

	Other Nonprofits	Government Agencies
Share information about people we serve with other service providers	<input type="checkbox"/>	<input type="checkbox"/>
Refer people to other organizations for service or receive referrals from other organizations.	<input type="checkbox"/>	<input type="checkbox"/>
Work together to evaluate clients' service needs and develop a plan for providing services.	<input type="checkbox"/>	<input type="checkbox"/>
Participate in community-wide efforts to examine community problems and issues.	<input type="checkbox"/>	<input type="checkbox"/>
Participate in community-wide planning activities.	<input type="checkbox"/>	<input type="checkbox"/>
Collaborate in grant writing.	<input type="checkbox"/>	<input type="checkbox"/>
Collaborate in grant implementation.	<input type="checkbox"/>	<input type="checkbox"/>
Participate in community organizing around social issues.	<input type="checkbox"/>	<input type="checkbox"/>
Participate in or promote public education campaign	<input type="checkbox"/>	<input type="checkbox"/>

Q13 Based on the experience in **inter-organizational collaboration**, to what extent do the following types of activities **pose a challenge** for your organization?

[This question is adopted from Chen & Graddy (2010), Indiana Arts & Culture Capacity Assessment (2010), Sessler Bernstein & Bilimoria (2013), Tsasis (2019) and modified for this survey.]

	Not a challenge	Minor challenge	Major challenge	Not applicable
Find partners who shared similar visions with our organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Build trust with other organizations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Being valued by other organizations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Voice ideas during the collaboration.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have the same opportunities as others for leadership positions in the collaboration.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coordinate programs with other organizations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Build up long-term relationships with partner organizations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strengthen relationships with key institutional funders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Have enough staff to manage the collaboration.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintain independence in collaboration.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q14 To what extent do you agree or disagree with the following statements about inter-organizational collaboration?

[This question is adopted from Gazley (2010), Mitchell, O'Leary, and Gerard (2015) , Snavely & Tracy (2000), Zaheer, McEvily, and Perrone (1998) and modified for this survey.]

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Collaborating with other organizations is an effective way to deliver services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaboration can improve the quality of services delivered to people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organization is very active in collaborating with others.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaboration improves the visibility of nonprofit organizations within the community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaboration helps build a strong sense of community.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaborating with other organizations help leverage resources for my organization.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaboration with other organizations costs a significant amount of staff time.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Collaboration costs a significant amount of organizational financial resources.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Collaboration makes it harder for my organization to maintain the independence of our mission.

☐ ☐ ☐ ☐ ☐

Collaboration gives other organization the opportunities to profit at our expense.

☐ ☐ ☐ ☐ ☐

My organization will be better off without collaboration.

☐ ☐ ☐ ☐ ☐

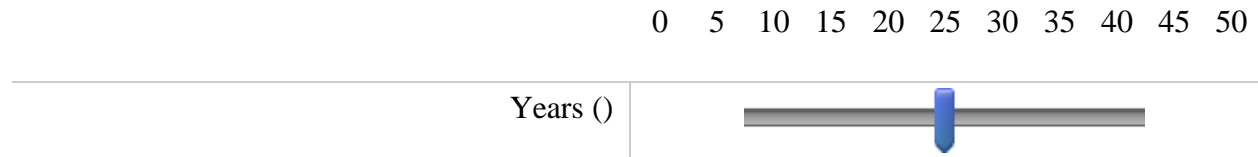
Q16 Which of the following best describes your job title within your organization?

- ☐ Executive Director, CEO or COO
- ☐ President & CEO
- ☐ General Manager
- ☐ President
- ☐ Board Member
- ☐ Director of Operations
- ☐ Senior Staff
- ☐ Other _____

Q17 Are you one of the founding members of your organization?

- ☐ Yes
- ☐ No

Q18 How many years have you been with your organization?



Q19 What is your race/ethnicity? (Select all that apply)

- ☐ Non-Hispanic White
- ☐ Black or African American
- ☐ Hispanic, Latino, or Spanish origin
- ☐ Asian or Pacific Islander
- ☐ American Indian or Alaska Native
- ☐ Other _____

Q20 Are you...

- ☐ Female
- ☐ Male
- ☐ Not Listed _____

Q21 What is your age?

- 18 - 29
- 30 - 39
- 40 - 49
- 50 - 59
- 60 - 69
- 70 or older

Q22 What is the highest level of education you have completed?

- ☐ Less than high school
- ☐ High school
- ☐ Some college
- ☐ Graduated from college
- ☐ Some graduate school
- ☐ Completed graduate school

Q23 Finally, if you have any comments or suggestions for this survey, please feel free to let us know.

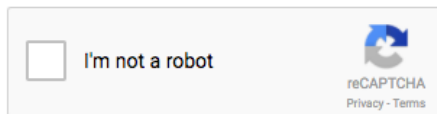
APPENDIX D. SURVEY EXPERIMENT QUESTIONNAIRE

The questionnaire has been programmed into Qualtrics, an online survey software.

Q1.1 Statement of Consent: I've read the information about the project and agree to participate in the survey. I will allow the researchers to use the data collected only for research purposes and all findings may be published in aggregate or summary form to ensure confidentiality of individual data.

- I agree to the statement above. (1)

Q1.2 Before you proceed to the survey, please check the box below.



Q1.3 Introduction: Imagine that you want to find a job in the nonprofit sector. Now you have received job offers from multiple nonprofit organizations and are about to decide which one to work for.

All nonprofit organizations that have offered you a job:

- operate in a metropolitan area.
- are youth development organizations that aim to inspire, educate, and empower youth through various cultural and social activities.
- serve youth of all ages and backgrounds.

On the next few pages, more information about the organization will be provided and you will be asked to evaluate six pairs of organizations based solely on the given information.

Please consider the decisions carefully as if you were making a real choice with your own career situation.

In the following descriptions, the term “**person of color**” (plural: **people of color**) refers to anyone who is **not** considered as "non-Hispanic, White". Examples include African Americans, Asian Americans, Pacific Islanders, Native Americans, or Hispanics.

Q2.1 You have received job offers from Organization A and Organization B. Assume that Organization A and Organization B are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization A	Organization B
The organization has a CEO who is identified as a non-Hispanic white .	The organization has a CEO who is identified as a person of color .
The majority of board members (more than 70%) are non-Hispanic white .	The majority of board members (more than 70%) are people of color .

Q2.2 If you had to choose, which nonprofit organization would you prefer to work for?

- Organization A
- Organization B

Q2.3 On a scale of 1-5, please rate the two organizations separately based on your preference.
(A **larger** number indicates a **higher** level of preference)

	1	2	3	4	5
Organization A	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization B	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q2.4 Please use 1-5 to rate the two organizations regarding the following aspects.
(A **higher** score indicates a **higher** level of agreement)

	Organization A	Organization B
the availability of role model		
the organization will value different perspectives and experience		
the organization's commitment to promoting racial/ethnic diversity seems authentic		

Q3.1 You have received job offers from Organization C and Organization D. Assume that Organization C and Organization D are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization C	Organization D
The organization has a CEO who is identified as a non-Hispanic white .	The organization has a CEO who is identified as a person of color .
The majority of board members (more than 70%) are people of color .	The majority of board members (more than 70%) are non-Hispanic white .

Q3.2 If you had to choose, which nonprofit organization would you prefer to work for?

- Organization C
- Organization D

Q3.3 On a scale of 1-5, please rate the two organizations separately based on your preference.

(A **larger** number indicates a **higher** level of preference)

	1	2	3	4	5
Organization C	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization D	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q3.4 Please use 1-5 to rate the two organizations regarding the following aspects.

(A **higher** score indicates a **higher** level of agreement)

	Organization C	Organization D
the availability of role model		
the organization will value different perspectives and experience		
the organization's commitment to promoting racial/ethnic diversity seems authentic		

Q4.1 You have received job offers from Organization E and Organization F. Assume that Organization E and Organization F are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization E	Organization F
The organization has a CEO who is identified as a non-Hispanic white .	The organization has a CEO who is identified as a person of color .
The majority of board members (more than 70%) are non-Hispanic white .	The majority of board members (more than 70%) are non-Hispanic white .

Q4.2 If you had to choose, which nonprofit organization would you prefer to work for?

- Organization E
- Organization F

Q4.3 On a scale of 1-5, please rate the two organizations separately based on your preference.

(A **larger** number indicates a **higher** level of preference)

	1	2	3	4	5
Organization E	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization F	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q4.4 Please use 1-5 to rate the two organizations regarding the following aspects.

(A **higher** score indicates a **higher** level of agreement)

	Organization E	Organization F
the availability of role model		
the organization will value different perspectives and experience		
the organization's commitment to promoting racial/ethnic diversity seems authentic		

Q4.5 According to the description you read above, can you say that "**Organization F** has a CEO who is a person of color?"

- Yes
- No

Q5.1 You have received job offers from Organization G and Organization H. Assume that Organization G and Organization H are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization G	Organization H
The organization has a CEO who is identified as a non-Hispanic white .	The organization has a CEO who is identified as a person of color .
The majority of board members (more than 70%) are people of color .	The majority of board members (more than 70%) are people of color .

Q5.2 If you had to choose, which nonprofit organization would you prefer to work for?

- Organization G
- Organization H

Q5.3 On a scale of 1-5, please rate the two organizations separately based on your preference.
(A **larger** number indicates a **higher** level of preference)

	1	2	3	4	5
Organization G	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization H	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q5.4 Please use 1-5 to rate the two organizations regarding the following aspects.
(A **higher** score indicates a **higher** level of agreement)

	Organization G	Organization H
the availability of role model		
the organization will value different perspectives and experience		
the organization's commitment to promoting racial/ethnic diversity seems authentic		

Q6.1 You have received job offers from Organization I and Organization J. Assume that Organization I and Organization J are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization I	Organization J
The organization has a CEO who is identified as a non-Hispanic white .	The organization has a CEO who is identified as a non-Hispanic white .
The majority of board members (more than 70%) are non-Hispanic white .	The majority of board members (more than 70%) are people of color .

Q6.2 If you had to choose, which nonprofit organization would you prefer to work for?

- Organization I
- Organization J

Q6.3 On a scale of 1-5, please rate the two organizations separately based on your preference.
(A **larger** number indicates a **higher** level of preference)

	1	2	3	4	5
Organization I	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization J	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q6.4 Please use 1-5 to rate the two organizations regarding the following aspects.
(A **higher** score indicates a **higher** level of agreement)

	Organization I	Organization J
the availability of role model		
the organization will value different perspectives and experience		
the organization's commitment to promoting racial/ethnic diversity seems authentic		

Q7.1 You have received job offers from Organization K and Organization L. Assume that Organization K and Organization L are nearly identical in all regards but differ exclusively based on the characteristics listed as follow:

Organization K	Organization L
The organization has a CEO who is identified as a person of color .	The organization has a CEO who is identified as a person of color .
The majority of board members (more than 70%) are non-Hispanic white .	The majority of board members (more than 70%) are people of color .

Q7.2 If you had to choose, which nonprofit organization would you prefer to work for?

- Organization K
- Organization L

Q7.3 On a scale of 1-5, please rate the two organizations separately based on your preference.
(A **larger** number indicates a **higher** level of preference)

	1	2	3	4	5
Organization K	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organization L	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q7.4 Please use 1-5 to rate the two organizations regarding the following aspects.

(A **higher** score indicates a **higher** level of agreement)

	Organization K	Organization L
the availability of role model		
the organization will value different perspectives and experience		
the organization's commitment to promoting racial/ethnic diversity seems authentic		

Q8.1 Do you agree or disagree with the following statement:

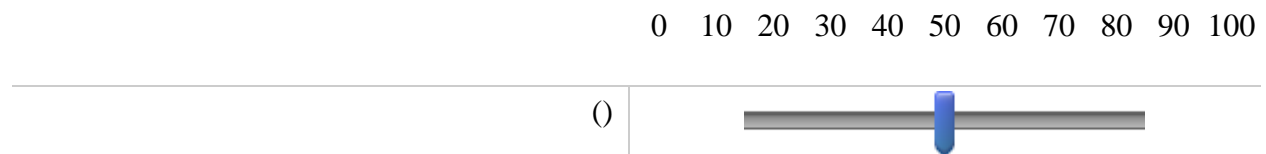
"Before accepting a job, I will consider the racial/ethnic composition of the organization's leadership."

- Yes, I agree with the statement.
- No, I do not agree with the statement.

Q8.2 To what extent do you agree with the following statements:

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
It is important to promote racial/ethnic diversity in the workplace.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A racially/ethnically diverse workforce has a positive impact on organizational performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When looking for a new job, I value organizations with a racially/ethnically diverse leadership.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer to work for organizations that are led predominantly by White leaders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Race/ethnicity is an important social identity for me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q8.3 Please move the slider to 20.



Q8.4 How many years have you been working in the nonprofit sector?

*(Please write 0 if you have **never** worked in the nonprofit sector; please write 1 if your experience is 1 year or less than 1 year.)*

Q9.1 Do you consider yourself to be...(please choose all that apply)

- American Indian or Native American
- Asian or Pacific Islander
- Black or African American
- Hispanic or Latino
- Non-Hispanic White
- Other _____

Q9.2 Are you...

- Female
- Male
- Not Listed _____

Q9.3 What is your age?

- 18 - 29
- 30 - 39
- 40 - 49
- 50 - 59
- 60 - 69
- 70 or older

Q9.4 What is the highest level of education you have completed?

- Less than high school
- High school
- Some college
- Graduated from college
- Some graduate school
- Completed graduate school

Q9.5 What was your total household income in 2021 (before taxes)?

- less than \$25,000
- \$25,000 - \$49,999
- \$50,000 - \$74,999
- \$75,000 - \$99,999
- \$100,000 - \$124,999
- \$125,000 - \$149,999
- \$150,000 or more

Q9.6 In which state do you reside?

APPENDIX E. RACIAL/ETHNIC COMPOSITION OF EMPLOYEES: ORGANIZATIONAL SURVEY RESULTS

I ran multiple regression analyses to further investigate the association between leaders' race/ethnicity and the racial/ethnic composition of employees. There are two dependent variables, one for full-time employees and one for part-time employees. Both variables came from the survey question, "What percentage of your organization's full-time (part-time) employees are people of color?" Respondents can choose from six options: "less than 30%," "30%-50%," "51%-70%," "more than 70%," "Don't know" and "Not Applicable." I recorded "Don't know" and "Not Applicable" as missing values. Based on Table E1, almost half of HSOs in George reported their employees as White-dominated (i.e., more than 70%) and slightly over 25% of organizations have a POC-dominated staff team.

Table E1. Racial/Ethnic Composition of the Workforce (Weighted)

	%	Std. Err.	%	Std. Err.
POC account for				
less than 30%	48.6%	(0.04)	44.7%	(0.04)
30%-50%	14.0%	(0.02)	15.3%	(0.03)
51%-70%	10.9%	(0.02)	12.6%	(0.03)
more than 70%	26.4%	(0.04)	27.5%	(0.04)
N	179		160	

The independent variables are similar to the ones introduced in Chapter 3. The main independent variables are the race/ethnicity of the ED and the racial/ethnic composition of the board. In particular, ED's race/ethnicity is measured by a binary variable with 0 for White and 1 for POC. The racial/ethnic composition of the board is measured by an ordinal-level variable with four categories: "less than 30%," "30%-50%," "51%-70%," and "more than 70%." I have

also included control variables such as total expenses (log-transformed), organizational age, racial/ethnic composition of the county, and nonprofit density.

Table E2 shows the results from ordered logistic models. Model 1 suggests that nonprofits with EDs of color or boards where more than half of members identified as POC are more likely to have POC as full-time employees. Similar relations hold for part-time employees as well (see Model 2).

Table E2. The Relations between Leaders' Race/ethnicity and Employees' Race/ethnicity

	Full-time Employees			Part-time Employees		
	Coefficient (Std. Err)			Coefficient (Std. Err)		
ED male	-0.789	(0.49)		-0.606	(0.49)	
ED POC	1.684	(0.41)	***	1.435	(0.44)	***
Board (ref.: less than 30% are POC)						
30%-50% POC	0.188	(0.41)		0.293	(0.46)	
51-70% POC	2.057	(0.55)	***	1.047	(0.52)	**
more than 70% POC	2.972	(0.87)	***	1.443	(0.72)	**
Ln(total expense)	0.350	(0.12)	***	0.200	(0.08)	**
Organizational age	0.005	(0.01)		-0.018	(0.02)	
<i>Community</i>						
% non-Hispanic White	-0.017	(0.01)		-0.013	(0.01)	
NPO density	0.046	(0.13)		0.190	(0.11)	*
Pseudo R2	0.2635			0.1733		
N	179			160		

* p<.10; **p<.05; ***p<.01. Robust standard errors are in parentheses.

APPENDIX F. SUMMARY OF RESULTS FOR THREE RACE CATEGORIES

Instead of putting all racial/ethnic minority groups into the category “POC”, I created a categorical variable to measure race by three categories: “non-Hispanic White”, “Black”, and “Other.” Table F1 shows that around 28% of HSOs in Georgia have a Black ED and around 11% of the organizations have EDs from “other” racial/ethnic groups.

Table F1. Distribution of ED’s race/ethnicity (N=217, Weighted)

	%	Std. Err.
Non-Hispanic White	61.6%	(0.04)
Black	27.5%	(0.03)
Other	10.9%	(0.02)

Table F2 summarizes the findings from regression analyses using the new variable to measure EDs’ race/ethnicity. With regard to financing practices, nonprofits with EDs from “other” racial groups are expected to rely less on government support. Nonprofits with boards where POC account for 51%-70% are expected to face more resourcing challenges and have a more concentrated revenue than nonprofits with a White-dominated board. Nonprofits with a POC-dominated board are expected to rely less on donations but more on government support.

As for diversity practices, Black EDs value diversity more than White EDs. Nonprofits with EDs from “other” racial groups and that have a racially diverse board (i.e. POC account for 30-50%) are more likely to implement diversity management practices.

Regarding collaboration, Black EDs value collaboration more than White EDs. Nonprofits with EDs from “other” racial groups are expected to have more collaborators identified as nonprofits. Nonprofits with a racially diverse board (i.e. POC account for 30-50%) are expected to have more collaborators identified as government. Nonprofits with Black EDs or

EDs from other racial groups are expected to implement more collaborative activities with other nonprofits but no differences were found for collaboration with government.

Table F2. Summary of Findings: Three Racial Categories of EDs

	Dimension	ED (reference group: White)	Board (reference group: less than 30% POC)
Financing Practices	Challenges in resource development	\	+ 51%-70% POC
	HHI	\	+ 51%-70% POC
	Share of donation	\	- more than 70% POC
	Share of government support	- Other	+ more than 70% POC
Diversity Management	Attitudes toward diversity	+ Black	\
	Diversity management practice	+ Other	+ 30%-50% POC
Inter-Organizational Collaboration	Perception of collaboration	+ Black	+ 51%-70% POC
	Number of collaborator (other nonprofits)	+ Other	\
	Number of collaborator (government)	\	+ 30%-50% POC
	Scope of collaborative activities (other nonprofits)	+ Black & Other	+ 51%-70% POC
	Scope of collaborative activities (government)	\	+ 30%-50% POC

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VITA

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In addition to research, Bo has also served as a course instructor and independently taught courses on nonprofit resource development (graduate- and undergraduate-level) and data analysis (undergraduate-level). She is familiar with various teaching modalities including face-to-face, online, and hybrid formats.

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