Embedding Inclusive, Equitable Diversity Practices in Nonprofit Organizations: Developing Policy to Account for System Dynamics

Abstract: To offer guidance to nonprofit leaders desiring to leverage diversity for inclusion, performance, and equity, we develop a framework for a comprehensive, mission-enhancing policy. The policy fits nonprofit organizations’ distinctive characteristics of shared mission attainment and values focus among members. The framework proceeds from an extensive transdisciplinary review and synthesis of empirical literature. It focuses on lived actions in the form of organizing practices that leaders can institute and sustain. Through a combined lens of practice theory, intergroup contact theory, and systems dynamics, we identify everyday workplace practices that undermine inclusion, performance, and equity. We detail how these anti-inclusive practices produce systemic resistance to current diversity policies by operating in vicious cycles that continually reproduce organizational and social problems. We specify a combination of practices for accountability, inclusive interactions, and personalized socialization that address the anti-inclusive practices and produce virtuous cycles of inclusion among organizational members. Illustrative cases demonstrate how the combination of practices has been effective in producing inclusion and attitude change in nonprofit organizations. To overcome policy resistance, these cases and other evidence suggest nonprofit diversity policy should emphasize inclusive values and mission-attainment rather than legal compliance.

Keywords: diversity; equity; inclusion; inequities; nonprofit
1 Introduction

Failures of racial and gender justice have been, arguably, the most persistent and problematic social issue in the United States since the Union’s formation. Employment inequities are widespread, including in the nonprofit sector (e.g. Suarez 2017). The essential policy issue is: Why have these problems not been better remedied after decades and centuries of efforts? Popular prescriptions for legal compliance favor many organizational actions that, counter-intuitively, research in the for-profit sector shows to be ineffective and even counter-productive for some groups: mandatory diversity/awareness training; job tests for promotion to management; formal performance evaluations; and grievance procedures (Dobbin, Schrage, and Kalev 2015; Kalev, Dobbin, and Kelly 2006). Nonprofit organizations are in a position to do better, providing a model for policies to increase diversity, equity, inclusion and social justice (DEIJ) in society.

We conceptualize that system resistance (Sterman 2002) to common diversity policies accounts for their limitations, with ubiquitous and complex social dynamics undermining well-intentioned efforts. Nonprofit organizations possess distinctive characteristics—namely, shared mission and values focus, combined with resource scarcity—that enable alternative, evidence-based approaches emphasizing inclusion. These characteristics motivate members to interact frequently and collaboratively with each other in their organizations, countering the exclusionary social practices prevalent in society. This advantageous nonprofit reality and the limited and sometimes negative impacts of currently popular policies stimulate our development of an alternative, comprehensive, systems-oriented diversity with inclusion and equity policy for nonprofits based on well-supported findings from decades of empirical research. We focus on organizational practices that enhance performance from diversity as a win-win for nonprofit organizations and under represented groups. Conceptually, these practices evolve from intergroup contact theory (Allport 1954; Pettigrew and Tropp 2006), as refined in our studies of nonprofit governance and voluntary organizations. We proceed from a view that many nonprofits desire to achieve and benefit from diversity better than they have in the past. This desire can be realized by utilizing fully and rewarding the mission-relevant human capital talents of diverse members, resulting in higher mission-attainment and contributing to social justice in society.

Leaving to other literature a more complete specification of shortfalls in achieving inclusion and equity in the nonprofit sector, we note here some shortfalls identified in one of our own research areas, nonprofit governance. The social embeddedness and missions of societal improvement of nonprofit organizations—including not only those in social services but also other fields such as health care,
higher education, and advocacy—mean that organizational success rests on successful interactions with clients and other stakeholders from underrepresented groups. Yet, almost half of CEO’s surveyed in the 2021 Leading with Intent (LWI) report by BoardSource indicated that they do not have the right board members to “establish trust with the communities they serve” (Leading with Intent 2021, p. 29). In an earlier LWI survey (2017) 79% of nonprofit organization CEOs reported dissatisfaction with their board’s racial and ethnic diversity. These CEOs say that expanding the number of people of color serving on their boards would increase their organization’s ability to advance their mission. With 87% of CEOs, 83% of board chairs, and 78% of board members identifying as Caucasian, boards are frequently disconnected from the communities and populations they represent and serve. Without efforts to change these statistics, the organizations are telegraphing that this is acceptable. Both significant numbers of CEOs and board chairs (32% and 53% respectively) report challenges with recruiting new board members in general, causing diversification of the board to be ignored. LWI reports that 60% of boards have defined the diversity they are striving for and have been more successful than those that did not.

However, representation alone is insufficient for diverse members to be effective. Combining diverse representation with inclusion produces boards that perform better than boards that do not (Buse, Bernstein, and Bilimoria 2016). Evidence indicates that nonprofit board members from racial/ethnic minority groups felt more included and equitably treated when the board engaged in inclusive behaviors; being able to voice their “ideas, opinions, and discussing issues of diversity, (they) felt valued and encouraged to be themselves by other board members, and felt they had the same opportunities as others for leadership and officer positions” (Bernstein and Bilimoria 2013, p. 642).

Inclusion and equitable rewarding of diverse members’ talents matters for mission-attainment not only at the board level but also at the operating, workgroup level of organizations. A meta-analytic review of 39 studies covering over 8500 teams reveals that increased diversity results in decrements in team performance equally as often (20% of studies) as increments, and in no significant impacts in the majority of cases (Joshi and Roh 2009). That is, policies centered only on diverse representation, without efforts for inclusion and equity, risk harm as often as benefit. Accordingly, the purpose of this paper is to synthesize evidence-based concepts that yield a comprehensive policy for achieving inclusion, equity, and mission-attainment from diverse representation on boards and in workgroups. The paper focuses on workgroup level and organizational level policies for embedding inclusive, equitable diversity practices into nonprofit organizations. By implementing a comprehensive and practical policy, values-based nonprofits can demonstrate the moral and mission-attainment cases for diversity, modeling for society the joint achieving of organizational performance and social justice.
2 Literature Review: Intergroup Contact, Organizational Practice, and Accountability

The most rigorous research on the effectiveness of various types of diversity, ethnicity, inclusion, and justice (DEIJ) efforts has been in the for-profit sector, with a longitudinal study of data from over 800 corporations, using a dependent variable of progression to managerial status by women and members of under represented racial/ethnic groups (Dobbin, Schrage, and Kalev 2015; Kalev, Dobbin and Kelley 2006). DEIJ approaches commonly employed for legal compliance and designed to reduce managerial bias—such as mandatory diversity training and various fair employment practices—were found to be ineffective and, of great concern, counter-productive for some groups. The research clustered DEIJ efforts into three categories: bias-change efforts were least effective, social support and networking approaches such as mentoring were somewhat effective, especially for women, and accountability programs were most effective. That is, practices that held the organization responsible for its personnel outcomes through actions such as having a diversity committee and staff, and targeted recruiting, produced progression to managerial status. Similarly, a well-designed study of an accountability and transparency intervention in a large corporation with a poor track record on DEIJ demonstrated the positive impact over time of accountability practices centered on a committee of managers monitoring the merit and transparency of personnel decisions (Castilla 2008, 2015).

Since problematic intergroup phenomena that undermine many DEIJ efforts are widespread across society, as we discuss below, the research findings on DEIJ programs in business organizations provide lessons for all sectors. However, nonprofit organizations can transcend these problematic findings by approaching diversity in a different way, maintaining a focus on accountability and transparency, but also leveraging their distinctive characteristics to structure positive, productive interactions within a diverse membership. This structuring can be guided by concepts for intergroup contact and organizational practice.

2.1 Intergroup Contact

Systematic literature reviews, including meta-analytic and qualitative reviews (Hewstone and Swart 2011; Pettigrew and Tropp 2006; Pettigrew et al. 2011; Paluck, Green, and Green 2019) repeatedly find empirical support for intergroup contact theory (Allport 1954). The theory specifies that intergroup contact under particular conditions results in prejudice reduction between groups. Despite over 60 years of
empirical support for the theory, it has been little applied in the field in contemporary diversity initiatives (Paluck and Donald 2009). However, non-diversity organizational initiatives that result in repeated intergroup contact, such as cross-job collaborations pursued for performance improvement, have been found to benefit the advancement of under represented group members to managerial positions (Kalev 2009).

Several issues relevant to organizational policy have emerged from the systematic reviews. The possibility of reverse causality—that attitudes lead to contact—as an explanation for studies’ findings has been tested, resulting in support for causality being from contact to prejudice reduction (Vezzali, Giovannini, and Capozza 2010). Rates of change in attitudes have been found to follow an inverted-U trajectory, with rapid positive change occurring in the first six months among White university students, then slowly declining in the following years (Northcutt Bohmert and DeMaris 2015).

For organizational policy development, the most basic issue involving intergroup contact is whether particular contextual conditions produce greater prejudice reduction from contact. Allport (1954) specified four favorable conditions: equal status among members; pursuit of common goals; intergroup cooperation; and support from authorities, law, or customs. Evidence indicates that even when conditions seemingly do not favor positively experienced contact, prejudice reduction still occurs (Pettigrew and Tropp 2006). However, heavy exposure to negative interactions, such as when asked for money by the homeless, can erode sympathy among a small percentage of individuals even while increased contact of this type leads to more favorable attitudes among most individuals (Lee, Farrell, and Bruce 2004).

The essence of empirical findings on intergroup contact, then, is that contact itself is most important. However, for some groups, contextual conditions affecting the quality of interactions may play an important role. Paluck, Green, and Green’s (2019) review found weaker attitudinal effects when contact involved racial/ethnic differences. A study of college students’ interracial interactions found that the relationship of prejudice reduction with contact frequency was not linear: attitude change did not occur unless the interactions were positive and of high frequency (Bowman 2013). Further, the quality of interactions has been found to be related to prejudice reduction among majority group members but not among minority group members (Vezzali, Giovannini, and Capozza 2010).

With the attitudinal effects of interracial contact being weaker, conditions of interactions may be more consequential in such contact. Also, conditions appear to be more important in organizational settings than in broader social settings, given the effects of diversity on team performance. Joshi and Roh’s (2009) meta-analytic review found effects doubled or tripled after accounting for moderating variables, with “industry and occupational moderators, which have received relatively scant
attention in past research, explaining significant variance in diversity effects” (p. 618). The Categorization-Elaboration Model (van Knippenberg, De Dreu, and Homan 2004) explains such findings, specifying the effects of diversity on group performance to rest on two competing forces: (1) better decision-making through information elaboration resulting from the additional knowledge and perspectives brought by diversity, versus (2) categorization in the form of implicit bias, stereotyping and stigmatizing, resulting in social tensions and lack of integration of workgroup members. Research reviews find that the balance between the two forces depends on the group’s contextual conditions (Guillaume et al. 2017; Stahl and Maznevski 2010; van Knippenberg and Schippers 2007). Our research in nonprofit governance and voluntary organization settings similarly supports the importance of workgroup conditions. Across several studies discussed below, we repeatedly find that six everyday workplace practices—practices that reflect and extend the conditions proposed by Allport (1954)—matter for attitude change from intergroup contact in nonprofit settings.

Similarly, practices for new member socialization—that is, for initial contact—can affect the quality of intergroup interactions. A meta-analytic review finds that structured socialization processes improve performance and retention for newcomers (Bauer et al. 2007). One form of socialization offers particular promise for developing inclusion, even though it has not been specified as a diversity practice. Personal identity socialization identifies differences across individuals that are relevant to mission-attainment, asking newcomers to state their distinctive knowledge and skill for the work task. This socialization practice encourages a focus among all workgroup members on authentic expression of differences that contribute to task performance, with the practice being found to lead to lower turnover and higher performance in terms of client satisfaction (Cable, Gino, and Staats 2013).

2.2 Practice Theory

Everyday social practices are key to understanding disparities that persist in societies and organizations. The fundamental source of limited policy success with diversity is the dynamic interplay of multiple social phenomena that are taken for granted and accepted as normal. A set of everyday, accepted social practices, what people do together habitually (Reckwitz 2002), reproduce a social order dysfunctional for social justice (Lyons 1980; Ray 2019). That is, an inequitable social order is continually reproduced through the interaction of social structures and human agency (Giddens 1984) that shape habitual behavior. For instance, disparities in promotions are reproduced when decision-makers automatically accept the recommendation of a supervisor to promote a White man, but fully debate and
critique the cases of promotion candidates from under-represented groups (Janssens and Steyaert 2019). Common diversity efforts, such as one-time, mandatory diversity training and formal performance appraisals, fail to change these everyday practices of managers making final personnel decisions (Castilla 2008; Castilla and Stephen 2010).

The practice perspective helps us identify such subtle but commonly repeated actions that discriminate and produce inequities (Janssens and Steyaert 2019). By conceptualizing practices as foundations for an organization’s dynamic capabilities (Wenzel, Danner-Schröder, and Spee 2021), the practice perspective helps us understand issues of reproduction and change. When leaders attempt to institute change, the human agency of those at lower levels determines the actual stream of actions that ensue. They can resist attempts at change, providing an explanation for the failure of well-intended DEIJ policies devised by top administrators. However, managers and members at middle and lower levels can also evolve their practices in ways that produce emergent change for greater inclusion, even without interventions from leaders. These practice concepts provide an explanation for the limitations of well-intended DEIJ policies devised by top administrators, but they also offer the possibility of inclusive practices emerging at lower levels.

Taken together, concepts of intergroup contact and organizational practice accord with a preference for change that starts with behavior rather than attitudes. The empirical evidence of ineffectiveness of DEIJ educational efforts (Dobbin, Schrage, and Kalev 2015) indicates the difficulty of direct and infrequent efforts to change organizational members’ behavior by first changing their attitudes. Instead, behavior can be shaped more directly over time by structuring organizational members’ situations such that habitual behaviors involving intergroup contact—their social practices—are changed. Once behavior is changed, cognitive dissonance (Festinger 1957) leads individuals to gradually adjust their attitudes to accord with their behavior, accounting for the reduction in prejudice found in contact studies.


3.1 Framework of Practices for Inclusion

Our analyses and policy proposals rest on a model developed from a transdisciplinary synthesis of research in management, psychology, social psychology, sociology, urban studies, and economics (Bernstein, Salipante, and Weisinger 2022;
Weisinger, Salipante, and Bernstein Forthcoming). Taken together, these fields have produced a valuable body of knowledge that has been insufficiently combined and applied to organizational policy. This knowledge encompasses barriers to DEIJ and, on the positive side, practices that shape inclusive behavior and equity. Given the ubiquity and complexity of problematic social dynamics, effective policies require an approach that is both comprehensive—covering practices for *intergroup interactions, accountability, and socialization*—and persistent, with effective practices that contribute to virtuous cycles evolving and being pursued habitually over time.

The resulting Framework for Inclusive Practices depicted in Figure 1 (Bernstein, Salipante, and Weisinger 2022) is an evidence-based and practice-informed model for leveraging diversity to increase equity and performance in nonprofit workgroups and boards. The evidence-based model is designed to overcome challenges associated with the social system dynamics of diverse workgroups, teams, or boards by identifying feedback loops that sustain or erode exclusion and inequities.

The Framework includes a set of *inclusive interaction practices* designed to foster inclusive *behavior* that leads to adaptive learning—that is, learning how to interact productively across differences and experience attitude changes that overcome *anti-inclusive practices*—self-segregation, interaction discomfort, stereotyping and stigmatizing, and making personnel decisions based on implicit bias—widespread in many societies. Over time and in various ways, practices for inclusive interactions produce and sustain inclusion and equity. The inclusive interaction practices include:

![Figure 1: Framework for inclusive practices. Adapted from Bernstein, Salipante, and Weisinger (2022).](image-url)
Pursuing a shared task orientation or mission;
Mixing members frequently and repeatedly;
Collaborating with member interdependence;
Handling conflict constructively;
Engaging with comfort and self-efficacy; and
Ensuring equal insider status for all members.

Adopting the inclusive interaction practices in combination with equitable merit and accountability practices produces sustainable inclusion and an attendant set of multiple outcomes beneficial for both the organization and its members: improved racial equity, individual skill development, an increased valuing of diversity and inclusion, and enhanced employee commitment and team performance at all organizational levels. As we illustrate with several cases below, the structured inclusive interaction practices are easy to adopt with a focus on mission-attainment and inclusive values.

3.2 Systems Dynamics Producing Policy Resistance

The Framework depicts, in part, the problematic effects of anti-inclusive practices. These practices undermine diversity initiatives intended to benefit individuals and mission-attainment. The dynamic effects of these follow-on social processes reflect policy resistance, defined by Sterman (2002) as “the tendency for interventions to be defeated by the response of the system to the intervention itself” (p. 2). Two broad problems underlie policy resistance: (1) complex systems are characterized by feedback loops, nonlinearities, the interplay of multiple actors, time delays, and other processes that enable well-intentioned policy efforts to be undermined by the system’s responses over time; (2) policy development is flawed by human interpretations and heuristics that are, among other difficulties, simplistic in terms of cause-effect relationships, the disciplinary boundaries that narrow focus, and the fundamental attribution error (Ross 1977) of ascribing problems as residing in individuals’ dispositions rather than in system structure (Repenning and Sterman 2002; Sterman 2002). Below we introduce vicious cycles that perpetuate existing disparities, primarily as a result of implicit biases, and virtuous cycles that counter these disparities by fostering intergroup contact that promotes inclusion and equity.

3.3 Research-Based Knowledge of Vicious and Virtuous Cycles

Both problems of policy resistance can be addressed by specifying formal models that attempt to capture the dynamic realities of social system functioning, then developing policy that reflects these realities. In such an effort, we apply the systems
dynamics and practice perspectives to diagnose DEIJ problems as vicious cycles of practices widespread in American organizations (Jones et al. 2017). We then propose remedies in the form of the opposite – virtuous cycles of inclusive practices that particularly fit nonprofit organizations and can, with persistence, overcome the forces that currently reproduce disparities. For example, consider how the practice of cross-job training, instituted for productivity rather than diversity purposes, reduces disparities (Kalev 2009). Such training initiates a virtuous cycle by exposing talent that would otherwise be hidden, leading to their movement into job ladders with superior upward mobility prospects, leading to a critical mass of previously underrepresented group members at higher organizational levels, leading to their mentoring and championing diverse talent at lower levels, leading to further advancement of that talent.

Since vicious and virtuous social phenomena are complex, and to follow Sterman’s (2002) prescriptions for model development, the models cross disciplinary boundaries, are not simple nor narrowed to favor what can be readily measured quantitatively. However, taken together, the systems models help to explain the counter-intuitive effects of well-intentioned diversity efforts and provide the basis for a more comprehensive and effective policy. Drawing on our analyses in Weisinger, Salipante, and Bernstein (Forthcoming), we identify a sample of vicious cycles, depicted in Figure 2. As Sterman (2002) notes, in complex systems it is not easy to understand the dynamics that operate over time, producing undesired effects. Modeling should attempt to incorporate all important elements rather than simplify and reduce. Accordingly, we offer depictions of dynamic processes whose understandings require quite detailed descriptions.

Figure 2: Vicious cycles inhibit inclusion and performance.
3.4 Vicious Cycles that Reproduce Disparities

The most fundamental barrier today is the practice of making personnel decisions based on implicit bias (Castilla 2008). Subtle discrimination resting on implicit bias produces greater workplace disparities than legally-prohibited overt discrimination (Jones et al. 2016). This pervasive and largely unconscious bias is activated in social processes of stereotyping and stigmatizing based on group characteristics. Research has established two significant effects: (1) inequitable personnel decisions (Castilla 2008, 2015), and (2) reduced performance of stigmatized individuals (Leslie 2019). These often-unrecognized processes reproduce disparities over time through numerous dynamic feedback loops that we identify, vicious cycles involving social practices that keep groups underrepresented and under-rewarded.

Reproduction of low status. This most long-term vicious cycle reproduces the crowding of historically disadvantaged group members into low-status occupations. The fundamental anti-inclusive practice sustaining the cycle is the collective human proclivity for stereotyping and stigmatizing members of groups other than their own. Commonly, this bias is held by individuals more implicitly rather than explicitly, less rather than more consciously (Castilla 2008). Following stereotype threat theory (Spencer, Logel, and Davies 2016; Steele, Spencer, and Aronson 2002), the anti-inclusive practice of stigmatizing influences organizational decision-makers to make inequitable personnel decisions. More insidiously, research finds that it also drives anxieties and lowers self-esteem among members of stigmatized groups (Leslie, Mayer, and Kravitz 2014). The reproduction cycle of low status, then, operates as follows: Existing low occupational status for a group leads to stigmatizing its members as lacking competence and warmth, leading to diversity interactions in workgroups being less frequent, less comfortable, and less productive and to the group’s members being anxious and less confident in their work, leading to their lower performance and performance appraisal ratings, leading to fewer hirings and promotions to higher-status jobs, reproducing their continued crowding into low-status occupations. Statistical discrimination (Bertrand and Duflo 2017) shortcuts this cycle, making it even more damaging: An organization fails to consider for high-status jobs any individual who is a member of a group characterized by low-status occupations. Vicious cycles such as these that reproduce low status can be understood as self-fulfilling prophecies.

Reproduction of bias in developing human capital. Consider job ladders through which individuals progress by receiving promotions. As individuals move from Job 1 to Job 2, they experience an unproductive, learning period for particular skills that do not pay off for the organization until they move to Job 3. If decision-makers
stereotype women as more likely to quit during Job 2 due to family issues, they are less likely to promote women than men up the job ladder (DeVaro, Ghosh, and Zoghi 2018; Lazear and Rosen 1990). This stereotype is also a self-fulfilling prophecy, since inequity in promotions leads to quitting (Adams 1965). Women’s exit and low promotion rates serve to confirm the stereotypes that diminish personnel development for women, completing the vicious cycle.

Reproduction of reward inequities. While enhanced recruiting and other fair employment practices seek to level the playing field in selection and pay, research finds that reward inequities are mainly due to managers having the final say in pay and promotion decisions (Castilla 2008). The resulting cognitive conflict between their efforts and rewards leads affected individuals to resolve the conflict by reducing their efforts (Mowday 1991; Sweeney 1990). Again, the anti-inclusive practice of making personnel decisions based on implicit bias produces a self-fulfilling prophecy: the bias is seemingly confirmed by the victims’ human responses, reproducing the bias and managers’ inequitable pay and promotion decisions.

Reproduction through perceived tokenism and competition. Stereotypes feed yet another vicious cycle, one tied to perceptions of favoritism toward underrepresented groups. Stereotypes have two dominant dimensions: low competence and low warmth (Fiske et al. 2018). The latter are stimulated by beliefs that one’s own group is competing with members of another group, beliefs that are increased by diversity practices perceived as policies favoring others (Leslie, Mayer, and Kravitz 2014). The negative stereotypes then increase the anti-inclusive practice of self-segregating from the other group. Several social phenomena reinforce such distancing: preferring to associate with similar others (McPherson, Smith-Lovin, and Cook 2001); anxieties due to political correctness norms for diversity interactions (Bernstein and Salipante 2017); and perceived tokenism. The resulting lack of interpersonal familiarity sustains stereotypes. In addition, when members of underrepresented groups are hired or promoted, they are perceived by some others as tokens, as lacking requisite ability and skills, further distancing individuals from each other and making their interactions awkward. The resulting lack of inclusion for underrepresented group members leads to their lower performance, as has been found empirically (Leslie, Mayer, and Kravitz 2014), and higher rates of quitting. In sum, perceived competitive threat drives the low warmth stereotype which drives awkward, unproductive interactions, which drives both the warmth and competence dimensions of stereotypes, which drives perceptions of unfair competition and tokenism, and so on.
3.5 Virtuous Cycles Involving Inclusive Interaction Practices

To counter the negative impact of the vicious cycles, the Framework for Inclusive Practices demonstrates how practices for inclusive interactions, plus practices for accountability and new member socialization, play a role in creating virtuous cycles that promote inclusion and equity.

(Re)Production of inclusion through collaboration and interpersonal familiarity (Figure 3). The anti-inclusive practice of self-segregating can be countered by a fundamental and simple virtuous cycle: Starting with an emphasis on collaboration among diverse members being pursued for purposes of superior mission attainment, rather than an explicit emphasis on diversity and inclusion, members follow inclusive practices that make differing members more comfortable in collaborating. Gradually increasing interpersonal comfort leads to a higher frequency of positive interactions, creating yet more comfort and productive work outcomes, the basic virtuous cycle (Feedback Loop A in Figure 3). Through this cycle differing members begin to interact more informally, engaging in personal disclosure in conversations and developing familiarity (Loop B) that reduces prejudices (Bernstein and Salipante 2017). Other phenomena come into play. The more frequent positive diversity interactions increase individuals’ interpersonal skills, including those for leadership (Bowman 2013), and improve mission attainment, further reinforcing effective diversity interactions (Loop C).

(Re)Production of equity through accountability for behavior and outcomes (Figure 4). The six practices for inclusive interactions that lie at the heart of virtuous cycles must, themselves, be reinforced by individuals being held accountable for

![Figure 3: Virtuous cycles building collaboration and familiarity.](image-url)
their interpersonal behavior with differing others and for their formal reward decisions. This is accomplished by workgroup members, including managers, holding their peers accountable for respectful, productive behavior, especially including the constructive handling of tensions. Managers can best promote this inclusive behavior based on shared mission (higher mission attainment) and organizational values. As respectful, productive behavior pays off in mission attainment, individuals are reinforced in acting respectfully and inclusively, constituting a virtuous cycle for inclusive behavior.

Respect for others’ contributions supports managers making equitable reward decisions, but research indicates that strong additional value lies in practices for holding managers accountable for those decisions (Castilla 2015; Kalev, Dobbin, and Kelly 2006). Such accountability can be embedded by establishing a task force of managers to oversee the gender and race/ethnicity equity of fellow managers’ reward decisions (Dobbin and Kalev 2016). A virtuous cycle occurs as managers in the task force take on responsibility for such oversight, gradually changing their own attitudes to be in line with their behavior (Festinger 1957). And, as they become more conscious of potential bias in personnel decisions, they improve the equity of their own decisions (Spencer, Logel, and Davies 2016). As inequities are reduced, the retention and performance of underrepresented group members increase, eroding managers’ stereotypes and their use of implicit bias, further decreasing inequities.

(Re)Production of inclusion through personal identity socialization (Figure 4). Reaping the potential mission-accomplishment benefits of diversity rests on inclusion, on individuals leveraging their differing perspectives and skills to accomplish the mission. A review of research indicates that this fails to occur as often as it does occur (van Knippenberg and Schippers 2007). Through practical, mission-oriented
collaboration, the six practices for inclusive interaction support such leveraging, as do particular practices for socializing new members. Personal identity socialization (Cable, Gino, and Staats 2013) asks each new member to state the distinctive perspectives and skills that they bring to their workgroup. A virtuous cycle can ensue for collaboration and inclusion as existing workgroup members leverage the new member’s expertise and reflect on their own distinctive knowledge and skills. An onboarding practice of new workgroup members interviewing each of the existing members (Bernstein and Salipante 2015) feeds into virtuous cycles for leveraging diverse expertise and also for familiarity (above). These personalized interactions enable members to see each other as individuals, reducing the operation of group-based stereotyping and stigmatizing that underlie vicious cycles and self-fulfilling prophecies.

The essence of virtuous cycles is that practices for inclusive interactions, behavior and outcome accountability, and personalized socialization lead to positive, collaborative diversity experiences which, in turn, lead to a variety of outcomes, including higher mission attainment and equitable treatment and rewards. In turn, these outcomes reinforce the practices and positive, collaborative experiences that result from protracted intergroup contact. Virtuous cycles gradually overcome the anti-inclusive practices of self-segregating, interacting awkwardly, stereotyping and stigmatizing, and making personnel decisions based on implicit bias, as we illustrate in the nonprofit cases below.

4 Contrasting Cases

Contrasting the findings of several studies of nonprofit organizations illustrates the importance of intergroup contact and inclusive interactions in fostering DEIJ. The first case (Weisinger and Salipante 2005) reflects policy in Girl Scouts of the United States of America (GSUSA), an early pursuer of diversity. GSUSA made significant strides in increasing the number of diverse members at the aggregated level of its geographically-defined councils, but continued to lack diversity at the troop-level. At this localized level, even in integrated communities, the adult volunteers and young girls tended to be segregated into racially homogeneous troops. When the troops engaged together at an inter-troop level, opportunities for inclusion arose. Here the girls were able to mix with other troop members in structured activities, such as jump-rope competitions, in a way that provided equal, insider status to all participants. All the girls were of equal standing and shared common Girl Scout values. Engaging in the inter-troop activities temporarily activated inclusion in the form of a common in-group identity of being a Girl Scout. The Girl Scout staff reported that, during the shared activities, the girls tended to forget their differences and went
from “us and them” to “we”. However, the diversity interactions were short in duration and were not sufficiently widespread and frequent to produce lasting inclusion and troops with diverse membership. Many more of these opportunities were needed.

In contrast, consider a leadership training program for young adults designed to develop informed and committed civic volunteers and future leaders. Its stated purpose is to engage grassroots leaders interested in expanding their skills, broadening their networks, and exchanging perspectives with local leaders (Bernstein, Salipante, and Weisinger 2022). This nonprofit took a very immersive approach to inclusion, emphasizing values of fellowship. The cohorts, composed of members of underrepresented groups, protected classes and veterans, met together bi-monthly for 18 months. The curriculum was grounded in self-awareness, community engagement and social/racial equity. Each cohort created their own set of agreements for conflict management, respect, behaviors that will and will not be tolerated, and a voting process. Social and bonding moments were part of each meeting and weekend retreats added to the time together. For example, at the start of each meeting, the members take a five-minute silent, meditative walk with a different member, followed by five-minutes of sharing their meditative thoughts. Given the widespread nature of anti-inclusive practices in society, it took the members about six months to achieve the trust necessary to open up and learn from one another. The fellowship is an example of a group that relied on behavioral changes prior to emotional learning and feeling comfortable, with interactions gradually progressing from superficial to inclusive. Ultimately, as captured in one of the virtuous loops in the Framework of Figure 1, the impact of the group norms and inclusive practices was adaptive learning and sustainable inclusion with lasting friendships among diverse members.

In both of these organizations, individuals attend voluntarily, incentivizing the organizations to be welcoming and inclusive. The leadership training program met frequently and incorporated all six of the inclusive interaction practices. Similar effects of the six inclusive interaction practices were found in a study of a nonprofit community service organization operating on many American college campuses. The strong mission focus and incorporation of the inclusive interaction practices resulted in sustainable inclusion and adaptive learning for its members (Bernstein and Salipante 2015). GSUSA members could have achieved higher levels of sustained inclusion had the inter-troop activities been more frequent and intentionally structured. In the leadership training program and community service organizations the inclusive practices were part of the mission and values, including fellowship and mutual personal development. The pairing of a full set of inclusive interaction practices with the mission and values facilitated and reproduced inclusion over time. The inclusion was organic, a natural part of the process for attaining the mission and living the organization’s values.
5 Policy to Action to Lived Experience

Nonprofit organizations are mission-driven to serve a broad swath of citizens. This often leads them to a moral decision to themselves be diverse in their hiring, as has become particularly relevant since the shooting of George Floyd in May of 2020. While many nonprofits realized the value in DEIJ prior to this time, since May, 2020, there is a strong movement towards establishing themselves as organizations that “walk the talk”. Examples include DEIJ statements, recruiting employees and board members with DEIJ in mind, establishing board level standing committees and employee task forces focused on DEIJ, and human resource policies to ensure fair employment opportunities and pay. In one case, a public media organization, the establishment of a board level DEIJ committee created a strategic plan with targeted board recruitment of community members with no prior board experience. New board members are then provided additional board training and a board mentor. In addition to applying a legal and financial lens, a DEIJ lens is also applied by the board during decision-making. Committee assignments are made such that leadership positions are rotated to avoid cliques and power dominance. This DEIJ committee works hand-in-hand with the employee task force to ensure implementation throughout the organization. Engaging in inclusive behaviors is understood to lead to comprehensive results that benefit service provision.

Practices for inclusive interactions move policy to lived experience. The essence of these practices is that they promote frequent, positive diversity interactions associated with prejudice reduction, improved mission attainment, and equity. The practices, per the term, are practical, since they emerged in our studies from thematic analyses of members’ actual descriptions of their experiences. To emphasize their practicality, we offer in Table 1 multiple examples of the various forms that inclusive practices can take in nonprofit organizations. In addition to the six practices specified above, we add here a seventh category that highlights the importance of accountability for members’ inclusive behaviors. In some cases, placement of a practice into a category is arbitrary, since one specific practice can serve the purposes of several categories.

6 Conclusions and Implications: Toward More Effective Policy

With over 80% of studies finding no significant positive effects of diversity on team performance, including one-fifth of studies finding significant negative effects (Joshi and Rho 2009), policy-makers and leaders can expect beneficial effects from
Table 1: Policy to action to lived experience (Adapted from Bernstein, Salipante, and Weisinger 2022).

| 1. Pursuing a shared task orientation or mission |
| Voluntary joining due to passion for the mission |
| Opening meetings with goals, values & rules statements |
| Emphasizing competition with other teams, internal and external |

| 2. Mixing the members frequently and repeatedly |
| Formal meetings, the more frequent, the better for inclusion |
| Sitting facing one another at meetings |
| All-member retreats, preferably offsite, with informal bonding activities |
| Structuring informal opportunities, such as lunches, coffee breaks, and social get togethers |

| 3. Collaborating with member interdependence |
| Providing support but not advice |
| Decision-making by votes after group deliberations where all voices are heard |
| Collaborating on committees |
| Empowering members & sharing manager’s tasks with members |
| Role differentiation with reliance on each other’s expertise |
| Pairing individuals to accomplish a project with interdependence |

| 4. Handling conflict constructively |
| Group generates its own rules and procedures for managing tensions, including no cross-talking, and no judging |
| Emphasizing norms of positive personal relationships |
| At meetings deciding which routine procedures to use to address issues |
| “Bitching” session at quarterly retreat |
| Taking the time needed to include different voices |
| Calling out/addressing when one has offended another |
| Managers taking responsibility and using tools to prevent cross-generation and cross-cultural issues from impeding team performance |

| 5. Exhibiting interpersonal comfort and self-efficacy |
| Socialization to welcome newcomers who are made comfortable such as by each newcomer interviewing each existing member |
| Personalized socialization that identifies the new members’ distinctive talents for the mission |
| Reviewing rules for behavior at each meeting |
| Showing respect for others’ perspectives |
| Developing authentic relationships through social activities |
| Identifying non-work interests shared with another member |
| Engaging in activities/routines common to all organizational members |
| Allowing time (months) to develop trust within new teams |
| Informal, personalized mentoring for self-confidence and skill development |

| 6. Ensuring equal insider status for all members |
| Rotating leadership in formal positions |
| Group deliberations with all voices heard as through behavioral rules of no “double-dipping” before all others have had a chance to speak |
| Transparent communications accessible by all members, as through sharing information with all in meetings |
| Enculturation with pride in a common in group identity |
| Discouraging cliques through committee assignments and seating assignments during board staff, or volunteer meetings |
contemporary policies 20% of the time. Realistically, we must ask why the potential performance benefits of diversity are failing to be achieved, along with continuing group-based disparities in our organizations and societies. At a broad level, this failure is explained by the Categorization-Elaboration Model’s (Van Knippenberg, De Dreu, and Homan 2004) two competing forces of performance improvement from information elaboration and performance decline from categorization (stereotyping and stigmatizing). The results of empirical studies, then, imply that information elaboration wins out over categorization only 20% of the time. Our evidence-based conceptual model provides insight into these competing forces, specifying social system dynamics in the form of vicious cycles that produce and sustain tensions and performance dysfunctions. These complex dynamic processes, embedded in anti-inclusive practices, produce policy resistance (Sterman 2002)—when policy that increases diversity is enacted, follow-on social system dynamics operate to stifle the goals of the policy intervention. Such systemic resistance calls for the development of policy that recognizes and addresses anti-inclusive cycles and identifies organizational practices that produce virtuous, inclusive cycles. To that end, we offer our dynamic models of inclusive practices and virtuous cycles as a step toward the development of a realistic and comprehensive policy for inclusion, equity, and mission-attainment. The framework and its policy implications presented here are applicable to the internal functioning of nonprofit boards in addition to the organization’s operating members.

As presented above, the framework rests on intergroup contact theory. However, in contrast to findings from sociological studies that the theory’s specified conditions for favorable contact are not necessary for reduction in prejudice, and in keeping with the findings of reviews of studies on the performance of diverse teams, we find in our studies that workgroup conditions—in the form of inclusive practices shaping intergroup behavior to be productive, comfortable, and equitable—do matter in nonprofit organizations. These practices offer a new path for DEIJ policy development and study. The path recognizes the systemic sources of policy resistance and identifies policy interventions with favorable, rather than confounding, follow-on effects.
6.1 Implications for Nonprofit Leaders

A systems dynamics, practice-oriented perspective on intergroup contact offers a distinct counterpoint to contemporary policy actions for DEIJ. The challenge is that embedded anti-inclusive practices and vicious cycles operating at the workgroup level need to be interrupted by the emergence of practices for inclusive interactions, outcome and behavior accountability, and personal identity socialization. Vicious cycles beyond those identified here undoubtedly exist, calling for researchers and, especially, policymakers on the ground to identify anti-inclusive practices in their specific contexts. For instance, perceptions of competitive threat are reduced when diversity policies are less prescriptive (Harrison et al. 2006) and when practices for inclusion are promoted based on improved mission-attainment rather than legal compliance.

Evidence in support of structuring inclusive interactions to improve performance and equity are found at multiple organizational levels. First, at the individual-level and consistent with the multiple systematic reviews of contact theory studies (Guillaume et al. 2017; Hewstone and Swart 2011; Paluck, Green, and Green 2019; Pettigrew and Tropp 2006), we observe changes in attitudes towards others. As one interveiwee in a community service organization put it, he had thought others from different cultural groups were “ignorant”, but inclusive interactions led him to realize he was “the ignorant one” (Bernstein and Salipante 2017). We also found changes in behavior. For example, team members said the culture of their organization enabled them to feel comfortable enough to call out others when they “misbehaved” toward others (Bernstein, Salipante, and Weisinger 2022). In addition to changes in individual attitudes and behavior, we and others (Ahmed and Barner-Rasmussen 2019) observed workgroup-level changes such as more respectful use of language, adopting traditions that included everyone in the discussions and decisions. Individuals reported that they felt valued for their work and contributions. At the organizational-level in our case studies, we observed higher retention rates, pay equity, reduced work-place complaints, equal opportunities for advancement and promotions, and ultimately, higher performance outcomes. Table 1 identifies variations in practices that achieve such sustainable inclusion, enabling nonprofit leaders to fit the practices to their particular organizational context. As they proceed with developing inclusive practices, leaders can use the Framework to guide formative evaluation (Brown and Gerhardt 2002) of both the practices and the outcomes at the various levels, applying methods such as climate surveys and unobtrusive assessment of records data (Webb et al. 1999) on retention, advancement, and group performance.

Organizational leaders, policymakers, researchers, and activists can recognize the complex realities that have undermined and limited the beneficial effects of
commonly prescribed policies and disseminate evidence-based knowledge for more effective policies. Nonprofit organizations are in a particularly favorable position to lead policy innovation since effective practices for inclusion and equity align with nonprofit characteristics: having shared missions, being values driven and resource-scarce, and emphasizing mission-oriented collaboration among organizational members and with key stakeholders.

6.2 Implications for Research

Researching DEIJ in the nonprofit sector is in its infancy. Our research and model point to practices at both the organizational and workgroup levels as critical to effective policy. Consequently, it is possible for inclusive interaction practices to be initiated by managers and members at the workgroup level. More research is needed to determine the impact of employee or staff led (bottom-up) emergent change and demands for change. We would like to investigate, through the lens of a practice perspective, the impact of top-down (driven by the board and top-leadership) and bottom-up calls for DEIJ. We have seen, in the case of the public media nonprofit, an example of employee driven demand for DEIJ and how this moved the board to create a DEIJ strategic initiative and both a standing board committee and employee task force to oversee DEIJ policies and behaviors. In the majority of nonprofits we studied, the boards were driven to create change. Is this top-down approach as effective in creating long-term DEIJ change as the adoption of inclusive interaction practices at the workgroup level?

This paper examines DEIJ at the organizational and workgroup levels. Further research can reveal whether DEIJ policies established and recommended at the institutional level might positively impact behavior and policies at the organizational level. For example, if watchdog agencies, such as Guidestar and Charity Navigator, were to recommend specific policies, would the nonprofit organizations they assess respond positively and adopt new policies?

Guided by systems dynamics models, researchers can examine a larger variety, both in size and scope, of nonprofit organizations, examining why and how they are responding to increased calls for DEIJ and tracking the follow-on effects of their responses. Tools for modeling the behavior of dynamic systems have been applied to a wide range of business problems (Sterman 2002). The opportunity now exists to apply these simulation tools to DEIJ, producing better models of the types of system dynamics that affect the fate of DEIJ policies in various nonprofit organizations. Analyses using the tools can be melded with further empirical studies of inclusive practices to identify, refine, and evolve policies that are comprehensive and effective.
References


