Intersections and Innovations

Change for Canada's Voluntary and Nonprofit Sector

The Muttart Foundation

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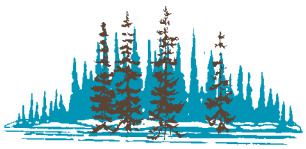

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Acknowledgements

For far too long, Canada has lacked a comprehensive resource examining Canada's charitable sector. That has now ended.

The Muttart Foundation has spent many years focusing on building the capacity of charities in this country. The publication of this collection is another contribution to that effort. By understanding more about itself, the sector can continue to develop and find new ways to serve Canadians and those in need outside our nation.

The authors of these essays bring different perspectives on the role and inner workings of Canada's charities. Collectively, they bring an unprecedented insight into the work of organizations whose diversity is exceeded only by their desire to serve.

It is difficult to express adequate appreciation to Dr. Susan Phillips of Carleton University for her leadership of this project. She has been a source of encouragement, persuasion, cajoling and improving authors from across the country. Her efforts now bear fruit as we make this material available to students, academics, practitioners and others interested in the history and future of Canada's charities.

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None of this would have been possible, of course, without the work of authors, themselves academics and/or practitioners. They took time from their schedules to contribute to a resource we hope many will find valuable.

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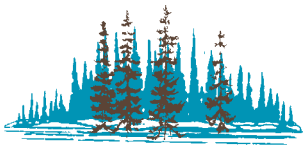
The work of all of these individuals has come together in this resource which we dedicate to all of those in, or interested in, Canada's charitable sector.

Malcolm Burrows, President

Bob Wyatt, Executive Director

The Muttart Foundation



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Part II Navigating a Changing Environment

Governance and the Regulatory Environment

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The People Environment: Leaders, Employees, and Volunteers

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The People Environment: Leaders, Employees, and Volunteers

Chapter 16

Planning for Succession in the Interests of Leadership Diversity: An Avenue for Enhancing Organizational Diversity, Inclusion, and Equity

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Diversity is a word whose very mention tends to elicit reactions ranging from enthusiasm to eye-rolls to outrage, depending on the audience. Diversity has recently returned to the foreground of political and social debate in Canada, and in Western society more broadly, brought on by sweeping social uncertainties, which are partially the product of economic tensions stemming from the most recent recession, growing trends toward automation, and tendencies toward globalization. These are compounded by societal tensions driven by long-term political strategies based on identity and wedge issues, changing rates of participation in education and workforce demography, and the expansion of civil rights protections to groups beyond Canada's four historical referents (women, people with disabilities, Indigenous Peoples, visible minorities). The focus of this chapter is to reflect on the state of diversity in the leadership of Canada's nonprofit sector, with particular emphasis on the role of boards of directors and senior executive teams, and on their processes for succession planning.

We take as our starting point a definition of *diversity* that reflects a measure of comparative difference in (reasonably) durable dimensions of personal identity such as sex, gender, race, ethnicity, age, religious affiliation, physical or cognitive (dis)ability, or sexual orientation for example. Note the inclusion of the words "comparative" and "durable," as they capture two important aspects implicit to understanding diversity. First, diversity is generally predicated on the notion of differences in identity from others, distinguishing the minority from the majority on some category or dimension of interest, such as gender or ethno-racial diversity (i.e. number of women on a board or proportion of visible minority directors). Without comparison to some

implicit majority standard, diversity as a term or concept is difficult to conceptualize, let alone measure (Klein & Harrison, 2007). Second, it is worth qualifying the durability of any dimension of diversity, as we see identity as both dynamically intersectional (Crenshaw, 1991; Lau & Murnighan, 1998; Walby, Armstrong, & Strid, 2012) and increasingly fluid in its construction and presentation (Goffman, 1959). Age, for example, is a reasonably durable marker of diversity from which researchers often infer differential experiences and assumptions (Carton & Cummings, 2013; Williams & O'Reilly, 1998). Objectively, we can do little to slow the passing of time; we simply get older with each passing minute. However, we are more frequently qualified into durable categories such as generations (e.g. baby boomers, Gen-Xers, millennials, etc.) from which we might differentiate (sub)groups from each other, inferring internally consistent assumptions and shared experiences within categories and demonstrating differences among them.

Many will question this definition, both for what it includes as well as for its limitations. From the onset we should acknowledge that diversity can be both real in its observability and implication (Roberson, Ryan, & Ragins, 2017; Williams & O'Reilly, 1998) *and* a social construction in the way we impose categorical boundaries, operationalize distinctions among people and groups, and create meaning systems that focus attention – for better or worse – on some differences while ignoring others (Tajfel & Turner, 1979; Turner & Stets, 2006). A careful reader might note that we have explicitly not linked aspects of functional diversity, such as educational attainment or professional accreditation or organizational tenure, to our definition of diversity despite their importance. While such aspects meet the standard of a reasonably durable comparable difference and have been examined under the umbrella of diversity research (Horwitz & Horwitz, 2007; Jackson, Joshi, & Erhardt, 2003), they are not considered in this analysis.

Here, we also add a couple of other terms that warrant early introduction: *inclusion*, by which we mean a process through which people's differences are recognized, respected, and valued by the social group, unit, or organization (Fredette, Bradshaw, & Krause, 2016; Roberson, 2006); and *equity*, a term found in Canadian employment law. In this context, equity refers to the achievement of "equality in the workplace so that no person shall be denied employment opportunities or benefits for reasons unrelated to ability and, in the fulfilment of that goal, to correct the conditions of disadvantage in employment experienced by women, Aboriginal peoples, persons with disabilities and members of visible minorities by giving effect to the principle that employment equity means more than treating persons in the same way but also requires special measures and the accommodation of differences" (Employment Equity Act, 2015: 1). Equity is also a term used by sector advocates and practitioners with a slightly broader interpretation meaning to create equal opportunities for participation by addressing systemic barriers and sources of historical disadvantage (BoardSource, 2016). As our title suggests, this chapter explores how succession planning might be better understood not simply as a valid governance planning activity, but also as a meaningful tool in effectively developing a richer reservoir of diverse and historically marginalized talent from which to identify, attract, select, and recruit organizational leaders.

Diversity in the Canadian Nonprofit Context

In the Canadian context, the state of diversity has been described as both a glass half-full and a glass half-empty (Bradshaw, Fredette, & Surornyk, 2009). Among the general population, the visible minority population has grown steadily from 1.1 million, or 4.7%, in 1981 to more than 7.6 million, or 22.3%, of the national population in 2016 (Statistics Canada, 2017). However, much of this growth has been concentrated in three census metropolitan areas (CMAs). Montreal, with a total population of 4.1 million residents, is composed of 22.6% visible minority residents – 905,000 people. Of Toronto's nearly six million residents, more than three million, or 51.4%, now identify as members of a visible minority community. Whereas in Vancouver, a CMA of about 2.5 million people, about 49% of the population, 1.2 million people, self-identified as a visible minority in the 2016 national census (Statistics Canada, 2017). This means that 5.1 million of Canada's 7.7 million visible minority residents – slightly more than two-thirds – are concentrated in three CMAs, leading some to colloquially label this the "M-T-V effect," in which the diversity of these communities looks quite different than the demographic composition of the rest of the country, in which only about 7% of the population identify as visible minority members. Similarly, Statistics Canada (2017) reports an increase in the number of same-sex couples (married and unmarried), with a growing concentration in the largest metropolitan areas: approximately half of same-sex couples live in one of four cities (Montreal, Toronto, Vancouver, and Ottawa-Gatineau) as compared to about 10% in smaller towns and rural areas. With respect to age, Canada remains comparatively younger than all G7 countries except the United States, and while our country is predicted to continue to age rapidly in the coming years, even this is unevenly distributed, as the proportion of children still exceeds that of seniors in territories and prairie provinces (Statistics Canada, 2017).

Understanding the relative diversity among communities across the country is important as it creates a baseline against which we might compare the degree to which organizations are successful in reflecting the diversity of their stakeholders and constituents but also in becoming attuned to the local or regional demography. Diversity is about the mix, and getting the mix right in organizations is a matter of understanding proximal needs and interests of proximal stakeholders and community members, a point we will return to later in this chapter.

The nonprofit sector's estimated 161,000 organizations are distributed across 13 categories of activity and represent more than one million full-time-equivalent (FTE) jobs, or approximately 7.5 FTEs per organization (Statistics Canada, 2005). The sector contributes in excess of 2.5% of GDP to the total Canadian economy, a number that jumps to 7% if universities, colleges, and hospitals are included (Statistics Canada, 2007). Nationally, 44%, or 12.7 million, of Canadians self-identified as volunteers, who on average tended to be older, more likely white, more educated than in the previous decade, and slightly more frequently female than male (Vezina & Crompton, 2012). Indeed, recent studies have demonstrated that much – but certainly not all – of the sector has lagged behind Canada's changing demographic profile in terms of organizational diversity, particularly with respect to leadership diversity, with some studies reporting as many as 33% of organizations having no visible minority board members (Meinhard, Faridi, O'Connor, & Randhawa, 2011). Others have suggested that as many as 43% of boards and 91% of executive

leadership positions are composed of white members, with women making up 44% of board seats and 62% of executive roles surveyed (Bradshaw et al., 2009). These findings are not inconsistent with those found in similar studies of the United States (Ostrower & Stone, 2005). Few surveys include estimates of participation rates of often-overlooked aspects of diversity such as sexual orientation or whether volunteers possess physical or cognitive disabilities. However, Bradshaw et al. (2009) found that 22.4% of boards surveyed included an openly lesbian, gay, or bisexual member, and 28% indicated that their board included at least one member with a physical or cognitive disability. One reason for the modest state of leadership diversity in the sector might be that, on average, fewer than four in 10 organizations are actively recruiting for diversity (McIsaac, Park, & Toupin, 2013), despite the growing awareness that the sector is heading toward a human capital cliff (Froelich, McKee, & Rathge, 2011; Tierney, 2006).

In what follows, an integrative understanding of diversity is developed, which results from three distinct perspectives that inform our understanding of the subject and the fluidity with which it has changed over time. Then we examine the practice of succession planning, providing a review of the dominantly held approach. Succession activities and the development of formal strategic plans present specific opportunities for organizations to benefit from leadership renewal but are fraught with consequential opportunities and risks, which we illustrate by way of diversity-centric succession scenarios. In the concluding section, we take stock of where we are today and consider where we may find ourselves in the not-so-distant future.

Understanding Workforce and Leadership Diversity

The study of "diversity" or "workforce diversity" is not new but continues to evolve and unfold with the rhythms of societal change. Ideas of inclusion and equity have followed similar trajectories, first narrowly defined by limited categories and reserved for relevant societally endorsed groups and later elaborated into broader themes and understandings with more generalizable impact. We need only look to the hard-fought and continued unfolding of civil rights among women, people of colour, or same-sex communities for an example of this type of evolution: first in the form of resistance to oppression and the struggle for basic rights and recognition for individuals as equal people under law, followed by (continuing) thrusts toward economic and social equality, and, more recently, as struggles for greater political power and influence and inclusion in the cultural facets of everyday "mainstream" life. The pattern moves from being accepted foremost as people and secondarily defined as a member of an identity group impacted by longstanding marginalization and disempowerment. Table 1 illustrates this pattern by sampling definitions of diversity, inclusion, and equity from across the organizational and nonprofit literatures at roughly 10-year intervals. While not a comprehensive list by any means, this review offers some insight into how the research community has marshalled itself around a set of common themes, focusing on differences in a) rights and opportunity, b) representation, and c) participation. These trends have largely shaped the theorizing, and more importantly the understanding, of how diversity, inclusion, and equity are practised in the field.

Table 1: Sample Definitions for Understanding How Diversity, Inclusion, and Equity Have Been Conceptualized

Diversity

"Demography refers to the composition, in terms of basic attributes such as age, sex, education level, length of service or residence, race, and so forth of the social entity under study," where diversity reflects "that the demography of any social entity is the composite aggregation of the characteristics of the individual members." – Pfeffer, 1983: 303

"The term diversity often provokes intense emotional reactions from people who, perhaps, have come to associate the word with ideas such as 'affirmative action' and 'hiring quotas,' yet it is a word that simply means 'variety' or a 'point or respect in which things differ' (American Heritage Dictionary of the English Language, 1993; Webster's Dictionary of the English Language, 1992)." – Milliken & Martins, 1996: 402

"We use 'diversity' to describe the distribution of differences among the members of a unit with respect to a common attribute, X, such as tenure, ethnicity, conscientiousness, task attitude, or pay. Diversity is a unit-level, compositional construct [...] Diversity, as we use the term, is also attribute specific. A unit is not diverse per se. Rather, it is diverse with respect to one or more specific features of its members. We propose that diversity is not one thing but three things. The substance, pattern, operationalization, and likely consequences of those three things differ markedly." – Harrison & Klein, 2007: 1200

"By 'diverse team' we mean a workgroup in which team members represent multiple identities or perspectives, as opposed to a group that contains members of a minority category." – Srikanth, Harvey, & Peterson, 2016: 454

Inclusion

"Schein (1971) described inclusion as the degree to which an employee is an 'insider' in an organization. Along the same lines, O'Hara et al. (1994: 200) described the concept as the 'degree of acceptance one has by other members of the work system.' Here we combine those two descriptions and define inclusion as the degree to which an employee is accepted and treated as an insider by others in a work system." – Pelled, Ledford, & Mohrman, 1999: 1014

"Specifically, definitions of diversity focused primarily on differences and the demographic composition of groups or organizations, whereas definitions of inclusion focused on organizational objectives designed to increase the participation of all employees and to leverage diversity effects on the organization." – Roberson, 2006: 219

"Our inclusion approach rests upon the premise that management desires a holistic change, one that advances a change in organizational culture. Necessary attitudes within an inclusive environment include a belief in the business case for diversity, a desire to develop sensitivity and awareness about diversity, and a willingness to engage in behavioral change," wherein "The degree of inclusiveness will be unique to the context, goals, work, and diversity of members within each organization." – Chavez & Weisinger, 2008: 345

"Board inclusion behaviors are the actions of board members that enable members from minority and marginalized communities to feel respected and engaged in the organization's governance." – Buse, Bernstein, & Bilimoria, 2016: 180

Equity

"Employment equity is a strategy designed to obliterate the effects of discrimination and to open equitably the competition for employment opportunities to those arbitrarily excluded. It requires a 'special blend of what is necessary, what is fair and what is workable.'" – Abella, 1986: 7

"The ability to manage diversity is the ability to manage your company without unnatural advantage or disadvantage for any member of your diverse workforce. The fact remains that you must first have a workforce that is diverse at every level, and if you don't, you're going to need affirmative action to get from here to there […] The reason you then want to move beyond affirmative action to managing diversity is because affirmative action fails to deal with the root causes of prejudice and inequality and does little to develop the full potential of every man and woman in the company." – Thomas, 1990: 117

"In contrast, the 'equity' approach assumes that specific groups have been historically disadvantaged within organizations, requiring 'corrective' measures directed specifically towards the members of the groups." – Mirchandani & Butler, 2006: 478

"Equity is the fair treatment, access, opportunity, and advancement for all people, while at the same time striving to identify and eliminate barriers that have prevented the full participation of some groups. Improving equity involves increasing justice and fairness within the procedures and processes of institutions or systems, as well as in their distribution of resources. Tackling equity issues requires an understanding of the root causes of outcome disparities within our society." – Kapila, Hines, & Searby, 2016

Dating back to the early works in this domain (Blau, 1964; Kanter, 1977; Morrow, 1957), we have seen topics of opportunity, participation, and fairness as areas of multidisciplinary study, infusing the disciplines of psychology, sociology, law, political science, and economics, among others. Indeed, in a prominent – but seemingly forgotten – 1957 study published in the *Harvard Business Review*, Morrow outlined what might have been the first business case for diversity. It argues for the societal, economic, and organizational benefits of industrial desegregation in the American economy as a means of preserving democracy and the rule of law, defending capitalism in the face of communism, and driving greater economic productivity by reducing large-scale underemployment. In reading Morrow's arguments some 60 years later, they appear much more pragmatic than probably intended. While desegregation (along racial lines in his case) was predicted to improve the lives of individuals as well as society by way of economic, social, and health benefits, he noted that these changes would be met with resistance.

Virtuous cycles of improvement, he suggested, could result from increasing opportunities to participate in a wider array of employment fields, allowing economic growth for both the economy as a whole and also for otherwise marginalized individuals and communities. Raising people out of poverty by including them in the benefits of a prospering economy would spill over into intergenerational health and educational benefits. The challenge to improving diversity within the labour force, in his view, was to overcome the vicious cycles of exclusion institutionalized in the systems of segregation (Morrow, 1957) and, in today's language, improve diversity, inclusion, and equity. Morrow encouraged five actionable practices that today are taken for granted as central to improving organizational diversity:

1. desegregate physical plants and facilities;
2. engage stakeholder groups to encourage greater participation;

3. redirect recruiting efforts toward qualification;
4. develop employee orientation and training programs; and
5. demand consistent treatment and expectations from all members and decision-makers.

Reflecting on Morrow's belief that racial desegregation in employment, which was the tip of the diversity spear at that time, was intrinsically linked to the health and well-being of society and its most marginalized members, we might similarly apply the logic of virtuous and vicious cycles to draw the link between inclusion and equity among facets of diversity as we think of it today (including race, gender, sex, ethnicity, sexual orientation, physical and cognitive (dis)ability, age, religion, and their compounded effects).

Since Morrow, much has changed, but much has not. Legislation has mandated equal-opportunity and anti-discrimination initiatives for some dimensions of diversity on both sides of the border (Parris, Cowan, & Hugget, 2006; Thomas, 1990), yet the dynamics of inequality embodied in his vicious cycles can now be seen to apply to a broad spectrum of demographic characteristics, including race and religion, sexual orientation and gender identity, age, and physical or cognitive ability, for example. In a 40-year retrospective examination of the literature, Williams and O'Reilly (1998) review more than 80 diversity-relevant studies from leading management and organizational journals with a view to better understanding the relationship between diversity and performance. Their central proposition is that diversity is a double-edged sword. It affords greater potential creativity and problem-solving capacity in dealing with highly uncertain idiosyncratic organizational situations, but it also generates greater potential for group conflict and dis-integration (Williams & O'Reilly, 1998).

Approximately a decade later, van Knippenberg and Schippers (2007) reviewed the diversity literature from1997 to 2005, distinguishing demographic from functional diversity (Jehn, Northcraft, & Neale, 1999; Pelled, Eisenhardt, et al., 1999) and adding the fault lines or "intersectionality" (Crenshaw, 1991; Lau & Murnighan, 1998) to the existing set of theories. A point of differentiation between this review and others (Jackson et al., 2003; Pfeffer, 1983; Williams & O'Reilly, 1998) is the emphasis placed on the need to conceptualize and operationalize diversity as intersectionality, which is complex in its construction, measurement, and effects. Intersectionality, as embodied in the fault-lines approach, is characterized by the correlation of different aspects of diversity that together distinguish subgroups and subcategories from each other (Lau & Murnighan, 1998; Walby et al., 2012), and it highlights the differential, compounded effects for people exemplifying multiple dimensions of diversity. Originating from a strong tradition in Black feminist critical theory, Crenshaw (1991) emphasized the negative impact of structural, political, and representational forms of intersectionality, which lead to oppressive and marginalizing dynamics and result in compounded harms that exceed those predicted by either race or gender alone. In her words, "the problem is not simply that both discourses fail women of color by not acknowledging the 'additional' issue of race or of patriarchy but that the discourses are often inadequate even to the discrete tasks of articulating the full dimensions of racism and sexism" (Crenshaw, 1991: 1252).

More recently, a 2017 literature review published in the *Journal of Applied Psychology* (Roberson et al., 2017) reinforces many of the findings of prior studies and calls attention to the importance of context in shaping the implications of group diversity. Importantly, the authors emphasize the need to better understand the impact of appropriately operationalizing diversity in concordance with the manner in which it is theorized. Measuring diversity has been, and remains, an issue

of significant concern among researchers, analysts, and policy-makers. A now classic study is Harrison and Klein's (2007) article "What's the Difference? Diversity Constructs as Separation, Variety, or Disparity in Organizations," in which they make a compelling case for distinguishing – and measuring – three dimensions of group diversity (defined as the "distribution of differences" among individuals in a social unit). In their approach, measurement needs to account for a) separation, which exemplifies "differences in position or opinion" among members; b) variety, which emphasizes "differences in kind or category" within a group or unit; and c) disparity, which captures "differences in concentration" of social resources and assets such as status or prestige (Harrison & Klein, 2007: 1200). Each conceptualization – separation, variety, disparity – expresses a distinct view of the nature and dynamics of organizational diversity, and researchers are cautioned to consider the methodological and measurement implications of each throughout the research design and analysis process. In summary, they offer a cautionary tale emphasizing that researchers should exercise specificity in defining how they conceive of, and measure, diversity according to their interest in forms of difference. In the absence of alignment between conceptualization and operationalization, conclusions drawn from research may be misleading or worse.

Thus far, we have discussed at some length how the field has defined, interpreted, and measured diversity across a spectrum of studies and approaches over the past several decades. What remains is to pull together a more coherent framework through which we might better understand how and why organizational approaches to diversity, inclusion, and equity differ in orientation, and how these differences affect succession-planning programs.

In drawing together our arguments, the next section focuses on three frames through which to consider leadership diversity based on competing logics that inform contemporary practice.

Three Frames on Diversity

As the literature review showed, "diversity" can mean quite different things, with differing implications for why and how nonprofits manage inclusion and equity. Table 2 illustrates three frames of diversity thought, which are proposed to contribute to how diversity is understood and addressed based on alternative assumptions and approaches to managing diversity in organizations.

Table 2: Three Frames of Diversity to Consider in Succession-Planning Programs

	Diversity as Demography	**Diversity as Difference**	**Diversity as Inclusion**
Logical Rationale:	The legal case Risk management	The business case Bottom-line thinking	The inclusion case Human capital paradox
Distinguishing Characteristics:	Fairness Anti-discrimination Attention to subgroup characteristics	Representation Market understanding Attention to subgroup variety	Participation Talent integration Attention to subgroup engagement
Implication for Individuals:	Assimilation of self, with minority group members indistinguishable from others by merit	Differentiation of self, with minority group members purposefully differentiated as resources	Integration of self, with minority group members distinguishable and individually valued as fluidly diverse
Implication for Organizations:	Equal-opportunity focused, with merit-based equality as the foundation of organizational selection, promotion, and succession	Competitive-advantage focused, with diversity as the basis of market penetration and organizational innovation	Talent-management focused, with diversity as source of unique value and opportunity to be integrated without assimilation

Diversity as Demography

The first frame, *diversity as demography*, reflects the legalistic and regulatory foundations that approach diversity as a recognition of individual and systemic discrimination based in part on structural and cultural barriers to equal opportunity. Built on the metaphor of a "legal case for diversity," organizations recognize the jeopardy of noncompliance and engage in risk-management and mitigation approaches to managing diversity. This likely includes measuring and reporting demographic employment and compensation data, the development of remedial training activities such as anti-discrimination programs, or the establishment of recruitment quotas and targeted retention guidelines. In practice, this frequently means attending to policies and procedures that measure numbers of subgroup participants, focusing on legally protected groups, and ensuring merit-based decision-making to facilitate fair (i.e. consistent) treatment and equal opportunity. It exemplifies a compliance mindset in which nonprofits focus on avoiding running afoul of the law and finding themselves subject to penalty or judgment. Attention focuses on conformity with, among other legislation, the Canadian Human Rights Act (1977) that forbids direct or indirect discrimination on the basis of race, gender, sexual orientation, disability status, and certain other grounds; the Charter of Rights and Freedoms (1982), by which every individual is equal under the law and has the right to the equal protection of the law without discrimination based on race, national or ethnic origin, colour, religion, sex, age, or mental or physical disability; and the Canadian Employment Equity Act (1986) that requires measures to increase the representation of women, Aboriginal people, people with disabilities, and members of visible minorities.

Remedies, from this perspective, tend to emphasize structural dynamics aimed at ensuring compliance and risk-mitigation that provide minority group members with merit-based equal opportunity, with little consideration of subsequent consequences of assimilation in which members are presumed indistinguishable from majority-group members. The basis for action is found foremost in understanding and comparing internal and external compositional demography (i.e. understanding the mix), and then invoking remedies that rebalance internal demography by making it more representative of the broader community in which the organization is situated (i.e. getting the mix right). In practice, this can mean undertaking diversity audits of key internal and external constituencies, establishing interview and selection quotas, revisiting candidate attraction and selection procedures, developing implicit-bias training protocols, and integrating learning and development pathways to remediate areas of potential candidate weakness up to the threshold at which the organization would endure undue hardship from further efforts to accommodate.

Diversity as Difference

Diversity as difference, the basis for the business case for diversity, presumes that diversity is a valuable resource both for organizations seeking to better understand diverse stakeholder and constituent groups (such as funders, clients, and potential volunteers) and for those seeking a richer basis for decision-making and innovation. From this perspective, diversity is seen to be a source of competitive advantage: organizations promote diversity as a means of extracting financial or operational gain. Morrow was not alone in identifying the economic benefits of increasing workforce diversity in organizations. Indeed, Litvin (2002), speaking to the nonprofit sector, argued for a business case for diversity, building on arguments in the for-

profit management literature (Campbell & Mínguez-Vera, 2008; Kochan et al., 2003; Wang & Clift, 2009). Central to the business case are the beliefs that broader information inputs and the merging of differing perspectives result in better-quality decision-making, in part by overcoming the limitations of groupthink and similar cognitive biases. Additionally, when we consider leadership roles such as those in managerial and governance contexts, researchers have argued in favour of leadership diversity as contributing to better market understanding and stakeholder outreach initiatives. With "bottom line" thinking as the basis of the business case for diversity, there is an implicit presumption of costs – particularly to group cohesion, social capital, and collective solidarity – which are offset by the benefits to learning (Chavez & Weisinger, 2008), market awareness (Gazley, Chang, & Bingham, 2010), and stakeholder representation (Brown, 2005). While much research exists to support the benefits half of the argument, less is known about the social penalty aspect.

Here, organizational and leadership diversity is approached from a resource-based mindset, in which differences among individuals are recognized and intentionally targeted or sought in order to remediate gaps in organizational knowledge and capability. In practice, this means that diversity is valued, in part for what people from diverse and traditionally marginalized communities can do for the organization, either by contributing value to the way markets and market dynamics are understood, in identifying and responding to changing demands of stakeholders and constituents, or by improving ideation and novelty in the problem-solving and decision-making activities. Diversity approached through this frame is reflective of an intentional, purposeful, outcome-oriented attempt to capitalize on demographic difference among organization members to better represent the community the organization serves.

Diversity as Inclusion

The *diversity as inclusion* perspective speaks to an integrative participation in the leadership and decision-making activities of the organization, affording open, transparent, and equitable participation of all members. This is not simply an approach to mitigating organizational risk nor a method for the organization to appropriate value from its members, but rather a recognition and acceptance of the fluidity of the diverse identities of people participating in the organization. Identity is recognized as a collection of intersecting dimensions and characteristics, constructed fluidly in response to cues in social, organizational, and temporal contexts. In a summary of the inclusion literature, Shore and colleagues (2011) suggest that inclusion is both a *process* of opportunity and involvement and an *outcome* in which full and equitable participation in the organization's most important aspects are key. Central here is the notion of a human capital exclusion-inclusion paradox (Daubner-Siva, Vinkenburg, & Jansen, 2017): the tension organizations face in reconciling talent management or meritocracy and diversity management in recruitment and selection decisions. Addressing the dilemma embedded in this paradox affords the potential to engage members of diverse and traditionally marginalized groups as equals, with equal opportunity and value, without imposing an expectation of assimilation or disidentification with the portfolio of characteristics that make each of us unique.

Unsurprisingly, this has been a challenge to exemplify in nonprofits, in part because it demands significant change and decoupling from societal heuristics of difference such as those represented in social categorization and social stratification perspectives. In addition, organizations tend to promote their uniqueness and exclusiveness as benefits that seem

antithetical to inclusion and openness (Solebello, Tschirhart, & Leiter, 2016). Achieving inclusion has been argued to be transformational (Bourne, 2009), requiring a cultural shift in organizational values and expectations as well as a revision of structure, policy, and practice (Buse, Bernstein, & Bilimoria, 2016; Fredette et al., 2016; Solebello et al., 2016). Brewer (1991), endorsing a framework based on optimal distinctiveness theory (ODT), addresses the inclusion-exclusion tension inherent in diverse work settings by suggesting that people want to retain the facets of identity that make them unique and different while simultaneously retaining the sense of social worth and belongingness that comes from being included and valued by others in the group or social unit. This speaks to reconciling the shortcomings of previous frames, because the "diversity as inclusion" perspective takes an integrative approach in which organizations emphasize talent-management activities that create contexts in which minority group members are distinguishable as individuals and equally valued (Shore et al., 2011), neither simply assimilated nor differentiated.

These differing perspectives on diversity play out in quite different ways in the extent to which, and how, nonprofits manage planning for the succession of their board and staff leadership, as we explore in the next section.

Succession Planning as a Strategic Act

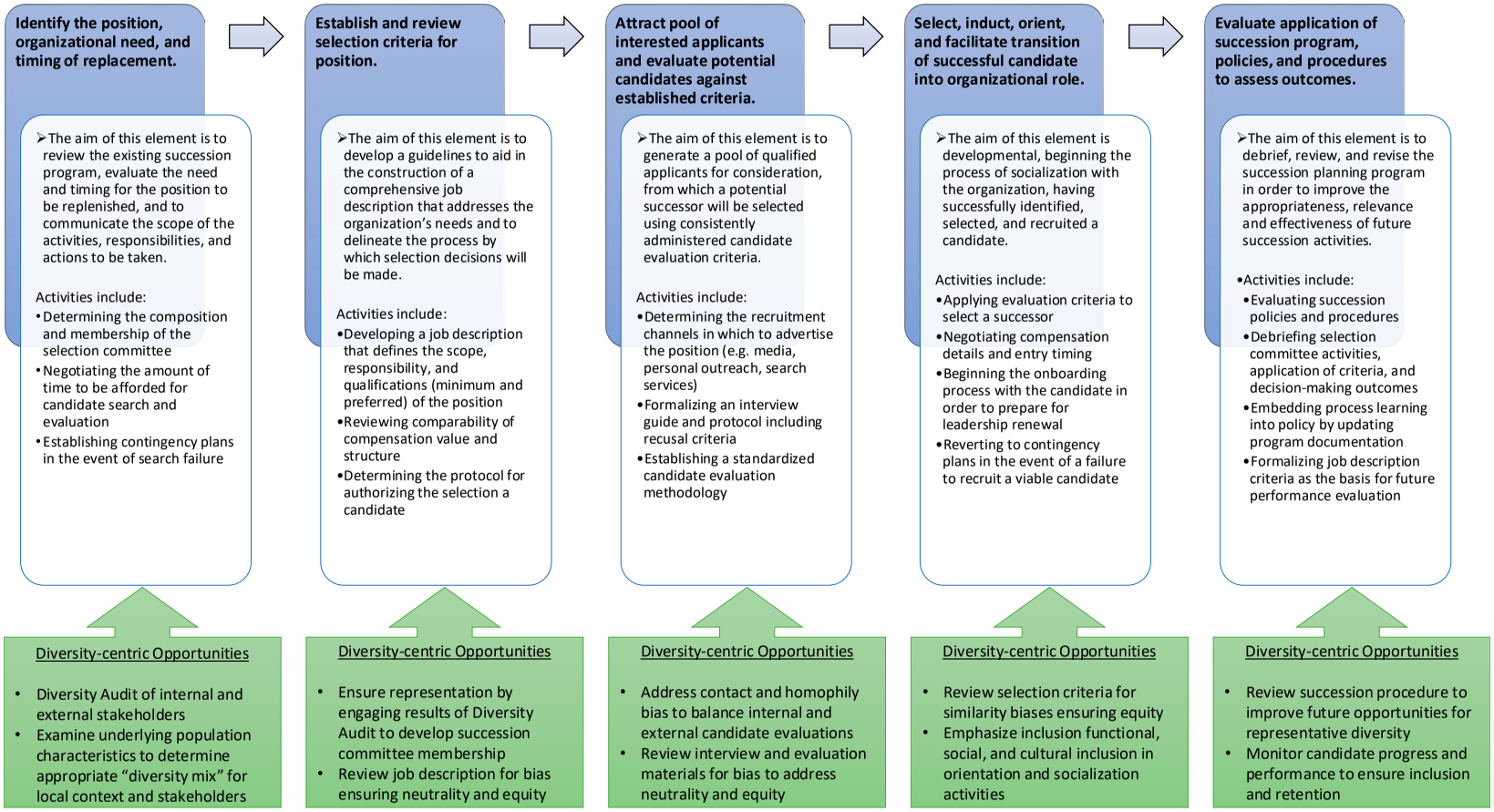
Succession planning, and consideration of its implications for diversity and inclusion, is seriously underdeveloped in Canada's nonprofit sector. In a 2013 study, Ontario-based nonprofit leaders reported that their organizations lacked plans for succession, despite the same sample also indicating that 60% of these executive directors (EDs) or chief executive officers (CEOs) would depart their roles within the next five years and that 39% had risen to their current positions as a result of internal selection (McIsaac et al., 2013). Similarly, on average, fewer than four in 10 of the organizations surveyed indicated an active or proactive stance toward recruiting for diversity, although larger organizations tended to outperform smaller ones in this regard (McIsaac et al., 2013). Of the nonprofits with succession plans, 16% indicated that the scope of their efforts extended only to "the top position," while a further 16% included other senior roles as well. These findings are generally consistent with patterns found in other similar jurisdictions (Boland, Jensen, & Meyers, 2005; Tierney, 2006; Braun & Grogan, 2013; Cornelius, Moyers, & Bell, 2011). This suggests that, in general, most nonprofits will face leadership turnovers in the near future, yet they lack comprehensive systems for making future leadership-replacement decisions, regardless of an intention to promote internally or conduct an external search. So where does the responsibility for addressing this predicament lie, and how might a path forward be found so as to ensure that succession programs generate the human talent needed to satisfy organizational requirements?

A succession-planning program – an "integrated, systematic approach for identifying, developing, and retaining capable and skilled employees in line with current and projected business objectives" (Treasury Board of Canada, 2018) – is intended to address the normal or anticipated turnover of organizational members, as well as to provide contingencies in the event of unexpected or unanticipated departures of key leaders and staff members. Events ranging from anticipated retirements or impending term limits on board members to unexpected departures

resulting from personal health and familial need, as well as professional opportunities arising outside the boundaries of the organization, should be planned for throughout the organization in a comprehensive succession program (Froelich et al., 2011; McKee & Froelich, 2016; Wolfred, 2011). Asking questions such as "What is our protocol for hiring our next ED?" and "How would we proceed if our ED resigned tomorrow?" provides a quick test to establish an organization's preparedness. Repeating this example for key managerial and subordinate positions adds confidence that the organization as a whole is well prepared to deal with turnover. With a whole-of-organization scope in mind, succession planning looks less like a routine act of human resource (HR) management and more like it belongs in the domain of strategic management, central to the health and viability of the organization (Pynes, 2004). In a sense, this is a system of prioritization that, in effect, creates stability in the transition of leadership, establishes the direction of the organization, communicates to stakeholders the values of the organization, and sets the strategic goals of the organization for the future. It should therefore fall to the boards of directors to take responsibility for prioritizing, monitoring, and updating succession-planning programs and activities in order to sidestep potential leadership crises and to ensure the future stability of their organizations (Tierney, 2006).

The nuts and bolts of succession planning are relatively knowable and executable with some forethought. Figure 1 outlines the key components of the succession-planning program, from identifying the targeted role or position and constructing a search committee or team, to developing a job or role description, selecting an appropriate candidate, and finally to embedding lessons learned into future succession activities. While organizations may vary in their sophistication with respect to candidate evaluation procedures (such as personality or aptitude testing, inbox tasks, or escape room activities), the general process of attraction-selection-retention remains a relatively consistent HR management practice largely imported from the corporate and governmental sectors. Figure 1 also highlights the potential opportunities afforded by the addition of a diversity-centric perspective, wherein succession-planning programs become another vehicle to enhance opportunity, representativeness, and participation to better reflect the interests and expectations of key stakeholders, including funders, staff members, clients, volunteers, and community members, at each step in the process. Consider, for example, the following two scenarios intended to illustrate the potential of sound succession-planning practices and diversity-centric thinking.

Figure 1: Illustrating the Succession Process and Opportunities for Diversity-Centric Additions



Scenario One: Succession as an Act of Efficiency

Often, succession activities such as attraction, selection, and recruitment are inhibited by outstanding commitments – either explicit and formal or implicit and assumed – to established candidates. For instance, we may have been grooming a long-serving staffer, Judy, to grow into the role of ED upon Roger's exit from the position, and this may imply to Judy that the position is hers when available. In this example, we have largely circumvented the procedures ensuring openness, fairness, and competitiveness that denote an effective succession program: one that might guide us to establish a broader pool of qualified candidates from which we might select an alternate candidate. From the perspective of diversity and inclusion, the failure to conduct an open, fair, and competitive search is tantamount to the organization relinquishing its responsibility to find the best person for the role, in favour of taking a status quo position. The decision may lead to a favourable outcome; Judy may turn out to be an excellent ED, steeped in the traditions and values of the organization, skilled at developing innovative initiatives that attract new clientele, supporters, and sources of funding, and able to manage and lead the organization's staff to greater engagement. She may also reflect the ethos of leadership diversity based on gender representation, ethno-racial demography, sexual orientation, age, physical and cognitive ability, religious disposition, or such categorization. However, few if any of these descriptors of functional (i.e. knowledge, skill, ability, experience, expertise, education, etc.) or demographic (i.e. gender, race, sexual orientation, age, ability, religion, etc.) diversity have been fully considered in her selection to succeed Roger. Rather, we have defaulted to an internal candidate with little consideration to the outside world or how our choice might impact the interface between the organization and its environment.

So why, you might ask, is this example noteworthy? First, the succession process here is a departure from codified procedure and leaves the hiring agent or committee vulnerable to implicit bias and subjectively skewed decision-making. We might end up with the best candidate, but given that we excluded all others from evaluation, we can't be certain of the quality of comparable candidates. In erring on the side of resource efficiency (i.e. it is nearly costless to make such an internal promotion) and familiarity (i.e. the devil you know), the organization has cut itself off from a potentially valuable source of expertise. Finally, from Judy's perspective, it is more likely than not that her wages will lag those of her field comparators. Because she is promoted without search, her compensation will likely be modelled on Roger's, with little consideration of market forces, and is therefore dependent on whether the board of directors has undertaken regular compensation reviews for the position and whether Roger was effective in negotiating and maintaining a competitive compensation package.

Scenario Two: Succession as an Act of Strategic Management

Establishing and maintaining a regime of oversight and evaluation opens possibilities in terms of succession planning, as it affords routine performance assessment by which to review the current position holder's skills and abilities for relevance and potential gaps, in the face of a changing environment. In short, succession viewed as an opportunity highlights the potential to assess the needs of the role and its boundaries; the knowledge, skills, and abilities of both the current incumbent and any future successor; and the person–job fit to ensure that the organization has the capabilities it requires to be successful today and into the future. For example, in considering how to proceed at the conclusion of Rumina's final term as foundation

president, the board of directors recognizes that the organization has a series of talented mid-management candidates, some of whom have been groomed for possible promotion to senior ranks. Rather than simply conducting an internal search and choosing the most suitable candidate to replace Rumina in her role as president, the board recognizes the opportunity to audit, and redefine where necessary, the duties, responsibilities, and qualifications needed to fulfill the requirements of the position. Here we are looking to assess whether the position as previously delineated is still appropriately defined, and to determine whether the prior knowledge, skills, and abilities associated with the position remain relevant. Once redefined, a new job description can be constructed, serving as a means to promote the position and assess whether an internal search will generate a sufficiently large pool of candidates from which to make a selection decision. If it does not, the organization has afforded itself an opportunity to conduct an external search, with a more clearly understood sense of its internal talent.

From the perspective of diversity and inclusion, this succession procedure conforms to better practice in the field of HR management, ensuring that the organization is consistently following the tenets of open, fair, and competitive candidate evaluation throughout the recruitment process. It does not guarantee the organization that any one candidate will be selected on the basis of diversity alone, but it does ensure a more equitable approach to increasing opportunity, representativeness, and participation throughout with an enlarged applicant pool. Additionally, developing and maintaining a codified job description, a systematic approach to promoting the position, and a consistent candidate-evaluation protocol improves the odds that the succeeding candidate will be well suited to address the needs of the organization.

In this instance, several aspects warrant consideration. First, as noted above, the succession procedure ensures that the organization is consistently following the tenets of open, fair, and competitive candidate evaluation throughout the recruitment process. From the successful candidate's perspective, the process confers legitimacy of the person and her or his capabilities to fulfill the requirements of the position. Next, the organization has opened itself to a broader pool of candidates, affording itself the opportunity to attract and evaluate candidates who might otherwise be overlooked or remain unknown, thereby avoiding obstacles stemming from not knowing what the organization needs, not knowing what talent is available in the market, and not knowing whether the current compensation for the position is competitive, all of which may lead to a suboptimal outcome. Although internal candidates who may have been unsuccessful in competing for the position could be discontented by the organization's decision, the rationale for the decision is relatively transparent and predicated on an open, fair, and competitive selection procedure. Additionally, the organization is less likely to find itself in a legal dispute stemming from accusations of discrimination or human rights violation, where candidates have rights to redress, including in the form of tribunal and judicial remedies.

To be clear, neither example is reflective of a perfectly diversity-neutral approach, but perhaps that's the point. Moving to a more diverse, inclusive, and equitable organization, particularly as it relates to organizational leadership, is not likely to be a straight line (pardon the pun). In part, the inclusion of a series of diversity-centric opportunities associated with each stage of the succession-planning program outlined in Figure 1 is intended to tease out the many openings and obstacles that progress will afford and overcome.

Conclusion: Moving Targets, Moving Forward

In the end, what is worth considering is the capacity to re-envision how we conceive of leadership succession, not as a system of talent replacement, but rather as an opportunity for organizations, as well as their internal and external stakeholders, to bring to life a process of values renewal. At each step in the succession process outlined in this chapter, we have examined how to engage in meaningful intervention that reflects both the needs of organizations and the opportunities afforded by greater leadership diversity, whether in the example of cultural and diversity audits during the first evaluative steps or in later stages, where inclusion-oriented onboarding and socialization practices are possible. All of these are predicated on the three pillars with which we began our chapter: diversity, inclusion, and equity. They require stakeholders, their board representatives, and the senior leaders and leadership teams of organizations to recognize the importance of these pillars; engage in activities that embed values into action; and perform the demanding work of institutionalizing these ideals in the planning, procedures, processes, and practices of the organization.

For the nonprofit sector now facing an impending shortage of viable talent, addressing succession through the lens of diversity and inclusion – or alternatively addressing diversity and inclusion through the lens of succession planning – presents an important opportunity. It could enable nonprofits to find relief from this leadership shortage by identifying and attracting new sources of talent. But it could also mitigate the risks associated with regulatory noncompliance, develop competitive advantage by recognizing and engaging new communities of stakeholders, and develop and manage richer pipelines of talent by including and retaining otherwise overlooked or unconsidered leadership candidates. Building a system that recognizes and monitors the distribution of opportunities, benefits, and privileges will not be costless, whether in organizational, personal, or perhaps financial terms. However, the cost of not emphasizing the requirement to create fairer and more just systems of opportunity and evaluation may, in the end, result in far higher opportunity costs than we are prepared to recognize or estimate today. After all, isn't that part of the sector's *raison d'être*?

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