



BETTER WORLD LEADERSHIP NONPROFIT BOARD LEADERSHIP STUDY

By Alice Korngold

How companies can:

- Build more diverse, inclusive, and high performing workforces.
- Advance the U.N. Sustainable Development Goals (SDGs).

In partnership with:



American Express
Foundation



P I M C O



The 2017 Nonprofit Board Leadership Study provided evidence of the benefits of nonprofit board service for employees, their companies, nonprofits, and communities. The study showed that companies' nonprofit board programs provide a pathway for businesses to grow shareholder value by advancing diversity and inclusion, developing human capital for innovation, and helping to achieve the United Nations Sustainable Development Goals (SDGs). The 2017 study is valuable to companies that either have programs and seek to enhance and scale them, or companies that are considering offering such programs.

The 2018 Nonprofit Board Leadership Study breaks new ground. It shows that employees who serve on nonprofit boards develop in ways that change their behaviors, effectiveness, and productivity back at work, as soon as one to two years after beginning board service.

Strategic Partner



IMPACT2030 is a private sector-led initiative, in collaboration with the United Nations, social and public sectors, and academia, with the unique mission to activate human capital investments through employee volunteer programs to advance the achievement of the Sustainable Development Goals (SDGs).

TABLE OF CONTENTS

This report is divided into three parts, the first two of which address the main themes of the study:

	PAGES
About the study and key findings.	4-5
About the survey responses.	6-7
Part I: Building a more diverse, inclusive, and high performing workforce.	8-14
Part II: Advancing the U.N. SDGs.	15-17
Part III: Train. Match. Support.	18-19

Sponsors

American Express
Foundation



P I M C O



ABOUT THE STUDY

The 2017 Nonprofit Board Leadership Study provided evidence of the benefits of nonprofit board service for employees, their companies, nonprofits, and communities.¹ The study showed that companies' nonprofit board programs provide a pathway for businesses to grow shareholder value by advancing diversity and inclusion, developing human capital for innovation, and helping to achieve the United Nations Sustainable Development Goals (SDGs). The [2017 study](#) is valuable to companies that either have programs and seek to enhance and scale them, or companies that are considering offering such programs.

THE 2018 NONPROFIT BOARD LEADERSHIP STUDY BREAKS NEW GROUND.

It shows companies that employees who serve on nonprofit boards develop in ways that change their behaviors, effectiveness, and productivity back at work, as soon as one to two years after beginning board service:²

1. Companies can accelerate progress in building more diverse, inclusive, and high performing workforces by engaging employees on nonprofit boards.

- **EMPLOYEES CHANGE BEHAVIORS AT WORK THAT ADVANCE DIVERSITY AND INCLUSION.** Employees who serve on boards actually change their behaviors at work as a result of their board experiences. This happens because they develop greater appreciation for the perspectives of people from different backgrounds than their own. They listen more carefully to different views; create more inclusive teams/committees; and make more inclusive hiring and promotion decisions. Board experience not only opens minds; it also transforms behavior.
- **EMPLOYEES DEVELOP SKILLS FOR HIGHER JOB PERFORMANCE WITHIN JUST ONE TO TWO YEARS OF BOARD SERVICE.** Employees describe themselves as more confident, better leaders, accepting more responsibility, feeling more useful, and better qualified for promotion. They develop skills in board governance, networking, communication, strategic planning, decision-making, and critical thinking and problem solving.
- **EMPLOYEES CONTINUE TO GROW WITH LONGER SERVICE ON BOARDS.** Employees who serve on one or more boards for a minimum of three years report further growth and development, particularly in conflict resolution, board governance, team leadership, decision-making, consensus building, and communication.

2. Companies can increase their contribution in advancing the SDGs by engaging employees on nonprofit boards.

- **EMPLOYEES MAKE VALUABLE CONTRIBUTIONS WITHIN JUST ONE TO TWO YEARS OF SERVING ON ONLY ONE BOARD.** Business people advance the SDG agenda as effective board members in the areas of quality education and good health and well-being, among others.
- **EMPLOYEES EXPAND THEIR VALUE IN ADVANCING THE SDGS WHEN THEY SERVE FOR THREE OR MORE YEARS ON MORE THAN ONE BOARD.** Employees who serve longer contribute in deeper ways, and are more likely to rise to board leadership positions.

BOARD MEMBERS COMMENT:

"I'm a big advocate for companies encouraging and supporting people to serve on boards. This is where the creativity and ability to solve new problems comes from."

"Millennials and Gen Z want to combine their job and dreams and passions more. They expect companies to encourage and support this. The next generations have higher aspirations to connect their purpose to their job. It's their expectation of companies...Unless you ignite people's passions in their jobs, they are going to get bored with their companies."

"What I want for people is to become passionate about something external to themselves. to recognize this prison/world of have to's....it causes your stress to decline....alters your perspective....so that you can appreciate....you're helping to improve something that puts your company/work world in a better perspective."

¹ See *Better World Leadership: The 2017 Nonprofit Board Leadership Study*. <http://www.betterworldleadership.com/wp-content/uploads/2017/12/BLS-Final.pdf>

² In these reports, the term "boards" refers to nonprofit boards. Additionally, the term "nonprofits" includes nongovernmental organizations, NGOs, charities, and civil society organizations.

ABOUT THE STUDY

Accelerating progress in building more diverse, inclusive, and high performing workforces, and advancing the SDGs are imperatives for businesses to address concerns of investors, the public, and employees.

INVESTORS AND THE PUBLIC HAVE EXPECTATIONS OF COMPANIES.

The results of this study are highly compelling at a time when investors and the public express concerns about the failure of business leadership. Investors and the public criticize corporate leaders who are not maximizing opportunities for innovation, diversity and inclusion, and contributions to society. They expect companies to be more accountable and responsible in addressing human rights, climate change, ecosystems loss, gender equity, poverty, education, healthcare, and more.

“...the rate of global progress is not keeping pace with the ambitions of the Agenda, necessitating immediate and accelerated action by countries and stakeholders at all levels.”³
The U.N. Sustainable Development Goals Report 2018

Evidence shows that companies will profit and grow value by finding innovative solutions to global challenges.⁴ To make this a reality, companies must accelerate progress to develop leaders who can maximize business opportunities and potential.

“A company’s ability to manage environmental, social, and governance matters demonstrates the leadership and good governance that is so essential to sustainable growth, which is why we are increasingly integrating these issues into our investment process.”⁵
Larry Fink, Founder, Chairman and Chief Executive Officer, BlackRock, Inc.

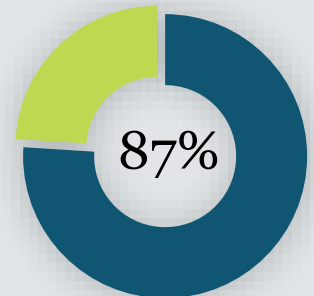
EMPLOYEES FIND BOARD SERVICE MEANINGFUL.

The level of satisfaction among employees who serve on nonprofit boards is compelling. The vast majority of respondents report that the work of the nonprofit is meaningful to them (94%), they are able to add value (92%), and they would recommend nonprofit board service to their friends and colleagues (96%). The majority of respondents serve in leadership positions on their boards (72%), some serving on multiple boards and in multiple leadership positions.

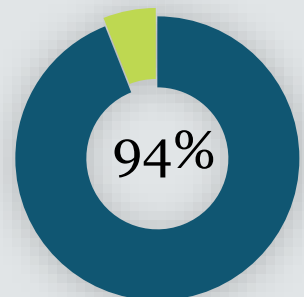
“We find evidence that companies with stronger human capital practices had better productivity growth than industry peers.”⁶ Linda-Eling Lee, Global Head of ESG Research, MSCI

Given the positive reception to board service by employees, it seems that enhancing and scaling board opportunities through company training and matching programs would be a win-win-win for companies, their employees, and communities.

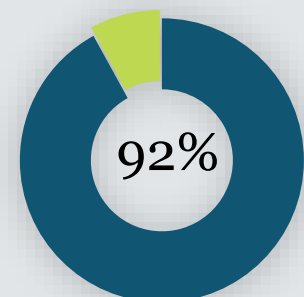
BOARD MEMBERS REPORT:



of board members are satisfied with their board service.



report the work of the organization is/was meaningful to them.



are able to add value.

³ See United Nations (2018) The Sustainable Development Goals Report. <https://unstats.un.org/sdgs/report/2018/overview/>

⁴ See Korngold, Alice (2014), *A Better World, Inc.: How Companies Profit by Solving Global Problems...Where Governments Cannot*, (New York: Palgrave Macmillan).

⁵ BlackRock (2018), Larry Fink's Annual Letter to CEOs. <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

⁶ MSCI (2018) ESG Trends to Watch. <https://www.msci.com/www/blog-posts/2018-esg-trends-to-watch/0828969046>

ABOUT THE SURVEY RESPONSES

RESPONSE DATA.

A total of 842 employees from four companies participated in the survey in 2018. The survey took just over ten minutes to complete for people who serve on boards. Additionally, follow up interviews were conducted with 18 survey respondents; quotes from the interviews are included in this report.

Where survey questions are similar, responses to the 2018 employee survey are highly consistent with responses to the 2017 survey, which was completed by 957 employees from five companies. Altogether, 1,799 surveys from eight companies affirm the value of nonprofit board service for companies seeking to change behaviors to build a more diverse, inclusive, and high performing workforce, and promote the SDGs. (Dow and PIMCO employees participated in the surveys in 2017 and 2018. HP, Johnson Controls, PwC, Symantec, and Target employees participated in one year.)

RESPONDENTS: BOARD MEMBERS. Survey responses provide evidence of the benefits of board service to respondents who serve on boards (348 out of the 842 surveys in 2018, and 401 out of the 957 in 2017). The scope and depth of the value of board service across a broad sample are striking.

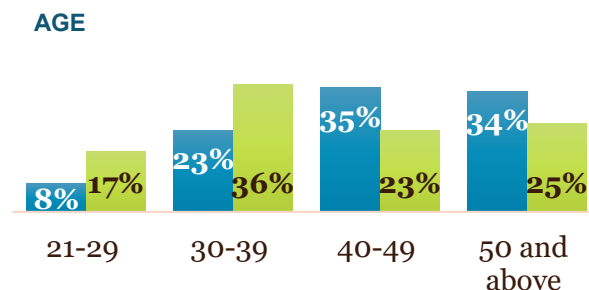
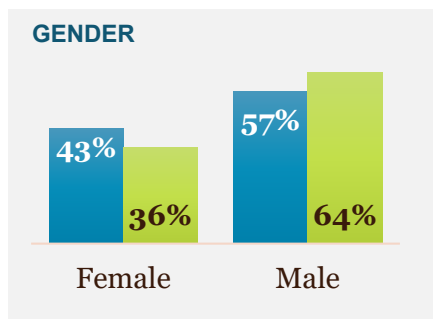
RESPONDENTS: NON-BOARD MEMBERS. A total of 494 respondents who responded in 2018 never served on boards, yet 74% of them express interest in doing so. The factors that would increase the likelihood of their serving include: understanding the time demands and expectations, assistance in finding the right board/mission, and understanding how they can add value. This suggests that there is an opportunity for companies to involve more people on boards by enhancing and scaling board training and matching services.

RESPONDENTS: DIVERSITY. Significantly, like last year, people potentially interested in boards are younger and come from more diverse backgrounds than those already serving. There are more Millennials (53% compared to 31% who serve); and more people from diverse racial and ethnic backgrounds (26% compared to 13% who serve). These results show that companies have an opportunity to advance employees from more diverse backgrounds. The added benefit is that companies would also be infusing boards with greater diversity, an important goal of nonprofits.

ABOUT THE 2018 SURVEY RESPONDENTS

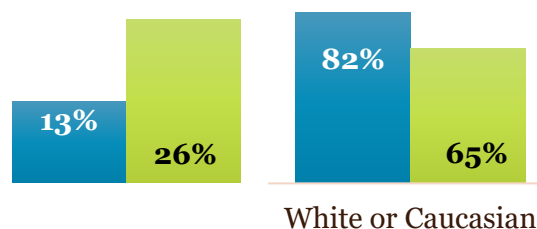
348 SERVING ON BOARDS; 494 NOT SERVING ON BOARDS

■ Serving on boards ■ Not serving on boards (potentially interested)



RACE/ETHNICITY

Aboriginal and Torres Strait Islander, American Indian or Alaska Native, Asian, Black or African-American, Latino or Hispanic, Middle Eastern or North African, Native Hawaiian or Pacific Islander



Unknown: 5% Serving on board, 9% Not serving on board

BOARD MEMBERS REPORT:

30%

have one or two years of experience on one board.

76%

serve on local/regional boards.

ONE BOARD MEMBER COMMENTS:

"I've become more conscious of the need to think about having true diversity. Because I've learned that you can sit there and pontificate but that lived experience is a true value. Live in another person's shoes."

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

DIVERSITY AND INCLUSION IS FUNDAMENTAL.

Many companies are recognizing that achieving diversity and inclusion is necessary to grow shareholder value. “Companies with more diverse workforces perform better financially.”⁷ In his book, *Diversity Bonuses and the Business Case*, Scott Page shows that “diversity can produce bonuses,” leading to “higher profits, larger market shares, and faster rates of innovation.”⁸ Katherine W. Phillips further explains that “we need diversity if we are to grow, change, and innovate.”⁹

*“As study after study demonstrates the business benefits of workforce diversity and companies expect finding talent for many key specialist roles to become much more difficult by 2020, it is time for a fundamental change in how talent diversity issues—whether in the realm of gender, age, ethnicity or sexual orientation—are perceived and well-known barriers tackled.”*¹⁰ World Economic Forum

A recent McKinsey report states:

*“Our latest study of diversity in the workplace... reaffirms the global relevance of the link between diversity...and company financial outperformance.”*¹¹ McKinsey

Despite evidence connecting diversity to business success, current approaches to diversity and inclusion have not yielded the desired results. “Most diversity programs aren’t increasing diversity...The positive effects of diversity training rarely last beyond a day or two, and a number of studies suggest that it can activate bias or spark a backlash.”¹² McKinsey reports:

*“Awareness of the business case for inclusion and diversity is on the rise...companies have increasingly begun to regard inclusion and diversity as a source of competitive advantage, and specifically as a key enabler of growth. Yet progress on diversification initiatives has been slow.”*¹³ McKinsey

DIVERSITY HAS MANY DIMENSIONS.

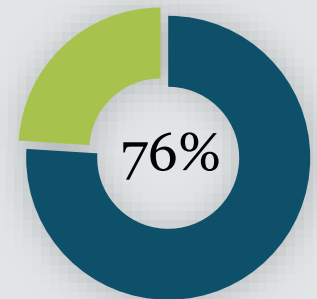
In follow up interviews, respondents described the diversity of their fellow board members broadly. They noted differences in backgrounds and perspectives, from the variety of their jobs and industries, socio-economic factors, gender, age, religion, race, ethnicity, physical capabilities, sexual orientation, and more. Their comments reflect appreciation for what Scott Page calls *cognitive diversity*-- “differences in information, knowledge, representations, mental models, and heuristics”-- and *identity diversity*-- “differences in race, gender, age, physical capabilities, and sexual orientation.” Page explains: “Many of our complex challenges involve understanding the actions, preferences, and capabilities of diverse people. Thus, identity diversity also contributes relevant cognitive diversity.”

In interviews, when describing diversity, people appreciated the value in board composition to achieve the organization’s mission and greater potential.

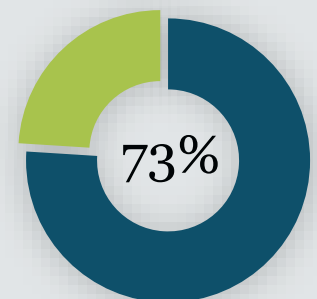
ONE BOARD MEMBER COMMENTS:

“Given companies’ greater expectations for appreciating diversity, a good way is via boards. Because the demographics at your work place is not so diverse. Boards open your eyes about different backgrounds and view points.”

BOARD MEMBERS REPORT:



serve with **board members** who have different backgrounds than their own.



serve organizations with **clients** who have different backgrounds than their own.

⁷ McKinsey (2015) Why diversity matters. <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

⁸ Page, Scott E. (2017), *The Diversity Bonus*, (Princeton, New Jersey: Princeton University Press and The Andrew W. Mellon Foundation).

⁹ Greater Good Science Center at UC Berkeley (2017), How diversity makes us smarter. https://greatergood.berkeley.edu/article/item/how_diversity_makes_us_smarter?platform=hootsuite

¹⁰ World Economic Forum (2016), The future of jobs. <http://reports.weforum.org/future-of-jobs-2016/>

¹¹ McKinsey (2018), Delivering Through Diversity. <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

¹² Harvard Business Review (2016), Why diversity programs fail. https://hbr.org/2016/07/why-diversity-programs-fail?utm_content=buffer6e7a&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

¹³ McKinsey (2018), Delivering Through Diversity. <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

ONE BOARD MEMBER COMMENTS:

"We're blessed here to work for a really good company and be paid well. But as you work with clients of nonprofit organizations, you see not everyone enjoys that. By serving on these boards, you can help make their lives better, and the experience gets you out of your cocoon."

EMPATHY IS A VITAL QUALITY FOR PEOPLE TO PERFORM WELL.

Evidence indicates that empathy contributes to the bottom line:

*"Empathy, which is about understanding our emotional impact on others and making change as a result, is more important to a successful business than it has ever been, correlating to growth, productivity, and earnings per employee."*¹⁴ Harvard Business Review

*"In [Satya] Nadella's view, empathy is, among other things, a key source of business innovation. He said that...it is a wellspring for innovation, since innovation comes from one's ability to grasp customers' unmet, unarticulated needs."*¹⁵

Most people, however, learn through experience, not by being instructed or trained, particularly with such complex matters as diversity, inclusion, and empathy. An article in *The Wall Street Journal* asserts that "more businesses are emphasizing the trait [empathy] in developing managers and products," and that empathy training at companies is on the rise. Yet the article cites experts noting that empathy takes a while to develop, and that few companies actually measure the results of empathy training.¹⁶

EXPERIENTIAL LEARNING BY BOARD SERVICE WORKS.

The 2018 study shows that board service significantly contributes to people gaining appreciation for diversity and inclusion, while also developing empathy. This result underscores the value of active experiential learning over passive traditional training. Study respondents indicate that their board experience increases their appreciation of the perspectives of people from backgrounds that are different than their own (85%). Furthermore, respondents report a deeper understanding of the challenges facing people who live in different circumstances than their own (83%); and greater empathy for those from different backgrounds than their own (76%).

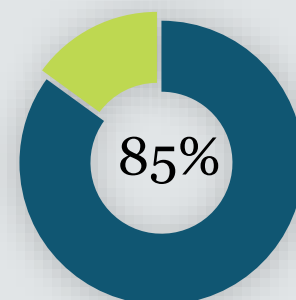
The setting is ripe for mutual understanding when people come together as volunteers around a mission for which they share a passion.¹⁷ Respondents report that most of their fellow board members have backgrounds different from their own (76%), and that the nonprofit serves clients whose backgrounds are different than their own (73%); working together on a shared mission builds trust and understanding.

ONE BOARD MEMBER COMMENTS:

"On one of my boards there are people from all walks of life...but we share one common passionate view of the organization. Under difficult circumstances, we come to solutions that no one individual could. That kind of awareness is a growth experience for me."

BOARD MEMBERS REPORT:

That their board experience



Increases appreciation of perspectives of people from different backgrounds.

83%

Deepens their understanding of the challenges people face.

76%

Makes them more empathic.

¹⁴ Harvard Business Review (2016), The most empathetic companies. <https://hbr.org/2016/12/the-most-and-least-empathetic-companies-2016>

¹⁵ Knowledge @ Wharton (2018), Microsoft CEO Satya Nadella: How Empathy Sparks Innovation. <http://knowledge.wharton.upenn.edu/article/microsofts-ceo-on-how-empathy-sparks-innovation/>

¹⁶ *The Wall Street Journal* (2016), Companies try a new strategy: empathy training. <https://www.wsj.com/articles/companies-try-a-new-strategy-empathy-1466501403>

¹⁷ See Korngold, Alice (2005), *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*, (San Francisco: Jossey-Bass, A Wiley Imprint).

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

BOARD EXPERIENCE CHANGES EMPLOYEE BEHAVIORS TO ADVANCE DIVERSITY AND INCLUSION IN THE WORKPLACE.

The value of nonprofit board service is particularly meaningful if business people who serve are able to transfer and apply their greater appreciation of diversity to the workplace. In a new set of questions added to the 2018 survey, respondents report that they perform their company work differently as a result of the increase in their appreciation of different perspectives attained through board service. They indicate that at work, they listen more carefully to different views (78%); create more inclusive teams/committees (63%); and make more inclusive hiring (50%) and promotion (41%) decisions.

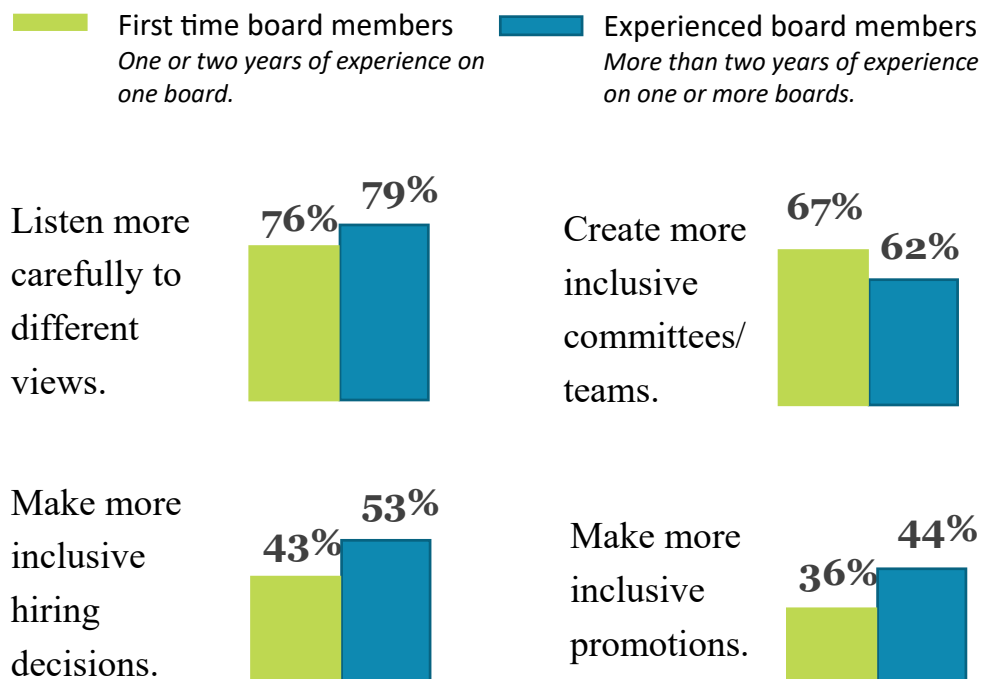
In follow up interviews, people reported situations in which they have used their enhanced awareness and understanding to be more effective in their jobs.

ONE BOARD MEMBER COMMENTS:

"I work with [customers/clients] in a variety of industries. Because of my board work, I've become used to working with diverse people from diverse backgrounds and without a hierarchy. That's how you learn to solve problems... by working together...including healthy debate that comes from challenging each other's assumptions."

BOARD MEMBERS REPORT:

EMPLOYEES PERFORM DIFFERENTLY AT WORK AS A RESULT OF THEIR BOARD EXPERIENCE.



BOARD MEMBERS COMMENT:

"One thing we don't do well [at work] is stop to listen and put ourselves in our client's shoes. I'm not sure if that awareness comes more from volunteering or the humanitarian experience but it's embedded in the culture of the board."

"I've learned to be more aware of other people's perspectives and to the nonverbal cues. This has carried over from my board to my job."

"You see the problem when a new corporate person comes on board and tries to get nonprofits to act like corporations. With experience, you develop an ability to translate, which is a valuable skill. How to transition between the two cultures and do it effectively and motivate the nonprofit in the right way. Respect the culture while providing expertise."

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

ONE BOARD MEMBER COMMENTS:

"Just like I've recognized what I can bring from my company to the board, I also realized that I have more to contribute at my company. At work, sometimes you're focused on your little piece of the puzzle. But now I see the bigger picture and can talk with peers about solving challenges."

BOARD MEMBERS REPORT:

Value of board experience in helping to develop professional skills. Scale 0-100.

66

First time board members

74

Experienced board members

COMPANIES DESCRIBE A LEADERSHIP CRISIS.

Developing leaders to face new challenges in a dynamic world is essential for companies to grow shareholder value. Unfortunately, as shown by McKinsey, traditional leadership development programs fail to achieve the desired results. "According to a recent Fortune survey, only 7 percent of CEOs believe their companies are building effective global leaders, and just 10 percent said that their leadership-development initiatives have a clear business impact. Our latest research has a similar message: only 11 percent of more than 500 executives we polled around the globe strongly agreed with the statement that their leadership-development interventions achieve and sustain the desired results."¹⁸

People develop as leaders through experience, rather than by learning in passive settings. The McKinsey article explains that "every successful leader tells stories of how he or she developed leadership capabilities by dealing with a real problem in a specific context, and our survey provides supporting evidence for these anecdotes: companies with successful leadership-development programs were four to five times more likely to require participants to apply their learning in new settings over an extended period and to practice them in their job... This is just one of several modern adult-learning principles grounded in neuroscience that companies can employ to speed the behavior and mind-set shifts leaders need to thrive in today's fast-changing environment."

BOARD EXPERIENCE DEVELOPS BUSINESS LEADERS.

In the 2018 study, employees report that their board experience affects them at work. They describe themselves as better leaders (80%), more confident (77%), accepting more responsibility (72%), feeling more useful (71%), and better qualified for promotion (60%). More than half of the respondents indicate that they developed skills in board governance (65%), networking (58%), communication (54%), strategic planning (52%), and decision making (52%). Nonprofit board service, therefore, is an important opportunity for corporate leadership development.

Furthermore, board members show the greatest *growth* in skill development when they continue beyond their first two years on one board to serve for additional years on multiple boards. They report particular growth in the following areas: conflict resolution (from 20% to 44%), board governance (from 53% to 70%), team leadership (31% to 46%), decision making (42% to 56%), consensus building (40% to 53%), and communication (46% to 58%). Additionally, when asked to rate the value of the nonprofit board experience in helping them to develop their professional skills, on a scale of 0-100, the average of all responses is a strong 72.

BOARD MEMBERS COMMENT:

"Board service provides a serious development experience, especially for young people like me. At work, you're not put into this level of leadership, so board experience prepares you well."

"My understanding of organizational politics (system) has materially increased. Back in the corporate world, I've become much more considerate of just how complicated it is to get things done, to understand stakeholders and the constraints that they're operating in."

¹⁸ McKinsey (2017), What's missing in leadership development. <https://www.mckinsey.com/global-themes/leadership/whats-missing-in-leadership-development>

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

BOARD EXPERIENCE IS A PATHWAY FOR COMPANIES TO ADVANCE PEOPLE FROM DIVERSE BACKGROUNDS TO LEADERSHIP.

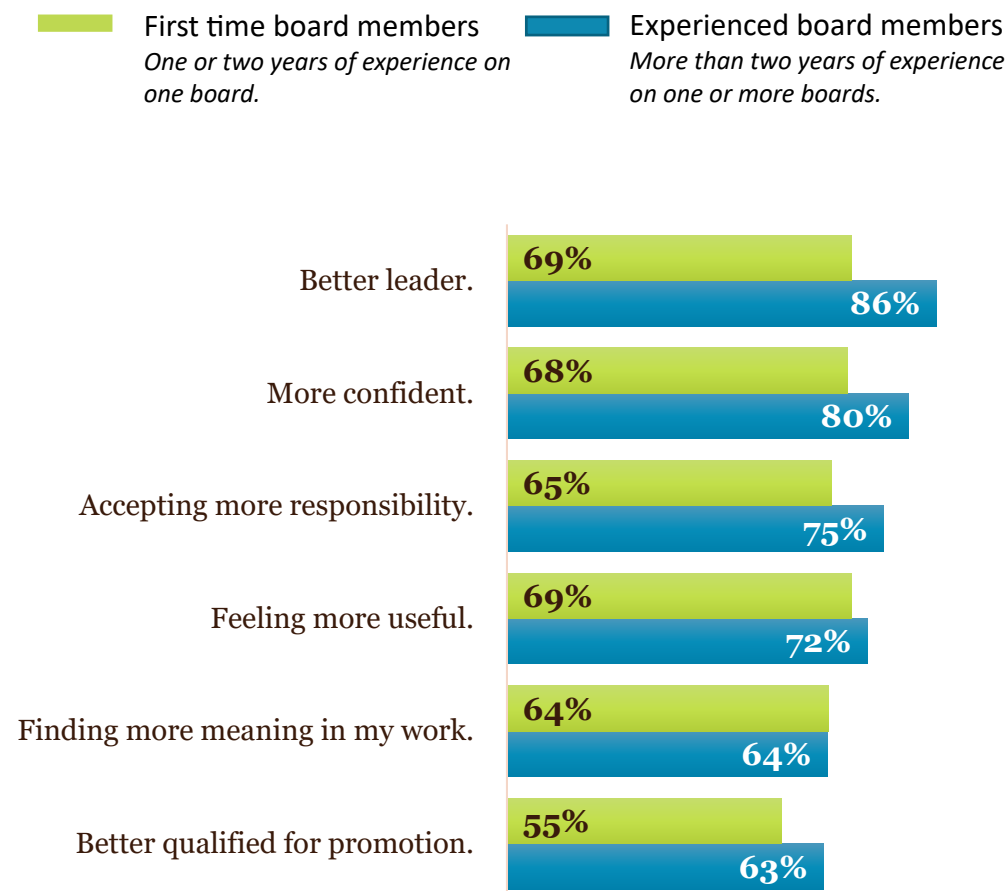
Companies require more effective ways to build more diverse leadership teams, because the lack of diversity among business leaders hurts the bottom line. McKinsey observes:

“Top-team ethnic and cultural diversity is correlated with profitability... The penalty for not being diverse on both measures persists... Ethnic and cultural diversity on executive teams is low... Black women executives are underrepresented in line roles and may face a harder path to CEO.”¹⁹ McKinsey

For companies seeking to develop leaders from different backgrounds, board service provides unique opportunities for success. Most respondents (72%) rise to leadership positions. Among them, 51% serve as board officers, including board chair, vice chair/president, secretary, and treasurer, and 62% serve as committee chairs.

BOARD MEMBERS REPORT:

BOARD EXPERIENCE AFFECTS EMPLOYEES AT WORK.



BOARD MEMBERS COMMENT:

“Having to understand the financial drivers [for nonprofits] has broadened my horizons. We just went through an initiative to grow the nonprofit. The expansion had implications related to taxes, compliance, finances...the experience has helped me to develop some muscles, acumen that I didn’t have.”

“My board experience has given me the ability to connect with customers on a different level and the ability to partner with enterprises on common causes. You can build your professional network which accelerates the learning that you can bring back to the company.”

“The benefits to my company [of expanding the board program] would be huge. This is where the creativity and ability to solve new problems comes from. I’m a big advocate for companies encouraging and supporting people to serve on boards.”

¹⁹ McKinsey (2018), Delivering Through Diversity. <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

BOARD SERVICE DEVELOPS EMPLOYEES' RELEVANT SKILLS FOR 2020.

According to "The Future of Jobs: Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution," published by the World Economic Forum, the top ten skills required for 2020 will be: complex problem solving, critical thinking, creativity, people management, coordinating with others, emotional intelligence, judgment and decision-making, service orientation, and negotiation.²⁰

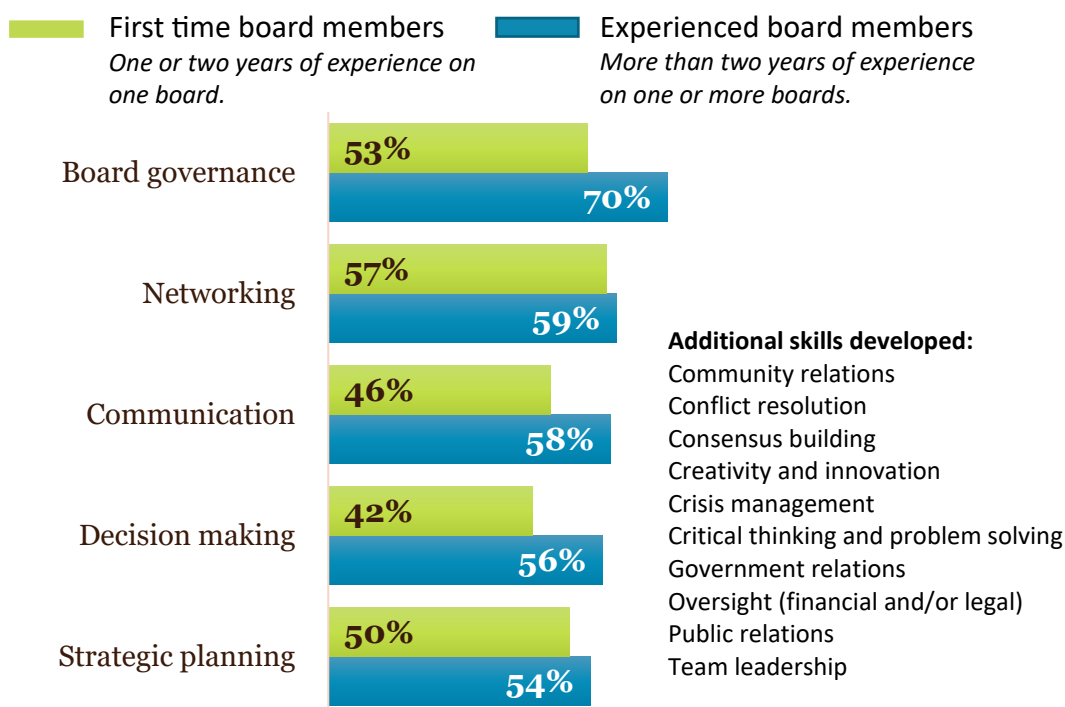
The 2018 study shows that employees develop these and related skills through board experience.

ONE BOARD MEMBER COMMENTS:

"When I started, I thought about my own value, rather than the collective perspective. And I thought about how to facilitate...to develop the momentum of a discussion. I realized that this requires a lot of skill. Then I reflected on the value of various perspectives. It's very humbling. I thought I knew most of what I needed to know. And yet I've learned so much from my board interactions that I bring back to my corporate world."

BOARD MEMBERS REPORT:

TOP 5 SKILLS DEVELOPED AS A RESULT OF BOARD EXPERIENCE.



BOARD MEMBERS COMMENT:

"Managing stakeholders is an underrated skill. You're not trained. Facilitation. Negotiation. Assumed to be developed on the job. And selling skills. There's some training but effectively you need a lot of influence and relationship building. Your credibility on a nonprofit board is about building your credibility which carries over to work."

"Working in corporate America, we're Type A personalities. I have a strong personality and I tend to take charge. From my board experience, I've learned to sit back and listen. Because others will only participate in making sustainable change if you to make it possible for them to step up...and to appreciate their own personal approach."

²⁰ World Economic Forum (2016), The future of jobs: employment, skills and workforce strategy for the Fourth Industrial Revolution. http://www3.weforum.org/docs/WEF_Future_of_Jobs.pdf

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

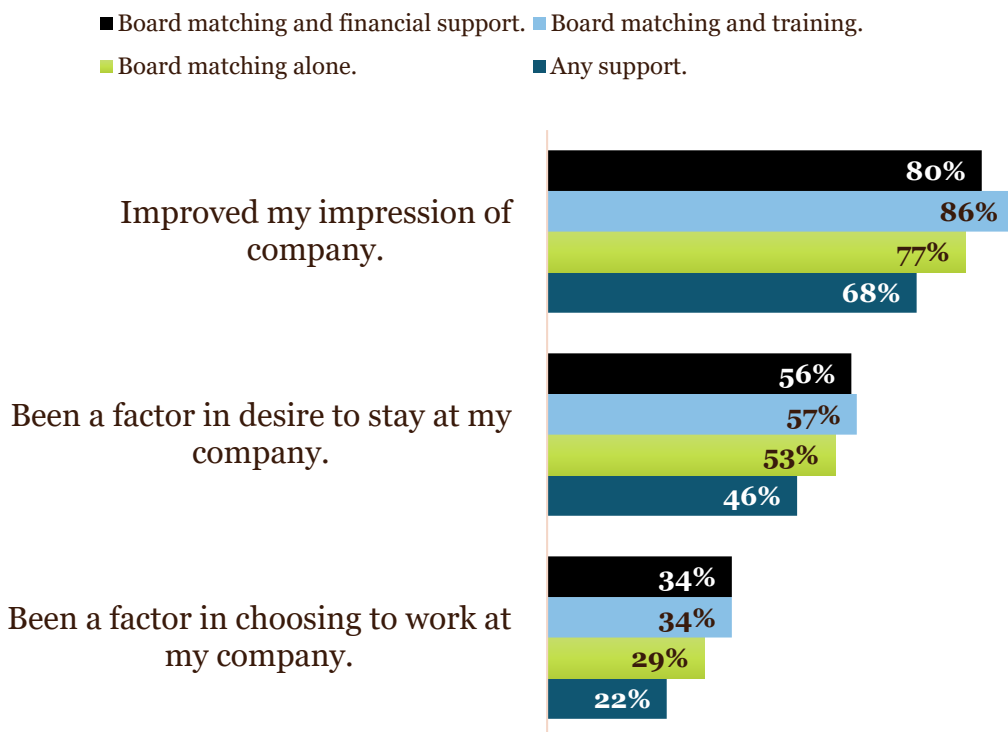
BOARD PROGRAMS AT COMPANIES IMPROVE RECRUITMENT AND RETENTION.

By engaging employees in board service, companies can advance their goals for recruiting and retaining the best people from a variety of backgrounds. Employees who work at companies that support board service report that this improves their impressions of their employers (68%). Some employees report that the company's board program was a factor in their choosing to work at the company (22%), and even more state that corporate support for board service is a factor in their desire to stay at the company (46%). By fostering deeper understanding and empathy among their employees, and supporting meaningful leadership and community engagement, companies are in a stronger position to attract the best candidates from a broad group of people and grow their value to the company.

Board service is a compelling solution to Millennial dissatisfaction. According to a study by Gallup,²¹ Millennial turnover costs the U.S. economy \$30.5 billion annually. "Only 29 percent of Millennials are... emotionally and behaviorally connected to their job and company." Similarly, a study by Deloitte²² reports that two out of three Millennials expect to leave their current jobs by 2020, feeling little loyalty to their employers. Both Gallup and Deloitte offer various reasons for the widespread Millennial dissatisfaction at work: failure of employers to meet interests of Millennials to learn and grow, develop as leaders, feel useful, and have a sense of control. Businesses that encourage and support their employees to serve on the board of a nonprofit that is a good match, while also providing training and coaching for successful board service, may well meet the desires of many dissatisfied Millennials.

BOARD MEMBERS REPORT:

BOARD PROGRAMS IMPROVE EMPLOYEES' IMPRESSION OF THE COMPANY.



BOARD MEMBERS COMMENT:

"I'm involved in recruiting Ph.D.s to the company. The current generation has a strong desire to do meaningful things in society, so board service provides an opportunity for recruiting and retaining. I get questions in interviews because candidates see what other companies are doing."

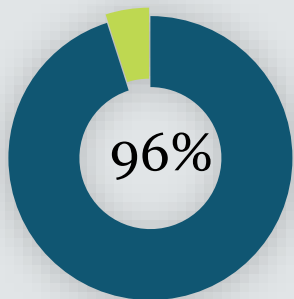
"One of most important things I've learned is working across generations. When you've got people working at a company for decades and also new people, it's necessary to integrate all of their thinking to find a common place. You need to validate a variety of opinions but work towards the common goal....take the big picture."

²¹ Gallup (2016), How Millennials want to work and live. <http://news.gallup.com/reports/189830/e.aspx#aspnetForm>

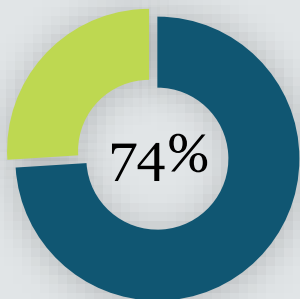
²² Deloitte (2016), The 2016 Deloitte Millennial Survey. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>

PART I: BUILDING A MORE DIVERSE, INCLUSIVE, AND HIGH PERFORMING WORKFORCE

BOARD MEMBERS REPORT:



of board members would recommend board service to friends/colleagues.



of those not serving on nonprofit boards express interest.

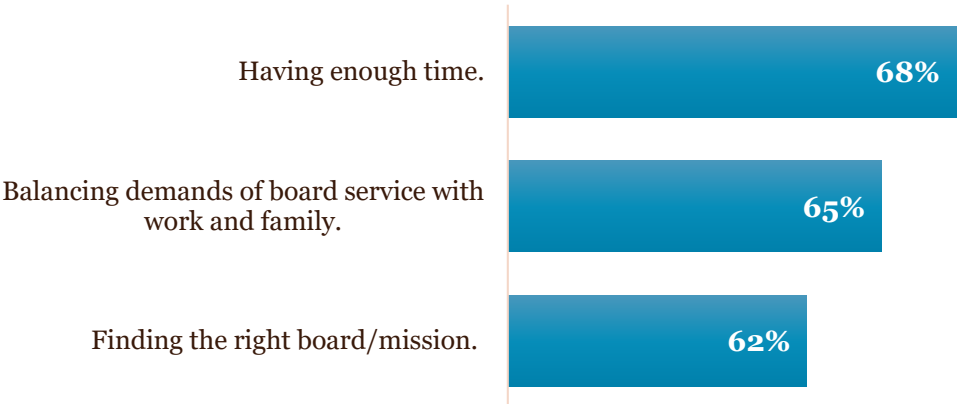
COMPANIES HAVE A VALUABLE OPPORTUNITY: MORE EMPLOYEES ARE INTERESTED IN SERVING.

Notably, 74% out of the 494 respondents who are not on boards indicate their interest in serving. They report that the factors that would increase the likelihood of their serving include: assistance in finding the right board/mission, understanding the time demands and expectations, and understanding how they can add value.

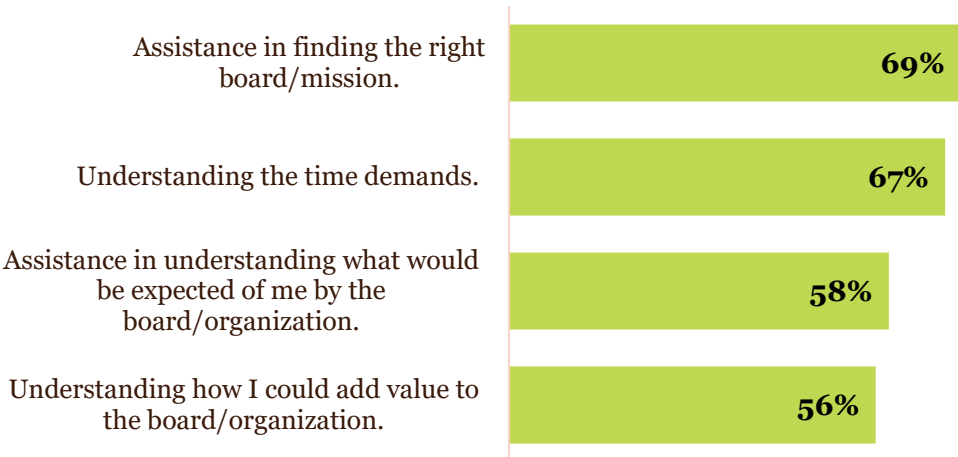
Furthermore, employees interested in serving come from more diverse backgrounds than those already serving. There are more Millennials (53% compared to 31% who serve); and more people from diverse racial and ethnic backgrounds (26% compared to 13% who serve). Companies can develop people from diverse backgrounds for leadership by training and matching more employees who are interested in serving on boards.

BOARD MEMBERS REPORT:

TOP FACTORS THAT CONCERN NON-BOARD MEMBERS ABOUT SERVING.



TOP FACTORS THAT WOULD MAKE NON-BOARD MEMBERS MORE INTERESTED IN SERVING.



PART II: ADVANCING THE U.N. SDGs

Leading companies recognize that they will mitigate risks, reduce costs, and grow shareholder value by helping to find innovative solutions to global problems—social, economic, and environmental.²³ As a result, the majority of the world's largest corporations have joined the United Nations effort to achieve the SDGs.²⁴ The SDGs, formally adopted by the U.N. General Assembly in 2015, provide a framework for the private sector, governments, civil society, and individuals to end poverty, protect the planet, and ensure prosperity for all by 2030.

*"To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."*²⁵ Larry Fink, Founder, Chairman and Chief Executive Officer, BlackRock, Inc.

THE SDGs DRIVE ECONOMIC DEVELOPMENT.

The SDGs drive economic development which is good for business and society. Business people who serve on boards are productively advancing the SDGs. Survey respondents serve on boards that address various SDGs, most often related to SDG 4: quality education. "The purpose of economic development should be to put a regional economy on a trajectory of higher growth (growth) by increasing the productivity of firms and workers (prosperity) that raises standards of living for all (inclusion)," explains Amy Liu of The Brookings Institution.²⁶ "This brand of economic development can lead to deep prosperity—growth that is robust, shared, and enduring."

BUSINESS PEOPLE ADVANCE THE SDG AGENDA AS EFFECTIVE BOARD MEMBERS AND BOARD LEADERS.

Most respondents (72%) serve in leadership positions on boards that advance the SDGs. Employees who serve on boards also further vital nonprofit missions by attending board meetings regularly (98%) and contributing in meetings by asking questions and/or making comments (96%). Additionally, 93% contribute in at least one additional way, and 68% contribute in at least two additional ways, including providing pro bono assistance, making financial contributions, raising funds, and making introductions to prospective donors and board member candidates. This level of board service is a powerful means for business people to leverage their volunteer time and advance the SDG agenda.

ONE BOARD MEMBER COMMENTS:

"By being involved on boards, we gain a broader view of challenges facing the community, and how companies can help with these challenges."

BOARD MEMBERS REPORT:

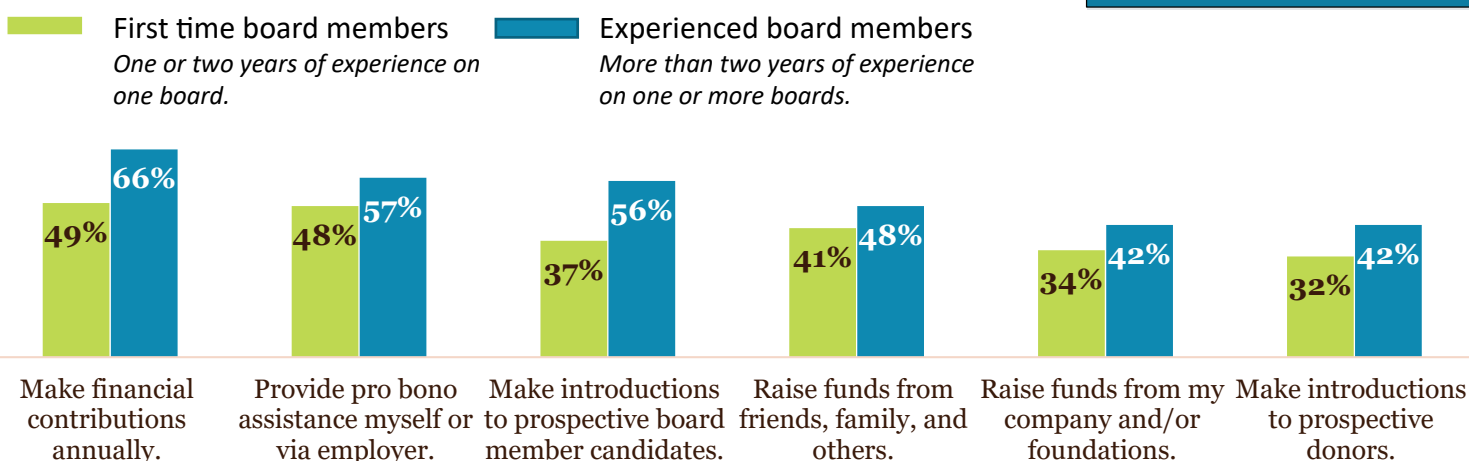
98%

Attend board meetings regularly.

and

93%

Contribute in additional ways.



²³ See Korngold, Alice (2014), *A Better World, Inc.: How Companies Profit by Solving Global Problems...Where Governments Cannot*, (New York: Palgrave Macmillan).

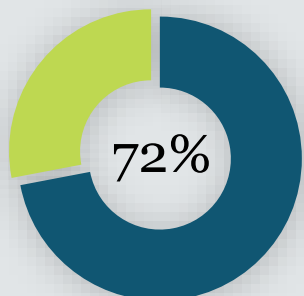
²⁴ United Nations (2017), Sustainable development knowledge platform. <https://sustainabledevelopment.un.org/sdgs>

²⁵ BlackRock (2018), Larry Fink's Annual Letter to CEOs. <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

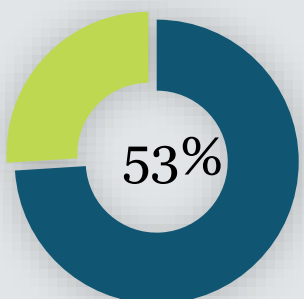
²⁶ The Brookings Institution (2016), Remaking economic development. https://www.brookings.edu/wp-content/uploads/2016/02/BMPP_RemakingEconomicDevelopment_Feb25LoRes-1.pdf

PART II: ADVANCING THE U.N. SDGs

BOARD MEMBERS REPORT:



Advance to leadership positions on the boards where they serve.



First time board members advance to board leadership positions within one to two years.

Leadership positions include serving as an officer and/or committee chair.

BUSINESS PEOPLE ADVANCE THE SDG AGENDA AS EFFECTIVE BOARD MEMBERS AND BOARD LEADERS.

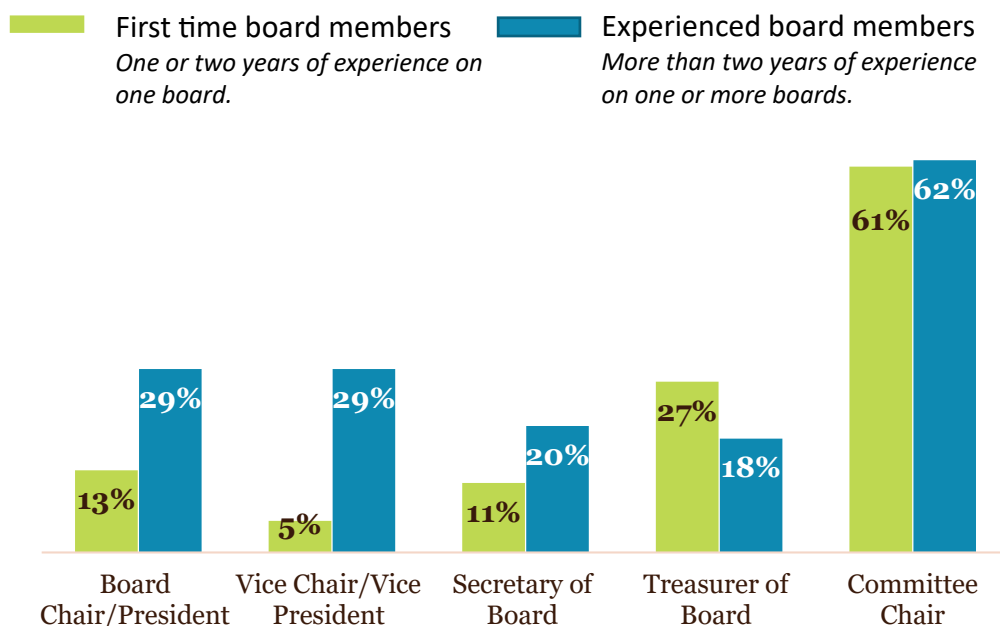
BOARD MEMBERS COMMENT:

“As a board member working in the community, I see challenges that my company can help solve...local and world challenges. This kind of experience makes us better employees. We’re better equipped to innovate, help solve problems.”

“It’s a multiplication concept. When you start using your talent and skills, they grow and grow. If you hoard your abilities inside you and don’t share them, they will not grow beyond your own personal pleasures. You need to get yourself out there for the benefit of other people. That in turn motivates others.”

BOARD MEMBERS REPORT:

LEADERSHIP POSITIONS WHERE THEY SERVE



PART II: ADVANCING THE U.N. SDGs

BOARD MEMBERS REPORT THAT THE IMPACT OF THE SDGs ON THEIR COMMUNITIES BECOMES CLEARER.

The study demonstrates that board service promotes healthy communities and a healthy and prosperous planet. Survey responses reveal that business people who serve on boards gain a better understanding of the impact of challenges facing their communities—particularly SDG 4: quality education (54%); SDG 8: decent work and economic growth (43%); SDG 17: partnerships for the goals (35%); and SDG 3: good health and well-being (34%).

54% of employees serve on nonprofits whose missions advance SDG 4: quality education.

BOARD MEMBERS REPORT THAT THE IMPACT OF THE SDGs ON THEIR COMPANIES BECOMES CLEARER.

Additionally, employees who serve on boards report that they gain an appreciation of the impact of community challenges on their companies—particularly SDG 4: quality education (60%); SDG 17: partnership for the goals (51%); SDG 3: good health and well being (41%); and SDG 11: sustainable cities and communities (39%).

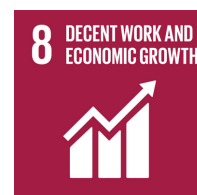
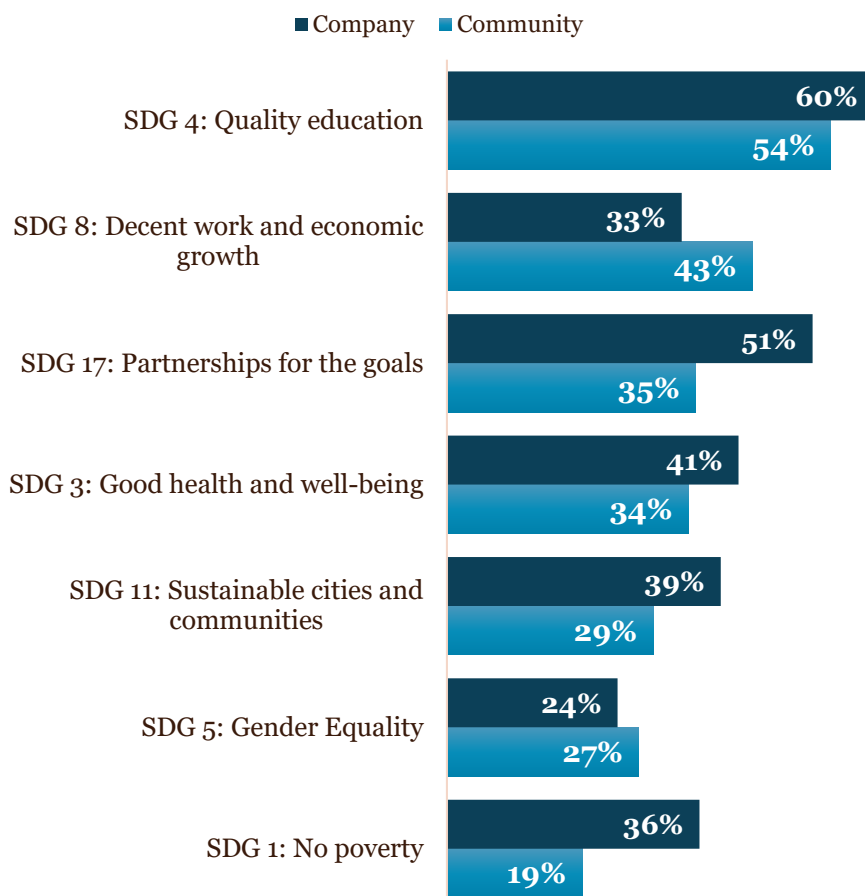
By serving on boards, business people gain insights to help find solutions that improve their communities and enhance their companies' success.

BOARD MEMBERS REPORT:

SDGs AFFECT THEIR COMMUNITIES AND THEIR COMPANIES.

ONE BOARD MEMBER COMMENTS:

"I don't think most people understand the epidemic of food insecurity. We don't see it outwardly. It's hush hush. Some people are not living the American dream, and people don't realize that. This makes me think about how companies can help with food waste and food insecurity."



PART III: TRAIN. MATCH. SUPPORT.²⁷

Companies that seek to enhance and scale their board programs, or establish a new program, need to take the following three steps: **Train. Match. Support.**

TRAIN.

To optimize the benefits of board service to the company, individuals, and nonprofits, companies should offer a board training program for employees interested in serving. Not only is this a best practice, but the survey shows that people interested in boards would be more likely to serve if there were training that addressed responsibilities and expectations.

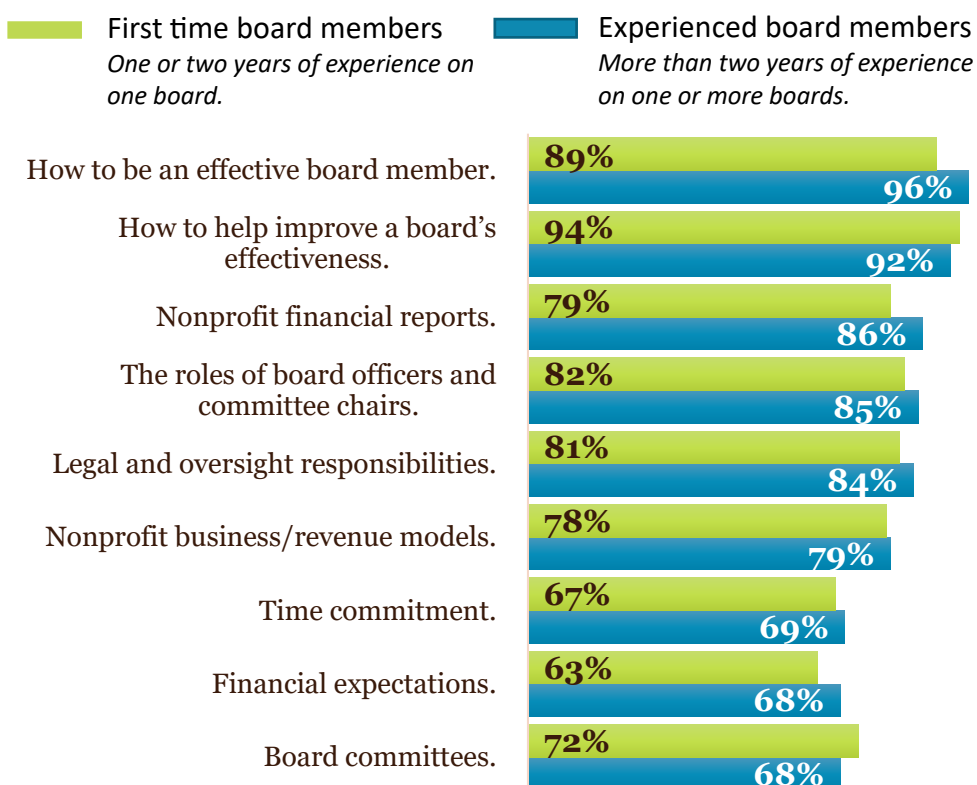
Respondents who serve on boards recommend topics that would be most useful in preparing business people for board service. The top five are: how to be an effective board member, how to help improve a board's effectiveness, nonprofit financial reports, the roles of board officers and committee chairs, and legal and oversight responsibilities.

ONE BOARD MEMBER COMMENTS:

"There's a lot of talent that's not fully developed or leveraged. You become so much better as a leader when you get practice. When you get the opportunity to observe leaders from other backgrounds and in a variety of settings, you get to develop your own approach."

BOARD MEMBERS REPORT:

BOARD MEMBERS RECOMMEND THESE TOPICS TO PREPARE EMPLOYEES TO SERVE.



BOARD MEMBERS COMMENT:

*"The most important training is about how to be an effective board member and how to build a more effective board. When you come in new, it would help to understand what success looks like for *this* organization. That's not clearly communicated. So it can be hard to get started. Like with any leadership position, you learn and then you become more effective next year. That can be shortened with some training."*

"My advice to companies: the best time to be on boards is before you become a leader at the company because you can add the work and wisdom to the board and learn a lot about leadership before you're leading at work."

²⁷ See Korngold, Alice (2005), *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*, (San Francisco: Jossey-Bass).

PART III: TRAIN. MATCH. SUPPORT.²⁸

MATCH.

Companies can help ensure that their employees have productive and rewarding board experiences—that also reflect well on the company—by assisting employees in finding the right board. Additionally, data show that when people are matched thoughtfully and purposefully, they are more likely to rise to board leadership positions.²⁹ There are a variety of approaches to board matching that a company can establish depending on goals, demand, and budget. By providing highly effective board-matching services, companies will make it more likely that employees will participate, and achieve the greatest benefit for themselves, their companies, the nonprofits where they serve, and the community.

SUPPORT.

Board experiences will be more productive and rewarding for employees, their companies, nonprofits, and the community if companies provide ongoing support to their employees' efforts.³⁰ Additionally, employees appreciate their employers who support their involvement.

Survey responses and subsequent interviews with respondents indicate specific ways that companies can help.

TIME. Employees who serve on boards expressed their appreciation for the company's support, particularly with regard to time.

One employee stated in an interview:

"That the company gives us flexibility to serve on boards is key. I appreciate that."

FINANCIAL. Employees whose companies provide financial support to their organizations are very appreciative. Some people whose companies do not support their involvement financially noted that it can create challenges.

RECOGNITION. In interviews, employees who serve on boards recommended that companies recognize their service. Some commented that since their contributions on boards reflect well on the company, they would appreciate their companies recognizing their service publicly and also in their performance reviews.

"The ideal would be if board service were included as a factor in one's career. The competencies you develop should be part of your personal and professional development."

COACHING AND ONGOING TRAINING. People who were interviewed commented on the complexity of nonprofits and board governance. They noted the challenges of balancing work, board service, and family time. By providing ongoing coaching and training support services, companies can maximize the leadership development value of board service, enhancing the win-win-win for their employees, the company, the nonprofit and community.

By encouraging and supporting board service among their employees, companies can grow shareholder value by accelerating progress in building more diverse, inclusive and high performing workforces, and advancing the SDGs.

BOARD MEMBERS COMMENT:

"Because my company makes such a strong push for learning and development, it would be good to recognize that board experience is such a valuable L&D experience. It would be good for the company to encourage board service even more so at lower levels."

"The match has to be good. A centralized platform would be really good. Having employers promote that."

"This [study] is a terrific project. I hope that my company will make board service a bigger part of the company's way to give back to the community. As the foundation thinks of how it wants to give, it would be great for the company to provide leaders for nonprofits."

²⁸ See Korngold, Alice (2005), *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*, (San Francisco: Jossey-Bass).

²⁹ See Korngold, Alice (2005), *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*, (San Francisco: Jossey-Bass).

³⁰ See Korngold, Alice (2005), *Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses*, (San Francisco: Jossey-Bass).

WITH APPRECIATION

RICHARD BROWN

Vice President, Philanthropy, American Express

TRACEY BURTON

Senior Director, Corporate Social Responsibility, Target

TRACEY CAPPER

Global Corporate Social Responsibility, Marketing and Communications, PwC

GRADY CROSBY

Vice President, Public Affairs, and Chief Diversity Officer, Johnson Controls
President, Johnson Controls Foundation

JANE EDWARDS

Director, Social Impact, PwC

LEE FABIASCHI

Program Associate, Global Corporate Citizenship, PIMCO

KIRSTY JENNINGS

Global Corporate Responsibility Leader, PwC

LORI MICHELIN

President and CEO, World Environment Center

SARAH MIDDLETON

Senior Vice President, Global Corporate Citizenship, PIMCO
Executive Director, PIMCO Foundation

JENNY MOE

Corporate Social Responsibility Manager, Target

AYO SANDERSON

Executive Director, Community Impact
Vice President, Comcast NBCUniversal Foundation

WANDA SIMS

Director, Community Impact at Comcast NBCUniversal

SUE STEPHENSON

Vice Chair and Interim CEO, IMPACT2030

ROB VALLENTINE

Director, Global Citizenship, Dow Chemical
President, Dow Chemical Foundation

ABOUT THE AUTHOR



ALICE KORNGOLD, PRESIDENT AND CEO, KORNGOLD CONSULTING LLC, provides strategy advisory services for board members and executives from multinational corporations, professional services firms, and global, national, and regional nonprofits. Her areas of expertise are board governance, ESG/sustainability/CSR, and diversity and inclusion. Korngold authored [A Better World, Inc.: How Companies Profit by Solving Global Problems...Where Governments Cannot](#) (Palgrave Macmillan, 2014) and [Leveraging Good Will: Strengthening Nonprofits by Engaging Businesses](#) (Jossey-Bass, a Wiley Imprint, 2005). She authored the chapter on Sustainability and Corporate Governance in the [Handbook on Board Governance: A Comprehensive Guide for Public, Private, and Not for Profit Board Members](#) (Wiley, 2016).

Korngold is a Visiting Professor for the Masters in Financial Accountability, York University, Toronto, Canada. She is a juror for the World Environment Center's annual Gold Medal Award for International Corporate Achievement in Sustainable Development. Korngold received a B.A., history and an M.S.Ed., psychological services, from the University of Pennsylvania.

Korngold
Consulting^{LLC}

Alice Korngold

President and CEO

alice@korngoldconsulting.com

+1 917 533 3301

korngoldconsulting.com

twitter: [@alicekorngold](https://twitter.com/alicekorngold)

