

# Trustee Insights

## DIVERSITY



## Creating a More Diverse and Inclusive Board

### How to start the conversation in boardrooms

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In the past decade, much has been written and spoken about the value of a diverse and inclusive board. For most boards, progress has been slow in achieving a demographic composition that reflects their communities and is diverse in skills and perspectives.

According to the American Hospital Association [2019 National Health Care Governance Survey](#), hospital boards are becoming only slightly more ethnically and racially diverse, with 58% reporting at least one nonwhite member in 2018, compared with 53% in 2014. There

is clearly a need to improve board diversity, and many boards recognize this as a significant challenge.

As fiduciaries of a vital community asset, hospital and health system board members are in a unique position to take a leadership role in ensuring that the organization prioritizes and invests in diversity, inclusion and health equity. As business and community leaders, governing board members can work closely with hospital and health system leadership to develop a board strategy on diversity, inclusion and health equity as part of the organization's strategic plan. Designating at least one board member to serve

as a champion for health equity, diversity and inclusion will underscore the importance of developing and implementing a board diversity strategy.

### Why Should the Board Be Diverse?

Studies have shown that boards with differences in gender, race, ethnicity, age, sexual orientation, disability, and social and economic circumstances function at a higher level. In addition, inclusion is a reliable predictor of business success. According to research by McKinsey & Company, the financial performance of organizations with diverse boards is 30% better than those with a homogenous makeup. Incorporating diversity and inclusion in an organization's culture is hampered significantly if the board and C-suite demographic makeup does not resemble that of patients, employees and the community.

### How to Get Started

The best place to start is understanding what the terms mean. Diversity and inclusion are not synonymous; they are distinctly different. Diversity refers to differences in traits and characteristics, seen and unseen. Inclusion means that all members feel welcomed and have an equal opportunity to contribute. On inclusive boards, all members are recognized for

their insights, life experiences and perspectives. In short, diversity is having a seat at the table, and inclusion is having a voice at the table.

Agreeing on the definition of board diversity and about refreshing board composition is a critical first step in diversifying the board. A board should compare its composition to the community it represents. If the makeup is not reflective of its constituents, a recruitment strategy for identifying and inviting new and diverse board members should be developed that includes quantifiable goals. As part of the recruitment process, boards are encouraged to work with community groups and local businesses to identify potential candidates.

### The Role of the Board Chair in Diversity

Responsibility for diversity and inclusion resides with the chair of the board and the nominating or governance committee. Although the chair creates a boardroom environment that fully utilizes the assets of a diverse and inclusive board, the entire board sets a tone that diversity and inclusion are important. To gain optimal benefit from a diverse and inclusive board, the chair facilitates open debate and encourages every trustee to contribute to discussions.

### The Importance of Educating a Board about Diversity and Inclusion

When designing board education, utilize your hospital or health system staff or partner with experts — or do both — to help your board in diversity and inclusion discussions.

## Key Questions Trustees Should Ask to Create a Diverse Board

- Is our board diverse and do we represent our community?
- What should our board diversity strategy be?
- Should our board develop a diversity recruitment strategy to assist our board in becoming more diverse?
- Should we develop a new health equity committee or include diversity and health equity issues within an existing committee?
- Do we have a board education strategy on diversity and inclusion?

Source: "Governing Board's Role in Health Equity and Diversity," Sue Ellen Wagner, 2021.

The board also can use an existing committee, such as the executive, governance or clinical quality committee, to develop ideas on diversity and health equity education for the full board and assist in developing a board diversity recruitment strategy.

The most successful diverse and inclusive boards acknowledge bias, have the courage to talk about sensitive topics, create a safe place to share viewpoints without retaliation and are curious about each member's opinions and experiences.

### The Need for Diverse Candidates

Historically, diversity and inclusion efforts have been stymied by boards that think there's an insufficient pool of candidates. There are highly qualified candidates, but the traditional way of identifying them is no longer effective in today's environment. Asking fellow board members for names or scanning the membership lists of other boards rarely will provide a diverse candidate slate. Many capable leaders are interested in joining health system boards;

some of them have nontraditional backgrounds or lack board experience. Many boards now are limiting the number of CEOs and CFOs on governing boards to leverage diversity of thought. Executives in human resources, information technology/cybersecurity and quality/safety are becoming highly sought board candidates, and they make valuable contributions. They also contribute out-of-the-box thinking from a variety of economic sectors and offer new solutions to existing challenges.

Candidates who have socioeconomic circumstances similar to that of a typical patient or employee also bring important voices into the boardroom. Health systems have spent a lot of money and considerable time identifying health disparities, analyzing their causes and implementing innovative programs and services to provide more equitable and accessible health care. In spite of such efforts, the COVID-19 pandemic exposed the critical role of health system leadership to swiftly address the health crisis in our country and the world. One of the most important attributes boards

have to fulfill this role is to empathize with and understand stakeholders' needs. What better way to gain that perspective than to have constituents at the board table?

### About AHA's Trustee Match Program

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The American Hospital Association has developed a [Trustee Match Program](#) through its partnership with the [National Urban League](#) and [UnidosUS](#) to match their affiliate executives to AHA member CEOs and governance leaders. The goal is to place these leaders on governing boards of AHA member organizations.

Health care trustees who understand the issues, needs and

cultures of their patients, employees and communities can provide deeper insights, resulting in better decision-making about how to best serve their local communities.

These trustees also may have deep connections with other community leaders who can help tackle diversity issues. Diverse and inclusive health care boards have richer discussions with broader perspectives, which can help their organizations avoid missteps and be more effective in implementing new programs and services for patient populations.

Transitioning a board to one that is accountable for diversity, inclusion and equity can be daunting, but it will pay dividends in a hospital's or health system's operational, clinical and financial performance, and position

the board for long-term success.

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**For a broad range of resources on health equity, board diversity and unconscious bias, visit the AHA's [Trustee Services website](#).**

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*Please note that the views of authors do not always reflect the views of the AHA.*

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