

# The Board's Role in Diversity and Inclusion

By Deborah J. Bowen, FACHE, CAE, American College of Healthcare Executives

**A**wareness of diversity and inclusion in the healthcare field—particularly among the leadership ranks—is increasing. Recent research, however, underscores the fact that there is still more work to be done. For instance, the U.S. Bureau of Labor Statistics reports that while 75 percent of the hospital workforce are female, just under one-third of healthcare institutions are led by women, according to the American Hospital Association's 2017 Annual Survey and the American College of Healthcare Executive's member files.

In addition, a 2019 Korn Ferry survey of C-suite healthcare executives reveals that 55 percent of respondents believe women have been passed over for a promotion in their organizations.<sup>1</sup> Nearly two-thirds (64 percent) of respondents rank career development programs for women in their organizations as fair, poor, or nonexistent, and 76 percent say their organizations lack sponsorship programs to help women healthcare leaders advance. The experience of women in healthcare today highlights the need for continued efforts to promote more diversity and inclusion in the field.

Furthermore, McKinsey & Company has produced reports documenting the association between an organization's success and the prolific inclusion of diverse leaders in executive and governance roles.<sup>2</sup> One report drew from a data set of more than 1,000 organizations to conclude that "companies in the top-quartile for gender diversity on their executive teams were 21 percent more likely to have above-average profitability than companies in the fourth quartile. For ethnic/cultural diversity, top-quartile companies were 33 percent more likely to outperform on profitability." The study also noted that "companies with the most ethnically/culturally diverse [governing] boards worldwide are 43 percent more likely to experience higher profits."

Healthcare governing boards can play an important role in making sure diversity and inclusion are strategic priorities. Following are steps board members can take to help foster a more diverse and inclusive organization.

## Knowledge Is Power

Include discussion about diversity and inclusion on board agendas. Discussing these issues at board meetings will help emphasize their significance and increase momentum with real initiatives that will effect change. A recent ACHE gender study highlights the importance of making this issue a priority. The study found that in order to remain competitive in today's healthcare field, organizations must attract top-performing women leaders. Boards can play an important role in ensuring the organization invests in the necessary tools and resources, and that it cultivates a culture that ensures *all* leaders can reach their fullest professional potential.

Boards can also encourage senior leadership to promote career development programs for women and diverse workers, such as mentorships. According to the ACHE gender study, nearly 85 percent of respondents cited mentoring as having been important to their career advancement. When leaders have access to such opportunities, the difference is seen in the positive effect on their careers and on the organizational culture as a whole. Mentoring in particular can help organizations build "bench strength," creating a path to the C-suite for future generations. Ensuring female-to-female mentorship opportunities or mentorships between members of other diverse groups is especially paramount.

## Key Board Takeaways

Boards can play an important role in promoting diversity and inclusion in the healthcare field. Some examples of actions board members can take are:

- Include discussions about diversity and inclusion on board agendas.
- Encourage senior leadership to promote career development programs for all workers, such as mentoring.
- Request data from senior leadership about diversity and inclusion within the organization.
- Help ensure audits about hiring, assignment, development, and promotion programs are conducted.
- Ensure diversity on the board itself.

## Invest

Just as they educate themselves about economic impacts on the field and the latest in innovative technologies that can strengthen the organizations they govern, directors can take the same approach with diversity and inclusion in the healthcare workforce.

To gain a better understanding of their organizations' demographics, board members should work with senior leadership to access this



1 April 2019 Korn Ferry survey of nearly 200 CEOs, CHROs, and other members of the C-suite at healthcare systems and hospitals across the United States.

2 Vivian Hunt et al., *Delivering through Diversity*, McKinsey & Company, January 2018.



information. They can also help ensure audits are conducted of hiring, assignment, development, and promotion programs to make sure all workers in the organization are treated equally and paid fairly. In addition, the board can request and use data to evaluate the extent to which the organization's leadership team reflects the community it serves, particularly in more ethnically diverse communities.

A recent McKinsey & Company survey highlights the consequences of not addressing diversity and inclusion.<sup>3</sup> The study found that while only 26 percent

of white women in the healthcare industry hold C-suite-level positions, this number is even worse for women of color, who hold just 4 percent of C-suite-level positions. The study notes three emerging problems that result in fewer diverse women being represented in healthcare leadership: hiring and advancement practices, institutional barriers that allow underlying biases to persist, and a daily work environment that does not promote

an inclusive and supportive experience for all employees.

When organizations can better understand and address these challenges, they can more effectively promote diversity among their workforce.

Having access to organizational data about diversity will help the board and senior leadership determine appropriate courses of action to address inequity and promote diversity. It can also help boards

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ensure that CEOs and their leadership teams have the resources to recruit and retain diverse candidates. Boards can also help make sure important initiatives such as postgraduate fellowships, mentoring experiences, and professional development are properly funded, as these are often some of the first things to go when budgets are tightened.

### Hold Leaders Accountable

Governing boards can help set the tone that diversity and inclusion are priorities, and can foster an organizational culture that reflects it. This starts by ensuring diverse men and women are equally represented on the board itself. Of course, factors such as expertise and skills should be the top consideration when recruiting new members to the board.

Boards also play an important role in making sure the CEO and other senior leaders are held accountable, via performance evaluation systems, for diversity and inclusion efforts and are setting the appropriate organizational tone related to these issues.

### Benefit for All

The issue of diversity and inclusion in the healthcare workforce continues to garner more attention, particularly with regard to gender inequity in the field. But women and

minorities still remain underrepresented in leadership positions, which is where more effort can be made to level the playing field.

As with all key organizational initiatives, momentum begins at the top. When healthcare governing boards make addressing diversity and inclusion a priority, the entire organization, its staff and its patients—and the healthcare management field overall—benefit.

*The Governance Institute thanks Deborah J. Bowen, FACHE, CAE, President and CEO of the American College of Healthcare Executives, for contributing this article. She can be reached at [dbowen@ache.org](mailto:dbowen@ache.org).*



<sup>3</sup> *Women in the Workplace 2018*, Lean In and McKinsey.