



FROM COLOUR BLIND TO RACE CONSCIOUS

Actions and Priorities to Increase Cultural Diversity in Australian Philanthropy

Prepared by the Centre for Social
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Centre for Social Impact

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Executive summary

Globally, there is an increasing trend among organisations to incorporate equity, diversity and inclusion initiatives, both in terms of their employee base and in their strategic visions for the future. This report aims to summarise how *cultural diversity*ⁱ is being addressed in the philanthropic sector. To date, most work that demonstrates the benefits and challenges of increasing cultural diversity in organisations has been discussed with reference to the North American context. A similar transformation is needed in Australia whereby boards and executive teams expand power and resourcing through diversified cultural representation and engagement.

At a high level, increasing cultural diversity in the Australian philanthropic sector does the following:

- It presents an opportunity to help solve complex social problems. Solutions can be co-created alongside people with distinctly different cultural-group affiliations. This is particularly the case in under-represented and/or marginalised communities, who have historically been excluded from these processes.
- It becomes part of the anti-racism work in philanthropy. Representation should be informed by the interaction of cultural identity and race, recognising the dominance of white-centred cultures at the board and executive level of philanthropic organisations and the ongoing impact of Australia's colonial history.
- It reflects the makeup of Australia's population—75% of people who were born overseas were born in countries other than north-west Europe or North America.

Deliberately increasing cultural representation has long-term positive impacts. The extant research indicates the following:

- Increased board diversity leads to improved responsiveness to corporate responsibility, governance, product development, and board effectiveness.
- Having culturally diverse boards does not automatically yield positive outcomes but requires appropriate resourcing and strategy that supports organisational and structural change.
- Constructive conflict can occur in the early stages of equalising cultural representation. It can require that stakeholders from culturally dominant groups be willing to hand over control in decision-making and experience a disruption in business-as-usual practices.
- Increased cultural diversity in philanthropic organisations helps to build a broader perspective on the social issues experienced across diverse communities.
- Understanding the significance of race in both identifying problems and how solutions are articulated by philanthropists represents the biggest factor preventing the philanthropic sector from fulfilling its mission of social change.

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ⁱ 'Cultural diversity' in this report is used to broadly refer to culturally marginalised people and communities that are not from white or Anglo-Western origins, including Aboriginal and Torres Strait Islander peoples. We acknowledge that 'cultural diversity' can be used as a construct that is both part of an individual identity, and a term that can be 'put on' others as a way of describing or othering or discriminating against culturally marginalised groups of people.

There are only hypothetical understandings of the impact that a lack of cultural diversity on philanthropic boards has on funding decisions and program outcomes in Australia. Key issues to consider include the following:

- There is a disconnect and a power imbalance between Indigenous organisations and philanthropy, reflected in the lack of access to funding networks and knowledge of where to apply for and how to receive funding.
- The for-purpose sector and its response to addressing social issues is largely informed by Anglo-Celtic approaches, which limits how success in non-Western community-led responses can be reported on and understood.
- Informal giving and volunteering to support communities in Indigenous and non-Western cultural minority groups can be integral to cultural and daily life and may not be identified under a title of 'volunteering'. Consequently, people from these communities may not identify with key activities that are usually funded by philanthropy.

Strategies to improve cultural diversity that can be immediately implemented include the following.

Strategy and governance:

- Articulate the importance of culturally diverse representation in vision and mission, and form strategic partnerships for grant-making and investing.
- Critically examine internal organisational issues that may contribute to the exclusion of cultural minorities.
- Communicate the advantages of institutional change.

In practice:

- Recognise the impact of 'cultural load' on cultural minority staff in the workplace. It is important to adequately resource institutional change with appropriate staffing and budget.
- Implement institutional change at all levels of an organisation, from the board to frontline staff members.
- Develop a values framework that uses a racial equity lens to create and review internal policies, programs and practices.

Relationships:

- Involve leaders representing culturally diverse communities in strategy development.
- Seek and actively involve community input to meaningfully co-design new policies and programs.
- Ensure that evaluations that are sponsored or conducted by philanthropic organisations are done in a culturally competent and appropriate manner.

Why cultural diversity? Why now?

In June 2020, while the world continued to adjust to the new realities of the global COVID-19 pandemic, attention shifted to another leading cause of mortality: racial inequality. The *Black Lives Matter* movement, spurred by the latest in a number of deaths of black Americans due to excessive force by the police, drew attention to the ways that people of colour are disproportionately harmed by institutions and the people that uphold them¹.

During 2020, there was also an increase in racially targeted abuse^{2,3} directed at people with Asian backgrounds living in ‘white-centred’ countries (where Caucasian or Euro-centric ancestry is treated as the norm) such as the United States (US) and Australia.

In Australia, ongoing demands for justice following Aboriginal deaths in custody, and concerns about inequitable access to healthcare for vulnerable people living in remote Indigenous communities, highlighted the ways in which First Nations communities do not experience cultural safety when trying to access services.

The *Black Lives Matter* movement and its calls for racial justice echoed globally, and corporate brands such as Google, Netflix and Aesop made varying commitments to support racial justice and address the racial inequality that existed within their respective organisations. In Australia, First Nations and other cultural minority advocates have long been campaigning for racial justice and systemic change. Despite this history, it was international action that led to a similar internal reflection occurring in Australian philanthropy. It became clear there is little to no cultural diversity across the board-member cohorts of Australia’s largest philanthropic organisations^{4,5}.

We posit that representational diversity—whether in terms of culture, gender, sexuality, or disability (among others)—will help to progress proposed solutions to long-standing social problems. Responding to representation and marginalisation also requires an understanding of intersectional identities. A person is never solely a single racial, gender, or sexual identity. However, many social programs aim to focus on responding to one issue (e.g., gender) without reference to the ways that intersecting identities can compound the issue⁶. Addressing systemic issues faced by people from marginalised cultural backgrounds is a frequent focus for both philanthropy and not-for-profits (NFPs). We argue that without adequate representation among decision-makers (e.g., boards, directors and executives), systems that create marginalisation will continue to be ‘attended to’ rather than radically transformed.

This report highlights the relative lack of attention cultural diversity has received within philanthropy and funding decisions, particularly in the Australian context. Learning from observations internationally, it identifies how increasing the breadth of cultural identity can benefit both funders and the broader sector. While in its early stages, there are some steps that funders can be taking *now* to increase the representation and appropriateness of decisions regarding funding decisions and priorities.

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What is it?

Cultural diversity is the representation of people with distinctly different cultural-group affiliations, particularly under-represented minority communities and members⁷.

The importance of cultural diversity in the philanthropic sector has roots in social justice, fairness and equity⁸. Ideally, diversity in philanthropy includes a full range of perspectives, ideas and experience in philanthropic decision-making.⁹ These diverse perspectives come from differences such as gender, race, sexual orientation, religious beliefs, disability, socio-economic status, age, and geographic representation^{8,10}. These diverse perspectives should not only be on the receiving end of funds in the philanthropic sector but also be inclusively and actively involved in directing strategy, decision-making, and funding prioritisation¹¹.

Inclusion aims for people from diverse backgrounds to be integrated across all aspects of organisational culture, practices and activities¹⁰. Implementing inclusive practices can support social and functional engagement across diverse cultural groups¹². While similar, **representational diversity** is where organisational composition represents the characteristics of the community¹⁰. To be meaningful and effective, representational diversity needs to be genuinely transformative rather than tokenistic^{10,13}. An example of tokenistic representation is hiring a person from a minority group purely for the purpose of fulfilling diversity quotas and preventing external criticism¹⁴, while not changing any management or decision-making practices in response to input from the new employee.



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Why is it a good idea?

More than 1 in 4 people living in Australia speak a language other than English at home¹⁵. Almost 75% of the Australian population who were born overseas were from regions other than North-West Europe or Northern America¹⁶. Many others living in Australia identify and practice culturally diverse identities through their family lines or the communities in which they live. A significant proportion of people living in Australia are therefore coming from cultures that are not reflected in an Anglo-Western set of values and norms regarding family, education, community and volunteering. Further, the survival and flourishing of First Nations communities across Australia represent a multitude of cultural practices that are not often included in discussions of what Australian ‘culture’ looks like.

People coming from and representing their cultures can best identify and advocate for appropriate processes for consultation, funding, and engagement with their communities. Without appropriate representation, there is a risk that Anglo-Western funders will ask organisations representing culturally diverse communities to deliver programs or outcomes that are set against a Westernised or Anglo definition of success or thriving. Without proper oversight, these outcomes or ways of engaging may risk being inappropriate or damaging for these communities^{13,17}. Funders hold financial and political positions of power in their relationships with beneficiaries¹⁸. Benchmarks or assessment for what constitutes ‘good’ outcomes set by funders may override the ability for communities to determine and respond to social issues in culturally appropriate ways.

Diversity, equity and inclusion as ideas are generally valued by NFPs and the philanthropic sector^{8,19}, but it is not always effectively implemented⁸. Philanthropic foundations must move from “doing” equity to “being and living” equity²⁰. The philanthropic sector has an opportunity—and an obligation—to use its resources and power to reduce disparities between cultural groups and communities²⁰ and to align with philanthropy’s overall mission of being a catalyst for positive social change²¹.

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Figure 1: Perceived benefits of diversity.

Perceived advantages of embracing diversity, inclusivity and equity⁶

- access to a wider range of tools and experiences to draw upon for innovation and problem-solving
- access to untapped knowledge and new perspectives and approaches to grant- and decision-making
- ability to draw on and build broader networks and external stakeholders
- improved organisational reputation
- wider pool of talent and attraction of the most talented workforce and board members
- ensuring that internal cultures and practices reflect inclusive missions and values

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How is cultural diversity influencing philanthropy internationally?

Evidence of diversity outcomes in business

Research has demonstrated that diversity in organisational contexts can contribute to improved performance.

The 'business case' for diversity is commonly discussed in the literature, suggesting it provides a strategic competitive advantage for organisations when successfully managed^{10,11,22,23}. Diversity brings new insights, information sources and perspectives to the decision-making process²⁴. These insights and perspectives are presumed to lead to benefits such as better decision-making, improved transparency and accountability, enhanced organisational effectiveness, innovative problem-solving and job satisfaction^{10,12,22,23}. Additional perceived advantages are outlined in Figure 1.

Board diversity

Most research on cultural diversity in the philanthropic sector to date has focused on board diversity. There is evidence that fostering culturally diverse boards, particularly in the corporate sector, can lead to positive outcomes. These include:

- improved responsiveness to corporate responsibility²⁵, corporate governance and product development²², and board effectiveness²⁶;
- facilitation of productive dialogue⁸ and financial performance, decision-making and reporting²⁴; and
- production of higher quality outcomes on creative tasks²⁷ and increased cooperation in group tasks²³ compared with monocultural groups.

But having a culturally diverse board does not guarantee the presumed benefits of diversity¹⁰. Inclusive organisational practices and policies²⁶, as well as support for new board members in skill development, need to be implemented before diverse boards begin achieving positive outcomes^{25,28}. Similarly, organisations should ensure there is adequate resourcing in culturally diverse staff to implement strategic decisions to improve diversity. This means that organisations need to think and plan well ahead of organisational reform. Changes required to achieve organisational purpose or mission need to occur without marginalising or exploiting culturally diverse staff.

Inclusive practices can begin by setting out the fundamental prerequisites for effective corporate responsibility, regardless of cultural background. A systematic framework for setting up inclusive policies and practices will enable diverse board members to have an impact on governance.

Initially, an organisation establishing a commitment to diversity and inclusion may experience a decline in performance^{11,24,26}. Stakeholders and leadership need time to acclimatise to increased constructive conflict and priorities²⁶, which can test the patience and commitment of boards, donors and staff. However, there is empirical evidence that following this acclimatisation period, a breakthrough frequently occurs, along with improved performance outcomes for culturally diverse non-profit boards (in particular, improved fiduciary performance, stakeholder management and responsiveness)²⁶.

State of diversity in the philanthropic sector more broadly

There is limited empirical research on the outcomes or impact of cultural diversity on philanthropic practice outside of the business case model and board diversity. However, it is generally acknowledged in the literature and in practice that the application of diversity can:

- provide opportunities to meaningfully engage with diverse communities and build dialogue about racial and cultural diversity within society at large¹⁸; and
- allow philanthropic organisations and grant-makers to gain a broader perspective on the economic, political and social issues faced by culturally diverse communities, which grantees and philanthropic organisations are working to resolve¹⁸.

There has been some examination of the issues and barriers to implementing cultural diversity in the philanthropic sector. Two of the biggest factors holding back philanthropy's mission for social change are:

- understanding the role of race in the problems philanthropists are trying to solve, and
- the significance of race in how philanthropists identify leaders and find solutions.²⁹

White, or privileged, identities tend to support programs or organisations that they most identify with, preventing equitable and inclusive philanthropy⁸. Media and portrayals by the media of white philanthropic leaders can also have an impact. White leaders are often represented by the media as assuming they occupy a 'neutral' or de-racialised position. It is assumed they can make the best decisions around how to improve society, acting in ways that are self-sacrificing for the greater good. Implicit or taken-for-granted meanings around 'whiteness' and 'indigenouness' often work to position whiteness and leadership as two sides of the same coin³⁰. This can be seen as silently reinforcing the marginalisation of people of colour from the work of leadership, where whiteness is portrayed as the exemplar and the norm³⁰. There are significant barriers that need addressing by the sector to improve access to philanthropy for culturally diverse organisations (see Figure 2).

Figure 2: Barriers for funding for culturally diverse organisations.

Barriers to funding for culturally diverse organisations²⁹
Getting connected to potential funders: Inequitable access to social networks which facilitate connecting with the philanthropic community.
Building rapport with potential funders: Relationship building can be hindered by interpersonal bias and micro-aggressions, leaving leaders emotionally burdened.
Securing support for the organisation: A lack of understanding of culturally relevant approaches leaves funders reliant on forms of evaluation and strategies they are more familiar with.
Sustaining relationships with existing funders: Renewal of funding can be impacted by mistrust, white-centric views of strategic priorities and how to measure progress.

How is cultural diversity impacting Australian philanthropy?

In short, **we don't really know.**

There is increasing recognition that philanthropy should be diverse and inclusive to ensure the most important social problems are being addressed in the most culturally relevant and effective ways¹³. Despite this, there is anecdotal evidence that representation of individuals from culturally and linguistically diverse backgrounds is poorly reflected in the established Australian philanthropic sector^{13,17,31}. The gap is evident among all key actors in the sector, including funders, recipients and volunteers (see Table 1).

Table 1: Evidence gaps in Australian philanthropic diversity.

<p>Funders: boards and leaders</p>	<ol style="list-style-type: none"> 1. In 2019, across Australia's NFP boards, only 43% of respondents indicated their boards included at least one member from a culturally and linguistically diverse community⁵. (Having a culturally diverse board member does not guarantee that the organisation is able to be culturally responsive to the needs of their beneficiaries.) 2. Little is known about board or executive targets for culturally diverse representation in its leadership. Understanding barriers and expectations of culturally diverse board members can inform how meaningful representation can be improved.
<p>Recipients: grant recipients and charities</p>	<ol style="list-style-type: none"> 1. There is demand for funding that supports culturally diverse initiatives. Across Australia, there are more than 22,000 registered charities that list culturally and linguistically diverse background groups as beneficiaries³². Similar social issues may require multiple culturally informed responses from NFPs, requiring more resourcing. 2. Charitable organisations and the volunteering sector in Australia are largely informed by mainstream, Anglo-Celtic approaches^{13,17}, often excluding or creating competition for funding among other cultural groups. This is likely due to a longstanding tradition of philanthropy and charity being developed and offered by large Anglo organisations. 3. Although not studied in Australian philanthropic funds, implicit bias likely plays a role in grant-making²⁹. In the US, it was found that less than 7% of overall grant funding in 2013 went towards ethnic or racial groups³³. The breakdown of philanthropic funds in the Australian sector is not currently reported. Setting and reporting against targets would demonstrate the extent to which culturally-diverse-led organisations are receiving funding.
<p>Volunteers: volunteering and giving</p>	<ol style="list-style-type: none"> 1. The role of volunteers from culturally and linguistically diverse backgrounds is under-acknowledged in the Australian philanthropic sector^{13,31}. 2. 'Volunteering' is a Westernised idea³⁴ and community support and engagement is likely to be culturally specific. The extent to which non-Western communities participate in volunteering may be underestimated^{13,34,35}. 3. Informal contributions of Indigenous and cultural minority community members in both giving and volunteering to support their communities appears significantly underestimated, unsupported and unrecognised³⁴. 'Volunteering', giving and associated actions can be integral to cultural and daily life, and is not described as an altruistic or charitable activity³⁴. 4. In First-Nations contexts, Indigenous volunteer organisations may be viewed as 'localised' to the communities in which they operate. This 'scalability' assessment may lead to these organisations receiving less financial and sector support than non-Indigenous volunteer organisations. 5. Marketing strategies are aimed primarily at attracting mainstream volunteers rather than volunteers from differing cultural backgrounds¹³. There may be an assumption by both funders and recipients that Indigenous or other culturally diverse volunteers only want to volunteer with organisations that represent their cultural identity.


First Nations insights

Philanthropy and charity have a historical legacy for Aboriginal and Torres Strait Islander people as part of white settlement. The use of missions and reserves were implemented as a way of ‘protecting’ First Nations peoples, however resulted in family separation, illness, and separation from language and Country³⁶. The impacts of this enforced assimilation continue to be experienced today.

There is a fundamental disconnect and power imbalance between Indigenous organisations and philanthropists, exacerbated by longstanding misconceptions and cultural imbalances rooted in colonisation. This is despite the inherent need to support Indigenous causes, particularly given large landholdings by Indigenous communities, under resourced Indigenous groups and significant social determinant gaps between Indigenous and non-Indigenous populations.

There is also a “gulf” in understanding philanthropy from Indigenous perspectives, given its Western roots and a need for more culturally competent grant-makers or funders³⁷. This is reiterated by a lack of literature and meaningful progress on past conversations aiming to improve representation, despite prior attempts such as the Philanthropy Australia Indigenous Affinity Group.

There are fundamental learnings that should be taken from failed attempts to better connect the philanthropy sector with Indigenous peoples and causes. This should include cultural awareness training and capacity building for funders, Indigenous targets for philanthropic spending and increasing Indigenous voices (through boards and staffing) in the sector.



There is increasing recognition that philanthropy should be diverse and inclusive to ensure the most important social problems are being addressed in the most culturally relevant and effective ways

Why this, why now: Strategies and approaches for improving cultural diversity in philanthropic governance and decision-making

There are changes and actions required to move beyond “doing” to “being and living” representation and equity. The biggest questions around how this can be implemented—and suggested strategies—are summarised in Table 2.

Table 2: Strategies for improving diversity practices.

How can large organisations improve their diversity practices?
<p>Structure and governance</p> <ul style="list-style-type: none"> • Consider diversity in <ul style="list-style-type: none"> • vision and mission³⁸, • strategic communications³⁹, and • strategic partnerships³⁹ such as in grant-making^{8,38} and mission-consistent investing³⁹. • Critically examine internal and systemic issues⁴⁰, communicate the advantages of institutional change³⁸, and make changes to the work culture as required¹³.
<p>In practice</p> <ul style="list-style-type: none"> • Recognise the impact of ‘cultural load’—requiring culturally diverse employees to lead institutional change without appropriate resourcing and budgeting. Culturally diverse staff can provide guidance and advice, but institutional change needs to be implemented by all employees and executives. • Reflect diversity throughout the organisation³⁸ through <ul style="list-style-type: none"> • forming an equity committee (representing job levels, departments, age, race and gender)³⁹, • supporting champions at all levels to promote institutional and individual change³⁸, and • recognising that community members have intersecting identities with organisations they are associated with¹⁰. • Use external consultants to support staff navigating difficult conversations, and facilitate organisational culture change²⁰. • Acknowledge and celebrate progress made and document lessons learned along the journey³⁸. • Train and educate staff and board members on equity, diversity and inclusion^{38,39}. • Develop a values framework³⁸/equity learning model³⁹ containing key elements that include the following. <ul style="list-style-type: none"> • Use an equity lens to create and review³⁸ internal policies, programs, practices (e.g., increasing staff and board diversity²⁰ alongside implementation of diversity policies and practices²⁸) as well as in external-facing work (e.g., request for proposals)³⁹. • Inform the field through the sharing of best practices and lessons learned with philanthropy, community, and grantees (e.g., articles). Shared learning consists of a three part process involving “building a common understanding”, “continuous learning” and “reflection and change”³⁹. • Engagement with cultural communities should be “genuine, patient, and practiced with respect, if it is to build successful partnerships and avoid tokenism”¹³. • Use a flexible approach to identifying and supporting community leaders, and recognition of different ways and processes that are followed by ethno-cultural communities during interactions¹³. • Diversify recruitment of volunteers from culturally and ethnically diverse backgrounds.

Do we have the right voices at the decision-making table?

- Secure buy in from the senior leadership and board of directors^{20,38}.
- Find the right pace of change for your organisation, understanding and acknowledging that forging lasting change requires persistence and time³⁸.
- Involve leaders representing culturally diverse communities of colour—who have a deep understanding of the racialised experiences of their communities and the issues they face—in strategy development²⁹.

How well do we really know the communities we serve?

- Seek and actively involve community input into new policies and procedures to understand how the organisational culture changes impact on grantees²⁰ as well as on priorities, strategies and guidelines applicable to grantmaking³⁸.
- Utilise a race-based lens²⁹ to develop solutions by
 - confronting own assumptions about communities of colour,
 - not being “colour blind” as this risks ignoring race-based inequities²⁹, and
 - being non-judgmental of people in this context to facilitate the realisation of equity²⁹.

How can we evaluate the impact of our work?

- Ensure any evaluation conducted, sponsored or used by philanthropic organisations is conducted in a culturally competent manner²¹, as follows:
 - Ensure external evaluators have demonstrated experience working with racial/ethnically diverse communities¹⁹.
Note: *This indicates sensitivity to issues of race and racism at both an internal and external level within the organisation¹⁹.*
- Recognise the unique role of consultants within the sector and work with them to provide guidance on successful application of diversity, equity and inclusion principles in work undertaken⁴⁰.
- Follow best-practice recommendations on communicating and collaborating with racially and ethnically diverse communities⁴¹.

Conclusions

Addressing the issue and gaps of cultural diversity in the philanthropic sector needs to go beyond providing a business case or having diversity within the board. Practices need to be inclusive, non-tokenistic and created in genuine collaboration with culturally diverse leaders and community. Organisations within the Australian philanthropic sector can learn valuable lessons from their international counterparts to reframe how they *live* equity and inclusion. The strategies and mechanisms outlined in this report provide a useful starting point to examine how we can shift our gaze from being ‘colour blind’ to being ‘race conscious’. While strategies and conversations to improve inclusion may initially feel uncomfortable, they need to occur so that all members of Australian society can be positively impacted by philanthropy.



Understanding cultural diversity and its impacts in Australian philanthropy

The Macquarie Group Foundation, Perpetual, and Philanthropy Australia have partnered with the Jumbunna Institute and the Centre for Social Impact, UNSW, to explore how cultural diversity is reflected in philanthropic organisations, but to also understand how culturally diverse beneficiaries are being supported or left behind in how funding decisions are made. The project will include both interviews and surveys with funders and recipients, with a call for participation occurring in mid-2022. It will be the start of an ongoing conversation for funders to reflect on how they can ensure that their grant-making decisions are inclusive and responsive to the rights and values of Australian organisations that come from generally marginalised cultures. The Centre for Social Impact’s work, in partnership with the Jumbunna Institute, is proudly supported by Macquarie Group. Philanthropy Australia’s work on this project is proudly supported by Perpetual.

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