Patterns of Information Consumption by Nonprofit Boards

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Abstract:

How do nonprofit boards of directors use evaluation data for strategic decision making? A plethora of research exists on the types of evaluations, or lack thereof, in the nonprofit sector. Both practitioner and academic resources exist on performance measures, outcomes, and theories of change. We know that some sort of assessment takes place in nonprofits whether it ranges from stakeholder analysis, performance measurement, or outcome evaluation. The common wisdom is that these evaluations often are disseminated to nonprofit boards in order to produce informed discussion and decision making. Carman (2007) found that in the 95% of the nonprofits she studied (n = 169), almost all of them produced some type of report for their board of directors. What she found, though, was that the extent that the report contained evaluation data varied based on the role the board of directors had, their interest in evaluation, and whether the board of directors asked for evaluation data.

This calls into question the ability of nonprofit boards to make analytic and strategic decisions on behalf of the nonprofit. It limits their ability to exercise their mandated duty of care. How are boards using evaluation data to ensure financial stability of the nonprofit? How are boards ensuring that their nonprofits are accomplishing its mission? This paper intends to highlight the varied uses of evaluation by nonprofit boards of directors. We will identify if and how evaluations are used to influence the decisions of nonprofit board member as well as whether the type of board member (demographic, representation, education) influences how the individual board member consumes the evaluation information.

This paper seeks to examine how boards approach consuming evaluation information through considering three different case studies of Community Action Agencies (CAAs). CAAs, as a category of human service providers, have been in existence for forty years. While highly divergent in size, structure, and programming, all of these organizations receive a large portion of their funding
through Federal Community Services Block Grants. As part of the GPRA of 1993, CAAs have been required to conduct annual Results Oriented Management and Accountability (ROMA) evaluations in order to theoretically receive future funding (although in reality this has not always been the case). Given the mandate for using a defined evaluation tool every year, CAAs provide a good population of organizations for our research question. Of particular interest is a federal mandate that CAA boards represent the community receiving the services, allowing for a wide variation in occupation and socio-economic status amongst board members. Given the diverse nature of CAAs, we have decided to limit our study to organizations that provide Head Start programming in order to localize the types of decisions that boards would be facing. We have purposively selected three organizations, two in Illinois and one in the Kansas City Metro, based on the type of population served: one organization operating in a rural area, one in a small city, and one in an urban environment. The paper will use interviews with board members in order to understand how the ROMA are being used in decision making. Of particular interest is how board members with different backgrounds view the evaluation data.