The Strategic Decision-Making Process of the Board and Its Impact on Decision Outcomes

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Abstract:

If association boards of directors are to favorably impact decision outcomes for their organizations, they must make high-quality, consequential decisions. Through a quantitative study, the researchers examined how associations and their boards make high-quality strategic decisions. This paper argues that (a) boards are most fundamentally decision-making bodies, and (b) boards struggle with a challenging paradox when deliberating major issues: vigorously and properly debating differing perspectives on a consequential issue engenders tensions that can easily lead to dysfunctional interactions among decision makers. Decision-making constructs that relate to this paradox are identified and examined for their applicability to the nonprofit context. Gathering data from more than 200 association CEOs, this study investigates the potential for decision theory constructs to provide new insights into nonprofit governance. Our study found that the effectiveness of association governance can be assessed empirically by its decision outcomes, that validated constructs of decision process and relationships are applicable to board settings, and that the concept of conflict and understanding are important mediators of high-quality, consequential decision making.