

HOMEOWNER ASSOCIATION BOARDS OF DIRECTORS' LEADERSHIP  
COMPETENCIES IN FAIRFAX, VIRGINIA

by

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## ABSTRACT

The purpose of this qualitative, four-round modified online Delphi technique study was to identify leadership competencies necessary for homeowner association board leadership and to develop a profile of competencies that may contribute to the development of a model of effectiveness. The research focused on homeowner associations in Fairfax County, Virginia. The panel consisted of homeowner association experts and included homeowner association attorneys, community managers, and board members who had at least 3 years of experience in homeowner associations. Panel members were required to be associated with a homeowner association in Fairfax County, Virginia, at the time of the study and hold one of the eight certifications awarded by Community Associations Institute. The findings contain the panel's most preferred homeowner association board leadership competencies and the top 10 factors that might contribute to a model of homeowner association board of director effectiveness.

## DEDICATION

This dissertation is dedicated to my wife Pamela; my grandparents, Alan and Isabelle Howard; and my parents, Robert and Sharon. Thanks for believing in me.

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## CHAPTER 1: INTRODUCTION

The purpose of the current qualitative study was to determine board of director competencies required for effective homeowner association leadership. A profile of competencies for homeowner association boards of directors is important for at least three reasons. First, an estimated 60 million people live in association-governed communities in the United States. Second, the economic impact of homeowner associations is significant. According to Community Associations Institute (2008), an estimate of the value of all homes in U.S. community associations is \$4 trillion, which is equal to 20% of the value of all U.S. residential real estate. The estimated annual operating revenue for U.S. community associations is more than \$41 billion, most of which is spent on products and services. Third, the responsibilities of homeowner association boards of directors include maintaining common areas and facilities as well as protecting property and community values (Community Associations Institute, 2008). Failures to uphold such responsibilities result in lawsuits and negative publicity against homeowner associations. Lawsuits against the association may lead to increased operating costs, which may bankrupt the association (Wilson, 2005).

Chapter 1 provides an overview of the study and includes an explanation of the background of the problem, problem statement, purpose statement, research questions, and the study's significance. The chapter concludes with a definition of terms, assumptions, scope, and delimitations of the study. Chapter 2 presents an exploration of organizational effectiveness literature and chapter 3 provides a detailed research plan. Chapter 4 presents the survey results and Chapter 5 exploration of organizational effectiveness literature and chapter 5 provides conclusions and recommendations.

## Problem Background

Since the 1960s, new models of residential housing have been developed throughout the United States, including Fairfax County, Virginia (Fairfax County, 2004; Gordon, 2003; McKenzie, 2005). One of these models includes residential communities in which open spaces, parking and private streets, and recreational and other facilities are owned and maintained by a mandatory-membership association of the owners (Hugus, 2002). Housing developers have organized mandatory-membership communities in three forms: homeowners associations, condominium owners' associations, and real estate cooperatives (Nelson, 2004; U.S. Department of Labor, 2004).

Community Associations Institute (2004) noted community associations have become increasingly popular since the 1990s because they help protect home values and provide affordable homeownership opportunities. Community associations operate and maintain a variety of amenities for residents. According to Community Associations Institute (2004), community associations assist local governments in the increased privatization of services, land use, and planning techniques as many local governments have scaled back these services in recent years.

Wilson (2005) claimed legislation, litigation, and luxury options have redefined homeowner associations. Homeowner associations define their mission as sustaining property values by managing, maintaining, and preserving association property for the common benefit of unit owners (Community Associations Institute, 2004; De La Torre 2005; U.S. Department of Labor, 2004). However, homeowners can expect a dispute if the collective good conflicts with individual want (Britt, 2005; Franzese, 2003; Kennedy & de Haanm, 2004; Rogers, 2004). According to Wilson, the California Supreme Court

ruled, “Anyone who buys a unit in a common interest development with the knowledge of its owner association’s discretionary power accepts the risk that the power may be used in a way that benefits the community but harms the individual” (p. 32).

The community development structure has moved from a little-known concept to one of the most significant concepts in modern real estate development (Hyatt, 2003). In Fairfax County, Virginia, most existing developments have homeowner associations, and almost all future developments will have homeowner associations (Agan & Tabarrok, 2005; Hyatt, 2003). According to Rohan (1999), “Practically all new lateral residential developments will include private roads, recreational facilities, or other amenities that necessitate employment of a community association of one type or another” (p. 40). The trend toward the growing number of homeowner associations in the United States has created a new layer of government, governed by the homeowner association board of directors (Gordon, 2003; Langbein & Spotswood-Bright, 2005). The new layer of government is also known as urban or “private governments” (Agan & Tabarrok, 2005, p. 14).

In less than 5 years, the number of homeowner associations in the United States increased from 222,500 to 300,800, at an average rate of 10,000 new associations per year (Community Associations Institute, 2008). National Board of Certification for Community Association Managers (NBCCAM; 2005) claimed the trend has “spurred exponential growth in the need for professional managers” (p. 4).

Few empirical studies address the effectiveness of homeowner associations (Agan & Tabarrok, 2005). Agan and Tabarrok reported few empirical studies address homeowner association board of director performance and homeowner association

effectiveness. The lack of empirical literature, the projected increase in the number of homeowner associations, and increased litigation between residents and association boards of directors necessitates further research and scholarly literature to address the effectiveness of homeowner associations.

### Statement of the Problem

As the number of homeowner associations increases in the United States, leadership competencies for homeowner association leadership will be necessary to ensure effective management (NBCCAM, 2005; Singh & Horwitz, 2006). In a 1999 study, the Commonwealth of Virginia Real Estate Board reported homeowner association boards of directors have violated provisions of the Property Owners' Association Act (Virginia General Assembly, 2006). The Virginia Real Estate Board claimed "undeniable evidence of the existence of executive organs of property owners' associations that are violating the provisions of the act, especially in the areas of disclosure, open board meetings, and recordkeeping" (Virginia General Assembly, 2006, p. 12).

In addition to reports of homeowner association board violations of the Property Owners' Association Act, homeowner association residents are concerned that some association boards of directors are staffed with inexperienced and untrained volunteer boards that are "run like banana republics" (Max, 2005, p. 64). Homeowners are protesting board policies and actions believed to conflict with homeowner rights (Max).

In the past 10 years, homeowner association boards have come under increased scrutiny as there has been increased litigation from homeowners who question the wisdom and authority of the board of directors (Trogitz, 2000). The legal battles, according to Goodno (2005), fit into four broad categories: financial, homeowner rights,



governance, and procedures. According to the American Homeowners Resource Center (2005), there have been over 100 lawsuits against homeowner associations in the United States since 2000. Trognitz predicted the rising number of homeowner associations in the United States would continue to increase opportunities for conflict and litigation. Increased litigation will result in increased homeowner association operating costs, which may eventually bankrupt the homeowner association (Chen & Webster, 2005; Trognitz; Wilson, 2005).

### Purpose Statement

The purpose of the current qualitative, modified Delphi technique study was to identify leadership competencies necessary for homeowner association boards of directors and to develop a profile of competencies that may contribute to the development of a model of effectiveness. The focus of the research was homeowner associations in Fairfax County, Virginia, and included homeowner association attorneys, community managers, and board members who have at least 3 years experience in working with homeowner associations. The specific objectives of the study were as follows:

1. Identify leadership competencies for effective homeowner association leadership, as perceived by homeowner association subject matter experts.
2. Develop a majority consensus of the specific leadership competencies for effective homeowner association leadership based on the responses from homeowner association subject matter experts.
3. Develop a list of factors that may contribute to the development of a model of homeowner association board of directors effectiveness based on the findings of the study.

According to Custer, Scarcella, and Stewart (1999), the modified Delphi is the same as the traditional Delphi technique with two exceptions. Unlike the traditional Delphi technique, the modified Delphi starts with a set of preselected items drawn from various sources including synthesized literature reviews and interviews with selected content experts. The modified Delphi technique improves the initial round response rate and provides solid grounding in previously developed work (Custer et al.).

The qualitative, four-round, modified Delphi technique study included an expert panel of 22 participants from a population of members ( $N= 3,000$ ) of the Community Associations Institute Washington, DC Metropolitan Chapter (WMCCAI). Panel sizes vary among Delphi studies; however, most panels consist of 15-20 participants (Linstone & Turoff, 2002; Ludwig, 1997). The expert panel consisted of 15 homeowner association experts including homeowner association attorneys, community managers, and board members who had Internet access and at least 3 years of experience in homeowner associations. Panel members were required to be associated with a homeowner association in Fairfax County, Virginia, at the time of the study. In addition, participants were required to hold one of the eight certifications awarded by Community Associations Institute.

### Significance of the Study

Research on the effectiveness of homeowner associations is significant for at least three reasons. First, the findings contribute to the body of knowledge by providing a profile of competencies that could serve as a foundation for improvement and effective management of homeowner associations and community associations. Second, the study provides information that may serve as foundational work in the empirical examination of

homeowner associations and planned developments. Third, the study provides readers with an understanding of how communities govern themselves and function as private governments.

### Significance of the Study to Leadership

The success of any organization depends on the competence of its leadership. The purpose of the study was to develop a profile that will help homeowner association boards understand the leadership competencies required for effective homeowner associations. In addition, the study contributes to the body of knowledge in organizational effectiveness and board effectiveness, which provides insight into community leadership programs as well as leadership development in homeowner associations. The profile of leadership competencies for homeowner association leadership developed in the study may assist homeowner associations in the selecting, developing, and succession planning of homeowner association board members.

### Nature of the Study

The purpose of the qualitative study was to investigate the opinions of a diverse group of volunteer and paid experts regarding homeowner association board of director competencies. Data were collected through a modified Delphi technique to determine the necessary competencies of homeowner association leadership. The Delphi technique is ideal when issues are not sufficiently defined to develop a survey instrument (Linstone & Turoff, 2002). Qualitative research methods were used to deconstruct knowledge to produce new ideas within the current paradigm. The modified Delphi technique was used to gain knowledge about the competencies necessary for effective homeowner association leadership.

The modified Delphi technique can be applied to any organization requiring continuous improvement. According to Lunenburg and Ornstein (2004), the Delphi technique is well established and researchers have applied the Delphi technique in numerous organizations including the public sector, the military, the private sector, medical institutions, and educational institutions. The modified Delphi technique was applied to homeowner associations to elicit expert opinions and consensus on competencies comprising effective homeowner association leadership.

### Research Questions

The purpose of the qualitative, modified Delphi technique study was to identify leadership competencies needed by homeowner association boards of directors and to develop a model of effectiveness. The Delphi technique facilitates group communication among individuals to reach consensus on a particular topic through a series of surveys (Linstone & Turoff, 2002). Two research questions guided the study:

1. What leadership competencies are needed by homeowner association boards of directors?
2. What factors might contribute to a model of homeowner association board of director effectiveness?

According to Custer et al. (1999), the modified Delphi technique starts with a set of preselected items drawn from various sources including synthesized literature reviews and interviews with selected content experts. The following survey questions were posed to address the first research question.

1. What personal characteristics and attributes are helpful for board members to possess?

## 2. What knowledge should board members possess?

The following survey questions were posed to address the second research question.

1. How can homeowner association management be improved through development of business processes?

2. How can homeowner association management be improved through development of board leadership skills?

### Theoretical Framework

Nonprofit board governance, organizational effectiveness, and board effectiveness formed the theoretical framework for the study (Bradshaw, Murray, & Wolpin, 1992; Green & Griesinger, 1996; Herman, Renz, & Heimovis, 1997). Nonprofit board governance researchers agree that nonprofit boards of directors are responsible for defining the organizational mission and for providing overall leadership and strategic direction to the organization (Carver, 1997; Herman & Renz, 2004; Herman et al., 1997). Nonprofit board responsibilities include (a) policy making; (b) ensuring adequate resources to carry out its mission; (c) financial management; and (d) evaluation of its own effectiveness as a governing body. Nonprofit board governance researchers contributed literature that outlines best practices and recommendations for effective leadership (Brooks, 2002; Letendre, 2004; Saidel, 2002; Sonnenfeld, 2002).

Herman and Renz (2004) purported, “The history of theoretical development of the concept of organizational effectiveness is complex” (p. 695). Organizational effectiveness researchers do not agree on approaches or models for prescribing criteria for organizational effectiveness, and researchers continue to struggle to develop a general model for systematic approach to measuring effectiveness (Cunningham, 2001). Herman

and Renz (2004) posited, “The history of organizational effectiveness theorizing can be summarized as the development of alternatives or modifications to the goal model of effectiveness” (p. 695). The alternatives or modifications include topics such as productivity, efficiency, behavioral factors, organizational flexibility, and satisfaction (Cunningham, 2001). Based on these findings, Cunningham opined specific situations require appropriate criteria. Selecting the appropriate criteria depends on the organizational aspects researchers intend to address.

Board effectiveness, according to Edlin (2005), “depends on the ability of its directors to make the right decisions. Structurally, it’s about having a balance of skills, competencies, and abilities around the table: ability counts, rather than number of directors” (p. 33). Herman et al. (1997) posited effective boards demonstrate accountability by using practices that include clear criteria for selection of board members, written policies regarding expectations of board member performance, and performance evaluations.

Board effectiveness researchers do not agree on effectiveness criteria or a unified approach for assessing effectiveness. According to Herman et al. (1997), “The major challenge in the study of board effectiveness is the lack of criteria for defining and measuring board effectiveness. The elusiveness of board effectiveness is further aggravated by the elusiveness of organizational effectiveness for nonprofit organizations” (p. 374).

Board effectiveness researchers have been concerned with the relationship between three sets of variables: board characteristics, board performance, and organizational effectiveness (Bradshaw et al., 1992; Green & Griesinger 1996; Herman et

al., 1997). Chait, Holland, and Taylor (1991) identified six broad competencies associated with board effectiveness. Subsequently Chait et al. developed the Board Self-Assessment Questionnaire to assess the six competencies. Jackson and Holland's (1998) research confirmed the instrument's validity, reliability, and sensitivity.

### Definitions

The following is an explanation of terms used throughout the study:

Community association (CA): Community association is a term used to refer to homeowners associations, condominium owners' associations, and real estate cooperatives collectively (Community Associations Institute, 2003).

Homeowner association: A homeowner association is a nonprofit association composed of homeowners within a community who are responsible for enforcing the rules of the community and for maintaining any common areas, including community centers, swimming pools, landscaping, and other amenities (Community Associations Institute, 2003; NBCCAM, 2004).

Virginia Property Owners Act: The Virginia Property Owners Act applies to all developments built, incorporated, or organized after January 1, 1959. The statute outlines the procedures and processes involved in running an association. The statute delineates the rights and responsibilities of the developer, the association members, and the board of directors (Virginia General Assembly, 2008).

### Assumptions

Three assumptions were associated with the research project. An assumption was Fairfax County homeowner association experts would agree to participate and would respond honestly and accurately to the survey instrument. The rationale for the first

assumption concerned the mission of the organization from which the participants were chosen. The Community Associations Institute “is a national organization dedicated to fostering vibrant, competent, harmonious community associations” (Community Associations Institute, 2008 ,1). Another assumption was the participants would participate in all four rounds of the Delphi. Each participant received an e-mail letter of invitation outlining the requirements of the modified Delphi technique. An assumption was the participating experts would provide valuable insight into the competencies homeowner association boards of directors need for homeowner association effectiveness. The basis of the third assumption was the requirement that all participants had one of the eight nationally recognized credentials awarded by Community Associations Institute. In addition, some of the participants were attorneys devoted to full-time representation of homeowner associations.

### Scope

The study centered on the board effectiveness of homeowner associations in Fairfax County, Virginia. The research was designed as an investigative process that involved using a modified Delphi technique to develop a list of competencies needed by homeowner association boards of directors. The list of competencies was developed into a profile that may contribute to a model of homeowner association board effectiveness. The study adds to the body of knowledge by applying theoretical concepts from existing literature to an organization where few known empirical studies exist.

### Limitations

Facets of the study could not be controlled. First, the study was limited to those participants who willingly elected to complete all four Delphi rounds survey instruments



in their entirety. Second, the potential participants depended upon the accuracy of the data provided by the Community Associations Institute to include the name of the association, association point-of-contact, and email address. Finally, the study depended on the operability of the servers of the host website as well as the operability and connectivity of the participants' computer systems.

#### Delimitations

The research was confined to surveying homeowner associations in the geographic region of Fairfax County, Virginia. The study was confined to an expert panel of homeowner association attorneys, community managers, and board members who had at least 3 years of experience in homeowner associations and held one of the eight certifications awarded by Community Associations Institute.

#### Summary

Fairfax County, Virginia, is one of the fastest growing metropolitan areas in the United States (U.S. Census Bureau, 2004). Fairfax County's population increased from 900,000 to over 1 million people since 1990, and the population is expected to grow at a sustained rate to an estimated population of over 1,200,000 by 2012. Because of the threat of litigation against homeowner association boards of directors, present and future increases of planned communities, development, and sustained population growth, empirical investigation and scholarly literature are needed to address the effectiveness of homeowner associations and community associations.

The focus of the qualitative, modified Delphi study was to address the growing concern that some homeowner association boards of directors are staffed with inexperienced and untrained volunteer board members. The modified Delphi was used to

identify homeowner association board of director leadership competencies necessary for effective homeowner associations. Chapter 2 presents a review of related literature that specifically addresses organizational effectiveness approaches and board effectiveness approaches.

## CHAPTER 2: LITERATURE REVIEW

Chapter 1 provided an overview of the study and included a discussion of the problems between members of homeowner associations and homeowner boards of directors. The qualitative, modified Delphi technique helped to identify board of director leadership competencies necessary for the leadership of homeowner associations in Fairfax County, Virginia. The literature review provides a unified theory overview of the scholarly contributions relevant to the population setting, homeowner association boards, organizational effectiveness, and board effectiveness.

### Homeowner Associations as Private Governments

McKenzie (1996) applied Latham's five-part definition that characterizes corporations as private governments to characterize community associations and homeowner associations as private governments. McKenzie (1996) posited five essential elements:

1. An authoritative allocation of principal functions
2. A symbolic system for ratifying collective decisions
3. An operating system of command
4. A system of rewards and punishments
5. Institutions for enforcing common rules (p. 133)

According to McKenzie (2003), residents manage homeowner associations and are supported by a group of attorneys and other professionals. The associations enforce deed restrictions, collect assessments from all owners, maintain common areas, and hire professional consultants as needed.

### Homeowner Associations as Nonprofit Organizations

Homeowner associations are nonprofit organizations (Community Associations Institute, 2003; McKenzie, 2003). Connolly and York (2002) posited developing measurements for assessing nonprofit organizational effectiveness is difficult because “unlike for-profit companies, there is no financial bottom line to appraise” (p. 24). Unlike for-profit organizations whose most common determinant for success is profitability, researchers define nonprofit organizational success in many ways (Ebrahim, 2004). Nonprofit organizations differ from for-profit organizations in that they have no financial stockholders to satisfy, but instead have stakeholders who have stake in the organization’s success and continued existence (Morley, Hatry, & Cowan, 2002).

In homeowner associations, the residents and owners are those who have stake in the success of the association (McKenzie, 2003). The association board of directors is responsible for the overall performance and achievements of the association (Iecovich, 2004). The board’s roles and responsibilities include (a) mission and goal attainment, (b) policy setting, (c) strategic planning, (d) fundraising, (e) monitoring organizational programs and services, (f) staffing, and (g) maintaining external organizational relationships (Iecovich).

### Community Association Homeowner Satisfaction

Community Associations Institute (2004) referenced a 1999 Gallup Organization survey of community association homeowners. The Gallup survey, according to Community Associations Institute, revealed community association members are satisfied overall with the local homeowner association. The high satisfaction was attributed to 40% of the respondents who reported they would not consider selling even if

offered 15% above the market value. The survey revealed 48% of community association members plan to stay in the community or purchase another home in a planned community.

The survey revealed the community's location and overall appearance were the leading reasons most respondents wanted to live in community associations (Community Associations Institute, 2004). The survey also revealed financial attributes, community location, and community association responsiveness are major reasons members maintain ownership despite economic circumstances.

The Gallup researchers reported findings in three specific areas: community association homeownership satisfaction, financial commitment, and association policies (Community Associations Institute, 2004). The Gallup researchers' findings in community association homeownership experience yielded a 75% homeowner satisfaction rate. Reasons for the high satisfaction rate with community association homeownership included overall community appearance, safety, financial accountability, location, and friendly neighbors. In addition, 67% of the respondents believed community associations are responsive to resident needs.

The research findings in financial commitment revealed that 85% of community association homeowners believe community property values are rising (Community Associations Institute, 2004). In addition, the findings indicated over 50% of the respondents were satisfied with the current rate of assessments and the association's use of the assessments. The research findings in association policy revealed 75% of the respondents believed the association's rules were appropriate and properly enforced. The survey also provided demographic information about the respondents (Community

Associations Institute, 2004). On average, the respondents (a) were 48 years old, (b) earned \$45,000 annually, (c) lived in a single-family home, (d) were professionals and managers, (e) were college educated, and (f) had no dependents under 18 years old.

## Nonprofit Board Governance

### *Traditional Nonprofit Governance Theory*

The basis of traditional nonprofit board literature is a hierarchical model of board roles and responsibilities (Carver, 1997). Traditional nonprofit board governance is a rational, bureaucratic structure derived from classical management theory in which the basis of roles is functional specialization and centralized plans and systems (Carver, 1997). In the traditional model, board and staff roles are clearly defined (Carver, 1997). Also in the traditional model, the board develops policy and the executive director and staff implement policy. The board maintains public trust to uphold the organizational mission and accountability for the ethical operation of the organization. The board has a number of prescribed roles and responsibilities to fulfill its authority and responsibilities.

The traditional nonprofit board governance model is modeled after corporate governance systems. Inherent in the traditional governance model is the belief that effective management and organizational growth occur when roles and responsibilities are clarified (Carver, 1997). In the traditional governance model, organizational problems are the result of inactive boards and inadequate oversight activities.

### *The Policy Governance Model*

Carver (2006) developed the Policy Governance Model in the 1990s to facilitate boards of directors' (leadership) efforts to fulfill accountability obligations within the organizations they govern. The Policy Governance Model enables boards of directors to

focus on larger issues. Designed as a generic system, the Policy Governance Model is applicable to boards of directors of any organization (Carver, 2006).

The Policy Governance Model provides a detailed definition of the ends of the business as well as a delineation of the means of the corporation. According to Carver (2006), the board's formal value statements are inherent in the policies. The policies define the organization's mission, establish responsibilities, create policies, and monitor performance. The board produces policies in the following four categories (Carver, 2006): (a) policies about ends, clarifying results, recipients of services, and the costs; (b) policies that limit chief executive officer (CEO) authority in areas of means, methods, practices, and conduct; (c) policies regarding the board's own conduct, and (d) policies that delineate the manner in which governance is linked to management.

Within the Policy Governance Model, board members have the following responsibilities (Carver, 1997): (a) identify stakeholders and consult with them to determine the ends policies required to act on their behalf, (b) create clear and concise rules on how the board will operate to stay on task, (c) assign accountable officials the right to interpret and implement board policies, and (d) provide continual monitoring of data that addresses stated expectations. The goals of the Policy Governance Model are to (a) provide for optimal CEO power to enable creative management without board interference, (b) enable board independence from CEO control to allow the board to create its own agenda, (c) control organizational direction with interfering in management issues, (d) emphasize incremental response to CEO performance to allow a continuous assessment of CEO performance rather than assessment during crises, and (e) maintain an

active role in planning while providing clarity to organizational values and purpose (Carver, 1991, 1992).

### Definitions of Organizational Effectiveness

Henri (2003) asserted organizational effectiveness has been one of the most widely debated issues in organizational theory. Cameron (1981) confirmed consensus among some researchers on the topic of organizational effectiveness, but admitted a significant lack of agreement existed on defining the organizational effectiveness concept. Henri (2003) defined organizational effectiveness as an outcome of organizational activities and asserted the interchangeability of organizational effectiveness and organizational performance due to their similarities. Gaertner and Ramnarayan (1983) explained organizational effectiveness approaches depend on the focus of the definition and the intended use of the concept.

Rojas (2000) noted organizational effectiveness is a widely researched topic but posited, “Although it may be intuitively apparent that a measure of organizational effectiveness would be readily available in management literature, quite the contrary is true” (p. 97). Rojas also described the organizational effectiveness concept as a critical part of organizational theory. Organizational effectiveness, according to Rojas, “is as old as organizational research is, yet recent literature suggests some progress achieving common ground on this traditionally controversial subject” (p. 105).

### Models of Organizational Effectiveness

Researchers have attempted to develop models to measure organizational effectiveness. According to Cameron (1981), researchers do not agree on the most appropriate criteria for evaluating effectiveness, nor do they agree on what constitutes



organizational effectiveness. Because of widespread disagreement over the meaning of organizational effectiveness, finding the most useful distinctions between effective and ineffective organizations remains a challenge for organizational evaluators (Cameron; Cunningham 2001). As a result, Cameron claimed researchers continue to struggle to develop a general model for a systematic approach to measuring effectiveness. According to Cunningham, no accepted concepts or models exist for prescribing the best criteria for organizational effectiveness. Consequently, effectiveness is defined along criteria derived from the researcher's understanding or perception of the term organizational effectiveness (Murray, 2001, 2002). The literature also confirmed organizational effectiveness covers evaluation possibilities and includes topics such as productivity, efficiency, behavioral factors, organizational flexibility, and job satisfaction (Cunningham).

Cunningham (2001) asserted specific situations require appropriate criteria. The choice of the appropriate criteria depends on the organizational situations to be addressed. Areas of consideration included the organization's structure, individual performance, and organizational impact on the external environment. Cunningham asserted the importance of researchers analyzing the determinants used to measure organizational effectiveness.

Organizational effectiveness researchers have used several approaches to examine effectiveness. Most of the studies focused on one or more of the major approaches to organizational effectiveness. Henri (2003) outlined five organizational effectiveness models: goals, systems, internal process, competing values models, and multiple constituency models.

The goals and systems approaches are major organizational effectiveness models used to conduct organizational effectiveness analyses among many different types of measurement approaches (Cameron, 1981; Cunningham, 2001; Henri, 2003). The difference between the two models is that goal models focused on achieving goals, whereas systems models considered the processes and resources needed to attain organizational goals. Goals and system researchers suggested the systems approach is an alternative to the goals approach, with effectiveness criteria measured by resource allocations (Cameron; Cunningham; Henri).

Strategic constituency researchers focused on the prevailing constituencies gravitating around the organization (Henri, 2003). The competing values model researchers worked with the values on which organizational effectiveness assessments are grounded (Parker, 2004). The focus of the internal process approach was the efficient use of resources and harmonious internal functioning (Henri, 2003). However, efficiency alone represented incomplete views of organizational effectiveness (Daft, 2003).

The multiple constituency approach is an organizational ecology model developed by Miles (1980). The multiple constituency approach is the most current effectiveness model found in the literature. Multiple constituency researchers attempt to integrate the strengths of previous approaches in an alternative approach. Miles defined effectiveness as the ability of the organization to satisfy the expectations of its strategic constituencies. The strategic constituencies include individuals, interest groups, coalitions, stakeholders, and organizations upon which the focal organization is critically dependent. The constituencies of the focal organization will have varying perspectives on the effectiveness.

### *The Goals Approach*

Some of the earliest models of organizational effectiveness focused on goals. Goal-based theorists defined organizational effectiveness as the “degree to which an organization realizes its goals under a given set of conditions” (Etzioni, 1975, p. 135). Goal theorists viewed organizations as rationally constructed entities with identifiable and unambiguous goals (Etzioni; Goodman & Pennings, 1977; Mintzberg, Raisinghani, & Theoret, 1976; Price, 1972). In the goals approach, an organization is rational when a series of actions are organized to achieve goals and when organizational elements are aligned to goal attainment (Weber, 1964). Within the goal approach, theorists assumed organizations are formed and legitimated by obtaining identifiable goals (Goodman & Pennings; Weber, 1964). Molnar and Rogers (1976) noted, “Clearly defined organizational goals offer direct standards for evaluating an organization’s progress, and hence, its effectiveness” (p. 405).

The goals approach has the longest history, both conceptually and empirically (Henri, 2003). Goal theorists posited two categories within the goal theory: derived and prescribed (Price, 1972). Theorists defined derived goals based on an external identification and assessment of goal attainment. Derived goals employ societal analyses in the organization’s contribution to society (Goodman & Pennings, 1977). Prescribed goals are goals the organization defines for itself. Two types of goals comprise prescribed goals: official and operative goals (Keeley, 1984; Perrow, 1967). Official goals are public proclamations described as the “general purposes of the organization as put forth in the charter, annual reports, public statements by key executives, and other authoritative pronouncements” (Perrow, p. 855). Operative goals focus on what the organization plans

to accomplish and the measures of organizational effectiveness along the resulting operating dimensions. The organization's dominant coalition defines operative goals based on the essential tasks most critical to the organization (Keeley; Perrow).

When making determinations about organizational domains, goal theorists examine the stated or operative goal as direct indicators of organizational effectiveness (Keeley, 1984; Perrow, 1967). Goal theorists evaluate the degree to which the entire organization attains stated goals or objectives. In many organizations, indicators such as profitability would determine the analysis. Likewise, researchers assess organizational units and departments on the unit's contribution to achieving the targeted organizational goals.

In many organizations, senior leadership is responsible for establishing the desired outcomes and evaluates unit or organizational level goal attainment. According to Price (1972), the determinants of organizational effectiveness included a strong division of labor, strategic decision making, organizational culture, a high degree of required sanctions or approvals, and a high degree of size.

Researchers have criticized the goals approach for many reasons. According to goal approach researchers, organizational goals are difficult to define precisely in complex organizations (Cameron, 1981; Yuchtman & Seashore, 1967). The stated goals of the organization are often found to be vague and contradictory, with no clear indication of their respective priorities (Cameron, 1981). The evaluation criteria are identified as objectives accomplished, rather than goals or outcomes achieved. Cameron explained an organization is effective in areas outside the goal domain or ineffective when accomplishing its goals if the goals are too low, misplaced, or harmful. Keeley

(1984) explained the temporal quality of focusing solely on established goals, as goals are viewed as represented targets of given people at a particular time.

### *The Systems Approach*

The second major approach, the systems approach, is as an alternative to the goal approach of organizational effectiveness (Etzioni, 1975). Rather than focus solely on goal attainment, the systems approach expanded the focus to include the means by which the organization obtains goals (Katz & Kahn, 1966; Keeley, 1984; Yuchtman & Seashore, 1967). Katz and Kahn defined effectiveness as “the extent to which all forms of energetic return to the organization are maximized” (p. 165). Yuchtman and Seashore described the effectiveness of an organization by its bargaining position. Yuchtman and Seashore defined effectiveness as the “ability of the organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources” (p. 898).

According to Goodman and Pennings (1977), systems approach researchers viewed organizations as open systems. In the systems approach, evaluators judge effectiveness based on an individual department’s ability to accomplish several tasks as part of the organization’s goal attainment. The tasks include resource acquisition, transformation, pattern maintenance, and output (Goodman & Pennings). Resource acquisition is the process by which an organization obtains scarce and valued resources essential to the survival of the system. Transformation refers to the organization’s ability to align relationships among various subsystems. Pattern maintenance refers to the organization’s ability to manage and continue internal day-to-day activities. Output describes the organization’s ability to achieve its goals and to generate stated levels of

productivity. Cunningham (2001) posited goal attainment is dependent upon the organization's ability to respond to criticism regarding its effectiveness in the environment.

Two organizational effectiveness approaches have emerged from the systems theory: functional analysis and resource (Cunningham, 2001). Functional analysis theorists judge effectiveness on the assumption that functional requirements or problems are the same at every organizational level and must be resolved the same way. The functional analysis model focuses on how well an organization solves problems through all systems and subsystems within a complex organization.

Functional analysis focuses on the following four areas: goal attainment, adaptation, integration, and pattern maintenance (Cunningham, 2001). The first area, goal attainment, refers to the process through which every system and subsystem defines its purpose for existence. The second area, adaptation, is the process of determining an organization's survival scheme to be responsive to change, disruptive events, and environmental uncertainty. The third area, integration, involves aligning and coordinating organizational efforts. The final area, pattern maintenance, refers to the organization's ability to accomplish goal attainment, adaptation, and integration with a minimum of strain and tension. In the resource approach, "the key concept is the bargaining position of the organization" (Yuchtman & Seashore, 1967, p. 898). The bargaining position is the organization's ability to exploit its environment in acquiring scarce and valued resources.

Within both the functional analysis and resource approaches, the domains of interest are efficiency and political effectiveness (Katz & Khan, 1966). Yuchtman and Seashore (1967) described the approach as optimizing resource acquisition and

maximizing bargaining position in the organization. Yuchtman and Seashore further asserted the efficient use of resources should be a determinant of effectiveness. Systems theorists Katz and Khan proposed four determinants of organizational effectiveness: short-run technical efficiency, survival power, profitability, and long-run control over the entire system.

As with the goal-based approach, researchers have criticized the systems approach. One of the significant limitations of the systems approach is the lack of emphasis on outputs or results (Goodman & Pennings, 1977). In addition, organizations may prove to be effective even when outputs are not optimal and when competitive advantage in the resource marketplace does not exist (Cameron, 1981). Goodman and Pennings noted researchers disagreed on the optimum allocation of resources necessary for organizational survival. System approach researchers view optimization as an important component of effectiveness and show little concern for trying to measure optimization (Price, 1972). Keeley (1984) purported researchers have criticized attempts to qualify resources as weak evaluative concepts. Price asserted the frame of reference used in the analysis process by the system researchers is confusing. The confusion, according to Price, refers to the difference between a multidimensional approach to effectiveness with multiple measures of effectiveness and a multidimensional approach with multiple measures in a series of different analytical concepts.

#### *The Internal Process Approach*

The third major approach is the internal process approach. Organizational theorists also refer to the internal process approach as the organizational development approach (Argyris, 1964; Goodman & Pennings, 1977). In the internal process approach,

researchers compare effectiveness with the internal organizational health and efficiency of fine-tuned, smooth-running internal processes and procedures.

In the internal process approach, effective organizations successfully integrate organizational goals with individual needs for growth. Internal process approach researchers have attempted to design effective organizations that allow individuals to optimize their potential. According to Cameron (1981), an effective organization is one “whose members are highly integrated into the system, whose internal functioning is smooth and typified by trust and benevolence toward individuals and whose information flows smoothly both vertically and horizontally” (p. 67). This internal process model considers performance measures such as profitability, but also considers factors such as stakeholder satisfaction.

Organizational effectiveness researchers have provided several limitations of the internal process approach. The first significant limitation is the assumed causal relationships between organizational health and organizational effectiveness. Cameron (1981) purported organizations might be effective even when organizational health is low and internal processes are questionable. Another limitation is the link between individual fulfillment and productivity. Individual fulfillment is a difficult construct to define, measure, or express quantitatively. Researchers claim the approach is unable to deliver a statement on an organization’s ability to achieve results (Cameron).

#### *The Multiple Constituency Approach*

The multiple constituency approach is one of the most current effectiveness models found in the literature. According to Tsui (1990), the multiple constituency approach is “a viable alternative to the goal and systems approaches for studying and



measuring organizational effectiveness” (p. 458). Tsui also posited the multiple constituency approach acknowledges organizations serve many different constituent groups with differing interests, in contrast with the goal and systems approach, which assumes the only relevant constituent is the owner or senior management. The literature indicated the units and levels of analysis are the most complicated within the multiple constituency approach because constituency is the operative word (Connolly, Conlon, & Deutsch 1980). According to Tsui (1990), constituency refers to “a group of individuals holding similar preferences or interests pertaining to the activities of the focal organizational unit” (p. 461).

Within the multiple constituency approach, two main factors comprise the determinants of effectiveness: the environmental context and the adaptive-response context (Tsui, 1990). Within the environmental context, the focus is to examine available resources and the degree of homogeneity between the organization and its constituents. The adaptive-responsive context examines the co-optation and responsiveness for satisfaction measures. Co-optation concerns the support of organizational purpose and responsiveness to addresses the appropriateness and timeliness of an organization’s response to its constituents (Gaertner & Ramnarayan, 1983).

Although organizational theorists described the multiple constituencies approach as a relatively new concept, the approach can traced back to the 1930s when C. L. Barnard suggested a constituency approach to measuring effectiveness (Connolly et al., 1980; Tsui, 1990). Barnard and other theorists agreed the constituency approach depends on organizational value with organizational members as the critical assets of effectiveness. Some researchers consider Barnard the germinal author of the multiple

constituency theory. Barnard described organizations as cooperative, incentive distributing devices. Barnard noted the critical determinants of organizational effectiveness consist of the motives of individuals participating in organization and not the organizational goals (Friedlander & Pickle, 1968).

Miles (1980) developed the multiple constituency approach into an ecological approach. Ecological approach researchers, according to Miles, viewed organizational effectiveness as ongoing process that changes with the shifting constituencies. Researchers acknowledge Barnard and Miles' approaches as a category of the multiple constituency approach to organizational effectiveness (Connolly et al., 1980; Goodman & Pennings, 1977).

Connolly et al. (1980) posited goal and systems theorists share a crucial assumption about the possibility of acquiring a single statement about organizational effectiveness. However, multiple constituency approach researchers suggested several and differing views of organizational effectiveness based on the evaluator's perspective. Multiple constituency approach theorists combined goal and systems approaches by viewing organizations as open systems with internal and external constituencies that may require multiple objectives for measuring success. Unlike the goals and systems approaches, analysis is multidimensional within the multiple constituency approach.

Within the multiple constituencies approach, four models have evolved that established criteria for addressing constituency preferences: relativistic (Connolly et al., 1980; Zin, Zalowski, & Hunter, 2001), social justice (Keeley, 1984), evolutionary, and power and survival (Pfeffer & Salancik, 1978). Embedded in each of the models' criteria are basic assumptions about the value of constituent preferences.

Varying definitions of organizational effectiveness exist within the multiple constituency approaches. However, according to the relativist perspective, researchers do not view effectiveness as “a single statement but as a set of several statements, each reflecting the evaluative criteria applied by the various constituencies” (Connolly et al., 1980, p. 213). Within the relativistic model, effectiveness is determined to be a posteriori and evaluators do not value individual constituent preference. According to Connolly et al., relativists maintained a “conceptualist minimalist approach that all viewpoints are of equal import and evaluative criteria should be applied to different constituencies’ perspectives” (p. 212).

The social justice model focused on the least advantaged constituency to provide the standard for judging organizational performance (Keeley, 1984). Social justice researchers treated all social values equally except in cases where an unequal distribution of any or all the values is to everyone’s advantage. In the social justice approach, every member had an equal right to the most extensive system of basic liberties. In the social justice model, the societal and economic systems are designed to benefit the least advantaged members of the organization, and all positions are open to every member to provide equal opportunity. The model of the least advantaged person measured organizational effectiveness according to the social justice model. The model of the least advantaged person principle allowed the satisfying of interests in order of urgency with every individual’s claim being otherwise equal. Keeley (1984) described the principle as the regret minimizing principle, which provides for minimizing dissatisfaction of the most regretful organizational participants. Keeley posited,

An organization can be considered just or effective to the extent that the basic well-being of each participant is given equal consideration in policymaking and implementation. Equal consideration implies recognition that every participant has some unconditional rights to well-being, rights independent of personal resources or talents or organizational needs. It does not apply, however, that any and all preferences have identical standing or that all participants must be treated alike. (p. 12)

Based on the ecological theory (Miles, 1980), evolutionists asserted organizational effectiveness must be viewed as evolutionary (ever changing and adaptive) because of the evolutionary nature of organizations. Based on the ecological view of organizational effectiveness, researchers do not give preferential treatment to individual constituents. In the evolutionary approach, researchers viewed effectiveness as bound by both context and time. However, the ecological view posed critical questions of how to satisfy divergent preferences over the long run. In this ecological model, one applied a metacriterion that specifies effective performance as adapting to changing environmental constraints and constituency preferences.

Power and survival researchers contended effective organizations are those that satisfy the demands of the most powerful members of the dominant constituency. According to Pfeffer and Salancik (1978), power and survival model theorists viewed effectiveness as being responsive to the requirements of the dominant coalition. Pfeffer and Salancik asserted the underlying assumption is resource dependency. Power and survival model researchers considered some of the principles of the systems theory because the systems theory approach does not assign equal importance to all demands

(Keeley, 1984). The belief was that participants who contribute more critical and scarce resources to the organization are the individuals with the most power to affect organizational operation and whose needs must be satisfied (Keeley). Power and survival model theorists believed satisfying the requirements of the most powerful constituency ensured continued support and the survival of the organization (Pfeffer & Salancik).

One criticism of multiple constituency-based approaches is toward the assumption and methods in which researchers combine multiple participants' preferences in assessing the effectiveness of an organization (Keeley, 1984). Management of multiple participant preference data has been a recurrent problem because the underlying issues of whose preferences should be satisfied (Keeley). In multiple constituency-based approaches, organizations consist of multiple constituencies that favor organizational actions that satisfy their interests. Researchers suggested a need to address how organizational leaders manage conflict between constituent preferences (Connolly et al., 1980, Keeley). Most multiple constituency approaches have suggested weighting preferences based on some principle or criterion. One exception is the relativistic approach (Connolly et al.), which states all points of view are equally valid and therefore does not attempt to manage conflict.

Weighting preferences involves researchers valuing some constituents more than others (Keeley, 1984). Weighting is arbitrary and no unitary objective criteria exist for evaluating the validity of claims for one set of preferences over another. The arbitrary weighting increases the possibility of leaders ignoring constituents' concerns in the pursuit of organizational objectives. Other limitations of the multiple constituency

approaches included the probability that organizational leaders might achieve success despite conflicting or contradictory constituency expectations (Cameron, 1981).

### *The Competing Values Model*

Quinn and Rohrbaugh (1983) developed the competing values model in an attempt to synthesize and extend previous research models. The competing values model extended previous organizational effectiveness research by adding emphasis on organizational culture. In the competing values model, researchers assessed organizational effectiveness according to organizational values. Quinn and Rohrbaugh used three sets of competing values to form different definitions of effectiveness. The first set, the means-ends dilemma, encompasses aspects of the goals and systems models. The second set, the internal-external focus, is a multiple constituency approach. The final set of competing values, the control-flexibility dilemma, is an open debate in organizational effectiveness literature. Based on these three identified competing values, Quinn and Rohrbaugh identified four models of effectiveness: rational goal, internal process, open system, and human relations. Parker (2004) outlined eight roles or behaviors required of managers in any organization. Parker defined the roles as follows: (a) facilitator, who facilitates dialogue by being process-oriented; (b) mentor, who demonstrates care and empathy for others; (c) innovator, who foresees change through creativity; (d) broker, who acquires resources by resourcefulness and political acumen; (e) producer, who initiates action by being task-oriented; (f) director, who promotes structure by decisive and directive actions; (g) coordinator, who maintains structure by demonstrating dependability; and (h) monitor, who collects information by being technically proficient.

The eight roles each fall into one of four quadrants on a graph created by two axes (see Figure 1). The vertical axis ranges from flexibility to control, while the horizontal axis ranges from internal focus to external focus. According to Parker (2004), the categories are not mutually exclusive because each axis is a continuum. Each quadrant of the competing values framework corresponds to a major model in organizational theory. The models are the rational goal model, the internal process model, the human relations model, and the open systems model.

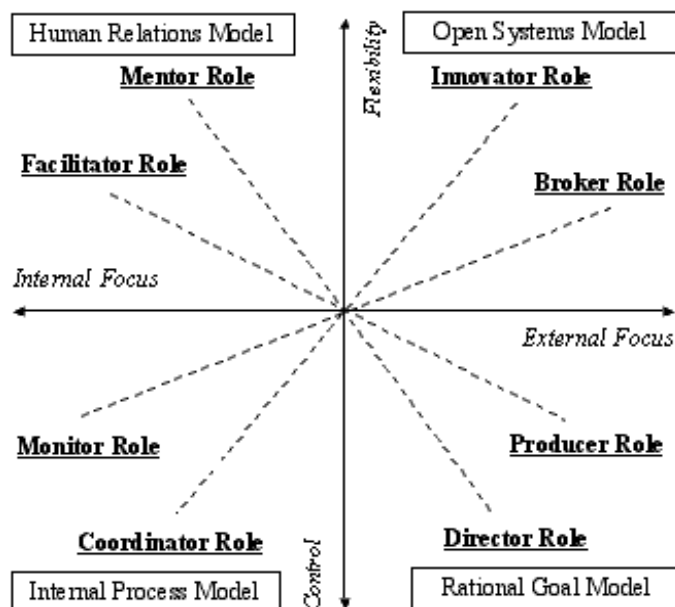


Figure 1. The competing values framework.

Although the competing values approach is widely used, researchers have criticized the model. Kwan and Walker (2004) asserted empirical research does not support Quinn and Rohrbaugh's (1983) findings. According to Kwan and Walker, one of the criticisms involves fixed choice. For example, a high score in one quadrant necessitates a lower score in the other quadrants. Kwan and Walker asserted the competing values approach was not suitable for correlational statistical analysis and

rejected the claim that the competing values framework is an approach upon which researchers can differentiate one organization from others.

### *Multidimensional Models*

Modern organizational effectiveness approaches incorporate a multidimensional approach for assessing organizational effectiveness. In the multidimensional approach, effectiveness is measured in two or more ways concurrently. Multidimensional approach theorists often incorporate measures based on the goals and systems approaches. Kaplan (2001) suggested multidimensional studies grew out of the realization that organizations have dissimilar, inharmonious, and ambiguous goals. The early works in multidimensional studies are important to the research of organizational effectiveness because the early works incorporated three dimensions of organizational effectiveness: organizational focus, organizational structure, and examining means and ends (Cameron, 1981).

Sowa, Selden, and Sandfort (2004) agreed that change throughout organizational theory has produced numerous models that explore organizational effectiveness, yet little consensus exists about what constitutes organizational effectiveness and how best to measure organizational effectiveness. Sowa et al. introduced a multidimensional integrated model of nonprofit organizational effectiveness (MIMNOE) that builds upon the work of previous organizational effectiveness scholars. According to Sowa et al., the MIMNOE addressed shortcomings in some of the previous studies, namely the lack of distinction between the levels and units of analysis in measuring organizational effectiveness. The MIMNOE model captured two distinct dimensions of organizational effectiveness: management effectiveness and program effectiveness.



Sowa et al. (2004) posited five principles to support the MIMNOE model:

Principle 1: There are multiple dimensions of effectiveness, with the primary dimensions being management and program effectiveness.

Principle 2: Management effectiveness and program effectiveness are further composed of two sub dimensions: (a) capacity (processes and structures) and (b) outcomes.

Principle 3: Both objective and perceptual measures are needed to capture the dimensions of effectiveness.

Principle 4: A model of organizational effectiveness should allow for organizational and programmatic variations within a systematic structure.

Principle 5: The analytical method used to assess nonprofit organizational effectiveness should capture multiple levels of analysis and model interrelationships between the dimensions of organizational effectiveness. (pp. 715-716)

Sowa et al. noted the MIMNOE model would not end the debate on the best approach to organizational effectiveness; however, the model created new avenues for scholars and practitioners to research multidimensional effectiveness measures. Table 1 contains a summary of the MIMNOE model.

Table 1

*Summary of the MIMNOE Model*

Program effectiveness		Management effectiveness	
Capacity	Outcomes	Capacity	Outcomes
Objective indicators			
Resources, technologies, performance and service standards	Goal attainment, quantitative measures, outcomes	Formal structures, system designs, organizational processes	Financial health, low turnover (employee satisfaction)
Perceptual indicators			
Staff perceptions of program elements, resources, technologies, and performance.	Consumer/client satisfaction	Management and employee perceptions of structures, designs, and processes	Management self-reports on financial well-being; employee assessment of satisfaction and motivation

## Board Effectiveness

According to Edlin (2005), board effectiveness “depends on the ability of its directors to make the right decisions. Structurally, it’s about having a balance of skills, competencies and abilities around the table, ability counts, rather than number of directors” (p. 33). Although boards may have talented members, the board’s culture affects working relationships, decision making, and board performance (Comforth, 2001; Furr & Furr, 2005; Redshaw, 2000; Van den Berghe & Levrau, 2004). The basis of board

effectiveness is the board's overall contribution to the organization (Ingey & Van der Walt, 2002; Van der Walt & Ingey, 2001).

The overall contribution to organizational performance pertains to board roles, functions, business processes and the value that board performance adds to the organization (Brooks, 2002; Letendre, 2004; Saidel, 2002; Sonnenfeld, 2002). Blomberg, Harmon, and Waldhoff (2004) reported board effectiveness evaluations are subjective, individualized, and yet powerful if pursued with the proper motivation and with the ownership of the board. Blomberg, Harmon, and Waldhoff's recommended boards (a) involve the board and have board members own the process, (b) involve the board in developing the evaluation methodology, and (c) ensure board accountability for action on self-assessment outcomes.

Jackson and Holland's (1998) extensive research on nonprofit governing boards and their effectiveness resulted in identifying competencies of effective boards. The six competencies or behavioral factors include (a) contextual, where the board considers the values, norms, and culture of the organization; (b) educational, where the board makes sure members are well informed about the organization, board roles and responsibilities, and performance expectations; (c) interpersonal, where the board fosters a sense of unity and attends to its collective well-being; (d) analytical, where the board recognizes complexity of issues, values multiple perspectives, and understands and synthesizes appropriate responses to the issues; (e) political, where the board accepts responsibility for strong relationships with key constituencies; and (f) strategic, where the board envisions and formulates the organizational direction and vision for its future. Jackson

and Holland suggested board commitment to improvement and development results in statistically significant gains in a board's competency scores.

### Board Performance and Organizational Effectiveness

The literature supported the relationship between board effectiveness and organizational effectiveness (Brown, 2005; Preston & Brown, 2004). According to Nicholson and Kiel (2004), boards of directors are "the ultimate decision-making body" (p. 457) and are "inexorably linked to corporate performance" (p. 457). Holland's (2002) study indicated, "Boards provide models for others and show how to lead and govern effectively" (p. 427). However, board carelessness and complacency place the board and the organization at risk of conflict and mistrust (Campbell, 2002; Chait, 2004; Gill, Flynn, & Reissing 2005).

Board researchers have conducted studies on nonprofit boards to address the relationship between board performance (effectiveness) and organizational effectiveness (see Table 2). Researchers have assessed effectiveness by perceptual and objective methods. Examples in literature include Bradshaw et al. (1992); Green and Griesinger (1996); Herman and Renz (2004); Herman et al. (1997); and Kushner and Poole (1996).

Using a multidimensional approach, Bradshaw et al. (1992) designed a correlative study that focused on board processes, structure, and board effectiveness. A study of 417 Canadian nonprofit organizations indicated a positive correlation between board effectiveness and board behavior. However, when objective indicators were examined, the correlation between board behavior and performance was more limited.

Using the goal attainment and system resources approaches, Green and Griesinger (1996) designed a correlative study of 16 nonprofit social service organizations. The

study results indicated a significant relationship between board performance and organizational effectiveness. The board activities that correlated with organizational effectiveness included policy formation, strategic planning, program monitoring, financial planning, resource development, and dispute resolution.

Kushner and Poole (1996) developed a multidimensional mixed methods design to generate multidimensional ratings of effectiveness of 19 nonprofit performing arts organizations. The study revealed that membership commitment to the organizational structure was more important than adopting any particular organizational structures. Herman and Renz's (2004) correlative study of 64 nonprofit organizations employed a multiple constituency approach to examine organizational effectiveness. The results of Herman and Renz's study indicate board adoption of correct management procedures and changes in management strategies are likely to enhance organizational effectiveness. Herman et al. (1997) used a multiple-constituency method to determine if board effectiveness as measured by the perceptions of other individuals had significant correlation with the organizational effectiveness perceptions of three stakeholder types. The study results indicate board effectiveness is the most effective determinant of organizational effectiveness for all three types of stakeholders.

Table 2

*Summary of Empirical Studies of Relationship Between Board Performance and Organizational Effectiveness*

Year	Researchers	Method	Sample	Concept	Variables
1992	Bradshaw, Murray, and Wolpin	Multi-dimensional	417 Canadian nonprofits	Board structure and processes	Financial success, board behavior, and common vision
1996	Green and Griesinger	Goal attainment/system resource	16 nonprofit social service organizations	Board processes	Policy formation, monitoring, financial planning, fundraising, and board development
1996	Kushner and Poole	Multi-dimensional	19 nonprofit performing arts organizations	Organizational structure	Commitment to organization and power structure

Table 2 (continued)

Year	Researchers	Method	Sample	Concept	Variables
1997	Herman, Renz, and Heimovis	Multiple constituency	64 nonprofit organizations	Criteria of constituencies	Board practices
1999	Herman and Renz	Multiple constituency	64 nonprofit organizations	Management strategies	Correct procedures and strategies

### Summary

The literature review confirmed inharmonious, inconsistent, and conflicting approaches among various organizational effectiveness studies. The common denominator among these approaches was the lack of consensus for defining organizational effectiveness. Because of the lack of consensus, the determinants of organizational effectiveness will depend on the organizational culture as well as the individuals or groups who will evaluate the focal organization. Despite the lack of consensus on the definition of effectiveness, there is evidence in the literature to suggest a unified theory model among nonprofit governance, board effectiveness, and organizational effectiveness theories.

According to nonprofit governance theorists, boards are accountable for developing policies to ensure the ethical operation of the organization (Carver, 1997). In the nonprofit governance model, effective management and organizational growth occur when board roles and responsibilities are clarified. Conversely, organizational problems are the result of inactive boards and inadequate oversight activities. Boards are also responsible for monitoring their own effectiveness.

Theorists support the relationship between board effectiveness and organizational effectiveness (Bradshaw et al., 1992; Green & Griesinger, 1996; Herman & Renz, 2004; Kusner & Poole, 1996). Each study incorporated one of the four major effectiveness approaches and confirmed board structure, strategies, and processes are among the determinants of board and organizational effectiveness. Based on these findings, a modified Delphi technique was used in the study to determine specific leadership competencies required for homeowner association boards of directors. Chapter 3 details the modified Delphi technique to provide answers to the research questions.



## CHAPTER 3: METHODOLOGY

The purpose of the qualitative study was to determine board of director competencies required for effective homeowner association leadership. Building upon the literature review, chapter 3 outlines the methodology to include research design, research questions, instrumentation, validity, and research appropriateness. Chapter 3 also outlines the data collection and data analysis techniques.

### Research Design

The current qualitative study involved a modified Delphi technique in an investigation of responses provided by an expert panel. Members of the expert panel, consisting of homeowner association attorneys, community managers, and board members, were asked to provide expert opinions on the competencies required for effective homeowner association leadership. The panel's responses were used to develop a profile of homeowner association board of director competencies.

The RAND Corporation developed the Delphi technique in the 1950s (George & Jones, 2005). Researchers developed the Delphi technique to allow synthesized expert opinions on emerging new military technologies. Since the 1950s, the Delphi technique has been adapted from use in the military environment into other research areas. The Delphi technique provides asynchronous global access to opinions on a specified topic with the aim of reaching consensus, thus eliminating the need for face-to-face communication.

The current qualitative, modified Delphi technique involved a process through which homeowner association experts provided input on a given problem and arrived at consensus on a forecast or list of requirements and priorities. The modified Delphi

approach has been used in situations where complexity and uniqueness prevented quantitative methods from being used. The Delphi technique can produce satisfactory results in three rounds. The time required to conduct the rounds depends on the number of participants, the work involved in developing questionnaires, and the participants' speed in responding (Chase, Jacobs, & Aquilano, 2006).

#### Appropriateness of Design

Researchers have used the Delphi technique in numerous organizations, including the public and private sectors, the military, and medical and educational institutions (Lunenburg & Ornstein, 2004). Linstone and Turoff (2002) characterized the Delphi technique as practical in situations with the following conditions: (a) diverse opinions are useful, (b) when time and costs are factors, (c) when documentation of opinions are necessary, (d) participant anonymity is required, and (e) when asynchronous participation is necessary.

There are conflicting approaches in the study of board and organizational effectiveness (Cameron, 1981; Cunningham, 2001; Henri, 2003). The conflicting approaches stem from the lack of consensus on the definitions and determinants of organizational effectiveness. Because of the lack of consensus, researchers suggested different definitions of organizational effectiveness depending on what organization will be studied and the individuals or groups evaluate the focal organization (Cunningham; Henri). The modified Delphi technique was appropriate for the current study because the issue of homeowner association board effectiveness had not been sufficiently designed to develop a survey instrument. The study was designed to assess the opinions of experts in

depth to develop a list of competencies for measuring the effectiveness of homeowner association board leadership.

### Research Questions

The purpose of the qualitative, modified Delphi technique study was to identify leadership competencies needed by homeowner association boards of directors and to develop a model for assessing effectiveness. The modified Delphi technique facilitates group communication of individuals to reach consensus (Linstone & Turoff, 2002).

Two research questions guided the study:

1. What leadership competencies are needed by homeowner association boards of directors?
2. What factors might contribute to a model of homeowner association board of director effectiveness?

### Sample Population

The expert panel consisted of homeowner association experts, including homeowner association attorneys, community managers, and board members, who had Internet access and at least 3 years of experience in homeowner associations. Panel members were required to be associated with a homeowner association in Fairfax County, Virginia, at the time of the study. In addition, participants were required to hold one of the following certifications: Certified Manager of Community Associations, Association Management Specialist (AMS), Professional Community Association Manager, Accredited Association Management Company, Large-Scale Manager, Reserve Specialist, Community Insurance and Risk Management Specialist, or College of Community Association Lawyers.

Community Associations Institute's (2004) certifications represent benchmarks and standards within the homeowner association management industry. The requirement regarding certifications was included to ensure the panel consisted of industry experts. Community Associations Institute's professional certifications ensure homeowner association and community managers have the knowledge, experience, and integrity to provide the best possible service to their association. Community Associations Institute awards certificates to applicants who complete the required courses, time in service, and examinations.

Participants were selected from a list of potential expert panel participants provided by WMCCAI. WMCCAI has an active membership of approximately 3,000 members. A letter of inquiry (see Appendix A) and informed consent (see Appendix B) were e-mailed to prospective participants. The letter included a description of the purpose of the research, contained an outline of the survey processes and timeline, and assured the confidentiality of their responses. In addition, a signed informed consent form was required before starting each round of the Web-based Delphi study. Informed consent is a legal and ethical requirement for conducting research involving human participants (Leedy & Ormrod, 2001). Community Associations Institute consented to the study, and the executive director confirmed participation by signing an organizational informed consent form (see Appendix G).

The participants' names and e-mail addresses remained confidential and the data were only reported in aggregate. Only the researcher has access to the participants' individual responses. The researcher safeguarded the data during the study and after the data organization and analysis process. The coded data will be stored in a locked safe that

is accessible only by the researcher. Following the 3-year storage period, all data will be destroyed by shredding.

### Instrumentation

The modified Delphi technique was validated for homeowner association boards of directors. To ensure instrument reliability, a pilot study was conducted using the same Internet-based survey platform intended for the main study (see Appendixes D-F). The purpose of the pilot study was to determine the appropriateness of the survey and identify areas where the main research project could fail. Adjustments were made before the main study began. Potential participants were selected from a list provided by the WMCCAI. Pilot study participants were not invited to participate in the main study.

The Delphi study used electronic questionnaires developed for the current study and provided through the SurveyMonkey.com Web-based platform (see Appendix H). The first-round questionnaire consisted of the following open-ended questions:

1. What personal characteristics and attributes are helpful for board members to possess?
2. What knowledge should board members possess?
3. How can homeowner association management be improved through development of business processes?
4. How can homeowner association management be improved through development of board leadership skills?

To ensure confidentiality, each individual received a separate e-mail invitation to participate in the study. The invitation provided notification of the confidentiality of the data provided. A copy of the questionnaire is in Appendix C.

The participant responses to the first-round questionnaire were analyzed and coded, and a new questionnaire was formulated using a 5-point Likert-type scale for the second round. In the second round, participants were asked to rate the coded responses from Round 1 to determine the degree to which the participants agreed or disagreed with the statements presented in the second round. The second round responses were analyzed and the mean, median, and interquartile range (IQR) were calculated for each item. Items that had means and medians of 3.00 or higher and an IQR of 1.00 or lower were retained. Items that did not were eliminated from the third round. In the third round, participants were asked to rank each item to achieve full consensus on homeowner association boards of directors' leadership competencies.

The traditional Delphi technique has been used for the refinement of expert judgments to predict effective practices and to plan for the future (Linstone & Turoff, 2002; Ludwig, 1997; Lunenburg & Ornstein, 2004). For the current study, a modified Delphi technique was appropriate. Unlike the traditional Delphi technique, the modified Delphi starts with a set of preselected items drawn from various sources including synthesized literature reviews and interviews with selected content experts. The modified Delphi technique improves the initial round response rate and provides solid grounding in previously developed work (Custer et al., 1999).

Due to the limited number of peer-reviewed articles on homeowner association boards of directors competencies, instruments specific to homeowner association leaders were not available. Modified Delphi panel researchers recommended the technique for several reasons (Linstone & Turoff, 2002; Ludwig, 1997; Lunenburg & Ornstein, 2004).

The advantages included (a) time and cost effectiveness, (b) participant anonymity, and (c) asynchronous participation of experts.

#### Data Collection

The data were collected through repeated online questionnaires and responses from participating experts in homeowner association management. The electronic data collection process began with a first round of open-ended questions to elicit expert opinions on the competencies necessary for effective leadership of homeowner associations. The purpose of the first round was to create a profile of leadership competencies for homeowner association boards of directors. The second and third rounds focused on closed-ended Likert-type questions derived from the data collected and analyzed from previous rounds with each subsequent questionnaire building upon the preceding questionnaire. The purpose of the second and third rounds was to refine the competency profile developed in the first round, while establishing consensus among members of the expert panel. The fourth round required participants to rank the third round's list of competencies by category. The purpose of the fourth round was to refine the data by ranking each item by category.

The modified Delphi technique was appropriate because the modified Delphi is a qualitative method that allows a team of experts to reach a consensus on association boards of directors' leadership competencies. According to Creswell (2003), "A qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives" (p. 18). Creswell explained researchers collect open-ended, emerging data for developing themes from the data. The competency profile comprised the themes developed from the data collection.

### Data Analysis

NVivo 7.0 helped to detect patterns and themes in participant responses. The analysis of the open-ended Round 1 questions was used to develop questionnaires using 5-point Likert-type scales, which were administered in Rounds 2 and 3. Upon completion of Round 2, the participant responses were analyzed and the mean, median, and IQR were calculated for each item. Items that received a median score of 3.00 or higher were retained. Items that did not were eliminated from Round 3 (Linstone & Turoff, 2002).

Upon completing Round 3, the mean and median were recalculated for each response. The IQR was also recalculated for each response to determine the consensus among panelists on the competencies needed by homeowner association boards of directors. Cooper and Schindler (2003) defined IQR as the value of the difference between the 25% and the 75% points of the responses, with smaller values indicating higher degrees of consensus. For the purposes of this research, an IQR of 1.00 or less was considered an indicator of consensus (Faherty, 1979; Linstone & Turoff, 2002; Raskin, 1994). In the fourth and final round, participants were asked to rank the Round 3 list by category from 1 to *N*, with the lower numbers representing the most preferred item. The participant responses were then reverse scored and tallied for each item. The items that received the highest scores were considered the participants' most preferred homeowner association board competency. For consistency across categories, the scores were normalized on a scale of 1 to 100.

### Validity and Reliability

Internal validity is the extent to which researchers can draw inferences from the scores of selected instruments (Creswell, 2003; Leedy & Ormrod, 2001). According to



Leedy and Ormrod, internal validity can be established through multiple iterations. To ensure internal validity, the modified Delphi technique was conducted in four rounds. Content validity is the extent to which the instrument measures the intended content. The panel of experts provided responses in multiple iterations as a means of content validity. Ensuring the confidentiality of participant responses also achieved content validity.

External validity is the extent to which research can be generalized to different populations and settings (Leedy & Ormrod, 2001). Leedy and Ormrod suggested three commonly used strategies to enhance external validity: representative sampling, replication of studies in different contexts, and real-life settings.

According to Baker, Lovell, and Harris (2006), “Within consensus methods of research, especially Delphi panel techniques, the use of ‘experts’ is fundamental to reliability” (p. 59). However, Comer, Birkenholz, and Stewart (2004) explained the reliability of the modified Delphi technique could be strengthened with careful administration of the technique. In keeping with Comer et al.’s recommendation, the reliability of the modified Delphi technique was strengthened by ensuring expert participation throughout the study as well as the confidentiality of participants.

Selection of modified Delphi panel participants is critical as validity and reliability depend on the selection of an adequate sample of experts (Ludwig, 1997). Panel sizes vary among Delphi studies, although most panels consist of 15-20 participants (Linstone & Turoff, 2002; Ludwig). The panel of experts was selected based on the individuals’ specialized experience and knowledge of the topic as well as the individuals’ duties and responsibilities to help their homeowner associations operate more efficiently and effectively.

Additional criteria included limiting participation to homeowner association attorneys, community managers, and board members who had at least 3 years of experience in working with homeowner associations in either a paid or voluntary status. Selecting homeowner association attorneys, community managers, and board members was significant because these groups of participants comprise the executive leadership and executive advisory functions of homeowner associations. Finally, participants were active members of a local chapter of the Community Associations Institute. As an additional measure to maintain validity and reliability, the widely used NVivo (Crowley, Harre, & Tagg, 2002; QSR International, 2007) qualitative analytical software was used to ensure accurate and consistent coding of participant responses.

Researchers conduct the modified Delphi technique in real-life settings. Although some researchers prefer laboratory experiments to controlled environments, Leedy and Ormrod (2001) suggested laboratory studies are unfavorable because laboratory studies provide artificial settings that may be different from real-life circumstances. According to Leedy and Ormrod, research conducted outside the laboratory “may be more valid in the sense that it yields results with broader applicability to other real-world contexts” (p. 105), although it may not have the tight controls of a laboratory project.

### Summary

Chapter 3 contained details of the methodology, which involved employing a qualitative, descriptive research design to identify homeowner association board leadership competencies required for effective homeowner associations. The chapter also included a discussion of the research design, research questions, population, data

collection, and data analysis and established the validity and reliability of the design.

Chapter 4 presents the detailed findings of the proposed procedures.

## CHAPTER 4: RESULTS

Chapters 1, 2, and 3 presented the research questions, the development of the theoretical foundation, and the methodology for the qualitative modified Delphi research study. Chapter 4 presents the survey results from the panel of homeowner association experts, which included homeowner association attorneys, community managers, and board members in Fairfax County, Virginia. The modified Delphi technique allowed the experts to address competencies required for effective homeowner association management. The purpose of the study was to identify leadership competencies necessary for homeowner association boards of directors through a modified Delphi method of surveys. The findings may aid board members and community managers in recruiting, staffing, and developing homeowner association board members for effective leadership of homeowner associations.

A review of the literature served several purposes, including providing the basis for the theoretical framework, the development of the survey instrument, and a resource for the remainder of the study. A pilot study was conducted to determine the level of reliability and feasibility of the survey instrument. The following research questions were developed to explore homeowner association competencies.

1. What leadership competencies are needed by homeowner association boards of directors?
2. What factors might contribute to a model of homeowner association board of director effectiveness?

The data gathered answered the research questions through a modified Delphi technique of inquiry in four rounds of surveys. The expert participants in both the pilot

study and the main study remained anonymous to one another throughout the study. A review of literature provided the basis for the research questions, the rationale for the selection of expert panel members, and the theoretical framework that served as the foundation for the seed questions in the pilot study.

### Pilot Study

A pilot study panel of 5 homeowner association experts responded to open-ended questions regarding competencies required for effective homeowner association leadership. The purpose of the pilot study was for the experts to validate the content and appropriateness of the survey instrument and to identify areas where the main research project could fail. QSR NVivo7 software (QSR International, 2007) supported the data collection and analysis. The experts provided information during the surveys, including ideal personal characteristics, knowledge, and skills for homeowner association leadership. A rigorous and careful exploration of the data was conducted and the findings are presented in the next section.

Through the pilot study conducted during January and February 2008, the participants responded to four open-ended questions that were framed from the research questions. The open-ended seed questions developed in the pilot study were as follows:

1. What personal characteristics and attributes are helpful for board members to possess?
2. What knowledge should board members possess?
3. How can homeowner association management be improved through development of processes?

4. How can homeowner association management be improved through development of board leadership skills?

A list of potential candidates was compiled from an initial pool of 160 candidates from Fairfax County, Virginia, of which the first 30 potential pilot study experts were selected and contacted by e-mail (see Appendix D). The pool of candidates was provided by Community Associations Institute. Next, the candidates were informed of the research time frame, from January to February 2008. Five homeowner association panelists provided consent and participated in all three rounds of the pilot study. Data were collected through the SurveyMonkey.com Web site. The SurveyMonkey.com Internet portal was used to collect the participant informed consent forms, responses, and response rates. The e-mail letter of invitation (see Appendix D) contained a link to the survey Web site and a link for participants wanting to opt out of the survey.

Participants clicked on the link to the research questionnaire and provided their consent on the first screen of the survey (see Appendix E). Homeowner association experts who did not provide consent were not allowed to continue the survey. The SurveyMonkey.com Web site tracked responses according to e-mail address and then each panelist was assigned a number for data collection purposes (i.e., P1, P2, P3, P4, P5) according to the date and time of the response. All e-mail communication for the three rounds in the study were conducted individually to ensure anonymity of the expert panel participants.

The first round of the study included a cover letter clarifying the study's purpose, instructions, time frame, and three demographic questions, followed by four seed questions. In the first round of the pilot study, participants received electronic enrollment

invitations and 5 individuals responded to demographic questions (see Appendix F) and the four-item, open-ended questionnaire. The questionnaire contained the following questions:

1. What personal characteristics and attributes are helpful for board members to possess?
2. What knowledge should board members possess?
3. How can homeowner association management be improved through development of processes?
4. How can homeowner association management be improved through development of board leadership skills?

Pilot study participants were provided opportunities to comment on the delivery medium and the content and clarity of the four seed questions. One of the participants expressed concerns about the clarity of the word “processes” in the third seed question. The question was revised to the following: How can homeowner association management be improved through development of business processes?

To analyze the Round 1 pilot data, the following steps were taken. First, each of the four seed questions was analyzed separately to develop themes that were used to develop the second round questionnaire. Next, the collective participant responses for each of the questions were imported into NVivo7 software for coding and theme development. The themes were incorporated into the questionnaire, which was used in Round 2 of the pilot study (see Table 3).

Table 3

*Pilot Delphi Round 2 Questionnaire*

Question	Theme
1. What personal characteristics/ attributes are helpful for board members to possess?	Patience
	Compassion
	Communicator
	Professionalism
	Community-minded
	Unselfishness
	Courage
2. What knowledge should board members possess?	Fairness
	Knowledge of regulations
	Knowledge of association documents
	Knowledge of basic accounting
	Knowledge of how business meetings are run
	Governance
	Management
	Leadership
	Fiduciary responsibility
	Knowledge about legal documents



Table 3 (continued)

Question	Theme
3. How can homeowner association management be improved through development of processes?	Through development of standard regulations Through development of standard processes Through partnership between board members and management Through development of standard regulations
4. What personal characteristics/attributes are helpful for board members to possess?	Through education on board responsibilities Through education on finance, budgeting, and accounting Through education on leadership

In the second round, participants received electronic enrollment invitations thanking them for participating in Round 1 and instructions for Round 2. Participants were asked to rank each item using a Likert-type rating scale of 1 (strongly disagree) to 5 (strongly agree). Mean, median, and IQR scores were calculated for each item. Items that received a median score of 3.00 or higher and an IQR of 1.00 or less were retained for Round 3. All items received a median score of 3.00 or higher, but three were removed from the list because they received IQR scores above 1.00.

Based on responses and data generated from Round 2 results, the third round invitation informed participants of tabulated data consisting of mean, mean, and IQR scores, with directions asking panelists to reconsider statements they wished to revise. Participants were provided an opportunity to provide additional input concerning the collected responses if they wished. A participant suggested that the demographic questions at the beginning of each round were unnecessary. The suggestion was considered and the demographic questions were removed from Rounds 2 and 3 of the main study. It was also discovered that e-mail invitations could be created and managed in the SurveyMonkey.com Internet platform. The SurveyMonkey.com Internet platform was used to send e-mail invitations to the main study participants. Table 4 provides the final listing of retained items with corresponding mean, median, and IQR scores.

Table 4

*Pilot Study Results*

Question	Mean	Median	IQR
Question 1: What personal characteristics/attributes are helpful for board members to possess?			
Patience	4.80	5.00	1.00
Willingness to serve	4.80	5.00	1.00
Community-minded	4.80	5.00	1.00
Courage	4.80	5.00	1.00
Fairness	4.80	5.00	1.00
Professionalism	4.60	5.00	1.00
Communicator	4.40	4.00	1.00
Question 2: What knowledge should board members possess?			
Knowledge of association documents	4.80	5.00	1.00
Knowledge of how business meetings are run	4.80	5.00	1.00
Fiduciary responsibility	4.80	5.00	1.00
Knowledge of basic accounting	4.60	5.00	1.00

Table 4 (continued)

Question	Mean	Median	IQR
Governance	4.40	4.00	1.00
Management	4.40	4.00	1.00
Leadership	4.40	4.00	1.00
Question 3: How can homeowner association management be improved through development of processes?			
Through development of standard processes	4.80	5.00	1.00
Through partnership between board members and management	4.60	5.00	1.00
Question 4: How can homeowner association management be improved through development of board leadership skills?			
Through education on board responsibilities	5.00	5.00	0.00
Through education on budgeting, and accounting	4.60	5.00	1.00

#### Rounds of the Modified Delphi Study

##### *Round 1 of the Modified Delphi Study*

Round 1 of the modified Delphi study began with the posting of four open-ended questions to participating homeowner association experts:

1. What personal characteristics and attributes are helpful for board members to possess?
2. What knowledge should board members possess?
3. How can homeowner association management be improved through development of business processes?

4. How can homeowner association management be improved through development of board leadership skills?

The participants responded to the e-mail invitation by clicking on the link to the online survey. Participants were asked to complete each round within 1 week. Each round of the survey began with an informed consent form to ensure voluntary participation. Participants who did not provide consent were not allowed to continue the survey. Following the informed consent, participants were requested to answer three optional demographic questions before proceeding to the main study questions. Appendix F provides demographic information about the participants.

Twenty-two participants responded to the four seed questions through the SurveyMonkey.com Internet portal. Each of the four seed questions was analyzed separately to develop themes that were used to develop the second round questionnaire. Next, the collective participant responses for each of the questions were exported into NVivo7 software for coding and theme development. Text data from the participant's responses were tagged and nodes were created once a single idea was repeated. The themes were incorporated into the questionnaire, which was used in Round 2 of the pilot study.

#### *Round 2 of the Modified Delphi Study*

In the second round, 22 participants received electronic enrollment invitations thanking them for participating in the Round 1 and instructions for Round 2. Participants were asked to rank each item using a Likert-type rating scale of 1 (*strongly disagree*) to 5 (*strongly agree*). Participants had an opportunity to provide questions, comments, or add items under each question. There were no new items added; however, 2 participants

commented on the importance of competent homeowner association board members and the management company's role in educating board members in the operational aspects of homeowner associations.

Fifteen of the 22 participants completed the Round 2 questionnaire. Participants who did not complete Round 2 were not invited to participate in the third round. Mean, median, and IQR scores were calculated for each item. Items that received a median score of 3.00 or higher and an IQR of 1.00 or less were retained for Round 3. All items received a median score of 3.00 or higher, but three were removed from the list because they received IQR scores above 1.00 (see Tables 5-8). For purposes of this research, IQR scores above 1.00 indicated a lack of consensus.

Table 5

*Delphi Round 2, Question 1: What Personal Characteristics/Attributes Are Helpful for Board Members to Possess?*

Competency	Mean	Median	IQR
Fair	4.70	5.00	1.00
Integrity	4.60	5.00	1.00
Communicator	4.60	5.00	1.00
Community minded	4.60	5.00	1.00
Common sense	4.60	5.00	1.00
Trustworthy	4.60	5.00	1.00
Respectful	4.50	5.00	1.00

Table 5 (continued)

Competency	Mean	Median	IQR
Patient	4.50	5.00	1.00
Cooperative	4.50	5.00	1.00
Unselfish	4.50	5.00	1.00
Professional	4.50	5.00	1.00
Open-minded	4.50	5.00	1.00
Good listener	4.50	4.00	1.00
Calm	4.30	4.00	1.00
Understanding	4.10	4.00	0.00
Courageous	4.10	4.00	2.00
Firm	3.80	4.00	1.00
Leadership	3.70	4.00	1.00
Confident	3.70	4.00	1.00
Friendly	3.60	4.00	1.00
Apolitical	3.60	3.00	1.00
Analytical	3.50	4.00	1.00
Compassionate	3.50	3.00	1.00

Table 6

*Delphi Round 2, Question 2: What Knowledge Should Board Members Possess?*

Competency	Mean	Median	IQR
Fiduciary responsibilities	4.70	5.00	1.00
Knowledge of association documents	4.50	4.00	1.00
Knowledge of regulations	4.30	4.00	1.00
Knowledge of how business meetings are run	4.10	4.00	1.00
State laws regarding community associations	4.00	4.00	0.00
Governance	4.00	4.00	2.00
Parliamentary procedures	3.90	4.00	0.00
Ability to understand and read financial documents	3.90	4.00	1.00
Operations of community associations	3.80	4.00	0.00
Knowledge of the organizational structure	3.80	4.00	0.00
Knowledge about legal documents	3.80	4.00	1.00
Leadership	3.60	4.00	1.00
Knowledge of the organization's history	3.60	4.00	1.00
Strategic planning	3.50	3.00	1.00
Business management	3.40	3.00	1.00
Knowledge of basic accounting	3.40	3.00	1.00
Research	3.30	3.00	1.00



Table 7

*Delphi Round 2, Question 3: How Can Homeowner Association Management Be Improved Through Development of Processes?*

Competency	Mean	Median	IQR
By conducting board meetings in a businesslike manner	4.50	5.00	1.00
By working closely with professional management agent	4.50	5.00	1.00
By establishing required training for board members	4.50	5.00	1.00
By establishing standard regulations, forms, and processes to enforce association's governing documents	4.30	4.00	1.00
By working closely with legal counsel	4.10	4.00	0.00
By developing operations manuals	3.90	4.00	1.00
By developing job descriptions/roles for volunteers, management, and board members	3.90	4.00	2.00
By developing best practices	3.60	4.00	1.00
By conducting board meetings in a businesslike manner	4.50	5.00	1.00
By working closely with professional management agent	4.50	5.00	1.00

Table 8

*Delphi Round 2, Question 4: How Can Homeowner Association Management Be Improved Through Development of Board Leadership Skills?*

Competency	Mean	Median	IQR
By teaching board members to effectively delegate day-to-day duties and responsibilities to management	4.60	5.00	1.00
By developing communication skills	4.30	4.00	1.00
By developing new and future board members	4.20	4.00	1.00
By developing decision making skills	4.10	4.00	0.00
By establishing required courses for board members	4.10	4.00	1.00
By developing finance, budgeting and accounting skills	4.00	4.00	0.00
By developing strategic planning skills	3.90	4.00	0.00

*Round 3 of the Modified Delphi Study*

In the third round, 15 participants received electronic enrollment invitations thanking them for participating in the Round 2 and instructions for the third round. Based on participant responses and data generated from Round 2 results, the third round invitation informed participants of tabulated data consisting of mean, mean, IQR scores, with directions asking panelists to reconsider statements they wished to revise. Participants were asked to rerank each item using a Likert-type rating scale of 1 (*strongly disagree*) to 5 (*strongly agree*).

Participants had an opportunity to provide questions, insert comments, or add items under each question. There were no new items added; however, 1 participant commented on the importance of homeowner association board members building trust

and working closely with the management companies. Mean, median, and IQR were calculated for each item. Items that received a median score of 3.00 or higher and an IQR of 1.00 or less were retained for Round 4. All items received a median score of 3.00 or higher, but three were removed from the list because they received IQR scores above 1.00 (see Tables 9-12).

Table 9

*Delphi Round 3, Question 1: What Personal Characteristics/Attributes Are Helpful for Board Members to Possess?*

Competency	Mean	Median	IQR
Integrity	4.70	5.00	1.00
Trustworthy	4.60	5.00	1.00
Open-minded	4.50	5.00	1.00
Cooperative	4.50	5.00	1.00
Communicator	4.50	5.00	1.00
Fair	4.50	5.00	1.00
Common sense	4.50	4.00	1.00
Good listener	4.50	4.00	1.00
Community minded	4.40	5.00	1.00
Respectful	4.40	4.00	1.00
Unselfish	4.30	4.00	1.00
Patient	4.30	4.00	1.00
Calm	4.30	4.00	1.00
Professional	4.10	4.00	1.00

Table 9 (continued)

Competency	Mean	Median	IQR
Understanding	4.10	4.00	1.00
Confident	4.00	4.00	2.00
Apolitical	3.90	4.00	2.00
Firm	3.80	4.00	1.00
Leadership	3.70	4.00	1.00
Friendly	3.60	4.00	1.00
Compassionate	3.50	4.00	1.00
Analytical	3.50	4.00	1.00

Table 10

*Delphi Round 3, Question 2: What Knowledge Should Board Members Possess?*

Competency	Mean	Median	IQR
Fiduciary responsibilities	4.70	5.00	1.00
Knowledge of regulations	4.30	4.00	1.00
Knowledge of association documents	4.30	4.00	1.00
Knowledge of how business meetings are run	4.20	4.00	1.00
Operations of community associations	3.90	4.00	0.00
Knowledge of the organizational structure	3.90	4.00	0.00
Ability to understand and read financial documents	3.90	4.00	1.00
State laws regarding community associations	3.90	4.00	1.00
Leadership	3.80	4.00	1.00

Table 10 (continued)

Competency	Mean	Median	IQR
Knowledge about legal documents	3.80	4.00	1.00
Knowledge of the organization's history	3.80	4.00	1.00
Business management	3.70	4.00	1.00
Parliamentary procedures	3.70	4.00	1.00
Strategic planning	3.70	4.00	1.00
Knowledge of basic accounting	3.50	3.00	1.00
Research	3.40	3.00	1.00

Table 11

*Delphi Round 3, Question 3: How Can Homeowner Association Management Be Improved Through Development of Processes?*

Competency	Mean	Median	IQR
By conducting board meetings in a businesslike manner	4.70	5.00	1.00
By establishing required training for board members	4.60	5.00	1.00
By establishing standard regulations, forms, and processes to enforce association's governing documents	4.50	5.00	1.00
By working closely with professional management agent	4.50	5.00	1.00
By developing best practices	4.30	4.00	1.00
By working closely with legal counsel	4.20	4.00	1.00
By developing operations manuals	3.90	4.00	2.00
By establishing state/national standard processes	3.80	4.00	0.00
By developing performance evaluation metrics	3.60	4.00	1.00

Table 12

*Delphi Round 3, Question 4: How Can Homeowner Association Management Be Improved Through Development of Board Leadership Skills?*

Competency	Mean	Median	IQR
By teaching board members to effectively delegate day-to-day duties and responsibilities to management	4.60	5.00	1.00
By developing communication skills	4.50	5.00	1.00
By establishing required courses for board members	4.30	4.00	1.00
By developing decision making skills	4.30	4.00	1.00
By developing finance, budgeting and accounting skills	4.20	4.00	1.00
By developing new and future board members	4.20	4.00	1.00
By developing strategic planning skills	4.10	4.00	1.00

All 15 participants responded to the Round 3 questionnaire. Fourteen of the participants revised the ratings provided in Round 2. For Question 1, 3 of the 22 mean scores increased, 8 scores decreased, and 11 scores remained unchanged. Two of the 22 median scores increased, while 5 median scores decreased, and 15 remained unchanged. Three of the 22 IQR scores increased while the remaining 19 remained unchanged.

For Question 2, 9 of the 16 mean scores increased, 3 scores increased, and 4 scores remained unchanged. Two of the 16 median scores increased while 14 remained unchanged. Two of the 16 IQR scores increased while the remaining 14 were unchanged. For Question 3, 6 of the 9 mean scores increased, 1 score increased, and 2 scores remained unchanged. One of the 9 median scores increased while the remaining 8 were unchanged. Two of the 9 IQR scores increased while 1 score decreased, and the

remaining 6 were unchanged. For Question 4, 5 of the 7 mean scores increased, while 2 scores remained unchanged. One of the 7 median scores increased, while 6 remained unchanged. Three of the 6 IQR scores increased while the remaining 4 were unchanged. The reranking of items caused 3 items to receive an IQR score above 1.00. Items that received an IQR above 1.00 were removed from the list. Appendix K contains the list of items that were retained following the third round of the modified Delphi study.

#### *Round 4 of the Modified Delphi Study*

Rounds 1-3 of the modified study were administered to study participants to identify, establish consensus with, and rate leadership competencies needed by homeowner association boards of directors. The purpose of Round 4 was to refine the data by requesting participants to rank each item by category.

In the fourth and final round, 15 participants received electronic enrollment invitations thanking them for participating in Round 3 and instructions for the final round. Participants were asked to rank the Round 3 list by category from 1 to  $N$ , with lower numbers representing the most preferred item. The participant responses were then reverse scored and tallied, with the highest scores representing the participants' most preferred homeowner association board competencies.

For consistency across categories, the scores were normalized on a scale of 1 to 100 by calculating the proportion of total possible points to normalized points. The denominator for the first ratio was established by multiplying the number of raters times the number of items. The numerator was determined by the sum of the points assigned by each rater. The denominator for the second ratio was 100 and the normalized score was

determined by calculating the cross product of the two ratios. Tables 13-16 provide the normalized scores for each category.



Table 13

*Personal Characteristics and Attributes*

Competency	Points
Trustworthy	86.00
Integrity	83.33
Fair	75.67
Open-minded	71.67
Cooperative	67.00
Good listener	56.00
Respectful	55.00
Communicator	54.67
Common Sense	54.33
Community minded	54.33
Leadership	43.00
Unselfish	38.33
Professional	38.00
Patient	36.67
Calm	34.33
Understanding	30.33
Confident	24.33
Firm	18.33
Friendly	17.67
Analytical	11.00

Table 14

*Knowledge Areas*

Competency	Points
Knowledge of association documents	83.75
Knowledge of regulations	77.08
Operations of community associations	74.16
Fiduciary responsibilities	70.00
Knowledge about legal documents	69.21
State laws regarding community associations	57.50
Leadership	48.75
Ability to understand and read legal documents	41.66
Knowledge of organizational structure	40.41
Knowledge of how business meetings are run	37.91
Business management	37.50
Knowledge of basic accounting	35.00
Knowledge of the organization's history	33.75
Strategic planning	26.25
Parliamentary procedures	22.25
Research	5.00

Table 15

*Board Processes*

Competency	Points
Develop standard regulations, forms, and processes to enforce association's governing documents	77.50
Conduct board meetings in a businesslike manner	56.67
Develop best practices	55.00
Partnership with professional management agent	47.50
Partnership with legal counsel	37.50
Establish state/national standard processes	36.67
Establish required training for board members	34.17
Develop performance evaluation metrics	5.00

Table 16

*Board Leadership Skills*

Competency	Points
Decision-making skills	51.11
Communication skills	50.00
Strategic-planning skills	47.77
Delegation of day-to-day duties and responsibilities	36.67
Finance, budgeting, and accounting skills	34.44
Training to develop new and future board members	30.00

Table 17 contains the top 10 competencies that the participants identified as the most preferred leadership competencies needed by homeowner association boards of directors. Table 18 contains the top 10 competencies that the participants identified as factors that might contribute to a model of homeowner association board of director effectiveness.

Table 17

*Top 10 Competencies*

Rank	Category	Competency	Points
1	Personal characteristics/attributes	Trustworthy	86.00
2	Knowledge area	Knowledge of association documents	83.75
3	Personal characteristics/attributes	Integrity	83.33
4	Knowledge area	Knowledge of regulations	77.08
5	Personal characteristics/attributes	Open-minded	75.66
6	Knowledge area	Operations of community associations	74.16
7	Personal characteristics/attributes	Fair	71.67
8	Knowledge area	Fiduciary responsibilities	70.00
9	Knowledge area	Knowledge about legal documents	69.21
10	Personal characteristics/attributes	Cooperative	67.00

Table 18

*Top 10 Factors*

Rank	Category	Competency	Points
1	Board business processes	Develop standard regulations, forms, and processes to enforce association's governing documents	77.50
2	Board business processes	Conduct board meetings in a businesslike manner	56.67
3	Board business processes	Develop best practices	55.00
4	Board leadership skills	Decision making skills	51.11
5	Board leadership skills	Communication skills	50.00
6	Board leadership skills	Strategic planning skills	47.77
7	Board business processes	Partnership with professional management agent	47.50
8	Board business processes	Partnership with legal counsel	37.50
9	Board business processes	Establish state/national standard processes	36.67
10	Board leadership skills	Delegation of day-to-day duties and responsibilities	36.67

Four factors were derived from the literature. In the research, lists of competencies were developed for each of the factors. Several models could be developed based on the factors, including stakeholder interaction models and governance models. A stakeholder interaction model would focus on the relationships between the homeowner association boards of directors and other stakeholders. The model would specifically

involve the boards of directors' personal characteristics and attributes and board business processes. The personal characteristics indicate the board's ability to develop cooperative working relationships with stakeholders while the board's business processes enable interaction among stakeholders. A stakeholder interaction model would involve the other factors as they relate to the board's self-improvement efforts.

Governance models focus on the clarification of individual board members' roles and responsibilities as they relate to overall board accountability (Carver, 1997).

Governance models also focus on outcomes and results as additional methods of increasing accountability. The factors developed in the study could be incorporated into a governance model as the factors involve board roles and responsibilities and personal attributes that include integrity, trustworthiness, and fairness.

### Summary

Chapter 4 described the findings of the four rounds of the modified Delphi process in an effort to determine board of director competencies required for effective homeowner association leadership. Homeowner association experts provided information regarding all aspects of homeowner association management. Chapter 5 concludes the dissertation and contains recommendations, interpretations, and implications that may have important meaning to homeowner association experts.

## CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

Chapters 1, 2, and 3 presented the research questions and the development of the theoretical foundation and methodology for the qualitative modified Delphi research study. Chapter 4 presented the survey results from the panel of homeowner association experts that included homeowner association attorneys, community managers, and board members in Fairfax County, Virginia. The purpose of the study was to identify leadership competencies necessary for homeowner association boards of directors through a modified Delphi method of surveys.

Chapter 5 contains three sections. The first section provides the findings and a review of the guiding research questions. The second section includes a discussion of the implications, and the third section is a summary and conclusion of the findings, which includes recommendations for further research. The third section also provides explanations and suggestions that may aid board members and community managers in recruiting, staffing, and developing homeowner association board members for effective leadership of homeowner associations.

### Results of the Study

The study was designed to address the following research questions regarding homeowner association boards of directors:

1. What leadership competencies are needed by homeowner association boards of directors?
2. What factors might contribute to a model of homeowner association board of director effectiveness?

The research questions were posed to participants using a modified Delphi technique to facilitate group communication among homeowner association experts. The purpose of the study was to reach consensus on competencies required for effective homeowner association leadership through a series of surveys. Both research questions are addressed in turn.

*What Competencies Are Needed by Homeowner Association Boards of Directors?*

The modified Delphi study began with a set of preselected items drawn from the synthesized literature review (Custer et al., 1999). The preselected items were stated in the form of survey questions that were used throughout the modified Delphi study. The following subquestions were posed to address the first research question:

1. What personal characteristics and attributes are helpful for board members to possess?
2. What knowledge should board members possess?

*What personal characteristics and attributes are helpful for board members to possess?* The first subquestion was posed to elicit homeowner association experts' opinions on interpersonal qualities and skills that enable effective homeowner association leadership. In Round 1, the question was stated as an open-ended question for which participants were asked to provide an exhaustive list of characteristics and attributes that they deemed necessary. Twenty-three different items emerged from the first round data analysis, and participants were asked to rate each item using a Likert-type scale in Round 2.

The top-ranked competencies within the personal characteristics/attributes category include trustworthiness, integrity, open-minded, fairness, and cooperative. The



competencies are helpful in gaining cooperation and support from residents within the association. The board competencies might also encourage volunteerism and resident participation in homeowner association committees. In homeowner associations, communication between board members and residents helps maintain public trust in homeowner association leadership. Community Associations Institute (2008) recommended homeowner association boards communicate frequently with the residents in a variety of ways to include correspondence, e-mail, and the Internet.

*What knowledge should board members possess?* Seventeen items emerged from the modified Delphi participants' first-round responses to the second subquestion. The participants agreed that knowledge of association documents, knowledge of regulations, operations of community associations, and fiduciary responsibilities are the most important competencies for board members to possess. There was consensus among participants that many new homeowner association board members are volunteers who lack related experience and competencies. Many of the volunteer board members are concerned citizens willing to devote time to community activism and see the local homeowner association as an opportunity to serve the community.

The following statements acknowledge the need for board training and represent statements made by the sample as a whole. One participant (a community manager) asserted,

It is up to the management company to educate and instruct the volunteer boards in the process of overseeing a business of community association management.

Although it is a volunteer position, the homeowners are now sitting on a board for a corporation. These volunteers need to be guided and directed in the best

business practices for the community. Each community is different with different needs. It takes a trained managing agent to identify the needs and to provide the proper and correct information to that Board of Directors from day one.

Another participant (a CEO of an association management company) noted,

As the managing agent, we need to provide board training whether it is in the association documents, financials or contracts so that the volunteers understand that they are sitting on the board of a corporation. We must deliver enough information so that the board builds trust in the management portion of that corporation.

Although homeowner association boards are staffed with volunteer community owners and residents, there are complex roles and responsibilities that involve state laws; association covenants, conditions, and restrictions (CC&Rs); and fiduciary responsibilities. The responsibilities might be overwhelming for new board members, but the Community Associations Institute, homeowner association managing agents, and other experienced board members can provide training and guidance in balancing these constraints as they respond to the issues presented by the association's members.

As elected officials from their respective associations, homeowner association board members are responsible for maintaining common areas and facilities, as well as protecting association property and property values. Failures to uphold these responsibilities may lead to complaints, board removal, and litigation from association members. Homeowner association board members must also maintain good working relationships with state and local officials. Homeowner association boards are responsible for complying with state and local ordinances, which may include zoning, pets and

animals, amenities, parking, and building occupancy. Homeowner association boards are also responsible for filing the appropriate tax forms and maintaining annual state corporation registrations and fees. Failure to uphold these responsibilities may result in fines and other sanctions against the homeowner association.

*What Factors Might Contribute to a Model of Homeowner Association Board of Director Effectiveness?*

The second research question was posed to determine how the findings would contribute to a model of homeowner association board of director effectiveness. The following subquestions were posed to address the second research question:

1. How can homeowner association management be improved through development of business processes?
2. How can homeowner association management be improved through development of board leadership skills?

The next section provides a discussion on factors associated with improved business processes and board leadership skills required for improved homeowner association management.

*How can homeowner association management be improved through development of business processes?* The top-ranked competencies within the board business processes category include standardized processes, businesslike meetings, and best practices. Participants also recommended homeowner association boards work closely with a professional management agent and legal counsel.

The participants agreed that homeowner associations can best be improved by establishing standard internal regulations, forms, and business processes to enforce the

association's governing documents. This is especially important for self-managed homeowner associations because professionally managed associations have contracted staff to provide advice and day-to-day management responsibilities. The participants did not suggest which internal regulations, forms, and processes to implement, but suggested homeowner association boards work closely with professional management agents and legal counsel to improve homeowner association effectiveness.

The participants agreed that homeowner association boards can improve association leadership by conducting board meetings in a businesslike manner as "boards provide models for others and show how to lead and govern effectively" (Holland, 2002, p. 427). A well-run board meeting may improve board effectiveness while improving association members' trust in homeowner association board members. Board effectiveness researchers agree that board of director carelessness and complacency places the board and the organization at risk of conflict and mistrust (Campbell, 2002; Chait, 2004; Gill et al., 2005).

The participants ranked best practices as the third most important competency for improving homeowner association leadership. Best practices are improved processes, procedures, and standards that are published and shared within a given industry. The concept of best practices is supported in organizational effectiveness literature as organizational effectiveness models are improvements and alternatives to existing models (Cameron, 1981; Cunningham, 2001; Henri, 2003; Quinn & Rohrbaugh, 1983).

Community Associations Institute is a leading organization in the homeowner association industry. For over 30 years, Community Associations Institute has organized chapters and activities designed to provide resources, education, and networking forums

for homeowner association volunteers and professionals to share best practices.

Community Associations Institute's publications, Web site, and annual conferences provide additional opportunities to share best practices and to develop industry standards.

The participants recommended homeowner association boards partner with a professional management agent and legal counsel. Homeowner association boards of directors can improve homeowner association leadership by hiring professional management agents to assist with the day-to-day activities and to implement board policy decisions. Hired professionals assist homeowner association boards by providing customer service, accounting, administrative functions, bill payments, and maintenance. Homeowner association boards can hire legal counsel to provide legal advice, represent the board in litigation, assist in delinquent dues collection, and assist homeowner association boards in complying with complex legal business requirements.

The participants suggested homeowner association management can be improved nationally by establishing state and national standard businesses processes. Community Associations Institute is a national organization dedicated to providing education and resources for volunteer homeowner association boards, community managers, and attorneys. The trend toward establishing state and national standard business processes will continue as more homeowner association experts earn the nationally recognized certifications awarded by Community Associations Institute.

*How can homeowner association management be improved through development of board leadership skills?* The top-ranked competencies within the board leadership skills category include decision-making skills, communication skills, strategic planning skills, and delegation of day-to-day duties. The participants agreed that education was the

primary method for improving homeowner association management through the development of board leadership skills. The participants ranked decision-making skills as the second most important competency within the board leadership skills category.

The participants ranked communication skills as the third most important competency within the board leadership skills category. In order for homeowner association boards of directors to maintain constituents' trust, the board needs to communicate with its constituents. Community Associations Institute (2008) recommended homeowner association boards communicate frequently with the residents in a variety of ways, including correspondence, e-mail, and the Internet.

The participants ranked strategic planning skills as the fourth most important competency within the board leadership skills category. In addition to daily oversight responsibilities and board meeting agenda items, homeowner association boards are responsible for formulating the organizational direction and vision for its future. Strategic planning includes the future operation, maintenance, and possible replacement of infrastructure, amenities, common areas, and equipment.

The participants also agreed that homeowner association management can be improved by teaching board members to effectively delegate day-to-day duties and responsibilities to management. The participants concur that homeowner association board members should be more concerned with the oversight instead of the performance of day-to-day activities. Participants agreed that homeowner association boards should hire qualified management companies that the board deems capable of professionally managing day-to-day activities. A participant asserted one responsibility of board members is "to provide the policy and long-range strategic planning for the organization,

and not to involve themselves in the day-to-day operations of the association unless certain aspects of those operations become problematic.” Participants also noted the need for continuity of homeowner association operations as board members generally serve 3 years or less. There was consensus that a hired professional management company would ensure smooth continuous homeowner association operations as board members are replaced.

### Implications

A review of the literature confirmed organizational effectiveness covers a variety of evaluation possibilities that include topics such as productivity, efficiency, behavioral factors, organizational flexibility, and job satisfaction. The choice of appropriate effectiveness criteria depends on the organizational situations to be addressed (Murray, 2001, 2002). Areas of consideration include organizational structure, individual performance, and organizational impact on the external environment (Cunningham, 2001).

The data analysis of the first research question discussed how the findings converge and are supported by existing effectiveness models. The personal characteristics and attributes competency factors are supported by Carver’s (1997) traditional nonprofit governance theory, which asserts the need for prescribed roles and responsibilities to fulfill the organizational mission. The findings are consistent with Carver’s (1997) nonprofit governance theory assertion that boards maintain public trust to uphold the organizational mission and be accountable for the ethical operation of the organization.

The knowledge area competency factors are supported by Iecovich’s (2004) assertion that association boards of directors are responsible for the overall performance

and achievements of their associations. According to Iecovich, the board's roles and responsibilities require competencies that include (a) mission and goal attainment, (b) policy setting, (c) strategic planning, (d) fundraising, (e) monitoring organizational programs and services, (f) staffing, and (g) maintaining external organizational relationships. The findings are consistent with Jackson and Holland's (1998) research on nonprofit board effectiveness. The findings are supported by the contextual, educational, analytical, and political competencies of effective boards of directors.

The contextual competency relates to the board's ability to consider the values, norms, and culture of the organization. The analytical competency is the board's ability to recognize the complexity of issues, understand and value multiple perspectives, and synthesize appropriate responses to the issues (Jackson & Holland, 1998). Although homeowner association boards are staffed with volunteer community owners and residents, there are complex roles and responsibilities that involve state laws, association CC&Rs, and fiduciary responsibilities.

The data analysis of the second research question determined how the findings contribute to a model of homeowner association board of director effectiveness. The board business processes competency factors are supported by Sowa et al.'s (2004) research on a MIMNOE. In the MIMNOE, Sowa et al. (2004) listed formal structures, system designs, and organizational processes as a measure of management effectiveness (capacity). The findings are also supported by Blomberg et al.'s (2004) suggestion that boards are responsible for developing and implementing business processes and should develop methodologies for evaluating performance.



The board business processes competency factors are supported by Carver's (1997) traditional nonprofit governance theory, which asserts the need for prescribed board roles and responsibilities to fulfill its authority and mission. Inherent in the traditional nonprofit governance model is the belief that effective management and organizational growth occur when roles and responsibilities are clarified (Carver, 1997). The participants agreed that homeowner association boards can improve association leadership by conducting board meetings in a businesslike manner, which is consistent with Holland's (2002) suggestion that "boards provide models for others and show how to lead and govern effectively" (p. 427). The concept of best practices is supported in organizational effectiveness literature as organizational effectiveness models are improvements and alternatives to existing models (Cameron, 1981; Cunningham, 2001; Henri, 2003; Quinn & Rohrbaugh, 1983).

The board leadership skills competency factors are supported by Edlin's (2005) assertion that board effectiveness "depends on the ability of its directors to make the right decisions (p. 33). Edlin added, "Structurally, it's about having a balance of skills, competencies, and abilities around the table, ability counts, rather than number of directors" (p. 33). Organizational effectiveness researchers agree that determinants of organizational effectiveness include strategic decision making (Comforth, 2001; Furr & Furr, 2005; Price, 1972; Redshaw, 2000; Sowa et al., 2004; Van den Berghe & Levrau, 2004).

The findings are supported in the literature as nonprofit board governance researchers agree that nonprofit boards of directors are responsible for defining the organizational mission and providing overall leadership and strategic direction to the

organization (Carver, 1997; Herman & Renz, 2004; Herman et al., 1997; Iecovich, 2004). The findings are also supported by Jackson and Holland's (1998) research that suggested competencies for effective boards. The strategic competency, according to Jackson and Holland, requires nonprofit boards of directors to be responsible for envisioning and formulating the organizational direction and vision for its future.

The data support the assertion that performance evaluation metrics are necessary for improving homeowner association management. The modified Delphi was multidimensional because the participants represented different aspects of homeowner association operations, including board members, community managers, and homeowner association attorneys. The findings support unified theory models among nonprofit governance, board effectiveness, and organizational effectiveness theories. The data could be used to extend existing models of effectiveness since new effectiveness approaches are developed as alternatives to existing approaches (Tsui, 1990).

### Conclusions

The participants were among the best qualified individuals for this modified Delphi study. First, all were active members of Community Associations Institute, a nationally recognized industry leader in community management and legislation regarding community associations. Second, while there are no college requirements for homeowner association board members, all participants reported having education beyond high school. Fifty-five percent reported having some college, 22% reported having a bachelor's degree, 13% reported having a master's degree, and 10% held doctoral level degrees (see Appendix J).

In addition to Community Association Institute credentials, participation required a minimum of 3 years of experience in dealing with homeowner associations. All participants exceed the minimum requirement, and the participants reported an average of 14 years experience. Some participants reported other related experience to include municipal community management, homeowner association law, and real estate. Appendix F provides demographic information on the participants, including age range, educational level, and years of experience.

The participants selected 10 competencies as the most preferred leadership competencies needed by homeowner association boards of directors. Notably, 6 of the top 10 factors relate to individual board member characteristics and attributes, while the remaining 4 competencies relate to knowledge of regulations, operations, and fiduciary responsibilities. The findings suggest the ideal board candidate is one who is knowledgeable about business practices and also possesses integrity and interpersonal skills.

The 10th highest rated competency involved the individual board members' ability to cooperate with others, which is especially important because homeowner association board success "depends on the ability of its directors to make the right decisions" (Edlin, 2005, p. 33). Depending on the size of the community, the board may range from 3 to 10 board members, with each having different levels of experience and responsibility within the community. The board members' ability to cooperate will impact the decision making and implementation timeline and may have long-term impacts on future board activities. Cooperative board members are more likely to address

and resolve internal board issues than uncooperative board members as board decisions often require a majority vote.

The ability of homeowner association board members to cooperate with others also improves relationships with the residents of the community. Cooperative board members help homeowner association boards avoid the reputation of being inflexible, self-serving boards that run associations like “banana republics” (Max, 2005, p. 64). Cooperative board members can encourage community involvement that includes increased meeting attendance, service on committees, and future board candidates. Better cooperation between board members and residents might also lead to a decrease in negative publicity and litigation against homeowner association boards.

The participants selected 10 competencies as the top factors that might contribute to a model of homeowner association board of director effectiveness. The findings indicate homeowner association board effectiveness can be improved by adopting best practices, developing board business processes, and increasing board leadership skills. There was strong consensus that standard regulations, forms, and processes are needed to consistently enforce homeowner associations’ governing documents. Participants agreed that homeowner association board meetings should be structured and conducted in a businesslike manner. The standardized business processes will help ensure adequate board transparency and disclosure while allowing residents opportunities to participate and provide input into board decisions.

The findings indicate board effectiveness can be improved through the development of the individual board members’ skills. The participants agreed that decision-making skills, communication skills and strategic-planning skills are the top

three ways to improve individual and collective board member performance. These skills will assist board members in fulfilling fiduciary obligations while balancing the needs of the community with individual resident needs.

The participants agreed that a partnership with legal counsel and a professional management agent will assist homeowner association boards in effectively managing their associations. Legal counsels and professional managing agents are hired to manage many of the day-to-day functions, interface with residents, and provide advice to assist boards in making informed decisions. Legal counsel and professional managing agents often assist in the training of new and inexperienced board members.

The findings may serve as the foundation of a nationally accepted Community Association Institute profile of homeowner association board competencies, as the mission is to make community associations better places to call home. A list of board competencies would complement Community Association Institute's educational, training, and instructional programs. The profile of homeowner association competencies would also assist boards and association managing agents in training new board members.

### Recommendations and Future Research

Recommendations for future research include a replication of the current modified Delphi study that includes homeowner association experts from locations throughout the United States. The research was limited to a single geographic region, and a study with a broader population setting could help determine the generalizability of the findings. A replicated study should include additional participants to ensure ample qualitative data for coding and development of the competency list.

A second recommendation is that additional research should be performed to include an exploration of the organizational culture aspects of homeowner association effectiveness. Unlike other nonprofit boards, most homeowner association boards of directors have the distinction of being neighbors as well as colleagues in community leadership. It is probable that homeowner association board members have a personal and professional relationship based on their experiences as neighbors in the same community.

Future research studies could include a board self-assessment instrument. A board self-assessment study could extend the current study as homeowner association boards of directors would be asked to rate board performance based on the list of competencies provided by the participants. A board self-assessment study may assist homeowner association boards in identifying internal strengths and weaknesses, monitoring board effectiveness, and developing improvement strategies.

Finally, homeowner association boards should also consider using a validated self-assessment instrument such as the Board Self-Assessment Questionnaire. The Board Self-Assessment Questionnaire was developed to assist boards in identifying specific characteristics and behaviors that distinguish strong boards from weak boards. Jackson and Holland's (1998) extensive research on nonprofit governing boards and their effectiveness have resulted in identifying six broad competencies of effective boards. The six competencies are contextual (norms and values), educational, interpersonal, analytical, political, and strategic factors of effectiveness.

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## APPENDIX A: EMAIL INVITATION INTRODUCTORY LETTER

### Round 1

You are invited to participate in an online academic study being conducted by Anthony M. Bennett, a doctoral candidate for the Doctor of Management in Organizational Leadership degree at the University of Phoenix. Mr. Bennett is also the vice president of his local homeowner association and a member of Community Associations Institute (CAI).

The purpose of this study is to compile a list of leadership competencies for homeowner association boards of directors.

Your participation is completely voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the study, you will be asked to complete all three rounds of questionnaires.

The first questionnaire contains seven (7) questions and should take about 15 minutes to complete. The next two rounds take less time.

Upon completion of the first questionnaire, each participant will receive an aggregate summary of the results from all participants. You will then receive an invitation to participate in the second round questionnaire. You will be allowed to add, change or delete your original answers.

Upon completion of the second questionnaire, each participant will receive an aggregate summary of the results from all participants. You will then receive an

invitation to participate in the third round questionnaire. You will be allowed to add, change or delete your original answers to the second questionnaire.

Thanks for your assistance in this important academic study.

Thanks for your participation! Please click here

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Sincerely,

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

University of Phoenix

### Round 2 Invitation Email

Thank you for your response to Round 1 of the Delphi Study. You are invited to participate in Round 2 of the academic study.

The purpose of this three-round study is to identify leadership competencies for homeowner association boards of directors.

Your participation is voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the study, please complete the questionnaire by following the instructions listed above the questionnaire. The questionnaire should take about 5-10 minutes to complete.

Please complete the survey by Wednesday February 13th.

Click here for the survey!

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

University of Phoenix

### Round 3 Invitation E-mail

Thank you for your response to Round 2 of the Delphi Study. You are now invited to participate in the third round of the academic study!

The purpose of this three-round study is to identify leadership competencies for homeowner association boards of directors.

Your participation is voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the third round, please complete the questionnaire by following the instructions listed above the questionnaire. The questionnaire should take about 5-10 minutes to complete.

Please complete the survey by Wednesday February 20th.

Click here for the survey!

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

University of Phoenix

#### Round 4 Invitation E-mail

Thank you for your response to Round 3 of the Delphi Study. You are now invited to participate in the fourth (and final) round of the academic study!

The purpose of this fourth round of the study is to rank the leadership competencies that the study participants provided in the first three rounds of the study.

Your participation is voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the final round, please complete the questionnaire by following the instructions listed above the questionnaire. The questionnaire should take about 5-10 minutes to complete.

Please complete the survey by Wednesday May 7th.

Click here for the survey!

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

## APPENDIX B: INDIVIDUAL INFORMED CONSENT

I acknowledge that I understand the nature of the study, any potential risks to me as a participant, and the means by which my identity will be kept confidential. Clicking on the first Radio Button below indicates that I am over the age of 18, that I am not a member of any protected category of participants (minor, pregnant woman when considered part of a designated research group of women, prisoner, or cognitively impaired), and that I give my permission to voluntarily serve as a participant in **(Round 1, 2, or 3)** of the study described by Anthony M. Bennett in the Introductory Letter.

Each respondent is required to check one of the following Radio Buttons:

☐ I understand the above statements and give consent for my information to be used in the study.

☐ I understand the above statements and do NOT give consent for my information to be used in the study

Note:

If the first button is checked then that survey can be used in the study. If the second button is checked then that survey must be discarded.



## APPENDIX C: DELPHI ROUND 1 QUESTIONNAIRE

**The first three questions are demographic in nature  
and are only for statistical purposes.**

**All information provided in this questionnaire will remain confidential.**

1. What is your age?
  - 20-30
  - 31-40
  - 41-50
  - 51-60
  - 60+
2. Please describe your paid and voluntary homeowner association work experience.
3. Please describe your educational background.

**The next questions comprise the main study questions.  
Please include as much information as possible.**

1. What personal characteristics and attributes are helpful for board members possess?
2. What knowledge should board members possess?
3. How can homeowner association management be improved through development of business processes?
4. How can homeowner association management be improved through development of board leadership skills?

## APPENDIX D: PILOT STUDY INTRODUCTORY LETTER

### Pilot Study E-mail Invitation Introductory Letter

You are invited to participate in an online academic pilot study being conducted by Anthony M. Bennett, a doctoral candidate for the Doctor of Management in Organizational Leadership degree at the University of Phoenix. Mr. Bennett is also the vice president of his local homeowner association and a member of Community Associations Institute (CAI).

The purpose of this study is to compile a list of leadership competencies for homeowner association boards of directors.

Your participation is completely voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the study, you will be asked to complete all three rounds of questionnaires.

The first questionnaire contains seven (7) questions and should take about 15 minutes to complete. The next two rounds take less time.

Upon completion of the first questionnaire, each participant will receive an aggregate summary of the results from all participants. You will then receive an invitation to participate in the second round questionnaire. You will be allowed to add, change or delete your original answers.

Upon completion of the second questionnaire, each participant will receive an aggregate summary of the results from all participants. You will then receive an

invitation to participate in the third round questionnaire. You will be allowed to add, change or delete your original answers to the second questionnaire.

Thanks for your assistance in this important academic study.

Thanks for your participation! Please click here

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Sincerely,

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

University of Phoenix

## Round 2 Invitation Email

Thank you for your response to Round 1 of the Delphi Pilot Study. You are invited to participate in Round 2 of the academic study.

The purpose of this three-round study is to identify leadership competencies for homeowner association boards of directors.

Your participation is voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the study, please complete the questionnaire by following the instructions listed above the questionnaire. The questionnaire should take about 5-10 minutes to complete.

Please complete the survey by Wednesday February 13th.

Click here for the survey!

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

University of Phoenix

### Round 3 Invitation E-mail

Thank you for your response to Round 2 of the Delphi Pilot Study. You are now invited to participate in the third round of the academic study!

The purpose of this three-round study is to identify leadership competencies for homeowner association boards of directors.

Your participation is voluntary. Your responses will be confidential and the data from this study will only be reported in aggregate. No one other than the researcher, Anthony M. Bennett, will have access to answers to this questionnaire.

If you agree to participate in the third round, please complete the questionnaire by following the instructions listed above the questionnaire. The questionnaire should take about 5-10 minutes to complete.

Click here for the survey!

<http://www.surveymonkey.com/s.aspx>

Please note: If you do not wish to receive further emails from me, please click the link below, and you will be automatically removed from the mailing list.

<http://www.surveymonkey.com/optout.aspx>

Anthony M. Bennett

Doctoral Candidate, Organizational Leadership

University of Phoenix

## APPENDIX E: PILOT STUDY INDIVIDUAL INFORMED CONSENT

I acknowledge that I understand the nature of the study, any potential risks to me as a participant, and the means by which my identity will be kept confidential. Clicking on the first Radio Button below indicates that I am over the age of 18, that I am not a member of any protected category of participants (minor, pregnant woman when considered part of a designated research group of women, prisoner, or cognitively impaired), and that I give my permission to voluntarily serve as a participant in **(Round 1, 2, or 3)** of the pilot study described by Anthony M. Bennett in the Introductory Letter.

Each respondent is required to check one of the following Radio Buttons:

☐ I understand the above statements and give consent for my information to be used in the study.

☐ I understand the above statements and do NOT give consent for my information to be used in the study

Note:

If the first button is checked then that survey can be used in the study. If the second button is checked then that survey must be discarded.

## APPENDIX F: PILOT STUDY QUESTIONNAIRE

**The first three questions are demographic in nature  
and are only for statistical purposes.**

**All information provided in this questionnaire will remain confidential.**

1. What is your age?
  - 20-30
  - 31-40
  - 41-50
  - 51-60
  - 60+
2. Please describe your paid and voluntary homeowner association work experience.
3. Please describe your educational background.

**The next questions comprise the main study questions.  
Please include as much information as possible.**

1. What personal characteristics and attributes are helpful for board members possess?
2. What knowledge should board members possess?
3. How can homeowner association management be improved through development of processes?
4. How can homeowner association management be improved through development of board leadership skills?

## APPENDIX G: ORGANIZATIONAL INFORMED CONSENT

### University of Phoenix

#### INFORMED CONSENT: PERMISSION TO USE PREMISES, NAME, AND/OR SUBJECTS

#### Washington Metropolitan Chapter Community Associations Institute

I hereby authorize Anthony M. Bennett, student of the University of Phoenix, to use the premises, name, and/or subjects requested to conduct a study entitled "Homeowner Association Boards of Directors' Leadership Competencies in Fairfax, Virginia".

The purpose of the study is to identify leadership competencies needed by homeowner association boards of directors (for effective leadership). The study will focus on homeowner associations in Fairfax County, Virginia and the specific objectives of this study are to:

- Identify leadership competencies for effective homeowner association leadership
- Develop a majority consensus on the specific leadership competencies for effective homeowner association leadership based on the responses from homeowner association subject matter experts
- Develop a list of factors that may contribute to the development of a model of homeowner association board of directors effectiveness based on the findings of this study

I grant the researcher permission to contact members of the association for participation in the study. The researcher has permission to publish findings following completion of the study.

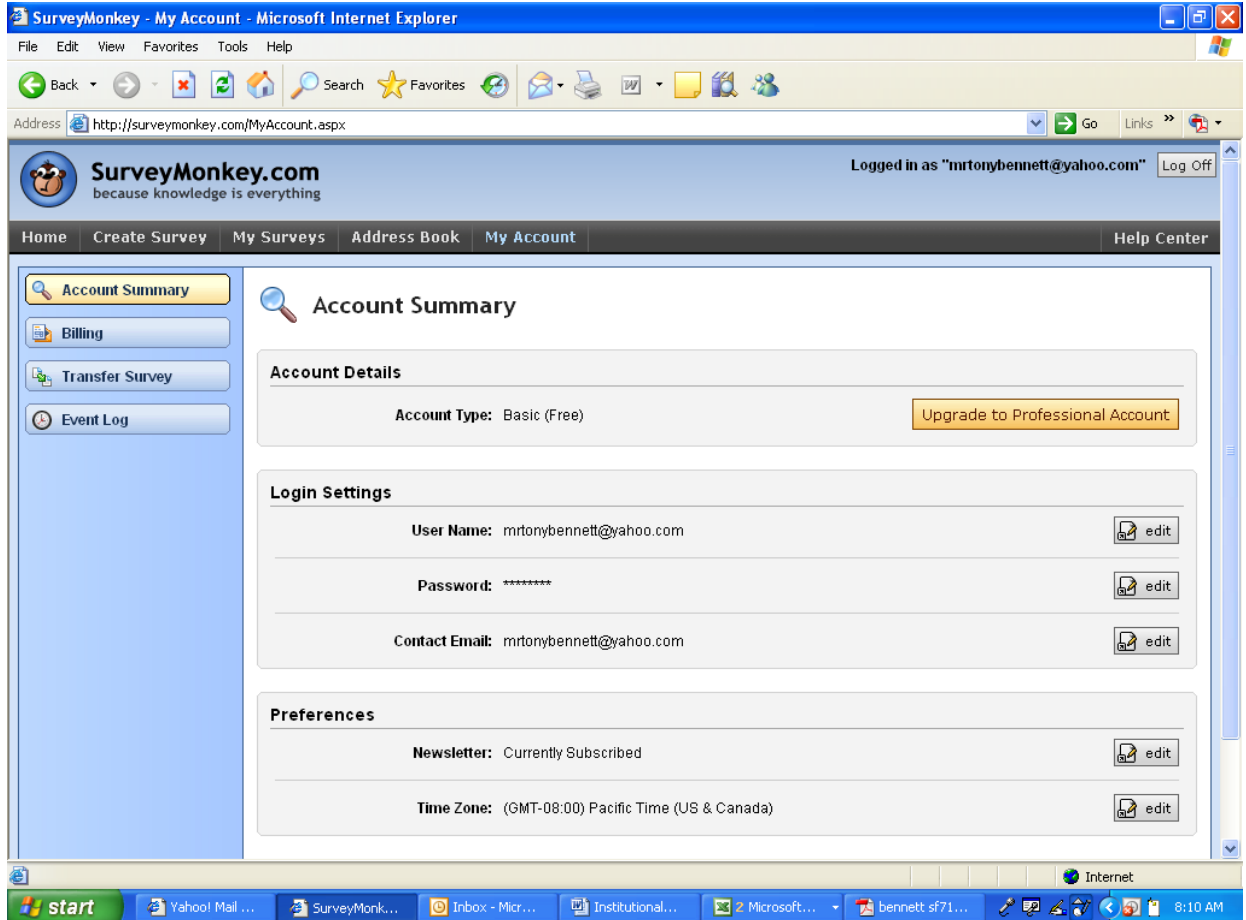
  
Signature

09/13/07  
Date

Sarah A. Patterson  
Executive Vice President *Director*  
Washington Metropolitan Chapter  
Community Associations Institute



## APPENDIX H: SURVEY MONKEY ACCOUNT SUMMARY



## APPENDIX I: PILOT STUDY DEMOGRAPHIC INFORMATION

*Age of Pilot Study Participants*

Age	Number of Respondents
20-30	0
31-40	2
41-50	1
51-60	2
60+	0

*Educational Background of Pilot Study Participants*

Education Level	Number of Respondents
High School	0
Diploma	
Some College	1
Bachelor's	2
Degree	
Master's Degree	2
Post Master's	0
Doctorate (JD, PhD, EdD, etc.)	0

*Description of Participants' paid and/or voluntary homeowner association work experience*

- 
1. Homeowner Association Board Member
  2. Volunteer Homeowner Association Board Member--4 years
  3. Homeowner Association Board Member and Architectural Committee member
  4. Homeowner Association Board Vice President
  5. Condominium Building Manager, and Manager for 475-unit townhouse community
-

## APPENDIX J: DELPHI STUDY DEMOGRAPHIC INFORMATION

*Age of Main Study Participants*

Age	Number of Respondents
20-30	1
31-40	5
41-50	8
51-60	5
60+	3

*Educational Background of Main Study Participants*

Education Level	Number of Respondents
High School Diploma	0
Some College	12
Bachelor's Degree	5
Master's Degree	3
Post Master's	0
Doctorate (JD, PhD, EdD, etc.)	2

*Description of participants' paid and/or voluntary homeowner association work experience*

---

1. Volunteer in 6,000+ unit HOA; Chairperson of neighborhood board; President of a large community management firm
  2. Portfolio manager—11 years
  3. Assistant community manager—15 years
  4. Community association manager—10 years
  5. Condominium association board member—4 years; General manager of a 327-unit condominium complex; Property management—31 years
  6. Portfolio manager—2.5 years; General manager of 400-unit condominium association—16 years; General manager for 1,527-unit HOA; CAI local chapter committee member; current board member
  7. Senior property manager
  8. Community manager—4 years; On-site property manager—6 years
  9. CEO for one of the largest homeowners association in the US
  10. Community association law attorney
  11. Community manager
  12. Condominium association general manager—6 years
  13. Condo board member and officer; Association manager—30 years
  14. HOA President; Portfolio manager
  15. CEO of an association management company
  16. Former City Manager—10 years; Onsite manager—23 years; private consultant
  17. Senior Community Manager, CMCA, AMS, PCAM
  18. Portfolio community manager; Board member; Board member CAI local chapter
  19. On-site manager—18 years
  20. On-site general manager
  21. Operations Director for a real estate company association management division
  22. Acting condominium association manager
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APPENDIX K: DELPHI ROUND 3, FINAL LIST OF HOMEOWNER ASSOCIATION  
BOARD MEMBER COMPETENCIES

Question	Theme
Question 1: What personal characteristics/attributes are helpful for board members possess?	Integrity
	Trustworthy
	Open-minded
	Cooperative
	Communicator
	Fair
	Common sense
	Good listener
	Community minded
	Respectful
	Unselfish
	Patient
	Calm
	Professional
	Understanding
	Confident
	Firm
	Leadership
	Friendly
	Analytical

Question 2: What knowledge should board members possess?	Knowledge of regulations
	Knowledge of association documents
	Knowledge about legal documents
	Operations of community associations
	Fiduciary responsibilities
	State laws regarding community associations
	Knowledge of basic accounting
	Leadership
	Business management
	Strategic planning
	Ability to understand and read financial documents
	Knowledge of the organizational structure
	Knowledge of the organization's history
	Knowledge of how business meetings are run
Question 3: How can homeowner association management be improved through development of processes?	Parliamentary procedures
	Research
	By establishing standard regulations, forms, and processes to enforce association's governing documents
	By establishing state/national standard processes
	By conducting board meetings in a businesslike manner
	By developing best practices
	By establishing required training for board members
	By working closely with professional management agent

	By working closely with legal counsel
	By developing performance evaluation metrics
Question 4: How can	To develop communication skills
homeowner association	To develop strategic planning skills
management be improved	To develop decision-making skills
through development of	To develop finance, budgeting, and accounting skills
board leadership skills?	To develop new and future board members
	By teaching board members to delegate day-to-day duties
	and responsibilities to management

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