

Managing Conflict in Community Associations: The Who, What, Where, When, and Why

Courtney L. Feldscher, Ph.D. Candidate – Boston University

Introduction

An estimated 60 million Americans live in more than 300,000 homeowner and condominium associations, cooperatives, and other planned communities. As these numbers increase, so do reports of conflict in community associations. Talk to anyone living in a community association and he or she will share a tabloid-worthy story about how a board member, another homeowner, a manager, or a developer courted conflict by acting egregiously. Anecdotal reports about community associations in the media only heighten the sensationalism. The headlines broadcast the outrageous (*Over Boards: Condo Committees Rule in a Crazy Game of Power and Money*), the inane (*Veteran Fights HOA to Display American Flag*), and the perplexing (*Corruption Investigation: Agents Pursue HOA Records*).

Despite the sensationalistic, and oftentimes downright negative, media discourse surrounding homeowners' associations, a 2009 national survey conducted by Zogby International and sponsored by the Foundation for Community Association Research reported that 71% of American homeowners polled would rate the overall experience of living in a community association as positive; further, that 44% absolutely and 45% for the most part thought that the members of their elected governing board strove to serve the best interests of the community as a whole. These contradictory reports raise two questions: 1) What is the scope and scale of conflict in community associations, and 2) What are the sources of conflict in community associations?

This paper intends to address these contradictory discourses and these questions by first addressing the role of conflict in organizations and then addressing the role of conflict in community associations. The first part of the paper will use previous research and literature to contextualize the role of conflict in organizational life. It will address conditions of conflict, typologies of conflict, outcomes of conflict, and conflict management strategies. The second part of the paper will report the preliminary findings of an original survey measuring the scope and scale of conflict in Greater-Boston area community associations. It will identify potential sources of conflict and describe who is most often involved in conflict, what the common sources of conflict are, where conflict is most likely to take place, when conflict is most likely to take place, and address why conflict occurs. Finally, it will provide several prescriptions for how to manage conflict in homeowners' associations.

Organizations and Conflict

Conflict is an omnipresent issue in organizational analysis. It is a natural group process and often arises in a variety of organizational locations. It has been studied in hospitals (Corwin, 1961; Goss, 1961), public welfare agencies (Blau and Scott, 1962), correctional institutions (Zald, 1962), research organizations (Evan, 1965), public schools (Corwin, 1965, 1969; Beck and Betz, 1975), colleges and universities (Hassenger, 1969; Darkenwald, 1971; Knudsen, 2001), outpatient clinics (Nathanson and Becker, 1972), government (Brenner, 1974), the public sector (Kochan, Huber, and Cummings, 1975; Volpe, 1989), non-profits (Golden-Biddle and Rao, 1997), academic departments (Hearn and Anderson, 2002), and religious organizations (Miller, 2002).

The term conflict, however, has no clear meaning (Fink, 1968; Tedeschi, Schlenker, and Bonoma, 1973; Thomas, 1976, 1992; Rahim, 2001). Because no clear definition exists, conceptions and experiences of conflict vary widely between individuals and in organizations. It is fair to say, however, that there are necessary and sufficient conditions of conflict which lead to its emergence in organizations, its experience by organizations, and its consequences for organizations.

Conditions of Conflict

Dahrendorf (1958) argues that four conditions are necessary if a conflict situation is said to exist: 1) there must be sets of individuals exhibiting some level of organization; 2) there must be some level of interaction among group members; 3) there must be different levels of positions to be occupied by group members; and 4) there must exist a scarcity of needed or desired resources and a general dissatisfaction among members about how these resources are being distributed. Rahim (2001) adds that conflict may occur in organizations where interdependent social actors are required to engage in activities that are incongruent with individual interests; hold behavioral preferences which are incompatible with another's preferences; want some resource that is in short supply; and possess attitudes or goals which compete with another's attitudes or goals.

Taken together, conflict is dependent upon organizational context and is rooted in social interactions between entities where there are misaligned interests and is manifested in social-behavioral interactions marked by tension, frustration, annoyance, interference, and rivalry. The relational and structural conditions of organizations often contribute to the origination of conflict and examining these conditions can help to identify patterns of conflict.

Typologies of Conflict

Researchers have identified four primary types of intra-organizational conflict: interpersonal conflict, task conflict, procedural conflict, and structural conflict (Coser, 1956; Guetkow and Gyr, 1954; Jehn, 1992, 1995, 1997; Pinkley, 1990; Hearn and Anderson, 2002). Interpersonal conflict, also called affective conflict, refers to relationship-based conflicts, usually sparked when two people have incompatible values, perceptions, and expectations. Priem and Price (1991) assert that interpersonal conflict is emotionally-based and oftentimes does not directly relate to organizational tasks, but rather reflects personality differences. Task conflict, or substantive conflict, involves disagreements about which substantive tasks should be pursued. This type of conflict is cognitive, and often centers on an analysis of what work should and should not be done. Procedural conflict, also called process conflict, involves disagreements about how selected tasks should be accomplished. Finally, structural conflict assesses the organizational conditions which may contribute to the manifestation of conflict. Hearn and Anderson (2002) maintain that behavioral manifestations of conflict often obscure the underlying structural conditions of conflict resulting in an unbalanced view of the sources of conflict in organizations.

McShane and Von Glinow (2009) isolate six structural sources of conflict in organizations: incompatible goals, differentiation, task interdependence, scarce resources, ambiguous rules, and communication problems. When one party's goals are perceived to interfere with another party's goals, the goals are incompatible. One of the major sources of this type of conflict is when one person's idea about the purpose of an act or organization interferes with another person's idea about an act or organization (Walton and Dutton, 1969; Kochan, 1972). Differentiation refers to parties having different value systems, akin to generational

differences. Here, groups share the same goal, but disagree about how to achieve that goal given their values, beliefs, and experiences. It is an argument about the “right way” to go about achieving a goal. Conflict tends to increase with the level of interdependence. Greater interdependence increases the risk of conflict because parties are more likely to interfere with each other (Earley and Northcraft, 1989; Jehn, 1995). When an organization has multiple levels of responsibility, power is divided and individuals and groups are more interdependent, this may lead to interference and conflict. Resources, such as money, are often limited in organizations. Scarce resources require increased competition and as a result are more conflicted. By nature, the more resources one project receives, the fewer resources another project will receive, this leads to conflict. Ambiguous rule systems create situations of uncertainty, which results in more conflict. When clear rules exist, groups know what to expect and there is less ambiguity. Conflict often occurs due to the lack of opportunity, ability, or motivation to communicate effectively (Jehn and Bendersky, 2003; McShane and Von Glinow, 2009). When people lack the opportunity, ability, or motivation to communicate, it leads to several types of negative outcomes including avoidance, reciprocation, and conflict escalation.

While the interpersonal, task, and procedural conflict typologies are useful, they have been criticized for conflating the causes and effects of conflict and masking the complexity of conflict in organizations (Hearn and Anderson, 2002). Previous research has highlighted the structural approach to conflict as being particularly effective for understanding the manifestation of conflict in organizations because it is more objective and may contribute to highly subjective interpersonal conflicts (Oechsler, 1974). In practice, the subjective experiences of conflict often fuel the negative sentiments people have about the role of conflict in organizations when in fact conflict can be both advantageous and disadvantageous to people and organizations.

Outcomes of Conflict

Conflict is generally viewed as a negative force in organizations, especially in terms of organizational performance and satisfaction (March and Simon, 1958; Pondy, 1967; Blake and Mouton, 1984). Many organizational members feel that conflict must be avoided, suppressed, or immediately resolved so as to prevent escalated, heightened, or even violent, outcomes (Losey, 1994; Stone, 1995). They perceive conflict as dividing members of the organization and preventing the attainment of organizational goals.

Conflict, especially interpersonal conflict, can increase bitterness, alienation, and divisiveness within organizations which may have long-lasting effects on organizational functioning. Coleman (1957) identifies the “residuum of past controversy,” as a primary negative outcome of conflict. Essentially, organizational members harbor residual resentments which can interfere with current and future operations and relationships. Conflict can be especially negative when it fosters distrust, builds a feeling of defeat, or widens the chasm of misunderstanding between organizational members (Pierre and Peppers, 1976). Thus, unresolved conflict can have a particularly detrimental influence on past, current, and future organizational functioning.

There is also a fear that conflict in an organization will prevent the attainment of organizational goals. An outcome of that fear is a reluctance to change or challenge traditional organizational operations. When this happens, groups and organizations often shut out alternative voices and opinions, and, in extreme cases, engage in groupthink. Groupthink happens when group members reach a consensus decision without critically evaluating all decision options and outcomes (Janis, 1972). It often results from a desire to maximize cohesion and minimize conflict in group and organizational settings.

Not all conflict is negative. It can be positive—even productive. Conflict, in a very basic sense, signals difference; it is an outgrowth of diversity that characterizes our thoughts, attitudes, beliefs, perceptions, social systems, and social structures. Differences have the potential to stimulate growth, promote creativity, and clarify points of view. Indeed, studies have shown that task-related conflict episodes create an enhanced understanding of different viewpoints and broaden creative options (Bourgeois, 1985; Eisenhardt and Schoonhoven, 1990). Some researchers have gone as far as to say that most organizations need more conflict. For them, the absence of conflict may indicate autocracy, uniformity, stagnation; while the presence of conflict is indicative of democracy, diversity, growth, and self-actualization (Rico, 1964; Robbins, 1974).

Conflict Management

All organizations should expect conflict to occur and should prepare for its emergence. Participants play an active role in constructing, defining, and attaching value to conflict. Indeed, the ultimate outcome of a conflict situation is often determined by the feelings, beliefs, and values of those people involved (Pierre and Peppers, 1976). As such, the way conflict is managed in organizations is an important determinant of organizational functioning. Conflict management strategies are intended to minimize the harm and maximize the gain caused by conflict episodes. There are three primary conflict management strategies: avoidance, conquest, and procedural resolution (Boulding, 1962; Dee, Henkin, and Holman, 2004).

Robinson and Clifford (1974) contend that conflict situations are rarely completely resolved, so it is best to manage conflict to constructive action. Taking action diminishes unproductive negativity which left stagnate would heighten the conflict. It is best to address conflict situations at the outset because left alone they can grow unmanageable. Parker (1974)

argues that unmanaged conflict will bring about delays, disinterest, lack of action, and, in extreme cases, the complete breakdown of a group.

In a conquest approach, the conflict situation becomes a battle to be won (Weeks, 1994). Each party works to dominate the other, eventually eliminating or conquering the other. The outcome is usually polarizing and results in lingering hostilities. It may escalate interpersonal conflicts and sets up a pattern for how conflict is handled that is difficult to reverse.

The final approach, procedural resolution, advocates reconciliation by compromise. This strategy promotes action and accommodation. It does not avoid conflict or escalate conflict; it advocates conflict resolution through the processes of negotiation and adaptation. Boulding (1962) suggests the following strategy for managing conflict: 1) recognize conflict exists, 2) analyze the existing situation, 3) facilitate communication, 4) negotiate, and 5) make adjustments. The challenge here is for those involved in the conflict situation to find a compromise amongst divergent interests.

In sum, conflict is a major organizational reality. Differences in values, motivations, and ideologies, in addition to structural constraints, contribute to the development of conflict. The development of conflict has been shown to be necessarily negative and positive. Further, conflict management strategies may take several approaches, some of which only elevate and heighten the conflict. Taken together, the literature on organizational conflict is patchwork and inconsistent; much emphasis has been placed on categorizing and debating outcomes of conflict, while little attention has been paid to empirically measuring its existence and intensity and targeting the nature of its sources. This research intends to describe the frequency and intensity

with which conflict occurs in community associations and the particular sources which contribute to its development.

Community Associations and Conflict

Homeowners' Association Survey

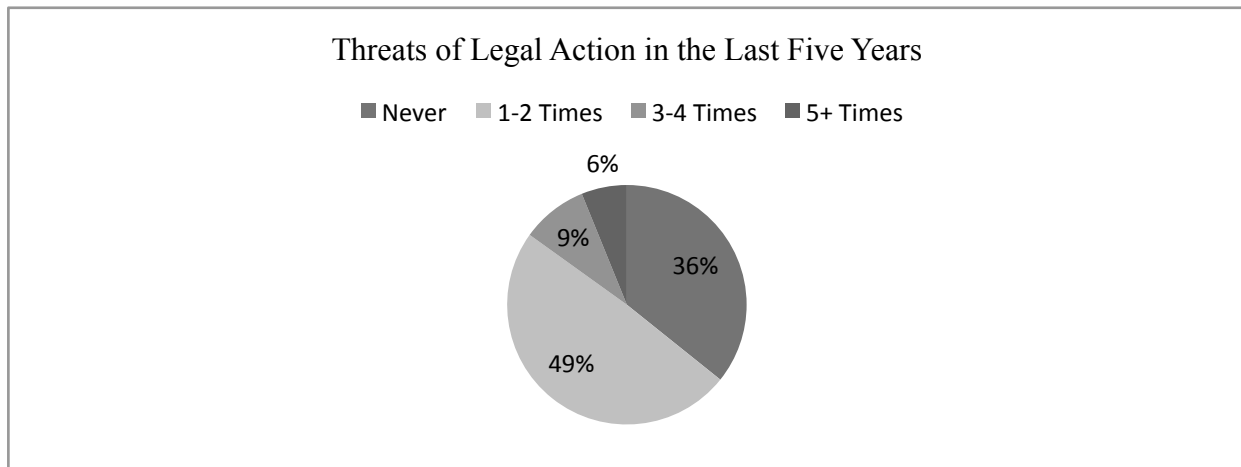
The Homeowners' Association Survey was carried out on Greater-Boston area (Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties) community association board members from February 2011 – April 2011. The purpose of the survey was to determine the scope and scale of conflict in community associations and to identify the sources of conflict in community associations. The population of the study was Greater-Boston area community association board members. A complete sampling frame was not available, so an incomplete frame was constructed from the researcher's own Internet research and the membership list of the New England Chapter of the Community Associations Institute. The survey was sent out to 250 board members, of which 179 questionnaires were returned (a 71.6% response rate).

The instrument was an original mailed and web-based questionnaire. The questionnaire was composed of 45 closed-ended questions and had four general sections: community characteristics, board characteristics, financial characteristics, and social characteristics. The community characteristics section asked descriptive questions about the community (e.g., location, size, age, length of ownership, etc.). The board characteristics section asked descriptive questions about the board (e.g., size, response rates, decision-making, communication, etc.). The financial characteristics section asked descriptive questions about community finances (e.g., fees, assessments, reserves, etc.). The social characteristics section asked descriptive questions about the sociality of the community (e.g., frequency of conflict, sources of conflict, etc.). All

questionnaires were assigned a confidential identification number and all references to board member and association names were removed. All data was manually cleaned and checked for errors before analysis.

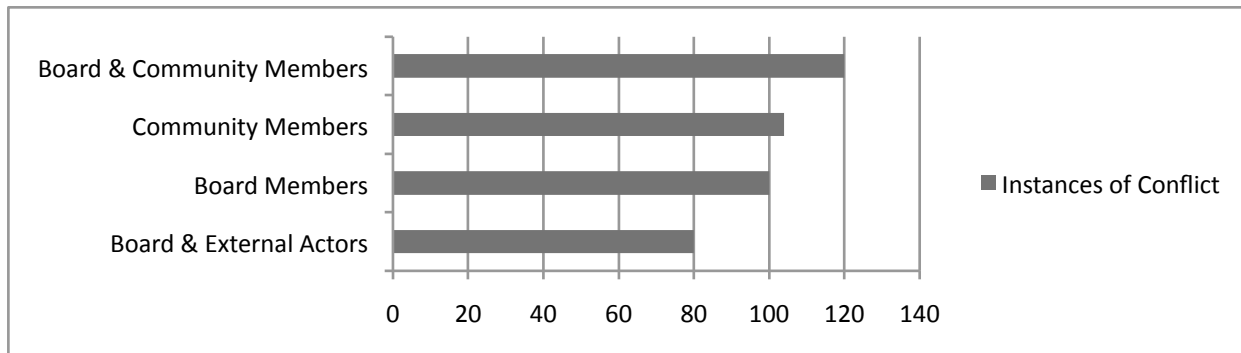
Scope and Scale of Conflict

The scope and scale of conflict in community associations is considerable: 157 of the 179 associations (87.7%) surveyed reported at least one significant instance of conflict (e.g., incompatibility, disagreement, or dissonance) which involved the board in the last 12 months. Even more telling, 21.2% of those associations reported three or more significant instances of conflict which involved the board during the same time period. The frequency of administrative sanctions issued by the board is another powerful indicator of conflict. Of those associations surveyed, 88.8% reported administering at least one organizational sanction, such as issuing notices of noncompliance, holding hearings on noncompliance, levying monetary fines, and suspending the voting rights of community members, in the last 12 months. Perhaps the most significant indicator of the intensity of conflict in community associations, however, is frequency of litigation. Of those associations surveyed, 64% had been threatened with at least one lawsuit in the last five years, while 21.8% were currently involved in litigation.



Who is most often involved in conflict?

Community associations require the interaction of multiple entities: board members, homeowners, and service providers are among those entities that have frequent and direct social contact with one another. When questioned about the frequency of conflict between these entities, the greatest frequency of conflict was reported between board members and community members (29.7%), followed by community members and other community members (25.7%), board members and other board members (24.8%), and board members and external actors (19.8%).

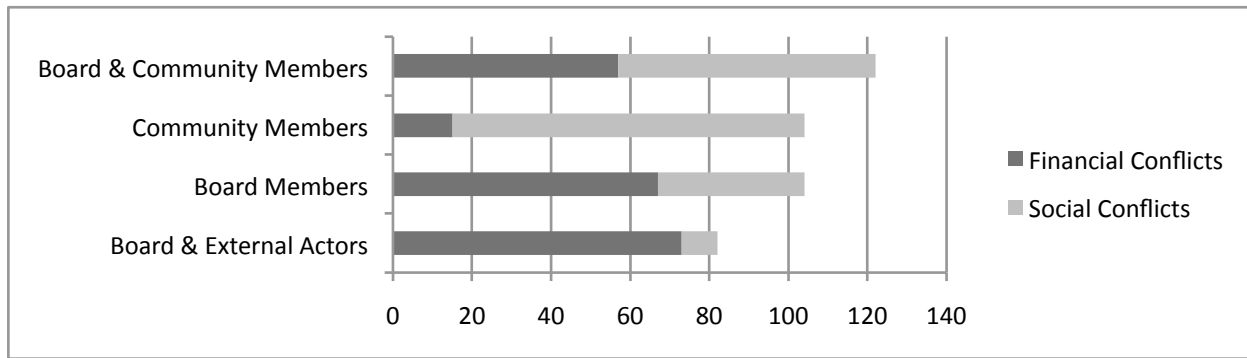


Although each set of actors are somewhat equally likely to be involved in conflict, given the organizational literature, it is unsurprising that the most conflict occurs between the board and the community. As Dahrendorf (1958), Rahim (2001), and others have noted, conflict situations are often dependent upon organizational conditions where social interactions are situated in interdependent and hierarchical relationships. Board members function as the governors and ultimate decision-makers in the community; however, they might have interests or goals that are incompatible with other members of the community. Conflict is likely to emerge where one group's preferences (e.g., board members) are incongruent or interfere with another's preferences (e.g., community members) (Walton and Dutton, 1969; Kochan, 1972).

Communication practices are one of the factors tied to the manifestation of conflict between these social entities. Conflict often occurs due to the lack of opportunity or ability to communicate effectively (Jehn and Bendersky, 2003; McShane and Von Glinow, 2009). In cross-tabulations of questions regarding the disclosure of board minutes and financial information to the community and the presence of conflict between board members and community members 88.1% and 84.8% respectively of those associations reporting no instances of conflict in the last 12 months also reported disclosing and/or making available board minutes and financial information to the community. This suggests a strong relationship between the presence of conflict between board and community members and communication transparency.

What is the conflict about?

Community associations are legal entities charged with maintaining or enhancing the quality and value of the shared properties and the community. This task suggests two primary types of responsibilities for the community association board: financial and social. On the one hand, the board is tasked with maintaining or enhancing the overall property values of the community while also handling financial accounting and decision making. On the other hand, the board is tasked with enforcing community rules and maintaining social cohesion. When asked whether the basis for most of the reported conflict was primarily financial or social, financial sources were slightly more common overall (51.5%). The basis for conflict varied by social relationship: a social basis of conflict was more common for conflict situations between the board and the community (53.3%) and community members (85.6%), while a financial basis of conflict was more common for conflict situations between board members (64.4%) and the board and external actors (89.0%).



Task and procedural conflicts may be likely to emerge in community associations based on organizational members' beliefs about which responsibilities, financial or social, are more important. These types of conflicts may rest on ideological differences about the substantive purpose and practices of organizations (Guetzkow and Gyr, 1954; Cosier and Rose, 1977; Eisenhardt and Bourgeois, 1988; Schermerhorn et. al., 1991; Amason, 1996; Pelled, 1996; Jehn, 1997). For example, the data indicates that the financial and social basis of conflicts between board members and community members is negligible (46.7% and 53.3% respectively). This suggests that there may be significant disagreement about which responsibilities are essential and actionable.

Institutional logics, the underlying principles of societal sectors, strongly influence organizational decision making (Friedland and Alford, 1991; Thornton and Ocasio, 1999, 2008; Thornton, 2002, 2004; Thornton, Jones, and Kury, 2005). When key decision makers in community associations disagree on the primary responsibility of the association, for example preserving financial value or social value, it may indicate contradictory institutional logics. One decision maker may adhere to a financial, or market, logic, while another may subscribe to a social, or community, logic. The task and procedural conflicts suggested by the data here may be a consequence of competing logics and indicate fundamental ideological differences between

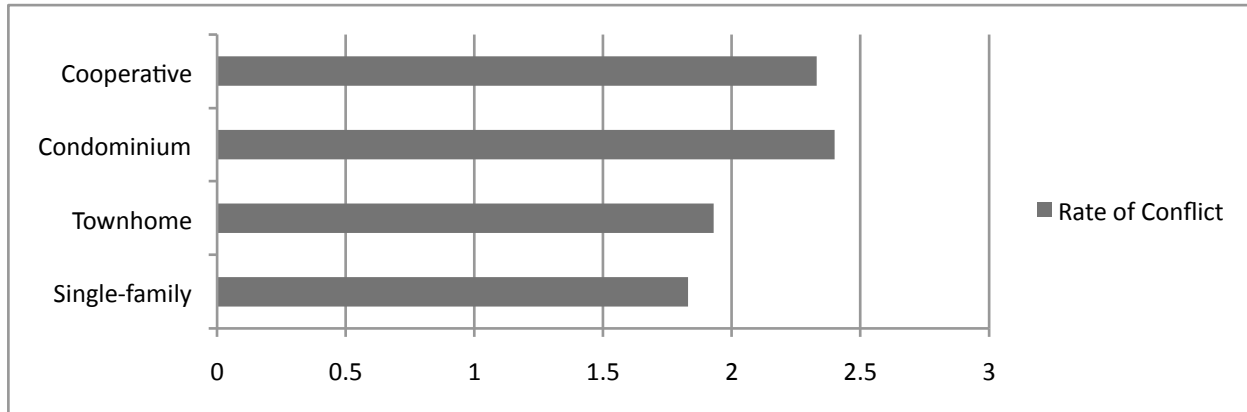
board members and/or community association members about the substantive purpose of community associations.

Where does conflict occur?

Community associations may govern single-family, townhouse, condominium, and cooperative developments. These types of developments may be distinguished primarily based on two characteristics: breadth of ownership and proximity. Single-family home owners typically own the free-standing structure and the land the home sits on. Townhomes are like single-family homes in that the owner owns both the structure and the land on which it sits, but they are not free-standing so the land is limited to the front and back yards. Like townhouses, condominiums are attached to one another; however condominium owners do not own the land surrounding their living space. A condominium owner owns only the unit itself, and sometimes a percentage of the common areas of the community. Cooperatives are like condominiums in structure, however, cooperative owners do not own the land or the unit; instead they own a share in the cooperative corporation. This share gives them the right to their living space, but not ownership of it. In all types of developments, monthly fees are typically collected to maintain shared spaces and services.

According to data collected by the Homeowners' Association Survey, rates of conflict differ by property type. Of those associations who reported experiencing at least one instance of conflict in the last 12 months, 21.6% were single-family developments, 22.7% were townhome developments, 28.3% were condominium developments and 27.4% were cooperative developments. These numbers suggest a relationship between the defining characteristics of properties (breadth of ownership and proximity) and conflict: conflict rates are higher in

condominium and cooperative developments where less is owned and more is shared and lower in townhome and single-family developments where more is owned and less is shared.

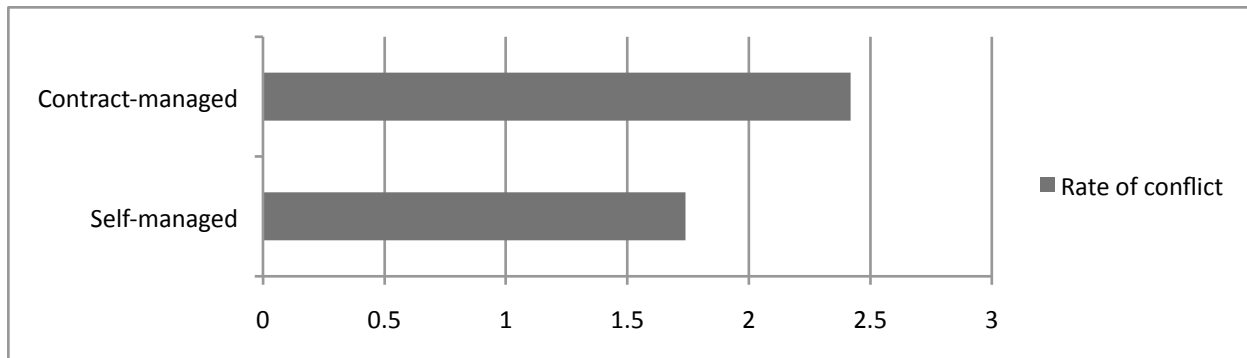


Community associations are governed by a board of directors. The board of directors typically makes and carries out the policies and administrative functions for the community and has the affirmative obligation to act with the utmost good faith towards the association and cannot deal in the funds or the property of the association to their own advantage. Each association typically has a president, secretary, and treasurer; however, the makeup of the board of directors varies from association to association. The board of directors has the option of hiring a manager for the community

Community associations are increasingly supervised by outsourced management companies. Community association management companies work by contract and typically take over the day-to-day responsibilities of the association. The management company often assigns a property manager to the association who acts as a liaison between the associations' members and its acting board of directors. Management companies which undertake full management of an association (as opposed to only covenant enforcement or financial management) typically are in charge of general and administrative duties; collections and reimbursements; deficit funding and

financial management; budgets; architectural review and compliance; maintenance; and contracts of the association.

The majority of community associations polled (76.5%) reported employment of a community manager or management company. Interestingly, however, of those associations who reported at least one instance of conflict in the last 12 months, 58.2% employed a community manager or management company. This finding suggests that there is a higher rate of conflict in associations with contracted management and lower rates of conflict in self-managed communities.

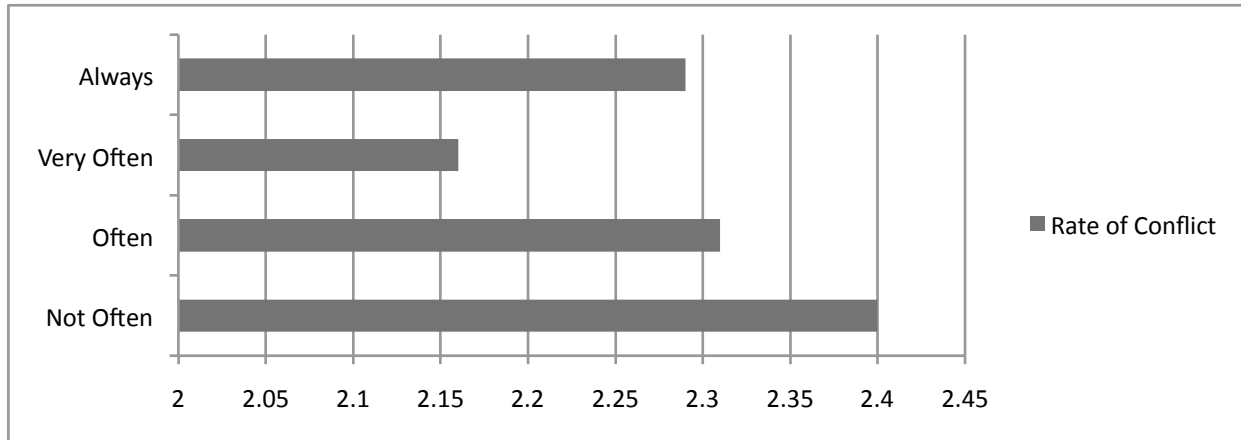


Although this may seem surprising, given one of the purposes of hiring a management company is to presumably decrease conflict, this relationship may be explained by the organizational literature which shows a positive association between conflict and interdependence (Earley and Northcraft, 1989; Jehn, 1995; McShane and Von Glinow, 2009). Conflict increases as parties become more interdependent because parties are more likely to interfere with each other. The increasing division of labor and the sharing of power create a situation in which disagreement is likely to occur. For example, the community manager is hired by the board to perform its organizational duties and to act as a professional; however the board is ultimately responsible (legally and otherwise) for the actions of the community. This may lead

to a lack of understanding about each other's roles and ambiguity about who is in charge of the community. The relationship between the board and the manager must be clearly defined in terms of roles and responsibilities so that they do not interfere with one another; oftentimes this does not happen and as a result associations may frequently cycle through community managers.

Legal documents, called bylaws, govern community associations. A community association's bylaws and Covenants, Conditions, and Restrictions (CC&R's) are its founding documents. Bylaws generally setup up the basic structure of the organization and the board, set forth rules for how and what it will govern, and delineates the basic fiduciary responsibilities of its members. Since most association boards are made up of volunteers, bylaws provide guidance and structure for managing the association and enforcing rules.

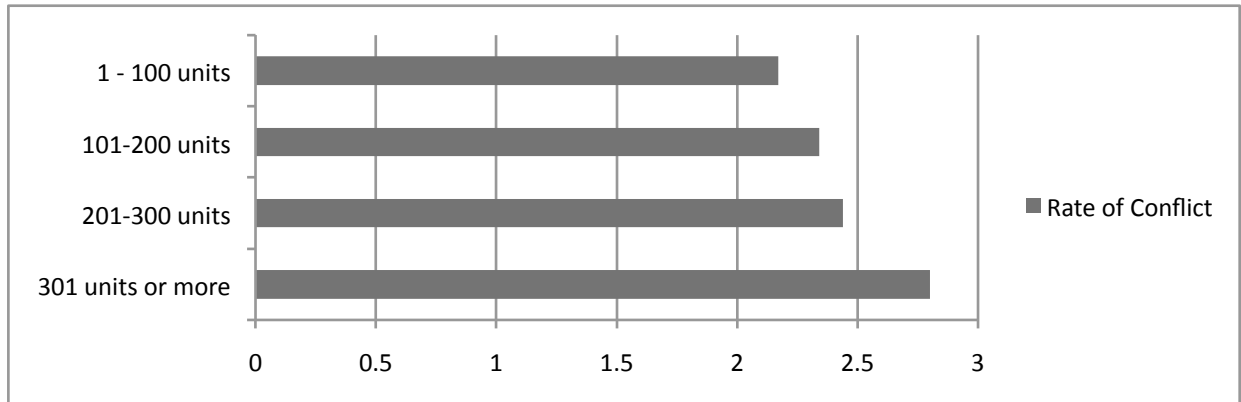
In practice, boards and managers often fluctuate in how strongly they enforce the bylaws of the association. Some associations will strictly adhere to them, while others will consult them only sparingly. When board members were asked the question, "How often do the bylaws of the association guide the decision making of the board," 52.5% answered always, 30.2% answered very often, 14.5% answered often, and 2.8% answered not often. Organizational literature has suggested that rule ambiguity is a source of conflict in associations. It may be surmised that when the bylaws of the association are not frequently consulted rule systems become more ambiguous. To test this relationship, a cross-tabulation was produced to assess the rate of conflict in an association based on its tendency to follow the rules. Of those associations that reported at least one instance of conflict in the last 12 months, 25% reported always following the rules, 23.6% reported following the rules very often, 25.2% reported following the rules often, and 26.2% reported not following the rules often.



The associations which reported following the bylaws “very often” were the least likely to experience conflict, while the associations which reported following the bylaws “not often” were the most likely to experience conflict. While the associations which reported “always” or “often” following the bylaws experienced moderate rates of conflict. The data indicates that associations who are too flexible in their enforcement of the rules *and* too inflexible in their enforcement of the rules are the most conflicted. Rule ambiguity, or the diminishment of rules, breeds conflict (McShane and Von Glinow, 2009) as is exemplified by those associations reporting infrequent use of the bylaws and high rates of conflict. Too stringent enforcement of the rules also seems to elevate rates of conflict. These are the associations that tend to appear in the news headlines all too often (e.g., *Veteran Fights HOA to Display American Flag*), and who are sensationally exploited for their exacting enforcement of the bylaws. It appears that those associations who are most effective, and least conflicted, are those who use the bylaws strictly, but not absolutely.

Rates of conflict can also vary by the size of a residential community. Conflict is less common in communities with less than 50 units and more common in communities with more than 300 units. The smaller an association is, the more homogenous it is likely to be, while larger

associations are more likely to be diverse. The increasing diversity is a likely explanation for the increase in the rate of conflict in larger communities. Where there are more people and more opinions, perspectives, and beliefs there is likely to be more disagreement.



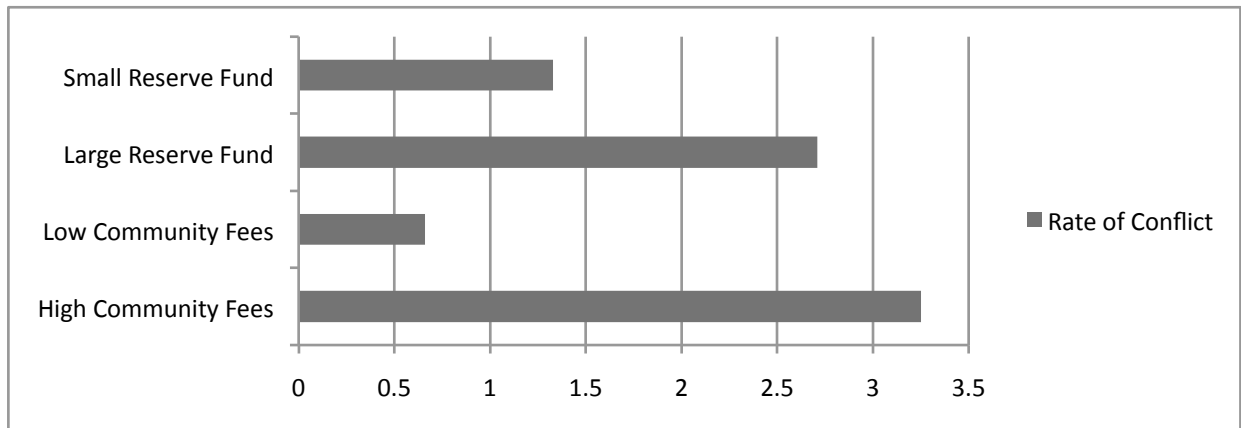
When does conflict occur?

A primary responsibility of a community association is to maintain and preserve market values of both residential and common area property. Community fees are standard monthly fees assessed to all community members to maintain and preserve the community. These fees primarily cover the short-term expenses of the community (e.g., concierge salaries, trash removal, landscaping, etc.), while a portion is to be dedicated to long-term expenses. The board of the community association also must develop funding plans for future repair or replacement of major common-area components, such as swimming pools, parking lots, and heating and cooling systems, as well as funding plans for any unexpected events that may arise. The governing documents of many community associations require the establishment of a reserve fund to manage this task. A reserve fund is essentially a savings account which is set up to fund the long-term maintenance of a property and unexpected costs. If reserve funds are too low, or the costs of an expected expense are too high, then the board may issue a special assessment. Special

assessments are additional fees approved by the community association board imposed upon community members to cover items not provided for in the budget.

When questioned about the average community fee assessed per month, the majority of associations (91.5%) reported fees ranging from \$100 - \$699, with 50.8% of the associations reporting average fees of \$300 - \$499 per month. Estimates about the amount of money currently in the association's reserve fund were much more varied. The majority of associations (80.8%) reported currently having \$1 - \$299,999 in their reserve fund, with the small majority (26.4%) reporting \$1 - \$49,999 currently in reserve. The majority of associations (71.5%) reported at one time charging special assessments. When those associations were probed about how often these types of fees were assessed, the majority (60.2%) reported one special assessment per every 2 – 10 years of community life.

Rates of conflict are associated with financial resources, but the relationship is complicated. When instances of conflict were cross-tabulated with current reserves, the lowest rate of conflict was observed in those associations reporting not having a reserve fund, while the highest rate of conflict was observed in those associations reporting having \$400,000 or more currently in reserve. This relationship is surprising given the organizational literature. Higher rates of conflict are often associated with scarce resources (e.g., money). These numbers, however, suggest the opposite: the more resources available, the higher the rate of conflict. This relationship was further confirmed when cross-tabulating average community fees assessed per month and instances of conflict. Here too, those associations assessing the lowest fees (less than \$100 per month) were associated with the lowest rate of conflict, while those associations assessing the highest fees (\$900 or more per month) were associated with the highest rate of conflict.



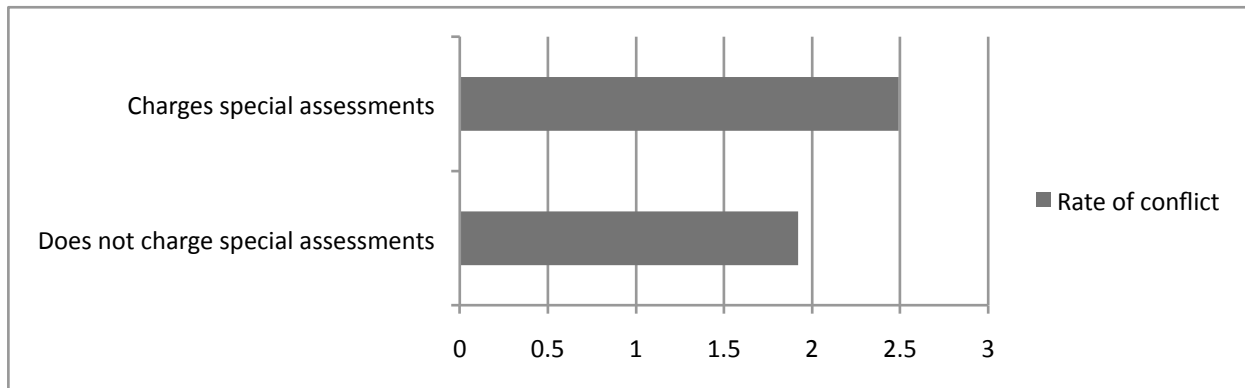
These associations may be explained in terms of social relations. A low rate of conflict in an association with low community fees and/or no reserve fund may indicate complacency on the part of the association for the long-term well-being of the community. It may be a derivative of the free-rider problem, in which the current community consumes without paying the *full* cost of its production. In other words, the community may be underfunding, or deferring, much of the current capital improvement and maintenance costs of a community to future homeowners, rather than investing for the long-term future of the community. This is a common problem with collective action and in communities. It draws upon Garrett Hardin’s “Tragedy of the Commons” theory wherein individuals have the incentive to damage the collective good. In the short-term, conflict may be reduced when community members are paying less, rather than more, because they are satisfied with their current condition. However, in the long-term if they do not share a common vision for the future and are not investing in the community it will likely eventually cause significant conflict in the community.

At the other end of the spectrum are associations with great financial resources and high rates of conflict. The relationship between high community fees and high rates of conflict may be simply due to the frustration of paying such high fees. This assertion is supported by a closer

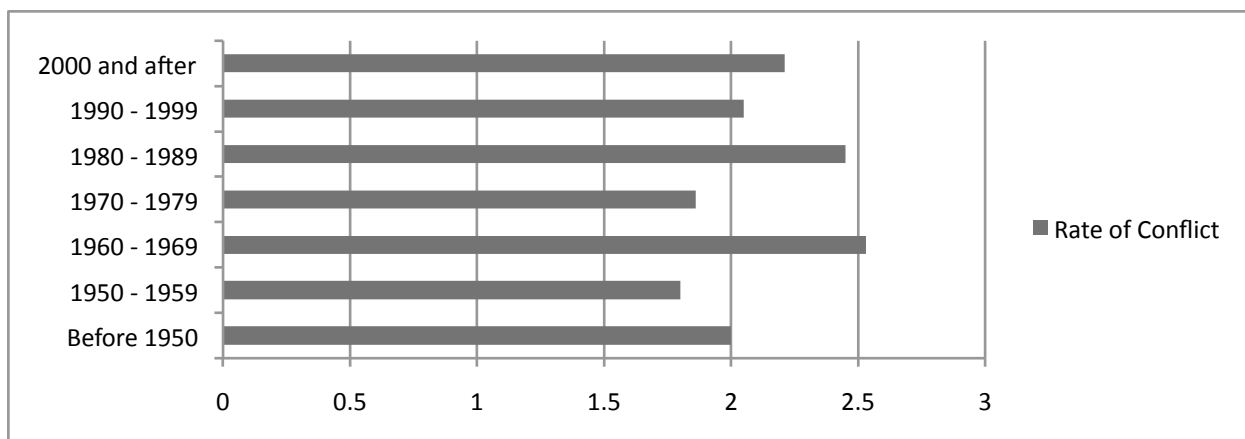
analysis of the data which reveals that these instances of conflicts were primarily financially based. Here conflicts are likely to be centered on why the fees are so high and disagreements about how they are being allocated.

The relationship between large reserves and high rates of conflict is less simple. One would suspect these associations would have lower rates of conflict because they have so many financial resources available; however, this assertion obscures the social nature of community associations. Indeed, a closer analysis of the data reveals that these instances of conflict were primarily socially-based, suggesting that financial assets do not guarantee social cohesion. In other words, socially-based conflicts are distinct from financially-based conflicts and must be considered just as important to organizational functioning.

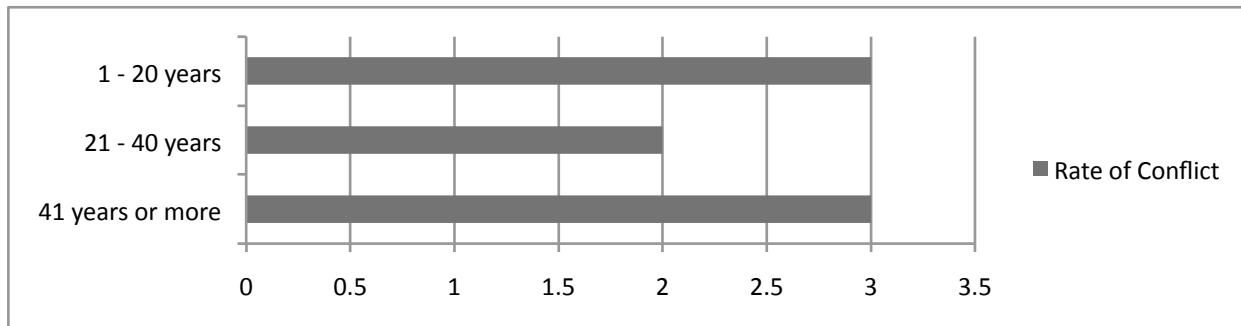
A much stronger relationship exists between the decision by communities to charge special assessments and instances of conflict. The decision to charge a special assessment is a strong predictor of conflict. Community associations which charge special assessments are very likely to experience conflict. Of those associations reporting at least one instance of conflict in the last 12 months, 55.5% reported charging a special assessment at some point during community life. This relationship confirms the propositions of the organizational literature. Resource scarcity, in this case limited funds for capital maintenance and unexpected expenses, generates significant conflict in the community. Special assessments are usually controversial and often reflect an overall failure on the part of the association to manage the long-term financial and social well-being of the community. Thus, conflict is more likely to occur when the long-term planning for a community, given the organizational context, is weak.



Conflict appears to be cyclical in community associations. When the ages of the community associations were cross-tabulated with measures of conflict, the rates of conflict spiked every 20 years of association life. Community associations which were built before 1950, between 1960 – 1969, between 1980 – 1989, and after 2000 exhibited the highest rates of conflict.



This relationship was further supported with data measuring the average length of homeownership in community associations and conflict. Those associations with the highest rates of conflict reported average lengths of homeownership between 1 – 20 years and 41 or more years of home ownership.



The cyclical relationship between the age of the association and length of ownership and conflict may be due to another common source of conflict in organizations: differentiation. Differentiation refers to differences among people regarding their values, beliefs, and experiences (McShane and Van Glinow, 2009). It stems from differences regarding the “right way” to achieve a common goal and may indicate generational differences. The 20-year pattern exhibited in the data may correspond to generational differences in home ownership. In other words, the population of homeowners may significantly turnover in 20 year increments whereby a new generation of homeowners may come in to the community and on to the board and conflict with the older generation of homeowners. Younger and older homeowners have different needs, different expectations, and different financial and social practices, and this sometimes produces conflicting preferences and actions. Homeowner turnover may correspond with the structural improvement schedule of the community; communities may need capital improvements according to the same 20 year cycle. For example, a new community developed in 2011 is likely to attract homeowners of similar demographics. Over the next 20 years the “newness” of the community will wear and the homeowners will grow and change (e.g., marry, divorce, have children, watch children grow and move out, retire, die, etc.). By 2031 it is likely that the structure will need renovation and improvement (e.g., a new roof, cooling/heating system, asphalt, etc.) at the same time when many original homeowners are undergoing significant life

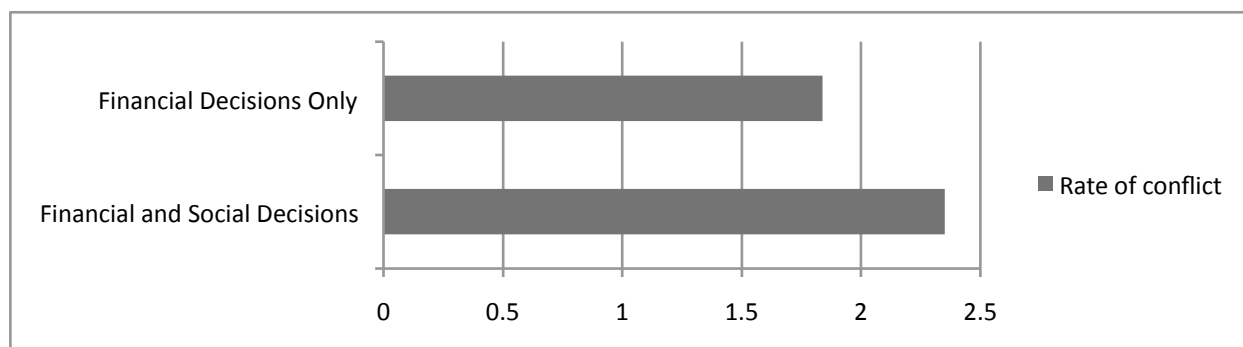
changes which may cause them to leave the community. The result is an intergenerational community plagued by different ideas about the best way to manage and preserve the value of the community.

Why does conflict occur?

It is clear that conflict is an organizational reality in community associations, and that it emerges for a variety of reasons. Taken collectively, however, four main sources emerge: economic (i.e., funds and resources), power (i.e., management and decision-making structures), structural (i.e., organizational characteristics such as size and age), and communication (i.e., information exchange practices). While all of these appear to be factors which lead to the emergence of conflict in community associations, none provides a complete explanation for *why* conflict occurs. Something undergirds each of these sources, however, which may provide such an explanation: ideology.

Ideology, or value systems, seems to play a significant role in explaining why conflict occurs in community associations. Conflict in community associations is about much more than any of those sources suggest—it is much more personal, and it has to do with beliefs about homeownership. Community members' beliefs about homeownership and their ideas about its substantive purpose give shape to much of the conflict reported in community associations. The dual purpose of community associations to serve both financial and social interests makes many previously personal values public. Community members must believe that board decisions and actions correspond to their values and interests. In this setting, homeownership is communal and community associations are essentially vehicles of collective action driven by ideological beliefs about home ownership.

What does homeownership mean in a communal setting? This is the question that needs to be addressed. It constructs the who, what, where, when, and why of conflict in community associations. When community members are in agreement about what the role of a community association is and what the purpose of homeownership is, the potential for conflict is decreased. For example, some associations reported only making financial decisions for the community, as opposed to just social decisions or financial and social decisions. The rate of conflict in those associations was significantly less than associations who made both financial and social decisions. Rates of conflict were likely lower because they had a clearly defined purpose and a shared belief, or ideology, about homeownership.



Managing Conflict in Community Associations

Community association board members and managers are responsible for carrying out business that protects both the financial and social interests of the community. Conflict will happen, it is inevitable, and rightly so. It is virtually impossible to solve significant community problems without offending at least some interests. Community involvement naturally entails conflict. The conflict will vary, however, in terms of its magnitude and its usefulness for the community.

Conflict, as has been documented in the organizational literature, can be both harmful and helpful for a community (Coleman, 1957; March and Simon, 1958; Pondy, 1967; Blake and Mouton, 1984; Bourgeois, 1985; Eisenhardt and Schoonhoven, 1990; Rico, 1964; Robbins, 1974). Conflict that is not managed, or is unproductive, may increase bitterness, alienation, and divisiveness in a community. In practice, it significantly increases tension in the community and manifests lingering discontent and disease. Conflict that is well-managed can be helpful for a community; it can increase community participation and the transparency of operations. That is why it is so important to strategically and constructively manage conflict.

The conflict management literature has proposed three primary conflict management strategies: avoidance, conquest, and procedural resolution (Boulding, 1962; Dee, Henkin, and Holman, 2004). Of those three strategies, Boulding's (1962) five-part procedural resolution strategy is particularly useful for the management of conflict in community associations because it emphasizes the recognition of difference, an analysis of the context, improving communication practices, negotiation, and ultimately, compromise. These are key actions to managing constructive conflict in community associations.

To prevent conflict that is harmful and to manage a community toward constructive action it is imperative that community associations clearly establish role responsibilities and reach consensus regarding the substantive purpose of the association. The key to preventing and minimizing conflict is thus three-fold. First, the community must establish by consensus the mission and goals of the community and be in democratic agreement about the values and interests of the community (i.e., form a mission statement for the community thereby diminishing conflict due to incompatible goals or differentiation). Second, the board must establish itself as serving the interests of the consensus. Community members must believe that

the board is acting wholly within the best and agreed upon interests of the community while being reasonable and fair in its decision-making process (i.e., clarify rules and procedures in a practical and responsible way that makes sense for members living in the community). Third, the board must establish an effective and transparent communication system (i.e., set the precedent for community involvement and cooperation). The community and the board must work in tandem: the more the community is involved with board decisions, the less conflicted the association will be. Community involvement (e.g., open meetings, community forums, workshops, and committees) builds support, even among dissidents, and ultimately leads to a shared ideological commitment to the community.

Conclusion

Community associations, just like all other organizations, experience conflict. The scope and scale of conflict is considerable, but not absolute. The Homeowners' Association Survey revealed how the structural conditions of associations (property type, management type, clarity of rules and procedures, availability of resources, and demographic characteristics) may impact the frequency and intensity of conflict in community associations. Much of this conflict however, originates from ideological differences among community members regarding the substantive purpose of homeownership and community associations. There are ways to prevent and constructively manage conflict in community associations so that it does not escalate to the point of litigation; however more research needs to be conducted regarding the communal nature of homeownership and the functioning of community associations to truly understand their role in social life.

ACKNOWLEDGEMENTS: This research was funded in part by a fellowship grant to the author from the Foundation for Community Association Research. That support is gratefully acknowledged.

Works Cited

- Amason, C. (1996). "Distinguishing the Effects of Functional and Dysfunctional Conflict on Strategic Decision-Making: Resolving a Paradox for Top Management Teams." *Academy of Management Journal*, 39: 123-148.
- Beck, E.M. and M. Betz. (1975). "A Comparative Analysis of Organizational Conflict in Schools." *Sociology of Education*, 48(1): 59-74.
- Blake, R. and J. Mouton. (1984). *The Managerial Grid*. Houston, TX: Gulf Publishing.
- Blau, P. and W.R. Scott. (1962). *Formal Organizations*. San Francisco, CA: Chandler.
- Boulding, K.E. (1962). *Conflict and Defense, A General Theory*. New York, NY: Harper and Row.
- Bourgeois, L.J. (1980). "Performance and Consensus." *Strategic Management Journal*, 1: 227-248.
- Buduson, S. (2011). "Veteran Fights HOA to Display American Flag." Newsnet5.com (http://www.newsnet5.com/dpp/news/local_news/investigations/macedonia-homeowners-association-tells-veteran-to-remove-flagpole-vet-fights-to-keep-it).
- Brenner, P. (1974). "Committee Conflict in the Congressional Arena." *Annals of the American Academy of Political and Social Science*, 411: 87-101.
- Coleman, J.S. (1957). *Community Conflict*. New York, NY: The Free Press.
- Collins, M. (2005). "Over Boards: Condo Committees Rule in a Crazy Game of Power and Money." *The Boston Globe*, June 12.
- Community Associations Institute. (2009). "What Do Americans Say About Their Own Community Associations?" (http://www.caionline.org/info/research/Documents/national_research_2009.pdf).
- Corwin, R.G. (1961). "The Professional Employee: A Study of Conflict in Nursing Roles." *American Journal of Sociology*, 66: 604-615.
- _____. (1965). "Professional Persons in Public Organizations." *Educational Administration Quarterly*, 1: 1-22.
- _____. (1969). "Patterns of Organizational Conflict." *Administrative Science Quarterly*, 14: 507-519.
- Coser, L.A. (1956). *The Functions of Social Conflict*. Glencoe, IL: Free Press.

- Cosier, R. and G. Rose. (1977). "Cognitive Conflict and Goal Conflict Effects on Task Performance." *Organizational Behavior and Human Performance*, 19: 378-391.
- Dahrendorf, R. (1958). "Toward a Theory of Social Conflict." *The Journal of Conflict Resolution*, 2(2): 170-183.
- Darkenwald, G.G. (1971). "Organizational Conflict in Colleges and Universities." *Administrative Science Quarterly*, 16(4): 407-412.
- Dee, J.R., A.B. Henkin, and F.B. Holman. (2004). "Reconciling Differences: Conflict Management Strategies of Catholic College and University Presidents." *Higher Education*, 47: 177-196.
- Earley, P.C. and G.B. Northcraft. (1989). "Goal Setting, Resource Interdependence, and Conflict Management," pp.161-170 in *Managing Conflict: An Interdisciplinary Approach*. Edited by M.A. Rahim. New York, NY: Praeger.
- Eisenhardt, K. and J. Bourgeois. (1988). "Politics of Strategic Decision Making in High Velocity Environments: Toward a Mid-Range Theory." *Academy of Management Journal*, 31: 737-770.
- Eisenhardt, K. and C. Schoonhoven. (1990). "Organizational Growth: Linking Founding Team, Strategy, Environment, and Growth among U.S. Semiconductor Ventures, 1978-1988." *Administrative Science Quarterly*, 35: 504-529.
- Evan, W.M. (1965). "Superior-Subordinate Conflict in Research Organizations." *Administrative Science Quarterly*, 10(1): 52-64.
- Fink, C.F. (1968). "Some Conceptual Difficulties in the Theory of Social Conflict." *Journal of Conflict Resolution*, 12: 412-460.
- Friedland, R. and R. Alford. (1991). "Bringing Society Back in: Symbols, Practices, and Institutional Contradictions," pp. 232-266 in *The New Institutionalism in Organizational Analysis*. Edited by W. Powell and P. DiMaggio. Chicago, IL: Chicago University Press.
- Golden-Biddle, K. and H. Rao. (1997). "Breaches in the Boardroom: Organizational Identity and Conflicts of Commitment in Nonprofit Organization." *Organization Science*, 8(6): 593-611.
- Goss, M.E. (1961). "Influence and Authority in Among Physicians in an Outpatient Clinic." *American Sociological Review*, 26: 39-50.
- Guetkow, H. and J. Gyr. (1954). "An Analysis of Conflict in Decision-Making Groups." *Human Relations*, 7: 367-381.

- Hardin, Garrett. (1968). "The Tragedy of the Commons." *Science*, 162: 682-683.
- Hassenger, R. (1969). "Conflict in Catholic Colleges." *Annals of the American Academy of Political and Social Science*, 382: 95-108.
- Hearn, J.C. and M.S. Anderson. (2002). "Conflict in Academic Departments: An Analysis of Disputes over Faculty Promotion and Tenure." *Research in Higher Education*, 43(5): 503-529.
- Janis, I.L. (1972). *Victims of Groupthink*. New York, NY: Houghton Mifflin.
- Jehn, K. A. (1992). "The Transformation of Conflict: A Longitudinal Study of Intragroup Conflict." Paper presented at the 1992 International Association for Conflict Management Conference, Minneapolis, MN.
- _____ (1995). "A Multimethod Examination of the Benefits and Detriments of Intragroup Conflict." *Administrative Science Quarterly*, 40: 256-282.
- _____ (1997). "A Qualitative Analysis of Conflict Types and Dimensions in Organizational Groups." *Administrative Science Quarterly*, 42: 530-557.
- Jehn, K.A. and C. Bendersky. (2003). "Intragroup Conflict in Organizations: A Contingency Perspective on the Conflict-Outcome Relationship." *Research in Organizational Behavior*, 25: 187-242.
- Knudsen, D.D. (2001). "Culture, Ethics, Decision-making and The Ohio State University Conflict in Sociology in the 1960s." *Social Problems*, 48(1): 71-82.
- Kochan, T.A. (1972). "Conflict: Toward Conceptual Clarity." *Administrative Science Quarterly*, 17(3): 359-370.
- Kochan, T.A., G.P. Huber, and L.L. Cummings. (1975). "Determinants of Intraorganizational Conflict in Collective Bargaining in the Public Sector." *Administrative Science Quarterly*, 20(1): 10-23.
- Losey, M.R. (1994). "Managing in an Era of Workplace Violence." *Managing Office Technology*, 39: 27-28.
- March, J.G. and H. Simon. (1958). *Organizations*. New York, NY: Wiley.
- McShane, S. and M. Von Glinow. (2009). *Organizational Behavior*, 5th edition. New York, NY: McGraw Hill.
- Miller, K.D. (2002). "Competitive Strategies of Religious Organizations." *Strategic Management Journal*, 23: 435-456.

- Nathanson, C.A. and M.H. Becker. (1972). "Control Structure and Conflict in Outpatient Clinics." *Journal of Health and Social Behavior*, 13(3): 251-262.
- Oechsler, W. (1974). "Conflict Management: The Need for a Structural Approach." *Management International Review*, 14(6): 21-23.
- Packer, A. (2008). "Corruption Investigation: Agents Pursue HOA Records." *Las Vegas Review-Journal*, September 26.
- Parker, J. (1974). "Some Ideas About Working With People Individually and In Groups." Ohio Cooperative Extension Service.
- Pelled, L. (1996). "Demographic Diversity, Conflict, and Work Group Outcomes: An Intervening Process Theory." *Organization Science*, 6: 615-631.
- Pierre, R. and J.G. Peppers. (1976). "Conflict in Organizations: Good or Bad." *Air University Review*, November-December, 1976.
- Pinkley, R.L. (1990). "Dimensions of Conflict Frame: Disputant Interpretations of Conflict." *Journal of Applied Psychology*, 75: 117-126.
- Pondy, L. R. (1967). "Organizational Conflict: Concepts and Models." *Administrative Science Quarterly*, 12: 296-320.
- Priem, R. and K. Price. (1991). "Process and Outcome Expectations for the Dialectical Inquiry, Devil's Advocacy, and Consensus Techniques of Strategic Decision Making." *Group and Organization Studies*, 16: 206-225.
- Rahim, M.A. (2001). *Managing Conflict in Organizations*. Westport, CT: Greenwood Publishing Group.
- Rico, L. (1974). "Organizational Conflict: A Framework for Reappraisal." *Industrial Management Review*, 5: 67.
- Robbins, S.P. (1974). *Managing Organizational Conflict*. Englewood Cliffs, NJ: Prentice-Hall.
- Robinson, J.W. and R.A. Clifford. (1974). "Conflict Management in Community Groups." University of Illinois at Urbana-Champaign, *North-Central Regional Extension Publication*, 36-5.
- Schermerhorn, J.R., J.G. Hunt, and R.N. Osborn. (1991). *Managing Organizational Behavior*, New York, NY: John Wiley & Sons.
- Stone, R.A. (1995). "Workplace Homicide: A Time for Action." *Business Horizon*, 34: 17-20.

- Tedeschi, J.T., B.R. Schlenker, and T.V. Bonoma. (1973). *Conflict, Power, and Games: The Experimental Study of Interpersonal Relations*. Chicago, IL: Aldine.
- Thomas, K.W. (1976). "Conflict and Conflict Management," pp. 889-935 in *Handbook of Industrial and Organizational Psychology*. Edited by M.D. Dunette. Chicago, IL: Rand McNally.
- _____ (1992). "Conflict and Negotiation Processes in Organizations," pp. 651-717 in *Handbook of Industrial and Organizational Psychology*. Second Edition, Edited by M.D. Dunette and L.M. Hough. Palo Alto, CA: Consulting Psychologists Press.
- Thornton, P. and W. Ocasio. (1999). "Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958-1990." *American Journal of Sociology*, 105: 801-843.
- _____ (2008). "Institutional Logics," pp. 122-154 in *The Sage Handbook of Organizational Institutionalism*. Edited by R. Greenwood, C. Oliver, S. Anderson, and R. Suddaby. Thousand Oaks, CA: Sage Publications.
- Thornton, P. (2002). "The Rise of the Corporation in a Craft Industry: Conflict and Conformity in Institutional Logics." *Academy of Management Journal*, 45: 81-101.
- _____ (2004). *Markets from Culture: Institutional Logics and Organizational Decisions in Higher Education Publishing*. Stanford, CA: Stanford University Press.
- Thornton, P., C. Jones, and K. Kury. (2005). "Institutional Logics and Institutional Change: Transformation in Accounting, Architecture, and Publishing," pp. 125-170 in *Transformation in Cultural Industries*, Volume 23. Edited by C. Jones and P. Thornton. London, UK: JAI Press.
- Volpe, M.R. (1989). "Managing Conflict in the Public Sector." *Public Productivity and Management Review*, 13(1): 99-106.
- Walton, R.E. and J.M. Dutton. (1969). "The Management of Conflict: A Models and Review," *Administrative Science Quarterly*, 14: 73-84.
- Weeks, D. (1994). *The Eight Essential Steps to Conflict Resolution: Preserving Relationships at Work, at Home, and in the Community*. New York, NY: Penguin Group.
- Zald, M.N. (1962). "Power Balance and Staff Conflict in Correctional Institutions." *Administrative Science Quarterly*, 7(1): 22-49.