

Conflicting Perspectives on Conflicts of Interests: Case of Laguna Village Leadership and Change Management

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The present case study primarily deals with an association in the village of Laguna in the state of California. The association is named as the Laguna Village Owners' Association (LVOA) and is a mutual public benefit non-profit organization. Every organization is governed by a set of bylaws which govern its day to day operations. In the present case, we delve into a crucial issue of how leadership affects an organization and its functioning in a big way. Moreover, we will look into the conflict of interests that arises between those holding different positions in the leadership domain, such as the managers, and the lawyers and how affects the residents or homeowners of that place which are a part of the organization/ association too. The interests of everyone who is a part of the association in some way holding different designations in accordance with the kind of work they are expected to perform, sometimes leads to a tricky situation (ethics at stake) where personal malice, and such other vices, lead to a conflict of interest situation and affects the smooth functioning of the association, thus affecting the homeowners in a big way. Apart from the mainstream areas such as the strengths, and weaknesses of the association with respect to a particular incidence related to the issue of recall, quorum, elections, the elected members (the Board of Directors), the role of different third parties in question, the superior court, and the homeowners/volunteers of the association, we will also deal with some important questions. Firstly, how a leader in a leadership role can manage the change process effectively and sustain it for long. Secondly, the question of a personal choice of working as a paid member or a volunteer working for the association out of a sense of motivation and belongingness for the association is pondered upon from a moral angle. Lastly, we look into the effectiveness of the parking permit program, keeping in mind the current scenario of traffic management due to the increase in the number of cars over the years in the same amount of space. The case ends with a set of suitable recommendations regarding the working of the association in the most efficient and ethical way, that is beneficial for all, and how leadership can influence and motivate more people to volunteer, be a part of the committee as its members and work for the association, and the community at large (Shaw, 2016).

1. Introduction

In every society, village associations or organizations are formed for a particular purpose, mainly to serve the interests of the village residents in a better and organized manner. Mainly, such associations empower the residents who are members of it, and from among whom some

volunteer to work for the community. It helps in strengthening social relationships and a feeling of community belongingness. Such associations are governed by a set of bylaws and guidelines and they undergo free and fair election process to elect such people who work for the community in the leadership. Moreover, for carrying out certain programs or resolving core issues affecting the community, the hiring of a third party is also carried out. A series of surveys are carried out, data is collected and then collated to come to a concrete solution that is in the interest of the community at large. To ensure these regular meetings are conducted and even individuals (mostly a target group or a minority) are interviewed on a single basis if some of them are facing serious issues. In order to ensure that a village association or an organization is formed and will run smoothly and effectively, it is important that some people within the community itself who are self-motivated, and who take enormous efforts to motivate others to come to a common ground in forming the association. These individuals are motivated, enthusiastic, meticulous, inquisitive, and effective communicators who establish strong macro (on a broader social and political level) and micro-relationships (between a household and a neighborhood) by instilling awareness about community organizations and their importance amongst the village homeowners irrespective of their status, creed, age, or gender. The pooling of funds and the judicious use of those funds by the board of members elected by the village association members, for the development of the village community are carried out. The bylaws governing the functioning of the village association are based on the tenets of ethics and integrity and have substantial and strong provisions to bring to book those who indulge in malpractices exploiting their power and position and denting the faith of the community members (Bhuiya et al., 1995).

2. Leadership and Change Management

Change is an inevitable part of any business process or any association operations. Change act as a catalyst for further development and improvement of a community. It is required that those appointed in the key roles in an association membership hierarchy, are not just mere managerial in their thought process and actions but also display true leadership traits. “Entrepreneurial leadership with a pure intellectual starting point has received the attention of high-quality international business organizations because of its need for leadership that possesses strategic thinking which can change with the changing circumstances surrounding it” (T. A. Vice Dean et al). Leaders make the change process a pleasant experience for those who are a part of it and those who will be affected by it. Change is a kind of transformation, so leaders driving such change should be transformational leaders in the true sense of the term. Transformational leaders are the one who influences, motivates, stimulates, and empowers the community members in particular areas or the employees in a business. This requires a well-defined vision, mission, and goal, and a comprehensive planning, with provisions of arresting any malpractices at the right time, in order to avoid any harm to the members/ employees, and the association/business (Alqatawenah, 2018).

The Board of Directors were elected by the LVOA members through an election system carried out by the Accurate Voting Services, a third-party company to handle elections in the communities or the organizations. A property management company, Sea Breeze Management, on contract with the LVOA, was responsible for carrying out administrative

tasks, and other such tasks. The leadership role of the Board of Directors comes into play in analyzing the data provided by the Sea Breeze Management, and scrutinizing the elections conducted by the Accurate Voting Services. The case of an inaccurate list provided by Sea Breeze Management, the inappropriate closing of the elections even when ballots were coming close to a quorum, and the unawareness of the homeowners to act proactively in this matter before the recall elections were conducted, call for an effective leadership to look into the matter. If the Board members were alert and responsible enough towards their role and position, they would have influenced the homeowners to raise their voice at the right time. An environment of motivation, optimism, and alertness needs to be instilled in the homeowners by their leaders. Since the members were denied their right to vote, it is required that leaders intellectually stimulate the members and make them empowered enough to fight for what is incorrect, as they are ones who will be suffering. The leaders can reward those members who proactively report any such issue that is not in the interest of the association and the village community. The rewards can be of the form of an appreciation certificate, a badge of honor on the association website, and a chance to involve in other community development activities by taking the lead and involving others as volunteers. Moreover, the issue of Mr. Fenn contesting a reelection for a third term required the interference of a leadership that discussed the issue with the homeowners and did not let the issue go to the superior court unnecessarily, thus retaining the faith of the members in the Board members (Laguna Village Watchdog, 2018).

3. Conflict of interests (an ethical perspective)

A conflict of interest is an interest that appears to raise a conflict with the efficient performance of the committee member's duties in relation to the responsibility they are bestowed with. It arises when a board/committee or the third party involved, their duty of loyalty to the organization/ association comes into conflict with a competing financial or personal interest that he or she (or some close relative or kin of that individual such as a family member, friend or business associate) may have in a proposed transaction. Here the personal interest overpowers the ethical duty that is to be performed. Conflict of interest can take the following forms:

- a) The signing of a commercial contract with a third party who is linked to a Committee member or the leaders in power.
- b) Being a member of a Committee whilst also working for a government agency that provides funding to the organization.
- c) A board member serving another organization at the stake of the community they are appointed to, thus compromising with the duties and obligations they have towards the associations and the community.
- d) Personal relations of the board members influencing the activities, funds, and the overall working of the association.

As a board member holding a leadership position in the association, they can avoid conflict of interests' situations to arise by-

- a) Ensuring that the association bylaws have adequate provisions in the form of a clear set of articles to deal with potential conflicts of interest.
- b) Ensuring that selection process for the contract with a third party is transparent and accountable and the members are made aware of it in a timely manner.
- c) In situations where conflicts of interests arise, certain policies and processes should be in place to disclose the same.
- d) Ensuring that any potentially conflicted Committee member or employee is excluded from all discussion and decision making associated with the contract.
- e) Making public by formally writing down all the steps taken and methodology adopted to avert a conflict of interest.
- f) If a member, a volunteer, or a whistleblower raises a concern about any perceived conflict, the board members should be courageous enough to give a response in writing even if one of them is being alleged and accused.

Conflicts of interest, real or perceived, will damage the functioning and reputation of your organization/ association.

The following strategies need to be adopted if an organization/association faces a conflict of interest situation:

- a) Develop a culture where board members disclose the nature of any potential conflict at the next board meeting after the relevant facts have come to their attention.
- b) Once the disclosure has been made ensure that the board member is kept out of the discussion to make an unbiased assessment if there is an actual conflict or not.
- c) If it is agreed upon by the majority that there is a conflict of interest, the board member cannot be present during any discussion regarding the matter that will lead to a decision being made without the approval of the committee membership.
- d) It is important to record the details of the disclosure and any decision regarding the outcome and must be scrutinized by a member on a paid basis.
- e) Establish and enforce a Conflicts of Interest policy for the organization, applicable to all participants and stakeholders in the organization who can influence decisions. Ensure disciplinary procedures for breaching the policy are included.
- f) Create a Disclosure Declaration for the organization which must be signed by all Committee members annually at the Annual General Meeting and the volunteers are also made aware of it.
- g) At Board meetings, place Conflict of Interest as a standing agenda item to be discussed at the beginning of the meeting to provide board members the opportunity to raise potential conflicts. Both the potential issue and the outcome should be recorded in the minutes.

It is important to pay the board members adequate remuneration that acts a motivating factor for them to work for the association and the community and do not let situations of conflict of interest to arise (NCOSS, 2015).

Personally, I would wish to work as a member of the association with voting rights, a participation right in the homeowners general body meeting where I have access to information about the activities of the various stakeholders and appointees, and where I can exercise my rights and perform my duties in the most ethical manner through a process of contemplation, reviewing, assimilating alternatives, reviewing and consulting them with homeowners, board members, attorney, and the management, choosing the best course of action, and implementing it in the most judicious and efficient way (Papadopoulos, 2018).

4. Programs under the New Leadership

1. In any association or organization, new leadership is looked upon with immense hope, a tinge of apprehension, and a bountiful of optimism that the new leadership will work towards the betterment of the association and the community. This is especially true when the old leadership has proved to be unethical, irresponsible, and inefficient in delivering their roles. Therefore as pinpointed by Alhawamdeh's research "Any organization aiming to excel in this global economy requires employees who are prepared to navigate the complex realities of the modern world. As a result, HR departments need to have the requisite competences, skills, and knowledge to recruit and train employees who can manage the rest of the organization's resources effectively"

Al Hawamdeh, A. (2021) which in his thorough research to fulfil the PhD requirements for obtaining the doctorate degree from the Leadership & Management school in HRM. The researcher indicated that learning and training are key role of development and strategic management to raise the performance of the employees at the private universities sector in Jordan which also may apply on other small/medium enterprises generally as well as serving the educational sector specifically.

Out of the many programs that the Laguna Village needs to implement, the one asking immediate attention is the parking issue, which the residents are facing since a long time, and which needs to be resolved by the new leadership in a timely and ethical manner. It is observed that the notification regarding the towing of vehicles who do not have a parking permit and are found parking in the community area between midnight to 6 am, will be subjected to towing. The notification was released in September 2018, and just after the new leadership took office, it was to be implemented from December 2018 onwards. Adequate time was provided to the residents of the Laguna Village to get an app developed for their village or get listed in a working app that is running successfully in other areas and register themselves on the app for a minimal yearly fee. This ensures efficient utilization of time, organization and storing of community parking data electronically, which can in future help prevent many kinds of crime that involve usage of vehicles. Moreover, any facility being availed by the community members call for funds, which are being used for the community members' benefit only. An ad hoc committee can be made to expedite the process of online registration of vehicles, and to resolve any problems the residents face in the process. The number of cars in a family has increased many times since the 1970s, thus it is important to resolve the burgeoning car traffic at the right time, keeping environment and safety norms in mind, with adequate provisions for a decade to accommodate further traffic and manage it efficiently. Moreover, it is crucial to make residents and homeowners aware of the judicious use of their resources, and instill a

culture of carpooling, and a greater use of cheap public transport as far as possible (Papadopoulos, 2018).

5. Recommendations

It is important that the association bylaws are adhered to at all costs. The different articles of the bylaws stating the functions of the association, the membership details, the meetings to be conducted, the management and its constitution, the different committees within the association, the corporate records, regular inspection and scrutiny details, fire insurance, corporate seal, and amendments to bylaws, and their filing with the state of California, in order to govern the activities and operations of the association in a judicious manner (LVOA, 2018).

Getting more volunteers requires a motivated and enthusiastic elected leadership which imbues the residents with a sense of belongingness for their community and the association. It is possible only when the organization has goals that are explicit and open to all, and where everyone is made a part of the change process. The leadership would require to retain faith of the members, the homeowners, and the volunteers, by arresting any conflict of interest situation at the right time, by making public on its website the accurate use of community funds, and by being open to any criticism and whistle blowing in a humble manner, and avert issues being taken to the superior court, at least those which can be resolved easily through consultative procedure between the board members, the third party, the members, the homeowners, and the volunteers. Third-party contract with the vendors for various activities like management of village property, conduct of elections, and so on, need to be consulted with the members and homeowners in the annual general body meeting, their opinions and doubts need to be acknowledged and responded to, the minutes of the meeting should be recorded, the contract signed with the vendors should be made available on the association website for the residents and members to access, and read (Wilcox, 2018).

6. Conclusion

Leaders as motivators and influencers are the pivots of the vehicle called community. They are the fuel to the growth engines and they steer and propel the community on a proper trajectory. This can be achieved by motivating the community sharing the big picture with them so that they are able to comprehend their contribution in the larger picture, which gives them a sense of pride and ownership in the final output. The leaders should share their faith and belief in the team. The classic psychological concept, known as the Pygmalion Effect, has been proven to be a time-tested measure having an insurmountable impact on the overall performance of the association and the community. The leaders should share clear expectations and objectives as these boosts the members' morale and they feel enthusiastic about the whole process.

A frequent feedback mechanism should be in place as this serves as a significant motivator to behavioral change in the positive direction. Last but not the least, the leadership should share the credit with the members and the entire community. Thus, a motivating leadership is a valuable asset for the present community association and needs to be conserved from the depreciating factors of unethical practices, conflicts of interests, lawsuits, and so on (Wright, *Nanotechnology Perceptions* Vol. 21 No. S1 (2025))

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