PATHWAYS TO CHANGE: EXPLAINING EFFECTIVENESS IN COMMUNITY BASED DEVELOPMENT ORGANIZATIONS

By

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Nathaniel Sean Wright

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Chairperson John Nalbandian

H. George Frederickson

Heather Getha-Taylor

Kelly LeRoux

Elaine Sharp

Alfred Ho

Date Defended: May 6, 2014
The Dissertation Committee for Nathaniel Sean Wright
certifies that this is the approved version of the following dissertation:

PATHWAYS TO CHANGE: EXPLAINING EFFECTIVENESS IN COMMUNITY
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John Nalbandian

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Abstract

In recent years, nonprofit organizations have come under increasing pressure from funders and other key stakeholders to prove they are “worthy” of significantly expanded support and cooperation. One area in which nonprofit activity has been increasing is in the delivery of community based services. Since the late 1960s, community based development organizations (CBDOs) have been recipients of public and private funding aimed at stabilizing and improving living conditions in inner city neighborhoods. To some extent, policy makers have recognized the value of supporting CBDOs, because of their ability to mobilize local initiatives to address local priorities. CBDOs engage in various economic development activities for a wide variety of community and economic objectives. Nonetheless, developing standards to capture their performance is more complex compared to private enterprises and other nonprofits such as human service organizations. This distinctiveness points to the need to develop a more inclusive model which captures organizational characteristics and environmental factors as correlates of organizational effectiveness. This study attempts to add to the theoretical framework of CBDO effectiveness by developing testable hypotheses. Moreover, this study offers a two-staged approach 1. Through a perceptual measure, based on self-reports gathered through a survey of CBDO leaders, and 2. Through an objective measure based on census data indicating the city-level change in vacant housing. The findings from ordinary least square regression models suggest that performance indicators, political capacity, board governance, and CBDO expenditures are important predictors of CBDO effectiveness. This study concludes with an in-depth discussion of findings and avenues for future research.
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Chapter 1
Introduction

Urban poverty has been on the political agenda for more than half a century. In the 1960’s Lyndon B. Johnson declared a war on poverty and signed the Economic Opportunity Act which established social programs aimed at creating jobs, providing adequate housing, and increasing access to education for the poor (Imbroscio, 2011; Peterson, 1991). In the intervening years U.S. cities initiated a number of programs designed to revitalize their urban core. These programs have included tax abatements and incentives, and the designation of depressed areas as empowerment zones (Blakely and Leigh, 2010; Dalehite, Mikesell, & Zorn, 2005; Sands, Reese, & Khan, 2006; Greenbaum & Engberg, 2000). Cities have also developed anti-poverty initiatives that provide services that address homelessness, assist arriving immigrants, and empower residents to change their communities (US Conference of Mayors, 2013; Sawhill, 2007). Despite these efforts, many cities, particularly the center cities in large metropolitan areas, continue to face daunting housing, poverty, unemployment, transportation, and crime problems. The inner city remains a place where income inequality, crime, and other social and economic problems have become the norm (Bennett & Giloth, 2007; Zielenbach, 2000).

Community based development organizations (CBDOs) have evolved over time serving as a local service delivery mechanism that has demonstrated the ability to create programs, attract funds, and gain the trust of local officials and citizens in the community (Ford Foundation, 1973). The first cohort of CBDOs came about in the early 1960s as a
part of the war on poverty, and civil rights movement. (Pierce & Steinbach, 1987; Johnson, 2004; Gittell & Wilder, 2004; Rubin, 1995; Blakely & Leigh, 2010). During their peak in the 1980’s CBDO’s were somewhat successful in revitalizing inner city neighborhoods. They produced housing for low to moderate-income individuals, and made significant strides in addressing poverty in the inner city (Grogan & Proscio, 2000; Vidal, 1992). During this era there was a belief that CBDOs were hero organizations that could correct the failures of the private market. Rubin (1995) in an interview with a CBDO director noted that, “nonprofit development corporations…can do the deals that might be marginal. Can do the deals that can save the neighborhood, and can do the deals to lead the way and provide the window of opportunity for private development to take place…because we are not in it solely for the tangible numbers or profit” (p.129).

Although there is no recognized legal definition of a CBDO, they are defined as grass root housing and commercial developers that build homes, develop commercial land, and partner with neighborhood leaders and local government officials to spur economic development in communities (Ford Foundation, 1973; Vidal, 1992). CBDOs are often formed by local residents, small business owners, faith-based organizations, and other local stakeholders who desire to improve the social and economic conditions of their neighborhoods (Grogan & Proscio, 2000). CBDOs receive funding from the federal government, businesses, foundations, and intermediaries. In 2004 CBDOs received more than $50,000 in grants from over 40 different federal programs. Since 1981 the Discretionary Program of the Office of Community Services in the Department of Health and Human Services has awarded over 20 million dollars a year in grants to CBDOs (Brandwein, 2002; Steinbach, Walker, Winston, & Gensch, 2005). CBDOs also have
community development intermediaries that work continuously on their behalf in raising funds from foundations and corporations.

A considerable literature describes the benefits and successes of CBDOs. Advocates note that CBDOs are a necessary tool in addressing deteriorating conditions in the inner-city (Rubin, 1995; Smith, 2003; Galster, 2005; Walker, 2002). Furthermore, Avis Vidal (1992) argues that without the work of CBDOs many low-income communities would have seen no development. Unlike other institutions, CBDOs have the unique ability of meeting the needs of the poor and putting pressure on political leaders to bring about necessary change (Stoecker, 1997). In a study on the effectiveness of CBDOs in their target areas, Faux (1971) discovered that locally controlled economic development programs of CBDOs had been successful in assisting poor and disadvantaged residents. In addition, CBDOs established environments in which businesses could grow and where disadvantaged residents could improve their skills in preparation for employment.

While research related to the performance of CBDOs has expanded in recent years, there remains a significant gap in the literature, particularly related to identifying critical factors for the successful revitalization of neighborhoods (Rohe, 1998), and developing objective measures to assess CBDO impact (Schill, 1996; Temkin & Rohe, 1998). In theory, CBDOs are supposed to invest significant amounts of resources in communities, work with local governments, businesses, and citizens to foster economic growth (Berndt, 1997; Blakely & Leigh, 2010; Faux, 1971). However, there is a distinct lack of empirical research specifically identifying factors that influence the effectiveness of CBDOs in their revitalization efforts (Schill, 1996; Rohe, 1998).
Significantly, scholarship has also failed to demonstrate that strong links exist between CBDO effectiveness and other important organizational factors, oversight mechanisms, employee related factors, and performance measures. Along these lines, Rohe (1998) suggest more research is needed to better understand internal and external factors and correlates of CBDO effectiveness. Moreover, supporters of CBDOs note the lack of data on which researchers can draw on to answer important questions. For instance, most studies on CBDOs rely on qualitative data informed by case studies, which focus on the same large organizations and only identify one or two indicators of success. Also, most quantitative studies on CBDOs report findings based on small data sets and use surveys that are not designed for social science research. Many studies on CBDO effectiveness rely on outputs such as direct investment, housing unit production, and job creation in defining CBDO effectiveness. Thus, it is important for scholarship to examine both outcomes and processes in order to gain a better understanding of CBDO effectiveness. This is vital because CBDOs engage in other activities that range from crime prevention, improving social capital in neighborhoods, and collaborating with political leaders, businesses and other organizations to improve the economic conditions in communities.

Further, scholars note the need to develop objective measures that accurately measure CBDO performance and can be attributed to the work of CBDOs in local communities. Drucker (1990) argues that unlike for profit organizations, it is difficult to develop bottom-line measures against which organizational performance can be assessed. One of the reasons for this is because of the uncertainty of what measures to use to evaluate CBDO performance (Schill, 1996). CBDOs engage in numerous community and
economic development activities ranging from transitional housing for the homeless to operating day care centers.

Urban policy scholars have suggested avenues for addressing the inconsistencies found within the community based development literature. These new pathways rest in conceptualizing CBDO effectiveness by examining internal management factors and external resources. Stoutland (1999) notes that CBDOs are multifaceted organizations that seek to address problems not taken on by many nonprofits. Even though CBDOs face many challenges in attempting to improve the economic conditions of neighborhoods, many have successfully developed ways to overcome these obstacles through good internal management and the cultivation of external resources. Critical factors that contribute to internal management range from stable leadership that consists of a well skilled and experienced executive director, and the ability of the executive director to build strong relationships with other public, private and community entities. Furthermore, the ability for a CBDO to build organizational competency through experience gained in conducting programmatic activities is another crucial component in good internal management. Additionally, there is significant evidence that indicates a positive relationship between internal management and CBDO effectiveness, particularly executive director tenure, organizational experience and building good relationships within the community (Cowan, Rohe, & Baku, 1999; Glickman & Servon, 2004; Mayer & Blake, 1981; Mayer 1984).

As crucial as internal management is to the success of a CBDO, external resources also play a huge role in defining CBDO effectiveness. For Urban policy scholars external resources take three forms: financial, technical assistance, and political.
As Vidal (1996) notes, “regardless of the activities being undertaken, CDCs need three basic types of support from their supporters: funding, technical assistance, and political support. When this support system is at its best, these key elements are designed and coordinated into programs that meet the particular needs of CBDOs and their communities” (p. 155). Furthermore, these three forms are crucial to what CBDOs are able to achieve in their revitalization efforts. Moreover, there is a substantial amount of literature linking institutional support to CBDO effectiveness, specifically funding and technical assistance (Mayer, 1984; Rubin, 2000; Stoutland, 1999; Vidal, 1992).

Further, scholars have also relied on the use of objective measures to evaluate the effectiveness and efficiency of CBDO production. Scholars have advanced the research considerably on the use of objective measures to assess CBDO performance. Galster (2005) evaluated performance by using property values as an indicator of the overall quality of life in 23 cities that received founding through the National Community Development Initiative (NCDI). The report developed a framework that used property values as an indicator to capture the impact that CBDOs were having in improving physical, social and economic characteristics of cities. Similarly, Keyes, Schwartz, Vidal & Bratt (1996), suggest that the root of CBDO performance may not lay in internal management but in examining objective measures, such as the financial systems for CBDO housing activities.

In recent years local government has relied heavily on CBDOs for the provision of welfare type services. In light of their increasing role, it is important for organizational effectiveness scholars to focus on identifying critical factors that influence CBDO success. More specifically, this study explores the impact that perceptual and objective
measures have on shaping CBDO effectiveness. In doing so, this research will help identify what components of internal management, external resources, and contextual factors influence CBDO performance. This study will offer an expanded more comprehensible view on the impact of CBDOs in their local service areas.

**Statement of the problem**

Several studies have attempted to more fully explore the association between organizational factors and CBDO effectiveness. Even though many studies have gone beyond assessments of project implementation, little is known about the critical factors that influence CBDO effectiveness. Preliminary studies show that there are more questions about how to apply performance measures to CBDO effectiveness. These questions are in part due to the difficulty in assessing CBDO performance because of the complexity of their missions and multiplicity of programming. Stoutland (1999) notes, “CBDO performance is complicated by a mission that does not confine them to any particular program activity. It is unclear with that other type of organizations they should be compared” (p.211).

Examining the literature on favorable claims made by community based development organizations, Rohe concludes “there has been no direct comparison of the areas and population groups served by public agencies and CDCs. Moreover, the degree to which CDCs are assisting the very poor is not known” (Rohe, 1998, p. 194). My dissertation offers a starting point for addressing this gap in literature by examining the influence of internal, environmental, and contextual factors on CBDO Performance. This study contends to more effectively capture CBDO effectiveness by including both perceptual and objective measures.
Research Questions

Major questions and concerns have been raised concerning the effectiveness of CBDOs. This study considers the role that internal management, external resources, and contextual measures play in shaping CBDO effectiveness. Moreover, it attempts to identify other critical factors that influence CBDO effectiveness. The specific research questions are:

1) what internal management factors are crucial to the effectiveness of CBDOs? This question seeks to explore the role that management plays in CBDO effectiveness. Crucial factors in good management identified in previous CBDO range from strong stable leadership, executive director salary, executive director tenure, and a skilled executive director.

2) What resources can be leveraged by CBDOs to increase organizational effectiveness? As noted earlier, CBDOs are faced with the challenge of changing the economic conditions of local communities. Even though external resources often fluctuate for CBDOs, particularly funding, it will be important to identify what external resources impact CBDO effectiveness. Furthermore, this question will examine the relationship of funding, technical assistance, and political resources to CBDO effectiveness. Progress on this question will help CBDO managers identify what resources need to be leveraged in order to ensure success in their revitalization efforts.

3) What extent can CBDOs impact city revitalization to bring about citywide change? This question explores the impact that CBDOs are having in U.S. cities. Remarkably little careful analysis has been done, to date, to evaluate the impact of CBDOs in their service areas. This question provides the opportunity to utilize objective measures in assessing CBDO impact.
**Expected Contributions**

This study has both theoretical and practical implications for research. First, this study supplements a growing body of literature on CBDO effectiveness by introducing a broader perspective of the organizational mechanisms through which internal management and external resources influence performance. Furthermore, past research suggest a relationship exists between internal management factors and external resources and CBDO effectiveness. However, few studies have empirically tested these factors and there is a lack of consensus on what constitutes CBDO effectiveness. This study attempts to add to the theoretical framework of CBDO effectiveness by developing testable hypotheses. Moreover, this study offers a two-staged approach 1. Through a perceptual measure, based on self-reports gathered through a survey of CBDO leaders, and 2. Through an objective measure based on census data indicating the city-level change in vacant housing. The survey employed in this study will be useful in identifying attitudes, values, beliefs, and past behaviors of CBDOs and provide some insight about how CBDO managers perceive organizational effectiveness. This information would be useful in understanding what makes CBDOs efficient and effective, and what factors influence their success. The secondary data used in this study, will help to fully discern the impact of CBDOs in U.S. cities. Objective measures will be useful in appraising the performance of CBDOs because this type of measure is not subject to personal opinion or interpretation of results. In sum the use of both perceptual and objective measures will provide a better understanding of the performance of CBDOs.

This study moves us one step further in understanding the impact that CBDOs are having in U.S. cities. It is important to note that CBDOs not only work to rebuild housing
and increase economic development but also have been successful in altering the local political environment. This alteration has occurred because of the lack of trust that cities have in government handling the issues of urban decay (Robinson, 1996). The results from this study will shed light on the role that CBDOs play in the economic and community development of neighborhoods and cities. Research has shown that CBDOs have the unique ability to bring people together in neighborhoods around issues and have been successful in turning around cities that were once written off by government officials (Grogan & Proscio, 2000; Rubin, 2000).

**Definition of Key Terms**

This section identifies and provides operational definitions for terms that will be used throughout this study. These terms are community based development organization (CBDO), organizational effectiveness, internal Management factors, and external Resources.

- Community based development organization (CBDO)- are community based organizations that work to revitalize low to moderate income areas in cities. According to the Ford Foundation (1987), “CBDOs operate within geographically defined areas, they are controlled by the people who live in that area, and they undertake housing and economic development projects in addition to providing such social services as job training, credit unions, and day-care and senior centers” (P.4).

- Organizational effectiveness- is defined as how effective an organization is in understanding the outcomes the organization intends to produce (Etzioni, 1964). Key determinants of organizational effectiveness is an
entities ability to recognize both goals and non-goal activities, attain external resources to sustain the organization, and identify and use correct management practices in service delivery (Etzioni, 1964; Herman & Renz, 1999; Rainey, 2003; Yuchtman & Seashore, 1967).

- Internal management factors- is defined as internal organizational characteristics, including, mission, performance measures, effective board governance, organization age, leader stability, and skilled executive director.

- External resources- is defined as political capacity, financial capacity and technical assistance.

**Organization of the Dissertation**

This chapter has introduced the importance of internal management, external resources, and contextual factors’ relevance to CBDO effectiveness. It has also identified gaps of our understanding of CBDO effectiveness. In subsequent chapters I will provide a more comprehensible discussion of the theory and literature on CBDOs and CBDO effectiveness, outline the research methodology used in this study, present findings, and then conclude with a summary of key theoretical implications and practical policy suggestions that can be used by CBDO managers. A short summary of each subsequent chapter is provided below.

Chapter two provides a thorough definition of what a community based development organization is, a theoretical base for understanding the tenets that make up the CBDO model for urban redevelopment, and a survey of their history, followed by a synopsis of their current revitalization efforts.
Chapter three brings together various sources of literature in a manner useful for understanding organizational effectiveness. Following this review, the links between CBDOs and effectiveness are discussed. The distinctions between perceptual and objective measures are more thoroughly evaluated. This chapter ends with a discussion on how internal management, external resources, and other organizational factors are derived from the literature.

Chapter four presents the research design, methodology, and hypotheses for this study. It lays out the research design (population and sample, survey instrument, and data collection procedures, dependent variable, independent variables, and the model for studying CBDO effectiveness). The chapter concludes with a discussion of the methodological approach used in the study.

Chapter five presents the results of the factors influencing the effectiveness of CBDOs and their impact in U.S. cities. This chapter also presents descriptive statistics and provides a summary of the statistical and theoretical limitations of the study.

The final chapter summarizes the key findings and then provides a discussion of the theoretical and practical implications of the study. The chapter concludes with a discussion of the study’s limitations and outlines possibilities for future research.
Chapter 2
The Emergence of the CBDO: Context, Growth and Impact

Nonprofit organizations play a critical role in the provision of public goods to society. Government at every level has called upon nonprofits to take a leading role in delivering health and human services. This interdependence has challenged nonprofits and government to form effective collaborations so they can find better ways in responding to the needs of the public (Salamon 2002).

One area in which nonprofit activity has been increasing is in the delivery of community based services. For more than half a century government has partnered with community based nonprofits to improve living conditions in low-income communities. This relationship has proven to be vital in the revitalization and spurring of economic activity in inner city neighborhoods (Vidal, 1992).

Community based development organizations are organizations whose purpose is to serve, as an intermediary between the public and private sectors, neighborhood needs, capitalist demands, and expectations with those of their funders. CBDOs have the ability to consolidate problems within a community and organize capital to deal with market failures in low-income neighborhoods. CBDOs are sensitive to business and political practices, which allows them to “mobilize local initiatives to address local priorities and understand and work with the processes of both the public and private sectors” (Blakely & Leigh, 2010, p.334). Overtime CBDOs have been successful in balancing their own agendas, while responding to the demands from stakeholders and other environmental pressures.
This chapter proceeds in three sections. The first section provides a definition of the concept of community based development organization and their roles in community and economic development. The second section traces the evolution of CBDOs, finding antecedents dating back to the War on Poverty initiatives in the mid-1960s. The last section concludes with an overview of the community based development model and a summary of key points.

Defining the CBDO

CBDOs are defined as “organizations created and controlled by the people living in impoverished areas for the purpose of planning, stimulating, financing and, when necessary, owning and operating businesses that will provide employment income” (Faux, 1971, p.29). CBDOs provide job-training programs, sponsor economic development projects and serve as catalysts for housing and business development in urban neighborhoods (Bratt & Rohe, 2007; Rubin, 1995; Vidal, 1992). As advocates, CBDOs build sustainable coalitions to influence state and local policy and pressure banks and landlords to adequately meet the needs of low-income neighborhoods (Goetz & Sidney, 1995; Rubin, 2000).

The purpose of CBDOs is to develop a comprehensive approach that fosters a strategy to create sustainable communities. CBDOs primary focus is to correct three market failures: “the inability of potential investors to see opportunities in the neighborhood, profit maximization that prevents socially conscious investing, and social/legal restrictions on investment such as zoning laws” (Stoecker, 1997, p. 4).

However, as government funding has dissipated, CBDOs have struggled in redirecting the course of the free market. According to Stoecker (1997) “Many CBDOs have come to
operate more and more like businesses, narrowing their activities to physical
development. Many CBDOs impose rules on tenants that are no different from any other
landlord rather than empowering residents to govern themselves” (p.4).

The National Congress for Community Economic Development (NCCED), an
association whose mission is to support the work of CBDOs, estimates that there are over
4600 community based development organizations operating across the United States
(Steinbach, et al., 2005, p.4). A majority of these organizations are found in the East and
Midwest of the U.S. and operate primarily in inner city neighborhoods. (Rubin, 2000;
Vidal, 1992) Most concentrate their efforts on housing, commercial and industrial
development, and community organizing and advocacy.

Overall, CBDOs are small in size; a 2005 study of nearly 1,000 CBDOs found
their median staff size only ten (Steinbach, et al., 2005). Further, the median operating
expenses of larger CBDOs is small, with the median expenditures of but $1.1 million
(Walker, 2002). One of the nation’s largest CBDO- Community Development
Corporation of Long Island (CDCLI), employs nearly 100 individuals, has annual income
of 70 million, owns property worth millions of dollars, and provides rental assistance,
affordable housing development, and small business lending and business training to
residents living in Long Island, NY, however CDCLI is an exception. The majority of
CBDOs are only able to employ one individual who is tasked with answering phones,
responding to funders and meeting the needs of individuals in their service areas.

Most CBDOs are 501 C (3) nonprofit organizations, a status designated by the
Internal Revenue Service (IRS) that allows for federal tax exemption. CBDOs are known
by a number of names, including community development corporations (CDCs),
community housing development organizations (CHDOs), and nonprofit housing organizations (NHOs). CBDOs vary in legal forms. Many begin as solely volunteer organizations with no certificate of incorporation while others have their beginnings in local church basements (Rubin, 2000). For example, the Genesis Housing Development Corporation under the leadership of Father Bob Miller started its operations in the basement of St. Ambrose Catholic Church. Despite the challenges in securing funding early on, GHDC with the support of the Chicago community has had significant impact in the mid-south community areas of Chicago. Since their inception GHDC has invested more than $12 million in the single family housing market, helped thousands of people secure homes and escape foreclosure, and work with community members to secure employment.

Traditionally, CBDOs incorporate as community development corporations (CDCs), which limit their activities to a specific geographic area. However, CBDO activity is not restricted to any one geographical area. At times the services they provide extend outside their service area into other neighborhoods within the city (Smith, 2003). As one CBDO executive director noted,

The CBDOs serving the city have informal designated areas, but are not restricted to any geographic area. We are clearly a place-based model in which we initiate partnership with underserved neighborhoods or have neighborhoods coming to us that do not have any CBDO activity. Once contact has been initiated we then assist in developing a master plan for that particular neighborhood. We work in all types of neighborhoods across the city ranging from all Latino to all African American
and eastern European communities consisting of young white hip artists

(Anonymous, Personal Communication, April, 2010).

Further, the National Congress for Community Economic Development’s national census of nearly 1,000 CBDOs reported that over 24% of CBDOs serve multiple neighborhoods, 29% serve a single city, and approximately 13% serve a single neighborhood, shown here as table 2.1.

[Insert Table 2.1 here]

CBDOs require adequate income to fund community development activities employ staff and keep the doors open. Numerous CBDOs rely on rental income and physical development to fuel their operations. Moreover, CBDOs receive funding from the federal government, businesses, foundations, and intermediaries. Many CBDOs rely on direct subsidies from the federal community development block grant to fund numerous community and economic activities in their service areas. Additionally, foundations play a major role in funding CBDOs. The Ford Foundation, the Howard Heinz Foundation, the Mellon Bank Foundation, and the Enterprise Foundation have provided much needed support for housing and other economic development projects taken on by CBDOs. CBDOs also have community development intermediaries that work continuously on their behalf in raising funds from foundations and corporations.

Overall, CBDOs have a unique ability in fusing problems and garnering capital to deal with market failures. The continued sustainability of a CBDO is contingent upon their ability to produce a profit from housing or commercial development, causing some to question whether concern with raising capital ends up being more important than working to be community oriented.
The Evolution of CBDOs

The first generation of CBDOs emerged in the early 1960s as a part of the War on Poverty initiatives, civil rights movement, and urban riots. (Pierce & Steinbach, 1987; Johnson, 2004; Gittel & Wilder, 2004; Rubin, 1995; Blakely & Leigh, 2010). Many CBDOs during the 1960s had advocacy and religious roots and were formed by churches and community organizers. This era in CBDO development birthed some of the most prominent CBDOs. The most well-known agencies grew out of the African American political movements such as the civil rights movement and black power movement. These organizations sought to restore vitality to deteriorating Black communities.

Originally, CBDO activity emerged as a result of a tour taken of the Bedford Stuyvesant neighborhood in Brooklyn, New York by Senator Robert F. Kennedy. During his visit to the distressed neighborhood, activists expressed concern about the poor conditions in their neighborhoods. Government was slow in responding to poor conditions, and red tape in local bureaucracy hindered community development. Further, unemployment was high, and there was a vast gap between local white business and poor communities. In response to these urban problems, Senator Kennedy introduced the Special Impact Program to address deteriorating conditions in low income communities. This initiative led to the creation of the first CBDO, the Bedford Stuyvesant Restoration Corporation, whose purpose was to create jobs, develop businesses and promote economic self-sufficiency. By the end of the decade there were nearly 100 CBDOs operating in various U.S. cities.

Many early CBDOs were involved in the development of housing, job creation and local business development. For example, the Mississippi Action for Community
Education made significant strides in providing adult education to poor African American families whom had been excluded from the social and economic mainstream for years. In the early 1960s The Zion Non-Profit Charitable Trust (ZNCT) under the leadership of Reverend Leon Sullivan conducted numerous economic and social programs aimed at improving the living conditions of low-income individuals in North Philadelphia. Rev. Sullivan launched the “10-36” program, a plan where his parishioners donated $10 a month over three years to fund community development initiatives and create a capital base to fund housing and commercial development. The “10-36” plan generated millions of dollars in revenue that allowed ZNCT to build a $1 million, ninety-six unit apartment complex, a 76,000 square foot shopping center, and operate a number of community based programs ranging from financial assistance programs for high school students to training for minority businessmen (Garn, Tevis, & Snead 1976).

In another city, the Upper Park Avenue Community Association (UPACA), founded in 1965 by a group of African American and Puerto Ricans sought to deal with poor housing conditions, drug addiction, and unemployment in east Harlem. By 1967 UPACA had constructed 200 new housing units, rehabilitated 220 units, and worked with Cornell University to develop a program to help tenants connect with social service agencies (Ford Foundation, 1973). In the South, the East Central Committee for Opportunity (ECCO) emerged aimed at providing economic opportunities in rural, predominately Black Hancock County, Georgia. ECCO’s mission was to “conduct a business development program to create management and employment opportunities” that would work hand in hand with other community development initiatives that were currently being implemented. By the end of 1969, ECCO had constructed a 358-acre
catfish farm, partnered with local Universities to offer training for MBA candidates and blue-collar jobs and presented plans to construct an 80 acre, 150 unit housing project. Additionally, several other CBDOs had leveraged hundreds of thousands of dollars to operate manpower programs to provide job opportunities to individuals living in distressed neighborhoods (Ford Foundation, 1973).

The second generation of CBDOs in the 1970s grew out of nonprofit organizations that were formed to take advantage of federal funds for housing development in low-income neighborhoods. Unlike their predecessors, the second wave of CBDOs were leaner and diverse in services provided to local communities. CBDOs during this time period were formed by social service agencies and community action agencies, which were sponsored by the federal Office of Economic Opportunity (Pierce & Steinbach, 1987; Vidal, 1992). Additionally, community members across the country were coming together to begin a dialogue about the living conditions in their neighborhoods and how the community based development model could be used as a solution to address deteriorating conditions in their communities.

Neighborhood Development Corporation of Jamaica Plain (JPNDC) founded in 1977 in Boston, Massachusetts, typifies the second generation CBDO. JPNDC’s mission was to promote equitable development through housing and economic development initiatives. In their early years JPNDC worked with local banks, the federal government, and neighborhoods groups to create mixed income housing units, senior housing, and renovate a historic brick brewery complex to house small businesses. JPNDC through neighborhood advocacy was able to transform a predominately African American
neighborhood into a premier economic engine for local residents and small businesses (Galster, 2005).

This new generation of CBDOs sought to serve the needs of new Hispanic and Asian immigrants (Pierce & Steinbach, 1987). For example, the East Bay Asian Local Development Corporation (ALDC) was formed in Oakland, California to serve the needs of Chinese, Japanese, Filipinos, Koreans, Vietnamese, Cambodians and Laotians ethnic groups. The ALDC built housing, performed commercial development, and provided an array of social services ranging from job training, to immigration counseling and refugee business assistance. During the 1980’s the third generation of CBDOs emerged and continued to build on the work of the previous generations. During this decade there were nearly 2,000 CBDOs operating in American cities. CBDOs of this era became professionalized in an effort to improve their image with stakeholders. CBDOs relied on intermediaries for training and technical assistance (Pierce & Steinbach, 1987; Rubin, 2000; Vidal, 1992). CBDOs built apartments, town homes, provided revolving loan programs for local businesses, implemented training in business management for local entrepreneurs, and sponsored festivals and consumer fairs.

A major trend in the 1980s was CBDOs reliance on local entities for funding major initiatives and building projects. This dependence on support was a result of federal cutbacks on assistance to depressed urban areas taken by the Regan Administration. The federal Community Services Administration, a major funder of CBDOs activities was dismantled. Additionally, the department of Housing and Urban Development (HUD) was forced to close its Office of Neighborhood Development, an entity that provided financial and technical assistance to CBDOs. Despite federal
cutbacks, the Northern Community Investment Corporation (NCIC) in St. Johnsbury, VT shifted their focus in the 1980s and became a ‘venture capitalist’ and ‘loan provider’. By 1987 NCIC had invested in more than 165 businesses, had an annual payroll of $22 million, created nearly 2,000 jobs, had an investment portfolio worth $8 million, and developed over $14 million dollars in real estate.

Further, The Homewood-Brushton Revitalization and Development Corporation, a product of this generation worked with national and local foundations to combat declining living conditions in Pittsburgh’s Homewood-Brushton neighborhood. By 1987 this CBDO had built 33 townhomes, created a revolving loan program for small business owners, developed a mini-mall, and struck a franchise deal to open a Dairy Queen Restaurant (Grogan and Proscio, 2000).

CBDOs of the 1980s had developed into technocratic entities whose focus was on professionalism and with the nuts and bolts of constructing housing projects efficiently. Many longtime funders worried that CBDOs had become too project oriented and had shifted from their traditional goals of advocacy, developing minority leaders, and community organizing (Vidal, 1992). Moreover, there was a fear that CBDOs were ignoring important elements of community development such as how public subsidies were used, how credit was issued for community projects and who in local government were making zoning and infrastructure decisions on the behalf of low-income communities (Grogan & Proscio, 2000).

By the 1990s the fourth generation of CBDOs were dealing with the effects of deteriorating infrastructures in old cities, concentrated poverty in center cities and middle class flight. Myron Orfield in his book Metro politics argued that the “the lack of social
mortar to hold neighborhoods together and build communities makes economic
development in extreme-poverty tracts or ghetto areas impossible” (Orfield, 1997, p.28).
Orfield believed that the only hope for a turnaround in urban neighborhoods was to
change existing municipal boundaries with the hope of capturing a wealthier tax base.

In response to these conditions CBDOs rose to the challenge to bring their cities and communities back. At the start of 1990, nearly 70 percent of properties in the Woodlawn community in Chicago were either vacant land or abandoned buildings. The Woodlawn Organization (TWO) worked with other community based development organizations to construct single-family homes valued at $275,000 along 63rd street between Ingleside and Kenwood Avenues. By 2005, TWO had constructed 140 residences on 28 acres of land consisting of five designs ranging from 1430sq to 3467sq.

In Dallas, The South Fair Community Development Corporation was founded in 1991 to deal with extensive blight and deterioration in the Jeffries-Meyers neighborhood. In 1995 South Fair entered into a partnership with Bank of America CDC to revitalize a 330-unit multi-family housing complex. To date South Fair has created economic opportunities for small businesses, provided supportive social services, and senior care services for the elderly.

Another major trend in the 1990s was the reliance on intermediary institutions. As support organizations, financial intermediaries help undergird the work of CBDOs by working with government and foundations to provide financial resources and technical assistance. Even though government funds affordable housing programs, these funds are not always used to support community based revitalization strategies. As the Urban Institute notes,
They are not always spent in ways that favor community based organizations or community minded for profit developers. And they are not always used in ways that attract support of other investors in community change, such as banks, foundations, corporations, universities and hospitals, and other city institutions (Walker, 2002, p.48).

The best known of the intermediaries are the Local Initiatives Support Corporation (LISC), NeighborWorks America, Enterprise Community Partners, Inc. (ECP), Neighborhood Reinvestment Corporation, and the Housing Assistance Council (HAC). For decades LISC has been successful in expanding investment in housing, increasing family income and wealth, stimulating economic development in low-income neighborhoods, and improving access to quality education. Moreover, LISC has established a network of city and state affiliates. In Kansas City, LISC works through a local partnership with, the Neighborhoods Now program, that encourages the preservation and investment of physical development, while in Los Angeles, LISC has invested over $11 million to fund affordable housing developments, charter schools, and a commercial corridor initiative in south central, Los Angeles.

Another major development for CBDOs was the creation of the White House Office of Faith Based and Community Initiatives. In 2001 by executive order, this office was charged with strengthening faith-based and community organizations and expanding their capacity to provide federally funded social services. In 2005 about 40 percent of faith based groups were CBDOs with only about 20 percent controlled by a religious entity (Steinbach, et al., 2005). Also, faith based CBDOs receive similar funding like other CBDOs. Through the Bush Administration faith based CBDOs received specific
funding and grants for their economic development activities. Finally, for fiscal year 2005, more than $2.2 billion dollars in social service grants were awarded to faith-based organizations (Steinbach, et al., 2005).

**CBDO Impact**

Long dismissed as merely organizations whose primary mission is neighborhood beautification, CBDOs serve as an avenue for local residents to alter the economics of their neighborhoods. They are neighborhood-based organizations that benefit individuals, families, and cities by adding to the tax base and increasing household wealth. In a 2012 study on the impact of CBDOs in the city of Philadelphia, The Philadelphia Association of Community Development Corporations (PACDC)\(^2\) found that CBDO investments generated $28 million in tax revenue for the city, and nearly $118 million for the commonwealth of Pennsylvania over a twenty-year period. Additionally, nearly 12,000 jobs were created from CBDO investment, property values increased by $680 million city-wide and expenditures resulting from direct impact investment from CBDOs created $1.1 billion dollars in economic impact and $2.9 billion dollars statewide over the same time period.

Today CBDOs continue to work miracles in poor communities across America. Currently, CBDOs engage in a wide array of activities, such as housing development, planning and organizing, homeownership programs, commercial and business development, workforce and youth programs, community facilities, and open space projects. An associate of Rosedale CDC describes their organization’s current work,

We have worked on changing a state law, which was a bad housing act. I also worked on land banking policy and getting rental licensing in places and advocated
and led a task force on revamping animal control. We do animal rescue, remove graffiti, we deal with drug houses and crime. I have knocked on doors we have had protests. We partner with the KU School of social welfare for programming and to assist kids and families. We do minor home repair. So I think last year we did about 18 homes. For some we painted the whole house, so we used a lot of volunteers. We use hundreds of volunteers a year. We have also cleaned up homeless camps in the woods. We partner with the church across the street. They have a freedom school. So we have helped them for a couple of years.

(Anonymous, Personal Communication, April, 2010).

In the Ivanhoe neighborhood in Kansas City, MO., the Ivanhoe Neighborhood Council, a nonprofit community based development organization, continues to work miracles in their service area. An associate describes the CBDO’s current initiative,

This store was a liquor store and that was the source of most of the problems that we were having along here. Now they closed and since they’ve been back open they tried once to get a liquor license. Fortunately the person that’s over regulated industries or liquor control, informs us of anybody that submits an application for a liquor license, he immediately notifies us and then we get on it. We take that list of people who consigned for the person to get a liquor license, we contact all those people, we go door to door to get signatures. We don’t want any more liquor stores. We understand that liquor is legal and that it’s an element of the community but at the moment we are not strong enough to have another liquor store, whatever it takes

Further, in the Blue Hills community of Kansas City, MO, the Blue Hills Community Service (BHCS), a not for profit community development corporation has recognized the importance of enhancing the quality of life through neighborhood growth. Since 1974 numerous block clubs that provide information on housing, mortgages, and important BHCS has built affordable housing, partnered with the U.S. Department of Education to provide remedial reading and math instruction to children in the state of Missouri, and organized neighborhood issues. A member of the blue hills neighborhood block group describes the impact that BHCS has had in their community,

Blue Hills Community Services which is a CDC that’s been around since the 70s, they target a lot of their development toward this part of the neighborhood and they’ve built new houses on this block of 48th street and they’ve rehabbed a lot of the houses here on 47th terrace. They built new houses on 49th and Olive Street. They’re great houses and they’ve received a lot of rewards for energy efficiency (Anonymous, Personal Communication, May 10, 2010).

In Newark, New Community Corporation (NCC) recently broke ground to construct Springville Village, a new $27.4 million development that will provide affordable rental housing for low-income families and senior citizens. NCC has also helped seniors through their extended care center. One resident found by NCC staff lying on a sidewalk, could not walk or talk. Rickey Blue later praised NCC staff noting that he would have died if not bought to the facility. Today Mr.
Blue is able to walk unassisted and has taken advantage of numerous services offered by NCC.

Summary

From the beginning, the primary goals of CBDOs were to accomplish bottom-up comprehensive redevelopment in low-income neighborhoods. This bottom-up approach to development bought local residents and other neighborhood stakeholders to the table to develop plans to create jobs, improve housing, and design plans to attract small businesses.

The above historical survey reflects how CBDOs despite federal cutbacks were able to accomplish this bottom-up comprehensive approach. Numerous CBDOs in the 1960s and 1970s worked effortlessly to help local residents get jobs and acquire affordable housing. CBDOs formed local coalitions comprised of residents and other stakeholders to fight on behalf of deteriorating neighborhoods. In the 1980s and 1990s CBDOs developed an entrepreneurial focus as they looked to the private sector to assist with funding local development initiatives.

Today CBDOs continue to bring hope to low-income neighborhoods that are inundated with poor housing and living conditions. In order for CBDOs to be successful in physical development and advocacy, they will have to learn how to navigate environmental pressures and government policies. Understanding what internal management and external environmental pressures will be vital as CBDO continue their mission of revitalizing depressed areas.
Table 2.1 CBDO Service Areas

<table>
<thead>
<tr>
<th>Service Area</th>
<th>% of all CDCs*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple States</td>
<td>1</td>
</tr>
<tr>
<td>Single State</td>
<td>5</td>
</tr>
<tr>
<td>Multiple Counties</td>
<td>14</td>
</tr>
<tr>
<td>Single County</td>
<td>13</td>
</tr>
<tr>
<td>Single City</td>
<td>29</td>
</tr>
<tr>
<td>Multiple Neighborhoods</td>
<td>24</td>
</tr>
<tr>
<td>Single Neighborhood</td>
<td>13</td>
</tr>
<tr>
<td>Indian Reservation</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: National Congress for Community Economic Development 5th National Community Development Census

* Percentages are based on a sample size of 999.
Chapter 3

Literature Review

This chapter reviews the literature relevant to the dissertation research. The first section offers a discussion of the literature on organizational effectiveness models. Although organizational effectiveness is an important concept in organizational behavior, Forbes (1998, p.183) notes, “organizational effectiveness is both a powerful and problematic concept.” It is problematic because as Murray (2010, p.433) argues, “there is no such thing as organizational effectiveness in any absolute sense nor is there any single indicator that will unambiguously reveal the degree of effectiveness at any one time.” Yet several frameworks have developed over the past 30 years for evaluating organizational effectiveness. This chapter reviews those frameworks in an attempt to establish a connection between contextual and organizational indicators and the performance of community based development organizations.

Next, the chapter presents the literature on the impact of CBDOs in U.S. cities followed by a discussion on CBDO effectiveness and factors affecting their performance. The last section of the chapter presents the hypothetical relationships between CBDO effectiveness, organizational mission, measuring for performance, technical assistance, financial capacity, executive director education level, board governance, executive director tenure, political capacity, and CBDO expenditures.
Defining Organizational Effectiveness

Mayer (1984, p.95) write, “careful analysis of factors in success indicates what specific conditions are needed for good performance. Such information is essential for shaping efforts by public and private concerns as well by NDOs themselves to better equip community organizations to perform their work.” Scholars and nonprofit managers alike feel that determining what internal and external environmental factors shape CBDO performance will better equip CBDOs in their revitalization efforts (Cowan, et al, 1999; Stoutland, 1999).

Operationalizing organizational effectiveness is especially problematic for nonprofit agencies. This is the case for several reasons. First, because of their tax-exempt status and financial privileges, nonprofits cannot assess their performance using for-profit measures such as the bottom line and return on equity (Schill, 1996). Second, developing standards to measure organizational performance is often challenging because nonprofits engage in a wide variety of activities with varying goals and objectives (DiMaggio, 2002). Third, many nonprofits such as CBDOs work to increase social capital in neighborhoods, subsequently identifying quantifiable measures to evaluate this phenomenon are still evolving (Schill, 1996). Although there is lack of clarity in defining the construct of organizational effectiveness, scholars (Brown, 2005; Herman and Renz, 2004; Padanyi, 2001; Sowa, Selden and Sandfort, 2004) argue that organizational effectiveness is multidimensional and can be defined in terms of management and program effectiveness, and it should also consider both objective and perceptual measures.
There are several streams of research that are relevant to defining and measuring the organizational effectiveness of CBDOs. Such efforts have sought to identify and formally model organizational and environmental factors impact on public sector organizations. Rainey and Steinbauer (1999) propose hypotheses about internal indicators of performance, such as mission valence, organizational culture, public service motivation, and technology. Moynihan and Pandey (2005) argue for a model of organizational effectiveness that categorizes managerial efforts in terms of external environmental variables (such as elected officials, media) and internal management variables (such as goal clarity, organizational culture). Strategic management scholars (Stone, 2000) suggest that external factors such as collaborations can have a rippling and amplifying effect on how strategic decisions are made in nonprofit organizations. Lastly, urban scholars (Cowan, et al, 1999) report that contextual factors (housing, income, race, age) and organizational variables (age, staff size) can be used as measures in understanding CBDO performance.

Other relevant areas of research include, public value scorecard (Moore, 2003), outcome measurements (Plantz & Greenway, 1997), citizen trust in government (Yang & Holzer, 2006) the balanced scorecard (Kaplan & Norton, 2001), and quality systems (Cairns, Harris, Hutchison, & Tricker, 2005). Subsequently, it is becoming increasingly important that scholars who study the organizational effectiveness construct, acquire a comprehensive picture of how these streams of literature contribute to defining organizational performance.

The increased efforts of nonprofits and government to measure performance coupled with the need to be accountable to stakeholders are two important trends that
have shaped the contemporary era in which practically all nonprofits are concerned with developing measures that capture performance. First, the management reforms emphasizing accountability and measuring for performance, required agencies to engage in tasks such as setting goals and reporting their progress over time. This development was a result of the reinventing government and new public management movements that were taking shape in the early 1990s. Consequently, the Government Performance Review Act was passed to encourage government agencies to track their performance yearly. This action quickly trickled down to contractors and nonprofits that did business with government (Moon and DeLeon, 2001). Second, public confidence and trust in nonprofits has become a major concern (O’Neill, 2008). Nonprofits have come under increased scrutiny for mismanagement of funds. The American Red Cross received a lot of criticism for how funds were handled during 9/11. On the community development side, the Lompoc Housing and Community Development Corporation (LHCDC) shut down after misappropriating public funds meant for such projects as housing the homeless (Welsch, 2012). These developments and pressures have pushed scholars and practitioners to shift their focus to understanding what factors contribute to the effectiveness of nonprofit organizations.

A review of approaches for measuring organizational effectiveness

Before turning to the review of CBDO literature on performance and study hypotheses, it is important to first offer a discussion on the proper analytical model that can provide clear criteria for determining how well CBDOs are performing. Rainey (2009) states that “the people who study organizational effectiveness agree on many points, but they have never come to agreement on one conclusive model or framework
The complexities of defining organizational effectiveness described in the previous section have caused scholars to try many approaches to assess the effectiveness of organizations. This section provides a review of the four major approaches to measuring the effectiveness of nonprofit organizations in order to develop a theoretical framework for measuring CBDO performance.

The Goal Attainment Approach

Early organizational theorists adopted goal attainment as a major approach for evaluating organizational effectiveness (Etzioni, 1964; Price, 1972; Molnar & Rogers, 1976). Based on the assumption that organizational goals served as a set of guidelines for identifying and legitimizing organizational activities, the goal approach sought to create objective measures that could be used to assess the effectiveness of organizations. As Etzioni (1964) states, “the actual effectiveness of a specific organization is determined by the degree to which it realizes its goals” (p.8). Simply stated, the higher the degree to which organizations are able to meet their goals, the greater their effectiveness (Price, 1972).

The basis of the goal approach is based on the concept of functional rationality developed by German scholar Max Weber. According to Weber (2009), modern organizations are goal-oriented entities designed according to rational principles in order to efficiently attain their goals. Further, this ideal type has a hierarchical order, impersonal rules, and specialized appointments. All of these ideal characteristics have one goal, to promote the efficient attainment of the organization’s goals.

Organizational effectiveness research using the goal attainment framework has used a variety of objective measures in their application of this to nonprofit
organizational effectiveness approach (Eisinger, 2002; Ritchie & Kolodinsky, 2003; Thomas, 2010). Studies categorized as goal attainment generally researched the impact of program outcomes on organizational effectiveness (Thomas, 2010) or addressed overarching goals of mission accomplishment (Eisinger, 2002). The primary assumption is that achieving the goals determined by a set of chosen measures is an indicator of organizational performance (Forbes, 1998).

In a goal attainment approach, Eisinger (2002) studied nonprofit emergency food programs in the Detroit tri-county region. His sample included 92 food providers, which were responsible for assisting over 54,000 people per month. He defined capacity “as a set of attributes that help or enable an organization to fulfill its missions” (p.117). Moreover, his research sought to identify what key attributes of organizational capacity impact mission fulfillment. The capacity variables were: number of paid staff, ratio of volunteers per 100 clients, intake interviews, computer storage of files, regular staff meetings, engaged in strategic planning, and seeks technical assistance from external sources. His results revealed that programs with more paid staff are more likely to exhibit evidence of increased effectiveness. Also, the ability of food pantries to systematize record keeping was a critical element to mission accomplishment.

Ritchie & Kolodinsky (2003) used a variation of performance measurements in another goal attainment approach. In an attempt to identify financial measures as indicators of organizational effectiveness, Ritchie & Kolodinsky (2003) constructed a database of university foundations to assess the impact of financial measures relevance and distinctiveness on nonprofit organizations. Phase 1 of their study utilized factor analyses of sixteen financial performance ratios relying on both cross-sectional and
longitudinal data from university foundations from 1990 to 1995. Phase 2 of their analysis examined 144 university foundations IRS forms 990 from 1998 to 1999. Results from their factor analysis identified three financial measures from form 990 as indicators of performance: fundraising efficiency, public support, and fiscal performance. These financial indicators were all factors that could be used in judging the financial positions of foundations included in the study.

In their study on the role of government performance reforms on nonprofit human service agencies in Oregon, Carlson, Kelley & Smith (2010) observed substantial changes in the type of outcome measures used by Oregon nonprofits over a twenty-year period. To understand the impact these reforms had on performance measures, the authors used an archival analysis method where they examined numerous documents from state, county and nonprofit agencies. To comprehend the impact of performance measurements on capacity and organizational effectiveness, the authors reviewed contracts between nonprofits and local counties. Results from their analysis discovered that program performance improved through the use of outcome measures supported by the Oregon Progress Board. The authors found that it is possible to measure the performance of human service agencies through the use of common program outcomes such as the “percentage of children whose parents provide both verbal and nonverbal encouragement” and “the percentage of callers saying that referral services were appropriate.

The use of goals to evaluate the effectiveness of organizations has proven to be problematic (DiMaggio, 2002). Researchers and practitioners alike have had a hard time specifying an organization’s goals because individuals in the organization have a difficult
time identifying what types of goals to set and acknowledging the actual goals. Additionally, written statements about goals, whether developed by decision makers or obtained from written documents may be ambiguous, distorted, and unrealistic or focus on too few areas. Further, goal achievement may be challenging to reach where participants disagree on the organization’s actual goals. One of the most noted criticisms of this approach is that it has not developed measures of effectiveness, which can be used to study various types of organizations (Price, 1972).

Another challenge to this approach noted by Herbert Simon (1964) is that goals often do not align with top management, employees, and other constituents associated in the organization. Many different coalitions, key stakeholders, regulatory agencies, and legislators often have different priorities for the organization. Presumably, goals set by top management can be modified by subordinate managers and employees at all levels making it difficult to assess organizational performance.

In the same line of thinking, Yuchtman and Seashore (1967) suggest that the goal approach to assessing organizational effectiveness has methodological shortcomings. First, goals as ideal states do not offer the possibility of a real assessment. Second, goals as cultural entities are a result of outside entities that are a part of their own social system with priorities that cannot be attributed to the organization itself. Consequently, the relationship between organizational goals and results are polluted by environmental conditions.

Despite these limitations, it is possible to identify organizational goals if certain strategies are followed. First, the focus of research should be on the major decision-makers in the organization. The major decision-makers are usually individuals with high-
ranking roles (such as commissioners, deputy commissioners and executive directors).

According to Yuchtman & Seashore (1967) “top management is the most valid source of information concerning organizational goals” (p. 892) because they are responsible for the allocation of resources. Further, the identification of goals can be determined through an examination of the communication processes of the organization and through the knowledge and interests of its key leaders (Price, 1972).

Second, the focus of the research should be on the agencies goals, not the private desires of individuals in the organization. If a high level of organizational effectiveness is to be achieved, private goals must be satisfied. However, the evaluation of effectiveness should be based on the accomplishment of organizational goals rather than on satisfying private individual motives (Price, 1972; Simon, 1964).

Third, the focus of research should be on developing operative goals to assess effectiveness. Perrow (1961) differentiates between “official” and “operative” goals. The official goals of an organization are the general purposes outlined in the articles of corporation or by-laws. Official goals are ambiguous and general in nature and fail to identify “the host of decisions that must be made among alternative ways of achieving official goals and the priority of multiple goals, and the many unofficial goals pursued by groups within the organization” (Perrow, 1961, p. 855). One way to mitigate this is to focus on developing operative goals that designate the outcomes sought through the actual operating policies and procedures of the organization. Operative goals provide a clear depiction of what the organization is trying to achieve, regardless of the aims of the official goals (Perrow, 1961).
Fourth, research should focus on the intentions and activities of what the organization is trying to accomplish. Gross (1968) asserts that “intentions” are the individuals’ view of what the organization is trying to do whereas, “activities” can be understood as what individuals in the organization are observed to be doing. Thoroughly examining these concepts with both quantitative and qualitative methods will allow the organization to have a better understanding of how goals can be fashioned to effectively assess effectiveness.

In sum, an organization is rational if its activities and programs are organized to achieve its goals. Moreover, this is accomplished if the organization relies on its major decision makers in the development of goals and creates goals that are operative and uses methods that focus on the intentions and activities of the organization.

*The System Resource Approach*

Dissatisfaction with the limitations of the goal attainment approach led scholars (Etzioni, 1964; Yuchtman & Seashore, 1967) to develop an alternative approach, which focused on a system resource model. The system resource approach determines a decision maker’s ability in allocating and utilizing resources for fulfilling numerous system needs (Kirchhoff, 1977). This framework assumes that in order for an organization to survive it must acquire resources, interpret the properties of the external environment, coordinate relationships with various subsystems, and regularly maintain internal activities. Further, the central question in the use of this approach is “under given conditions, how close does the organization’s allocation of resources approach an optimal distribution among the various subsystems” (Kirchhoff, 1977, p.465).
The System resource approach proposed by Yuchtman & Seashore (1967) is one of the most known theories in the organizational effectiveness literature. After studying 75 insurance agencies, these researchers found that effectiveness could be defined as the strength in bargaining power the organization had in securing scarce resources from its external environment. Yuchtman & Seashore conclude that this theory allows organizations to be analyzed at their own level, and the relationships between the organization and its environment is a key indicator in understanding organizational effectiveness.

An early study on the use of the system resource approach to nonprofit organizational effectiveness studied the capability of a powerful board of director’s ability to attract scarce resources to their organization (Provan, 1980). Provan hypothesized that board power will be a strong indicator on the amount of scarce resources an organization is able to get from the United Way. Four measures to assess board power were used in his study; Board prestige, board linkage, size of board, and the percentage of men serving on the board. Provan found a significant relationship between board power and the ability for organizations to secure funding from the United Way, non-United Way sources, and private donors. Subsequently, under the resource systems approach board size and board lineages helped these organizations secure scarce resources to survive.

Using data from IRS form 990s Chang & Tuckman (1991) studied the financial vulnerability and attrition of nonprofit agencies. Their work sought to analyze the ability of nonprofit organizations to avoid financial cutbacks in the face of a financial crisis by using four measures of financial performance; revenue concentration, administrative
costs, reduced operating margins, and inadequate equity. Revenue concentration was measured using the square percentage of each source of revenue for each nonprofit. Administrative costs were measured as the percentage of total expenditures. Reduced operating margins were assessed by calculating its revenues less its expenses divided by its revenues. Inadequate equity was measured using a ratio of equity to revenue. Findings from their study revealed that the number of “at risk” nonprofits was significantly greater than “severely at risk” nonprofits. Additionally, over 41 percent of nonprofit agencies included in the sample in 1983 and 40 percent in 1985 were in the bottom quintile in relation to at least one of the financial performance measures. Also, 4 out of every 10 nonprofits included in the study had at least one source of potential financial vulnerability.

In his research, Thomas (2010) examined the extent of outcome measurement in nonprofits and the relationship that outcome measurement has to funder’s performance reporting mandates. The data were gathered from analysis of survey and site visit data for 237 Detroit nonprofit agencies. The findings provide reasonable evidence that funder’s performance reporting mandates affect outcome measurement among nonprofits. Also, the organization’s budget had a significant effect on the extent of measurement. Simply, nonprofits that are dependent on resources from funders are more likely to utilize outcome measures when faced with new mandates from their funders, regardless of previous constraints.

The use of the system resource approach to assess organizational effectiveness has several implications (Price 1972). First, although “optimization” and “maximization” are important concepts used by theorists when utilizing the systems resource approach.
These authors suggest the importance of identifying what is meant by maximization and optimization. Yuchtman & Seashore (1967) suggest, “the bargaining position of the organization is equated with its ability to exploit the organization’s environment, not with the maximum use of this ability (p.901). The main tenet of the system resource approach is the ability of the organization to exploit its environment, not with the maximum use of this ability. Thus, it is important for an organization to realize the danger its exploitative potential may cause its demise if the exploited environment becomes depleted of its resources. Having a clear picture of the optimal point where the organization does not go beyond will ensure that it does not callously drain its external environment which may weaken its bargaining position.

Second, users of the system resource approach should develop general measures to assess the effectiveness of different types of organizations. Third, measures used to assess system resources should be mutually exclusive. For example, measures used to assess effectiveness, efficiency or production should be distinct from each other and not overlap. Price (1972) argues for a multidimensional approach to effectiveness only if it uses multiple measures to assess the same analytical concept. Thus, multidimensional approaches that utilize multiple measures of different analytical concepts violate the rule of mutual exclusiveness.

The Competing Values Approach

Acknowledgement of the drawbacks to the goal attainment and systems resources approaches prompted researchers to advance the need for a model of organizational effectiveness that was multidimensional. The competing values approach (CVA) assumes that there are three basic value dimensions that are fundamental to measuring
organizational effectiveness (Rohrbaugh, 1981). The first value dimension is concerned with flexibility versus control in assessing effectiveness. The second dimension, organizational focus, ranges from an internal emphasis to how well people are doing within the organization to an external focus on the overall welfare of the organization. The third dimension is related to the means and ends in an organization. Its emphasis is on the processes (setting goals) and outcomes (efficiency). Rohrbaugh suggests that this approach is a reflection of the competing value preferences seen in developing criteria to assess organizational effectiveness. Moreover, Slack (1997) note, “the strength of the CVA is that it takes into account the paradoxical nature of organizational effectiveness. It also acknowledges that different constituents use different types of criteria in their assessment of an organization, that some of these criteria may be conflicting, and that some may change over time.” (p34)

The dimensions of the CVA combine to produce four models of organizational effectiveness shown in Figure 3.1. The human relations model focuses on flexibility in internal processes and cultivating cohesion and morale as a means in developing individuals in an organization. The internal process model relies on information management and communication as a means in fostering stability. At the external end of the continuum, the open-systems model emphasizes flexibility and readiness as a method to obtain resources. The rational goal model focuses on goal setting as a means to improve productivity.

Quinn & Cameron (1983) in their study of organizational life cycles suggest as organizations navigate their life cycles, the various criteria of organizational effectiveness emphasized in Figure 3.1 should mirror the changing activities and undertakings of
organizations over time. For example, during the entrepreneurial stage of development, organizations are focused on innovation and creativity. The strongest emphasis in this stage is the open systems criteria were organizations value flexibility as a means to obtain resources. Further, organizations in the collectivity stage, typified by high member commitment, tend to be categorized in the human relations model and focus primarily on developing human resources in the organization. This contrast shows that organizations at different points in their life cycle pursue different conceptions of effectiveness.

Kalliath, Bluedorn, & Gillespie (1999) took a different approach to setting criteria for all four quadrants of the competing values framework in their study of hospital managers and supervisors. They used structural equation modeling (SEM) to assess the criteria of the four quadrants framework. The hypothesized competing values measurement model of organizational effectiveness included 16 scale items spread across four dimensions; Internal process, open systems, human relations, and rational goal. Their results supported the four-factor structure of the competing values framework. There appeared to be evidence of a good fit for the proposed measurement model and all expected paths in the model were left unconstrained and estimated freely. Further, the data supported positive relationship between latent constructs. Overall, the use of SEM revealed that organizational effectiveness is a multidimensional construct comprising multiple criteria and cannot measure the effectiveness construct with a single scale.

The Multiple Constituency Approach

Organizational theorists developed multiple constituency theory as an approach to understand organizational effectiveness (Balser & McClusky, 2005; Forbes, 1998; Kanter
& Brinkerhoff, 1981; Herman & Renz, 1997, 2004; Hitt, 1988; Jun & Shiau, 2012; Zammuto, 1982, 1984). Its authors developed it to address the limitations with goal attainment and system approaches to assessing organizational effectiveness. The premise of this perspective recognizes that organizations have multiple constituents who are likely to have different views on the criteria used to measure organizational effectiveness (Herman & Renz, 1997).

Recent analysis suggests that various stakeholders prefer different types of measures to evaluate organizational performance. Kanter & Brinkerhoff (1981) propose that top managers may prefer structural characteristics because they can easily influence such factors. However, clients and customers may favor outcome measures because they want results. Similarly, Scott (1977) argues that criteria for evaluating organizational effectiveness cannot be taken into consideration if various viewpoints are ignored. Explanations of organizational effectiveness should rely on data from various sources. In sum, this model sees organizations comprised of various subgroups both inside and outside the organization with differing views of what the organization should produce.

In a multiple constituency approach, Balser & McClusky (2005) researched the relationship between how nonprofit organizations manage their relationships with stakeholders and how these practices influence perceived organizational effectiveness. Using a qualitative approach the authors interviewed fourteen executive directors from nonprofit human service agencies. Next, two organizations with the highest evaluation in terms of organizational effectiveness and dealing with various stakeholder groups were chosen based on a review conducted by evaluators who were familiar with the organizations. Additionally, one organization was chosen that received the lowest rating
of effectiveness among organizations included in the study. Using the case study method the authors discovered that when executive directors use a “consistent” or “thematic approach” in dealing with their different constituents, the organization was perceived as more effective by multiple external evaluators.

The advantage to using the multiple constituency framework is the potential to get various perspectives of organizational effectiveness from subgroups that matter to the organization. The multiple constituency approach thus adds key insights to our thinking about effectiveness, but even these detailed interpretations of the approach encounter problems in handling the broad-spectrum of societal significance of an organization’s effectiveness.

*The Emergent approach or Social constructionist perspective*

Social constructionist theory informs us about the importance of capturing the beliefs and knowledge of individuals. This school of thought suggests that reality or parts of reality are shaped by the viewpoints, values and knowledge of individuals. This emergent approach holds that “definitions and assessments of effectiveness are not regarded as objective facts but neither are they regarded as arbitrary or irrelevant” (Forbes, 1998, p.195). Subsequently, this approach suggests that organizational effectiveness is defined by individual actors in the organization, is specific to the framework in which it was created, and has the ability to evolve as the actors continue to interact (Forbes, 1998). Like the social constructionist perspective, the “garbage can model” of organizations (Cohen, March & Olsen, 1972), doesn't see the decision-making process as a sequence of steps that begins with a problem and ends with a solution. Instead, decisions are the outcome of independent streams of events in an organization.
In this same school of thought, Zammuto (1984 p. 614) writes, “the construct of organizational effectiveness refers to human judgments about the desirability of the outcomes of organizational performance from the vantage point of the varied constituencies directly and indirectly affected by the organization.” Additionally, Forbes (1998) argues that this perspective “places an emphasis on understanding the interactions within and among organizations that lead to the development of criteria for evaluating organizational effectiveness” (p.195). Essentially, organizational effectiveness is a values based concept which relies on the application of value judgments from various multiple stakeholders and taken into consideration the development of recommendations to be used to improve organizational performance.

Studies categorized under the social constructionist perspective rely on the judgments of clients, customers, staff, technical experts, and board members. Using a Delphi technique, Herman & Renz (1997) sought to identify various stakeholder judgments of organizational effectiveness. The authors used experts from health and welfare, and agencies serving the mentally disabled, to comprise a list of “correct procedures”. The Delphi process was used for two rounds. Ratings on the items changed little between both rounds. Next, stakeholders from 64 organizations representing CEOs, board members, and funders addressed the list of organizational effectiveness indicators. The results revealed that stakeholders vary considerably in their judgments on the effectiveness of the same organization. Further, stakeholders use some of the same indicators to assess organizational effectiveness, such as board effectiveness.

Similarly, in a 2003 study using the same panel of data Herman & Renz (2004) studied whether nonprofit organizational effectiveness was judged consistently by
different stakeholders and whether board effectiveness and organizational effectiveness are the result of changes in the use of practices leading to developing best practices to manage. Their results revealed that constituents do not judge nonprofit organizational effectiveness that same. Moreover, a change in the use of the “right way” management practices is not related to a change in the judgment of stakeholder’s judgments of organizational effectiveness.

The five effectiveness approaches that have been discussed above continue to be used in today’s research examining organizational effectiveness. The review reveals that researchers have conceptualized the organizational effectiveness construct in a variety of ways and no one perspective has replaced another approach being the preferred methodology. Much recent research on nonprofit organizational effectiveness has argued that it consists of multiple dimensions with the primary dimensions being management and program effectiveness (Sowa et al, 2004). Further, Sowa et al (2004) suggest that both objective and perceptual measures are needed to fully understand and measure the dimensions of nonprofit organizational effectiveness.

The traditional approaches to organizational effectiveness, characterized by studies of goal attainment, systems resources, competing values, and multiple stakeholder’s approaches, attempted to define effectiveness in terms of outcome measures. The social constructionist approach characterizes the emerging research defining organizational performance. Unlike traditional approaches this new approach defines effectiveness through the judgments of managers, staff, clients, and board members. Examining effectiveness through the perceptions of individuals helps to
understand the behavior, language, culture, and institutional practices that shape effectiveness within organizations.

For this dissertation research, the effectiveness of community based development organizations was conceived from the perspective of the goal attainment approach and the social constructionist perspective. This dissertation utilizes a two-staged approach by examining CBDO performance through the goal attainment and social constructionist approaches. The goal attainment approach helps researchers better understand the organizational effectiveness construct. For example, CBDO build homes, create jobs, and work with local businesses to foster economic development in low income neighborhoods. Much research on CBDO performance has relied on objective measures in assessing their performance. By adding another layer, such as their perceived effectiveness through the lens of the executive director will help us understand what processes, structures, and outcomes align with individuals within the organization. Just because a CBDO builds 200 homes in a year does not necessarily mean it is effective at building homes. Adding the perceptions of managers alongside objective measures will add a rich dimension to understanding what possible levers need to be adjusted to increase the effectiveness of the organization.

This study is therefore concerned with correlates of organizational effectiveness. The focus for the research is to identify factors related to internal management and external resources and how these factors may influence aspects of CBDO performance in those organizations. The study also seeks to determine if a city-wide indicators of revitalization are influenced by CBDO direct investment. The research questions posed in this study intend to identify
some of the perceptual and objective measures that may impact the performance of CBDOs.

Given the diversity of outcome measures, are CBDOs still revitalizing cities? Others also argue that CBDOs have made significant contributions to the overall improvement of neighborhoods and cities (Walker, 2002; Walker, 2000). Accordingly, several studies have attempted to measure the impact of CBDOs in their service areas. Some studies have relied on subjective measures in measuring revitalization and others have relied on more objective measures. The next section provides a detailed overview of objective and perceptual measures that have been used to assess CBDO performance.

**CBDO Performance Literature**

Urban and nonprofit scholars argue that CBDOs have made significant contributions to the overall improvement of neighborhoods and cities (Walker, 2002; Walker, 2000). Accordingly, several studies have attempted to measure the impact of CBDOs in their service areas. Some studies have relied on subjective measures in measuring revitalization and others have relied on more objective measures (Rohe, 1998; Stoutland, 1999). Scholars have also noted the difficulties in measuring CBDO performance. Schill (1996) concludes from his research that,

Remarkably little careful analysis has been done, to date, to evaluate the success of CBDOs in community economic development. One of the reasons for this absence of research is uncertainty over what standard to use in evaluating their performance. CBDOs engage in economic development activities for a wide variety of social and economic objectives. Nevertheless, the farther these organizations venture away from what are conventionally thought to be charitable
activities, the more difficult it is not to compare their performance to existing actors in the marketplace (p.773).

The Twentieth Century Fund Task Force on Community Development Corporations conducted one of the first studies of CBDO performance in implementing projects and measuring impact (Faux, 1971). His report analyzed the performance of Progress Enterprises, Hough Area Development Corporation, Bedford Stuyvesant Corporation, FIGHT, Operation Bootstrap, The East Los Angeles Community Union, and United Durham, Inc. The task force was assembled to provide an appraisal on the current status of CBDOs and their efforts in the economic development of impoverished inner city neighborhoods.

The task force discovered that locally controlled economic development programs of CBDOs had been successful in assisting poor and disadvantaged residents. CBDOs had established environments in which businesses could grow and flourish and where disadvantaged residents could improve their skills in preparation for employment. CBDOs were successful in increasing ownership of local businesses, homes and other property among the inner city poor. Additionally, CBDOs had shown potential in the development of poor white communities.

Garn et al. (1976) studied the performance of three CBDOs, the Bedford Stuyvesant Restoration Corporation, the Woodlawn Organization, and the Zion Non-profit Charitable Trust over a one-year period. This study sought to develop a set of performance milestones that could be used to assess the community and economic development impact of CBDOs. Their methodology included developing a set of 95 milestones. Each milestone was compared to previous year’s actual level of output. The
results revealed that outputs had increased compared to previous years. Additionally, Bedford Stuyvesant Corporation and the Woodlawn Organization experienced achieved increases in over 50 percent of the milestones compared to Zion Nonprofit Charitable Trust, which experienced a 42 percent increase in performance milestones.

Cummings & Glaser (1983) studied the “degree to which explicitly economic and business orientation had produced benefits for the neighborhood, in comparison to other types of developmental strategies” (p.322). Four types of development strategies were considered: business development, human resource development, social services benefits, and environmental improvements. Next executive directors were asked to rate how well they perceived their organization contributed to the neighborhood in areas such as, expanding businesses owned by the corporation and businesses owned by local residents, and the expansion of businesses by corporations and residents outside the organization’s service area. The findings show that executive directors pursuing economic development strategies rated their organizations high in the expansion of business activity in their service area. Also, executive directors reported high success rates in the creation of jobs attracting private sector investors to their neighborhoods.

One year later, Mayer (1984) and the Urban Institute conducted a two-year study of 100 CBDOs. This study attempted to assess CBDO performance and provide information on how to promote CBDO efforts in revitalization. Despite several challenges in project implementation, CBDOs made significant strides in urban revitalization. On average, CBDOs had completed nearly 65 percent of projected activities by the end of the study. CBDOs had renovated over 1,800 housing units, weatherized 200 homes, and created nearly 100 permanent jobs.
Mayer’s study on CBDOs also involved comparing the planned outputs outlined in grant applications to actual outputs. His findings indicated great variation in the ratios of actual to planned outputs depending on the type of project. For example, average ratios for actual to planned outputs for rehabilitated housing and weatherized housing units were .831 and .971, respectively. However, for new commercial space and employment, actual to planned output ratios were .093 and .394, respectively. Mayer also reported that CBDOs were successful in securing project funds from public and private sources.

Vidal (1992) used semi structured interviews, telephone calls, and informational forms to gauge the impact of 130 CBDOs across 29 cities in 1992. Among the CBDOs studied 75 percent of these CBDOs had on average constructed 108 new housing units, 60 percent had rehabbed 249 housing units and nearly 50 percent of these same CBDOs had provided homeownership counseling to nearly 1,394 families. Furthermore, Vidal discovered that CBDOs were having a “moderate level of overall neighborhood improvement”. More specifically, Vidal reports that 21 percent of programs focused on the development of housing and business had a “substantial effect on neighborhood development”, while 31 percent of CBDO with an emphasis on commercial development had this same affect. She also notes that housing and business developers had a “moderate impact on neighborhood improvements”, while 28 percent of commercial and real estate programs had a similar impact. Overall, CBDOs located in the impoverished neighborhoods made little effort in improving the conditions in those areas relative to the extent of blight in those neighborhoods, while CBDOs located in less impoverished neighborhoods made significant strides in improving the overall condition in that neighborhood.
The Urban Institute (2001) published a study based on data compiled on CBDOs across 23 cities funded by the National Community Development Initiative in the 1990’s. This report revealed that CBDOs had made significant gains in their size, and efforts in revitalizing cities across the U.S. Additionally, the research team discovered that CBDO presence in Denver, Colorado, and Portland, Oregon, was the result of higher property values. This was in part due to the CBDO’s effort in partnering with local neighborhood associations and other businesses in working to draft and implement plans that targeted business districts.

Few studies have attempted to identify factors influencing the effectiveness of CBDOs in their revitalization efforts. As Stoutland (1999) points out, much of the research on “keys to success” in CBDOs has focused on identifying processes that agencies should use for successful project implementation but fail to provide concrete data on actual processes used for successful development. Moreover, these studies have relied primarily on qualitative analysis or a mixed methods approach using both quantitative and qualitative methods (Rohe, 1998).

Based on a study of CBDOs, Mayer and Blake (1981) reported 23 key characteristics that influence their performance. His findings indicate that CBDO community development project success can be divided into three groups: internal characteristics, relations with the community and outsiders, and characteristics of the economic, social, and political environment. Mayer (1984) expanded his work to include 100 CBDOs, in which he identified a broadly talented executive director, competent and dedicated staff team, quality financial record keeping, active board of directors,
community support, relations with local government, access to competent technical assistance as key factors in CBDO success.

Gittell & Wilder (1999), in their study of three CBDOs, conducted case studies that assessed the programmatic and organizational characteristics that influence CBDO success. The authors found that CBDOs in their sample improved the “well-being” of neighborhood residents by creating an organizational mission that is endorsed by community members, and increasing political capacity by encouraging residents to participate in the political process, and networking with other institutions. Lastly, developing organizational competency and establishing a broad array of funding were all critical factors to CBDO success.

Cowan et al. (1999), in their study of 147 NeighborWorks organizations, assessed the impacts of a variety of contextual and organizational variables on the overall efficiency of these organizations. They measured efficiency as the total amount of investment generated for neighborhood divided by the total staff compensation, including the executive director. A multivariate analysis of factors associated with this measure of efficiency found that organizations with an average direct investment of over 1.25 million had the strongest positive influence on efficiency. Executive director tenure, staff size, and the number of activities in which a CBDO engaged in also had a positive impact on efficiency. Contrariwise, executive director salary had a negative parameter estimate on efficiency.

After conducting interviews with directors and staff, Rohe & Bratt (2003) identify six contextual and six organizational factors that should be in place to prevent failure in CBDOs. The organization should have the ability to navigate market forces, compete
effectively for resources, understand local government policy concerning funding, seek
guidance from intermediaries and other institutions (private, nonprofit, public), build
trust, have a diverse mission, broad array of funding, community support, and board and
staff support. Likewise, Frederickson & London’s (2000) work on capacity in CBDOs
indicates the importance of adequate financial support, strong leadership, skilled staff and
volunteers, and management and planning as key elements of capacity that influence
CBDO success.

Capacity building, a critical element in CBDO success, has been cited as being
vital to CBDO efforts in exercising community development leadership and carrying out
successful economic development activities in neighborhoods. Glickman & Servon
(2003) indicate identify five components to CBDO capacity: resource capacity, political
capacity, networking capacity, organizational capacity, and programmatic capacity. The
authors further note that while not all CBDOs employ all these components to capacity,
many however work on all five simultaneously.

A Model of CBDO Organizational Effectiveness

Urban and nonprofit scholars have noted the challenges in developing a model
that measures the effectiveness of CBDOs (Cowan et al., 1999; Mayer, 1984; Mayer &
Blake, 1981; Rohe, 1998; Schill, 1996; Stoutland, 1999). These scholars note that
identifying appropriate measures of CBDO success is a challenging and complex process.
It is also difficult to capture the full range of impacts that CBDOs have in neighborhoods.
This absence in research is due to the uncertainty over the appropriate standards to use in
evaluating their performance. Moreover, assessing CBDO effectiveness is complicated
by economic objectives that do not keep them restricted to any one-program activity. It is
also unclear as to what types of other organizations to compare their performance to, because CBDOs engage in numerous activities from helping the homeless to being a profitable landlord catering to middle class tenants (Mayer & Blake, 1981; Schill, 1996; Stoutland, 1999).

While recent models have attempted to incorporate internal and external factors, the theoretical and empirical results of these studies have been limited. Theoretically, these studies account for a relatively narrow range of factors and have relied on direct outputs and accomplishments as an appropriate model to capture CBDO effectiveness. Moreover, much of this work has been based on qualitative judgments informed by case study research and in-depth interviews. For instance Gittell & Wilder (1999) work on this topic considers only mission, organizational competency, political, capital, and funding. Similarly, Frederickson & London (2000) examine importance of adequate financial support, strong leadership, skilled staff and volunteers, and management and planning. Moreover, Vidal (1992) and Garn et al. (1976) research on this subject matter have been descriptive and evaluate and utilize direct outputs and accomplishments to assess CBDO effectiveness. Sowa et al. (2004, p.715) suggest, “too often, outcomes alone become the indicators of choice for representing organizational effectiveness. Yet hidden behind those outcome measurements are complex and diverse dynamics that may vary across and within organizations and programs”.

With these issues in mind, the model proposed in this project attempts to address the theoretical and empirical limitations of past CBDO effectiveness studies by providing a more all-inclusive view of CBDO effectiveness utilizing a two-staged approach. Stage one uses a perceptual measure, based on self-reports gathered through a survey of CBDO
leaders, while stage two uses an objective measure based on census data indicating the city-level change in vacant housing as an indicator of performance. Unlike past CBDO studies, the model assumes CBDO effectiveness is shaped by a wider range of factors, both internal management and external environmental in nature and relies on both objective and perceptual measures to fully capture CBDO effectiveness. Likewise, nonprofit scholars suggest that nonprofit organizational effectiveness is multidimensional and cannot be reduced to a single measure (Herman & Renz, 1999; Sowa et al., 2004). These same scholars note that the reliance on program outcome indicators as measures of nonprofit effectiveness is dangerous (Herman & Renz, 1999). Moreover, including perceptual measures allows scholarship to examine how internal management and external environmental factors aligns with the perceptions of those individuals that participate in the organization and provide a more comprehensive view of how these factors influence CBDO effectiveness.

The model is developed with attention to factors that have historically been found to influence CBDO effectiveness in the urban and public administration literatures (Cowan et al., 1999; Gittell & Wilder, 1999; Glickman & Servon, 2004; Mayer & Blake, 1981; Stoutland, 1999). The model uses a systems framework (Packard, 2010) which begins with inputs, including community conditions, such as per capita income, age, race, and median value of home (Cowan et. al. 2004), technical expertise such as full time staff, educational level of executive director (Mayer, 1984), and financial resources which include the amount of monies spent by CBDOs in their service areas (Vidal, 1992). The Model includes outputs which represent the internal and management and external environmental resources that shape CBDO performance (Stoutland, 1999). Lastly,
outcomes are represented in the model to show the impact that inputs and outputs will have on the environmental conditions in which CBDO operate and the perceptions of individuals inside and outside of the organization. Consequently, the following model is proposed:

[Insert Figure 4.2 here]

**Stage I Study Hypotheses**

In stage one of this study, testable assumptions are drawn to determine the factors that influence the organizational effectiveness of CBDOs. The research question and emerging hypotheses guiding this study address the effectiveness of CBDOs that is related to a) internal management factors: organizational mission, performance measurement systems, board governance, executive director educational level, executive director tenure b) external resources: political capacity, financial capacity, and technical assistance. The following sections present, in greater detail, the assumptions behind the model and include proposed hypotheses for stage 1 of this study.

**Internal Management Factors**

*Mission Complexity*

A small number of studies have sought to establish a direct link between organizational mission and organizational effectiveness (Gittell & Wilder, 1999; McDonald, 2007; Sawhill & Williamson, 2001). In general, the mission of nonprofit organizations is to satisfy the needs that are not met by the public and private sectors (Wesibrod, 1988). Moreover, nonprofit mission statements serve as a barometer of the various types of funding they will receive from external sources (Gittell & Wilder, 1999).
Gittell & Wilder (2004) suggest that a CBDO’s organizational mission must be far-reaching in order to motivate constituents and must also be clear-cut, concrete and attractive to garner support from key stakeholders. Connors (1997) suggests that effective organizations take time to listen and learn about the needs of their customers, and use the knowledge gained to improve upon current strategies. For example, in a study of innovations in nonprofit organizations, McDonald (2007) found that a clear, motivating organizational mission was a critical determinant in helping nonprofits focus on innovations that would be beneficial in achieving their overall mission.

Rohe, Quercia, & Levy (2001) concurs with this position, noting that CBDOs that broadened their missions as a result of market conditions were more successful than CBDOs that failed to expand to meet environmental conditions. However, urban scholars also present an alternative scenario, which suggests decreased performance for CBDOs adjusting their missions to meet environmental conditions. Rohe et al. (2001) conclude that the push to be more comprehensive should be resisted at all costs. CBDOs that expand and change their activities too fast can cause serious harm. Steinback & Zdenek (1999) suggest,

The changing competitive climate means that the best way to serve your neighborhood today may be to go beyond your own borders to undertake development or offer business loans. Increasingly, the biggest strategic risk many mature CBDOs face is deciding whether or not to engage in more unfamiliar community-building activities. CBDO lore has encouraged such holistic interventions since the 1960s, and those CBDOs that have become more
comprehensive are accorded national recognition for being so innovative. But going comprehensive is also risky. (p.11)

In light of the reasonable arguments the following is hypothesized:

*Hypothesis 1: Mission Complexity will be negatively associated with CBDO effectiveness.*

**Performance Measurement Indicators**

Recent work on management practices in the nonprofit sector provides insight into ways in which measuring for performance leads to higher effectiveness. Fine and Synder (1999) argue that performance measurement “is one of the first steps in the service delivery improvement process. It involves the selection, definitions, and application of performance indicators, which quantify the efficiency and effectiveness of service-delivery methods”. Moreover, performance measurements “are objective, quantitative indicators of various aspects of the performance of public programs or agencies” (Poister, 2010). Mayer & Blake (1981) note that measuring the performance of CBDOs in carrying out economic development activities can play a significant role in CBDO growth. Additionally, the use of performance indicators help guide the organization and can provide the basis for assuring political leaders that funding to CBDOs is a productive use of community revitalization resources. Accordingly, research suggests a relationship between measuring for performance and organizational effectiveness in nonprofit organizations (Herman & Renz, 2004; LeRoux & Wright, 2010; Mayer & Blake, 1981; Stoutland, 1999; Vaughan, 2010).

For instance, Sawhill & Williamson (2001) conducted a study on the National Conservancy and discovered that the agencies’ use of performance indicators proved
successful to the organization and served as a great tool in demonstrating organizational strength. Similarly, Kaplan and Norton (2001) reports a powerful illustration of the use of the Balance Scorecard as a new performance measurement and management system. He concludes that companies and nonprofit agencies that use this method have seen substantial performance improvements. Herman & Renz (2004) conclude in a study on “highly effective” and “less effective” nonprofits that the use of performance indicators such as mission statement, a recent needs assessment, a measurement of client satisfaction, a formal appraisal process for the executive director and for employees were indicators used by highly effective organizations.

Strategic management scholars (Siciliano, 1996; Stone, Bigelow, & Crittenden, 1999) have examined the relationship between formal planning and nonprofit performance. Stone et. al, 1999 suggests that a positive relationship exist between formal planning and fund growth among nonprofit agencies. In a study of 240 YMCA agencies, Siciliano found that setting of goals and monitoring results were linked to better nonprofit performance. Moreover, the public management literature contains greater evidence of the link between performance information and organizational performance. Poister & Streib (1999) studied the extent of which U.S. cities used five types of performance measures in decision making (outcomes or effectiveness measures, service quality measures, and client or citizen satisfaction measures). These authors show that nearly 75 percent of the 243 cities included in the study utilized these performance measures either “moderately” or “substantially” to improve the overall quality of city decision making. On this basis, the following hypothesis is proposed:
Hypothesis 2: The use of performance indicators will be associated with higher CBDO effectiveness.

Board Governance

The board of directors is a critical component for nonprofit organizations. Scholars have found a direct causal link between board effectiveness and nonprofit organizational performance in terms of perceptions of organizational effectiveness. To enhance the understanding of stakeholder judgments of nonprofit effectiveness, Herman & Renz, (1998) in a study of especially effective and less effective United Way funded charities found that especially effective nonprofits had better performing boards that were high in prestige and used “correct” management procedures. Additionally, Brown (2005) explored this same phenomena in a sample of nonprofit agencies from the Los Angeles and Phoenix metropolitan areas. Brown (2005) discovered a positive correlation between perceived organizational effectiveness and overall board performance.

Using a survey method, Green & Griesinger (1996) studied 16 social service agencies in California to gain an understanding between board performance and organizational effectiveness. To develop their survey questionnaire, these researchers formulated a list of 33 activities that were incorporated under nine roles that they had identified from management literature as tasks that boards perform. All but one of the activities identified were perceived as important by both members and the CEO. The eight activities include mission and policy, strategic planning, delivery and monitoring of programs and services, board development, evaluation of the CEO, resource procurement, financial management, community interaction, and dispute resolution.
Rohe & Bratt (2003) argue that board of directors constitutes a very important element of organizational capacity and the lack of board involvement has contributed to the failure of many CBDOs. Mayer (1984) suggests that CBDO success is contingent on an active board that works eagerly and harmoniously to achieve organizational objectives. Additionally, his findings report that a board that actively participates in formulating policies and procedures contributes to project success.

Public management scholarship has increasingly acknowledged the importance of oversight mechanisms to organizational performance (Holzer & Callahan, 1998; Meier, 1993). This trend reflects an attempt to account for distinctive elements of oversight authorities to public sector organizations, and maintains that public agencies are more likely to perform effectively if oversight authorities are attentive to agency mission accomplishment, supportive, and delegative (Rainey & Steinbauer, 1999). On this basis, the following hypothesis is proposed:

**Hypothesis 3: CBDOs with more effective governance will be associated with higher CBDO effectiveness.**

*Executive Director Educational Level/Executive Director Tenure*

Studies of effective CBDOs frequently emphasize the importance of the executive director in CBDO success (Cowan et al., 1999; N. Glickman & Servon, 2004; Mayer, 1984; Mayer & Blake, 1981; Stoutland, 1999). Mayer (1984) suggests that experience in nonprofit management, such as outlining tasks, having the perspective and skills to plan a project, and fulfilling the needs of oversight are essential to CBDO effectiveness. Mayer and Blake (1981) note that executive director “personal effectiveness” in convincing
stakeholders of their own competence is critical in attracting funds and other resources to the organization. Glickman & Servon (1998) argue the need for CBDOs to hire executive directors with a range of skills in order to maximize organizational efficiency.

Moreover, public manager scholars also note the relationship between professionalism and agency effectiveness (Moynihan & Ingraham, 2004). Bruijn (2002) suggests that performing complex tasks requires professionalism and is critical to performance assessment. Rainey and Steinbauer (1999) argue that special knowledge and skills are directly related to task and mission accomplishment. Johnson, Donahue, Atkin, & Johnson, (1995) suggest that highly educated and professionally trained staff are more likely to utilize performance information than employees who are less educated. On this basis, the following hypothesis is proposed:

**Hypothesis 4:** Executive director education level will be associated with higher CBDO effectiveness.
External Resources

Political Capacity

Political capacity is defined as a “CBDO’s ability to engage residents in political action both directly and indirectly and provide residents with the opportunities to develop leadership skills, access other institutional resources, and gain the attention of decision makers” (Gittell & Wilder, 1999, p.344). Moreover, political capacity is manifested in a number of ways such as, greater citizen and community participation, political leverage and empowerment, and better educated and informed constituency (Glickman & Servon, 2003). Successful CBDOs work effortlessly to represent residents and advocate on their behalf in the political arena. CBDOs strive to mobilize support around issues that are important and relevant to improving the living conditions in low-income neighborhoods. Glickman & Servon (1998) argue that a CBDO benefits greatly from a constituency that is educated and is able to effectively articulate their needs to external stakeholders. Glickman & Servon (2003) in their assessment of CBDOs organizational capacity found that over 70 percent of organizations in their sample held public meetings with residents and over 55 percent published newsletters about the neighborhood and its actions. Gittell & Wilder (1998), note that successful CBDOs are ones that organize community residents to advocate on their behalf and represent the needs of the organization and community on a local level. Mayer & Blake (1984) discovered that “political clout” played an important role in CBDOs securing public funds. Moreover, CBDOs that implement successful programs helped develop political clout among elected officials. Gittell & Wilder (1998) in a study on the critical elements that impact CBDO performance found that CBDOs that engaged in advocacy and community organizing
empowered residents to have their own voice in the political process and incorporated community remembers into the decision-making process. LeRoux & Goerdel (2009) found that nonprofit reliance on government funding increased their advocacy levels, suggesting that nonprofits that receive significant government funding are more likely to educate their constituents about the political process. Moreover, public management scholars have studied political capacity as an important element in the usage of performance measurements. In a study on the capacity of U.S. counties to use performance measurements, Berman & Wang (2000) found that counties with high political capacity were able to successfully implement performance management systems. On this basis, the following hypothesis is proposed:

_Hypothesis 5: CBDOs who engage in advocacy and community organizing will be associated with higher CBDO effectiveness._

**Financial Capacity**

Funding capacity is classified as the ability of a CBDO to obtain funding from multiple sources. Funding and the accumulation of resources is a common theme among CBDOs. A well-established hypothesis is that agencies that develop a broad array of funding perform better (Fredericksen & London, 2000; Gittell & Wilder, 1998; Glickman & Servon, 2003; Rohe & Bratt, 2003). These organizations engage in numerous activities, which often require multiple streams of revenues to complete. CBDOs often rely on grants, development fees, and management fees for various services to fund projects and run the day-to-day operations of the organization. Successful CBDOs obtain funding from various sources and spreads the risk and cost of support across multiple funders (Gittell & Wilder, 1998).
Community development literature suggests that the overreliance on one single funding source can be dangerous to its effectiveness. An effective CBDO relies on multiple streams of revenue in order to achieve its mission. Diversification in funding is crucial to CBDO effectiveness because it spreads the risk among multiple funders (Gittell & Wilder, 1999). Rohe et al. (2003) notes that CBDOs that relied solely on one source of funding played an important role in their failure and downsizing. Vidal (1992) in her national study of CBDOs found that these organizations were heavily reliant on federal funds as a primary source of revenue. Frederickson & London (2000) discovered that only three out of the 18 CBDOs interviewed for her study relied on self-generated funding suggesting that CBDOs lack diverse portfolios which could potentially have a negative impact on their performance.

Despite the success of many CBDOs in addressing poverty in low-income neighborhoods, CBDOs also face challenges and have limitations that can inhibit meeting the needs of residents. Bratt & Rohe (2007) make note that CBDOs look for intermediaries and other funding sources for support and often both parties have different priorities. This limitation can put a strain on a CBDO’s ability in addressing a particular need especially if there are strict guidelines and restrictions on how funds can be used and disbursed. Furthermore, Rubin (1995) notes that CBDOs can jeopardize their autonomy because of their reliance on funding from government and foundations. This reliance on funds puts pressure on the CBDO to provide a quick fix to the problem at hand.

A CBDOs ability to garner support from multiple sources aides in increasing its overall capacity (Norman J. Glickman & Servon, 1998). In general, financial support that
allows flexible use of funds, insures a CBDO’s survival and protects it from being vulnerable against future cutbacks (Mayer & Blake, 1981). On this basis, the following hypothesis is proposed:

\[ \text{Hypothesis 6: Diversification in funding will be associated with higher CBDO effectiveness.} \]

**Technical Assistance**

Technical assistance is defined as the ability of a CBDO to “obtain outside assistance for both solving immediate problems and training individuals” (Faux, 1971, p.103) It is important for a CBDO to develop a structure in which professional staff and board members skills are enhanced and developed to ensure the overall success of the organization. Effective CBDOs take the time to develop leaders and board competence so they can participate in the mobilization efforts of citizens, raise funds, and engage in project implementation (Gittell & Wilder, 1999; Norman J Glickman & Servon, 2003; Norman J. Glickman & Servon, 1998; Mayer, 1984; Mayer & Blake, 1981; W. M. Rohe & Bratt, 2003; Stoutland, 1999; Faux, 1971). Furthermore, Twelvetress (1996) suggests that because CBDOs board consists of residents from low-income communities, it is important for CBDOs to reach out to other entities for technical assistance. Even though CBDOs have been noted in the literature as being great community organizers the staff and boards often do not reflect the skill set for successful development. An effective CBDO is one that partners and collaborates with entities that have the professional expertise to assist them in their development efforts (Faux, 1971).

More broadly, Mayer (1981) argues CBDOs that sought outside technical assistance made significant contributions to effective community and economic...
development work. Additionally, recognizing the need for technical assistance and having access to outside help are key factors in project success. Gittell & Wilder (1999) note that CBDOs that draw upon the resources and skills of other organizations were able to broaden their base of support and range of community development activities.

Glickman & Servon (1998) suggest that CBDOs that partner with other public and private entities to carry out housing activities are increase their professional expertise.

Hypothesis 7: Technical assistance will be associated with higher CBDO effectiveness.

Objective Measures and their influence on CBDO Performance

Model Controls

Much of the public administration and urban policy literature suggests CBDO effectiveness is likely to be influenced by a variety of organizational and demographic variables (Cowan et al., 1999; Mayer, 1984; Stoutland, 1999; Vidal, 1992). Moreover, scholarship on models examining nonprofit effectiveness have reported organizational age, number of employees, and executive director tenure as controls.

Organizational Age

Researchers have found that the more experienced a CBDO is in implementing economic development programs, the more likely it is to be successful (Atlas & Shoshkes, 1997; Cowan et al., 1999; Mayer, 1984; Stoutland, 1999). For instance, Mayer (1984) found that CBDO experience in program activity was positively associated with organizational effectiveness in their sample of CBDOs. Vidal (1992) in her national study of CBDOs argues that younger CBDOs tend to grow rapidly in size and organizational strength. However, Rohe et al. (1991) findings show that measures of efficiency were
negatively associated with effectiveness for CBDOs in the NeighborWorks national network because of the changing needs of residents in their service areas.

The Business management literature has examined the relationship between an organization’s age and its performance (Durand & Coeurderoy, 2001; Kalleberg & Leicht, 1991; Kwon & Rupp, 2012). For example, Carroll (1983) concluded in his research of organizational mortality that the most common finding in empirical studies of mortality is that the death rate of a business organization declines as its age increases. Loderer & Waelchli (2010) suggest that as business organizations grow older their profitability declines overtime. Kalleberg & Leicht (1991) in their study of gender and firm performance found that older businesses were less likely to shut down, and survival and success were distinct attributes of performance for men’s businesses, whereas there was no relationship between gross earnings and organizational survival for women’s businesses.

*Full time employees (FTE)*

Scholars who have studied CBDO effectiveness have identified staff capacity as a critical component (Cowan et al., 2004; Frederickson & London, 2000). For example, Mayer & Blake (1984) discuss the importance of full time staff to overall project success. These authors argue that full time employees are an important attribute and often more valuable than seeking technical assistance from outside sources. Glickman & Servon (2003) note that staffing stability and pay are critical elements of organizational capacity. These authors found that CBDOs partnerships with funders helped improve the salary and benefits of staffers overtime. Frederickson & London (2000) suggest that operational support (such as staffing and organizational structure) have a major impact on shaping
organizational capacity in CBDOs. CBDOs that are not able to hire and pay reasonable
salaries will have difficulties in meeting their goals and objectives.

In another study, CBDOs showed little achievement in areas where key project
development staff positions were vacant and Gittell & Wilder (1999) note the importance
of organizational competency. Moreover, Rohe et.al (2003, p.12) argues, “Adequate staff
capacity helps ensure that the organization functions well from a fiscal and management
perspective”.

Executive Director Tenure

Executive director tenure is another important control in developing a model to
examine CBDO effectiveness. Vidal (1992) research work on CBDOs discovered that 62
percent of organizations with highly stable leadership increased in strength, compared to
only 35 percent of organizations with less stable leadership. Cowan et. al. (1999, p.334)
found “the longer the tenure of the executive director….the more efficiently the
organization will generate capital investment for its service area.” Mayer & Blake (1984)
note the importance of leadership stability and found that turnover in executive director
leadership is highly traumatic and hinders organizational project success. Moreover,
longer executive director tenure gives an organization a clearer view on goals and
objectives. Longer tenure also increase the chances an organization has in securing
financial and other technical assistance through better networking or familiarity with
external resources such as foundations, private corporations, and local government
(Cowan et al., 1999).

Business management scholarship has recognized the association between
managerial tenure and organizational performance. For instance, Kimberly & Evanisko
(1981) found that the longevity of managers provided organizational legitimacy and technical knowledge of how to accomplish specific tasks. Allgood & Farrell (2003) analyzed the effect of CEO tenure on firm performance and discovered a constant negative relationship between performance and “forced turnover” throughout a CEO’s tenure with the firm. Their results also provide evidence that CEOs are held more accountable for firm performance later in their careers.

**Stage 2 Study Hypotheses**

In stage two of this study, testable assumptions are drawn to determine what contextual factors influence the organizational effectiveness of CBDOs. The research question and emerging hypotheses guiding this study for this stage address the effectiveness of CBDOs that is related to a) What extent can CBDOs impact city revitalization to bring about citywide change?. The following sections present, in greater detail, the assumptions behind the model and include proposed hypotheses for stage 2 of this study.

Not only might internal and external factors influence CBDO effectiveness, but so, too, might contextual factors. One particular contextual factor that is of interest here is CBDO expenditures. In the study, “CBDO expenditures” refers to the amount of monies spent by a CBDO in their service area. The idea of examining the direct expenditures of nonprofits is not a new concept, as Anheier & Rudney (1998) discussed the effect of nonprofit output in terms of central economic characteristics.

Overall, CBDOs have worked to create jobs, reduce vacant housing, and decrease the amount of individuals living in poverty. In a 2005 census of CBDOs, the NCEED found that CBDOs created 527,000 jobs, provided, over 1.5 billion dollars in micro
enterprise loans, and built 1,252,000 housing units in urban and rural areas (NCEED, 2005). Smith (2003) studied 12 CBDOs in Indianapolis, to determine their impact on neighborhood real estate markets. Among other things, he studied the extent that reinvestment by CBDOs in the revitalization of poor neighborhoods would stimulate a return of private investment in CBDO service areas. The results indicate that housing markets in neighborhoods with CBDO activity are superior to neighborhoods with no CBDOs. Further, Grogan & Proscio (2000) work on neighborhood revival tells the story of how CBDOs spent millions of dollars to turn their neighborhoods around by creating jobs, reducing vacant properties and working with neighborhood leaders and other stakeholders to reduce poverty in areas like the South Bronx, which had been plagued with poverty, unemployment, and prostitution for decades.

Using both quantitative and qualitative methods, the Federal Reserve Bank of Richmond, VA, analyzed the impact of federal Community Development Block Grant Funds (CDBG) and its Home Investment Partnership (HOME), and Richmond’s community based development organizations impact on vacant housing and abandoned properties in seven neighborhoods over a 5 year period. The direct investment of these entities resulted in an increase in average home sale prices by 9.9 percent. Furthermore, at the end of the 5 year period, home sale prices in the target areas averaged 70 percent above the citywide average (Accordino, Galster, & Tatian, 2005).

In a 2010 on the economic impact of nonprofit arts organizations in the U.S., the Americans for the Arts, revealed that the nonprofit arts and culture industry generated over $135 billion in economic activity every years. The impact of this activity is significant, supporting 4.1 million U.S. jobs and generating $23 billion in government
revenue (Americans for the Arts, 2010). Their results show that certain elements of the nonprofit sector are very important drivers of growth in the national economy, also serve to contextualize the growth rates seen in 58 U.S. cities analyzed in this dissertation. On this basis, the following hypothesis is proposed:

**Hypothesis 1:** Direct CBDO expenditures will be associated with lower vacant housing in U.S. Cities.

Summary

[Insert Table 3.1 here.]

[Insert Table 3.2 here.]

This chapter begins with a brief overview of the organizational effectiveness construct, followed by a review of the theory and research on CBDO performance. It argues CBDO performance theories have been incredibly influential in urban and public administration studies. Furthermore, literature on critical factors that influence CBDO effectiveness suggest that internal management factors such as, organizational mission, performance measures, board governance, organization age, skilled executive director, and staff capacity shape CBDO performance. Additionally, external resources such as, political capacity, fiscal capacity, and technical assistance influence CBDO effectiveness. Also, contextual factors such as CBDO expenditures are a critical component that impacts inner city revitalization. The chapter includes thirteen hypotheses intended to inform each research question and test the CBDO effectiveness model. For easy reference, all hypotheses are listed in Table 3.1 and Table 3.2.
Illustrations

Figure 3.1 The Competing Values Framework

Figure 3.2 CBDO Effectiveness Logic Model

**Inputs**
- **Community Conditions**
  - Per capita income, resident’s education level, age, median housing values,
- **Expertise**
  - Full Time Employees
  - Organizational Age
  - Educational Level of ED
- **Financial Resources**
  - CBDO Direct Expenditures

**Outputs**
- **Internal Management Factors**
  - Organization provides a lot of different types of services - *Organizational Mission*
  - Implement Performance Management System - *Performance measurements*
  - Board is actively engaged - *Board Governance*
- **External Environmental Resources**
  - Organization engages in advocacy and community organizing as a way to build political capital - *Political Capacity*
  - Organization actively seeks technical assistance (Grants, external funding, intermediary support) - *Technical Assistance*

**Outcomes**
- Individuals Living Below Poverty
- Vacant Housing
- Unemployment
- Employee Satisfaction
- Goal attainment

**Impact**
- Organizational Effectiveness
Table 3.1 Study Hypotheses and Findings- Stage I

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Hypothesized Direction</th>
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<tbody>
<tr>
<td><strong>Internal Management Hypotheses</strong></td>
<td></td>
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<tr>
<td>H1: Mission complexity will be negatively associated with CBDO effectiveness</td>
<td>-</td>
</tr>
<tr>
<td>H2: The use of performance indicators will be associated with higher CBDO effectiveness</td>
<td>+</td>
</tr>
<tr>
<td>H3: CBDOs with more effective governance will be associated with higher CBDO effectiveness</td>
<td>+</td>
</tr>
<tr>
<td>H4: Executive director education level will be associated with higher CBDO effectiveness</td>
<td>+</td>
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<tr>
<td><strong>External Resources Hypotheses</strong></td>
<td></td>
</tr>
<tr>
<td>H5: CBDOs who engage in advocacy and community organizing will be associated with higher CBDO effectiveness</td>
<td>+</td>
</tr>
<tr>
<td>H6: Diversification in funding will be associated with higher CBDO effectiveness</td>
<td>+</td>
</tr>
<tr>
<td>H7: Technical assistance will be associated with higher CBDO effectiveness</td>
<td>+</td>
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</table>

Table 3.2 Study Hypotheses and Findings- Stage II

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Hypothesized Direction</th>
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<tr>
<td><strong>Objective Measure Hypothesis</strong></td>
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<tr>
<td>H1: Direct CBDO expenditures will be associated with lower vacant housing in U.S. Cities</td>
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Chapter 4

Methodology

This chapter will outline the methodological approach taken to organize the dissertation research, to collect the relevant data, and to discern the answer to the research questions outlined in chapter 1. This study utilizes a two staged approach, 1. Through a perceptual measure, based on self-reports gathered through a survey of CDBO leaders, and 2. Through an objective measure based on census data indicating the city-level change in vacant housing. Chapter five begins with a description of the population and sample, and a discussion of the data collection and analysis techniques used to address study research questions and hypotheses. Next, a review of measures and model controls selected to test theoretical concepts. Following this, a brief discussion of the data analysis techniques used in this study is offered. This chapter concludes with a brief summary.

Stage I Data Analysis

Direct tests of the hypotheses for stage 1 data analysis rely on quantitative data collected from 122 CBDOs in various cities across the country. A 20-question online survey questionnaire, comprised of 9 sections was designed in accordance with Dillman’s Tailored Design Method (2000), which includes (1) a questionnaire with well-designed content; (2) the survey questionnaire formatted in accordance with the latest advances in cognitive research; (3) multiple personalized contacts, each contact accompanied with a carefully crafted message to encourage the respondent to complete the online survey questionnaire (See Appendix A).
A comprehensive list of CBDOs was supplied by NeighborWorks America, an intermediary organization which supplies technical assistance to over 237 CBDOs across the United States. From this file a list of 237 CBDOs was complied. An online survey was constructed using Qualtrics software. Out of the 237 organizations classified as legitimate members of NeighborWorks America, 122 organizations responded to the survey. The response rate was calculated at approximately 51 percent.

The responding organizations were drawn from various urban cities across the United States. However, disproportionate amount were located in cities of the west, east and Midwest regions. This did not appear to be sampling bias because many of the CBDOs on the list were located in this area. Furthermore, previous studies note that well established CBDOs are in cities located in metropolitan areas in the west, east and Midwest regions (Vidal, 1992).

The eighteen page questionnaire, designed for executive directors of organizations was comprised of both nominal and ordinal level items, as well as numerous open-ended questions. The survey instrument was divided into 9 parts: organizational mission, organizational effectiveness, political capital, performance measurement, organizational competency, human resource development, board governance, technical assistance, and back ground information.

The first section of the survey requested information about the overall mission of the organization. This section explored whether the organization used their mission statement as a criterion for determining success, and whether or not the mission was clear and reflected a widely shared and warmly endorsed organizational culture. The second section requested information on the effectiveness of the agency, and asked respondents to evaluate the
performance of their CBDO based on whether or not the agency had achieved its goals or objectives over a one year period. The third section of the questionnaire asked respondents about activities their organization participated in to empower their constituents. This section further explored whether or not the organization incorporated community members into planning, decision making, and the implementation of activities. As previous sections of this study noted, the ability of a CBDO to engage its constituents in the political process is essential to performance.

The fourth section of the questionnaire requested information about whether or not the organization used certain performance indicators to assess the performance of their agency. Section five of the survey instrument asked executive directors to provide basic information on competency. For instance, questions in this section focused on to what degree the organization developed strong internal staff and board capabilities to engage in activities ranging from planning to community organizing. Section 6 of this survey asked questions about human resource development, and asked respondents to indicate to what degree their organization established training for their employees and whether not the organization had effective recruitment, placement, and professional development for its employees.

Section 7 of the survey requested information on the respondents’ board of directors. This section explored whether the board of a CBDO was attentive, delegative, and supportive of the overall programmatic and operations of the organization. Basic information about the number of board members and their professional affiliations was asked. Section 8 of this survey asked questions related to technical assistance. The respondents were asked to provide information on
what types of assistance was received from various entities and what type of assistance was currently needed. The final section of this survey requested background information on the organization and the executive director. For example, what year was the CBDO incorporated, how many full time staff, par time staff, and volunteers does your organization have, how many years have you worked in the nonprofit field, what is your highest level of education. Also, this section requested information on partnerships and current expenditures of the organization.

*Stage I Survey Approval*

As part of the requirements for conducting research on human subjects, a request was made to the Institutional Review Board at the University of Kansas for approval of the research protocol. The request was submitted in September of 2011 for expedited review. The cover letter provided detailed information that assured respondents of strict confidentiality and the study presented no risk to the respondents. It was also stressed that it is possible, however, with internet communications, that through intent or accident someone other than the intended recipient may see your response.

*Stage I Survey Pre-Test*

The questionnaire was pretested in November 2011 on 10 CBDO and nonprofit leaders in the Kansas City metropolitan area. Respondents selected to participate in the pre-test were given 10 days to complete the survey. A link to the questionnaire was sent using Qualtrics survey, inviting respondents to participate in the pre-test. 8 of the surveys were completed, which resulted in an 80% pre-test response rate. A total of eight participants completed the survey with no difficulties. The CBDO and nonprofit managers were asked about the structure of the
questions and the amount of time taken to complete the survey. Some CBDOs leaders recommended adjusting some questions to better reflect what the study was attempting to measure. Other CBDO leaders reported no issues with the survey questions and time taken to complete. The researcher attempted to contact the non-respondents with a reminder e-mail. The two CBDO leaders that were sent the reminder emails did not respond.

Method of Analysis

Stage I of this study used ordinary least squares regression to estimate the effects of each independent variable on perceived organizational effectiveness while holding the other independent variables constant. One advantage to using OLS is that it is useful for fitting a predictive model to an observed data set of $y$ and $X$ values. Further, OLS is useful for attempting to represent the data with an equation of a straight line, (also known as “best-fit”) which is drawn through the center of a group of data points plotted on a scatter plot. The line of best-fit shows whether the dependent variable and explanatory variables are correlated.

Study Measures

The measures for this study were taken from previously validated or commonly used items. As stated in previous sections, the survey instrument used in this study was a 9 part web-based questionnaire. The survey consisted of questions designed to measure the research constructs: organizational effectiveness, organizational mission, performance measurement, board governance, technical assistance, political capital, financial capacity, and technical assistance. Various five point Likert scale responses were used to measure the research constructs. Table 4.1 provides a description of the measurement for the dependent variable, as
well as the explanatory independent variables. A detailed description of study measures can be found in the subsections below.

[Insert Table 4.1 here]

Perceived Organizational Effectiveness—Dependent Variable

Perceived organizational effectiveness is measured using five items on a scale of 1 to five, ranging from (5-highest, 1=lowest). These measures were taken from Herman and Renz (1997, 1998) and Brown. (2005). In the questionnaire, these five items have a Cronbach’s alpha of 0.56, and include the following:

- How successful, during the last year, was your organization to meet these goals by selecting a number from highest to lowest (5-highest, 1=lowest)
  - The majority of clients (customers) served experienced marked improvements as a result of services provided
  - The number of programs and services offered has increased during the last year
  - The quality of services offered has improved
  - Generally clients and consumers are satisfied with the services provided
  - Overall how successful has the organization been in meeting its goals or objectives?

This measure of perceived organizational effectiveness has several advantages. First, these items are common in the nonprofit organizational effectiveness literature (e.g., (Brown, 2005; Herman & Renz, 1997, 1998), and capture several important components of organizational effectiveness, including the number of programs offered, the quality of services, client
satisfaction, and the executive directors perception of goals and objectives achieved. Second, the inclusion of these measures is in-line with past studies, thereby allowing for substantial comparison between findings.

Third, although research suggests that perceptual data introduce limitations through increased measurement error and bias, it is not unusual to use such measures to assess nonprofit organizational effectiveness (see Herman and Renz, 1997; Packard, 2010; and Brown, 2005). Moreover, the use of perceptual measures to assess organizational effectiveness has benefit. Mitchell (2012) argues that “leaders’ views are relevant and important because of their informedness and centrality” (p.327). Moreover, Herman and Renz (1999) note, “in the world of NPOs, there are activities and accounts of activities, such as annual reports, program outcome reports, stories told by CEOs to board members, funders, and others, and so on. These activities, like pitches, are nothing until someone calls or interprets them. That is, they are not significant until someone forms judgments of effectiveness from them and acts on the judgments” (p.404).

**Mission Complexity**

One item of mission complexity is included in the study. The item is measured by taking the count of different activities that the organization engages in, and asks the following:

- How would you classify your organization?
  - Primarily housing
  - Primarily Job creation
  - Primarily advocacy
  - Primarily economic development
This measure is included to examine whether an organization’s mission can be used as a ‘workable lever’ to improve the overall effectiveness of the organization. Having missions that are broad and complex can prevent CBDOs from being effective in their revitalization efforts. Gittell and Wilder (1998) suggest that successful CBDOs are ones that limit their activities to those that are in alignment with the community’s needs and priorities.

**Performance Measurement**

Performance measurement is measured using 5 items on a scale of 1 to 5, ranging from never to frequently. These items were taken from the Meeting the Needs of America’s Communities Study and replicate measures used in previous studies (Carman, 2007; LeRoux & Wright, 2010; Morley, 2002; Poister & Streib, 1999). These items have a Cronbach’s alpha of 0.70, and included:

- How much do you rely on each of the following to measure the performance of your organization?
  - Workload or output indicators
  - Unit cost or efficiency measures
  - Outcomes or effectiveness
  - Client/customer satisfaction
  - External Audits

These items have been used in several studies, and are intended to capture the extent to which CBDO use performance indicators to measure the effectiveness of their organization. Past
research suggest that nonprofits that use performance indicators in making strategic decisions improve the performance of their organization (LeRoux & Wright, 2010).

**Board Governance**

Effective board governance is measured using three items on a scale of one to five, ranging from strongly disagree to strongly agree. These items were adapted from Rainey and Steinbauer (1999) measures of oversight mechanisms. The items have a Cronbach’s alpha of 0.77, and include the following:

- The Board of directors is attentive to organizational mission accomplishment
- The Board of Directors is supportive. They promote the interests of management and staff
- The Board of directors is delegative. They assign responsibility or authority to management and staff

These measures are included to examine whether effective board governance results in higher performing organizations. Nonprofit scholarship notes the importance of effective board governance to nonprofit effectiveness (Herman & Renz, 1998, 2000, 2004; LeRoux & Wright, 2010; Mayer, 1984; Mayer & Blake, 1981; W. M. Rohe & Bratt, 2003). Moreover, effective board governance increases the organizational capacity of the nonprofit, and board members that are attentive to CBDO mission are supportive, and delegate may lead to higher CBDO effectiveness. Including the board governance measures offers a chance to empirically examine this assertion.
Executive Director Tenure

This is defined as the period of time measured in years that the executive director has been employed with the organization. Executive director tenure is an important element in CBDO effectiveness. Scholars who study CBDOs note that leadership stability is key to the survival of a CBDO. Also, the longer the tenure of an executive director the more likely a CBDO will be successful in their revitalization efforts (Cowan et al., 1999; Mayer & Blake, 1981; Vidal, 1992)

Executive Director Educational Level

This is defined as the highest level of formal education one had completed. It was measured on a 5 item scale.

- PhD
- Master’s Degree
- Bachelor’s Degree
- Some College
- High School diploma/GED

Administrative capacity is crucial to CBDO effectiveness (Gittell & Wilder, 1999). CBDOs that have executive directors that are experienced and have a wide range of skills will maximize the efficiency of the organization. Including this measure offers a chance to empirically examine this assertion

Organizational Age
This is defined as the number of years an organization has been in existence. As noted in previous sections researchers have found that a more experienced CBDO is in implementing community and economic activities the more likely it is to be successful (Atlas & Shoshkes, 1997; Stoutland, 1999; Vidal, 1992). However, scholars have noted the negative impact that organizational age can have on CBDO effectiveness (Cowan et al., 1999). Including this measure offers a chance to empirically examine these assertions.

*Full Time Employees*

This is defined as the number of full time employees that the organization currently employs. This measure is important because adequate staff capacity ensures that the organization is able to complete projects successfully (Mayer & Blake, 1981; W. M. Rohe & Bratt, 2003). Since CBDOs engage in numerous development projects having adequate staffing ensures that the organization is able to complete the project with limited problems.

*Political Capacity*

Two items of political capacity are included in the study. It is based on the work of Gittell and Wilder (1999). The item is measured on a scale of 1 to 5, ranging from never to always. These items have a Cronbach’s alpha of 0.77, and include the following:

- My organization engages in advocacy
- My organization engages in community organizing
It seems likely political capital investments allow organizations to secure public funds, and raise the awareness of their work with policymakers. Consequently, including this measure in this study provides an opportunity to explore whether the value placed in mobilizing and advocacy influences its organizational effectiveness.

Financial Capacity

One item of financial capacity is included in the study. It is adapted from the work of Bielefeld and Murdoch (2004); Thornton (2006). The item uses the Herfindhal-Hirschman Index to measure the revenue concentration of CBDOs. The index is calculated by taking the Sum of \((\text{Revenue} / \text{Total Revenues})^2\) of organization i in year t; individual revenue streams are Total Contributions, Program Service Revenue, Membership Dues and Assessments, Interest, Dividends, Net Rental Income, and Other Investment Income. As such, it can range from 0 to 1.0, moving from several sources of revenue to a single source.

An effective CBDO relies on multiple streams of revenue in order to achieve its core mission. The reliance on a single source puts a CBDO at risk of failing. A CBDO ability to attract funds from multiple sources will contribute to its effectiveness. This measure of financial capacity provides an opportunity to explore the impact that funding has on CBDO effectiveness.
Technical Assistance

One item of technical assistance is included in the study. It is adapted from the work of Mayer (1984) and Eisinger (2002). The item is a count of the various types of technical assistance the organization has received over the past year. It asks the following:

- What technical assistance has your organization received over the past year?
  - Data Collection
  - Strategic Planning
  - Substantive program issues
  - Recruiting Reaching Clients
  - Client Tracking and Follow up
  - Other

It is vital for CBDOs to draw on the skills of other organizations and individuals. CBDOs who seek out assistance tend to be more effective in community and economic development work (Gittell & Wilder, 1999; Norman J Glickman & Servon, 2003; Norman J. Glickman & Servon, 1998; Mayer, 1984; Mayer & Blake, 1981; Twelvetrees, 1989). Including this measure offers a chance to empirically examine this assertion.

Stage II Data Analysis

For the analysis, I combine Guidestar 990 Core Data from 2002 to 2007 with American Community Survey data, and the City-Data database on U.S. cities from 2002 to 2007. The Guidestar database is directly transferred from organizations’ IRS Form 990, the annual tax filing for tax exempt charitable organizations. One limitation to using 990 data is related to the
inconsistencies in the 990 data from nonprofit managers misreporting to the IRS (Krishnan, Yetman, and Yetman 2006). However, these data otherwise represent comprehensive financial data on these organizations that would otherwise be unavailable. Scholars have also noted limitations to using ACS data. Even though ACS data provides important data for researchers, it is based on a sampled population rather than an actual count. This leads to a higher margin of error compared to data collected from the Decennial Census. In spite of this, ACS data is based on more up to date information on the population whereas, the Decennial Census is more of a snapshot of the entire population collected every ten years.

For each U.S. city in this study, a search of CBDOs with the following NTEE codes were conducted: S20 (Community & Neighborhood Development), S31 (Urban & Community Economic Development). This search produced a total of 1,691 organizations across the 58 cities in the study. Cities were chosen as the unit of analysis oppose to neighborhoods because CBDO activity often spans a wider region and thus the benefits generated by these organizations would not be limited to a neighborhood or community. On the other hand, there are some types of CBDOs, such as CDCs that focus on a single neighborhood, however as noted in chapter 3 of this study, even CDCs work spans multiple neighborhoods. A list of cities included in this study are shown in Table 4.2.

[Insert Table 4.2 here]
Method of Analysis

Stage II of this study used ordinary least squares regression to estimate the effects of each independent variable on the percent of vacant housing at the city level while holding the other independent variables constant. One advantage to using OLS is that it is useful for fitting a predictive model to an observed data set of $y$ and $X$ values. Further, OLS is useful for attempting to represent the data with an equation of a straight line, (also known as “best-fit”) which is drawn through the center of a group of data points plotted on a scatter plot. The line of best-fit shows whether the dependent variable and explanatory variables are correlated.

Study Measures

Several variables of interest have been included in this study. The choice of these variables is based on the public administration, urban policy, and nonprofit literature. These variables have been developed based on their place and role in the present study.

Dependent Variable

The number of vacant housing units at the city level is used as the dependent variable for Phase II of this study. Inner city revitalization has been equated in literature as gentrification and the construction of new housing (Lee, 1985). Furthermore, revitalization can be related to economic development which includes the creation of jobs, the flow of money into a neighborhood, and the efforts made by government and nonprofit organizations in aiding businesses in creating ways, in which they can better buy, produce and sell goods and services (Lee, 1985, Zielenbach, 2000).
There is no one measure that can fully capture all the facets that comprise city revitalization, nor is their one measure that speaks to all the intricacies that would capture the number of housing units built, adjustments in income, employment, and goods and services produced in U.S. cities. With that said, I have chosen to develop a model that uses vacant housing as a measure of the city impact of community and economic development activities of CBDOs.

Most CBDOs core mission is to rehabilitate and construct new housing in distressed urban areas (Faux, 1971; Glickman and Servon, 1998; Harvard Law Review, 1970; Rohe, 1998; Walker, 2002, 2005; Vidal, 1992). In a national study of CBDOs Vidal (1999, p.96) found that “aspects of neighborhood condition most commonly cited as those showing substantial durable improvements are increases in the quality of residential and commercial spaces that result directly from CDC development activity”. Table 4.3 provides a detailed description of the measurement for each dependent variable, as well as the explanatory independent variables. 

*Independent Variables/Model Controls*

Collectively, the independent variables described in Table 4.3 are designed to determine whether levels of vacant housing are decreased as a result of CBDO spending. With that said the key independent variable of interest is CBDO direct expenditures, which measures the total amount of monies spent on programming and administration by CBDOs in each city. Other independent variables included in the analysis serve as model controls and are: the percentage of minorities in each city, percentage of individuals between the ages of 18-39, the percentage of individuals enrolled in graduate or professional school, per capita income, and the median value
of a home in each city. Each of these independent variable are interval ratio and represents the percent change from 2002-2007 for their respective category.

The decision to include these demographic variables as control variables in the present study is based on prior research examining city and neighborhood revitalization. Studies have shown that once revitalization occurs in a city that the population for blacks will decline (Lee, 1985). Furthermore, other research has shown that when gentrification occurs in neighborhoods, minority groups are displaced by higher income white residents (Kennedy and Leonard, 2001). Areas containing high populations of Blacks and Latinos tend to have lower property values and per capita income than predominately white neighborhoods (Zielenbach, 2000). A variable examining age is included because individuals w (65 +) are often reside in depressed urban areas. Education will also be a key determinant to the potential of an area being revitalized. Educated people tend to have better jobs and make more money. The greater income potential will generate stronger market activity.

Several geographic factors may also influence city revitalization. Vacant housing may be especially concentrated in inner cities within metropolitan areas. A dichotomous variable is there included in the models to capture whether the city is a core/central city or a suburb. Region of the country may also have an impact on vacant housing and crime rates. Much CBDO activity has occurred recently in the Midwest and Northeastern regions of the United. The West and South did not see much CBDO activity until the 90s. Dummy variables were created for four regions: West, South, Midwest, and Northeast. Since South is the largest category by a slight amount (34% percent of cities in the dataset are located in the southern region of the U.S.), this is
the omitted category, and the other three U.S. regions are included in the study and are interpreted with reference to the omitted category (Hamilton, 2009).

[Insert Table 4.3 here]

Summary

This chapter reviews the population sample, the study design and measures used to test theoretical concepts. It notes that stage 1 of the study relies on a comprehensive list of 237 CBDOs supplied by NeighborWorks America, an intermediary organization which supplies technical assistance to CBDOs. A 20 question survey was administered in fall 2011. 122 organizations responded to the survey. The response rate was calculated at approximately 51 percent.

The eighteen page questionnaire, designed for executive directors of organizations was comprised of both nominal and ordinal level items and included several measures to assess the relationship between study variables and CBDO effectiveness. Since the study involved human subjects, permission for data collection was obtained from the University of Kansas Institutional Review Board. Participants were informed of the study purpose and procedures, as well as their rights to participate in the study.

Stage 2 of the study utilizes secondary data measures collected from the U.S. Census Bureau and Guidestar to assess the impact of objective measures on CBDO revitalization efforts in U.S. cities. The key independent variable of interest in this phase is CBDO direct expenditures, which reflects the amount of expenditures of each CBDO included in the study over 6 time points.
## Illustrations

### Table 4.1 Description of Variables and measures-Stage I

<table>
<thead>
<tr>
<th>Variable(s)</th>
<th>How the variable was measured and source of question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent variable</td>
<td>Summative index (Cronbach’s alpha = .56) based on the following statements:</td>
</tr>
<tr>
<td>Organizational effectiveness</td>
<td>How successful, during the last year, was your organization to meet these goals by selecting a number from highest to lowest (5=highest, 1=lowest)</td>
</tr>
<tr>
<td></td>
<td>The majority of clients (customers) served experienced marked improvements as a result of services provided</td>
</tr>
<tr>
<td></td>
<td>The number of programs and services offered has increased during the last year</td>
</tr>
<tr>
<td></td>
<td>The quality of services offered has improved</td>
</tr>
<tr>
<td></td>
<td>Generally clients and consumers are satisfied with the services provided</td>
</tr>
<tr>
<td></td>
<td>Overall how successful has the organization been in meeting its goals or objectives?</td>
</tr>
<tr>
<td>Independent Variable (s)</td>
<td></td>
</tr>
<tr>
<td>Internal Management Factors</td>
<td>• How would you classify your organization?</td>
</tr>
<tr>
<td>Mission Complexity</td>
<td>o Primarily housing</td>
</tr>
<tr>
<td></td>
<td>o Primarily Job creation</td>
</tr>
<tr>
<td></td>
<td>o Primarily advocacy</td>
</tr>
<tr>
<td></td>
<td>o Primarily economic development</td>
</tr>
<tr>
<td></td>
<td>o Other (please specify)</td>
</tr>
<tr>
<td>Performance Measurement Index</td>
<td>Summative index (Cronbach’s alpha = .70) based on the following statements:</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>How much do you rely on each of the following to measure the performance of your organization? (5-Frequently, 1=Never)</td>
</tr>
<tr>
<td></td>
<td>Workload or output indicators</td>
</tr>
<tr>
<td></td>
<td>Unit cost or efficiency measures</td>
</tr>
<tr>
<td></td>
<td>Outcomes or effectiveness</td>
</tr>
<tr>
<td></td>
<td>Client/customer satisfaction</td>
</tr>
<tr>
<td></td>
<td>External Audits</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board Governance Index</th>
<th>Summative index (Cronbach’s alpha = .77) based on the following statements:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Board of directors is attentive to organizational mission accomplishment lowest (5-strongly agree, 1=strongly disagree)</td>
</tr>
<tr>
<td></td>
<td>The Board of Directors is supportive. They promote the interests of management and staff</td>
</tr>
<tr>
<td></td>
<td>The Board of directors is delegative. They assign responsibility or authority to management and staff</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organizational Age</th>
<th>Measured in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director Education Level</td>
<td>PhD</td>
</tr>
<tr>
<td></td>
<td>Master’s Degree</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s Degree</td>
</tr>
<tr>
<td></td>
<td>Some College</td>
</tr>
<tr>
<td></td>
<td>High School diploma/GED</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Executive Director Tenure</th>
<th>Numbers of years executive director has been with the organization</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Full Time Employees</th>
<th>Number of full time employees in each organization</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>External Resources</th>
<th>My organization educates the people we serve about their rights (Entitlements, services, etc.). (5-strongly agree, 1=strongly disagree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Capacity</td>
<td>Herfindhal-Hirschman Index</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td></td>
<td>The index is calculated by taking the Sum of (Revenue / Total Revenues)^2</td>
</tr>
</tbody>
</table>

### Technical Assistance

- What technical assistance has your organization received over the past year?
  - Data Collection
  - Strategic Planning
  - Substantive program issues
  - Recruiting Reaching Clients
  - Client Tracking and Follow up
  - Other
### Table 4.2 Sample of Cities

<table>
<thead>
<tr>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albuquerque city, New Mexico</td>
</tr>
<tr>
<td>Anchorage municipality, Alaska</td>
</tr>
<tr>
<td>Atlanta city, Georgia</td>
</tr>
<tr>
<td>Austin city, Texas</td>
</tr>
<tr>
<td>Bakersfield city, California</td>
</tr>
<tr>
<td>Baltimore city, Maryland</td>
</tr>
<tr>
<td>Boston city, Massachusetts</td>
</tr>
<tr>
<td>Buffalo city, New York</td>
</tr>
<tr>
<td>Charlotte city, North Carolina</td>
</tr>
<tr>
<td>Chicago city, Illinois</td>
</tr>
<tr>
<td>Cincinnati city, Ohio</td>
</tr>
<tr>
<td>Cleveland city, Ohio</td>
</tr>
<tr>
<td>Columbus city, Ohio</td>
</tr>
<tr>
<td>Dallas city, Texas</td>
</tr>
<tr>
<td>Denver city, Colorado</td>
</tr>
<tr>
<td>Detroit city, Michigan</td>
</tr>
<tr>
<td>El Paso city, Texas</td>
</tr>
<tr>
<td>Fort Worth city, Texas</td>
</tr>
<tr>
<td>Fresno city, California</td>
</tr>
<tr>
<td>Houston city, Texas</td>
</tr>
<tr>
<td>Indianapolis city (balance), Indiana</td>
</tr>
<tr>
<td>Jacksonville city, Florida</td>
</tr>
<tr>
<td>Kansas City, Missouri</td>
</tr>
<tr>
<td>Las Vegas city, Nevada</td>
</tr>
<tr>
<td>Long Beach city, California</td>
</tr>
<tr>
<td>Los Angeles city, California</td>
</tr>
<tr>
<td>Memphis city, Tennessee</td>
</tr>
<tr>
<td>Mesa city, Arizona</td>
</tr>
<tr>
<td>Miami city, Florida</td>
</tr>
<tr>
<td>Milwaukee city, Wisconsin</td>
</tr>
<tr>
<td>Minneapolis city, Minnesota</td>
</tr>
<tr>
<td>Nashville-Davidson (balance), Tennessee</td>
</tr>
<tr>
<td>New Orleans city, Louisiana</td>
</tr>
<tr>
<td>New York city, New York</td>
</tr>
<tr>
<td>Oakland city, California</td>
</tr>
<tr>
<td>Oklahoma City, Oklahoma</td>
</tr>
<tr>
<td>Omaha city, Nebraska</td>
</tr>
<tr>
<td>Philadelphia city, Pennsylvania</td>
</tr>
<tr>
<td>Phoenix city, Arizona</td>
</tr>
<tr>
<td>Pittsburgh city, Pennsylvania</td>
</tr>
<tr>
<td>Portland city, Oregon</td>
</tr>
<tr>
<td>Raleigh city, North Carolina</td>
</tr>
<tr>
<td>Sacramento city, California</td>
</tr>
<tr>
<td>San Antonio city, Texas</td>
</tr>
<tr>
<td>San Diego city, California</td>
</tr>
<tr>
<td>San Francisco city, California</td>
</tr>
<tr>
<td>San Jose city, California</td>
</tr>
<tr>
<td>Santa Ana city, California</td>
</tr>
<tr>
<td>Seattle city, Washington</td>
</tr>
<tr>
<td>St. Louis city, Missouri</td>
</tr>
<tr>
<td>St. Paul city, Minnesota</td>
</tr>
<tr>
<td>St. Petersburg city, Florida</td>
</tr>
<tr>
<td>Tampa city, Florida</td>
</tr>
<tr>
<td>Toledo city, Ohio</td>
</tr>
<tr>
<td>Tucson city, Arizona</td>
</tr>
<tr>
<td>Virginia Beach city, Virginia</td>
</tr>
<tr>
<td>Washington city, District of Columbia</td>
</tr>
<tr>
<td>Wichita city, Kansas</td>
</tr>
</tbody>
</table>
### Table 4.3 Description of variables and measures-Stage II

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant Housing</td>
<td>Percent change of Vacant Housing units in each city from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>CBDO Direct expenditures</td>
<td>Percent change in Sum of total expenditures for each CBDO: S30 and S31, from 2002-2007</td>
<td>Guidestar</td>
</tr>
<tr>
<td>% nonwhite population</td>
<td>Percent change nonwhite population from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>Percent change in Per Capita Income in each city from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>Median Home Value</td>
<td>Percent change in median value of homes at city level from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>Education</td>
<td>Percent change of population enrolled in Graduate and Professional School from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>% Elderly</td>
<td>Percent change of population 65 and over living in cities from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>Unemployment</td>
<td>Percent change in unemployment rate for each city from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>Poverty</td>
<td>Percent change of population living in poverty from 2002-2007</td>
<td>American Community Survey</td>
</tr>
<tr>
<td>Central/Core city</td>
<td>City is a central city or census-defined core city for its region, coded 1 if yes, 0 if not.</td>
<td>U.S. Census of Governments (2007)</td>
</tr>
<tr>
<td>West</td>
<td>City is located in in a Western state, 1 if yes, 0 if not.</td>
<td>U.S. Census Bureau 2013</td>
</tr>
<tr>
<td>South</td>
<td>City is located in in a Midwestern state, 1 if yes, 0 if not.</td>
<td>U.S. Census Bureau 2013</td>
</tr>
<tr>
<td>Northeast</td>
<td>City is located in in a Northeastern state, 1 if yes, 0 if not.</td>
<td>U.S. Census Bureau 2013</td>
</tr>
</tbody>
</table>
Chapter 5

Data Analysis and Results

This chapter presents the results of the statistical analysis conducted to test the hypotheses related to the main research questions in this study. Three research questions were examined: (a) What internal management factors are crucial to the effectiveness of CBDOs? (b) What resources can be leveraged by CBDOs to increase organizational effectiveness? (c) What extent can CBDOs impact city revitalization to bring about citywide change? Additionally, this chapter includes a review of the steps taken to conduct the analysis, a descriptive analysis of variables, the results of the multivariate analysis for stages 1 and 2 of the dissertation study, and construct specific results. Next, the results from the survey data analysis and secondary data are tied to the broader research questions and the hypotheses presented in the previous chapters. Followed by, the theoretical implications.

Stage 1 Survey Data Results

Descriptive Analysis

Before turning to analytical procedures and the ordinary least squares (OLS) regression model, a descriptive analysis of demographic variables was conducted to provide a detailed description of the sampled population. Table 5.1 shows the classification of CBDOs included in the study. Approximately, 93 percent of CBDO executive directors classified their organizations as primarily housing. Second, a small minority of the sampled group are engaged in job creation, advocacy, and economic development activities. These frequencies and percentage of responses reflect the current trend in CBDO activity for the sampled CBDOs. Historically, CBDOs in the
1960s and 1970s primarily focused on advocacy and job creation. However, as CBDOs entered into the 80s and 90s there was a big push to focus on housing due to the availability of federal funds for housing development projects (Vidal, 1992). Moreover, according to a national survey conducted by the Urban Institute in 2001 most CBDOs sampled in their study engaged primarily in the creation of housing in low to moderate income neighborhoods. Additionally, a census of CBDOs in 2005 revealed housing development was the primary activity of CBDOs (Steinbach, et al., 2005).

When asked about the number of years in existence, the average number of years reported was approximately 30, (shown here as table 5.2). Three percent of the sample population had been in existence from 1-10 years, 18.9 percent from 11-20 years, and nearly 40 percent of CBDOs had been in existence from 21-30 years. Additionally, 26 percent of CBDOs were in existence for 31-40 years, and 13.1 percent for 41-50 years. Even though studies have reported the mean age of CBDOs around 15 (Cowan et al, 1999; Walker, 2002), CBDOs in the NeighborWorks America network tend to be more established and experienced organizations.

Overall, CBDO research has suggested the importance of administrative capacity to CBDO performance (Glickman and Servon 1998; 2003). Executive directors were asked to report the number of full time staff and volunteers working for their organization, shown here as table 5.3 and 5.4. Executives reported 23.8 percent had 1-10 FTEs, 34.4 percent between 11-20 FTEs, 10.7 percent between 31-40, and about a quarter of CBDOs had over 41 FTEs. In addition,
32 percent of CBDOs had 1-10 volunteers, and nearly 30 percent of sampled executive directors reported their organizations had over 50 volunteers. Furthermore, nearly 70 percent of CBDOs included in the sample had between 11-20 people serving on their board of directors (see table 5.5).

[INSERT TABLE 5.3]
[INSERT TABLE 5.4]
[INSERT TABLE 5.5]

In the 1990s there was a big push for CBDOs to become more professionalized in an attempt to be taken seriously by funders and to attract other resources to their organizations (Vidal, 1992). CBDO scholars also suggest that professionalization is a critical factor in CBDO effectiveness (Mayer and Blake, 1981). Table 5.6 shows executive directors of sampled CBDOs have held their positions on average of 13 years. A few-22 percent have been on the job for more than 30 years. However, 43.4 percent of surveyed executive directors have been on the job for 1-10 years. Also, when asked about years worked in the nonprofit field, nearly 25 percent responded 1-10 years, 32.8 percent 11-20 years, and nearly 50% of the sample had worked over 20 years in the nonprofit field (see table 5.7). Overall, Table 5.8 shows that most executive directors (nearly 50 percent) have a Master’s degree and approximately 39 percent had a bachelor’s degree. These results reveal that a majority of executive directors of CBDOs in the sampled population have experienced leaders who have spent on average 20 years working in the nonprofit world.

[INSERT TABLE 5.6]
Stage I Ordinary Least Squares Regression and Results

Means, standard deviations, scale ranges, and correlations for stage 1 study variables are provided in Table 5.9, and Table 5.10. A review of means, standard deviations, and scale ranges suggests several constructs follow non-normal, skewed distributions, including organizational effectiveness, organizational mission, political capacity, funding capacity, and technical assistance.

Preliminary analyses were performed to check for missing values, multicollinearity (See Table 5.10 and Table 5.11), and heteroscedasticity. A series of diagnostics checks, including the correlation matrix, and the square root of the variance inflation factor (VIF) were conducted to ensure that the model did not violate any of the assumptions of OLS regression. A histogram of the standardized residuals shows that they are normally distributed. A scatter plot reveals that the residuals are homoscedatic and independent from one another. Next, bivariate correlations and the VIF were examined to detect multicollinearity. The highest correlations are between mission complexity and financial capacity (-0.48)-no other correlation exceeds 0.28. Financial capacity had the highest VIF, under 1.38, with none of the other variables exceeding 1.35 (see table 5.11).

The coefficients of the ordinary least squares are reported in terms of coefficients and \( p \)-values, and are presented in table 5.12, which shows the change in perceived organizational effectiveness that is associated with a 1 unit change in mission complexity, performance measurement index, board governance, age, executive director education and tenure, full time
staff, political capacity, financial capacity, and technical assistance. The results (shown in table 5.12) provide mixed results for the theoretical model, which explains 19 percent of the variation in executive director’s perceptions of organizational effectiveness. The results do support the proposition that CBDO effectiveness is shaped by internal management factors and external resources. For example, for every 1-unit increase in whether a CBDO used performance measures increased perceived organizational effectiveness by .183 units. CBDOs whose boards are delegative and attentive to mission accomplishment was positively associated with CBDO effectiveness. Further, CBDOs that engaged in advocacy and community organizing had a positive effect on the perceived effectiveness of CBDOs by .216 units. In comparison, an increase in the age of the organization decreased perceived CBDO effectiveness by .033 units.

[INSERT TABLE 5.9]
[INSERT TABLE 5.10]
[INSERT TABLE 5.11]
[INSERT TABLE 5.12]

Stage II Ordinary Least Squares Regression and Results

Means, standard deviations, scale ranges, and correlations for phase II study variables are provided in Table 5.13, and Table 5.14. A review of means, standard deviations, and scale ranges suggests several constructs follow non-normal, skewed distributions, including vacant housing, direct CBDO expenditures, poverty rate, unemployment rate, and median home value.

Preliminary analyses were performed to check for missing values, multicollinearity (See Table 5.14 and Table 5.15), and heteroskedasticity. A series of diagnostics checks, including the
correlation matrix, and the square root of the variance inflation factor (VIF) were conducted to ensure that the model did not violate any of the assumptions of OLS regression. A histogram of the standardized residuals shows that they are not normally distributed. A scatter plot reveals that the residuals are heteroscedastic. Robust standard errors (RSE) are reported and estimated to correct for heteroskedasticity. Next, bivariate correlations and the VIF were examined to detect multicollinearity. The highest correlations are between mission total population and nonwhite population (0.89), west and south region (.61), elderly and total population (.61), and poverty rate and non-white population (.60). Total population and non-white population had the highest VIF, 7.73 and 6.74 respectively, with none of the other variables exceeding 2.64 (see table 5.15).

The coefficients of the ordinary least squares for phase II of the study are reported in terms of coefficients robust standard errors, and are presented in table 5.16, which shows the change in vacant housing that is associated with a 1 unit change in each independent variable. The results (shown in table 5.16) provides reasonable support for the theoretical model, which explains 44 percent of the variation in executive vacant housing in U.S. cities. The results do support the proposition that CBDOs are having a positive impact in improving living conditions in cities. For the analysis percent of vacant housing is explained by direct CBDO expenditures, poverty rate, crime rate, and location in a Western, Midwestern, and Northeastern city. For every 1 percentage increase in the amount of monies spent in cities by CBDOs, vacant housing decreases by 0.14 percent ($p<0.05$). Cities with higher crime rates also have higher percentages of vacant housing by .639 percent ($p<0.05$). While these findings suggest that vacant housing is impacted by CBDO expenditures and city crime rates, the results suggest that the percentage of
individuals living below poverty is linked to lower levels of vacant housing in U.S. cities. This suggests that individuals living in cities with significant urban decay abandon their homes and migrate to new cities with more opportunities are better housing options. Finally, region helps to explain some of the variance in the model. Cities located in the west, south and northeast regions of the United States have lower vacant housing (.407, .354, and .605 respectively). Examples of cities that fit this description are San Diego, San Jose, Boston, New York City, and Atlanta.

[INSERT TABLE 5.13]
[INSERT TABLE 5.14]
[INSERT TABLE 5.15]
[INSERT TABLE 5.16]

Stage I Test of Study Hypotheses

Hypothesis 1: Mission Complexity will be negatively associated with CBDO effectiveness. The analysis reveals that CBDOs who engage in multiple activities is not statistically significant at the .05 level. The analysis revealed a positive relationship between independent variable, mission complexity, with the dependent variable CBDO effectiveness. The finding does support Connor (1997) and Steinback and Zdenek (1999) who warn against CBDOs having complex missions and adjusting their mission to meet market conditions. Such an approach puts the organization at risk of failing. Even though a core component of the CBDO model is comprehensiveness (See Stoecker, 1997), this type of strategy can be risky, especially if it is uncharted territory for the CBDO. Additionally, if the organization lacks the technical expertise or administrative capacity to handle such a drastic change the CBDO could face failure.
Rohe et al. (2001) in their work on the failures of CBDOs provide examples of organizations that attempted to broaden their missions in order to adjust to environmental and market conditions. The authors suggest that three elements of an organization’s mission are essential to performance. In order for CBDOs to successfully respond to environmental changes there missions should be ones that have a diversity in project types, diversity in geographic area, and diversity in income groups served. These three elements are important because it allows a CBDO to take advantage of changes in their environments and protect itself from inevitable downturns in specific markets.

Hypothesis 2: The use of performance indicators will be associated with higher CBDO effectiveness. The degree which CBDOs use performance indicators to measure the performance of their organization was statistically significant ($p < 0.05$). For every 1 unit increase in the performance index, perceived organizational effectiveness increased by 0.183 units. This finding is consistent with Herman and Renz (2004); LeRoux and Wright, (2010); and Mayer and Blake (1981) who suggest that CBDOs and other types of nonprofits might be effective entities when they utilize performance indicators to assess organizational performance, and as a tool in strategic decision-making. It is important to note that this study developed a scale and defined performance indicators as: workload or output indicators, unit cost or efficiency measures, outcomes or effectiveness, client satisfaction, and external audits. Which are popular measures used by both nonprofit and public organizations (Carman, 2009; Poister, 1999). The performance index used in this study masks the impact that specific types of performance measures may have on CBDO effectiveness. Also, these indicators may not accurately reflect the type of
performance indicators used by CBDOs to assess performance. For instance Stoutland (1999) notes that CBDOs often use rent collection and building conditions as proxy measures for property management. The author also note that research on developing measures to assess housing development is scarce, however researchers are beginning to develop performance measures for other types of nonprofit organizations. Future research on this topic should include performance indicators that are specific to CBDOs.

**Hypothesis 3:** *CBDOs with more effective governance will be associated with higher CBDO effectiveness.* The analysis reveals that board governance is an important predictor of CBDO effectiveness. The study found that for every 1 unit increase in the board governance index, perceived organizational effectiveness increased by .301 ($p < 0.05$). This is consistent with Rohe and Bratt (2003); and Herman and Renz (1998) who suggest that the board of directors for nonprofit organizations plays an important role in their performance. Moreover, Mayer (1984) suggests that CBDO success is contingent on a board that works effortlessly to ensure the mission of the organization is achieved.

**Hypothesis 4:** *Executive Director Education level will be associated with higher CBDO effectiveness*

Executive director education level and tenure were not important predictors of CBDO effectiveness. These findings are not consistent with Cowan et al. (1999); Mayer and Blake, (1984); and Vidal (1992), who suggest that educational level and tenure are important predictors of CBDO success. For this study, educational level was measured by asking CBDO executive directors “what was the highest level of education obtained?” Even though, other studies have
used similar questions to measure educational level (LeRoux and Wright, 2010), other studies have used executive director training as a proxy for assessing executive director educational level (Cowan et.al, 1999). CBDO organizations may define educational level in terms of professional training rather than knowledge gained from pursuing a terminal degree.

*Hypothesis 5: CBDOs who engage in advocacy and community organizing will be associated with higher CBDO effectiveness.* Political capacity was a significant predictor of CBDO effectiveness. The study found that CBDOs who engaged in advocacy and community organizing had higher levels of effectiveness ($P<0.05$). Simply, CBDOs that engaged in advocacy and community organizing were more effective in accomplishing their mission. This finding is consistent with Gittell and Wilder (1999); Frederickson and London (2000); Rohe and Bratt (2003); and Glickman and Servon (1998) who all suggest that political capacity is a critical factor to CBDO success. Overall, successful CBDOs are ones who advocate and organizing constituents at the local level to improve their living conditions. Since their rise in the 1960s CBDOs have served as advocates of the poor and have successfully mobilized citizens create sustainable neighborhoods (Ford Foundation, 1973).

*Hypothesis 6: Diversification in funding will be associated with higher CBDO effectiveness.* Having a broad array of funding was not an important predictor of CBDO effectiveness. This finding is not consistent with Frederickson and London (2000) and Gittell and Wilder (1999) who suggest that fiscal capacity and relying on more than one source of income are key to CBDO performance. Even though this is an interesting discovery, many CBDOs receive dollars primarily from government at every level and foundations (Steinbach et al.,
2005). Contributions from corporations and individuals are drying up and many CBDOs are forced to solely rely on government for general operating and project support. Also, executive directors may perceive the security in funding as an important predictor rather than diversification in funding.

Hypothesis 7: Technical assistance will be associated with higher CBDO effectiveness.

Whether or not CBDOs drew upon the resources and expertise of other individuals and organizations was not a significant predictor of CBDO effectiveness. This finding is not consistent with Gittell and Wilder (1999); Glickman and Servon (1998); and Mayer and Blake (1984) who suggest that CBDOs that take time to draw upon the resources of individuals and organizations improves CBDO effectiveness. The executive directors sampled in this study were all members of NeighborWorks America, an intermediary organization that provides technical assistance to CBDOs. Because of this factor it is possible that CBDOs do not see the need to seek out help from other organizations and individuals because NeighborWorks America provides a wide range of resources and funding to its members.

Stage II Test of Study Hypothesis

Hypothesis 1: Direct CBDO expenditures will be associated with lower vacant housing in U.S. Cities.

Direct CBDO expenditures was an important predictor of vacant housing in U.S. cities. For every 1 percentage increase in the amount of monies spent in cities by CBDOs, vacant housing decreased by 0.14 percent ($p<0.05$). This finding suggests that CBDOs are having some effect on the revitalization of cities. Since their inception many CBDOs core missions have been
to rehabilitate housing and construct affordable housing for individuals living in depressed areas. Many CBDOs have been successful in combating vacant housing in low income neighborhoods by rehabilitating abandoned property or tearing it down to build a new home. Overall, CBDOs have worked effortlessly through partnerships with the public and private sectors in creating programs to combat abandoned housing.

**Summary**

The findings generated through the ordinary least squares regression analyses for phase I and II in this chapter begin to suggest some important factors that influence the effectiveness of CBDOs. Those factors identified as predictors of CBDO performance were the use of performance indicators, oversight mechanisms, political capacity and organizational age. These results suggest that these internal management factors and external resources can be used by CBDO leaders as levers to improve the performance of their organizations. Moreover the secondary data analysis reveals that CBDOs are somewhat successful in revitalizing U.S. cities.

More importantly, as noted in previous chapters, much scholarship on assessing the effectiveness of CBDOs has been based on one or few organizations using the case study method (Berndt, 1977; Faux, 1971; Rohe, 1998), or descriptive studies (Garn et al; Vidal, 1992; Urban Institute, 2002, 2005). Also, other research on CBDO effectiveness has used direct investment as measures of efficiency (Cowan et al, 1999 and Smith 2003). The results of this model help fill the gap of understanding effectiveness through the lens of the executive director. Additionally, it also allows us to test the relationship of internal management factors and external resources on CBDO success.
This study moves us one step further in understanding the impact that CBDOs are having in communities. It is important to note that CBDOs not only work to rebuild housing and spur economic development but also have been successful in altering the local political environment.

This alteration has occurred because of the lack of trust that cities have in government handling the issues of urban decay (see Robinson, 1996). The results from this shed some light on the factors that contribute to successful development of neighborhoods. Research has shown that CBDOs have the unique ability to bring people together in neighborhoods around issues that are important to them. CBDOs have also been successful in turning around cities that were once written off. Take the South Bronx of NY. It was not until residents got together to form a CBDO that that area finally turned around, after failed attempts by the federal and local government.

Yet, these benefits can only be realized if local government leaders are committed to ensuring that CBDOs are given the necessary resources to succeed.
### Illustrations

#### Table 5.1 Classification of CBDOs

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of CDBOs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primarily Housing</td>
<td>113</td>
<td>93%</td>
</tr>
<tr>
<td>Primarily Job Creation</td>
<td>12</td>
<td>10%</td>
</tr>
<tr>
<td>Primarily Advocacy</td>
<td>10</td>
<td>8%</td>
</tr>
<tr>
<td>Primarily Economic</td>
<td>26</td>
<td>21%</td>
</tr>
<tr>
<td>Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
<td>22%</td>
</tr>
</tbody>
</table>

Note: Groups do not add up to 100% because groups use multiple designations

#### Table 5.2 Years Organization has been in Existence

<table>
<thead>
<tr>
<th>Years in Existence</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>4</td>
<td>3.3</td>
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<tr>
<td>11-20</td>
<td>23</td>
<td>18.9</td>
</tr>
<tr>
<td>21-30</td>
<td>47</td>
<td>38.5</td>
</tr>
<tr>
<td>31-40</td>
<td>32</td>
<td>26.2</td>
</tr>
<tr>
<td>41-50</td>
<td>16</td>
<td>13.1</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

#### Table 5.3 Number of Full Time Employees (FTE)

<table>
<thead>
<tr>
<th>Number of FTE</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>29</td>
<td>23.8</td>
</tr>
<tr>
<td>11-20</td>
<td>42</td>
<td>34.4</td>
</tr>
<tr>
<td>21-30</td>
<td>13</td>
<td>10.7</td>
</tr>
<tr>
<td>31-40</td>
<td>11</td>
<td>9.0</td>
</tr>
<tr>
<td>41-50</td>
<td>9</td>
<td>7.4</td>
</tr>
<tr>
<td>Over 50</td>
<td>18</td>
<td>14.7</td>
</tr>
<tr>
<td>Total</td>
<td>122</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
### Table 5.4 Number of Volunteers

<table>
<thead>
<tr>
<th>Number of Volunteers</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>39</td>
<td>32.0</td>
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<tr>
<td>11-20</td>
<td>22</td>
<td>18.0</td>
</tr>
<tr>
<td>21-30</td>
<td>16</td>
<td>13.1</td>
</tr>
<tr>
<td>31-40</td>
<td>6</td>
<td>4.9</td>
</tr>
<tr>
<td>41-50</td>
<td>4</td>
<td>3.3</td>
</tr>
<tr>
<td>Over 50</td>
<td>35</td>
<td>28.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>122</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

### Table 5.5 Number of Board Members of CBDOs

<table>
<thead>
<tr>
<th>Number of Members</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>11-20</td>
<td>83</td>
<td>68</td>
</tr>
<tr>
<td>21-30</td>
<td>6</td>
<td>4.9</td>
</tr>
<tr>
<td>No response Given</td>
<td>5</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>122</td>
<td>100.00%</td>
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</tbody>
</table>

### Table 5.6 Years Worked in Organization

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>53</td>
<td>43.4</td>
</tr>
<tr>
<td>11-20</td>
<td>40</td>
<td>32.8</td>
</tr>
<tr>
<td>21-30</td>
<td>29</td>
<td>23.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>122</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

### Table 5.7 Years Worked in Nonprofit Field

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>29</td>
<td>23.8</td>
</tr>
<tr>
<td>11-20</td>
<td>40</td>
<td>32.8</td>
</tr>
<tr>
<td>21-30</td>
<td>31</td>
<td>25.4</td>
</tr>
<tr>
<td>31-40</td>
<td>22</td>
<td>18.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>122</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
### Table 5.8 Highest Level of Education

<table>
<thead>
<tr>
<th>Degree</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhD</td>
<td>4</td>
<td>3.3</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>57</td>
<td>46.8</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>47</td>
<td>38.5</td>
</tr>
<tr>
<td>Some College</td>
<td>12</td>
<td>9.8</td>
</tr>
<tr>
<td>High School Diploma/GED</td>
<td>2</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>122</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

### Table 5.9 Descriptive Statistics- Stage I

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Effectiveness</strong></td>
<td>20.35</td>
<td>2.48</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Mission Complexity</td>
<td>2.45</td>
<td>1.12</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Performance Index</td>
<td>20.35</td>
<td>2.81</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td><strong>Board Governance</strong></td>
<td>13.07</td>
<td>2.14</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Age</td>
<td>30.11</td>
<td>15.22</td>
<td>3</td>
<td>123</td>
</tr>
<tr>
<td>Executive Director Education Level</td>
<td>1.61</td>
<td>.79</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td><strong>Executive Director Tenure</strong></td>
<td>13.31</td>
<td>9.17</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td><strong>Full Time Employees</strong></td>
<td>38.61</td>
<td>62.59</td>
<td>4</td>
<td>300</td>
</tr>
<tr>
<td>Political Capital</td>
<td>3.5</td>
<td>1.30</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Financial Capacity</td>
<td>1.54</td>
<td>.61</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>1.68</td>
<td>.65</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>
Table 5.10 Correlation Table of all variables in the OLS Regression Model-Stage I

<table>
<thead>
<tr>
<th></th>
<th>Organizational Effectiveness</th>
<th>Mission Complexity</th>
<th>Performance Index</th>
<th>Executive Director Tenure</th>
<th>Education</th>
<th>Financial Capacity</th>
<th>Technical Assistance</th>
<th>Board Governance</th>
<th>Political Capacity</th>
<th>Age</th>
<th>Full Time Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Effectiveness</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mission Complexity</td>
<td>-0.01</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Index</td>
<td>0.20</td>
<td>-0.01</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive Director Tenure</td>
<td>0.14</td>
<td>-0.001</td>
<td>0.19</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>-0.01</td>
<td>0.08</td>
<td>0.14</td>
<td>0.04</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Capacity</td>
<td>0.04</td>
<td>-0.48</td>
<td>-0.03</td>
<td>-0.10</td>
<td>0.07</td>
<td>1.00</td>
<td></td>
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</tr>
<tr>
<td>Technical Assistance</td>
<td>0.07</td>
<td>0.07</td>
<td>0.05</td>
<td>0.07</td>
<td>0.13</td>
<td>-0.19</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Governance</td>
<td>0.28</td>
<td>-0.17</td>
<td>0.14</td>
<td>0.18</td>
<td>-0.13</td>
<td>-0.08</td>
<td>-0.003</td>
<td>1.00</td>
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</tr>
<tr>
<td>Political Capacity</td>
<td>0.18</td>
<td>0.24</td>
<td>0.02</td>
<td>0.10</td>
<td>0.03</td>
<td>-0.30</td>
<td>0.13</td>
<td>-0.10</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.10</td>
<td>0.11</td>
<td>-0.27</td>
<td>-0.12</td>
<td>0.07</td>
<td>0.27</td>
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<td>-0.09</td>
<td>-0.18</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Full Time Staff</td>
<td>-0.03</td>
<td>0.27</td>
<td>0.004</td>
<td>0.24</td>
<td>-0.02</td>
<td>-0.21</td>
<td>-0.05</td>
<td>0.09</td>
<td>0.07</td>
<td>-0.26</td>
<td>1.00</td>
</tr>
</tbody>
</table>
Table 5.11 Variance Inflation Factors- Stage I

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Management Factors</strong></td>
<td></td>
</tr>
<tr>
<td>Mission Complexity</td>
<td>1.35</td>
</tr>
<tr>
<td>Performance Index</td>
<td>1.19</td>
</tr>
<tr>
<td>Board Governance</td>
<td>1.12</td>
</tr>
<tr>
<td>Age</td>
<td>1.26</td>
</tr>
<tr>
<td>Executive Director Education Level</td>
<td>1.08</td>
</tr>
<tr>
<td>Executive Director Tenure</td>
<td>1.16</td>
</tr>
<tr>
<td>Full Time Employees</td>
<td>1.23</td>
</tr>
<tr>
<td><strong>External Resources</strong></td>
<td></td>
</tr>
<tr>
<td>Political Capital</td>
<td></td>
</tr>
<tr>
<td>Financial Capacity</td>
<td>1.38</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>1.09</td>
</tr>
<tr>
<td><strong>Mean VIF</strong></td>
<td>1.20</td>
</tr>
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</table>
Table 5.12 Results of Ordinary Least Squares Regression Explaining Perceived Organizational Effectiveness- Stage I

<table>
<thead>
<tr>
<th>Explanatory Variable</th>
<th>B</th>
<th>P-value</th>
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<td><strong>Internal Management Factors</strong></td>
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<td></td>
</tr>
<tr>
<td>Mission Complexity</td>
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<td>.458</td>
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<td>.027</td>
</tr>
<tr>
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<td>.005</td>
</tr>
<tr>
<td>Age</td>
<td>-.033*</td>
<td>.039</td>
</tr>
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<td>.589</td>
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<tr>
<td>Executive Director Tenure</td>
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<td>.681</td>
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<tr>
<td><strong>External Resources</strong></td>
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<td></td>
</tr>
<tr>
<td>Political Capital</td>
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<td>.038</td>
</tr>
<tr>
<td>Financial Capacity</td>
<td>1.09</td>
<td>.273</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>.062</td>
<td>.678</td>
</tr>
<tr>
<td>Constant</td>
<td>11.15**</td>
<td>.000</td>
</tr>
<tr>
<td>$R^2 = 0.19$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F =2.62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Root MSE=2.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N=(observations) 122</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.05; **p<0.01.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacant Housing</td>
<td>0.503</td>
<td>0.440</td>
<td>-0.130</td>
<td>1.969</td>
</tr>
<tr>
<td>Direct CBDO expenditures %</td>
<td>2.095</td>
<td>11.819</td>
<td>-0.996</td>
<td>87.223</td>
</tr>
<tr>
<td>Education &amp;</td>
<td>0.092</td>
<td>0.385</td>
<td>-0.610</td>
<td>1.353</td>
</tr>
<tr>
<td>Poverty Rate %</td>
<td>0.067</td>
<td>0.172</td>
<td>-0.521</td>
<td>0.396</td>
</tr>
<tr>
<td>Elderly Population %</td>
<td>0.066</td>
<td>0.117</td>
<td>-0.398</td>
<td>0.306</td>
</tr>
<tr>
<td>Crime Rate %</td>
<td>-0.070</td>
<td>0.161</td>
<td>-0.482</td>
<td>0.277</td>
</tr>
<tr>
<td>Unemployment Rate %</td>
<td>-0.147</td>
<td>0.210</td>
<td>-0.537</td>
<td>0.729</td>
</tr>
<tr>
<td>Population Change %</td>
<td>0.040</td>
<td>0.103</td>
<td>-0.476</td>
<td>0.223</td>
</tr>
<tr>
<td>Non White Population Change %</td>
<td>0.072</td>
<td>0.137</td>
<td>-0.508</td>
<td>0.357</td>
</tr>
<tr>
<td>Median Value %</td>
<td>0.601</td>
<td>0.383</td>
<td>0.089</td>
<td>1.538</td>
</tr>
<tr>
<td>West</td>
<td>0.328</td>
<td>0.473</td>
<td>0.000</td>
<td>1.000</td>
</tr>
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</table>
### Table 5.14 Correlation Table of all variables in the OLS Regression Model-Stage II

<table>
<thead>
<tr>
<th></th>
<th>vacant</th>
<th>CBDO exp</th>
<th>education</th>
<th>poverty</th>
<th>old</th>
<th>crime</th>
<th>unemp</th>
<th>tp</th>
<th>minority</th>
<th>medianval</th>
<th>west</th>
<th>south</th>
<th>northeast</th>
<th>Midwest</th>
</tr>
</thead>
<tbody>
<tr>
<td>vacant</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBDO exp</td>
<td>-0.189</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>education</td>
<td>0.189</td>
<td>-0.014</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>poverty</td>
<td>-0.153</td>
<td>0.247</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>old</td>
<td>0.104</td>
<td>0.017</td>
<td>0.367</td>
<td>0.298</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>crime</td>
<td>0.277</td>
<td>-0.010</td>
<td>0.012</td>
<td>0.164</td>
<td>-0.003</td>
<td>1</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>unemp</td>
<td>0.167</td>
<td>0.526</td>
<td>0.215</td>
<td>0.202</td>
<td>0.088</td>
<td>0.211</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tp</td>
<td>-0.100</td>
<td>0.116</td>
<td>0.514</td>
<td>0.519</td>
<td>0.678</td>
<td>-0.105</td>
<td>0.133</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>minority</td>
<td>-0.038</td>
<td>-0.021</td>
<td>0.483</td>
<td>0.585</td>
<td>0.607</td>
<td>-0.062</td>
<td>0.043</td>
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<td>1</td>
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</tr>
<tr>
<td>medianval</td>
<td>0.144</td>
<td>-0.008</td>
<td>0.214</td>
<td>-0.389</td>
<td>0.008</td>
<td>-0.158</td>
<td>-0.056</td>
<td>-0.061</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>west</td>
<td>0.025</td>
<td>-0.099</td>
<td>0.091</td>
<td>-0.078</td>
<td>0.144</td>
<td>0.056</td>
<td>-0.116</td>
<td>0.093</td>
<td>0.192</td>
<td>0.396</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>south</td>
<td>-0.086</td>
<td>-0.036</td>
<td>0.169</td>
<td>-0.067</td>
<td>0.08</td>
<td>-0.221</td>
<td>-0.164</td>
<td>0.126</td>
<td>0.071</td>
<td>-0.056</td>
<td></td>
<td>0.506</td>
<td></td>
<td></td>
</tr>
<tr>
<td>northeast</td>
<td>-0.276</td>
<td>-0.075</td>
<td>0.041</td>
<td>0.105</td>
<td>-0.162</td>
<td>-0.04</td>
<td>-0.105</td>
<td>0.045</td>
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<td>-0.001</td>
<td></td>
<td></td>
<td>0.214</td>
<td>0.223</td>
</tr>
<tr>
<td>Midwest</td>
<td>0.249</td>
<td>0.197</td>
<td>-0.315</td>
<td>0.091</td>
<td>-0.14</td>
<td>0.211</td>
<td>0.378</td>
<td>-0.271</td>
<td>-0.252</td>
<td>-0.371</td>
<td></td>
<td></td>
<td></td>
<td>0.173</td>
</tr>
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</table>
Table 5.15 Variance Inflation Factors- Stage II

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>7.73</td>
</tr>
<tr>
<td>Percent Minority</td>
<td>6.74</td>
</tr>
<tr>
<td>West</td>
<td>2.64</td>
</tr>
<tr>
<td>South</td>
<td>2.47</td>
</tr>
<tr>
<td>Poverty</td>
<td>2.25</td>
</tr>
<tr>
<td>Old</td>
<td>2.08</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>2.04</td>
</tr>
<tr>
<td>Education</td>
<td>1.81</td>
</tr>
<tr>
<td>Northeast</td>
<td>1.75</td>
</tr>
<tr>
<td>Median value</td>
<td>1.67</td>
</tr>
<tr>
<td>Direct CBDO Expenditures</td>
<td>1.65</td>
</tr>
<tr>
<td>Crime</td>
<td>1.20</td>
</tr>
<tr>
<td>Mean VIF</td>
<td>2.84</td>
</tr>
</tbody>
</table>

Table 5.16 Results of Ordinary Least Squares Regression Explaining Vacant Housing-Stage II

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>(RSE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct CBDO expenditures %</td>
<td>-0.139*</td>
<td>.004</td>
</tr>
<tr>
<td>Education &amp;</td>
<td>.281</td>
<td>.196</td>
</tr>
<tr>
<td>Poverty Rate %</td>
<td>-.900*</td>
<td>.406</td>
</tr>
<tr>
<td>Elderly Population %</td>
<td>.423</td>
<td>.610</td>
</tr>
<tr>
<td>Crime Rate %</td>
<td>.639*</td>
<td>.304</td>
</tr>
<tr>
<td>Unemployment Rate %</td>
<td>.413</td>
<td>.348</td>
</tr>
<tr>
<td>Population Change %</td>
<td>-.677</td>
<td>1.56</td>
</tr>
<tr>
<td>Non White Population Change %</td>
<td>.704</td>
<td>.920</td>
</tr>
<tr>
<td>Median Value %</td>
<td>.189</td>
<td>.153</td>
</tr>
<tr>
<td>West</td>
<td>-.407*</td>
<td>.145</td>
</tr>
<tr>
<td>South</td>
<td>-.354*</td>
<td>.157</td>
</tr>
<tr>
<td>Northeast</td>
<td>-.605*</td>
<td>.175</td>
</tr>
<tr>
<td>Constant</td>
<td>.814**</td>
<td>.154</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.44</td>
<td></td>
</tr>
<tr>
<td>$F$</td>
<td>10.91**</td>
<td></td>
</tr>
<tr>
<td>Root MSE</td>
<td>.371</td>
<td></td>
</tr>
<tr>
<td>n= 58</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.05; **p<0.01
Chapter 6

Conclusion

The purpose of this study was to explain what internal management, external resources, and contextual factors influence the performance of CBDOs. More specifically, this study sought to answer the following research questions: 1) *What internal management factors are crucial to the effectiveness of CBDOs?* 2) *What external resources can be leveraged by CBDOs to increase organizational effectiveness?* 3) *What extent can CBDOs impact city revitalization to bring about city wide change?*

Packard (2010, p.433) suggests that “factors which may affect performance need to be considered. This includes inputs such as staff and client characteristics and throughputs (processes within the organization). This creates a foundation for assessing and improving performance, adding value for clients served and society as a whole”. Similarly, Cowan et al (1999) note the importance of CBDOs in understanding what factors contribute to increased performance as a means in improving the quality of life in their service areas. Simply, by understanding what levers to adjust to increase the effectiveness in service delivery, CBDOs may be able to increase economic investments and social capital in low income neighborhoods. The claims in this study, as supported by the results, shows that internal management, external resources, and contextual factors explains organizational performance, both in terms of perceptions of executive directors and objective measures. In sum the results presented in the previous chapter help to develop a story to identify what factors shape CBDO performance. The remainder of this chapter revisits the research questions to gain a better understanding of study findings. Followed by, future research, and study limitations.
The findings in the previous chapter shed some light on all three research questions. Tables 6.1 and 6.2 revisits the proposed study hypotheses and provides information on whether each hypothesis was supported or not for Stage I and Stage II of this dissertation research.

[Insert Table 6.1 here]

[Insert Table 6.2 here]

Hypotheses one through four, as indicated in table 6.1, pertain to the first research question. The use of performance indicators and board governance was found to increase effectiveness, as expected. However, hypothesis one which stated that mission complexity would decrease perceived organizational effectiveness was not supported. This finding, although important, given the assumption that CBDOs that engage in numerous activities may be less effective in achieving their mission was not statistically significant. Even though literature identifies a relationship between mission complexity and performance, most CBDOs in this study engaged in primarily housing activities. Moreover, a question geared at asking respondents how many times the organization changed its mission? Or asking respondents how well their organizational mission reflected their activities may have better captured the relationship between organizational mission and performance.

Further, as CBDOs do more in their neighborhoods, they become more widely recognized for the work of their efforts and the results of their economic and community activities. Such activities such as housing, community organizing, advocacy, job creation, and small business development may yield substantial benefits through the creation of improved social capital in neighborhoods, or through increased direct investments. Examining CBDO effectiveness through direct investment or social capital as a proxy for performance may better
capture the impact these organizations are having in their communities when they engage in various activities.

Similarly, hypothesis four was not supported, which stated that an executive director’s educational level would improve perceived organizational effectiveness. This finding is not consistent with the literature which posits that educational level is a predictor of CBDO performance. In the case of CBDOs included in this study, most executive directors receive some form of training through Neighbor Works America. Cowan et. al (1999) in their study on the factors influencing the performance of CDCs used the average number of training hours taken by the executive director and staff through the Neighborhood Reinvestment Corporation. Examining just the executive director may not fully capture the impact of education on organizational performance. Developing a measure that captures top managers and other program directors and staff may better capture the impact that technical expertise plays in influencing an organization’s performance. Examining formal training versus educational level may better capture whether or not a trainee passes newly acquired knowledge on to others within the organization.

Hypotheses five through seven, as indicated in table 6.1, pertain to the second research question. Hypothesis five posited that CBDOs engaged in advocacy and community organizing would have higher levels of effectiveness. The results presented in chapter 5 support this premise, as expected. Hypothesis six was not supported and stated that diversification in funding would be positively associated with CBDO effectiveness. This finding is not consistent with the literature that suggests multiple sources of funding will have a positive impact on the performance of a nonprofit organization. For CBDOs the ability to attract and manage funds is
essential to building capacity. Healthy CBDOs require adequate funding to achieve agency goals and expand their mission overtime. This study used the Herfindhal Index to measure the level of diversification in funding for CBDOs included in this study. Even though literature suggests the importance of various types of revenue for nonprofits, a CBDO leader may view long term operating support as an important predictor for performance rather than diversification in funding sources. For most CBDOs having multi-year support from a funder allows the organization to formulate and implement long term planning strategies. Most intermediaries like Neighbor Works America provide multiyear funding to CBDOs within their network. As long as a CBDO applies each year to renew funding and meets funding criteria, the organization has access to resources that can be used for operating support. Having a multi-year commitment for operating support allows the Executive Director to allocate funds to cover non-programmatic activities which allows CBDOs to place more emphasis on grassroots initiatives.

Similarly, hypothesis seven was not supported, which stated that technical assistance will be associated with higher CBDO effectiveness. This finding is not consistent with the literature which suggests that technical assistance is an important predictor of CBDO performance. Building a competent organization requires the reliance on outside technical consultants. The question used in this study to assess the impact of technical assistance on CBDO performance asked each executive director to provide a count of what types of technical assistance their organization has received over the last year. Similar studies on CBDO performance have stressed the importance on whether an organization employs outside consultants to assist on projects. A question constructed at asking whether or not an organization has employed a consultant may have better captured the relationship between technical assistance and CBDO performance.
Next, hypothesis one for phase II of this research was supported. CBDO spending decreased vacant housing in U.S. cities, suggesting that CBDOs are having an impact on city revitalization.

In sum, it can be concluded that internal management and external resources play a role in shaping CBDO performance. Internal management and external resources not only influences CBDO performance, but objective measures help us understand CBDO impact. In all, this dissertation research reveals the importance of relying on both perceptual and objective measures when understanding CBDO effectiveness. The findings show how multiple perspectives can be applied in understanding performance in nonprofit organizations. Even though traditional theories of organizational effectiveness such as the goal attainment approach provide a general understanding of how to view CBDO effectiveness, traditional approaches alone cannot be relied on to define nonprofit performance. It is necessary to rely on new approaches such as the social constructionist viewpoint, which defines organizational effectiveness through the perception of individuals within the organization. The reliance on both these approaches provides a rich understanding of how both objective and perceptual measures can be used to understand how CBDOs are effective in their economic and community activities.

**Significance of Findings for Policy and Program Implementation**

Even though chapter five provided mixed results for the theoretical models, these findings do have several implications for policy and program design. The findings suggest that the use of performance indicators to measure progress, a board of directors that is delegative and
attentive to agency mission, political capacity, and direct CBDO expenditures has great value for understanding CBDO performance.

First, this study found that the use of performance indicators was associated with higher organizational effectiveness. This analysis sheds some light on the importance of performance indicators as a tool to measure mission accomplishment. This has become a major issue in recent years because of external pressures from the public sector and funders. In 1993 the Government Performance Review Act (GPRA), placed renewed emphasis on accountability in federal bureaucracies and nonprofits that do business with government (Radin, 1998). More specific to CBDOs, intermediaries such as NeighborWorks America have worked effortlessly to develop a process which community based nonprofits can use to plan evaluation strategies, collect and analyze data and communicate their results with key stakeholders. Despite these efforts, community based nonprofits are still failing to collect and utilize performance data that will help improve service delivery (Carman, 2007).

Community based development organizations would be better served if funders provided formal training as to how the use of performance measures would benefit their organization, and how the use of these indicators would improve their performance. It is not enough to collect and report data. CBDOs need to know how to apply the information gathered to improve the decisions they make in the communities they serve. This can be done if funders work with CBDOs to develop appropriate measures to assess their progress in service delivery. For performance assessment to have maximum value, the process for that assessment must be well organized and implemented. CBDOs need to first identify organizational goals, and take into account direct outputs such as the number of housing units built or the number of jobs created.
Performance assessment should contain multiple measures such as program records and statistics, client surveys, and qualitative measures. This can be accomplished if funders work hand in hand with CBDOs to improve the use of performance measures.

Second, CBDOs have to work hard to maintain a good relationship with their board of directors. The CBDO’s board should be kept abreast of activities and the program development process, and in general should feel that their expertise and input is valued by the board. Having a board that is delegative and attentive to the mission of the organization is important if a CBDO is to be successful in their economic development activities. An important component of this process is for staff to effectively convey programmatic changes and share information about decision making, thus preserving trust and keeping the lines of communication open with the board of directors. Many CBDOs would also benefit from recruiting potential board members that have the necessary skill-set to help advance the mission and work of the organization. Members of the development, banking, and technical communities can be a major asset in helping the CBDO become more successful in program and service delivery.

Strong and effective boards do not happen overnight. Boards of directors for CBDOs need to work on building internal capacity by recruiting, retaining, and mobilizing board members to perform the essential duties of the board. There are key characteristics that CBDO boards should adopt to be successful in their revitalization efforts. Nonprofit literature suggests that an effective board creates an infrastructure of support that assists its members in performing their duties efficiently (Renz, 2010). An effective board is conscientious about the talent each member brings to the board and the organization. Moreover, the board works to leverage each member’s technical expertise to advance the mission of the organization. Given the typical
CBDO’s limited resources, a board of directors can contribute significantly to an organization’s capacity, especially if the CBDO is lacking in areas that are important to its success.

Since the mid-1960s, CBDOs have organized citizens at the grassroots level to serve as advocates on behalf of the organization and communities. Political capacity manifests itself in many ways—citizen participation, educated and informed constituents, and political leverage. For this study capacity was defined in two elements, advocacy and community organizing. Both types are important if a CBDO wants to garner political and financial support, and obtain resources from funders. CBDOs will need to build upon other elements of political capacity by strategically connecting residents in their service areas to the political process so they can replace elected officials or find individuals vested in the mission of the CBDO to seek office. Through connecting residents to the electoral process and workings of local government residents are equipped to help influence policy and advocate on behalf of the CBDO.

As more CBDOs engage in civic life and encourage their constituents to engage in the political process, CBDOs increasingly become a strong force for change. Collective efficacy, collective action, advocacy, and a commitment to community organizing, and civic engagement strengthen the community based development sector and position it to be a major player in the nonprofit and public sectors. As a CBDO strives to meet the needs of its service areas, it will be essential for a CBDO to include public advocacy into its strategic planning initiatives. Advocacy and community organizing can position a CBDO as a lead organization in economic and community development, and make a major difference in how it serves its constituents in the long term.
Lastly, another purpose of this study was to examine the extent to which CBDOs contribute to the revitalization of U.S. cities. The study finds that the amount of money that CBDOs spend in cities in fact has an impact on vacant housing. Further, the work of CBDOs in cities heavily populated by minorities is beginning to experience improved housing conditions. Future studies might examine whether this same effect exists on the neighborhood level, and to what extent.

Although the findings from this analysis are encouraging, it is important to note that CBDOs are but a small piece in the puzzle to city-wide revitalization. CBDOs are one of the many factors that work in rebuilding and revitalizing cities. Other organizations such as churches and other nonprofits and governmental agencies also work in trying to improve the living conditions in cities across America.

As mentioned earlier local municipalities have relied on tax abatement, and incentive programs to lure businesses and jobs to their cities. One would expect that these organizations and programs would influence the conditions in cities, and the percentage of vacant housing, unemployment, and the amount of people living below poverty. Controlling for these factors could possibly dilute the findings of this study. However, it is important to note that government agencies have relied heavily on CBDOs and the primary service providers for services such as housing, and economic development. Interviews with executive directors of CBDOs in the Midwest revealed that local government called on CBDOs to develop distressed areas in the cities they operate in. Their activities were also not restricted to their service areas but also to areas that were not serviced typically by a CBDO.
Future Research Questions

There are several research questions that result from this study. While the previous section addressed some items that should be considered for future examination, there are still numerous research questions that arise. First, empirical evidence on the impact of internal management and external resources has had very little attention in public administration literature. While this study considered various aspects of both internal management and external resources, little is known about the impact that organizational capacity has on CBDO performance. Moreover, little is known about capacity building in CBDOs, yet alone in the nonprofit sector. Government at all levels contract out with CBDOs to construct and rehabilitate housing, however government officials may not take into consideration whether these organizations have the organizational capacity to fulfill those projects. Subsequently, one research questions that needs to be examined is what aspects of organizational capacity influence CBDO performance. Capacity takes on many elements such as technical, political, organizational, resource, and programmatic. Outside of management and resources, CBDOs will need to understand how aspects of capacity affect their ability to be effective in their revitalization efforts.

Next, this study touched briefly on the role that CBDOs play in building social capital in urban neighborhoods. One core aspect of the wok of CBDOs is to bring citizens together to address problems that negatively impact their communities. However, little is known how CBDOs contribute to the building of this phenomenon. CBDOs, not only focus on housing, poverty, and unemployment but work on the construction of social capital through their development efforts. Subsequently, one might ask what extent can CBDOs construct social
capital to bring about change in urban neighborhoods? This is an important question because neighborhoods with high levels of social capital (sense of community, willingness to work together, and trust among residents) may be a result of CBDO efforts. If CBDOs serve as grassroots organizations with the purpose of mobilizing residents, it is important to understand if their revitalization efforts translate into higher social capital in neighborhoods.

Several research questions also arise from the organizational effectiveness perspectives presented earlier in this study. For example, the multiple constituency frameworks takes into account how various stakeholders define organizational effectiveness. The competing values framework considers the role value dimensions play in shaping organizational effectiveness. These theories present several research questions for the future:

- How CBDO effectiveness is evaluated differently by different stakeholders (residents, funders, board of directors) based on their respective goals and values?
- How well do CBDOs manage the demands of change arising from environmental conditions?
- To what extent do CBDO leaders use the competing values framework’s criteria to evaluate organizational effectiveness?

**Study Limitations**

This study offers a two-staged approach 1. Through a perceptual measure, based on self-reports gathered through a survey of CBDO leaders, and 2. Through an objective measure based on census data indicating the city-level change in vacant housing. While the use of both perceptual and objective measures are considered a major strength, they also contribute to limitations. First, survey data used in this study focused on larger more established CBDOs.
Results pertaining to internal management and external resources cannot be generalized to small less established CBDOs. Future studies should consider examining effectiveness in small CBDOs and CBDOs that have closed their doors. Secondly, this study relied on secondary data for stage II of this study. While secondary data is objective, it does not capture the perceptions of individuals. Furthermore, the reliability and validity of secondary data is difficult to test.

Future studies may want to utilize qualitative data such as interviews. Including interviews with leaders of CDC managers, to fully discern how they believe their organization is impacted the cities it serves would prove quite useful. Ideally, future studies would combine quantitative and qualitative approaches. Another limitation is that the study only looked at CBDOs that were classified as human service, economic development, housing, community improvement, and job training. Future studies should include the effects that other CDCs whose sole purpose may be the arts, education, or childcare. Also non-governmental agencies and other nonprofits should also be examined to determine their impact on revitalization.

**Final Observations**

This study presented findings of both theoretical and practical implications. While several internal management, external resources and contextual factors have contributed to our understanding of CBDO effectiveness, the study of CBDO effectiveness remains a topic that needs to be developed. This is important because government and other nongovernmental agencies rely on CBDOs to provide services ranging from housing to childcare. If CBDOs are going to be relied on for community and economic development activities, it is vital that we understand what contributes to their effectiveness. Further, government at every level has relied on various economic tools to spur revitalization in their respective neighborhoods. CBDOs have
proven to be mechanisms that are more than capable of getting the job done. Through the use of perceptual and objective measures this study shows that CBDOs are having a modest impact in their service areas. We also learn what factors can be adjusted to improve their overall performance. In sum, it is important that public administration and urban scholars alike devout time to empirically explore other factors that may contribute to their effectiveness. Especially if government is going to rely on CBDOs for service delivery.


### Illustrations

Table 6.1 Summary of Study Hypotheses and Findings- Stage I

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Supported/Not Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Management Hypotheses</strong></td>
<td></td>
</tr>
<tr>
<td>$H_1$: Mission complexity will be negatively associated with CBDO effectiveness</td>
<td>Not supported/non significant</td>
</tr>
<tr>
<td>$H_2$: The use of performance indicators will be associated with higher CBDO effectiveness</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_3$: CBDOs with more effective governance will be associated with higher CBDO effectiveness</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_4$: Executive director education level will be associated with higher CBDO effectiveness</td>
<td>Not supported/non significant</td>
</tr>
<tr>
<td><strong>External Resources Hypotheses</strong></td>
<td></td>
</tr>
<tr>
<td>$H_5$: CBDOs who engage in advocacy and community organizing will be associated with higher CBDO effectiveness</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_6$: Diversification in funding will be associated with higher CBDO effectiveness</td>
<td>Not supported/non significant</td>
</tr>
<tr>
<td>$H_7$: Technical assistance will be associated with higher CBDO effectiveness</td>
<td>Not supported/non significant</td>
</tr>
</tbody>
</table>

Table 6.2 Summary of Study Hypotheses and Findings-Stage II

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Supported/Non Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective Measure Hypothesis</strong></td>
<td></td>
</tr>
<tr>
<td>$H_1$: Direct CBDO expenditures will be associated with lower vacant housing in U.S. Cities</td>
<td>Supported</td>
</tr>
</tbody>
</table>
References

American for the Arts (2010). *Arts and economic prosperity IV: National statistical report.*


Journal of Sport Management, 21, 455-457.


Notes

1 Certificate of incorporation also known as corporate charter or articles of incorporation is the legal instrument used to establish a corporation.
2 The Philadelphia Association of Community Development Corporations (PACDC) is a membership organization that provides technical assistance, advocacy, and policy analysis and development to nearly 45 CBDOs in the city of Philadelphia.
3 IRS Form 990 is an annual reporting return that certain federally tax-exempt organizations must file with the Internal Revenue Service. It provides information on the filing organization's mission, programs, and finances.
4 The Balanced Scorecard was developed for the private sector. The scorecard method uses a more human approach, which provides a customer perspective that measures an organization’s performance with regard to customer retention, new customer acquisition and customer profitability.
5 For the purposes of the dissertation research, CBDO expenditures represents the amount of monies spent on administration, programs, and other general operating expenses by CBDOs in their revitalization efforts.
6 The National Taxonomy of Exempt Entities (NTEE) is a classification system for nonprofit organizations recognized as tax exempt under the Internal Revenue Code. This system represents a broad range of their activities including health, human services, arts and culture, education, research, and advocacy.
7 The cities and CBDOs included in this study are based on the availability of data from 2002-2007. Cities and CBDOs missing demographic or financial data for 1 or more years were not included in the present study.
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