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**HOW DO BOARD DIRECTORS OF  
SOCIAL HOUSING PROVIDERS  
'FUTURE-PROOF' THEIR DECISION-  
MAKING CAPABILITIES IN AN EVER  
CHANGING LANDSCAPE? A STUDY  
OF NORTHERN ENGLAND HOUSING  
ASSOCIATIONS/SOCIAL HOUSING  
PROVIDERS**

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**DBA**

**2019**

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PROVIDERS**

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A thesis submitted in partial fulfilment of  
the requirements of the University of  
Northumbria for the degree of  
Professional Doctorate.

Research undertaken in Newcastle

Business School

April 2019

## **Abstract**

The aim of this thesis was to determine the role of the board of directors of housing associations/social housing providers in decision-making and future proofing issues in the changing landscape. In 2015, the Government decided to impose rent reductions on the social rented sector and under the Welfare and Reform Act 2016 these were implemented. The thesis drew on a pre research field observation of a housing association board and unstructured interviews with board members in housing associations/social housing providers in the region of Northern England together with input from a former RICS President and current CEO of a housing association in the South of England. The work offers a number of recommendations around how housing associations/social housing providers can (as required) future-proof their provision whilst balancing the financial and social needs of their hybrid organisations. With the growing pressure on social housing providers, there was an awareness that these decisions impact on the core values of the social housing provider. The results showed a relationship between culture, decision-making, finance and funding and social. The social care and the customer (tenant) are at the heart of these housing associations/social housing providers even in the difficult changing landscape, however tough decisions have been made in an effort to safeguard the organisation. The thesis contributes to a wider academic and professional review of the hybrid nature of housing associations/social housing by determining whether there was a need to future-proof. Hybridity is slippery in its design and execution. Therefore it is recommended that, amongst other things, housing associations/social housing providers should regularly review their cultural working practices; make decisions around staffing, working practices and streamlining efficiencies in order to safeguard the organisation; explore other finance opportunities; and, include tenant empowerment in their decision making. These recommendations will be of assistance to the professional bodies such as the Royal Institution of Chartered Surveyors (RICS), Chartered Institute of Housing (CIH) and the National Housing Federation (NHF).

## **Key Words**

Decision Making, Social Housing Provider, Housing Association, Culture, Mission, Social, Merger, Finance, Funding, Future-Proofing.

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## **Acknowledgements**

I would like to thank the many of people who have helped me along the journey to completing my doctoral thesis.

Firstly, I would like to thank my first supervisor Professor Jackie Harvey who has been a real inspiration in assisting me along what has been at times a trying process but extremely rewarding. Jackie always had faith in my abilities to complete my research and develop my own research methodology for conducting interviews with my participants. In addition, I would like to thank my second supervisor Dr Simon Robson who assisted with his knowledge of Real Estate and Housing.

I would also like to take this opportunity to thank each and every participant who formed part of my primary research. You all know who you are, and you all know how much you offered to this thesis. Thank you for your time and consideration.

I would like to thank my colleagues Rachel Williams and David McGuinness who have shared an office with me these past three years and have dealt with my doubt. I finally made it and I have completed my thesis – thank you.

I would like to thank Brigid Ivory, my mother, who has supported me through the whole process and has been a sounding board for my research topic, assisting me from initial presentation where she had to listen to me practising my presentation and discussing my research topic to the stress of completing this thesis.

Lastly, I would like to thank Michael Hatcher, my husband, for the late night conversations whilst walking my beloved dogs Bella and Lily on whether I could actually ever finish, and I have.

**Declaration**

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work. I also confirm that this work fully acknowledges opinions, ideas and contributions from the work of others.

Any ethical clearance for the research presented in this thesis has been approved.

Approval has been sought and granted by the Faculty Ethics Committee on 06.01.2017

**I declare that the Word Count of this Thesis is 62,683 Words**

Name: Cara Jayne Hatcher

Signature:

Date: 25.9.2020

# **1 Introduction and the proposed area of research**

The aim of this thesis is to explore the decision-making of the board of directors in future-proofing their housing association/social housing provider. Historically, housing associations/social housing providers have been focussed on socially driven objectives and their social ethos/mission, but in the changing landscape (financial, economic and political), there has had to be an increased awareness of more 'profit driven' objectives to financially support their organisations, and this has led to tough decision-making (Marsh , 2018). A definition of future-proofing, for the purpose of this thesis, is that if something is future-proof, it will continue to be useful, current, useable or successful in future if the landscape changes. In the past housing associations/social housing providers have relied on funding from the government as they operated as non-profit organisations. In terms of future-proofing, their very survival is at risk with the changing landscape causing issues between their enduring social purpose and growing financial pressures.

The Royal Institution of Chartered Surveyors (RICS) stated "many housing associations are reviewing their business plans because merely sitting on their stock means a safe business plan but little growth" (RICS, 2015, p1). The RICS are acutely aware that diversification of housing associations in the current economic climate is required and directors' roles and core values could be central for this change to take place by establishing how directors make decisions in housing associations/social housing providers in the context of the current landscape. This is an important topic because as earlier pointed out in Hills (2007), some four million people in the UK rely on social housing. The demand is constantly rising albeit more slowly in recent years to around 4.14 million in 2019 and social housing now accounts for the second largest form of housing tenure in England after owner occupation (McDermont, 2010). The reference to a changing landscape in this thesis stems from rent reductions in 2015 and a change in governmental grants programmes, the most recent being 2015–2018 to the need for even more private financing (McDermont, 2010). The term changing landscape offered a term that could cover all aspects of social, economic, environmental and political possible issues that could arise from discussions with participants and leads in to the unstructured interview research that will be discussed later in Chapter 5.

The thesis looks at the introduction of the topic, the history of housing, the decision-making and governance theories within the context of social housing. The primary research focuses on CEOs and board members who had direct contact with these decision-making capabilities.

This chapter is organised to introduce the topic, the framework used and the scope of the thesis; please see 1.2.

## 1.1 The initial process of research methodology

The research diagram below in Figure 1 has been utilised to show the methodology undertaken in this thesis.

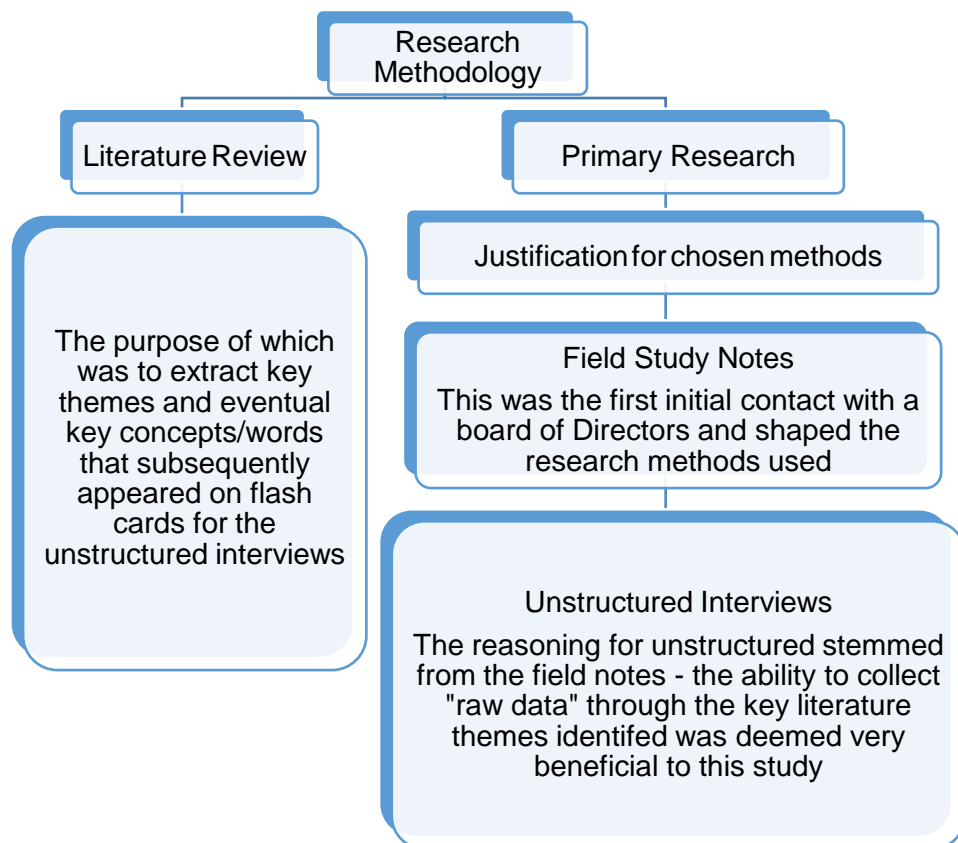


Figure 1: Research Process

### 1.1.1 Pre research field observation notes

At the initial stage of this research, I observed a board of directors at a North East based housing association. Access to the board was arranged directly with the chair after discussing my thesis interests during an unrelated meeting. This pre research observation board meeting took place in the September of 2015 between 5.30pm and

8.30pm within the local office boardroom of this particular organisation. Within the board there were 13 people; consisting of the chair, the secretary, two non-executives, a finance director, a governance director, two local councillors for the region, a tenant representative, a business development director, a repairs and maintenance director, a quantity surveyor and the local office manager. The meeting was a quarterly review of the business and it included a breakdown from every director on the current aspects of the business. There was an agenda that I was asked to keep confidential. I was seated beside the secretary but did not say anything or write any notes (this was done specifically to avoid impacting the meeting). I was introduced as a colleague of the chair who was seeking to complete a DBA in the field of social housing. Each individual had an opportunity to speak and gives an overview of the work they were undertaking. The unique insight gained from the meeting around decision-making and individuals' behaviour developed into some of the themes identified in Table 1. These themes emerged using eyeball analysis of the notes produced after the meeting (field notes are further discussed in Section 4.2.1). There were some underlying conflicting agendas and views especially around key issues to do with development versus social aspects, finance and funding (staff cuts), decision-making (social and financial tensions) and governance (maintaining regulatory status), areas which were to be subsequently explored. A sub theme that also developed was around a merger and job losses that would ultimately impact the board.

Table 1: Pre research field observation themes

Identified 'theme'	Note extract from the pre research field observation
Challenges	There were several challenges being faced by the board at the time of the meeting, including the merger discussion and proposed staffing cuts.
Consensus	There appeared to be a lack of consensus amongst board directors which was of initial interest to me when looking at the research question. Decision-making is an important aspect of this as the lack of consensus could lead to difficult decision-making.
Culture	As a housing association, there should be an inherent social ethos and therefore this had to become a theme to be developed in the literature.



Identified 'theme'	Note extract from the pre research field observation
Decision Making	There were a lot of differing opinions around how to make decisions and therefore this became a clear theme to be developed.
Finance	With the rent reductions, there were obvious concerns felt around the board table about where financing opportunities were going to be coming from and how they were going to survive.
Funding	There was some discussion on what funding opportunities were available and therefore it was deemed further analysis was required in the literature.
Governance	They discussed governance issues and it was felt that this also required further exploration to see if there were clear links between governance and decision-making.
Merger	This was a hot topic at the board (they have merged subsequently). This also impacts decision-making pre and post merger.
Social	There was tenant representation at the meeting and there was a clear policy of social mission and tenant empowerment (this requires further analysis in the literature both in Chapter 2 and 3).
Structure	The structure of the board was intriguing to me and the literature needs to focus on the structure of organisations and in particular housing associations.
Successes	They celebrated recent awards they had won and it became important to develop further.
Sustainability	Looking at alternative investments became very important to the board in this meeting and they were concerned about how to future-proof.

These themes helped determine the key areas of literature that were analysed and guided the presentation of that literature (Chapter 3). They also informed the approach to the research in terms of selected methods and the decision to adopt an unstructured interview approach and subsequently to themes that were used in the organisation of findings from the eight interview participants.

The observations also shaped the research question (explained below) as it became clear that there was a challenge around the perceived need or ability to future-proof the housing association/social housing provider. The challenge of future-proofing requires further discussion and forms part of the research question.

## 1.2 Thesis scope and contribution

The research contributed to the under researched area of housing associations (recent research in this area did not fully cover post 2015 rent reductions) and directors' decision-making. It will be of interest to housing associations, government bodies and the professional body of the author, the Royal Institution of Chartered Surveyors (RICS). Even investors are looking at possibilities of investing in housing associations due to high, safe returns and the emerging links with the private rented sector. In terms of contribution, the research will offer ideas to directors of housing associations in how decisions are currently made and highlight current practices to enlighten the Housing Association network; the Royal Institution of Chartered Surveyors, who value these properties; the investor whether it be private or public and the government.

## 1.3 Research question

**How do board directors of social housing providers 'future-proof' their decision-making capabilities in an ever changing landscape?**

The research is focused on the ethical dimensions in decision-making and social housing providers. Within the changing landscape, there is a need for directors of housing associations/social housing providers to have at least a level of awareness that providing a service and making a profit could equally be determined as being contradictory or complementary and this tension is something that will be investigated through both secondary research gathering and primary research. There needs to be an awareness of how social housing providers operate, future-proof (if applicable) and deal with this ever-changing landscape.

## 1.4 Context

The traditional views of housing associations/social housing providers are that they are non-profit organisations that rent houses and flats to people on low incomes or with particular needs. With the apparent growing trend of profit driven marketing and management focused businesses for housing associations/social housing providers (Mason, Kirkbride & Bryde, 2007), there is a perceived need for housing associations to adjust their model of operation as:

“Independent private sector, not-for-profit bodies that provide rented homes at sub-market rents. They also offer the chance to gain access to home ownership and provide other neighbourhood and community services” (Heywood, 2010 p5).

Housing Associations are not-for-profit charitable organisations that are structured around the main core of housing provision for those in need (Shelter, 2015).

It is also been argued that social housing is one of many terms used to categorise housing for the most vulnerable (Hutchinson & Ward, 2010). There has however been somewhat of a shift from this traditional view to also include housing, such as specialist care, homeless, where other perhaps alternative forms of accommodation are just not viable, feasible or attainable (Hutchinson & Ward, 2010).

However, recent changes to financial support from the government and housing policy, such as the rent cuts discussed in Chapter 3, have led to a shortfall in finances, subsidies and grants, therefore housing associations have had to make decisions as to whether to change focus from the core social housing provision to include profit orientated enterprises. Such a fundamental shift in the focus of activity may challenge the traditional business ethos of the board of directors as they are required to consider other strategic options in order to secure the longevity of their association.

Unlike many corporate companies, housing associations have a deep rooted ethos to protect and preserve their property and service portfolio and therefore are averse to risk. The thought of shifting from their core for many housing associations is too risky and indeed could jeopardise their existing stock through lack of financial stability that could lead to stock reduction through poor financial decision-making.

Housing associations, as with other businesses have views on risk. As Da Cunha discussed governance was a priority at board level. (Da Cunha, 2013).

This doctoral research will endeavour to determine decision-making of CEOs and the boards of directors within housing associations/social housing providers, looking at their appetite for risk, returns and core business strategies in the changing landscape as this is extremely important in terms of self-funding, trying to make a profit when not for profit and also saving money on staffing and other associated costs.

In addition, given the nature of the study, it is also important to consider the behavioural characteristics of board directors in terms of decision-making and whether they are typical of housing associations board in primarily northern England (one interview participant is from the south). Effective board director characteristics

should include the ability to make decisions that are core to the mission of the organisation and are mindful of governance issues. There also needs to be a balance of board characteristics and not too many directors from the same background that may have the same ethos rather than a balance of thought (Westphal & Zajac, 1995), the purpose being to determine how readily they (individually and jointly) are able to adapt to the changing economic environment. This will be done through a series of interviews which will apply the themes established from the literature.

#### 1.4.1 Housing associations/social housing providers

Housing associations are a fundamental part of the provision of social housing in England. Housing provided by housing associations is one of five categories of housing, according to the National Housing Federation (Malpass, 2000) and is the largest source of social housing in England. The role of the board of directors or management committee is quite unique in that it has a need to protect the association and ensure its safe running (NHFA, 1994). This will be one of the main themes (social core, mission, purpose) of the research, looking at the way in which the board of directors makes decision and importantly what influences them, whether that be in economic or ethical terms. Although the work of the NHFA is dated it still shows the relevance of looking at the approach of decision-making in the current economic climate.

Historically, there has been a need for housing for those classed as 'vulnerable' which actually dates from the 10<sup>th</sup> century with the introduction of alms houses (Heywood, 2010) however this provision of housing has evolved with changes in demand and housing requirements and has changed significantly from the 1960s onwards.



Figure 2: Traditional alms-house, The Holy Jesus Hospital - Newcastle upon Tyne (circa 1683) (docbrown, 2015)



Figure 3: Fizzy Living Apartment block, London (circa 2015) (Fizzyliving, 2015)

Housing associations grew out of a movement in the 1960s and 1970s to address the importance of social inclusion and the need to improve standards of care for those in need. However, housing associations really expanded in the 1980s, arising from the policies of the then Thatcher government. The local authority was the pinnacle for social housing, offering housing at affordable rents for those in poverty or need. However the Right to Buy under the Housing Act 1985 Part V (legislation discussed in Chapter 2 Sections 2.6 and 2.7), introduced the tenant's right to purchase a council property whether it be a flat or a house at a significantly reduced price depending on a number of factors such as length of occupancy and local authority valuations. The

benefit of the Right to Buy for the tenant was a 33% discount on the value of the property so this was an attractive proposition for the tenant to become an owner occupier. If a tenant had been in occupation for 20 years or more, this discount was increased to 50%. Take up was high until the recession of the mid 1980s. The Right to Buy Scheme continued through the subsequent decades at a slower rate until it was revived by the David Cameron government.

The money, not known but thought to be in the billions, released through this scheme was to be used to support the local authority general finances rather than being reinvested into building more housing stock or to improve current housing provision. The impact of the loss of rent under the Thatcher government was not recognised and the problems of shortfall in the funds generated was not discussed. The loss of rent led to a shortage of available funds for social housing and with the need for housing ever growing, the government decided to shift power to RSLs (Registered Social Landlords) under the control of housing associations.

Decent Homes as a concept has been around for a number of years but became an Agenda in 2006 (DCLG, 2006). Decent Homes have had a major impact in social housing and although the concept of homes fit for heroes and the decent home agenda has been around since the start of the twentieth century, the need to promote the wellbeing of tenants as well as providing a home not just a property is fundamental in decision-making in housing association/social housing providers (Boughton, 2018; Hills, 2007; Madden & Marcuse, 2016). In 2007 Hills discussed the future roles of housing associations and discussed that a decent home for all was paramount (Hills, 2007). In effect, Hills (2007) emphasised that there is a tension between finance and funding issues and social aspects of the requirement of decent homes.

Today, housing associations are looking to the future and determining what can be done to improve their income and future sustainability due to the pressures on rent cuts and reduction of available grants. The security of housing association/social housing providers' investment opportunities are offered to the market as a way of producing an income stream that would bolster financial support for housing associations. While some investments have been into the market renting side of housing including 'sister' companies, others have been into alternative investment funds such as solar panels (Gentoo) and others have merged to safeguard their finance obligations. These alternative investment mechanisms can have both positive and negatives effects in terms of branding, management, financing, development and

risk. The defence of housing should not be a part of decision-making but rather “what needs defending is the use of housing as home, not as real estate” (Madden & Marcuse, 2016, p11). Decent homes are more likely to be achieved nowadays than in the pre Victorian movement and they focus much more on the disadvantaged households rather than just the physical built environment (Hills, 2007).

Within my primary research I will endeavour to determine whether mergers or alternative investments or hard decisions have been made in the midst of the rent reductions of 2015. Clearly the impact of rent cuts was apparent as many providers at this stage had business plans in place based on the Chancellor of the Exchequer, George Osborne’s, original 10 year plan (set out in 2013 to last until 2023) The 10 year plan was superseded by the 2015 rent reductions (Gov.uk, 2013; HMT, 2015). In recent terms, legislation enacted under the Welfare Reform Act 2012 brought about the announcement of the rent reductions of 1% year on year from 2016 until 2020 (Boughton, 2018; Marsh, 2018; Mullins, & Craig, 2005; NHF, 2017).

The uncertain and often short term political landscape, including the current landscape where the current government has no apparent housing policy, creates problems for housing associations/social housing providers who are required to work within longer time scales. The issue that has become ever apparent is the perceived need for change as “social landlords are caught between the demands of the state, the market and the community, and must balance these responsibilities” (Morris, 2013, p1).

Furthermore, it is worth noting that:

“Today’s housing associations – at least the top 400 – are big businesses. Yet they did not become so in the last few months. Many have been for at least 40 years. And lest we forget in a rush to commercialism, housing associations have grown largely because of state policies and funding” (Morris, 2013, p1). It is quite clear that the core business for housing associations is still meeting housing need and that “the majority of housing associations still concentrate on meeting the most severe of needs” (Morris, 2013, p2).

## 1.5 Justification for chosen topic

The board of directors, within the structure of a housing association, has a fundamental duty of care to protect the interests of the not for profit charitable institution they represent. There is no set mandatory code, however Homes England

and other regulatory bodies set a standard that a housing association/social housing provider should abide by and this is discussed further in Chapter 3. In the current economic climate, some housing associations are looking at models of operation that may well alter their social provision ethos as they look to future-proof. Within my research future-proofing is defined as preserving and protecting the housing association/social housing provider for the future with regard to the changing landscape. The board of directors have to look at the risk, return, governance and management aspects to determine the viability of this option that may result in restructuring their method of operation and challenging the core values of their not for profit status.

The focus of the thesis will therefore include looking at how directors adjust their own approach and beliefs to a commercial operation when they might have originally been appointed because of their more social ethical stance. It has been hypothesised that the values that align with the not for profit status will be different and possibly at odds in an ever changing climate when not-for-profits are forced to make profit or sustain themselves in other ventures or other enterprises and therefore in some cases move from their core purpose. The literature review will provide data on the market and governance of housing associations/social housing providers and subsequently the primary research will provide data from CEOs and board members of housing associations around the Northern region and those deemed to have specialist knowledge.

The Companies Act (2006) codified the duties of directors including increasing the law's accessibility, coherence and comprehensibility to company directors, particularly directors of small and medium-sized enterprises. It further requires that directors avoid conflicts of interest (Goddard, 2008). The managing director/chief executive is responsible for the performance of the company, as dictated by the board's overall strategy. He or she reports to the chairman or board of directors (IOD, 2015).

Housing association board directors' roles are about overseeing strategic decision-making, governance, risk management, finance and funding, compliance whilst achieving key objectives (Enable Care, 2015). This is not widely different to a commercially run company with a core profit requirement but the differences in the not-for-profit stance of a housing association will require further investigation. Some of these will act as themes, originally derived from the pre research field notes and subsequently investigated in the literature review and as appropriate discussed in the



unstructured interviews as they are perceived, at this stage, to be an important gauge for determining why directors make decisions. These decisions are not just commercially restrictive in a housing association/social housing provider but are also restrictive to their social stance. This will be explored further in Chapters 3 and 5.

Although profit, return and management of risk are significant indicators for a typical company, in addition, housing associations face a number of additional complex decision-making issues that have to be analysed including charitable organisation status and associated behaviour, traditional risk aversion and core ethical values. In conclusion, the changing landscape for housing associations/social housing providers is turbulent and requires further discussion, development and analysis and this will be undertaken in the subsequent chapter.

## 1.6 Structure of the thesis

The rest of this thesis is organised as follows:

Chapter One	Introduction and the proposed area of research
Chapter Two	The history and development of social housing
Chapter Three	How do Hybrid Social Enterprises make decisions and how in practice does corporate governance work
Chapter Four	Research Methodology
Chapter Five	Primary Research
Chapter Six	Conclusions and Recommendations

## **2 The history and development of social housing**

### **2.1 Introduction**

This chapter will look at the social aspect of housing and importantly its foundations and how it originated in the UK. Due to government cuts, grant cuts and changes to the welfare state, there has been a shift in the possible priorities of housing associations/social housing providers which will be examined in Chapters 3 and 5. The history of housing will provide a background to the decision-making and future-proofing of housing associations/social housing providers in the current context. This in turn will help inform the development of the research question of “how do board directors of social housing providers ‘future-proof’ their decision-making capabilities in an ever changing landscape”. It is important to discuss the origins of social housing in order to demonstrate the factors that have contributed to the changing landscape and decision-making. Importantly, “the social housing sector in England has a long history, during which a succession of social, economic and policy changes have altered its character and its tenants” (Gregory, Mullins, Murie & Redman, 2016, p13).

### **2.2 Context of the chapter**

The context of this chapter is to provide a history and overview of the development of social housing. It is important to first discuss the history and development of housing and the key decisions that were made historically in social housing, before moving to how the evolution of social housing defines the original core purpose of providing decent homes and the philanthropic movement that in turn shaped the current social housing context. Understanding the origins of social housing can help explain the current issues faced by housing associations/social housing providers. The review will focus on the ways in which social purpose has been constructed over time (from housing need and philanthropy to resident empowerment and wider community investment aims) and highlights the funding shift from public grants to private finance. For some, social housing has shifted from just the provision of dwellings to the offer of a community based resource (Boughton, 2018; Fitzpatrick & Watts, 2017; Hills, 2007; Madden & Marcuse, 2016).

### 2.3 What is social housing?

Social housing is housing provided for people who are deemed to be on low incomes or with particular needs by government agencies or non-profit organisations which could be housing associations or social housing providers (Billis, 2010; Malpass, 2000). This definition has been adopted for the purposes of this thesis. In terms of social housing, “the conjunction of the words ‘social’ and ‘housing’ represents a relatively recent, and perhaps paradoxical truth – claim in the history of state involvement in the provision of housing in the United Kingdom” (Cowan & McDermont, 2006, p1). In order to analyse the importance of social housing; the nature of its existence and rationale for its introduction needs to be explored. Kemeny (2001, p64) stated “housing has a particular position in the welfare state” and that there are three models of social change in comparative welfare state research: developmental; cyclical; episodic; and, divergent. For many housing associations/social housing providers, it could be argued that history repeats itself and there is a need, by design and arguably decision-making, for housing associations/social housing providers to future-proof themselves by reflecting and developing on previous experiences and challenges that will inevitably return to the agenda such as the provision of housing and funding and finance tensions (Bassett & Short, 1980; Kemeny; 2001)). It can be argued that there is both a narrow view of the welfare state being about income and services and a wider view (more appropriate to this study) that encompasses political, economic and social issues (Esping Andersen, 1990).

### 2.4 Housing need and philanthropy

The redistribution of Victorian slums, the welfare state and the designation of council tenants have played a part in the development of social housing in its current context. The need to protect people who are unable to house themselves is by no means a new problem. For example alms-houses help us understand the importance of protecting people, and housing those in need (Darke & Darke, 1979; Malpass, 2000). King (2003) looks at housing and philosophical justification for the analysis of housing policy, from need to choose, right to housing, being responsible, individual autonomy and housing purpose. The irony is that without housing, other services are superfluous, and the welfare state is flawed. The duty of the housing association/social housing provider is to provide these services which have, over time, become more comprehensive (tied in with education and other social reforms) to improve the tenants’ wellbeing.

A number of key issues around health, society and welfare started to emerge from 1815 due to the need for improved hygiene standards and shelter (Burnett, 1986; Grant, 1992; Malpass, 2000; Short, 1982) and these are discussed in the next section.

#### 2.4.1 Octavia Hill and the Victorian movement – the impact of philanthropy

Octavia Hill has been discussed as an individual because her pioneering movement contributed to the modern concept of social housing (Cowan & McDermont, 2006; McDermont, 2007; NHF, 2015 Kleinman, 1991; Malpass, 2000; Octaviahill.org, 2016). Hill's improvements in the sector were formally enacted through the 1890 Housing Act (The amalgamation of the Torrens and Cross Acts) (Lowes & Hughes, 1991). Hill understood the problem of balancing social provision against profit, informing the primary research themes of this thesis. Hill was one of the first to understand and develop the concept of joined up services, housing management and the importance of putting a roof over someone's head; it was about the totality of the tenant's life embracing job security, health and happiness (this emerged as a common additional theme from this research and is discussed in Chapter 5). The original purpose of social housing, still relevant in decision-making today (Boughton, 2018), was to respond to housing need due to the lack of decent housing standards.

### 2.5 The progression to council housing

Boughton (2018) discussed the introduction of the first council estate (the Boundary Estate in Bethnal Green), as a tool to improve housing conditions in 1900. Further estates were developed up until the First World War when development abruptly stopped and many of the proposed council estates were left part complete, including the garden cities of the South (Boughton, 2018; Malpass, 2000). There are a number of Acts which were passed at this time. These included the introduction of the Housing and Town Planning Acts 1919 (the "Addison Act") as well as the implementation of the Housing Act 1890 (Short, 1982). The 1920s saw the emergence of council housing fuelled by the post-war 'homes for heroes'. This essence of helping those in need is very relevant today as the legacy of a social housing provider is tied by this need.

Social housing became an important delivery mechanism for better housing for those in need from 1918 onwards. Interestingly though it encompasses a shift from the demands of the landlord to a focus on the tenant's wellbeing and the concept of tenant empowerment. This would never have come to fruition if not for the determination of

post war politicians to seek changes in the law to meet the demand for better quality living. Boughton (2018, p33) states “the cliché that it takes a war for the state to recognise the virtues of its working class – as soldiery, workforce and (though only latterly) as citizens”.

## 2.6 The 1920s and 1930s

Further Acts during the 1920s extended the duty of local councils to make housing available as a social service. The Housing Act of 1924 gave substantial grants to local authorities in response to the acute housing shortages of these years. The Housing Act of 1930 obliged local councils to clear all remaining slum housing, and provided further subsidies to re-house inhabitants, clearing slums and providing houses with gardens and amenities in suburbia (something not well received by some suburbanites) (Boughton, 2018). The 1920s were a time when large scale developments were perhaps promised but not always forthcoming. By the 1920s, the 1919 Addison Act and the 500,000 houses it promised had become unrealistic (historyandpolicy.org, 2008; Malpass, 2000). The improved housing conditions advocated prior to the 1920s appeared overtaken by their finance implications, a situation not too dissimilar to the current climate with the pressing issue of the rent reductions leading to difficult decisions between social and financial goals. The main objective of the Wheatley Act of 1924 was to look at a 15 year building plan for the provision of council housing post slum clearance. New council housing was finally being realised for the very poor (Malpass, 2000; Mullins & Murie, 2006). It was also in the 1920s that monetary subsidies for building council housing were readily introduced which led to an influx in willing developers to develop such estates of social style housing. The determined nature of local and central government to clear slums in the late 1920s really epitomises the current concept of social housing (Clapham, Kemp & Smith, 1990).

The early legislation discussed so far is summarised in Table 2 overleaf. The table shows the evolution of housing policy, development of housing, the transition to improvement in housing and the origins of the decent homes agenda up to 1930.

Table 2: Timeline of legislation 1700s -1930 (Adapted from Parliament.uk, various; Her Majesty's Government, various, Architectsjournal, n.d.)

<b>Legislation</b>	<b>Its impact</b>
<b>1700 – 1800</b>	Parliament authorises more than 600 Acts for new improvement schemes in British towns.
<b>1846 – Nuisance Removal Act</b>	Begins defining conditions considered unfit for human habitation in living accommodation.
<b>1848 – Public Health Act</b>	Establishes a general board of health, marking the first acceptance by government of responsibility for the health of the population.
<b>1872 – Public Health Act</b>	Appointment of medical officers is made compulsory in urban areas
<b>1875 – Public Health Act</b>	Establishes a coherent administrative machinery to deal locally with issues of health and sanitation. Local authorities required to provide water, drainage and sewerage.
<b>1875 – Artisans' and Labourers' Dwellings Act</b>	Gives local authorities power to buy up and redevelop slum areas.
<b>1890 – Housing of the Working Classes Act</b>	Extends the 1875 Artisans' Act by offering greatly increased loans to local authorities.
<b>1903</b>	Work begins on Letchworth, Britain's first 'garden city'.
<b>1906</b>	Hampstead Garden Suburb Act.
<b>1909 – Housing and Town Planning Act</b>	Compels local authorities to tackle substandard housing; new housing developments encouraged on 'garden city' principles; 'back-to-back' housing made illegal.
<b>1919 Housing and Town Planning Act – Addison's Housing Act</b>	The building of 500,000 new homes planned, but only 213,000 completed.
<b>1924 – Housing Act</b>	Extensive grants to local councils for new housing.
<b>1930 – Housing Act</b>	Requires the clearance of all remaining slum accommodation and rehousing.

## 2.7 Second World War to the mid 2000s

Interwar Britain in effect saw the growth of suburbia, the clearance of slums and the growth of the garden cities (Boughton, 2018). The growth of council housing was stalled by the Second World War.

The Second World War was one of the major turning points for social housing, as there was a high proportion of properties built utilising newly available prefabricated construction materials that made construction much quicker and, in turn, less expensive. The demand after the Second World War was to provide housing for everyone (Hills, 2007) who needed it due to bomb damage, slum clearances and the need to house people relatively quickly, on a budget and, due to supply shortage of traditional materials, using non-traditional materials. However, with this era came the ideology of fairness and a socially driven moment (Boughton, 2018). Boughton provides the example of the new town of Peterlee that was built during this period to regenerate the area of Easington. It was labelled the “housewife’s paradise” but because there was not enough thought put in to the long terms needs of the community, Peterlee has failed to live up to this original ideal. Important for the current study is that long term success requires tenant involvement in decisions that affect their community.

Table 3 below shows the relevant legislation that is discussed in the next part of this chapter.

Table 3: Housing Legislation 1946 – present (Adapted from parliament.uk, 2016)

<b>Legislation</b>	<b>Its impact</b>
<b>1946 – New Towns Act</b>	Leads to the creation of new towns at Stevenage, Hemel Hempstead, Basildon, Bracknell, Corby, Crawley, Harlow, Hatfield, Aycliffe, Peterlee, Cwmbran, East Kilbride and Glenrothes.
<b>1947 – Town and Country Planning Act</b>	Establishes procedures to control the growth of towns and cities.
<b>1949 – Housing Act</b>	Unlike the 1946 Housing Act, this act dealt with the development of housing for not just social housing but all housing.
<b>1954 – Housing Repairs and Rents Act</b>	This was an Act to make further provision to clear and redevelop unfit housing and accommodation and also ensuring other housing was maintained to a proper and fit standard. Within the Act was the 1954 slum clearance proposals.
<b>1961 – Housing Act</b>	This Act was about giving financial assistance for the provision of housing accommodation, and to give further powers to local authorities to increase rents and to use this money to improve maintenance of the housing stock.
<b>1964 – Housing Act</b>	This Act’s main purpose was to set up a new body whose purpose was to assist

Legislation	Its impact
	housing societies and associations to provide housing and improve housing stock. This year also saw the birth of the Housing Corporation. This has since been abolished (in 2008) and is known thereafter as the Homes and Community Agency and Tenants Services Authority; however, its goals were to fund new affordable housing and regulate housing associations in England.
<b>1969 – Housing Act</b>	The important aspect of this housing act was the General Improvement Area. These were mainly residential areas that the housing authority felt should have improved living conditions by improving not only the dwellings but other amenities as well.
<b>1974 – Housing Act</b>	<p>This Act extended the functions and abilities of the Housing Corporation and brought about registration of some housing associations and gave them financial aid.</p> <p>In conjunction with this, 1974 Grants for housing associations enabling large-scale development.</p> <p>Part V Housing Action Areas were introduced on the basis of improving areas of housing which were deemed unsatisfactory in terms of living conditions.</p> <p>This was a turning point for the modern movement of the housing association (Malpass, 2000; Malpass &amp; Victory, 2010). It shaped the way housing associations were structured at the time. This has shifted more towards the social enterprise model.</p>
<b>1977 – Rent Act</b>	This allowed for protected and regulated tenancies that were in favour of the tenant and the landlord had no ability to increase or regulate rents or evict tenants.
<b>1980 – Housing Act</b>	The Right to Buy was introduced. This legislation established a legal right for almost all secure tenants who had lived in the property for three years or more to have the Right to Buy their property. It applied to almost all properties where the landlord was a local authority, non-charitable housing association or other public sector body.



<b>Legislation</b>	<b>Its impact</b>
<b>1985 – Housing Act</b>	This 1985 Act looked to improving the ability for local authorities and housing associations to improve property and looked at tenant's right to repairs and brought in the secure tenancy which gave tenants more protection and rights as a tenant.
<b>1988 – Housing Act</b>	This Act brought about assured tenancies which focused on tenants' rights. This brought about changes from the 1977 Rent Act (removing regulated tenancies).
<b>1989 – Local Government and Housing Act</b>	This Act looked at controls on local authority housing expenditure again (a common theme).  Part VIII dealt with the restrictions on grant aid.
<b>Housing Act 1996</b>	This Act dealt with the administration of housing benefit.
<b>Housing Act 2004</b>	The second opportunity for the updated Right to Buy.

Post war reconstruction required a major investment in residential property to replace much of the bomb damaged property that was lost in the War (BBC, 2015). Clement Attlee's Labour government built more than a million homes, 80% of which were deemed council houses. These homes were designed to be homes rather than mere dwellings, designed with gardens as part of landscaped housing estates and apart from the slums of the inner cities (Boughton, 2018). Between the 1950s and the 1980s development in both the private and social sector increased. In reality however, these new estates were not always built with the people in mind and became in part, as in the case of Peterlee, lawless and "grim" (BBC, 2015). Location does impact on the style, design, use and demand for council housing in this era and in the 1950s, and there were notable successes mainly in the south of the country (Boughton, 2018).

The 1950s and 1960s saw more development of council housing alongside growing home ownership (Boughton, 2018).

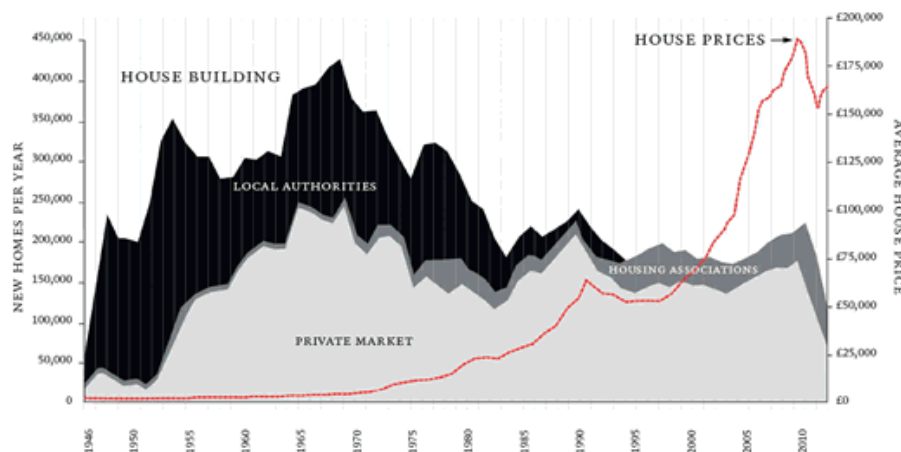


Figure 4: Meek, J (2014) "Where we live? para. 11"

Figure 4 shows the relationship between the different types of construction by housing tenure in the UK. The important and significant aspects of this graph are the shift from the house building of the local authorities and subsequently the stock transfer (Pawson & Fancy, 2003a, 2003b) to housing associations/social housing providers. The lack of available builds in the 1990s through to the present are representative of some of the challenges this sector faces.

Margaret Thatcher, as prime minister, instigated the Right to Buy but it was Ted Heath's government, in the early 1970s who drafted the proposal for the Right to Buy. However, its origins go back to the Housing Act 1936 since when local councils have had the right to sell off their council housing stock with approval from the government. The important aspect to highlight is the financial inducements that were instigated by Thatcher's government and that provided the additional support required for local authority tenants to be able to afford to buy their property, enabling tenants to become owner occupiers (Boughton, 2018; Malpass, 2000). In consequence, the "number of council houses sold in England ... [went] up from 7,000 in 1970 to nearly 46,000 in 1972" (BBC, 2015). In total "more than a million council homes...[were] sold at an estimated cost in today's money of more than £60bn. The majority of sold-off homes were not replaced, leaving social housing as a residualised tenure. Since her [Thatcher's] fall in 1990, a further 500,000 were bought under less generous discounts – until the recent reinvigoration of the scheme in 2011 and 2013" (Gulliver, 2013, para. 7). It is clear that Thatcher brought about a rapid change in the provision of public housing through the right to buy scheme included in the 1980 Housing Act. The Act also brought about further changes through the implementation of the 1988 Housing Act and that jointly these fundamentally changed the UK housing system. It

has been argued that home ownership and the growth of housing association (stock transfer) were part of the Thatcher government's chief housing aims. These changes have moulded many housing decisions post the 1980s and still have an impact currently on the sector.

It was very apparent during the 1980s and the 1990s that there needed to be substantial transformation within social housing (Hills, 2007; Kleinman, 1991; Malpass, 2000; Marsh, 2018). According to Kleinman (1991), there were a number of changes around certain parts of major legislation. In addition to the 1980 Housing Act which gave every council tenant the Right to Buy, the 1988 Housing Act and the 1989 Local Government and Housing Act initiated the transformation of local authorities from providers to enablers. The local authorities sold off their existing stock to registered social landlords in order to reduce their exposure to providing services and became overseers, using the money generated from Right to Buy to use alternative government services, removed from housing, and paying off debt (Mullins & Murie, 2006). The 1980s and 1990s were probably the single most important transformation since provision of public housing began in 1919. The Right to Buy still defines and shapes the modern day housing association and governance as it altered the landscape of these providers from the local authority organisation to the social enterprise and it reshaped the structure of these organisations (Cowan & Marsh, 2001). The sale of council housing has had a lasting impact as more housing is required and continues as a challenge for the social providers today.

There is a debate as to whether home ownership via the Right to Buy was handled well or whether it increased welfare dependency in part due to the subsequent changes in social housing (Gregory et al., 2016). For the purposes of this thesis, the Right to Buy has been discussed as part of the transition of remaining housing stock from the local authority to the housing association/social housing providers. According to the Joseph Rowntree Foundation (2003), in the past 15 years since the 1980s, social housing in Britain has been substantially restructured and transferred from local authorities to Registered Social Landlords. This latter group became a community builder, focusing on more than just housing (Cowan & McDermont, 2006; Marsh, 2018; McDermont, 2010). The transfer of stock to "organisations with long term housing objectives and commitments can provide long term security of tenure to tenants in a way that private landlords would be unwilling to give" (Hills, 2007, p18).

A large majority of transferred stock has been taken into ownership by newly created associations which were specifically created for this purpose. In most cases, these have been set up as free-standing bodies, though a few were established as subsidiaries of existing associations that were attached to local authorities. This stock transfer started in 1988 and within 20 years (by 2009), approximately half of council housing had disappeared and become part of the social enterprises that formed most social housing in 2019 (Malpass, 2000; Malpass & Mullins, 2002; Pawson & Fancy, 2003a, 2003b; Pawson & Mullins, 2010). This transfer was undertaken to raise the finance to repair the remaining council housing stock (Pawson & Mullins, 2010). The transfer of this ownership was an opportunity, not seen by all tenants (Marsh, 2018), to improve the provision of social housing. These organisations that were run as a business rather than relying solely on government grants, could, in turn, provide a better quality of social housing (Pawson & Mullins, 2010; Malpass & Mullins, 2002). The transfer of stock was the most important aspect of the social housing initiatives since the Second World War and has had a significant effect on the sector (Malpass & Mullins, 2002).

Social unrest during the economic downturn of the 1990s drew attention once again to the community aspects of social housing and to the provision of homes that were suitable for community creation (Boughton, 2018; Cowan & Marsh, 2001). A place to thrive, work or have a job (Hills, 2007) and reflect upon community and neighbourhood renewal (Mullins & Murie, 2006) are equally as important as a place to live and the importance of community and tenant integration cannot be ignored. The transfer of social housing stock to housing associations, provided an opportunity to regulate the sector and move towards a different community based provision. For some, the “dismantling of public housing” (Madden & Marcuse, 2016, p 41) in the UK has caused insecurity and therefore, tenants’ engagement is paramount. There are some “interventionists” (Fitzpatrick & Watts, 2017, p 1027) who are looking to provide an opportunity for tenants to prosper and lead independent lives. The role of social housing has shifted from the large estates developments to more intensive community based developments that take the tenants’ needs in to consideration (Bradley, 2008; Hills, 2007).

Flexibility became a key issue for housing associations with the Localism Act 2011, allowing social housing providers’ flexibility in their tenancy options which in turn allowed them to alter their decision-making for their organisations. However not all providers were happy with these changes and in fact it was only the proactive social

enterprises that embraced this flexibility (Boughton, 2018; Fitzpatrick & Watts, 2017; Malpass, 2000).

In addition to the provision of housing from these social enterprises, community investment became a vital part of the development and continual maintenance of these buildings is part of the creation of communities. Arguably “the landscape of the state is changing and there are increasing opportunities, as well as challenges, for housing associations in developing the reach of their business. Many housing associations are examining their purpose and considering their involvement in communities beyond the provision of homes” (Housing.org.uk, 2019). In addition, housing associations are further diversifying and working with a variety of stakeholders from tenants to private investors, providing a rich and diverse range of experience and skills (Housing.org.uk, 2019). Social enterprise goals in terms of a housing associations/social housing providers have shifted to “go beyond the current rhetoric of tenants’ participation which assumes that it is a panacea for the problems of social housing, empowering tenants and improving their lifestyles, acting as a cost saving management tool for local authorities aiding estate regeneration and reducing crime” (Cowan & Marsh, 2001, p 157). The involvement for tenants and a holistic approach to the new regime of housing provision focuses on the social purpose not just the housing (Bradley, 2008).

#### 2.7.1 Size and number of housing associations nationally and in the area of study

Prior to concluding this chapter, it is appropriate to reflect on the makeup of the social housing sector as the individual providers have sought to adapt. Since 2012, the regulator for social housing has provided global accounts of private registered providers. Table 4 overleaf highlights the key information regarding the changing landscape of private registered providers in the period 2012 -2019. Even during this period, the sector has seen changes including a transition from traditional housing associations to stock transfers, a pivotal change in grant funding from the government to wider spread private investment and a growth of the sector in terms of new builds.

Table 4: Global Account overview (Homes and Communities Agency (2012 – 2017) and Regulator for Social Housing, 2018-2019)

<b>Year</b>	<b>Overview of the sector provision</b>	<b>Bank lending and sector activity</b>	<b>Diversification of the sector</b>
2012	The sector is made up of traditional and stock transfer housing associations. An increase in stock transfer.	A viable option – the sector was strong. 2012 saw a number of housing associations (mainly based on the south) access the bond market	Own and manage 2.6 million homes.  Providers have undertaken a diverse range of non-social housing activities to try to meet their objectives such as joint ventures.
2013	The sector gains most of its income from social housing lettings (80%). Stock transfer increasing in the sector from 2012 by a further 3.3%. Only 1.7% still traditional housing associations.	The sector remains financially robust. Total borrowing of £52 billion.	Own and manage 2.7 million homes.  A further move from traditional housing associations to stock transfer organisations.
2014	The distinction in the market between the traditional and an increasingly mature stock transfer (which occurred approximately 10 years ago) continues to diminish.	In 2014, the sector had reinvested £12.7 billion in to new build and development alongside major refurbishment of exiting stock.	Slight increase in ownership levels from 2013.  Private funding market grew in 2014 by £100 million. The Affordable Homes Guarantee Programme allowed for £500 million in loans.
2015	70% of stock transfers now over 10 years old.	The sector was in a strong financial position. Drawn bank debts of £63.4 billion.	Slight increase in ownership levels from 2014.  Grants in 2015 were at £0.5 billion. The rent reductions are developed. Non social activity decreased in 2015 by £104 million to £879 million.
2016	A solid year which was due to investment and financial performance	£7.5bn invested in new and existing stock. Debt levels remained stable.	No direct numbers reported but increased.  Mitigation in financing undertaken due to imminent rent reductions.  Performance increased due to sales in the sector approximately 8.1% - although allowance required for regional differences.

<b>Year</b>	<b>Overview of the sector provision</b>	<b>Bank lending and sector activity</b>	<b>Diversification of the sector</b>
2017	Still performing at a surplus however due to reduction in overall running costs.	Investment of £10bn in to the sector.	No direct numbers reported but increased.  No increase in turnover due to rent reduction impact (remained at £20 bn). A major reduction in costs this year to mitigate the impact of the rent reductions. High profile mergers impacted the sector. The increase in debt was 4%. The London and Quadrant merger has impacted the results for this year.
2018	A strong financial performance.	Using the available funding powers. Increase of debt by £3bn.	A shift away from grants and more reliance of funding powers. This is changing the landscape from the traditional housing association pre the rent reductions to the stock transfer social enterprise of more recent years. Sales of stock has been prevalent especially around joint ventures – a clearer move to social enterprise goals arguably.
2019	Surplus lower than in 2018 but a clear drive towards investment in new build and existing homes.	Increase of debt of £13.5 bn	Social housing lettings not showing an increase due to the rent reductions. The core has seen a reduction on operating surplus therefore alternative investment was important to improving financial position. An increase in debt shows the changing landscape from grant to bank lending.

Table 4 above is a timeline of regulatory returns from 2012-2019 (the only data available) and shows the progression of the sector from the provision of housing, the bank lending activity and the diversification of the sector during this period. There has been a progression towards self-funding within the sector which ties in with the ideals of future-proofing and adapting to the changing landscape which also links with the research question.

According to the regulator for social housing, there are 1624 registered social providers in England with the Northern region accounting for some of the highest proportions of units in England. In 2019 alone, there were 42 mergers of housing associations where smaller housing associations have amalgamated with larger providers due to pressure on resources. Some of the higher profile mergers in Northern England have included:

Table 5: Merged housing associations in the north east of England (Author's own, 2020)

Name of housing association	How many housing associations involved in the merge	Number of units (approx. figures)	Proposed units in the pipeline
Bernicia	4	14,000	600
Thirteen	5	34,000	3,000
Karbon	3	30,000	No exact number provided but £233million investment to build new homes
Castle and Coast	2	7,000	120 a year
Impact Housing Association	2	54,770	No plans
Riverside	Merged with Impact above	53,000  (Merged figure 107,770)	316

Table 5 highlights some of the key mergers of housing associations in the North East and Cumbria. Albeit, the headline figures show only a few merged associations, these have been mega mergers in some cases. Impact and Riverside have altered the landscape in Cumbria; as has Bernicia in Northumberland, Thirteen in Stockton and Karbon in County Durham and Tyne and Wear. The range and scope of housing associations in the region range from small single digit unit providers up to over



100,000 unit providers making it a diverse region with a complex set of challenges and needs in an ever changing landscape.

## 2.8 Conclusions on Chapter 2

This chapter has outlined the history of social housing and represented the transition from the traditional council homes that were primarily built post the Second World War, based on the homes for heroes of the 1920s, through to the Right to Buy and finally, the local authorities transferring the rest of their stock to housing associations/social housing providers. In doing so, it has demonstrated the importance of the historical context to the development of social housing, from philanthropy through to tenant empowerment within the sector which is of relevance to the research question around decision-making and future-proofing.

This chapter has highlighted the themes that arose from the pre research field notes which included social, culture, decision-making. The next chapter considers the structures of governance for these organisations which leads the author into board structure, organisational behaviour and roles of directors.

### 3 How do hybrid social enterprises make decisions in the changing landscape?

#### 3.1 Introduction

This chapter follows on from the history of social housing which provided an introduction to the historical background of housing associations and social housing providers. This chapter starts by providing the definition of a housing association/social housing provider that has been adopted for this study. It then discusses the main literature areas of the role of the housing association/social housing provider, social enterprises, the third sector, hybridity, decision-making and future-proofing. These were some of the main themes that emerged out of my pre research board observation field notes (see Section 1.1.1.).

The context and purpose of this chapter is to determine the way in which decision-making is delivered in housing association/social housing providers within a changing political and economic landscape. The importance of determining the role of housing associations/social housing providers in the changing landscape, hybridity, the impact of decision-making and the governance that surrounds these decisions is crucial for discussion in the literature as it will assist in answering the research question:

**How do board directors of social housing providers ‘future-proof’ their decision-making capabilities in an ever changing landscape?**

In order to put the thesis in to context, a few key terms require definition (see 3.1.1.). For the purposes of this thesis a housing association/social housing provider is to provide housing for those in need. The mechanism of how they achieve this goal is where the challenges occur. This has led to uncertainty around their fit in society, their position for government policy and their social purpose which is exacerbated by the hybridity as discussed in Section 3.3 (Czischke, Gruis & Mullins, 2012; Sacranie, 2012). The author intends to develop the theme of the purpose of housing associations/social housing providers within the context of hybridity, social enterprise and the third sector and the uncertainty in the current landscape and the interpretation of the social enterprise in the third sector (Manzi and Morrison, 2018; Marsh, 2018; Mason & Simmons, 2014; Morrison, 2017; Sacranie, 2012).

It is apparent that academics and industry professionals have differing views on the core purpose of a housing association/social housing providers. Some of the most

difficult factors/issues are government legislation, government demands, consumer demands, consumer needs and the market as a whole. It has been argued that by "2020 housing associations must look very different from how they appear today: larger organisations with differentiated offerings; new products and ways of delivering services to more diverse customer base; greater capacity used more effectively; and a stronger external voice for the sector as a whole" (PWC, n.d., p2). It could therefore be argued that there is a need to adapt or to be unique.

The essence of a housing association is built on an ethos or a set of goals or ethical standards that must be at the core through in all of their daily and board making decision in the context of public policy, political administration and modes of operation (Christensen, Lægreid, Roness & Røvik, 2009). It is important to note that one size does not fit all when it comes to housing associations or social housing providers. In some respects, decision-making around the asset management of the housing association has been overlooked but perhaps the changing landscape requires further scrutiny of purpose of these organisations to provide decent homes (Morrison, 2017). These properties can have a number of tenures namely for market sale, for market rent or for shared ownership or social rent. These changes, which have arisen over recent years due to demand in tenure, mean that a housing associations/social housing provider can ultimately attempt to support their core by becoming a hybrid organisation with a dual purpose of social purpose and self-supporting. It is clear that housing associations and social housing providers have a core which involves managing housing for those in need, however, with the pressing current state of the economic and political landscape there has been a call for greater emphasis on decision-making capabilities around profit orientated schemes, developments and initiatives (PWC, 2017).

### 3.1.1 Key definitions

Below are a list of key definitions that have been adopted in this thesis.

#### 3.1.1.1 *Housing associations/social housing providers*

For the purposes of this thesis, housing associations/social housing providers have been defined as being independent, non-profit organisations who provide homes for those in need (Mullins, 2010). Housing associations "in England are independent societies, bodies of trustees or companies established for the purpose of providing low-cost social housing for people in housing need on a non-profit-making basis. Any

trading surplus is used to maintain existing homes and to help finance new ones. They are now England's major providers of new homes for rent, while many also run shared ownership schemes to help people who cannot afford to buy their own homes outright" (Gov.uk, 2012). To put in to context, "housing associations has been used as the generic name for all social landlords not covered by local authorities" (Gov.uk, 2012). Previously, "housing associations were referred to as Registered Social Landlords, although the term (private) Registered Provider of social housing is now commonly used" (Gov.uk, 2012). Housing associations/social housing providers missions may differ according to the type, location or size of the housing association, however one thing they have in common is to provide for those in housing need (HMRC, 2016; Pawson & Mullins, 2010; Sacranie, 2012). This thesis is focused on social housing providers rather than just housing associations in order to encompass the sector rather than one individual sub-area.

#### *3.1.1.2 Third sector*

For the purposes of this thesis, the 'third sector' has been defined as an organisation that is neither public nor private. It is an umbrella terms that within social housing, looks to be defined as balancing state and private enterprise goals (Billis, 2010). Throughout the literature, there have been differing and somewhat opposing views to the definition of the third sector (Alcock, 2010; Mason & Simmons, 2014; Mullins, 2010). The third sector is distinguished by being "third sector organisations from the public sector, they are sometimes referred to as non-governmental or non-statutory organisations; and to distinguish them from commercial activity they are referred to as non-profits organisation" (Alcock, 2010, p7). Alcock (2010) discusses the issues with defining the third sector and then particularly defining the third sector in the UK. Alcock (2010) acknowledges the academic view which focused on voluntary rather than voluntary and community linking and the need to balance social and funding tensions and importantly the state, market and civil society. This is important for housing associations and social housing providers as they work within the voluntary sector but have to adhere to the same rules, regulations and governance as a profit-making organisation. There has been an argument that has caused some disagreement or discussion about how they should be governed or regulated or how they are regulated which will be discussed in Chapter 5 findings (NHF 2015; PWC, 2020).

#### 3.1.1.3 Hybridity

Hybridity has been defined as a quality of an organisation that needs in order to work across the triangle of state, market and civil society (see Figure 5) (Billis, 2010; Czischke et al., 2012, Mullins & Pawson in Billis, 2010). However, for the purposes of this thesis, hybridity describes the nature of an organisation which has both social and financial missions but with “blurring of the boundaries of the public, private and third sector” (Billis, 2010, p3).

#### 3.1.1.4 Social enterprise

For the purposes of this thesis, a social enterprise has been defined as an organisation that invests its profits back in to the running of the organisation including the investment into their community. They have a distinct social mission that creates more than just bricks and mortar but also embraces the improvement of tenants’ lives (Bagnoli & Megali, 2011; Mason & Simmons, 2014).

### 3.2 What is a housing association/social housing provider in the current landscape?

As discussed in chapter 1, the traditional view of housing associations/social housing providers is that they are a non-profit organisation that rents houses and flats to people on low incomes or with particular needs (Heywood, 2010). However, more recently there has been a shift in focus towards community led aims and community investment (Sacranie, 2012). Community investment in social housing looks beyond the provision of housing and is more focussed on making people’s lives better by engaging with the tenants and the community in schemes rather than just bricks and mortar. The impact of community investment has the opportunity to balance social and financial demands. There have been changes in the political landscape and part of the role of the housing association/social housing provider is to question these, as any organisation needs to make decisions that safeguard their future rather than simply accepting political pressures (Gregory et al., 2016). Housing associations/social housing providers are distinct in their operation, nature and purpose from traditional commercially focused organisations. This is reflective of their hybrid purpose that, in addition to a commercial focus, includes a social purpose such that these “organisations operating on a non-profit distribution basis, constitute[d] ... a wide range of ‘third sector’ actors providing social and affordable housing” (Czischke et al., 2012, p418). This in turn highlights issues around the requirement to

balance financial and social objectives that may be incompatible, resulting in internal tensions.

Recent political and financial pressures have resulted in the end of the housing associations/social housing providers “privileged position” (Manzi & Morrison, 2018, p1928). These have included the government spending review of 2010. This review led to spending cuts of 60% in 2015 across the sector. Further to the cuts, all government grant funding was ended from 2018, removing initiatives such as the affordable homes programme and extension of the right to buy which has had an impact on the surplus of social housing providers which in turn has impacted their ability to balance social and financial tensions (Manzi & Morrison, 2018). At the same time in 2015 the then Chancellor, George Osborne, instigated a 1% year on year rent reduction for a period of four years through the Welfare Reform and Work Act 2016. This alone created significant financial problems for social housing providers. However, it was compounded by the fact that Osborne had only two years previously secured a formula that was set to see social housing rents increase by 1% more than inflation from 2013 for a period of 10 years. This U-turn had a dramatic effect on the financing capabilities of social housing providers. There is little written on the effect of the grant cuts and rent reductions in the literature as the impact is still ongoing. However, for the regulatory returns as discussed in Table 4, the initial impact has been on the organisational surpluses meaning their available funds have been diminished which in turn could threaten the operational ability of the housing association/social housing provider. Within the financial pressures on the bottom line, directors may be faced with difficult decisions around the balancing of the demands of state, market and civil society.

It has been argued that the core purpose of housing associations is to construct and manage housing for groups on low incomes and to support those in need, however with tenant empowerment, the need to provide more than just housing is growing (Mullins, 2010; Sacranie, 2012). With the political and financial pressures recently imposed on these organisations, the role and purpose of community investment to provide more than just a service but a community led and tenant empowered organisation has in some cases been overlooked (Sacranie, 2012). The changes described above have contributed to a need to re-evaluate the aims and missions of these organisations to ensure their future-proofing capabilities (Gregory et al., 2016). Others would support the idea that housing associations/social housing providers’ core purpose was to be a provider of care services for those in need (Heywood, 2010).

However, the reality is that these organisations present many different sizes, core values and organisational purposes such that no one structure or system of governance is suitable for all (Mullins, Czischke & Bortel, 2012). Thus there can be no single decision-making agenda which can lead to problems when trying to instigate decision-making.

The financial pressures arising from the rent reductions have added to existing internal tensions arising from the hybrid nature of these organisations making decision-making more difficult.

### 3.3 Housing associations/social housing providers as social enterprises

It has been argued that the idea of the social enterprise began to emerge in the 1970s however charities/ not for profit organisations have been around much longer than this (Borzaga & Defourny, 2001) and the social enterprises cannot be examined without looking at the history behind their evolution (Borzaga & Defourny, 2001). The issues surrounding housing associations/social housing providers are not new, as earlier discussed in Chapter 2. It is important to acknowledge that the origins are different “from the traditional understanding of the non-profit organisation in terms of strategy, structure, norms, and values and represents a radical innovation in the non-profit sector” (Dart, 2004, p411).

A social enterprise means a trading enterprise/association having a social purpose, which realistically defines a housing association/social housing provider; however, the definition has only been adopted by some housing associations/social housing providers (Mason & Simmons, 2014). Domenico et al. define social enterprises as “organisational players in market economies. More market driven than traditional non-profit ventures, and with the capacity to be financially self-sustaining, government, and other stakeholders, to denote socially driven businesses, have coined the term “social enterprise” (Di Domenico, 2010, p 682). They look to preserve the organisation and any profits are fed back in to the organisation to self-sustain but in the changing landscape, the tensions between the social objectives and the financial needs can cause friction. As a social enterprise’s aim is their provision of service mission rather than profit, they belong to a distinct group known as the third sector (Ohana & Meyer, 2010) who feed any surplus monies back in to the organisation to fund projects or growth such as housing associations/social housing providers (Coombes, 2011;

Cornelius, Todres, Janjuha-Jivraj, Woods & Wallace, 2008; Larner & Mason, 2014). The concept of social enterprise came to the forefront in the UK due to increased political activity between 1997 and 2010 which coincided with the period of the Labour government. This Labour government supported an ideal of social enterprise in the public sector during the then austere times (Mason, 2012), something which is still relevant in 2019. Government policies, especially the impact of the rent reductions, have been identified through the literature, as one of the key drivers for the establishment of social enterprises and of the need for them.

A social enterprise is a business which operates with social objectives at its core with the re-investment of any surplus to either support the community led goals of the organisation and/or reinvest into itself (Czischke et al., 2012). The term social enterprise is interchangeable within the social housing sector, with some adopting the term social economy, business for social purposes, a non-profit or third sector organisation or a voluntary organisation (Czischke et al., 2012). It is however important to note that some housing associations/social housing providers are reluctant to use the term social enterprise as it removes them from the pure terms of being a housing association (Mullins et al, 2012). For other landlords in this sector, the pressures of hybridity have offered the chance for innovation (Gregory et al., 2016). As already stated, for the purposes of this thesis, the term 'social enterprise' will be used as a way of expressing the link between housing associations/social housing providers, social enterprises and the third sector. With the focus on social aims, there is no set structure, legal shape or financial goals as each organisation will be dealing with their own set of competing drivers (Czischke et al., 2012). Indeed, it has been argued that without the development of commercial activity in this sector, there will be no funding to support the core business of the housing association/social housing provider (Manzi & Morrison, 2018). One of the potential drivers "of future hybridity (is) by widening the scope for the tenant and community participation within the management of social housing" (Gregory et al., 2016, p5). Hybridity is discussed in Section 3.4. The importance of a social mission and social purpose is relevant to the study as housing associations/social housing providers have their distinct process of having to protect and preserve and now have to self-fund rather than relying on grants (funding and finance as discussed in 3.5.1).

It has been widely discussed that housing associations/social housing providers could be classed as a social enterprise as "... where business requirements [meet] with increasing societal demands" (Santos et al., 2015, p36). The impact of being labelled as a social enterprise could be seen as a trade-off between profit and social impact,



which is at the core of the research question, but another approach is to see this as a sign of the future or future-proofing. This has been an interesting concept for the author because housing associations' traditional or core purpose was to provide a society based requirement or service. However, it could be argued that the change into a social enterprise has occurred due to a variety of factors including government changes in regulations, societal needs, and changes in demand from stakeholders, or simply through adaptability or innovation. This concept will be explored in the primary data collection.

One of the major issues with social enterprises is the assumed or the actual need to generate revenue and the strategies that are used. The pursuit of revenue tends to be through trading in traditional profit-making companies. However, in organisations such as social enterprises or non-profit sector organisations sometimes referred to as third sector, they rely physically on donations and philanthropy (Di Domenico 2010). Therefore, the definition of the social enterprise is an organisation that self sustains and protects its core services such as a housing association/social housing provider. This will make decisions perhaps more difficult for the non-profit organisation compared to those decisions made by private organisations.

Figure 5 below highlights the links between the state, market and the civil society (community) for the housing association/social housing provider. They can form either one point of the triangle or be a hybrid structure at each point of the triangle, intertwined and impacted by legal structure, profit initiatives and governance. Arguably, Figure 5 describes a traditional view of how housing associations/social housing providers might operate in the sector. However, in reality, many are conforming to a more social enterprise form linking community to financial demands of the organisation (see Section 3.2.) (Billis, 2010; Czischke et al., 2012; Sacranie, 2012). The boundary between state, market and community and the social enterprise is ever shifting and has to adapt to the changing landscape (Mullins et al, 2012). Hybridity is formed by mixing the state market, and civil/community aspects of the triangle forming a hybrid approach to the housing association/social housing provider (Gregory et al., 2016). If housing associations/social housing providers want to meet new, diverse and changing demands there needs to be a relationship between the three points of the triangle: state, market and community/civil society to balance hybridity (Gregory et al., 2016). The implication of the state, market and community triangle for the housing association/social housing provider is the need to attempt to balance community needs alongside financial needs in the changing landscape.

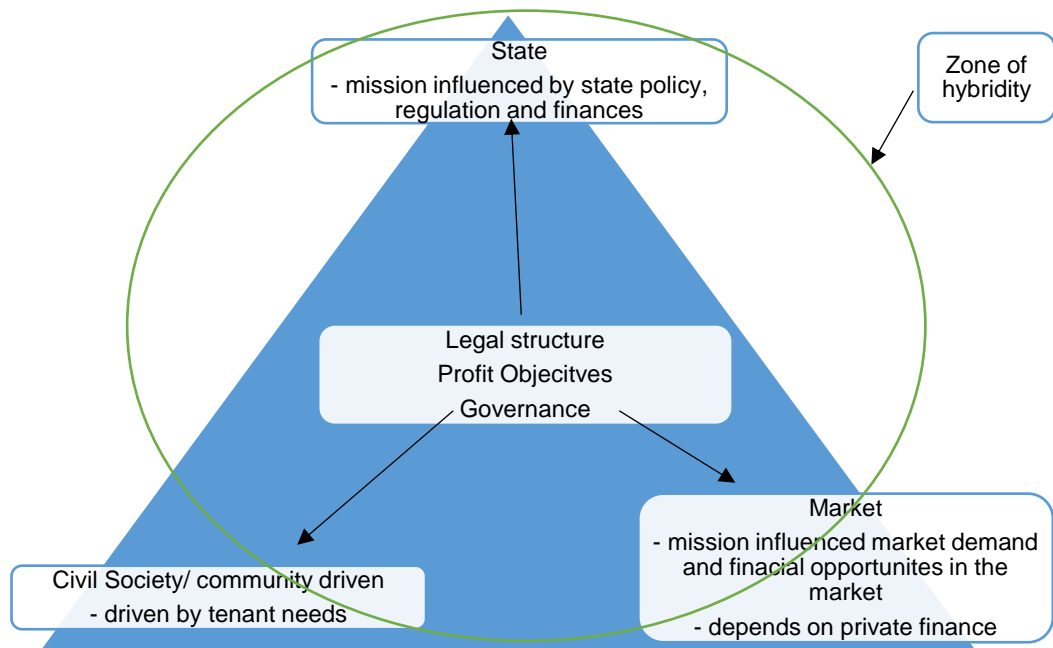


Figure 5: Operational triangle: State, Market, Civil society driven housing associations (Adapted from Billis, 2010; Czischke et al., 2012; Mullins et al., 2012; Sacranie, 2012)

Santos describes social enterprises' central challenge as being that of aligning the activities that essentially generate profit with those activities that generate impact on society (Santos et al., 2015). This is a crucial issue that will be explored through data collection. The question is essentially how can two purposes be met through one organisation where those different purposes will produce conflicting board members' personal agendas and opinions that are not always for the benefit of the organisation (discussed in Section 3.3). Through governmental change and development there has been a shift in the emphasis from social missions to profit, which has been aptly labelled as social mission shift. Looking at the emphasis on core values and missions, housing associations could be vulnerable to losing sight of their original or traditional purpose. Stevens, Moray & Bruneel (2015) state, "We conceptualize the social and economic missions of social enterprises as multidimensional constructs. A construct is multidimensional when it consists of a number of interrelated attributes or dimensions and exists in multidimensional domains" Furthermore, organisational missions are a central strategy for the housing association/social housing provider to have a clear directive for their organisation (Stevens et al., 2015, p1051). Social Mission drift is a serious issue for housing associations as multi-faceted organisations, they are in essence fragile. This may arise from inheritance of a series of incompatible goals that have been produced through various amalgamations of

companies that have had different structures or different purposes. The concept of incompatible goals develops the issues around conflicting/competing and complementing issues (Santos, Pache & Birkholz, 2015).

Some housing associations and social housing providers have emerged either from a merger of several small charitable associations that have come under one umbrella or from local authority environments in stock transfers (Pawson & Fancy, 2003a). Depending on their background, there could be opposing views on the culture of their organisation. Their views or viewpoint can be quite varied and different, and their motivations can be from different mind-sets, personalities or even individual director's aspirations. The difference of opinion can lead to problems at board level and tensions for the organisation (Cornforth, 2001, 2012). As discussed, the pre-research board observation drew attention to the importance of individual behaviours in decision-making and the sometimes conflicting views of the organisation. However, there is an understanding that although committed to different goals and interests an organisation can still operate effectively. From the initial pre research board observation notes undertaken, conflicting views were expressed and in fact there was little consensus on the key issues raised around finance, funding, development, tenants and social policy.

As already discussed, the distinct operating procedures of housing associations/social housing providers means that by their very definition, they are complex and require decision-making that protects and preserves their organisation. The way in which decision are made requires further analysis in Chapter 5 findings.

It is hard to separate these contrasting social and financial objectives for directors as one cannot be delivered without the other. In some cases, there are conflicting views and opinions which can make consensus hard to achieve. Decision-making powers need to be exercised in such a way as to produce the best possible outcome for the housing association/social housing providers whatever the structure adopted.

### 3.3.1 Institutional theory and structure

This section will discuss the concept of institutional theory and how this applies to the structure of the board and then to housing associations specifically. Institutional theory is the term that defines the social structure of an organisation. "The institutional theory of organisations puts institutions at the core of the analysis of organisations' design and conduct" (Berthod, 2018, p1). Institutional theory is the theory of behaviour

within the social structure so is part of the structure of any board of a typical company. However, for the housing association/social housing provider this is more complex due to their hybrid nature (see Section 3.4). In relation to housing associations, Morrison (2017) coined the term 'institutional logics' which looked at modern institutions' behaviour and actions. (Morrison, 2017). The concept of institutional logics has been useful in gaining insights into how the housing association/social housing provider have responded to the state, community and market triangle in figure 5 (Billis, 2010; Czischke et al., 2012; Morrison, 2017 Mullins et al., 2012; Sacranie, 2012). The housing association in the changing landscape needs to respond to the challenges and pressures of the sector effectively ensuring wherever possible that it can future-proof (Czischke et al., 2012). In turn, the challenges facing the housing association/social housing provider are putting pressure on its purpose and future purpose (Manzi & Morrison, 2018). In reaction to the challenges, a discussion of housing associations/social housing providers is required to look at how "organisational cultures change" (Morrison, 2017, p2859) and how they "influence strategic decision-making within a wider institutional environment" (Morrison, 2017, p2859). These competing institutional logics, such as regulative (rule setting), normative (moral obligations) or cognitive (how organisations interpret the surrounding they operate in) (Morrison, 2017) require scrutiny, both in the literature and Chapter 5 findings (Manzi & Morrison, 2018) in order to determine the impact on decision-making and future-proofing. With institutional theory comes issues around their social mission, organisational goals and the impact of the changing landscape for the housing association (Malpass, 2000; Manzi & Morrison, 2018; Tang, Oxley & Mekic, 2017).

There are several large, medium and small housing associations and social housing providers across the UK and their board structure differs due to their nature, purpose, mission and identity. For example, Thirteen and Karbon represent mega mergers for the region and have a complex board structure comprised of many executive and non-executive directors but also of sister companies and development groups. These contrast with other smaller organisations with a single board such as Durham Aged Miners and Northstar. Many of the larger organisations have arisen out of smaller organisations merging (Sacranie, 2012) (discussed in Section 3.5 and in Chapter 2). The structure of a housing association/social housing provider can probably be best described as a unitary board whereby one board comprises both executive and non-executive directors who have different skill sets which in turn should complement the activities of the organisation (Mallin, 2016). The structure of housing

association/social housing provider boards will be discussed in this chapter and also in chapter 5 findings. In a commercial enterprise, the role of the board is to lead and control and this is no different for a housing association/social housing provider. However, for the latter, it is the core purpose that drives those decisions and procedures. The role of the board is to make decisions around strategies, planning, achieving the core aims of the organisation and monitoring achievements particularly around financial viability (Shanks & Mullins, 2014). This is linked to business planning, which after the recent rent reductions originally became reactive to the changing landscape. It is argued that board size is important to the functionality of the board and there are diverging thoughts on board size, ranging from “those who have opted for smaller more business orientated boards (typically 7-8) to those who have retained larger representative boards (typically 12-16).” (Savills, 2015, p27).

There is no defined structure for a housing association/social housing provider and each has their own unique board structure but they all have to be mindful of the regulatory and governance standards and requirements which are discussed in Section 3.6 below. They are regulated currently by Homes England who are part of the UK Government. Homes England ensure that housing associations/social housing providers are maintaining standards in line with the regulatory requirements. However, what is important to note is that governance is extremely important due to the service they offer (Mullins and Murie, 2006). As mentioned by Lam (2009) larger organisations tend to have the natural advantage because they have a larger staff base. However, they may also have conflicting directors’ demands and wants for the organisation’s vision which can lead to lack of consensus or difficulties around decision-making.

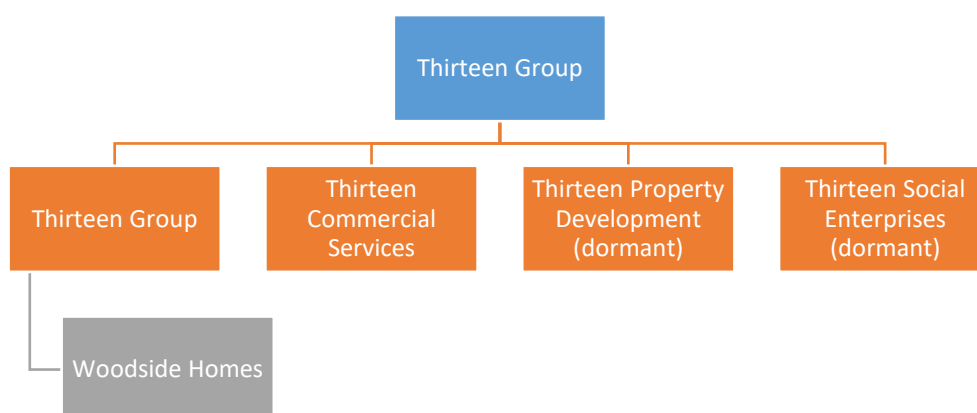


Figure 6: A typical North East housing association board structure adapted by the author (Cross, 2017)

The above figure (6) shows the structure of a larger North East organisation which has merged. The company structure indicates a recent direction of market renting and the formation of a sister company (Woodside Homes). Subsidiary companies are becoming one way in which the housing association is adapting to the financial pressures of the changing landscape. Below is an example of a typical board structure which appears more complex but as observed during my pre research work, the structure of the housing association is not too dissimilar having a focus on construction, governance, finance and management.

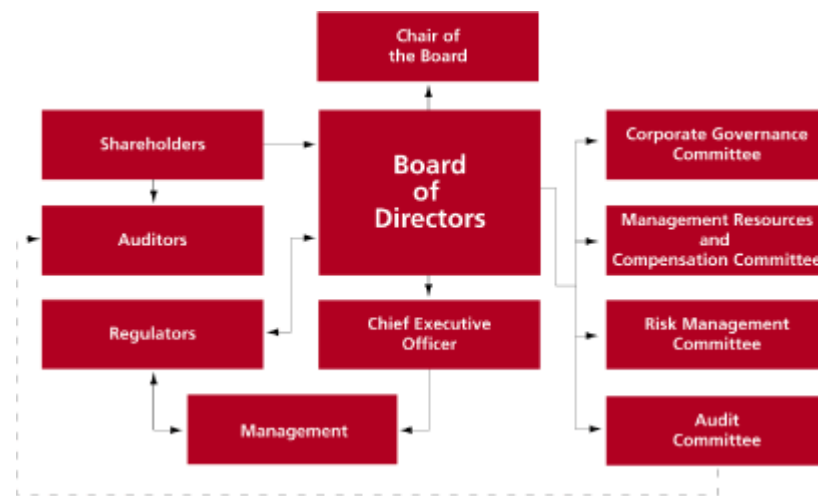


Figure 7: A typical company board structure (Sec.gov, n.d.)

The board structure of a social housing provider needs to be further analysed through primary research, in order to discuss decision-making, but the nature of their board is similar to Thirteen above. In my pre research board observation notes, there were members of the board, committee members, tenant representatives and executive and non-executive directors along with the chair. The structure cannot be quantified or defined as an exact number but some of the examples in northern England are from a board of as little as around 12 (Northstar) to one in excess of 20 (Thirteen). Due to a number of high profile mergers since 2006, a number of boards have had to change their size and structure due to the growth of their organisations. Understanding this impact first hand from data collection will be important due to the link with decision-making, reaching consensus and changing social mission.

### 3.3.2 Organisational behaviour and culture of the housing association/social housing provider

The importance of organisational behaviour stems from the complex nature of the social housing organisation. As indicated in Chapter 2, these organisations transferred from a municipal style culture (stock transfers) to a more tenant empowered process (Pawson & Mullins, 2010). The forward focus on tenant engagement meant attempting to balance local authority culture against a social enterprise culture which brought social and finance/ funding tensions (Sacranie, 2012). However, it has been discussed that these organisations have potentially remained unchanged, only changing a name or a logo or brand identity or perhaps only a uniform rather than changing their organisational culture (Pawson & Mullins, 2010). In addition, “the concept of institutional entrepreneurship provides an important lens to consider how organisational cultures change and how they, in turn, influence strategic decision-making within the wider institutional environment” (Morrison, 2017, p2859). The changing landscape and how decisions are made are a part of this organisational change and culture and therefore, it is important to acknowledge culture and behaviour and the fact that these organisations adopt “a range of positions” in terms of governance and values within the social purpose of the organisation (Marsh, 2018, p15). Due to the pressures exerted from the changing landscape, there are arguments that the community investment and culture of the housing association/social housing provider is being overlooked and requires balancing to protect the social aims (Czischke et al., 2012; Morrison, 2017; Sacranie, 2012). The organisation culture and institutional environment will form an important part of the primary research discussed and analysed in Chapters 4 and 5 respectively.

In order to analyse the ‘how decisions are made’ aspect of the research question, the key aspirations of the newly transferred housing associations needed to be addressed including improving staff understanding and commitment to the goals of the organisation (this is developed in Chapter 5 findings). Pawson and Mullins (2010) argued that a workforce who were motivated to the cause of the organisation as a business social enterprise would be beneficial to the smooth transition. In addition, investing more in people within the organisation would be of benefit to the overall goal of these newly transferred entities (Bright, 1994; Pawson & Mullins, 2010). However, Pawson and Mullins also pointed out that the ‘buy in’ factor had to be developed for both staff from the pre and the post transfer organisations as the discontentment left difficult decisions to be made regarding the future of the housing association. Which

type of organisation they are could, arguably, alter the way they make decisions. It has been argued that there are four types of organisation archetypes: reactors (who fail to make change until necessary) which could be part of housing associations in the North East who do not wish to change even with pressures from the changing landscape; defenders (follow the markets) who are looking for opportunities to expand, merge, grow, develop; analysers (work in a stable and changing domain at the same time) which could be beneficial in a changing landscape; and, prospectors (redefine continually) which can lead to issues around stability (Morrison, 2017). The social enterprise has to decide which organisational archetype they are and play to the strength of their organisations in order to future-proof.

According to Mullins (2016, p3) “organisational behaviour is one of the most complex and perhaps least understood academic elements of modern general management, but since it concerns the behaviour of people within organisations it is also one of the most central”. The importance of organisational behaviour within this research was acknowledged when the pre research board observation (discussed in Section 1.1.1) was undertaken.

Organisational goals are usually in the terms of focus, governance, logic of organisation and shortcomings. Housing associations by their very definition are for the public and they are to provide a service subject to regulation (see Section 3.6 below for further information on regulations) and with a governance that is charitably based and not-for-profit (Knights & Wilmott, 2012; Hatch & Cunliffe, 2012). Therefore, as a housing association provides for the demands of the people, accountability to the board of governors, standardisation of service and being a secure place of employment is the ideal. In reality, there is a shift of focus towards possibly improving their return on capital invested to possible alternative concepts. The alternative concepts include moving in to the private rented sector (Morrison, 2017) or reinvesting their “profit” in to community investment opportunities or simply bridging the gap from losses in their balance sheets from rent reductions or the roll out of universal credit (both which had a negative effect on the surplus). Indeed not-for-profit organisations such as housing associations and social housing providers are looking at how to be profitable driven by cuts in government spending. The ability to make these types of decisions falls with the board.

Champoux (2000) considers organisational behaviour in a slightly different way by looking at the links between organisational behaviour and organisational theory, which links us to the ideas of stakeholder theory and organisational behaviour and



cultural dynamics. The cultural aspect of the housing association/social housing provider is important when balancing social, community and market (Billis, 2010; Sacranie, 2012).

Housing association/social housing providers have to manage the needs of various stakeholders and this is a careful balancing exercise due not only to their social purpose but also to their financial demands (Freeman, Wicks & Parmar, 2004). They should endeavour to look after both employees and decision-making due to their caring attitudes but also meet funding requirements (which have changed over time – see Section 2.7.1). As politics and government regulations change, housing associations have had to change as well.

### 3.3.3 Non-profit sector and its link to the third sector

It is hard to specifically define the non-profit sector but arguments dictate that it lies somewhere between the public and private sector and is “considered to be for public benefit” (CAF, 1997, p102), which so far suggests that this definition can be applied to a housing association or other social housing providers. The non-profit sector “ranges from large national organisations to small local ones, from grant-givers to service providers, from registered charities to unregistered campaigning organisations and organisations that play a strong advocacy role for clients” (CAF, 1997, p102). The non-profit sector has become more diverse especially in the economic, social and political environment (Euske and Euske, 1991). Albeit an older source, this argument still resonates with the growing importance of non-profit organisations in the current political climate. A climate of funding shortfalls, increased demand for housing, growing unemployment rates and lack of supply of social housing has led to challenges. It is argued that in fact some organisations simply evolve due to elaborate institutional rules and the organisation simply develops to conform to these rules rather than making a rationale choice which can lead to complications when trying to become a successful social enterprise (Euske and Euske, 1991).

The prior discussion has established that, for the purposes of this thesis, housing associations/social housing providers form part of the third sector and are social enterprises (see Section 3.1.1). It is further important to acknowledge their non-profit ethos and mission. Morrison (2017, p2857) stated that “not for profit housing organisations across the globe operate within an increasingly challenging environment, exposing them to greater amounts of risk as they perform their core

social functions". In the current landscape, there is a need to align the goals and missions of the housing associations/social housing providers to ensure their enduring social purpose is met. There is a changing landscape and with the rent reductions and other initiatives such as universal credit, the need to self-finance and have appropriate goals is ever more apparent (as discussed in 2.7.1). As they try to future-proof their working practices and in turn decision-making, there is a need to discuss the hybridity (Section 3.4 below) that surrounds this complex sector. In terms of legal distinctions or designations, some economists question the non-profit status of institutions such as housing associations and whether in fact that should be a separate legal distinction from a private business or from a government body (Witesman, 2016). Furthermore this approach to "defining non-profit type activity allows examination of institutionally similar activities regardless of sector to refine pre-existing theories of non-profit type activity to better reflect the full range of history of such activity and to identify situations in which you might expect non-profit type activity to evolve in response to distributional problems encountered in society" (Witesman, 2016). The funding and decision-making of the non-profit sector will, therefore, form part to the primary data gathering section of this thesis (Chapter 5 findings). The role of the not-for-profit in housing associations/social housing providers requires them to have a broad range of skills and expertise within the structure of the board (Marsh, 2018).

It was originally thought that previous government policies would closely engage with the public and third sector (Mason, 2012) but that position changed significantly in 2013 with the introduction of the rent reductions (as discussed in Chapter 1). Many smaller housing associations/social housing providers have a greater reliance on funding such as investment from third parties, private investment ventures, joint ventures or government grants or all of these than others (Mason, 2012) and this in turn has led to a series of high profile and large scale mergers having to take place due to streamlining of resources. An example of this is Thirteen Group (who are a Northern based housing association that merged to become one organisation from 13 separate organisations) and Karbon Homes (who merged from several smaller housing associations over many years to become one of the largest providers in the North). It has therefore been argued that being able to trade is vital to the future survival or adaptability of social enterprises (Mason, 2012). The impact of merger will be explored further in this chapter (Section 3.5.2) and in Chapter 5.

The housing association/social housing provider, as discussed in 3.4 is part of the third sector. As such, they target both social and economic missions as set out in Figure 8 below.

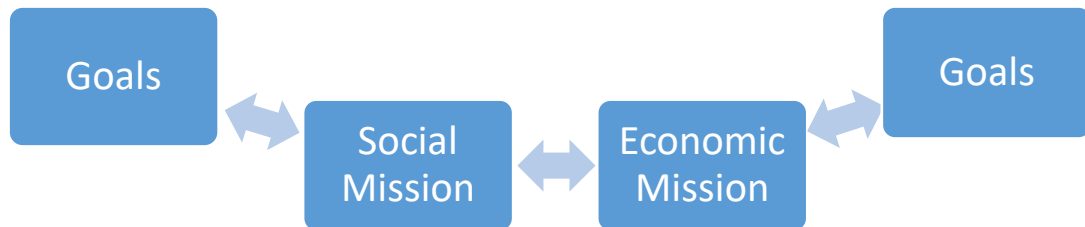


Figure 8: A simple depiction of social and economic goals that blend in to Housing Association Missions (adapted from Stevens et al., 2015)

This model discusses the social and economic missions which are similar to those of a housing association/social housing provider. How a board can be balanced is fundamental and this model shows how in theory this can work. This model suggests the social and economic arms should work together but in reality, this seems from pre research board observation work (discussed in Section 1.1.1.) not always to have been the case. That board did not appear to balance the social and economic mission with no apparent attempt to debate and reach consensus. The board from an outsider's view was quite dysfunctional and there was a real lack of joint decision-making apparent. This will be discussed further in Chapter 5.

### 3.4 The complex hybridity of the housing association/social housing provider and the social enterprise

It was established in Section 3.1.1 that housing association/social housing providers fall within the definition of being a social enterprise. The role of hybridity in the social enterprise requires discussion due to the impact hybridity adds to the housing association/social housing provider. It has been discussed that hybridity, within a governance and decision-making context, is a way of working towards to the operational triangle of state, market and the civil society (Billis, 2010; Sacranie, 2012) attempting to balance these somewhat conflicting notions (see Figure 5). In turn, hybridity has become part of the argument of social enterprises. It has been argued that “the notion of hybridity has been at the centre of debates about social enterprises”

(Czischke et al., 2012, p425). Its nature can be either “shallow or entrenched” (Czischke et al., 2012, p425) or “organic” (Czischke et al., 2012, p425) by being a traditional housing association or “enacted” (Czischke et al., 2012, p425) by being a stock transferred association. The complex nature of hybridity and the third sector has been somewhat overlooked for the housing association/social housing provider (Gregory et al., 2016; Mullins et al., 2012) and, therefore, the hybridity of the housing association/social housing provider requires further analysis in this section and also in Chapter 5 findings. The blending of both social and financial goals has led to tensions in this sector (Mullins et al., 2012). Some see the evolution of housing associations as being from the historical context (discussed in Chapter 2) to their current embodiment as a hybrid enterprise (Billis, 2010; Sacranie, 2012). The argument lies in the fact that hybridity is an option for combining the state, market and civil society demands of housing associations/social housing providers and therefore, social enterprises offer the ability to provide a mechanism for balancing the social and financial tensions.

As discussed in Sections 3.2, 3.3 and 3.4, there is a slipperiness around social purpose but there is also a slipperiness around hybridity because by design it can have several differing meanings (Mullins et al., 2012; Billis, 2010). The issues of hybridity become apparent when trying to meet and balance financial, social and regulatory requirements which in turn can lead to trade-offs between these conflicting objectives. Gregory et al. (2016, p19) refer to a “fuller” framework of hybridity looking not only at the state and the market forces but also the society and tenant empowerment aspects which is part of the rationale for hybridity (Gregory et al., 2016). Other structures that are not hybrid cannot offer the same flexibility of hybridity to housing associations/social housing providers. It has been argued that hybridity is the “future of social housing” (Gregory et al., p6). Therefore in terms of future-proofing, the role of hybridity has been developed by housing associations/social housing providers in order to balance state, market and civil society. Being a social enterprise provides the ability to future-proof.

Since the stock transfer (discussed in Chapter 2), the housing association/social housing provider have been more aligned with the concept of an “entrenched hybrid third sector organisation” (Billis, 2010; Sacranie, 2012) whereby both social and financial goals need to be acknowledged but with this comes the issues surrounding balancing the social purpose with the finance and funding obligations. It has been argued that English housing associations are well established examples of what is termed a hybrid organisation and they have links with the community, state and the

market (Billis, 2010; Blessing, 2012; Cowan & McDermont, 2006; Gruis, 2008; Marsh, 2018; Mullins et al., 2012; Mullins & Jones, 2015; Mullins & Murie, 2006; Mullins & Pawson, 2010 Sacranie, 2012). The changing landscape has had a lasting effect on these organisations as banks are in turn “tightening purse strings and the government under pressure to reduce national deficit through public sector reform, and with the new challenges to community linkages” (Sacranie, 2012, p534). The public/ private divide has caused complexity to these hybrid organisations because they have the added complications of balancing the social purpose with funding and finance tensions (Cowan & McDermont, 2006).

In determining the nature of a hybrid, the private and public sector model of structure needs to be analysed and the competing aspects of these organisations have to be combined and in this complex hybridity comes the issues with the tensions around social purpose and funding requirements (Billis, 2010). Albeit this thesis is not about the model of these organisations, the model of a hybrid is being explained in order to highlight the social purpose and finance tensions. These tensions have become more apparent in the changing landscape and the issue of rent reductions has exacerbated this further in recent years. The hybridity model can allow for innovation and flexibility but with this flexibility comes additional issues around the social purpose goals and the funding and finance tensions. In terms of hybridity in housing associations, there are some key characteristics that have emerged including finance and becoming resource independent rather than dependent, governance and being a voluntary housing provision, and on the restructuring of the sector (Billis, 2010). There have however been some marked tensions in the sector around the hybridity of public and private organisations and in turn social purpose and funding and finance implications (Billis, 2010).

Blessing discusses the four symbolic interpretations of hybridity as:

Table 6: The 4 symbolic Interpretations of Hybridity – adapted from Blessing, 2012

1	Hybridity as a state of transformation	Blurring of boundaries between the state and market
2	Hybrids as a link between cultures	Connection of government with local communities
3	Hybrid vigour	Stronger by combining skills
4	Hybridity as a transgression	Flexibility and blending of the functions of the organisation becoming almost monstrous in their ability to blend.

In order to establish the complex nature of hybridity, the history of social housing discussed in chapter 2 provided the background for change. According to McDermont (2010, p1), “not so many years ago, a book on housing associations would have been about small, not for profit organisations, run on voluntary basis by well-meaning philanthropists; organisations providing for the people with insufficient resources to be owner occupiers or to rent from private landlords, or those ineligible for local authority housing”. Since the large stock transfers, the role of social housing has changed and evolved to be a hybrid organisation that is constantly shifting. The primary research undertaken in Chapter 5 is generally centred on the North and it should be acknowledged that tensions for hybrid organisations may well highlight regional differences (McDermont, 2010). Housing associations or social housing providers are not-for-profit. Therefore, in order to survive there needs to be an awareness of other sources of funding available due to rent reductions and the changing landscape. The board of directors has to make decisions that are suitable for the core purpose of the business but are also future-proof. Future-proofing has become a necessary discussion for the housing association/social housing providers due to finance and funding pressures and the need to balance state, market and civil society. Organisational behaviours and characteristics are not always unique (Mullins, 2016) to an individual or an organisation and therefore it is important to acknowledge that at times consensus of behaviour might be experienced within a board or its staffing base just as likely as a difference of opinion. From the pre-research board observation, there appeared to be a distinct divide in the board’s operations and opinions and some matters such as finance and funding. However, the tenant’s experiences were seen to be of utmost importance to the board. Acknowledgement was made that a tenant was at the meeting and therefore this may have skewed opinions. However, this chapter will look at hybridity and how these organisations have responded to the pressures and demands of what has been described as a challenging and changing environment and a diverse housing offering (Manzi & Morrison, 2018). The impact of the recent rent reductions has had an effect on the once well regarded housing associations/social housing providers putting pressure on their ability to balance both finance and social goals (Mullins, 2010) becoming subject to massive losses in income that prove difficult to restore (Manzi & Morrison, 2018). The impact on the overall balance sheet of these organisations as a whole is already noticeable (Gov.uk, 2018). The landscape undeniably left the housing associations/social housing providers with the need to make relevant and strong decisions. There has been research around this tension that looks at policy

and funding changes and “internal values and culture” (Mullins & Jones, 2015). Blessing (2012) develops the concepts of hybridity in terms of a social entrepreneur looking at balancing social missions with more regulatory and financial requirements becoming, in effect, an entrepreneur focused on the business and the social mission. With the pressures from the changing landscape around funding and finance issues, such as the rent reductions, this in turn is impacting upon the decision-making capabilities of the housing association/social housing provider. This is affecting the ‘how’ of the research question and in effect the implementation of effective decision-making. There has been an argument that these pressures have caused a blurring of missions and an almost forced hybridity for these organisations has occurred (Billis, 2010; Blessing, 2012; Czischke et al., 2012; Gregory et al., 2016). There are serious implications for housing association/social housing providers in the current landscape and the need to diversify their stock and look for alternative investment opportunities. Some have labelled this as the Holy Grail (Blessing, n.d.) which is looking at institutional investment.

As the sector has now taken on hybrid qualities, “innovations among landlords have introduced different approaches and strategies. These relate to governance, management and relationships with tenants and communities and to the mix of social and commercial aims, all of which are important elements when thinking about the future health and value of social housing in England” (Gregory et al., 2016, p14). The implications of hybridity have provided the opportunity for state, market and civil society to work together but the slipperiness of social purpose can cause challenges especially around decision-making.

The figure (9) below, extracted from Sacranie (2012) shows the divergent demands of a housing organisation which is important in understanding the complex nature of these hybrid organisations and the difficulties between balancing the social and finance tensions. The impact of organisational culture has also seen a shift from the public and voluntary goals to the social enterprise mission as shown in the diagram below. The demands from the private driven goals and the public sector visions cause tensions (Czischke et al., 2012; Mason, Kirkbride & Bryde, 2007; Sacranie, 2012):

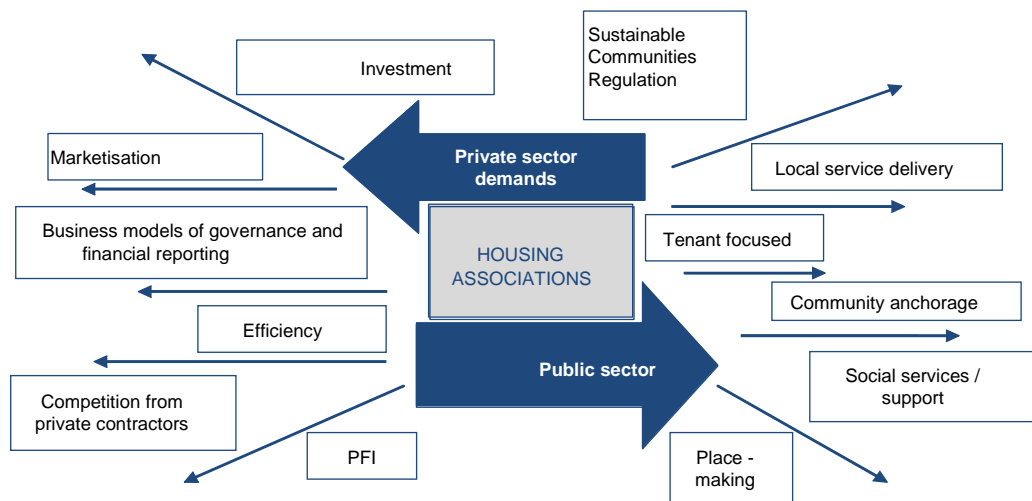


Figure 9: Divergent demands for social housing organisations (Sacranie, 2012)

Hybridity is complex but can offer an opportunity for decision-making in housing associations/social housing providers to balance between social and financial goals. However hybridity also needs to acknowledge the third sector discussed below.

### 3.4.1 The third sector and the social enterprise

For the purposes of this study, the third sector is the part of an economy or society comprising non-governmental and non-profit making organisations or associations, including charities, voluntary and community groups, cooperatives (Mason, 2012, Mason 2009; Mullins, 2010).

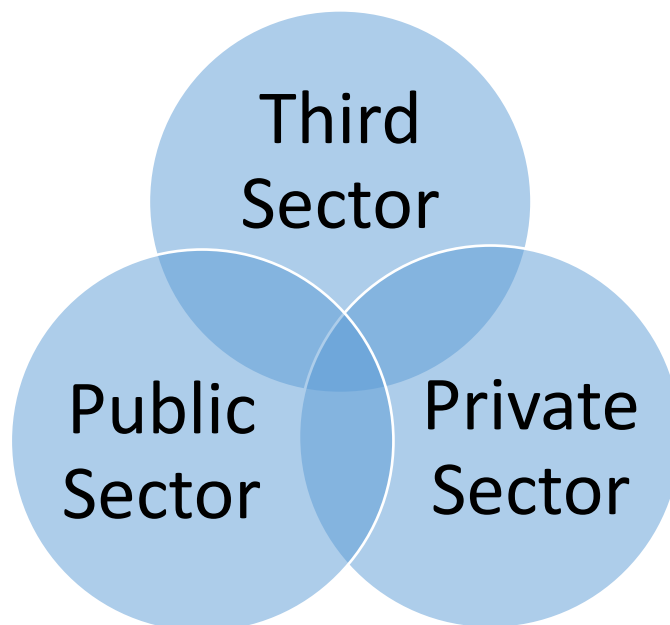


Figure 10: The third sector's relationship to the public and private sector – hybridity and the third sector



In addition to the above figure (10), Billis (2010) discusses how there are key hybrid zones with these sectors whereby the public and third sector can work together, all three can work together or the private and third can work together. In effect there are several ways in which hybridity can be achieved but within the complex type of organisations comes issues around balancing these goals especially social purpose and finance.

The impact of changing government policies and legislation on this third sector resonates with housing associations. It has been argued that they see “associations as made to measure partners for new transfers of responsibility and parallel reductions in public costs. The qualities usually attributed to private enterprise (flexibility, rapidity, creativity, a willingness to take on responsibility) are expected to lead to improvements in the services provided” (Borgaza & Defourny, 2001, p1). There is a growth in the third sector and they in effect operate under a structure that allows for a public and private sector approach, marrying the two components offering a new version of civil society (Borgaza & Defourny, 2001). This therefore links directly with the concept of state, market and civil society working together. It is important to analyse the principles or reasoning around the evolution of the third sector and it has been argued that there are three different areas with which to contend (Alcock, 2010; Czischke et al, 2012) which are: state, market and civil society. There has been a shift from local authority housing to the more holistic social enterprise offering which focuses not only on housing but also on the tenant. The reason this concept of the third sector is particularly challenging for the housing associations/social housing providers is that in recent years they have had to evolve their working practices to balance the state (social welfare), the market (rent reductions and universal credit) and civil society (the demands of the customers and investors). These links are fundamental to the structure, organisation and ultimately decision-making process of a housing association/social housing provider because there is a balance between the state, society and the market.

While many researchers continue to take a bi-polar view of hybridity, considering only state and market, to fully understand housing association hybridity we also need to consider the role of civil society and community. This link between society, culture and market is important because from the pre research board observation notes (discussed in Section 1.1.1), it was clear that society, culture and market were not connected for some board members. For example the finance director was only interested in the numbers, the building management was only interested in the

construction of new build or the preservation of the existing stock and the business development manager was only interested in the new business aspect. This silo approach is also noted by academics stating there is a link between their hybrid finance model and the importance of state and the market which currently is ever changing and unpredictable in its nature (Mullins, 2010). Arguably, the conflicting views are no different for any company in this turbulent economic and governmental landscape but it is fundamentally more complex for housing associations/social housing providers because they are hybrid in nature.

There have been some thoughts around how hybridity can be used in the changing landscape. This could link with future-proofing (see Section 3.7). Some of these include:

- Development opportunities including the s106 agreements
- Market renting
- Tenant empowerment
- Community investment

This is indicative rather than exhaustive and other initiatives and ways that future-proofing is being utilised are discussed in Chapter 5 findings.

### 3.5 Decision-making in the housing association/social housing provider

Many of these hybrid organisations are “under pressure” (Sacranie, 2012, p533) to make decisions that may be challenging or difficult in the current landscape but most take in to consideration the aims and mission of the housing association/social housing provider to provide housing for those in need (Czischke et al, 2012; Morrison, 2017; Sacranie, 2012). It has been argued that due to increasing financial pressure, most recently the rent reductions, there have been a number of decisions that the housing association/social housing provider have had to make to protect the core purpose and social mission but sometimes this has been achieved at the cost of community links and agendas (Morrison, 2017; Sacranie, 2012).

For many housing associations/social housing providers the reduction of grants, the rent reductions and pressures to become self-financed have caused tensions around decision-making (Morrison, 2017). Decision making has been discussed as “an essential function of effective leadership” (Adair, 1985, p1) but for social enterprises it has to be carefully balanced between the social and financial tensions. It has been argued that the moment of decision cannot be studied as it is not always consciously

determined but clearly, decision-making processes can be discussed. This act of thinking and making decisions is never standalone or in a vacuum and should be thought through and analysed effectively (Adair, 1985; Beresford & Sloper, 2008; Coulson, 2009). The provision of housing for those in need is important but with the changing landscape the impact of decision-making (Mullins et al, 2012) is ever more at the forefront. Adair discusses a five point plan which is: define objective, collect information, develop options, evaluate and decide and implement (Adair, 1985). This is a simplistic decision-making model but has been mapped to show the processes that are involved in making decisions. In terms of the research question; the internal (such as staff cuts) (Morrison, 2017; Sacranie, 2012) and external (such as the rent reductions) impact of decisions made, affect staff, culture, management style and governance; so these elements link with the changing landscapes whether that be political, social or economic (Lee, Newman & Price, 1999). Decision making is most apparent “on priorities for community investment for which the focus has shifted from a locally responsive community partnership approach to a corporate strategic approach that one might expect to find in large scales private sector business” (Mullins et al., 2012, p412). Community must sit within the hybrid structure of these organisations in order for it to be successful alongside market and state (Gregory et al., 2016).

For the purposes of this thesis, the role of decision-making has been discussed within the context of the board (Bonazzi & Islam, 2007). For the housing association/social housing provider, the board plays the role of the management of the company's business as with any other company. However, the housing association/social housing provider board needs to be mindful of decision-making around two areas of the business, the social and financial aspects. With the landscape changing, the role of the board within social housing has never been as pressured as it is now due to the political and financial changes the sector has faced (Douglas, 2018; Manzi & Morrison, 2018). This complexity of the non-profit organisation deal with different stakeholders who have different objectives. which can lead to conflict with the board and the organisation and can lead to issues around mission and decision-making costs to the organisation (Valentinov and Larsen, 2011; Kramer, Kronbichler & Van Welie, 2011). However, the role of the board is to be a “collective body, whose members have diverse expertise in various aspects of the company's business. Therefore, communication between directors is critical to successful board functioning” (Malenko, 2014, p1486). The function of the board is for any company

but in recent years for the social housing sector, the role of the board has seen particular attention on their hybrid nature by balancing the demands of “regulators, shareholders, and directors themselves [who] have been paying increased attention to decision-making policies that could increase the quality of board” (Malenko, 2014, p1486). The non-profit organisation, such as the social enterprises that are housing associations have been seen to “delegate powerfully and safely to those who effectively carry out the work of the organisation as long as those individuals recognize and embrace the ultimate accountability and authority of the board” (Hess and Bacigalupo, 2013, p 205). This has been instigated by the increase awareness of tenant empowerment (they now sit on the board) and the need to balance the skill set on the board so there is a representation of different viewpoints such as those financially driven and those socially driven. In terms of decision-making, there are certain styles that an individual can take either a problem seeker, solver or avoider (Hansson, 1994; Lee, Newman & Price 1999). The essence of the social enterprise is “interpreted in the leadership and decision-making environment, this social fabric is best described as furthering and honouring the culture of the organisation. Accordingly, emotionally intelligent decisions are those that are grounded in the culture of the non-profit organisation” (Hess and Bacigalupo, 2013, p 215). The idea of emotionally engaged decision-making resonated with the experience of the researcher on the pre research observation board. The board composition can also be “defined by such characteristics as the age, tenure, gender, race, managerial experience, industry experience, and heterogeneity of the members. Interestingly, this implies that it may be possible to extend upper-echelons theory to the board of directors and to study the relationships between various board member characteristics and organisational outcomes” (Finkelstein, Cannella & Hambrick, 2009 p231). In terms of decision-making, “the level of decision-making (the board) is the stage at which decisions are taken” (Gold, 2011, p53) therefore their role within decision-making is paramount. The role of the board was highlighted in my pre research board observation notes that I undertook and this aspect of decision-making became important within the context of the changing landscape and future-proofing.

With the complex nature of these hybrid organisations, there has to be an awareness of the impact of decision-making where both the social mission and the financial implications of running an organisation are examined. Hereby lies an issue due to the complexity of decision-making which can lead to disagreements and lack of consensus at the board level but this also links to individual behaviours. From the pre

research observation field notes undertaken, it became clear that decisions were not always easy to make depending on, for example, whether the role of that particular board member was finance related, governance related or construction management related. It became evident that decisions were difficult to make in the current landscape including those around the rent reductions. This relationship and dynamic between board members is further investigated in Chapter 5. Although there is theory surrounding decision-making with the social housing sector this alters from those who have a view of decision-making (Czischke et al, 2012; Morrison, 2017; Sacranie, 2012) to those who have a broader view of the sector and its future (Gregory et al., 2016). The 'how' aspect of decision-making requires further analysis and will be discussed in Chapter 5 findings in order to examine how decisions are currently being made at board level (Hansson, 1994: Misra, 2015).

One of the core themes of this research is to determine whether or not directors can make decisions that future-proof housing associations or social housing providers. Manzi and Morrison (2018) stated “commercial logic clearly played an increasingly dominant role in discussions of organisational purposes” (p1934), further that senior managers and chief executives argued that they remained committed to an organisational purpose driven by a social logic, regardless of economic contingencies (Manzi & Morrison, 2018, p1934). This commitment is crucial to the social enterprise in decision-making.

### 3.5.1 Funding and finance

As Manzi and Morrison (2018) discuss, the social enterprise is currently facing turbulence and therefore is struggling to balance the demands from commercial activities with the need to provide their core social purpose/mission and how they are responding to these financial pressures indicates challenges within the sector (Czischke et al., 2012). The sector historically became reliant of government grants and private finance (Gregory et al., 2016). The lack of government grants and funding have played a significant role in the changing landscape (Manzi & Morrison, 2018).

The shift from government grants to self-sufficiency has highlighted issues around the social finance tensions of this sector identifying the need to manage risk factors (Manzi & Morrison, 2018). The rent reductions have exacerbated these issues and therefore decision-making has become an even more acute problem, where balancing the social mission against the need to finance effectively has become a

current problem. Restructuring of rents is nothing new to this sector (Cowan & Marsh, 2001; Cowan and McDermont, 2006; Gregory et al., 2016) however, they have had a direct impact on the balance sheet of the social enterprise.

There is a series of funding initiatives available to the housing association/social housing providers such as private investment opportunities, shared ownership and affordable funding programmes and strategic partnership funding allocations. These have become an alternative form of investment for the housing association/social housing provider in the changing landscape of reduced government grants and changes in housing priority for the government. In 2019, for example, £13.5bn was raised from banks and capital markets to support the growth of social housing (Regulator of Social Housing, 2019). Although the landscape is constantly changing, there was still a strong financial surplus for the sector, however operating surpluses had been clearly impacted by the rent reductions (Regulator of Social Housing, 2019).

Finance and funding is not a new problem for housing associations/social housing providers, emerging as a particular problem in the 1980s (Pryke & Whitehead, 1993, p2). The Right to Buy, as discussed in Chapter 2, had a major impact on the evolution of housing associations/social housing providers and was arguably the catalyst for change (Gulliver, 2013; BBC, 2015; Joseph Rowntree Foundation, 2003, 2016; Kleinman, 1991; Tang et al., 2017). However in 2015, after a full circle turn from the 2013 ten year plan, HMT Spending Review, 2015, the Chancellor of the Exchequer, George Osborne, cut rents for housing associations which added financial tensions to the organisations. There has been a shift towards capital market bond financing due to the need or desire for longer term lending as rent reductions and grant cuts have left a gap in available finance options to the housing association/social housing provider. The current economic climate impacts whether a social housing provider can indeed future-proof against the pressure of the changing financial landscape. The concept requires further development in Chapter 5. In addition, the corporate code of governance suggests an organisation should be successful in any landscape. To put the landscape into context, funding strategies pre stock transfer were based around government grants. Post stock transfer grants have become increasingly hard to obtain and here has been a strategic move towards being self-sufficient, receiving income from rents and latterly from alternative investments. The housing association is seen as a safe investment for some larger pension funds, for example, and therefore they receive money from private investors to support their organisations. The impact of the rent reductions has seen a shortfall in rental income leading to the need to make decisions that will safeguard current and future income. In terms of

looking for alternative investments, social housing providers are looking to safeguard their core social purpose. Tang et al. (2017) have looked at recent developments and have pinpointed private placement. This is “funding through direct negotiation with one or a select number of institutional investors” (Tang et al., 2017, p416). The access to capital markets has offered alternatives to traditional investment. There are other types of venture such as joint ventures, development partnership but these comes with risks. The financial risk element of funding and finance will be further explored around the research question of this thesis and it will be discussed in Chapter 5 relating to the sector as a whole.

Indeed, it has been discussed “that social housing in the UK currently faces affordability and [an] investment problem” (Oxley, 1999, p673). The affordability and investment problems are still current and social housing providers have the added complications of having to self-finance due to government spending cuts in the form of the recent rent reductions. There is continual pressure on decision-making for these organisations as they grapple with social and finance tensions in an ever increasingly difficult market place and with having to seek alternative investment with pension funds, private investors, public and private partnership initiatives or more risky investment in the stock market. This could involve risk to the organisation as they venture into unknown avenues towards finance. As the housing association/social housing provider is a social enterprise they must ensure any decisions around finance are made in conjunction with its social purpose.

As discussed above, there is little funding available to the housing association/social housing provider. Below in Table 7 is a list of some available grants which are limited and difficult to obtain.

Table 7: Available grants and funding programmes (Gov.uk, 2018)

Additional housing revenue account borrowing programme: prospectus
Affordable Homes Guarantees Programme: guidance and allocations
Starter Homes Local Authority Funding Programme
Affordable Homes Programme 2015 to 2018: guidance and allocations
Capital Funding Guide
Care and Support Specialised Housing Fund
Community Housing Fund
Help to Buy
Home Building Fund

Homelessness Change 2015-2017
Homes England – historical grant and constitutional changes notifications
Investment Management Systems: access, guidance and support
Large sites and housing zones capacity fund
Platform for Life
Shared Ownership and Affordable Homes Programme 2016 to 2021

Table 7 details a series of available funding opportunities and many are not directly or solely available to housing associations/social housing providers as they are more directed to housing partnerships or housing initiatives. When analysing the grant and funding opportunity list in the table above, it emphasises the fact that there is very little funding available to housing associations/social housing providers comparative to the 1980s and 1990s and therefore perception of growing demands to find alternative methods of investment, finance and funding opportunities has occurred in recent year, especially post the rent reductions. This impact is still under-researched therefore providing justification for its consideration within this work. The need to address the finance issues came easily to some of the proactive organisations (Fitzpatrick & Watts, 2017). For some the catastrophic change to income required drastic decision-making around their provision of services, leading the mega mergers such as Karbon and Thirteen and staff redundancies across the sector.

In addition, other private investor and pension funds (such as Legal and General) are increasingly investing in the affordable market and social housing. If this is in partnership with social housing providers this is of benefit but where undertaken to generate income for their organisation, it can be in direct competition with the social housing provider. Legal and General reported “Legal and General Affordable Homes (LGAH) is committed to delivering 3,000 affordable homes per year within the next four years. LGAH is putting customer experience at the heart of their business model to provide long term, sustainable and socially useful investments to help tackle the social housing crisis” (Legal & General, n.d.). This could have a positive impact on social housing but for many housing associations/social housing providers, this may be seen as a threat to internal decision-making. What needs to be clarified is that with the financial tensions, “one of the major risks apparent in the current environment is that organisations obliged to attend more closely to commercial and financial imperatives lose sight of the views and priorities of other stakeholders, particularly social housing tenants” (Marsh, 2018, p6). The funding of structural changes has caused pressure on the sector.



### 3.5.2 Recent sector mergers and decision-making

The history of social housing was discussed in Chapter 2. However, more recently, the housing sector has seen a number of changes in terms of structure, governance and funding. The changing in funding for housing associations and the increased importance of being able to self-fund (as discussed in 3.5.1) led to a number of “mega mergers” (Gregory et al., 2016, p13). Notable examples from the North East region include Karbon and Thirteen. Other organisations have merged and demerged such as Derwent and Solway who de-merged from the larger organisation of Your Housing, then subsequently merged with Two Castles. The latter are very proactive in the market and have recently built new social housing in the Ouseburn in Newcastle upon Tyne (Marsh, 2018; Sacranie, 2012; Van Bortel, Mullins & Gruis, 2010). Mega mergers changed the landscape of organisations and their capabilities to make decisions had to focus on tenant empowerment and community investment and the ‘social entrepreneurship’ aspects rather than the provision of just bricks and mortar, the more traditional based housing association objectives (Czischke et al, 2012; McDermont, 2010; Sacranie, 2012).

As stated by Van Bortel et al. (2010), mergers are far from unusual and should be considered in the wider political and business environment. Van Bortel et al. (2010) researched that in England, the average size of housing associations doubled over a period of 10 years and continues to grow (Clark, 2019; Van Bortel et al., 2010). However, the traditional housing associations or social housing providers fearing change or shifting from their social core may find the notion of merger difficult to handle and a challenge to the core mission or purpose and in terms of the decision-making. The implications of this could be that decisions are either made for the wrong reason or because of the landscape dictating them.

In northern England, a number of smaller traditional housing associations have merged to form some of the largest providers not only in the region but across the UK. This has led to difficult decisions in terms of social mission, staffing costs and ethos as the ability to deliver decisions is thwarted by external factors. The core must be protected and therefore any decision, process, governance issue or merger must be scrutinised to ensure sustainability. In essence, a merger can be either an ego trip for the board or a necessity but whatever the reason, the core cannot be compromised (Van Bortel et al., 2010). More recently, the rent reductions by the

government in 2015 have caused some smaller firms to look for partners and merge with larger companies to reduce overheads.

Table 8: Reasons for mergers (Van Bortel et al., 2010)

<b>Ten reasons to Merge</b>	<b>Discussion</b>
Value for money and efficiency agendas	Could be fundamental in the changing landscape for housing associations/social housing providers.
Creating economies of scale and a more powerful entity with a greater ability to survive in a fast-paced sector.	Impact of staffing which causes disharmony between the merging organisations and a loss of value due to many staff cuts.
Retirement of the chief executive	Resignation such as Gentoo in the North East in recent times. This caused an issue in local and national news and their organisation has been impacted by this.
Expansion and growth—merger gives development potential	Decent Home Agenda.
Investment partnering is now a driver for mergers	Housing association/social housing providers are a popular investment as they are deemed safe (nothing new for this sector but they may need it more now).
Audit Commission inspections	If an association is struggling, they are pushed in the direction of merger for improvement/survival – NHF Code impacts this.
Mitigating risk	The management of risk is an important factor. In the changing landscape there is a greater need for any organisation to survive. Within a housing association/social housing provider the risk is even greater due to their purpose.
Smaller associations not being able to support themselves are feeling pressured into joining larger associations	This has been definitely true of the North, where a number of organisations have had to merge in austere times. Thirteen for example was originally 13 different associations which is now one.
Regulatory interventions from Homes England	If a housing association/social housing provider becomes deregulated, their ability to function is severely restricted.
Partnering	This works when organisations partner up to improve the service they offer.

Table 8 above gives an overview of ten possible reasons for a merger which will be further explored within the data collection.

The merger of housing associations has provided an opportunity or threat depending on the viewpoint. They have often consolidated power, skills and money which in

reality can have both negative and positive effects depending on the viewpoint of the organisation as a mega merger or traditional individual housing association. Reducing risks due to more funding opportunities (private) and reserves have been increased due to the reduction of overheads. It has been argued by Crook and Kemp (2018) that merger has the opportunity for growth along with construction and they are not the only academics to believe this; Pawson and Mullins (2010), also believed the growth of housing associations was due to the construction of homes and merging. The impact of merging is apparent on this sector and has changed the shape of the housing association particularly for the social purpose aspect and the impact of the social core, staff, finance, funding and governance requirements.

### 3.6 The role of governance

Good structures of governance are essential in any organisation (Fahy, Weiner & Roche, 2005; NHF, 2014). Governance is defined as “strategic and operational board level leadership, enabling service users, managers, trustees and other defined stakeholders to create and maximise social benefit” (Mason, 2009, p216). With the growth of the social enterprise comes the need to develop a theoretical framework that can possibly be used in governance-related activities. How social enterprises relate to local communities by providing community based service (Mason et al, 2007; Spear, Aiken & Cornforth, 2009) is important as they have to balance the social and funding and finance tensions of their organisational structure (Alexander & Moule, 2007; Czischke et al, 2012; Grant Thornton, 2014, 2016; Morrison, 2017; Sacranie, 2012). Historically, housing associations were structured around a single dedicated funding and regulatory body, known as the Housing Corporation; since 2008 it has had separate regulatory and funding bodies each of which relate to the other social landlords as well. The regulatory body aspect is something that will be further explored in the primary research chapter (Chapter 5).

Analysis of governance regulations, demands and issues that surrounds this sector will inform the research undertaken. The discussion thus far has highlighted the tensions between social purpose and the funding and finance needs of the complex hybrids (Billis, 2010; Czischke et al., 2012). These organisations are regulated, accountable and held by strict governance over and above the standard corporate governance of private companies due to the need to act with integrity when it comes to the social purpose of their organisation (Brennan & Soloman, 2008; Billis, 2010; Malpass, 2000; McDermont, 2010; Pawson & Mullins, 2010; Shanks & Mullins, 2014;

Spear et al., 2009). In light of this, there has been a growing demand for sector specific corporate governance codes in the last decade or so (Mullins, 2016). These regulations apply equally to housing associations that fall into the third sector (for example a smaller housing association in the North East who are not attempting to future-proof) or to social enterprises (larger housing associations in the North East who is investing in alternative revenue streams in order to future-proof). As previously discussed, housing associations/social housing providers are complex in nature and, arising from their social enterprise demands, can have complex needs in terms of structure and governance. Clearly, housing associations/social housing providers need to be regulated in order to access funding both from the government (if available) and private finance. If they become de-regulated, they have less opportunity to access private finance (Czischke et al., 2012; Sacranie, 2012). In the context of these organisations, corporate governance “is about the position and role of the boards of directors and the ways in which they discharge their responsibilities for the overall conduct of the business, and as such it is distinct from management, which properly lies in the hands of the executive staff” (Malpass, 2000, p243). Therefore, it is appropriate that the board should focus on strategic decision-making in relation to the association’s overall social purpose set within the context of financial constraint (Malpass, 2000; McDermont, 2010).

Governance models have changed within housing associations from the time of the early transfers where they were traditional shareholder model of the 1990; to the local housing companies model for the preservation of social landlords accountability more akin with a limited company (Companies Act 1985); latterly towards the empowerment of tenants who now have an integral role on the board (Pawson & Mullins, 2010). Structures changed significantly in the 1990s with the transfer of stock to the Registered Social Landlords, who became the housing associations/social housing providers of modern times (Malpass, 2000). The reason for this change in governance was due to the additional accountability that these organisations had adopted under the stock transfer because of the move from the traditional housing association supported by the local authority and the government to a social enterprise that had to be self-sufficient (Malpass, 2000).

The internal structures of governance also have to facilitate effective management which is transparent with decisions taken that support the long term success of the organisation. Measuring success is not always easy as it can be performance related or profit related but for a housing association/social housing provider this is based on providing their service effectively and being mindful of their social purpose. Success

for some of the housing associations/social housing providers might be measured by the number of new homes they build, the staff awards for excellence, the increase in their operating surplus or simply surviving the next challenge. Measuring for each housing association may be different due to their mission statement or the board's strategy for operating in the changing landscape.

Within a wide range of commercial organisations, the term corporate governance suggests a clear connection between fair and true reflection of business activities or practices. However, there is an added dimension when discussing housing associations/social housing providers as they are classed as part of the third sector and social enterprises. As such they may have more complex issues than perhaps a commercial enterprise because of their social core. These have been discussed by Mallin (2016), who focused on several important features including controls and procedures that: safeguard the business; prevent one individual having too much power; look at the relationships between the board, management and other stakeholders; ensure the company is managed effectively with the core interests being protected; and, provides transparency and accountability. This is the same for any organisation, but complexity is added due to the hybrid nature of the housing association/social housing provider. Strong and transparent structures of governance are a pre-requisite in the ability to attract funding (Bonn & Fisher, 2005; Mallin, 2016; Monks & Minnow, 2011). Good structures of corporate governance and strict adherence to regulation through Homes England will be important if an association needs to attract commercial funding to achieve financial objectives and at the same time to ensure that it continues to deliver against its core social purpose.

It is been argued that the provision of the rented accommodation sector and not-for-profit organisations such as registered social landlords and social housing providers and housing associations has undergone quite a radical reform over the last 20 years and by no means is this yet complete (Hutchinson and Ward, 2010; Gregory et al., 2016). In early 2000 large-scale transfers of organisations (as discussed in Chapter 2) were set up and out of this was born the registered social landlord, somewhat removed from the original tenure which was the local authority. These transfers enabled the local authorities to transfer their housing stock to organisations who had the sole purpose to both maintain this stock and to develop new stock. The shift from local authority to registered social landlords caused significant corporate governance issues for social landlords and has led to a number of key issues around state, market and civil society impacting on culture, social purpose, accountability, governance, finance and consensus. The introduction of the registered social landlord led to a

series of problems around funding and finance, which even some 20 years on, has had quite an influence on corporate governance as they balance the social purpose with the finance needs or demands (Hutchinson & Ward, 2010). The ability to self-finance and be regulated has brought some benefits to housing associations/social housing providers but also some major complications in terms of operation and streamlining their organisation. The impact of funding is of vital importance, without funding the social core cannot be maintained or protected but with diversification comes its own problems such as need to remain regulated and balancing state, market and civil society.

The particular governance challenge for the third sector is trying to balance the non-profit versus profit arguments of a housing association/social housing provider. Savills (2015, p7) discusses that “challenging times are nothing new for housing associations”. Savills states that the sector has adapted and survived several major changes ranging from the introduction of mixed funding, through to rent control, the impact of welfare reform and the recent severe economic downturn” (Savills, 2015, p7). Recently, housing associations have come across a series of challenging issues resulting from government decisions affecting funding over which they have no control.

### 3.6.1 The UK Corporate Governance Code

The corporate code of governance for social housing (NHF, 2015) is discussed in Section 3.6.2 below. Prior to that, it is relevant to draw attention to the more general UK governance code. These rules will apply to a commercial arm of a housing organisation that is looking to alternative funding opportunities.

The UK governance code published in 2016 has six points (a full list can be seen in Appendix 7.1).

These points of interests are:

1. Manage to deliver success
2. The board is responsible for the governance of the organisation (Cadbury Report 1992 origin)
3. Setting the values of the organisation.
4. Effective board practice – It is based on all good governance: accountability, transparency and success.
5. The code needs to be fit for purpose even in a changing landscape.

6. The code applies to companies with shares (alternative funding available to finance opportunity for housing associations/social housing providers).

The 2018 code has not been included for discussion as it does not come in to effect until 2019 (however with regard to this research there are no material differences to acknowledge). As housing associations begin to consider working within the commercial sector, they will need to ensure that their social purpose is not disregarded in favour of more funding related goals which could affect the sustainability of their social purpose. At times the market and finance has overridden social purpose and community investment.

The important aspects of the code have been illustrated below:

1. Provide an effective basis for the organisation to flourish – this is of vital importance in the current changing landscape for housing associations/social housing providers as social enterprises balance core social purpose and financial tensions – Thirteen have merged to save money while others such as Gentoo sought external funding that led to a shortfall in financial surplus.
2. The link to the Cadbury Code – the first version of the UK Corporate Governance Code (the Code) was produced in 1992 by the Cadbury Committee. Its paragraph 2.5 is still the classic definition of the context of the Code: “corporate governance is the system by which companies are directed and controlled” in the Cadbury report (Cadbury, 1992). Boards of directors are responsible for the governance of their housing associations/social housing providers to protect and preserve the core of the social housing provision in providing the operational triangle of state, market and civil society but importantly housing those in need. The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management (from the staff base) of the business and reporting to shareholders on their stewardship. The board’s actions are subject to laws, regulations and the shareholders in general meeting which for a social enterprise such as a housing association/social housing provider is even more complex due to their hybrid nature.
3. The relevance of corporate governance – this is essentially about what the board of a company does and how it sets the values of the company.
4. Effective Board Practice this implies: accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

5. The changing code - the Code has been enduring, but it is not immutable. It is permanently changing in terms of the economic and social business environment which mirrors the impact of the research question (Financial Reporting Council, 2016, p1).

This is not dissimilar to the National Housing Federation code (discussed later in the chapter in 3.6.2) but what needs to be addressed is that a housing association/ social housing provider needs to balance not just the demands of a corporate institution but also that of a social purpose institution.

### 3.6.2 Regulations of Social Housing

From the discussion around the UK corporate governance code which looks at UK companies, there must now be a discussion around the code that impacts directly upon social housing. Cowan and McDermont (2006) argue that “it is the capacity for regulation that, arguably, becomes a distinguishing factor, because social housing brings with it a recognition of the need to regulate to achieve certain ends” (Cowan and McDermont, 2006, p21) which in the changing landscape have to include financial goals. This regulation is ever more important with the rent reductions and the tensions within these organisations as they rely on regulation for funding and investment opportunities.

It is apparent that market factors or forces do influence housing associations as they increasingly look to private finance as an example, but “underpinning this is the need for a governing structure that determines objectives and ensures delivery” (Savills, 2015, p7). The difference between the two is that the social enterprise emphasises the reporting relationship to the stakeholder rather than the shareholder. The idea of stakeholder versus shareholder is apparent in the situation and highlights some of the challenges around corporate governance for the housing association/social housing provider as they balance community goals alongside financial goals. The following tables (9, 10 and 11) are included to explain the code most housing associations/social housing providers adopt.



Table 9: NHF Code of Governance

Scope	Relevance and applicability to study
<p>The National Housing Federation have been instrumental in promoting board excellence for housing associations/social housing providers and established a code of governance with the current edition being in 2015. The code of governance, aptly named 'Promoting Board Excellence for Housing Associations', has been around for around 20 years with its latest editions being in 2015. The code provides the principles of good governance under nine principles which are Ethics, Accountability, Customer First, Openness, Diversity and inclusion, Review and renewal, Clarity, Control and Structures.</p> <p>As part of the Regulator of Social Housing, there is a statutory basis for regulation and also at the economic regulation and consumer regulations some of which are discussed below within the context of this thesis research question. (See Appendix 7.2 for the full list.)</p> <p>This is subdivided in to five core areas in terms of economic regulation but only the below are deemed relevant to this thesis: registered providers of social housing are financially viable and properly managed so that they can perform the duties effectively – decision-making will be linked to this; to support the provision and development of social housing – but with a reduction in grants and financial support, this is a difficult balancing act and will form part of the discussion with Interview Participants in terms of governance; to ensure that value for money is obtained from public investment in social housing – this has been reduced in recent years due to the rent cuts and social housing not being part of the current government policy.</p> <p>There is a series of consumer regulation objectives within the NHF code and some of interest to this thesis are: to help in</p>	<p>The principles are aligned to themes within this chapter and Chapter 5 as they are deemed appropriate for further discussion with interview participants because they fundamentally form part of decision-making. This relates to the values around social purpose, culture, finance and funding, structure (including the board) as examples. Other important aspects of the code are intertwined with the other themes established within this chapter such as decision-making and organisational behaviour.</p> <p>Adopting such a code allows the organisation to open up to opportunities for funding, finance, showing regulatory consideration and also allows the organisation to operate effectively within the code (NHF, 2015).</p> <p>There are a number of organisation and regulatory bodies that regulate or have a vested interest in the regulation of housing associations and social housing providers therefore it is imperative to understand the mechanism of these in order to understand the complexity of governance and regulation (Beevers &amp; Struthers, 2017).</p> <p>Interestingly there is a favoured code of governance for these registered providers with the majority of providers utilising the NHF code however it is important to understand that the UK Corporate Governance code is also utilised by a smaller number of Registered Providers (Beevers &amp; Struthers, 2017).</p> <p>These have to be on the agenda of any housing association/social housing provider, especially in the current albeit changing landscape.</p>

Scope	Relevance and applicability to study
<p>supporting the provision of social housing that is of a decent quality and is managed effectively which links to decent homes, decision-making and social purpose; to ensure the core purpose of the housing association/social housing provider is centred around the needs of the tenants and that they become involved in the core business operations; to encourage environmental, social and economic well-being of social housing (Regulator of Social Housing, 2018 a and b; Gov.uk, 2015; Gov.uk, n.d.).</p>	

Table 10: The board's requirements with regard to the NHF Corporate Governance Code

Scope	Relevance and applicability to study
<p>As this is a code of governance there are a number of requirements and provisions that boards must adhere to and decide to adopt the code (see Appendix 7.3 for the list). There are main requirements set out under a series of headings including:</p> <p>Compliance with this code to provide financial statement – which leads to the idea of transparency and accountability.</p> <p>Constitution and composition of the board – the importance of structure of the board in terms of the executives versus non-executives is worthy of further discussion and was first established in the field notes that were undertaken when the board acted in distinct silos rather than as a group delivering a common goal and purpose. The finance director was at odds with the estate manager who was at odds with the non-executives. The dynamic was not</p>	<p>The importance of analysing the main requirements in the raw state was deemed appropriate as the analysis of the code has led to understanding the governance for this particular type of organisation. This code, albeit a voluntary code, is something housing associations/social housing providers should strongly align to as it clearly sets out the requirements of the board and board of director's responsibilities, ethos, ethics and principles. Housing associations/social housing providers could be described as conflicted due to their conflicting principles. It is apparent from the literature that there is an alignment exercise required and with a hybrid organisation this, by its complexity, will be harder to deliver.</p> <p>There are various important aspects of the code that should be abided by however it is important to note that the code above is voluntary. What is important to be aware of is that all housing associations/social housing providers need to abide by the guidance, legislation and grant conditions of the homes and communities agency (now Homes England).</p> <p>As discussed in terms of Finance and Funding, The Welfare Reform and Work Act 2016 (the Act) introduces rules around the levels of rents that can be charged by registered providers of social housing from 2016 to 2017 and to 2020 to 2021 so this will have implications around structure, skills, decision-making, finance and funding. In addition, Homes England have devised consumer standards:          Tenant Involvement and Empowerment Standard – this will be discussed in Chapter 5          Home Standard          Tenancy Standard          Neighbourhood and Community Standard</p>

Scope	Relevance and applicability to study
<p>always harmonious and requires further exploration in the interview process.</p> <p>Essential functions of the board and chair with a clear agenda and purpose  Recruit a well-balanced board (which is discussed later in the chapter).  Conduct board and committee business and where possible involves tenants.  Manage risk – a clear theme to discuss</p>	<p>The CEO has to be an integral part – this helps rationalise the sample of interview participants that have been picked for the research as a high proportion were CEOs.  Be transparent and clear about strategies.</p>

Table 11: NHF Code Regulations and Recommendations (Adapted from NHF, 2015)

<p>The code is set up in a number of regulations, such as:</p> <p>The role of the board is in effect to act in the best interests of the organisation as a whole but from field notes already undertaken, this is not always possible.</p> <p>A board should review and renew policies and procedures as a best practice exercise and with the ever changing landscape for housing associations/social housing providers this has to be undertaken regularly (NHF, 2015)</p> <p>Make group decisions on opportunities that may arise for the organisation – including mergers, which is currently a threat or an opportunity depending on your organisational culture (NHF, 2015)</p> <p>Boards should ensure they have or have access to the specific skills and experience necessary and this will be explored with the interview participants in Chapter 5 to see how they have adopted this procedure and also the changing landscape (NHF, 2015).</p>
<p>There have been a series of recommendations developed within the framework of National Housing Federation (NHF) Code of Governance which has been designed as a solid foundation of good governance for housing associations, looking at the board, housing association and key issues. Some of the key recommendations have been provided at corporate and local level.</p> <p>At corporate level: Simplify and monitor governance structures and operations and ultimately the working practices and procedures of an organisation.</p> <p>Shrink the main boards to around 8-12 people which from field note experience was not the case and there were many conflicting personalities and behaviours.</p> <p>Be strategic and manage the organisation to maintain the provision of homes, monitor decisions that impact the social aspect of the organisation, high quality customer care, regeneration and investment</p> <p>At local level:</p> <p>Form strategic partnerships with both public and private partners which is becoming ever more important with the need to self-fund.</p> <p>Be more accountable and involve managers in decision-making.</p>

“Ensure sufficient financial support from the corporate centre so that a competitive range of quality services can be provided locally to boost customer satisfaction” (Lam, 2009, p266).

These were the initial thoughts back in 2004 but the NHF looked at establishing new rules in 2015.

The NHF have set out nine principles (from its creation) and they are the foundation of good governance is balanced, diverse and effective boards and should be mindful of:

**Ethics**

High ethical standards, explicit values and appropriate codes of governance and conduct.

**Accountability**

Accountability to all the organisation’s stakeholders, primarily its residents.

**Customer first**

Needs of existing and potential service users at the core of the decision-making and practices of the provider.

**Openness**

Full disclosure of governance matters.

**Diversity and inclusion**

Fairness and equality.

**Review and renewal**

Periodic review of the board’s own performance.

**Clarity**

Clarity of roles and responsibilities between the organisation’s board members.

**Control**

Effective systems for internal delegation, audit, risk management and control.

**Structures**

There are effective staffing and committee structures to support the board’s work.

The above tables are the component parts of the NHF code of governance used by most housing associations/social housing providers and, therefore, are integral in the decision-making processes undertaken at board level. The NHF is the regulatory body that determines the housing association/social housing providers' regulatory compliance and, ultimately, their access to funding.

### 3.7 Future-proofing of housing associations/social housing providers

There is very little direct literature on the topic of future-proofing in housing associations/social housing providers, although it has been recognised that future-proofing needs to occur (Gregory et al., 2016). Albeit not directly discussed, future-proofing has been a part of many arguments for decision-making and change in the landscape (Sacranie, 2012).

That future-proofing is not explicitly discussed in the literature in connection with the social sector is an identifiable gap. It is clear that the sector faces several issues that include finance and funding tensions and balancing those with the social purpose. From the pre research board observation notes that were undertaken, it was clear that the housing associations/social housing providers are facing challenging times (focusing around redundancy, staff cuts, mergers, business development (or lack of), finance and funding and regulation). What was apparent from the pre research board observation notes were the conflicting views on the purpose of the organisation. Whether always in agreement or not, trying to future-proof their organisation, rather than just survival, came across in discussions around the board table whether that was part of the budget for new builds or simply retaining regulatory compliance. This dimension was included in the research question due to the importance of the concept of future-proofing.

Although there is no direct discussion on future-proofing, academics have discussed the sector challenges including the political, regulatory, financial and social pressures that require balancing (Czischke et al., 2012; Gregory et al., 2016; Sacranie, 2012). Many have sought to focus on the finance implications of the market and in essence ensured that the finance aspects remained the key priority (Manzi & Morrison, 2018). The financial implications could be from sale of property, producing a commercial arm of their organisation and others have simply resisted the temptation to conform to the demands of the changing landscape (Manzi and Morrison, 2017; Morrison, 2017). There is no 'one size fits all' approach to conforming in the changing landscape and indeed in the North East, there is limited financial gain from selling property in

comparison to that of a housing association based in London, simply due to property price differentials. Part of housing associations/social housing providers' ability to influence "the degree of regulatory and financial independence allowing English housing associations to define their missions, core tasks and strategies is relatively large, with organisations exhibiting a capacity to operate strategically and creatively to ensure their survival" (Morrison, 2017, p2870).

Gregory et al. (2016, p3) have suggested a "broader and more socially inclusive vision of social housing". If this concept of socially inclusive vision is adopted, the idea of future-proofing may become part of the agenda for change. Gregory et al. (2016, p4) suggest the investment in the private sector as part of this future-proofing vision with a "diverse system capable of responding to changing household circumstances" whether they be financial or social or a hybrid of both where possible linking state, market and civil society. In order to adapt to the changing landscape, there is a need to be flexible and have a clear direction and provision for the future such as alternative investments (Gregory et al., 2016).

Despite not discussing future-proofing as an individual concept, some literature does link it with decision-making (Czischke, 2014; Czischke et al., 2012; Sacranie, 2012) and with hybridity within the context of social enterprises (Billis, 2010; Mason, 2009). The literature also discusses that housing associations/social housing providers need to look at the future in terms of their long term strategy and their strategic positioning in the current market and the fact that a changing landscape is almost the norm at present (Czischke et al., 2012; Gregory et al., 2016; Sacranie, 2012). What is apparent is that even with the growing pressure on the sector to future-proof (Gregory et al., 2016), the sector has been a reactive one due to the changing landscape. The adoption of a hybrid approach could rebalance this by linking the concept of state, market and civil society (Billis, 2010; Gregory et al., 2016; Sacranie, 2012).

### 3.8 Conclusions on Chapter 3

In order to discuss a housing association or social housing provider in the current climate, there needs to be not just an awareness of change but an appreciation that the current climate is not stable. As there is a slipperiness around social purpose, there is also a slipperiness around hybridity and the definition of social enterprises because by design it can have several differing meanings and interpretations (Billis: 2010; Czischke et al., 2012; Morrison, 2017; Mullins et al., 2012; Sacranie, 2012).



What is apparent is that the social enterprise is now a part of the landscape for housing associations/social housing providers and they have become an integral part of how housing associations/social housing provider are operated (Czischke et al., 2012; Sacranie; 2012). It has been argued that hybridity is the “future of social housing” (Gregory et al., 2016, p6). This hybridity can have many opposing or differing issues linked with its social (purpose, core, and mission) and culture. This is important to this research as the ability to balance social and financial goals requires clear and strategic decision- making which is exacerbated in a changing landscape.

The research question is:

**How do board directors of social housing providers ‘future-proof’ their decision-making capabilities in an ever changing landscape?**

The themes that were derived from the initial pre research field notes (see Section 1.1.1.) were used to drive the exploration of the literature. The process of decision-making (Czischke et al., 2012; Sacranie, 2012) and governance (Gregory et al., 2016) was developed to point to the importance of the decision-making for housing associations/social housing providers that considers both funding and social goals in order to be a success where possible maintaining a balance between state, market and civil society/community (Billis, 2010; Czischke et al, 2012; Gregory et al., 2016; Morrison, 2017; Sacranie, 2012).

Whilst some studies have discussed decision-making capabilities in housing associations there is limited work that addresses the impact of a changing landscape on that decision-making (Czischke et al., 2012; Sacranie, 2012) and on the future-proofing aspects of decision-making (Gregory et al., 2016), particularly whether decisions by directors have been conscious or forced when they have occurred. At present, the literature does acknowledge that housing associations/social housing providers need to look at the future in terms of their long term strategy and their strategic positioning to protect their organisation. Table 12 below provides an overview of the contribution of this chapter to the research.

Table 12: Conclusion of chapter findings

Findings	Supporting literature
<p><b>The role of housing associations in the changing landscape.</b></p> <p>The role of the housing association/social housing provider has changed in recent years. Some of the change has been enforced and some has been through innovation or social mission adaptations.</p> <p>The role of the housing association/social housing provider has changed due to the changing landscape. Many social housing providers are seeking to balance both social and financial tensions within their organisations. The core ethos of the social housing provider still remains to provide a service for those in need and provide decent homes. The “privileged position” (Manzi &amp; Morrison, 2018) is no longer tenable and in fact a more hybrid approach to state, market and community is required to address some of these issues in the changing landscape. The rent reductions are the latest of the long line of financial cuts that have forced the housing associations/social housing providers to address their position within the market. In terms of appreciating the importance of the social enterprise, understanding its meaning and definition was fundamental in being able to apply it to the hybrid nature of the housing association/social housing provider and understanding its relationship to the third sector. The links between civil society, state and market cannot be overlooked. They are intertwined with legal structures, profit versus non-profit and governance issues. In order to appreciate their complexity, there must be an appreciation of their hybridity.</p>	<p>Heywood (2010) looked at the particular needs of a housing association and their role. Mason (2009) discussed the relevance of the third sector which is where the housing association/social housing provider sits. Mullins (2010) developed the thought that social housing providers are a community not just financially based.</p> <p>In terms of state, market and civil society (Billis, 2010; Czischke et al., 2012; Gregory et al., 2016; Mallin, 2016; Malpass, 2000; Manzi &amp; Morrison, 2018; Pawson &amp; Mason, 2009; Mullins, 2016; Mullins et al., 2012; Sacranie, 2012; Tang et al., 2017)</p>
<p><b>The complex hybridity of the third sector</b></p> <p>The hybridity of these organisations is slippery and leads to complex needs within the organisations. It has been argued that this is due to the intrinsic links between the community, state and the market.</p> <p>Hybridity has been discussed in terms of not only the social enterprise but also as part of the third sector. Many housing associations/social housing providers are choosing to operate as a social</p>	<p>(Sacranie, 2012; Billis, 2010; Blessing, 2012; Cowan &amp; McDermont, 2006; Czischke et al., 2012; Borgaza &amp; Defourny, 2001; Gregory et al, 2016; Gruis, 2008; Mullins 2010; Mullins &amp; Jones, 2015; Mullins et al, 2012; Mullins &amp; Murie, 2006; Marsh, 2018; Manzi &amp; Morrison, 2018)</p>

Findings	Supporting literature
<p>enterprise either entrenched or superficially in order to try and balance the social and financial tensions these organisations invariably are experiencing in the current landscape. The slipperiness of hybridity requires further discussion with interview participants as there is still an identifiable gap around how the social enterprise or housing associations social housing provider is making decisions in the current landscape based on social and financial pressures.</p>	
<p><b>Decision making within housing associations/social housing providers</b></p> <p>Decision making is a research gap that requires further analysis in Chapter 5 findings. However there are a number of literature sources that have looked at methods of decision-making and strategic decision-making. The impact decision-making is having on the current landscape requires discussion; however it is clear that decision-making for these organisations is nothing new but has to adapt and change depending on the political, economic, social and financial landscape. In order to make effective decisions hybridity, working as a social enterprise, being aware of traditional views and values of housing associations, the state, market and civil society triangle have to be taken into consideration. The landscape is changing, and the community investment requires further protection from the financial pressures of the changing landscape.</p>	<p>(Czischke et al., 2012; Gregory et al., 2016; Manzi &amp; Morrison, 2018; Mason, 2009; Mullins et al., 2012; Mullins, 2016; Sacranie, 2012)</p>
<p><b>Future-proofing</b></p> <p>Future-proofing is a gap in the research which requires further discussion in Chapter 5 findings. Although there is some literature on the concept of future provisions, there was little on the actual ability to future-proof. Gregory et al. (2016) believe the future is promising as long as changes are made.</p>	<p>(Billis, 2010, Blessing, 2012; Cowan &amp; McDermont, 2006; Gregory et al., 2016; Gruis, 2008; Marsh, 2018; Mullins &amp; Jones, 2015; Pawson &amp; Mullins, 2012; Mullins et al., 2012; Mullins &amp; Murie, 2006; Sacranie, 2012).</p>

The literature discussed in this chapter has reviewed the current debate around the key themes that arose from the pre observation field notes including challenges, consensus, culture, decision-making, finance, funding, governance, merger, social, structure, successes and sustainability. The gap that this chapter has identified is in relation to two main areas. The first is the role of decision-making within the boards of the housing organisations and how the competing demands (particularly financial

sustainability and social purpose) are managed. The second and related gap is how the boards take decisions that not only balance these different objectives but do so in a way that will ‘future-proof’ their organisations to ensure their sustainability in the changing landscape.

## 4 Research Methodology

### 4.1 Introduction

This chapter sets out the methodology chosen, and the research undertaken to address the gaps around decision-making and future-proofing identified in Chapter 3.

Table 13 overleaf contains a list of themes that have been identified initially from the pre research observation field notes (Section 1.1.1) but also developed in the literature. The research was designed (Quinlan, 2011; Trafford & Lesham, 2008) in several stages as illustrated below:

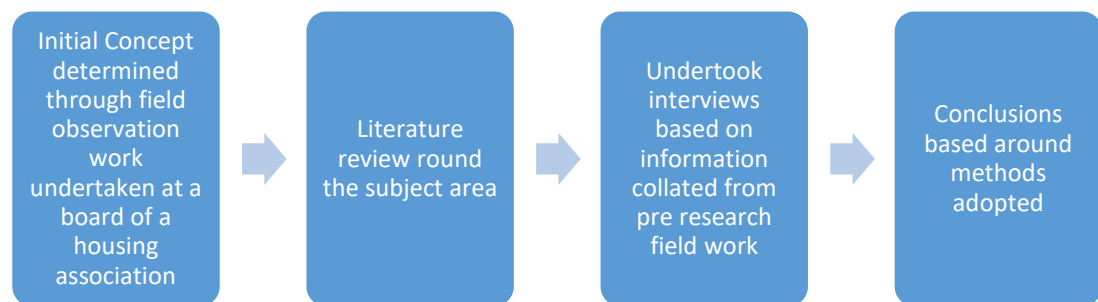


Figure 11: The research process

As already stated, the research question under investigation is:

**How do board directors of social housing providers ‘future-proof’ their decision-making capabilities in an ever changing landscape?**

The reasoning behind having one research question is to allow for focus on one key issue. There needs to be some awareness that providing a service and making a profit could be determined to be equally important and would lead to the discussion around hybridity, social enterprises and the third sector, the aim being to explore how social housing providers operate, future-proof (if applicable) and deal with this ever changing landscape.

### 4.2 Epistemology and Ontology

Epistemology is concerned with the assumptions around knowledge and ontology deals with the assumptions around the nature of reality (Saunders, Lewis & Thornhill 2016). I have taken a pragmatic approach to my research that allows for evaluation

in terms of the practical application of my research. A qualitative approach to my research is appropriate regarding the subject matter chosen.

In terms of ontology, this study will not make assumptions and the research methodology has been designed to allow for the participants to act freely (as is possible) in discussion around the key themes presented to them from the literature.

In terms of the research question I am exploring the decision-making of boards, so it is an inductive study. In effect, it is a set of ideas being explored.

Table 13 : Research philosophies (Saunders et al., 2016)

Ontology	Epistemology	Typical methods
Complex, rich, external	Practical meaning of knowledge	A research problem and a research question
Reality is practical	True, successful knowledge	Qualitative method can be appropriate
Processes, experiences and practices	Focus on a problem or a practice and what is relevant	Practical solutions and outcomes.
	Problem solving for future practice and contribution	

#### 4.2.1 Areas for investigation

As previously discussed, a number of academics believe that housing associations need to change to make decisions to future-proof their organisations partly due to the ever-growing community investment demands and financial tensions. Further, the extent to which these demands need to be met is something that needs to be investigated (Czischke et al., 2012; Gregory et al, 2016; Sacranie, 2012). The literature chapter developed the key themes that will be investigated through the primary research, as presented below in Table 14 overleaf. Table 14 develops the pre research field observation themes and links them with the literature, discussed throughout Chapter 3 and concluded in Section 3.8 in Table 12. The table has been designed to highlight the initial themes, the board observations and the subsequent links (if any) to literature. The table has been provided below in order to illustrate these findings in one place.

The themes were originally developed through the concept of the pre research observation field notes shown in the table below which has been adapted from Table 1:

Table 14: Pre research board observation themes:

Identified 'theme'	Note extract from the pre research field observation	How the literature impacted these
Challenges	There were several challenges being faced by the board at the time of the meeting, including the merger discussion and proposed staffing cuts.	<p>Not supported in the literature in the format of challenges but many challenges facing the sector post rent reductions and universal credit. Manzi and Morrison stated "whilst a commercial logic clearly played an increasingly dominant role in discussions of organisational purposes, senior managers and Chief Executives argued that they remained committed to an organisational purpose driven by a social logic, regardless of economic contingencies (Manzi &amp; Morrison, 2018, p1934).</p> <p>"challenging times are nothing new for housing associations" (Savills, 2015, p7). Savills states that the sector has adapted and survived several major changes ranging from the introduction of mixed funding, through to rent control, the impact of welfare reform and the recent severe economic downturn.</p> <p>The issues around funding and finance and the changing landscape require analysis.</p>
Consensus	There appeared to be a lack of consensus amongst board directors which was of initial interest to me when looking at the research question. Decision making is an important aspect of this as the lack of consensus could lead to difficult decision-making.	<p>This was not fully developed other than boards should be coherent and work collectively for the good of the organisation. Balancing the skills of the board is a strategic tool. "Different individuals or groups within an organisation can nevertheless be committed to different goals and interests, and the organisations or its individual parts must relate to other organisations that may have other goals and interests, and the organisations as individual parts must relate to other organisations that may have other goals or interests" (Christensen et al., 2009 p 29). The role of hybridity and balance could be discussed as part of consensus (Billis, 2010).</p>

Identified 'theme'	Note extract from the pre research field observation	How the literature impacted these
Culture	As a housing association, there should be an inherent social ethos and therefore this had to become a theme to be developed in the literature.	<p>Heywood says "independent private sector, not-for-profit bodies that provide rented homes at sub-market rents. They also offer the chance to gain access to home ownership and provide other neighbourhood and community services" (Heywood, 2010, p5).</p> <p>Burnett (1986, p3) states "people need shelter but also need shelter which is adapted to geography, climate and place of work which provides certain standards of construction, space, hygiene and comfort in which the business of homemaking can go forward effectively".</p> <p>In reaction to the challenges, a discussion of housing associations/social housing providers is required looking at how "organisational cultures change" (Morrison, 2017, p2859). There has been a forward focus on tenant engagement attempting to balance local authority culture to a social enterprise culture which brought social and finance/ funding tensions (Sacranie, 2012; Pawson &amp; Mullins, 2010).</p> <p>There has been research around this tension that looks at policy and funding changes and "internal values and culture" (Mullins &amp; Jones, 2015).</p> <p>This is clearly important to housing associations/social housing providers and the literature supported them working as social enterprises and their role within the third sector and hybridity</p>
Decision Making	There was a lot of differing opinion around how to make decisions and therefore this became a clear theme to be developed.	<p>"The welfare state has been approached both narrowly and broadly. Those who take the narrower view see it in terms of the traditional terrain of social amelioration: income transfers and social services, with perhaps some token mention of the housing question. The broader view often frames its questions in terms of political economy, its interests focused on the state's larger role in managing and organising the economy. In the broader view, therefore, issues of employment, wages, and overall macro-economics steering are considered integral components in the welfare state" (Esping Andersen, p3).</p> <p>"their hybrid financial model places housing associations squarely between the state and the market. While the core activities of associations in constructing and managing affordable housing is a crucial contribution to society, greater attention is often given to the social investment and neighbourhood activities when considering their added value" (Mullins, 2010, p5)</p>



Identified 'theme'	Note extract from the pre research field observation	How the literature impacted these
		<p>Decision making is most apparent “on priorities for community investment for which the focus has shifted from a locally responsive community partnership approach to a corporate strategic approach that one might expect to find in large scales private sector business” (Mullins et al, 2012, p412).</p> <p>The role of the board is to be a “collective body, whose members have diverse expertise in various aspects of the company's business. Therefore, communication between directors is critical to successful board functioning” (Malenko, 2014, p1486).</p> <p>In terms of the research question; the internal (such as staff cuts) (Morrison, 2017; Sacranie, 2012) and external impact (such as the rent reductions) of decisions made, affect staff, culture, management style and governance; so these elements link with the changing landscapes whether that be political, social or economic (Lee et al., 1999). Decision making was supported by the literature as an important part of a director's role and the changing landscape impacts this.</p>
Finance	<p>With the rent reductions, there were obvious concerns felt around the board table about where financing opportunities were going to be coming from and how they were going to survive.</p>	<p>Of great importance is finance opportunities to the organisation and this was supported through the literature. The lack of government grants has led to the movement towards private investment. The third Sector organisations are from the public sector and can be known as no governmental, non statutory or non-profit.</p> <p>“Their hybrid financial model place housing associations squarely between the state and the market. While the core activities of associations in constructing and managing affordable housing is a crucial contribution to society, greater attention is often given to the social investment and neighbourhood activities when considering their added value” (Mullins, 2010, p5)</p> <p>There is huge implications around this area of finance post the rent reduction implementation (Sacranie, 2012; Billis, 2010; Blessing, 2012; Cowan &amp; McDermont, 2006; Gruis, 2008; Marsh,</p>

Identified 'theme'	Note extract from the pre research field observation	How the literature impacted these
		2018; Mullins & Jones, 2015; Mullins & Murie, 2006;; Mullins et al., 2012; Pawson and Mullins, 2012).
Funding	They were some discussion on what funding opportunities were available and deemed further analysis in the literature	There was a need to look for funding opportunities such as external partners and alternative investment mechanisms. There was a lack of direct funding available to housing associations/social housing providers. The lack of government grants has led to the movement towards private investment. Housing associations are not-for-profit charitable organisations that are structured around the main core of housing provision for those in need (Shelter, 2015). The social enterprise is currently facing turbulence and need to respond to financial pressures (Czischke et al., 2012; Manzi & Morrison, 2018). The sector historically became reliant on government grants and private finance (Gregory et al., 2016). The lack of government grants and funding have played a significant role in the changing landscape (Manzi & Morrison, 2018). The rent reductions have exacerbated these issues and therefore decision-making has become an even more acute of problem (Cowan & Marsh, 2001; Cowan & McDermont, 2006; Gregory et al., 2016).
Governance	They discussed governance issues and it was felt that this also required further exploration to see if there were clear links between governance and decision-making.	Governance is vital to the success of these organisations, as they are regulated, accountable and held by strict governance over and above the standard corporate governance of private companies (Billis, 2010; Malpass, 2000; McDermont, 2010; Pawson & Mullins, 2010; Shanks and Mullins, 2014).The concept of governance was clearly identifiable in the literature and was embedded in decision-making, social ethos and culture.
Merger	This was a hot topic at the board (they have merged subsequently). This also impacts decision-making pre and post merger.	This was discussed as a mechanism for decision-making in the literature and is worth further discussion in the primary research. A number of "mega mergers" (Gregory et al., 2016, p13) have shaped the market recently. The average size of housing associations doubled over a period of 10 years and continues to grow (Clark, 2019; Van Bortel et al., 2010)
Social	There was tenant representation at the	The social aspect of the social housing provider is important as it forms part of their social purpose. It is not just about providing housing but about providing homes including "social care

Identified 'theme'	Note extract from the pre research field observation	How the literature impacted these
	meeting and there was a clear policy of social mission and tenant empowerment (this requires further analysis in the literature both in Chapters 2 and 3).	rather than public housing" (Kleinman, 1991, p5). Was supported in the literature and is fundamental to the housing association/social housing provider.
Structure	The structure of the board was intriguing to me and the literature needs to focus on the structure of organisations and in particular housing associations.	Linked with hybridity, the structure of these organisations is complex and requires further investigation (Billis, 2010; Pawson & Mullins, 2010). Was discussed in the literature and requires further discussion in the primary data.
Successes	The celebrated recent awards they had won, and it became important to develop further	Came out of the pilot interview – a driver for them but may not make it past the pilot stage. Success of an organisation needs to take in to consideration staff but also finance and funding implications around success. Success is measured differently for everyone. Not supported by literature but felt was important to discuss with the participants.
Sustainability	Looking at alternative investments became very important to the board in this meeting and they were concerned about how to future-proof.	The Royal Institution of Chartered Surveyors (RICS) stated "many housing associations are reviewing their business plans because merely sitting on their stock means a safe business plan but little growth" (RICS, 2015, p1). Needed further explanation and therefore was kept as a theme for the interviews.

This chapter will consist of reintroducing the research question in order to frame the methodology used. There will then be a discussion around the methodology selected, focusing on the approach to the data collection which originated in the initial pre observation field note work, the collection of literature and then the rationale around the design of the interview process, the sample of respondents and how they were sourced.

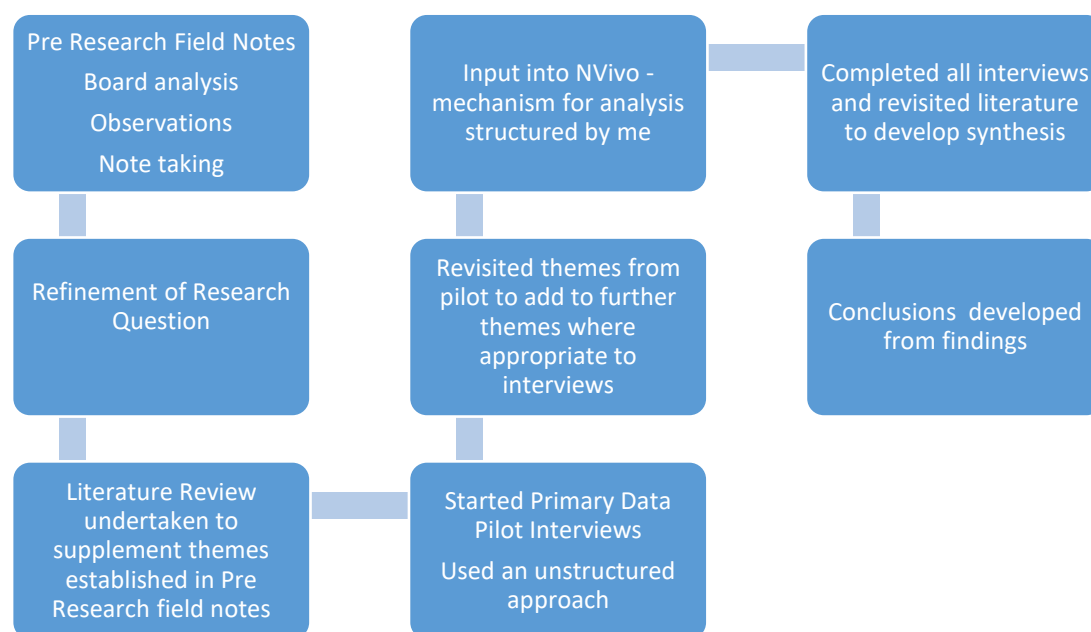


Figure 12: Research framework

### 4.3 Pragmatism

Based on the brief discussion of epistemology and ontology in 4.2, the philosophy of pragmatism has been selected as most appropriate for this research. The reasoning for the adoption of pragmatism was due to the pragmatic nature of the research question and a practical application is appropriate for this research. The research question needs to be tested and analysed. Pragmatic philosophy discusses that “inquirers must learn to say, not ‘this is true’ but ‘this works’” (Bauerlein, 1997, p3). This position accords with the approach followed in this research.

Pragmatism derives from the work of Peirce, James, Mead and Dewey (Campbell, 2011; Dewey, 1929; Frega, 2014; James, 1907; Morgan, 2014; Peirce, 1905; Stuhr, 2000) but has recently seen a revival (Gray, 2017). Pragmatism as an ideology is useful only if it works and generates practical consequences for society. Therefore, pragmatists focus on whether a proposition fits a particular ontology (the ‘what is’)

and the epistemology (the 'what it means to know'). This researcher feels that pragmatism fits in with their professional background, therefore, this approach has been adopted (Gray, 2017; IEP, n.d.). It is all about knowledge and focus on goals (Bauerlein, 1997; Cherryholmes, 1992; Creswell and Creswell, 2018; Hatch & Cunliffe, 2013; Morgan 2014; Visser, 2017). Cherryholmes explains "research in a pragmatic tradition, however, seeks to clarify meanings and looks to consequences. For pragmatists, values and visions of human action and interaction precede a search for descriptions, theories, explanations, and narratives" (Cherryholmes, 1992, p13). The action and participants' interaction approach within this thesis will be employed by the unstructured interviews which are discussed in Chapter 5.

Charles Pierce looked to defining pragmatism through the thought that every mind is somewhat moulded by their experience. There is a need when looking at pragmatism as a theory to have an awareness of rational cognition and purpose and these have an inseparable connection. Research is not good if the author is not prepared to test their own thoughts and preconceptions and that is exactly what has occurred in this research. Pierce furthermore developed the idea of belief and doubt stating belief being a habit and doubt not a habit. I have doubted aspects of the research in order to prove its merit and viability and my beliefs have not forced judgment or impacted on my findings.

In addition to Pierce, it was John Dewey who really started to address these issues bringing in the ideology of human thought which makes it an ideal theory for this research and importantly me as a researcher. It was Dewey (1929) who demanded instead a recipe for gaining knowledge which he found in methods of inquiry that had already proved their worth. Dewey's rejection of epistemology is far more important than has generally been recognised.

Dewey had been known to be "critical of a host of theories of action in the behavioural sciences" (Khalil, 2004, p3) which is pertinent for my thesis. In terms of gaining knowledge, Dewey also argued that "knowing is acting with imagination, interests, and beliefs" (Khalil, 2004, p2). With the research undertaken, certain beliefs can be concluded.

Pragmatism, as a philosophy, has been adopted to recognise a problem in the context of the research question, through clear methodology the problem is considered, the solutions are sought through the methodology used, looking at the possible outcomes and repercussions of the solution and then taking the appropriate action.

As a pragmatic professional doing a professional doctorate the natural attraction or leaning towards pragmatism has been developed. It is also interesting to note that “pragmatism purges language of useless verbiage and contradictory meanings and yields a better way of handling the world” (Bauerlein, 1997, p3). So in terms of my thesis, pragmatism aligns with my practice background.

Creswell and Creswell (2018) and Dewey (1929) furthermore go on to discuss the ideas of individual researchers having a freedom to choose the type of method they utilise, the techniques that they undertake and also the procedure in which they do their research. Pragmatism is suitable because it incorporates my real world subject area, my own personal viewpoints and importantly the research methods I am undertaking.

What needs to be captured is “inquirers must learn to say, not ‘this is true’ but ‘this works’” (Bauerlein, 1997, p3) and it is clear that “there is a concern with applications - what works - and solutions to problems” (Patton, 1990 cited in Creswell and Creswell, 2018, p10), which is something I have captured in my analysis in Chapter 5 and the format of inquiry in a social context has been captured in the type of interview I have undertaken (Visser, 2017). Table 13 above shows the research philosophies.

#### 4.4 Methodology

Figure 13 presents the methodological pyramid employed in this study.

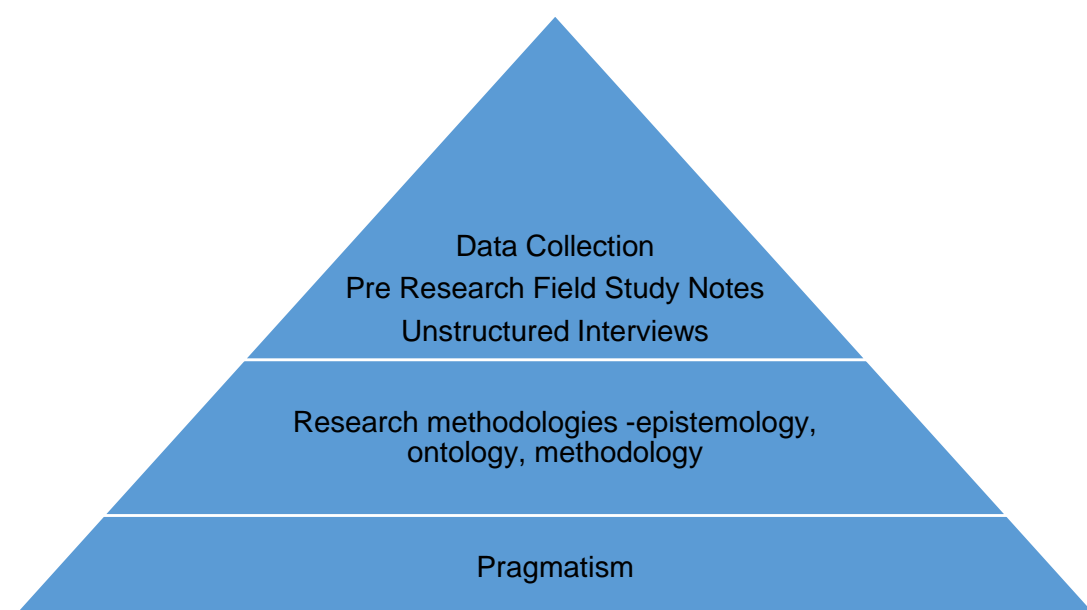


Figure 13: Research Pyramid (Adapted from Quinlan, 2011)

Figure 13 presents the qualitative methodology utilised for this research. This commenced with the initial pre research observation field notes; an in depth literature review was then undertaken, followed by a series of interviews (one pilot and then seven further interviews). All interviews were used in the analysis of findings. Unfortunately, due to access issues no further board observations were possible.

As this is a qualitative study, the best way to gather primary data was through the use of interviews and observations. The research question focuses on the complex issue of hybridity and the social and finance and funding tensions these social enterprises are currently experiencing. The changing landscape has caused tensions in decision-making and other empirical studies in the field have employed different methods of data collection. The study by Mullins (2006) utilised the Delphi method and explained the process of using the method to look at the role of future policy making. Mullins argued the Delphi method sought to extract information from experts (Mullins, 2006). The role of the Delphi method in decision-making allowed for multiple questions to experts (Mullins, 2006) and was used in conjunction with case studies and interviews in order “to get a more rounded picture of internal decision processes” (Mullins, 2006, p233). This could have been an alternative method used in this thesis and would have allowed for triangulation of data. The Delphi method was not viewed as suitable due to the author wanting to capture first-hand experience from the participants.

Czischke (2014) utilised the critical incident method and sought to understand how decision-making occurred in English housing associations by utilising the critical incident method. The method of analysing behaviour offered an opportunity for the research to focus on decision-making processes. Their research was centred on the key issue of decision-making following a series of five key issue which were participants, leadership, relationships, role of intelligence and department agendas (Czischke, 2014). The use of the embedded case studies, within organisations, in this method allowed for a deep understanding of the decision-making processes and procedures facing the sector (Czischke, 2014). This would have been an alternative method to utilise in this thesis and could have offered a deep discussion around the procedure of decision-making. However, the analysis of behaviour was undertaken in the interviews due to their unstructured nature. Sacranie (2012) developed the multi layered case study utilising a large housing association and a specialist subsidiary. A case study in these organisations could have been utilised and in the early stages of the research proposal there was some thought given to using a series of organisational case studies as a suitable research method. However upon

undertaking the board observation, it became clear that the thematic interview based around the central research question would better allow the 'actors' to give voice to their opinions. This was not too dissimilar from the research undertaken in this thesis, whereby the author identified key themes and undertook preliminary fieldwork (Sacranie, 2012). There "are a number of situations in which the interview is the most logical research technique. If the objective of the research, for example, is largely exploratory, then interviews may be the best approach" (Gray, 2017, p396).

In terms of the style of interview undertaken, it is a hybrid between non-directive interviews and informal conversational interviews (Gray, 2017). These terms do not fully explain the interview technique used as it was a hybrid of unstructured interviews within a structure that was provided from the themes that have already been discussed.

### **Pre research observation field notes**

An exciting initial part of the pre research field work was gaining access to and being able to attend a board meeting for a housing association in the region of the north east of England (see Section 1.1.1). This provided the author with the ability to collect and collate field notes via observation of the board's performance. The pre research observation field notes helped identify the problem that was going to be addressed in the form of the research question. The unique opportunity to become part of the board on this occasion led to an insight that could not be removed from the study as it allowed the research to develop around human behaviour and decision-making. It allowed me to design the way in which I would go about the rest of my research with the participants in subsequent interviews. As discussed in Chapter 1, it was an opportunity to observe the board and their behaviour, with their knowledge and thus confidence that all topics discussed were confidential, as I was there only in the capacity of observer. Although the notes written down after the board meeting have not been directly used in this research, they helped shape the methodology used and opened up the ideas and concepts that assisted the formation of the research question.

The pre research observation field notes involved me attending a one-off board meeting with a small housing association which has recently merged with a larger organisation in the north east of England. Subsequently, this board no longer meets individually at a local level but meet in the larger umbrella organisation's headquarters instead.



As already explained in Chapter 1, a board observation was undertaken. It was at this stage (very early on in the process of writing my thesis) that the importance of the board became apparent and a focus on the structure, decision-making and governance emerged as important areas for exploration in the interviews with the board members.

“Observations are one of the prime data collection methods for the naturalistic or fieldwork settings” (Gray, 2017, p187). The interesting use of fieldwork allowed the research to observe board directors in their own setting allowing the research to be developed from what could be classed as mainstream standard interviews to a more open technique that allows an investigative approach. As Baker (2006) discusses, the value of observation in their natural environment in order to understand from their perspective. This form of research is noted as a primary observation where basically notes are taken first hand by the researcher in a diary format. The author kept a diary of events in order to utilise and shape questioning to interview participants and further field notes and participant studies.

The freedom to express thought for the interview participants also became important to my research and that was the reasoning behind the development of my unique type of interview technique using the themes arising from literature and from the field notes. There was a sense that I wanted participants to interact freely with the research question and discuss their thoughts and experiences (see interview card layout below).

#### 4.4.1 Sampling

In order to identify interview participants there was a need to determine who would be suitable respondents. Saunders et al. states, “sampling techniques provide a range of methods that enable you to reduce the amount of data you need to collect by considering only data from the subgroup rather than all possible cases and all elements” (Saunders et al., 2016 p 259). Indeed, “qualitative research is not built upon a unified theory or methodological approach and can adopt various theoretical stances and methods, the latter including the use of observations, interviews, questionnaires and document analysis. While, even today, qualitative research is often regarded in some quarters as less valid and reliable than its quantitative cousin, qualitative data can be a powerful source of analysis” (Gray, 2017, p171).

There are a number of housing associations in the North East ranging from stock of 50 properties to 40,000 properties. The number of housing associations and social

housing providers is ever changing due to demand however, there are some key players who have merged with smaller associations who will be targeted along with smaller independent associations. Participants were selected through key contacts in the North East region who provided me with an indicative list of people to contact who work at a higher level within organisations, either housing associations or agencies for the government. It was anticipated these key contacts would provide insight into high level decision-making and governance issues in relation to the topic. Through existing and new research connections, a total of eight interviews were undertaken. Respondents were influential contacts on the board of directors for the large, medium and small housing associations and within the professional body for surveyors, the RICS.

As discussed in Table 14 (pre research field observation themes), the themes from the pre research observation field notes were explored in the literature and then used to shape the primary data collection. At this stage of the research, flash cards consisting of single words around the research question were developed and utilised in the interviews, rather than a prepared list of questions. It was hoped that the flashcards would allow the interview participants to freely discuss their experiences in connection with the words on the prompt cards (taken from the free discussion on the pre research board observation). It was decided that question marks should be incorporated to allow the participants to add to the discussion around the research question from their own observations. Figure 14 overleaf shows the use of flashcards.

#### 4.4.2 Interview card layout

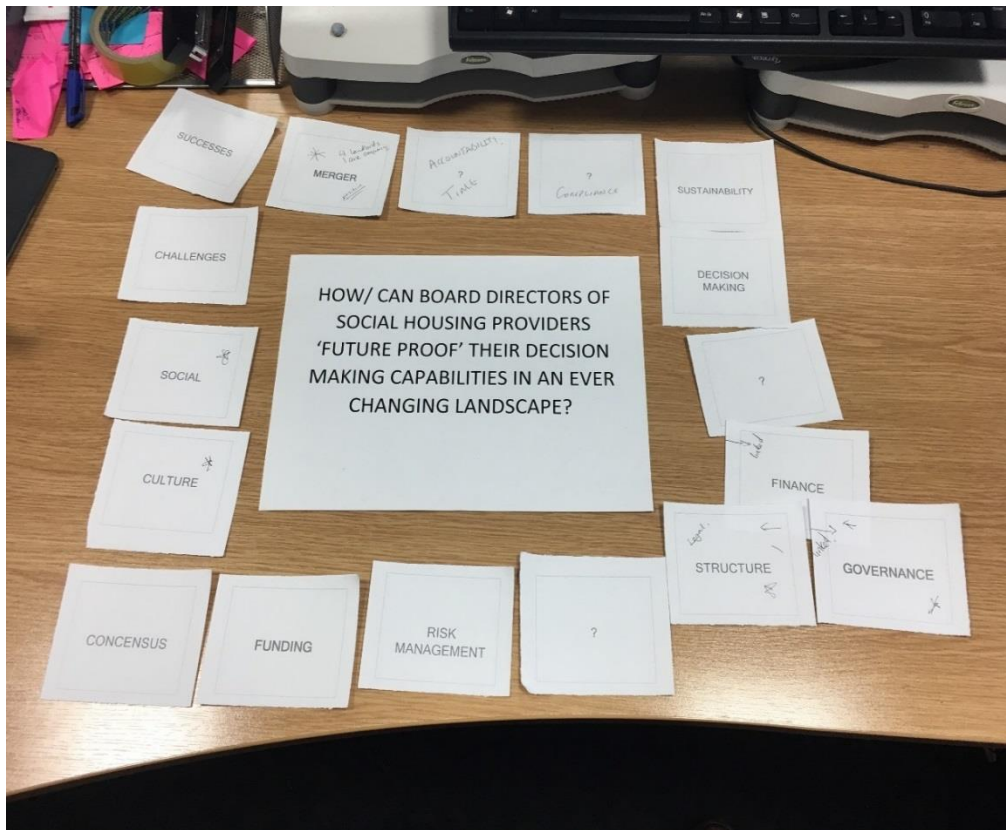


Figure 14: Interview card layout (Author's own, 2018)

Figure 14 is an example layout and at each interview the flashcards were laid out on a random basis in order to prevent any bias to the importance of the themes. From the pilot interview (discussed in Section 4.4.3 below), it was discovered that other key themes could arise and therefore the question mark(s) were introduced to allow for this.

#### 4.4.3 Pilot interview

The first interview was held as a pilot interview whereby the “term pilot studies refers to mini versions of a full scale study as well as the specific pre testing of a particular research instrument such as an interview” (SRU, 2001). As an alternative approach to the interview process, the pilot was an important step to test the process to ensure relevant and accessible information was going to be developed. It has been argued, “pilot studies are a crucial element of a good study design. Conducting a pilot study does not guarantee success in the main study, but it does increase the likelihood” (SRU, 2001) and they are well used in real life situations (Stokes, 2011). The pilot study was used in the first phase of the primary research “where techniques and

methods are being tested and tried out. Although there is of course potential to factor an iterative phase into any research project, it is perhaps more likely to play a role in an inductive and interpretative-style approach that is tending to take its sense and direction from the respondents and the research field rather than following a predetermined process and programme” (Stokes, 2011, p64). It was important to ensure that the respondents could make sense of the approach being used and were able to use and discuss the flash cards in a way that would elicit information relevant to the research question. This would give confidence that the approach could be followed with further interview participants. For the purposes of this study, the pilot was conducted with a chair of a housing association board and it took place on 19<sup>th</sup> September 2016 in their offices.

The purpose of the pilot interview was to ensure that the approach would work, the themes were relevant and establish whether there was anything missing. The themes discussed were relevant but the interview participant (IP1) did suggest others should be included such as risk. More discussion on the themes and how the new ones were subsequently incorporated in the interviews is presented in Chapter 5.

#### 4.4.4 Interviews

During the interviews, I used a recording device to capture all of the discussion (as set out in the ethics section below, I sought their permission first) and I also took my own observational notes particularly around the way in which the cards were interacted with and which order the cards were discussed (these were randomly placed on the table). The order of the cards assisted in ranking their importance which in turn assisted with the use of NVivo. The process of analysis for the interviews was on a thematic basis with the use of NVivo 11 (latterly NVivo 12) as a device to store and assist with the author’s categorisation.

As discussed previously, it was important (due to the style of research adopted) to enable the participants to interact with the research question in a way that was only partially structured. Traditional interviews were considered inappropriate because there would be a formality to the interviews which would not allow the participants to freely discuss the opinions and reasoning for decisions made. Perhaps, however, the use of structured questions could have focused more on decision-making processes. However, the open technique was quite unusual and gave freedom to the participants to discuss any concerns, successes, financial and governance implications. The pilot interview participant said how exciting it was to be interviewed

in such a manner. They commented that it allowed exploration and freedom of thought rather than being restrained by questions that had been heard many times before; their opening statement was “they are all relevant” (IP1 – the pilot interview).

The interviews were undertaken on a one-to-one, face-to-face basis allowing the participant to speak freely as this was invaluable for the research. Capturing the interviews face-to-face was important in order to observe the responses, characteristics and behaviour of the interview participant.

In the initial stages of the research post the board observation, it was determined that the research would involve approximately 10 interviews to provide enough scope and data to analyse which has been supported by other studies where 6–10 could be enough to reach data saturation (Hagaman & Wutich, 2017). Due to the limitations of seeking further interview participants (over 30 were contacted) that were willing to participate it was determined that the eight that had been collated were suitable as the data had become exhausted as the researcher had been analysing their content as the interviews were being conducted. The small number of respondents is a limitation of the work. In Table 15 below, the role and location of each participant is listed. One of the participants is from the south (based in Norfolk) but was deemed an appropriate addition to the interview participants due to their close links with the RICS (albeit not contacted due to this link) and therefore their knowledge would stem not only from the board participation but also the professional body of which the researcher is a member. As the researcher is undertaking a DBA, this interview participant’s insight into the profession of the RICS was deemed a valuable resource regardless of their location. Other professional body members were contacted but none agreed to participate unfortunately (Homes England, the local authority in the region of study and the CIH). The researcher attempted to interview other southern based board members in order to discuss a wider geographical area of the UK (where other challenges based on geography may have arisen) but was unable to secure any interviews although many were contacted. Many responded initially but then when an interview was proposed they were unwilling to continue. This was a conscious decision due to the fact most of the participants were CEOs and it was a decision made within the research to target CEOs who were deemed to have broad depth of knowledge due to their role in the operation and importantly the decision-making of their organisation. These particular CEO participants are very active in their organisations.

The process adopted for this research centred on two key elements; the first was a board observation (discussed in Chapter 1) and the second comprised eight thematic interviews with actors from different organisations within the sector. The original research design was to undertake a series of board observations but unfortunately there were access issues whereby attendance at multiple board meetings was not possible. Instead, the researcher contacted a variety of professional bodies, housing associations and Homes England. The response received from the professional bodies was either that they were unable to assist or unable to facilitate in the timescales required for the study. I was initially invited to another board meeting with the same organisation but when I attempted to contact the chair to arrange, the opportunity was no longer available. However, this was not the only attempt made and other housing associations were contacted in the region but the response was not favourable. The lack of board access was a setback to the research design as there would have been real benefit from collecting raw meeting field notes that could have been utilised to discuss how decision-making was undertaken in a live setting (Mullins, 2006). However part of research design is determining limitations. The Chartered Institute of Housing (CIH) and RICS were not used directly for access to boards as a number of chairs had been contacted as part of background research on organisations in the north region and England sector wide. Despite extensive efforts to access a wide range of housing association in both England in general and in the north region specifically, in the end, a total of eight participants agreed to take part.

As one of the main issues identified from the single board observation secured at the start of the research was around how individuals reacted to different agendas (as discussed in Chapters 3 and 5), it became clear that the most logical and rational research method was that of individual interviews with board members. This would enable focus on their roles within the organisation as decision-makers. Alternative methods are discussed in Section 4.4 above. There are arguably limitations to this type of research in terms of reliance on retrospective individual actor interviews however based on the end goal of determining the research question around decision-making and future-proofing, this form of research collection allowed for one to one discussions with the participants regarding their experiences, recent decision-making and future-proofing agendas within their specific organisations.

It could be argued that there is an absence of triangulation by only utilising the literature review and interviews, however the pre research observation field notes

shaped the research and the research question by providing the focus on decision-making and future-proofing. The changing landscape was evident in the board dynamic. Of the eight participants interviewed, two were non-executive. It would have been preferred to have had a wider range of non-executive director respondents to better reflect the balance of the board. There was an attempt to snowball interviews from the participants to include further non executives. Unfortunately, this was not achievable due to a number of non-responses received. The lack of further non-executive interviews is arguably a limitation as there is a reliance on the views of two non-executives; however, their individual contributions and personal opinions are not presented in any way as representative of the sector. The same rationale can be applied to the individual who was interviewed from outside of the northern region; their knowledge of the social housing sector, the RICS and governance issues made them a valid participant.

Decision making processes could have been discussed with the participants and this could have been beneficial to decision-making and future-proofing (Czischke et al, 2012; Gregory et al., 2016; Sacranie, 2012). However, the interviews remained structured around the research question to allow for freedom of thought and discussion to their specific organisations which was linked to the pre research board observation experience. In hindsight, other alternative research methods could have been employed to answer the research question including a more focussed interview approach.

The research design chosen contributed a method of interviewing that combined themes from observation notes surrounded by the key themes that came from this research. Although it could be argued that alternative methods could have been used (Czischke, 2014; Mullins, 2006; Sacranie, 2012) to provide a different approach to the research, the observation/literature and interview flashcard approach adopted can be seen as a contribution to knowledge regarding decision-making in housing associations/social housing providers. Ideally, further observations at board level would have been beneficial but this was not possible in the scope of the thesis.

Table 15: A list of participants who were interviewed

<b>Interviewee</b>	<b>Role</b>	<b>Gender</b>	<b>Information</b>	<b>Interview</b>	<b>Date and length of interview</b>
Interview Participant One	Chair	Female	Pilot interview to check methodology was suitable in terms of utilising themes.	Face to face in their office	19 September 2017 – 30.23 minutes
Interview Participant Two	CEO	Male	North East based large housing association	Face to face in their office	23 January 2018 – 35.36 minutes
Interview Participant Three	CEO	Female	North East based small housing association	Face to face in their office	21 March 2018 – 35.35 minutes
Interview Participant Four	Former CEO	Male	North East based used to be involved with large housing association	Face to face in my office	09 April 2018 – 1 hour 16.40 minutes
Interview Participant Five	CEO	Male	North East based large housing association	Face to face in their office	17 April 2018 – 55.47 minutes
Interview Participant Six	CEO/ RICS	Male	Southern based housing association	Face to face in their office	26 April 2018 – 1 hour 12.05 minutes
Interview Participant Seven	CEO	Female	Cumbrian based housing association	Face to face in their office	02 May 2018 – 48. 09 minutes
Interview Participant Eight	Finance Board Member	Female	North East based large housing association	Face to face in my office	03 May 2018 – 36.29 minutes



## 4.5 Ethics considerations and ethical clearance

The original ethics clearance form was submitted 24 November 2016. The author's ethical clearance was determined on 14 December 2016. All research that is undertaken was in accordance with the University's Ethics policy. All ethical clearances including individual/company approval was obtained prior to any research being carried out and all participants were briefed about the purpose of the research. All data collected was held in a secure store and reported anonymously and destroyed upon completion of the thesis. Approval was obtained on the 06 January 2017.

## 4.6 Method of analysis

The method of analysis used was developed in terms of themes from the literature that were subsequently used in the interview process. Figure 15 illustrates the process.

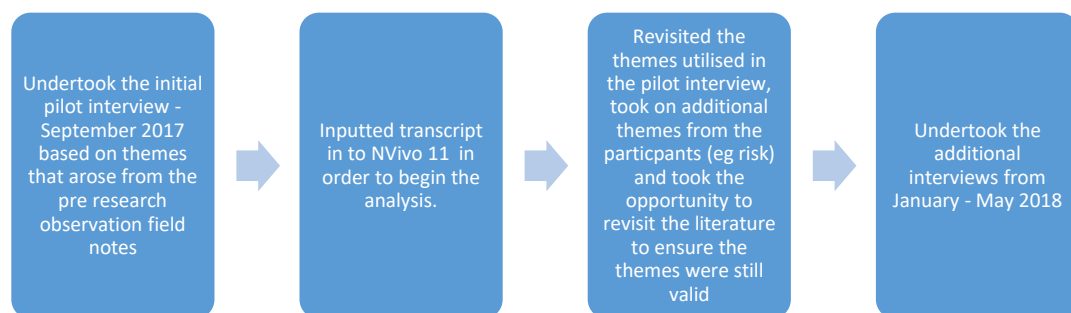


Figure 15: Process of interviewing

NVivo version 11 (and latterly 12) is a tool used to assist in the analysis of the eight8 interview transcripts. Using this software facilitated the organisation, coding, retrieval and storage of the data from the transcripts. NVivo is an appropriate software package to assist with thematic analysis and coding of data (King and Brooks, 2017).

In addition, NVivo allowed links to be made between the themes. NVivo does not do the analysis but provides a tool to hold the data as it is interrogated (NVivo calls codes/themes 'nodes' and the node tab was used for the analysis of the interviews).

For this thesis, the themes, emerging themes and additional themes have been used. Once the interviews were transcribed, they were assigned a numerical respondent identifier that was used to anonymise the participants but also to allow the researcher to clearly distinguish the participant when it came to the analysis. Once the transcripts had been read in Word and corrected, these were imported into NVivo and labelled IP1-8.

From initial findings, it was clear that the themes brought from the pre research observation field notes and the literature fed in to the themes for the interviews and these themes subsequently became the name of the NVivo nodes which assisted with the streamlining of the data. For example, culture became a “node” in NVivo.

Table 16: List of transcripts information

Name of Interviewee	Length of interviews (plus date)	Pages	Word count
IP1	19 September 2017 – 30.23 minutes	6	3,232
IP2	23 January 2018- 35.36 minutes	7	4,348
IP3	21 March 2018 – 35.35 minutes	10	3,828
IP4	09 April 2018 – 1 hour 16.40 minutes	14	9,912
IP5	17 April 2018 – 55.47 minutes	11	7,118
IP6	26 April 2018 – 1 hour 12.05 minutes	16	11,336
IP7	02 May 2018 – 48.09 minutes	11	7,613
IP8	03 May 2018 – 36.29 minutes	7	4,554

## 4.7 Limitations

There were limitations to the research including the small number of participants. Initially the research was anticipating 10 interviews but after eight it became apparent that no new dimensions were emerging from the data. There was initially some thought around interviewing more in the southern regions but there was a lack of

engagement with CEOs and board directors in the southern regions. The results are therefore drawn only from participants in the northern region and one from the south.

Other methods could have been adopted but as discussed in 4.4 these were discounted in favour of the approach adopted due to the board observation, literature review and subsequent interviews with flashcards being the contribution to knowledge.

## 4.8 Conclusions on Chapter 4

The use of qualitative methods of research was adopted in this research delivering a series of interviews based on pre research observation field notes and a literature review of key themes. The success of this goal depended on determining what works and therefore, pragmatism was adopted as the suitable philosophy.

NVivo11 (latterly NVivo 12) was adopted to provide a depository for the interview transcripts and this provided a system that could be used to develop and analyse the data based on the themes that arose in the pre research observation field notes and the literature review.

Other methods of research could have been adopted but as discussed in 4.4 these were discounted in favour of the approach adopted. However, the key strength of my methodology is the thematic stand linking the initial pre observation field note process of board observation to literature review to interviews using the research question and flashcards. This provided a unique approach to the research and was a contribution to knowledge. It was important (due to the style of research adopted) to enable the participants to interact with the research question in a way that was only partially structured. In addition to the research question, the themes generated a number of words that have been placed on prompt cards to instigate discussions with my interview participants. This open technique was quite unusual and gave freedom to the participants to discuss any concerns, successes, financial and governance implications around decision-making and future-proofing in relation to the research question.

This chapter highlights the methods used to analyse the data and Chapter 5 will develop the data that was analysed.

## 5 Data collection and analysis

### 5.1 Introduction

This chapter covers the data analysis of the series of eight interviews that were conducted with CEOs and directors in the north and one in the south (to restate, this participant was included due to their connection with the RICS) of England. This chapter will develop the data collected from the participants based around the themes established earlier in the thesis.

As set out in Chapter 4, the primary data consisted of two parts. The first part was the pre research observation field notes which involved attending a board of a housing association (see 1.1.1 and 4.1). The pre research observation field notes were vital in identifying the themes that were used to explore the literature and informed the subsequent choice of method (see Table 3). The second part of the data collection comprised a series of participant interviews that were structured using flashcards. The main data collection commenced with a pilot interview. The pilot took place in September 2015 and as explained in Section 1.1.1 was used in order to test the viability of the chosen method of conducting the interview. The output from this pilot subsequently formed one of the eight interviews. Although efforts were made to increase the number of respondents, it was observed that some degree of 'data saturation' had been achieved with certain themes being readily discussed in every interview; a list of the consistently reoccurring themes will be discussed further within this chapter. Following each interview, an intermediate analysis was undertaken to understand the importance of the different themes whilst still fresh in the researcher's mind. As noted in the section on limitations (4.7) it is acknowledged that the method of data collection and access has meant reliance was placed on respondents in a single geographic area of the country, apart from one who was based in the south but who had been included due to their links with RICS. The data captured is, therefore, the views of this group of individuals.

## 5.2 The interview process

Each interview commenced with the introduction of the research question and an introductory discussion around the respondent's general role, position and experiences (see Table 15); some had been in the sector for over 20 years (IP1, IP3, IP4, IP5, IP6 and IP7) and others were more recent but still with five years or more experience in the sector (IP2 and IP8). It was considered important to introduce the type of research being undertaken as it was not as traditional as the set question and answer process of interviewing in other studies. At the start of every interview, I took the time to explain the research question, the themes that had been previously established from the pre research observation field notes and the literature and explained the cards with just a question mark that were provided to allow the interview participants to also add additional themes. In terms of the interviews themselves, layout of the flashcards on the table in front of the participant was always random to ensure no inadvertent bias arising from their placement order or location. All participants embraced the different form of interaction and openly discussed issues. It was interesting to observe the response of the participants to this alternative form of interviewing; some were excited and embracing and others were at first perplexed but upon explanation, began to develop their thoughts. Part of the analysis looked at human behaviour and engagement with the research question. Participants all reacted or engaged with the research question and themes differently. In particular interview participant 3 (IP3) discussed their experiences and 'boasted' about not future-proofing but rather using their unique differences as an organisation to survive.

It was important to allow the freedom of thought and discussion provided through this method, in order to capture recent decision-making and challenges in the changing landscape faced by these individuals in their various roles on the boards. It was hoped this would include the shifting agendas such as changes in funding, government pressures, reduction in staffing and mergers, main areas established during the design phase of the research (discussed in Section 4.1). Having a series of structured interviews questions was thought to limit the interview participants' responses and make them feel unable to speak freely about their frontline experiences of being part of the board.

### 5.2.1 Recap of research methodology

The research methodology (Chapter 4) discussed the format of research undertaken and this chapter will analyse the findings from the eight interviews that were undertaken. The interviews were first transcribed using a transcription device and the software system Dragon (which allows dictation whilst listening) and was supported towards the end by a transcription assistant (due to time restrictions). All other stages of the transcriptions were done either directly after the interview, or if interviews were close together in time, done as quickly after the interview as possible to ensure the best possible outcome. During the interviews themselves, some notes were taken regarding the initial links to themes and by interview eight regular themes and opinions on themes were being noted.

Once the transcriptions were complete in Word, the transcripts were manually coded (which took approximately 3-4 hours each). Schreier commented that it was easy to “become overwhelmed” (Schreier, 2012, p 58) with the data collected and therefore the use of coding can be beneficial. The process of manual transcription improved my understanding of the data prior to their being input into NVivo 11. The themes (drawn from the pre research observation field notes and the literature) were added into NVivo and allowed the data to be extracted from the transcripts. NVivo acted as a depository to store all the transcript data and provided a mechanism to “label” the themes. The themes were revisited to ensure nothing was missed at the end of the interview transcription. The interviews were all imported and set up as individual cases/files that were then labelled as Interview Participant 1 - 8. Once these were imported, the node facility was used to allow each theme to be explored. The result of this was to provide a list of the themes attached to each interview guiding the structure of findings and analysis.

## 5.3 Themes

As set out in Table 3 and reproduced below for ease of reference, the themes were derived from the pre research observation field notes and further explored in the literature. The pilot interview was used to further explore any other themes that may be important but that had not been included:

<b>The themes</b>
Challenges (integral to many themes but extracted as a standalone topic) due to the topical issues with the changing landscape
Consensus
Culture
Decision Making
Finance
Funding
Governance
Merger
Social
Structure
Successes (integral to many themes but extracted as a standalone topic) due to the topical issues with the changing landscape.
Sustainability

These themes were used to structure the process of the interview (discussed in Chapter 4) in each of the eight interviews with each participant being offered the opportunity to use them or not. All themes were found appropriate during the pilot with the addition of the theme of 'risk management' which was then included in the cards used in the rest of the interviews (Bouder, Slavin & Lofstedt, 2008).

#### 5.4 How the analysis was undertaken for all themes and the use of coding

Culture has been selected for discussion of the process of theme analysis as it is one of the most prominent and is included here as an illustration of the approach followed for all themes. Figure 15 shows an extract from NVIVO of 'culture' and its relationship to other themes. This use of NVivo allowed for cross comparison of themes and participants which is discussed later in this chapter. An example full analysis of culture is included in Appendix 7.4.

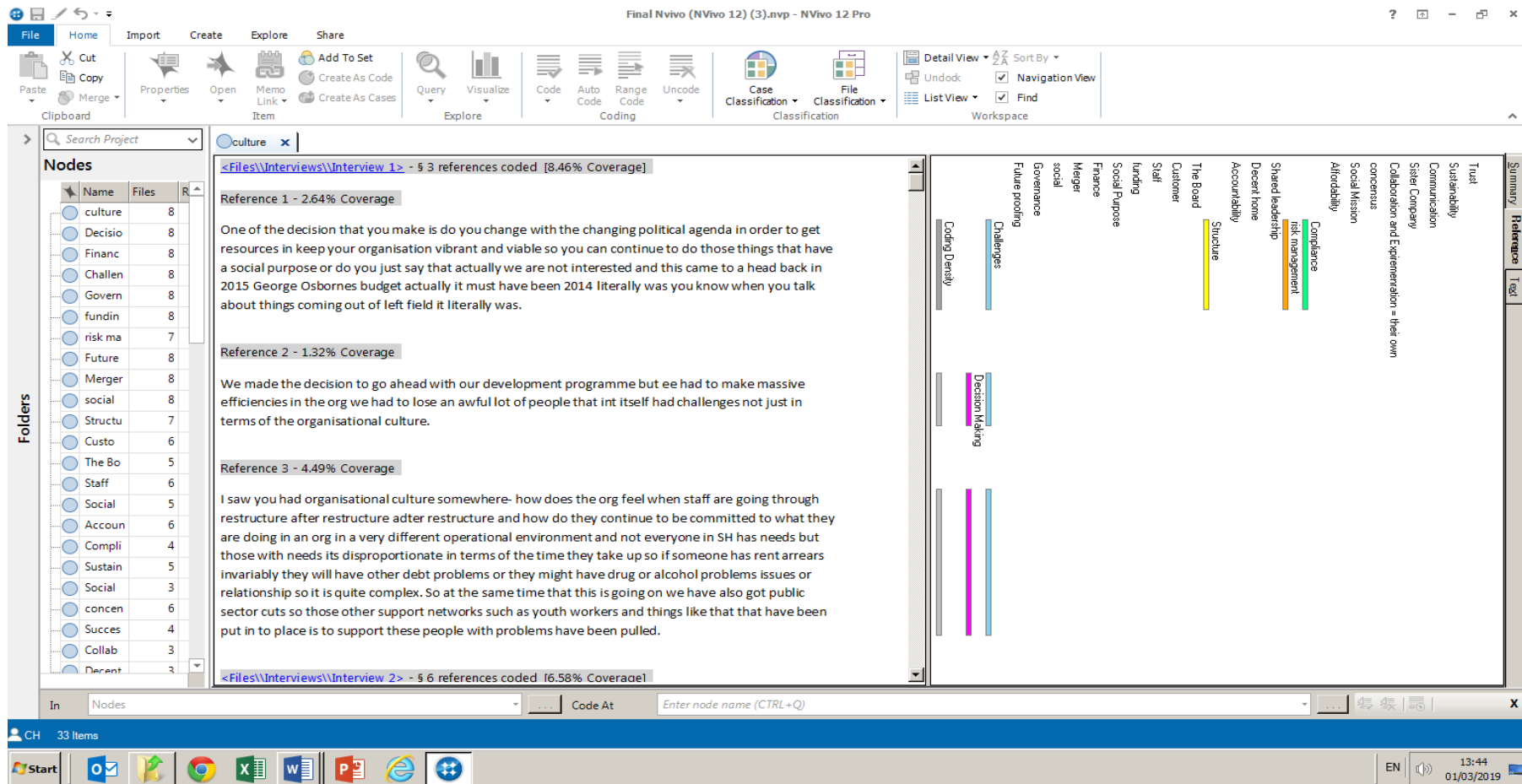


Figure 16: Culture theme and relationship to other themes (NVivo)



In order to illustrate how NVivo captures a number of themes, an abstract has been provided below to illustrate the effectiveness of its use. This was taken from the pilot interview and was the second reference to culture that was made during the interview:

“We made the decision to go ahead with our development programme but we had to make massive efficiencies in the organisation; we had to lose an awful lot of people that in itself had challenges not just in terms of the organisational culture” (IP1).

## ANALYSIS OF CULTURE ABSTRACT

Making efficiencies was not just a **culture** issue but also linked with **decision making** and **challenges** for this participant.

However, in addition they also stated:

“One of the decisions that you make is do you change with the changing political agenda in order to get resources in keep your organisation vibrant and viable so you can continue to do those things that have a social purpose or do you just say that actually we are not interested and this came to a head back in 2015 George Osbornes budget actually it must have been 2014 literally was you know when you talk about things coming out of left field it literally was” (IP1).

They also discussed alongside **culture** was **structure, risk management and compliance**. The use of NVivo allowed for a layered approach to the analysis building on each of them and each participant. The changing political agenda mentioned here is the rent reductions.

The example above is just a short abstract to show the level of collation and cross referencing that was undertaken throughout the process in understanding the data captured from the interviews. The extract illustrates that there are links between themes. For example, that culture plays an important role in decision-making for

hybrid organisations as they need to balance social and finance and funding issues to operate but their culture and ethos are paramount.

## 5.5 Emerging themes from the first interview

As discussed in the methods, the process of data collection allowed for an initial pilot study in order to test the feasibility of the proposed method of data capture. The first interviewee was very supportive of the interview process and the particular thematic style of the unstructured interview. The interview participant is a chair of a housing association and has over 20 years of experience. They were selected as a pilot due to their own interest in research and their role within their organisation. The interview lasted 30.23 minutes and was fast paced with a lot of interesting ideas being discussed (discussed later in this chapter) such as the current landscape and the ability to future-proof.

From the analysis of the pilot interview, two themes emerged:

- Risk management – this was an omission from the initial list of themes and should have been included as risk and its management is important within any business. Indeed elements of this had been established in the literature but omitted as an oversight.
- The board (linked to structure) – this was added to show a direct link to directors which had been previously labelled as structure but was possibly not as explicit as it could have been.

These themes have been labelled as emerging themes.

## 5.6 Additional themes

In order to allow for an unrestricted discussion, question mark flashcards were provided for the participants so that they could add additional themes as they saw fit. The purpose of this was to allow the participants to contribute their own experiences. The additional themes identified in this manner are set out in Table 17. The final list of all themes is in Table 18.

Table 17: Additional themes

Additional Themes	Number of times used	Number of interview participants who used this theme
Accountability	15	6
Affordability	15	6
Communication	6	2
Compliance	13	4
Customer	19	6
Decent Homes	6	3
Experimentation	7	3
Future-Proofing	30	8
Shared Leadership	4	2
Skills	2	2
Staff	16	6
Strategic Management	3	2

The above table (17), identifies the additional themes that were highlighted by the participants. The number of times they were used and the number of participants who used them determined their importance to the participants.

With the use of NVivo 11 as a depository, the analysis was conducted through the node tabulation, the node facility allowed the data to be accumulated across all interviews and cross referenced, Section 5.4 (Figure 16) provides an illustrative screenshot of some of this data that had been collated by the conclusion of all interviews.

As culture (discussed 52 times) had the most references within the interviews, it has been used as an example of how the analysis was undertaken. After each interview, the interviews were transcribed and inputted into NVivo 11. Once they were inputted under an interview tab within NVivo 11, the interviews were divided into themes under the node tabulation. The interview participants in part assisted the analysis by picking up certain flashcards from the interviews and discussing them and others would talk about certain themes but not explicitly state it “for the tape” (IP6) so within the interview, notes were taken, on which themes were discussed, by the researcher to help assist when it came to the analysis of the interviews.

Culture, for example, was used by all participants and regularly mentioned either explicitly through the participants stating how the culture of the organisation was paramount to their ethos and core provision of homes or implicitly through comments

made. Implicitly was harder to determine and therefore, this was at the interpretation of the interview participants (knowledge of sector) and the researcher (pre research observation field notes and literature review) highlighting the needs for these organisations to be hybrid in their approach being mindful of state, market and civil society. The analysis of the interviews was undertaken after each individual interview, when themes were revisited to see if there were common links between the participants. Revisiting the interviews was an important step as it allowed for streamlining of the interviews and deeper analysis rather than just a surface approach of initial findings. Revisiting allowed for further analysis beyond the headline statements that were initially found in the first analysis. In total, the interviews were analysed three times to improve knowledge and understanding of the data from the initial read through, analysis of the themes and then reanalysis to ensure synthesis of data.

Table 18: The themes, emerging themes and additional themes

<b>The themes</b>	<b>Emerging themes</b>	<b>Additional themes</b>
Challenges	Risk Management	Accountability
Consensus	The Board	Affordability
Culture		Communication
Decision Making		Compliance
Finance		Customer
Funding		Decent Homes
Governance		Experimentation
Merger		Future-Proofing
Social		Shared Leadership
Structure		Skills
Successes		Staff
Sustainability		Strategic Management

Table 18 represents the data capture in terms of the origins of the themes. Some are of importance (e.g. culture – ranked top in analysis in NVivo) and others less so (consensus – which was hardly discussed at all by participants and therefore was ranked low in analysis in NVivo). Both culture and consensus were from the pre research observation field notes themes. Figure 17 shows the complete list of identified themes and their importance based on the discussion from the participants. From this figure (17) it can be seen that the main themes are culture, decision-making, and governance and finance.

## 5.7 Theme analysis via NVivo

Some individual themes were discounted as part of the analysis process as no trend was detected and they were felt to be too remote from the research question. An example of one of these was 'jobs for the boys'. IP1 (the pilot interview) mentioned this but it did not develop into a theme as no other participants identified or discussed this.

Whilst some emergent themes were accepted from the pilot study, others were not. An example of this would be Brexit, which at the time of writing this thesis is a topic that cannot be fully determined nor its outcomes measured as it is an ongoing process. The themes that were deemed to be the most important have been illustrated within Figure 17 below. Most important was determined by the number of times the theme was discussed by the respondents. For example, the culture of the organisation was discussed the most and by all participants. In addition, finance and funding was on every participant's agenda also.

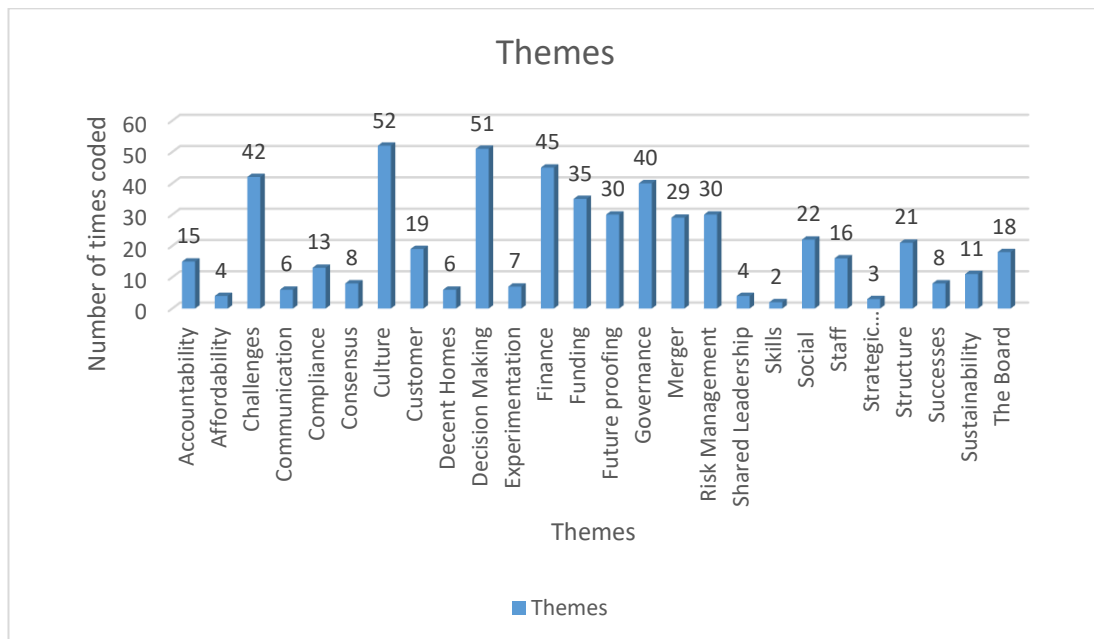


Figure 17: Themes established in the research and illustrated from analysis through NVivo

Figure 17 shows the themes that were established during the research. From the analysis using NVivo, patterns of 'importance' of certain themes to the participants began to emerge. After initial analysis, it became apparent there was a hierarchy of 'importance' and a greater emphasis of certain themes over others. From the analysis

of the interviews with the eight participants, there was a clarity of consensus around the importance of culture and social purpose and clearly tensions when trying to balance their enduring social purpose with finance and funding tensions surrounding the rent reductions, arguably an issue around community investment and decision-making due to loss of income, funding and financial tensions being experienced in the changing landscape by these hybrid organisations (Billis; 2010; Czischke et al., 2012; Czischke, 2014; Morrison, 2017; Sacranie, 2012). The links are strongest around culture, finance, social and funding and decision-making which resonated strongly with the interview participants and links directly with the decision-making and hybridity literature. All were discussed but clearly from Figure 17 above many had 'importance', due to the number of times they were mentioned and/or the number of participants who acknowledged them, over others and these have been further analysed below. Caution is required to examine the underlying mechanisms at work when analysing the results. It would be deemed appropriate that there were links between good decision-making and the purpose of the organisation in any situation, however for the housing association/social housing provider additional pressures around balancing the decision-making and future-proofing of the organisation must be taken into consideration. Arguably part of decision-making is to future-proof their provision in the midst of a changing landscape therefore the hierarchy of importance would suggest that decision-making be towards the top of priorities for these organisations. Many of the participants linked the themes themselves, such as finance and funding, and in particular IP1 and IP6 confirmed the importance of all of the themes. The social mission and purpose was paramount to all but again will be connected with the core purpose of the organisation they respectively worked for and therefore the mission statements of the organisations were linked with the decision-making at board level (IP5).

#### **The relevance of the research question in terms of the themes.**

The research question is:

**How do board directors of social housing providers 'future-proof' their decision-making capabilities in an ever changing landscape?**

The findings have been presented below into themes throughout the remainder of this chapter. The chapter has been designed to discuss the themes in terms of importance (determined by the participants) and the extracts used because they represented the thoughts and opinions of the participants.

## 5.8 Culture

Culture, which all the participants discussed as the culture of the organisation, was found to be of importance in the pre research observation field notes and the literature so it was anticipated to be of importance to the participants as well. In terms of the research question and the “how” directors make decisions, the cultural aspect of these hybrid organisations and their social purpose featured highly in the participants’ responses.

The role of culture for housing associations/social housing providers is important but is not necessarily well received. For some the culture over the past few years since 2014 has changed in response to budget cuts and the rent reductions, which has been exacerbated with the austerity of the country. Since 2007 and the subsequent recession, there has been a negative and positive impact on the sector and this was echoed by the participants (IP1, IP2, IP3, IP4, IP5, IP6, IP7 and IP8). IP1 discussed:

*“one of the decisions that you make is do you change with the changing political agenda in order to get resources in keep your organisation vibrant and viable so you can continue to do those things that have a social purpose or do you just say that actually we are not interested and this came to a head back in 2015 George Osborne’s budget actually it must have been 2014 literally was you know when you talk about things coming out of left field it literally was” (IP1).*

This led to a series of events that impacted on their organisational culture which led to difficult decisions being made regarding staff cuts and alternative investment opportunities that were not always successful (IP4) which in turn has led to tensions between social and community investment and finance tensions (IP4). The ‘how’ aspect of decision-making has caused problems when culture and social aspects of the organisation has been overwritten by finance and funding objectives. IP1 made a decision to:

*“go ahead with our development programme but we had to make massive efficiencies in the organisation we had to lose an awful lot of people that in itself had challenges not just in terms of the organisational culture” (IP1).*

IP6 argued that the ‘how’ in decision-making in the changing landscape cannot change the enduring purpose stating:

*“in the first place and, therefore, you are then looking at the capabilities in an ever changing landscape, what skills do you need in an organisation in order to deliver the enduring purpose within the economic environmental pestle (political, economic, sociological, technological, legal and environmental) environment that you are now in, does that make sense? But what you mustn’t do in my view, and I know there is a variance of opinion on this, is I don’t think you can ditch your enduring purpose just because the latest priority for the government is x, y or z” (IP6).*

Linked with this discussion was the response of IP2 who discussed:

*“we have been through five companies merging in to one – four landlords and a care company the birth of xxx was quite difficult for some and some still held on to their old landlord because it was better then – not always”*

However, their culture needed to be safeguarded and they were aware of the issues with uncertainty and having to be community based which links to the idea of organisational culture and decision-making; ensuring that the culture of the housing association/social housing provider is part of the decision-making process (Sacranie, 2012; Czischke et al., 2012). In terms of governance, the tenant input at board level is paramount linking the importance of tenant empowerment (Pawson & Mullins, 2010; IP1; IP2). However not all CEOs operate in the same way and IP3 brought out the idea of culture of shared leadership discussing how this improved staff wellbeing and ultimately was beneficial to the core of the business, being their social purpose. They in fact state (IP3):

*“We operate a culture of shared leadership here, which links to decision-making” (IP3).*

IP3 is aware that for a business to succeed, they need good staff, a safeguarded culture and reasoned decision-making links at the board level but also with staff and tenants throughout the organisation which helps determine the how in decision-making. As the CEO of their organisation they played on their differences to stand out from the crowd and they have received a number of awards for excellence in terms of both staff and customer care in this field of work. IP5, a CEO of a much larger organisation is still aware of the importance of good and happy staff in organisational culture and ensuring directors make decisions that safeguard the organisation, states:

*“the last 12 months have been, you know, significantly about integration so making sure everybody is on the same system, working through the staffing structures to*



*make sure that the leadership of the thing is aligned, and as lean as it can be, that's gone very well"* (IP5).

Discussing their series of mergers they note *"thinking about the cultural side of that, our view is that for a merger to be successful you have to kind of take hearts and minds with you"* (IP5).

Culture is heavily linked in governance which will be discussed later and in the social context which is discussed in Section 5.10., Culture is arguably linked to social purpose and therefore is impacted by the challenges that directors have when balancing their cultural and social purpose against the financial and funding tensions. There are huge implications on funding requirements around this area of finance post the rent reduction implementation (Billis, 2010; Blessing, 2012; Cowan & McDermont, 2006; Gruis, 2008; Marsh, 2018; Mullins & Jones, 2015; Mullins & Murie, 2006; Mullins & Pawson, 2010; Mullins et al., 2012; ; Pawson & Mullins, 2010; Sacranie, 2012).

As discussed under 'challenges' later in this chapter under section 5.12, one of the main problems with housing associations is the view from the press of *"supporting workshy people"* (IP4). This view discussed by IP4 of the press of their culture has led to a series of problems for the housing associations in the north and the UK as they are seen as helping those who do not help themselves however the reality is they are making decisions to empower tenants and create investment in communities.

For one participant the erosion of culture was pronounced and they stated:

*"I saw you had organisational culture somewhere – how does the organisation feel when staff are going through restructure after restructure after restructure and how do they continue to be committed to what they are doing in an organisation in a very different operational environment"* (IP1).

It is quite stark that this deemed erosion of culture has caused such issues within this organisation, but also other organisations have had to be mindful of the speed of change, with one commenting:

*"staff – some love change some hate it but it is going to happen but have to be careful about pace of change and how it is going to happen as for some it can become debilitating and tiresome and our board have been quite thoughtful about that and it has been debated"* (IP2).

For some the impact of the rent reductions has led to issues with culture and maintaining culture is not just about the staff, the facilities or the tenants' demands or needs; but it is about how an organisation can flourish effectively offering a suitable environment to support the social mission or purpose and ultimately retain its unique culture of a social enterprise balancing social and financial tensions whilst maintaining their culture demands supporting those in need. Directors have a duty to make decisions that safeguard the culture of the organisation but also ensure that finance and funding levels are met. It is evident the rent reductions have proved somewhat problematic for some organisations (IP1).

In summary, culture was of utmost importance to all of the participants and this was re-emphasised by the fact it was deemed the most referenced theme amongst the participants, consistent with how culture was seen as an important aspect of housing associations/social housing providers in the literature review (Burnett, 1986; Heywood, 2010; Mason & Simmons, 2014). Without culture, these types of organisation would be no different to other operating businesses and their culture and ethos make them social enterprises and part of the third sector balancing decisions to ensure that culture remains part of their identity. The hybrid nature requires further attention when looking at culture and decision-making. As a hybrid organisation, housing association/social housing providers must maintain a balance of social and financial obligations. Making these decisions has become harder since the rent reductions as more financial tension is put on the organisation.

## 5.9 Decision-making

The role of decision-making rated quite highly (position 2 in NVivo). Figure 17 shows the number of times decision-making was referenced. Decision-making was heavily linked to governance. The government has caused some finance and funding issues and restrictions which had ultimately caused a series of decisions to be made including in response to the previously mentioned rent reductions. It has been discussed that "the welfare state has been approached both narrowly and broadly. Those who take the narrower view see it in terms of the traditional terrain of social amelioration.... The broader view often frames its questions in terms of political economy (Esping Andersen, 1990, p3). Interestingly, many of the participants believed the changing political landscape should not be a reason to change their purpose but perhaps made decisions more difficult to make as the social aspects of the business saw pressure due to financial issues (IP3 and IP6). The press has

criticised the government for their lack of foresight in housing policy to try and tackle some of the issues the sector is facing (Kelly, 2015). There was no direct discussion around how they made decisions in the interviews. The interviewees rather focused on the changing landscape and decision-making due to this.

One participant (IP5) stated:

*“so it created some real kind of viability issues for the development industry it created some real pressure to deliver more affordable housing, coalition government came in, and it had a particular view of the world and I think particularly around George Osbourne and some of his peers, to a lesser extent David Cameron, they saw housing associations as part of the problem, so there was a series of government policies targeted at making housing associations forcibly more effective, more efficient and able to step up and do more in terms of delivering new homes. (IP5).*

In fact IP5 was of the opinion that the political landscape had forced them to make decisions around not just financial issues but also social values therefore having to make tough decisions around balancing social and financial tensions by still providing a community of support so a home rather than just a property. This was supported by IP1 and IP3 who recognised that the political landscape would change again and safeguarding their provision was paramount.

Linked with the development programme mentioned under culture, IP1 was focused on ensuring that they did not change their purpose or deviate too much but looked at making decisions to safeguard the core of the business and they did this through adhering to governance and altering their business plan to reflect the deficit caused by the rent reductions. In agreement, IP8 states:

*“so I would think as a social housing provider we need to be able to look and try and guess, guess probably not the right word, predict what’s going on in the future so what’s going to happen with government policy” (IP8).*

The decisions around mergers for both IP2 and IP5 show commonality with *“decision-making comes back to structure, governance and risk management and who is doing what, what checks and balances are, who might need oversight, checking in” (IP2)* and *“it’s not the only thing that we do, so good procurement, collaborative working, partnerships using organisations that have particular skills rather than trying to reinvent them ourselves” (IP5).* In agreement, IP4 stated *“I think that critical to any organisation decision-making is key ties in with culture working in autocratic*

*environment isn't much fun and actually upon reflection I can look at myself and say yeah I got sick of banging my head against that wall" (IP4).*

Mergers have been a mechanism for change in some housing associations/social housing providers. Arguably, mergers have been used as a form of decision-making by streamlining their provision. However, the participants did not discuss how decisions were made but rather what was affecting the development of their future-proofing capabilities and therefore their decisions such as the rent reductions, the lack of available grants, the need to look at alternative investments and the provisions of new homes. A theme running through the interview of IP3 on both the aspects of leadership and management styles was:

*"I think the heroic leadership style is long gone. So no one person has all the answers, the world is too complex" (IP3) and they base their decisions on five yearly business plans (the next being 2023). They looked at decisions around the 3% rent reduction, like IP1 and felt they were unable to control the outside world so, instead controlled only what they could in their organisation. They discussed "massively my board are having to make decisions or things they have not had to make decisions – five-year plan see it through but we have not put a five-year plan in place – strategy to 2023 is a vision not a firm – government, everything coming at us. A change is what we can do – what is a very clear vision that doesn't move but what we can do is look at it" (IP3). What is apparent is that future-proofing in decision-making has been a challenge and nothing is "firm" and requires decision-making to be based not just at board level but from grass roots. Others were visionary in changing the landscape of decision-making, for example around technology (IP6). They were prepared to make decisions that future-proofed the organisation in terms of technology and staff recruitment that was across a number of key skill sets such as financial and social backgrounds. They had a view of having the right people for the right roles. Manzi and Morrison stated, "whilst a commercial logic clearly played an increasingly dominant role in discussions of organisational purposes, senior managers and Chief Executives argued that they remained committed to an organisational purpose driven by a social logic, regardless of economic contingencies" (Manzi & Morrison, 2018, p1934).*

IP7 argues *"that comes down to having the right people and the right culture, to actually be able to work in that way and it's really interesting when you get people, particularly on boards that have come from very rigid process driven environments" (IP7). They argued that they had a hierarchical structure and there is little crossing or*

blurring of work boundaries. Arguably, this is a loss to the organisation, as the cross pollination of thought could help future-proof these organisations by having a variety of skill sets. Others discuss the need to deliver social mission, which can easily be forgotten and replaced with financing issues as they become the priority in challenging economic times (IP5).

In terms of decision-making linked with consensus IP6 stated *“that doesn’t mean, consensus doesn’t mean you are afraid of making decisions, and I think that’s really important, you know, in the ideal world, I will always move to consensus, but, I mean, that only twice voting is at board level, at executive level it might be a bit more different, and actually at executive level, and I think this actually might be a challenge for governance, I don’t think it is actually, because I can’t think of where I’ve ever done it, but I’ve made it very clear to my directors, that I reserve the right to have the casting vote even if everyone else has voted against what I’m about to do, because actually, I’m responsible and accountable for the delivery of the organisation”* (IP6).

This highlights the importance of decision-making and, when required, a CEO has to step up and sometimes make those difficult decisions but this also linked to the idea and importance of good governance. However decisions are not always made at appropriate times and IP7 stated that in fact some further decision needed to be made stating:

*“so that’s an interesting one on decision-making, I think just clarity, I actually think decision-making, not just at boards but at executive level as well is important because boards decide on, I was going to say, what’s put in front of them, but that sounds a very bad way of saying it but for some organisations that’s absolutely true, so there is a hell of a lot of decision-making that goes on before the board actually sees it”* (IP7).

This truthful account shows that it is sometimes difficult to make the right decisions and that in fact at times, more robust decisions are needed to help an organisation thrive but in the current ever changing landscape, this is even harder to achieve. Arguably, IP7 understands the importance of decision-making in advance of the actual board meeting so that all issues are ‘thrashed out’ with the result that the board acts as an overseer rather than always the decision-maker.

In summary, decision-making is vital to any business and the housing association/social housing provider is no exception; they have arguably harder decisions to make due to the unique structure of hybridity being non-profit but also

needing to be self-sustaining. Decision making is harder in the ever changing landscape but perhaps the ability to make decisions, albeit hard decisions, has allowed for efficiencies in operation and given the opportunity to reevaluate their organisation structure.

There is a link between decision-making and social aspects. Without doubt all participants valued the social aspect of their organisation and their decisions were based on the knowledge of their social demands. Their discussions around social aspects, discussed in Section 5.10, were of utmost importance.

There is a clear link with decision-making and the social aspects of housing associations/social housing providers linking market, state and civil society (Billis, 2010; Czischke et al., 2012; Sacranie, 2012). All agreed the importance of the social mission to decision-making which truly highlights the impact that the social and cultural cores have on the decision-making capabilities of housing associations/social housing providers.

## 5.10 Social/social purpose/social mission

The word 'social' was differently interpreted by the participants. This was interesting because the literature had only distinguished social rather than any sub sections (Dart, 2004; Borgaza & Defourny, 2001; Mason et al., 2007). Regardless of the definition of social, whether it be relating to society or its organisation or whether it is the core purpose of a socially directed organisation or whether there is a difference of opinion in the understanding of the term, it was quite clear that social was at the core or at least should have been at the core of decision-making. As discussed in 5.9, some of these organisations have had to balance the tough decision-making of finance requirements with community investment goals (Billis, 2010; Czischke et al., 2012; Sacranie, 2012).

As discussed by IP1 *"we are community benefits society because what you are trying to do is maximise the resources you have so that is another reason certain activities are done in different parts in different companies"* (IP1).

One participant (IP4) was particularly concerned about the perception of social housing tenants stating:

*"social housing providers became tarred with the same brush of supporting workshy people why get out of bed on the morning or the benefit programmes stuff which is*

*incredibly popular but incredibly wide of the mark as well. And as I said earlier the nation needs a balanced portfolio we need more of all tenures because they service different purposes and the same purpose – the decent homes criteria I mentioned earlier everyone needs and wants that in their life” (IP4).*

They were concerned about the lack of social direction and believed that such programs had had a detrimental effect on the perception of social housing providers where their ultimate goal was to support people in need, the social mission, purpose and culture. Unfortunately IP4 was subject to a governance sanction and their decision-making at board level was fundamentally an issue. Decisions based only on the finance of the organisations led to bad investments which ultimately led to losses for the organisation.

IP5 strongly believed that:

*“we are keen to understand our customers in really fine detail so we can develop a service which is flexible, and tailored to individuals to maximum extent that we can, so I suppose arguably as part of our governance system we have a kind of formal system of tenant involvement and then an informal system of customer insight to support that, so we have a group of tenants who voluntarily give time to come in a talk to us about big issues facing the organisation around service delivery and they have the ability to intervene in a number of ways, so they have a budget, they can commission a scrutiny exercise, which is sort of like an audit I suppose” (IP5)*

Albeit part of governance is showing that tenants are at the centre of decision-making and are the social mission of at least this organisation, this is not a standalone comment and other participants agreed (IP1, IP2, IP3, IP4, IP6 and IP7). Having the tenants involved was imperative as well being as a requirement by Homes England.

All eight interview participants discussed social on some level and their insight into how it shaped decision-making was extremely apparent. It was clearly discussed by one CEO, Interview Participant 3 (IP3) that:

*“decision-making we are very clear about what our social purpose is and what we are here to do and everything understandings and knows that and therefore decision-making is wrapped around social purpose – we do things not because they make money but because it is the right thing to do” (IP3).* This was shared by many academics (Czischke, 2014; Czischke et al., 2012; Oliveira, 2007; Sacranie, 2012)

The ideals of personal values and current goals are emphasised in a social enterprise and housing associations/social housing providers because they are distinct in their social purpose/mission. IP5 discussed:

*“not thinking of it in a kind of a paternalistic we’ll do everything for them, but ultimately we provide a home, which is a solid core, gives people stability and we help work with them to signpost them towards ways in which they can improve their circumstances based on what they are trying to achieve with their lives, so whether it’s training and employability, whether it’s money management difficulties, whether it’s health issues, whatever it maybe, anti-social behaviour, crime all of those things”,*

Crucially it is about people and welfare rather than just profit and targets the social missions needed to balance the finance and funding tensions. For this organisation, decision-making is intrinsically linked to social purpose. This particular participant is very social core/mission/purpose focused and their contribution to this study has been beneficial in terms of the decision-making process and future-proofing because of their understanding of the social purpose and its importance in the longevity for their organisation. In agreement with IP3 is Interview Participant 6 (IP6) where they unpacked my research question by discussing each word and then focussing on future-proofing. They noted:

*“in the first place and therefore you are then looking at the capabilities in an ever changing landscape, what skills do you need in an organisation in order to deliver the enduring purpose” (IP6).*

This is of great interest for the researcher. IP6 is a CEO of a housing association and a former president of the RICS. So the social purpose for this participant would appear to also impact on the housing industry and the profession of surveyors. In terms of social mission, Interview Participant 5 (IP5) stated:

*“I was interested in this conundrum of how you can be, more efficient, deliver against your social mission, so not abandon that stuff, because it’s easy to just kind of go, we will just not do that stuff, be a landlord we’ll do the minimum and save whatever resources we generate, the surpluses, for new homes, you could have taken that decision” (IP5).*

This particular participant has been a CEO for a number of years and has seen a number of mergers through their time, to become one of the largest organisations of their type in the North East and their insight was particularly interesting due to the challenging landscape they have seen in the North East partially due to mega



mergers and changes in government policy, the transfer of stock and the rent reductions. The core has been described by another Interview Participant (IP7), a CEO of a housing association:

*“It is mission statement but it’s also about how you behave, that’s why its values, it’s about integrity, how you go about things”* (IP7). Interview Participant 1 (IP1) states the current market *“is challenging and it goes back to social side of things we have got or social mission or social values but at the same time we cannot justify sustaining stock that has not even even (sic) a break-even but a negative value”* (IP1).

This participant (IP1) is a chair of a housing association which has been through a number of mergers. They are aware of the challenges that have beset housing associations and social housing providers across the north east region, and they are aware of how decision-making requires balance between the social and funding tensions of these organisations. Aware of the need to protect the core, Interview Participant 2 (IP2) noted that *“community benefits society because what you are trying to do is maximise the resources you have so that is another reason certain activities are done in different parts in different companies”* (IP2).

As discussed, “previously, social housing rents could increase by 1% more than inflation – a formula set by the chancellor in 2013 and intended to last for 10 years. But this settlement was torn up in Wednesday’s budget as Osborne attacked the “staggering” rent increases that have seen social housing rents jump 20% since 2010” (Kelly, 2015). This was one of the catalysts that forced a number of the high profile decision-making strategies from the housing associations/social housing providers that were interviewed and indeed business plans had to be altered (IP1, IP2 and IP4) which leads to difficult decisions being made and delivered (Czischke et al., 2012; Sacranie, 2012). In turn Social Housing has stated “affordable housing rents by one per cent per year for four years, starting from April 2016, was set to result in a 12 per cent reduction in average rents by 2020/21, and compared to previous forecasts. It triggered an indicator of impairment and resulted in associations stating in their accounts that they had carried out a full review” (Social Housing, 2017). IP2 is a CEO of a large housing association which has been through a number of mergers and has a focus of finance, governance and social purpose whilst attempting to future-proof (IP8).

IP8 is a finance director of one of the larger housing associations in the north east of England and therefore their awareness of the importance of the social core was interesting to note as clearly their agenda would be commercially based. Throughout

their interview, there was a link back to the funding and finance issues (tensions with the social core) but with an understanding of the core and how the rent reductions of 2015 really impacted on decision-making (Kelly, 2015: Social Housing, 2017). There is a need to generate further capacity and provide a surplus that can support the functionality of the organisation (IP5) a fact supported by Gregory et al. (2016) who focused on future-proofing the social housing sector.

IP5, most likely due to their years of CEO service stated, *“the issues with efficiencies and capacity usually leads to disharmony amongst staff and redundancies and with staff difficulties comes a huge responsibility to ensure the core and social purpose are protected and preserved”* (IP5).

IP6 discussed *“absolutely you know it’s a very funny role being a chief executive because you see up and down, and by definition, your board are holding you to account for the success or failure of the organisation”* (IP6) showing the true importance of the social purpose and mission. IP7 discussed building a common strategy and showing an awareness of decision-making and how to build relationships to suit your core. IP5 had a personal feeling that *“so if the building’s on fire, you don’t convene a working group to discuss what to do”* but rather make decisions based on the hybridity of the organisation, ensuring that future-proofing where appropriate can occur. This is arguably being active rather than reactive.

In terms of future-proofing and decision-making the transparency and organisation of a housing association/social housing provider is important in the current landscape and perhaps a new or clearer vision is part of this or an alternative view of culture and social purpose is important to establish.

Not unsurprisingly, the core and the customer is an important aspect of housing associations and social housing providers and IP5 stated:

*“We are keen to understand our customers in really fine detail so we can develop a service which is flexible, and tailored to individuals to maximum extent that we can, so I suppose arguably as part of our governance system we have a kind of formal system of tenant involvement and then an informal system of customer insight to support that, so we have a group of tenants who voluntarily give time to come in and talk to us about big issues facing the organisation around service delivery and they have the ability to intervene in a number of ways, so they have a budget, they can commission a scrutiny exercise, which is sort of like an audit I suppose”* (IP5).

It is clear that the customer and therefore the social core is of the utmost importance linking to tenant involvement, culture, governance and future-proofing. Without the customer/tenant input, any strategy is difficult to determine, develop and implement as the tenant is an important aspect of the organisation and directly feed in at board level to empower decision-making (IP2). This links with the concept or ideal that housing associations and social housing providers have a core which involves managing housing for those in need. However with the pressing current state of the economic and political landscape there needs to be much more emphasis on decision-making capabilities around profit orientated schemes, developments and initiatives (Lam, 2009; Mullins, 2010; PWC, 2015).

It is clear that the role of the customer is important not just from the individual tenant point of view but also from that of a tenant committee, ensuring the input of the tenant becomes more important in the working practices of the organisation. Ensuring tenant participation and empowerment (IP4) avoids the issues around social housing being seen as toxic rather than all the good it does to empower tenants and improves lives.

IP6 who focused, in part of the cost of voids and issues with tenants stating “we normally, I hate evictions, sadly we had 21 evictions in the last financial year, and I would have preferred that to have been none and probably a third of those evictions were for anti-social behaviour which I don’t feel too bad about, the rest were for arrears, but the point of eviction, we are probably writing off £3500 of rent, it’s probably costing us £1200ish in void works and you’ve probably got a void for three weeks, well yeah three weeks fifteen days, so all in all its costing a lot of money and the person’s leaving with a really bad credit reference history, they are moving into temporary accommodation which has disastrous impact particularly on children and scholastic gain not only on health but actually on education, I think roughly they reckon six weeks in bed and breakfast can take a child back one scholastic year, and that’s a huge cost not just for that family but actually for the UK, in what they are writing off, so we try not to do that, so we have got a real challenge in helping people sustain their tenancies” (IP6).

This statement in effect looks at the mission of the organisation not being just standalone in its decision-making but also clearly has to look at the social purpose of their organisation as well. The governance and “how” of decision-making is complex for these hybrid organisations and the board and directors have a duty to ensure they are making decisions that complement these organisations and are aware of the

slipperiness of social purpose and how it can alter depending of the changing landscape and conflicting priorities.

In summary, all eight participants discussed the need to be aware of the social core and mission of their association but albeit a standalone theme, this core runs throughout a number of themes which will be discussed further in this chapter. What is apparent is that the importance of decision-making surrounding social purpose is paramount. This is reiterated in discussion with academics (Lam, 2009) and organisational bodies about needing to ensure that the board is accountable (NHF, 2018).

### 5.11 Finance and funding

At interview stage these were two separate themes due to treating finance as the money available and funding as the generation of money but upon analysis of the findings these are being represented as one due to their inherent interconnectedness especially in the context of this research and in terms of decision-making. The participants also assisted in merging the two themes as in a number of cases they discussed them together (IP3, IP4, IP7 and IP8).

The perception of finance and funding on the face of it during the past four years has been bleak due to rent reductions. Every participant discusses finance and funding on some level agreeing that there have been changes in how decisions are made in this changing landscape.

IP1 stated:

*“So I think our affordable homes programme was reduced somewhere in the region of 66%; we had two thirds reduction in the money coming from government to support affordable accommodation and their shift of emphasis was very much on owner occupation and very much rents beyond the social rents and up to what they called affordable 80% rents so there was a lot of pressure from government and a lot of dislike of HAs by the government during this period of the CG and a lot of negative briefing against us and a sense from the government was getting out to the press that we were just fat cats sitting on masses of reserves, surpluses that we were sitting on and not meeting the demands of the country” (IP1).*

Which meant they had to focus on alternative sources of revenues, again putting pressures on the social core of these hybrid organisations. However as discussed in

the literature “today's housing associations – at least the top 400 – are big businesses. Yet they did not become so in the last few months. Many have been for at least 40 years. And lest we forget in a rush to commercialism, housing associations have grown largely because of state policies and funding” (Morris, 2013, p1).

IP1 goes on to discuss the financial implications stating:

*“The government then decided that all they were doing we were just putting rents up to get housing benefit money because that was easy so therefore they decided that one of the ways to deal with that with the housing benefit budget to reduce our rents year on year by 1% for four years. So not only were we not getting our increase but we were getting a decrease as well and that resulted in the organisation having a £55 billion hole in its financial plan in which we had to make those savings over that period of time so a number of HAs got very angry during this period of time with the government and decided they didn't want to be involved with the affordable homes programme because in effect when you lose £55 million of revenue issues around how you fund your development and your investment in your stock are all kind of impacted upon” (IP1).*

IP1 furthermore states:

*“You are too close to it – risk lose money that's obvious – we breach our regulatory standards, covenants in funding big serious ones but also risk not having risks in place to safeguard – they are very complex and as a board of directors you cannot possibly see all the risks so you have to be confident with the leadership with directors of organisation – board managing risks through the regulations but with directors you cannot micro manage so has to be a relationship between exec and non-exec. There can't be built entirely around consensus and there has to be serious questioning” (IP1).*

They run as a business and operate finance and funding as a business and therefore a loss of income like this had a detrimental effect on their operation and the reduction needed to be found somewhere else. In some cases, it is argued that if your housing stock is not worth much, obtaining finance from other sources is not possible or is difficult (IP1, IP7) so they needed to look at partnering up. For IP2:

*“if the money doesn't work nothing works. So if the money's not flowing right you have to provide the services you need, operationally you are fit, the balance sheets are right, you know about your headroom, trigger points with covenants, it is a world of hell you might have to sell some or your stock or the regulators might come in” (IP2).*

They believe decisions are:

*“also linked to finance where the loans are held – who is allowed to do what, delegation limits and being really, really clear about that so you don’t spend time unnecessarily seeking decisions so we changed all our standing orders through the merger in order that people can get on and do but some things are reserved for the board – there are major policy decisions or major financial commitments and there is a level of due diligence there” (IP2).*

One academic states “their hybrid financial model places housing associations squarely between the state and the market. While the core activities of associations in constructing and managing affordable housing is a crucial contribution to society, greater attention is often given to the social investment and neighbourhood activities when considering their added value” (Mullins et al., 2010, p5). This flexibility and hybridity has allowed the provider to look at alternative funding in this changing landscape.

IP6 discussed in agreement with IP2:

*“Yes so finances the full package of revenue, capital, Treasury, you name it where funding at some (point) money coming in to an organisation that if you get this right it is to us every other efficiency could possibly make” (IP6).*

Not at the expense of the tenant however, IP6 discussed that they were very aware that the costs could not be passed to the tenant and importantly not to allow tenants to move into tenures they could not afford. In fact to ensure the safeguarding of the social core IP6 has looked at alternative “so that public bond issue will be new territory for the organisation, we have done fairly vanilla funding arrangements in the past, mainly kind of conventional bank debt” (IP6). The issue around vanilla funding was discussed in the interview and the participant described this a generic, plain funding which did not alter from traditional funding options such as finance from the bank and grants from the government. However in the changing landscape, these regulated organisations are seeking alternative investments (such as with pension funds) to support their balance sheets and avoid any bad loans or debts in order to maintain their regulated status (IP6, IP7). The future of these housing associations is imbedded in financial needs to operate and therefore future-proofing and decision-making is very relevant (Gregory et al., 2016). This also links with decisions in terms of hybridity and therefore decisions are not undertaken in isolation (Billis, 2010; Sacranie, 2012).

However, in contrast, not all participants kept to vanilla (IP7) funding and indeed IP4 discussed alternative funding such as private investment but these come with major implications and risks (IP4):

IP7 discusses that others are entering into the affordable housing market which is putting extra pressure on the housing associations who are being “squeezed”:

*“we wouldn’t be able to do anything without money, and I worry sometimes, I’ve never worked in the environment where you have funders which literally crawl all over your business and particularly when you are getting into investors, and some of the big city deals, I don’t know the relationship but I fear that the relationship is becoming one of investors having more say, I won’t say control and of course we have now got L and G going into the affordable market, that just came out, so it’s a very interesting changing landscape, you have got more and more private registered profit making providers coming into the market, you’ve got more investors now being providers, so the line that we used to have was they’re the people that used to fund us, social housing provision, starts getting blurred, and I kind of worry, whether that is going to radically change, the landscape to one that we can’t even predict, we are in uncharted waters aren’t we” (IP7).*

IP7 discussed social housing providers facing competition from private investors and one of these was Legal and General pension funds, who see social housing as a safe investment. They were identified in the literature (Legal and General, n.d.). The impact of funding and finance is a constant balancing act and is complex with decisions having to focus not only on the money but also on the provision of services (IP3) whilst making every efficiency (IP4).

Regardless of the money generated the need to generate yet more is always present. With the rent reductions, there was a gap in finance and refinancing had to occur. Decisions were made not just around finance but around restructuring and, in turn, efficiencies of staffing whilst maintaining their social purpose. It is clear that there is a need for leadership from the top looking at these hard decisions and making the correct decisions for their organisation, which are complex in their needs. The “how” in decision-making has altered post the rent reductions and these decisions have become more complex due to finance and funding tensions. IP5 stated:

*“It’s not the only thing that we do, so good procurement, collaborative working, partnerships using organisations that have particular skills rather than trying to*

*reinvent them ourselves” but it is also having a shopping list to deliver their mission but at the same time controlling their finances (IP5).*

The finance director (IP8) made it clear that the core social aspect was of the utmost importance to their organisation but without finance and funding this could not be protected. They stated that:

*“So the funding side of things, as the grant levels have decreased, we need to be in a position where we are funding ourselves from our building programme, from our development programme, don’t know if you have got development on there as well, it is part of what we do, rather than....” (IP8).*

IP8 discussed:

*“You would always be assessing the risk that’s involved, so do we raise more funding, what’s the risk, do we do more development, do we spend more of our reserves, do we increase our social, all of these questions, you would be looking you know, what are the risks, what are the quantifiable risks what is our risk appetite for doing these things, how much development do we want to do on the risk appetite, all of these sorts of things” (IP8). IP8 considers “well I think looking at these, probably the most important ones are in this corner here, which is finance and funding, because unless you have got a strong and stable financial background with your funding in place, then there is no future, so I just think that, you know some of these other things, having a quick look around, are all important as well, but as an organisation and I think this has changed over time” (IP8).*

Finance and funding is the key to maintaining any business, but it has become more apparent with the rent reductions (Kelly, 2015; Social Housing, 2017; Tang et al., 2017).

IP3 discussed how they were *“a good bet. We used to get 30 year borrowing 10 years ago now 5 year borrowing – churn of finance more tricky” (IP3).* However, housing associations/social housing providers are a good investment and perhaps an area of growth is through partnering up as discussed in decision-making.

Funding and finance is not just about refinancing for one participant however, it is also about what to utilise that investment on and for them technology became key to the effectiveness of their organisation and in fact they stated:

*“So my finance director and I were down in London doing the roadshows to various pension funds and we’ve borrowed £50m from BA pensions as a result of that” (IP6).*



In summary, there is a clear link between funding and finance and the rent reductions were particularly discussed by the participants emphasising the impact that loss of funding has had on their organisation. However, it was not a completely negative discussion and importantly for many participants they discussed their ability to self-fund through their unique offering to external parties such as pension funds.

## 5.12 Challenges

This was not surprisingly a difficult theme for the participants to discuss as no one wished freely to discuss their challenges. The ideal is that their organisation is free from challenges but in reality, and in particular for social housing providers, their challenges are complex, fighting between the social purpose and the changing landscape whatever format that takes. It has been argued that “challenging times are nothing new for housing associations” (Savills, 2015, p7). Savills states that the sector has adapted and survived several major changes ranging from the introduction of mixed funding, through to rent control, the impact of welfare reform and the recent severe economic downturn. Challenges was the starting point for IP5, linking it clearly to merger, governance and culture stating:

*(I) “think about the challenges first it’s probably a good place to start, just in terms of over the last seven or eight years, probably since coalition but probably really dating back to the housing crash and the global financial crash in 2007/8 it’s probably sobering to think we have nearly had a decade of this, that created a number of pressures, so it created some real kind of viability issues for the development industry it created some real pressure to deliver more affordable housing” (IP5).*

Gregory et al. (2016) Gulliver (2013), Kelly (2015), Morris (2013) and Social Housing (2017) have discussed the impact the coalition government and the “rent reductions” had on social housing policy and the lack of funding now available plus the billions of deficit. One participant clearly linked the landscape with challenges identifying that:

*“(I) am going to talk about challenges in the context of that changing political landscape. I am going to think again back on how housing has changed over the past 20 odd years. It has for a significant amount of that time not vast majority has been very low on the political agenda even despite though it is a fundamental right the right to shelter” (IP1).*

There is a focus on risks and returns as there would be in any business (IP1). Others were more focused on the challenges stating:

*“spent a lot of time putting out what xxxx was and how xxx worked as it was quite divisive and that it why we had been through a period of consolidation in the last 18 months and people and staff keep saying all time not merging again – uncertainty restructure caused issues – about making yourself more being more open to business and collaborative and getting your core right – you need to be more ready for that and be more flexible and more agile for that” (IP2).*

However, with such divisive action comes criticism and many have argued this form of action leads to discontentment in some form (IP3, IP6, IP7). Many of the participants had to diversify or merge in order to meet client needs or produce further income and *“that failed 15 year ago for a whole variety of reasons – so it was alright when it was alright and not when it wasn’t and we knew to close it down” (IP3).* IP3 runs a smaller housing association and they have their own distinct challenges because of the impact other larger housing organisations have made on them in their area, identifying key regional differences even within a one mile radius, stating *“so they are big big (sic) players who because of their size have more influence or can influence because it comes with size and scale and prominence and profile and we also have to compete with them for staff and they pay a lot more than us at senior level in particular” (IP3).*

IP3 has a unique take on the industry and is very informative on turning challenges almost to successes by not trying to fight the outside world as they are aware they cannot control those forces only their own internal forces. A former CEO (IP4) believes challenges are no different to those 38 years ago and believes that in fact there is and will be a housing crisis and until this is challenged nothing will change. The rent reductions in their opinion is the current crux of the matter costing their firm alone over £70 million by the end of the second year which left a gap in finances to spend on core social purpose and also led to major staff cuts by stating *“well we lost 600 staff we made 330 redundant” (IP4).*

IP7 also made changes and stated:

*“yeah so unfortunately a lot of people have since left, some of which were planned, because there were redundancies planned, I was planning some redundancies, but it’s been churn after churn, for the last two years and even though you have got a completely different chief exec now who’s not associated with the two organisations, the culture of the organisation there is not conducive to what I would say is a good collaborative organisation, who wanted to do good in the area, so that might be just me” (IP7).*

IP6 had a challenge within the board itself stating:

*"I was appointed by a board of 15 and I celebrated my first birthday at xxxxxx with 11 of the board members having being removed" (IP6).*

The quote above highlights a tough challenge that required a great deal of thought but was undertaken based on the social purpose and balance of the board. This is a theme discussed later but the consensus among participants is that the board is the core and the core cannot function without staff, skills and decision-making protecting all of these interests which comes with its own distinct challenges. Decision making has been full of challenges since the rent reductions, introduction of universal credit, the lack of government grants and this has led to decisions being based on the finance and funding aspects of the hybrid organisation rather than perhaps the social purpose (Billis, 2010; Czischke et al., 2012; Gregory et al., 2016; Sacranie, 2012). Furthermore, IP6 stated:

*"yeah we do have challenges, every organisation has challenges and the changing landscape is the challenge, you know it's fundamental, we talked about the, you know I was saying we got £42,000 worth of grant, and we were offered £11,000 so the challenge was how do we make that work, the challenge sometimes is an emotional challenge and it's about being advocates, don't know why I'm going for this direction, but it's something that came to mind, it seemed a good idea at the time" (IP6);*

Challenges are not just the structure, funding and staffing but also the customers/tenants:

*"we do have challenges of anti-social behaviour and drug use, it's all over the place, and rural it's more hidden but it's just as prevalent. We had the challenge of stereotyping our customers, there's a really brilliant campaign being run by a woman called xxxxx from xxxx, yeah which is all about changing the stereotype, let's change the story, let's get people not to start saying oh I don't want social housing, I don't want your sort of people" (IP6).*

This is a challenge that has been widely publicised by the press and has given the industry a "bad name" as discussed by IP4, a challenge in itself. IP8 made a direct challenge to their geographical location being:

*"again we are in a different situation because we don't have the demand that there is in the more southern housing associations, and in fact one of our issues that we have to future-proof against is voids, so actually having properties that don't have anybody*

*in them and that's an interesting one, because everybody shouts there are big long waiting lists, but that is not the case in some areas of the country, and you have to keep an eye on your voids because then you have an asset sitting there doing nothing, in ties into this regeneration idea, because there are areas that people don't want to live in and we have properties in some of those areas and unless those areas are regenerated it is difficult to let them, because we don't have a huge demand if we were in an area of the country with huge demand, they would be let, no matter where they are" (IP8).*

However, London and South Eastern housing associations have other challenges due to higher rents, and more competition from private investors such as Legal and General (IP6). IP7 also stated: *"we wouldn't be able to do anything without money, and I worry sometimes, I've never worked in the environment where you have funders which literally crawl all over your business and particularly when you are getting into investors, and some of the big city deals, I don't know the relationship but I fear that the relationship is becoming one of investors having more say, I won't say control and of course we have now got L and G going into the affordable market" (IP7).*

The geography of the landscape does impact as rental differentials in the south are more apparent than in the north but regionally as well there are several differences. The affordable market and the private rented sector could be alternative funding opportunities for some housing associations and those in the south will be able to make more money from these enterprises than those in the north where rental levels are not that different between social and private rented. Arguably, parts of the industrial north which are built up are more attractive than rural locations due to the investor awareness of these areas.

In summary, there has been no lack of challenge in decision-making met by housing associations/social housing providers according to the participants and this was clear also in the literature. Challenges face any organisation but in the ever changing landscape for housing associations/social housing providers, there is a need to protect and preserve and this brings challenges in an organisation and in terms of outside factors such as political or economic and clear decision-making.

### 5.13 Governance

My anticipation at the pre research observation and the literature stage of the thesis was that governance would be a strong theme because of the needs to be regulated

and how this links to the ability to finance and refinance and be self-sufficient (Gregory et al., 2016; Hutchinson & Ward, 2010; Mallin, 2016; Manzi & Morrison, 2018; NHF, 2018). However, this was not fully developed until the primary research stage of the thesis, where it has been discussed that for some participants, it is the starting point; *“I think because it is obvious, I am going to start with governance”* (IP1). However, it was interesting to analyse how “obvious” this really was and the pitfalls surrounding governance and indeed the requirements around governance. In terms of regulatory governance:

*“our relationship with our funders and regulators was very comfortable we might not have been popular in terms of the political landscape but how we were regulated from beyond meant that really in terms of our responsibilities why we had responsibility to our organisation and our tenants it was very much a very lower level”* (IP1).

Enable Care were a housing group which has since been dissolved, who discussed the relevance of governance and a view of a housing board directors including strategic decision-making, proper governance, business planning, budgeting, performance monitoring and achieving objectives of an organisation (Enable Care 2015). This was reiterated by IP1 who discussed the issues around regulation, differing regulatory frameworks and the importance of governance for both financing and community investment aims (IP1).

Governance clearly goes beyond the regulatory side and for some has become a part of the structure of the organisation, the board, the staffing and the skill set stating: *“so part of governance is how you recruit the right people with the right skills”* (IP1). In agreement, IP5 stated: *“that’s right so that committee is made up, partly of board members, but we’ve specifically recruited some people with development skills”* and they also employed people who had retired from professional backgrounds in construction to assist with their development plans.

IP8 as a finance director showed interest in governance and reiterated that their regulator is important to governance and:

*“there are various things we need to do to show that we are doing the right things on governance”* (IP8). Arguably, they are focussed on the financing but were fundamentally aware of the core purpose of their organisation when making decisions.

In terms of the changing landscape and future-proofing, there has to be an awareness that with rent reductions, grant cuts and general financial cuts across the sector; there

may be issues with self-funding. The diversification of some of the organisations that participated has been discussed. Decision-making in these organisations has to complement governance structures as a hybrid organisation and essentially non-profit. They need to ensure that they are making decisions that support the fundamental core business or purpose of their organisation. Governance is vital to the success of these organisations, as they are regulated, accountable and held by strict governance over and above the standard corporate governance of private companies (Billis, 2010; Malpass, 2000; McDermont, 2010; Pawson & Mullins, 2010; Shanks & Mullins, 2014). IP2 was very acutely aware that any 'sister company' or additional funding source be closely managed and separated from the social core. Arguably for IP4, further caution could have prevented a regulatory breach that eventually led to their own resignation (IP4).

IP 4 discussed a number of ventures that they were part of that were actually detrimental to the core as they made huge losses. Others were prepared to be experimental, but they were also prepared to develop their own market and, in some respects, have their own rules and not trying to future-proof but rather do their own work around community investments and governance (IP3).

IP2 clearly discusses the:

*"decision-making comes back to structure, governance and risk management and who is doing what, what checks and balances are, who might need oversight, checking in"* (IP2).

Governance is at the very heart of any decision-making process and risk strategy. Without governance, there would be no structure, no obvious business path and in turn this would be detrimental to the social purpose. The ideals of governance surrounds a well-structured and well run organisation. IP3 who has had quite opposing views to the other participants, discussed that grant and rent cuts led to the need for governance and linked this to decision-making. IP6 argued that rent reductions forced certain decisions and commented about regulators:

*"but they do set the framework, they set the welfare framework, they set the funding framework for Homes England, I think we are in a really interesting point now, we were going to politicians we would say, I think we have had 19 housing ministers whilst I have worked in social housing for 21 years, and that lack of consistent, lack of vision";*

IP 6 discussed the government had a lack of continuity which was in part to blame for the governance requirements. IP8 argues that the tenants are part of the governance structure and stated:

*“so if we look at governance, I think that’s again, sort of fits in with the finance side of things and that if we don’t have the correct structure and governance in place, then we won’t be an organisation going forward (IP8).*

Arguably, the finance director would focus on finance in every theme they discussed, however, their understanding of the regulatory code and its importance to the decision-making of these organisations linked with governance. Decisions are made with governance requirements in mind and therefore a link between decision-making and governance for all the participants was not unsurprising but it was beneficial to see that it emerged so clearly.

The link between governance and decision-making cannot be challenged. All participants agreed the strong correlation between good governance and clear and rational decision-making which was also supported in Chapter 3 (Czischke et al., 2012; Gregory et al., 2016; Sacranie, 2012)

IP5 discusses:

*“we have got a sense of what sorts of things we can switch off if we needed to, to protect our revenue because the overall consideration would be making sure we didn’t breach any of the loan covenants, from our lenders, because clearly it would be bad if they wanted their £280m back, would be a bad thing, so the mitigations are designed to get us back compliant with loan covenants as quickly as possible” (IP5).*

The reliance of external funders is directly linked to good governance (IP7) and is an issue when maintaining governance structures and therefore is vital to the successful operation of these organisations now and in the future.

In summary, the role of governance in housing associations/social housing providers is very important in terms of staying regulated as this affects the ability to self-fund and refinance effectively. Without the NHF regulation, or other regulation of choice, there is little opportunity to grow, develop, maintain or restructure effectively so good governance is key and was discussed as such by all the participants but some were more aware of the governance requirements (IP2).

## 5.14 Risk management

This was an emerging theme which was discussed within the context of funding and finance. IP1 was aware that risk is not just the money but also the regulatory compliance. IP1 developed this idea stating:

*“you are too close to it – risk lose money that’s obvious – we breach our regulatory standards, covenants in funding big serious ones but also risk not having risks in place to safeguard – they are very complex and as a board of directors you cannot possibly see all the risks so you have to be confident with the leadership with directors of organisation” (IP1).*

IP2, CEO of a larger organisation, looks at balancing risk agreeing that it is not just risk but also balancing an “appetite for risk” (IP2). This idea of risk is not just taking risk but assessing which risks were worth taking or could be taken. IP2 also stated *“you might want to go off doing different things merger discussion or you might set up a new part of the business but always you got to protect the social landlord part because it is sacrosanct” (IP2).*

IP2 took quite a holistic approach to risk involving the demands of legal structure, tax, VAT, finance and funding issues rather than just taking what could be described as unnecessary risks. On a slightly humorous note IP5 phrased risk management as being *“everybody’s favourite” (IP5)*. However, they reiterated the same issues around risk as IP2. In addition however, IP5 looked at *“defining risk management” (IP5)* for each sector of the business from health and safety, to communication weighing up their need for action and responses. The mechanism formed part of their decision-making as well as risk management by determining what risks were worth taking to future-proof the organisation.

IP6 discussed the need to be aware of risks and has a risk meeting. IP7 stated:

*“I mean risk management, seems as if we are doing it to death at the minute, I mean that is for any business for any time you have got to understand the risk, our business especially with the differing kind of pressures on us at the minute, just makes that far more central, and I think that actually the regulator is doing a good job here, because it is encouraging boards to do what they should be doing anyway” (IP7).*

IP3 was clearly risk averse and stated *“we do not do cross subsidisation (IP3).*

Risk management was an emerging theme but in fact it was intertwined in many other themes such as compliance, finance, funding, decision-making and governance. Risk



management is important for these organisations. In terms of the research question, the risk management aspect is crucial to decision-making and influences the “how” decisions are made in terms of risk and return and social purpose. Risk was treated by all participants with caution and many believed that it could not interfere with the core purpose of the organisation (IP1, IP2, IP3, IP5, IP6, IP7, IP8).

### 5.15 Future-proofing

This was not a flashcard but was a large part of the research question provided to the participants at the start of every interview. The research question was explained and many of the participants picked up on the wording and therefore, it has been developed and analysed in this section.

IP6 started unpacking future-proofing and stated:

*“so for us future-proofing is about, starts with, what are we trying to future-proof for and we are trying to future-proof to ensure that we do not wander too far away from that core purpose and all our activities can go back and link to the common purpose so for example having had a number of years at being a relatively dormant developer for various appraisal reasons which I can unpack but might not be directly relevant to this”* (IP6).

IP2 was quite intrigued by the idea of future-proofing in the research question and classed it as an “*interesting word*” (IP2). IP2 believed that you can achieve future-proofing “*to an extent*” (IP2). It is the strategy element that IP2 believed they could future-proof explaining “*keep to our strategy it aligns with all our governance and strategy and with the capacity that we have got but by doing that will build new relationships and that future-proofs you. If you are outward looking you are more future-proof than insular*” (IP2). Seeing the changing landscape as an opportunity was part of their future-proofing strategy and they looked to grow their organisation (they are a mega merger) for the future. IP3 had the view that if you spent enough time on the core and the decision-making, the rest would follow as they involve the board, staff and tenants “*massively*” but they also stated “*doesn’t matter what the world does – we cannot control that but by heck we can control this*” (IP3). The lack of clear direction from the government meant they had a five year plan that was fluid rather than certain. Their strategy was to attempt to internally future-proof their vision (IP3).

For others (IP7), the ability to have a backup is important and they stated:

*“because of the changing landscape, you’d have to have plan b, plan c”* (IP7). Their view was to see what happened and be prepared for as many scenarios as possible in an attempt to future-proof their provision.

IP4 was not convinced regarding the need to future-proof as it was the same issues today as it was 10 years ago and stated *“well yes it is interesting actually because when I started there was a housing crisis, there was not enough good quality affordable housing fast forward 38 year and there still isn’t – the numbers change but the challenge doesn’t. The number change so it is some it is somewhere between what does the nation need now – quarter of a million and 300,000 a year and then depending on the different political persuasion I have seen over time the majority needing to be social housing, no social housing grant at all with Cameron and Osborne”* (IP4).

The idea of future-proofing has been developed throughout this thesis, not just in this section (Gregory et al., 2016; Sacranie, 2012).

Many participants did not directly discuss future-proofing but IP3 was forward thinking in terms of not future-proofing as they could not control external factors and instead were unique in their offering in their region and used this as their way to future-proof. Others were linked to high profile mergers (discussed further below) as a way to future-proof. The wording future-proofing in the research question provoked a reaction from IP2 and IP6 and they thought the wording was thought provoking and they developed the idea of whether it was even possible to future-proof and it was agreed that it was to an extent.

In terms of the research question, future-proofing has to form part of the decision-making process as without an understanding of the future, these hybrid organisations are unable to protect their social purpose and the finance and funding tensions will become more apparent. What is apparent is that the social enterprise is now a part of the landscape and has become an integral part of how housing associations/social housing providers are operated. It has been argued that hybridity is the “future of social housing” (Gregory et al., 2016, p 6). Therefore in terms of future-proofing, the role of hybridity has been developed to balance the social purpose and finance and funding tensions.

## 5.16 Mergers

Mergers are a contentious issue and for some boards (these were discussed in Section 3.5.2 and were also explored in the pre research observations where that particular organisation was going through a merger that was difficult with associated job losses and staff cuts), staff and tenants, the impact of a merger can be long lived and difficult and for many the “birth” (IP2) can be quite difficult and the past somewhat rose tinted and was better than the new (IP2). However, for some the only option was to merge due to finance issues. IP1, who was part of small housing association discussed that:

*“if your stock is in a poor area, little value and can’t get you much type of funds from lenders maybe you are better to partner up with someone who has funds” (IP2).*

The need to partner up and merge was driven by rent cuts, grant cuts and general economic hardship but with the changing landscape it is difficult to determine how a merger will or can work. Van Bortel et al. (2010) researched in England that the average size of housing associations doubled in the past 10 years and in subsequent years, this has continued to be the case. Mergers are nothing new, for the commercial enterprises or the third sector (Van Bortel et al., 2010); however the traditional housing associations or social housing providers fearing change or shifting from their social core may find the notion of merger difficult to handle and a challenge to the core mission or purpose. The pressure the market has seen from mega mergers has also changed the landscape for the housing association/social housing provider (Morrison, 2017). IP2, an advocate of the merger, discussed:

*“you might want to go off doing different things merger discussion or you might set up a new part of the business but always you got to protect the social landlord part because it is sacrosanct then you got to think carefully about legal structure and roles and responsibilities, how money flows, tax, VAT and this needs a lot of careful consideration. And the final thing is how to look after your people and I think again there is a lot of history in our sector about mergers, changes” (IP2).*

Some who have actively stayed away from large mergers looked more at the ideals of a merger being *“not a merger it is coming together. Strengths of all organisations”* (IP3) which is a new vision of thought from just merging for merging sake and being the biggest but rather stating *“(I) think mergers to us have been different to mergers for others if I am honest ”* (IP3). IP3 has had other organisations offering to merge with them but they have actively made the decision to avoid mergers as they are not

part of the organisation development plans or goals. They also feared losing their *"individuality"* (IP3). IP4 discussed it as about being the best we can be rather than actually what works for the organisation (IP4). IP4 stated:

*"there are currently performing big landlords and brilliantly performing small landlords and vice versa and therefore I honestly don't think it's one size fits all answers"* (IP4).

Clearly they reiterate IP3's stance stating that the reason for a merger needs to be for growth not kudos and power. However IP4 goes on to state that it is all about headroom and credit rating so for some merger is the only option. IP4 has been involved in several high profile mergers and:

*"the discussions around mergers a couple of years ago just used to be quite they would usually be sorry they would often be an ailing association and a thriving one. But that is not necessarily the case now it is for far more open now they will have discussions and then we will go public they are having a discussion and in many situations they will just end amicably and say no we have looked at this and it is not for us so I think it is a much more mature conversation now"* (IP4).

IP4 was a bit cynical, perhaps due to the regulatory breach they encountered. They believed that mergers in the past had been about paying out old board members rather than for the benefit of the organisation (IP4). IP6 regularly discussed mergers and it was a discussion held each year however they had no immediate plans to merge as part of their current business strategy. However, IP5 stated:

*"yes I'm a serial merger as they might say, because before I joined XXX we had been through a merger with my previous employer as well so have got quite a few under the belt now, and yeah I would say, I have got a good handle on what's involved and how to deliver them smoothly and painlessly so"* (IP5) and they are one of the largest providers in the north and have been instrumental in its delivery. They also linked merger to culture and stated:

*"thinking about the cultural side of that, our view is that for a merger to be successful you have to kind of take hearts and minds with you"* (IP5). They furthermore noted the importance of merger in relation to generating capacity and efficiency. In addition they have been able to

*"introduce some new skills into the organisation, so things like expertise in property sales expertise in business development, so thinking about where can we look to generate revenue that will help to deliver some of the value added stuff that we still*

*care about” (IP5). IP5 has already classed themselves as a serial merger and therefore, their view has been that merging is a positive. IP7 although not actively seeking to merge, they were not against merger but any merger discussion needed to be based around sound business decisions stating “you have got to have obviously all the financial skills and all the other skills but have got to have people who will hold dear to values, it’s that integrity and that clear line of sight between what are you trying to do and does this get us there, and what you will lose and is that price worth paying, and you have to always keep those in mind” (IP7).*

IP8 did not believe mergers were relevant for their company at this stage, they had been through many high profile mergers in recent years, however they did state the changing landscape might change this and it could be on the agenda in 12 months (IP8). Reducing risks due to more funding opportunities (private) and reserves has been increased due to the reduction of overheads from staff cuts, changes in government grants and the growing need to self-finance. It has been argued that (Crook & Kemp, 2018) merger has the opportunity for growth along with construction and they are not the only academics to believe this, Pawson and Mullins (2010) also believed the growth of housing associations was due to the construction of homes and merging.

There is a link between mergers and decision-making and for all participants, they had experienced a merger (IP1, IP2, IP4, IP5, IP7 and IP8) or had actively sought not to merge (IP3 and IP6).

The importance of whether to merge or not is clearly a debatable subject for the participants but what is clear is the link between decision-making and mergers for all participants. The importance of whether to merge, in the recent times, has been a key issue for the board and for some the desire or need to merge is relevant to the ability to future-proof themselves, as far as possible (IP2 and IP5) but for others the resistance to merger makes them unique in an ever changing landscape (e.g. IP3).

In terms of the research question, mergers are a part of how some organisations have made decisions to merge to save on costs, staff, property and risk. The impact of mergers in the North East has been quite apparent and some organisations have absorbed smaller organisation.

## 5.17 Structure and the board

In some cases the participants focussed on the ideals of the board. It has become clear that the board's role and ultimately its structure is an important aspect of decision-making and future-proofing. IP2 discussed the relevance of staff and how *"some love change, some hate it but it is going to happen but have to be careful about pace of change and how it is going to happen"* (IP2). They were particularly vocal on the topic of governance and it is clear that the structure of their organisation and the board was very important to them: *"structure is an important one how you legally structured yourself for number of reasons one to protect the social stock so xxx starting to do a little bit of private development so we that the subsidiary company and it has a loan agreement quite separate so that it could never impact upon the 34,000 social homes which is a relating regulatory requirement but it is also something we wouldn't want to do so it is kind of completely separate from a governance perspective but even financially"* (IP2).

The board is a complex part of the organisation and without a clear direction, they are not able to fulfil their roles in terms of their governance responsibilities (IP3). IP5 furthermore stated *"that's right so that committee is made up, partly of board members, but we've specifically recruited some people with development skills to make sure we have got the right degree of understanding of the risk, challenge, and support available to the executive team through that committee, so we have got a guy that's just retired sales director of one of the big developers, a guy who is MD of a regional building company, and they are good people, they get it"* (IP5).

The importance of having the right board members is that it will ultimately lead to better decision-making and future-proofing. Specific skills are a part of the board structure and having the right balance of skill sets has been paramount for the CEOs of these organisations. (IP1, IP2, IP3, IP4, IP5, IP6, IP7 and IP8). IP6 thought it was important to demonstrate the differences between NEDs and the board of executives.

IP5 discussed:

*"in the changing landscape, for me the obvious answer for xxx was to join with a larger organisation and you know kind of become part of that, get access to a broader skills set, be more efficient, save some overheads, avoid some duplication in staffing structures and all of that, so we went into that believing we could save, forget the numbers exactly, but something in the order of £2m a year from our overheads,*

*without significantly damaging our service delivery, retaining the ability to invest in our communities and that's kind of where we got to, so we have been measuring the impact of the changes that we made through natural wastage, through voluntary departures and trying to avoid compulsory job losses, which we have achieved in the case of xxx so that's great, we have delivered the efficiency targets that we set ourselves and enabled its new build programme to grow significantly, so it delivered, and then we were sort of two years into that and xxx were going through exactly the same thought process that xxx had gone through" (IP5).*

The demands and needs of the organisation change and diversify, there is a need according to IP3 and IP6 to develop knowledge, skills of the board and the operations of the board.

IP7 is a firm believer in smaller, more directed skill-based boards who operate independently rather than one larger merged structure. IP3, a CEO for a smaller organisation, looked at rebalancing the board to ensure that all skills were met and believed the smaller more directed approach to be more successful stating:

*"it is nine on the board – all mixture of professional people – a couple of year ago we did not have enough SP too commercial – rebalanced" (IP3).*

The structure theme was confusing for some participants because some participants (IP4 and IP8) did not understand until I explained it was to do with the structure of the board. So it was decided at analysis stage it would be incorporated with the board. The board and ultimately the CEO make decisions and therefore the balance of the board composition was vital to its success according to IP3 and IP6. In terms of the research question, the "how" in decision-making must be aware of balancing the internal structure of this board to ensure that the social and finance and funding tensions are managed effectively.

## 5.18 Customers

IP2 discussed the relevance of the customer and how they should be at the heart of the organisation. They mentioned *"listening to the customer and the tenant... So bring inquisitive and curiosity around your customer needs and the deal is really really (sic) important. If you do not have these things at a core review it can become really really (sic) sticky"* (IP2); this links to the social aspect of housing associations/social housing providers. Ultimately, they believe *"we are community [that] benefits society"* (IP2).

In agreement with this approach to organisations is Lam (2009) who discussed the concept of larger organisations fully utilising their tenants; IP2 classed them as the scrutineers. With the changing landscape and future-proofing, the consumer needs may not always be met through conventional means and therefore the diversification of the organisation may be paramount or at least the alternatives of funding and finance need to be explored due to the changing landscape. The risks attached to change, merger, diversification are limitless but they may well bring the consumer and ultimately the social purpose back to the core. The decision-making capabilities of the directors and the CEO are therefore arguably at the heart or should be at the heart of the social purpose and were at the heart of the individuals who were interviewed. The “*voice of the tenant*” (IP2) has been listed as an important part of governance and decision-making, listening to the tenant is a part of the role of the board and therefore decision-making. IP3 stated:

*“we have a group of scrutinise tenant – performance – who are brilliant and very independent and have independence support and they work on our board – what do you want to look at – scrutineers will have a look back at service and report back to the board from a tenant perspective. What they have experienced from a perspective, another group tenant facing policies, repairs, mystery shopping and all that and on and on and on. Some tenants do this and some tenants were involved in recruitment of the director recently”* (IP3).

The use of tenants in a scrutiny capacity has been used by all the participants and they all believe it has benefits to improving standards, delivery and working relationships. IP5 stated:

*“so the culture that we are working on, so there’s this inclusive participatory culture, but it’s also hopefully going to be very customer centric, and so the people would expect to have the customer voice, from the centre when they are thinking about business issues, so going back to the research, one of the things that people said, was we think there should be more balance in the relationship, we understand it’s your asset, your house, but it’s our home, and our lived experience living in that home, wanting to have that kind of stable permanent base to grow our successful life from, we feel we have got something to contribute to that debate, so that won’t work if you’ve got that old paradigm of customer service and oh well you know, we will only let you through the gate and access that property if you are worthy, we need to shift our staff into a place where they accept that balance, they accept there is a need to*



*have dialogue and to listen genuinely to what people have to say to them so that's part of that journey as well" (IP5).*

The customer or the tenant have been discussed as an important aspect of the decision-making process in the form of the tenants' scrutiny panel on many of the organisations' boards. Not all participants thought decision-making and the opinions of customers were always intrinsically linked however it is part of the market, state and society argument (Billis, 2010; Czischke et al., 2012; Sacranie, 2012)

The impact of the customer/tenant on decision-making was a part of the process for most participants. However for IP1 and IP7 this was not discussed in conjunction, quite possibly due to their roles as finance director and housing association chair who had different agendas and areas of focus.

For some the customer is vital to success, setting up positions on the board from scrutineers (IP2). Interestingly, from the field notes I undertook, there was a clear consideration of the tenant but this was not one of the pre research observation field notes themes as it appeared from the literature to be an integral component of the theme of 'social'. The idea of customer links with the research question in terms of governance and decision-making; having a tenant representative is imperative to the future-proofing of the organisation.

## 5.19 Accountability

This was an additional theme but was worthy of discussion in terms of social, decision-making and governance. IP2 was particularly vocal on the thought of accountability and actually discussed that:

*"I think the key thing is being legal and safe and compliant because without that you have absolutely nothing" (IP2):*

They were well aware that as the CEO they were accountable, this was their issue and that ultimately, they were fully responsible (IP2, IP4). IP2 determines as the CEO they "are morally accountable" (IP2).

IP4 discussed:

*"so I worked in housing for 38 years we had a governance glitch where I was last year and I was our governance team let us down and we got we were going to get a downgrade" (IP4) and subsequently they had to resign (IP4). IP6 was more focussed*

on the ideals of the CEO role itself and noted *“absolutely you know it’s a very funny role being a chief executive because you see up and down, and by definition, your board are holding you to account for the success or failure of the organisation”* (IP6) but was aware that again the role leaves the accountability firmly with the CEO. IP1 stated *“is the funding there? What is happening to our other partners’ services which we have to work with to provide good quality services to our org but at the same time not taking the burden of responsibility on ourselves because that just says to the government to cut more because the HA will just mop it up so you have to make some quite difficult decisions there”* (IP1).

Therefore the accountability aspect is also present in funding as without the funding, there is no organisation. Accountability has to be with the board and the directors and if they do not have clear objectives, they are unable to future-proof their organisation. Accountability is important in understanding the role and behaviour of decision-making as it is a mentality that the decisions and risk are firmly the responsibility of the CEO but these are not undertaken in a silo and require the development of the board and staff within the organisation.

## 5.20 Compliance

This was an additional theme which IP1, IP2, IP3 and IP8 discussed in terms of governance but as a word that was repeatedly used, I thought it was appropriate to discuss in my findings. This is a subsection of governance and therefore the comments made by the participants are within this context. IP2 discusses the issues succinctly and precisely stating:

*“I think the key thing is being legal and safe and compliant because without that you have absolutely nothing”* (IP2).

In terms of compliance, for many CEOs it was a problem or the fear factor on non-compliance such as:

*“there is also something about whether you were sometimes non-compliant the regulator can down grade you and the banks can call the loans in so reputationally it is absolutely massive. So I think that no matter what changes are going on you have to have a real attention to compliance be it asset compliance, legionella, asbestos structures, data, information security you have got to have those embedded and up to date”* (IP2).

The thought of non-compliance leading to a downgrade that will affect their income, the ability to fund, therefore, links to risk. One participant showed a clear understanding of compliance but tried to “roll” (IP3) with the changes so as to remain an effective partner with government and the Homes and Community Agency (HCA) which is now Homes England. The compliance angle fits into many aspects of this thesis and IP2 discusses “*you might want to go off doing different things*” (IP2).

IP2 focused compliance around the idea of the merger. IP8 was particularly interested in the regulator and stated:

*“so our regulator, there are various things we need to do to show that we are doing the right things on governance”* (IP8).

This is heavily linked to governance, as compliance is an important aspect in terms of the legality of the organisation and as previously discussed in Section 5.13 covering regulation and Chapter 3 discussing the code of conduct such as the NHF code. The research question looked at how decisions were made and in fact, the concept of compliance is imperative to the successful operation of a hybrid organisation due to their complex nature.

## 5.21 Sustainability

It was important for me to discuss sustainability for the organisation rather than the sustainability programme. I was interested in the way the organisation was sustainable in its operation and business management rather than sustainability in terms of energy efficiencies but only two of the eight participants discussed this stating:

*“let me talk about sustainability, because I think that is a really interesting one, I think many social housing providers did think very long and hard about sustainability, particularly transfers, first of all around sustainability of communities particularly where you were dealing with communities suffering from austerity suffering from you know changing economic profile.... but there’s also sustainability of environment and what we do around that, and I think the really good housing associations really took that on board a few years ago, until the austerity measures a bit and then it was ok, we almost have to sustain ourselves now and it’s about we just do what we have to do now and I think we lost some of those really good things that we were doing, not everybody not everybody but if it was going to cost us more to do in that particular way for environmentally sound reasons we’d maybe shave that, I don’t know how rife*

*that is but I know we certainly did, there were certain things we were going to do that we said we can't afford to do that now" (IP7);*

*(Furthermore) "you are too close to it – risk lose money that's obvious – we breach our regulatory standards, covenants in funding big serious ones but also risk not having risks in place to safeguard – they are very complex and as a board of directors you cannot possibly see all the risks so you have to be confident with the leadership with directors of organisation – board managing risks through the regulations but with directors you cannot micro manage so has to be a relationship between exec and non-exec. There can't be built entirely around consensus and there has to be serious questioning" (IP1).* The other participants (IP4, IP5, IP6) discussed more around the environmental aspects which was useful but not fully supportive of my thesis so, therefore, has not been further analysed. The RICS stated "many housing associations are reviewing their business plans because merely sitting on their stock means a safe business plan but little growth" (RICS, 2015, p1). Perhaps for some providers, the need to review and sustain is at the forefront of their activity and for others sustainability is interpreted within the context of the materials and construction used.

In terms of the research question, the decision-making power of directors needs to look at sustainability (however that was interpreted) in order to future-proof their organisations and try to combat whatever changing landscape they are faced with.

## 5.22 Consensus

This was one of my pre research observation field note themes, believing that consensus of the board, the staff base and the tenant was of the utmost importance linking it back to the literature of social purpose and the concept of state, market and civil society (Billis, 2010; Czischke et al., 2012; Sacranie, 2012) However, on interviewing the participants, some were not of the belief that consensus played a part (IP2, IP8) but others believed that where appropriate, consensus was important but at times the CEO had to overrule explaining:

*"I can think of two actual votes, where we've had to go to a vote, one was back in 2004 when we were in a governance crisis and the board was very divided and dysfunctional and therefore they voted on an issue and the wrong decision was going to be made, so I voted on the issue having first clarified with the regulator who was in the room that I was able to, which tied the vote so the chair could use the casting*

*vote, and the other one was when the association was being asked to commit to voluntary Right to Buy, and whilst we then voted unanimously in favour we literally went around the table so everyone could say I am voting for but I hate it, I am voting for because I hate it, and therefore we had that record” (IP6).*

IP7 discussed:

*“because you have got to have integrity you have got to have buy in, consensus, whatever you want to call it, from your employees, from your customers, from your partners, and I think, I hope, the corporate world is going to change to reflect that more and more so even when you talk about recruitment, you only recruit, you know intelligent young people only want to work for an organisation that actually has values and I think, I hope, maybe I’m naïve, I hope that is going to become increasingly more important than the pound sign or the dollar sign” (IP7).*

Only two of the eight participants saw the importance of consensus but again only up to a point where the board, the chair or CEO can intervene. In support of this is Christensen et al. (2009) who stated “different individuals or groups within an organisation can nevertheless be committed to different goals and interests, and the organisations or its individual parts must relate to other organisations that may have other goals and interests, and the organisations as individual parts must relate to other organisations that may have other goals or interests” (Christensen et al., 2009, p29). The idea and concept of consensus to the author seemed the ideal; collaborative working to support a common purpose or agenda but in fact, consensus was rarely discussed in the way anticipated and this was rather disappointing but showed that in reality with the pressures of decision-making and funding and finance difficulties, the ideal of agreeing is somewhat low down the list of priorities.

At the beginning of the thesis, it was anticipated that consensus would be an important aspect of decision-making but in fact, this was not the case and some interview participants did not see the correlation between agreement and decision-making.

Decision making and consensus were generally discussed in relationship with each other. For those who linked these themes, there was a need to understand why they did and the main reasons were to work as a team and have common goals and aspirations for the organisation (IP3, IP4).

## 5.23 Successes

This was not a particularly well discussed theme and one respondent did not understand what was meant by success (IP8) but success is, for some an important factor, stating *“I think that’s an interesting one I think as a whole the sector is very poor at celebrating success”* (IP4) and in particular individual successes.

Others see the success more as surviving a big transition stating: *“so to finish off on the successes, we, if you’d said to me 12 months ago when we launched, in 12 months’ time you will have all of your systems integrated, you will be well through your staffing integration, you have brought a new subsidiary in and extended your geography into Yorkshire, you’d be buying a portfolio of properties from a national which is exiting the North East, I think I’d have taken that so it’s been a really busy year, we’ve had an awful lot to do, but it’s gone very smoothly frontline service has been sustained, as far as we can tell people are still on board”* (IP5). Others shy away from success but are aware *“I shouldn’t be choosy any success is good, I wouldn’t turn my nose up if we won an award somewhere, but it’s kind of, it’s a bit of an industry and you get the impression that some people do things just to win the award, and that’s a bit”* (IP7).

IP1 simply stated *“it is that that keeps you going, success”* (IP1).

## 5.24 Main findings

### The underlying processes and mechanisms

Without the knowledge and understanding of the sector housing associations/social housing providers are currently in, there is little understanding of the hybridity of these organisations. The need to future-proof and challenge the landscape, especially post rent reductions, has become apparent to the eight participants, with some having to deal with a variety of challenges such as: staff cuts (IP1, IP2, IP4 and IP5); loss of surplus income due to rent reduction and the introduction of large scale universal credit (IP2); organisational changes to structure such as mergers (IP1 and IP7); and leadership (IP4). Other organisations have had to merge to survive or thrive (IP1, IP2, IP5) whilst others have decided to face the challenges alone as they are unable to change external factors and cannot and do not wish to deliver the pace of change the changing landscape is driving but rather safeguard their own provision by tailored decision-making based on quality of staff. They referred to the fact they were nothing

without good staff (IP3). The hybridity and slipperiness of social purpose have ultimately led to difficult decisions when these organisations are on a quest to become social enterprises that self-fund and regenerate (IP6).

### **Analysis of the core research question**

From the analysis of the data collected from the eight interviews, it is clear that there is a clear link between decision-making and the changing landscape. The need for the hybrid organisation to balance the social purpose, community investment and finance is imperative to successful decision-making whether that be within the organisation or due to external factors forcing change. Regardless of geography even in the north, the social purpose is still paramount to the participants and the rent reduction has only exacerbated the issue leading to tough decision-making.

### **The research question**

**How do board directors of social housing providers ‘future-proof’ their decision-making capabilities in an ever changing landscape?**

The consensus decision of the research question from the participants was focused on their decision-making role. Although they were CEOs and directors, it was a conscious decision in this research to focus on their knowledge and expertise in dealing with the complex issues of decision-making so as to gather effective data to then analyse. Some of these examples were based on tough decision-making such as resigning themselves for the benefit of the organisation (IP4). No decision can be made in a silo, the link between state, market and civil society plays an important role in attempt to address and balance the changing landscape of these organisations. Although the decision-making mechanisms were not discussed in terms of how decisions were made, the driving forces behind decisions were brought out in the interviews. These driving forces were tenant empowerment, social purpose and provision of housing rather than fears over finance and funding. Many of these organisations had already begun to adapt to the landscape and were future-proofing their provision by merging, downsizing, ignoring outside factors or pressures (IP3), rewriting business plans (IP1, IP2), alternative investments (successfully IP1, IP2, IP4, IP5, IP7 and not always successful (IP4).

### **The northern geography of the landscape**

This thesis was based predominantly in the North East and many of the aspects and findings are North East based. For example, the rent reductions and mechanisms in

place to find alternative funding may well be more difficult in the north due to the lack of investment opportunities and demand. Arguably, the social and funding and finance tensions housing associations/social housing providers are experiencing present real issues in balancing social purpose and funding and finance tensions in the north. IP8 (a northern based CEO) argued that in the north land values are lower and therefore the opportunity to invest in land and build social housing is greater although the return will be lower than that achieved in the south (IP8). IP8 appeared to commercially link the north in these terms but this may well have been down to their personal experience as a non-executive in finance roles within the north region although, they are not alone in their assertions, they were supported by IP1, IP3 and IP4 who discussed northern finance related problems around decent homes, affordable rents, universal credit and market renting pitfalls. The north is a changing landscape in itself with intra-regional differences. IP7 is part of a smaller rural based association and therefore has different challenges, such as community investment and accessing funding, than those in larger towns and cities (IP1, IP2, IP4, IP5, IP6) The demand on state, market and community (Billis, 2010; Czischke et al.,2012; Sacranie, 2012) in terms of northern geography was highlighted (IP1, IP2, IP3). IP1 argued that the rent reductions were going to have an overwhelming effect on their organisation in terms of surplus money losses (they have subsequently merged). In order to survive and thrive in the north, many organisations have merged to unite in the changing landscape and in some cases, these have been mega mergers (IP3 and IP5). Regardless of size of provision, they were united in one goal and that was their social purpose. What is not based on geography is that being a hybrid organisation such as a housing association is difficult in the current landscape regardless of location. The lack of input from the government is affecting the ability for some organisations to survive with some using merger as an option which is something common across the UK.

## 5.25 Conclusion on Chapter 5

The main aspects of this chapter were identifying the process of the analysis with the use of NVivo 11 and the subsequent analysis of data obtained from the eight participants.

From the analysis of literature to data collection, there has been some shift in interpretation and understanding of what is actually important to a housing association/social housing provider. Although the process of decision-making was not



directly discussed, decision-making in the changing landscape is causing issues for these hybrid organisations around staff cuts (IP1, IP3), community investment (IP6) and maintaining the balance between funding and finance issues (IP1, IP2, IP3, IP4, IP5, IP6, IP7, IP8). Many of the themes collated from the pre research observation field notes and discussed in the literature and explored through the interviews have proved to be relevant and were discussed as expected including social, governance and decision-making. The issues around future-proofing provoked conversation on whether this was possible (IP3) but for some it was fundamental (IP2). The importance of the data collection was to gather data directly from CEOs and board members of housing associations/social housing providers and their day to day understanding of the role was invaluable to this research and the main themes that emerged highlighted the importance of social and cultural issues and the need to remain regulated and accountable.

### **Themes supported in data analysis**

There was a real support for some of the themes such as culture, decision-making, social aspects, finance and governance, areas that were revisited regularly by the interview participants.

### **Themes that were not supported in data analysis**

Other themes that were not as well supported by participants included consensus, success and structure. A number of participants did not really understand structure but understood staffing and the board so the reinterpretation of the area of structure formed part of the analysis as well.

## 6 Conclusions and Recommendations

### 6.1 What I set out to do

The aim of this research was to explore the decision-making of the board of directors in future-proofing their housing association/social housing provider. The decision-making process was first acknowledged in the pre research observation field notes. During this time, I attended a board meeting. The research stemmed from this initial concept, to the wider practices around decision-making capabilities (Billis, 2010; Czischke et al., 2012; Gregory et al., 2016; Manzi & Morrison, 2018; Pawson & Mullins, 2012; Sacranie, 2012) to the research question reiterated in Section 6.2 below and with input from the progression panel, the concept of future-proofing was derived. The concept of a changing landscape and whether it was possible to future-proof seemed appropriate due to the changing landscape for the housing association/social housing provider especially around the rent reductions.

### 6.2 Conclusions surrounding the research question

In terms of analysis of the research question, the process of the pre research observation field notes with the housing association board shaped the research design and subsequently allowed for a literature review to be undertaken developing the series of themes that were recognised in the pre research observation field notes and that were subsequently developed in the interviews. The literature review was undertaken in Chapters 2 and 3 and targeted the literature surrounding themes such as culture of the housing associations/social housing providers, decision-making (Czischke et al., 2012; Sacranie, 2012) future-proofing (Gregory et al., 2016), governance and hybridity (Billis, 2010; Manzi & Morrison, 2018; Malpass, 2000; Mallin, 2016; Mason, 2009; Mullins, 2016; Mullins et al., 2012; Tang et al., 2017). The main findings were then developed into key themes, represented in the words on the flash cards that were utilised in the primary research design.

The limitation of the recommendations set out below is that they are based on northern housing associations and only derived from the output from this group of respondents. The one participant from the south was used for their knowledge of the industry and of the industry body, the RICS as well as being a CEO of a housing

association. They thus contributed their decision-making knowledge of the sector rather than any region specific knowledge.

### **How do board directors of social housing providers ‘future-proof’ their decision-making capabilities in an ever changing landscape?**

The conclusions focus on the research question to show the development of the thesis from start (the pre research observation field notes) to completion (the interviews). In terms of conclusions, the aim of this thesis was to determine how board directors are able to make decisions in the changing landscape. For many (IP1, IP2, IP4, IP5, IP6, IP7 and IP8) it is possible to ‘future-proof’ but there are limitations and for other outside factors do not impact as they pride themselves on their unique attributes (IP3). The ideals of future-proofing unfortunately change with the landscape but the argument by the participants was to balance state, market and civil society as explored in the literature (Billis, 2010; Czischke et al., 2012; Gregory et al., 2016; Malpass, 2000; Mallin, 2016; Manzi & Morrison, 2018; Mason, 2009; Mullins, 2016; Mullins et al., 2012; Sacranie, 2012; Tang et al., 2017).

As discussed in the history of social housing (Chapter 2) the traditional view of the housing association/social housing providers is:

“independent private sector, not-for-profit bodies that provide rented homes at sub-market rents. They also offer the chance to gain access to home ownership and provide other neighbourhood and community services” (Heywood, 2010 p5).

The findings from Chapter 5 would appear to provide support for this statement, in particular because the participants interviewed focused on the culture of their organisation and this particular theme was referenced the most within the interviews. Without exception each interview participant discussed culture, social purpose and the importance of decision-making and funding and finance. In addition, the research has determined other, sometimes conflicting decision-making processes that have led to a variety of outcomes for the industry and individual organisations such as whether to merge, develop, invest or not attempt to future-proof. The literature review discussed the relevant decision-making processes, governance and the third sector, hybridity and social enterprises which represents a housing association/social housing provider in the current landscape having to make decisions around the changing political and economic landscape with an important link to hybridity and the aspects of state, market and civil society (Billis, 2010; Czischke et al., 2012; Gregory

et al., 2016; Malpass, 2000; Mallin, 2016; Manzi & Morrison, 2018; Mason, 2009 Mullins, 2016; Mullins et al., 2012; Sacranie, 2012; Tang et al., 2017).

### 6.3 The impact of decision-making

It was clear that the context of decision-making (around the rent reductions, universal credit, and loss of grants) is a current issue for housing associations/social housing providers and therefore the research question was a valid question to pose to boards of directors. In turn the impact of the social core/purpose and mission is important but it is finance and funding that is paramount to the success and ultimate viability of housing associations/social housing providers with one interview participant stating:

*“it is challenging and it goes back to social side of things we have got our social mission or social values but at the same time we cannot justify sustaining stock that has not even a break-even but a negative value” (IP1).*

Decisions need to meet a variety of key requirements but in a hybrid organisation such as a housing associations/social housing provider they need to balance these needs where possible which is why it is argued that it falls in to the category of social enterprises or the third sector (Mason, 2009). With these sometimes conflicting agendas (outside factors such as rent reductions and internal divisions on the board), there needs to be an awareness that if the core decision-making processes in place (governance) do not safeguard the social purpose, the other agenda items cannot be fulfilled. A part of developing the social purpose is the increased importance of tenant empowerment and their introduction onto the board. With the growing pressure to cut costs to safeguard against loss in surplus, as recorded by the regulator of social housing (2012- 2019), the use of merger has been widely adopted in the north (IP1, IP2, IP4, IP5, IP8) and many small independent housing associations have had to join forces to survive the changing landscape (IP1) and others have consciously joined forces to merge and become stronger, more effective and offer a strong organisation with the tenant at the heart. For many (IP1) this was nothing new and:

*“a lot of mergers and changes which was going back to 1990s because that was being driven by the political landscape the housing corporations at the time said they wouldn’t accept bids less than £10mil so HA had to look at how they could relate and*

*connect with each other and that was sort of on informal or formal basis through mergers” (IP1).*

For many there was no choice but to merge; *“If your stock is in a poor area, little value and can’t get you much type of funds from lenders maybe you are better to partner up with someone who has funds” (IP1).* This is one side but the other looked at the savings and brutally stated *“It is really really (sic) significant the whole price of the merger was really about scaling and efficiency so there in 2 years it made £20 million of back office savings” (IP2).*

However, in reality the merger was not all positive and could have been construed as detrimental to staff, tenants and the organisation. Difficult decisions have had to be made around mergers for example to safeguard the future of these organisations due to funding cuts, budget cuts, governmental cuts and the changing landscape. For many, mergers have been a future-proofing mechanism. One organisation had been accused of not maintaining their social purpose by putting financial gain and alternative investment ahead of social initiatives and quality housing which ended in a regulatory sanction (IP4). The thesis could be used to make the industry aware of their needs to make decisions based on maintaining a balance between the social and funding tensions. Engaging the tenant and being aware of the demands of the changing landscape could offer an opportunity to collaborate with industry partners to make valid decisions based on the complexities of the social enterprise.

The research question was to determine whether social housing providers could indeed future-proof in an ever changing landscape. These conclusions will identify whether this is the case.

#### 6.4 The impact of hybridity: social purpose/finance and funding tensions

At the centre of the findings, there was a link between the social purpose of these organisations and the issues surrounding finance and funding. The tensions around the recent rent reductions only exacerbated an already acute problems for the social enterprise. This has had an impact on decision-making with the perceived need for these hybrid organisations to adapt in order to meet the funding shortfall. The interview participants discussed this changing landscape and its challenges to the

sector whilst trying balance the social demands on their organisation. For some this was simply through staff cuts and merging (IP3) and for others required a clear change of strategy due to a regulatory breach (IP4). IP3 was confident in not attempting to future-proof as they ran their organisation with the tenant and staff at the centre of their mission and clearly wanted to acknowledge their contribution to their social mission through engagement with the tenants not just in terms of housing but in terms of community investment as well. IP7 echoed the importance of tenant engagement and believed they were vital in the performance of the organisation as a social enterprise. These findings are consistent with the literature already cited. All participants were acutely aware of the social purpose/finance and funding tensions and were actively working towards hybridity to balance the social purpose needs and the finance requirements to survive. This thesis could offer the industry an insight on how decisions are being made around future-proofing and the core operation of the social enterprise in the changing landscape. The social purpose/finance and funding tensions (discussed in Chapters 3 and 5) are at the core of the research question and form part of the decision-making for these organisations trying to operate effectively whilst maintaining a balance between social and financial missions in the changing landscape. The theory behind hybridity (discussed in 3.4) plays a fundamental role in decision-making and the findings supported this need to be adaptable in the changing landscape (Sacranie, 2012; Billis, 2010; Blessing, 2012; Cowan & McDermont, 2006; Czischke et al., 2012; Gregory et al., 2016; Gruis, 2008; Manzi and Morrison, 2018; Marsh, 2018; Mullins & Jones, 2015; Mullins & Murie, 2006; Mullins & Pawson, 2010; Mullins et al., 2012).

This theory of hybridity looks at combining state, market and civil society. Hybridity could lend itself to the operation of housing associations/social housing providers. However, having both social and financial goals in one organisation can lead to difficulties in understanding what areas of the business or organisation must be retained. Hybridity must look at all three key areas of state market and civil society in order to ensure that the housing association/social housing provider continues to operate in the changing landscape. The aim for a housing association/social housing provider should be not only be to look at the financial future of the organisation but also look at the changing landscape, tenant empowerment and involving key stakeholders in decision-making. Boards have started to embrace this, partly due to regulatory demands, by involving tenants at board level. Hybridity theory is relevant to the study however the practice is often different to the 'theory' and does not always work as efficiently as hoped or desired. The housing association/social housing

provider is having to constantly change and adapt in order to keep up with demands in the market, demands from the community/civil society and demands from the state. The new evidence found from the interview participants really highlighted the fact that social impact on social mission was still very much at the forefront for these organisations; however, they were fundamentally aware that change was needed in terms of how they finance themselves. The rent reductions only exacerbated what was already a problem for the sector.

My research contribution is in connection with the changing tensions, demands and aspirations around the different board members. The work further determined that future-proofing could occur if the organisation based their decisions not just on the changing landscape, not just on regulation and not just on social purpose but rather maintaining a hybridity to their operations to ensure the organisation would run successfully in any changing landscape.

## 6.5 How can they future-proof their organisations

As these organisations are hybrid in their social and financial goals, they also need to bring a hybrid approach in their decision-making. Before an organisation can future-proof, they first need to decide whether they want to even attempt to future-proof (IP3 did not believe in future-proofing as they could not control outside factors). How decisions within these organisations are made based on the balance between social purpose and the finance and funding tensions and many have had to decide whether to maintain financial requirements over social purpose (IP4) but this was found to be an unfavourable approach. Most of the interview participants wanted to maintain, openly, the importance of tenant engagement and empowerment (IP1, IP2, IP3, IP5, IP6, IP7, IP8). Clearly the tenant is at the heart of the social housing mission and future-proofing can occur being mindful of their importance and role in making decisions at board level (Sacranie, 2012). Not to be underestimated is the challenges the sector faces and continues to face. Understanding their role as an organisation and making decisions based on future-proofing will be imperative to empowering the third sector and the industries that form a part of the wider housing sector such as the CIH, RICS and the government. My thesis can add to this empowerment. There has to be an acknowledgement of the dual role of performance and conformance. Thus, the organisation needs to perform effectively to provide for their main social purpose of provision of homes (Heywood, 2010; Pawson & Mullins, 2010) but it also needs to

conform to regulation (Homes England and the NHF for example) in order to access the highest possible funding opportunities in the market. The balance between these leads back to the social and funding tensions which must form part of state, market and civil society (Billis, 2010; Czischke et al., 2012; Gregory et al., 2016; Mullins et al., 2012; Sacranie, 2012).

## 6.6 The specific impact and responses to the rent reductions

Every participant discussed the rent reductions and for some they were devastating to their business plan (IP1, IP4) and for others they were simply another issue to overcome (IP5, IP6, IP7 and IP8). IP1 had to completely revise their business plan, stating *“we had 2/3rd reduction in the money coming from government to support affordable accommodation”* (IP1) which had been set for five years, almost overnight and their organisation has since merged as they were unable to function in the changing landscape alone. The impact for IP2 was they had already begun a transformation after a large merger and therefore they saw the rent reductions and governmental shifts in priority of social housing investment as another issue to contend with and this only added to staffing cuts (arguably already in place). It was clear for all participants, that rent reductions and governmental shifts in focus on social housing had required further business planning around finance and funding, causing further tensions on the social purpose (reduction in development for example for IP6) as budgets were strained and business planning had to focus on possible shortfalls in finance rather than community investment (IP4). As an example, a North East based housing association who was not interviewed recently stopped the construction of a play park due to funding issues which left the community without a necessary amenity.

The wider contribution is that post the rent reductions (the most recent sector change) housing associations/social housing providers have had to balance their social mission with the pressure on finance and funding requirements as the available rents have been reduced. The way in which some of the organisations interviewed tackled the changing landscape around funding and finance was to seek alternative private finance investment (IP4 and IP7) but with very different success. IP4 was part of regulatory sanction and IP7 found competing with the private sector difficult in terms of future opportunities for growth in their specific region. With the problems of meeting financial demands on the sector, many of the interview participants have had to think strategically around how to maintain their community investment. IP4 tried the



alternative investment route in order to safeguard their decent homes agenda (engaging with tenants and providing quality homes), unfortunately this led to a regulatory breach which in turn meant a shortfall in finance and therefore reduction on initiatives originally planned for in the organisation around decent homes. The interview participants did not directly discuss whether or not social purpose had been affected, possibly due to the fact they did not wish to discuss complications the rent reductions had brought in terms of maintaining social purpose. However, the mood of the participants was that business plans had to be altered to mitigate the shortfall and therefore development, decent homes, staff cuts, wide scale mergers and alternative investments were used to streamline the organisation to reduce overheads.

## 6.7 The impact of other factors on “the landscape”

### **Political factors**

There are other factors of the landscape that have also had political impact. All participants discussed the issues with the changing in government agendas and the purpose of the housing sector and whether it was supported or not. This is not just in relation to the rent reductions but also in terms of the decent home agenda (IP4) and the constant concern that the agenda of the government might change (IP1). The reduction of government available grants has led some housing associations/social housing providers to look at alternative investments (some good, e.g. IP5 and some catastrophic, e.g. IP4) However, politically the most important issue has been the rent reductions in recent times in relation to decision-making. The sector in recent years has seen a lot of change depending on the political power in place (Gregory et al., 2016).

### **Social mission factors**

The social mission aspect is not as much of a challenge in decision-making at board level, as participants have embraced the tenant engagement and sought support from the community (Boughton, 2018; Gregory et al., 2016; Manzi and Morrison, 2018; Mullins, 2010; NHF, 2015; Pawson and Mullins, 2010; Sacranie, 2012;). Social problems were only discussed in terms of their organisation’s social purpose rather than specifically in relation to social issues. Tenant empowerment is fundamental to the success of the housing association/social housing providers in future-proofing

their provision and indeed it is a part of corporate governance as determined by the NHF.

### **Environmental factors**

The aspect of sustainability brought about some issues around energy efficiency, however the problems of environmental issues were not explored in depth by the participants.

### **Economic factors**

The economic aspects are centred on the finance and funding tensions and therefore impact on the landscape. From the findings, the participants were heavily involved in the finance and funding issues surrounding the recent rent reductions but were mindful of opportunities around alternative investment and self-funding which changes in the sector had brought about (Gregory et al., 2016).

## **6.8 Can future-proofing occur?**

It could be argued from the literature that future-proofing must occur for the housing association/social housing provider (Gregory et al., 2016; NHF, 2015; Savills, 2015) but in fact we must determine whether this view is held by the participants who are currently making these decisions.

From the research, it is clear that decisions have had to be made that have changed and altered the functionality of the organisation (Czischke et al., 2012; Sacranie, 2012). What is clear is that not all of these changes (such as merger, staff losses, loss of facilities, loss of funding) have been welcomed and in fact there has been controversy in the literature as to whether these decisions have fully benefitted the organisations (Kelly, 2015; PWC, 2017). With the ideals of future-proofing come the problems surrounding the social mission of these organisations.

Indeed, the literature argued that the growing importance of non-profit organisations in the current political climate is due to a variety of reasons including funding shortfalls, increased demand for housing, unemployment rates and lack of supply of social housing in terms of the project but also the provider.

It has been argued that in fact some organisations simply evolve due to elaborate institutional rules and the organisation simply develops to conform to these rules (Euske and Euske, 1991). This problem was identified in 1991 and there is nothing new about the need to diversify, develop and make decisions based on an ever changing landscape (Gregory et al., 2016). However a number of the participants including IP8 discussed that the rent reductions and loss of financial support from the government have led to a series of current challenges such as restructures, staff cuts, losses, alternative investments and this in turn has caused disharmony in the workforce. Linked with this discussion were the responses of IP2 who discussed:

*“we have been through 5 comps [companies] merging in to one – four landlords and a care company the birth of xxx was quite difficult for some and some still held on to their old landlord because it was better then – not always”.*

This quote above was focused on the tenant aspect but for many staff this resonates as well. There have clearly been some difficulties in the social housing provider market in recent years and the impact of this has been partly due to a changing landscape but arguably on both sides, the government forcing the change and the need for the organisations to embrace change and become more efficient and more effective in the market (Gregory et al., 2016). A number of the interview participants believed, for example, mergers were the obvious decision to make in order to streamline their provisions and services in an austere time (IP2, IP5). Others however have remained independent and have not actively sought to merge (IP3, IP6 and IP7) possibly due to their attitudes to change and their geographical location. IP6 and IP7 were in more remote locations that did not easily lend themselves to merger and IP3 was quite cavalier and fought the system by being unique in their offering, not trying to keep up with the outside factors but rather focused on safeguarding their core. For the author, the safeguarding of the core seemed paramount at the start of this thesis and in some part is essential to the operation and ultimate success of housing associations/social housing providers linking state, market and civil society together (Billis, 2010).

The ultimate goal for any corporate entity is to be profit-making or to break even if you are a charity. A social enterprise such as a housing association has the added complexity of having to protect the social purpose. Clearly in the current changing landscape, the decisions made by the board have to fulfil the expectations of the

organisation and safeguard for future years (Gregory et al., 2016). Whether indeed this is possible is still subject to some debate but from the analysis of the literature review and the discussion with the interview participants it is possible. There was some agreement between participants that future-proofing was to a degree possible (IP1–8) with clear decision-making and business planning being at the centre of these decisions.

## 6.9 Overall conclusions

It was clear from the beginning of the data collection, the idea of future-proofing for social housing providers required further analysis. Future-proofing is important in any business but with the changing landscape in this sector, the need to diversify and future-proof is ever apparent. The important aspects covered were culture, decision-making, funding and finance and social.

### 6.9.1 Culture

The idea of future-proofing in this thesis in the opinion of the participants is about the need to protect and preserve the culture of the organisation which is heavily linked to decision-making capabilities (Czischke et al., 2012; Sacranie, 2012). However, for some (IP2) the preservation is not about the status quo but about pushing the boundaries and not being afraid to challenge the old traditional values but instead merge, form partnerships and develop. This transition is neither easy nor always successful and for some the change was neither feasible nor beneficial to their culture (IP3). In terms of the changing landscape, conclusions suggest that culture has been affected for some of the merged organisations but arguably, this is a part of future-proofing. In order to provide this culture of community, there needs to be an awareness of adaptability and future-proofing linking state, market and civil society (Billis, 2010; Gregory et al., 2016; Mullins, 2010; Sacranie, 2012). All participants discussed the importance of culture, it was at the top of their agenda, and that without culture their organisations were not sustainable, adaptable or following their fundamental purpose.

#### 6.9.1.1 Recommendation

A recommendation for housing associations/social housing providers would be to regularly review the cultural working practices and see if they are fit for purpose in terms of the governance requirements and if future-proofing is required in their organisation. It would be beneficial to revisit core objectives and their mission statement to ensure efficient and sustainable practices were in line with their cultural desires and obligations. Governance and regulation in such a hybrid organisation is crucial to its success and future-proofing. The link between state, market and civil society is paramount (Billis, 2010; Gregory et al., 2016; Mullins, 2010; Sacranie, 2012;).

#### 6.9.2 Decision-making

There was discussion around decision-making in the third sector. The impact of decision-making has been evident in this thesis and a number of participants freely discussed the issues surrounding clear decision-making in the changing landscape. IP2 discussed the “birth” of their organisation as difficult and turbulent and IP3 discussed how the outside world could not be controlled and therefore, they did even attempt to do so. Others were in favour of a merger to help make more strategic decisions (IP5) and others felt decision-making depended of the geographical location of their organisation (IP6 and IP7). Many had an agenda that decision-making was focussed more on their role (IP8). It is apparent that decisions have been made for better or worse to try and identify how best to achieve the goals of the organisation which are hybrid in nature (Billis, 2010; Gregory et al., 2016; Mullins, 2010; Sacranie, 2012). For some this has been catastrophic (IP4) and for the rest the analysis of their companies needs has led to hard but rationale decision-making. With any decisions come risk and they need to identify how risk is managed.

#### 6.9.2.1 Recommendation

In the changing landscape, such organisations should analyse their stock and surplus and look to making hard decisions around staffing, working practices and streamlining efficiencies in order to safeguard the organisation. In terms of decision-making, it would be beneficial for boards to look at their organisation in respect of the rent reductions. The inclusivity aspects were apparent for all participants and they believed that decisions included all staff and tenants (Boughton, 2018; Mullins, 2010;

Sacranie, 2012). A changing landscape does not have to mean a worse landscape but rather a new opportunity to future-proof their offering (Gregory et al., 2016).

### 6.9.3 Funding and finance

It is clear that housing associations/social housing providers are not-for-profit charitable organisations that are structured around the main core of housing provision for those in need (Heywood, 2010; Pawson Mullins, 2010; Sacranie, 2012; Shelter, 2015). Their need to diversify in the market place post the rent reductions has been discussed in this research. The impact of the rent reductions meant that alternative income streams needed to be generated in order to sustain the funding required. The rent cuts for some organisations cost millions of pounds (IP1, IP2 and IP4).

Housing associations/social housing providers are seeing competition from private investors (Legal & General, n.d.). If the private investors are looking at investment in this sector, there is an opportunity for housing associations/social housing providers to also develop housing and look at alternative investments to provide additional income to support the social purpose. What a housing association/social housing provider must be aware of, is their complex hybrid model (Billis, 2010). They are a desirable investment or have the capacity to invest in other markets but many are not geared to this and preferred to use government grants to support themselves. All participants discussed the impact rent reductions had on their organisation and the impact arising from this loss of income. A financial decision to change was not an option, rather it was a necessity.

#### 6.9.3.1 Recommendation

The examination of other finance opportunities should be welcomed by housing associations/social housing providers as they will have the opportunity to explore other potential avenues of investment in order to become self-sufficient. However, funding requires being regulated and therefore this is linked with governance and decision-making. With the loss of grants (or severe reduction of such) it is important to look for alternative investment for sustainability.

### 6.9.4 Social

The meaning and definition of social was acknowledged differently by each participant, which was interesting, with a clear understanding of the importance of a

social mission, social core and social purpose. Regardless of the definition of social whether it be relating to society or its organisation or whether it is the core purpose of a socially directed organisation or whether there is a difference of opinion in the understanding of the term, it was quite clear that social was at the core or at least should have been at the core of decision-making (Czischke et al., 2012; Sacranie, 2012). All eight interview participants discussed social on some level and their insight in to how it shaped decision-making was very apparent. It was clearly discussed by one CEO (IP3) that *“decision-making we are very clear about what our social purpose is and what we are here to do and everything understandings and knows that and therefore decision-making is wrapped around social purpose – we do things not because they make money but because it is the right thing to do”* (IP3). The ideals of personal values and current goals are emphasised in a social enterprise and housing associations/social housing providers because they are distinct in their social purpose/mission.

#### 6.9.4.1 Recommendation

Continue the work around tenant empowerment by providing further opportunities to include tenants in decision-making in order to provide not just houses but homes and community with jobs, schools, shops and services.

Board directors have a duty and responsibility to make reasoned decisions which are complicated in a third sector organisation. They are able to future-proof to a degree and their awareness of the changing landscape post the rent cuts is imperative.

### 6.10 Reflections

Reflecting on my knowledge and experiences through this doctorate has been critical to the development and final completion of this thesis. When the doctorate was first designed, there was an expectation that housing associations would be observed and critiqued. However, the journey of the doctorate really started when I submitted a proposal outlining housing associations and their role in decision-making. As pointed out, the turning point of the research was the pre research observation field notes where I observed a board of a housing association and was able to absorb the essence of decision-making within this context. The process from this stage developed into the literature review which evolved from themes from the pre research observation and became pivotal in the design of the primary data collection in the

process of the unstructured interviews with the eight participants. There were limitations in terms of number of participants (10 was the ideal) but as things developed it became apparent that the same issues were being raised by the time eight interviews had been concluded. This form of interview (essentially unstructured but guided by the word flash cards) could be successful in other studies.

This research is not just a standalone piece of work but is already being developed into a paper in the same field and a research bid with my professional body (RICS). The knowledge acquired from my doctoral journey has allowed me to grow as a researcher and I have found skills (interviewing and data analysis) which I did not even realise I had and this is the start of a process rather than the end. The thesis is completed.

#### 6.10.1 Challenges in disseminating to the practice-based audience

As this is a DBA, the intention is to disseminate its findings to a practice audience and explain some of the challenges around interpreting the complex theory and findings on hybrid decision-making to the industry (such as the RICS and the CIH). The challenges in disseminating complex theory to a practice audience are centred on the need to structure the findings in a way that benefits practice audiences, such as highlighting the relevant decisions made around aspects of the rent reductions and balancing the funding tensions with the social purpose. The challenges faced could include a misunderstanding on complex theories around hybridity and the third sector (in Chapter 3) and the perceived lack of relevance and understanding to a practice audience of the theory based findings. The social housing sector is facing challenges and the wider sector of housing can be a part of the solution. The practice based audience understanding of the issues from this DBA could raise their awareness of possible investment opportunities, initiatives and collaboration.

#### 6.10.2 Social purpose versus financial/funding pressures

The concept of social purpose at best is very variable and differing organisations have contrasting and sometimes opposing views to social purpose. What was apparent is that social purpose was important to all participants, however the ability to ensure the quality of social purpose was not always streamlined. IP4 for example had to resign from their position due to issues with governance and funding on their board. IP3 believed social purpose was the most important aspect (linked to their organisation



being smaller with fewer overheads arguably). IP2 was more aware of the conflicting issues around financial pressures; arguably due to their previous private practice background and was savvy to the potential weaknesses surrounding the pressures from financial imperatives and in turn they made decisions which informed not just the financial implication (with a finance director on the board) but also with tenant empowerment (with a tenant on the board). IP2 had come from private practice and their decisions were always for the wellbeing of the organisation which led to tough decision-making around staff cuts and the driving force behind their large scale merger. They believed the social purpose was absolutely key and made decisions around ensuring they provide a good service but on a tighter budget stating the “birth” of their organisation was difficult. In addition, IP1 stated *“we are community benefits to society because what you are trying to do is maximise the resources you have so that is another reasons certain activities are done in different parts in different companies”* hence their move toward a private rented sector arm to mitigate losing rent and grants in the social side of the business. However, this has risks attached; if the sister arm was to fail, it could potentially affect the social side of the business losing revenue for the non-profit provision. IP5 stated *“I was interested in this conundrum of how you can be, more efficient, deliver against your social mission, so not abandon that stuff, because it’s easy to just kind of go, we will just not do that stuff, be a landlord we’ll do the minimum and save whatever resources we generate, the surpluses, for new homes, you could have taken that decision”* (IP5). However, they made the decisions when they merged to look, from grass roots, at their mission statement and decided to drive an organisation that put the social aspects at the heart of the organisation. This decision has seen investment in homes, both existing and new but they had to be mindful not to focus simply on the monetary aspects and allow community investment to stop; which would have been the easy thing to do. IP6 reiterated this *“I don’t think you can ditch your enduring purpose just because the latest priority for the government is x, y or z”* (IP6). IP7 explained *“we wouldn’t be able to do anything without money, and I worry sometimes, I’ve never worked in the environment where you have funders which literally crawl all over your business and particularly when you are getting into investors, and some of the big city deals, I don’t know the relationship but I fear that the relationship is becoming one of investors having more say”*. The impact of an external investor was a major part of decision-making for IP7 as they felt the monetary aspects at times could outweigh social purpose. However, they counter-balanced this by making savvy decisions for their rural region which was for the good of the community rather than being for prestige.

IP2 furthermore made decisions with a view *“if the money doesn’t work nothing works. So if the money’s not flowing right you have to provide the services you need, operationally you are fit, the balance sheets are right, you know about your headroom, trigger points with covenants, it is a world of hell you might have to sell some of your stock or the regulators might come in”* (IP2). IP8 determined good decisions were based around being financially self-sufficient and using their own development and own investment to effectively pay for the organisation. Without proper governance, the financial imperatives would overtake the social purpose and having a board mindful of this helps in the decision-making which best suits these hybrid organisations. IP3, IP5 and IP6 stated that the make-up of the board dynamics had to be balanced and they as CEO made decisions on who to employ in terms of skills in order to ensure the balance between social values and financial values could be met. The heightened need to be accountable (IP3) has led to a stronger hybridity and the role of the tenant is paramount to future-proofing.

### 6.10.3 Tenant empowerment

In the ever changing landscape, the tenant and the community must have a buy in or at least a vested interest in building popular support for these organisations and tenants and the community are integral to the ability of these organisations to future-proof. Without the popular support for adaptability, social enterprises such as housing associations/social housing providers would not have been able to effectively hybridise their organisations to provide the social purpose that defines a housing association/social housing provider and the finance and funding tensions that have become further apparent with the rent reductions. All participants discussed the tenant involvement at board level and this buy-in is very important to the success and ability for these organisations to future-proof. The tenant importance as part of the board has evolved over recent years and the NHF code of governance, as an example, has determined tenants should be represented on the board. During the pre-research field observation, a tenant was at the board meeting and their input was invaluable in terms of tenant concerns, tenant involvement and tenant solutions. Decision-making has to involve the tenant as they are a stakeholder. In a changing landscape having the support of the tenant can make the social provision stronger and more directed. IP5 stated *“we are keen to understand our customers in really fine detail so we can develop a service which is flexible and tailored to individuals to maximum extent that we can”* (IP5). Stakeholders are changing for these

organisations and the importance of future-proofing remains at the forefront for these hybrid organisations.

## 7 Appendices

### 7.1 The UK Corporate Code of Governance (2016)

1. The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company.

2. The first version of the UK Corporate Governance Code (the Code) was produced in 1992 by the Cadbury Committee. Its paragraph 2.5 is still the classic definition of the context of the Code:

*Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The Shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meeting.*

3. Corporate governance is therefore about what the board of a company does and how it sets the values of the company. It is to be distinguished from the day to day operational management of the company by full-time executives.

4. The Code is a guide to a number of key components of effective board practice. It is based on the underlying principles of all good governance: accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

5. The Code has been enduring, but it is not immutable. Its fitness for purpose in a permanently changing economic and social business environment requires its evaluation at appropriate intervals.

6. The new Code applies to accounting periods beginning on or after 17 June 2016 and applies to all companies with a Premium listing of equity shares regardless of whether they are incorporated in the UK or elsewhere.

## 7.2 The NHF Code of Governance 2015 – The Regulator of Social Housing Objectives

The economic regulation objective is

- i. to ensure that registered providers of social housing are financially viable and properly managed and perform their functions efficiently and economically
- ii. to support the provision of social housing sufficient to meet reasonable demands (including by encouraging and promoting private investment in social housing)
- iii. to ensure that value for money is obtained from public investment in social housing
- iv. to ensure that an unreasonable burden is not imposed (directly or indirectly) on public funds
- v. to guard against the misuse of public funds.

The consumer regulation objective is:

- i. to support the provision of social housing that is well-managed and of appropriate quality
- ii. to ensure that actual or potential tenants of social housing have an appropriate degree of choice and protection
- iii. to ensure that tenants of social housing have the opportunity to be involved in its management and to hold their landlords to account
- iv. to encourage registered providers of social housing to contribute to the environmental, social and economic well-being of the areas in which the housing is situated” (Regulator of Social Housing, 2018 (b) , p6).

### 7.3 The Board Requirement under the NHF Code

There are main requirements set out under a series of headings including:

1. compliance with this code “organisations which adopt this code must publish an annual statement of compliance with the code in the annual financial statements, and make a reasoned statement about any areas where they do not comply” (NHF, 2015b p1)
2. constitution and composition of the board “the board must be effective in the strategic leadership and control of the organisation and act wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.” (NHF, 2015b, p2)
3. essential functions of the board and chair “each board must be clear about its duties and responsibilities. These must be formally recorded and made available for all existing and potential members. Each board must be headed by a skilled chair who is aware of his or her duties as leader of the board”. (NHF, 2015b, p3)
4. board skills, renewal and review “recruitment to board vacancies must be open and transparent and based on the boards’ considered view of the skills and attributes required to discharge its functions. The board must select or appoint new members objectively on merit and must undertake regular appraisals of its members and of the board as a whole” (NHF, 2015b, p5)
5. conduct board and committee business “the board must act effectively, making clear decisions based on timely and accurate information. Committees may be established where the board determines that they will provide expertise and enable it to deliver effective governance and manage risk” (NHF, 2015b, p7)
6. audit and risk “the board must establish a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls, manages risk and maintains an appropriate relationship with its auditors” (NHF, 2015b, p9)

7. the chief executive “there must be clear working arrangements between the board and the chief executive and clear delegation of authority” (NHF, 2015b, p11)
8. conduct, probity and openness “organisations must maintain, and be seen to maintain, the highest ethical standards of probity and conduct. Boards must operate in an open and transparent manner, having dialogue with and accountability to tenants and other key stakeholders.” (NHF, 2015b, p12)



## 7.4 Culture analysis undertaken from the transcripts then inputted in to NVivo and analysed

<Files\\Interviews\\Interview 1> - § 3 references coded [8.46% Coverage]

Reference 1 - 2.64% Coverage

One of the decision that you make is do you change with the changing political agenda in order to get resources in keep your organisation vibrant and viable so you can continue to do those things that have a social purpose or do you just say that actually we are not interested and this came to a head back in 2015 George Osbornes budget actually it must have been 2014 literally was you know when you talk about things coming out of left field it literally was.

Reference 2 - 1.32% Coverage

We made the decision to go ahead with our development programme but xx had to make massive efficiencies in the organisation we had to lose an awful lot of people that in itself had challenges not just in terms of the organisational culture.

Reference 3 - 4.49% Coverage

I saw you had organisational culture somewhere- how does the org feel when staff are going through restructure after restructure after restructure and how do they continue to be committed to what they are doing in an org in a very different operational environment and not everyone in Social Housing has needs but those with needs its disproportionate in terms of the time they take up so if someone has rent arrears invariably they will have other debt problems or they might have drug or alcohol problems issues or relationship so it is quite complex. So at the same time that this is going on we have also got public sector cuts so those other support networks such as youth workers and things like that that have been put in to place is to support these people with problems have been pulled.

<Files\\Interviews\\Interview 2> - § 6 references coded [6.58% Coverage]

Reference 1 - 0.91% Coverage

we have been through 5 comps merging in to one- 4 landlords and a care company the birth of xxx was quite difficult for some and some still held on the their old landlord because it was better then- not always

Reference 2 - 1.99% Coverage

IP - spent a lot of time putting out what xx was and how xx worked as it was quite divisive and that it why we had been through a period of consolidation in the last 18 months and people and staff keep saying all time not merging again – uncertainty restructure caused issues – about making yourself more being more open to business and collaborative and getting your core right – you need to be more ready for that and be more flexible and more agile for that.

Reference 3 - 1.13% Coverage

staff- some love change some hate it but it is going to happen but have to be careful about pace of change and how it is going to happen as for some it can become debilitating and tiresome and our board have been quite thoughtful about that and it has been debated

Reference 4 - 0.89% Coverage

we are community benefits society because what you are trying to do is maximise the resources you have so that is another reason why certain activities are done in different parts in different companies.

Reference 5 - 0.55% Coverage

legal and compliance, money, the voice of the tenant and your own staff and how you treat them and involve them and engage them.

#### Reference 6 - 1.10% Coverage

keep to our strategy it aligns with all our governance and strategy and with the capacity that we have got but by doing that will will build new relationships and that future-proofs you. If you are outward looking you are more future-proof than insular.

#### <Files\\Interviews\\Interview 3> - § 8 references coded [26.20% Coverage]

#### Reference 1 - 1.31% Coverage

Xxxx xxxx Housing group based in xxx –about 4000 units of which about 600 people are with support needs. We provide lots of community investment activity, youth employment initiatives as well as providing bricks and mortar housing and we build new homes as well.

#### Reference 2 - 1.81% Coverage

IP - We operate a culture of shared leadership here, which links to decision-making, and shared leadership covers a whole range of decision-making and describe how we make decisions in this organisations which links/ which is a lot about the person, so it is a leadership role a lot about the person. So it is a people approach so it is relational with high levels of trust

#### Reference 3 - 4.20% Coverage

we have been working on our culture for about 5 years – with an organisational development partner and it's to move away from traditional views of operating the business to more relational ways of operating the business. So we have a traditional hierarchy but within the hierarchy we operate different to lots of other organisations because we operate high levels of trust. High levels of dialogue – adult to adult relationships. Decision making devolved as far down the organisation that is possible providing and insuring that people have as much of voice that they want and can have. Great challenge and feedback at every level, lots of collaboration, more guiding principles, less policy, real flexible and fluid ways of operating so we have got, we have been working on that internal culture for some time. First in the sector to be awarded IIP Platinum

#### Reference 4 - 8.49% Coverage

well I mean the fast moving world we live in – well I can't control the external world but I can work out how we manage the external world – we do have a have some control and you can control what you do internally to manage what is going on there and some years ago we concluded no one person has all the answers not in the fast moving world we live in – if they ever did have the answers no one person can ever have all the answers I would argue some people would disagree with me but that is how I feel. I think the heroic leadership style is long gone if. So no one person has all the answers the world is too complex so in this organisation we involve many in decision-making now that is not to say that we do not make decisions or I do not make decisions or that my directors don't make decisions – they do – however we are very conscious on how we make decisions in the organisation and we are very conscious when were are making directed decisions or when we are collaborating when we need to involve people so when we for instance our five year plan or new 5 year strategy to 2023 which has just been finalised was co-created in the business. Co-created from the bottom up to the top back down and up so it has been up and down the organisation several times. The more people who are involved in co- creating a five-year plan strategy the more chance we have of it being real of it being properly challenged also for it being owned and delivered. So it takes time, so the paradox here is fast moving world needs you to speed up we slow it down if we can by the way that we operate to enable to think through thoroughly properly do it effectively and then we fly after that so we make sure everything is right from the beginning.

#### Reference 5 - 4.39% Coverage

Decision making we are very clear about what our social purpose is and what we are here to do and everything understandings and knows that and therefore DM is wrapped around SP – we do things not because they make money but because it is the right thing to do. For example, we run breakfast clubs because it is the right thing to do, schools and some of the areas we have properties in – it costs money but because we have strong Social Purpose – tenant's children's have the best chances this remedies the cost as Social Purpose is so important to us. Now Social Purpose which is think to Risk Management one of our organisation strategic risks is that we lose our social purpose and that we get too many commercial people in the board so it swings it too far the other way so we need a balance – we need to commercial

people on the board massive strengths but equally we cannot have too many as they could swing us from our Social Purpose so a strategic management.

#### Reference 6 - 1.65% Coverage

we do not do cross subsidisation – we are going to be being 100 units a year and we do not do anything for sale, anything for market rent, we do social housing – pure social housing. It is funded through traditional route so the risk management is not like is some org – sell 50 to build 20 there. Ours are all social housing with grant.

#### Reference 7 - 1.80% Coverage

We do a lot of stuff that many org would not do we rehouse women with complex needs that no one else wanted- with a whole a model hugely successful but then other are not – we had xxx women's refuge in xxxx that failed 15 year ago for a whole variety of reasons – so it was alright when it was alright and not when it wasn't and we knew to close it down.

#### Reference 8 - 2.57% Coverage

we are prepared to go where others aren't – new schemes new thinking new projects, Co Durham isolation projects, old people in Co Durham – older people who are feeling very isolate and depressed and using more anti-depressant- drag on NHS and living miserable lives- how can we help as a landlord in an area where we have a lot of housing stock and we can actively involve neighbours who want to help so we will have a go through health and a bit different and see if it works and it does it does if it doesn't we will rethink.

#### <Files\\Interviews\\Interview 4> - § 6 references coded [12.39% Coverage]

#### Reference 1 - 1.66% Coverage

first time ever mind in the whole of my career housing grant at all and everything in between and the reality is people and the nation need deserve and have a right I think to live in a decent home and you know what does decent mean when it's the condition of the property in the neighbourhood you would want to feel safe in if you're mam or dad lived there. Or somewhere where you bring the kids up there with the canny school and it's safe and it's affordable and even other than that you feel want to go off and do a Thesis on this you know what makes a decent home but it is not much more. The latest survey that I was involved in in our organisation when I came back and thousands of people answered well we know the rents are

affordable I was about 80 quid a week for a nice body nice to we want you to look after environment and tackle antisocial behaviour

#### Reference 2 - 1.34% Coverage

hit you know they're coming towards the second you were coming towards the end of the second year before year rent decrease in my previous organisation that was taken out over £70 million so it is a huge huge issue and low and to be hold the number of Grant disappeared Rents can get squeezed universal credit squeezes people's ability to pay the rent in the first place but you are also expected to build more homes as a consequence so little wonder that housing association in particular diversify so what might not be core activity in order to try and generate a surplus through a social enterprise which then gets reinvested in more homes because the money has got to come from somewhere.

#### Reference 3 - 1.00% Coverage

one type of Tenure we need more of everything in each part of the nation and it doesn't matter if it is for rent for sale or for shared ownership whether it is help to buy whether it is not we need so many new homes because if you just look at the numbers you are avoiding the decent homes issue and the neighbourhood issue. yeah you might have empty homes that are boarded up and some you could have for £50 a week if you have any chance in life surely would be looking to bring your kids up in a better environment.

#### Reference 4 - 1.12% Coverage

As a normal person and I think the Prime Minister struggles doing that and I'm not making any political comments by the way that's not my gig but I do think recognising that there was no social housing grant and that social housing provides essential housing support services for people who cannot afford to either buy and don't necessarily or can't afford the poorest standards in many towns and cities in relation to the private rented sector so a lot of it remember Cara was around on the whole you know one of the papers probably the Daily Mail would have strivers and skivers.

#### Reference 5 - 0.89% Coverage

Social housing providers became tarred with the same brush of supporting workshy people who get out of bed on the morning or the benefit programs stuff which is incredibly popular but incredibly wide of the mark as well. and as I said earlier the nation needs a balance portfolio we need more of all tenures because the service differences purposes and the same purpose - the decent homes criteria I mentioned earlier everyone needs and wants that in their life.

#### Reference 6 - 6.38% Coverage

that when this one that's coming as well is there is now a far higher portion of cross subsidy coming in from non-core housing activity collecting the rent making the surplus packing it is doing other things so many if you look at for example people for places to have a sports company and they were in leisure leisure company we used to have a company who. Manufacture xxx and a xxx company in xxx oh and the purpose of all those housing associations undertake is to reinvest into the core activity providing more social housing thing with that there was this balance between I get it saying it's not being just being risk aware not risk averse So you can't go into these things blindly oh that looks like it's going to make a squealing quid oh no we haven't had cost money so so many housing associations now are involved in building for sale and then reinvesting the fitness back in and five years ago not many were doing that it was the exception rather than the rule and now it's quite absolutely am I not see you look at xxx as an example and then near xxxx horrible blocks they are called S blocks four story maisonette always been popular since they were built in the 1970s knocked down the majority have had housing reprovided. It was low-cost home ownership in the sense of social rent as well and I remember explaining getting some research done which was brilliant not my idea just the outcome that was brilliant and it was it was a bit of a criticism that the housing for sale was out of the reach for first time buyers but I knew it was quite a parochial area and I knew there was lots of low-cost homeownership particularly right to buy in that area because there were thousands of what had been council or social housing were right to buy had been exercised what was happening with the new homes were being incredibly popular With second-hand battery is that the fan that locality and then as a consequence of Them stepping up the ladder guess what happened to the property came on the market £90,000. Correct it got snapped by a first time buyer big bit of research. The last fellow came appear from the Conservatives.

Reference 6 - 6.38% Coverage cont

government minister of the north now xxx. I talked him through that and gave him a copy of it so you just have to think a bit creatively because that sort out beautiful home to hundred and £140,000 people got their little palaces selling homes to people that work in that locality wintry where they would get their first starter home from Absolutely brilliant that was just linking being risk away but not risk adverse but if you are regulated and you go too far you get slapped by the regulator as I know so you got to get the balance right and it's hard and you've got to do the big thing you've got to do at the moment you might of heard is it's not means testing what's the word will come back to me so you have to demonstrate what you get asked is how will you deal with if you've got 500 new homes being built when next property crash comes not if but when the next property crash comes what is your mitigation. How will you still be available if you've got all that land that you've already bought or half-finished houses help to buy disappears the mortgage interest rate increases what are you going to do

<Files\\Interviews\\Interview 5> - § 11 references coded [41.14% Coverage]

Reference 1 - 20.20% Coverage

So I notice you have got things like merger, and culture and governance on your pile there, if you think about the challenges first it's probably a good place to start, just in terms of over the last seven or eight years, probably since coalition but probably really dating back to the housing crash and the global financial crash in 2007/8 it's probably sobering to think we have nearly had a decade of this, that created a number of pressures, so it created some real kind of viability issues for the development industry it created some real pressure to deliver more affordable housing, coalition government came in, and it had a particular view of the world and I think particularly around George Osborne and some of his peers, to a lesser extent David Cameron, they saw housing associations as part of the problem, so there was a series of government policies targeted at making housing associations forcibly more effective, more efficient and able to step up and do more in terms of delivering new homes. So a lot of the stuff that the housing associations I think since they were first thought of, were viewed very much as secondary, so things like the social value that the organisations had, the desire to make the whole community stronger and



#### Reference 1 - 20.20% Coverage cont

thrive, those things were seen as somebody else's business by that regime, so they introduced amongst other things benefit reform and the rent reduction and one of the first things they did, their first spending review they significantly hacked at the amount of capital grant available to build affordable housing because in their mind the housing crisis was defined as a crisis of home ownership and affordability and in the South, London, South East, I think that's probably true, and there are pockets in the North East, if you wanted to live in areas like Darras Hall or Morpeth or Tynemouth you know, property prices are significantly higher, multiple of average earnings in those areas, so affordability is a thing, my kids live in Oxford and for the private rented sector, affordability is definitely a thing, their prospects of home ownership are pretty muted, if they wish to continue to stay in that part of the world. So you have got all of that going on, so the sector was under massive pressure to produce more to be more efficient to cope with a rent decrease so that created impetus for organisations to get together and see if they can be more effective and more efficient, so that's where a lot of the merger pressure came from. As chief executive of xxxx, I was interested in this conundrum of how you can be, more efficient, deliver against your social mission, so not abandon that stuff, because it's easy to just kind of go, we will just not do that stuff, be a landlord we'll do the minimum and save whatever resources we generate, the surpluses, for new homes, you could have taken that decision. For me it was about not abandoning that because culturally that's what we are about as a sector, but also I think in the long run, if you want your communities to be attractive for people live in long term, then you need to address some of that broader community infrastructure stuff so faced with needing to be more effective, needing to be more efficient, but also needing to acquire more skills, in the changing landscape, for me the obvious answer for xxx was to join with a larger organisation and you know kind of become part of that, get access to a broader skills set, be more efficient, save some overheads, avoid some duplication in staffing structures and all of that, so we went into that believing we could save, forget the numbers exactly, but something in the order of £2m a year from our overheads, without significantly damaging our service delivery, retaining the ability to invest in our communities and that's kind of where we got to, so we have been measuring the impact of the changes that we made

#### Reference 1 - 20.20% Coverage cont

through natural wastage, through voluntary departures and trying to avoid compulsory job losses, which we have achieved in the case of xxxx so that's great, we have delivered the efficiency targets that we set ourselves and enabled its new build programme to grow significantly, so it delivered, and then we were sort of two years into that and xxx were going through exactly the same thought process that xxx had gone through. How do we generate more capacity, how do we generate efficiency, and retain our ability to do the things that we care about, and they went to a competition looking for a partner to merge with, they selected us and we completed legally in April of last year, so we have been together in that form for about 12 months now. The last 12 months have been, you know, significantly about integration so making sure everybody is on the same system, working through the staffing structures to make sure that the leadership of the thing is aligned, and as lean as it can be, that's gone very well. We've been able to introduce some new skills into the organisation, so things like expertise in property sales expertise in business development, so thinking about where can we look to generate revenue that will help to deliver some of the value added stuff that we still care about. Communication skills, we've been able bring in communication influence, so things that will help us to have more of a voice nationally around housing issues and just to make sure the North East's perspective on some of these challenges is heard and is understood so we think that's an important part of making sure those kind of challenges don't come for a second time through ignorance really on the part of government. So that's gone well, we are on target to deliver the efficiency targets that we set as part of that transaction. We've set ourselves a target of doubling the amount of new homes we produce. So separately the three organisations between them are delivering about 220 homes a year, and we business plan to deliver about 500. That's across our Geography and across a range of tenures for a range of different client groups, so we are keen to make sure that we do a little bit for sale, we do a little bit for what we are calling the squeezed middle, people who, 10 years ago, would have been first time buyers and now can't save a deposit so we have a rent to buy product which is targeted at that audience, so they can get into their new home, they can pay a sub market rent and they can hopefully use the difference to save the deposit to buy that house in 5 years' time, then we can do it again, so that's the thinking behind that and of course the commitment to genuinely affordable social rent and specialist accommodation for vulnerable people, older people, people with higher support needs to help them to live independently, so we have about 7% of our portfolio in that.

#### Reference 1 - 20.20% Coverage cont

space so that covers a full range of customer groups, young people leaving care, people with substance abuse difficulties, women fleeing domestic violence, people with mental health issues, homeless, a very broad range of people, societies most vulnerable, and we think it's important to maintain an offer in that space as well and of course if you look at the demographics of the country and the North East in particular, we have an aging population and we need to think hard about what the future offer will be physically in terms of the accommodation but also in terms in terms of the service wrap around, so we have got an innovative scheme we are piloting with Newcastle City and Newcastle University, called Future Homes, which is about technology enriched homes, to enable people to live independently longer, so a very broad range of new home offer, so that's gone well, our target for the year just ended, was 320 new homes, we delivered 340, we are hoping to do around 480 this year and then around 500 per annum from then on, so that's gone very well. In terms of the integration piece, coming back to the....

#### Reference 2 - 3.43% Coverage

Thinking about the cultural side of that, our view is that for a merger to be successful you have to kind of take hearts and minds with you, and how do you do that, well you do that by making people feel like they are co creating something new, rather than one side taking over the other side, so it is about that kind of hearts and minds piece, and it maybe takes a little longer than just saying look just do it like this, but in the long run I think you get a much stronger affinity for the new organisation so you get people bought into what you are trying to do because they recognise they had a role in developing and designing that so we spent some time in our 12 months, involving a broad range of people in developing the strategy for the new organisation. We had already involved them in the choice of name, we've involved them in developing the values which you can see on the wall around the place, so that was a bottom up process based on we surveyed everybody, we got them to select the words they would use to describe what their values are as individuals, how they think the place is now and how they'd like the place to be, and then we had working groups working with the espoused culture, so develop the words that appear on the wall, so we've all said, okay, they are not my words, they are not the boards words, their our words.

Reference 3 - 0.28% Coverage

Yeah well I think it's part of getting people to feel like they've got some ownership of the way that things go

Reference 4 - 0.93% Coverage

And the strategic planning process, we had a series of staff events, in January and we said, ok this is how we think it's shaping up, and we broke them up into little workshops and said, what do you think the balance of our development programme should be for example how do you think our customer service offer needs to change to meet the challenges of the future.

Reference 5 - 2.46% Coverage

circulated after it was approved by the board, hopefully they'll recognise, oh yes, that's the bit we have been talking about, I can see my input, and then when you come to cascading that down through team targets and individual targets, we hope to be in place where everyone can see what their own contribution to that strategy is, so that's what we've been doing around culture and now I think we are in a place where you might have heard people talking about, adaptive challenges needing adaptive leadership, are you familiar with that, so the next thing around the cultural piece is to think about how we support our leaders to become comfortable with that, ambiguous emerging challenge and to just kind of live with that uncertainty and work with it and accept that you are not going to know the answers all of the time, think the problem you are working with it changes as different things impact on it, you have got to be able to cope with that and go with it.

Reference 6 - 2.61% Coverage

it's not the only thing that we do, so good procurement, collaborative working, partnerships using organisations that have particular skills rather than trying to reinvent them ourselves, when we are working with people with mental health issues for example, we would typically work with an agency that had specialism in that client group, rather than necessarily trying to create all of that capacity ourselves, so there's

#### Reference 6 - 2.61% Coverage cont

a whole bunch of stuff wrapped up in making sure that the finance is as robust because the financing of new homes is essentially 30% grant 70% debt so we have significant external debt as an organisation, currently I think the figure is about £280m on facilities of about £330m, we are just going to market for a new revolving credit facility, for reasons which I'll come back to and at the back end of this year we are hoping to launch a £250m bond, partly to refinance our legacy debt, but mainly to bring in the additional funding which will help us to grow that development process in the future.

#### Reference 7 - 1.17% Coverage

That's right so that committee is made up, partly of board members, but we've specifically recruited some people with development skills to make sure we have got the right degree of understanding of the risk, challenge, and support available to the executive team through that committee, so we have got a guy that's just retired sales director of one of the big developers, a guy who is MD of a regional building company, and they are good people, they get it.

#### Reference 8 - 1.68% Coverage

so if the buildings on fire, you don't convene a working group to discuss what to do, you just say get out, but generally you'll have gathered my personal view is, you get a stronger better stronger result if you involve people and you make them feel some urgency over what they are doing and I think that's the right way to work and what I will talk about there actually is around a tenant involvement piece because I think that's quite important, we talked about the research that we have done and that's part of it, and our vision moving forward is that we will use the data that we collect in a much more intelligent way, not in a Cambridge Analytical way.

#### Reference 9 - 2.65% Coverage

so the culture that we are working on, so there's this inclusive participatory culture, but it's also hopefully going to be very customer centric, and so the people would expect to have the customer voice, from the centre when they are thinking about

business issues, so going back to the research, one of the things that people said, was we think there should be more balance in the relationship, we understand it's your asset, your house, but it's our home, and our lived experience living in that home, wanting to have that kind of stable permanent base to grow our successful life from, we feel we have got something to contribute to that debate, so that won't work if you've got that old paradigm of customer service and oh well you know, we will only let you through the gate and access that property if you are worthy, we need to shift our staff into a place where they accept that balance, they accept there is a need to have dialogue and to listen genuinely to what people have to say to them so that's part of that journey as well.

#### Reference 10 - 1.87% Coverage

Everybody's favourite, risk management it's something which is very important to our regulator, so you know we have a regulatory framework, we are actually being inspected this week, so we have got them in on Thursday, bless them, so as you can imagine, there's an amount of feverish activity going on around that, but one of the things they are interested in is the risk management framework for the organisation and again it's one of those things that works better if it's part of your culture, how we do things around here, so getting people to think risk, and to think, risk is a fact of life, the only way to truly avoid all of the risk that we face as an organisation, is not to do anything and that would not be particularly

#### Reference 11 - 3.86% Coverage

Not thinking of it in a kind of a paternalistic we'll do everything for them, but ultimately we provide a home, which is a solid core, gives people stability and we help work with them to signpost them towards ways in which they can improve their circumstances based on what they are trying to achieve with their lives, so whether its training and employability, whether its money management difficulties, whether its health issues, whatever it maybe, anti-social behaviour, crime all of those things, our view is that we ought to be able to understand what an individual wants and be able to signpost them or offer them an opportunity to engage in that so we have our own training and development opportunities, we have our own money and management service so we can give people support, if they run into difficulties and we have got various signposting partnerships with health to help people to connect to whatever they might need in a particular situation, that was kind of what people thought of as important,

so in choosing a name we kind of hit upon the idea of xxxx as an xxx which is present in all life, and we thought well that's a really good metaphor for what we are trying to say about what we are as an organisation so that's where it came from. So that stuff is really important to us, we think the place making agenda is going to be one of the things that will help us to be successful in the future and will help us to deliver against that mission to provide a foundation for people to grow

<Files\\Interviews\\Interview 6> - § 8 references coded [23.53% Coverage]

Reference 1 - 5.78% Coverage

Although actually in an effective organisation you don't see them as separately, in other words, you know we had a board meeting here last night, one of my execs, no two of my execs weren't in the meeting one on holiday and one at RICS governing council, but we don't differentiate, and because we very rarely vote, you know I have been at xxxx, I came for three years and now I am coming up to my 15<sup>th</sup> anniversary next month, it happens, it happens and I think in 15 years, I can think of two actual votes, where we've have had to go to a vote, one was back in 2004 when we were in a governance crisis and the board was very divided and dysfunctional and therefore they voted on an issue and the wrong decision was going to be made, so I voted on the issue having first clarified with the regulator who was in the room that I was able to, which tied the vote so the chair could use the casting vote, and the other

Reference 1 - 5.78% Coverage cont

one was when the association was being asked to commit to voluntary right to buy, and whilst we then voted unanimously in favour we literally went around the table so everyone could say I am voting for but I hate it, I am voting for because I hate it, and therefore we had that record, and those were the only two times and another one was we treat the execs and non execs as equal parties in the decision-making process, but actually have access to different depths of information though because obviously your non execs do not have tenant specific or property specific information, a because their job is to work strategically and secondly because you have actually also got to bear in mind data protection responsibilities because it's not appropriate. So I would first unpack that by saying there are two different groupings, I think the term future-proof for me, is interesting, when we talk about future-proof in xxxx it is about how do we ensure that our original and enduring purpose is still delivered whatever the

context we are working in in other words, xxx was set up in 1963, so we are 54/55 years and we were set up in response to a housing crisis in Norfolk and an inability at that time, ironically, particularly what we would probably call key workers nowadays to secure affordable housing and the only evolution in our core purpose has probably been to say, we are about ensuring that all people or 'as many people as we can support,' can access housing that they can afford in Norfolk and a particular focus over the years has gone more to people who are out of work, people with health conditions and to a certain extent the homeless whilst at the same time providing good quality family accommodation that somebody can move into and bring their children up in, and not feel like a tenant, so we never in xxxx, culturally, we never refer to the word unit, we don't own any units, we own 5000 homes, I don't live in a unit, you don't live in a unit, you live in a home, but we don't provide people with the homes, we provide people with the bricks and mortar that they can create the home if that makes sense. So for us future-proofing is about, starts with, what are we trying to future-proof for and we are trying to future-proof to ensure that we do not wonder too far away from that core purpose and all our activities can go back and link to the common purpose so for example having had a number of years at being a relatively dormant developer for various appraisal reasons which I can unpack but might not be directly relevant to this, erm, but interesting for your students perhaps at some point.

#### Reference 2 - 0.82% Coverage

which sort of completes that circle, so where is your enduring purpose in your decision-making, can you confirm that what you are planning to do actually delivers your enduring purpose and in the same way as an employer, can I confirm that, we employ about 221 staff now, can every single job in the organisation connect to the enduring purpose because actually if you can't connect to the enduring purpose we shouldn't be employing you, does that make sense? So I think that cultural thing maybe is key

#### Reference 3 - 0.80% Coverage

in the first place and therefore you are then looking at the capabilities in an ever changing landscape, what skills do you need in an organisation in order to deliver the enduring purpose within the economic environmental pestle environment that you are now in, does that make sense? But what you mustn't do in my view, and I know there



is a variance of opinion on this, is I don't think you can ditch your enduring purpose just because the latest priority for the government is x, y or z

#### Reference 4 - 3.83% Coverage

Different price points and we won't encourage people, who are on universal credit to move into the more expensive tenures, but in order to get the LHA rate which comes down, I mean the rent will be about 58% above market, we secured some funding from xxx city council, from their right to buy receipts, so to limit the rent, now they would love us to have charged 52% but we still couldn't make those figures work I mean we've moved out in development appraisal terms I mean this is well, this is the changing landscape thing, so when I moved work for my first housing association as a development director in 1997 and any development scheme had to pay back in 25 years, then around 2000, when I joined xxx in 2003, we moved that to 30 years, to give you the comparator, the time you were working at xxx, 2006/7 we were getting an average of £42,000 of grant per property from the housing corporation, come 2011, we knew we had to adjust everything, we moved our repayment year out to year 35, and we needed £26,000 worth of grant, and we were offered £16,000 worth of grant, so we actually turned down the grant offer, now what we've done since then, is, and it took quite a lot of introspection as well as a to be

#### Reference 4 - 3.83% Coverage cont

honest a new finance director, is we've in effect ditched the repayment point and moved to an internal rate of return approach and if you actually convert that to a repayment point it's around year 48 to year 50, so twice as long as 21 years ago, and actually the cultural acceptance of the board had to be that we would never repay the debt that we were borrowing, what we will do is we will finance that, which is quite a different approach but you had that issue, you either had to come to that position or you had to say, that's it, we are not going to develop one more home, and at a time when there's still growing housing need and at a time the country has a housing crisis, how could we actually say that that was going to be it, so you do adapt within the changing landscape and that changing landscape, pestle is still very useful analysis for all sorts of reasons and its every single one of those that people have got to think about, there's still, there's some of the pestle, the technology one is probably one that

we are still only scratching the surface of, have you got a technology, we can do technology,

#### Reference 5 - 1.30% Coverage

not an argument, moment of stress because I had and still have in the job description that candidates either had to be chartered members of the CIH or chartered members of the RICS, and they said, people don't go for these professional qualifications any more, and I said, no, no, we do, but because I believe its fundamental that you get someone coming in not only with the competencies and skills but also the ethics and behaviours and also a commitment to future learning, as oppose to somebody coming off the tools for example on the asset management side, and thinking that because they were a bloody good carpenter 30 years ago, they could actually now be a director of asset management and whilst sometimes we've had some successes there, we've always struggled with the ethics and behaviours.

#### Reference 6 - 4.94% Coverage

So I celebrated, I was appointed by a board of 15 and I celebrated my first birthday at xxx with 11 of the board members having being removed, and having parted company with all directors, massive massive clear out, and now there's a book which, I have to say I found very hard to read, so I didn't get very far, but I loved the title on the cover which made it worthwhile in the first place, which was the fish rots from the head, and it's absolutely true, and it's absolutely the same in organisations, so you can sometimes carry on doing a good job despite governance but rarely long term and if you haven't got the board and for me governance is both board and directors, its NEDs and execs and its interesting, so in my non exec life, I'm chair of the royal theatre trust here in xxx and I became chair three years ago, yeah three years ago, and I've done a fundamental governance review, changed the whole structure of the governance side, moved to a skills based board recruitment policy, reduced the size of the board, got rid of board members that had been appointed in the 1990s, introduced term limits, retired the chief executive, appointed a new chief executive, appointed a new finance director and broadly if you haven't got that bit right, how can you expect the organisation to deliver on its purpose, if actually there's in fighting, lack of lack of skills, you know when I arrived at the theatre royal there was no strategy, well how do you know if you are being successful, if you haven't actually

worked out what your strategy is, you know, you don't know where you are going, you always end up where you always end up, but actually if you have got a destination in mind, and you are going to align the resources of the organisation, the people in the organisation, to achieve it, that direction has to come from board level, and then has to be lived through the senior management team, so governance for me, and same at the RICS, and I was the lead author and facilitator of the first global strategy for the RICS, back in, well 6 years ago I suppose, because you know the RICS had grown, not tospy by turvy, but in a way that, by the time I was president we already had officers in 23 world cities but there wasn't one overarching statement about this is, apart from the enduring purpose so what are we trying to achieve, how do we know that, for example that xxx is more important than xxx to us, in our strategy, you know, for every business, whether its university, housing association or professional body, you can only spend £1 once, so how do you know where you are going to make that investment to the greatest benefit to the organisation, and if you don't know what you are trying to achieve as an organisation, you'll never spend that £1 well, is my view, so I'm a massive believer that if you get this wrong, sooner or later the organisation falls apart, and this for the purpose of the tape was the governance one. Yeah, does that say enough about governance or do you want me to go further?

#### Reference 7 - 1.06% Coverage

##### Accountability

Absolutely you know it's a very funny role being a chief executive because you see up and done, and by definition, your board are holding you to account for the success or failure of the organisation therefore if you are going off in a direction that your chief executive can't stomach, you've actually got only two courses of action and the first one is change the direction and the second one is to leave the organisation, erm, I do believe quite strongly that in the skills audit that I do for the board and that I would apply to my executive, its beliefs, one of the skills, one of the attributes not a skill is belief in the mission

#### Reference 8 - 5.00% Coverage

But they do set the framework, they set the welfare framework, they set the funding framework for homes England, I think we are in a really interesting point now, we

were going to politicians we would say, I think we have had 19 housing ministers whilst I have worked in social housing for 21 years, and that lack of consistent, lack of vision, you know, xxxx became housing minister the day before the xxxx disaster, actually I think he was good news in that he was deeply shocked by it, and everyone should be, and he started engaging with tenants, and he did this roadshow, we had one here down in Newmarket and then was moved on in January, and now xxxx who doesn't really like social housing but they made a promise in September they were going to have a housing green paper that was going to focus on the tenant and the consumer. I was talking at the world built environment thingy in London about regulation on a regulatory panel which was an interesting one, because I know aside from, they got three of us on the panel and it was chaired by xxxx, who was chair of the regulatory board and chief exec of the financial reporting council, and they had a woman whose surname I can't remember, xxx somebody or other who based out in New York, specialises in a fund manager type of person, but investing in block chain products which I don't understand at all, how do you regulate that, and then you had xxxx from xxx, so really big institutional investor, global investor and then you had a housing association, so when I was talking at the beginning I was highlighting the fact that our regulator has a whole series of regulatory standards ranging from economic to the

#### Reference 8 - 5.00% Coverage cont

consumer but they do not actively regulate any of the consumer standards so when they came in, we had an in depth assessment last year, the only director they didn't talk to was the housing director, but they were looking for governance and viability and you know we are G1V2 housing association stretching our money but very good on governance and the reality is that I think the government, since 2011, ditching the tenants services authority saying to the regulator we are not going to resource you to regulate consumer standards, has been part of the problem in sending out this message to the sector the customer isn't important and the only customer that is is the government and this is what we judge success as being, so the housing green paper is going to be fascinating and it is going to be much diluted I suspect than the one we'd have got from xxxx if he'd stayed around because I think they have to regulate against consumer standards but that means they have got to resource the regulator, you can't, I sit on the RICS regulatory global board and I think I said a comment the other day, there is no point us setting a standard that we can't regulate, and regulation means not only setting a standard but checking people are doing it, so

I think there's that central government challenge as well. I think I've ticked all of your boxes

<Files\\Interviews\\Interview 7> - § 3 references coded [5.12% Coverage]

Reference 1 - 2.54% Coverage

I think when we set up xxxx we were trying to future-proof it for Tees Valley, and we were trying to make sure that the finance was robust, we were looking for those efficiencies, but we could become a really big player and really make a significant offering that we couldn't do as individual associations, that was my passion for it and I guess it was about future-proofing, but it was really, in my mind set it was future-proofing xxx, because it was making a significant offer, to that economic regeneration, that economic and physical regeneration of the area, that we could just do so much in partnership with all of the other local authorities, local authorities were coming together, obviously they have got devolved power now, but at that time, they were still very much looking at xxxx, and looking at how that would work, we just felt, if the housing associations, if the big housing associations came together again, we could be a really good partner.

Reference 2 - 1.29% Coverage

Yeah so unfortunately a lot of people have since left, some of which were planned, because there were redundancies planned, I was planning some redundancies, but it's been churn after churn, for the last two years and even though you have got a completely different chief exec now who's not associated with the two organisations, the culture of the organisation there is not conducive to what I would say is a good collaborative organisation, who wanted to do good in the area, so that might be just me.

Reference 3 - 1.29% Coverage

I'm going to start in an unusual place because I'm going to talk about values because most organisations try and protect the organisation or its people, so the chief exec might be trying to protect itself, the board might be trying to protect itself, but actually its almost, its values and being clear about what it is trying to do, you've got to have

clarity about what you are trying to future-proof if you get my meaning, I'm sat hear reading this in a slightly odd way, so I will come back to it.

<Files\\Interviews\\Interview 8> - § 7 references coded [31.01% Coverage]

Reference 1 - 4.66% Coverage

I mean development is, we look at development in terms of our social purpose and providing our social housing so regeneration of sites and also development new social housing to meet demand but also looking at development because we can't get the funding to do it, developing for sale, so ourselves probably not as much as a lot of other social housing providers especially in the South, because I think you have got a North South thing goes on, are very heavily into this development for sale, and then ploughing that income back into their finance, so you get the funding to develop and get the income back, so the funding is mainly what we would need in order to do our development, really going forward, but also to support the increase in our asset stock because we have to make sure our houses, which is what our assets are, have the right roofs and window's, and that is an ongoing thing because you can't let your asset, your stock deteriorate, you have got to keep it up to, for tenants and for yourself, for your financial, because that's what you are borrowing against is your assets so it's all a big circle.

Reference 2 - 1.52% Coverage

I mean I have talked about the social side of thigs quite a bit already, but I mean that is very important as social housing providers, it's in the title, it's the name on the tin, and that's what we haven't make sure we can do in the future provide good social housing for the people in our area, Middlesbrough Stockton Hartlepool sort of area, to meet the demand.

Reference 3 - 4.50% Coverage

things about culture probably because of what I've been talking about here about marketing, and where social housing have come from and where they need to go to, there is a something in the culture side of things that its changing I think, I think I've seen quite a lot of change while I've been there, but it's still when I look at a private sector company I look at somewhere like the social housing, its somewhere in the middle, it's not quite a public sector body, and they've changed a lot as well, an awful

lot, actually probably changed more in some ways, and I was always surprised on our board we had a couple of people who were from ex local authority and they were harder, they had a sort of more harder line because they had been through such cuts, and we were talking about perhaps downsizing and we were tip towing around a bit, and they were like, just do it, just get on with it, and we were like, oh, ok, so yeah, that's on the board but culture I think in the work force and to some extent on the board is something that needs to probably move a bit more to you know,

#### Reference 4 - 4.94% Coverage

fit in to where we are going as organisations and we are going to be more commercial and I think the government is looking for housing associations to solve a huge development problem that they have, in terms of building more homes, erm and are putting pressure on us to do that and I think they expect that to feed through into the culture that we do, you can imagine, if you're a Barratt, you are a very different organisation to a small housing association who, erm, doesn't, has never sold a house on the open market, you know, you've got a long way to go so in some parts of our business, has got to be quite a big culture change, and whether that's done through subsidiaries, is in my view, probably the best way to go, because you can build up a new culture to some extent, in a subsidiary, whereas if you try and change the whole lot, you know over a night, that's not going to happen, and perhaps over time they'll move together the two but, I don't know, I think that's a one that needs to be looked at, if we are going to be doing more of this development for sale, which I know is a direction that housing associations are going to go in, as well as keeping the social housing.

#### Reference 5 - 0.24% Coverage

and the rest I think are all relevant, one way or another

#### Reference 6 - 8.93% Coverage

so if we look at governance, erm I think that's again, sort of fits in with the finance side of things and that if we don't have the correct structure and governance in place, then we won't be an organisation going forward, so it's fairly fundamental to erm, where we are as an organisation, and we have to make sure that that's right, and that, erm, we are, everything we do, has the correct governance structure within that so whether it's to do with the co regulations, so we might be looking out how we make sure are tenants are involved in our organisation and in our decision-making, which

as a board and as a non exec, is probably one of the key things that we need to do, because we have got the execs, who should be looking at the finance and the funding and the marketing and all these sort of things, because it's their job, in some ways, but we are the direct link to the tenants, so as non execs our responsibilities are to tenants, not the execs, I mean we do have a responsibility to make sure that's all run properly, but we have a different role to exec to make sure our tenants voice is heard and we listen to that and we understand that, and that's part of our governance, so we probably have a different view point on that and that's only going to increase in the future, we are going we do need to make sure we listen to what tenants are saying and we have the structures in place to get that information to us, and that's not easy, the correct structures, because you can all sorts of things but do we really know what they are thinking and how do we get that, so, that's a big piece of work to make sure that's right and we have that line through and we are not just getting it all via execs, because that's what does tend to happen, if you don't have the right structures in place, structure and governance sort of go together and obviously we are a regulated organisation and like all regulated organisations we need to make sure we comply with that, we are regulated both as a charity and we are also regulated, I don't actually know what the new name of the regulator is because it changed, is it England, something England...

#### Reference 7 - 6.23% Coverage

Deregulated yes, so we don't want to be in that situation and we are not, nowhere near that, and that's important for the future, we just make sure that we are, it also makes good business sense, a lot of what we have to do for that as well, it's not just about ticking boxes for governance, its making sure the organisation is run properly and so that's ones all very important, erm I think, I've mentioned that we are sort of part of a merger, and that we have merged for different, we have had various mergers along the way to get to where we are, I mean mergers (sigh) I don't think we should necessarily going out looking for mergers, you know, I really, erm, I'm not sure why we would do that, I mean the main reasons are your cost base, to look at your cost base, but we are of a size now where I think we have taken a lot of the costs out to get to where we are and through the mergers that we are and erm I think we would only be looking at it from the point of view, if some smaller housing associations were looking for an umbrella sort of thing then we might, that might be a way forward, but just merging for the sake of getting bigger, I really can't see at the minute why we would do that when we have got all of these other things to do, and we have got a



scale that allows us to do that and we have got a voice that allows us to do all of that so I think we are at a size now, I'll probably eat my words in twelve months' time, you know it's something that's there but I don't think...

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