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Social Housing Organisations in England and The Netherlands: Between the State, Market and Community

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To my daughter Madeleine, who came to this world to brighten mine
in the midst of my PhD journey...



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Summary

Rapid and deep changes in society, the economy and policy over the last decades are having an increasing impact on the delivery of social housing in North Western Europe. These changes are transforming the way in which social housing providers perform their task and are reshaping their relationships with the State, communities and with other market actors. The combination of continued State withdrawal from service provision, the deep and persistent effects of the global financial crisis that began in 2008 and profound changes in the type of demand for social housing across North Western Europe call for a reflection on the implications of these phenomena for social housing providers. Several studies indicate that social housing providers in Europe have begun to adopt new (social) entrepreneurial strategies and are becoming more innovative as a response to these challenges. These strategies imply tackling the tensions between (at times) conflicting drivers, notably those arising from the State, the market and communities. However, research in this topic so far is fragmented, focussing on one country or on specific sub-areas such as asset management and non-housing activities and rarely connects with the relevant wider literature on the third sector and social enterprise.

Within this context, this PhD research has sought to widen this discussion by providing new insights through a comparative study of the ways in which individual social housing providers are relating to (i.e. responding to and influencing) these contextual changes. More specifically, the research sought to better understand the complex process of decision-making these companies undergo to manage their responses to competing drivers. Companies operating in two countries (England and The Netherlands) were studied in-depth. In both countries, the social rental sector has played a prominent role in their respective welfare states for decades. While both are amongst countries with the highest share of social rental housing in Europe, each represents a different type of welfare state and of social housing provision - following Kemeny's classification, a unitary system (the Netherlands) and a dualist system (England).

The broad aim of this PhD was to deepen the understanding of the ways in which contextual drivers impact on the mission, values and activities of social housing organisations. Furthermore, the study sought to understand how these organisations are positioning themselves vis-à-vis the State, market and community. The above aims translate into three research questions: (1) How are contextual developments impacting on the missions, values and activities of social housing organisations? (2) How do these organisations position themselves vis-à-vis the State, the market and community? and (3) How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?

The universe for this PhD research consists of social purpose organisations, not owned by the State, which operate on a non-profit distribution basis. Together they are part of a wide range of ‘third sector’ actors providing social and affordable housing across most of North Western Europe. The PhD adopted a pluralistic epistemological approach with an interpretivist emphasis, with significant use of qualitative research methods. This approach was deemed useful to give a voice to the subject(s) of study. The research design included a mixed methods approach and a longitudinal, international and inter-organisational case study research design, involving two company-cases. The companies were studied over a four-year period, starting in March 2008. The research design and data analysis draws on elements of grounded theory, and on the work of Eisenhardt on ‘building theory from cases’. Following this approach, a series of ‘theoretical propositions’ were devised from the study’s findings in order to answer each of the three research questions.

In relation to the first research question, the study found that contextual developments and the missions, values and activities of social housing organisations are in a two-way relationship. From an initial assumption of unidirectional causality, in the process of the research it became clear that the relationship between contextual developments and organisational change is more often than not one of mutual causality. We qualified this relationship through six propositions. First, we posited that market and State drivers have a relatively stronger impact on social housing organisations as compared to community drivers. Second, we postulated that both market and State drivers have a knock-on effect on community drivers. Third, we established that State drivers pose continuous exogenous shocks to social housing providers by means of constant policy changes. Our fourth proposition stated that in a context of economic crisis the relationship between market drivers and social housing organisations is marked by volatility. Our fifth proposition established that all three types of contextual drivers are reinforcing the long-term trend of deepening residualisation of the social housing sector. The sixth proposition emphasizes the long-term mutually shaping relationship between context and social housing organisations.

Findings on the second research question led us to describe the positioning of social housing organisations vis-à-vis their environment as a ‘dynamic balancing act’. In order to understand the way(s) in which social housing organisations position themselves in relation to changes in their environment we drew on theories of social enterprise and hybridity to unpack three ideal-typical strategic orientations that may be at play in this process: State, market and community. We adopted a triangular model to illustrate these orientations and developed a classification model to understand the ‘strategic position’ that these organisations adopt vis-à-vis their environment. We looked at three different dimensions of this strategic position, namely mission, values and activities, each captured by a different type of variables in the classification: ‘descriptor’ (to capture the formal characteristics of the organisation), ‘motivator’ (as related to the organisation’s mission), and ‘behaviour’ (referring to the organisation’s

activities). Upon applying this classification to our case studies, our findings resulted in three propositions. First, it became clear that while descriptor variables confirmed the hybrid formal characteristics of social housing organisations, they do not account on their own for their position in relation to State, market and community. Our second proposition stated that social housing organisations are constantly balancing pressures to (re)define their mission. Our study found that in this process, each company is faced with trade-offs when considering their organisational mission in relation to a changing mandate from the State domain, while at the same time weighing demands from the market and community domain. Third, we posited that social housing organisations exert different degrees of agency in their positioning vis-à-vis the State, market and community. We identified a continuum of actions that these organisations have put in place to respond to key contextual changes, ranging from 'reactive' to 'proactive' and 'strategic'. Hence, social housing organisations would have the capacity to shape their environment and / or at least, their position in relation to this environment.

On our third research question, we found that enacting competing values in social housing organisations implies multiple rationalities at play in decision-making. The PhD research used the study of a critical incident in each company to describe the ways in which competing values are enacted in the decision-making process of these organisations in relation to the three types of contextual drivers. In each case, a critical incident was chosen in conjunction with the companies to be studied over a prolonged period of time. Both incidents turned out to be of regulatory nature (i.e. State-driven); in the English case, it was the Comprehensive spending review (CSR) announced in October 2010 and a series of major welfare reforms implemented by the coalition government. In the Netherlands, the Dutch government ruling on the issue of State aid by housing associations implemented in January 2011. The companies' responses to these critical incidents, respectively, were operationalised through a 'strategic decision' made by each of them vis-à-vis these events, defined as a decision recognised as having significant implications for the structure, direction or purpose of an organisation. The English company defined their strategic decision as the impact on the company's vision, direction, strategy and financial capacity of the October CSR and the shake-up in the welfare benefit system. More specifically, the company's bid to the HCA for the four-year development programme in the first half of 2011 formed the basis for the study of this critical incident. The strategic decision of the Dutch company was whether to follow the Dutch government's ruling on income ceilings or not. Furthermore, the company had to decide how to re-organize its financing in order to comply with the required administrative split between activities classified as 'Services of General Economic Interest' (SGEI) and 'non SGEI'.

The study of these critical incidents looked at the decision-making process from both a formal and content perspective, distinguishing motivator and behaviour variables in the process. In terms of form, we found that different modes of decision-making co-exist in the process. Participants in each company use a variety of 'political tactics'

to influence the decision-making process. Taken all together, the existence of these tactics confirms the presence of institutional entrepreneurial behaviour amongst company executives taking part in the process. Realizing that these tactics exist is important because it shows the ways in which different participants and their (departmental) agendas try to influence the outcome of the decision. In terms of content, a first proposition established that social housing organisations operate with multiple rationalities; non-rational factors such as politics, intuition and past experience played a key role alongside technical considerations. In our fourth proposition we identified a number of 'dilemmas of hybridity' that these organisations have to deal with to stay true to their mission while tackling pressures from different State, market and community. Second, we discussed the ambivalent relationship that social housing providers have with risk. A number of questions were raised on what (if any) risk attitude lies closer to third sector service providers in relation to what is expected from commercial enterprises or even from the State. This is relevant in particular given the more general trend to transfer risk from the State to third sector organisations in service provision overall in European societies. Last, our research found that social housing organisations are consistent with stated core values but are constantly making choices on how to enact these values. While contextual drivers may appear not to affect the mission and values of these social housing organisations, the former do impact on the companies' strategies and activities. This means that there can be significant gaps between espoused and enacted values.

Policy and practice implications emerging from the findings to all three research questions included: First, we raised the question as to whether the aggregate impact of the regulatory changes at sector level in each country - such as the ones portrayed by the respective critical incidents - would be the convergence of both countries' housing association sectors in terms of their role and scope. Second, the study coincides with views in both countries pointing to the lack of a 'single voice' or unified strategic action fields. In addition, in both cases, although to different extents, the perceived 'policy confusion' - namely, the view that government was sending conflicting signals to social housing organisations - raised tensions between the redefined mandate and the organisational missions of the individual companies. Third, findings suggest a trend towards increasing differentiation within the housing association sector in each country as a result of growing tensions between mandate (social housing as a public service obligation as defined by the State) and mission (social housing as 'core business' as defined by each organisation). Fourth, the question emerges as to whether the identity of a social housing provider operating along the wide spectrum between the two 'pure' types is defined by its activities (behaviour variables) or by their organisational form/legal status (descriptor variables). The concept of hybridity proved useful to gauge this complexity, as illustrated in the 'dilemmas' companies have to face when making strategic decisions. Fifth, findings showed that community drivers tend to stay constant or change slightly over the long term, except for those resulting from the combined impacts of the economic crisis and the resulting political and regulatory

changes. This leads to the recommendation for social housing enterprises to consider longer-term political (and market) trends as well, to anticipate on going (neoliberal) trends and possibly fundamental changes in housing preferences. Sixth, while values tend to stay constant, mission is permanently redefined in relation to pressures from the environment (including changes in mandate) and activities change accordingly. In order to stay true to this identity, social housing providers ought to be able to anticipate conflicting logics and put mechanisms in place to adjust their policies and activities to respond to these challenges while keeping its core values intact.

This PhD has contributed to science both from a theoretical and methodological perspective. Through a series of theoretical propositions, we have added to a developing body of knowledge, specifically on the nature of the relationship between contextual drivers and organisational changes in social housing organisations. Our classification of social enterprise in housing allows comparisons between organisations operating in diverse contexts, which share a similar core task. This can be useful for scientific, political and practical purposes. From a scientific perspective, it can be used as a basis for identifying similarities and differences between social housing organisations within and between countries at a much deeper level than traditional comparisons on the basis of tenure or other formal organisational characteristics. Policy makers can also use this information to understand the factors leading to different types of behaviours by social housing providers. For professionals, this model may be useful to assess to what extent their organisation is being consistent with regards to espoused vs. enacted values. From a societal perspective, findings of this PhD can help us reflect on the future role of social housing in the context of changing social contracts and social cohesion and welfare models in each country. Furthermore, the research helped participating practitioners to reflect about a number of organisational dilemmas they face, as illustrated in our findings.



Samenvatting

De snelle en diepgaande veranderingen van de afgelopen decennia in de samenleving, economie en politiek hebben een toenemend effect op de wijze waarop sociale huisvesting tot stand komt en aangeboden wordt in Noordwest Europa. De veranderingen hebben tot een transformatie geleid van de taken van organisaties die sociale huisvesting aanbieden en hun positie tussen de staat, de markt en de gemeenschap opnieuw vormgegeven. De combinatie van voortdurende terugtrekking van de staat uit de verzorgingsstaat, de verstreckende gevolgen van de wereldwijde financiële crisis die in 2008 begon, en de grote verschuivingen in de vraag naar sociale woningen in Noordwest Europa vragen om reflectie op de positie van organisaties die deze huisvesting aanbieden. Verschillende studies wijzen erop dat aanbieders van sociale huisvesting in Europa zijn begonnen met het ontwikkelen van nieuwe en meer innovatieve (maatschappelijke) ondernemingsstrategieën. De ontwikkelde strategieën richten zich op het aanpakken van de spanning die ontstaan is tussen de soms conflicterende 'drivers' van staat, markt en gemeenschap. Het onderzoek tot nu toe op dit onderwerp is echter gefragmenteerd en richt zich veelal op één land of een deel-strategie zoals portfolio management of additionele (niet woning-gerelateerde) diensten. Bovendien is bestaand onderzoek zelden gekoppeld aan de relevante literatuur op het vlak van de 'third sector' en 'social enterprise'.

Voorliggende thesis draagt bij aan het verbreden van de discussie door nieuwe inzichten te bieden door middel van een internationaal vergelijkend onderzoek naar de manieren waarop individuele aanbieders van sociale huisvesting zich verhouden (van reageren tot beïnvloeden) tot de veranderingen in hun context. Het onderzoek gaat specifiek in op de complexe beslissingen die deze organisaties hebben moeten maken (en nog steeds maken) in het spanningsveld tussen staat, markt en gemeenschap. Voor dit onderzoek zijn organisaties in Engeland en Nederland bestudeerd. In beide landen speelde het sociale huisvestingsstelsel de laatste decennia een belangrijke rol in de verzorgingsstaat. Beide landen behoren tot de groep van landen in Europa met de grootste sociale huursector. Elk land vertegenwoordigt een ander type verzorgingsstaat en ander type sociale woningbouwvoorziening: volgens Kemeny's indeling behoort Nederland tot een 'unitary' en Engeland tot een duaal systeem.

De brede doelstelling van dit onderzoek was om beter begrip te verkrijgen van de wijze waarop de drivers in de context effect hebben op de missie, waarden en activiteiten van organisaties die sociale huisvesting aanbieden. Het onderzoek geeft inzicht in de wijze waarop de individuele organisatie zichzelf positioneert ten opzichte van staat, markt en gemeenschap. Bovenstaande doelen zijn vertaald in drie onderzoeksvragen: (1) hoe beïnvloeden contextuele veranderingen de missie, waarden en activiteiten van aanbieders van sociale huisvesting, (2) hoe positioneren deze organisaties zichzelf

ten opzichte van staat, markt en gemeenschap, en (3) hoe wordt met conflicterende waarden omgegaan in het besluitvormingsproces van deze organisaties tegenover deze contextuele drivers?

Dit onderzoek richt zich op het domein van maatschappelijke ondernemingen in Noordwest Europa. die betaalbare sociale woningen aanbieden. Deze organisaties zijn geen eigendom van de staat en geen onderdeel van de markt, maar werken op 'not for profit' basis. Deze organisaties worden tot het 'maatschappelijk middenveld' gerekend. In Engelstalige literatuur worden zij ook aangeduid als deel van de 'third sector'.

Het onderzoek bestaat uit een pluralistische epistemologische benadering met een interpretatieve nadruk waarin gebruik gemaakt is van een kwalitatieve onderzoeksmethoden. Deze methodiek is meest geschikt gebleken om de organisaties die onderzocht zijn een duidelijke stem te geven. Het onderzoeksontwerp bevat gemixte methoden met een longitudinaal, internationaal en inter-organisatie casestudie ontwerp waarbij gebruik gemaakt is van twee organisaties. De organisaties zijn vanaf maart 2008 gedurende vier jaar gevolgd. Het onderzoeksontwerp en de data-analyse zijn gestoeld op 'grounded theory' en op het werk van Eisenhardt waarin 'theorie ontwikkeld wordt op basis van casestudies'. Via deze methode is een serie met theoretische proposities opgesteld als antwoord op de drie onderzoeksvragen,.

In relatie tot de eerste onderzoeksvraag is gevonden dat contextuele ontwikkelingen, de missie, waarden en activiteiten van aanbieders van sociale huisvesting een wederzijdse relatie hebben. Vanuit een eerste aanname over een eenzijdige causaliteit, werd gedurende het onderzoek duidelijk dat de relatie tussen contextuele verandering en organisatieverandering vaker wel een wederzijdse causaliteit is dan niet. Deze relatie is gekwalificeerd in zes proposities. Ten eerste hebben staat en markt gerelateerde drivers relatief meer effect op sociale woningbouw organisaties dan die vanuit de gemeenschap. Ten tweede hebben staat en markt gerelateerde drivers een domino effect op die van de gemeenschap. Ten derde vormen voortdurende beleidswijzigingen van de staat een doorlopende serie van exogene schokken op sociale huisvestingsorganisaties. Ten vierde, in de context van een economische crisis, kan de relatie tussen markt mechanismen en sociale woningbouw organisaties gekenmerkt worden door instabiliteit en veranderlijkheid. Ten vijfde versterken alle drie de drivers de lange termijn trend van marginalisering van de sociale huisvestingssector. De zesde propositie benadrukt het lange-termijn karakter van de wederzijdse beïnvloedingsrelatie tussen context en sociale woningbouw organisaties.

In antwoord op de tweede onderzoeksvraag is de positie van aanbieders van sociale huisvesting ten opzichte van haar omgeving te benoemen als een balanceerkunst. Om de positionering van deze organisaties te begrijpen is gebruik gemaakt van theorieën over maatschappelijk ondernemen en hybriditeit. Met deze theorieën zijn de mogelijk te onderscheiden drie ideaaltypische strategische oriëntaties te

herkennen die een rol spelen: staat, markt en gemeenschap. Het driehoekige model dat ontstaat door deze oriëntaties te verbinden helpt om de 'strategische positie' van een organisatie te illustreren ten opzichte van hun context. Voor het onderzoek is een classificatiemethode ontwikkeld om de positie van een organisatie ten opzichte van staat, markt en gemeenschap inzichtelijk te maken. Voor de positionering is gebruik gemaakt van drie dimensies van strategische positionering: missie, waarden en activiteiten. Elke dimensie is gevat in een eigen classificatie: 'structuur' (de formele karakteristieken van de organisatie), 'motivator' (in relatie tot de missie van de organisatie) en 'gedrag' (in referentie tot de activiteiten van de organisatie). Door deze classificatie toe te passen op de organisaties gebruikt in de casestudies zijn drie proposities gevormd. Ten eerste, de 'structuur'-variabelen bevestigen de formele hybride karakteristieken van de organisatie, maar zij beschrijven niet zelfstandig de positie ten opzichte van de staat, markt en de gemeenschap. Ten tweede zijn sociale huisvestingsorganisaties continue aan het balanceren om hun missie te (her)definiëren onder druk van de verschillende externe invloeden. Het onderzoek toonde aan dat in dit proces elke organisatie geconfronteerd wordt met aanpassingen van hun missie in relatie tot een veranderend mandaat vanuit de invalshoek staat, terwijl de organisaties tegelijkertijd de vraag uit de gemeenschap en markt mee moeten wegen. Ten derde wenden aanbieders van sociale huisvesting verschillende soorten macht aan om hun positie ten opzichte van staat, markt en gemeenschap vorm te geven. Gedurende het onderzoek werden continue inspanningen duidelijk van de organisaties om te reageren op contextuele veranderingen. Die inspanningen zijn te typeren als 'reactief', 'proactief' en 'strategisch'. Vandaaruit zouden de sociale huisvestingsorganisaties de capaciteit moeten hebben om hun omgeving te beïnvloeden of op zijn minst invloed uit te oefenen op de eigen positie in de omgeving.

De derde onderzoeksvraag legde bloot dat de aanwezigheid van conflicterende waarden in organisaties die sociale huisvesting aanbieden impliceert dat meerdere rationaliteiten een rol spelen in besluitvormingsprocessen. In het onderzoek is gebruik gemaakt van de bestudering van 'kritieke voorvallen' bij elke organisatie om te beschrijven hoe de conflicterende waarden een rol speelden in het besluitvormingsproces in relatie tot staat, markt en gemeenschap. In elke case is een kritiek voorval gekozen dat effect had op de organisaties die over een langere periode bestudeerd werden. In beide gevallen betrof het een overheidsmaatregel in de vorm van gewijzigde wet- en regelgeving. In Engeland was het kritische voorval de 'Comprehensive Spending Review' (CSR, een soort meerjarenbegroting van de overheid), aangekondigd in oktober 2010 en een serie van omvangrijke hervormingen van de verzorgingsstaat die geïmplementeerd werden door de regeringscoalitie. In Nederland was het de invoering van de maatregelen gebaseerd op het Europese staatsteundossier in januari 2011. De organisaties reageerden elk op hun eigen wijze op deze kritieke gebeurtenissen in de vorm van een ingrijpende 'strategische beslissing' met grote gevolgen voor de koers, de structuur, doelen en/of financiële mogelijkheden van de organisatie. De kritische gebeurtenis had vooral invloed op het

bod dat de Engelse organisatie in de eerste helft van 2011 uitbracht als onderdeel van de tender voor het vierjarige ontwikkelingsprogramma van de Homes and Communities Agency (HCA). Het strategisch besluit van de Nederlandse organisatie betrof de keuze om de nieuwe door de nationale overheid ingestelde inkomensplafonds voor het toewijzen van woningen al dan niet te volgen. Tevens moest de organisatie een beslissing nemen over de aanpassingen van de financiering van haar investeringen om te voldoen aan de nieuwe eisen voor administratieve scheiding van DAEB (Diensten van Algemeen Economisch Belang) en Niet-DAEB activiteiten.

De bestudering van deze kritische voorvallen richtte zich op het beslisproces zowel in formele als inhoudelijke zin waarbij onderscheid is gemaakt naar 'motivator' en 'gedrag' variabelen in het proces. In termen van vorm, zijn verschillende modi in de beslisprocessen aan het licht gekomen die tegelijkertijd kunnen bestaan. Deelnemers in de organisaties gebruikten een gevarieerd palet aan politieke tactieken om het beslisproces te beïnvloeden. Alles bij elkaar genomen bevestigt het bestaan van deze verschillende tactieken onder de deelnemers aan het onderzoek de aanwezigheid van geïnstitutionaliseerd ondernemend gedrag. De bevinding dat deze verschillende tactieken bestaan is van belang omdat het illustreert dat verschillende deelnemers met hun eigen (afdelings)agenda de uitkomst van de beslissing proberen te beïnvloeden. In termen van inhoud stelt de eerste propositie dat aanbieder van sociale huisvesting opereren met verschillende rationaliteiten; niet-rationele factoren, zoals politiek, intuïtie en ervaring spelen een sleutelrol naast rationele en technische overwegingen. De volgende propositie identificeert een aantal 'dilemma's met betrekking tot hybriditeit' waarmee de organisatie om moet weten te gaan om hun eigen missie trouw te blijven terwijl ze onder druk staan van staat, markt en gemeenschap. In aanvulling daarop is er sprake van een ambivalente relatie die aanbieders van sociale huisvesting hebben met risico. Een aantal vragen deed zich voor over de risico-attitude van de 'third sector': mag deze verwacht worden dichterbij de risico-attitude van de markt te liggen of dichterbij die van de staat? Deze vraag is vooral relevant in het kader van het gegeven dat de algemene trend in Europa is dat het risico van de verzorgingsstaat naar de 'third sector' wordt afgeschoven. Als laatste werd in dit onderzoek duidelijk dat sociale huisvestingsorganisaties consistent zijn in hun kernwaarden maar dat zij continue op zoek zijn naar de manier om deze ook ten uitvoer te brengen. De contextuele drivers lijken wellicht geen direct effect te hebben op de missie en waarden van de organisatie, maar zij hebben wel direct effect op hun strategieën en activiteiten. Dit betekent dat er duidelijke gaten kunnen bestaan tussen aangenomen en nageleefde waarden.

Beleids- en uitvoeringsimplicaties van dit onderzoek strekken zich uit over alle drie de onderzoeksvragen. Ten eerste ontstaat de vraag of het samengestelde effect van wijzigingen in wet- en regelgeving met betrekking tot de sociale woningbouwsector in elk land - zoals de gebruikte kritische voorvallen - gerekend kan worden tot verdergaande convergentie van de rol en taakstelling van beide sociale huisvestingssectoren. Ten tweede valt het onderzoek samen met de opvatting dat in

beide landen een eenduidige stem of gezamenlijke strategische agenda ontbreekt. Daarbij speelt dat in beide landen, hoewel in verschillende mate, gesproken wordt over 'beleidsverwarring': de beide overheden geven tegenstrijdige signalen af naar de sociale huisvestingssector. Deze verwarring vergroot de spanning tussen het nieuw geformuleerde mandaat dat de organisaties krijgen van de staat en de organisatorische missies van de individuele organisaties. Ten derde suggereren de bevindingen in dit onderzoek dat er sprake is van een trend van toenemende differentiatie in de sociale huisvestingssector. Deze differentiatie is het gevolg van de spanning tussen het mandaat (sociale huisvesting als publieke dienst gedefinieerd door de staat) en de eigen missie (sociale huisvesting als kernactiviteit gedefinieerd door de individuele organisatie). Ten vierde doet de vraag zich voor of de identiteit van de aanbieder van sociale huisvesting, die opereert in het brede spectrum tussen de twee 'pure' archetypen, gedefinieerd wordt door zijn activiteiten (gedragsvariabelen) of door zijn organisatievorm en wettelijke status (structuurvariabelen). Het concept van hybriditeit heeft bewezen in deze complexe materie van waarde te zijn, zoals is geïllustreerd door middel de dilemma's waarmee de bestudeerde organisaties geconfronteerd zijn als strategische beslissingen moesten nemen. Ten vijfde hebben de bevindingen van dit onderzoek laten zien dat drivers vanuit de gemeenschap vrij constant zijn of slechts langzaam verandert over langere perioden, tenzij veranderingen het gevolg zijn een gecombineerd effect van de economische crisis en de daaruit voortvloeiende politieke veranderingen en wijzigingen in wet- en regelgeving. Dit leidt tot de aanbeveling aan aanbieders van sociale huisvesting om in hun beleid te anticiperen op lange termijn politieke (en markt) verschuivingen en op voortgaande trends van (neo)liberalisatie en mogelijke fundamentele wijzigingen in woningvoorkeuren. Ten zesde, hoewel de kernwaarden van de organisaties redelijk constant blijven, wordt de missie telkens aangepast op basis van druk vanuit de omgeving (onder meer door wijzigingen van het mandaat door de staat) en de activiteiten van de organisaties veranderen met de missie mee. Om trouw te blijven aan de eigen identiteit zouden sociale huisvestingsorganisaties moeten anticiperen op conflicterende logica en is het aan te bevelen om een manier van handelen te ontwikkelen waarmee het eigen beleid en de activiteiten van de organisatie kunnen reageren op de uitdagingen zonder afbreuk te doen aan de eigen kernwaarden.

Dit onderzoek heeft bijgedragen aan de wetenschap vanuit een theoretisch en methodologisch perspectief. Met een serie theoretische proposities is er bijgedragen aan de kennis over de kenmerken en relatie tussen contextuele drivers en organisatorische veranderingen in organisaties die sociale huisvesting aanbieden. De gebruikte classificatie van aanbieders van sociale huisvesting kan gebruikt worden voor vergelijkbare organisaties met een vergelijkbare kerntaak in een andere context. Deze classificatie kan zowel wetenschappelijk, politiek als praktisch bruikbaar zijn. Vanuit een wetenschappelijk perspectief kan het als basis gebruikt worden om overeenkomsten en verschillen van aanbieders van sociale huisvesting tussen landen te onderscheiden. De classificatie gaat verder dan traditionele vergelijkingen, die

bijvoorbeeld op basis van formele organisatiekarakteristieken of contractvormen worden gemaakt. Beleidsmakers kunnen gebruik maken van de informatie om inzicht te krijgen in de factoren die leiden tot verschillend gedrag van aanbieders van sociale huisvesting. Voor professionals kan het model handvaten bieden om hun organisatie consistent te laten opereren in relatie tot aangenomen en nageleefde waarden. Vanuit een gemeenschapsperspectief helpen de bevindingen van dit onderzoek om te reflecteren op de toekomstige rol van de sociale huisvestingssector binnen een context van veranderende sociale contracten, sociale cohesie en modellen voor de verzorgingsstaat in beide landen. Ten slotte heeft het onderzoek professionals geholpen om te reflecteren op een aantal van de beschreven dilemma's waarvoor zij in hun organisatie staan.

1 Social housing organisations in England and the Netherlands: Between the State, market and community

§ 1.1 Introduction

This PhD research is located within the general academic discussion on the consequences of welfare state reform for social services across most of Western Europe. A prominent feature of this development has been the increasing role of third sector organisations (TSOs) as public service providers (Davies, 2008; Evers & Laville, 2004; Macmillan, 2010). The implications of this change range from financing, governance and democratisation to quality of services. The relationship between TSOs and government, how and to what extent they can influence policy, also becomes a relevant issue (Gidron, Kramer & Salamon, 1992; Sullivan & Skelcher, 2002,). Although increasingly researched in many fields of service delivery (Defourny, 2013; Hasenfeld & Garrow, 2012; Pestoff & Brandsen, 2008), until recently housing was largely absent from the wider Western European debate on the evolving role of third sector organisations as social service providers. Research taking this perspective started to develop less than a decade ago, notably through the work of a group of scholars engaged in devising conceptual and methodological frameworks to understand housing as part of these broader changes. (Blessing, 2012; Czischke, 2007; Czischke & Gruis, 2007; Czischke, 2009; Gruis, 2008; Malpass & Mullins, 2002; Milligan, Nieboer, Hilse & Mullins, 2012; Mullins, 2006; Mullins & Rhodes, 2007; Mullins, Czischke & van Bortel 2012; Nieboer & Gruis, 2011; Pawson & Mullins, 2010; Rhodes & Mullins, 2009)

Within the wider Western European landscape, this research focuses on North Western European countries¹ that until recently featured long-standing welfare state systems of different types (Esping-Andersen, 1990) and social housing sectors of significant size and importance over the period between WWII and the mid 1970s (Harloe, 1995; Kemeny, 1995). Since then, social rental housing has been a tenure characterized by steady decline in most of these countries as a result of State withdrawal from direct provision and funding, de-industrialisation and the rise of structural unemployment. The latter has been accompanied by a change in the tenure structure of the sector, from working class families to socio-economically vulnerable households. More recently, within a context marked by the global economic crisis, the increasing influence of European Union regulations on service delivery at national level and sharp social and demographic changes, these formerly well-established welfare and social housing systems are experiencing even deeper transformations.

Against the backdrop of these macro-structural changes social housing organisations, whose core mission is providing decent and affordable housing to households for whom the market does not cater, have to make strategic choices and trade-offs that raise important questions about their changing role in society. This PhD research aimed to understand these strategic choices and their implications for social housing in two North-Western European countries, namely England and the Netherlands, where the social rental sector has played a prominent role in their respective welfare states for decades. The research took place between March 2008 and November 2013. Findings are also expected to contribute to reflection on practice and policy in this field. This manuscript presents the work and results of this PhD research.

This chapter is structured in six sections. Following this brief introduction, section 1.2 lays out the general background that frames this PhD. Section 1.3 presents the problem formulation, including the definition of the aims and research questions, the unit of analysis and the geographical scope. The approach adopted for the conceptual

1 North Western, or northwest Europe is the loosely defined northwestern region of the European continent. Geographically, northwest Europe usually consists of Ireland, the United Kingdom, Belgium, the Netherlands, Luxembourg, (northern) Germany, Denmark, Norway and Sweden and sometimes it also includes Northern France. Historically and linguistically, in northwest Europe the remaining major groupings are Celtic Europe, Germanic Europe, and the Finns. For the purpose of simplification and national-level comparisons, we will consider whole countries. We will also include Austria (despite being usually classified as part of central Europe) in view of the similarity of its social housing system to universalistic or unitary models of social housing and welfare systems prevalent in the wider North Western group. Hence, for the purpose of this PhD, we will consider the following eleven countries as part of North Western Europe: Belgium, the Netherlands, Luxembourg, France, Ireland, the United Kingdom (England, Scotland, Wales and Northern Ireland), Sweden, Denmark, Finland, Germany and Austria. For a more detailed comparative analysis of social housing systems in this group, see chapter 2.

and methodological framework of this PhD is explained in section 1.4, followed by an introduction to the scientific and societal relevance of this research. The chapter concludes with a last section outlining the structure of this book.

§ 1.2 Background

Changes in the economy, policy, local communities and society at large are reshaping the relationships between (social) housing providers and the State, communities and other housing market actors. In the 1980s, as part of a wider trend towards neoliberal-type policies, housing policy in several European countries began to shift away from government provision/control and towards reinforcement of market principles. Alongside this trend, a process of ‘modernisation’ of the social housing sector has been gradually unfolding (Ghekière, 2007; Malpass & Victory, 2010). Key to this process has been the parallel trend towards the decentralisation of housing policy in most North Western European countries, which has changed the relationship between the State and social housing providers. From hierarchical control and standardised production of social housing, the sector has moved towards more contractual relationships between the commissioning authority and the increasingly independent providers. For many social housing providers, these developments have meant a greater freedom or responsibility in performing their social activities at local level, but also the challenge to perform their social objectives with fewer public resources (Gruis & Nieboer, 2004). This has put pressure on social landlords to increase the economic efficiency of their operations (‘do more with less’).

These developments have led to emerging gaps with (local) democracy and public accountability in the provision of social housing services. This ‘democratic deficit’ makes it harder for social housing providers to negotiate their policies with and explain their results to (local) stakeholders. Indeed it has been argued that in the UK scale and efficiency logics have been overtaking the logic of local accountability (Mullins, 2006; Sacranie, 2012). Moreover, social housing providers have also been increasingly subject to market regulations intended to stimulate competition. Although the provision of social housing is in principle the domain of national governments, some of these national policies are bound to comply with internal market regulations and policies at the European Union (EU) level as well. This is most evident in the procurement standards for contracting public housing development. However, EU market regulations could have a broader impact on the role and scope of activities of social housing providers, as already seen in the Dutch and Swedish cases, respectively (Czischke, 2014). In both countries, rulings from the European Commission on the incompatibility of their respective social housing systems with EU competition law

have led to important changes on the definition and financing of social housing. The restrictive notion of social rental housing underlying EU rulings clashes with universalist or unitary systems (Kemeny, 1995), such as the Swedish and Dutch systems. As a result of these processes, Sweden chose to completely liberalise its public housing, while the Netherlands opted for the imposition of income ceilings and a strict separation between the funding arrangements (and hence State support) for social and commercial activities of housing associations. (Czischke, 2014)

In addition to policy developments, a number of cultural and societal transformations are having an increasing impact on the demands posed to social housing providers. European societies have changed greatly over the last decades as a result of important social and demographic changes such as rising life expectancy, increasing immigration and changes in household composition resulting from diversified lifestyles (European Communities, 2004). The ageing of the population marks a significant challenge for housing providers in general and for social housing providers in particular, given the higher proportion of social housing tenants who are unable to afford services and home alterations that suit their special needs. Furthermore, despite the general rise in affluence in most Western European countries, persistent unemployment in general and amongst social housing tenants in particular (see, for example, the case of the United Kingdom (IPSOS MORI, 2013; Jones, 2013)) are threatening to generate increasing inequality and polarisation in many European countries. (Irvin, 2006; Sapir, Aghion & Bertola, 2004)

In tandem with the above social and cultural changes, a key trend affecting social housing providers across North Western Europe for the last four decades is the increasing trend towards 'residualisation'. Residualisation in housing has been defined as "the process whereby public housing [and other social housing] moves towards a position in which it provides only a 'safety net' for those who for reasons of poverty, age or infirmity cannot obtain suitable accommodation in the private sector" (Malpass & Murie, 1982, p. 174). Schutjens, van Kempen and van Weesep (2002) explain that residualisation is not only the result of changes in social housing policy, but that it is also affected by the expansion of the owner-occupied sector. Largely as a result of neoliberal policies subsidizing the latter tenure, as well as of the decline of private rental sector in many countries (partly the effect of strict rent controls making the investment unattractive to investors) more and more families are shifting from rental to home-ownership. (Doling, & Ronald, 2010).

The large-scale privatisation of social rented housing in Great Britain during the Thatcher regime, particularly through the Right to Buy and sales of social rental dwellings to tenants, is one of the best-known examples of this trend. Over the last 40 years, social housing in the UK has become to be dominated by households on low incomes. Pearce and Vine (2013) developed an Index of Residualisation as a means of quantifying the changes in tenure segmentation in the UK housing stock. Their analysis

shows that, in 2010 social housing in the UK was three times more residualised than in 1970, but that residualisation has been broadly stable over the last 20 years. Analysis by Clarke and Monk (2011) suggested that in so far as the sector is becoming more residualised, this is caused by the differing profiles of those moving into and out of social housing (Clarke & Monk, 2011). In the Netherlands, Schutjens et al. (2002) show similar results to the British case in their study on residualisation of Dutch social housing. They found a gradual shift away from a welfare state towards a more liberal market, whereby low-income and ethnic minority families become increasingly dependent on a steadily declining social housing sector, while better-off families tend to move to the expanding owner-occupied sector. Elsewhere in North Western Europe, Norris and Murray (2004) and Magnuson and Turner (2005), for example, provide evidence on the growing trend towards the residualisation of their respective social / public housing stocks.

Commentators have pointed to the negative effects of the increasing residualisation and marginalisation of social housing across North Western Europe, notably the formation of high spatial concentrations of people experiencing poverty, unemployment and other forms of social exclusion (or 'ghettoes' in extreme cases). Given that the residualisation of social housing and socio-spatial segregation often go hand in hand, disadvantage tends to be reinforced by means of the associated negative externalities of poor location, e.g. no or bad public transport connections (i.e. preventing access to jobs and services) and low quality urban services (Colini, Czischke, Güntner, Tosics & Ramsden, 2013). The literature also discussed views on alleged negative effects of the exposure to higher levels of anti-social behaviour and poor role models (Arthurson, 2002; Ostendorf, Musterd & De Vos, 2001; Musterd & Andersson, 2005). Social housing providers recognize these amongst the most pressing challenges they have to deal with in some of the local areas where they operate. (Heino, Czischke & Nikolova, 2007)

From the market side, a key recent development is the emergence of the global financial and economic crisis in 2007, which continued to unfold over the period covered by this PhD research. This crisis has had a significant impact on social housing providers, notably in terms of decreasing availability of mortgage loans and credit; declining value of their assets; diminishing public grants for building activities in most North Western European countries (after an initial increase as part of short-term economic stimulus packages); lower tenant turnover (due to economic uncertainty); tenants' relative impoverishment due to the implementation of austerity policies across in many North Western European countries; and increasing number of evictions and homelessness (FEANTSA, 2011; Frazer & Marlier, 2011), amongst others.

Overall, the combination of continued State withdrawal from service provision, the persistent economic crisis and deep changes in the type of demand for social housing across North Western Europe call for a reflection on the implications for social

housing providers. However, research on this topic tends to be fragmented, focussing on one country or on specific sub-areas such as asset management and non-housing activities. There is relatively little systematic knowledge of the relationship between the contextual developments and the actual responses by social housing organisations from a European perspective. Most international comparative studies in the field of housing are focused on issues of policy, economy and institutional arrangements at macro level. Within this context, this PhD research has sought to contribute to widen this discussion by providing new insights through a comparative study of the ways in which individual social housing providers are relating to (i.e. responding to and influencing) these contextual changes.

§ 1.3 Problem Formulation

§ 1.3.1 Social Housing Organisations: Between the State, market and community

Over the last decades, a number of changes in the provision, funding and management of social housing in many European countries have been commonly described as a process of 'privatisation' (e.g. Balchin, 1996; Priemus, Dieleman & Clapham, 1999). This process has taken a number of forms and has involved alongside the profit distributing private sector other sets of organisations, often new landlords balancing social and commercial objectives (Pawson & Mullins, 2010). Within this framework, the universe for this PhD research consists of social purpose organisations, not owned by the State, which operate on a non-profit distribution basis. Together they constitute a wide range of 'third sector' actors providing social and affordable housing across most of Europe. Although different national legal and institutional frameworks shape the scope and field of their activities, an explorative review by Heino et al. (2007) suggested there is a 'common thread' linking these organisations together, namely their core missions and values, which can be classified under the more general heading of 'social enterprise' (e.g. Boelhouwer, 1999; Gruis, 2008) or related concepts such as 'social economy enterprises' (Mertens, 1999), 'businesses for social purpose' (Mullins & Sacranie, 2009) and hybrid organisations (Billis 2010, Mullins & Pawson, 2010). Indeed, while some of these organisations can be portrayed with traditional 'State', 'market' or 'community' labels, many correspond to hybrid organisational forms, encompassing characteristics of the three in varying combinations (Evers, 2005; Evers & Laville, 2004).

Social enterprise and hybridity

Despite the long-standing tradition of private sector initiatives in the field of social housing across North Western Europe (Ghekière, 2007; Guerrand, 1992; Power, 1993) research and policy literature have only recently turned attention to the adoption of (social) entrepreneurial strategies by social housing organisations as a response to contextual changes (Brandsen, Farnell & Cardoso Ribeiro, 2006; Czischke, 2009; Gruis & Nieboer, 2004; Mullins & Riseborough, 2000). For example, a study conducted by the author and others (Heino et al., 2007) found that as a response to new demands, providers are diversifying their social housing offer; specialising in 'niche' areas where they see themselves as having a comparative advantage vis-à-vis other housing market actors; developing additional services to tenants to support the delivery of their core task; and working in partnership with other local stakeholders in network-type settings involving a variety of actors and goals. However, the literature (both in social housing and in other fields) also points out that these strategies often imply tackling tensions between (at times) conflicting objectives arising from the State, market and community domains (Czischke, 2009; Jäger, 2010; Mullins & Riseborough, 2000; Stull, 2003). For example, in a context of decreasing public funds and increasing market volatility, on the one hand, and aggravated social exclusion as a result of both structural and conjunctural economic developments, on the other, social housing providers are faced with tough choices or compromises between securing financial viability and serving their tenants' social needs. Thus, the way in which providers manage these tensions becomes crucial to understanding the choices that social housing companies are making vis-à-vis changing contexts.

The existence of areas of friction between State, market and community objectives in not-for-profit organisations has been researched and theorized in the literature (see for example: Anheier 2010; Jäger 2010; Mullins, Latto, Hall & Srbljanin, 2001; Stull, 2003; Teasdale, 2012a, 2012b). Studies on social enterprise/social businesses stress the conflicting motives of companies that pursue a social mission but are pulled by the need to attain greater efficiency by operating in more business-like ways, and/or by complying with regulatory constraints and obligations linked to their public interest remit (Ghekière, 2007; European Commission, 2011). In particular, the concept of hybridity stands out as a useful construct to understand these tensions. For Anheier (2011) a necessary condition of hybridity is the presence of relatively persistent multiple stakeholder configurations. The concept of 'multiple bottom-line' deployed by Anheier stresses hybridity and multiple objectives (2010) as features of this type of organisations. In a similar vein, Billis refers to hybrid organisations as possessing 'significant' characteristics of more than one sector (public, private and third)' (Billis, 2010, p. 3).

In the social housing context, Mullins & Pawson (2010) analyse hybridity in English and Dutch housing associations in relation to finance, governance, structure and activities and discuss contrasting views of hybrids as 'for profits in disguise or as agents

of policy' (Mullins & Pawson, 2010, p. 197). Blessing (2012) conceptualises hybridity in the Dutch and Australian rental housing as 'a state of transformation', as providing 'links between cultures' and 'hybrid vigour', and as 'transgressing binary divides' between State and market. She concludes that "social entrepreneurship is not a super-blend, but a balancing act" (Blessing, 2012, p. 205) involving compromises and trade-offs between competing institutional rules and norms. Furthermore, it is worth noting that in the Dutch context, 'hybridity' is a commonly used term to refer to social housing organisations from a governance perspective. (Ruys & Bruil, 2005; Ruys, Bruil and Dix, 2007)

Balancing tensions

Both the extant literature and examples from practice recognize a series of tensions within social housing organisations as one of the key features of hybridity, resulting from their attempts to combine market and social goals and mechanisms. While some authors portray these tensions with linear continua (for example, between 'market' on one end, and 'social' on the other) others view it as a triangle with three poles (State, market and community). In all cases, the challenge is how to manage these frictions. In a study conducted by the author and others (Heino et al., 2007) the occurrence of tensions between social and commercial objectives in the social housing organisations was identified as an area to explore further. The study had sought to increase understanding of the impact of the contextual developments on the values and strategies of social housing organisations in Europe, concluding that three main contextual changes having an impact on social housing organisations across six European countries. First, the change in the type of demand for social housing; second, the trend towards diminishing State support to social housing (both in terms of direct supply and / or funding, and social protection of tenants); and third, urban decline and socio-spatial segregation. In all cases, the common denominator in terms of the types of responses put in place by social housing providers was the gap-filling role that these organisations felt compelled to perform. This gap, the study argued, stretches beyond the provision of a dwelling and calls for a wider remit and for new governance arrangements that allow these actors to accomplish the (sometimes) conflicting objectives mentioned above. This PhD research builds on Heino et al. (2007) as well as on the wider literature on hybrid organisations (Anheier, 2011; Billis, 2010; Brandsen, van de Donk & Putters, 2005; Evers & Laville, 2004; Evers, 2005; Skelcher 2004, 2005, 2012; Smith 2010) and social enterprise (Aitken, 2010; Bidet, 1997; Crossan, Bell & Ibbotson, 2003; Crossan, 2007; Crossan & van Til, 2009; Dees, 1998; Defourny, 2001; Defourny & Niessens, 2008; Defourny, 2009; Kerlin, 2006) to expand the knowledge on the ways in which social housing organisations try to balance these conflicting orientations.

§ 1.3.2 Aims and research questions

The broad aim of this PhD was to deepen the understanding of the ways in which contextual drivers impact on the mission, values and activities of social housing organisations. Furthermore, the study sought to understand how these organisations are positioning themselves vis-à-vis the State, market and community.

The above aims translate into the following **research questions**:

1 How are contextual developments impacting on the missions, values and activities of social housing organisations?

This question addresses whether and how organisation respond to, interact with, or even shape their environment, and the role of agency in this process.

2 How do these organisations position themselves vis-à-vis the State, the market and community?

This question refers to the strategic orientations that companies adopt in the face of contextual drivers. Following Brandsen et al. (2005), (2010) and Evers (2005) we will consider three ideal-typical strategic orientations: 'State', 'market' and 'community'. To answer this question, this study draws on characteristics of social enterprise; for example, the existence of competing values and multiple bottom lines in this type of organisations. Furthermore, it distinguishes between enterprise and entrepreneurship, between formal characteristics and behaviour.

The way in which these companies manage conflicting drivers is crucial to understanding their changing role. This exercise involves a complex and day-to-day process of 'strategic positioning' between State, market and community. Originally developed by Porter (1996), the 'strategic position' of an organisation refers to 'deliberately choosing a set of activities to deliver a unique mix of value'. Czischke and Gruis (2007) applied the concept of strategic position to housing associations, defining it as the link between the contextual developments and the changes within social housing providers. The strategic position determines the role that social housing providers want to (or have to) have, the relationship they want to (or have to) have with other public and private parties and the range and intensity of activities they undertake. Thus, we can distinguish a 'motivator' dimension (what they want to be) as well as a 'behaviour' dimension (type of relationships with other parties and activities they perform). The strategic position is a key-driver behind the organisational development (structure, competences, finance, etc.).

3 How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?

This question focuses on the processes of decision-making in the context of competing values, as described above. Missions and values are not only reflected by 'static' preferences, but more explicitly through real actions as expressed in the strategic decisions they have to make (and implement) (see for example Mullins & Riseborough, 2000). Therefore, there are two dimensions to consider when studying missions and values: firstly, a synchronic dimension, which can be pinpointed through a classification system, and secondly, a diachronic aspect. The latter involves understanding the process of decision-making that leads to specific decisions. In Jäger's words: "(...) in their decisions actors in social business are closely linked with differently structured decision-making patterns of markets and civil societies (Weick, 1977). They therefore have to balance the tension between these decision patterns (Dart, 2004; Dees, 1998; Chell, 2007)." (Jäger 2010, p. xis) For Jäger, this raises the 'urgent question' of 'what do effective executives in the area of tension between social mission and market rationale actually do?' (2010, p. xix). To answer this question, we adopt the concept of agency (Giddens, 1984) and the conceptualisation of agency as 'institutional entrepreneurship' (Battilana, 2006; DiMaggio, 1988; Eisenstadt, 1980; Garud, Hardy, & Maguire, 2007) to describe the ways in which social housing executives are key actors leading this complex decision-making process in social enterprises/ social businesses. However, in addition to the 'social' (or community) and 'market' dimensions, we consider an additional field of tension, namely the 'State' domain to which social housing providers in most countries in North Western Europe are bound in virtue of their status of 'approved' social service providers (see chapter 2).

The way in which these organisations face these challenges conveys different degrees of 'agency'. The concept of agency refers to the capacity of an agent (a person or other entity) to act in a world. From a sociological perspective an agent is an individual engaging with the social structure. Following structuration theory (Giddens, 1979, 1984) the notion of agency becomes crucial as a way to express the ability that individuals and/ or organisations have (or do not have) to shape their environment. Indeed, the question arises as to the extent to which these organisations are making decisions by themselves, as opposed to negotiating decisions with a number of conflicting influences.

§ 1.3.3 Unit of analysis

The universe of this study comprises non-State, not-for-profit organisations that own and manage social rental housing as core business. As we will see in chapter 2, these features characterise the dominant type of social housing provider in North Western Europe. While, on the one hand, direct State provision has been steadily falling for the last decades (Bauer, Czischke, Hegedüs, Teller & Pittini, 2011), on the other, for-profit providers form (still) a very small group. There is a wide spectrum of types

of providers of social rental providers in North Western Europe, which are neither private profit-maximizing organisations nor State-owned entities. These include, for example, housing associations, cooperatives, foundations and various types of housing companies of private or mixed ownership. Chapter 2 develops this point in more detail.

Within this universe, the study focused on organisations that could be characterised as ‘frontrunners’ amongst their peers, on the basis of their prospective thinking and willingness to participate and exchange knowledge and experience with each other. In line with this aim, the criteria to select the companies were: strong presence of strategy formulation, diversification and market-orientation; combination of economic and social stated values and missions; evidence of innovative behaviour; and recent structural changes (e.g. mergers). The latter factor constitutes a critical turning point in the strategy and identity reformulation and was thus included as criteria to select the companies in terms of the valuable insights to study changes in the values, missions and activities of these organisations.

§ 1.3.4 Geographical scope

The wider geographical scope of this study is North Western Europe. The focus is on housing organisations operating in England and the Netherlands. Both countries have similar macro-structural contexts, notably in terms of long-standing welfare and social housing systems. In addition, at the time of commencing the research, England and the Netherlands had in common the existence of a well-established system of third sector organisations (i.e. non-State, not-for-profit social housing providers) that owned and managed a relatively large social rental sector in relation to other North Western European countries (see Figure 1). These similarities are explained in more detail in chapter 2.

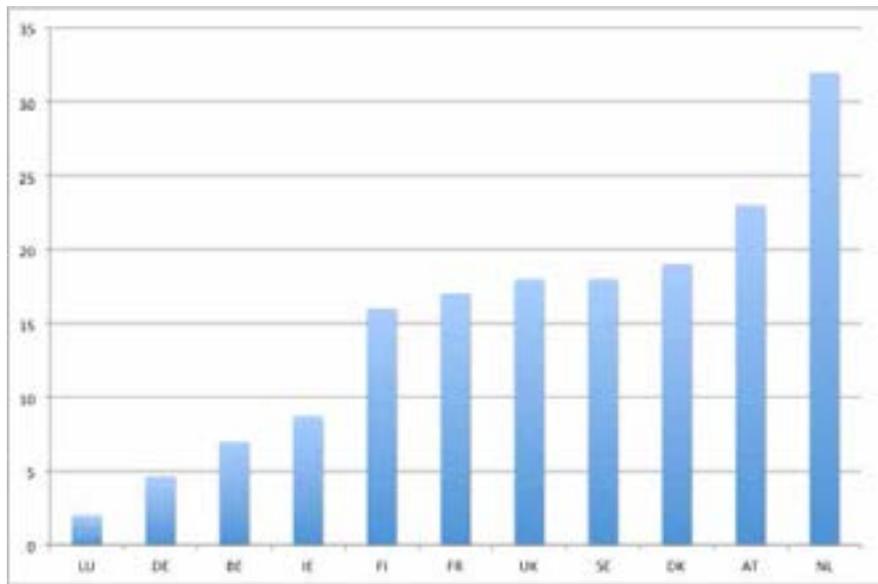


Figure 1
Social rental housing stock in North Western European countries (% of social rental dwellings out of total housing stock in each country) / Source: Dol & Haffner (2010)

To characterise the national context within which these companies operate, the study developed a typology of social housing providers in North Western Europe. This framework is presented in chapter 2, including the criteria to select the two countries where the company case studies operate.

While both countries are amongst those with the highest share of social rental housing in North Western Europe, each of them represents a different type of rental housing market, following Kemeny's classification (1995), namely a unitary system in the Netherlands and a dualist system in England. On the other hand, in both countries, not-for-profit housing organisations feature as the main type of actors delivering social housing. While in England housing associations manage 56% of the social housing rental stock and approximately 10% of the total housing stock, in the Netherlands housing associations manage almost all social rental housing, accounting for 32% of the total stock (Dol & Haffner, 2010). In addition, an important distinction is their relative position in the geographical/housing market context of their respective countries. While the English company operates mainly in tight housing market areas (i.e. thriving areas with high demand for housing and thus high prices), the Dutch company operates in a relatively deprived region in the Netherlands, characterised by social, economic and urban decline and a consequent decrease of its population, particularly the young – in other words, a shrinking region.

§ 1.3.5 The organisations

This section provides an overview of two case study social housing organisations studied in this PhD research. We have called them “Company E” (the English housing association) and “Company N” (the Dutch housing association). At the time of their selection as case studies in this PhD, both companies were amongst the largest and most forward thinking in their respective countries, in terms of the criteria applied by the study that stand at the basis of this research, as explained earlier. In terms of size (as reflected in the number of dwellings owned and managed), Company E ranked 3rd in England, while Company N was the largest within its region (the South of the Netherlands) and featured 20th in the Netherlands according to the *Centraal Fonds Volkshuisvesting* (Dutch Central Housing Fund) in 2010. Both companies also had in common a sustained participation and leadership within their respective regional and national contexts, with their CEOs taking leadership roles as part of the Board of the National federations (NHF and Aedes, respectively) and as Chairs of regional associations. Furthermore, their decision to take active part in this research corresponded to their interest in prospective thinking and exchange as a way to enhance their strategic capacity.

There are, however, important differences between both companies. The most relevant is the geographical and socio-economic contexts where they operate. While Company E operates at a national scale, with its properties located mostly in thriving (urban) regions with growing populations and tight housing markets (London, South East of England), Company N operates in a ‘shrinking region’, characterised by population decline, ageing population, concentration of disadvantaged households and related social and economic problems. Table 1 provides a comparative overview of key variables of the operating environment in each company case study.

Criteria	England	The Netherlands
Type of rental housing market	Dualist	Unitary
Type of social housing system	Residual	Universalist
Size of social rental sector (relative to North Western European average)	Large	Large(st)
Dominant type of provider	Not-for-profit	Not-for-profit
Policy framework	Regulated	Independent
Socio-economic level (national)	Higher poverty	Higher affluence
Demographics	Larger, younger	Smaller, older
Regional housing markets	Mostly tight	Shrinking

Table 1

Comparison of key variables of the operating environment in each company case study

§ 1.3.5.1 'Company E'

Company E is one of the largest housing associations in England, with 57,000 homes (housing 161,000 people). It operates nationally with a higher proportion of its stock concentrated in London and the South-East of England, covering over 120 local authorities from Newcastle upon Tyne in the North East to Plymouth in the South West. The company's core business activities are renting, repairing and managing homes. In addition, it also develops new homes (in 2011 1,049 homes were completed). It houses first time buyers, social tenants, those in housing need on waiting lists and key workers. The company is non-profit distributing and is a charity owned by shareholders, namely people who are or have been board members, other interested people and a small number of current or former residents. The company's legal structure is 'Industrial and Provident Society.' It is a limited company, with a non-charitable parent company but charitable stock owning subsidiaries (Registered Social Landlord - RSL).

The company is governed by the Group Board, which determines strategy and policy on advice from the Group Executive Team (GET). The latter is made of 7 directors and is headed by the Group's CEO. It implements the Board's strategy and policy and is responsible for the day-to-day operations at Company E. The company's funding income combines its own assets (interest); historic private debt (including 30 year 250 million GBP bond launched in September 2008); capital grant (central government-considerably reduced since October 2010); rental income; and income from sales (15% of stock is leasehold or shared-ownership in 2009). The period covered by this study (2008-2011) coincides with the culmination of the company's restructuring programme, following a phase of intense merger activity. In terms of financial management, credit ratings agency Moody's issued Company E with a long term issue rating of Aa2, which provided a boost to the company's reputation as a robust financial player.

§ 1.3.5.2 'Company N'

Company N is one the largest housing associations (*Woningcorporatie*) in the province where it operates (South of the Netherlands) with a stock of 24,000 rental homes. Furthermore, at national level it is ranked within the 'top 20' largest housing associations in terms of stock (it is in the 20th place). Company N is a not-for-profit foundation with no shareholders. Its core business activities comprise letting, repairing and managing homes. It also develops new homes (for social rent and for home-ownership), manages and lets social real estate, and sells rental homes. It houses primarily vulnerable people and people with special needs.

In addition, it accommodates middle-income households that can't afford to buy or to rent in the private market (only in up to 10% of its rental properties). The day-to-day management of the company is run by its 'Management Board' (MB), made of three Directors (Since 2011, two general directors (CEO's), one internal and one external) and three management staff members. In line with the Dutch system of supervision of housing associations, a Supervisory Board (*Raad van Commissarissen, RvC*) supervises, advises, and advocates for the governance of the organisation. Its funding sources include market loans; own assets (interests), and rental income. It is worth noting, however, that since the 2011 ruling (see chapter 7), the company stopped carrying out commercial activities to cross-subsidize its social rental housing.

§ 1.4 Conceptual and methodological approach

This PhD research adopted a pluralistic epistemological approach with an interpretivist emphasis. Methodological pluralism (Buchanan & Bryman, 2011) has gained increasing acceptance in social and organisational sciences over the last decades as a way to bridging the divide between positivism and interpretivism (Hantrais, 2009) in addressing multiple dimensions of research questions. The relatively scarce research at the intersection between housing, management and third sector studies, as mentioned earlier, presented the opportunity and the freedom to devise a research design that drew from a variety of sources so as to best match the variety of dimensions of this study.

Within this pluralistic approach, the research draws significantly from the interpretivist perspective in order to understand perceptions of key actors on the abovementioned changes. Interpretivism requires the social scientist to grasp the subjective meaning of social action (Bryman, 2004). This epistemological choice had two important implications for this PhD research: First, key concepts were not statically pre-defined or imposed on the subject(s) of study, but rather negotiated over the course of the research with the actors involved in the study. Second, the resulting methodological design adopted an open, iterative approach to data collection and interpretation, which sought to build a series of theoretical propositions emerging from the empirical findings (Eisenhardt, 1989b; 2007).

There are a number of reasons that justify these conceptual and methodological choices. The relatively scarce knowledge and theoretical development in these fields established at the onset of the PhD research required an approach to data collection and interpretation, which built significantly on the inputs from the subjects under study in order (re)define key concepts in line with their specific realities. As mentioned earlier, the research identified limited research on social housing providers from an institutional and organisational perspective. In addition, there was also scarce theory

development at the intersection of organisational, third sector and housing studies. As Mullins, Czischke and van Bortel (2012) point out, “While the mixed economy of welfare (Powell, 2007) had become an increasingly taken for granted outcome of State retreat, privatisation and commissioning of public services from third sector organisations, very little attention seemed to have been paid within housing studies to the implications of this mixing for housing associations” (2012). Furthermore, despite the rapid development of literature on social enterprise and hybridity, housing has seen very few attempts of theorization from either of the former fields.

Thus, an interpretivist approach with significant use of qualitative research methods was deemed useful to give a voice to the subject(s) of study. In light of the PhD’s aim to achieve an in-depth understanding of the processes taking place in the organisations under study, qualitative research “allows an understanding of the social world through an examination of the interpretation of that world by its participants” (Bryman, 2004, p. 266).

§ 1.4.1 Conceptualisation

The open approach to conceptualization adopted for this study involved working with broadly defined categories of analysis, which would allow findings to emerge from actors’ own perceptions. We started from general definitions that allowed us to establish common ground with interviewees, leaving room for definitional clarifications over the course of the interviews/field work. Thus, the definition of a series of core concepts (for example, ‘State’, ‘market’, ‘society’, ‘community’, ‘public’, ‘private’, etc.) was deliberately kept wide in order to accommodate specific (national/local) understandings of such concepts (and linguistic differences) by the interviewees. While specific meanings are discussed in each findings chapter (5, 6 and 7), in this introduction we will refer to a few key concepts to illustrate this general principle.

Conceptualising hybridity: fuzzy definitional boundaries

There are a number of terms commonly associated – and often used interchangeably – with the notions of State, market and community, respectively. Earlier attempts to define these terms, notably the literature on hybrid organisations, have acknowledged that ideal-typical conceptualisations ignore the fuzziness of their boundaries in reality (Billis, 2010; Brandsen et al., 2005; Evers & Laville, 2004; Evers, 2005). While leaving room for empirically grounded conceptual clarifications over the course of the research, it was deemed important to acknowledge common associations and necessary distinctions between many of these terms.

For example, it has become increasingly difficult to identify the boundaries of the State in light of the role that many social groups have in the development of public policy and the extensive connections between State bureaucracies and other institutions. Processes such as privatization, nationalization, and the creation of new regulatory bodies have also changed the boundaries of the State in relation to the other domains. Therefore, some prefer to use terms such as 'policy networks' and 'decentralized governance' in contemporary societies rather than of State bureaucracies and direct State control over policy (Bovaird 2005; Davies, 2011; Rhodes, 1997, 2007) For example, the content of many policies is in fact produced "on the ground", by agencies and individuals who are in direct contact with citizens (Lipsky, 1980). From this perspective, organisations involved in implementation (including not for profits and businesses) could be regarded as components of the State apparatus (Brandsen et al., 2005).

The distinction between 'State' and 'public' also requires attention. One of the common uses of the term 'public' is in relation to State matters i.e. as relating to, or affecting all the people or the whole area of a nation or State (public law), or as relating to a government; or relating to, or being in the service of the community or nation. However, the notion of 'public' can also be used as opposed to the State, such as in the Habermasian formulation of a 'public sphere' (Habermas, 1989), defined as an area in social life where individuals can come together to freely discuss and identify societal problems and through that discussion influence political action. Indeed, these discourses can in principle be critical of the State (Fraser, 1990).

Furthermore, the term 'public' is sometimes also associated (or even confounded) with the term 'social' or even with the notion of 'community'. In the field of housing management, for example, Gruis (2008) equates 'public' to 'community' orientations, which he contrasts with 'commercial' orientations. In this PhD research, we will mostly use the term 'public' in relation to the notion of 'State', and explicitly indicate when it is not the case e.g. in cases where interviewees refer to 'public' in a different sense.

The term "social" is used in many different senses. It can refer to attitudes, orientations, or behaviours that take the interests, intentions or needs of other people into account (in contrast to anti-social behaviour). The adjective 'social' has a political-ideological connotation, i.e. its meaning in a context depends largely on who is using it, e.g. 'liberal' amongst left-wing circles, and 'conservative' in right wing thinking. In social theory, Karl Marx considered that human beings are intrinsically, necessarily and by definition social beings, who cannot survive and meet their needs other than through social co-operation or association. Their social characteristics are therefore largely an objectively given fact, impressed on them from birth and affirmed by socialization processes. By contrast, Max Weber defines human action as "social" if, by virtue of the subjective meanings attached to the action by individuals, it 'takes account of the behaviour of others, and is thereby oriented in its course'. (Dolwick, 2009) Furthermore, the very concept of "social housing" itself is subject to different

interpretations of the “social” in it, depending on geographical, political and historical contexts (Czischke & Pittini, 2007; Czischke, 2009). As we explain in chapter 2, the wide variety of definitions of what constitutes social housing across European countries is one of the key challenges to achieve meaningful comparisons in this field. Due to the elasticity of the term, in this research we have attempted to qualify the use of the term social in relation to the topic under discussion.

Another key distinction when trying to pin point the boundaries between State, market and community domains is the dichotomy between ‘public’ and ‘private’. From an economics perspective, the private sector is that part of the economy that is run by private individuals or groups, usually as a means of enterprise for profit, and is not controlled by the State. By contrast, enterprises that are part of the State are usually defined as being part of the ‘public’ sector. Hence, once again, the boundaries become fuzzy when trying to classify actors that operate in the market on the basis of their ownership, notably ‘social enterprises’ or ‘social businesses’. In this research, we use the term private as opposed to the State-related idea of the ‘public’ (see above). Hence, private may refer both to profit-maximising and to not-for-profit entities.

A further complication arises from different geographical/cultural understandings of these terms. Brandsen et al. (2005), for example, argue that “[e]mpirically, the division between the public and private domains appears clearer within Anglo-Saxon countries, where there is a stronger public/private distinction, with residual and strictly public services.” (2005, p. 757) It appears that in countries with a corporatist tradition (such as the Netherlands), representative associations such as trade unions and employers’ associations are significantly involved in economic and social policy making, thereby making the boundaries between State and the other domains even fuzzier. (Kooiman, 2003)

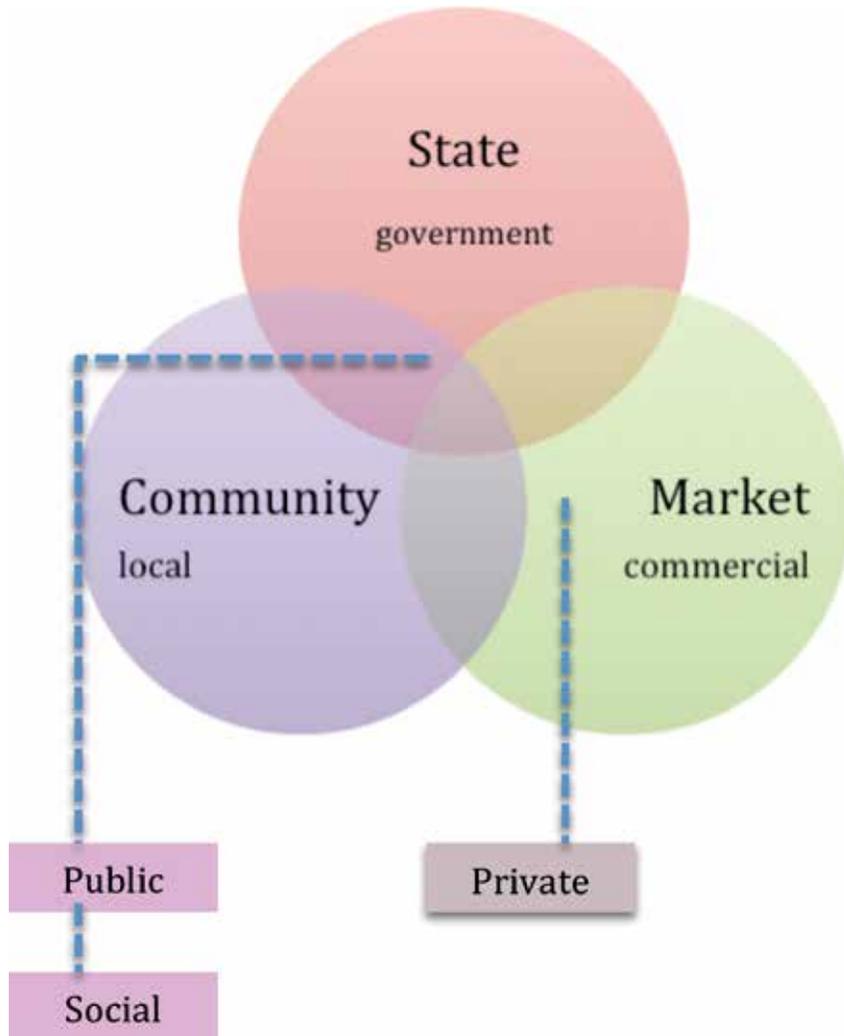


Figure 2
State, market and community and key related concepts

State, market, community: towards working definitions

Following the above discussion on the permeable definitional boundaries between the various interrelated concepts dealt with in this study, we will attempt a brief working definition of the three domains defining the operational environment of the organisations, namely: the “State”, “market” and “community”.

State

Despite the lack of academic consensus on the most appropriate definition of the State (Cudworth, Hall and McGovern, 2007), one of the most commonly used definitions of the term is provided by Max Weber, who describes the State as a compulsory political organisation with a centralised government that maintains a monopoly of the legitimate use of force within a certain territory (Cudworth et al., 2007; Salmon, 2008). The State typically relies on hierarchy and other coercive forms of authority.

The term 'State' is also used to refer to branches of government within a State. Hence, 'State' and 'government' are often used as synonyms. However, in this study the distinction between both terms is kept. Government is seen as the means through which State power is deployed, i.e. as the particular group of people - the administrative bureaucracy - that controls the State apparatus at a given time (Flint & Taylor, 2007; Sartwell, 2008). States are served by a continuous succession of different governments, each of which is made of a set of individuals that monopolize political decision-making.

Market

Markets are structures that allow buyers and sellers to exchange any type of goods, services and information. These exchanges are ideal-typically organized by means of competition. Since the 1980s the prevailing image of markets has been shaped by neoclassical economics. A set of assumptions underpinning this view of markets characterizes the behaviour of the ideal-typical actor in this domain, the commercial firm. Supply and demand is assumed to be the main coordination mechanism of the interactions between actors thereby rendering direct social relationships irrelevant.

In addition, instrumental rationality is seen as prevailing amongst actors, who aim at maximizing their own utility. Also, their preferences are seen as stable and exogenous. These conditions are taken to be universal and unchanging. Other schools of thought (Fligstein 1996; Granovetter, 1981, 1985), however, have criticized this idea of markets, arguing that real markets are not so different from other social domains. Markets, they posit, are embedded in a historically and geographically specific context. Amongst the implications of this view, is that aggregate supply and demand is not the only relationship between actors, but other mechanisms of coordination are also at work within markets, including those generally associated with the other domains such as, for example, social networks, loyalty, coercion, etc. (Brandsen et al., 2005)

Community

In sociology, the term community generally depicts a social group characterized by common geography, face-to-face interaction, bonds of loyalty, and homogenous values and norms (Calhoun, 1998; Delanty 2003; Hillery, 1955; Williams, 1985). This idea of community is based on the classic distinction between 'society' and 'community' by Tönnies (2011), which juxtaposes traditional or pre-capitalist ("Gemeinschaft") with

modern or capitalist societies (“Gesellschaft”). While “Gemeinschaft” is characterized by traditionalism, shared values and norms, mutual commitment, ascribed status, limited division of labour, and simple social structures, “Gesellschaft” is described by anonymous, arms’ length, contractual relations, and instrumental values (Adler, 2012; Brint, 2001; Calhoun, 1998).

It is worth noting, however, that in recent decades, and particularly after the global diffusion of the Internet, the definition and use of the term community have broadened to include social groups that are ‘less geographically bounded, without face-to-face interaction or affective ties.’ (Adler, 2012; Gläser, 2001).

However, in the context of this study, the term ‘community’ retains a relatively strong local (spatial) connotation, in view of the strong geographical connection that social housing organisations have to have with the areas within which and groups of people (tenants and stakeholders) with whom they operate and interact.

Theoretical framework

In line with the iterative approach to theory formulation adopted for this study, a number of theories were identified at different stages of the research, which together form the “theoretical framework” of the study. Chapter 3 presents these, grouped around three main thematic clusters, each addressing one of the research questions of this PhD research (figure 1.4.1-2). In the first cluster, theories addressing the relationship between organisations and their environment are presented and differences between unidirectional causality and the notion of ‘agency’ are examined to understand this relationship. The latter concept is discussed in the light of institutional theory, competing logics, institutional entrepreneurship, and institutional work.

The position and positioning of housing associations vis-à-vis their context is conceptualized drawing on the notion of social enterprise and hybridity. A literature review on ‘social enterprise’ and related concepts is presented in order to establish core characteristics of this approach, in particular those deemed applicable to housing studies. Literature linking ‘social enterprise’ and (social) housing is discussed and differences in conceptualization across North Western European countries and the influence of the (national) State(s) in shaping the concept are explored. A classification framework for social enterprise in housing is proposed to characterize the position these organisations occupy between State, market and community.

Theories that help to define and characterise decision-making in hybrid organisations in the face of competing values are reviewed, including a discussion on the use of different power mechanisms in these processes. A conceptual framework to study strategic decision-making in social housing organisations is developed, which forms the basis for the methodology developed in chapter 4 (Methodology) for the study of a critical incident and strategic decision making.

§ 1.4.2 Methodology

This PhD research adopted a mixed methods approach (Tashakkori & Teddlie, 2003) and a longitudinal, international and inter-organisational case study research design, involving two company-cases operating in England and the Netherlands, respectively. The companies were studied over a four-year period, starting in March 2008. The research design and data analysis draws on elements of grounded theory (Charmaz, 2006; Glaser & Strauss, 1967), and on the work of Eisenhardt (Eisenhardt, 1989b; Eisenhardt & Graebner, 2007) on ‘building theory from cases’.

In line with these approaches, the relationship between empirical data collection and theory building in this PhD was underpinned by an iterative, incremental process, aimed at expanding conceptual elaboration. This process had three main phases, depicted in Figure 3. Starting from an exploratory, qualitative empirical data collection phase (first phase), an initial theory review was carried out to shed light on initial (emerging) findings. On that basis, a set of working hypotheses was drawn, which led to the adoption of a semi-quantitative method to test these (second phase).

A second literature review followed to interpret the data collected so far. From this analysis, a third and final research phase was carried out, characterised by the adoption of the ‘critical incident’ (Flanagan, 1954) technique to study the process of decision-making in each company over a 6 to 9 month period. Overall, as part of the participative aim of the research approach, a series of annual ‘validation seminars’ with senior executives from each company were held, where findings were presented and discussed by the participants.

The rationale to adopt the above methods responded mainly to the aim to understand the world through the lens of the organisations’ leaders, and delve into the black box of what happens in the process leading to concrete actions. As explained earlier, this required working with perceptions of senior executives (Eisenhardt, 1989a, 1989b; Jäger, 2010; Mullins & Riseborough, 2000; Stull 2003; 2009).

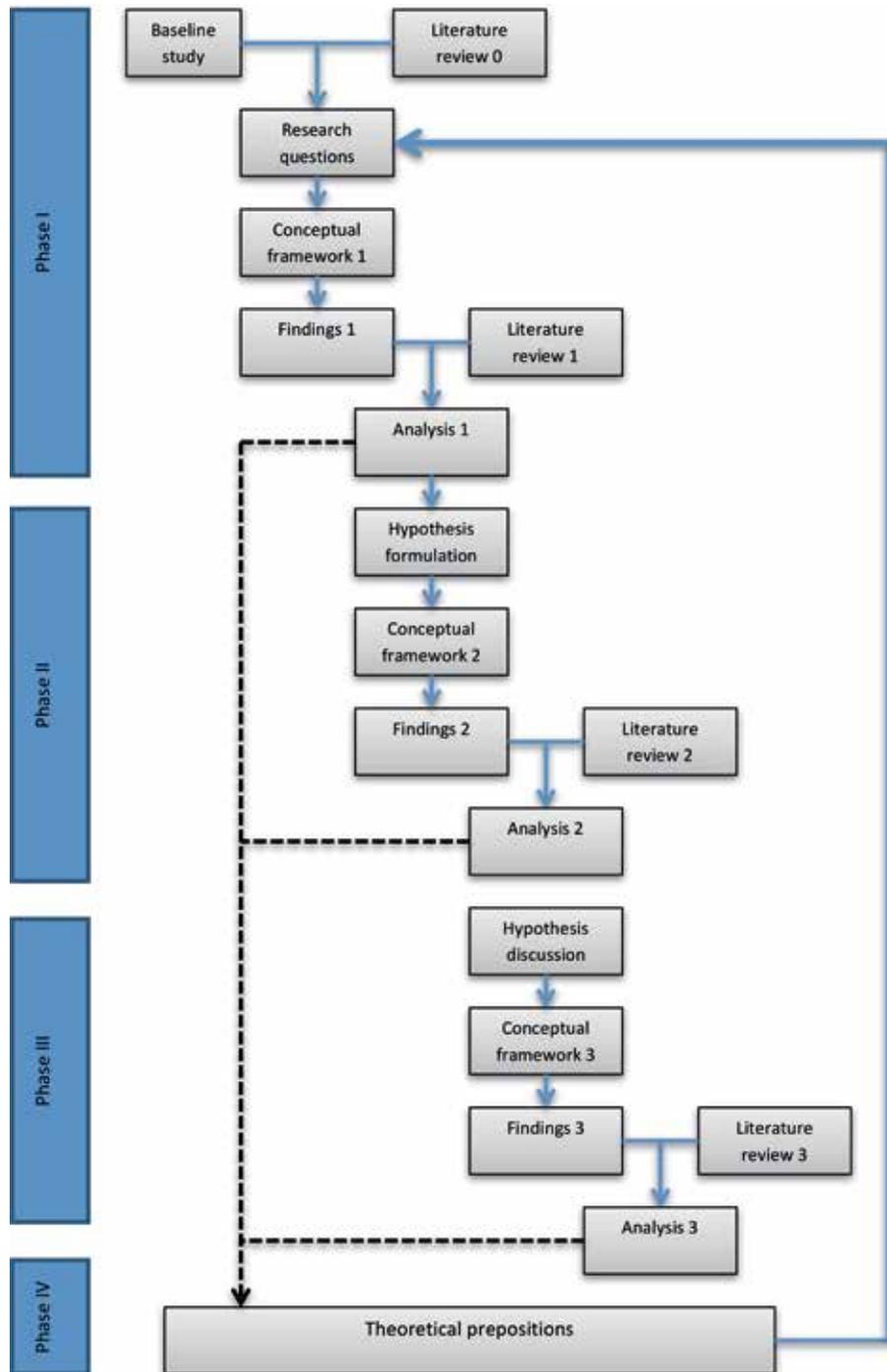


Figure 3
 Relationship between existent knowledge, data and emergent theory

A longitudinal approach was adopted to allow for a deeper understanding of the turning points and different rationales at play over time in these processes (Pettigrew, 2003). For this purpose, mixed methods approach provides the necessary flexibility so as to be able to adapt to changing circumstances along the research process. Lastly, the research incorporated from the beginning a participative element, asking the active involvement of the company executives of both companies in the process. The objectives of this approach included validation, mutual learning from organisations operating in different contexts (Hantrais, 2009), and encourage greater reflexivity on their own actions.

§ 1.5 Relevance

§ 1.5.1 Scientific relevance

By developing a conceptual framework on social enterprise in housing, this PhD research has sought to advance theory and conceptualization at the interface of third sector, organisational studies and housing studies. Furthermore, the international comparison aims to help broadening and enriching existing research and theory on the 'meso' / organisational level of social housing provision, a field that has been developing over the last decade. As mentioned earlier, this PhD research is located within the work carried out by a group of researchers who have played a leading role in applying the notions of hybrid organisations and social enterprise in the field of social housing. These terms are tested as a way to conceptualise the processes of (re)defining identity, values and missions in social housing organisations across North Western Europe. The methodological approach devised by this research, while not entirely new in fields such as organisational studies, can be considered innovative in housing studies and is expected to enrich the methodological approaches in that discipline. Last but not least, the research aims to contribute to the extension and deepening of the knowledge of social housing landlords in the countries covered by this study.

§ 1.5.2 Societal relevance

This PhD research aims to contribute to societal goals at different levels. First, a cross-national study of social housing organisations' missions, activities and strategies seems highly relevant to help shed light over the challenges involved in policy-making vis-à-vis European multi-level governance. This research aims to unravel the substantive commonalities and differences (motivator and behaviour variables) between social housing providers in North Western Europe beyond legal and/or organisational features (descriptor variables), thereby informing policy making at European level. This would mirror similar comparative research already been conducted at European level on other types of social services² such as childcare, work integration, etc. thereby providing a template for data collection for organisational case studies in the field of (social) housing to inform further comparative research both nationally and supra-nationally.

Moreover, by opening the 'black box' of decision-making within housing organisations, the findings of this study are expected to provide valuable insights to practitioners and policy makers that can contribute to better policy design and implementation in this field. Amongst the expected policy implications this research aims to shed light to, are the likely consequences of opening up the provision of social housing to third sector organisations, including trade-offs that these organisations might (feel compelled to) make while balancing conflicting drivers. At the same time, this knowledge would provide insights to these organisations themselves in order to assess coherence between what they say they do and what they actually do. Furthermore, it is expected that both the research approach and findings prove useful for the companies themselves who took part in the study. In particular, a starting assumption of this participative research approach was that the companies would use this participation to reflect on and compare their own positioning strategies to others.

In terms of policy implications, this research provides an in-depth insight into the organisational dynamics that mirror the political and societal developments of deep changes in the housing policy and social housing systems of two countries where the social rental sector has played a prominent role in the welfare state for decades.

§ 1.6 Outline

This PhD thesis is structured in nine chapters. Following this initial introductory chapter, the remainder is organised in three parts: Part I contains chapters addressing the contextual, theoretical and methodological foundations of the PhD, while Part II presents the empirical research findings in three chapters and Part III develops a discussion and conclusion in two chapters, respectively.

Chapter 2 refers to the concept of social housing in Western Europe in general, and proposes a classification of social housing provision systems in North-Western Europe; it provides an overview of the main actors and institutions in social housing provision across this geographical area, with a particular emphasis on England and the Netherlands; it discusses a classification of types of providers of social housing, drawing distinctions between non-State/State providers; for and not-for profit; and the notions of 'approved' and 'generic' providers. Chapter 3 presents the theoretical background of the study, organising theories and concepts around three clusters, each of them related to one of the research questions of this study. The first section reviews theories addressing the nature of the relationship between organisations and their contexts, which concludes with a discussion of the concept of agency as a way of organisational actors to shape their contexts. Second, theories characterising social enterprise and hybrid organisations are reviews, leading to a proposed classification of social enterprise in housing. This discussion highlights the presence of competing values / logics in these types of organisations. The third section in this chapter reviews theories dealing with organisational decision-making in the face of these conflicting values. A fourth section sets out the conceptual framework for the study of strategic decision-making in social housing organisations. Chapter 4 presents the methodological approach of the study.

Structure	Research Question addressed	Period of data collection	Methods used
<p>5. State, market and community developments and their impact on the social housing organisations under study</p> <p>5.1. State drivers: - Baseline results (2008) - Follow-up results (2009)</p> <p>5.2. Market drivers: - Baseline results (2008) - Follow-up results (2009)</p> <p>5.3. Community drivers: - Baseline results (2008) - Follow-up results (2009)</p> <p>5.4. Perceived impacts of the contextual drivers and actions undertaken by the companies</p> <p>5.5. Conclusions</p>	<p>How are contextual developments impacting on the missions, values and activities of social housing undertakings in England and the Netherlands?</p>	<p>2008: Baseline research 2009: Follow-up</p>	<p>Interviews Survey</p>
<p>6. Position of the companies under study vis-à-vis the State, Market and Community</p> <p>6.1. Baseline analysis a) Descriptor variables b) Motivator variables c) Behaviour variables</p> <p>6.2. Testing hypotheses about strategic positioning of social housing organisations</p> <p>6.3. Conclusions</p>	<p>How do these organisations position themselves vis-à-vis the State, the market and community?</p>	<p>2008: Baseline research 2009: Hypothesis testing</p>	<p>Interviews and secondary data Survey</p>
<p>7. Strategic decision-making in each case-study company</p> <p>7.1. Introduction</p> <p>7.2. The critical incident and strategic decision in each case-study company - Company E - Company N</p> <p>7.3. Discussion of findings and comparative analysis</p> <p>7.4 Conclusion</p>	<p>How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?</p>	<p>2010 - 2011</p>	<p>Critical Incident and strategic decision: - Interviews - Group interviews - Observation - Secondary data</p>

Table 2
Overview of the structure and contents of Part II (Empirical findings)

The empirical findings of this research are presented in chapters 5, 6 and 7, each addressing one of the three research questions of this PhD (see Table 2). Chapter 5 presents findings on the main contextual drivers impacting on each of the companies of the study. These findings correspond to a longitudinal assessment of the perceived impact of a variety of contextual changes on the missions, values and activities of each of the company case studies. Hence, data is presented for two points in time: firstly, a baseline assessment conducted at the beginning of the study (October-November 2008) and secondly, a follow-up assessment carried out in each company a year later (December 2009). Chapter 6 addresses the second research question of this PhD research, laying out findings on the position each of these companies takes between State, market and community. It does so by applying an adapted classification model of social enterprises to social housing organisations, developed in chapter 3. Chapter 7 focuses on the third PhD research question, adopting a more 'dynamic' approach towards understanding the process through which these companies balance competing drivers and logics. The latter findings correspond to the application of the 'critical incident' technique to understanding the strategic decision-making processes in each company vis-à-vis specific contextual drivers.

In line with the theoretical approach adopted in this research (see chapter 3), the presentation of findings entails already a degree of analysis. The predominantly qualitative-type of data collected throughout the study means that large part of its display is in textual form and is therefore intertwined with interpretation. Thus, each findings chapter is divided in one mainly descriptive part (i.e. where tables, diagrams and figures are used to systematize the presentation of the data) and an analytical part, where the former data is interpreted according to the conceptual framework of this study. Table 2 provides an overview of how these chapters are structured, linking the period over which the data presented in each section was collected; the methods used; the specific research question addressed in each section; and the main contents of each section.

Chapter 8 develops a discussion of the empirical findings, linking these with the main theoretical debates presented in chapter 3 through a series of 'theoretical propositions'. Last but not least, chapter 9 presents the conclusions of the study, which includes sections on the research's contribution to society and science, policy and practice implications, and an agenda for further research.

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PART 1 **Contextual, Theoretical and
Methodological Framework**



2 Social housing providers in North Western Europe: Recent developments

§ 2.1 Introduction

This chapter provides an overview of the main recent organisational and institutional developments of social housing in North Western European countries, with a particular focus on the countries where the companies under study operate (England and the Netherlands). The period covered by this chapter corresponds to the fieldwork for this research, which stretched between March 2008 and October 2011.

The chapter is organised in 5 sections. After a brief definition of what constitutes social housing provision in North Western Europe and the predominant modes of provision in section 2.2, section 2.3 presents a classification of social housing systems as a general framework for the understanding of social housing providers in each country. Section 2.4 focuses on describing different types of providers that can be found in different North Western European countries. In this section, a classification of types of providers is presented, with an emphasis on the particular type of provider addressed by this study. Lastly, section 2.5 lays out the main features of the policy and regulatory framework affecting social housing providers in England and the Netherlands over the past decades, with an emphasis on the period covered by this study.

§ 2.2 The concept of social housing in North Western Europe

§ 2.2.1 Definition

Social housing in Europe is characterised by a wide variety of national situations, conceptions and policies across different countries, and thus, by the lack of a common definition of 'social housing' at European level. This also holds true for the sub-set

of North Western European countries that form the universe of this study. As Bauer, Czischke, Hegedüs, Teller and Pittini (2001) point out, only in a few European countries is there a definition of ‘social housing’, and this term is not used everywhere. Instead we find the terms such as ‘Common Housing’ (Denmark), ‘Housing Promotion’ (Austria, Germany), ‘Limited-Profit Housing’ (Austria), ‘Municipal housing and/or public housing’ (Austria, Sweden), ‘People’s Housing’ (Austria). Hence, it could be said that the term ‘social housing’ is often used as a sort of shorthand for different concepts and / or elements of housing that are outside the market, involving some of the following elements (not necessarily all of them present at the same time): affordability (below-market rent, income-related rent, cost rent); non-market methods of allocation; decent quality housing; non-profit base of housing provision (production, financing and renting); security of tenure and specific target groups in need. In addition, social housing includes mechanisms to enable affordability of housing such as rent subsidies (which may also be made available to private profit distributing providers). However, it is worth recalling that in this study the focus is on *non-profit providers* of social housing, i.e. organisations whose main aim or core business is the provision of social housing - the latter term as defined by their respective national, regional or local policy frameworks.

§ 2.2.2 Different approaches to social housing provision in North Western Europe

Overall, what characterises the social housing sector across European countries is its *diversity* in terms of a number of parameters, such as: size of the sector (which is illustrated by the share of social rental housing stock in the total housing stock in the country, as seen in Figure 1); legal and organisational forms, or modes of ‘governance’ (providers range from public companies to co-operatives and not-for profit organisations, amongst others, as shown in Figure 5); forms of ‘social tenures’ (rental housing, affordable ownership, co-ownership, co-operative housing, shared ownership, etc.) and the overarching housing policy framework (national, regional and/or local) within which these actors operate.

A classification developed in this study illustrates commonalities and differences between various approaches to social housing provision in EU Member States. It employs two axes: allocation criteria and size of the social housing stock (Figure 4).

The social *rental* tenure is used as a proxy for social housing in this classification due to two main reasons: first, this study targets companies providing social housing for rent. Second, the availability of statistics on this type of tenure across European countries allows cross-national comparison - unlike, for example, statistics on social ownership or other types of social tenures, for which definitions and data collection differ widely between countries.

Two main approaches can be distinguished in terms of *allocation criteria*, generally known as ‘universalistic’ and ‘targeted’ (Czischke, 2009b; Ghekière, 2007). This distinction is similar in some respects to Kemeny’s (1995) categories of ‘unitary’ and ‘dualistic’ rental systems. The universalistic model of social housing provision (also called ‘housing of public utility’) stems from a particular conception of social welfare and aims to provide the whole population with housing of decent quality at an affordable price. Housing is considered a public responsibility and is delivered either through municipal housing companies (e.g. Sweden) or through not-for-profit organisations (the Netherlands, Denmark). Social housing also may serve a market-regulating function, influencing rents in the private sector. Countries that fall into this category generally have more rented housing than those with a targeted approach, and thus a considerably smaller proportion of home-ownership.

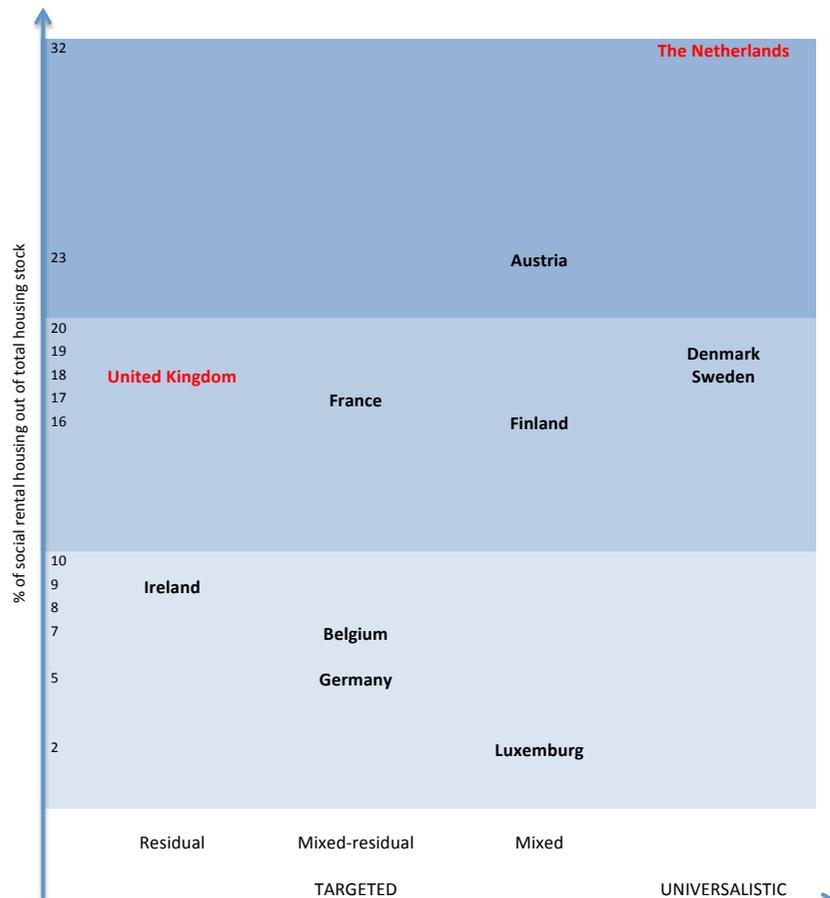


Figure 4
A classification of social rental housing provision systems in North Western Europe

In countries with universalistic systems, social housing is allocated through waiting lists (with or without priority criteria) and local authorities reserve a number of vacancies for households in urgent housing need. Rents are cost-based; there is a rent-guarantee for disadvantaged households and housing allowances are provided. One of the key objectives of housing provision of universalistic systems is to ensure social mix, i.e. to avoid the formation of ghettos of lower-income groups or ethnic minorities, prevent spatial segregation and foster social cohesion. Even so, most large-scale social housing neighbourhoods built in the 1960s and 70s today shows similar patterns of socio-spatial segregation, regardless of whether the initial approach was universalistic or targeted.

The targeted approach, on the other hand, is based on the assumption that the objectives of housing policy will be met predominantly by the market and that only those households for whom the market is unable to deliver secure housing of decent quality at an affordable price should benefit from social housing. Within this approach, however, there is a wide variation in terms of the type and size of the social housing sector, as well as in allocation criteria. In some countries housing is allocated to households with incomes below a certain ceiling; in others, housing is provided for the most vulnerable. Following Ghekière (2007), we call these two sub-types 'generalist' and 'residual', respectively. Generalist systems follow the original tradition of social housing in Western Europe (i.e. housing for workers or middle-income groups, possibly provided with the help of contributions from their employers), while residual systems have much more restricted categories of beneficiaries, usually very vulnerable households who are heavily dependent on State benefits (e.g. unemployed, disabled, elderly, single parents, etc.).

Countries with targeted systems (both generalist and residual) have higher rates of homeownership than in countries with universalistic systems. Except in Eastern Europe, countries with generalist systems have rather small private rental sectors, while those with residual systems have larger private than social rental sectors. In residual systems housing is usually allocated directly by the local authorities on the basis of need, whilst generalist social housing is allocated by providers according to certain rules and procedures, and income-based priority criteria. In residual systems, social rents are either cost-based or related to household income, while in generalist systems either social rents are capped or income-based housing allowances cover part of the rent.

The second axis of analysis in this classification, *size*³ of the social rental stock, gives an indication of the relative weight of the sector in the country's housing markets and policies. As Figure 1 shows, the proportion of social rental housing out of the total housing stock in EU Member States varies greatly. There is an important difference to make between countries with a relatively large 'targeted' social housing stock (notably the UK) and those with a very low share of this type of housing⁴.

What does this classification tell us about the countries where the company case studies in this PhD research operate? Over the period when this PhD research was conducted (2008-2012), the Netherlands belonged to the group of "universalist" social rental systems (i.e. with a relatively broad allocation criteria), and was the country with the largest social rental sector in North Western Europe. Meanwhile, England (as part of the UK) was amongst countries with a "residual" allocation criteria, however with a relatively large proportion of social rental housing in comparison to the other countries in that group.

It is worth noting that this classification presents a snapshot of social rental housing at a specific point in time. As the following sections in this chapter will show, a number of policy and market developments have been shaping housing systems across these countries, which is ultimately reflected in changes in both axes of analysis, thereby altering the relative position of each country within the classification.

3 This classification is based on data available on the size of the social rental housing stock in each Member State (Dol & Heffner, 2010). The choice of the social rental tenure as a proxy for social housing corresponds mainly to the availability of statistics on this indicator, which allow cross-national comparison (unlike, for example, statistics on social ownership or other types of social tenures, for which definitions and data collection differ widely between countries)

4 It is worth noting that recent developments in some countries point to a relative increase of the private rental sector housing low-income groups. For example, in Germany this has been a longer standing trend and the UK has moved to an increasing use of the private rental sector to house low income residents as a result of a massive shift from capital to personal subsidies and recent changes in homelessness duties and reasonable offers (Localism Act 2011).

§ 2.3 Institutions and actors in social housing

§ 2.3.1 Origins and development of social housing providers in North Western Europe

In most European countries social housing was created as a response to the emerging housing needs brought along by massive industrialisation and urbanisation in the late 19th / early 20th century. The sector developed at the initiative of private actors, which included associations, enterprises, employers and trade unions, philanthropic foundations, the church and religious societies and other private bodies. However, after the massive destruction created by the second World War (and in some countries, such as England, after WW I), pressing housing need led national States to take over the responsibility to provide the population with housing at a larger scale. This period saw at both sides of the Iron Curtain large scale construction of high rise public housing estates, with varying degrees of quality but most of them applying fast standardised production of cheap units to fulfil the shortage. Over this period, most Western European countries developed large public housing stocks, built and managed directly by local governments or specialised government agencies.

§ 2.3.2 Recent trends

Over the past decades, several important processes have influenced the European social housing sector. The most prominent was the reorganisation of the social housing sectors in numerous EU countries driven by fiscal constraints and changing public policy conditions. Post-industrialisation and structural changes in the economy and society coupled with the emergence of neo-liberal policies brought along processes of privatisation and/or stock transfer of the social housing stock from public into private hands. This process had different faces; one of the most prominent cases was the United Kingdom, where in the 80s the “Right to buy” policy was instituted, requiring councils to sell social housing dwellings at a discount directly to tenants. From 1988 individual local authorities began large-scale stock transfer to newly created private bodies, “housing associations”, from 1992 this policy was adopted by central government (Malpass & Mullins, 2002) and became a key mechanism to attract private finance into the improvement of public housing stock refurbishment under the Labour governments (1997-2010). As Pawson and Mullins (2010) explain, over two decades Britain witnessed a process of transfer of more than a third of its council homes from local authority ownership, management and control to the independent

non-profit housing sector, generally known as the housing association sector: “By 2009, in almost half of municipalities of England and Wales ‘council housing’ was a thing of the past”. (Pawson & Mullins, 2010, p.1)

Over the last decades municipal provision has been declining and/or undergoing re-structuring in many other countries too. In Finland, for example, a reorganisation in the municipal sector led almost all large cities to externalise ownership of social housing from the municipal budget. Some local authorities set up a limited liability company to which they transferred ownership of their housing stock as a capital contribution.

The general trend nowadays in most European countries is the involvement of private actors (mostly not-for-profit) towards meeting (social) housing policy objectives through a wide range of social agencies, albeit with continuing government subsidies, financing housing programmes, and sector-specific regulatory frameworks.

Both in Germany and in Sweden the former non-profit status has been abolished, in Germany in 1989 and in Sweden very recently. Thus today the social housing stock provided by public companies is marginal and present only in Austria, Belgium (Flanders) and Finland. In Austria, the withdrawal of municipalities from new construction over the past decades and the privatisation of former publicly owned companies have increased the relative importance of private providers. Furthermore, in Germany, cities like Dresden and Kiel have sold off their municipal stock to private equity investors (see for example Kofner, 2012). A similar process also occurred in Austria about ten years ago; however, in Austria rent regulation, according to the limited-profit housing law, still applies to the dwellings sold to for-profit investors.

In the Netherlands, following the Bruterling agreement in 1996, social housing organisations have been financially independent from the government and have gained considerable economic strength. They have been fulfilling a wide variety of tasks directly or indirectly related to their core housing mission. Over the last few years the scope of their activities and the system of supervisions as a whole has become subject to political discussion.

Mergers of housing associations stand out as one of the main trends in the sector over the last three decades in countries such as England and the Netherlands (van Bortel, Mullins & Gruis, 2010). Partly following a drive to increase efficiencies, these have been widespread over the last decade in countries such as Denmark (following decentralisation of local government since 2007 with a reduction of the number of municipalities from 300 to 98); the UK, the Netherlands and France (the overall number of Hlm organisations decreased from 764 companies in 2002 to 714 in 2009 – see Bauer et al., 2011).

§ 2.3.3 Types of providers

As mentioned above, there is great variety of providers of social housing across the European Union. Following Crossan (2007) and Crossan and van Til (2009), formal characteristics or 'descriptor variables' that define these different types of providers include: their legal status, organisational form, profit motive, ownership, sources of revenue, etc. Across Europe we find various combinations of all these characteristics. If we take two of these descriptive variables, namely 'legal status' and 'organisational form' (see Figure 5), we see a wide variety of providers stretching along a 'continuum' ranging from State providers to for profit companies.

Country	Public providers		Private providers						
	Local authorities	Public law entities	Private law entities				Co-operatives	For profit	
			Associations	Co-operatives	Companies / societies				Other
Public owners	Private or mixed owners								
AT	*			*	*	*			*
BE		*		*	*				
DE								*	*
DK	*		*	*					
ES		*						*	
FI	*	*			*	*			
FR		*		*		*			
IE	*			*		*			
IT	*	*						*	*
NL			*				Foundations		
PT	*	*					NGOs	*	
UK	*		*	*		*	*		*

Figure 5

A classification of providers of social housing in North Western European countries. / Source: Adapted from Bauer et al. (2011)

An important distinction in this classification is the difference between State and non-State providers, especially given the aforementioned trend towards 'privatisation' of formerly State-owned and managed (social) housing stock. We refer briefly to each of these categories in the following paragraphs.

§ 2.3.3.1 State providers

As can be seen in Figure 5 direct State provision of social housing services can be found in Austria, Denmark, Finland, Ireland and the UK. In all cases it corresponds to local authorities (i.e. municipalities, city or county councils) owning and sometimes managing social rental stock to be allocated to groups in need. However, in some cases certain services, notably housing management and new construction, are totally or partially performed by other public or private bodies on a contractual basis (i.e. through in house and/or externalised provision).

While direct State provision of social housing reached a peak in the post-war period in Europe, over the past few decades it has declined significantly as part of a general trend of State withdrawal from direct service provision. On the one hand, in many EU-15 countries this happened in the form of stock privatisation or transfer of management and sometimes ownership and new construction of social housing from public authorities to either their own companies (in house provision) or to external providers. Nevertheless, countries where direct State provision is still relatively significant are Austria (40 per cent of the total rented stock is owned and managed by municipalities) and the United Kingdom. In the later, England's local authorities still own around 45 per cent of the total social housing stock in the country, some of which is now managed by ALMOs (Pawson & Mullins, 2010).

§ 2.3.3.2 Non-State providers

As Figure 5 shows, there is a wide variety of non-State providers. Along this spectrum, we find limited profit companies (20 per cent in Austria, 31 per cent in Finland) and housing associations (52,6 per cent in the UK, 98 per cent in Denmark and virtually 100 per cent in the Netherlands) to co-operatives (to be found in Austria, Belgium, Ireland - no precise figures available).

In terms of profit motive, we can distinguish between two broad types namely: not-for-profit and for-profit providers. Broadly speaking the former is by far the most prominent way of provision in North Western European countries, and its importance has been growing over the last decades as a result of the abovementioned trend towards privatisation and stock and/or management transfer to private (mostly not-for-profit) entities.

The importance of for-profit providers is very small in social housing provision across EU Member States – the main exception being Germany. As explained earlier, following the abolition of the non-profit Act in 1988, any type of provider can provide social housing in Germany. Furthermore, both Austria and England have recently opened the possibility for for-profit providers to apply for specific funding schemes to build new affordable housing. Other countries such as Germany have opened the door to the large-scale sale of former public or municipal housing to international for-profit investors (Kofner, 2012), such as Japanese or American pension funds and insurance companies. However, it is worth noting that the remaining German municipal housing companies are publicly owned and provide 2.3 million dwellings, of which 30 per cent are subsidized. Overall, the non-profit providers' sector has shrunk considerably, due to the abolition of non-profit regulation in Germany about twenty years ago and due to a similar development in Sweden which occurred recently. However, the sector is now gaining weight thanks to the stock-transfer programme in the UK.

§ 2.3.3.3 Approved and generic providers

In addition, in the specific case of social housing, Bauer et al. (2011) distinguish between providers who are '*approved*' by their respective public authorities and those that are not approved, which we will call '*generic*' providers. Non-State provision of social housing services in the countries covered by this study is widespread, in the Netherlands it being the predominant form. We refer to each of these situations in more detail in the following paragraphs⁵.

5 This point draws extensively on Bauer et al. (2011)



A Providers who are 'approved' by a public authority

These providers are officially recognized or 'approved' by a public authority as a provider of social housing services. By virtue of this status, these organisations are eligible to apply for public funds for the provision of social housing and are, in return, bound to a number of regulations. While 'approved' providers are mostly non-profit organisations, in a few cases they are for profit entities⁶. In both cases, they have to follow specific regulations⁷ linked to the entrustment of a specific mission and the use of public funds. It is worth noting that, with few exceptions, approved providers usually have as their main purpose or 'raison d'être' the provision of social housing, which is linked in most cases to a long-term (social) business model (see chapter 3). Therefore, it can be said that their social housing activities have a more permanent character than 'generic' providers (see next point) who apply for public funding for social housing provision on the basis of specific funding schemes. Furthermore, while funding sources for social housing provision by approved providers include public funds, the former often also include other funding streams, such as revenues from non-social housing activities (e.g. commercial real estate), the capital markets (e.g. through the issuing of bonds), bank loans (although indirectly benefiting from public guarantees), sales of stock, etc. Countries where approved providers can be found are: Austria, Belgium, Denmark, Finland, France, Ireland, the Netherlands and the United Kingdom.

Approved providers are subject to specific regulations linked to their official recognition as social housing provider on the part of a public authority, which also lays down the following: conditions for the way providers conduct their business (in most cases some kind of non-profit or limited-profit system plus some kind of asset appropriation and the obligation to reinvest income in housing activities); limitations to their business activities (e.g. restrictions concerning the provision of commercial real estate); and rules governing rent setting. Some of the regulations also cover the modes of financing (e.g. France). The regulatory frameworks also lay down specific audit and supervision procedures. "Approved providers" may also be conceptualised as a 'social enterprises' or 'social business model', where the rationale of business entities is need-oriented rather than purely profit-oriented.

6 For example, in England the possibility for commercial housing companies to apply for 'registered provider' status has just been opened.

7 Although note these can vary in form for profit and non-profit entities as in England.

The tasks and missions of general interest of approved providers include the delivery of “affordable” housing (either via cost-rents or income-related rents); provision of housing for specific target groups; and specific rules which constitute the non-profit status, such as limitation of income, obligation to reinvest in housing, appropriation of assets, regular delivery of housing. Specific audit regulations and public supervision are often included, too. The general mission is a consequence of market failures in the housing market: slow response to demand, insufficient quality of housing, high prices. However, not all tasks/missions are to be found in all of the models of regulated providers, since the framework regulation for providers differs between countries. This type of providers can be found in Austria, Belgium, Denmark, Finland, France, Ireland, the Netherlands, and in the United Kingdom.

B Generic providers of social housing

This category refers to any housing provider who applies to specific public funding schemes for the provision of social housing. ‘Generic’ housing providers are any housing company (for or not-for profit) who answers a public call for tender or submits a funding proposal out of their own initiative to obtain public funding for the provision of social housing. Unlike ‘approved’ providers, in these cases it is the specific funding scheme and associated contracts that determine the conditions and obligations that the provider needs to comply with. Furthermore, given the limited duration of such schemes, the ‘social’ character of the activity is also time-limited, which differs from the more permanent/continuous character of the mission and activities of approved providers. Within Western Europe, this modality can be found in Germany.

§ 2.4 Social housing in England and the Netherlands

This section provides a more detailed description of the social housing system, regulatory frameworks and main types of providers in each of the two countries of the company case studies.

§ 2.4.1 England

Social housing in England is low cost housing allocated on the basis of need. It includes the provision of rental dwellings, affordable home ownership, as well as shared ownership schemes.

Social housing is distributed according to the local council's allocation scheme. Since implementation of the 1977 Housing Act, all local authorities in the United Kingdom are in theory obliged to provide housing for those in housing need, assuming they meet a set of objective criteria and match the target groups to be cared for with priority. Social housing is targeted to vulnerable groups within the population, and priority is generally given by law to certain categories, including people who are homeless. Since the Localism Act 2011, councils can decide who is or is not eligible to go on the waiting list for social housing. Legislation requires that certain groups be given 'reasonable preference' out of those who meet the council's criteria. Under the Localism Act (2012) local authorities have more discretion to formulate their own criteria to determine who may qualify for social housing in their areas. The measure builds on 2009 guidance encouraging councils to make use of local freedoms to prioritise applicants with, for example, a local connection.

Social housing is owned and managed by registered providers (often known as social landlords). As seen in the previous section, they tend to be non-commercial organisations such as local authorities or housing associations. Non-profit housing organisations exist in nearly all the legal forms mentioned above (co-operatives, associations, companies). In addition, we find some very specific types of organisations such as trusts and Industrial and Provident Societies, the latter being the most common of all providers.

Non-profit status is defined in the Housing and Regeneration Act 2008, under which all charities in compliance with national legislation are regarded as non-profit; the Act also defines non-profit for non-charities. Housing associations are independent, not-for-profit organisations that can use any profit they make to maintain existing homes and help finance new ones. While it is now possible for commercial organisations to build and manage social housing, this is not yet common practice.

Social rental housing (provided by both councils and housing associations) accounted for 17.5 per cent of the total homes in England (Pawson & Wilcox, 2011). The reduction of council house building, combined with sales to tenants and the transfer of over one million local authority dwellings to housing associations between 1988 and 2009 have meant housing associations are now the majority delivery vehicle for affordable housing in England, currently managing 54 per cent of social housing (Pawson & Mullins, 2010).

The government department currently responsible for overseeing the social housing sector is the Department for Communities and Local Government (CLG). Registered providers are financially regulated and funded by the government through the Homes and Communities Agency (HCA), which is responsible for the construction of new social homes. Under the HCA, regulation focuses on issues of governance and viability. Following the abolition of the Tenants Service Authority (TSA) in 2010, consumer protection remains a regulatory function but the HCA will have only a “longstop” role, able to intervene only where “serious detriment” is caused by the breach of a regulatory standard. The regulation of housing association tenancies is being changed to allow discretionary reductions to scrutiny of tenure, so that it will now be possible to grant time-limited tenancies (subject to a minimum of five years, or two years in exceptional circumstances). This replaces the former requirement for open-ended (so-called “lifetime”) tenancies that meant the tenant could remain in the home indefinitely unless there was a specific ground for possession such as rent arrears or anti-social behaviour. “Lifetime” tenancies remain available as an alternative.

The provision of new housing and associated land costs is financed through three funding sources, housing association’s reserves, government grants and private finance, which consists of bank loans or funding raised on the capital markets. Capital subsidy is administered by the Homes and Communities Agency. Social housing also benefits from discounted land and development contributions under “section 106” provisions, which require that a proportion of affordable housing is included at least in major developments. Tenants in social rented homes pay a weekly rent that is well below market level. Prior to 2007, development of now social rented homes was also cross-subsidised through the provision of low cost home ownership, but following the global financial crisis opportunities for this type of activity diminished.

§ 2.4.2 The Netherlands

According to the Constitution the government must ensure adequate housing. The *Woningwet* (Housing Act, 1901, amended several times) is the framework law whereas the Social Rented Housing Management Decree (BBSH, 1993, also amended several times) is the implementation law of the regulations. The Ministry of Housing, Spatial Planning and the Environment draws up, monitors and evaluates regulations for social housing. Municipalities provide land for building as well as the necessary permits to social housing organisations, while the latter build and manage social housing and contribution to other issues closely related to housing at local level.

For social landlords to qualify for the social housing sector they must be recognised by the government. The recognition is known as registration. The most important conditions are that associations can only work in the housing field or on issues related to housing and that their priority must be to house people who have difficulty in finding suitable housing because of their income or other circumstances.

Housing associations work within a legal framework set up by the State, but they are nevertheless independent organisations, setting their own objectives and bearing their own financial responsibilities. Indeed, the Dutch social housing sector is financially independent of central government since the so-called Bruterling (or balancing out) agreement in 1993 between the State and the national federations of social housing organisations. Investment is financed by loans taken out by housing associations on the capital market. This is made possible by the financial safety structure that enables associations to attract loans at interest rates somewhat lower than other bodies, which also have to borrow on the financial markets. This safety net comprises two bodies - the Social Housing Guarantee Fund (WSW) and the Central Housing Fund (CFV).

Regulation of Housing Associations is the responsibility of the national government. There are three elements of supervision: 1) internal supervision (Supervisory Board); 2) self-regulation within the sector; and 3) external supervision by the national government. The Dutch social housing system is characterised by a high level of self-regulation; performance assessments, quality labels and codes of conduct; and by stakeholder involvement. External supervision focuses on the legality of actions, tackling (incidental) issues of fraud and safeguarding that the equity of housing associations is used to the fullest for social housing or urban regeneration as well as to secure the financial continuity of housing associations. Furthermore, the WSW plays an important role in financial supervision since it assesses if housing associations are eligible for guarantees on their loans.

§ 2.4.3 **Developments in the regulatory contexts of social housing in England and the Netherlands in the period covered by the study (2008-2011)**

As explained earlier, changes in the policy and regulatory context over the period covered in the study have been significantly marked by the global financial and economic crisis. This holds true both in the wider North Western European area and in the two countries studied in depth in this research. However, as we have seen in the previous point, a number of changes were already underway even before the crisis. Furthermore, some view many of the policy and regulatory changes implemented by governments to face up to the crisis (notably, austerity measures and spending cuts) not only as a reaction to the economic slowdown, but as deeper blows on the already weakened European welfare systems.

"(...) the trend of cutting public social spending and limiting the welfare state's contribution in most EU countries is a phenomenon predating the crisis which has only been reinforced by the anti-crisis policies." (FEANTSA, 2011)

A number of changes to the fiscal regime affecting social housing organisations are either underway or being considered by European governments. In the Netherlands, for example, the government aims to introduce a new tax on the value of the stock for all landlords, which is expected to raise an estimated €800 million a year, to be used to pay for housing allowances.

Over the last decades, a general decrease in the public budget allocated to social housing reinforces the longer-term across North Western Europe. It is worth noting that, after an initial phase when in many countries there was significant investment in social housing both as a 'social shock absorber' and a way to boost the construction sector, the budget allocated to housing policies was significantly reduced once the crisis settled in in a number of countries. In England, for instance, capital grant for new social housing development was cut by 60 per cent. Meanwhile, Scotland has seen a reduction by 40 per cent of direct aid to social housing, and the Scottish Government has slashed the subsidy rate per unit by about the same amount. In Austria, last year public subsidies for new construction were cut in 20 per cent, while housing allowances to households saw an increase of 30 per cent over the last two years (Pittini, 2012a). In England, extensive reforms to social housing and to wider welfare policies have been implemented since the Conservative-Liberal coalition government came to power in 2010. In brief, these have meant radical cuts to capital grant for social housing and the shift towards a revenue model through a the new 'affordable rental programme', which allows social landlords to charge up to 80 per cent of market rents. This represents a widening cross-subsidy to substitute rents and sales income for capital subsidy. In addition, a wide range of benefit caps affecting social tenants (Williams, Clarke & Whitehead, 2013) and a drive towards devolving public services to local communities has been pushed by the 'Localism' agenda. (Mullins, 2012).

As a reaction to these developments, governments in the Netherlands and England respectively would expect to see sales of social housing stock as a way in which housing associations could finance new construction. In the Netherlands, government has indicated that 1 million homes should be sold to sitting tenants. In England there are plans to strengthen the right to buy within the framework of the ongoing reforms to the social housing sector (Pittini, 2012a), as well as selective asset sales and rent increases to reduce the cost to the State of financing new development (Localism Act 2011; Mullins, 2012).

§ 2.4.3.1 England

The regulatory framework for social housing has recently undergone extensive change in England over the duration of this PhD research (March 2008-October 2011). As shown in Table 3, two major sets of regulatory and policy changes can be distinguished during this period, each corresponding to a different national government.

Period / Government	Regulatory developments
27 June 2007 – 11 May 2010 Labour Government (PM Gordon Brown)	<p>June 2007: Cave review published: states previous' regulatory framework was overly focused on providers performance and takes insufficient account of tenants' and communities' interests.</p> <p>April 2008: Housing and Regeneration Act determines the end of the Housing Corporation (HC) and creates two new agencies to take over the HC's role as of 1 December 2008.</p> <p>December 2008: Tenants Service Authority (TSA) is new regulatory body for social housing in England, taking on the regulatory role from the HC.</p> <p>Housing and Communities Agency (HCA): is new central government's investment, supply and delivery agent for social housing, taking on the HC investment role.</p> <p>Other new regulation: Community Empowerment White Paper; Review of the Private Rented Act; Review of the Council Housing Finances.</p> <p>January-March 2009: TSA holds a 'National Conversation' with tenants regarding their expectations on services and standards.</p> <p>Autumn 2009: New regulatory framework in place, following multi-stakeholder consultation.</p>
11 May 2010 – present Conservatives-Liberal Democrats coalition Government (PM David Cameron)	<p>October 2010: Comprehensive Spending Review (CSR) published by UK government, establishing: <i>A substantial reduction in capital subsidy to social housing in favour of greater personal subsidy through creation of the 'affordable rental programme'. Up to 60 per cent cost of new homes funding can be generated through increasing rents up to 80 per cent of the market.</i> <i>Considerable change to housing benefit within a wider context of welfare reforms.</i> <i>New system of 'universal credit', which will pay all social benefits (including housing benefit) directly to tenants (to be implemented as of 2013).</i></p> <p>February 2011: Affordable programme framework published by the HCA entitles social landlords to charge social rents at up to 80 per cent of market value for all new tenants.</p> <p>November 2011: Localism Act purports to shift power from central government into the hands of individuals, communities and councils. Housing is one of five key measures underpinning the Government's approach to decentralisation. However detailed provisions on social housing do not promote local control (see Mullins 2012).</p> <p>1 April 2012: A new regulatory framework for social housing comes into effect: Focus on economic regulation of housing providers. The TSA is abolished and its regulatory function taken over by an independent Regulation Committee within the Homes and Communities Agency.</p>

Table 3

Key developments in the regulatory framework for social housing in England over the period of the PhD research (March 2008 – November 2012) / Sources: Own elaboration on the basis of Czischke (2009a); <http://services.parliament.uk/bills/2010-11/localism.html>; www.communities.gov.uk/localgovernment/decentralisation/localismbill/; www.housing.org.uk/policy/regulation.aspx

Increasing regulation of social housing providers and tenants' empowerment: Regulatory and policy changes in England during Gordon Brown's New Labour government

The Housing and Regeneration Act of July 2008 determined the end of the Housing Corporation (HC), the investment and regulatory body for housing associations. Two new agencies were created to take over the HC's role as of 1st of December 2008: the Homes and Communities Agency (HCA), as the investment, supply and delivery agent for the government; and the Tenant Services Authority (TSA), a new regulatory body. These changes inscribed themselves within a framework of housing reform carried out by the central government, which stood on four main (intended) pillars: increasing housing supply, modernizing institutions, reforming the rented housing sector; and delivering independence and choice for vulnerable people. It is worth noting, however, that an assessment of the extent to which these aims were achieved in practice is beyond the scope of this PhD research. In addition to the Housing and Regeneration Act, there were a Community Empowerment White Paper; a Review of the Private Rented Sector; a Review of the council Housing Finances and a 'National Conversation' led by the TSA to find out tenants' expectations on the new regulatory system. The latter was to a great extent a response to the Cave Review (2007), a report commissioned by the government that found that the previous regulation system focused too much on providers while taking insufficient account of the interests of tenants and communities.

The Homes and Communities Agency (HCA)

Following the above-described changes, the HCA became England's single, national housing and regeneration agency. The functions of English Partnerships were transferred to the HCA together with the role of the Housing Corporation in funding social housing, which was responsible for meeting government targets for the supply of affordable housing, growth and renewal. The HCA had wide-ranging objectives: to improve the supply and quality of housing in England; to secure the regeneration or development of land or infrastructure in England; to support the creation, regeneration or development of communities in England, and to contribute to the achievement of sustainable development and good design in England. The Act gave the HCA general and a range of specific powers in order to meet its objectives, including: providing housing or other land regenerating or developing land; acquiring, constructing, converting, improving or repairing infrastructure such as water, electricity, gas transport and business facilities; and acquiring land, either by agreement or compulsorily providing such services for communities as it considers appropriate.

Furthermore, the HCA had wide powers to provide financial assistance to any person, not just registered providers. It did, however, have specific powers in relation to the provision of social housing, which were subject to the consent of the Secretary of State. Although financial assistance could be provided to any person, a condition of funding for the provision of low cost rental accommodation was that the ultimate landlord had to be a relevant provider, which means a registered provider, an English local housing authority or county council, or a body controlled by an English local housing authority or county council e.g. an arms length management organisation. This did not include private sector housing companies.

The Tenant Services Authority (TSA)

The TSA was responsible for regulating social housing provided by 'registered providers', i.e. providers of social housing listed in a register to be maintained by the TSA. These included existing registered social landlords (a term that ceased to be used in England) and private sector organisations. The TSA's powers would extend to local authorities and arms length management organisations as of 2010, thereby covering regulation of all affordable housing in England (the new term used to encompass social housing and other types of affordable housing). Two categories of registered providers were admitted: non-profit organisations and profit-making organisations. Existing registered social landlords would be treated as non-profit organisations, and be subject to a greater degree of regulation than profit-making registered providers. It is worth noting that 'social housing' was defined as low cost rental accommodation (let at a rent that is below the market rent) and low cost home ownership accommodation (shared ownership or equity percentage arrangements) in both cases for people whose needs are not adequately served by the commercial housing market.

The Act made provision for the new regulator's constitution and procedure and prescribed a set of objectives for the TSA. The main goal of the TSA was described as "to raise the standard of services for tenants". It is worth noting, however, that this aim was not transferred to the current regulator, the Homes and Communities Agency (HCA). Furthermore, the TSA was expected to promote awareness of its functions among tenants of social housing, and where appropriate, consult tenants about the exercise of its functions and involve tenants in the exercise of its functions.

From January to the end of March 2009, the TSA held a nationwide Conversation with tenants to find out from them services they needed and standards they expected. In spring 2009, based on the results of this 'Conversation', the TSA consulted further with tenants and landlords to shape the new regulatory system. In the summer, a formal consultation was published on the detail of the TSA's plans, and the new regulatory framework was implemented in the autumn 2009.

Social housing in an era of austerity: Regulatory and policy changes under the Conservative-Liberal Democrat government coalition

As part of a drive to reduce State deficit, the coalition of Conservatives and Liberal Democrats governing England as of May 2010 implemented wide-ranging reforms to both the financing of social and affordable housing and the broader welfare system. The principles of this reform were laid out in the Comprehensive Spending Review published by the government in October 2010. Overall, the new regime focused on economic regulation of housing providers, with landlords responsible for delivering acceptable services to residents. From 1 April 2012 a new regulatory framework for social housing in England came into effect, implementing the requirements of the Localism Act 2011 and the Secretary of State's directions. One of the key housing provisions of the Localism Act established the abolition of the Tenant Services Authority and the transfer of its regulatory function to an independent Regulation Committee within the Homes and Communities Agency.

Against this wider backdrop, a number of aspects of this new policy framework stand out for the purpose of this study: First, the amount of direct funding for new social housing construction was reduced from formerly up to 60 per cent of cost down to less than an average of 20 per cent (approximately a 60 per cent cut in capital grant) (Source: Company E). At the same time, however, housing associations are expected to maintain supply: the government target for new affordable housing supply is 150,000 new homes over its four-year term (including those already in the pipeline). The latter is to be achieved by a combination of drawing on housing associations' own financial capacity (including higher borrowing and charging of higher rents), selling assets and increasing efficiency savings.

Second, social landlords have now the ability to charge social rents at up to 80 per cent of market value for all tenants of new homes and the new tenants of an agreed number of current homes when they become available for re-letting. According to the HCA, the "Affordable Homes Programme" introduced a new more flexible form of social housing, "Affordable Rent", the main type of new housing supply, as explained in the following excerpt:

"Affordable Rent will allow a more diverse offer for the range of people accessing social housing. Affordable rented homes will be made available to tenants at up to a maximum of 80 per cent of market rent and allocated in the same way as social housing is at present. Landlords will have the freedom to offer Affordable Rent properties on flexible tenancies tailored to the housing needs of individual households. The government has introduced a series of other measures such as changes to tenure (no longer a requirement to offer lifetime tenancies, flexibility to offer shorter terms with a minimum of two years); greater flexibility for local authorities in their strategic housing role and options to increase mobility for social tenants."

(<http://www.homesandcommunities.co.uk/ourwork/affordable-rent>, accessed on 26/12/2011)

Third, housing benefit was cut considerably. Within the context of the wider welfare reform, the government unified most welfare benefits into a new 'universal credit', which was capped at £500 per week for non-working households including the element to help with the rent. It also pegged the Local Housing Allowance, which determines the maximum rent eligible for assistance to the bottom third of rents in any borough. At the time of publication of these reforms, there was concern in the sector that when combined with much lower levels of public subsidy, these changes might make many schemes in high value areas unaffordable and unviable. In addition, new tenancies are no longer for life and the new universal credit will pay all social benefits from 2013 onwards (including housing benefit) directly to tenants (except for older people and those supported housing following House of Lords amendments). This has raised concerns amongst landlords in terms of soaring rental arrears, which would affect their financial stability, credit rating and development plans. In addition, deductions in housing benefit payments will be incurred by households deemed to be under-occupying social housing (the so-called 'bedroom tax'); leaving tenants on benefit to make up their rents from their own resources, which could include taking in lodgers. (Williams et al. 2013)

Fourth, changes in the social housing and welfare policy framework need to be considered in conjunction with the wider deficit reduction programme that also includes important cuts to local authorities' budgets (local authority spending is down 7.1 per cent for each of the next four years) and to other charities dealing with the same target groups as social housing providers, as well as cuts to council tax benefits. Therefore, it is reasonable to expect that poorer tenants will be affected in a variety of different ways by these wide-ranging cuts in public services.

All in all, the combination of such and other related new policy measures has created a complex and at times contradictory policy environment for housing associations over the last period covered by this study. Furthermore, through the localism agenda (Localism Act 2011; Mullins, 2012;) and the 'big society' discourse (Alcock, 2010) the current government is emphasising a more prominent role for third sector actors in service delivery at lower scales of provision (Open Public Services White Paper, 2011). In this context, social enterprises such as housing associations will increasingly have to balance community, market and policy imperatives. For example, the new supply agenda confronts housing associations with higher risks on different fronts. On the one hand, less capital subsidy means higher debt and therefore higher risk. On the other hand, reduced welfare support for more vulnerable tenants mean a higher probability of rent arrears, evictions and thus higher risk.

§ 2.4.3.2 The Netherlands

A political debate has been under way in the Netherlands for about a decade concerning the scope and content of social housing. This debate has been influenced, on the one hand, by national level discussion, and on the other, by European Union regulations. Overall, a common element of this debate is the idea of distinguishing between the core social activities of housing associations and their commercial activities as criteria for taxation. Table 4 provides an overview of the key milestones in terms of changing regulation affecting housing associations in the Netherlands over the period covered by this study.

Period / Government	Regulatory developments
23 November 2006 – 9 June 2010 (PM Balkenende)	<p>2008: Plan to levy housing associations to an amount of 75 million Euros (first planned 250 million euros over 10 years) per annum for the next four years (money to be put in a public fund and be reinvested in social housing). All housing associations in the Netherlands have to contribute to the 75 million. The money will be divided between 40 problem neighbourhoods. WL has to contribute € 1,1 million a year (<i>Vogelaarheffing</i>)</p> <p>2008: Housing associations to start paying company taxes not only for their commercial activities but also for their social activities. (<i>Vennootschapsbelasting</i> = corporate income taxes)</p>
14 October 2010 – present (PM Rutte)	<p>15 December 2009: Ruling announced by the Dutch government.</p> <p>28 October 2010: Decision to implement ruling as of 1 January 2011 (Dutch government)</p> <p>08 November 2010: Publication of the ruling in law gazette (<i>Staatscourant</i>)</p> <p>01 January 2011: Ruling enters into force.</p> <p>5 July 2012: New housing act: Core business activities do not change; Stricter supervision. Unanimous vote Parliament on the new housing act.</p> <p>'Woonaccord': State levy on rental housing providers (mainly housing associations) and more room for charging higher rents.</p>

Table 4

Key developments in the regulatory framework for social housing in the Netherlands over the period of the PhD research (March 2008 – November 2012) / Sources: Own elaboration on the basis of Czischke (2009a)

Regulatory changes in the Netherlands since 2008

At the beginning of this research, a number of important regulatory changes begun to take place. In 2008 the Dutch government announced a plan to levy housing organisations to an amount of €75 million per annum for the next four years. That amount should be put in a public fund and be reinvested in social housing. In addition, the government stated that from 2008 social housing organisations should pay company taxes not only for their commercial activities, but also for their social activities (in total approximately €550 million a year). Housing associations contested this new taxation plan, arguing that the taxation regime for commercial real-estate companies contains more possibilities for exemption from taxation. As a result of this policy, social housing organisations considered themselves in a less favourable position as compared

to regular, commercial companies. Thus, some companies considered 'opting out' of the system of registered social housing, given that such status is viewed as not beneficial under this new fiscal policy affecting the sector.

A further important development was the proposal in the Netherlands to introduce a special legal status of 'social enterprise'. Following a debate within the housing association sector on the role of social housing, the former adopted a new statute and a professional code in 2008, positioning themselves as entrepreneurs with a social objective, or more simply as 'social enterprises', with a long-term responsibility towards the creation of a civil society. The rationale behind this approach is that private organisations can operate for society under the condition that they account themselves towards their stakeholders as well as to society as a whole and operate in a highly professional and efficient manner. This proposal has not been translated into any actual regulation to this date.

In December 2008 a steering group (the Meijerink Steering group) consisting of representatives from the ministry of housing and Aedes have drafted a green paper on a new social housing governance structure. The proposed structure intended to give housing associations more room to operate as social entrepreneurs and emphasised the importance of self-regulation and professional internal supervisory boards. In practice, the new housing act as well as current policy emphasizes stricter, central supervision, amongst others in response to some cases of excessive risk taking by housing associations.

The impact of EU regulation on social housing in the Netherlands

In 2005, the European Commission expressed doubts as regards the social housing system in the Netherlands. The Commission had received complaints from Dutch institutional real estate investors (IVBN), claiming that social housing associations were, with the help of State aid, increasingly expanding their commercial activities instead of using State funding to provide social housing. It is worth recalling that State support for Dutch social housing associations mainly takes shape as loan guarantees and grants. Commercial rental organisations in the Netherlands filed an official complaint with the European Commission claiming that housing associations held an excess capacity of homes with state aid (2.3 million homes to house 1.2 million of households entitled to housing allowance). This situation, they claimed, would mean an uneven playing field in the market, which contravenes the basic principle of the European internal market. Furthermore, private rental organisations argued that thanks to the State aid they received housing associations were taking part in a market that they should be able to accommodate.

Following an investigation into these claims conducted by the European Commission, the Dutch authorities undertook to change the social housing system so that it would become more transparent and focused on a clearly defined target group of socially less advantaged persons. It would be no longer possible for commercial activities to benefit from aid. In commercial housing markets, social housing companies would need to compete on the same conditions as other operators. In order to prevent situations where publicly supported housing is allocated to persons that are not in need of social housing, the Dutch authorities adopted a new procedure ensuring that the allocation of dwellings is conducted in a transparent and objective manner. In 2009 the European Commission's investigation found that the aid is in line with the State aid rules, and in particular the Commission's SGEI Decision (2005).

As explained above, the resulting ruling by the Dutch government established that 90 per cent of the dwellings in each housing association ("*woningcorporatie*") ought to be rented to a pre-defined target group of households with a yearly income under €33,614. The remaining 10 per cent of dwellings may be allocated to other groups but on the basis of objective criteria with an element of social prioritisation.

It is worth noting that the change of the Housing Act is a much broader change of rules for the Dutch social housing associations than the EC ruling on SGEI/non-SGEI. For example, the former includes changes to the governance of housing associations as well, notably stronger supervision of housing associations, both internally and externally (i.e. by national and municipal government).

The above-described discussions between Brussels and The Hague triggered intense public debate amongst national stakeholders in the Netherlands. As part of this process, for example, in 2010 the Dutch tenants' association (Woonbond) contacted associations that opposed the decision, of which about 120 made a legal case to the European Court of Justice in Luxembourg.

However, the commercial rental sector is not yet entering this market despite the new regulations (perhaps due, at least partly, to the economic crisis), which favour their claim. Explanations for this behaviour include that this market is not profitable enough given the low return on investment; and that these investors' core business is not the managing of rental housing over the longer term, but rather a relatively short term investment with a higher return (i.e. buy and sell, or high-end rental market). As a result, housing needs of middle-income households who, under the current market situation, can neither afford to buy a home nor are eligible for social housing are not being met in large parts of the Netherlands. Furthermore, part of the Dutch government objectives behind the ruling were to push housing associations to sell part of the alleged 'excess capacity' of dwellings owned by them (see above). The expected market for these homes was assumed to be the group between €33.000 and €43.000 of income – the same middle classes who are lack either the credit or the incomes to buy.

Two key aspects of the Dutch government's ruling that stand out in relation to its impact on social housing organisations are:

A *New income ceiling for social housing:*

The ruling established that as of 1 January 2011 housing associations have to appoint at least 90 per cent of new rental contracts of social housing dwellings with a monthly rent up to €652,52 to households with a maximum yearly household income of €33.614. The remaining 10 per cent of the dwellings can be appointed to households with a yearly household income that exceeds € 33.614 and to households with an urgent need for a social dwelling. Groups for which this 10 per cent will be allocated have to be specified by each housing association in a formal statement.

B *Restriction of State guarantee to Services of General Economic Interest (SGEI):*

Up until the ruling, housing associations enjoyed government guarantees that allowed them to get cheaper loans in the market. Partly as a result of a long term discussion on the activities and financing of housing associations in the Netherlands, and partly as a result of a ruling by the European Commission (see below), the Dutch government's new ruling aims to make clear for which activities housing associations may receive State aid and for which activities this is no longer possible. The former includes for example rental dwellings with a rent below €652, and some types of public real estate. For houses of high rents (above €652,52), however, housing associations may no longer get a government backup for loans, which means that they will have to finance that on the capital markets at higher rates.

In addition, there are plans for substantial State levies on housing associations, which have recently been approved by the House of Commons (second chamber) and are yet to be approved by the senate (first chamber).

§ 2.5 Conclusions

In this chapter we have referred to the wide variety of definitions of what constitutes 'social housing' across North Western Europe and provided a classification to help us understand differences and commonalities between approaches to social housing provision in different countries. We have also looked at the wide variety of types of social housing providers active in these countries, and presented a classification of the latter, ranging from State to non-State providers. We have explored the different types of providers along the spectrum ranging from 'pure' or direct State providers of social housing to for-profit providers. Within this range, we have explained the distinction between 'approved' and 'generic' providers, which is important to understand the

public service obligations to which each type might or might not be bound, and hence provide valuable insights on the nature of their respective mission and activities. In the last part of this chapter we have provided a brief overview of the history and the current trends in social housing provision in England and the Netherlands, focussing on key regulatory developments in the period covered by this study. From this overview, we can conclude that intense and rapid change coming from the State domain characterise the recent operational environment in both countries. We will explore the impacts of these changes on social housing organisations in each country through a case study of two companies, one English and the other Dutch, from chapter 5 onwards.

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3 Theoretical Framework

§ 3.1 Introduction

This chapter presents the main theories and concepts that frame this PhD research. These are grouped around three main thematic clusters, each addressing one of the research questions of this PhD research, as shown in Figure 6.

The chapter is structured in five parts: in section 3.2 organisational change is considered in relation to contextual changes. Differences between unidirectional causality, and the notion of 'agency' are examined to understand the relationship between an organisation and its context. In addition, institutional theory and more specifically, competing logics and institutional entrepreneurship and institutional work are discussed.

In section 3.3 the position and positioning of housing associations vis-à-vis their context is conceptualized drawing on the notion of social enterprise and hybridity. A classification framework for social enterprise in housing is proposed to characterize the position these organisations occupy between State, market and society.

Section 3.4 reviews theories that help to define and characterise decision-making in hybrid organisations in the face of competing values, including a discussion on the use of different power mechanisms in these processes.

Drawing on elements laid out in the first three sections, section 3.5 of this chapter presents a conceptual framework to study strategic decision-making in social housing organisations. The latter forms the basis for the methodology developed in chapter 4 that was applied in the study of a critical incident and strategic decision in the last phase of the fieldwork.

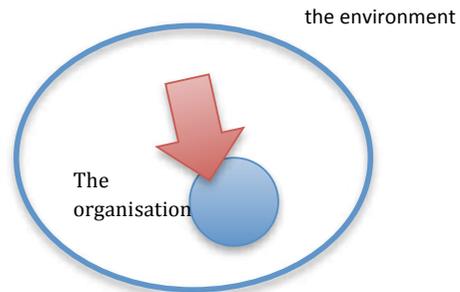
Lastly, section 3.6 presents a brief conclusion of the chapter.

Research question

Theories / concepts

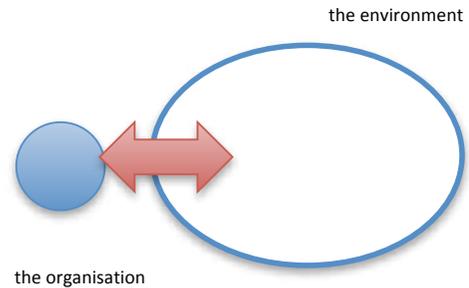
1. How are contextual developments impacting on the missions, values and activities of social housing organisations?

- Theories of organisational change
- Structuration theory
- Agency in organisations
- Institutional theory, competing logics / values
- Institutional entrepreneurship / work



2. How do these organisations position themselves vis-à-vis the State, market and community?

- Mission and values: social enterprise and hybridity
- Classification of social enterprise in housing
- Descriptor, Motivator and Behaviour variables



3. How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?

- Decision-making theories (rational model; organisations as political systems)
- Power in decision-making
- Strategic decision-making

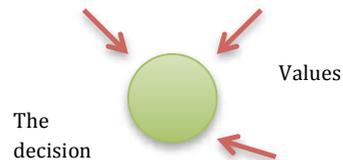


Figure 6

Conceptual model for the PhD research

The iterative process of theory building from data

This PhD research falls within research approaches pursuing emergent theory formulation (see for example: Glaser & Strauss, 1967; Glaser, 1978; Strauss & Corbin, 1978; Charmaz, 2006; Eisenhardt, 1989a, 1989b; Eisenhardt & Graebner, 2007). Goulding highlights the need for the researcher to keep open to concepts and theoretical insights emerging from the data while at the same time using existing theory as a basis: “[A]t the very least, a general reading of the literature should be carried out in order to get a feel for the issues in question and identify the gaps to be filled (Cutcliffe, 2000), but it is also important that the researcher does not become too immersed in the literature and thus become theoretically contaminated.” (Goulding, 2011, p.390) This view is in line with Glaser’s (1978) on the role of theory as ‘sensitizing’ the researcher to the conceptual significance of emerging concepts and categories. Hence, in this perspective, knowledge and theory should be used ‘as if they were another informant’ (Glaser, 1978).

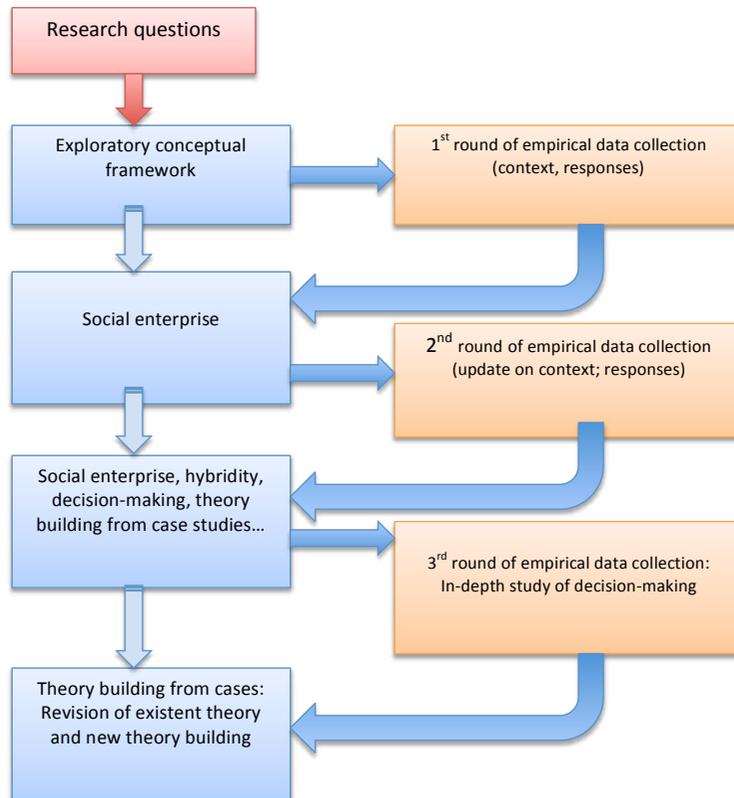


Figure 7
Iterative process of theory building from data

Following the above approach, the relationship between literature and data in this PhD took the shape of a four-stage process, as illustrated by figure 3.1-2. At each stage, the literature that informed the previous stage was re-assessed in the light of the new data in terms of its usefulness to interpret findings of that particular stage. In this way, some literature was discarded while other was elaborated upon.

The first phase started with the formulation of the research problem on the basis of data gathered through a previous 'baseline' study (explained in more detail in chapter 4) in combination with an initial literature review. The latter was aimed at identifying key issues and concepts across different disciplinary fields that could illuminate the findings of the 'baseline study' and thereby shape the research questions of this PhD. This approach coincides with Bryman's (2004) view that in many cases, "(...) the literature in a certain domain acts as the spur to an enquiry." (2004, p. 7). Indeed, as a result of this exercise, it became clear that no existing theory on its own provided a conceptualisation capable to thoroughly frame all three research questions. This realization led to the decision to start with an exploratory round of data collection with broad, open categories of enquiry, leading to the identification of key issues to focus on in more detail in later phases. Therefore, the conceptual framework for this first phase was kept equally broad.

The second phase began with the formulation of a set of working hypotheses on 'strategic orientations' that determined the strategic position of each company, following from the analysis of the data collected in the first round. A second literature review was conducted, this time geared at identifying studies dealing with similar issues and methodologies suitable to apply in this second phase. The result was a turn towards a more positivist approach to methods (see chapter 4 for a detailed description) and a revised conceptual framework that included the elaboration of a classification framework for social enterprises in housing. This second phase ended with the analysis of the data collected and a third literature review, which led to the critical assessment of the aforementioned hypotheses.

The third phase began with the formulation of a third version of the conceptual framework, which included elements from the latter literature review that emphasize a dynamic and process-oriented approach to understanding the problem. The result was the adoption of, the 'Critical Incident Technique' (see chapter 4) for the in-depth study of the strategic position of each company vis-à-vis its environment. This phase concluded with the analysis of the data collected through this technique in conjunction with a critical revision of the previous literature (collected at different stages of the research) in addition to a new and last round of literature review.

The fourth and last phase was the critical revision of all previous findings and literature reviews, from which the emergent theory was drawn and retrofitted to the framing theoretical debates and research questions. The latter step is developed in chapter 6 (Discussion).

§ 3.2 Organisations, their environment and change

This section presents theoretical debates and concepts that shed light on the first research question, namely: *how are contextual developments impacting on the missions, values and activities of social housing organisations?*

When considering the relationship between organisations and their environments (be it economic, political, societal or technological), a great deal of literature about organisational change is predominantly based on the assumption that organisations operate as systems receiving inputs from its environment and releasing outputs back to it. As Senior & Fleming (2006) point out, “the view of organisations existing as systems of interrelated elements operating in multi-dimensional environments has a number of supporters. (...) Most writers on organisations stress the importance of the nature of the environment for organisational management and decision making.” (2006, p. 16). Furthermore, Morgan (2006) emphasizes the role of the environment as trigger, explaining that “[t]raditional approaches to organisation theory have been dominated by the idea that change originates in the environment. (...) the organisation is typically viewed as an open system in constant interaction with its context, transforming inputs into outputs as a means of creating the conditions necessary for survival. Changes in the environment are viewed as presenting challenges to which organisations must respond.” (2006, p. 243).

These views tend to portray a unidirectional direction of causation, from ‘environment’ (the trigger) to organisational change (the response). The concept of ‘impact’ is crucial to this conception, understood as the effect or influence of one thing or action on another. However, this view is challenged, to different degrees, by theoretical approaches such as resource-dependency theory, some strands of systems theory and structuration theory. Let us briefly examine each of them.

Resource-dependency theory recognizes the contingent, open systems nature of organisations (Pfeffer & Salancik, 1978). In brief, this approach argues that organisations face environmental constraints in the form of external control over resources the organisation needs to ensure operational efficiency and continued survival. Thus, they necessarily become interdependent with their environments and will consequently “(...) attempt to employ various strategies to manage dependencies and regain managerial freedom and autonomy. In the process the organisation influences and changes its environment as well.” (Anheier, 2005, p. 150). As Mullins & Riseborough (1997) point out, despite some criticism of this theory as being deterministic (Billis, 1996), it is “helpful in specifying some of the mechanisms which may link the internal decisions of organisations to their external environment.” (Mullins & Riseborough, 1997, p. 58); for example, amongst the various strategies that organisations employ to achieve this are inter-organisational linkages such as partnerships, mergers, joint ventures, etc.

A different perspective that challenges the impact-response approach to the relationship of organisations and their environment is the ‘theory of autopoiesis’, a version of systems theory developed by biological scientists Maturana and Varela (1980, 1987). Unlike the ‘open’ view of organisations postulated by resource-dependency theory, this perspective argues that all living systems are organisationally closed, i.e. they are autonomous systems of interaction that make reference only to themselves. The argument rests on the idea that living systems have three main features: autonomy, circularity and self-reference, which lend them the ability of self-create or self-renew. The term autopoiesis refers to this capacity for self-production through a closed system of relations. In this view:

“(...) living systems strive to maintain an identity by subordinating all changes to the maintenance of their own organisation as a given set of relations. They do so by engaging in circular patterns of interaction whereby change in one element of the system is coupled with changes elsewhere, setting up continuous patterns of interaction that are always self-referential. (...) Thus, a system’s interaction with its ‘environment’ is really a reflection and part of its own organisation. It interacts with the environment in a way that facilitates its own self-reproduction; its environment is really part of itself. (...) Changes do not arise as a result of external influences. They are produced by variations within the overall system that modify the basic mode of organisation.” (Morgan, 2006, p. 244-245).

It is worth noting that despite strong reservations by Maturana and Varela to the application of their theory to social systems (Varela 1979), we would agree with some authors on the relevant implications of the theory of autopoiesis for understanding social systems such as organisations, if used as a metaphor (Morgan, 2006; Mingers, 1992, 1996). Indeed this matches the realization, over the course of this PhD research, that the relationship between these organisations and their context is more complex than the implicit one-way causality underlying the formulation of the research question.

What are the implications of this new perspective for the study of social housing organisations vis-à-vis changes in their contexts? The issue of the maintenance and transformation of a system’s identity in the face of the imperative of self-reproduction is relevant. Crucial issues that emerge from this analysis, which are of relevance to social enterprises such as social housing organisations are: to what extent is their need or inner logic of self-reproduction compatible with the changing context, i.e. changes in housing needs and demands? Are social housing providers more motivated by their survival as organisations (which might imply changing their core mission), or by sticking to their original mission even if this means their radical transformation or even their demise? The latter response relates to the term ‘egocentric organisations’ used by Morgan (2006) to refer to those organisations that have a “rather fixed notion of who they are or what they can be and are determined to impose or sustain that identity at all costs [leading them to] overemphasize the importance of themselves while underplaying the significance of the wider system of relations in which they exist.” (2006, p. 248).

This raises a further question as to whether these organisations' missions evolve as part of changes in their environment. Referring to case studies of firms serving traditional markets, faced with technological innovation and new demands, Morgan (2006) explains, "(...) their understanding of the environment was a product of their identity of watchmakers or typewriter manufacturers. The closure that this entailed blocked their ability to gain or create new information that would allow them to challenge and question the status quo. To be successful, they needed very different conceptions of themselves of what their future might entail." (Morgan, 2006, p. 249)

Structuration theory (Giddens, 1979, 1984) posits that although structures (i.e. traditions, institutions, moral codes, and other sets of expectations) are generally stable, they can be changed, especially through the unintended consequences of action, when individuals start to ignore them, replace them, or reproduce them in different ways. In this process, the concept of 'agency' plays a key role. Agency refers to the capacity of an agent (a person or other entity) to act in a world. From a sociological perspective (Giddens, 1984) an agent is an individual engaging with the social structure. This is linked to a debate on the primacy of social structure versus individual capacity or agency. The latter concerns, at least partly, the level of reflexivity an agent may possess. Reflexivity refers to the capacity of an agent to recognize forces of socialization and alter their place in the social structure. While a low level of reflexivity would result in an individual shaped largely by their environment (or 'society'), a high level of social reflexivity would be defined by an individual shaping their own norms, tastes, politics, desires, and so on.

Hay (2002) stresses the need to overcome the 'artificial dualism of structure and agency' by drawing on Jessop's (1990, 1996) strategic-relational approach, which focuses on the "(...) dialectical interplay of structure and agency in real contexts of social and political interaction." (Hay, 2002, p. 127) This understanding brings the debate to a more concrete area, where actors are conceptualised as conscious, reflexive and strategic. Furthermore, actors "(...) are presumed to be strategic - to be capable of devising and revising means to realise their intentions. This [implies a dynamic relationship] between the actor (individual or collective) and the context in which she finds herself." (Hay, 2002, p. 132). The process by which they might be able to do this is through strategic decision-making in response to critical events from the environment. We will come back to this point in section 3.5 of this chapter.

In the framework of their general theory of 'strategic action fields', Fligstein & McAdam (2011) consider the role of agency in the relationships between such fields, which they define as 'meso-level social orders': "The stability of a field, we hold, is largely a function of its relations to other fields. While fields can devolve into conflict as a result of internal processes, it is far more common for a crisis to develop as a result of an exogenous shock emanating from a proximate field." (2011, p. 8) "A significant change in any given strategic action fields is like a stone thrown in a still pond, sending ripples

outward to all proximate fields.” (2011, p. 9) However, they claim that more often than not “(...) the magnitude of the destabilizing change is not so great as to produce crisis. Instead, it unfolds through a process that speaks to the capacity for social construction and strategic agency that is at the heart of our perspective.” (2011, p. 9)

Following the above views, changes in the role and identity of social housing organisations are not only determined by the aforementioned external drivers, but are a result of a bi-directional process of change between structure and agency/actors. In this process, areas of tension occur in their daily management practices (Stull, 2003; Jäger, 2010). While these tensions can be expressed both at the organisational (collective) level, the issue of internal power relations within the organisation is also crucial to understand the way in which the decision-making process takes place, and which strategic orientations come to dominate as a result.

In the next section we focus on a number of theories and concepts that develop further the notion of agency within institutional contexts and organisations.

§ 3.2.1 Institutional theory and agency in organisations

Institutional theory emerged as a ‘macro theory of organisations’, aimed at providing a framework to understand how organisations operate, are structured and relate to each other (Lawrence, Suddaby & Leca, 2011, p. 52). Within this framework, core concepts such as institutional change and institutional logics have focused on the processes through which large-scale social and economic changes occur. Institutional logics is defined as:

“(...) the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality (Jackall 1988: 112; Friedland and Alford 1991: 243). Institutional logics are both material and symbolic – they provide the formal and informal rules of action, interaction, and interpretation that guide and constrain decision makers in accomplishing the organisation’s tasks and in obtaining social status, credits, penalties, and rewards in the process (Ocasio 1997). These rules constitute a set of assumptions and values, usually implicit, about how to interpret organisational reality, what constitutes appropriate behaviour, and how to succeed (Jackall 1988; March and Olsen 1989).” (Thornton & Ocasio, 1999, p. 804)

In institutional theory, the broader structure-agency debate is often referred to as the 'paradox of embedded agency' (DiMaggio & Powell, 1991; Friedland & Alford, 1991; Holm, 1995; Seo & Creed, 2002; Sewell, 1992). This paradox refers to the tension between institutional determinism and agency, raising the question of how organisations or individuals are able to innovate if the institutional environment they wish to change determines their beliefs and actions (Leca, Battilana, & Boxenbaum, 2008). Garud, Hardy and Maguire (2007) define this question as follows: "If actors are embedded in an institutional field and subject to regulative, normative and cognitive processes that structure their cognitions, define their interests and produce their identities (Clemens & Cook, 1999; Friedland & Alford, 1991), how are they able to envision new practices and then subsequently get others to adopt them?" (2007, p. 961)

Thornton & Ocasio (1999) examine an additional level at which institutional logics operate – the industry: "(...) We suggest that an industry is a relevant boundary for identifying institutional logics because industry producers develop common identities and "validation orders" that structure the decision making and the practices of the players in a product market (White 1981, 1992)." (1999, p. 805) This particular meaning of institutional logics is useful to understand the role of social housing providers and the housing association sector in each country in shaping the mission, values and identity of social housing organisations. But also, to explain the relative influence that some of these organisations have on the industry, e.g. acting as role models or leaders. Examples of the use of institutional logics analysis in the field of housing include the organisational study of housing associations in England by Mullins (2006) and earlier work on the structure of the housing association field in England (Mullins, 1997) applied to the understanding of issues of scale vs. efficiency. Furthermore, Sacranie (2012) develops these ideas to understand the competing logics underlying community investment activities in large housing associations in the English context. These logics can be traced back to the relative importance of State, market or society drivers in the cultures of these organisations thereby providing a direct link to the interests of this thesis.

Within the institutional literature, DiMaggio and Powell (1983) developed the concept of 'institutional isomorphism' to refer to the paradoxical phenomenon of rational actors making their organisations increasingly similar while trying to change them. The authors identify three mechanisms through which institutional isomorphic change takes place, namely: 'coercive' isomorphism (stemming from political influence the problem of legitimacy), 'mimetic' isomorphism (resulting from standard responses to uncertainty) and 'normative' isomorphism (associated with professionalization).

Coercive isomorphism might be in particular a result of regulatory pressures to conform, as it "results from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural

expectations in the society within which organisations function. Such pressures may be felt as force, as persuasion or as invitations to join in collusion.” (DiMaggio & Powell, 1983, p. 150); for example, the existence of a common legal environment affects many aspects of an organisation’s behaviour and structure.

Normative isomorphism, on the other hand, could be related to the effect of industry pressures to conform, stemming primarily from professionalization. The latter is interpreted “as the collective struggle of members of an occupation to define the conditions and methods of their work, to control ‘the production of producers’ (Larson, 1977, p.p. 49-52), and to establish a cognitive base and legitimation for their occupational autonomy.” (DiMaggio & Powell, 1983, p. 152) In this view, two aspects of professionalization are important sources of isomorphism. First, formal education and legitimation, which form a cognitive base produced by university specialists; second, the growth and elaboration of professional networks spanning organisations, across which new models diffuse rapidly. In addition, DiMaggio and Powell (1983) mention professional and trade organisations as another channel for the definition and spreading of normative rules about organisational and professional behaviour.

§ 3.2.2 Agency as ‘institutional entrepreneurship’ or ‘institutional work’: how individuals in organisations can shape their context

While in an early stage of institutional theory the role of actors’ agency was taken into account (Selznick, 1949, 1957), later versions of institutional theory ‘tended to overlook the role of actors in institutional change’ (Leca et al., 2008). However, in 1988 Paul DiMaggio introduced the concept of institutional entrepreneurship (DiMaggio, 1988) as a way to reinstate actors’ agency to institutional analysis. According to Garud et al. (2007), institutional entrepreneurship is a concept “(...) that reintroduces agency, interests and power into institutional analysis of organisations. It thus offers promise to researchers seeking to bridge what have come to be called the ‘old’ and ‘new’ institutionalisms in organisational analysis (Greenwood & Hinings, 1996; Powell & DiMaggio, 1991).” (Garud et al., 2007, p. 957)

The term was first used by Eisenstadt (1980) to characterize actors who serve as catalysts for structural change. Building on this notion, as Garud et al. (2007) explain, DiMaggio introduced institutional entrepreneurship in institutional analysis “(...) to characterize organized actors with sufficient resources to contribute to the genesis of new institution in which they see ‘an opportunity to realize interests that they value highly’ (1980: 14)” (2007, p. 3). Furthermore, DiMaggio aimed to explain how actors can shape institution despite pressures towards stasis (Holm, 1995; Seo & Creed, 2002).

Institutional entrepreneurship is viewed as an intensely political process (Fligstein, 1997; Garud, Jain & Kumaraswamy, 2002; Seo & Creed, 2002) whereby organisations and/or individuals must “(...) break with existing rules and practices associated with the dominant institutional logic(s) and institutionalize the alternative rules, practices or logics they are championing (Battilana, 2006; Garud & Karnoe, 2001).” (Garud et al., 2007)

Drawing on a variety of sources, Garud et al. (2007) have put together a number of attributes that institutional entrepreneurs must possess: they should be skilled actors (Perkmann & Spicer, 2007) who can draw on existing cultural and linguistic materials to narrate and theorize change in ways that give other social groups reasons to cooperate (Colomy, 1998; Fligstein, 2001; Greenwood, Suddaby & Hinings, 2002; Suddaby & Greenwood, 2005; Child, Lu & Tsai, 2007). Therefore, institutional entrepreneurs use ‘framing’ strategically (Khan, Munir & Wilmott, 2007) to articulate their change endeavours in such a way as to “define the grievances and interests of aggrieved constituencies, diagnose causes, assign blame, provide solutions, and enable collective attribution processes to operate” (Snow & Benford, 1992, p. 150). Furthermore, by means of particular frames, new practices can be justified as indispensable, valid and appropriate (Rao, 1998). “This, in turn, can help mobilize wide ranging coalitions of diverse groups and to generate the collective action necessary to secure support for and acceptance of institutional change (Fligstein, 2001; Wijen and Ansari, 2007).” (Garud et al., 2007, p. 962)

More recently, however, the concept of ‘institutional work’ has been put forward by some of the authors theorising institutional entrepreneurship, as a way to overcome a number of its alleged limitations. First, institutional entrepreneurship research has “tended to begin with institutions rather than with individuals (...), each time foregrounding the institutional change as the object of explanation rather than the experience or motivation of the individuals involved. Second, to the degree that institutional entrepreneurship research has examined individuals, it has tended toward either a structural determinist or a hagiographic lens, accounting for agency through a set of structural characteristics (Maguire et al. 2004) or through the special skills of the agent (Fligstein, 1997).” (Lawrence et al., 2011, p. 55).

In the view of Lawrence et al. (2011) there is a permanent recursive and dialectical interaction between agency and institutions. In this process, they claim, researchers should not only account for this institutional embeddedness of actors but also consider actors’ “capacity to reflect on this embeddedness, relate to their own self, and develop conscious intentionality.” (2011, p. 55). Agency is seen as “an ongoing activity whereby actors reflect on and strategically operate within the institutional context where they are embedded.” (2011, p. 55). Institutional work describes “the practices of individual and collective actors aimed at creating, maintaining, and disrupting institutions.” (2011, p. 52). This notion rejects the assumption that the only agency of interest is that associated with ‘successful’ instances of institutional change, but also includes

the account of “the myriad, day-to-day equivocal instances of agency that, although aimed at affecting the institutional order, represent a complex melange of forms of agency.” (2011, p. 52).

§ 3.2.3 Enabling conditions for institutional entrepreneurship

Leca et al. (2008) establish a set of enabling conditions for institutional entrepreneurship. We have selected some of these elements to establish their applicability to the case of social housing organisations. Leca et al. (2008) identified two categories of enabling conditions that can be found in the literature on institutional entrepreneurship, namely: ‘field-level conditions’ and ‘actors’ position in the organisational field’.

§ 3.2.3.1 Field level conditions

We will highlight three types of these field level conditions. The first type is ‘precipitating jolts and crisis’. These can take the form of social upheaval, technological disruption, competitive discontinuities or regulatory changes, which “might enable institutional entrepreneurship by disturbing the socially constructed field-level consensus and contributing to the introduction of new ideas.” (Leca et al., 2008, p. 7). An example of this can be found in the study of the creation of the single market in the European Union (Fligstein & Mara-Drita, 1996), the authors highlight the key role played by the European Commission as a collective institutional entrepreneur. A second type of field-level enabling condition is the presence of acute, field-level problems that might precipitate in an inter-organisational collaboration to act as institutional entrepreneurs. A third type is organisational field characteristics, such as the degree of heterogeneity and/or institutionalisation.

Heterogeneous institutional arrangements in an organisational field might lead to ‘institutional incompatibilities’, thereby becoming a source of ‘internal contradiction’. (Leca et al., 2008, p. 8). For example, Seo and Creed (2002) suggest “(...) the ongoing experience of contradictory institutional arrangements enables a shift in collective consciousness that can transform actors from passive participants in the reproduction of existing institutional arrangements into institutional entrepreneurs.” (Leca et al., 2008). The degree of institutionalisation of organisational fields as a source of agency and institutional entrepreneurship is somewhat contested. While some argue that strategic action is more likely to occur in relatively highly institutionalised

organisational fields (Beckert, 1999; Oliver, 1992), other scholars such as DiMaggio (1988) and Fligstein (1997) consider uncertainty in the institutional order as providing opportunity for strategic action.

§ 3.2.3.2 The enabling role of actors' social position

Leca et al. (2008) explain that actors' social position is a pivotal factor that can affect both actors' perceptions of the field (Dorado, 2005) and their access to resources needed to engage in institutional entrepreneurship (Lawrence, 1999). However, there are diverging views: while some argue that institutional entrepreneurs can be found mostly at the margins of an organisational field (Haveman & Rao, 1997; Garud et al., 2002), others quote evidence on this type of agency being found at the centre of fields (Greenwood & Suddaby; Sherer & Lee, 2002; Zilber, 2002). For Dorado (2005), actors' 'social position' corresponds to their 'position in the structure of social networks', and it "(...) affects their perception of their organisational field and, thereby, the likelihood that they will act as institutional entrepreneurs." (Leca et al., 2008, p. 10).

§ 3.2.4 Agency in housing associations

Research by Mullins & Riseborough (1997, 2000, 2001) sought to identify how decision-makers in non-profit housing organisations were interpreting the emerging policy agenda of the newly elected New Labour government in 1997 and how this was reflected in key strategic decisions made by their organisations, which the researchers tracked over time. To this end, they used the notion of 'policy signals' to indicate "the ways in which decision-makers scanned the policy environment to detect changes in emphasis rather than waiting for policies to be dried and dusted before responding to them" (2001, p. 160). This understanding of decision-making by housing associations highlights the role of agency in shaping the context within which housing associations operate.

Beyond efforts to reposition themselves as a response to their reading of policy signals, Mullins & Riseborough (2001) argued that non-profit organisations have a more active role to play than this:

"Rather than being passive agents as theorized in principal/agent economics (Hughes 1994), we saw many of these organisations as active agencies in their own right, selecting themes from their scanning of the policy environment but also seeking to influence and shape that environment through individual and collective action (Clegg, 1990)." (2001, pp. 164-165)

The authors found different examples of a type of behaviour that pursued a more active role, which aimed to 're-position' the organisation response to the emerging policy context, such as: changing the organisation's structure to pioneer what executives saw as a future policy direction; shaping future policy through publicizing the organisation's own activity; positioning the organisation in think tanks and advisory bodies at the highest levels and set up secondment exchanges of senior personnel, thereby gaining access to insider information; replicating key phrases in messages that housing associations broadcasted about themselves; cultivating relationships with specific local authorities; and undertaking studies to identify strengths and weaknesses in the housing associations relationship with specific stakeholders.

The authors conclude that: "These organisational agents can be seen as 'practical experimentalists' confronted by uncertainty, ambivalence, contradiction and ambiguity, seeking to impose their own 'circuits of power' on a chaotic canvas (...) by reading policy signals from the earliest stage these actors feel able to shape the policy process using both the resources of their organisations to demonstrate capacity to deliver and their external network resources to lobby and influence." (2001, pp. 167-168). This might be read as consistent with the notion of institutional entrepreneurship discussed earlier, and more specifically, the notion of environmental uncertainty (Fligstein, 1997) as providing an opportunity for strategic action (DiMaggio, 1988).

In sum, in this section we have reviewed different theories that conceptualize the relationship between an organisation and its context, concluding that views that regard this as mutually shaping emphasize the role of agency in the process. Furthermore, agency in organisations has been unpacked in institutional theory, particularly in recent work on 'institutional entrepreneurship' and 'institutional work'. The latter focuses on strategic action by organisational actors (either individual or collective), and the set of conditions and attributes that enable these actors to have the influence to mobilize others in pursue of institutional change.

§ 3.3 Understanding the position(ing) of social housing organisations vis-à-vis State, market and community

As explained in chapter 1, the relationship between contextual developments and the changes within the social housing providers can be characterised by the 'strategic position' that these organisations occupy between the State, market and community. Czischke and Gruis (2007) understand the strategic position as the link between the contextual developments and the changes within social housing providers. It determines

the role that social housing providers want to (or have to) have, the relationship they want to (or have to) have with other public and private parties and the range and intensity of activities they undertake. Furthermore, the strategic position is a key-driver behind the organisational development (structure, competences, finance, etc.).

This section discusses literature on the position and positioning of social housing organisations seen through the lens of the concept of social enterprise and draws extensively on Czischke et al. (2012). The starting point is the recognition that social housing organisations face specific tensions between competing values arising from their hybrid condition, as explained in the introduction chapter. Furthermore, often conflicting values and/or logics within these organisations become particularly explicit in the process of strategy formulation. As Johnson, Scholes and Whittington (2006) explain it is “likely that underlying values and ideology will play an important part in the development of strategy [in voluntary and not-for-profit organisations].” (2006, p.26)

§ 3.3.1 The concept of social enterprise

Despite the growing body of literature in the field of social enterprise, with a few exceptions such as in the homelessness field (Buckingham 2010; Teasdale, 2009), and comparative work on the State, market and community models for social housing in US, Australia and UK (Gilmour, 2009), this concept has been poorly developed in relation to housing studies. Furthermore, Czischke et al. (2012) maintain that the concept of social enterprise has been theorized differently in different countries and sectoral contexts (Defourny, 2009; Brouard, 2007; Crossan & Van Til, 2009), thereby leading to important distinctions, which must be considered in the application of this concept to the field of (social) housing.

The term ‘social enterprise’ is part of a large family of inter-related concepts. In fact, it is often used in connection or even interchangeably with other terms such as ‘social economy’, ‘business for social purpose’, ‘not-for-profit organisations’, ‘third sector organisations’, ‘voluntary organisations’, etc. There seems to be consensus amongst different authors studying this phenomenon in that social enterprise and other related concepts have emerged within the umbrella of the notion of ‘third sector’, a “(...) blanket definition [encompassing] all the small-scale production units set up by individuals or community groups with a view to trying out novel collective working practices and to filling a hole as regards meeting a genuine need.” (Mertens, 1999, p. 502) The term ‘third sector’ is deemed to have gained popularity in France in the late 1970s. Jacques Delors (Delors & Baudin, 1979) is credited as the first to try and quantify the phenomenon, describing it as a “variation on the theme of the services sector” (Bidet, 1997, p. 62), coexisting alongside the market economy and the

State sector. Indeed, as Mertens points out, today “(...) most researchers accept the definition of ‘a collection of organisations which are neither capitalist nor run by the state’” (Mertens, 1999, p. 502). Evers (2005) refers to this diversity of providers as the ‘welfare mix’, and depicts third sector welfare providers as operating within a triangle bounded by State welfare, market welfare and informal welfare systems and sharing some characteristics of each. A similar framework developed by Brandsen et al. (2005) is discussed later (see figure 3).

National differences in the way the concept is used add to this semantic complexity. In the European context, Defourny (2009) sees the adoption in 1991 of a law giving specific status to ‘social co-operatives’ by the Italian Parliament as an important milestone followed by significant growth of this type of organisation. These co-operatives had originally emerged as a response to needs that had either not been met or inadequately met by public services, which coincides with the definition of ‘third sector’ seen above. Apart from the law, a number of macro-structural factors such as persistent unemployment, decrease of public funding and increasing (and unmet) social needs have given rise to the proliferation of third sector actors as a response (Defourny, 2009).

At this point it is useful to distinguish between two concepts that are often used interchangeably in the literature in this field, but which have different implications for further analysis, namely: ‘social enterprise’ and ‘social entrepreneurship’. While social enterprise refers primarily to a specific type of organisational form, social entrepreneurship tends to be associated with a type of behaviour (Czischke et al. 2012; Gruis, 2007). In this research our predominant focus is on the notion of social enterprise given the level of analysis we are working with, namely the ‘social housing organisation’. However, it is worth noting that ‘entrepreneurship’ as an individual attribute is taken into account in our analysis of the figure of the ‘institutional entrepreneur’ when discussing specific qualities of individuals acting within (and on behalf of) the organisations under study.

The Dutch Network of Social Enterprises (NTMO, 2003) defines social enterprises as organisations that have been designed as private enterprises, operating in a market situation, that at the same time employ their means to fulfil a societal objective that is interwoven with (or parallel to) the common interest, that produces goods and services and that uses its profit entirely for the realisation of its societal objective. In addition, as De Boer’s definition (1999, p. 20) points out it, social enterprise in the Netherlands is not only used to refer to formal institutional characteristics, but also to identify a specific organisational approach:

“Social enterprise is mobilising the force of entrepreneurship for the public cause. Against this background, a social enterprise can be described as a private, not-for-profit organisation that attempts to use public and private means to realise public objectives and, in doing so, uses principles from commercial enterprises such as innovation, market orientation and taking risks”.

This concept of social enterprise has been widely and explicitly adopted in the Dutch housing association sector as well. Since, as result of neo-liberal policies, Dutch housing associations have gained considerable administrative and financial independence in the 1990s, social enterprise has been adopted as a concept to refer to their relatively independent position, while retaining the social purpose of the organisations. Furthermore, the concept has been used to refer to the adoption of entrepreneurial behaviour and strategies within the housing associations in order to deal with social housing and related objectives in a more effective and efficient way. Social enterprise has also been related to specific shapes of corporate governance within housing associations, including explicit strategies for stakeholder involvement in decision-making and accountability towards stakeholders (e.g. De Kam, 2003; Gruis, 2008, 2010; SER, 2005; Van Dijk et al, 2002; Vulperhorst, 1999; Zandstra & Rohde, 2002).

In England there have been a variety of definitions of social enterprise reflecting political and policy drivers; and particular issues have arisen in defining 'social aims' and 'trading income'; the twin planks of the concept (Lyon & Sepulveda, 2009). A very open definition was adopted by Government in 2002, responding to the London based Social Economy Coalition (which grew out of the co-operative sector) as part of its strategy 'Social Enterprise: Strategy for Success'. It defined a social enterprise as "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profits for shareholders and owners'. (DTI, 2002). This definition does not translate into a single legal or regulatory form, although as part of the governmental promotion strategy a new legal form, Community Interest Companies, was created. Nonetheless, it is worth noting that the Community Interest Companies has been adopted by very few if any organisation in the housing association sector.

The wide diversity of organisational types captured by the definition includes 'development trusts, community enterprises, housing associations, football supporter's trusts, social firms, leisure trusts and co-operatives' (Office for the Third Sector, 2006). Moreover, Lyon and Sepulveda have noted that broad definitions mean that 'many organisations that do not define themselves as social enterprises are defined as such, but would agree that they are involved in social enterprise activity' (2009b, p. 3). This is certainly the case in relation to most English housing associations who, in contrast to Dutch associations tend to talk about social enterprise as something they support (e.g. tenant led businesses) rather than something they are themselves as illustrated by National Housing Federation Conference 2010 brochure admonition to: 'be inspired and find out the role your association can play, either in establishing a social enterprise or fostering partnerships to achieve more for your communities' (NHF, 2010, p. 7). More recently, however, there is evidence of the incipient conceptualisation of housing associations in England as social enterprises (Richardson, 2012).

Defourny (2009) distinguishes two conceptual approaches that aim to encompass the whole third sector, namely: the 'non-profit sector' approach (mainly developed in the English speaking world), and the 'social economy' approach, of French origin (Mertens, 1999). The latter brings together co-operatives, mutual societies, associations and foundations. Both approaches have gradually spread internationally, along with statistical work seeking to quantify the economic importance of the sector.

Within this wider conceptual framework, the notion of 'social enterprise' appears to signal a step forward in relation to the 'traditional' co-operatives or social economy organisations, in that it implies a 'new way of doing things'. This idea connects with concepts such as (social) innovation and styles of management seeking greater efficiency in service delivery, similar to those that can be found in the profit-oriented sector (Mertens, 1999). Indeed, as Defourny points out (2009), the recent introduction of new legal frameworks for these types of initiatives in different European countries seems to confirm the emergence of this new type of entrepreneurship vis-à-vis more traditional approaches.

§ 3.3.2 Classification models for social enterprise

Alongside definitions of third sector organisations, the literature contains a number of classification models to describe the position of these organisations in relation to their external context and organisations from different domains (public, private and third sector). Two conceptual approaches appear to have a relatively greater use and acceptance in Europe, namely the one brought forward by the last UK government (referred to above) and the approach led by EMES (European Research Network) across Europe. In the former case, the UK government put forward their own definition of social enterprise and carried out a first inventory of these organisations. While this can be considered a 'top-down' approach, the EMES approach corresponds to a more 'inductive' approach, i.e. a systematisation of a social and economic phenomenon already happening 'on the ground'. EMES defines social enterprise as "(...) not-for-profit private organisations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity" (Defourny & Nyssens, 2008). EMES has identified a set of nine indicators (see figure 3.3.2-1) that describe a social enterprise. These indicators can be distinguished according to their 'social' or 'economic' emphasis:

Economic indicators	Social indicators
A continuous activity producing goods and/or services	An explicit aim to benefit the community
A high degree of autonomy	An initiative launched by a group of citizens
Significant level of economic risk	A decision-making power not based on capital ownership
A minimum amount of paid work	A participatory nature, which involves various parties affected by the activity
A limited profit distribution	

Figure 8

EMES social enterprise indicators / Source: Author's elaboration on the basis of Defourny (2009) and WISE (www.wiseproject.eu) / Source: Author's elaboration on the basis of Defourny (2009) and WISE (www.wiseproject.eu)

Both definitions refer to the two main dimensions or objectives of social enterprises, namely the 'social' and the 'economic' (or commercial). This duality is further formulated in terms of tension or as a continuum between both dimensions by some authors. Indeed, the 'entrepreneurial' element of this concept implies, as said earlier, a quest for efficiency and innovation that requires by definition a technical-economical rationale, which sometimes seems to clash or stand in competition with their social objectives. Moreover, a number of scholars studying not-for-profit organisations (including social enterprise) have put forward the idea of a 'continuum of practice' ranging from 'social' to 'economic' objectives, along which these organisations would hold different positions (Crossan & Van Til, 2009; Stull, 2003). Furthermore, some highlight the importance of the internal and external influences affecting these organisations, such as the market and governance structures (Hasenfeld & Gidron 2005; Marwell & McInerney 2003; Stull, 2003).

Crossan's and Van Til's study of social enterprises in Ireland suggested that

"[t]he majority of social economy practitioners (...) agreed with the reality that social enterprises operate along a spectrum of activity, under the influence of many factors including the need to be socially driven and economically sustainable (Crossan 2007). At the very basis level the continuum can be described as having one end of the scale where the focus for the social economy enterprise will be to have a more social and less economic focus, potentially only operating to generate enough income to survive. At the other end of the scale, the social economy enterprises will operate and present themselves as businesses that aim to maximise profits to fund underlying social objectives (SEL 1999)." (Crossan & Van Til, 2009, p.10)

Crossan and Van Til go on to propose a conceptual classification framework called 'The Social Economic Continuum' (Figure 9) applicable to Northern Ireland and to the Republic of Ireland. This continuum illustrates the location of not-for-profit organisations in relation to commercial enterprises that have a level of social focus,

which may impact on the management decisions and practices. As Crossan and Van Til explain, "The model describes the Continuum from social activity to economic activity, by moving from the public/government sector, through the not-for-profit sector and into the for-profit sector." (2009, p. 10). In order to classify organisations along the Social Economic Continuum, Crossan and Van Til devised a 'Theoretical Measurement Framework Model' on the basis of indicators she found to be used in the literature to classify and characterise social purpose aims and objectives, regardless of the sector of the organisation. These indicators can be divided into three layers: 1) the descriptor variables (e.g. legal structure, business model, staffing, trading activities, etc.); 2) motivator variables (e.g. purpose of the organisation or their social aims and objectives), and 3) behaviour variables, i.e. how the organisation actually performs in terms of meeting their social aims and objectives. In Crossan and Van Til's model, the behaviour variables act as the 'true test' to decide the position of any organisation along the Social Economic Continuum. (Crossan & Van Til, 2009, p. 8)

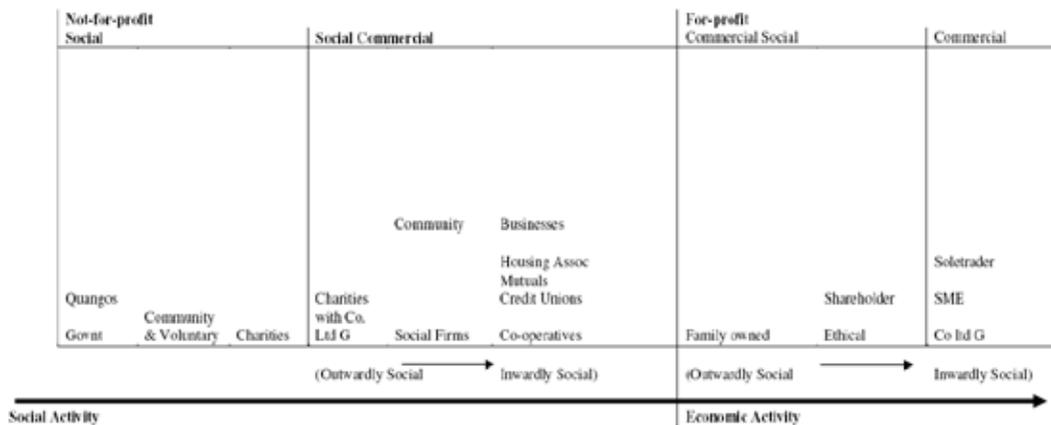


Figure 9
The Conceptual Classification Framework –The Social Economic Continuum for NI and NW ROI / Source: Crossan & Van Til (2009)

Crossan and Van Til's continuum implies social enterprises are hybrid institutions, combining values and activities from State, market and community sectors/spheres to different extents. Therefore, it is also very much in line with Evers (2005) work on the welfare mix discussed above and with the model developed by Brandsen et al. (2005), based on Zijdeveld (1999) and Pestoff (1992), to classify hybrid organisations. Within their conceptualization, the "third sector" is a hybrid domain amidst the three ideal-typical or "pure" domains of society (that is, organisations in this sector emerge as hybrid types between the pure actors we know as bureaucracies, enterprises, and families or clans), as is reflected upon in the triangle in Figure 10 Brandsen et al. point

out that hybrid organisations can be found at different positions within this triangle and also acknowledge that 'borders' between various types of organisations are fuzzy. One limitation of this model may be that the third sector is not seen as a domain in its own right but rather as a tension field between State, market and community (Buckingham, 2010). In this respect it differs from recent work on hybridity such as that by Billis (2010) that includes the third sector as a domain, referring to a pure organisational form of the membership organisation.

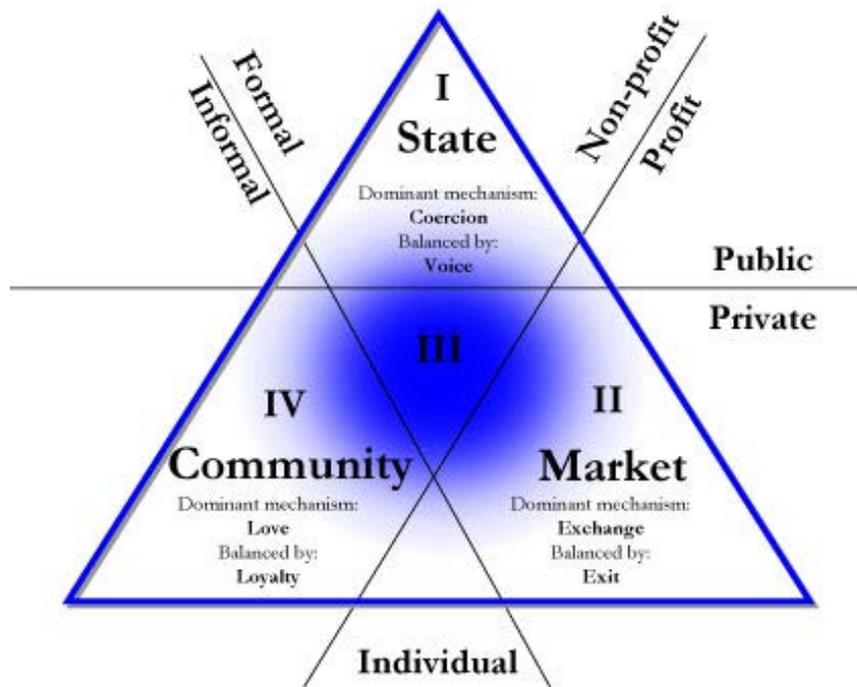


Figure 10
Position of social enterprises between State, market and Community. / Source: Brandsen et al. (2005), based on Zijdeveld (1999) and Pestoff (1992).

Work on hybridity is helpful in indicating the competing principles that may affect organisational positioning amongst social enterprises. However, it is important to understand how these principles are applied in organisational strategies and decisions, to balance often competing social and commercial principles. Stull's (2003) work on decision-making within hybrid organisations (such as social enterprises) sees this as a day-to-day dynamic process involving decision makers such as CEO's blending

'traditional' with 'innovative' approaches in an aim to balance the (core) social mission with constant drivers towards maximizing economic efficiency. Hence, in the management of every social enterprise decisions have to be made will vary between bipolar characteristics in a number of aspects of the company's operations, ranging from mission types to funding sources, etc. (See Figure 11)

Traditional management characteristics	Social entrepreneurship characteristics
Mission & tradition driven	Mission & market driven
Inelastic mission	Elastic mission
Client & internal process orientation	External market and outcomes orientation
Defined by funding sources	Unconstrained by funding sources
Administrative orientation	Entrepreneurial orientation



Figure 11

Stull's Continuum of practice with traditional management and social entrepreneurship as relative extremes / Source: Stull (2003)

In Stull's continuum of practice, the 'traditional management approach' is defined as having:

"(...) an intense commitment to the mission and tradition (values and practices) of the organisation and a viewpoint of 'that's the way we have always done it'. Mission and traditionality is viewed as a constant, inelastic dimension of the organisation; it is to be reinterpreted or reoriented only when fundamental change dictates the need to transform the organisation (Salipante & Golden-Biddle, 1995). The organisation is highly focused on internal processes and program content versus specific outcomes as they relate to the organisation and market, and is often limited or defined by its external funding sources and organisational resources." (Stull, 2003, p. 14-15).

The other end of the continuum, representing 'social entrepreneurship', is defined by Stull as an opportunity-oriented approach:

"(...) that attempts to integrate both mission and market views. Mission is viewed as elastic in nature, able to be constantly evaluated and reinterpreted to meet the changing needs of the market and the organisation. The organisation is positioned based on market demands with a specific or desired outcome that is directly related

to the mission. Market opportunities are not defined or judged based on availability of funding resources, nor is the organisation constrained by its traditional funding sources.” (Stull, 2003, p. 15).

The notion of hybridity has become increasingly important in academic debates about social enterprise in England and Billis (2010) has identified nine ‘zones of hybridity’ at the boundaries between the public, private and third sectors. He argues that hybrid organisations can be divided on the basis of their ‘principal ownership’, which will usually lie within one of the three sectors. Hybridity may be shallow or entrenched and may be organic (as in the case of ‘traditional’ housing associations with civil society roots) or enacted (as in the case of stock transfer housing associations). Aitken (2010) argues that social enterprises provide ‘exemplars of the hybrid form... since they ‘intertwine within a single organisation different components and rationales of State, market and civil society’ (p. 153). He goes on to conclude that as hybridity becomes increasingly common it will be important for policy makers to understand how social enterprises manage tensions between competing principles.

Mullins and Pawson (2010) explore the application of hybridity to English and Dutch housing associations identifying a number of common elements as both sectors have become entrenched hybrids with ‘large, bureaucratised organisations with paid staff becoming the principal owners of strategy as well as operations’ (p. 213). They suggest that the two sectors may fall into rather different zones of hybridity: “as the Dutch sector has become a private/third sector hybrid it has been increasingly concerned to protect itself from the ‘profits in disguise’ critique by cultivating a social entrepreneurial identity and developing explicit social benefits” (p. 213-4). Meanwhile “the English sector seems closest to the public/private/third sector zone nowadays and this explains their robust defence against the dangers of simply becoming agents of public policy and generally positive presentation (at least before the credit crunch) of its leverage of private funds and know-how” (p. 214).

In summary, social enterprise can be viewed from an institutional perspective and from a behavioural perspective. From an institutional point of view it is concluded that social enterprises can take different formal, legal shapes, but have in common that they are (to different degrees) hybrid institutions that deal with competing drivers stemming from public, market and community spheres. These drivers occur in varying combinations, sometimes reflecting the origins of these organisations (e.g. Billis’ distinction between organic and enacted hybridity) and affecting the motivations of the key actors involved. From a behavioural perspective, social enterprises have in common that they (again to different extents) adopt entrepreneurial strategies to fulfil their objectives (versus traditional ‘bureaucratic’ or ‘management-oriented’ behaviour); conflicts between principles are played out in organisational strategies and day-to-day decisions.

§ 3.3.3 A classification framework for social enterprise in housing organisations

Despite the many classification efforts in the field of social enterprise at large, no such classification model has been produced to this date for (social) housing organisations. Thus, with the aim to gain conceptual clarity on the main elements of social housing organisations within the three ideal-typical domains (State, market and community), Czischke et al. (2012) developed such a classification, based on the model devised by Crossan and Van Til (2009). In what follows we lay out the main elements of this proposed classification.

According to the general definitions and characteristics of social enterprise discussed above, various social housing organisations can be brought under the general heading of social enterprises. Nevertheless, it is well known that there is a great variety in the nature and organisation of social housing providers between and even within countries. Therefore, to study and compare the characteristics of social enterprise within social housing organisations it is useful to develop a classification model for this specific sector.

Following Crossan and Van Til (2009) the framework developed by Czischke et al. (2012) employs a distinction between descriptor variables (formal institutional characteristics), motivator variables (as reflected in organisation's missions and drivers) and behaviour variables (as reflected in the organisations' approaches and output or activities).

§ 3.3.3.1 Descriptor variables

For the descriptor variables as well as the motivator variables, the triangle from Brandsen et al. (2005) (Figure 10) and Billis's notion of zones of hybridity were used as a reference point. Applying these models to the discussion of the concept of social enterprise in the previous section, it was concluded that:

- 1 Social enterprises can be placed in zones that are located in the overlaps between pure State (public), market (commercial) or community (informal) organisations; often they mix these forms in ways that reflect their origins and principal ownership
- 2 They encompass competing values and approaches from all three 'pure' institutional contexts
- 3 Values and approaches from one angle may be relatively dominant over values and approaches from other angles (and the relative dominance may change over time);
- 4 They can have a legal structure that is either (semi)public (i.e. related to the State), (semi)commercial (i.e. as related to the market), (semi)informal (i.e. as related to community) or any other hybrid structure;
- 5 (This implies) social enterprises may encompass non-profit and / or not-for-profit as well as limited-profit organisations;
- 6 Nevertheless, if the values and approaches from one corner are completely dominant over values and approaches from other corners, the organisation cannot be classified as a social enterprise.

To translate the 'position' that a social housing organisation occupies within the triangle according to descriptor variables, we have chosen some of the indicators proposed by Crossan and Van Til (2009) in their revised framework. In addition, we include one more variable that we believe help describe the position of social enterprises in the housing field, namely 'profit objective'. Furthermore, It is worth noting, that Crossan and Van Til (2009) found that not all indicators originally contained in their model proved appropriate to be used to determine the position of a not-for-profit organisation in their classificatory model. 'Legal structure' is a case in point. However, we have kept the latter variable in this study in order to be consistent with our discussion about the variety of legal statuses that social housing organisations can take across North Western Europe. The set of selected descriptor variables applied in this study is shown in Table 5.

Variable	Features
Legal structure	Public, private, informal, other, including hybrid legal forms such as community interest companies in the UK
Profit objective	Non-profit, not-for-profit, limited profit, etc.
Ownership	Ownership structure of the organisation (shareholders, public/private, etc.)
Core business activities	Economic, social, both; tangible/intangible (services)
Governance	Institutes or people are formally responsible for policy-making within the housing organisations: State, tenants, societal and/or commercial stakeholders or shareholders. Paid/non paid, occupation, etc.
Funding income	Sources of funding (public, private, donations, etc.); long or short term; conditions attached to them.
Catchment	Market served (local, regional, national, cross-border)

Table 5

Selected descriptor variables

As explained in chapter 2, there is a wide variety of social housing organisations in Europe according to their formal, descriptive characteristics. There is a mix of (formally) government owned social landlords, such as municipal housing companies, tenant-owned cooperatives as well as private housing associations, some with shareholders other than tenants (such as the German housing companies), some without (e.g. Dutch housing associations). Some of these organisations operate explicitly under a non-profit policy (e.g. Danish housing associations). Others operate on a not-for-profit basis, but may accumulate financial reserves over time (e.g. Dutch housing associations) or on a limited profit basis (such as the Austrian housing companies). The (formal) governance mostly coincides with the legal structure, although exceptions should be noted. For example, housing management within Danish housing associations is largely controlled by tenants but also subject to detailed government regulation (Gruis & Nieboer, 2004). Dutch housing associations on the other hand have a large administrative and financial independence, but are actively seeking ways to incorporate societal stakeholders in their decision-making.

§ 3.3.3.2 Motivator variables

For the motivator variables, according to Crossan and Van Til, one must look at the purpose and social aims of the organisations. In the case of social housing organisations these are reflected in their missions and objectives and the motivations underpinning the missions. Following Branden's triangle (Figure 10), a distinction can be made between:

- 1 *State-driven housing organisations* whose missions are relatively strongly influenced by State policies, regulations and finance;
- 2 *Market-driven housing organisations* which missions are relatively strongly influenced by (general) housing market demand and financial-economic opportunities on the housing market and depending relatively much on private finance;
- 3 *Community-driven housing organisations*, which are relatively strongly influenced by preferences and financial means of their current and / or future tenants, non-tenant local residents, local stakeholders such as local government, local community and third sector organisations.

Several studies have indicated social housing organisations across Europe are following diversification strategies to different extents (e.g. Brandsen et al., 2006; Heino et al., 2007; Mullins & Riseborough, 2001; Walker, 2000). A survey conducted among 42 social housing organisations spread across 12 different EU Member States by Heino et al. (2007) indicates there is a considerable degree of dynamism in the activities of social landlords. The importance of the motivator variable in distinguishing between diversification undertaken simply to earn income and that undertaken to also better meet community needs is clear. However, these motivations can be difficult to unpack in the context of specific decisions, which are likely to have multiple rationales (Jäger, 2010); the easiest motivational impacts probably involve commercial opportunities forgone because of conflicts with values; e.g. decision not to expand into activities that involve low wage competition and conflict with values about how staff is treated (Mullins & Riseborough, 2000). Nonetheless, it is worth noting that understanding motivations in the context of competing values requires a conceptual and methodological framework that follows a process and dialectical approach. In chapter 4 we develop such an approach.

To analyse the characteristics of social housing organisations according to Crossan and Van Til's (2009) behavioural variables one can look at the actual activities and strategic decisions that they perform to fulfil their missions. To facilitate classification according to behavioural values, the work of Gruis (2005, 2008) is useful to typify the extent and nature of the diversification of the actual activities (output) of the housing organisations. Gruis (2008) employs Miles and Snow's distinction between 'Prospectors' and 'Defenders', which refers to types of strategic orientations that can be found amongst commercial enterprises and which can also be related to Stull's bi-polar typology. As he explains, some social landlords are focussed mainly on performing their core, traditional (public) task of providing decent, affordable housing for those in need, while other social landlords provide additional 'public' services (such as care and welfare services) or are active within commercial segments of the housing market as well (by providing expensive rental and owner-occupied dwellings).

When applying the 'Defenders-Prospectors' distinction, Gruis found that Defenders among social housing organisations focus on traditional activities, i.e. building and managing social rented housing for lower-income households and are not focussed on innovations outside this area. Their main objective is to perform their current task in a good manner and (possibly) to increase efficiency. In a sense, Defenders are following Walker's (2000) scenario of focussing on their core, property-driven, task. This would fit with Stull's 'traditional management characteristics', as seen above. On the other hand, Prospectors among social housing organisations are focussed on innovations. They seek new opportunities within their current field of operations as well as to expand their field of operations. They are focussed on increasing their effectiveness (in various areas of their operations), rather than on maximising efficiency. Prospectors can be regarded as analogue to Stull's 'social entrepreneurs'.

However, following Miles and Snow's (1978) classification Prospectors can be further divided into social housing organisations that primarily seek to enlarge their activities in the (semi) public domain (i.e. as related to the State domain) and social housing organisations that focus on expansion of market activities. Prospectors in the first group follow Walker's (2000) scenario of developing the housing plus services, while Prospectors in the second group maintain their primary orientation on property, but become more active in commercial segments of the housing market as well (higher rent and sale). In addition, a third group of Prospectors combines diversification within the public domain with expansion of commercial activities. Figure 12 summarises the types of social housing providers according to their diversification strategy.

Social orientation	Defender		Commercial orientation
	Social-housing manager emphases on fulfilling traditional tasks, affordability and tenant satisfaction	Social-housing investor emphases on traditional activities, business efficiency and yielding profit via going-concern approach.	
	Societal innovator emphases on broad range of activities, continuous renewal of its products and services, and social return.	Societal real-estate investor emphases on continuous renewal of its real estate portfolio and on financial return	
	Prospector		

Figure 12

Types of social housing providers according to diversification strategy. / Source: Gruis, 2008 (adapted by Nieboer and Gruis, 2011)

§ 3.3.3.4 Relationship between descriptor, motivator and behaviour variables

Within the classification developed above, it seems likely that there is a relationship between the descriptive, motivational and behavioural characteristics, which would open up the possibility of a single classification. For example, a study by Mullins and Sacranie (2009) to understand the motivating drivers of community investment activities in English housing associations pointed at a relationship between descriptor variables and motivator variables. They concluded that the ways in which organisations construct, prioritise and measure their community investment activities will depend upon whether their principal ownership is primarily market driven, in which case Corporate Social Responsibility (CSR) will be driven by their corporate business strategy in the same way as a private company. If, on the other hand they are more society driven (e.g. neighbourhood focused housing associations) then community investment activities will emerge from locally based relationships between staff and residents and success will be judged through local stakeholders' feedback.

Earlier evidence from explorative research (Gruis, 2008; Heino et al., 2007) suggests that there is not a 100 per cent relationship between these three elements of Crossan and Van Til's framework within organisations. For example, some housing organisations that formally have a relatively large freedom in determining their own policies, to actively pursue profits with market activities and have adopted an 'entrepreneurial' business mission have been found to have a traditional scope of activities. Therefore, in line with Crossan and Van Til, we argue one should look at all three of the variables individually to

classify the nature of social enterprise within housing organisations, although it remains interesting to see what kind of relationships exist between the three variables.

In this section, we have focused on the specific characteristics of hybrid organisations such as social enterprises, and argued that social housing organisations can be studied within this conceptual framework. In particular, we discussed theories and evidence highlighting the tensions that social housing organisations have to face between competing logics or values, on three dimensions: descriptive, motivational and behavioural. Based on this, we propose a classification framework for social enterprise in housing on the basis of previous classificatory work in the wider social enterprise and hybridity research field.

§ 3.4 Decision-making in the face of competing values

In the previous section we discussed different types of values that coexist and often compete in social housing organisations by drawing on the concepts of social enterprise and hybridity. In this section, we focus on the third research question of this PhD research (see figure 3.3-1), namely:

'How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis conceptual drivers?'

To do so, we bring together the discussion of agency in organisations introduced earlier in this chapter with the issue of decision-making in hybrid organisations. We start with a brief overview of key concepts and debates in theories on decision-making in organisations, followed by a discussion of the use of power relations and power devices as a form of agency in organisations. The section concludes with a short conceptualisation of 'strategic decisions'.

§ 3.4.1 Decision-making theories

This section briefly introduces two of the dominant paradigms on decision-making in organisations, namely: a) the rational model of decision-making and b) organisations as political systems. In so doing, we draw on specific elements of these theories illustrate the main debates pertaining the third research question of this study, namely: 'How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis contextual drivers?'

§ 3.4.1.1 Rational model of decision-making

As Volker (2010) explains, earlier theories treated decision making as rational process akin to making choices in a game. However, the simplistic view of the ‘perfect maximiser’ has been replaced by more recent approaches to decision-making that were largely influenced by Simon’s work on ‘bounded rationality’ (Simon, 1972). The concept of bounded rationality emphasizes “(...) a greater understanding of decision-making under incomplete information and uncertainty, and the trial and error behaviour of management in problem solving.” (Anheier, 2005, pp. 145-146). Furthermore, this concept of rationality implies that managers have adequate information about the decision they reach as well as about alternative options and their implications; however, in reality managers face considerable time and costs constraints in decision-making; and have certain pre-set frames of reference that lead them to overlook some aspects while overemphasizing others. (Anheier, 2005, p. 146)

Bounded rationality theories draw extensively from behavioural theories (Edwards, 1961), which focus on finding ways in which human choice deviates from maximisation of subjective expected utility by identifying a variety of rules of thumb called ‘heuristics’ (Kahneman et al., 1982). These general rules of thumb reduce the time and effort required to make reasonable judgements and decisions, especially in routine decisions (Cyert & March, 1963).

A variation of the rational model portrays rationality and bounded rationality as a dichotomy or continuum along which decision makers can move (e.g. Harrison & Phillips, 1991). Amongst the factors that might affect the degree of rationality of strategic decision-making are, for example, organisational size (Mintzberg & Waters, 1982) and contextual factors. For example, Dean and Sharfman (1992) found that “threatening environments, high uncertainty, and external control decreased rationality.” (Eisenhardt & Zbaracki, 1992, p. 21) Some argue that turbulent environments require less rationality (e.g. Fredrickson, 1984; Miller, 1987). In the housing field, this could be illustrated by the contrasting ideas that economic constraints enforce greater economic rationality through efficiency pressures (e.g. the English housing associations GFC) whereas less pressure in slacker times allows less rational approaches to proliferate (e.g. Dutch housing associations 10 years after Bruterung – see chapter 2).

Ways in which decision-makers can improve the rationality of decision processes include using more information and creating more diverse viewpoints. For example, Janis (1982) identified a pattern of behaviour marked by an excessive tendency to seek concurrence, which he called ‘groupthink’. ‘Divergence-inducing’ antidotes he prescribed included creating a devil’s advocate, introducing outside experts, and encouraging argument. Along the same vein, Schweiger, Sandberg and Ragan

(1986) found that "(...) both dialectical inquiry and devil's advocate groups produced better recommendations and assumptions than did consensus groups. However, the improved performance came at the expense of group satisfaction and acceptance of the decision" (Eisenhardt & Zbaracki, 1992, p. 21)

Amongst the limitations of the rational model, Eisenhardt and Zbaracki (1992) mention goals that are unclear and shift over time; people often searching for information and alternatives haphazardly and opportunistically; analysis of alternatives may be limited; and decisions often reflect the use of standard operating procedures rather than systematic analysis. (Eisenhardt & Zbaracki, 1992, p. 20)

In line with the above, Volker (2010) stresses the need to go beyond abstract experimental settings to study decision-making, citing more recent research that has focused on context-related factors such as time-pressure, incomplete or unreliable information, and ill-defined goals (Hutton & Klein., 1999) Amongst the theories adopting the latter approach are recognition theories, narrative theories, incremental theories and moral/ethical theories (Beach & Connolly, 2005).

Furthermore, Eisenhardt & Zbaracki (1992) highlight new work that argues that "rationality is multidimensional, and so strategic decision makers are rational in some ways, but not others." (1992, p. 22) For example, Fredrickson (1985) found that executives' approaches were simultaneously rational and intuitive. Moreover, evidence suggests that such behaviours are effective, particularly in fast-paced environments. (Eisenhardt & Zbaracki, 1992; Isenberg, 1986) This points out to a heuristic perspective, in which decision makers are rational in some ways, but not others. This "(...) runs counter to the traditional view of rationality as a monolithic construct and suggests a debate between this monolithic conception and amore multidimensional approach to how strategic decision makers actually think." (Eisenhardt & Zbaracki, 1992, p. 22)

Jäger (2010) developed a framework for mission and strategy-related decision-making by social businesses (or social enterprises). Following Yunus' concept of social business – institutions acting at the interface of markets and civil societies – Jäger claims that existing models can't properly be applied to the management of social business. Being "*simultaneously coupled to civil society on the one hand and to markets on the other hand*" (2010, p. xix), decision actors in social businesses are closely linked with differently structured decision-making patterns and have to balance the tension arising from their respective decision patterns. While they need to apply a market rationale to obtain resources, a social rationale is needed to realize their mission. This leads to the key question: what do effective executives actually do in the area of tension between social mission and market rationale? It is worth noting, however, that the tension between civil society and market rationale at the base of the author's thesis lacks a third type of rationale present in many social businesses / social enterprises, namely

the 'public' or 'State' rationale – particularly relevant in North Western Europe, for example, where social enterprises (or social businesses) have developed from formerly public bodies providing social services. They are, as we have argued in the previous section of this chapter, hybrids operating between three spheres: community, markets and the State.

Jäger emphasises the specificity of social business as distinct from 'traditional non-profits' and the consequent quest for an appropriate model to describe the challenges of managing this type of hybrid organisations. While the dichotomy between social mission and market rationale is not an issue in traditional non-profits, Jäger argues that social businesses take this tension as their starting point. Furthermore, he intends to extend Yunus' approach to social businesses by focusing on the balance of tensions between social and economic rationale that social business executives have to explicitly address in fulfilling their task. To this end, he proposes a framework that defines practice in social businesses as balancing tensions.

The notion of 'multiple-rationale' proves particularly insightful as an attribute that executives must have in social businesses to avoid siding with one or the other orientation:

"In their everyday practice, effective executives balance their awareness of experiences, realities and facts on the one hand and they are careful of how they interpret and communicate these experiences on the other hand. They balance their experiences and their rationalizing. This is important in contexts where different rationales, like the social and the economic one, are influential. Executives have to be careful not to side with one of these rationales. To balance, they need to be multi-rationale." (Jäger, 2010, p. 60)

In sum, the critique of the rational decision-making model emphasises the importance of non-rational factors such as intuition and past experience in these processes, as well as the multiple (or sometimes conflicting) rationales that are at play in hybrid organisations such as social enterprises.

According to Anheier (2005), the view of organisations as political systems emerged as a response to the perspective of organisations as rational constructions. Furthermore, he underscores the importance of power relations in non-profit organisations:

“The issues of power, authority and leadership (...) appear even more demanding in non-profits due to the important influence of values on organisational behaviour, management style and decision-making. (...) The importance of values in non-profit organisations makes them intrinsically political institutions. Values do not exist in isolation but are imprinted in organisational cultures, enacted through day-to-day activities, and evoked on special occasions and during decision-making. The link between values, power, and politics is critical, and values form the basis of power.” (Anheier, 2005, p. 160)

On a similar vein, Eisenhardt & Zbaracki (1992) posit

“(...) the application of the political model to strategic decision-making was a reaction to the prevailing economic assumptions that organisations possess a single, superordinate goal. (...) In the political model, people are individually rational, but not collectively so. The key assumption is that organisations are coalitions of people with competing interests. While these individuals may share some goals such as the welfare of the firm, they also have conflicts.” (1992, p. 23)

Following this perspective, if we take the example of housing associations, in a given situation some executives may favour housing development while others may support the interests of existing customers if having to choose between those two objectives. Amongst factors that determine these diverse (and probably conflicting) preferences are, for instance, the position that each executive occupies within the organisation and clashes in personal ambitions and interests (Allison, 1971). Indeed, evidence (Baldrige, 1971; Pettigrew, 1973) suggests that different preferences arise not only from ‘genuine disagreements’ about technical matters, but also from “differences in the managers’ positions within the firm and their perceptions of self-interest.” (Eisenhardt & Zbaracki, 1992, p. 25) Hence, in this view the core issue is the process by which conflict is resolved amongst individuals with conflicting preferences. In the case of non-profits, we might add conflicts of competing values linked to the specific role that different executives have within the organisation.

§ 3.4.2 The use of power in organisational decision-making

Weber (1978) defined power as the probability that one actor within a social relationship will be in a position to carry out this own will despite resistance. Others (Morgan, 2006; Hay, 2002) however, consider that no really clear and consistent definition of power has emerged: “While some view power as a resources (i.e., as something one possesses), others view it as a social relations characterized by some kind of dependency (i.e. as an influence over something or someone)” (Morgan, 2006; 166). Concerned with the definition of power, Hay (2002) stresses the need to ‘disentangle the analysis and identification of power from its critique’. He redefines power as both context- and conduct-shaping, concluding that:

“Power (...) is about context shaping, about the capacity of actors to redefine the parameters of what is socially, politically and economically possible for others. The ability to influence directly the actions and/or choices of another individual or group is but one special case of this more general capacity. More formally then we can define power as the ability of actors (whether individual or collective) to ‘have an effect’ upon the context which defines the range of possibilities of others.” (Hay, 2002, p. 185)

A key assumption of the political model is that decisions follow the interests and choices of the most powerful (March, 1962; Salancik & Pfeffer, 1974). However, the literature is rife with examples of decision-makers engaging in political tactics to enhance their power to influence a decision, such as coalition formation, co-optation, strategic use of information, lobbying, withholding and/or control of agendas, and the employment of outside experts. (Allen et al., 1979; Eisenhardt & Bourgeois, 1988; Eisenhardt & Zbaracki, 1992; Morgan, 2006). Furthermore, all these features can be found amongst institutional entrepreneurs, as discussed earlier in this chapter, as part of the intense political activity they carry out to perform their goals.

In what follows, we focus on a selection of such political tactics, drawn from a variety of literature, which were found to be particularly relevant to the case studies over the course of this PhD research.

§ 3.4.2.1 Control of decision processes

There are a number of ways to influence the outcome of group decision-making through the control of process-related aspects. Morgan (2006) distinguishes between control of three of these aspects: decision premises, decision processes, and decision issues and objectives.

Decision *premises* set the foundations of decision-making. These include various strategies for “guiding or deflecting people’s attention to the grounds or issues defining a favoured point of view” (Morgan, 2006, p. 173) such as, for example, the control of decision agendas (Volker, 2010). These strategies allow those who establish them to steer the decision in their desired direction or to prevent certain decisions to be made.

The control of decision-making *processes* is usually more visible than the control of decision premises. This aspect deals with issues such as definition of participants, timing and how the decision should be made. Rules of speaking and voting procedures could be included within this aspect.

A third way of controlling decision-making is to influence the *issues and objectives* to be addressed and the evaluative criteria to be employed (Morgan, 2006; Volker, 2010). For example, preparing reports and actively contributing to the discussion on which the decision will be based are some direct mechanisms through which a participant may be able to shape issues and objectives. These strategies can be used to underscore the importance of particular constraints, selecting and evaluating the alternatives on which a decision will be made, and highlighting the importance of certain values or outcomes. Personal qualities such as ‘eloquence, command of the facts, passionate commitment, or sheer tenacity or endurance’ (Morgan, 2006) can turn out to be crucial in determining the outcome of the decision.

In line with the above is Lukes’ (1974) view of a dialectic relationship between power and structure, in which social structure limits action. For Lukes, power is an ‘agency’ concept, not a structural one; however, he believes that power “is held and exercised by agents (individual or collective) within systems and structural determinants.” (1974) He discusses what he calls the ‘bias of the system’, which can be “mobilised, recreated, and reinforced in ways that are neither consciously chosen nor the intended result of particular individuals’ choices. (...) Moreover, the bias of the system is not only sustained by a series of individually chosen acts, but also, more importantly, by the socially structured and culturally patterned behaviour of groups, and practices from institutions which may indeed be manifested by individuals’ inaction.” (1974, pp. 22-23) One implication of this is the possibility that issues might not get into the agenda at all.

§ 3.4.2.2 Control of knowledge and information

Knowledge and information are a crucial source of power (Allen et al., 1979; Cairns & Beech, 1999). Skilful ‘organisational politicians’ (Morgan, 2006) are able to structure attention to issues in a way that in effect defines the reality of the decision-making process. Evidence shows that these actors choose when to withhold information

(Eisenhardt & Bourgois, 1988) as well as manipulate and control critical information channels (Pettigrew, 1973) making information flows and the knowledge available to different people, 'thereby influencing their perception of situations and hence the ways they act in relation to those situations'. (Morgan, 2006, p. 174)

As part of this, managers hire consultants for strategic reasons (Kieser & Wellstein, 2008), as they know that those who have a chance to define a problem can influence the search for solutions and the direction of ensuing decisions (Volker, 2010, p. 64). As Morgan (2006) puts it, "[t]he expert' often carries an aura of authority and power that can add considerable weight to a decision that rests in the balance or, though already having been made in the minds of key actors, needs further support or justification." (2006, p. 176). Indeed, in addition to playing a role in the external review, communication and acceptance of decisions, and reassurance of experiences, consultants offer the functions of legitimization and weapons for politics and interpretation (Kieser & Wellstein, 2008). This is confirmed by empirical evidence cited earlier from organisational studies in English housing associations (Mullins & Riseborough, 1997), which shows 'conducting studies' as one of the strategies employed by executives to re-position their organisation in the context of a changing policy environment.

§ 3.4.2.3 Ability to cope with uncertainty

Uncertainty is widely recognized as a key characteristic of organisational decision-making. Overall, environmental uncertainty refers to "(...) a situation where future circumstances affecting the organisation cannot be accurately assessed and predicted." (Anheier, 2005, p. 152) Morgan (2006) considers that environmental uncertainties can provide 'opportunities for those with the contacts or skills to tackle the problems and thus minimize their effects on the organisation as a whole.' (2006, p. 178). Two main factors determine the power that accrues to people who can tackle this type of uncertainty in the context of organisational decision-making: on the one hand, the degree to which their skills are substitutable, and therefore the ease with which they can be replaced; and on the other hand, the centrality of their functions to the operations of the organisation as a whole.

Some hold the view that uncertainty in the institutional order may provide opportunities for strategic action (DiMaggio, 1988; Fligstein, 1997). For example, Mullins and Riseborough (2000) explain that the period of their organisational study of housing associations in England was characterized by relatively high levels of uncertainty and instability, which provided the opportunity for decision-makers to act: "(...) instability was associated with an unexpectedly long period in which [decision-makers] perceived an opportunity to shape policy rather than simply respond to new government directives." (2000, p. 162)

§ 3.4.2.4 Interpersonal alliances, networks and control of “informal organisation”

The role of networks and alliances has been widely acknowledged in management and leadership studies as a key resource to influence (Gulati, 2007; Balkundi et al., 2006). This idea is akin to the enabling role of actors' social position as a condition of institutional entrepreneurship, as discussed earlier in this chapter. Eisenhardt & Bourgois (1988) found evidence of executives using political tactics such as coalition formation to influence strategic decision-making. Following the notions of 'skilful politician' (Morgan, 2006) and 'skilled actor' (Perkmann et al., 2007) introduced earlier, this type of actor systematically builds and cultivates informal alliances and networks so as to draw on the 'help and influence of all those with an important stake in the domain in which that actor operates'. (2006, p. 181) Amongst the benefits of fostering these networks and alliances is the advance notice of developments that are relevant to their interests.

Successful networking or coalition building “(...) requires an ability to see beyond immediate issues and find ways of trading help in the present for promises in the future. The successful coalition builder recognizes that the currency of coalition building is one of mutual dependency and exchange.” (Morgan, 2006, p. 181) Amongst the kinds of institutionalized exchange through which alliances and networks are forged are meetings of professional groups and associations.

§ 3.4.2.5 Symbolism and the management of meaning

A key aspect of influencing decision-making is the ability of a leader to define the reality for others (Garud et al., 2007; Morgan, 2006). As seen earlier in the chapter, institutional entrepreneurship relies on the ability of 'skilled actors' to narrate and theorize change and frame a situation strategically (Khan et al., 2007) in such a way as to inspire collective action amongst other actors in the organisation and possibly beyond. In this regard, the management of meanings and perceptions of other people about a given situation is a key skill. However, different leadership styles differ in their capacity to achieve this. An authoritarian leader, for example, who tends to base his authority on commands, is less likely to manage perceptions of other participants in the decision-making process than more democratic leadership styles: “(...) democratic leaders allow definitions of a situation to evolve from the view of others. (...) He or she spends time listening, summarizing, integrating, and guiding what is being said, making key interventions and summoning images, ideas, and values that help those involved to make sense of the situation with which they are dealing.” (Morgan, 2006, pp. 183-184)

§ 3.4.3 Strategic decision-making

As Eisenhardt & Zbaracki (1992) point out, 'strategic decision-making' is central among strategic processes, because it "(...) involves those fundamental decisions which shape the course of a firm". (1992, p. 17) Having gone through the fundamentals of decision-making theories, we turn to the definition of organisational strategy to understand 'strategic decision-making'. According to Johnson et al. (2006), for example, an organisation's strategy "the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations" (2006, p.9) Moreover, according to Wheelen and Hunger (2008) strategy "(...) forms a comprehensive master plan that states how the corporation will achieve its mission and objectives. It maximises competitive advantage and minimizes competitive disadvantage." (2008, p.14)

§ 3.4.3.1 Defining 'strategic decision'

This leads to the question: what is a strategic decision? Mintzberg, Raisinhan and Theoret (1976) define a strategic decision as one that is "(...) important, in terms of the actions taken, the resources committed, or the precedents set." (1976, p. 246). Following Mintzberg et al. (1976) Eisenhardt and Zbaracki (1992) characterised strategic decision as "(...) those infrequent decisions made by the top leaders of an organisation that critically affect organisational health and survival." (1992, p. 17)

Hickson et al. (1986) attribute three core characteristics to strategic decisions: first, they are *rare*, in the sense that they are unusual and typically have no precedent to follow; second, they are *consequential*, in that they commit substantial resources and demand a great deal of commitment from people at all levels; third, they are *directive*, as they set precedents for lesser decisions and future actions throughout the organisation.

Johnson and Scholes (2006) characterise strategic decisions as likely to be concerned with the scope of an organisation's activities; normally about trying to achieve some advantage for the organisation over competition; possibly having to be made in situations of uncertainty about the future; likely to affect operational decisions; and usually involving change in organisations which may prove difficult because of the heritage of resources and because of culture. Indeed, they point out, "[t]hese cultural issues are heightened following mergers as two very different cultures need to be brought closer together – or at least learn how to tolerate each other." (2006, p. 11) Mullins & Riseborough (2000) drew on this conceptualisation in their study of organisational changes in English housing associations

defining strategic decisions, as “decisions which [respondents] expected would have the most significant implications for the structure, direction and purpose of their organisations (2000, p. 55). As we will see later in this chapter and in chapter 4 in more detail, in this PhD research we applied the latter definition in the third phase of data collection.

§ 3.4.3.2 Modes of strategic decision-making

Wheelen and Hunger (2008) present four modes of strategic decision-making, three of which were developed by Mintzberg (1973) and the fourth one by Quinn (1980). In brief, these modes can be described as follows:

- A **Entrepreneurial mode**, where strategy is made by one powerful individual, focusing on opportunities and regarding problems as secondary.
- B **Adaptive mode**: This approach, also often referred to as ‘muddling through’, is characterized by ‘reactive solutions to existing problems rather than a proactive search for new opportunities.’ (Wheelen & Hunger, 2008, p.21)
- C **Planning mode**: This decision-making mode brings together the proactive search for new opportunities and the reactive solution of existing problems. It comprises the systematic gathering of information for situation analysis, the generation of feasible alternative strategies, and the rational selection of the most appropriate strategy.
- D **Logical incrementalism**: This mode can be regarded as a synthesis of the previous three, although to a lesser extent of the entrepreneurial mode. In this approach, although the mission and objectives are set, the strategy is allowed to emerge out of debate, discussion, and experimentation. According to Wheelen and Hunger (2008) this appears to be useful in fast-changing environments as well as in situations where consensus building is seen as important.

It is worth noting that the above modes imply different approaches to leadership. The study of leadership in itself falls beyond the scope of this PhD. However, we will deal with leadership attitudes and behaviour as part of the wider understanding of strategic decision-making.

In this section, we have discussed different theories of decision-making in organisations, and highlighted the limitations of the rational model of decision-making model, which does not take into account other aspects such as intuition and past experience. We have also referred to the concepts of ‘multidimensional rationality’ (Eisenhardt & Zbaracki, 1992) and multi-rational actors (Jäger, 2010) to refer to the actual ways in which decision-making happens in organisations, especially in hybrid organisations such as social enterprises, where a variety of values are at play. In addition, we have explored key characteristics of power in organisations, in particular a number of ‘tactics’ or strategies that actors may use to influence group decision-making.

§ 3.5 Towards a conceptual framework to study strategic decision-making in social housing organisations

As explained in chapter 1, the third and last phase of the research consisted in the in-depth study of a strategic decision vis-à-vis a critical incident in each company under study. The iterative and incremental nature of the research meant that this last phase was the most intensive and richest in terms of information and condensed most of the elements to answer the three research questions, while focusing in particular on the third research question, namely: how are competing values enacted in the decision-making process exercised by these organisations vis-à-vis contextual drivers. Thus, drawing on the theories and concepts described in this chapter, we devised a conceptual framework (Table 6) to study a strategic decision in the companies under study.

Dimension	Sub-dimensions	Theories, concepts	Attributes
Form		Power Institutional entrepreneurship Decision modes / leadership Uncertainty as opportunity for strategic action	Control of decision processes Control of knowledge and information Ability to cope with uncertainty Interpersonal alliances, networks, and control of the informal organisation Symbolism and management of meaning Entrepreneurial, Adaptive, Planning, Logical incrementalism
Content	'Abstract' elements: Values, ideas	Motivator variables	State, market, community
	'Concrete' elements: Proposals, intended actions	Behaviour variables	Defenders, prospectors

Table 6
Conceptual framework for the study of strategic decision-making in social housing organisations

Strategic decision-making can be regarded both in terms of **form and content**. The formal dimension refers to the physical, temporal and procedural aspects of the decision-making. Here, issues such as a timeline, participants and working methods, amongst others, are useful to describe the way the decision-making took place. The content dimension, on the other hand, has to do with the ideas, values, arguments and proposed actions that were discussed in the process.

Content, however, can be further sub-divided in two sub-dimensions: one to do with 'abstract' ideas at play in the deliberation process, and a second aspect to do with more concrete actions or intended actions. In order to facilitate the operationalization of these dimensions, we draw on the classification variables for social enterprises in housing discussed earlier in this chapter, namely 'motivator' variables (values) and 'behaviour' variables (intended actions). Motivator variables in the classification refer to the purpose and social aims of the organisation. In the case of social housing organisations these are reflected in their missions and objectives and the motivations underpinning the missions. Behaviour variables refer to the actual activities and strategic decisions that housing organisations *enact* to fulfil their missions. For the study of a decision-making process, 'behaviour' does not necessarily refer to concrete outcomes (yet), but to the *intended* activities that company executives contemplated as part of the outcomes of the decision.

§ 3.6 Conclusion

The iterative approach applied in this research meant that a number of assumptions and concepts adopted at the beginning were revised and redefined and linked with other concepts over the course of the research, in line with new insights from the findings.

For example, in the case of the first research question, the understanding of the relationship between contextual changes and organisational change developed considerably during the process. While the research started from a rather unidirectional 'impact-response' approach to this relationship (as reflected in the first period of data collection), in a second stage this understanding shifted to a more bidirectional conception, underpinned by the rising importance of the notion of agency. In that sense, the concept of 'action' came to replace the more limited notion of 'response'. This change led to the discovery of the literature on institutional entrepreneurship and institutional work, which proved useful in understanding the emerging findings from the fieldwork.

The literature on social enterprise and hybridity, widely used in other fields of social service provision, had been relatively scarcely applied to housing organisations. Hence, the study developed a classification framework for social enterprises in housing. During the 'positivist' phase of this PhD research (see chapter 4 and section 3.1 in this chapter), this exercise was originally aimed at establishing 'ideal typical' categories (e.g. strategic orientations) and attributes that could be identified in the companies under study. However, when applying this model to the actual findings, the usefulness

of the 'pure' strategic orientations (i.e. 'State', 'market' and 'society') turned out to be limited to describe the real meaning behind specific actions taken. It was now recognized that a more dynamic approach was required to understand the interplay between these three 'pure' orientations in a process leading to actions that, from the outside, could be labelled as following one or the other orientation. In this way, the need for theories and conceptualisations that captured that complexity and dynamism guided a third theoretical enquiry.

This last conceptual search focused on literature that could inform the understanding of the decision-making processes taking place in organisations such as these. Again, while there is considerable literature on (strategic) decision-making in general, we found very scarce research on decision-making in housing associations. Thus, we built on and developed the approach set out by Mullins and Riseborough (1997), which included the study of strategic decisions and critical incidents in housing associations in the UK. In doing this, we went back to the notion of agency and in particular to the conceptual elements provided by the theory on institutional entrepreneurship, which proved particularly helpful in understanding the formal aspects of the decision.

However, we also realized the need to incorporate elements from general theories on power relations and leadership in organisations, as these featured strongly in this formal dimension as well. For the content dimension of the process, we went back to the discussion on values and actions conceptualised through 'motivator' and 'behaviour' variables in section 3.3. The strategic decisions and critical incidents approach builds on earlier work in housing sector (Mullins & Riseborough, 1997, 2000) and was used in this study on the grounds of a shared view with its authors on a dynamic and action element in the construction of social enterprise identities.

The overall process of writing this theoretical chapter has to be understood as a journey with many stops, where every new place visited (data collection round) led to the choice of a new destination (a new literature search). Hence, this process corresponded closely to the 'theoretical sampling' (Glaser & Strauss 1967) and iterative features of grounded, which will be explained in more detail in the next chapter.

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4 Methodology

§ 4.1 Introduction

This chapter presents the methodological design of this PhD research. Various research methods were combined in the research design to address the multi-dimensional nature of the research questions. Each element is presented and discussed across seven sections structuring this chapter. Section 4.2 lays out the main elements of the methodological framework devised for the study, including: epistemological approach; relationship between theory and research; research methods; and research design. Section 4.3 presents a detailed description of the different methods used in the research in each phase. In section 4.4 it is explained how the data collected in each phase of empirical research was analysed and interpreted, while section 4.5 addresses how ethical issues were handled. Section 4.6 discusses the challenges and opportunities presented by this methodological approach and section 4.7 presents a brief conclusion. Examples of research instruments are included in appendices 1, 2 and 3.

§ 4.2 Methodological framework

Paradigm diversity has come to characterize social sciences after the so-called 'paradigm wars' of the 1980s. According to Buchanan and Bryman (2011) the resulting 'epistemological eclecticism' involves "(...) *the development of novel terminology, innovative research methods, non-traditional forms of evidence, and fresh approaches to conceptualization, analysis and theory building.*" (2011, p. 4). The pluralistic approach followed in this PhD research falls within the latter epistemological developments as a way to effectively address the multiple dimensions of the research questions. Furthermore, the relative lack of precedents on this type of research in the field of housing studies, as explained in chapter 1, led to the elaboration of an epistemological and methodological framework that draws from a variety of sources.

Figure 13 illustrates the different elements of the methodological framework in the vertical axis. The horizontal axis is structured as a continuum between the two classical or 'purist' methodological approaches in social science research, namely positivist/quantitative (left) and interpretivist/qualitative (right). Between these two extremes a 'third' or 'eclectic' approach is highlighted, which corresponds to the one adopted in this study. However, it is worth noting that within this overall eclectic approach, the study has an interpretivist emphasis. In the remainder of this section the rationale for these choices is addressed in more detail.

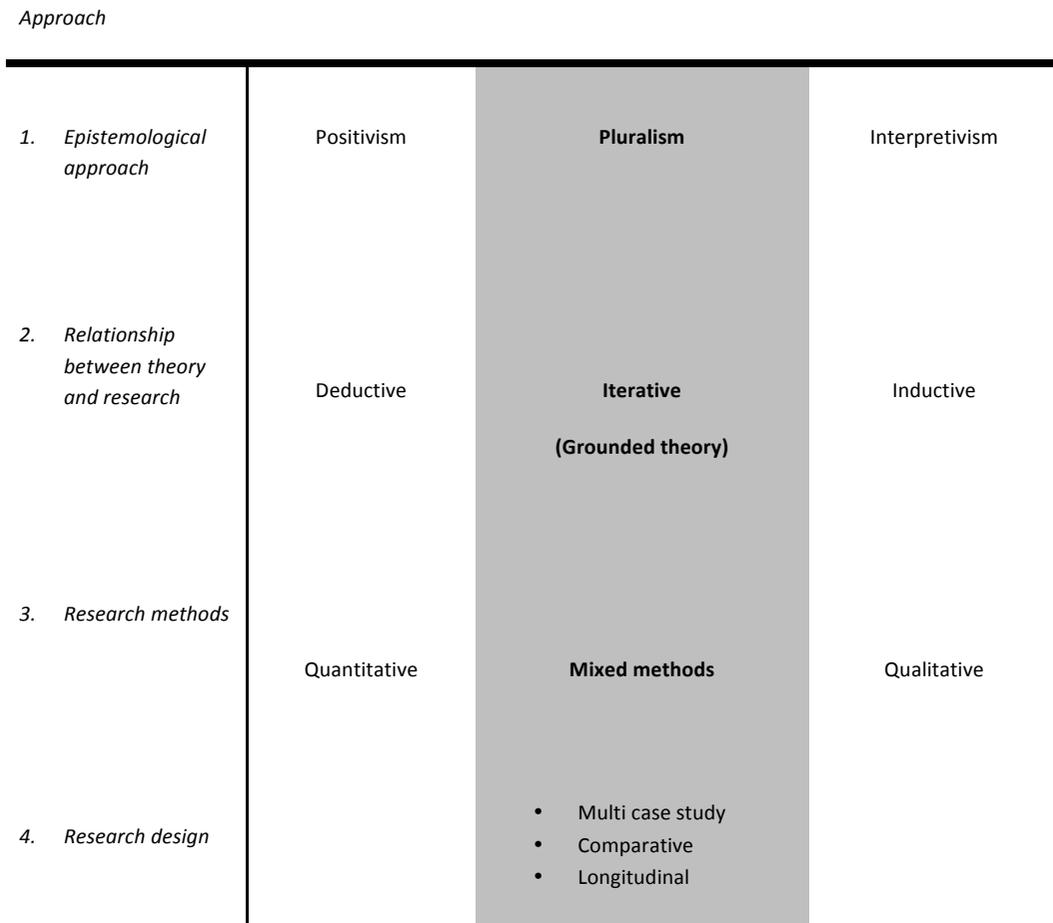


Figure 13
Methodological framework and epistemological approaches

§ 4.2.1 Epistemological approach

Over the last decades, an epistemological approach referred to as 'pluralism' or 'pragmatism' has gained acceptance in social science research, to a large extent due to its ability to bridge across the positivist/interpretivist divide (Hantrais, 2009). As Bryman points out, "[a]s a philosophy, pragmatism is viewed as freeing the researcher to select whichever methods and data sources that might reasonably be used to explore a research problem in pursuit of rigorous and comprehensive findings." (Bryman, 2011, p.518). Johnson and Onwuegbuzie (2004), for example, advocate for a 'pragmatic and balanced or pluralist position' as a way to improve communication among researchers from different paradigms with a view to advance knowledge. They argue that "[p]ragmatism also helps to shed light on how research approaches can be mixed fruitfully (Hoshmand 2003); the bottom line is that research approaches should be mixed in ways that offer the best opportunities for answering important research questions" (2004, p.16)

This approach proved helpful given that, as the PhD research progressed, new or more specific issues emerged that required different methods to be investigated. As shown in Table 7, at the start of this research, broad, open questions were formulated, alongside a strong element of description in order to identify the key contextual factors having an impact on the organisations under study. This stage was aimed at teasing out possible causal and contingent relationships. Therefore, at this point it was decided to use a qualitative approach to data collection in order to obtain a rich picture of the main themes emerging. Later on, the emphasis shifted to the formulation of a number of hypotheses to test emerging findings on 'strategic orientations' that organisations would follow vis-à-vis contextual drivers. Hence, the research adopted a positivist turn, drawing on a mix of semi-quantitative and qualitative methods. The results of this exercise, however, showed that the hypotheses and classification models applied in this second phase were rather static ways to describe the motivations and behaviour of these companies. Hence, a more dynamic, process-oriented approach was deemed more suitable. Therefore, the emphasis shifted again towards an interpretive, qualitative research design to meet the latter aim.

Research questions	1. How are contextual developments impacting on the missions, values and activities of social housing organisations?	2. How do these organisations position themselves vis-à-vis the State, market and community?	3. How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis contextual drivers?
Research phase	I, (II update)	II (classification), III (Critical incident technique)	III (Critical incident technique)
Type of research question	Exploratory Descriptive Explanatory	Descriptive Explanatory	Descriptive Explanatory
Conceptual elements	Contextual drivers (State, Market, Community) Organisational aspects (Missions, values, activities)	Strategic orientations (State, Market, Community) (Strategic) positioning	Decision making Motivations Behaviour Structure / agency
Relationship theory-research	Inductive	Deductive / Hypothesis-testing	Inductive/iterative
Epistemological orientation Methods	Interpretivist QUAL	Positivist QUAN à QUAL	Interpretivist QUAL

Table 7

Relationship between research questions, concepts and epistemology

While adopting a pluralist or pragmatic epistemological approach, this study draws significantly from the interpretivist perspective, in view of the important role played by perceptions of the main actors to answer the research questions (Bryman, 2004, p.13). Interpretivism requires the social scientist to grasp the subjective meaning of social action. Rowlands (2005) summarizes this as follows:

“[T]he foundation assumption for interpretive research is that knowledge is gained, or at least filtered, through social constructions such as language, consciousness, and shared meanings. In addition to the emphasis on the socially constructed nature of reality, interpretive research acknowledges the intimate relationship between the researcher and what is being explored, and the situational constraints shaping this process. In terms of methodology, interpretive research does not predefine dependent or independent variables, does not set out to test hypotheses, but aims to produce an understanding of the social context of the phenomenon and the process whereby the phenomenon influences and is influenced by the social context (Walsham, 1995).” (Rowlands, 2005, p.81)

This choice of approach in this PhD responded to the aim to achieve an in-depth understanding of the processes taking place in the organisations under study. While mixed methods provide the flexibility to adapt research techniques to the developing nature of the research question, qualitative research allows an understanding of the social world through an examination of the interpretation of that world by its participants (Bryman, 2004, p.266). This was particularly important in enabling the second and third research questions to be fully addressed.

Unit of analysis: the organisation through the lens of its top executives

It is worth recalling that the focus or unit of analysis of the research approach adopted in this PhD is the *organisation*. More specifically, the research plays special emphasis on the *perceptions* of leading actors, notably executive managers of the companies under study. Thus, the interpretivist emphasis chosen by this research proved suitable to understand strategic thinking and behaviour as filtered by the organisations' management teams in their capacity of top decision-makers. Furthermore, this approach highlights the role of agency in shaping the influence of external drivers on the organisation (see chapter 3).

The focus on the executive managers' perceptions connects with the approach followed by earlier research to study decision-making in social enterprises. Stull (2003, 2009) considered that the literature had ignored the outcomes and challenges and neither examined the potential organisational and societal tension involved in the introduction of social entrepreneurship practices in non-profit environment from the perspective of a practicing social entrepreneur. Thus, he aimed to understand, from a practitioner perspective, "the tacit behaviours of non-profit executives using distinctly managerial approaches and their attempt to balance the tension resulting from these approaches" (2003, p.11).

In their research with housing associations in England, Mullins and Riseborough recognize that often the purpose and resources of specific research projects gain from focusing on leaders' or top executives' accounts, "since these are the individuals with the power and day to day involvement in strategy" (2000b, p.13) despite recognizing that other participants in the organisations might have other views, which might add to a more complete picture of the decision-making process. This choice, however, coincides with Jäger's (2010) deliberate focus on the behaviour of executives running these companies, which he justifies in view of the increasing responsibility they hold over decisions that affect the mission and strategies of these types of organisations. It is worth noting, however, that in addition to top executives, this PhD research also included a few interviews with external key informants and stakeholders related to the company (e.g. sector representatives, government officials, etc.), in those cases where their inputs deemed to be likely to add to a better understanding of the subject of study. This was the case in particular in the last phase of the research ('critical incident' technique – see point 4.3).

§ 4.2.2 Relationship between theory and research

The back and forth between theory and empirical data collection that characterizes this PhD research draw significant inspiration from the basic tenets of 'Grounded Theory', a systematic research methodology used in the social sciences, which emphasizes generation of theory from data in the process of conducting research (Martin & Turner, 1986).

Grounded theory investigates the actualities in the real world and analyses the data with no preconceived hypothesis (Glaser & Strauss, 1967). Indeed, this approach works almost in the opposite way from 'conventional research'. While the latter typically starts with a hypothesis, grounded theory begins by collecting data using a variety of methods. From this data, key points or issues found are given specific codes. The codes are grouped into similar concepts. Categories are then extracted from these concepts, which form the basis for the creation of a theory, or a 'reverse engineered hypothesis'.

However, as Goulding (2011, p.385) explains, largely because of the scholarly debates about the 'right' use of grounded theory (Glaser & Strauss, 1967; Glaser 1992; Strauss & Corbin, 1990), in practice most researchers tend to adopt a 'middle ground' approach to the application of grounded theory. The latter would bridge across, on the one hand, the perception of extreme structuration and 'bewildering complexity' (Partington, 2000, p.95) of, for example, Strauss and Corbin's version, and, on the other hand, the excessive openness of Glaser's version, as perceived by others. Thus, most researchers claiming to use grounded theory can be found at the centre of the spectrum ranging from strictly structured coding on the one hand, to a more open view of this process, on the other. Furthermore, Eisenhardt and Graebner (2007) recognize that often there is confusion about the meaning of 'grounded theory building':

"As when coping with the multiple meaning of 'qualitative research', it is often helpful to deal with the multiple meanings of 'grounded theory building' by avoiding the term unless one is actually using the Glaser and Strauss (1967) approach. (...) The key here is to convey the rigor, creativity, and open-mindedness of the research processes while sidestepping confusion and philosophical pitfalls." (Eisenhardt & Graebner, 2007, p.30).

Indeed, the above view could be characterized as 'pragmatic', and is in line with the pluralistic approach adopted in this research. Therefore, while this study applied the fundamental logic of grounded theory to data analysis, it kept a degree of flexibility and openness to adapt according to the specific needs arising throughout the research.

One of the key principles adopted in this research from grounded theory is the iterative process between data collection and theory formulation (see Figure 14). Following Eisenhardt, "[t]he central idea is that researchers constantly compare theory and data - iterating toward a theory which closely fits the data." (1989b, p.541). This approach

led to the introduction of new methods as the research progressed and new issues and foci emerged both from successive rounds of literature review and data collection. Five phases can be distinguished (see Table 8) where different data collection methods were applied according to specific objectives at each stage. As Figure 14 shows, within this wider iterative approach, at the beginning the PhD had an inductive emphasis, starting from broad research questions and aiming to unravel key issues emerging from the research into an *inductively developed interpretation* rather than verifying pre-existing hypotheses (Emerson, Fretz & Shaw, 1995). However, as explained earlier, the second research phase marked a shift towards a deductive approach, with the inclusion of (semi) quantitative methods in order to test a set of hypotheses emerging from a first round of data collection. Following the analysis of the findings of the second phase of data collection, a renewed emphasis on induction was adopted through the application of the Critical Incident technique to be explained in more detail in section 4.3 of this chapter.

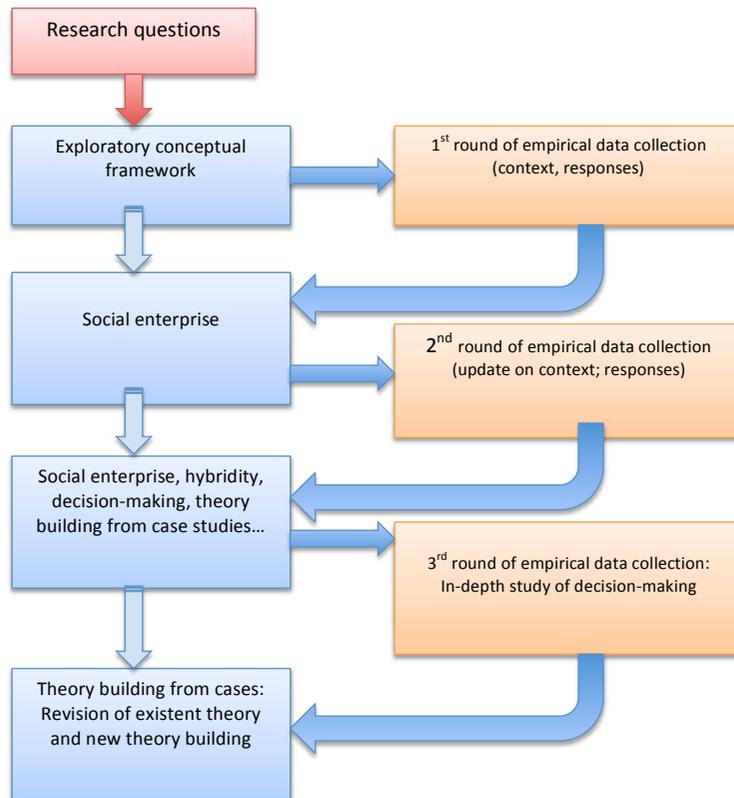


Figure 14
Iterative process of theory building from case studies

§ 4.2.3 Research methods

In line with the pluralist or pragmatic epistemological perspective described earlier, this PhD applied a mixed methods approach to data collection and analysis. As scholars in the field point out, “[p]ragmatism advances multiple pluralistic approaches to knowing, using “what works”, a focus on the research questions as important with all types of methods to follow to answer the questions, and a rejection of a forced choice between post-positivism and constructivism. Thus, a major tenet of pragmatism is that quantitative and qualitative methods are compatible.” (Molina & Cameron, 2010, p.97)

Mixed methods research is usually defined as a research strategy combining qualitative and quantitative methods. However, scholars point out that mixed methods may also include the mix of different methods *within* qualitative and/or *within* quantitative research (see for example Brannen, 2005a, 2005b; Bryman, 2011; Hantrais, 2009). In this PhD research, this broader approach to ‘mixing’ methods was adopted.

Over the last couple of decades, mixed methods has gained increasing use and acceptance as a research strategy in social research in general, and in organisational research in particular (see for example Brannen, 2005a, 2005b; Bryman, 2011; Creswell & Plano Clark, 2007; Burke Johnson & Onwuegbuzie, 2004; Tashakkori & Teddlie, 2003). Greene, Caracelli and Graham (1989, p.259) present five justifications for applying mixed methods research: *triangulation* (seeking corroboration from different methods); *complementarity* (to elaborate, enhance, illustrate and clarify the results from one method with the results from another); *development* (using the results from one method to help develop the other); *initiation* (discovering paradoxes, contradiction, new perspectives, etc. from one method with the results from the other); and *expansion* (extending the breadth and range of enquiry by using different methods for different inquiry components).

In section 4.3 of this chapter the different methods used in each phase of the study, as well as the respective rationale for using them, is explained in more detail.

Structure of the research process

The iterative character of this research called for it to be structured in three rounds of empirical data collection (illustrated in Table 7), which depict the back-and-forth between theoretical formulation and data collection. In terms of research methods, each data collection phase used a different set of techniques, shown in tables 4.2.1 and 4.2.3.

Methods ranged from *in-depth semi-structured interviews* with members of the respective management teams and *project visits* to a housing estate chosen by the company (where issues raised during the interviews are illustrated with examples on the ground) in the first year (2008-2009) to a *semi-structured survey* on the second year (2009-2010). The methodology for the third year (2010-2011) included another type of technique, the '*critical incident*' technique, which is described in more detail in section 4.3.

Objectives Research questions	Description	Explanation
<i>How are contextual developments impacting on the missions, values and activities of social housing organisations?</i>	Interviews (facts) Secondary sources Survey	Interviews (perceptions) Validation seminars
<i>How do these organisations position themselves vis-à-vis the State, market and community?</i>	Interviews (facts) Secondary sources Survey	Interviews (perceptions) Validation seminars
<i>How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis contextual drivers?</i>	Interviews (facts) Secondary sources Critical incident technique	Interviews (perceptions) Critical incident technique Validation seminars

Table 8
Methods used in relation to research questions and objectives

In addition, prior to each visit and in between visits, secondary information about each company was gathered and analysed (e.g. company reports, research commissioned or conducted by the company, statistics, minutes, etc.).

As part of this iterative process, the second round of data collection (see table 4.2.2) included hypotheses formulation and the use of a structured questionnaire to test the former. This decision was based on the result of the analysis of the previous phase of the research, where categories of analysis were narrowed down.

§ 4.2.4 Research design

As presented in Figure 13, the study combines different types of research design, namely: Multiple-case study; comparative; and longitudinal. This section refers briefly to each of these designs and how they fit together in the research.

§ 4.2.4.1 Multiple-case study

The multiple-case study design responded to the research aim to compare and contrast developments in organisations operating in two European countries. There are a number of advantages of multi-case study designs or comparative case studies, as Hantrais (2009) points out, *“Comparative case studies, where a single unit is analysed in more than one setting, narrow the focus and enable intensive in-depth study. On its own, a case study can provide neither the basis for valid generalization nor the grounds for disproving established generalization. Case studies can, however, contribute to the formulation of general propositions and to theory building.”* (2009, p.58).

This view is in line with Eisenhardt’s approach to building theories from case study research (1989), where she describes the process of inducting theory using case studies. As Bryman (2004) points out, *“[t]he main argument in favour of the multiple case-study is that it improves theory building. By comparing two or more cases, the researcher is in a better position to establish the circumstances in which a theory will or will not hold (Yin 1984; Eisenhardt 1989). Moreover, the comparison may itself suggest concepts that are relevant to an emerging theory.”* (2004, p.55).

The choice of a case study approach with a small sample of companies was closely linked to the rationale for choosing a primarily qualitative approach. As Mintzberg (1979) points out, small samples produce better quality in-depth data as compared to large samples that produce superficial data. Furthermore, although referring to a single case study of social entrepreneurship in the US, Stull (2003) points out to the advantages of the case study approach to obtaining rich, in-depth insight on the subject of study: *“(…) it was ultimately more advantageous to purposefully select and study an organisation that would provide rich data that resulted in the thick description of its management practices than it was to study a large number of organisations that would at best provide (…) limited detail.”* (Stull, 2003, pp.11-12).

Selection of case studies

Both social housing organisations (‘company case studies’) were selected through a filtering down process from a larger sample of 43 companies covering 13 EU Member States. This larger sample was used in the previous study by the author and others referred to in chapter 1 (Heino et al. 2007). The selected companies are referred to as Company E (England) and Company N (the Netherlands) throughout the study.

Figure 15 illustrates the different stages of the selection process. The third and last stage corresponds to a 'theoretical sampling', i.e. cases were chosen for theoretical, not statistical reasons (Glaser & Strauss 1967) aiming "to replicate previous cases or extend emergent theory" (Eisenhardt, 1989b, p.537). As Goulding (2011) explains, in grounded theory "(...) sampling is an emergent and ongoing process that evolves as the theory develops from the data. It is in fact the findings and emergent questions that direct the researcher to different contexts, people, and places in order to saturate the data". (Goulding, 2011, pp.382-383)

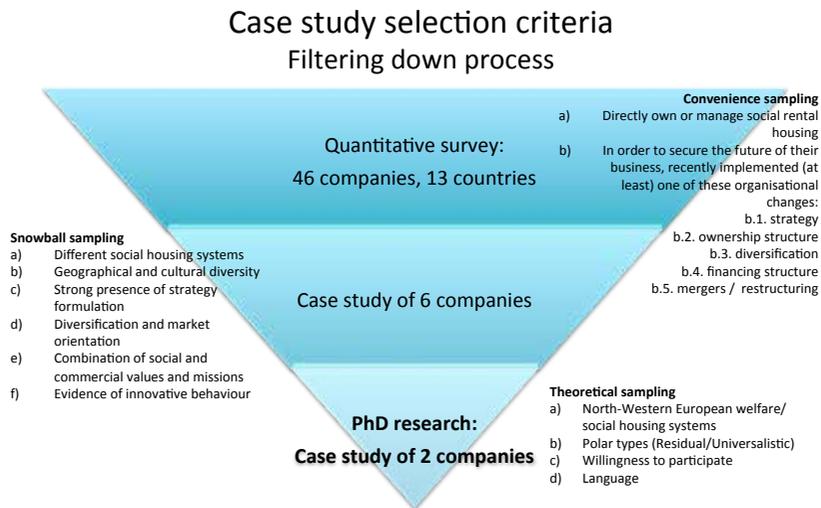


Figure 15
Case study selection criteria: filtering down process

As mentioned in chapter 1, the main reason to select these two companies was the fact that they had proven to fulfil a set of characteristics that made them interesting to study in depth for the purpose of this PhD research. These attributes translated into the following criteria: strong presence of strategy formulation in each company (in relation to the wider baseline sample); evidence of advanced diversification and market-orientation; a combination of economic and social stated values and missions; evidence of innovative behaviour; and current or recent experience of structural changes (e.g. mergers).

Furthermore, results from Heino et al. (2007) showed closer similarities amongst companies operating in North-Western Europe with regards of the variables of study (i.e. the direction of contextual changes and types of responses from providers) as compared to companies operating in other countries (e.g. Southern and Eastern Europe). Therefore, it was decided that the PhD research concentrate on a sub-set of North-Western European countries, a geographical area that shares a similar historical development of welfare and

(social) housing systems as compared to the rest of Europe (see chapter 2). In addition, as explained earlier, these countries share a relatively well-established system of not-for-profit providers, both in terms of their legal status and their relative size in the housing market.

It is worth noting, however, that within this geographical scope each of the selected companies operates in a country representing a different type of social housing provision model (as described by the proposed typology, illustrated by Figure 16). In particular, the contrast between both ‘extreme’ allocation systems (residual and universalistic) was judged interesting to explore, given the aforementioned similarities in terms of the relative size of the sector at European level, and the presence of a well-established system of not-for-profit providers. In this sense, the selection of both countries matches the criteria of ‘polar types’ (Eisenhardt, 1989b; Pettigrew, 1988), in which “(...) *the process of interest is ‘transparently observable’.*” (Eisenhardt 1989b, p.537).

Country	Public providers		Private providers						
	Local authorities	Public law entities	Private law entities				Other	Co-operatives	For profit
			Associations	Co-operatives	Companies / societies				
Public owners	Private or mixed owners								
AT	*			*	*	*			*
BE		*		*	*				
DE								*	*
DK	*		*	*					
ES		*						*	
FI	*	*			*	*			
FR		*		*		*			
IE	*			*		*			
IT	*	*						*	*
NL			*				Foundations		
PT	*	*					NGOs	*	
UK	*		*	*		*	*		*

Figure 16
Approaches to social rental housing provision in the EU -15

The final important factor in selecting the participating companies was the willingness they expressed in taking active part in the research project, as well as their proven ability to collaborate throughout a lengthy research process. The particularly long time span over which the PhD research took place required an equally long-term commitment of the companies to participate in the research. Furthermore, given the interactive, in-depth and immersion characteristics of the research approach, it was crucial for the researcher to secure continuous access to data and staff throughout the project. After an initial round of pre-selection of companies who took part in the initial study, the selected companies provided the best match for the above-described criteria.

§ 4.2.4.2 Comparison

The research combines two levels of comparison, namely: *inter-organisational* (two social housing companies) and *international* (each company operates in a different European country). An important scientific justification for choosing to conduct an international comparative study was to fill the relative gap in research and theory of this type of research. This gap extends both to the 'meso' / organisational level of social housing provision and to the scarcity of European comparative studies in this field.

An additional reason for comparing organisations across countries is the 'mirror effect' it provides, namely the opportunity for cross learning between countries *despite and because of* not sharing the same national context. As Hantrais (2009) explains, international comparative research is often undertaken by researchers for the purpose of "*gaining a better understanding of their own cultures and systems, and in questioning their own assumptions and perceptions, thereby guarding against ethnocentrism*" (2009, p.9). On a similar vein, Bryman (2004) argues, "*cross-cultural research helps to reduce the risk of failing to appreciate that social science findings are often, if not invariably, culturally specific.*" (2004, p.54) This requires, however, that the researcher be alert to any possible misunderstandings due to different meanings of specific terms between countries. Examples from this study include the use of terms such as 'private', 'public' and 'community'. The approach adopted in this research to deal with these specificities was to keep the initial definition open and to discuss what these terms meant for each interviewee at the beginning of the interview.

The above approach is also related to the discussion between two opposite strands of comparative methodology, namely the 'universalist / positivist' on the one hand, and the 'culturalist / particularist' on the other. While the former is concerned with statistical generalisation the latter considers that the object of study can only be understood within its specific context. Hantrais (2009) posits that there is a 'middle-way' between these two extremes in comparative research. Bridging this divide, she

puts forward the notion of 'commensurability', which establishes that two concepts or things are measurable or comparable if they share a common standard. This means that, to be comparable, neither do they have to share the same context, nor do they have to be statistically representative of such context. In this PhD research, this 'common standard' is the core mission all companies share, namely a social mission, defined broadly as the provision of social housing as a non profit-maximising activity.

The two companies operate within a different national institutional and organisational framework and thus respond to a different set of policy and market conditions in their respective countries. Nonetheless, as the level of analysis of this study is the social housing undertaking, it was decided to keep the focus on the strategic responses to contextual developments at that level. Therefore, it is important to stress that the 'comparative' nature of this study does not lie in a (direct) comparison between countries, but in a comparison between the companies under study, while acknowledging their different national contexts.

Last but not least, in line with the research and epistemological approach described above, this research aimed at generating evidence and analysis leading to an emerging theory. As Bryman (2004) argues, "*The key to the comparative design is its ability to allow the distinguishing characteristics of two or more cases to act as a springboard for theoretical reflections about contrasting findings*" (2004, p.55).

§ 4.2.4.3 Longitudinal approach

The longitudinal dimension of the study meant that both companies were 'tracked' over the project's duration using a set of research methods. This contrasts with more 'classical' PhD research designs, which are based on an initial period of problem formulation and literature review, prior to immersion in usually intensive or short-term data collection followed by a lengthy analysis and write up. However, as Bryman (2004) explains, "*Case study research frequently includes a longitudinal element. The researcher (...) may conduct interviews with individuals over a lengthy period. Moreover, the researcher may be able to inject an additional longitudinal element by analysing archival information and by retrospective interviewing*". (2004, p.52). The latter methods were used in the last phase of the case study, namely on the 'critical incident' technique described later in this chapter.

Furthermore, this approach follows the methodological perspective outlined by Pettigrew, who considers that human behaviour ought to be studied in context and by locating present behaviour "in its historical antecedents" (2003, p.306). Pettigrew considers that '*most social scientists do not appear to give much time to time*' and

that, as a result, much of their work is an '*exercise in comparative statics*'. In this view, advantages of a longitudinal study include: length of time enables appreciation of decision-making in context; each individual 'drama' provides a clear point of data collection; mechanisms that lead to, accentuate, and regulate, each drama can be deduced; comparison and contrast is possible allowing continuity and change to be examined. Pettigrew therefore favours the adoption by organisational researchers of the approach used by historians, which makes it possible to 'reconstruct past contexts, processes, and decisions', thereby discovering patterns, finding underlying mechanisms and triggers, and combining inductive search with deductive reason. (Pettigrew, 2003)

§ 4.3 Detailed description of methods

The following description of methods is structured in three parts, each explaining the data collection techniques used in each research phase, as depicted in Table 9.

Phase	Research questions	Period	Objectives	Methods
I.a: Exploratory conceptual framework	1, 2	2008	Building exploratory conceptual framework.	Literature review (initial, broad)
I.b: First round of data collection	1, 2	2008 - 2009	Identifying contextual changes and organisational responses: Mapping contextual drivers Identifying responses Formulating hypotheses	Semi-structured interviews Group interviews Review of documentation and secondary data. Validation seminar
II.a: Retrofitting findings into theory	1 (update), 2	2009	Retrofitting findings into theory	Literature review (mid-term, focused)
II.b: Second round of data collection	1 (update), 2	2009 - 2010	Formulating and testing hypotheses on strategic orientations: Testing hypotheses emerged from phases II and III Revisiting research questions Research design of in-depth case study ('Critical incident')	Semi-structured questionnaire Validation seminar
III.a: Retrofitting findings into theory	2, 3	2010	Retrofitting findings into theory	Literature review (final, focused)
III.b: Third round of data collection.	2, 3	2010 - 2011 (12 months)	Identifying and tracking a 'Strategic decision' in each company: Understanding organisational decision-making vis-à-vis a critical incident. Emerging theory formulation	'Critical incident' technique, including: Semi-structured interviews Group interviews Observation Review of documentation and secondary data Diary keeping Validation seminar
IV. Relating findings back to theory	1,2,3	2011-2012	Building new theory	Critical assessment of literature Engaging with theoretical debates Formulating propositions/hypotheses Further research questions

Table 9 Methods used in each empirical data collection phase

§ 4.3.1 Phase I.b: Identifying contextual changes and organisational responses

§ 4.3.1.1 Objective

This phase addressed all research questions. In the first PhD year the main aim was getting to know the companies (through describing their mission, organisation and activities) and mapping key contextual drivers.

§ 4.3.1.2 Method

The above aim translated into qualitative techniques (notably in-depth semi-structured interviews with executive managers) that sought to gather both factual information (description) and opinions and perceptions from the respondents (explanations) on contextual changes and organisational responses. The choice of respondents was consistent with the general research approach, which focused on the perceptions of the top decision-makers of the companies under study in order to understand strategic thinking and behaviour.

The method used to extract the respondents' views about contextual drivers and impacts on the company's mission and activity used a figure of the triangular diagram introduced in chapter 3. During the interview, each respondent was shown the diagram and asked to comment on what they considered key drivers stemming from each domain (State, market and community).

A key feature of the research methods was the designation of a 'contact person' in each company. This person was either a member of the executive team or a senior advisor, who provided both practical support to the researcher (e.g. accessing information, helping to organise interviews and seminars, etc.) and regular content inputs. In addition, as mentioned earlier, additional key informants (e.g. stakeholders, sector representatives, etc.) were included in interviews at different stages in the research, according to specific research objectives. It is worth noting, however, that one of the limitations of longitudinal research designs is the likely turnover of members of staff in these organisations. This represents a challenge given the need for regular and repeated contact (e.g. interviews) with specific members of staff. In view of this situation (which in fact occurred to different extents in both companies over the course of this research), triangulation techniques helped ensure the continuity of the research process, such as the inclusion of a wider range of informants and the analysis of secondary data.

In addition, three validation seminars with representatives from each company (including some of people interviewed) held over the course of the research provided the opportunity to feed back results to participants and give them the opportunity to react and comment on findings. At these seminars, findings from each round of data collection were presented to a group of representatives from the top management teams of each company. After the presentation by the researcher, participants were asked to comment on these findings expressing agreement/disagreement, pointing out any factual mistakes and providing additional information and/or alternative interpretations to findings. These inputs were later systematized by the researcher and fed back into the findings report. The inclusion of respondents as active participants over the course of the research is in line with Bryman and Buchanan's observation on the current paradigm diversity of social sciences and the consequent inventiveness in method, which includes "(...) *collaborative research strategies involving respondents as co-researchers and co-interpreters of findings* (Denis and Lomas 2003; Heller 2004)." (Buchanan & Bryman, 2011, p.4)

§ 4.3.2 Phase II.b: Formulating and testing hypotheses on interactions with contextual drivers

§ 4.3.2.1 Objective

This phase also addressed all research questions, although the first one (contextual drivers) was just monitored (i.e. checked for any updates). Here, the focus was on narrowing down the research questions, developing a conceptual framework suitable to the subject of study, and on deepening the understanding of the types of interactions between the organisations and their respective contextual drivers. On his point it is worth recalling our discussion on the nature of the relationship between context and organisational change in chapter 3. In fact, findings of the first year led to a shift in the understating of how these companies 'relate' to contextual changes. From an implicit assumption of one-way causality (i.e. contextual changes resulting in an organisational *response*), this relationship was reformulated in more symmetric terms, i.e. considering the possibility of a two-way interaction between structure (context) and agency (the organisations) (Mullins & Riseborough, 2000). Therefore, the language used to refer to this relationship changed accordingly, adopting terms such as 'interactions' and 'behaviour' to refer to the companies' actions vis-à-vis their respective contexts.

From the first round of data collection, both empirical (primary data from case studies) and theoretical (literature review) findings revealed that different strategic orientations co-exist at different times in all companies, to different degrees. Therefore, a set of hypotheses on three ideal-types of 'strategic orientations' were formulated and tested as input for theoretical interpretation.

§ 4.3.2.2 Method

In order to test the hypotheses that emerged in the first phase of empirical data collection, the research design at this stage introduced semi-quantitative methods through the inclusion of a **semi-structured questionnaire**. The aims of this questionnaire were twofold: firstly, it sought to provide an update on the main contextual drivers identified in the first stage of the research in each company. Secondly, it aimed at testing the aforementioned set of hypotheses on strategic orientation. The questionnaire was designed and applied to a group of executives from each company, who were asked to answer to a multiple-choice set of questions with in-built strategic orientations arising from the hypotheses. The questionnaire was designed to a large extent on the basis of the MRM survey (van Dorst 2008) applied to housing associations in the Netherlands by Aedes (the national umbrella organisation for Dutch housing associations). The instrument collects existing 'images' or perceptions by individuals working for the organisation on both the current and the desired external profile of the housing associations as a civil society organisation. It is composed by three 'scans' or surveys that are filled in by respondents. The instrument is described as 'not fact finding', as discrepancies in images (range) and overall impressions (average) are equally important in the analysis.

The results of this survey were systematized in the form of tables and spider diagrams (the latter showing relative scores for each strategic orientation per domain) and were later presented and discussed with the participating companies in a second validation seminar following the objectives and methods described in a previous point.

§ 4.3.3 Phase III.b: Identifying and tracking a 'Strategic decision' in each company

§ 4.3.3.1 Objective

Following the analysis of the data collected through the questionnaire in the previous phase, the question of how social housing organisations 'mix' different orientations as compared to any other 'pure' type of housing provider (e.g. public provider, real estate developer, charity, etc.) became crucial. In this research, this 'mixing' is not regarded as a static construction, but rather as a process of strategic positioning of these organisations, between State, market and community. However, the question on what *drives* these organisations to choose one particular orientation in a specific situation called for an in-depth study of the process of decision-making. Thus, the objective of this phase of the research was to understand how agency takes place in these organisations, as reflected in the interplay of different strategic orientations (public, commercial, societal) in the decision-making process of a social housing company vis-à-vis a specific contextual driver.

§ 4.3.3.2 Method: Critical incident technique in an embedded case study

The method used for researching the above took the shape of an embedded case study design in each company, that is, a third level of analysis in addition to contextual drivers (first level) and the organisation (second level) (see Figure 17). As Yin (2003) explains, embedded designs (i.e. focusing on a 'subunit of analysis' within a case study) "(...) can often add significant opportunities for extensive analysis, enhancing the insights into the single case." (2003, p.46).

The technique applied to this level of analysis was an adapted version of the 'critical incident' technique, developed in the field of psychological studies (e.g. Flanagan, 1954). The latter outlines procedures for collecting observed incidents having special significance and meeting systematically defined criteria:

"By an 'incident' is meant any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act. To be 'critical', an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects." (Flanagan, 1954, p.1).

The critical incident technique has also been applied in the field of organisational studies. As Fitzgerald and Dopson (2011) explain, the technique provides a holistic picture and rich detail: “(...) *the researcher collects data on the concrete accounts of the events as recalled by those who have experienced them. Thus, the respondent is a storyteller, recounting their experience as perceived by them*” (Fitzgerald & Dopson, 2011, p.479). In this sense, the choice of the critical incident technique connects with the general interpretive emphasis of this research and is closely aligned with the aims and methods of grounded theory and of theory formation from case studies.

It is worth noting that the ‘predictive’ attribute mentioned in the original definition of the technique was omitted for the purpose of this study as it was deemed unfeasible to be measured at organisational level.

§ 4.3.3.3 Choosing a strategic decision

The transposition from ‘psychological’ level (the individual) to ‘organisational’ level (the company) was facilitated in this research through the recourse to an operational concept, that of ‘strategic decision’. As explained in chapter 3, the definition of ‘strategic decision’ adopted in this study follows Johnson and Scholes (2006) and builds on the methodology developed by Mullins and Riseborough (2000b) to track strategic decisions in English housing associations. Mullins and Riseborough (2000b, 2005) used the term ‘strategic decision’ as part of a Delphi panel with housing associations in England, defining it as a decision *‘recognised as having significant implications for the structure, direction or purpose of an organisation’*. Thus, to be chosen as a possible critical incident, the strategic decision for the purpose of this study had to meet the following criteria:

- Have a special significance for the company (i.e. an impact on either its structure, direction or purpose)
- Allow inferences (i.e. allow discussion/reflection on motives leading to each decision).
- Must occur in a situation where the purpose or intent of the act seems fairly clear to the observer (i.e. fixed period of time).
- Its consequences ought to be sufficiently definite to leave little doubt concerning its effects (i.e. clearly identifiable/measurable effects, either qualitatively or quantitatively)

Legend: Levels of analysis

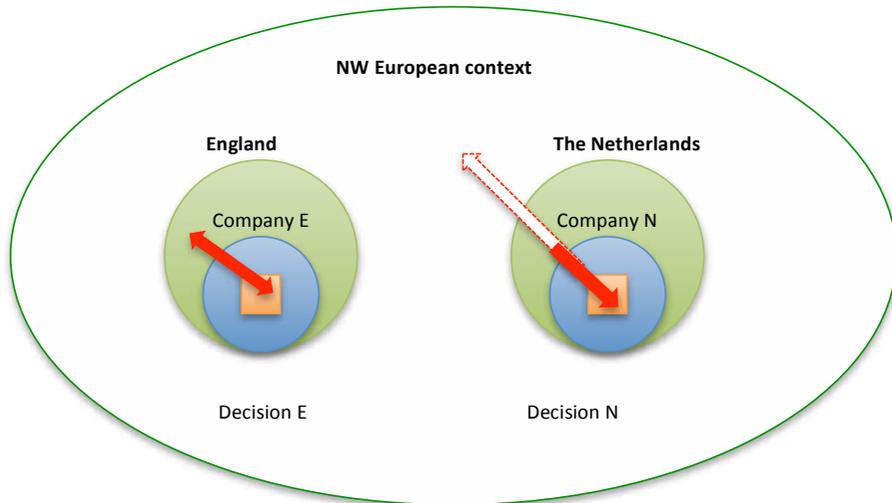
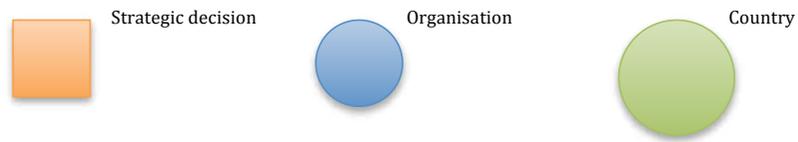


Figure 17
Embedded case multi-case study design: studying a critical incident and strategic decision in each company.

§ 4.3.3.4 Steps to choose a strategic decision

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The process of identification and selection of a critical incident started at the end of research phase four, through the inclusion of an open question at the end of the questionnaire, where each company was asked to provide three examples of a possible 'strategic decision'. These answers were revisited at the seminar with participating companies in October 2010, where attendants were asked to select one of the 'strategic decisions' they had mentioned in the questionnaires, or to fully reconsider it and suggest a new decision. This exercise was completed by a discussion of the reasons for choosing that particular decision and on the extent to which it would have a significant impact on their missions and/or strategies.

In addition, the feasibility of studying this incident was discussed with participants (including the Chief Executive Officer), who at the end of the seminar agreed to support the study. Later on, at the beginning of the fieldwork, the key contact person in each company was asked to fill in a 'baseline fact sheet', where s/he would have to give more details on what their strategic decision was about. In addition, s/he was requested to identify a number of elements, which would be part of the decision-making process, namely: barriers, deadlocks, enablers and breakthroughs. Each of these elements was considered both from an internal and from an external perspective. This information formed the basis for the interviews held later with respondents involved in the decision-making process inside the company, as well as with a few key external informants.

§ 4.3.3.5 Methods

The following methods were used to study the strategic decision:

- 1 Semi-structured face-to-face interviews with key informants:** These included respondents who worked for the companies (top managers) external to the companies. The former included the Chief Executive Officer and in each case other roles that were deemed to be instrumental for the strategic decision-making process (e.g. Director of Finance/Treasury, Director of Operations/Customer relations, Director of Development, Director of Regulation/Policy, etc.). The latter varied amongst cases, depending on the type of critical incident chosen in each company and on the specific characteristics of the respective local/ national operating environment. Examples of these 'external' interviewees are: representative of the national umbrella organisation, tenants' representative (local and/or national level), policy maker or representative of regulatory body at national level, etc. While most internal interviewees were interviewed repeatedly over the course of the 'critical incident' research period, the external stakeholders were interviewed only once. Interviews were recorded in those cases where the interviewee agreed to it and when the researcher deemed it not to interfere with the building of trust with the interviewee. Full transcriptions were made of each recording. In all other cases, handwritten notes were taken and later sent back to the interviewee for validation.
- 2 Group interviews** with company executives: These were conducted in addition to face-to-face interviews with a reduced number of respondents in Company N. Group interviews had two main objectives: on the one hand, to maximise the use of time during each field visit; on the other hand, and more substantially, it aimed at gaining insights on the type of exchanges between staff with different roles within the company. In that way, this technique sought to emulate the observation of strategic

meetings carried out in Company E (see next point). Each group session comprised between two and six participants, and lasted between 45 minutes and 3 hours, depending on availability of the participants and range of topics covered. All group interviews were recorded and transcribed.

Interview schedule

Themes and questions in the interview schedule – both for the individual and the group interviews – were kept fairly broad and open to allow an initial scoping of the decision-making process. The main objectives of the initial visit to each company in this research phase were to:

- a **Define the event** upon which the strategic decision is being made.
- b **Map the timeline and key milestones** of the decision-making process.

A comprehensive interview schedule (annex 3) was applied on the first visit. In later visits, themes and questions became more specific depending on the evolution of the specific decision in each company. The interview schedule was adapted in line with these developments, while keeping the overall categories of enquiry in order to achieve systematic tracking of the key categories described in the next point.

- 3 **Observation:** This technique was applied only in the case of Company E for two reasons: firstly, the decision-making process in this company was structured around a group that was established for that purpose. The group gathered members of the executive management team and met fortnightly. Secondly, the CEO and key contact person in the company offered the possibility to the researcher to attend the meetings of the group as observer. Whenever possible, the researcher was physically present at the meetings and in other occasions she took part through conference calling. The researcher reported on the meeting through handwritten notes of formal and content aspects (see next point on 'data analysis and interpretation').
- 4 **Review of secondary sources (documentation) of three types:**
 - a Internal documents of the company (emails, memorandums, meeting minutes, internal policy documents, power point presentations etc.)
 - b External documents (policy documents, studies, etc.)
 - c Local / national media (covering 'event' on which strategic decision is based, respectively)
- 5 **Diary keeping:** This technique was applied in the form of regular phone conversations (check-ups) with one key contact person in each company (every 2-3 weeks). This contact person provided continuity over the duration of the project, particularly in the face of frequent staff turnover, as mentioned earlier. It is worth noting that the choice

of this method was based on the experience gained by the researcher in accessing company executives on a regular basis. It was judged more realistic to hold periodic, short phone calls with the contact person in each company than to use the 'classical' diary keeping method, which relies on the interviewees keeping a regular written account by themselves.

- 6 **Memo writing:** this technique is widely used in grounded theory as a way to capture ideas that the researcher has written down during the data collection process in order to revisit at a later date. In addition, memos can also be written down when an idea comes up after the moment of data collection. Both types of memos were kept in this research and integrated in the process of data analysis and coding later on (see next point).
- 7 **Validation seminar** with respondents: This technique was referred to in detail earlier in this section, at the end of the methods' description of phase I.b.

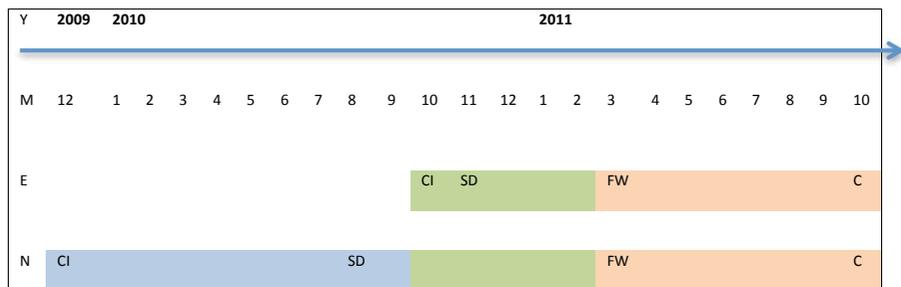
§ 4.3.3.6 Duration and frequency of data collection

The fieldwork lasted 12 months, starting from the seminar in October 2010 where the companies selected the critical incident and strategic decision to study in each of them. The fieldwork involved a baseline questionnaire sent to each company at the end of 2010 (annex 2) and three to four visits to each company, respectively. The frequency of contact was largely determined by the specific characteristics of each decision making process in each company. For example, the occurrence of certain events of special significance for the decision (e.g. committee meetings on a regular basis; special meetings to decide on key issues in relation to the incident, etc.) was followed by a visit from the research shortly after, or by a phone calls with staff. It is worth noting the less intensive contact with companies as compared to Stull's (2003) methodology, from which the research design of this PhD took significant inspiration, in particular in terms of the rich description of the processes observed. While the PhD research took a relatively less intensive approach, it nevertheless added a comparative dimension by including two companies instead of just one.

In terms of the duration of the process, three types of factors determined the start and end of in each case. Firstly, given the regulatory, State-driven nature of the incident in both companies, the respective timelines were externally determined to a great extent. This factor influenced primarily the starting date, as it marked the kick-off of the respective incidents. Secondly, the internal decision-making process triggered by the critical incident was addressed differently in each case. While the process in Company E could be studied almost entirely in 'real time' (i.e. there was an immediate sequence of external driver-start of the strategic decision-start of the field work), in Company N the

strategic decision required a retrospective approach to interviewing and the analysis of archival information. The third and last factor in determining the duration of the incident was the time constraints imposed by the research's own timeline (i.e. the field work had to be finalised by October 2010).

All in all, three different situations in which data was collected over time can be identified: a) *'real time' research*, i.e. the researcher collected data as the process happened; b) *'preparatory research'*, corresponding to the preliminary data collected in the period between the adoption of the Critical Incident by each company (October 2010), including the information collected at the validation seminar and the baseline questionnaire; and c) the *'retrospective research'* carried out only in the case of Company N, stretching back to the kick start of their Critical Incident in January 2009. Figure 18 reflects the resulting timeline of each case study.



Key:

Y: Year, M: Month

SD: Strategic Decision kicks off

E: Company E, N: Company N

FW: Start of PhD field work

CI: Critical Incident kicks off

C: Close of field work



Figure 18 Comparative timeline of the Critical Incident study in each company.

§ 4.4 Data analysis and interpretation

In line with the pluralistic methodological framework of this study, data analysis and interpretation followed closely the iterative approach, which puts empirical data at the core of theory building.

Phase	Objective	Methods	Analysis
I	Describe, explain	Interviews (qualitative) Validation seminar (qualitative)	Thematic analysis
II	Describe, classify	Survey (semi-quantitative) Validation seminar (qualitative)	Coding, classification
III	Describe, explain	Critical incident technique: Interviews (qualitative) Observation (qualitative) Validation seminar (qualitative)	Coding, building theories from cases

Table 10

Relationship between methods and analysis in each phase of empirical data collection

Within this analytical approach, each phase of empirical data collection required a specific type of data analysis and interpretation, which are described as follows:

§ 4.4.1 Phase I.b: Identifying contextual changes and organisational responses

Following the exploratory character of this initial phase of the PhD research, the data from interviews was collated for each field of enquiry and presented in a final report following a heading structure. Comparative tables and diagrams were used to highlight key issues across companies, as well as their commonalities and differences. The qualitative analytical approach applied in this phase relied both on the **perceptions** of the interviewees (notably on the changes in their context and the assessment of their impact on the company's mission, values and activities) as well as on the **actions** taken by the companies to face these perceived impacts, as documented by secondary sources and by the answers of the interviewees.

The work of Stull (2003, 2009) was particularly inspiring and helpful in applying this analytical approach to the study of organisational motivations and behaviour. In his study 'Balancing the dynamic tension between traditional non-profit management and social entrepreneurship', Stull (2003, 2009) uses the ethnographic method and 'business anthropology' (Bate 1997) to build thick descriptions out of

in-depth interviews and other qualitative techniques. As part of the interpretivist epistemological family, in the former approach there is an absence of pre-defined analytical categories. Instead, 'themes' emerge from data leading to 'thematic narratives' and post-categorisations. Any link to existing theory or evidence is done ex-post. In fact, the attributes of this approach lie in the lack of pre-conceived categories, which might restrict the researcher's understanding of the 'raw' data: the idea is to 'let the data speak for itself'. An additional advantage of this 'open' approach is that it allows for a more dynamic way of interpreting the data (i.e. the drivers/arguments, etc. involved in the process of decision-making), as opposed to 'fixed' or 'static' categories or ideal types. The analytical process then focuses on the identification of common themes emerging from the fieldwork.

As explained earlier a key feature of interpretivism is contributing to theory formulation through empirical research. Eisenhardt (1989b) developed a system to build theory from case study research. When it comes to data analysis, she distinguished two steps:

§ 4.4.1.1 Step 1: Analysing within case-data

The first step "typically involves detailed case study write-ups for each site. These write-ups are often simply pure descriptions, but they are central to the generation of insight (Gersick, 1988; Pettigrew, 1988). However, there is no standard format for such analysis." (Eisenhardt, 1989b, p.540) The overall idea, according to the author, is "to become intimately familiar with each case as a stand-alone entity. This process allows the unique patterns of each case to emerge before investigators push to generalize patterns across cases. In addition, it gives investigators a rich familiarity with each case which, in turn, accelerates cross-case comparison". (Eisenhardt, 1989b, p.540)

§ 4.4.1.2 Step 2: Searching for cross-case patterns

The second stage involves a variety of tactics. "One is to select categories or dimensions, and then to look for within-group similarities coupled with inter-group differences. Dimensions can be suggested by the research problem or by existing literature, or the researcher can simply choose some dimensions." (1989b, p.540) An example of the latter can be found in Eisenhardt and Bourgeois (1988), a study of decision-making where the researchers sifted cases into various categories. While some categories revealed no clear patterns, others led to important patterns of within-group similarity and across-group differences.

Overall, Eisenhardt points out that the idea behind cross-case searching tactics is “to force investigators to go beyond initial impressions, especially through the use of structured and diverse lenses on the data. These tactics improve the likelihood of accurate and reliable theory, that is, a theory with a close fit with the data. Also, a cross-case searching tactics enhance the probability that the investigators will capture the novel findings which may exist in the data.” (1989b, p.541).

§ 4.4.2 Phase II.b: Formulating and testing hypotheses on interactions with contextual drivers

The results of the questionnaire were analysed in a semi-quantitative fashion. Scores were calculated to measure the strength of each orientation in each company, according to three domains (organisation, motivation and behaviour). These scores were then illustrated using spider diagrams (see chapter 6). The presentation of these findings (and of its graphic expression through the spider diagrams) served as a trigger to discussion by company representatives at the second validation seminar that took place at the end of this empirical research phase. The outcomes of these discussions, in turn, generated valuable qualitative information, which contributed to enrich the broader interpretivist framework of analysis chosen. Thus, it is worth noting the usefulness of the inclusion of semi-quantitative methods as a way to tease out further qualitative information. Hence, the use of mixed methods (Brannen 2005a, 2005b; Burke Johnson & Onwuegbuzie 2004; Spratt, Walker & Robinson, 2004) contributed to enrich the type and quality of the data.

§ 4.4.3 Phase III.b: Identifying and tracking a ‘Strategic decision’ in each company

The analysis of this phase of data collection followed the conceptual model for the study of a ‘strategic decision’ presented at the end of chapter 3. To recall, two dimensions of the decision were considered, namely: a formal dimension (i.e. the procedural aspects of the decision) and a content dimension. The latter was divided in two sub-dimensions: ‘motivator variables’ (to do with the range of values and motives that played a role in the decision-making process) and ‘behaviour variables’ (i.e. the type of actions that took place or were considered as part of the decision-making process).

The analysis drew on elements from grounded theory and from Eisenhardt’s work on building theory from case studies (1989a). This section presents the resulting analytical approach in two parts, namely: ‘Analysing the data: coding’ and ‘Writing up the findings:

decision stories'. Both aspects are included under this point given that both processes (coding and writing; analysing and interpreting) are inextricably linked and retrofit each other in the iterative process that characterises grounded theory. In fact, through the principle of 'constant comparison' (Glaser & Strauss, 1967), this iterative exercise starts even earlier, namely at the time of data collection. As Goulding explains, constant comparison "(...) requires the researcher to engage in data interpretation at the same time as the data are collected" (Goulding, 2011, p.383). Furthermore, Bryman (2004) points out that "[constant comparison] refers to a process of maintaining a close connection between data and conceptualization, so that the correspondence between concepts and categories with their indicators is not lost" (2004, p.403).

§ 4.4.3.1 Analysing the data: Coding

Coding stands at the core of grounded theory. As Bryman (2004) explains, "[i]t entails reviewing transcripts and/or field notes and giving labels (names) to component parts that seem to be of potential theoretical significance and/or that appear to be particularly salient within the social worlds of those being studied." (2004, p.402). Although there is recognition on the different ways in which the coding process is structured by different researchers (Bryman, 2004; Goulding, 2011), there is a common understanding of coding as a process of progressive selection and abstraction from codes that are closer to the empirical data towards more abstract concepts leading to an emergent theory.

This research started from this common understanding to develop a method of coding, which included the following steps:

A Open coding and focused coding

This type of coding consists of the "breaking down, conceptualisation and categorization of data" (Goulding, 2011, p.383) Typically, it involves a 'line by line' assessment of the interview transcripts in the search for key words and phrases that shed light on the subject under study. The multiplicity of codes resulting from this process needs to be structured and reduced, "(...) as coding moves on to a more abstract level in the search for patterns and themes that suggest a relationship." (Goulding, 2011, p.383). According to Charmaz (2006), it is crucial that in this phase codes stay open to re-interpretation. In addition, she stresses the need to apply constant comparison, including past interviews, observations and events. A second step, called 'focused coding' (Charmaz, 2006; Glaser, 1978) follows, whereby the most significant and/or frequent earlier codes are used to sift through large amounts of data (Charmaz, 2006, p.57).

B Contextual coding

Unlike 'pure' grounded theory, the critical incident technique applied in this research included some preconceived categories of analysis. The research sought to unravel the interplay of different motivations and behaviours in each company during the decision-making process. While there were no hypotheses on which type of motivation or behaviour each company would adopt in the process, three ideal-typical 'strategic orientations' stood in the background, namely: State, market and community. Thus, the codes generated in the initial phase (open coding) were linked to contextual information in a second phase through a process named here 'contextual coding'. This type of coding aimed at identifying relationships at two levels: between codes, and between codes and contextual aspects (i.e. categories related to State, market and/or community elements). (See interview schedule in annex 3) This process is illustrated in Figure 19.

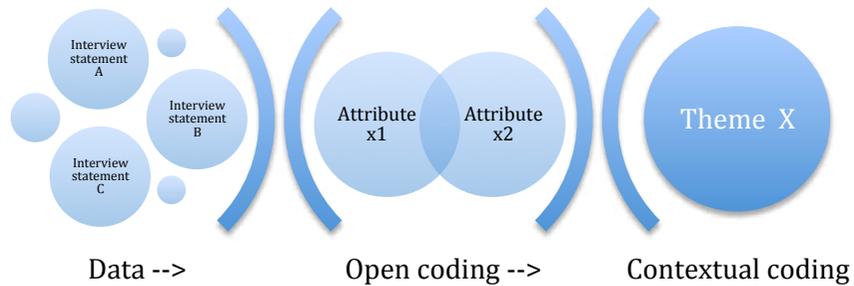


Figure 19
Schematic coding process

Once both levels of codes (open and contextual) were established the method devised by Eisenhardt in her study on making fast strategic decision in high velocity environments (1989b) proved particularly useful to write up the findings. Indeed, the latter study bears close similarity to this research both in terms of the subject matter and level of analysis, namely working with executives' perceptions dealing with complex decision-making processes.

In her analysis, Eisenhardt developed 'decision stories' by combining accounts of each executive into a time line that included all events. This analysis technique was applied in this study's methodological design, but a distinction between content aspects and formal aspects in each decision story was added.

Formal aspects included questions such as: What does the process of decision-making tell us about the way the organisation approaches the issue? (E.g. structure or lack thereof, transparency/opacity, communication flows, key players/leadership, etc.) Content aspects were covered by questions such as: Do respondents agree on the *critical issues* e.g. when a decision began, when it was made, and how it was made? Are there any *conflicting reports* arising from the interviews? This question addresses the need to distinguish between the 'story' (i.e. one person's assumptions about another's motives or opinion) from observable actions and events.

In addition, Eisenhardt developed profiles of what she called 'decision climates', which included 'traits' mentioned by the interviewees. Although the author does not explicitly define decision climates, literature on organisational climates help to clarify the concept. In their study about political decision-making climates, Darr and Johns (2004) explain that "[W]hile individual perceptions of some event form the basis for climates, they are distinguished as the psychological climate, an individual-level construct (James & James, 1989). It is only when such individuals agree in their perceptions about some aspect of their work environment that these shared perceptions aggregate to form a collective or group-level construct called the organisational climate." (2004, p.171).

The element of consensus or 'shared perceptions' that presumably defines an 'organisational climate' as described by Darr and Johns seemed important to explore in the analysis. Therefore, expanding Eisenhardt (1989a) inclusion of 'traits', this study distinguishes between "majority reports" and "minority reports". "Majority reports" are about traits mentioned by more than one executive, for example when three out of four interviewees used the same word to describe a certain aspect of the decision-making process. It is worth noting that in Eisenhardt's methodology only these "majority" traits were included in the profile, while other traits mentioned by only one person were dropped. "Minority reports" are about traits only mentioned by one or two executives. These minority reports were expected to enrich the analysis to learn about these differences in perceptions amongst interviewees.

	THEMES (Contextual codes)	MAJORITY REPORTS (Consensus)		MINORITY REPORTS (Divergence)	
		Attributes	Example	Attributes	Example
	Theme one	Code	Quote	Code	Quote
<i>Example</i>	Regional / society awareness	Solidarity	<i>'It's necessary to co-operate with other housing associations to find solutions' (CEO)</i>	None	None
	Theme two	Code	Quote	Code	Quote
<i>Example</i>	Relationship with the national State	Pragmatism	<i>'[Our company] chose the strategy to go on the safe side' (TR)</i>	Independency / autonomy	<i>'...not depend so much on the government' (D)</i>

Table 11
Template for findings presentation (coding)

Table 11 shows how the data is presented in the findings chapters. The resulting categories were organised according to 'themes' (contextual codes), each of which was described by a series of initial codes or attributes. As explained in the next point, these attributes were classified in 'majority reports' (consensual attributes) and 'minority reports' (divergent attributes). Furthermore, each attribute is illustrated by a short quote from the interviews, following Eisenhardt (1989b).

§ 4.5 Ethics

The research approach chosen in this study dealt with subjective and at times sensitive information. Therefore, ethics featured as an important element of the research design. In order to ensure transparency and scientific objectivity, the principle of 'informed consent' was applied. According to Bryman, "[t]he principle means that prospective research participants should be given as much information as might be needed to make an informed decision about whether or not they wish to participate in a study [and] entails the implication that, even when people know they are being asked to participate in research, they should be fully informed about the research process." (Bryman, 2004, p.511)

Informed consent is based on the following principles:

- Subjects agree to take part in the study subject to set of agreed conditions.
- The researcher shares the findings and discusses with respondents and there are opportunities to comment prior to publication (e.g. validation seminars).
- Individual anonymity is preserved as far as possible but the companies are unique and 'insiders' are able to identify respondents.
- Companies are anonymised but as with individuals these may be identifiable by 'insiders' to the sector.
- Commercial and other sensitive information made available to the researcher is treated in confidence and may be excluded from report.

These principles were presented and discussed with respondents (including the Chief Executive Officer or his representative) at one of the validation seminars over the course of the study. Participants raised no objections and they all agreed with the principles. Furthermore, they expressed willingness and availability to further contribute with reviewing notes, interim reports and any other research output to check for accuracy and completeness.

§ 4.6 Discussion

There are a number of differences between the 'intended research strategy' and how things turned out in practice. This section presents a reflection on the methodology used in this PhD research, discussing the main difficulties encountered over the course of the research (and how the methodology was adapted in order to tackle these challenges) as well as its main advantages and strengths. The main challenges and opportunities encountered in the research are summarised in tables 4.6.-1 and 4.6.-2.

Dimensions Level	Longitudinal dimension	Inter-organisational comparison	Inter-national comparison	Iterative approach
Individual	Staff turnover Time constraints (e.g. diary keeping adaptation to meet executives' time constraints)		Language	(Sometimes) difficult to understand the process
Organisation	Sustained (institutional) commitment	Different contexts Different types and quality of secondary data	Language Different legal and policy frameworks	
Research	Funding (long term) Need to establish clear 'cut-off' point		Funding (travel, eventual translations) Time consuming	Theory 'overload' at the end of the process.

Table 12
Challenges encountered with the research methodology

Dimensions Level	Longitudinal dimension	Inter-organisational comparison	Inter-national comparison	Iterative approach
Individual	In-depth understanding of the research Commitment Trust building	Learn from others	Learn from others	Opportunity to reflect, correct, refine information
Organisation		Learn from others	Learn from others	
Research	Understanding change and processes	Richness of information	Richness of information	Improve quality of the data through: Triangulation Development Complementarity Expansion

Table 13
Advantages of the research methodology

§ 4.6.1 Multi-strategy research

The combination of a variety of research methods and designs allowed for a rich, in-depth and multi-dimensional understanding of the phenomena under study. In this research, each of the five rationales described by Greene et al. (1989) were applied for using mixed-methods research: Triangulation helped to corroborate findings through different methods; here, the validation seminars proved particularly useful, for example when asking for reactions from the participants on the survey findings. 'Development' was the main reason why it was decided to use mixed-methods, as it would allow the flexibility required by the

iterative approach. Indeed, each method provided a specific angle and type of information. In addition, the repeated semi-structured interviews with the same interviewees over a period of time were useful to explore issues leading to surveys to test hypotheses that emerged from those interviews, which then led to a third method (critical incident) to focus and deepen understanding of a particular aspect that became particularly relevant as a result of the survey and validation seminar. With regards both 'complementarity' and 'expansion' were achieved, notably through the validation seminars, which proved particularly useful to fill in gaps in understanding of other techniques.

§ 4.6.2 Working with leaders or company top executives as key informants

As explained earlier, the research approach of this PhD drew significant inspiration (as well as practical tools) from Stull (2003, 2009), Jäger (2010) and Mullins and Riseborough (2000a, 2000b, 2005) in terms of focusing on company executives as key informants to understand decision-making in social enterprises. This methodological approach relies on empathy and understanding with the subjects of study as a way to access data. This approach proved extremely useful in terms of the richness and depth of the information collected. However, a number of shortcomings were encountered. First, as Allan (2003) points out, the idea of having open categories of enquiry with 'no preconceived ideas' when collecting the data (as postulated by Grounded theory, for instance) is unfeasible with company executives, as "busy people in industry and commerce expect meetings to have an agenda and research projects to be scoped" (2003, p.8).

Furthermore, interviewees of this kind required concise time slots for the interviews, while at the same time the researcher needed to be flexible enough to adjust to sudden schedule changes (e.g. interview cancelled at the last minute). One way in which these constraints were tackled was through keeping flexibility both in terms of the interview schedule (within limits) as well as to adjust the research techniques/instruments to match the interviewees' time constraints. A case in point was the 'diary keeping technique', as explained earlier. Instead of asking the executives to fill in a diary on a regular basis, the researcher communicated with them on a regular basis, using quick, short and concisely structured phone calls and/or emails to track developments in the strategic decision. This method proved highly effective.

In addition, top executives could sometimes be overly 'directive' in how they structure their 'discourses' when answering interview questions. Being used to influencing both outside and inside their organisations, to promoting a vision, etc. (in particular, the most 'charismatic' leaders), in some cases they tried to steer findings in a certain direction. This proved to be the case, for instance, when reviewing notes and interim research report. This issue was tackled through recalling the principles of 'agreed consent' explained in point

4.5 and by carefully editing any changes made by the interviewees. Ultimately, it was made clear to the company executives that the final word was to be with the researcher.

§ 4.6.3 Limitations and potential of working with grounded theory

Some researchers experience difficulties with the fact that Grounded Theory provides no 'instructions' in a 'prescribed mechanism for performing the coding; they only describe the conceptualisation of coding. For example, Allan (2003) found it difficult to figure out what he was 'looking for' (2003, p.8) and seemed to long for more precise guidance. However, this openness was enabling in the sense that it allowed to develop the researcher's own intuition, skill and creativity to identify the issues that were to turn into themes and codes.

Furthermore, Allan (2003) also experienced difficulty on knowing when to end the coding and the analysis. The concept of 'saturation' is used by researchers working with grounded theory as the key to know when to stop analysing. Indeed, as Allan concludes, theory began to emerge early on in the process of data collection, i.e. "concepts and theory should be noted and merged as soon as they are noticed and this is the start of the theory". Hence, this method requires that the researcher keep a constant 'state of alert' as regards the potential meanings of the data as it is being collected. This exercise proved to be exciting while at the same time exhausting. In that sense, it is useful to ask help from a colleague to take notes during interviews and/observations, and to exchange impressions right afterwards.

§ 4.6.4 Language

The language used throughout the research was English. However, in Company N the level of proficiency in English varied greatly amongst interviewees. In order to breach the language divide, in the case of Company N the researcher's working knowledge of Dutch allowed her to review company documents in Dutch and to facilitate her understanding of specific terms in the native language of the interviewee during the interviews. In addition, the key contact person acted as translators during interviews when needed. However, it is worth acknowledging the disadvantages of the latter solution: firstly, the quality of translation by company employees lacks the accuracy of that of a professional translator. Secondly, the time spent translating reduced the quantity of information that could be gathered in each interview, as compared to the intensity of information collected in Company E, where interviewees could express

themselves in their native tongue. However, in the face of limited resources, this proved the best possible way to carry out the research.

§ 4.6.5 Longitudinal research

As described by Pettigrew (2003), longitudinal research proved extremely useful in providing an understanding of change and decision-making processes. Furthermore, the repeated contact with the same interviewees over a prolonged period of time allowed the researcher to build trust, credibility and personal commitment to the research amongst the participants. This proved particularly important in the case of some interviewees who, either by virtue of their role in the company or because of their personality, tended to stay 'in character' throughout the interview at the beginning. In these cases, they stayed strictly 'on message' and did not engage with the introspective, reflective and critical exercise that the researcher is proposing. Thus, the quality of the information gathered turns out to be rather poor. The only way to tackle this was to build trust and familiarity with the interviewee over time, which worked in most of the cases.

However, the long-term dimension of the study posed a few difficulties. First, both companies experienced staff turnover over the course of the research, albeit to different extents. This led to a lack of continuity, consistency and potential commitment of the organisations with the research project. While in Company E this was less the case, in Company N the CEO changed halfway through the project, and later on almost its entire executive team had changed as well as a result of a major organisational restructuring. While this initially seemed to pose a threat to the continuity and commitment to the research, ways of working around this situation included: keeping communication with one key liaison person who did not change throughout the research; continuous and active engagement of the researcher with the company, which included regular visits to the company and the request to interview the new CEO, using the opportunity to introduce herself and the project to him so as to secure the continuous support.

A last challenge with the longitudinal approach, and in particular with the critical incident technique, consisted in the need to establish a clear 'cut-off' point; since the critical incident kept evolving, when asking the interviewees to review reports at a later point in time, their views/perceptions of the situation had often changed, which meant that usually they tended to make comments or suggest amendments to the reports on the basis of their current perception of the situation instead of the perception 'crystallised' at the time of the data collection. As with the above point on 'directive' executives, the way to tackle this was by clarifying the purpose of the reviewing exercise, which was to correct facts but not to amend perceptions.

§ 4.7 Conclusions

The complex mix of methods and research techniques used in this research provided various challenges as well as advantages. However, as the above discussion shows, the gains outweighed the difficulties. One of the main challenges of international comparative, mixed-methods research is the great deal of flexibility required from the researchers. As Hantrais (2009) points out, "(...) researchers need to remain especially flexible and alert to the many possible ways of collecting, analysing and interpreting data." (2009, pp.102-103).

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PART 2 **Findings from case studies with two social housing organisations**



5 State, market and community developments and their impact on organisational mission, values and activities

§ 5.1 Introduction

Findings in this section address the first research question, namely:

“How are contextual developments impacting on the missions, values and activities of social housing undertakings in England and the Netherlands?”

The data presented here corresponds to the first and second data collection phases of the research, which took place between October 2008 (baseline findings) and December 2009 (follow-up findings), respectively. Findings are grouped around three dimensions: State, market and community drivers, following the conceptual framework for the study (chapter 3). Hence, findings on each phase of data collection are presented for each dimension (see Figure 20).



Figure 20
Structure of this section

It is important to bear in mind that these findings reflect the economic, political, regulatory and social context at the time of data collection (2008 and 2009). More recent developments are to be found in the third part of this chapter; in particular those pertaining to important regulatory changes occurred in each of the countries under study from 2010 onwards.

Furthermore, as explained in chapter 3, the findings of this data collection phase were presented and discussed with participants from each case-study company at the first PhD research seminar with companies held in October 2010. Insights from this discussion are included in this section to complement and enrich the understanding of the survey data.

Figure 21 illustrates the main findings using the triangular diagram introduced in chapter 3.

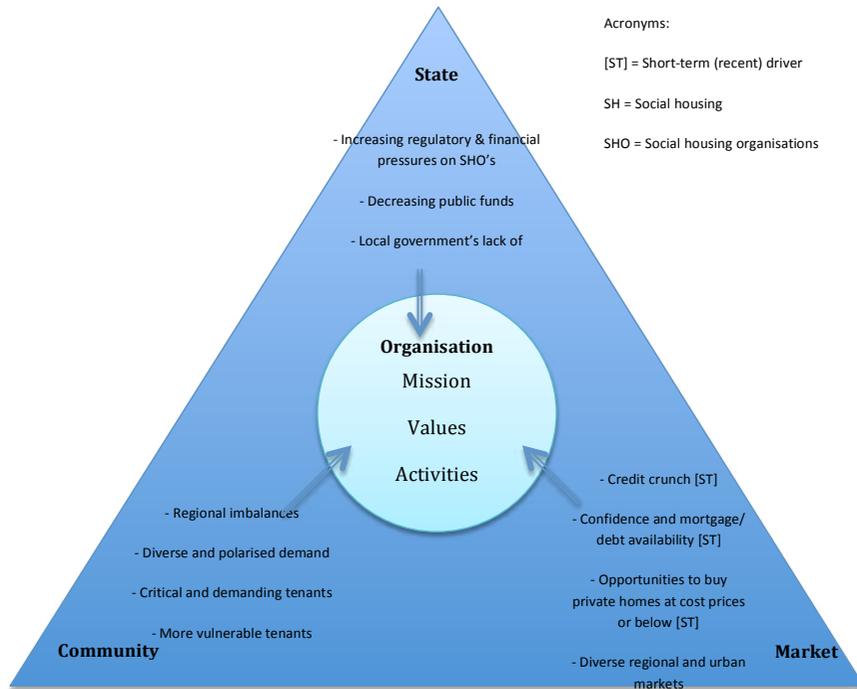


Figure 21
 Overview of main contextual drivers impacting on the mission, values and activities of the companies under study (2008 –2009).

§ 5.2 State drivers: Tightening regulation and financial pressure on social housing organisations

Findings on contextual factors stemming from the State can be classified in three broad groups: Firstly, the relationship with central government and/or the regulator of the social housing sector; secondly, the changes in public financing of social housing; and thirdly, the relationship with local authorities.

§ 5.2.1 Baseline findings

A Increasing regulatory and financial pressures

Both companies referred to increasing regulatory and political pressures as a major State driver. While a longer-standing development, recent changes in regulation in both countries were emphasizing this trend. Company E felt excessive pressure from the (then) new regulator (the Tenants' Services Authority– see chapter 2) on improving service quality, and not enough emphasis on tenants' responsibilities. Overall, there was a feeling of a regulation with *unbalanced rights and responsibilities*, as illustrated by the following quotes from Company E's interviewees:

'(...) The [regulator's] rhetoric is worrying (...) It overlooks the contractual nature of the tenancy agreement, which involves both rights and responsibilities' (Senior Executive A, Company E, 10/2008).

'There are some disquiet noises coming from the [regulator]; the language is raising tenants' expectations because it's all about residents' rights and not about their obligations' (Senior Executive F, Company E, 10/2008)

In the company's view, the climate at the time was 'captured by public service ethos' (senior executive A, Company E, 10/2008), which made it difficult to have an 'objective' debate about customer satisfaction levels in relation to other market players:

'Ironically, service is much better in housing associations' properties than in many service organisations in the private sector. Customer satisfaction levels for local authority services overall is around 50%, and in our company it's 80%. Core business needs to be excellent but customer service ratings may not be able to go any higher. Moreover, there is no economic or business rationale to do so. There is a number of regulatory tools to ensure quality in the social housing sector, which any other business wouldn't have to put up with'. (Senior Executive A, Company E, 10/2008)

'Social housing actually exceeds the Institute of Customer Care's customer satisfaction ratings figure nationwide for all services – that's quite exceptional so the sector should be proud and not be defensive vis-à-vis the regulator' (Senior executive I, Company E, 03/2009)

On this point, despite the relative high level of independence from the State enjoyed by the Dutch housing association sector since the Bruterling operation in 1996, company N's executives claimed that they are still not independent. They argued that there were a number of aspects on which they continue to depend from government policy. For example, the government fixes the maximum rent level. In addition, the new taxes that government has introduced over recent years add to these regulatory pressures. As one senior executive put it:

'Sometimes I would like to have a bit less State because they still decide on a lot of things'. (Senior executive C, Company N, 11/2008)

'We do not have the advantages that commercial companies have, for example, the real estate paying to pension funds are tax exempt, but we are not: and we both have a social purpose! There is no level playing field. The result is, many housing associations are thinking of switching to commercial company status.' (Senior executive C, Company N, 11/2008)

Both companies reported a trend for central government to look at housing associations with a *homogenising approach*, which was deemed to ignore differences between the financial position (Company N) and performance (Company E) between housing associations in their respective countries.

'There is a one-size-fits-all approach. Regulators tend not to look at an organisations' track record. That comes to us at a cost. As a business for social purpose we need to be efficient.' (Senior executive H, Company E, 10/2008)

In Company N, this was illustrated by the tax on profit introduced in 2007:

'If a company has lower demand than loans, the company has to pay tax (...) this doesn't take into account each company's financial position; the government just looks at the demand. We would like to match money and demand, but not this way.' (Senior executive C, Company N, 11/2009)

Moreover, despite the sound financial position that both companies claimed to enjoy (especially in relation to their national counterparts), the intensifying *financial pressure on social housing organisations* in each country featured as an important State driver.

Over the last years, the Dutch housing association sector had been experiencing mounting financial pressure from central government in the form of increasing (and new) taxes and financial contributions to public policy objectives. In 2006 a new tax scheme for housing associations' commercial activities was introduced, and from 2007 onwards housing associations have to pay tax for all their activities. Company N sees this as a 'dual treatment', insofar housing associations are taxed higher than for-profit

companies while at the same time being asked to perform a social mission that the former are not willing to take (because of higher risks of housing poor people and low profit). However, they explain, their 'wealth' is locked in stones:

'We have got so much money stocked in our properties; we are too rich in the eyes of society... we have got to sell stock to pay the tax' (Senior executive A, Company N, 11/2008)

B Decreasing public funds

This driver was found to be particularly important in England, where grant levels have been significantly reduced over the years. Funding of social housing has increasingly relied in a cross-subsidy model - whereby housing associations sell their stock and/or provide homes for shared ownership as a way to raise funds for building new social housing - and market funding. The initial impact of the credit crunch required government to top-up funding for the completion of new social housing by those associations that had overstretched themselves. As one of Company E's senior executives explained, since September 2008, some housing associations (but not Company E) received additional subsidies (top-up grants) to make up for the decrease of cross-subsidies following a drop in sales due to the financial crisis. In addition, government grants were also needed for shared ownership to cover building costs as the value went down (because of regulatory controls, rents cannot be increased to cover increased costs).

It is worth noting, however, that Company E holds a much stronger financial position than most other housing associations in the country. In September 2008 the company launched a GBP 250 million bond in the capital market as part of a long-term financial plan. According to the company's Finance Director, the company would be liquid for the next 2 to 3 years thanks to this instrument, and considered that the credit crunch would not be affecting the company as much as it was and/or would affect other housing associations. In addition to the bond, the company has also a 'revolving' loan with the banks for GBP 200 million. All together, the company has a buffer of GBP 400 million to extend the period of funding for its business plan (covering the next 5 years from that point in time) and providing a 'fighting fund' for contingencies.

Therefore, Company E did not need to call upon the additional government subsidies made available to housing associations to weather the crisis, Company E sees as somehow 'unfair' that other housing associations 'play the poverty card' in times of crisis after having relatively more relaxed financial approaches and higher discretionary spending as compared to Company E's more cautious approach:

'There's no benefit in being financially sound if some housing associations have played the poverty and crisis cards to get money from the government' (Senior executive Company E, 03/2009)

In the Netherlands, as explained earlier, where housing associations do not rely on direct public funding, the overall trend of decreasing public funds (for welfare and public policies in general) featured as a much less direct driver. However, as seen in the previous point, housing associations are facing financial constraints triggered by the State in the form of additional financial demands via taxes and other contributions to the public purse.

C Weak institutional capacity of local authorities

A third State driver mentioned by both companies was the *lack of (or poor) institutional (and financial) capacity of many local governments in each country*. In the case of Company N, this is sometimes perceived as a restriction to the delivery of their wider mission, which stretches to cover a 'contribution to society' and therefore requires partnering with local stakeholders such as municipalities:

'Local authorities often do not have the capacity or money.' (Senior executive A, Company N, 11/2008)

For Company E, the situation varies from case to case. There is recognition that there is *'a big difference in performance across different local authorities'* (Senior executive A, Company E, 10/2008) and that *'most of [the local authorities we work with] are poor in terms of quality of debate and resources.'* (Senior executive F, Company E, 03/2009). Furthermore, sometimes the company faces what they qualify as 'disproportionate' demands coming from certain local authorities, considering the level of presence of the company in a particular area:

There is a good example of a major local authority in the south west where we have only 200 units but the local authority has a wide range of demands; their expectations are larger than what we can deliver.' (Senior executive F, Company E, 03/2009)

§ 5.2.2 Tracking State drivers a year later: Increasing regulatory changes and financial pressure on social housing organisations

As can be seen from Table 14, the results of the survey conducted in 2009 to track the development of the impact of contextual drivers over a year showed that for both companies 'changing sector regulation' and 'financial pressure on social housing organisations' became more important in 2009 with respect to 2008.

'State' drivers	a) Not important in 2008.	b) Equally important in 2009 as in 2008	c) More important in 2009 than in 2008	d) Not as important anymore
Changing sector regulation			Company E Company N	
Financial pressure on SHOs			Company E Company N	
Lack of/ poor institutional capacity of local governments		Company E Company N		
Decreasing public funds		Company N	Company E	

Table 14
Changes in State drivers over the period of study (2008-2009)

In relation to 'changing sector regulation', Company N's respondents referred to the intensifying debate in the Netherlands about the scope and field of activities of housing associations, triggered by the letter from the European Commission to the Dutch government on this issue⁸:

'Sector regulations are getting stricter pointing clearly towards housing associations under much more influence of the Dutch government and a less broad [sic] playing field for housing associations.' (Senior Executive C, Company N, 12/2009)

8 This issue is discussed in detail in chapter 7.

'It seems that the Ministry of Industry [wants] tighter regulation, in terms of what activities are allowed and which are not. Financially this creates increasing pressure on the sector.' (Senior executive D, Company N, 12/2009)

'The social housing sector is now more on the political agenda. There is a renewed discussion about the relationship, not only housing associations – State/local authorities, but also housing associations – other fields such as health care / welfare and education. There is also a discussion about the commercial activities of housing associations, internal supervision, accountability and transparency.' (Senior executive B, Company N, 12/2009)

'[There is] pressure from the European Commission and the agreement with the Ministry of Housing.' (Senior executive A, Company N, 12/2009)

Meanwhile, regulatory developments were also underway in England, where Company E was preparing to face a new regulatory framework as of 1 April 2010, still under the then New Labour government (see chapter 2). It is worth noting that these changes proved short-lived with the arrival of the Conservative-Liberal Democrat coalition government later that year (whose impact is discussed at length in section 5.5 of this chapter). Even at that point in time, however, there was recognition that:

'Public expenditure will be severely constrained and place greater expectations on us to 'fill the gaps''. (Senior executive A, Company E, 12/2009)

In line with the above, for Company E *'decreasing public funds'* featured as having gained in importance in 2009 with respect to the previous year, which was attributed to the upcoming changes in policy:

'There will be major changes to the funding and benefits environments'. (Senior executive A, Company E, 12/2009).

'We know that funds for new build are going to be under considerable pressure and substantially reduced volumes.' (Senior executive F Company E, 12/2009)

With regards to *'financial pressure on social housing organisations'*, Company N's respondents referred to the financial restrictions imposed on housing associations that remained in 2009: a yearly per cent of rent increase limited to the inflation percentage; and housing associations having to pay corporation tax over all their activities (including their social activities). In addition, the *'Vogelaar-levy'* (a financial contribution of all the housing associations in the Netherlands to the 40 most vulnerable neighbourhoods in the country) remained. Furthermore, a new financial demand was being discussed at the time, as pointed by one respondent:

'After imposing profit-tax in the near past, the government is now considering to make housing associations pay the rent-subsidies (for tenants with low income).' (Senior Executive C, Company N, 12/2009)

The impacts of increasing taxation for a company's position was highlighted in the following terms:

'Through taxation, we face a difficult position on capital and property depreciation.' (Senior executive D, Company N, 12/2009)

Last but not least, both companies considered that *'lack of and/or poor institutional capacity of local governments'* was equally important in 2009 as a driver of change from the State sector:

'In 2010 there will be new elections for local governments. The influence of that on the behaviour of people in local government is obvious - they want to get things done before elections to show that they are successful and therefore the right person to be elected in 2010. So they are more active, but with too less [sic] quality and knowledge.' (Senior executive C, Company N, 12/2009)

§ 5.3 Market drivers: Medium-term effects of the economic crisis and long-term uncertainties

§ 5.3.1 Baseline findings

The main short-term market driver affecting both companies at the time of the initial field work (October - November 2008) was the *global financial and economic crisis*. However, at the first PhD seminar with the companies (March 2009), the latter considered that the PhD research should not focus primarily on this driver, but rather keep a longer-term outlook. Most participants at the seminar held the view that the crisis would be over in a couple of years. However, there was uncertainty as to how things would look for the sector after the crisis. Particular issues raised included changes in customers' aspirations and preferences, and the impact of demographic change, amongst others.

Despite a sustained trend over the last couple of decades for home-ownership to rise both in terms of customers' aspirations and government support, the credit crunch and economic crisis was found to be *driving down the demand for home-ownership*. Company N reacted to this trend by putting more homes on the market, assuming the low prices would attract buyers despite the crisis environment.

'Our strategy is, we have turned things around: before we were selling a reduced part of our stock, now we are expanding the list of dwellings we want to sell, and therefore the chance of actually selling more dwellings has increased. Our policy is: 'every house is for sale, unless...' – housing that is not for sale now are only dwellings for special needs. All regular houses are for sale' (Senior executive C, Company N, 11/2008)

Company E declared at the time that the crisis was impacting negatively on their shared ownership sales. As a response, the company gave customers the option to turn their shared ownership into rental housing. In addition, there was a strategic turn from shared ownership to more social rental:

'There is a strategy change; before the credit crunch, 40% of new development was shared ownership; now there is more social housing' (Senior executive G, Company E, 10/2008)

As regards future perspectives, the discussion in the first seminar with companies showed that views were split; while some participants thought the crisis would change people's aspirations in the housing market (mainly participants from Company N), others thought things would 'go back to normal' as soon as the crisis was over (mainly participants from Company E).

On the 'positive' side of the crisis, however, *opportunities to buy private homes at cost price or below* were highlighted by participants from both companies. At that early stage of the crisis, this seemed to provide a chance for housing associations to get hold of private stock at cheaper prices, to be turned into rental housing in most cases. Furthermore, companies reported to have become *'developers' new best friend'*; while private developers were struggling to find the money for new developments, social housing providers were (still) well covered by grants and, in the particular case of Company E for example, by their sound financial position. Hence, both companies reported being *'courted'* by private developers to embark on joint ventures.

'Private investors need housing associations to continue their activities. Projects have been stopped, so everybody is asking housing associations to take over, to continue their activity. (...) We bought very cheap housing from private investment firms to turn into social housing' (Senior executive A, Company N, 11/2008)

'House builders see housing associations as their 'new best friend'. We are being offered reduced prices and quick completion at cost rate (25% off)' (Senior executive G, Company E, 10/2010)

Last but not least, a longer-term market driver that featured in the interviews was the *diversity in terms of regional and urban markets* where each company owns properties. In fact, while the crisis brought about pressures common to most housing associations in each country, the different position that each company's stock occupies within specific regional markets plays a crucial role in shaping their responses to market developments. In areas of high demand, for instance, the effects of the crisis will be less acute than in areas in decline.

§ 5.3.2 Tracking market drivers a year later: Increasing impact of the credit crunch and economic crisis

In Table 15 a distinction is made between drivers directly related to the emergence of the global economic crisis and one longer-term driver mentioned in 2008, namely 'Regional differences in housing markets'.

'Market' drivers	a) Not important in 2008.	b) Equally important in 2009 as in 2008	c) More important in 2009 than in 2008	d) Not as important anymore
Economic crisis:				
- Reduced demand for home-ownership		Company E	Company N	
- Private developers interest in partnerships		(Company E / 2)	(Company E / 2)	Company N
- Lack of cash in the market			Company N Company E	
Longer-term:				
- Regional differences in housing markets	(Company E / 3)	(Company E / 3) Company N	(Company E / 3)	

Table 15
Changes in Market drivers over the period of study (2008-2009)

The results showed that both companies perceived 'lack of cash in the market' as more important in 2009 than in 2008. In the case of Company E, the general impacts of the credit crunch were recognized as increasingly affecting the housing market as a whole (especially through the unavailability of mortgages and its impacts on the

cross-subsidy model). However, the financial buffer provided by its long-term financial strategy provided reassurance to the company:

'The key issue here is mortgage availability and its impact on the wider housing market.' (Senior executive A, Company E, 12/2009)

'The economic crisis reduced cash available; margins are higher and project finance not certain particularly for larger schemes led and funded by private developers over extended phases.' (Senior executive E, Company E, 12/2009)

'The bond issue has helped us be more independent' (Senior executive C, Company E, 12/2009)

For Company N, the consequences for the wider housing market and the direct and/or indirect impacts on the social housing sector were also on the rise:

'This is true: consumers are facing more difficulties in getting mortgages and banks lend less money to each other than before the financial crisis.' (Senior executive B, Company N, 12/2009)

'The financial crisis has important consequences; housing associations' access to the capital market has become more difficult, borrowing money has become more expensive, the number of private ownership dwellings sold has decreased' (Senior executive B, Company N, 12/2009)

In line with the above, an aspect closely linked to the credit crunch, namely 'demand for home-ownership', was also considered to have gained importance in 2009 in Company N's view; risk aversion and the (temporary) switch to rental tenures were highlighted as part of this phenomenon:

'Demand for home-ownership decreased more than expected, and at the end of 2009 banks are still hesitating to finance home-ownership because of more strict regulations on financial health for banks.' (Senior executive C, Company N, 12/2009)

'The flow stagnates; owners sit on their properties looking at marketing risk.' (Senior executive D, Company N, 12/2009)

'People have more difficulties getting a mortgage; more people want to rent a house because of their (financial) uncertainty of the (near) future.' (Senior executive B, Company N, 12/2009)

'Demand for home ownership slowed down because of financial restraints and risk aversion.' (Senior executive A, Company N, 12/2009)

For Company E, the demand for home-ownership was still there, but the lack of credit to purchase was deterring it. Furthermore, the negative impact of this trend on shared ownership and on the cross-subsidy model continued in 2009:

'More RSLs have become vulnerable financially and the cross subsidy model is not working, which had an impact in the overall volume of social housing developed' (Senior executive E, Company E, 12/2009)

With regards to *'private developers' interest in partnerships with social housing organisations'* most respondents of Company N considered it to have decreased in importance in 2009 following the lower demand for home-ownership:

'Selling of new property fell with 70%. It's harder to get funding.' (Senior executive A, Company N, 12/2009)

Some respondents elaborated on this trend, highlighting the motives (risk sharing) of this development:

'Real interest in real partnerships is equal to 2008, but more private developers tried to sell stock to social housing organisations because of financial problems and called that 'partnership'.' (Senior executive C, Company N, 12/2009)

'Private developers look more closer to joint projects in steps, to take risks or risk sharing.' (Senior executive D, Company N, 12/2009)

'There are private developers which have difficulties selling their newly built houses and sometimes they ask the housing associations to join them in a partnership so the housing associations can rent them.' (Senior executive B, Company N, 12/2009)

Meanwhile, views amongst Company E's respondents were split on the relative importance of this driver in 2009, with half of the respondents believing it had become more relevant:

'Developers are starting to see RSL ability for risk sharing [but there is] concern about the level of expertise in RSL to deal with this.' (Senior executive E, Company E, 12/2009)

Last but not least, *'regional differences in housing markets'* remained equally important for Company N in 2009, which is consistent with the long-term nature of this driver. However, it is worth noting that for Company E, responses were widely spread, ranging from *'not important in 2008'* to *'equally important both years'* and to *'more important in 2009 than in 2008'*. Amongst the latter, one respondent made a link with shorter term market drivers:

'It is likely that market recovery will be uneven and will be stronger in some locations than others.' (Senior executive A, Company E, 12/2009)

§ 5.4 Community: A more complex and diversified demand

§ 5.4.1 Baseline findings

Certain types of community drivers tend to be long-term given the very nature of deeper social changes underpinning them, notably demographic changes. This is reflected in the responses given by interviewees in both companies over the period of study. However, initial impacts of the credit crunch and economic crisis were identified as well as shaping community developments in the short-term.

Evidence collected by this study support the trends described in chapter 1 in terms of the increasingly complex type of demand for social housing. Interviewees explained that tenants' profiles and needs have become much more diverse than in the past. This can be described as a diverse and polarised demand: on the one hand, there is a trend towards an increasing proportion of *'vulnerable' tenants* in social housing. These are households who find it difficult to stay integrated into society through conventional paths, notably employment. Usually this translates into patchy employment records and a lingering dependence on social benefits. As one respondent put it:

'Key agencies are failing to provide core services. Social services in the UK have all but collapsed especially in terms of adult social care – the top priority now [by local government] is Child protection. (...) Three generations of workless families are a problem especially in terms of the capacity to pay the rent and contribute to society and, therefore a key theme for us is 'welfare to work' – social purpose with an edge.' (Senior executive A, Company E, 10/2012)

Furthermore, recognizing this process of residualisation of its tenants' base in the region where they operate, Company N decided to focus their core business on these groups:

'We have changed our policy in 2006: we want to focus more on vulnerable groups. We are increasingly getting more vulnerable tenants and ethnic minority tenants. Also much older, particularly in the South.' (Senior executive A, Company N, 11/2012)

'We would like to invest in society, not in bricks; we want to find a solution for problems in the neighbourhood, but bricks are only a means to achieve this.' (Senior executive C, Company N, 11/2012)

On the other hand, however, there seems to be a parallel trend towards *more demanding tenants* with respect to the past in both countries. One explanation for this trend might be, according to one senior executive at Company E, the increasingly 'residualised' nature of English social housing – only the poorest and most vulnerable are being helped – and it is arguable that it is this that is making tenants more demanding. Another driver behind this trend could be related to higher expectations overall in society with regards to customers' service. Furthermore, this is more deeply related to the cultural change that has taken place over the last decades towards viewing tenants as 'customers'. As put by one respondent from Company E:

'Customers' wants are changing. We are pretty good at residents' satisfaction but the problem is that customers compare what we deliver with other types of services. Most have little or no experience of what private landlords provide and tend to take for granted the quality of our offer. There is a discussion to be had about choice in the sector. (Senior executive E, Company E, 10/2012).

Company N also reported that a very different group of tenants stands out, namely *better-educated and more critical 'middle-class' tenants*. However, this feature corresponds to the broader tenant base that housing associations accommodate in the Netherlands.

Amongst the *actions* that the companies are implementing to meet these and other related challenges are: matching supply and demand more effectively (where asset management strategies stand out); achieving 'balanced' communities (where providers are expected and/or willing to take a leading role in urban regeneration, for example); meeting a set of very different needs and expectations, such as care for special needs (which usually involves partnering with specialised providers or government agencies), and increasing demands for service quality (which often involves trade-offs between means and outcomes).

Another issue mentioned amongst social drivers were *regional imbalances and/or differences*. For Company N this is a key strategic aspect given that they own stock in both thriving and declining areas; the key issue becomes how to best match supply and demand amongst their tenants. The company is tackling this challenge through a renewed portfolio management strategy (PMS). In the case of company E, there is recognition that customers' needs and aspirations vary across different regions. Furthermore, they recognize these are issues to look at local level. In this regard, however, the company's post-merger restructuring period proved challenging with regards to implementing central steering while keeping local anchorage.

Finally, amongst the *effects the economic crisis* was having on tenants, companies highlighted the worsening impoverishment of already low-income households and a decline in home-ownership (and shared ownership in England) amongst middle-income households.

§ 5.4.2 Tracking community drivers a year later: Initial effects of the economic crisis on tenants

Table 16 presents an overview of the companies' responses on changes in community drivers from 2008 to 2009. At first glance, it becomes evident that the trend is for long-term drivers to stay constantly important over both years.

'Community' drivers	a) Not important in 2008	b) Equally important in 2009 as in 2008	c) More important in 2009 than in 2008	d) Not as important anymore
Diverse and polarised demand for social housing		Company N	Company E	
Social housing tenants becoming more vulnerable		(Company E / 2) Company N	(Company E / 2)	
Tenants becoming more demanding		Company E Company N		
Demands from (increasing proportion of) elderly tenants.		Company E Company N		

Table 16
Changes in community drivers over the period of study (2008-2009)

There were a couple of exceptions: first, Company E considered '*diverse and polarised demand for social housing*' as gaining importance from 2009 onwards. This is consistent with the early effects of the economic crisis on tenants, as highlighted by respondents:

'Mortgages will be more difficult to obtain and so therefore we will see more demand from a wider range of people for rented housing. New products will be needed.' (Senior executive A, Company E, 12/2009)

'More people need social housing' (Senior executive C, Company E, 12/2009)

'Increased pressure to release mortgage funding for purchases has increased demand and aspirational drivers.' (Senior executive F, Company E, 12/2009)

Furthermore, despite Company N's majority's view that this driver remained constant in 2009, one respondent recognized that:

'As a result of the financial crisis there is an increasing demand for the rental sector and a decreasing demand for private ownership.' (Senior executive B, Company N, 12/2009)

Second, half of the respondents in Company E considered *'social housing tenants becoming more vulnerable'* to have become more important in 2009, in close connection to the economic crisis. As one senior executive in Company E explains, jobs are harder to find and keep and wages are low and falling behind living costs due to pay restraint and inflation:

'The recession is inevitably leading to a worsening of the economic position for those tenants who meet all or part of their own rent bill.' (Senior executive B, Company E, 12/2009)

'Levels of debt are higher' (Senior executive C, Company E, 12/2009)

It seems clear that the above long-term drivers have strengthened in the short term as a result of the impacts of the economic crisis on tenants, in particular in the English case.

§ 5.5 Perceived impacts of contextual drivers on social housing organisations

As explained in Chapter 3, the study started from the assumption that contextual drivers 'impact' on organisations mission, values and activities, and that organisations issue specific actions or 'responses' in relation to these impacts. Hence the findings of this initial phase of the research present the views of respondents with an emphasis on what they *perceived* as impacts and responses. However, it is worth noting that the discussion of the latter provided richer and more comprehensive insights both on other factors linked to these actions, as well as evidence of a more complex or bi-directional relationship between changes in the companies' environment and in the organisation.

Accordingly, this section presents the information in terms of 'perceived impacts' of the contextual changes described in the previous points. These are summarized in Tables 5.3-4 – 5.3-9. In addition, some long-term actions, strategies or responses can

be found along short-term reactions or strategic turns. The latter are included in those cases where these were identified.

§ 5.5.1 Perceived impacts of State drivers

Increasing regulatory and financial pressures on housing associations in both countries are said to be placing a greater emphasis on the efficiency of these companies and their overall financial strength. Responses in this domain ranged from trying to *adapt* to new regulatory demands (for example, through implementing new regulations or specific measures in the case of Company E, and by selling part of their stock to pay for taxes in Company N's case) to trying to *influence* government to change policy through lobbying at national level in both cases, and even at European level in the case of Company N. Furthermore, when it comes to long term drivers, a proactive strategy was put in place in some cases to address the repeated impacts of a specific driver in a more systematic way. The adoption of a Corporate Social Responsibility policy (CSR) that contributes to systematize relationships with the company stakeholders (including local authorities) in the case of Company E is a case in point.

Contextual drivers	Perceived impact and action(s) taken
[ST] New regulator's rhetoric (tenants rights)	Threat to cost-efficiency ACTION: Adapt to new regulation; Lobby
[ST] Homogenising approach	Threat to company's efficiency and independence
[LT] Lack of (or poor) institutional / financial capacity of local authorities	Sometimes disproportionate demands from certain local authorities ACTIONS: Communicating more clearly the company's community responsibilities; Corporate Social Responsibility policy.

Table 17

Company E: Perceived impacts of State drivers on mission and activities (2008- 2009)

Contextual drivers	Perceived impact and action(s) taken
[ST] New taxes and financial contributions demanded from housing associations	ACTION: Sell houses to pay tax (loss)
[ST] Homogenising approach	Does not fit specific position of the company (region comprises different housing markets)
[ST] Dual treatment	No level playing field vis-à-vis commercial developers ACTION: Lobbying the government through participation in sector association
[LT] Lack of (or poor) institutional / financial capacity of Local authorities.	Restriction to the delivery of their wider mission (contribution to society), which requires partnerships with Local authorities.

Contextual drivers	Perceived impact and action(s) taken
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Table 18

Company N: Perceived impact of State drivers on mission and activities (2008- 2009)

§ 5.5.2 Perceived impacts of market drivers

The study found very clear impacts of short-term drivers, namely the credit crunch and property downturn in both cases. Amongst the actions taken in this regard, Company E’s long-term financial strategy stands out. This seeks to diffuse risk through the diversification of its funding sources: in the context of failing credit systems (banks) and decreasing public subsidies, the company opted to create a financial buffer through issuing a bond in the capital market.

In the case of Company N, their flexible approach to tenure switching and to lowering prices of their homes for sale features as a rapid reaction to allow them to weather the (expected) short-term impacts of the economic crisis. Similarly, Company E’s option for residents to switch from shared ownership to social rental on a temporary basis follows this flexible approach to asset management as a response to perceived contextual impacts.

Contextual drivers	Perceived impact and action(s) taken
[ST] Cross subsidy from sales dropping due to credit crunch	Dependence from additional government funding to complete schemes (top-up funding, etc.) ACTIONS: Turning shared ownership into rental (temporarily) Risk management: less reliance on banks (as opposed to capital markets – bond)
[ST] Credit crunch affecting private developers	Developers asking for joint venture projects with housing associations (opportunities / challenges)
[ST] Credit crunch affecting house prices	Additional grant for shared ownership needed to cover building costs – but low impact on the company thanks to financial buffer

Table 19

Company E: Impact of Market drivers on mission and activities (2008- 2009)

Contextual drivers	Perceived impact and action(s) taken
[ST] Credit crunch	Lower sales ACTION: Sell at a price up to 30% below market price (quantity over price)

Contextual drivers	Perceived impact and action(s) taken
[ST] Credit crunch affecting private developers	Developers asking for joint projects with housing associations. ACTION: Let homes that cannot be sold.

Table 20

Company N: Perceived impact of Market drivers on mission and activities (2008- 2009)

§ 5.5.3 Perceived impacts of community drivers

Findings show that some long-term drivers were becoming more acute as a result of the economic crisis, notably in terms of a more ‘polarized demand’ and ‘more vulnerable tenants’ in both countries. Actions taken in this regard ranged from the implementation of long-term strategies (pre-dating the crisis) such as the new Community Investment strategy in Company E, to the long-standing approach to partner with local actors to fill welfare gaps by Company N. However, both companies recognized a number of challenges of each of these interventions, including the need to work with a variety of local stakeholders, such as local authorities, which do not always have the means or capacity to match the companies’ pace and resources. In addition, both companies faced the challenge to combine their new central (Company E) and vertical (Company N) steering whilst keeping a local anchorage.

Contextual drivers	Perceived impact and action(s) taken
[LT - ST] Diverse and polarised demand / more vulnerable tenants (worsening because of the economic crisis)	Sometimes, antisocial behaviour; social polarisation in neighbourhoods where the company operates. ACTION: Communicate with greater clarity company’s role and responsibilities; Community Investment strategy.
[LT] Demographics: customers getting poorer, older, more young families in need	Increasing variety of needs and expectations. Mismatch of supply and demand. ACTION: Lobby for more flexibility to address different market (tenure) niches; more tenancy support.
[LT] Regional disparities	Diversity of housing markets; diversity of demand. ACTION: Merger and restructuring. Keep local focus while achieving central steering (post merger challenge).

Table 21

Company E: Perceived impact of community drivers on mission and activities (2008- 2009)

Contextual drivers	Perceived impact and action(s) taken
[LT - ST] Diverse and polarised demand / more vulnerable tenants (worsening due to economic crisis)	Social polarisation in areas where the company operates, social fragmentation. ACTION: Take a leading role in urban regeneration.

Contextual drivers	Perceived impact and action(s) taken
[LT] Demographics: customers getting older, more young families in need	Increasing variety of needs and expectations. Mismatch of supply and demand. ACTIONS: New Portfolio Management Strategy (PMS) to match supply and demand more effectively. Partnering with specialised providers or government agencies.
[LT] Regional disparities	Diversity of housing markets; diversity of demand. ACTION: Organisational restructuring: keeping local focus while achieving vertical steering.

Table 22

Company N: Perceived impact of community drivers on mission and activities (2008- 2009)

§ 5.6 Conclusions

Despite the longer time span over which the PhD research collected data, findings of this part of the research correspond to a ‘snapshot’ (2008 – 2009) of changes in the mission, values and activities of the companies under study as a result of their interaction with a variety of contextual changes. In this point we provide first a short reflection on the contextual drivers found to be most relevant for the companies under study, followed by a brief discussion of the perceived impacts of these drivers and actions undertaken by each company in that regard.

§ 5.6.1 Contextual drivers: interactions between short and long term

All three domains featured short and long-term contextual drivers. However, findings showed that community drivers tend to be the most stable or long term, while market and State drivers tend to show more short-term developments in addition to long-term trends. Only two of the four community drivers identified featured a slight increase in importance as perceived by Company E’s respondents. These were ‘diverse and polarised demand for social housing’ and ‘social housing tenants becoming more vulnerable’. This was related to the economic crisis starting to hit tenants more strongly. Overall, however, findings supported earlier evidence presented in previous chapters about the relative impoverishment of social housing tenants across North Western Europe; the increasing diversity of tenants’ profiles; and an increasing proportion of elderly tenants.

On the State domain, long-term drivers that increased during the period of study in both companies were mounting regulatory and financial pressures on housing associations. A long-term driver that didn't change over the period of study in both companies was the perceived weak institutional capacity of local authorities.

On the market domain, a long-term driver common to both companies was the regional differences in housing markets, which stayed relatively stable over the period of study. Short term market drivers were strongly linked to the impacts of the global financial and economic crisis, and included: reduced demand for home-ownership (due to the credit crunch and thus the lack of mortgage credit); lack of credit affecting social housing associations' borrowing levels; and the interest of private developers in partnering with social housing organisations as a risk sharing strategy in an initial stage of the economic crisis.

Looking at any changes in the perception of the importance of each driver between 2008 and 2009, all community drivers and the only long-term market driver (namely, regional differences in housing markets) tended to stay constant. This can be explained by the more resilient and / or long-term nature of these drivers, which renders them less volatile compared to, on the one hand, State drivers, which are very dependent on government changes and expectations raised by new policy orientations, and on the other hand, short-term market drivers such as the ones mentioned in 2008 as resulting from the economic crisis. As Company E's CEO put it, "(...) things are moving very quickly. Today I would be less concerned about regulation because in four months it has changed a great deal. There is a very fast pace of uncertainty and growing expectations of housing associations".⁹ It is therefore not surprising that the Company E considered both 'Financial pressures on social housing organisations' and 'Decreasing public funds' as of growing importance in 2009, and even further into 2010 and 2011 in the context of the (then) new government's agenda: "Local government will be decimated [by the government's austerity measures]. There will be fewer resources and more gaps in services. That change is coming now."¹⁰

In terms of differences between both companies, on the State domain, the relative importance of 'decreasing public funds' featured more prominently in the case of Company E. This is linked to the more direct dependence on public subsidies by English housing associations (in the form of capital grant, but also of social transfers to tenants, for example) compared to Dutch housing associations. Dutch Housing

9 Senior executive A, Company E, 2nd PhD seminar with companies, October 2010.

10 Idem.

associations, while operating within a general environment of public cuts, are not directly dependent on such grants for their activities.

§ 5.6.2 Perceived impacts and actions undertaken: reactive, proactive and strategic actions

Overall, findings point to three types of actions undertaken by each organisation in relation to the perceived impacts of the contextual drivers (see Table 23). A first type follows the 'impact-response' approach and can be characterised as a *reactive* type of behaviour. This is exemplified by activities or measures undertaken as a direct response to a particular impact, such as adapting internal systems to comply with a new regulation. This type of behaviour tends to be specific, ad-hoc, issue-specific and short term. Hence, the likelihood of it changing the mission and values of the organisation is minimal. Consequently, this type of behaviour has a very low degree of agency, as defined in our conceptual framework. It does, however, change activities and even short term strategies. Typically, once the specific driver is over, the behaviour might change again in the direction of a new dominant driver.

	Reactive behaviour	Proactive behaviour	Strategic behaviour
<i>Temporality</i>	Short-term	Short-term	Medium to long term
<i>Goal</i>	Adapt to changing environment (Survival)	Influence changing environment (Back to status quo or improvement)	Anticipate changing environment and influence direction of change.
<i>Features</i>	Ad-hoc, opportunistic, improvised	Ad-hoc, opportunistic, improvised and/or embedded within existing strategy.	Systematic, rational, consistent, evidence-based.
<i>Tools</i>	Adapting internal systems Complying with regulation	Lobbying (Issue-specific) Networking (issue-specific) Intelligence analysis (issue-specific) PR and media campaigns	Lobbying as strategic objective Constant networking Regular intelligence analysis (internal and external) PR and media strategies CSR strategy, etc.
<i>Agency</i>	Low	Medium	High
<i>Examples</i>	Company E: comply with new tenants' rights regulations. Company N: Temporary switch between tenures to cope with effects of credit crunch on households.	Company E: Lobby to counter-act (perceived) excessive focus on tenants' rights. Company N: Lobby to influence government on specific issues.	Company E: CSR strategy; Financial strategy. Company N: Stakeholder conferences; revised asset management strategy.

Table 23
Types of behaviour vis-à-vis perceived impacts from contextual changes

A second type of action corresponds to a *proactive* behaviour, which seeks to take an active role in changing the context that created the perceived (negative) impact. This type of behaviour seeks to influence other stakeholders with power to change the impact in question. Notably, this type of behaviour is exemplified by actions such as lobbying, networking, PR and media campaigns, etc. While this behaviour tends also be closely linked to a particular contextual driver, it is different from the reactive-type of behaviour in that it seeks to change the course of events in order to either restore the status quo or improve the position of the company. In that sense, it could be argued that this type of behaviour has a higher degree of 'agency' as compared to the previous behaviour

The third type of action can be called *strategic* behaviour, as it adopts a long-term approach to anticipate change and design possible course of actions in relation to the expected impacts of this change. Like proactive behaviour, this approach aims to anticipate change in the company's environment, but unlike the former it builds in a framework to act upon expected impacts in advance: a strategy. This behaviour relies on a number of the elements described in the previous type, but the main difference is that these are sustained over time. Thus, actions such as lobbying, networking, intelligence gathering, and PR and communication tools are translated into longer-term strategies. Examples of this type of behaviour include, in the case of Company E, the design and implementation of a CSR strategy to deal with stakeholder relations, as well as their long-term strategic approach to financial management as a way to overcome both regulatory and market uncertainty. In the case of Company N, a series of stakeholder conferences organized by the organisation over the period 2005-2007 aimed to engage with its local stakeholders in a systematic way, can be classified as well as a strategic type of behaviour.

Overall, different types of actions are combined in daily practices, as will be illustrated by our study of a critical incident and strategic decision in each of the case-study companies, which is presented in section 5.5.

Finally, findings show how the *repercussions of the credit crunch* in the housing market as a whole affect housing associations. Tenures are interlinked; there is limited mobility between them, for example, from (full) home-ownership to shared ownership (England) and to private and/or social rental housing. As seen in the actions taken by both companies, the flexibility to switch between tenures in times of crisis is seen as helping tenants to cope with the threat of housing exclusion. However, a number of economic and cultural obstacles have to be taken into account in this regard, as pointed out by a senior executive at Company E:

'(...) the price of home ownership and private renting are a barrier to trading between tenures. Moreover, there are cultural obstacles to social tenants moving into private renting, which is seen as very much 'second best'. (Senior executive A, Company E).



6 Position of the social housing organisations vis-à-vis the State, market and community

§ 6.1 Introduction

Findings presented in this section refer mainly to the second research question, namely:

“How do these organisations position themselves vis-à-vis the State, the market and society?”

To assess the position that the companies under study occupy vis-à-vis the State, market and community, in chapter 3 we adapted Crossan’s (2009) classification framework for social enterprises for the study of social housing organisations. To recap, this classification distinguishes between three types of variables: descriptor, motivator and behaviour. In this section, findings on each variable are presented on the basis of data drawn from different sources in two consecutive phases, as follows:

- A **Baseline analysis**, carried out on the basis of interviews with senior executives in each company in 2008. This analysis built in particular on discussions using the triangle-shaped conceptual model introduced in chapter 3. Furthermore, these accounts were complemented by the review of secondary data in each case.
- B **Positioning survey**, applied to a group of senior executives in each company in 2009 to test hypotheses on strategic value orientations in each company, which had emerged from findings of the previous stage.

It is worth noting that, as explained in chapters 3 and 4, the findings presented in this chapter corresponds to a ‘snapshot’ (synchronic analysis) of the situation as observed in 2008 - 2009. A dynamic appraisal (diachronic analysis) of the interplay between State, market and community drivers at a later date (2010 - 2011) is developed in chapter 7.

§ 6.2 Baseline analysis

§ 6.2.1 Descriptor variables

The set of formal characteristics ('descriptor variables') of each company, selected for the purpose of this study are shown in Figure 22. The table presents data for the initial period of this study (2008-2009), as well as any updates for 2010-2011 for each indicator. However, it is worth recalling that this section of the findings focuses on the situation over the initial period of study, while developments in 2010-2011 are addressed in chapter 7.

Baseline: 2008 – 2009	COMPANY E	COMPANY N
Legal structure Public, private, informal, other, including hybrid legal forms such as community interest companies in England	Industrial and Provident Society. Private, Charity	Foundation (‘Toegelating instellingen = private body working within a specific regulatory framework; very similar to housing associations in England)
Changes in 2010 - 2012	None	None
Profit objective Non-profit, not-for-profit, limited profit, etc.	Limited company. Non charitable parent but charitable stock owning subsidiaries Registered Social Landlord (RSL) Non-profit distributing.	Not for profit. Private company with a public aim. Non-profit distributing.
Changes in 2010 - 2012	None	None
Ownership Ownership structure of the organisation (shareholders, public/private, etc.)	Charity, shareholders. The shareholders of the group and Company E Homes comprise people who are or have been board members, other interested people and a small number of current or former residents.	Foundation (no shareholders)
Changes in 2010 - 2012	Shareholders largely unchanged.	None
Core business activities Economic, social, both; tangible/intangible (services)	Renting, repairing and managing homes. Developing new homes (in 2009 1,175 completed). * Target groups: Social tenants; those in housing need on waiting lists and key workers; first time buyers.	Renting, repairing and managing homes. Developing new homes (for social rent and for home-ownership) Managing and letting social real estate. Sell rental homes BBSH targets * Target groups: Vulnerable people, people with special needs, first-time buyers and middle-income households that can't afford to buy or to rent in the private market.

Baseline: 2008 – 2009	COMPANY E	COMPANY N
Changes in 2010 - 2012	<p>None</p> <p>* Target groups: Possible broadening of tenant base with new affordable rental model.</p>	<p>Decrease in development of new homes for home ownership.</p> <p>* Target groups: Only up to 10% of its rental properties may be let to middle-income households that can't afford to buy or to rent in the private market (due to new directive – see chapter 7.)</p>
<p>Governance Institutes or people are formally responsible for policy-making within the housing organisations: State, tenants, community and/or commercial stakeholders or shareholders. Paid/non paid, occupation, etc.</p>	<p>Group Executive Team (GET): Headed by the Group's CEO Made of 10 Directors Responsible for the day-to-day operations at Company E. Group Board: Approves high level strategic and policy decisions on the recommendation of the GET (see below). Monitors performance and holds the organisation to account on its financial performance. Give advice to management Provide strategic direction. All Board members are remunerated. Includes 3 exec directors Boards of the operating companies and subsidiaries: Govern the specific operating companies Provide accountability Resolve tension between stakeholders Give advice to management Provide strategic direction.</p>	<p>Management Board: Day-to-day management of the organisation. Made of 10 senior executives (1 CEO, 7 directors and 2 management staff). Headed by the CEO The Supervisory Board (<i>Raad van Commissarissen, RvC</i>) Supervises, advises, and advocates for the governance of the organisation. Approves high level strategic and policy decisions on the recommendation of the CEO. Monitors performance and holds the organisation to account on its financial performance. Give advice to management Made of 7 members (with a mix of profiles and expertise, including: financial, legal, communication, social housing, etc.) Members are remunerated.</p>
Changes in 2010 - 2012	<p>Amalgamation of the OC's Boards into one Group Board. Creation of a 'Homes Board' (made up of 15 members, including 4 residents) and 'Resident Scrutiny Boards' (to examine the company's performance at regional level).</p>	<p>Executive Management: Two general directors (CEO's), one internal and one external (Since 2011). Management Board: 8 members in total (2 CEOs, 3 directors and 3 management staff members) No changes in the structure of the supervisory board yet, but proposal with some changes is under preparation.</p>
<p>Funding income Sources of funding (public, private, donations, etc.)</p>	<p>Own assets (interest) Rental income Income from sales (15% of stock is leasehold or shared-ownership). Historic private debt, including 30 year 250 million GBP bond launched in September 2008 Capital grant (central government) Revolving loan of GBP 200 mil with private banks.</p>	<p>Own assets (interest) Rental income Cross-subsidies from commercial activities. Market loans (backed by 3-level guarantee – see chapter 2)</p>

Baseline: 2008 – 2009	COMPANY E	COMPANY N
Changes in 2010 - 2012	None, except: Capital grant was considerably reduced since October 2010.	Market loans, two situations (from 2011): - For SSGI activities: backed by 3-level guarantee – see chapter 2. - For non-SSGI activities: private market conditions. Legally no more cross-subsidies activities since the 2011 ruling.
Size and catchment Market served (local, regional, national, cross-border)	National with a higher proportion in London and the South-East of England. Stock: 53,000 homes Catchment area: over 100 local authorities across England including major towns and cities as well as some rural areas in the South West, East Midlands and North Regions.	Regional (South of the Netherlands) – Shrinking areas. Stock: ca. 23,000 homes Catchment area: 6 provinces in the Region (South of the Netherlands)
Changes in 2010 - 2012	Stock: 57,000 homes (housing 161,000 people) Catchment area: over 120 local authorities from Newcastle upon Tyne in the North East to Plymouth in the South West.)	Stock: 24,000 Catchment area: no change.

Figure 22

Developments of key descriptor variables in both companies over the period covered by the PhD research (2008-2012) / Sources: Own elaboration on the basis of interviews conducted with each company's senior executives; Sacranie (2011); Company E's website; Company E Annual Report 2008/2009; Company E Annual Report 2010/2011; Company N's website.

Looking at descriptor variables such as 'legal structure', 'profit motive' and 'ownership', both companies fall within the broad category of non-State, not-for-profit social housing providers, as described in chapter 2. Despite having different legal forms (specific to each country's legal and historical frameworks), both companies have in common the fact of being privately run, not owned by the State, and non-profit distributing. Their core business activities are very similar as well: both have as their main task 'renting, repairing and managing homes', which we have described as the common denominator of social rental housing providers in North-Western Europe (chapters 1 and 2). In addition, both companies carry out development of new homes. This activity, however, is less stable as compared to the previous 'landlord' tasks, following its reliance on funding streams, which are market by increasing volatility. It is worth noting that within the framework of its community investment activities, Company E manages real estate for these purposes. However, Figure 22 does not include this category, as it was not mentioned as part of the company's 'core business'. The opposite holds true for Company N, where 'social real estate' was explicitly included in the description of its core business. For both companies, but in particular for Company E, large part of their historic assets comes from philanthropic (private) contributions, which is now sunken investment.

An important difference is the composition of their respective funding income: Company E has a fairly diversified portfolio; however, up until recently it had relied on a considerable level of capital funding from the State. Company N, on the contrary, receives no direct State subsidies (a feature of the whole Dutch housing association sector – see chapter 2). On the other hand, the Dutch social housing sector benefits from a three-level guarantee fund, which allows housing associations to access market funding at lower interest rates by reducing their risk profile. However, Company E has been comparatively more active on the capital market, establishing a revolving fund and issuing a bond over the last years. However, at the same time there has been a strong reduction on capital grant from the government over the last years.

Governance differs in each company. As Figure 22 shows, while their executive teams tend to be similar, the supervisory and advisory role of boards are organised differently. This responds partly to different national regulations in this respect. However, we can see that each company has recently made changes to its governance structures following their respective post-merger consolidation and restructuring processes. In Company E, for example, a higher degree of tenant involvement has been incorporated to its supervisory structure (at least formally), while in Company N there are some proposals to slightly modify the rules and composition of the supervisory board. One important change in Company N is the addition of one Chief Executive Officer as of 2011. As we will explain in chapter 7 in more detail, this responded to the desire to have one ‘external’ CEO and one ‘internal’ CEO in order to bring more focus to each domain. This decision responded to the recognition of the importance of having a strong relationship with external stakeholders (ranging from the regional to national and European levels) as well as a greater focus on internal management. In the past, the CEO had to split his time between both domains, limiting his focus on each.

§ 6.2.2 Motivator variables

Following the classification developed in chapter 3, motivator variables refer to the purpose and social aims of the organisations. In the case of social housing organisations these are reflected in their missions and objectives and the motivations underpinning the missions. This classification applies the triangle-shaped conceptual diagram presented in chapter 3, distinguishing three types of orientations in terms of motivator variables:

- 1 **State-driven housing organisations**, whose missions are relatively strongly influenced by State policies, regulations and finance;
- 2 **Market-driven housing organisations**, which missions are relatively strongly influenced by (general) housing market demand and financial-economic opportunities on the housing market and depending relatively much on private finance;
- 3 **Community-driven housing organisations**, which are relatively strongly influenced by preferences and financial means of their current and / or future tenants, non-tenant local residents and by local stakeholders such as local government, community and third sector organisations.

We have drawn on information on 'stated mission' as presented in written documents about the company (brochures, website, etc.) as well as on qualitative information extracted through interviews during the first round of data collection. Besides from the 'mission', additional elements that can be related to motivations are included, such as: values, vision, and strategic aims and objectives. Furthermore, information on the identification of each of these companies with a particular type of social enterprise model is included, as made explicit by them both in their written documents and in face-to-face interviews. Figure 23 provides an overview of these values for each company.

	Company E	Company N
Identification	'Business for social purpose'	'Social enterprise'
Mission	We use our heritage, fresh thinking and commitment to help people put down roots.	Provide a decent home (good quality & affordable) Make a contribution to society Make neighbourhoods better places to live
Vision	To become the leading affordable housing provider in England.	From simple real estate management to opening up to demands from the community/stakeholders.
Values	A passion for customer service A willingness to innovate Trust and integrity Using our strengths	Enterprising and creative Reliable, robust and cost-conscious Accessible to customers, open, transparent
Strategic elements	Strategic themes: Improving our services Going for growth Improving our financial strength Increasing our influence	Priorities: Customized housing Return to standards Restructuring Liveability Co-operation
	<i>Sources: Interviews with senior executives of Company E (2008); Company E's Corporate Plan 2008-2013 (29 February 2008).</i>	<i>Sources: Interviews with senior executives of Company N (2008); Company N's Strategic plan 2006-2010 (June 2006).</i>

Figure 23

Overview of stated missions, values and related elements in each company (2008-2009)

A Company E: 'A business for social purpose'

Three main elements featured repeatedly in the discussions on motivator variables with Company E's senior executives: the business element in its corporate identity (and the values attached to it); the different values to be found in its still evolving organisational culture; and the role of history and legacy as a driving force.

A.1 Emphasis on 'business'

Company E defines itself as a 'business for social purpose'. However, company executives declare that they put an emphasis on the 'business' element of this identity:

'My philosophy is: we are a business for social purpose, but we are a business. There is no reason not to be commercial when being a social business.' (CEO, Company E, 10/2008)

According to the CEO the rest of the top management team adheres to this ethos. This was confirmed in interviews with other senior executives in the company. In the view of the Director of Finance, for example, there is a split in England between large housing associations operating commercially and what he calls 'traditional' housing associations driven by public or charitable motives. Moreover, he cites the discussions that take place at Board level in Company E, describing them as 'same as every other commercial business'. In his view, this is linked to a philosophy of how the business is run. For example, Company E has established what they call 'Financial Golden Rules', a set of parameters they have given themselves to ensure a sound financial performance – one of the core values of Company E.

Attributes attached to this ethos include 'value for money' and cost-competitiveness. Moreover, one senior executive referred to the company as 'very professional' and with a 'business ethos'. Overall, the company defines a business for social purpose in what they call 'rational terms', which in their view equates efficiency with bigger profit/dividend. The argument is that 'only when you create dividend you can spend in discretionary things'.

On the other hand, however, Company E regard their core business as that of a 'traditional' landlord (in their own words), in the sense that they manage dwellings, do repairs, collect rents, and manage assets. In a second place, they use resources to build more. Nonetheless, there is recognition that 'housing associations have access to resources and infrastructure that can make a difference to the life of communities'. However, they point to other housing associations that are more charitable. For

example, they quote one housing association for which discretionary came before core business, in their view:

'We try to recognize that efficiencies are important but if you behave commercially this creates more surpluses to do more things. We make decisions on what and how we do it in a very rational way. Every time we have a new request to do something, we ask ourselves: are we the best ones to do this? Some housing associations do 'cool' things but then they have no money to do the repairs. What about their core business?' (CEO, Company E, 10/2008).

Company E's vision is to 'be the best in the sector' on the basis of a strong financial/ asset management. As explained earlier, Company E is already one of the financially strongest housing associations in the country, with a good credit rating and a (good) reputation of 'cautious' financial behaviour, as confirmed by interviews with external informants.

A.2 Organisational cultures

Interviewees agreed that, at the time of the fieldwork (i.e. in the post-merger context), values varied considerably between the different operational companies of Company E, given their respective histories and ethos (a public landlord and a charity). There was, however, the aim to conduct all operating companies towards a 'business for social purpose' ethos. This meant a strong rationality underpinning every decision and social activities that had to be justified with regards to the contribution to their company's core business.

An additional aspect of the diversity of values to be found within the organisation was the specific professional ethos linked to different types of jobs or departments. One senior executive gave the example of the development staff, who 'enjoy seeing people move into new homes, as it is rewarding seeing impact on people's lives.' (Senior Executive X, Company E, 10/2008). Additional evidence collected over the course of the study reinforced this idea of different values being embodied by front office staff and back office staff, respectively, or the differences between senior executives and operational staff. In chapter 7 we will come back to this.

A.3 Legacy and history

Linked to the above point is whether and how the company values the history of the companies that merged to give shape to the current organisation. While facing the tensions of value integration in a post-merger context, the CEO sees as his mission to protect the legacy of one of the main companies at the origin of the group (a charity with a long history). He declares that he would like to 'leave the company in good shape or better'.

B Company N: 'A social enterprise'

Within the umbrella corporate identity of a 'social enterprise' (explicitly adopted by the company's CEO at the time), themes identified amongst Company N's motivator variables were: the aspiration to address wider community needs (and thereby helping to fill the welfare gap); using real estate as a tool for improving the wellbeing of people in the areas where they operate; and help to improve neighbourhoods.

B.1 Community

The company's mission was described as to provide a decent home (good quality and affordable); to make a contribution to society; and to make neighbourhoods better places to live. For all these purposes, social housing is seen as an instrument. The company uses its assets to see if and how real estate can help to fulfil these aims. In this sense, one of their mottos is: 'We have to do more because we can'.

B.2 Welfare gap

Company N's core business is housing management and social real estate. However, the company's vision has changed over time, from being a simple real estate management to opening up to demands from the community and stakeholders. They declare it is

'(...) very important to have a good position in society because we not only provide housing in itself but we are also enlarging welfare, the "extras" around it.' (Senior executive X, Company N, 11/2008).

Therefore, the company acknowledges that it has taken a role beyond providing housing for those in need, namely helping to fill welfare gaps.

Furthermore, they aim to enable local community actors to achieve these welfare objectives:

'The place of [our company] together with community, welfare organisations, care organisations...it's very important to know your role, your boundaries but also important to activate other groups to take action on other necessary aspects, a chain of activities.' (Senior executive ?, Company N, 11/2008)

B.3 Neighbourhoods

As explained above, real estate is seen as a tool to fulfil wider community objectives, including the improvement of neighbourhood problems:

'Social housing is an instrument. Our main purpose is to make sure that neighbourhoods are better places to live e.g. crime, educational achievement, look further and see real problems in the neighbourhoods and see if and how real estate can help.' (Senior executive X, Company N, 11/2008).

When asked whether this should not be a task for local authorities, they concede that

'(...) in principle yes, but we work in many local authorities but not everywhere the same. Local authorities often do not have the capacity or money to do it. They came to us in search for this.' (Senior executive X, Company N, 11/2008).

Furthermore, the company declares in its strategic plan that, in case a local authority is not able to pick up the problem, the company would consider doing it. However, it is worth noting that at the time of the fieldwork the company was undertaking a re-assessment of their policy towards stakeholder demands, aiming at rationalising their response. This change is discussed in more detail in chapter 7. Moreover, in their new strategic document, they committed to new values, including that their activities had to stick to their core activity i.e. housing, while allowing room for flexibility.

C Comparative analysis

In both companies, the period 2008-2009 was characterised by the challenge to overcome tensions between central values and local identities following their respective

mergers and ongoing restructuring processes. In the case of Company E, a number of initiatives led by senior management to achieve identification of the operating companies with the Group values were highlighted (e.g. staff-away days, team building activities, etc.). Research by Sacranie (2011) found that Company E “*had a strong corporate outlook, driven by a business-oriented group executive leadership, with clear cultural variations vertically and horizontally across the management hierarchy as well as the geographical stretch of the organisation*” (2011: 195). Furthermore, she found that sub-cultures and tensions had emerged in the post-merger operating companies, as they reflected the bringing together of companies with different heritage and cultures from across England. This coincides with earlier research by Heino et al (2007) where frictions between public and charitable ethos from the different companies entering the merger were also acknowledged by executives interviews in one of the operating companies.

In the case of Company N, however, while the need to achieve better central steering was acknowledged, interviewees admitted not to carry out any joint activities towards this end in a systematic way. There was, instead, a recognition that Company N had an ‘open culture’, made of six different cultures, with a set of broadly shared values (openness, transparency, closeness to the community). However, unlike Company E’s case, this did not seem to be perceived (at that time) as a big obstacle in fulfilling the company’s mission and strategy.

Overall, on the basis of the stated values, both in written form and through the interviews, we can conclude that both companies have a very diverse set of values. While declaring to have an almost identical core mission, Company E features a much more technocratic, economic-rational, and ‘business-like’ set of values as compared to Company N, whose discourse (both written and spoken) emphasizes much more values linked to social/community and welfare issues. However, it remains to be seen to what extent these stated values match the actual activities of each organisation. This will be discussed in the next point.

§ 6.2.3 Behaviour variables

Type of activity		Company E	Company N
Core task		Management and building of social rental housing.	Housing management and provision of social real estate and related services.
Range of core activities		<ul style="list-style-type: none"> • Finance • Asset management • Development • Customer relations • Maintenance and repairs (subsidiary company) 	<ul style="list-style-type: none"> • Finance • Asset management • Business control • Customer relations • Maintenance
Additional activities	<i>CSR</i>	Currently devising systematic CSR policy	<ul style="list-style-type: none"> • No formal CSR policy but social activities are inbuilt in the mission and values • Portfolio Management Strategy (PMS)
	<i>Community Investment</i>	<ul style="list-style-type: none"> • Dispersed existing activities to be integrated into a Community Investment strategy. • 3 key areas: employment, financial inclusion, healthy living. 	Dispersed existing activities
	<i>Social services to tenants</i>	Linked to customers' services	<ul style="list-style-type: none"> • Care services in partnership with specialised providers • Through PMS provision of facilities for social purposes (employment, education, etc.) • Currently making these activities more 'visible' (low public awareness)
	<i>Non-residential real estate</i>	Some real estate dedicated to community use.	Wide range of social real estate.
	<i>New product development</i>	<ul style="list-style-type: none"> - Housing for sale (home-ownership) and shared-ownership. - Possibly entering 'private' rental market. - Looking to develop flexible / mobile tenures 	Home-ownership at 30% discounted price
	<i>Other</i>	-Marketing (new)	

Sources: Interviews with senior executives in each company (2008); Review of secondary data (brochures, annual reports, website, etc.)

Figure 24
Activities performed by each company in 2008

As shown in Figure 24, the activities performed by the companies have been classified under two main groups: 'Core activities' and 'Additional activities'. It could be concluded that the range of core activities remains broadly similar between the companies, covering areas such as financing, asset management and customers' relations.

When it comes to 'additional activities', however, we see a fairly diverse picture between the companies. Figure 24 shows a classification of these activities according to categories arising from the interviews, namely: CSR-linked activities; community investment activities; social services to tenants; 'other' real estate (other than social rental housing); and new product development. As explained earlier, only Company E has adopted a systematic policy to formalise the existing (and so far dispersed) range of additional (social) activities, as a way to achieve better co-ordination and to capitalize on these. However, Company N has more recently (from 2011 onwards) undertaken a rationalisation effort led by the creation of the new role of 'relationship manager' (more detailed information in chapter 6). Company N have an unstructured social diversification profile, with some market activities; Company E has an increasingly structured social diversification structure, also with some degree of market diversification. Both are hybrid prospectors, but with a different emphasis and with different degrees of systematization.

Key similarities between the positions of each company are: The recognition that 'can do more than just housing' for local communities because of infrastructure and resources (Company N: social real estate). In terms of market activities, the opportunity to re-invest in social housing (Company E) and in social activities (Company N); additional social activities at local level to support core task; merger and structure: central-local tensions; both offer range of products to meet customers' needs and aspirations (e.g. home-ownership; flexible tenures, etc.); the existence of portfolio management systems (matching real estate with demand); and both companies are often better resourced than local authorities to perform community activities.

Overall, findings from the first period of data collection (2008-2009) showed that both companies had as their core mission what could be called the 'traditional' social landlord task common to social housing providers in North Western European countries (as explained in chapter 2), namely: *providing rental housing of good quality to households who cannot afford it in the market*. However, there are some important differences between both companies with regards to the extent to which their mission encompasses a wider (social) role in the communities where they operate. On the basis of the information gathered at the time of the first round of data collection (October/November 2008), evidence pointed to a different position along two of the sides of the triangle (Figure 25). While Company N could be situated between 'State' and 'community', Company E was to be found between 'State' and 'Market'. Some of the key similarities and differences that characterized the respective position of each company in the triangle are illustrated by the following examples:

C.3.1 Using real estate / resources to 'do more' for the local communities

Both companies declared their commitment to using their resources (real estate / infrastructure, skills, capabilities, etc.) to invest in the communities where they operate. Company N explained that they see themselves as 'real estate managers and investors', facilitating buildings for community activities when these are needed. They organize the process when and where the local authority does not do it. In a similar fashion, Company E recognized that they possess the infrastructure and resources to do more (than just providing housing) to the local communities. However, it should be noted that Company E had strong reservations about filling in for local authorities or providing State welfare services. The key driver for new products was that these were discretionary as symbolised by a CSR approach.

C.3.2 Social or 'community investment' activities

Again, both companies carry out a variety of such activities. However, in the case of Company E, the realization of the fragmented way in which these activities were implemented led to its systematization in YEAR through a formal CI and Corporate Social Responsibility (CSR) strategy. It is worth noting that, as Sacranie points out (2011), there was much internal debate in Company E at the time about whether a central CSR approach led by Human Resources and then Marketing fitted the CI activities developed within an expanding central CI team. Company N, on the other hand, went through a similar realization as part of its restructuring process, which had as a result the centralisation of its community activities in one person, a 'relationship manager' in 2011, whose main task was to co-ordinate all such requests and initiatives in the company. However, it is worth noting the different formulation that these activities find in the companies description of their core task. While Company N considered 'contributing to society' as part of their mission, Company E stressed that these type of 'social or community' activities were to be carried out only if they supported the delivery of their core business.

For Company N these activities have the wider purpose of filling what they perceive as the welfare gaps. This could not be said for Company E, for whom these activities are justified from a more commercial-corporate rationale. Nonetheless, it is worth noting that in the case of Company N this conclusion was reached mainly on the basis of its rhetoric and not so much on their behaviour. All in all, although descriptive variables were similar in both companies, motivator variables help to unpack the value considerations behind these actions. This will be looked at in more detail in chapter 7.

C.3.3 Discussion

Figure 25 illustrates an interpretative attempt to compare the different position each company seems to occupy in the triangle, on the basis of the information collected through interviews. Both companies defined their core mission as a social one; however, while both companies appear to 'hover' between market and community in terms of the activities they perform (e.g. using market opportunities to subsidize their social activities, and performing a series of social or community investment activities), Company E's discourse is much more markedly 'commercial' than Company N's. Indeed, the latter had a fairly developed conceptualisation of their approach to social housing provision in terms of 'social enterprise' at the time of the initial enquiry (2008/2009).

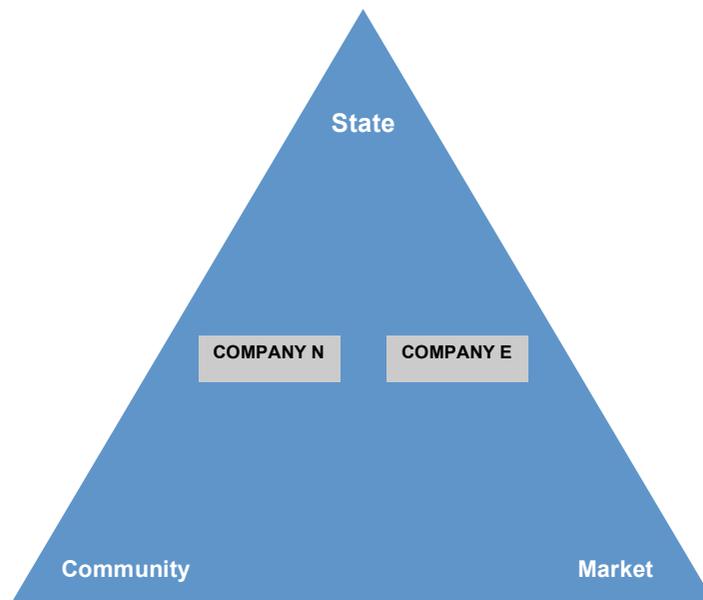


Figure 25
Position of each company under study – a comparative interpretation

Furthermore, evidence shows an increasingly important use of market opportunities (commercial activities, business practices) to achieve the companies' core (social) missions; although to different extents in each company. In terms of behaviour variables, while both companies could be classified as 'hybrid prospectors' – mainly on the basis of their respective rhetoric - Company N seemed to be closer to the (semi) public domain at the time of the fieldwork.

Orientation	Type of variable*	Company E	Company N
State	D	Linked to specific regulatory framework	Linked to specific regulatory framework
	M	Regulated mission and moderate level of independence.	Regulated mission but high level of independence.
	B	Core activities linked to public mission	Core activities linked to public (State) mission
Market	D	Industrial and Provident Society. Non charitable RSL parent with charitable subsidiaries	Private body
	M	Significant market-orientation in mission and value formulation.	Low market-orientation in mission and value formulation.
	B	Moderate level of market diversification (cautious approach)	Significant level of market diversification
Community	D	Not-for-profit.	- Foundation, no shareholders. - Not-for-profit.
	M	Moderate community orientation at discourse level.	Strong community orientation at discourse level.
	B	Significant level of community orientation (e.g. community investment strategy)	Significant level of community orientation (dispersed range of social activities)

Figure 26
Classification of the companies under study and their main characteristics
* Types of variables: Descriptor (D); Motivator (M); Behaviour (B)

Figure 26 presents a second attempt of classification of the information collected in this stage, this time through an interpretive assessment of each company's orientations vis-à-vis State, market and community for each of type of variable of the classification (descriptor, motivator and behaviour), in relation to each other. This should be understood as a situational analysis, i.e. these characteristics are in a state of flux, as a number of contextual factors are re-shaping the companies' motivations and behaviour. From this exercise, we can draw two main conclusions: firstly, the considerable diversity of orientations across domains in each company. In other words, features of each company can be classified in each of the three domains, although to different extents. Secondly, although both companies share these hybrid characteristics, their emphasis differs per domain.

While in the descriptor domain their orientation seems fairly similar, the relative importance of a community orientation seems stronger for Company N in terms of its discourse (motivator variables), as compared to Company E. While both have a relatively similar behaviour in this regard (with a significant level of social or community investment activities), their stated values and actual activities undertaken in this domain differ. The same can be said for market orientation: while Company E appears to have a much more market-oriented discourse (motivator variables), its actual degree of market diversification (behaviour variables) can be classified as rather moderate if compared to the same relationship between motivator and behaviour

variables for Company N, where almost the opposite effect holds true (i.e. Company N does not emphasize market orientation at discourse level, while conducting a fair number of market activities in practice).

Overall, the application of the classification system (three types of variables) drawn from the general social enterprise field to the case studies of social housing supports the findings of the literature review regarding the hybridity or continuum of practice between at least three spheres of action or drivers for the companies' missions and activities, namely State, market and community. Indeed, as can be seen in Figure 26, both companies show mixed features when it comes to most variables. However, looking at them through the different dimensions/variables, it is possible to discern a trajectory of the direction of change. For example, we can clearly see that both companies can be classified as 'hybrid prospectors' in both the market and public/welfare fields - confirming earlier research by Gruis (2008) of a tendency for prospectors to be active in both fields.

Some inconsistencies were found between, on the one hand, the 'discourse' (motivator variables) in companies N and E, and their respective 'actions' (behavioural variables). Indeed, while Company N emphasizes their commitment to society (i.e. the community) in terms of their mission, their range of activities is developing increasingly in the market field. In the case of Company E, the opposite holds true, namely: while its discourse strongly emphasizes its market orientation, a partial community orientation can be found in its current range of activities and a retreat into State funding dependence was an understandable response to the credit crisis and associated stimulus package by the Homes and Communities Agency in 2007-9 with attractive terms for public funding.

The position of each company on the different classification variables is dynamic, i.e. missions are mostly elastic and hence are being redefined in relation to changing contextual and internal drivers. This dynamism supports the idea of a continuum of practice, given that behaviour variables (i.e. activities) often precede motivational variables (mission, discourse) when it comes to change. As we have seen, some companies are having to react quickly in the face of rapidly changing market and policy factors (notably the current economic crisis and its consequences in terms of public funding, for example) in such a way that their missions and narratives do not catch up at the same pace. As mentioned earlier, this can be interpreted in terms of 'inconsistency' at first sight. However, the use of this analytical model and the concept of continuum of practice proved useful to understand these apparent contradictions as part of a complex and dynamic process of decision-making in social enterprises.

§ 6.3 Testing hypothesis about strategic positioning of social housing organisations

The interpretation of the qualitative information from the first round of data collection pointed to a number of specific features of the mission, values and activities of each company. This led to the formulation of a set of working hypotheses about each company's dominant 'strategic orientation' (i.e. between State, market and community'), which were tested across all three domains. These are summarized on Figure 27 containing core words depicting each orientation per domain.

Hypothesis on predominant strategic orientation:	Descriptor (organisation)	Motivator (mission, values)	Behaviour (activities)
'Market-orientation': Company E	Financial performance, efficiency	Flexible, corporate	Dynamic, risk assessing, market diversification, innovation
'Community-orientation': Company N	Social impact, agent for social change	Informal, familiar, people-oriented	Local focus, stakeholder dialogue, reflexive

Figure 27
Matrix for classification and hypothesis on dominant strategic orientation for each company

A survey conducted at the end of 2009 (see chapter 3) sought to identify and test these strategic orientations in each company. The design was inspired by the MRM survey (van Dorst, 2008) conducted amongst Dutch housing associations by Aedes. The latter survey served as a template for a much-simplified tool adjusted for the companies under study in this PhD. Questions were formulated on three core 'strategic orientations' that emerged from the first year findings. The questions were in line with the three domains of the classification framework developed in the previous point (descriptor, motivator and behaviour variables):

- Organisation ('descriptor'-type variables)
- Mission and values ('motivator'-type variables)
- Activities ('behaviour'-type variables)

Respondents (executive managers of each company) were asked to answer each question for 'today' and for 'three years time'.

The number of respondents to the 2009 survey varied per company, hence the "company's' answer" represents the weighted answers in each company. It is worth noting that different numbers of respondents in each case means that results are only meaningful for each company and scores should not be compared across organisations.

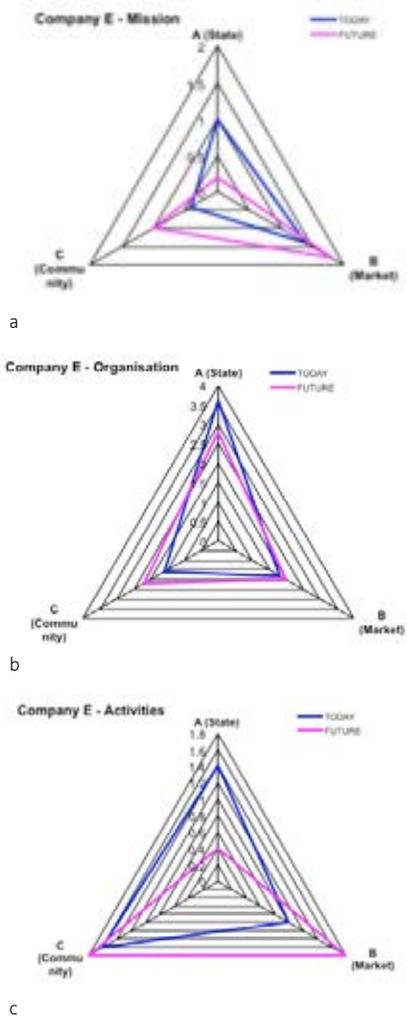
Furthermore, in a few cases, some respondents did not answer certain questions (i.e. certain questions are not represented in some companies).

§ 6.3.1 Findings

The “scores” on each domain are presented in Figure 28 and illustrated through triangular diagrams in the next pages. This type of diagrams were chosen to help visualize the relative position of each company vis-à-vis the three orientations, which also helps to compare and contrast domains within each company and across companies (bearing in mind the different absolute scores due to the differing number of respondents). However, it is worth noting that different orientations may (and do) co-exist in each company. Hence, the survey aimed at identifying a **dominant** orientation in each domain at the time of questioning.

	Company E		Company N	
	Today	Future	Today	Future
1. Mission and identity				
A (State)	1	0.2	0.5	0.8
B (Market)	1.4	1.8	0.6	0.6
C (Community)	0.4	1	1.9	1.6
2. Organisation				
A (State)	3.6	2.8	2.6	2.1
B (Market)	1.8	2	2.4	1.4
C (Community)	1.6	2.2	2	3.5
3. Activities				
A (State)	1.4	0.4	1.1	0.3
B (Market)	1	1.8	1.5	1.1
C (Community)	1.6	1.8	1.4	2.6

Figure 28
Scores per domain for each company drawn from the 2009 survey



Company E

Looking at the company’s orientations **‘today’** (blue line), a first remark is the stark difference between domains. While on ‘mission’ the company showed a clear market orientation, the organisational domain had a very clear orientation towards the ‘State’.

The activities domain shows a third leaning, namely towards the ‘community’ angle. When looking at the **future**, again a very different picture emerges, not only between domains, but also with regards to the present orientations. ‘Mission’ was expected to continue to be market-oriented. However, we observe a slight shift from the ‘State’ towards the ‘community’ angle. Perhaps this would be reflecting the actual discourse of the company.

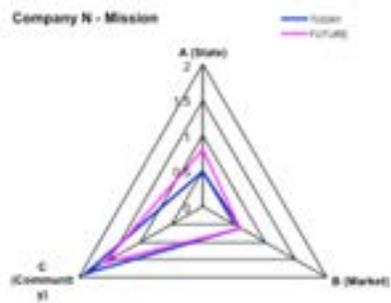
The organisational domain, however, stayed almost the same, namely clearly inclined towards a ‘State’ type of organisation, with a slight shift from market to community in the second place.

The ‘activities’ domain showed the most marked contrast between present and future. While the community orientation became even stronger than the already predominant orientation in this direction in the present, the market orientation mirrored it exactly, forming a totally ‘symmetrical’ picture.

Overall, the diagrams show a very mixed picture for Company E, both in the present and for the future. Judging purely on the basis of the diagrams, we could say that the organisation is fairly State-driven while its mission is market-driven and its activities community-driven. Expected changes in orientation, however, show little change in the organisation but a greater balance between community and market orientation both in the mission and in the activities domain.

Figure 29 Strategic orientation of Company E in each domain





a



b



c

Company N

Company N's results seemed to be fairly consistent across domains, in particular for the future. As the pink line shows, there is a clear future community orientation in all three domains. This might be signalling a very consistent future development strategy that all respondents are aware of.

When looking at the present, however, we see that the community orientation was very strong on 'mission' (staying almost the same in the future), while both the 'organisation' and 'activities' domains were much more 'balanced' i.e. there did not seem to be a predominant orientation in those two fields.

Figure 30
Strategic orientation of Company E in each domain

§ 6.3.2 Discussion

Looking at the triangular diagrams, a first remark is that the initial ‘hypotheses’ about dominating orientations in each company seemed to be confirmed for the most part; however, some nuances emerged. As a result, it can be concluded that, on the one hand, **Company E** featured as primarily market-orientated, mixing some characteristics of State orientation (which could be attributed to the influence from the merger with housing associations set up for local authority stock transfers with an initial public sector ethos) with some degree of community orientation, especially reflecting their community-investment activities, as a result of the reformulation of their strategy regarding services to tenants. **Company N**, on the other hand, showed a dominant orientation towards the community domain, in particular at the discourse level (mission) also with strong orientation towards the market, in particular on the activities domain (market diversification).

§ 6.3.2.1 Insights from the seminar with companies

The discussion of the findings at the seminar with companies in October 2010 (see chapter 4) addressed the above issues. Aspects that stand out from the discussion of the survey findings at the seminar were: the strong alignment towards the community on all domains in the future, for Company N; the inconsistencies across domains for Company E; and the lack of agreement amongst seminar participants from Company E with the survey findings.

Participants from Company E seemed surprised about the results, as they did not see themselves (as a company) reflected in the diagrams. In particular, they did not recognize the orientation towards the ‘State’ angle of the triangle. They wondered whether this was due to a problem with either the design or interpretation of the categories in the survey. However, Company N largely agreed with the results, which should also be taken into consideration while reviewing the design of the survey.

Further, the discussion explored the *drivers* of different companies to pursue specific strategic orientations. In the case of company E, for example, the CEO and the Director of Finance emphasized that they had “*created a model where making profit is a condition*” (although, technically, Company E is not-profit distributing). They justified their orientation towards the market on the basis of the need to be efficient and financially sound in their business, particularly in the current political and economic climate. They expected to rely less and less on government subsidies and more on their own (financial) managerial capacity. As the CEO put it: “*Funding is not*

the most important factor. Diversifying your business is important to lower the risk. It's about helping different people to get a satisfactory (housing) solution in the market." Company E see themselves at the opposite extreme from other housing associations in England who "sit comfortably" on the left ('community') side of the triangle. In the company executives' view, these housing associations stay too much on the welfare side (i.e. relying on subsidies). In the words of the company's Director of Finance, the public money they receive "is put to work to social purpose: that's what we see as social enterprise". Furthermore, he stated: "I said to the NHF that the sector is not efficient. But the sector organisation was not prepared to have that debate".

In the Dutch case, on the other hand, the clear 'community' orientation of Company N seemed to respond to a choice the company had consciously made, as expressed by their CEO at the time. However, they also recognized that Company N could be considered a bit of a 'frontrunner' in terms of market diversification within the wider context of Dutch housing associations. Furthermore, Company N explained that they were 'competing' with public authorities; hence the 'pressure' was on the lower left side of the triangle, the 'community' angle.

All in all, the discussion focused on what drives social housing organisations and on how community-oriented to be in a context of financial restrictions. Positions on this point varied between the companies. Participants from Company N saw it as a choice, however influenced in their case by the competition with local authorities in the community domain. Company E saw it as a balance between core business and financial discipline on the one hand, and the carrying out more community-oriented activities to meet changing tenants' demands, on the other.

In terms of the usefulness of the data collection instrument used in this phase, the discussion with seminar participants provided valuable insights to improve the design of the questionnaire for future applications. In particular, there was a realization of the need to better define the categories of analysis prior to administering the survey amongst participants from different geographical and linguistic backgrounds. This poses a number of conceptual and methodological challenges, notably the need to test the meanings of these categories with respondents in such a way that they match their understanding of the concept under study while allowing cross-national comparisons. Nonetheless, as stated earlier, despite possible accuracy problems with the survey in its current form, it proved a useful exercise in terms of informing the discussion at the seminar. The latter provided valuable qualitative insights that fed both into the further elaboration of the theoretical framework of this research and into the conceptual and methodological design of the next and final phase of empirical data collection, explained in detail in chapter 7.

§ 6.4 Conclusions

The concept of social enterprise was adopted over the course of the research initially to position and then to explore changes in the missions, values and activities of each organisation vis-à-vis contextual drivers. This choice was based on a number of research findings from the PhD, both empirical (primary data from case studies) and theoretical (literature review). Through the initial characterization of the organisations, findings showed that both of them, to different degrees, could be understood as *hybrid* organisations. This was due to the fact that they feature a mix of 'strategic orientations' (i.e. State, market, community). In addition, findings showed that strategic orientations adopted by these organisations are *fluid*, i.e. they change subject to the type of driver / event that the organisations have to respond to. Moreover, the specific '*cocktails*' or *combinations of strategic orientations* in each of these social housing organisations differ from the orientations that might be deemed typical of any other 'pure' type of organisation (i.e. State, market or community).

This stage of the research provided mixed results in terms of its usefulness to understand the position of social housing organisations between State, market and community. On the one hand, the inclusion and testing of hypotheses served as a means towards wider and richer data gathering and analysis, including the interpretations by the respondents themselves.

Furthermore, this 'static' middle stage does illustrate the mix of variables that describe these organisations. This can be seen from at least three angles. Firstly, it confirms the hybrid nature and relative difficulty of achieving consistency between descriptor, motivator and behavioural variables. Secondly, it points to the possible existence of 'hybrid logics', i.e. acting in a way that is consistent with one particular orientation while justifying this behaviour from a different orientation. An example of the latter would be when social behaviour is justified from a commercial logic, such as in the case of deciding to invest in neighbourhoods in terms of a 'business case'. Thirdly, from a management perspective, it is worth asking whether this hybrid logics or apparent 'inconsistency' hampers efficient management or not. If it doesn't, it could be concluded that hybridity is irrelevant from that point of view.

On the other hand, however, the classification proved a rather limited source to answer the research questions on positioning on its own. It showed the need to understand the process dimension and the fluid character of positioning of hybrid organisations such as the ones under study.

Furthermore, there are many terms that researchers use to classify or label the identity and behaviour of these organisations that do not necessarily match their actions and values, and/or their own perceptions of the situation. For example, despite the

working definitions adopted by the research, respondents' personal understandings of what 'public', 'commercial' or 'social' attributes are varied depending on factors such as professional background and culture or language. While these nuances cannot be depicted through questionnaires (especially when they are not applied face-to-face), longitudinal studies involving repeated interviews with the same respondents would help to unravel deeper meanings of these core concepts.

Findings from this stage of the research showed that in reality no organisation responds all the time to totally 'pure' or 'ideal-typical' strategic orientations. However, on the basis of their respective missions, legal forms, profit objectives, etc. it is to expect that they will be consistent, at least for most of the time, with one particular orientation. In this context, the question of how social housing organisations 'mix' different orientations as compared to any other 'pure' type of housing provider (e.g. public provider, real estate developer, charity, etc.) becomes crucial. Therefore, this 'mixing' should not be seen as a static construction, but rather as a constant *process of strategic positioning* of these organisations, between State, market and community. However, the question emerges as to what drives these organisations to choose one particular orientation over another in a *specific situation*. This dynamism calls for an in-depth study of the *process of decision-making*. It is in the complex process of weighting values, exogenous and endogenous pressures, constraints and opportunities, competing agendas, etc. where stated values crystallise into strategies and concrete actions.

Hence, the need for a process, dynamic and longer-term research tool to try and underpin the process of balancing different strategic and value orientations in day-to-day practice becomes clear. Following these findings, the next step of this PhD focused on organisational behaviour and interaction with context by identifying with the participant actors a 'critical incident' in each company, which was tracked during 2011. These incidents were expected to provide a picture of the ways in which these organisations respond to a changing context and the relative importance of descriptors, motivators and behavioural factors in their responses.

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7 Strategic decision-making in each company

§ 7.1 Introduction

This chapter presents the results of the third and last empirical data collection phase of the PhD study, which took the shape of an in-depth study of strategic decision-making in each company case study. The aim of this phase was to gain further insight into the interplay of different strategic orientations (State, market, community) at work in the decision-making process vis-à-vis a specific contextual driver. Findings presented in this chapter address primarily the third research question of this PhD, namely:

“How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?”

To this end, an adapted version of the “critical incident” (CI) research technique (Flanagan, 1954) was applied. This technique and its adaptation for the purpose of this study are explained in detail in chapter 4.

This chapter is structured in three main parts. Following this introduction, point 7.2 presents the critical incident and strategic decision in each company case study. Findings are explored from three angles: Firstly, a brief description of the critical incident and the strategic decision in each company is laid out. Secondly, the formal aspects of the decision-making process are examined, including a timeline based on the combined accounts of the interviewees. Thirdly, the content aspects of the decision-making process are presented. The latter is further subdivided in three points: Firstly, a brief baseline assessment is laid out, conducted at the onset of the study on the basis of insights provided by the key contact person with each company. Secondly, key themes emerging from the study are presented, distinguishing between two of the three classification variables for social enterprises in housing discussed in chapter 3, namely ‘motivator’ variables and ‘behaviour’ variables. Motivator variables in the classification refer to the purpose and social aims of the organisation. In the case of social housing organisations these are reflected in their missions and objectives and the motivations underpinning the missions. Behaviour variables refer to the actual activities and strategic decisions that housing organisations *enact* to fulfil their missions. It is worth noting that, given that the companies undertook no or very limited

concrete actions over the study's duration, 'behaviour' in this case refers mainly to the *intended* activities that company executives contemplated as part of the outcomes of the decision.

In line with the overall research approach of the study, the perceptions of company executives as expressed in a series of interviews stand at the core of the findings presentation. Therefore, data in this chapter is presented mainly through quotes that illustrate the themes emerging from the coding process (see chapter 4). In addition, a series of tables provide an overview of these themes alongside specific attributes extracted through coding, as well as selected quotes. Tables on motivator variables distinguish between majority (consensus) and minority (divergence) reports as identified in the data analysis process (no divergence was found on behaviour variables in either company). In this chapter, the position of each interviewee in their respective organisation is indicated through initials, given the importance of this variable to understand different perspectives that might be shaped by differences in power, hierarchy, background, ethos, etc.

Section 7.3 presents a comparative analysis of formal aspects of the process followed in each company and of the main motivator and behaviour variables. At the end of this section, three 'dilemmas of hybridity' are presented, emerging from the preceding analysis.

Lastly, section 7.4 sets out a brief conclusion to this chapter.

It is worth reminding the reader of the rationale for including a considerable level of detail on the process followed to collect and systematize the data presented in this chapter. As explained in chapter 3, the epistemological and methodological approach chosen for this PhD relies on a thorough and rigorous account of the steps followed to extract codes from raw data. In other words, the significant degree of interpretation involved in the translation from data into concepts requires a high level of systematization and transparency to validate such findings.

§ 7.2 The Critical Incident and Strategic Decision in each company

D COMPANY E

D.1 Brief description of critical incident and strategic decision

The selected critical incident (CI) for the English company was the Comprehensive Spending Review (CSR) published in October 2010 by the UK government and the reform of the welfare benefit system in England. As explained in chapter 2, the CSR proposed a revolution in the way social housing in England is funded. It established a shift from capital subsidy sometimes up to 60% cost, to funding through increasing rents to up to 80% of the market, with capital subsidy down to less than 20%. As a result of the chosen critical incident, the company defined the strategic decision as: *“The impact on the company’s vision, direction, strategy and financial capacity of the October CSR and the shake-up in the welfare benefit system.”* More specifically, the company’s *bid to the HCA for the four-year development programme in the first half of 2011* formed the basis for the study.

D.2 Decision-making process: Formal aspect

D.2.1 Internal environment: Culmination of the post-merger restructuring programme

The period covered by this part of the study (2010-2011) coincides with the culmination of the company’s restructuring programme, following a phase of intense merger activity. On 30 September 2011, the new subsidiary, ‘Company E Homes’, was formed by the amalgamation the three large housing associations of the Group, bringing all operating companies together under the Company E brand. After a favourable vote by shareholders held in July 2011, the amalgamated subsidiary now owns and manages all the company’s social housing. Furthermore, in June 2010 the company recruited a former Tenants Service Authority (TSA) senior official as Director of Governance and Compliance. In terms of financial management, in 2009 credit ratings agency Moody’s issued Company E with a long term issue rating of Aa2, which provided a boost to the company’s reputation as a robust financial player.

The internal environment of Company E at the time of the Critical Incident research was one of organisational 'stabilisation' following the manifold organisational changes resulting from successive mergers and restructuring. Although an in-depth analysis of the this process was beyond the scope of this research, it is worth noting that internal organisational issues didn't feature in the interviews as factors intervening in one way or the other with the strategic decision.

D.2.2 Structure and timeline

Table 24 shows the timeline of the process. In line with the external nature of the critical incident, the company was to a large extent externally driven with regards to this particular decision. Therefore, milestones mostly correspond to government-led incidents (e.g. announcements, policy documents, etc.).

The decision-making process was structured around one core element, namely the 'CSR review group'. Shortly after the publication of the CSR by the government (in October 2010), the company set up this group with the aim to "*set some parameters around how the company thinks about mainstreaming the changes resulting from the new policy*" (DC). The group was headed by the Group Finance Director and gathered four group executives and a few specialist and technical staff from across all sections of the company. They met fortnightly throughout the period of study. One interviewee described the working method of this group as follows: "*The group meets, sets the agenda, commissions analysis, identifies issues*" (DC).

Additional elements that structured the process were 'away days', which included members of the Board and senior executives; and Board meetings, where executives presented and discussed the impact of the CSR and its impact on future development bids. Away days provided a more informal setting for executives and Board members to discuss the critical incident and the implications for the company's strategy. Coincidentally, one of the away days happened shortly after the announcement of the CSR, providing prompt opportunity for senior executives to discuss their initial reactions to this event, as the CEO explains: '*Luckily a few days after the CSR announcement the group executive team had an away day where we discussed the need to come up with answers.*' (CEO).

Date	Incident	Outcome
October 2010	UK government: Publishes Comprehensive Spending Review (CSR).	Critical incident kicks in.
October (end)	Company: Away day executive staff. Creation of CSR review group.	Initial discussion of the possible implications of the CSR.
November 2010	Company: Commissions asset valuation study from real estate (R E) consultants.	
December 2010	R E Consultants: Study presented to the company.	
January 2011	TSA: Bi-annual assessment of the company. Company: Away day with the Board.	Company described as "viable and well-governed". Strategic discussion of the approach to the bid with the Board.
February 2011	Company: Commissions study on affordability and rent policy options from a university. HCA: Publication of Affordable programme framework (delayed)	Expected to feed into rent policy discussion.
March 2011	CSR group: University's first presentation to the group. First comments to draft study on affordability and rent policy.	Discussion on rent policy, different views.
April 2011	Company: 7 April: Board meeting. Company: Revised bid submitted to HCA after final Board approval.	Endorsement of the bid by the Board. Business Plan revised to support HCA bid and assess capacity in new environment.
June 2011	HCA: First feedback on the bid. Company/HCA: Negotiation meetings.	Bid negotiation period starts.
July 2011	Company (early July): Draft contract ready. Company: (Mid July) Board to sign off the bid. HCA (20 July): Decision on housing associations' bids.	
September 2011	Company and HCA: Contract agreed and signed. Company: Start of implementation of the bid.	Closure of C.I. decision-making.

Table 24

Timeline of the decision-making in Company E

One interviewee described the decision-making process as comprising three phases: the first one focused on developing and understanding the terms upon which the company might bid for government grant (April to June 2011); the second phase dealt with the implications for lettings (the company needed to establish new processes to set the rent for vacant dwellings, consider how much investment is needed for re-lets at higher rents, etc.). However, the group started working on this topic in parallel with the first phase, by setting up a subgroup within the CSR group to work on 'implementation' of the new lettings' system. The actual implementation started in September 2011. The fieldwork for this study stopped at that point. The third phase was a longer term one, namely the impact of the welfare reform on the company's business processes. This was expected to impact future tenants in particular given that their financial situation was likely to worsen as a result of diminishing social benefits. In 2013 some of these reforms are due to kick in. Hence, the CSR began to set up parameters in advance so as to moderate the impact of these reforms on future tenants.

D.2.3 Formal aspect of the decision-making process: key elements

The following five aspects were identified as shaping to the decision-making process:

D.2.3.a Participants

As described in point 2.2, the core of the formal aspect of the decision-making process was the CSR review group. The latter can be defined as a top-down structure, led by senior executives representing different sections of the company. The majority of those interviewed considered this set up as following the 'modus operandi' to make decisions in the company, which had proved efficient in the past, namely a cross-section of the group's executives gathering regularly to discuss the issue.

It is worth noting that the CEO decided not to be a member of this group so as 'not to interfere' in its day-to-day deliberations. He was kept on the loop through regular updates and de-briefings from the leader of the CSR group - the Director of Finance - and from other directors. This aspect of the process is referred to in more detail in the next point.

Coincidentally with this top-down approach, the internal communication flows within the company were 'filtered' or mediated through to middle management and further down the company's hierarchy. However, it was recognized that the decision would have a significant impact in particular on the Development staff. Therefore, communications with members of this Department were specially targeted in terms of reassuring them in the face of uncertainty.

Tenants were not directly involved at any stage of the decision-making process, except from being kept 'up to speed' on key milestones of the process. When prompted, the Director of Operations considered that tenants 'might' be involved as 'part of the community', and that a consultation with them might be necessary at a later stage. However, there was clear acknowledgement that tenants would not influence the fundamental decision.

D.2.3.b Leadership

The CEO made a conscious choice not to be directly involved in the CSR review group. He would only step in to give his input at key moments in the decision-making process. He delegated leadership of the group in the Director of Finance, due to the strong financial aspect of this particular decision: *'Because this new funding model has a strong financial impact, I decided to ask [the Director of Finance] to chair the working group we set up to oversee its development.'* (CEO)

As explained in the previous point, this matches the modus operandi of other types of decisions in the past. Amongst the advantages of this approach, the CEO points out, is to show trust in senior colleagues to develop policy and to allow for more challenging inputs from those staying outside the group: *"...Having a few people who are a outside it to offer that challenge about how would this work is quite an important ingredient to the way we work as a leadership team."* (CEO)

Most interviewees didn't express open disagreement with this approach. However, one executive conveyed the view that the closer involvement of the CEO might have led to quicker decision taking at certain key points. In addition, he was critical of the performance of the CSR group's leader.

D.2.3.c Relationship with external stakeholders and networks

Overall, interviewees highlighted the relatively strong position the company occupies in the national housing association scene. Both its size (at the time of the research, company E was the sixth largest housing association group in England) and its reputation as financially strong have earned the company recognition from a range of stakeholders. Furthermore, the company holds close links with central government, both in terms of personal connections (e.g. between the company's CEO and senior government representatives; and, as mentioned earlier, the fact that the company recruited a former Tenants Service Authority (TSA) senior official as their current Director of Governance and Compliance) and at formal level (e.g. the company carries out a secondment programme with the Department for Communities and Local Government (CLG), whereby executive staff from each organisation may spend some time working in the other).

At sector level, the company's CEO recently took on the leadership of the g15 (a group gathering the fifteen largest housing associations in London). In addition, he has featured on television speaking about the impact of the new housing policy on social housing, and is regularly interviewed by national and local media, which confers him a high public profile.

Regarding local authorities, interviewees highlighted the prompt initiative of key executives to contact councils where they operate in order to discuss the likely implications of the new policy framework. This is seen as a proactive approach, which is believed to strengthen the company's relationships with these local authorities.

Company executives convey a strong assessment of the company's public image and reputation, which is linked to the level and quality of its relationships with different stakeholders. No divergent views on this point were recorded.

D.2.3.d Role of intelligence

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As shown in Table 25 the company drew on two types of data or 'intelligence' as input for its decision-making, namely internal and external. The former included financial modelling (e.g. on financial health) and scenario modelling carried out by the company's financial team, made of accounting and treasury. In addition, the Operations Department was asked to conduct analysis on demand, voids, turnover, etc. A third internal source was tapping into policy intelligence, notably through the expertise brought into the company by the recruitment of a former TSA senior official to take the role of Director of Governance and Compliance.

External intelligence sources included two studies commissioned from outside experts. The first was an asset valuation study by a real estate company, contracted out shortly after the CSR was announced. The second study was commissioned in March 2011 to a university, and dealt with assessing affordability for different types of households under different rent policies in the company's areas of operation.

	Source	Input
Internal	Financial department (financial accounting; management accounting; treasury)	Financial modelling Scenario testing
	Operations department	Analysis of empty properties (voids)
	Director of Governance and Compliance	Insider knowledge about the regulated industry (staff expertise)
External	Real estate consultancy	Market valuation study of the company's properties
	University	Study on affordability of rents that could be paid by different types of households for the company's properties by area.

Table 25
Intelligence inputs for decision-making at Company E

Commissioning outside intelligence was seen as useful as a way to technically test and justify decisions and as key to influence government and public opinion.

On the other hand, however, there were divergent views on the relative usefulness of each of the two external studies. In particular, two executives considered the asset valuation study more useful than the affordability and rent policy study commissioned from a university. They argued that the company already 'knew' (or had a good enough idea) of the likely outcomes of the latter study. Thus, they considered the study as a 'distraction', putting off the decision. At best, they recognized that it would help to publicly back their decision with independent evidence.

D.2.3.e Departmental agendas

There were different views on rent policy amongst executive directors, which reflected their respective roles within the company. In terms of process, this translated into different 'departmental agendas', which competed to steer the decision in their own direction:

"...I think a number of people lobbied to sort of be in charge of that group. (...) so you can see how development has an interest, finance has an interest and housing management has an interest in terms of how this thing got taken forward". (TR)

Although, as explained in point 3.2.b, all executives shared a general concern about affordability (in line with their commitment to the company's social ethos), different emphasis on the rent policy issue played out in the process. The CEO considered that dealing with these different views meant a 'cultural challenge' for the organisation,

in the sense that there are a number of normative issues to decide upon, which go beyond quantification or measurable explanation. While everybody recognized these differences, one executive adopted a more critical view, arguing that 'too much plurality of thinking' in this case was not helping the decision, but it was delaying it instead:

"(...) I think that's the problem. It's all divergent views and we need a single view basically. (...) I think there's been too much plurality of thinking." (TR)

However, the same executive also recognized that his understanding of some of the aspects of rent policy was 'poor', thus implicitly admitting the need for other, complementary perspectives to come into the discussion:

"I have a very poor understanding of the benefit system and that whole side of the equation, so I can see the financial aspects and the risk aspects, but the rental setting in terms of the poverty trap, my grounding in that is fairly weak." (TR)

D.3 Decision-making process: Content aspects

D.3.1 Baseline assessment

Insights from the key contact person in Company E at the beginning of the field work laid out the premises and assumptions at the beginning of the decision making process. Within the new policy environment, the view was that associations needed to decide whether to bid for much lower grant levels, to build new homes for higher rent levels, and at the same time provide other forms of cross subsidy, most notably through sales or by increasing some of the rents on their existing (re-let) properties. This fundamentally affects **finances** (increasing debt and gearing levels) and **risk** (uncertainty about future benefits levels and arrears). On the other hand, however, it may also bring flexibility to increase the company's offer to a broader range of tenants.

Before the CSR, housing associations could get sometimes as much as 60% capital grants. In the new environment, often this is down to less than 20%. In return, housing associations are allowed to charge up to 80% of market rent for new homes. The social rents charged to current tenants will stay the same (it is a formula for all housing associations) but the new rent level will apply to new and some re-let properties. One of the problems with this are the regional differences in rents levels, which

means housing associations will benefit from limited gains in those places where the difference between social and market rents is small (e.g. Northern England).

Furthermore, this increase won't make up for the loss of capital grants when it comes to new housing planned by government. These changes will mean a fundamental change in the risk profile of the housing sector as a whole, over time. This shift towards higher rents and therefore a far greater proportion of demand side subsidy brings a degree of uncertainty. For example, it is impossible to know what view a future government might take about rents and benefit levels. A further question is how much freedom should housing associations have to find tenants that are able to afford the higher rents that are to be charged for new and some re-let properties. The new policy will mean that nationally, housing benefit related costs would go up. Furthermore, the company recognized inconsistencies between the two government agencies involved, namely the CLG for housing supply and the DWP (Department for Work and Pensions) for benefits. If the uncertainties and risks become too great, housing associations could decide not to bid i.e. not to develop new homes and just concentrate on managing existing stock.

An additional element of this policy change is the end of tenancies for life. However, housing associations can decide on this, e.g. they could have 5-year contracts, which will reduce the risk for housing associations. Last but not least, there is acknowledgement that there is a parallel discussion on where these people will go and about the fairness of this policy.

D.3.2 Motivator variables

The study identified eight themes that features most prominently as motivator variables in the case of Company E, namely: Development agenda; Rent policy and affordability; Target groups (insider/outsider dilemma); Approach to risk; Market awareness; Position within the housing association sector; Comparison to commercial developers; and Impact of the Critical Incident on the company's core mission. Table 26 provides an overview of each of these themes, and related attributes and examples for both majority and minority reports. The latter were found in three of the theme, namely: rent policy and affordability; target groups; and approach to risk, which proved the most challenging aspects of the decision, as will be seen in the following analysis.

THEMES	MAJORITY REPORTS (consensus)		MINORITY REPORTS (divergence)	
	Attributes	Example	Attributes	Example
Development agenda	Meeting housing need Community expectation Stay in the game Continue to invest	'(...) developing is in a housing association's DNA' (NHF) 'a big association like ourselves needs to continue to develop' (DC) 'the expectation upon us is to try to find ways to make it work' (CEO)	None	None
Rent policy and affordability	Shared basic concern about affordability.	'...staff are very much wedded to the core mission.' (DC) 'ethically I think affordability is quite an important issue' (TR)	Nuances between departmental agendas: Socially concerned, charitable ethos. Pragmatic, development focused. Financial sustainability.	'...one of the great anxieties we have is that (...) this [policy] will confine people to long-term benefit dependency.' (CEO) '... [the DD] just wants a setup agreed so he can get going on his development' (TR) '...my role is to look at (...) a sustainable rental increase' (TR)
Target groups: insider /outsider dilemma	Broadening tenancy base. Include working households. Flexibility. Fulfil housing need	'We've talked about broadening the tenancy base for a very long time' (DF) 'I think everyone is quite keen on trying to open up that wider range' (DO) '...if we can agree that a proportion of this new product is going to be reserved for working households' (CEO) 'we did lobby for flexibility' (CEO) 'what about the people that don't have a house?' (TR)	Nuances in motivations: Market opportunity Charitable objective	'this might be the opportunity to broaden the tenancy base' (DF) 'there have been other people in society in housing need who (...) never get to us' (DO)
Approach to risk	General consensus: Strong financial position Prudent Wise Measured Cautious Balanced	'Prudent and wise use of profits.' (TSA) '...our borrowing capacity is huge...' (DO) '...[our company] is not typical' (CEO)	Nuances on caution vs. development agenda.	'...how much exposure we accept will depend on the Board's view of risk' (CEO) '[the Board] is cautious, but...' (DC) '[Some colleagues are more cautious] because of the risks involved' (TR)

THEMES	MAJORITY REPORTS (consensus)		MINORITY REPORTS (divergence)	
	Attributes	Example	Attributes	Example
Market 'awareness'	Recognition of market opportunities Recognition of own strengths and weaknesses Innovativeness Proactive	'it's a changing marketplace for us.' (DO) '...use some of our existing stock for working households...' (CEO) '...bring us into contact with a set of more market related disciplines' (CEO)	None	None
Position within the housing association sector	Rigour Discipline Hard nose Maximise operational efficiency Strong financial position	'We're about as business focussed as the sector can get.' (TR) 'Business end of the spectrum with a clear social purpose' (NHF)	None	None
Comparison to commercial developer	Responsive to external changes Social goal Charitable status Same tools No profit maximization Net present value zero	'We have to be responsive to external changes' (DD) 'The tools are similar but the goal is different' (TR)	None	None
Impact of CI on core mission	Unclear but most probably slight impact.	'we have kept business for social purpose and our values...' (CEO) 'you can't be totally purist' (DF) 'it opens up the potential to a wider offer' (DD)	None	None
CEO: Chief Executive DC: Director of Governance and Compliance DD: Director of New Business and Development DF: Director of Finance		DO: Director of Operations NHF: National Housing Federation interviewee TR: Treasurer		

Table 26

Content aspects of the decision-making: Motivator variables (mission and values)

D.3.2.a Development agenda

The new policy context presents a challenge to housing associations that aim to continue to develop housing. As the NHF interviewee explains, for housing associations building new homes is the single driver to take more debt. They want to carry on providing new homes for two main reasons: on the one hand, for organisational purposes, as *'meeting housing need is so to speak a housing association's DNA'*. Thus, developing homes in a context of sustained housing need is seen as key to fulfilling this mission. On the other hand, they want to do it because of *'sensible business reasons'*, as put by the interviewee; *'staying in the game'* features as an important motivation for most housing associations in England to continue developing, even at lower grant levels. However, given the volatile economic environment and the uncertainty about the future direction of policy most Boards are advocating caution.

In the face of low lettings turnover in the sector and constant demand for new social housing, developing is seen as a key activity to comply with the company's social mission. Therefore, the decision-making process in company E was largely underpinned by an internal discussion on trade-offs between financial risk and development levels. Furthermore, there is a more normative rationale behind the development agenda, which has to do with a *perceived community expectation* on a large housing association such as company E to continue building homes, as illustrated by the following quotes:

"I think politically it's quite difficult for an organisation like ours, with 3,500 affordable homes in its development pipeline to say 'well, we're not playing anymore'. I think the expectation upon us is to try to find ways to make it work." (CEO)

'It's difficult for large organisations [not to develop new homes] because the regulator expects it from us. So it's not really an option. Also, we lose stock over time. (...) We are a business for social purpose, therefore we need to replace the stock'. (DD)

Nonetheless, and in line with the views expressed by the NHF interviewee at sector level, company E's executives recognized that their Board would push for a more cautious approach to risk vs. development: *"I think the boards are inclined to develop less than we might be proposing"*. (TR)

D.3.2.b Rent policy and affordability

From interviews it emerged that there was a relative deadlock on the rent policy discussion. As explained in point 2.3.e, different departmental agendas competed to steer the rent policy, thereby reflecting slightly different positions on affordability. Three types of agendas can be distinguished in this regard:

- *Social agenda*: Mainly represented by the Director of Operations, it was concerned about the impact of the new rent policy on future tenants and the 'poverty trap' effect this might cause.

"(...) suddenly you have got a conflict between affordability and marketability, (...) I think that's where this real problem lies. So, as a charity then, I think it's incumbent upon us to make sure that we come up with some rental levels that try and achieve both those aims. Which is incredibly difficult and, if anything, I think it would mean that we would tend to develop a lower rent for some properties in order to protect those occupants in those properties." (DO)

- *Development agenda*: Mainly represented by the Development Director, it was primarily concerned about the impact that the new rent policy might have on new developments.

"I think [the Director of Development] is kind of indifferent to how it happens. He just wants a setup that gets agreed so he can get going on his development." (TR)

- *Financial agenda*: Represented by the Director of Finance and the Treasurer, it was chiefly concerned about the medium to longer-term financial sustainability, rental streams and the risk profile that the company might have as a result.

"Where I'm sitting, on the treasury / finance side, I know someone is already going to be arguing for affordability [but] my role is to look at (...) a sustainable rental increase to sort of balance that out, so I'm interested in the risk to that income stream." (TR)

In between, there were nuanced views of those trying to balance different agendas to make the policy work for the company. Notably, the CEO and the Director of Governance and Compliance feature as those who tried to bring the ends together, as the following quote illustrates:

"...as a social purpose business we're bound to be concerned about the impact of what we do on the people who are going to be its consumers. (...) Now, we also have to consider, let alone what the impact on our residents might be, what happens if they've got insufficient money to pay the rent?" (CEO)

Deciding a rent policy: Insights from observation

The interplay between these different agendas or perspectives about affordability and rent policy can be illustrated by the discussions held at the CSR committee meetings. Table 27 presents a schematic argument flow of one of these meetings extracted through observation by the researcher, where the affordability and rent policy issue featured as the central point in the discussion. Furthermore, the presentation and discussion of the report on rent affordability commissioned from a university (see point 2.3.e) fuelled this debate. The aim of this study was to inform the company on which households would be excluded at different rent levels in the areas where the company operates. On that basis the company would have to decide whether to lower the rent or target different clients to include specific groups.

As can be seen from Table 27 (statements are presented following a chronological order), the discussion followed a 'Ping-Pong' dynamic between social/charitable arguments and 'pragmatic/financial' ones. As explained above, the DO repeatedly brought up the question on *'how to deal with the deepening of the poverty trap'* resulting from higher rents. Furthermore, colleagues interviewed recognized that he was the main advocate in the group for the 'social role' of the company. Indeed, this is seen as a 'role' that someone within the company has got to exert more explicitly, while recognizing a foundation of shared concern about affordability in line with the charitable ethos of the company. Meanwhile, the Director of Finance insisted on reaching agreement on how much risk the company was prepared to take.

On the other hand, the Director of Development adopted a more proactive stand in order to reach a decision. Both his attitude during the meeting (body language) and accounts from other interviewees suggested that he was rather indifferent to the *process* leading to the decision, but eager to reach the decision as swiftly as possible in order to *'get going with his development'*. At the meeting, he proposed concrete measures to control risk (e.g. limiting tenancies to 5 years; flexibility in the use of the buildings; use the right to pull back if the policy doesn't work for them; etc.). At an interview later on, he recognized that the group was *'stuck on re-lets and decision on rents because we don't like it'*. (DD)

Who	Example	Attribute
DF	<i>'This policy will provide opportunities for us to do new things'</i>	Market awareness
TR	Concern about volatility of new tenants' income situation (employment instability)	Risk
DO	<i>'How do we deal with the deepening of the poverty trap at higher rents?'</i>	Poverty trap
DO	<i>'How much do people who don't qualify for social housing have to earn to retain decent quality of life at higher rents? How is this study going to help us figure it out?'</i>	Poverty trap
DF	<i>'How much risk are we prepared to take?'</i>	Risk
Group	<i>'What (if anything) will government do to avoid all these people becoming homeless?'</i>	Poverty trap
DD	Proposes concrete measures to control risk	Risk
DF / DD	<i>'Should housing associations be the one drawing the line on the level of poverty trap (after the government has already recognized there is one)?'</i>	Poverty trap
DC	<i>'But we are a charity, we have broader objectives'</i>	Charitable objectives
DD	<i>'We are stuck on relets and the decision on rents because we don't like it' 'We should push up for the higher end of our spectrum and subsidize the lowest end'</i>	Poverty trap
Group	<i>'Which type of household will be more affected by the poverty trap?'</i>	Poverty trap
Group	<i>'Will we become uncompetitive?'</i>	Competitiveness
DO	Proposes approach to limit number of relets to subsidize those on lowest incomes.	Poverty trap
DD	<i>'This is about our own ethos, not a real risk of losing our charitable status'</i>	Risk and ethos

* Quotes in this table are not literal but correspond to notes taken by the researcher over the course of observation of the meeting.

Table 27
Rent policy discussion: insights from a CSR committee meeting

Other issues touched upon at the meeting were: the role of housing associations vis-à-vis the poverty trap, and whether it was theirs or the government's responsibility to tackle it; which households would be 'more trapped' as a result of this policy; whether the company would become 'uncompetitive' as a result of a rent policy that takes into account affordability concerns.

D.3.2.c Target groups: insider/outsider dilemma

Closely linked to the previous theme (rent policy and affordability) was the discussion on target groups, which also featured as a prominent theme in the decision-making process. The starting point was the market niche that the new policy environment opened up for housing associations: the 'intermediate' housing market. The affordable rent policy opened the possibility for housing associations to let at so-called 'affordable' rent levels to anybody in housing need. This covers the gap between private home-ownership and social rental, where a growing group of households who can't afford the former and are not eligible for the latter are currently stuck.

With a residual private rental market, this market segment is now up for grabs for housing associations. This possibility triggered questions such as whom the company should be catering for in the first place: to existing tenants or to future tenants. If the latter, should it be to low-income tenants and/or to middle-income tenants who cannot afford market rents? Interviewees formulated this issue in terms of an insider/outsider dilemma or tension, where the key question is who is or should the company's mission address: current tenants ('insiders') or people on waiting lists and/or low income working households ('outsiders'). Overall, within the executive group there appeared to be relative consensus on the latter option, as the following quotes illustrate:

"...this is the dilemma for us, these are real moral contradictions. (...) we can improve people's circumstances, if we can agree that a proportion of this new product is going to be reserved for working households. And if we can get those rents at lower levels than 80%, then we will be able to do a bit more for that type of household." (CEO)

" (...) if you take perhaps a working family, low waged, living in a private rented sector, they would never be able to access social housing. But here, perhaps, there's a potential for them to access this intermediate product. And I think everyone is quite keen on trying to open up that wider range." (DO)

"[Regarding intermediate rents], that was the discussion we were having around whether we would still meet our charitable objectives (...) I think our assumption is, provided we stay below market levels, it would be a charitable function." (DO)

"We've talked about broadening the tenancy base for a very long time, so if this is the opportunity then (...) I suppose the question is 'do we, as social landlords, want to help only the very poorest or do we want to help the people in the middle as well?' (...) it is kind of a social thing, but it's not helping just the poorest, it's saying actually that it's broader than that." (DF)

As the quotes illustrate, the possibility to broaden the tenancy base had been considered for a long time within the company. From that perspective, some viewed the new policy in terms of an opportunity. In particular, housing working households is a welcome possibility by the group, not least because of their relatively higher degree of solvency compared to the 'traditional' tenant profile of housing associations, mostly unemployed households on benefits. It is worth noting that this point was not made explicit in any interview with the company, but is rather a general argument voiced by the sector to support a broadening of the tenants' base in that direction.

Overall, while there was consensus in the way these developments were seen (i.e. as a positive thing), the motivations appeared to vary slightly. For some, these seemed to have more to do with a market opportunity (commercial driver), while others spoke of a mission-related aim (social driver). However, do both drivers have to necessarily exclude each other? The possibility of co-existence, or even of mutual reinforcement (synergy) of both drivers is shown in the two different quotes from the same interviewee (below), who seems to suggest that a commercial driver might lead to better fulfil a social ethos:

"(...) the ethical position I think I'd take is that it's about the people that aren't our tenants actually, that are the more important people. (TR)

"The least commercial would tend not to, maybe, build anything or whatever and then they just want to protect the people they've got in the houses." (TR)

At a community level, this discussion relates to the wider debate about the scope of social housing provision (i.e. how broad a reach should social housing have in terms of its tenancy base) or at least to the wider role of housing associations as providers of a wider range of income groups. In that sense, the company's position can be described as open to have that discussion, as the following quote illustrates:

"But [there is] also a tension between, you know, how much do we want this to [be] a rather more fundamental catalyst for change in the business and how much are we happy with the business the way it is..." (DF)

D.3.2.d Approach to risk

As seen above, the issue of risk was closely linked to both the 'development agenda' and 'rent levels' discussion, and therefore featured as a recurrent theme in the decision-making process.

There are different aspects to the company's approach to risk: Firstly, for the sector as a whole, *developing new social housing represents increased risk in the new policy environment*, given the lower level of grant and the higher debt this will require. However, there is recognition both by external and internal interviewees that company E's financial position is significantly stronger than most of the other housing associations in the country. This is credited to the measured approach to risk that the company has exercised consistently:

"...other housing associations, which are very development-driven to the point that implications are put to the side, take on a bit more than they can chew; they take too much debt. For example, when prices peaked they were found to have bought too much. [This company] has a more measured approach; they will probably assess risk in relation to how to continue to cater for their target/client group. Prudent and wise use of profits." (TSA)

Secondly, there is recognition that it is precisely that financial caution that has led to the strong financial position enjoyed by the company. Amongst company executives there is a *strong self-awareness of the company having a robust financial position* and a large borrowing capacity. Therefore, the question posed by this new, riskier policy environment, is what to do with this capacity. The company faces the challenge to balance a relatively higher risk than usual in order to continue developing and keeping financial caution in an uncertain environment. The following quotes illustrate how the company's executives have considered the issue:

"...[our company] is not typical, far from it actually, so we can afford to raise quite a lot of debt to enable us to fund a programme; but is it desirable to indebt ourselves to the extent that would arise out of a significant, single programme of the new product?" (CEO)

"I think our financial position is more secure than a lot of our competitors (...) probably we could do more of this new programme than many of the others will be able to. Just because of our financial strength. So our borrowing capacity is huge compared to some of our competitors." (DC)

"I think we all believe there are opportunities here, but there are also undoubtedly risks. So, in order to secure something out of this, we are going to have to take some risks that we have previously felt a bit uncomfortable about taking. So we may have to gear up our balance sheet, much more than we would ordinarily feel comfortable doing." (DC)

Thirdly, *against a backdrop of general consensus on a cautious approach to risk, there are slightly different takes on this general approach* amongst the group regarding the company's development agenda in the new policy environment. All interviewed executives speak with pride and self-confidence about the company's robust financial position. However, increased uncertainty brought about by the new policy framework has been met with a general view that aims to balance the development agenda with the necessary financial caution to that position.

However, some executives appear slightly more concerned than others about the implications of this approach for development levels. Here, two opposite views coincide to support the company's 'social mission': on the one hand, some argue that responding to housing need requires the company to keep its development activity; on the other hand, it is claimed that caution (i.e. lower levels or no development in the view of high risk) would ensure the long-term financial sustainability of the business.. In particular, the Board is viewed as the strongest advocate for caution (which coincides with the assessment of the NHF interviewee on the attitude of Boards in the sector as a whole, as referred to earlier). The interplay between these lines of argument is illustrated by the following quotes:

"...that's [the Director of Finance's] view, it's not necessarily mine and it's not necessarily the Board's view either (...) but the judgement as to how much exposure we accept will depend on the Board's view of risk (...) and of the impact on the potential users of that housing." (CEO)

"[the Board] are cautious, but they also recognize that a big association like ourselves really needs to continue to develop and continue to grow." (DC)

"[Some colleagues are more cautious] because of the risks involved and that is new, but I think it requires a bit of decisiveness in the face of imperfect information." (TR)

"...we will play the game to maintain a presence in the development activity, without exposing ourselves to the debt, political and other risks, that arise after this new model..." (CEO)

Another aspect of risk is the consideration of what would happen if the company would pull out of a contract with the HCA, should the risk along the way increase in relation to the initial estimation by the company. When reflecting on any penalties that would be applicable to housing associations if that were the case, interviewees admit that there is no clarity about that. In that sense, the company would be willing to *pull out in the absence of a clear view on possible penalties, as a strategy to control risk:*

"(...) if in a year's time stuff has changed and we think that the risks are to great or it hasn't worked out or we can't let these properties (...) then we reserve the right to pull out and say 'okay, we've done the first year, but we're not going to do years 2, 3 and 4, because we don't want to do this anymore'. (...) If they say 'you don't have that right', we'll say we won't deliver. Otherwise it's too risky, you can't take on that risk." (DF)

D.3.2.e Market awareness

Through the study of the strategic decision-making process a considerable degree of 'market awareness' was found amongst executives of company E. Here we refer to 'market awareness' as the ability and propensity to see market opportunities in every situation. It refers to the ability to understand the market the company is in, and to assess its strengths and weaknesses in accordance. "Awareness of external market opportunities is critical to top managers' selection of strategic direction. (...) The purpose of this market awareness lever is to determine if your company is in the most attractive segments that it could be, given core competencies, and the strategic direction of the company." (Lisle, 2012) In the case of company E, the presence of market awareness is illustrated both at an explicit and implicit level. Explicitly, interviews show the recognition of a niche in the housing market, which the company could be tapping in by using its current capacity:

"(...) one of the things that we wanted to do is to be able to use some of our existing stock for working households..." (CEO)

"(...) there are many points in the market continuum which are not addressed at all." (CEO)

Furthermore, at what could be called an implicit or less explicit level, the language and overall tone used by executives to describe the implications of the new policy show awareness of where they stand in the market, and where they could stand to improve their position. For example, there are frequent references to the 'market place', 'demand' and 'customer expectations'. There is also a recognition that the company operates in areas where they can benefit from the increase in rents they can charge (tight housing markets). In addition, there is a positive tone to address these challenges, despite the criticism to the policy.

" (...) if you're charging a significantly higher rent, people might expect to walk into their new home and have a fridge or a cooker or, you know, lots of things that we don't do at the moment. So it's a changing marketplace for us." (DO)

“So if you’re talking about a new build program, based on rents increases, you need to be in a marketplace where the housing market is holding up. So we are particularly well-placed to do that.” (DC)

Furthermore, this market awareness relates to the willingness and/or ability to innovate in order to make the most of the perceived assets the company owns in order to maximise the use of identified market opportunities. In the case of this decision, obtaining increased flexibility to maximize capacity featured as a key aspect to fulfil this objective:

“(…) residents who are paying higher rents might have different expectations about the accommodation and the relationship. Those are quite good things, actually. Those bring us into contact with a set of more market related disciplines, which we would’ve perhaps not had in the past. Not being entirely reliant on nominations, doing a bit more about our offer across a wider range of potential clients. All those things are quite positive.” (CEO)

“We felt that a small increase in rents across the wider stock would create a much bigger capacity.” (CEO)

Last but not least, this market awareness and/or innovative capacity of the company in relation to their competitors seems to have a downside, as perceived by the company’s CEO, who refers to the paradox of being ‘too good’ at what you do. In this case, he explains that being too highly performing might have conspired against them in terms of being asked to do more with less by the government:

“(…) you know the ‘goose that laid a golden egg’ expression? Basically, if you’re doing something that really works well, the more you tinker with it, the more you put at risk being able to continue doing it.” (CEO)

D.3.2.f Position within the housing association sector

Overall, the general view, within and outside of the company is that it sits on the more commercial end of the housing association sector in England. This view is shared both by the interviewed executives and by external informants who are knowledgeable about the sector and company E. One interviewee belonging to the latter group described company E as *‘a social business who understands their social purpose but are business minded in the sense that they value rigour and discipline’* (NHF). This attribute is linked to the company executives’ self-awareness of the strong financial position enjoyed by the company as a result of sustained financial discipline. With regards to this particular

critical incident and strategic decision, the company is expected to follow its usual cautious approach to risk while staying in the 'developing game', an approach that has been adopted by the majority of housing associations in the country.

D.3.2.g Comparison with commercial developers

Linked to the above point, some interviewees referred to the differences in terms of core task and values between company E as a housing association, and a commercial developer. Overall, the 'charitable status' was mentioned repeatedly by different executives to refer to the company's core mission, followed by statements on *target groups* and *affordability* as distinguishing features of a housing association vis-à-vis the commercial sector.

In terms of business processes, one interviewee pointed out the difference with commercial companies that can 'act in isolation' from political developments, in contrast to housing associations, which are *subject to political influences, changing policies and regulation*.

'Other sectors are very insular, for example, multi-nationals. Here we have to be responsive to external changes. We're in the middle of a big downturn. House builders say it's not our problem; they blame external factors – the economy, banks, etc. But we are good because we recognize we can't change the system, we work with external factors because we have to. I can't change the government.' (DD)

Another aspect of the distinction between a social business and a commercial one is the difference that makes *working in one or the other type of company*. For example, the following quote illustrates what it means for someone with a financial background to work for a social business as compared to a commercial organisation:

"My job would probably not be hugely different [in a commercial real estate company], though I do have to tone down some of these assessments. So I'm looking at that income stream, but then I'm also saying 'well, we're not trying to maximize profit here, what we're trying to do is build housing, new housing with it, net present value zero', so we're not making money out of it." (TR)

An additional aspect where the difference between a commercial and a social enterprise becomes clear is the *asset management approach* of the company. Although this theme is developed in the next point ('behaviour variables'), different motivations play against each other in the way the company's executives perceive its core mission and values:

"(...) you look at your stock and you say 'from a financial perspective: what should we do with all of this stock?' And then, you kind of challenge that with 'yes, but there are social reasons with...'. I mean, our core objectives are not financial; our core objectives are social. So that kind of comes first. What I'm saying is, you look at the stock from a financial perspective and you ask those questions as if you were a corporate. Because then, at least, you have a sense of, you know, what the sensible financial decision would be. [Then] you don't take that approach because your pre-eminent social drivers overtake the financial (...) they outweigh the financial. But it's about judgement and balance." (DF)

"That isn't to say that strategically we are going to put the financial drivers first, but we will turn it on its head and look at it from the perspective of the financial drivers, then you can say when is it right to be led by the financial drivers and when is it right to say 'well, it might make financial sense to sell our Chelsea [Estate because of its high value], but we want it for a whole load of other, kind of strategic and social reasons.'" (DF)

The above paragraphs illustrate what we could call an 'intellectual exercise' by the Director of Finance, in this case, on how to balance two key strategic drivers in company E: on the one hand, maintaining (and possibly even improving) a robust financial position, and on the other hand, staying true to the social purpose of the company. This example is based on the recognition of the potential of an asset management strategy to contribute to the former aim, while the 'social mission' of the company acts as a sort of 'break' or at least a moderating factor in the drive towards the maximisation of the asset management performance of the company, insofar this maximisation would affect the fulfilment of its social mission.

D.3.2.h Impact of the Critical Incident on the company's core mission

This question was asked to interviewees at the beginning and towards the end of the fieldwork. In the first round of interviews, there was no clear view of whether and in what ways the critical incident might impact on the company's core mission, as the following quotes illustrate:

"It's hard to tell at this stage, because there is such a big change in the world in which we operate. I think we want to carry on developing new homes, we want to carry on being able to invest in the homes we already have, and we want to carry on doing what we call our community investment work." (DC)

"I don't think that the new framework would change the social ethos". (DF)

In the second round of interviews, however, interviewees recognized that there might be a moderate impact on the company's core mission. However, as discussed in point 3.3.e, the main impact of the critical incident was felt at the strategic level, which was reflected in the update of the objectives of the corporate plan.

'We have kept our principle as being a 'business for social purpose' and our values, "helping people put down roots"...' (CEO)

'[Our company's core mission] has been slightly modified; it still is to provide homes for people who can't afford it in the open market. But you can't be totally purist. You have to accept the system is there and work with the system.' (DF)

'It does change the mission because it opens up the potential to a wider offer, which is a positive thing.' (DD)

D.3.3 Behaviour variables

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Five main behaviour variables were identified in the case of Company E, namely: 'Development'; 'Resource (re)allocation'; 'Cross-subsidization'; 'Asset management approach'; and 'Update on corporate plan'.

Themes	Attributes	Examples
Development	Grow (build) Influence Produce (build) Keep capacity (HR and stock) Replace stock	<i>'We want to continue growing'. (DC)</i> <i>'...better to be in that game so that you to influence how it develops' (DC)</i> <i>'I want to produce more homes' (DO)</i> <i>'we need to replace the stock' (DD)</i>
Resource (re) allocation	Alternatives to new development: Community investment Regeneration of existing estates Non-social housing activities	<i>'Is this the best thing to use our resources on?' (CEO)</i> <i>'If you didn't carry developing down here, there are opportunities to do things there.' (DC)</i> <i>'...looking at what other things we might want to do...'. (CEO)</i> <i>'...refocus our energy in doing more regeneration or more community investment...'. (DC)</i>
Cross-subsidization	Shared ownership Outright sale Higher rents (affordable rent product) Subsidize social rents. Charitable activities?	<i>'Make money here to put back in here' (DC)</i> <i>'...is this a charitable activity?' (CEO)</i> <i>'...we can build things and sell things, the way a commercial developer would.' (DC)</i>
Asset management approach	Sell stock Effective asset management Analysis of stock Lazy vs. proactive	<i>'we haven't sold a whole lot, because haven't needed to' (DF)</i> <i>'...a strong position (...) made us a bit lazy' (DF)</i> <i>'we are moving towards (...) doing an analysis of our stock' (DF)</i> <i>'lots of associations will become more proactive' (DF)</i>
Impact of CI on company strategy	Update corporate plan: Reflect impact of new operating environment Moderate 'financial strength' Moderate 'good customer services'	<i>'Yes, the new operating environment is having an impact on our strategy' (CEO)</i> <i>'Because we might have to raise more debt' (CEO)</i> <i>'Having achieved a high level of customer satisfaction...'. (CEO)</i>
CEO: Chief Executive DC: Director of Governance and Compliance DD: Director of New Business and Development DF: Director of Finance		DO: Director of Operations NHF: National Housing Federation interviewee TR: Treasurer

Table 28

Content aspects of the decision-making: Behaviour variables

D.3.3.a Development

As referred to in point 3.2.a, the discussion on the future of the company's development agenda stood at the core of the decision-making process. In the previous point the different motivations pushing for this agenda were presented. In this point, I refer to the type of behaviour embodying those motivations.

Firstly, the company's vision and business plan stresses growth as part of its strategy. In the face of the new policy environment, and despite the realization that a cautious approach to risk was needed to sustain the company's robust financial position, there was also a general consensus on the need to continue developing, even if at a considerably lower pace.

"...we will play the game to maintain a presence in the development activity..." (CEO)

"We need to develop a policy that is as protective of those on the lower incomes as is possible, while still being able then to produce more homes." (DO)

Secondly, there was the determination to 'stay in the (development) game' in order to influence policy.

"So even though the rules of the game may change, it's better to be in that game so that you influence how it develops, rather than choosing not to play" (DC)

Thirdly, the company feels the need to retain capacity both in terms of physical stock (replacing stock) and human resources (keeping staff in the development department).

'(...) we lose stock over time. (...) We are a business for social purpose, therefore we need to replace the stock'. (DD)

"Because if we go down to zero and say we're not playing, then you have to let go of a lot of people in development and you lose a lot of capacity. And then when the deal changes again or you decide you want to get back into it again, it would take you years to hire everybody back and we've got a good team here etc." (TR)

D.3.3.b Resource (re) allocation

Despite the strong drive to continue developing, as seen above (both for mission-related and for strategic reasons), both the Board and the executive team were open to the possibility that, if developing at lower grant levels became too difficult and/or risky, they might decide to re-allocate their resources to other activities. In that sense, enjoying a strong financial position was said to give the company more options to act vis-à-vis the uncertain new policy environment.

"(...) if the rules of the game become too difficult around new provision, it's entirely possible that we could use our resources to do other things." (DC)

Furthermore, the Board expressed the intention to have a debate on what the alternatives are in terms of activities to be carried out in lieu of development:

"(...) we had a side meeting with a number of board members a couple of days ago and they were interested in what other things we might do with our resources given this deal has a lot of risks associated with it that maybe we should do something else with our money or pursue a merger or this or that." (TR)

"(...) if we're going to spend more on the subsidized products, we have less capacity to do other things. And that's the sort of resource allocation debate we need to have that some of our board members are saying we should have. Is this the best thing to use our resources on? I think these charitable issues might bite us yet." (CEO)

Activities mentioned in the interviews, which might be considered in this regard, include: continuing the community investment work already begun by the company; investing in regeneration in areas where they operate; and 'other non-social housing activities' in general.

"And looking at what other things we might want to do, including regeneration of existing estates, including non-social housing activities..." (CEO)

"So we could refocus our energy in doing more regeneration or more community investment, rather than developing with grant." (DC)

Moreover, this debate was linked to the next point, namely cross-subsidizing low-income rents through carrying out profitable activities. However, this poses the question on whether / to what extent these profitable activities constitute charitable activities:

“So, if you didn’t carry on developing down here, there are opportunities to do things here. Now one of the reasons we don’t go there for the moment is because we are a charity and we think we’re in business to provide for the very poorest. But if that regime of providing for the most vulnerable is no longer giving us the returns that we think we need in order to reinvest in those communities, then we have to look in this space, because we can make more money here to put back in there.” (DC)

D.3.3.c Cross-subsidization

One alternative in terms of switching from development to other activities would be to carry out profitable activities that help cross-subsidize the company’s core activity, namely (social) rental housing for low income groups. Amongst these profitable activities are shared ownership, outright sale and charging higher rents through the new ‘Affordable Rental product’.

“[We do] shared ownership or outright sale. So we can build things and just sell them, the way a commercial developer would. We do very little of that at the moment, but what we do helps to subsidize our rents. If you do more and more and more of that: question, is it a charitable activity you are pursuing?” (DC)

“One option for a company like us is to (...) charge higher rents to help those people with higher incomes.” (DC)

So far, the company had done a small amount of outright sales, which falls under the ‘de minimis’ rule that applies to non charitable activities and is therefore not threatening their charitable status. However, increasing the level of these profitable activities, even if the purpose is to cross-subsidize the company’s core (social) mission, might be questioned in terms of its charitable merits.

“...Much of what we do will be appropriate charitable activity, some of the new things we do might not be. How charitable law will interpret an organisation that is doing some things that are charitable and some things are not. The usual test is de minimis, which is so small as to be significant to the general activity. (...) We have to ask the question every time we do a shared ownership scheme, is this charitable activity...” (CEO)

D.3.3.d Asset management approach

As explained in point 3.2.g, the potential to 'do more' with the company's assets is, in theory, a powerful financial driver for company E. However, when thinking strategically, recalling the charitable objectives of the company has a balancing effect between market and social orientations. How does this interplay translate at the behavioural level? Looking at the strategic decision-making process researched in this study, the Director of Finance explains how this decision takes place.

Firstly, the decision on selling stock may respond to a number of different objectives; either the company is in need of cash to reinvest, or it aims at cross-subsidizing lower income rents.

"(...) we haven't sold a whole lot, because we haven't needed to. Some sell because they need to because they need to reinvest that money in other places and they haven't got the resources." (DF)

Furthermore, there was a recognition that the sector as a whole has become more commercial over the last decade, which results in the need to fund other activities companies might want to undertake from alternative sources, including sales. The new framework might strengthen even more this trend, in the interviewee's view:

"I don't think that the new framework would change the social ethos (...) [But indirectly] I suppose it potentially does. I mean lots of associations will become more proactive, because they can't do anything unless they are. But I think it's, like I said it's kind of a journey that's been going on for a long time. The sector looks more commercial than it did 10 or 20 years ago, before my time. Certainly 30 or 40 years ago. But, and for some will mean that they have to start selling stock, but in any case, there's a shift away from grant for this type of thing, for regenerating stock, so the money has to come from somewhere (...) (DF)

"(...) if you wanted to regenerate the Chelsea Estate, the only way to pay for that is to sell some of it. (...) And it certainly (...) doesn't take away our primary objective, which is social. You can't take that away, because we're charities you know, finance can't come first." (DF)

Secondly, the Director of Finance recognizes that company E has not been as proactive with regards to its asset management strategy as it could be, but explains that they have started doing some analysis on this:

"We're in a strong position, so you wouldn't say that we need to [sell our stock], that's made us a bit lazy about it, it's something that we haven't had to focus on, effective asset management. But we are moving towards it (...) doing an analysis of our stock, which looks at yield and financial drivers first." (DF)

D.3.3.e Update of corporate plan

A key impact of the critical incident and consequent strategic decision taken by the company (i.e. the bid) was to update the corporate plan accordingly. As explained by the CEO in an interview conducted after the bid was submitted to the HCA, the company's headline objectives were 'modified to reflect the new environment the company is operating in'. The company retained only four objectives, namely: customer service; growing the business; financial strength; and influencing policy. However, 'customer service' and 'financial strength' were changed from 'improving' to 'maintaining':

'Our policy on financial strength changed from 'improving' to 'maintaining' because we might have to raise more debt given financial pressures and less grant. The wider operating environment has impacted upon our strategic planning. Yes, the new operating environment is having an impact on our strategy but we are trying to make it subtle. We have kept our 'business for social purpose' ethos, our values...' (CEO)

'The two objectives we changed in substance were 'financial strength' and 'good customer services'. Having achieved a high level of customer satisfaction we run the risk of raising expectations at the risk of higher costs for low return. If we improve from a certain level customer services it doesn't bring us any more, new or better customers because we are already good.' (CEO)

E COMPANY N

E.1 Brief description of critical incident and strategic decision

The strategic decision of Company N inscribes itself within the process of change of the Dutch Housing Act in particular and of the wider changes in the policy environment affecting social housing and housing associations described in detail in chapter 2. As part of the latter process, on 15 December 2009 the Dutch government announced a new ruling on social housing affecting income limits and the financing of the sector. This announcement marked the 'critical incident' that kicked-started the decision-making process followed by Company N, which was the subject of this study. The 'strategic decision' the company had to make was whether to follow the Dutch government's ruling on income ceilings or not. Furthermore, the company had to decide how to re-organize its financing in order to comply with the required administrative split between activities classified as 'Services of General Economic Interest' (SGEI) and 'non SGEI'.

E.2 Decision-making process: formal aspects

E.2.1 Internal environment: The company's re-organisation process

In parallel to the political process described in chapter 2, Company N has undergone an internal re-organisation process dating back to 2009. In short, the company is going towards a business model of vertical steering and horizontal managing. The old structure was considered inefficient, with too much duplication and waste of resources. In that structure, each of the six operational companies had its own policy, which led to too much diversification. Following this assessment, the company decided to adopt a central steering approach, whereby the six operating companies would begin to operate as local branches or 'neighbourhood stores' ('buurtwinkels').

Furthermore, this new structure was deemed necessary to face the company's external environment. The aim is to be more selective with projects arising from stakeholders' requests in order to be more focused and efficient. The company chose to narrow down its activities (mainly due to financial constraints) and thereby 'become a stronger partner'. However, interviewees pointed out that the company will still keep what they call a 'broad offer' in terms of community activities, as compared to other Dutch housing associations. For example, in the field of social investment, they will continue to provide 'quality of life amenities' that meet tenants' social needs. In addition, they will carry on supporting tenants on job searching, training and education, amongst others. However, in order to better structure the relationship with stakeholders, the company created the new role of 'relationship manager'. Furthermore, the company wants to formulate a philosophy, a set of principles that stand at the basis of this relationship.

In terms of its core mission, the organisation also chose to narrow down its core target group, in what it calls 'a *more social mission*' (CEO, 03/04/12). The main target group are now low-income households in the region. However, the company wants to keep providing housing to middle income households who can't afford housing in the open market (rental prices up to € 750 a month).

During 2009 and 2010 the company was led by an interim CEO, hired to lead the re-organisation process. At that point, the company's previous CEO (who started the re-organisation) switched to a more 'external role', i.e. representing the company vis-à-vis stakeholders, including the European level. A critical incident was the definitive departure of this CEO at the end of 2010, and the recruitment of two new CEO's to take the process forward as of 2011. The interim CEO left the company at this point.

The new strategic plan was still under elaboration at the time of writing this analysis. The company extended its strategic plan for 2011 – 2012 in order to fulfil the re-organisation. They aimed to achieve more crossovers in knowledge, which is deemed too dispersed across the organisation. As one of the new CEO puts it: *“There is lots of passion and potential in this company, but exchange and synergies are not enough.”* (CEO, 03/04/2011)

All in all, given the importance of this process for the company in the longer term, interviewees recognized that the decision on the government ruling was *“(...) pushed a bit to the background.”* (SPA, 22/6)

E.2.2 Structure and timeline

Table 29 shows the different stages and milestones in the decision-making process, starting with the critical incident in December 2009, namely the announcement of the ruling by the Dutch government. It is worth noting that in the case of Company N part of the research had to be conducted ‘backwards’ from the ‘official’ starting date of the research (October 2010) in order to trace back the origin of the decision.

Date	Incident	Outcome
15 December 2009	Dutch Government: Ruling announced.	Critical incident starts.
2009 - 2010	Dutch housing association sector: Lobbying government.	
July 2010	Company: Commissions reports to consultancy.	
September 2010	Media: Public opinion debate on ruling starts. Company: Official start of the company's re-organisation. Large meeting including middle management. Consultancy's first report presented and discussed.	Initial discussion of the possible implications of the ruling for the company.
* 28 October 2010	Dutch government: Meeting between Minister of Internal Affairs and Parliament.	Decision to implement rule as of 1 January 2011.
October 2010	Company: Creation of ad-hoc working group to look at ruling's effect on financing and financing alternatives.	Group discusses ruling's possible negative effects on financing at quarterly treasury meeting.
08 November 2010	Consultancy: Submits second report to the company. Dutch government: Publication in law gazette (Staatscourant)	

Date	Incident	Outcome
December 2010	Board of Directors (BoD) meeting to adopt decision on the ruling.	BoD adopts decision to register incomes during 2011, not to reject anybody above the 33.614 EUR limit and to monitor and evaluate at the end of 2011.
01 January 2011	Dutch government: Ruling put into force. Company: New CEOs officially start work. Company: Income registration starts.	
April 2011	Company: Mainstreaming of the work of the ad-hoc group on financing in the new regulatory context	
May 2011	Company: Evaluation of 1st quarter results. First monitoring of registered incomes.	Ca. 88% of new contracts correspond to tenants with an annual household income below 33.614 EUR.
May 2011	Company: Sets up team to make strategic decisions on the company's real estate for the period 2012-2020. Team to look at portfolio strategy from a financial perspective.	Decision on 'ideal portfolio for 2020'; Scenario planning. Decision to minimize building for sale.
July-August 2011	Company: Financial department to make overview of the match between activities and financing in relation to the SGEI/non SGEI rules.	
October 2011	BoD decides to achieve 90% for 2011 upon evaluation of first three quarters' income registration results (88% until then).	Company changes lettings' advertisements prioritizing households with incomes < 33.000 EUR.
	Closure of Critical Incident.	
* Starting date of Critical Incident research in all case study companies.		

Table 29

Timeline of the decision-making in Company N

As explained in chapter 2, the political process leading to the kick-start of the critical incident stretches back to 2009. At that time, the former CEO of Company N was following the developments between Brussels and The Hague through his active involvement in lobbying for the social housing sector both at national and EU level. Therefore, company N benefited from close insights into the issues being discussed. However, as the ex CEO explains, the actual ruling "still seemed far away" (ex CEO, 30/03/2011). There were discussions at the Board of Directors and colleagues understood the issue but didn't realize how it would impact the organisation.

The early developments described above led the way to a more structured decision-making process, which started at the large meeting held by the company in September 2010 including executive and middle management. According to interviewees, this meeting was a turning point when an initial discussion of the possible implications of the ruling for the company was launched. From that point on, a series of specific

actions or milestones can be recognized over the course of the decision-making process. While some of these actions correspond to regular events in the life of company, others were specially set up to address this particular decision. In the case of the former, aspects that were adjusted to meet the requirements of this decision are listed below:

- **Commissioning external research:**

Early in the process (July 2010), the Board of Directors commissioned a couple of reports from a specialized consultancy. The latter would provide a general view of the likely impacts of the new regulations on the company, specifically on the risks and impact on financing. This included an estimation of the company's real estate. The results of the first report (based on the budget for 2010) was presented at a large meeting in September 2010, which served as input for the initial discussions on the impact of the ruling on the company's strategy. The second report (based on the budget for 2011) was submitted in November 2010 and provided input for the meeting of the Board of Directors of December 2010, where the decision on the 'income limit aspect' of the ruling was made. The company decided to register the incomes of new tenants during 2011 and to produce a policy paper on how to use the 10% for priority groups.

- **Quarterly Treasury Meetings:**

These meetings, a regular event at the company, provided the opportunity to monitor tenants' income registrations vis-à-vis the new income limits imposed by the ruling. Following the start of monitoring on 1 January 2011, the quarterly meeting of May 2011 showed that the company had registered 88% of new tenants with incomes under the limit of 33.614 EUR.

- **Working group on alternative funding:**

This group was set up in October 2010 as a special project led by one of the company's Directors. The group included one financial director, one Board member, one external advisor, and two people from the Finance Department. The group's goal was to look at the financial impact of the ruling and at possible ways of dealing with it. They discussed the likely negative effects of the regulations and tried to create new strategy for financing new commercial activities in the new context. The group contacted banks asking about funding. The group has two key objectives: firstly, to get the funding, and secondly, at the right price. It's very important to have liquidity. As the company's treasurer explained, before the ruling there was free cash flow. With the ruling, the question is whether the company can use this cash flow for any activity.

The initiative was mainstreamed in April 2011 with the objective to look for alternatives to acquire money at lower cost rates. Regular participants include the treasurer, the financial manager, one financial analyst, and the financial controller. The company has 14 categories of real estate, which are divided in 5 segments ranging

from very community to very commercial. Three out of these five segments are SGEI and the lowest (more commercial) ones are non-SGEI. The working group looked at these categories from a financial point of view. The aim was to work in tandem with the Real Estate team (see below) to match the company's 'ideal portfolio' with the new types of financing.

- **Meetings of the Board of Directors (BoD):**

Over the course of the period covered by this research, a number of meetings of the BoD have marked key milestones in the process. At the Board meeting in December 2010, the outcome of the first consultancy report was discussed and the decision on how the company would deal with income ceiling aspect of the ruling was adopted. According to interviewees, there was no debate on what the decision should be, given that discussions had already been held during that year. The former CEO had given a presentation in May 2010 on the stakes for the company. At the BoD meeting of December that year, the Director in charge of the process advice the BoD not to adjust the rental process in Wonen Limburg at that point, and to adopt the decision to go ahead with all the on going projects. There were no dissenting voices. The BoD already at that time knew about the forthcoming developments and when the results where presented in that policy paper by the Director there were no surprises so that the existing policy could go forward.

- **Real Estate sessions:**

In mid May 2011 the company held a week of 'real estate sessions', which included ten internal staff and two external people. The objective of these sessions was to discuss the company's real estate steering from a strategic point of view. Specifically, two issues were addressed: First, what would be the company's 'ideal portfolio' in 2020. However, the group discussed only from a real estate perspective; the financing aspect remained a question mark until the work of the financing group would be ready to inform the real estate aspect. They made a scenario planning; all activities for the next five years should respond to this ideal portfolio. The outcome would be matched with the work of the finance group on SGEI / non-SGEI.

E.2.3 Formal aspect of the decision-making process: key elements

The following four aspects were identified as shaping to the decision-making process:

A Participants

Participants represented a cross-section of the executive and technical teams, with a strong presence of staff from the financial and treasury departments. The latter is consistent with the nature of the critical incident and strategic decision, in particular its financial aspect. In addition, policy advisors were involved in the production of analysis on the ruling, and external consultants were commissioned to produce customized analysis to inform strategy in the new policy environment. Tenants were not involved in the decision.

One interviewee closely involved in the process explained that considerable effort was made by the leading team to keep all staff informed about the ruling and how the company was dealing with it. However, one front office management staff expressed some concern on their lack of involvement in the decision: *'A lot of the signals come from finance and BoD but it doesn't involve people from operations. When our Board decides that we should implement something, it hits me and I have no idea how to implement it. There is no internal discussion.'* (PC2, 04/03/2011)

B Leadership

Leadership of the process changed over the course of the decision. Three 'leaders' have been identified at different stages: In its initial phase, the former CEO played an active role in gathering intelligence at sector, national and European levels to inform the company on the policy changes ahead. Looking at the timeline (table 29) and according to the interviewees, it can be said that he laid the foundations of the company's approach to the ruling. A second phase opened up at the large meeting held in September 2010, when the discussion on the impact of the ruling openly started in the company, and the actual adoption of the decision on income registrations by the Board of Directors in December 2010. Over this period, a 'transition leadership' was exercised by one of the Directors, who led the process of intelligence gathering and feedback to the BoD as well as of mainstreaming of the working group on financial alternatives. A third and last period started with the two new CEO's taking office in January 2011. Towards summer in the same year, the Director in charge of the 'transition phase' left the company. The following and last period covered by the research was characterised by a pre-eminence of the company's re-organisation in the strategy formulation above any other matter (including the impact of the ruling) and by the delegation of the analysis of both aspects of the ruling to staff with a more technical background. As seen above, the latter took the form of a regular working group on financial alternatives and of real estate sessions.

C Relationship with external stakeholders

The company has been in touch with a variety of stakeholders over the course of the decision making process, notably with other housing associations in the region; with the guarantee fund (WSW) and with banks. The contact with the WSW was motivated by the need to better understand the options faced by housing associations vis-à-vis the split between SGEI and non-SGEI activities and eligibility of guarantee for which types of activities under the new regime.

However, it is worth noting that even the WSW was uncertain as to what the exact situation, as expressed by one company interviewee: *'We are in contact with WSW to figure out how they will assess our finance activities. But they don't know. (...) Different departments tell you different things. There is a lot of uncertainty, of lack of information.'* (TR, 04/03/2011). In addition, the company was in touch with banks in order to explore the financing options in the new regime. Nonetheless, as with the case of the WSW, banks are also unclear about the implications of the new split of activities for loans to housing associations, which was attributed to the generalized uncertainty about the new policy environment.

D Role of intelligence

As seen in the previous point, the use of internal and external sources of evidence and analysis featured as constant element in the decision-making process. Table 30 provides an overview of the different initiatives undertaken by the company at different stages to better understand the implications of the rulings and to devise a strategy to act upon it. The use of regular intelligence inputs from diverse sources stands out as a key element to face the uncertainty surrounding the Dutch government's ruling, as explained in more detail in the next point.

	Source	Input
Internal	Former CEO	Insider knowledge of policy process at national and EU level.
	Financial department and treasury	Financial modelling Scenario testing Classification of asset categories in relation to SGEI/ non-SGEI activities
	Real estate sessions	Formulation of an ideal portfolio.
	Company Director and Policy Advisors	Policy papers, presentations to BoD.
External	Consultancy	Risk assessment of the company in the new policy environment.
	Sector collaboration (meetings, seminars, conferences, etc.)	Different perspectives on the implications of the ruling and strategy options.

Note: Sources and inputs in this table might be directly or indirectly related to the critical incident/strategic decision.

Table 30
Intelligence inputs for decision-making at Company N

E.3 Decision-making process: Content aspects

E.3.1 Baseline assessment

The baseline assessment established a number of conditions underpinning the likely effects of the ruling on the mission and strategies of housing associations.

The aspect that was highlighted most strongly by interviewees was the uncertainty about the new policy framework throughout the period covered by the study. For a long time after the announcement of the ruling, it remained unclear what (financial) sanctions the government would impose on housing associations not following the ruling. Moreover, this uncertainty was not only felt by housing associations, but by other housing market actors such as the WSW, the lending institutions and tenants' representatives, as illustrated by the following quotes:

"(...) that's the problem with the guarantee institutions. They, at this moment, they don't know how to react on this. (...) Also the banks, they say we don't know how to react. (...) Also the Woonbond, the tenants' representatives." (FA, 11/08/2011)

'We are in contact with WSW to figure out how they will assess our finance activities. But they don't know. (...) Different departments tell you different things. There is a lot of uncertainty, of lack of information.' (TR, 04/03/2011)

On the finance aspect of the ruling, the open question was whether housing associations could use their own financial resources (equity) for investments in non-SGEI-activities or not. If that was the case, associations would still be able to invest for households in the middle-income segment, which is still considered as one of the target groups of many housing associations in the Netherlands:

'Our main problem is that it is not completely clear how WSW and the government are going to look at our balance sheet (commercial / non commercial). There is a very large grey area.' (TR, 04/03/2011)

Another aspect mentioned by interviewees was that, at the time of the ruling's announcement there was a lack of internal systems in place in most housing associations to register households' incomes. After the decision by the BoD to register new tenants' incomes, the company bought a web application to calculate the household income based on a variety of factors, such as pay slip, taxes and monetary determination.

E.3.2 Motivator variables

Seven themes were identified as most relevant in terms of motivator variables in Company N. Out of these, minority reports were recorded in three cases, namely: 'Housing middle incomes', 'Comparison to commercial developers' and 'Impact of the Critical Incident on the company's core mission'. These divergences are elaborated upon in the following.

THEMES	MAJORITY REPORTS (Consensus)		MINORITY REPORTS (Divergence)	
	Attributes	Example	Attributes	Example
Housing middle incomes	Broader community mission Market niche Creativity	'...it's important that we build for the middle income groups' (D) '...from a community point of view, then you can help the middle incomes' (SPA) '...that's a big group. Research shows that.' (D) '...you can still apply some tricks...' (SPA)	Outside core business	'But intermediate rental housing is not our core business...' (PC1)
Approach to risk	Uncertainty 'Educated guess' Financial health	'not sure what the exact penalties will be.' (SPA) 'the risk of getting a sanction is small' (D) 'government will not control strictly' (exCEO) 'need to keep this financial health' (TR)	None	None
Regional / community awareness	Solidarity Co-operation Innovation Regional vs. national	'It is necessary to co-operate with other housing associations to find solutions' (CEO) '...national legislation is not realistic in view of these national disparities' (SPA)	None	None
Relationship with the national State	Pragmatism Compliance 'Critical subordination'	'[Our company] chose the strategy to go on the safe side' (TR) 'We have to register [incomes] to be sure in our business' (CEO) 'We are semi-public organisations (...) have to respect The Hague's opinion but not follow blindly' (CEO)	Independence / autonomy Social enterprise identity	'...not depend so much on the government' (D) 'As a social enterprise (...) we have our own objectives' (exCEO)
Position within the housing association sector	Less commercial, more cautious Pragmatic	'They are more commercial' (PC) 'We are more cautious' (TR) '...a "wait and see" approach' (exCEO)	None	None
Compared to commercial developer	Social mission Profit vs. not-for-profit Community mission (wide) Civil society ethos	'Our choice is social' (CEO) 'commercial providers don't step in because people on low incomes don't climb up the property ladder' (PC1) 'if it covers the cost, it's OK for social enterprise' (exCEO)	Market niche Opportunity Competition	'we should create a sound market...' (exCEO) 'housing associations should compete...' (exCEO)

THEMES	MAJORITY REPORTS (Consensus)		MINORITY REPORTS (Divergence)	
	Attributes	Example	Attributes	Example
Impact of CI on core mission	Marginal impact Reinforcing existing mission Regional differences	'still gives enough freedom' (D) 'our mission will become more social' (PA) 'In our region, the impact is less...because of the demographic transition' (CEO)	Different perceptions of short and long term impacts (company vs. sector)	Company level: 'None of our customers will have to leave now, but maybe in the future (...) because of the SGEI/non SGEI distinction' (TR) H.A. sector level: 'In the short term you exclude households (...) not in the long term' (exCEO)
D: Director leading decision-making process CEO: Current CEO ExCEO: Former CEO of Company N PCL: Process Co-ordinator 1		M: Ministry representative SPA: Senior Policy Advisor TR: Treasurer PA: Policy Advisor		

Table 31
Content aspects of the decision-making: Motivator variables (mission and values)

A Housing middle-income households

As a combined effect from the economic crisis and the government ruling, large parts of the Netherlands face a gap in housing for middle-income households, as expressed in the following quotes:

'There will be a gap in supply for those without money to buy and too rich to be in social housing.' (SPA, 04/03,2011)

"The situation of the middle income is a problem... it depends on the region." (D, 30/04/2011)

'(...) people on very low incomes are on rent allowance. So the problem [with this ruling] is for middle income people who cannot afford home-ownership. They pay tax but don't get tax relief and neither rent allowance. There is a gap. Their buying power is much lower. This and the high house price is the most important reason why there is no commercial supply of rental housing.' (exCEO, 30/04/2011)

Within this context, Company N aims to continue housing these groups despite the financial loss that it might represent for the organisation. This is for two reasons: firstly, the company considers part of its broader (community) mission to accommodate any social group that can't afford housing in the open market. Secondly, the company sees this as an unmet market niche:

"(...) when you look at it from a community point of view, then you can help the middle incomes more". (SPA, 11/08/2011)

"I think it's important that we build for the middle income groups. Very important. Because it's not the income but of the wish of all the people to rent, and not to buy, and that's a big group. Research shows that." (D, 30/04/2011)

However, there is a degree of divergence as to what extent they should pursue housing middle incomes as part of their core business or as a separate (additional) activity, as expressed by one interviewee:

'But intermediate rental housing is not our core business.' (PCI)

Furthermore, it is worth noting that Company N (as well as other housing associations in the Netherlands) are devising 'creative solutions' to work around the income limit to house this group. For example, a middle-income household might get a small rise in their rent to bring the rent just above the limit, while skipping a rent increase the year after, as explained in the following quote:

"And you can still apply some tricks, maybe. For example, when you now have let's say 50 dwellings with a rent of 640 euros, then maybe you can raise that rent to 660, so the dwellings are available for the mid incomes and you can make arrangements with the tenants that, let's say, you get a 20 euro raise, but next year you don't raise your rent. So, you go from the 640 group to the 660 group and you keep those houses available for the mid incomes." (SPA, 11/08/2011)

B Approach to risk

The Company assessed risk related to this ruling from two angles: On the one hand, risk was assessed vis-à-vis the new administrative and financial split imposed on housing associations. Risk was understood as the cost of loans taken without government guarantee for non-SGEI activities and what these would mean for the company's currently healthy financial position in the future.

'We have to reflect on it in 2011 in combination with the choice on which amount we want to invest on commercial projects. We have to consider risk. We have to re-arrange our portfolio according to what's SGEI and what is not (commercial or not).' (CEO, 04/03/2011)

"I think the main goal of that inventory is what kind of risks do we see for what kind of investments?" (SPA, 11/08/2011)

On the other hand, risk was mentioned in the context of eventual penalties for not complying with the ruling. In the view of uncertainty about sanctions (see previous point), the company considered the probability of being penalized if deciding not to follow the ruling.

'If you don't apply the 90% rule, it is not sure what the exact penalties will be. These could be, for example, loss of the WSW guarantee, State support, project support, central funds (CFV), etc.' (SPA, 04/0/2011)

'I think at the end of 2011 the government will not control strictly how/whether the rule has been implemented.' (CEO, 04/03/2011)

In both respects, interviewees at company N expressed confidence in their strong financial position as guarding them against both risks at least in the short term.

'We can afford to wait and see because [our company] has a sound financial position.' (PA, 04/03/2011)

'At the moment we are healthy, but we need to keep this financial health in the future.' (TR, 04/03/2011)

"(...) the risk is small... the risk of getting a sanction is small, and it would happen in 2012...we made risk inventory and the risk that we could get a financial penalty for not achieving the 90% was indeed very small because the real financial impact could be only as of 2012, be the case, and we are quite a strong financial organisation so there also a slight risk that if we get a financial penalty, that we couldn't deal with that. There was a small risk of that happening." (D, 30/04/2011)

C Regional / community awareness

A sense of 'regional solidarity' (my conceptualisation) was found amongst company interviewees when discussing the effects of the ruling not only on different income groups, but also on other housing associations in their region. Especially in the south of the Netherlands, a part of the country known for its demographic decline and economic hardship, collaboration initiatives amongst housing associations were said to have recently emerged motivated largely by the goal to find a housing solution for everybody who needs it. In this context, Company N sees itself as one of the strongest housing associations in the region:

'There is demographic decline in the South. It is necessary to co-operate with other housing associations to find solutions. We have a special position because we are one of the largest housing associations in the region.' (CEO, 04/03/2011)

'The gap between the rental and home-ownership sector is more gradual in our region so it's easier to step up from rental to home-ownership when you earn more. But in other regions (hot markets) people are trapped because they earn too much for a social housing dwelling and too little to afford a house of their own. The government is thinking over the 33,000 EUR income limit.(...) It appears that a national legislation is not realistic in view of these regional disparities.' (SPA, 22/06/2011)

Ideas for regional collaboration stretch to innovative ways to pull resources together and to create synergies in order to overcome the restrictions imposed by the ruling. For example, some housing associations interviewed in the context of the research expressed interest in creating a 'trade market' for income limits in the Netherlands along the lines of the CO2 emission trading markets, but referring to transferable quotas of households under the income ceiling established by the ruling. At one joint interview between one representative of the aforementioned housing association and staff from Company N, the latter expressed agreement with this view, as the following brief exchange illustrates:

HA (11/08/2011): *"If you have more than 90% you can offer it to another [housing association] who has faced another situation."*

SPA (11/08/2011): *"Yes, it's a strange thing that you have to reach the 90% for each individual company. Why?"*

D Relationship with the national State

There was a degree of ambiguity amongst different respondents as to how they regarded the relationship between the company and the national government. While senior executives from the organisation's previous administration (the ex CEO and one director) stressed 'independence' from the national State as a company's value, the discourse of the 'new administration' implied a stronger willingness to comply with government's policy coupled with a degree of pragmatism.

On the first approach, the value of being independent from the State was partly illustrated by the preference to act together with other housing associations vis-à-vis State intervention:

"(...) the social housing organisations don't want to depend on the government. This whole emphasis on co-operation has to do with what we can do together and not depend so much on the government.(...) Social housing associations have today a great deal of autonomy, and when the government or Brussels or whatever imposes a new rule, it's a bit of 'who are you to tell me what to do' reaction. Well, in fact, when they look closer to the rule, everyone should agree that it's a good ruling. But it's more like 'hey, you tell me what to do'." (D, 30/04/2011)

Furthermore, the concept of 'social enterprise' - widely adopted by the Dutch housing association sector as their collective public identity at the time of the announcement of the ruling - was upheld by the former CEO of Company N in connection to the value of independence of the State:

'As a social enterprise, we need to survive in the market with a bit of support from the government but not the other way round. We have our own objectives; a real independence. First comes your responsibility, then the society. But it has become the opposite; it is the government who decides what is SGEI and funding, which makes you dependent.' (exCEO, 30/04/ 2011)

On the second approach, although not explicitly articulated as a conscious choice or value during the fieldwork, a number of signs of this change were observed over the course of the critical incident study. For example, the importance of the strategic decision changed significantly from the moment of its adoption (still under the former CEO) and the period of the field study (when the former CEO was gone and the two new CEO's had already started), as illustrated by the following quotes:

'The [ruling] is important for us but because of our internal re-organisation it's pushed a bit to the background.' (SPA, 22/6)

'[Our company] chose the strategy to go on the "safe" side.' (TR, 4/3)

Furthermore, when prompted about his view on the relationship between housing associations and the national government in an interview conducted after the completion of the PhD fieldwork, the new CEO described housing associations as 'semi-public' organisations that had to comply with central government regulation, although keeping a critical stand. In his own words, he explained it as follows:

'[Government] are our bosses. (...) If you are going to fight with your boss it is a problem because of your semi-public position. You have to respect The Hague's opinion but it doesn't mean that you will follow it blindly.' (CEO Company N, 24/10/2012)

E Position within the housing association sector

Interviews with a variety of national-level stakeholders showed that different approaches to deal with the ruling are found amongst housing association. Consequently, the study identified three types of responses to the ruling amongst housing associations nationwide, which we have labelled 'followers'; 'pragmatists' and 'rebels' (see Figure 31).

Within this framework, Company N can be classified as a 'pragmatist', being prepared to work around the ruling. Two defining aspects of the company's approach are: firstly, how to work around the ruling to continue to help middle-income households in the region, and secondly, how to match their portfolio with the SGEI/non SGEI distinction:

'I discussed this with the Vernieuwde Stad group (which gathers the bigger housing associations, 1/3 of the whole Dutch social housing stock). The large majority had made the same decision already. Also, it wasn't clear if the Parliament would continue to support this policy line. Most opted for a "just wait and see" approach.' (exCEO, 30/04/2011)

'We discussed the most negative effects of the regulations and tried to create a new strategy for financing new commercial activities in the new context.' (TR, 04/03/2011)

Furthermore, it is worth noting that in general terms, Company N executives consider it to follow a relatively more cautious (less aggressive financially) and less commercial than other housing associations:

'Some have issued some commercial debt but we think that's not a smart idea because of the political uncertainty. We are more cautious.' (TR, 21/06/2011)

'We have a different mission to Vesteda, also a housing association, for example. They are more commercial.' (PC1, 04/03/2011)

Approaches to the ruling amongst Dutch housing associations: 'followers', 'pragmatists' and 'rebels'

Regarding the income limit aspect of the ruling, a representative of the Dutch government interviewed for the purpose of this study referred to a distinction between those who already had a very targeted social mission (estimated at around 25%) and those whose target groups were defined more broadly (the remaining 75%). While the former would follow the ruling immediately, the rest would take a 'wait and see' approach: "(...) I think the ones who were already focused on the broader target group will stay focused on the broader target group, even though they are forced to make that split. They say it's only an administrative hassle. They are not happy with that anyway. But they are going to make sure they have housing or dwellings on offer for that category of income anyway." (M, 19/12/11). The national sector association (Aedes), reckons the majority will follow the ruling: "As an estimation, three quarters will follow the ruling, one quarter not. And I think most of the quarter has to decide now whether they will follow. 25% will wait and see, they are just monitoring. Those who don't get the 90% will be a minority." (A, 19/12/11). Factors mentioned as determining opposition to the rule were: the size of the organisation (small and medium size would be more likely to oppose); and geographical location (in the South of the country, there is a history of universal provision and opposition to national authority). Furthermore, the national tenants' association (Woonbond) recognized three approaches: A first group are those that follow the ruling, notably housing associations operating in big cities, for which the ruling on income limit is not a problem due to tight housing markets; a second group could be called the 'pragmatics', as they decided to abide but the ruling while optimizing the use of the 10% to house middle incomes. In addition, this group would generally support Aedes and the Woonbond against the ruling (e.g. they lobbied to raise income limit). A third group are those that oppose the ruling on the grounds of their mission to house everyone who can't afford housing in the market (including middle incomes). Factors mentioned as influencing each of these positions were: housing market conditions and leadership in each organization.

Figure 31

Approaches to the ruling amongst Dutch housing associations: 'followers', 'pragmatists' and 'rebels' / Sources: Own elaboration on the basis of interviews with representatives of the Dutch Ministry of the Interior and Kingdom Relations; Aedes (Vereniging van Woningcorporaties); and Verniging Nederlandse Woonbond (2011).

F Comparison to commercial developers

Within the context of the discussion of the critical incident, interviewees referred to the fact that commercial developers were still not providing social rental housing for middle-income households, despite the opportunity opened up by the ruling. In the company's view, lack of profit in that market would be deterring commercial developers from entering that market niche. However, Company N's former CEO declared to be willing to accept a lower return on investment (RoI), if this was required to fulfil the company's mission. Hence, from this perspective, it could be said that the profit motive stands at the core of the difference between commercial and social housing organisations:

'It's funny because the commercial rental companies complained about State aid and now they are not filling that gap.' (SPA)

'Maybe commercial providers don't step in because people with low incomes don't climb up the property ladder anyway' (PC1)

We can accept lower return on investment (RoI) if we're meeting higher priority target groups.' (exCEO, 30/04/2011)

Furthermore, Company N's former CEO also mentioned accepting a lower RoI than commercial companies in the context of providing housing for middle incomes, as part of a social enterprise business model. The question then arises, as to whether this would be an indication of entrepreneurship (identifying a market niche) or of a wider community mission (a 'civil society ethos'):

'We should create a sound market for intermediate income housing and housing associations should compete in it. If it covers the cost, it's OK for social enterprise. We could accept a lower return on investment.' (exCEO, 30/04/2011)

G Impact of Critical Incident on the company's core mission

The general opinion amongst Company N's interviewees was that the ruling would not affect the company's mission in a fundamental way. Furthermore, it was pointed out that the company was narrowing its core target group to low-income households even before the ruling was announced.

'With the EU ruling the low income target group becomes more and more the core business of housing associations and even their real business.' (exCEO, 30/03/2011)

'Our choice is social (...) we need to focus on our core business.' (CEO, 04/03/2011)

"No, I don't think [the ruling will impact our social mission]. Actually, I find it a good thing to have this ruling. It is not logic to subsidize dwellings for people who don't need it." (D, 30/04/2011)

However, it is worth noting that as explained in point 3.2.a, the company considers 'housing middle-incomes' as part of their mission, in a larger sense.

Furthermore, the differences between regional housing markets and economies where different housing associations operate (in the case of Company N, a shrinking region) as well as sound financial position of Company N (as compared to other housing associations in the country), were also highlighted amongst the reasons behind the expected low impact of the ruling on the organisation's mission:

'For [our company] this is no problem; there will be no difficulties because of our regional market and financial position.' (D, 22/06/2011)

Nonetheless, it is worth noting that there were nuances amongst company interviewees with regards to the likely impacts of the ruling on the company's mission in the short and long term. Particularly from the perspective of the financial aspect of the ruling, one interviewee highlighted the possibly negative impact in the long term for the company's mission:

'In the short term there won't be so much impact but in the long term it will (in 3 to 5 years) affect the mission (...) None of our customers have to leave now, but maybe in the future they will have to because of the SGEI/not SGEI distinction.' (TR, 21/06/2011)

Moreover, referring to the wider housing association sector, the former CEO also made a distinction between the short and the long-term impacts, but in the opposite direction. In his view, the ruling might have a more positive effect in the longer term if it results in changes to what he decries as an ill-functioning housing market in the country:

'In the short term it will, but not in the long term. In the short term you exclude households dependent on social housing. It becomes worst because it becomes more difficult for people to get a loan to buy a house. But this has to do with the way the housing market is organised in the Netherlands. (...) In the longer term maybe the ruling is good because it makes it more urgent to change the housing market and tax system. Also, for housing associations it is good because they get more mature, more independent. I support more competition.' (exCEO, 30/04/2011)

E.3.3 Behaviour variables

As can be seen in Table 32, behaviour variables in Company N clustered around four main themes, namely: 'Adjusting systems', 'Regional collaboration', 'Matching portfolio strategy with finance strategy' and 'Impact of the critical incident on the overall company strategy'.

Themes	Attributes	Examples
Matching portfolio strategy with finance strategy	Proactive despite uncertainty Exploring alternatives Control risk Flexibility, creativity	'waiting but also exploring' (TR) 'tried to create a new strategy for financing' (TR) 'right now, we don't know. How do you finance everything?' (FA) Minimize building for sale but keep building for rent (PA) Expand commercial rental to keep housing middle incomes to 3-7% of the total portfolio.
Regional collaboration	Concrete actions Projects to collaborate Leadership and networking	'...come together monthly and discuss...' (TR) '...try to create partnerships...' (D) 'seek other ways to finance our activities' (SPA) 'I was surprised...to see that in practice we are not co-operating. (...) There is scope for more co-operation between housing associations' (CEO)
Impact of CI on company strategy	Likely trade offs: activities vs. finance Ruling one amongst other strategic drivers	'There will be trade-offs. Activities vs. funding.' (TR) 'European rules are extra' (FA)
D: Director leading decision-making process CEO: Current CEO ExCEO: Former CEO of Company N	PC1: Policy Coordinator 1 M: Ministry representative SPA: Senior Policy Advisor	TR: Treasurer FA: Financial Analyst PA: Policy Advisor

Table 32

Content aspects of the decision-making: Behaviour variables

A Matching portfolio strategy with finance strategy

As described in point 2.2, the new scenario created by the finance aspect of the ruling was addressed at Company N through the creation of a working group on finance alternatives, which was later mainstreamed and asked to match the company's portfolio with the corresponding funding category (SGEI/non-SGEI). While the company had carried out commercial activities before the ruling (for example, building housing for home ownership), the difference with the latter is the required split in the finance between SGEI activities and non-SGEI activities.

'We are waiting but also exploring possibilities related to financing our activities. (...) The main problem will be how we will look at our portfolio now.' (TR, 04/03/2011)

This working group undertook a series of activities to fulfil this role, including: meeting the guarantee fund for clarification on the ruling; approaching potential lenders to discuss commercial funding; and meeting up regularly internally and externally to discuss the likely impacts of the ruling and ways to deal with it. In that sense, the participants of this group (a combination of finance/treasury staff and policy advisors) stand out as one of the most proactive actors in the process.

'There is a quarterly treasury meeting (...) We discussed the most negative effects of the regulations and tried to create new strategy for financing new commercial activities in the new context. (...) We are also very active contacting banks to ask about funding. Our key objective is firstly, to get the funding and secondly, the right price. (...) it's very important to have liquidity. Before, there was free cash flow; now the question is whether we can use this cash flow for any activity.' (TR, 04/03/2011)

Again, the uncertainty surrounding the ruling, especially at the beginning, had a significant impact on the pace of the decision inside the organisation. However, as explained above, the working group charged with the mission to tackle this issue kept a proactive attitude in the face of vagueness:

"(...) right now, we don't know. How do you finance everything? How do you collect your money? Which importance do you give at the activities?" (FA, 11/08/2011)

'Probably in the future we will have commercial funding. Once we have the figures of SGEI/non SGEI we will wait until WSW directs us how to do it. The complete ruling is not yet ready. We need to wait to avoid getting stuck with a lot of commercial funding. Now we are preparing the lines with the banks. One of the vague things about this ruling is how the government will see the municipal guarantees. Whether they will it be seen as public guarantee or not.' (TR, 21/06/2011)

The decision to expand the share of commercial rental dwellings sought to be able to continue to house middle-income groups. Up until the ruling, middle incomes were housed partly in social housing. The difference in the new policy environment is that housing associations have to separate the social rental stock (SGEI) from commercial rental stock (non-SGEI). Before the ruling, only 2% of Company N's stock was rented at commercial prices. As a result of the ruling, the commercial rent portfolio was expanded within the limited percentage allowed by the new legislation (maximum 10%). Furthermore, the company's new portfolio strategy established that minimum 3% and maximum 7% of the dwelling must have a rental price of 652 or higher. For these non-SGEI dwellings new tenants' incomes don't have to be registered.

Moreover, it is worth noting that at the strategic session held in May 2011 on the company's real estate strategy for the period 2012-2020 (see Table 29) the company decided to reduce to a minimum building for sale and to only keep building for rent, mainly for social rent but also for the above EUR 652 rental market.

B Regional collaboration

In the previous point the values and motives behind regional collaboration were described. Evidence of this type of collaborative behaviour was found on three levels: firstly, through **concrete actions** (for example, a group of treasurers coming together at provincial level to exchange on how to face the ruling);

'In [our] province there is a group of treasurers that come together monthly and discuss how to deal with these regulations. Nobody is very sure about it.' (TR, 04/03/2011)

Secondly, collaborative behaviour was also found in the form of **projects to collaborate**, such as efforts to create partnerships between pension funds and housing associations to raise funding:

"There are housing associations who seek now to combine interests together with the pension funds, because the latter want to invest on low risk so they try to create partnerships between the housing associations and the pension funds." (D, 30/04/2011)

"[Partnerships with pension funds, for example, are] to fund your activities at a lower cost and lower risk. It's to avoid dependence on capital markets. It's to seek other ways to finance your activities." (SPA, 30/04/2011)

A third level of collaborative behaviour is not exclusively linked to the ruling, but is worth mentioning as part of a wider 'ethos' that characterises the strong regional identity of Company N, namely, the active involvement of one of its new CEO's in a regional network of housing associations. He has recently taken the leadership of this regional network, in addition to joining the Board of Aedes, the national umbrella body for Dutch housing associations. When interviewed, this CEO expressed his 'surprised' at the fact that, despite of all the 'talk' on co-operating, in practice there was rather few co-operative actions undertaken by housing associations in the Netherlands:

'I've been surprised in my two years in this role about the use of words like cooperation in the sector, and to see that in practice we are not cooperating - with some exceptions. We have the same goal. I think there is scope for more and better cooperation between housing associations, for example through more knowledge exchange.' (CEO Company N, 24/10/2012)

C **Impact of Critical Incident on overall company strategy**

The impact of the ruling in the company's strategy was felt with different intensity at different points in time since its announcement (i.e. from the kick-start of the critical incident). At first, and partly due to the uncertainty surrounding the new policy environment, the early phase of the company's restructuring process was postponed in some its aspects, notably the Portfolio Management Strategy (PMS). At the time, the main concern was to figure out ways to sort out the finance in the new context:

'In summer 2010 administration changes started. The company started monitoring the extend to which we fulfilled the allocation threshold defined in the new regulation. The decision of the way we house our target group (PMS implementation) was postponed.' (exCEO, 30/04/2011)

'I don't think that the regulation should affect our mission or activities; we need to start out the funding, as cheap as possible. But there will be trade-offs. Activities vs. funding. It will be a financial decision in the end.' (TR, 04/03/2011)

However, once the 'dust had settled' and the first quarter results on income registrations became known (around May/June 2011), the restructuring process took over as the major driving force in the company strategy formulation, notably the major reorganisation of human resources that took place over the summer of 2011. As part of the restructuring, the company continued to work with a 'transition plan', as interviewees explain:

"(...) we have now a transition plan 2011-2012 and in that plan we stated already that we focus more on the residual side and do less on private ownership housing and to less in the expensive rental sector. So, as a consequence of this ruling, amongst others." (SPA, 11/08/2011)

Last but not least, it is worth noting that an additional, long-term driving force in the company's strategy formulation is the socio-demographic situation in the region, more specifically, urban shrinkage and population decline.

"The external, I think, the whole, what is happening in [our region], with the parts where too much housing and the 'vergrijzing', the shrinking areas and...that plays a bigger part in the policy then the... European rules are extra." (FA, 11/08/2011)

§ 7.3 Analysis of findings

This point develops a comparative analysis of the findings laid out in the previous points. Firstly, the process of strategic decision-making is discussed, with an emphasis on its formal aspects. The second and third parts compare and contrast motivator and behaviour variables in each company case study. Lastly, the fourth part presents a brief conclusion of this point.

§ 7.3.1 Decision-making: comparative overview of the formal aspects of the process in each company

While both companies started from a similar type of critical incident (namely, a major regulatory change affecting social housing in their respective countries), the process of 'strategic decision-making' tracked over the following year showed some similarities along important differences in the way the decision was made in each case.

In Company N the strategic decision started off with a strong value agenda on what the role of social housing organisations should be, namely the emphasis on its wider community role in the face of a policy change that sought to reduce the role and scope of housing associations. Broadly speaking, this agenda followed a 'social enterprise' identity discourse. This identity was strongly advocated by the CEO at the time. Furthermore, the company's identification with a social enterprise discourse was also in line with the housing associations sector's discourse over that period, as reflected by the common position and definition adopted by the sector through its national representative body, Aedes.

Thus, the choice of the critical incident and strategic decision was significantly marked by the latter factors. However, findings show that over the course of the field work the 'strategic' nature of the decision ceased to be such, as other internal and external factors became more relevant for the company's strategic decision making, notably: the company's re-organisation and the changing public discourse in the Netherlands about the role and financing of housing associations. In addition, the arrival of two new CEOs, who seemed to have brought a different management culture to the organisation - more oriented towards the State in comparison to the previous CEO - featured as an additional factor behind the decreasing strategic importance of the decision. The latter then became marked by a more technocratic and pragmatic approach, focused on complying with the ruling in a way that matched both the company's core mission and new portfolio strategy.

For company E, on the other hand, the chosen decision clearly kept its 'strategic' character and continued to be closely linked to what was perceived by company executives as a fundamental change in social housing provision in England. Furthermore, an important difference in the way Company E relates to policy changes lies in its position as 'national level player', as compared to Company N. While the former CEO in Company N did engage in sector lobbying at national and even European level, the new leadership in the latter company does not have that profile and is more focused on its regional/provincial dimension. Furthermore, Company E's mission and objectives include 'influencing', which is clearly reflected in the importance assigned to the response to the critical incident. In formal terms, Company E's process was more systematic and structured than Company N, which can be described as rather fragmented and ad-hoc. Again, it is worth noting the fact that halfway through the process an internal incident took place in this company, namely the change of CEOs. Furthermore, while company E has got a cohesive group of executives who have gradually established a specific way of making decisions, Company N experienced a significant turnover in its executive staff over the period of study, following the organisations' restructuring, which clearly affected the way the process was conducted, as explained earlier.

Theme	Company E	Company N
Process	Structured, systematic	Fragmented, ad-hoc
Leadership style	Charismatic; externally proactive; internally democratic.	Three leaders: Charismatic and externally proactive; Transitory; Pragmatic, public management-driven.
Internal factors	Low impact (post-merger stability)	High impact: ongoing reorganisation (CEO change, staff turnover)
Participants Top down, ad-hoc group of senior management representing company's cross-section. Tenants not involved.		Cross-section of executive and technical teams. Strong presence of financial/treasury staff. Tenants not involved.
Relationship with external stakeholders / networks	Wide and national level. (Group of largest housing associations at metropolitan level. National sector association. Central government. Local authorities. National media)	Mainly regional, initially national/EU-level. (Regional housing associations (mainly treasurers) WSW (guarantee fund), banks. Initially, national and EU-level lobby groups.
Role of intelligence	Inform and legitimize decision.	Inform decision.

Table 33
Overview of key formal aspects of the decision-making process in each company

One additional formal aspect worth highlighting is the role played by leadership styles and power relations in each organisation. Both the CEO of Company E and the initial CEO of Company's N showed a very proactive attitude vis-à-vis their respective external environments, in particular towards trying to influence their policy context through a variety of mechanisms (Morgan, 2006), including: use of social and/or professional networks; building alliances at sector level; commissioning external studies to use both to inform and to legitimize their companies' decisions; and the use of symbolism and management of meaning. The latter is reflected in their normative and articulated discourses about what each of them believe ought to be the mission of their organisations and moreover, of the wider social housing sector in their respective countries. Hence, it could be argued that under their leadership both organisations –although to different extents- showed strong features of 'institutional entrepreneurship' (Di Maggio, 1988; Garud, Hardy & Maguire, 2007; Leca, Battilana, & Boxenbaum, 2008) or 'institutional work' (Lawrence, Suddaby & Leca, 2011). As explained in chapter 3, the term institutional entrepreneurship refers to the "activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones" (Maguire, Hardy & Lawrence, 2004, p.657). Institutional work, on the other hand, describes, "the practices of individual and collective actors aimed at creating, maintaining and disrupting institutions" (Lawrence et al., 2011, p.52).

§ 7.3.2 Motivator variables

Table 34 gives an overview of the motivator variables that featured as most relevant in both companies.

Themes	Company E	Company N
Target groups	Rent policy and affordability: new (market) opportunities.	Housing middle-incomes: community need
Risk taking	Approach to risk: moderated, controlled.	Approach to risk: cautious.
Position within housing association sector	Strong (national) player, high profile, commercial end.	Strong at regional/provincial level; community/public orientation.
Position vis-à-vis commercial developers	Social mission comes first (charity status)	Broader community role.
Relationship with the State	Critical while dialogic; independence	Initially highly independent, later more aligned
Impact of CI on core mission	Unclear yet but most probably slight impact (broader target groups; development levels).	Marginal impact; reinforcing existing mission.

Table 34

Motivator variables: Comparative overview of common themes in both companies

1 Target groups

The main issue brought about by the respective critical incidents was the changes in the **target groups** to be housed by housing associations in each country. As part of the lowering of the income ceiling for social housing in the Netherlands, housing associations were faced with the decision to continue to house middle incomes (at their own expense, i.e. under full market conditions) or to narrow down their target group to lower income households. In England, on the other hand, policy changes triggered the opposite effect, namely a broadening of the target groups that housing associations are allowed to house. What value-considerations were put in place by each of these organisations when deciding on their responses? Findings show that in Company E a substantial debate amongst executives representing different sections of the company took place on this issue. Arguments about the social role of housing associations mingled with cost-efficiency and longer-term financial and development considerations, in what we could call 'hybridity in action'. The different rationales that coexist in the company were carefully deconstructed through a systematic and structured process of decision-making that included clear milestones, internal and external knowledge inputs and different levels of leadership.

In Company N, on the other hand, the discussion on housing middle incomes was seen by the initial leadership through the lens of the 'historic' mission of the company, namely its broader community role in the local / regional communities where they operate, which stretches to housing anybody who doesn't find housing in the market. Here, the 'social enterprise' ethos was strongly recognizable. With the advent of the new CEOs and the re-organisation, however, this view got somehow blurred in favour of a more 'pragmatic' approach that saw the company's mission more closely aligned with a public mission, i.e. as defined by the State. However, it is worth noting that the original aim to house 'everybody who needs it' (including middle-incomes) was accommodated within the 10% that the new regulation allowed housing associations to use for that purpose.

The re-definition of target groups that housing associations are allowed to accommodate links up with the wider discussion of the role and scope of social housing providers and the type of rental or housing markets in which they operate. We could say that, in the case of Company E, the trend is to go from a residual to broader system. While in the past housing associations in England could not house middle classes, now that possibility has opened up thanks to the 'affordable rental' product. In the case of Company N, however, we could hypothesise that it is going from a broad to an increasingly residual system. The ruling reinforces a narrower target group already defined by company N as their core business over the last years (low income households). In this context, a key question emerging would be how to balance core business/target group with an additional target group? Is it possible to be effective on both fronts?

2 Risk taking

Links to risk taking by other housing associations in their respective countries, in extreme cases where excessive risk taking that ended up badly featured as national scandals that tarnished the reputation of the sector as a whole (especially in the Netherlands) and eroded or weakened public trust in housing associations. In the case of Company E, there is a strong criticism of housing associations that take risks in an irresponsible way, letting the discretionary come before their core business, and relying on the government to rescue them if things go wrong. In both cases, these companies see caution and measured risk taking as a core value, part of their financial health (in particular Company E).

However, it is interesting to see to what extent this attribute (i.e. low level of risk taking) corresponds to the idea of 'social enterprise' which features risk taking as one of its core characteristics (e.g. EMES definition of social enterprise). What is the threshold for a social enterprise in terms of risk taking? While housing associations claim to take risks in the sense of accommodating households that might be unable to pay their rent, and claim that what distinguishes them from commercial developers is precisely the willingness to do this, at the same time these organisations eschew a more risk-prone attitude in other fields. So, what defines the 'risk field' of housing associations?

In both cases, the approach to risk of these companies can be described as conservative, cautious and moderate, as compared to their national counterparts. Two aspects stand out: firstly, the concern about maintaining a sound financial position of each company, and secondly, the uncertainty about penalties in both cases. In the latter case, both companies are measuring risk against the likely sanctions they would experience in case of non-compliance with regulatory expectations.

3 Position within the housing association sector

Both have a high profile and a good reputation regionally and nationally, and the capacity to influence. Both take leadership role at sector level, at regional and national scale. This feature can be seen through the lens of institutional entrepreneurship and/or institutional work, again. As an attitude, an intentionality, a sign of agency. An awareness of a degree of power they hold and a willingness to act upon it to shape the structural forces that push to define their mission and field of activities.

However, an important difference is the relative position vis-à-vis the market and community of each of these companies. While Company E is considered at the very commercial end of the spectrum in their country, Company N sits closer to community, although maintaining financial discipline and a rational administration.

4 Position vis-à-vis commercial developers

None of them rejects the possibility to make profits; furthermore they see it as a condition for the fulfilment of their mission. However, profit is seen as secondary, not

the purpose of the organisation – and this is what distinguishes from commercial developers. In addition, in the case of Company N, they have a clear wider, community orientation, which differs greatly from most commercial developers. In the case of Company E, however, social and community activities are more directly and strictly linked to a business case, i.e. they are justified as necessary or helpful to fulfil their core mission. In Company N, however, the discourse is much more openly linked to a moral obligation to improve the communities where they operate, linked to a public responsibility. Interestingly, however, the justification of this public responsibility differed slightly in the formulation by the former and the current CEO of Company N: while the former CEO considered it as part of a civil society ethos and a social enterprise identity, the current CEO sees it as part of the mission of a ‘semi-public’ organisation, as he describes their company.

A new aspect emerging as a consequence to the respective regulatory changes in each country is the possibility to enter the private rental market in each case. Both the affordable rental product in England, and the need to strictly separate SGEI from non SGEI (i.e. commercial from non commercial activities) in the Netherlands, seems to be leading housing associations in each country to enter the private rental market and therefore enter direct competition with commercial operators. It will be interesting to see the development of each market segment in the respective countries, as well as the consequences for competition regulations in the case of England, where housing associations still receive subsidy while competing in the same market with private landlords.

5 Relationship with the State

The companies are neither ‘confrontational’ (or ‘rebels’) nor submissive (‘followers’). Both companies see the State as their legitimate counterpart. Company E is critical yet dialogic, i.e. it engages in a rational debate with policies, even while considering them ideologically motivated, irrational and poorly thought. They use intelligence, data and evidence to put their case forward, as well as networking, coalitions and other power mechanisms. The position of Company N vis-à-vis the State, as seen earlier, has to be distinguished according to the former or current leadership. While the former stressed independence and a civil society ethos as core values, the current CEO defined the company’s identity as ‘semi-public’ and therefore saw the relationship with national government more in terms of subordination, however with a degree of critical autonomy.

6 Impact of the critical incident on the company’s core mission

At individual level, we see a relatively low impact of the respective critical incidents on each company’s strategy. However, in the case of Company E this impact is stronger in comparison to Company N, as reflected in the need to update some of their strategic objectives mainly as a result of the regulatory changes. In Company N, as findings showed, important strategic changes were underway as part of the internal process

of reorganisation, and only specific technical changes were a direct consequence of the ruling (matching portfolio with financial strategy; adjusting systems to register incomes, etc.)

Another aspect of the impact of the respective critical incidents is how the aggregate impact of the former will play out in each case at sector level, i.e. whether the possibility (or need) to house middle income families as a commercial activity by Dutch housing associations and through the new affordable rental product in the English case, will result in a shift in the opposite direction but ultimately leading towards a convergence of both countries, i.e. from residual (dualistic) to increasingly broader (unitary) in England, and from broad (unitary) towards increasingly residual (dualistic) in the Netherlands.

§ 7.3.3 Behaviour variables

As shown in Table 35, only two themes can be considered common to both companies in terms of behaviour variables. These could be summarized under the headings: 'Asset management' and 'Impact of the critical incident on the company's strategy'. In addition, the table features the three main themes that featured most prominently in either one or the other company.

Themes	Company E	Company N
Asset management	Self-depiction as defensive / passive. Scope to do more with their assets (commercially)	Matching asset categories with target groups. Additional complexity added by finance aspect of the ruling.
Impact of CI on company strategy	Less emphasis on 'financial strength' and 'customer services'	Marginal impact
Development	Part of core business: Growth strategy; influence policy; retaining capacity.	Desired but not as essential
Cross-subsidizing	Opportunity with affordable rental model?	Not allowed anymore by new regulatory framework.
Regional awareness	Limited to same size/profile companies. Influence.	Part of ethos. Culture of regional collaboration. Shrinking area.

Table 35

Behaviour variables: Comparative overview of main themes featured in each company

§ 7.3.3.1 Themes that featured prominently in both companies

1 Asset management

One field in which Company N seems relatively more innovative and proactive than Company E is their asset management strategy. Even before the occurrence of the critical incident, the company realized the need to better match their tenant groups with their assets in order to respond to changing needs. Furthermore, they started to work on a 'portfolio management strategy' (PMS) underpinned by systematic analysis of both their assets and their demand. The ruling added a degree of complexity to this process, and brought about the need to restructure the company's assets' portfolio according to the new financing rules (commercial vs. social). Hence, the company was in a position to combine both processes (internal and externally driven, respectively) to try and achieve an optimal match.

On the other hand, Company E acknowledged that in general they could 'do more' with their assets; they depict themselves as defensive or passive in this domain, in particular on the commercial aspect. They link this reflection to a general and long-term process taking place in the sector, namely the increasing need to become proactive with assets as a way to raise money for activities for which State grant is not available anymore. In the view of the Director of Finance, while the critical incident might not change the social ethos of most companies, it might change the way they look at their assets.

2 Impact of the critical incident on the company's strategy'

The impact of the respective 'critical incidents' featured in both companies as a relevant theme, however with different implications. In Company E, it was recognized that the changing regulatory environment was having an impact at strategic level, which was reflected in the changes of two of the objectives of their corporate plan. It is worth noting, however, that these changes didn't change the content of these objectives, but were formulated in terms of a more moderate emphasis on each, namely on: 'financial strength' and 'customer services'. This ties in with the financial character of the regulatory change in question, as well as with the debate held within the company on the level of service quality and customer satisfaction. To recall, this was one of the aspects debated in the first stage of the study, in relation to the regulatory changes with regards to tenant's satisfaction put in place by the government at that time. While the regulatory context changed significantly between that period and the period covered by the critical incident, it is worth noting that the level of customer services remains as a contested topic. In the case of Company N, the impact of the critical incident was much lower as compared to Company E. Although initially thought as a strategic decision, as seen earlier, internal changes such as the arrival of a new leadership and the increasing prominence of the company's reorganisation pushed the company's decision on the ruling to the background.

§ 7.3.3.2 Themes that featured prominently in one or the other company

In the case of Company E, 'Development', 'Resource (re)allocation' and 'Cross-subsidization' featured particularly strongly. In Company N, 'Regional collaboration' was a particularly recurring theme. The following paragraphs refer to each of these themes in both companies.

1 Development

In the case of Company E building new homes is regarded as part of its core business. In that sense, the discussion about the bid (namely, how much to develop given the new grant levels) stood at the core of the process. Three aspects were key in this discussion: growth as key part of the company's strategy; the capacity to influence policy, that is largely determined by a housing association that is 'in the development game'; and the internal need to retain capacity, both in terms of physical stock and human resources.

2 Cross-subsidizing social housing

For Company E, a key question is whether this will (still) be possible in the new environment thanks to profits from affordable rental. For Company N, in principle this would be forbidden by the government ruling as a social activity; it would be considered a commercial activity and would therefore have to be financed via market loans, which would render it much more expensive. However, profits from sales could be used to build new housing.

3 Regional awareness

Company N responds to a community mission linked to their regional embeddedness, unlike Company E whose properties are dispersed across the country and respond mainly to their individual organisational goals. In addition, in Company E there has been a shift from inherited identities (council housing, philanthropic) to a new, centralised corporate identity as 'business for social purpose'. In Company N, on the other hand, their sense of regional identity might also be linked to a strong regional solidarity, often in conflict with the State authority. However, as seen in the case of the new leadership in this company, there is a (new) will of self-definition as a 'semi-public' organisation and hence a higher degree of recognition of the State's authority.

§ 7.4 Conclusions

The study of a critical incident in each company showed that the process of making strategic decisions is fluid, and findings reinforce our conclusion of the second phase of the study, namely, that strategic orientations are not fixed in time and don't lend themselves to static classifications. In this process of value re-assessment and the consequent choice of courses of action, an interplay of external and internal factors takes place. Amongst the former, findings of this study highlight the importance of sector politics and discourses. In addition, the (public) definition of the role and scope of social housing providers is underpinned to a large extent by the different ideologies represented by the government party. As seen in our analysis of the critical incident, the radical shift in socio-political value frameworks and meanings of social housing plays a significant role as an external factor (re)defining the identity and behaviour of these organisations. Amongst the internal factors, our study highlights the role of leadership and management cultures.

When looking at the changes in the position of each company vis-à-vis the three contextual spheres of influence, we see not only a shift in their position within the 'triangle', but a change in their respective governments' position. In the English case, a cultural change took place in the public sector, triggered by the change of political ideology in government over the course of the study. From a 'public sector ethos' to a neoliberal agenda, Company E found itself in different a different position in the triangle, vis-à-vis the respective government agendas.

In company N, the study of the critical incident captured glimpses of a change in management culture, from a 'social entrepreneur' ethos, which stressed a broader community mission and independence from the State, to a 'public management ethos', characterised by a stricter attachment to government policy in the definition of the mission and scope of activities of the organisation.

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PART 3 **Developing emerging theory**



8 Discussion

§ 8.1 Introduction

This chapter discusses the findings presented in chapters 5 - 7 with a view to answering the three research questions of the PhD research. In doing so, it develops a number of theoretical propositions (Eisenhardt & Graebner, 2007) emerging from the findings, and relates them to specific aspects of the theoretical framework presented in chapter 3.

To recall, the three research questions of this study are:

- 1 How are contextual developments impacting on the missions, values and activities of social housing organisations?
- 2 How do these organisations position themselves vis-à-vis the State, the market and community?
- 3 How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?

§ 8.2 How are contextual developments impacting on the missions, values and activities of social housing organisations?

Evidence from this research points to different types of relationships between contextual drivers and the missions, values and activities of social housing organisations. These relationships are illustrated by six propositions. It is important to bear in mind that these relationships can be looked at from both a short and a long-term perspective. In other words, as the propositions will show, different contextual drivers operate on different time scales.

Proposition 8.2.1: Market and State drivers have a relatively stronger impact on social housing organisations as compared to Community drivers.

Findings from this study, in particular from the critical incident, show that short-term changes in the State and market spheres exert a comparatively stronger influence on the social housing organisations under study, as compared to the impact of the community sphere over the same time span. In other words, at least in the short term, community developments seem to have a relatively weaker impact on these social housing organisations. This can partly be explained by the choice of critical incident and strategic decision in each case, which were of regulatory nature (State driver) with strong financial implications (market drivers). However, when looking at the answers on contextual drivers given at the beginning of the PhD, the type of State and market drivers mentioned by interviewees were also more precise and immediate in its effects on the companies' organisational developments as compared to community drivers. This can also be explained by the very nature of certain community and social developments, which tend to unfold over longer time spans. In addition, social changes and processes are more difficult to define and measure, and hence tend to remain fuzzy, lacking the sense of 'urgency' that economic or political events might have.

This raises the question as to whether the case study housing associations both tend to give lesser attention to community drivers in their decision making, as compared to other housing associations. One possible explanation might be that the case studies were both large organisations that had outgrown direct community links, thereby limiting the relative importance of the community driver. Another possible explanation would relate to the fact that that in both cases, companies were moving towards corporate decision making models rather than locally negotiated models during the research period (see Sacranie, 2012 on Company E).

Nonetheless, evidence also shows that, to different extents, both companies showed continuous awareness of the importance of long-term social and demographic drivers for their operations throughout the period covered by the research (as explained in chapters 5 - 7). This is illustrated, for example, by the creation in Company N of a new department of prospective analysis (focused on innovation, knowledge and society) following the recent restructuring process. The new department is aimed at responding to changes in the demand for social housing that the company is experiencing. This concern about engaging with local stakeholders, however, preceded the new administration, and took the shape of a number of fragmented initiatives to engage with the local communities (or with what the company called 'society'). Amongst these were 'stakeholder conferences' both at regional and at the (then) operational level, where the then CEO and a group of senior executives gathered with local stakeholders (including, for example, representatives from the local authorities, residents, and other social and community groups) to discuss what they expected from the company

and seek ways of collaborating. The creation of the new department responded to the realization of the need to systematize and capitalize on these dispersed initiatives.

'(...) it's about the economy but also about demography; young people going away... [it's important to study] the link between economy and demography' (ex CEO, Company N, 2009 seminar with companies)

'(...) stakeholders are very key, as well as customers. [We have organised] stakeholder conferences, let them vote on the decisions, not to decide but give them a feeling' (ex CEO, Company N, 2009 seminar with companies)

In Company E, the effort to systematize community initiatives crystallised early on in the post-merger period by the creation of a community investment programme (including health, education and employment related activities) as well as by a corporate social responsibility policy. A Foundation was established to fund some of these activities and a new director was appointed to manage this fund. The rationale behind these developments was to target small social and community activities focusing on the company's tenants rather than invest in the 'wider' community.

Furthermore, an awareness of the implications of the critical incident for potential tenants was reflected in the intense discussion on the issue of 'affordability' in relation to any new rental policy following the regulatory changes (critical incident). Thus, although indirectly and somewhat in the background to the upfront financial and policy deliberations, community aspects were taken into consideration at least by some members of the executive teams in each company.

The above would lead us to conclude that occasionally some drivers receive more attention than others because they represent current (or 'burning') challenges for organisations.

Proposition 8.2.2: Market and State drivers have a knock-on effect on Community drivers.
.....

When taking a short term 'snapshot' view of the influences between each of these spheres, findings from the critical incident study showed that short-term drivers in the market (i.e. the economic crisis) and State fields (changing regulatory contexts, austerity measures) had a knock-on effect on community drivers. In other words, the community sphere was affected by developments in the market and State domains in the short term.

This was the case in England in particular, where the new coalition government introduced severe austerity measures including not only sharp changes in the financial model of the social housing sector but a major shake up of the welfare system. A combined result of the former two short-term developments in the market and State domains, respectively, were the social impacts that these developments triggered on the community domain. These impacts took different shapes, including: rising unemployment, and more importantly, a rise in lower wage part time working, which has cushioned the increase in unemployment for some groups but under 25s are experiencing a significant reduction in paid employment; reduced social benefits, lack of mortgage credit, especially through increased deposits to 20 or 25 per cent excluding first time buyers; and a series of related social problems affecting both vulnerable and middle income households as a result, the later labelled “squeezed middle” in politics (Parker, 2013) or “generation rent” in housing (Alakeson, 2011; Pattison, 2010).

In the Dutch case, the short or medium term drivers studied in the critical incident (changing regulatory framework) proved relatively more important for housing associations compared to market drivers and community drivers, respectively. Research by Gruis and Nieboer (2011), for example, identified a shift away from market activities by Dutch housing associations due to higher risk concerns in the face of this new economic environment.

Proposition 8.2.3: State drivers pose continuous exogenous shocks to social housing organisations.

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Fligstein and McAdam (2011) recognize that the State holds a special place in the relationship between strategic action fields in the face of what they term ‘exogenous shocks’: “[i]n a modern world state actors alone have the formal authority to intervene in, set rules for, and generally pronounce on the legitimacy and viability of most non-state fields. This grants to states considerable and generally unrivalled potential to impact the stability of most strategic action fields. [However,] on closer inspection states contain myriad social orders whose relations can be as conflictual and constraining as any other fields.” (2011, p.8)

Findings from this study reflect the above. Key State drivers in both companies were *increasing regulatory pressures on housing associations* in their respective countries, albeit in different shapes. In England pressures at the time involved tighter regulation on housing associations, notably in terms of performance assessment and tenants’ empowerment that characterised the outgoing Labour government at the time. Later, however, we saw a U-turn with the coalition government, featuring a drive towards

deregulation and the push towards the localism and big society agendas, which apparently emphasized greater community involvement in service provision. However, here we argue that despite the deregulation discourse of the latter government, such agenda has not been implemented in practice, and government policy has still an overwhelming weight amongst the contextual drivers of housing associations in England.

"(...) we did lobby for flexibility, we felt that (...) the current model for investment in and delivery of social housing has been too inflexible and has focused almost exclusively on one group of people at the exclusion of all others. (...) Our proposition was to use a small proportion of the housing stock for those on lower earnings to enable them to get access to housing, which, at the moment, they don't get access to at all." (CEO, Company E, 2011)

In the Netherlands, on the other hand, increasing regulatory pressures were described mainly in terms of fiscal and financial pressure from the State on housing associations, and not so much on their direct dependence on government (housing) policy. As described in chapters 2 and 5 - 7, before and during the period covered by this study, Dutch housing associations faced mounting demands from the State to contribute financially to wider urban policy goals, for example, through the *'Vogelaar heffing'*, and to pay even more than commercial companies. These requests responded to a great extent to the general perception in the country of Dutch housing associations as (too) rich and therefore liable to increase their contribution to public policy goals (e.g. Gruis & Nieboer, 2006; Nieboer & Gruis, 2011).

It is worth noting that the views on this issue differ amongst housing associations, depending on a variety of factors, such as geographical location, size, organisational culture and leadership, etc. While some housing associations fiercely resist any attempt from 'the State' (meaning, central government) to 'tell them what to do' and hail their independence as a core value, others take a more nuanced approach and acknowledge that housing associations are 'semi-public' organisations that can contribute more to society as a whole. However, the ways in which to contribute are subject to debate. The general view amongst housing associations in the Netherlands is that that contribution should happen at local level, where housing associations have their base. Some, as in the case of the former CEO of Company N, believe that housing associations should be 'agents of change' in local communities, and see as part of their mission to do more with their assets. This differs, however, from the view that central government is best placed to fulfil these general interest aims through redistribution.

'Social entrepreneurs can also have an 'emancipatory' role: give the tenants more influence' (ex CEO, Company N, 2009 seminar with companies)

A second driver that featured as important in both companies were the *decreasing public funds*: as explained above, this State driver was particularly felt in England, where Company E recognized a steady trend towards Stage disengagement from direct funding of social housing. Furthermore, there is an increased conditionality of such funding so that it has transformed social housing itself into affordable housing rather than adding an affordable housing role for housing associations, as the CEO of company E had wanted.

A third aspect highlighted by companies as shaping the relationship with the State was *local government's often lack of / or weak institutional capacity and resources*. Hence, the 'welfare gap' and how to work in partnership are main challenges. This was a constant feature in both companies. On the one hand, both recognize that there is a case for filling that gap so as to be able to fulfil their mission. On the other hand, in the case of Company N there is a wider 'moral' or 'societal' rationale for taking on that role.

Proposition 8.2.4: The relationship between market drivers and social housing organisations is marked by volatility since the global economic crisis.

.....

The relationship between social housing organisations and market developments over the course of this study was plagued by medium- and long-term uncertainties brought about by the economic crisis. The global financial and economic crisis drove down the demand for home-ownership in its initial phase. In the case of Company E, this had a negative impact on their cross-subsidy model (lower sales for shared-ownership) and affected the value of their asset base. Both companies recognized that the housing market was undergoing a reconfiguration as a result of the crisis – although at the time it wasn't clear in which direction it would go in the medium term. Both put in place actions based on flexible tenure / asset management.

" (...) in the UK the financial crisis has been quite difficult. There's been lots of changes in the housing environment." (Senior executive Company E, March 2011)

On a positive side, in an initial stage the crisis brought along opportunities to team up with private developers eager to share risk or to sell off sites and unsellable properties to housing associations. In the medium term, however, this proved short-lived as the crisis deepened and greater austerity measures limited the capacity of many housing associations to respond to these schemes, in the case of England.

Long-term perceived uncertainties refer to the shape in direction in which housing markets will develop in different areas in each country. Both companies recognized deep regional divides in their respective countries, which shape the contexts within

which housing associations operate. With the economic crisis, it is less certain than usual how these different markets will evolve.

Proposition 8.2.5: Contextual drivers are reinforcing the long-term trend of residualisation of the social housing sector.

The long-standing trend towards residualisation of social housing in many Western European countries described in chapter 1 was found to deepen in England and the Netherlands as a result of all three contextual drivers. Both companies recognized a trend towards an increasingly diverse and polarised demand for social housing in their respective countries, with a growing proportion of 'vulnerable tenants' i.e. tenants facing deep disadvantage, such as the long-term unemployed, disabled, etc.

In the Netherlands, interviewees from Company N recognized that as a result of the economic crisis (market drivers) and regulatory reforms to social housing (State drivers), the Dutch social housing sector as a whole would shift away from a universalistic conception towards a more targeted or residualised sector. It is worth noting, however, that both regional differences (i.e. richer vs. poorer areas) as well as other factors (e.g. size, financial position, etc.) of different housing associations would determine the way in which each of them would respond to the new policy environment (i.e. the ruling) and (re)define or not their respective target groups. In the case of company N, the view was that as a result of the ruling they would reinforce their 'social' mission, meaning housing a more targeted group (i.e. increasing the prioritization of people in housing need).

'With the EU ruling the low income target group becomes more and more the core business of housing associations and even their real business.' (exCEO Company N, March 2010)

'Our choice is social (...) we need to focus on our core business.' (CEO Company N, March 2010)

'But in other regions (hot markets) people are trapped because they earn too much for a social housing dwelling and too little to afford a house of their own limit. (...) It appears that a national legislation is not realistic in view of these regional disparities.' (Executive SPA, Company N, June 2010)

In the case of England, Company E recognized the trend towards residualisation of the sector to have sharpened since the beginning of the economic crisis.

'The recession is inevitably leading to a worsening of the economic position for those tenants who meet all or part of their own rent bill.' (Senior executive B, Company E, 12/2009)

However, in addition to the impact of the economic crisis (market driver), the ensuing austerity measures put in place by the coalition government in England (State driver) have amplified the negative impacts of the former on the community domain. This confirms views by commentators on the negative impacts that the coalition government's social housing and welfare reforms are likely to have on tenants in the England. These refer not only to an even stronger drive towards residualisation in England (Pearce & Vine 2013) but also to a deepening of housing exclusion across tenures¹¹ (Fitzpatrick et al. 2012).

Thereby, this not only coincides with the knock-on effect described in proposition 8.2.2, but also adds the effect of increasing poverty and social exclusion (community drivers) on the social housing sector. A study¹² conducted amongst housing associations in England showed that a large proportion of them are expecting the coalition government's welfare reforms to have a considerable impact on their tenants and operations. Housing associations expect some tenants will be unable to keep up with their rent following welfare reform leading to an increase in the number of evictions for arrears. They also believe the social rented sector is likely to be placed under even greater pressure as those unable to meet their needs in the private sector turn to the social rented sector for a solution.

The above also coincides with earlier reports on the belated visibility of the social effects of the crisis (FEANTSA; Pittini & Laino, 2012). The lag-effect of the social impacts of economic and State drivers was clearly reflected in the interviews conducted in this PhD research, with executives speculating on the likely impacts of these changes for their tenants and operations. However, as explained above, a general trend is for market and State drivers to sometimes push community drivers to the background.

11 <http://www.jrf.org.uk/blog/2012/12/2012-review-decade-destitution>

12 Study conducted for the National Housing Federation by Ipsos MORI and the University of Cambridge (April 2013).

Proposition 8.2.6: In the long term, contextual drivers interact with each other and with social housing organisations in a mutually shaping relationship.

While in the short term some contextual drivers might have relatively more weight than others in the strategy formulation of social housing organisations, all three drivers exhibit long-term trends that interact with social housing organisations in a process of mutual influencing (in our conceptualisation), similar to the idea of Giddens' process of structuration (Giddens, 1979, 1984) and Maturana and Varela's concepts of 'autopoiesis' and 'structural coupling' (Maturana, 1980). Over the course of the research, long-term trends that stood out in each domain were socio-demographic change (community), increasing withdrawal from the State from welfare provision (State) and greater pressure on social housing providers to become self-sufficient (market).

In the short to medium term, however, mainly market and State drivers were identified as relatively more prevalent than community drivers in the strategy formulation of social housing organisations. An example was the case of changing government ideology (State domain), as illustrated by Company E in this study. As seen in chapter 5, the Labour government's attempt to increase regulation on housing providers in 2008 was described by Company E's executives as trying to instil in housing associations a 'public service ethos'. In other words, that particular government was perceived as strengthening the influence from the State domain on housing associations. This was met by a reaction that stressed the sector's 'independence' from the State, as exemplified by the unease expressed by Company E with the emphasis on tenants' rights pushed by the government at the time. Hence, as illustrated by Figure 32, the position of company E would be farther away from the State domain in this case, while government would be pushing to increase its dominance. In turn, with the advent of the conservative-liberal democrat coalition in 2010, the government shifted to a 'less State' position (illustrated by a shift towards the market in the figure). In relation to this new position of the government, housing associations would be positioned further towards the centre.

Recognizing the dominance of the State in the relationship with housing associations, Lupton and Leech (2011) state "[g]iven the reliance on central government grant and significant levels of regulation, as the sector has grown, its activities have closely followed government-defined priorities". (Lupton & Leech, 2011, p.10) Furthermore, the same source quotes a CEO of a housing association interviewed for the study, as acknowledging the largely State-driven relationship between government and housing association until this day: "This focus on government designed frameworks has however constrained [housing associations] from developing in innovative ways." (Lupton & Leech, 2011, p.10)

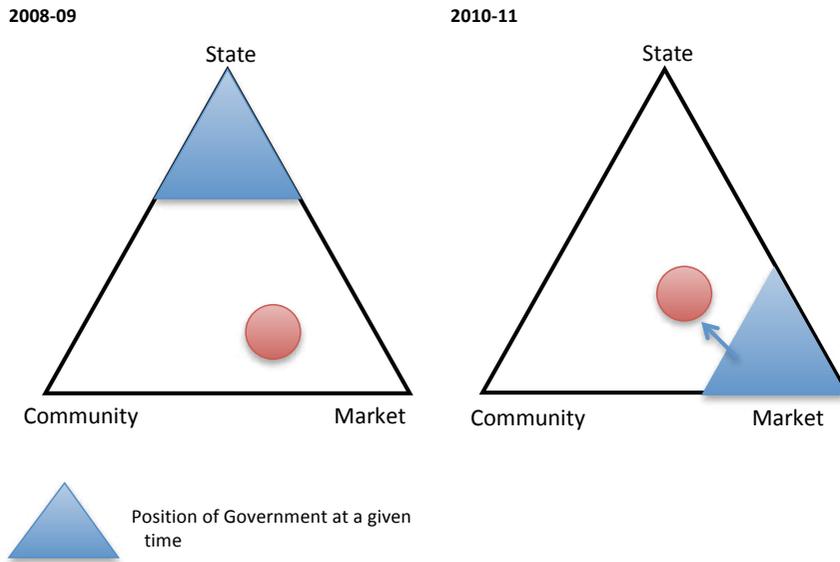


Figure 32
Interactions between the position of the organisation and the changing position of the government: the case of Company E (2008 – 2011)

Nonetheless, two policy discourses pushed by the coalition government have suggested a movement in a community direction as well, namely: the Localism and Big Society agendas. Both emphasize a stronger role for civil society organisations in the delivery of social services, including social housing. These agendas have been excluded from this diagram for the purpose of simplicity. Furthermore, the actual outcomes (if any) of both the Localism and Big Society agendas, respectively, are outside the temporal scope of this research.

An interesting question for further research would be how this repositioning from the government would affect the relative position of different housing associations. Referring to the impact of localism in social housing delivery, Lupton and Leech (2011) point out, “[i]f housing associations are to move beyond their current relationship with Government, they need to be able to demonstrate that their policies are genuinely based on the needs of the communities and individuals who they are there to serve.” (Lupton & Leech, 2011, p.7). Although an in-depth investigation into this issue goes beyond the scope of this PhD research, the point to be made here is the dynamic and mutually dependent positioning of housing associations and specific governments (i.e. party-political dominance within the sphere of the State) at different points in time.

§ 8.3 How do these organisations position themselves vis-à-vis the State, the market and community?

This section addresses the second research question by drawing on the classification developed in chapter 3 to describe the relative alignment of each organisation with one or more of the three contextual domains (State, market and community). In addition, the concept of 'institutional entrepreneurship' (DiMaggio, 1988; Fligstein, 1997; Garud et al., 2007; Maguire et al., 2004) is applied to describe the ways in which this positioning occurs.

Proposition 8.3.1: Descriptor variables demonstrate the hybrid formal characteristics of social housing organisations, but do not account on their own for their position in relation to the State, market and community.

The study's conceptual starting point to understand the position of social housing organisations vis-à-vis State, market and community regarded these organisations as hybrids, which combine features from each of these domains in terms of its descriptive characteristics, motivations and behaviour. In chapter 6 a classification framework developed by this study was applied to the company case studies to pin point this position on each domain, and tested some hypotheses on strategic orientations. The classification model allows us to see the variety of apparently contradictory features that one and the same organisation might bring together. The descriptor variables, in particular, illustrate the mix of formal characteristics that may be found in one single organisation. The issue of legal status is a case in point; how to define an organisation that is governed by different types of laws (public and private) on different aspects of its operations? The impossibility to use existing, legalistic categories to label many of these organisations begins to tell us about their complexity.

As shown in our findings chapter, the diverse array of descriptor variables that define one single organisation tell us about the diverse elements of which it is 'made' i.e. the bringing together of features from different spheres (State, market, community, and mixes of these). This is useful to understand the hybrid formal nature of these organisations. However, findings also point to the existence of 'mixed logics', i.e. apparent inconsistencies between stated mission and values ('motivator' variables) and the activities these organisations carry out ('behaviour' variables). This is the case, for example, when different types of motivations justify specific actions undertaken by different parts of the organisation. This raises the question on whether hybridity matters for effective management.

Furthermore, this finding could signal a different meaning of hybridity, one that is characterised not only by a mix of logics but by “logics in action”, contradicting logics as espoused. While these might be interpreted as contradictions in terms of a mix of motives and actions, it also shows that these organisations operate according to multiple logics or “multiple rationales” (Jäger, 2010), which cannot be explained by just looking at the organisations’ formal characteristics. This is a relevant point as in public policy there is often the tendency to look at organisations (i.e. providers) through limited (formal) lenses, mostly legal status or organisational forms.

Findings of this research show that the multiple types of motivations and behaviours in these organisations need to be looked at in conjunction. This points to the shortcomings of a static classification that doesn’t take into account changes within the different ‘cocktails’ of strategic orientations or different types of variables that these organisations adopt while facing concrete ‘critical incidents’, for example. Thus, a dynamic or diachronic approach was adopted in the next stage of the research to understand the process whereby these companies make decisions, i.e. how they manage or balance the inherent tensions of their hybrid condition.

Proposition 8.3.2: Social housing organisations are constantly balancing contextual pressures to (re)define their mission.

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Beyond the tensions between commercial (i.e. market) and community imperatives widely acknowledged in the literature (Brandsen et al., 2006; Heino et al., 2007; Jäger, 2010), recent changes in the policy framework for social housing providers in England and the Netherlands show tensions between the specific organisational missions of these social housing providers and the (changing) mandate as defined by new government policy. The latter can be interpreted in terms of ‘coercive isomorphism’ (DiMaggio & Powell, 1983), which refers to convergence amongst organisations triggered by regulatory pressures to conform. The difference between mission and mandate in non-profit organisations (Minkoff & Powell, 2006) is a helpful distinction particularly when dealing with this type of regulatory pressures. While a mission is “concerned with creating social value or contributing to the public good” (2006, p.593), a mandate is “imposed by external bodies, be they funders, governments, or standard-setting or accreditation agencies. (...) The tension between mission and mandate underscores how divergent internal and external influences can be.” (Minkoff & Powell, 2006, p.593).

For example, the sector identity in each country, at least officially represented by their respective national federations, exerts a degree of pressure on housing organisations to conform to this identity. Following DiMaggio and Powell (1983), the latter can be conceptualised as ‘normative isomorphism’. However, findings show in both cases their respective leaders (CEO in company E, and especially the first CEO in company N) confronting these isomorphic pressures by undertaking a variety of actions to influence their peers. These actions include, for example, engaging in a series of activities that led them to profile themselves as role models or leaders amongst organisations sharing similar characteristics be it in terms of size, financial strength and/or geographical coverage.

However, evidence points out to a fractured sector in both countries, with different players operating according to different logics (see Mullins, 1997; Jones, 2013). A leadership vacuum seems to have emerged in terms of defining sector identity in the face of this mandate shift, respectively; at the time of writing, many point out to a lack of a ‘unified voice’¹³ or single strategic action field (Fligstein & McAdam, 2011) in the sector on the role of housing associations, a phenomenon that can be interpreted as ‘multiple strategic action fields’. For example, in the Netherlands Aedes lobbied for a more open definition of social housing organisations, abandoning the earlier effort to position the sector within the umbrella of ‘social enterprises’. More recently, the latter definition has been dropped to leave a perceived vacuum. The identity of housing associations is undergoing a transformation in both cases, although it is not completely clear yet what shape it will take.

Hence, we can conclude that, despite pressures from the environment for mission conformity (other housing associations, lobby groups, etc.) and/or from the government (changes in mandate), each housing association carries out an internal reflection on who they are and what they are there for, and try to muddle through external pressures to fulfil their own mission. This, however, requires a degree of compromise – what Jäger defines as ‘balancing tensions’. Section 8.4 develops a number of propositions dealing with the way in which this balancing exercise is carried out in the daily practices of senior executives of these organisations.

Proposition 8.3.3: Social housing organisations exert different degrees of agency in their positioning vis-à-vis State, market and community

In assessing the capacity of these organisations to shape the environment within which they operate, or their position within it, the concept of agency proved useful. As seen at the end of chapter 5, the study identified a continuum of actions that organisations undertake to relate to contextual changes, ranging from 'reactive' to 'proactive' and to 'strategic' types of behaviours. These actions or different levels of agency were found happening simultaneously as well as sequentially in both cases.

The critical incident in each case showed the existence of 'field level conditions' (Leca et al., 2008) that may or may not enable the occurrence of institutional entrepreneurship amongst the housing associations under study. In both cases the selection of the respective critical incident (a significant regulatory change) meant that the 'socially constructed field level consensus' was disturbed and therefore there was an opening for the introduction of new ideas. In particular, evidence of significant presence of 'collective institutional entrepreneurship' was found, namely in the shape of national (and regional) federations representing the interests of social housing providers vis-à-vis the government and other stakeholders in their respective countries. In addition, the study found significant evidence of inter-organisational collaboration of regional or local groups of social housing organisations partnering to cooperate on specific issues, notably in the presence of such acute social problems. For example, the Chief Executive of Company E was at the time of this research's fieldwork the president of the g15, a group of the largest housing associations in London. This group aims to influence housing policy e.g. by commissioning research on key topics. In Company N, both the old and the current CEOs over the course of this research held a prominent role in regional associations of housing organisations, as well as in the national umbrella body for housing associations in the Netherlands, Aedes.

A third field level condition presented in chapter 3 was the degree of heterogeneity and/or institutionalisation in a given field as providing more or less opportunity for institutional entrepreneurship. The critical incidents under study showed that in both cases regulatory changes introduced heterogeneity in the institutional arrangement (Leca et al., 2008), which resulted in internal contradictions in each country's social housing sector. Evidence collected from both companies pointed to conflicting policy signals; for example, in the Netherlands government policy was considered to be blind to regional differences, while in England policies coming from the Department of Work and Pensions (welfare changes), on the one hand, and from the Department of Communities and Local Government (social housing), on the other, seemed to be at odds with each other. Did this heterogeneity create fertile ground for institutional entrepreneurial behaviour in each case? In the case of Company E, we saw the rent policy discussion as exposing these contradictions; at company level, their approach

was to take 'controlled risks' to develop homes in a riskier environment. However, since the study of the critical incident did not stretch to the implementation and evaluation stage of this new policy, we would not be able to assess the degree to which the company exerted agency through this policy. In Company N, the approach was much more restrained, particularly in the first phase, when the full extent of the consequences of the new regulatory environment was not clear yet. Overall, we can conclude that in none of these cases was there evidence to sustain that increasing heterogeneity was a clear catalyzer of institutional entrepreneurship.

§ 8.4 How are competing values enacted in the decision-making process exercised by these organisations vis-à-vis these contextual drivers?

To answer this question we draw mainly on findings from the critical incident study carried out in the framework of this PhD research. As explained in chapters 4 and 7, decision-making processes can be regarded both in terms of its formal and content (motivator and behaviour) aspects. We discuss these findings through a series of propositions addressing each of these dimensions.

§ 8.4.1 Formal aspects

Proposition 8.4.1: Different modes of decision-making co-exist in the process

Findings show that different modes of strategic decision-making (Wheelen & Hunger, 2008) coexist in each of the companies under study. Company E's decision-making process could be characterised as a mix between Mintzberg's (1973) 'planning mode' and the 'incremental mode'. The former was reflected in terms of the clear structure of the process followed and the degree of rationality involved in the justification of every aspect of it. The second mode, however, matched the open and dialectic working method of the group in charge of making the decision. In addition, insights about the company's leadership style beyond the specific 'critical incident' study point to an element of entrepreneurial mode, where one powerful individual makes strategy: the CEO. However, in this case the focus was not only on opportunities and neither are problems regarded as secondary, contrary to Mintzberg's model.

In company N these modes varied over the period of study. Its decision-making process with regards to the critical incident could be defined differently depending on the stage at which it is looked at: while at the beginning the role of the then CEO was very prominent, setting the agenda and defining the way forward in an 'entrepreneurial mode', the 'transition' period (as described in chapter 7) was marked by a more 'adaptive mode', which seemed to follow reactive working methods (setting of short-term and small working groups with defined tasks, temporary leadership, commissioning of ad-hoc studies). The last stage, however, seemed to go back to a mix of 'entrepreneurial mode' (with the incremental influence of the new CEO) and 'adaptive mode'.

Findings show that in these housing associations commercial-style decision-making modes do exist, which is somewhat at odds with literature on third sector organisations that stress the specificity of not-for-profits in this regard. For example, the conspicuous absence of tenant involvement in both strategic decision-making processes does not match the EMES definition (Defourny & Nyssens, 2008) on social enterprise, where user participation is one of the core indicators depicting this type of organisations. When asked about the absence of tenant involvement, senior executives in Company E explained that a 'consultation' process would be organised, but only after the fundamental (business) decision was made by the group's executive team.

"(...) we will clearly need to have a consultation process with residents around the changes to our tenancy policies and our transfer policies because that would absolutely affect them. (...) But again, it will be after we've made the decision to go in for the affordable rent properties. So, in that sense, they won't be able to influence our fundamental decision making process." (Executive B, Company E, March 2011)

"(...)in a way that's why we haven't gone out to consult at the moment. Because (...) there is a danger that you just create more uncertainty." (Executive E, Company E, March 2011)

'We've kept [tenants] up to speed at resident area panels but we haven't involved them in making the decision.' (Executive A, Company E, May 2011)

In chapter 3 we presented different classifications of types of organisational behaviour, including Gruis's (2005, 2008) elaboration of Miles and Snow's (1978) distinction between 'Prospectors' and 'Defenders' and Stull's (2003) bipolar 'traditional' and 'innovative' management approaches. In addition, in chapter 5 we developed a typology of organisational behaviour in relation to the perceived impacts from contextual changes (first research question, table 18). The latter classification proposes three types of organisational behaviour, namely reactive, proactive and strategic.

The different types of behaviours developed in the above classifications could be regarded as complementing the above-described modes of strategic decision-making. For example, Mintzberg's adaptive mode resembles our 'reactive' type of behaviour, as well as Gruis Defender category and Stull's traditional management approach. Also, Mintzberg's entrepreneurial mode as well as Stull's entrepreneurial management approach bears some similarities with Gruis's Prospectors as well as with our 'proactive behaviour' category. However, an important difference between the latter and Mintzberg's entrepreneurial mode is that in our category opportunities are not only sought by 'one powerful individual', but could also be pursued by other members of the organisation's executive team. In addition, many of the features described in our 'strategic behaviour' category could be related to Mintzberg's planning mode. Overall, an important difference between of our typology and Mintzberg's is the fact that we only consider 'strategic' the third type, whereas for Mintzberg all three modes fall within possible approaches to strategic decision-making.

From the above analysis we can conclude that in these social housing organisations, just as in commercial or other types of organisations, a continuum can be found ranging from reactive/adaptive to proactive/entrepreneurial types of behaviour, entailing different degrees of rationality. But perhaps more importantly, we can conclude that these different types of behaviour can be found at different times or even at the same time in one and the same organisation. This matches Boyne's and Walker's (2004) observation, in the context of their study of public agencies, that "(...) we expect organizations to pursue a mix of these strategies and for the mix to change over time as public agencies confront new constraints and opportunities." (2004, p. 240). Thus, they consider inappropriate to apply the taxonomic criterion of 'mutual exclusiveness' to their classification and, we would argue on the basis of our findings, to any taxonomic attempt of organisational behaviour in social housing organisations. Hence, a synthesis model such as Quinn's 'logical incrementalism' appears more useful to understand this complexity.

Proposition 8.4.2: Participants use a variety of tactics to influence the decision-making process
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Both companies showed a variety of attributes of institutional entrepreneurship in their decision-making. As seen in chapter 3, institutional entrepreneurs are skilled actors who use a number of (political) tactics to influence the outcome of a decision. In our analysis, we distinguish between tactics used *within* the decision-making group (i.e. to influence one another over the process) and by the organisation as a collective actor *towards its environment*. Taking the conceptualisation presented in chapter 3 as a basis, Table 36 shows a classification of these tactics.

Level of influence Political tactics	Within the organisation		Towards the environment	
	Company E	Company N	Company E	Company N
Control of decision processes (internal only)	CEO defines decision premises, sets the agenda: - CEO decides to remove himself of the process and step in at key moments.	CEO defines decision premises, sets the agenda: - (First) CEO sets the agenda by introducing the topic in the company.	N.A.	N.A.
Control of knowledge and information	Conducts studies; scans policy signals, selects themes: - Different internal use of different studies; some inform, others confirm pre-existent intuitions or empirical knowledge.	Conducts studies; scans policy signals, selects themes: - Studies inform internal decision-making.	Conducts studies; scans policy signals, selects themes: - Publication and press dissemination of in-house and outsourced studies to influence government policy and public opinion.	Conducts studies; scans policy signals, selects themes: - N.A.
Ability to cope with uncertainty (external only)	N.A.	N.A.	Balancing caution with 'staying in the game'.	'Wait and see' approach.
Interpersonal alliances, networks and control of 'informal organisation'	Restricted to group executive team: - Small and tight circle of decision-makers with three or four relatively more influential individuals who control finances, investment and relationship with government.	Restricted to management team: - In the new administration, detachment between new CEOs and senior management in an initial period in relation to the strategic decision.	Social position / networks; access to resources, cultivates relationships: - At sector, regional and national level.	Social position / networks; access to resources, cultivates relationships: - At sector, regional, national and EU level.
Symbolism and the management of meaning	CEO frames strategically; narrates and theorizes change: - CEO is charismatic leader, perceived as knowledgeable and inspirational, with a clear vision for the organisation and for the housing association sector as a whole. Good communicator uses internal events to brief and inspire staff.	(First) CEO frames strategically; narrates and theorizes change: - (First) CEO perceived as leader with a clear vision for the sector but less so for the organisation. Second CEO gradually developing and conveying his view but unclear to what extent he communicates it to staff.	CEO frames strategically; narrates and theorizes change: - CEO uses charisma and knowledge to disseminate his views and vision through public speaking, sector-level leadership roles and media appearances.	CEO frames strategically; narrates and theorizes change: - CEO gradually developing a higher profile at sector level both nationally (joining the Board of Aedes) and regionally (leads regional collaboration initiative amongst housing associations).

Table 36
Institutional entrepreneurial behaviour in decision-making

Understanding the tactics used by different actors within the organisation in the decision-making process is important because it shows the ways in which different agendas are more or less able to influence the outcome and hence, how and why certain values are enacted over others at the end of the process. As findings in chapter 7 show, different departmental agendas in this type of organisation tend to clash and the use of power tactics may be decisive to steer the final decision in one way or the other.

§ 8.4.2 Content aspects

Content aspects refer to the values that inspire the organisation and are enacted through concrete actions. These stand at the core of the *raison d'être* of these organisations and hence are crucial to determine their mission.

Proposition 8.4.3: Social housing organisations operate with multiple rationalities

The three 'pure domains' on their own do not capture the multiple rationales at play in the daily practices of social housing providers. Findings support our claim that motivations are too complex to classify using ideal-typical categories such as State, market and community dimensions. A process approach proved useful to identify and understand the interplay between different motivations in every decision (see next proposition). The process whereby decisions happen is dialectic, involving the weighing of potential consequences of every strategic action in terms of social, political and financial consequences for the organisation. A particularly clear illustration in our study of the dialectic nature of this process can be seen in the crucial incident and rent policy discussion in Company E (see chapter 7):

"...as a sort of social purpose business we're bound to be concerned about the impact of what we do on the people who are going to be its consumers. So, of course we've got those sort of human dimensions. Now, we also have to consider, let alone what the impact on our residents might be, what happens if they've got insufficient money to pay the rent?" (CEO Company E)

Furthermore, as Boyne and Walker (2004) point out, strategies do change over time and different strategies can take place at the same time in the same organisation. A case in point in our study was the fact that the decision on the Dutch ruling in Company N took place over the period coinciding with an important restructuring and change in leadership, which resulted in parallel strategies taking place at the same time:

'The EU legislation is important for us but because of our internal re-organisation it's been pushed a bit to the background.' (SPA, Company N)

The above connects with the notion of competing institutional logics (Friedland & Alford, 1991; Lounsbury, 2001, 2007; Lounsbury & Crumley, 2007; Marquis & Lounsbury, 2007; Schneiberg, 2007), multiple rationalities (Eisenhardt & Zbaracki, 1992) and multiple rationale actors (Jäger, 2010) and is helpful to understand the apparent contradictions between strategic orientations, particularly in decision-making processes.

Proposition 8.4.4: Social housing organisations face dilemmas of hybridity, which can be related to State, market and community drivers.

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Findings show that social housing organisations face tensions between competing values or rationales in their day-to-day practices (Eisenhardt & Zbaracki, 1992; Stull, 2003; Jäger, 2010). When decisions are of strategic nature, however, these conflicting values and the ensuing behaviour can be portrayed as 'dilemmas'. Drawing on a general definition of dilemma as a *"situation that requires a choice between options that are or seem equally unfavourable or mutually exclusive"*¹⁴, in the context of this study a 'dilemma of hybridity' refers to a choice that these types of organisations face between alternatives that may be portrayed as State, market or community-driven, without any of them being wholly favourable in itself. Our findings point to a series of 'dilemmas of hybridity' that these companies had to face in the process of making a strategic decision. Three dilemmas that were identified in this study illustrate values that were at play in each case:

Dilemma #1: Does fulfilling the mission of a social housing organisation imply choosing between 'insiders and outsiders'?

This dilemma refers to choices that social housing organisations have to make between target groups. This involves questions such as: Is a housing associations' social mission defined by maximising services for the existing tenants (insiders) or by maximising efforts to provide for new tenants (outsiders)? Where is the balance in the trade-off in terms of quality of services/maintenance for existing tenants and developing homes for new tenants? What determines the tipping point?

Findings on motivator variables show that interviewees in Company E recognized this dilemma. While their target group has traditionally been households who meet the eligibility criteria for social housing and which, once 'in' have remained there thanks to formerly long-term tenancies, the company has been keen to have the flexibility to house other groups ('outsiders'). The latter include households who do not meet the eligibility criteria to access social rental housing but are equally excluded from decent affordable housing in the private market, or those on waiting lists. While committing to protecting their existing tenants, Company E would be keen to house the aforementioned groups or 'outsiders', as they see their main mission as to contribute to fulfil housing need in society at large:

"...this is the dilemma for us, these are real moral contradictions. (...) we can improve people's circumstances, if we can agree that a proportion of this new product is going to be reserved for working households. And if we can get those rents at, you know, lower levels than 80 per cent, then we will be able to do a bit more for that type of household." (CEO, Company E)

" (...) over the years we've been quite, I suppose institutionalized in a way, that we focus has been on a very particular group of people and they come to us through a certain route. We've been aware that there have been other people in society in housing need who, because of the process and because of the, perhaps, circumstance, never get to us. So, if you take perhaps a working family, low waged, living in a private rented sector, would never be able to access social housing. But here, perhaps, there's a potential for them to access this intermediate product. And I think everyone is quite keen on trying to open up that wider range." (Senior executive N, Company E)

From that perspective, it could be said that the company is closely aligned with a 'public' mission (i.e. a public policy objective) as well as with a social objective (i.e. a charitable objective). Nonetheless, the company's alignment with either the 'community' or the 'State' angle in our triangle diagram would depend on how the 'community' dimension is defined. If 'community' is understood as different social groups who find themselves unable to access decent and affordable housing, then

this definition would match the company's desire to house not only 'insiders' but also 'outsiders'. The opposite example would be certain types of co-operative housing, whose main purpose is to cater for a closed group of members (insiders) defined on the basis of specific membership criteria. The distinction between insiders and outsiders points to the need to better define these categories of analysis.

Company N, on the other hand, did not recognize this dilemma in this particular strategic decision. They explained that their current tenants would be their future tenants. In other words, the company's vision is to keep their tenants for the long term. This probably has to do with the larger conception of social housing in the Netherlands, namely that social rental housing is not limited to the very poor and not necessarily for a limited period of time. Hence, housing associations such as Company N in the Netherlands feel they have to be prepared to adapt to the changing needs of their current tenants, and see no difference between outsiders and insiders. However, it is worth recalling that Company N operates largely in a low demand area; the question then arises as to whether the company would have face a similar dilemma if it was operating in a high demand area with very limited State funding for development.

Dilemma #2: Which should be the leading rationale of a social housing organisation: front office or back office?

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As seen in our analysis of the formal aspects of the decision-making process, the tension between 'departmental agendas' reflects a number of inter-related rationales competing within social housing organisations, which reflect different strategic orientations, e.g. 'finance vs. operations' or 'technocratic vs. social'. As interviews and seminar discussions pointed out, finance and technocratic roles (i.e. back office activities) tend to be more aligned with commercial value orientations as compared to operational or social jobs within the company (i.e. 'front office' tasks).

The question, for the purpose of our study, is whether these tensions exist in any company (e.g. a commercial company), or if they are specific to hybrid organisations. As pointed out in chapter 3, different preferences arise in any kind of enterprise not only from 'genuine disagreements' about technical matters, but also from "differences in the managers' positions within the firm and their perceptions of self-interest." (Eisenhardt & Zbaracki, 1992, p.25). If the former holds true, a relevant question for the purpose of this study was whether these tensions are even more acute for social housing organisations due to the 'social' nature of their core task.

'(...) it is important to ask who you consider a stakeholder. How important are they? There are tensions between different jobs e.g. finance, development...each finds a different stakeholder as more important' (exCEO, Company N, 2009 seminar with companies)

'A lot of the signals come from finance and the Board of Directors but it doesn't involve people from operations. When our Board decides that we should implement something, it hits me and I have no idea how to implement it (decision-making is top down). There is no internal discussion.' (Operations manager, Company N)

When asked to reflect on this point at the last validation seminar, participants from both companies recognized these tensions. For Company E, the differences are very nuanced and they are probably explained by different functional objectives. For example, the financial director would be focused on his/her job role, which is by definition technical and back office, while the housing manager will be more likely to have a specific social vocation in line with his/her front office role. In this view, people's role within the company would be primarily shaped by the technical nature of their task, with relatively little influence of the overall core mission of the organisation (e.g. 'an accountant will always behave as an accountant').

"Where I'm sitting, on the treasury finance side, I know someone is already going to be arguing for affordability, and that's going to be [the Operations Director], so my role is not to argue about affordability, my role is to look at when we go and build these new houses we need a sustainable rental increase to sort of balance that out, so I'm interested in the risk to that income stream (...) It's not because I don't think that affordability per se is not important or the poverty trap is not important, but there will already be people arguing for that ..." (Treasurer, Company E)

Participants from Company N, on the other hand, considered that these differences would matter more in organisations dealing with a social mission because of the higher complexity of dealing with social issues. In other words, they view the community dimension as more prominent than the market dimension in shaping the roles of people working for hybrid organisations such as social housing organisations.

All in all, both companies recognized that the higher up the business – irrespective of whether social or commercial – there is a more marked difference between back office and front office. This would appear to hint to a more aligned orientation at the base of the organisation, implying that in social housing organisations, people working in lower rungs of the hierarchy would see their roles more closely aligned with the core mission of the organisation, i.e. with the community dimension.

An additional aspect to ponder in this dilemma might be organisational structure. A significant tension underpinning the back office/front office dilemma in both companies was the fact that both were – albeit to different extents – undergoing a shift

from a local structure to a federal or centralised structure following their respective mergers. However, this issue was not part of this particular enquiry and thus it did not feature explicitly in the interviews or group discussions – at least not as much as the more specific discussion on back office vs. front office.

Dilemma #3: To develop or not to develop?

As gathered through our interviews with Company executives and key informants, building new homes is considered part of a housing associations' 'DNA'. The post-crash operating environment, however, is putting significant restrictions on many social housing organisations' development capacity both in England and in the Netherlands. In addition, the sharp cuts to capital grant imposed by the coalition government in England have put additional pressure on the ability of housing associations to undertake new development activity. At the very least, this situation is confronting social housing organisations with tough choices between risking their financial health by straining their balance sheets (i.e. borrowing more in the market) or fulfilling what many of them consider an essential part of their mission, namely to meet housing need. In that sense, this dilemma is also linked to the insider/outsider dilemma described earlier, insofar the choice between developing or not is tied to a definition of their core mission in relation to target groups.

"I think politically it's quite difficult for an organisation like ours, with 3,5 thousand homes in its development pipeline to say 'well, we're not playing anymore'. I think the expectation upon us is to try to find ways to make it work." (CEO, Company E)

" (...) it's important for me personally that we don't lose sight of those wider charitable objectives and that heritage that we have. But I want to produce more homes and therefore I recognize that we need to do something in order to be part of this new development regime. (...) We need to develop a policy that is as protective of those on the lower incomes as is possible, while still being able then to produce more homes." (Operations Director, Company E)

Hence, we could say that housing associations that describe their core mission as to meet housing demand (outsiders) ought to choose the developing path, while those which define their core business as to provide decent housing for those they already house (insiders) would opt to stay away from development and focus on their management activity.

How does this choice relate to each of the three strategic orientations considered in this research? Following the insider/outsider logic, it would make sense to equate development with a public (i.e. State) or community orientation, assuming that the objective is to house those in need. However, if the new homes being developed would be destined to be sold in the market (e.g. shared ownership) as a means to make profit to cross-subsidize social rental housing, could this not be considered a commercial type of behaviour? Or should this be called 'entrepreneurial' behaviour? In this case, and given the context of increasing risk in the new operational environment, would this be a socially responsible choice? There is no single or simple answer to these questions. The issue of risk is explored in our next proposition and emphasizes the complexity of these choices.

Proposition 8.4.5: Social housing organisations and risk: an ambivalent relationship

When taking risks, is a social housing organisation acting as a social enterprise or as a commercial business? Is risk taking a market oriented attribute or a community and/or public sector feature? The study of the critical incident revealed ambivalence on this issue amongst senior executives of both companies. On the one hand, interviewees expressed that, from a certain point, risk taking would be 'irresponsible' (and therefore against community and/or public interest). On the other hand, they recognized that a degree of risk taking is necessary to achieve their core objectives, notably to develop more homes (i.e. increasing market borrowing would increase their risk profile).

'We have to reflect on it in 2011 in combination with the choice on which amount we want to invest on commercial projects. We have to consider risk. We have to re-arrange our portfolio according to what's SGEI and what is not.' (CEO, Company N)

- "...we will play the game to maintain a presence in the development activity, without exposing ourselves to the debt and risk (...) that may arise after this new model..." (CEO, Company E)

Risk taking is often described in business literature as one of the defining features of entrepreneurs and of the private (commercial) sector in general (Busenitz 1999). Furthermore, theories on (social) entrepreneurship also stress risk taking as a one of the core characteristics of these organisations (Borzaga & Defourny, 2001), as opposed to charitable and/or public sector ethos, which are allegedly more risk adverse.

Company E claimed that a business for social purpose could be commercial and cautious at the same time. The key, in their view, would be to take 'controlled risks', as far as this would not compromise the organisation's charitable objectives. However, in

that case it would be essential to achieve the company's core objectives, as government and society at large expect housing associations to take risks 'but not to make a mistake.' This double standard would be part of a post financial crisis cultural shift, which does not allow housing associations to make mistakes. Paradoxically, company executives explained, this situation would be preventing entrepreneurialism. In that regard, it could be said that this is a type of entrepreneurship without or with little risk taking; hence, a contradiction in its own terms.

When asked whether social enterprises should take risks in their for-profit activities, responses varied between both companies. While Company E agreed with this proposition, Company N's executives rejected it, admitting that in the Netherlands sector risk has not always been visible or calculated. In particular, they referred to a series of recent high profile financial scandals by large housing associations that took large risks and failed, which has tarnished the sector's public image. (Fearn & Allen 2012; Brown 2012)

It is worth remembering that in both countries –first in England, through stock transfer from local authorities to housing associations, and in the Netherlands, through the Bruterung operation in 1994- risk in the social housing sector was transferred from the public to the third sector. Thus, it is important to distinguish social enterprise from the public sector, with which there is even a greater contrast than with market in this regard. Social enterprises are expected to bring in external resources through private borrowing, charitable funding and trading. The rationale behind this approach is that government is not supposed to take risks while social housing organisations might take (calculated) risks. This raises difficult questions such as: is non-State activity inevitably more risky? Can a low risk appetite be compatible with some social enterprises including housing associations, which have a steady and fairly reliable income stream from State subsidies rents?

All in all, the issue of risk shows that some attributes are 'neutral', i.e. they are neither specific to social enterprises nor to commercial enterprises. Thus, we can hypothesize that they probably depend more on factors such as specific organisational / entrepreneurial cultures than on profit or non-profit orientations. These questions and hypotheses lay the foundations for further research.

Proposition 8.4.6: Social housing organisations have consistent stated core values but are constantly making choices on how to enact these values.

Being a 'hybrid' organisation between State-, market- and community orientations means that often these companies face choices on the values they enact and the activities they undertake. Findings have shown that these choices are dependent on particular circumstances, but at the same time, companies tend to be consistent in their stated core values. These core values, in both cases, seem to be linked to the provision of housing for people who not only can't afford a house in the market, but most fundamentally, to those who are in most (economic) need, as illustrated by the discussions held in each company regarding the 'target group' issue.

However, dynamism both within the organisation and outside (sector and society) means a constant redefinition of the role and scope of housing associations. Findings from this study show that values are not static; internal and external drivers trigger a dialectic process of self-interrogation and value re-definition and its consequent re-interpretation to fit real (changing) circumstances.

All in all, when asked whether the notion of hybridity resonates with their daily practices, senior executives from each company provided the following answers:

"(...) we have acknowledged that hybridity, otherwise you can't deal with a lot of these trade-offs." (Senior executive B, Company E)

"Yes, we are hybrids. That's our weakness, but also our power" (Senior executive A, Company N)

In other words, it could be said that hybridity is a 'fact of life' of being a social housing organisation – one which managers have no option but to acknowledge and come to terms with. In this regard, the role of reflexivity (i.e. the capacity to be aware of their own condition) and management (i.e. the capacity to act on it) are two crucial elements to deal successfully with hybridity. Furthermore, a bigger challenge would seem to achieve this collectively as a company, when different individuals and functions may have inconsistent responses.

§ 8.5 Conclusions

In this chapter, we have addressed the three research questions of this PhD by means of a series of theoretical propositions.

On our first research question, namely, how contextual developments are impacting on the missions, values and activities of social housing organisations we established that market and State drivers have a relatively stronger impact on social housing organisations as compared to community drivers; also, both market and State drivers have a knock-on effect on community drivers, as illustrated by the deep social dislocations that many social groups are enduring as a combined result of economic hardship and ensuing welfare reforms. We have also established that State drivers pose continuous exogenous shocks to social housing providers by means of repeated policy changes. We found that the relationship between market drivers and social housing organisations is marked by volatility in a context of economic crisis and that all three types of contextual drivers are reinforcing the long-term trend of deepening residualisation of the social housing sector. Last but not least, proposition 8.2.6 reaffirms the argument presented in chapter 3 (Theoretical framework) on the relationship between contextual drivers and changes in social housing organisations established as one of mutual causality.

To answer our second research question, on how social housing organisations position themselves in relation to the three contextual drivers, we established three propositions. First, we found that while descriptor variables demonstrated the hybrid formal characteristics of social housing organisations, they do not account on their own for their position in relation to State, market and community. This finding led us to question the usefulness of 'static' classifications of hybrid organisations and to look at more dynamic ways to describe them. We also stated that social housing organisations are constantly balancing pressures to (re)define their mission. This involves trade-offs that each company needs to make when assessing their individual organisational mission in relation to a changing mandate from the State domain – all of this, without leaving pressures from the market and community domain out of the equation. In addition, we argued that social housing organisations exert different degrees of agency (Giddens, 1985) in their positioning vis-à-vis the State, market and community. Here, we drew on the conceptualisation of agency as 'institutional entrepreneurship' (DiMaggio, 1988; Garud et al. 2007) and maintained that social housing organisations have the capacity to shape their environment and / or at least, their position in relation to this environment.

However, it is important to distinguish between *aiming* or *trying* to exert this agency, and actually *succeeding* in doing so. In this regard, the emphasis that theories on 'institutional work' (Lawrence, Suddaby & Leca, 2011) put in process versus outcomes

becomes relevant. In this study, we have observed a variety of tactics that these companies have put in place to try and shape, if not their context, at least their position within this context. We have done this by studying a 'snapshot' of the companies' life by means of the critical incident technique. However, the limited (short term) span of this study has not been able to tell us whether these efforts have been successful or not. We have learned, however, about the process, tactics, dynamics and value considerations at play. Thus, we argue that in order to assess the effectiveness of these endeavours it is necessary to take a longer-term view.

Our last research question, on the ways in which competing values are enacted in the decision-making process of these organisations in relation to the three types of contextual drivers, was answered by means of six propositions, covering both formal and content aspects of the decision-making processes these companies follow. In brief, these propositions tell us that different modes of decision-making co-exist in the process and that participants use a variety of tactics to influence the decision-making process. In addition, social housing organisations operate with multiple rationalities; they face 'dilemmas of hybridity', which can be related to State, market and community; and they are in an ambivalent relationship with risk. Last but not least, we posited that social housing organisations are consistent with core values but are constantly making choices on how to enact these values.

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9 Conclusions

This last chapter presents the conclusions of this PhD research in four parts. First, key findings are summarized. Second, a reflection is presented on the relevance of these findings for science and for society at large. Third, implications for policy and practice arising from the findings are discussed. Fourth and last, an agenda for further research is laid out.

§ 9.1 Summary of key findings

This PhD research set itself the aim of deepening the understanding of the ways in which contextual drivers impact on the mission, values and activities of social housing organisations. Within this aim, the study sought to answer three research questions. In this section we summarize the answers to each of these questions under respective headings, following our discussion of findings in chapter 8. Following Eisenhardt and Graebner (2007), these answers have been formulated as “theoretical propositions” aimed at contributing to theory formulation in this field.

§ 9.1.1 Contextual developments and the missions, values and activities of social housing organisations: a two way relationship

We started our enquiry from the assumption of unidirectional causality (impact-response view) between contextual changes and organisational responses. However, as explained in chapters 1 and 8, along our research it became clear that the relationship between contextual developments and organisational change is more often than not one of mutual causality. Following this realization, our theoretical framework (chapter 3) included a review of theories that regard this relationship in dialectic terms, notably structuration theory (Giddens, 1979, 1984) and institutional entrepreneurship (DiMaggio, 1988; Fligstein, 1997; Garud et al., 2007; Maguire et al., 2004). It is worth noting, however, that our research methodology at the beginning of this PhD followed the assumption of unidirectional causality, and thus focused on the impacts of the three types of contextual drivers on the social housing organisations under study. Therefore, the six propositions developed to respond to the first research question refer to this end of the relationship. The other end, namely, how social housing organisations influence their environment, is developed in relation to the third research question, in point 9.1.3.

Our first proposition stated that market and State drivers have a relatively stronger impact on social housing organisations as compared to community drivers. We suggested a set of possible explanations for this, including the choice of the respective critical incidents, namely State-driven contextual changes with strong financial implications in each case; the general difficulty of defining and measuring social and/or changes in the community sphere; and size and structural characteristics of both organisations, which might make them less responsive to developments in the community domain as compared to their smaller and organisationally less complex peers. In addition, the generally weaker power accessible to community interests in influencing larger housing associations may play a role in these dynamics as well.

Second, we posited that both market and State drivers have a knock-on effect on community drivers, as illustrated by the deep social dislocations that many social groups are enduring as a combined result of economic hardship and the ensuing policy changes, and in the English case, also welfare reforms. England in particular has seen a rise in homelessness and housing exclusion (Fitzpatrick et al., 2012; Pawson & Wilcox, 2012), which is ultimately resulting in stronger pressures on the social rental sector. For example, a housing survey¹⁵ of 113 social landlords across Britain conducted in November 2013 revealed that councils, arm's-length management organisations and housing associations are increasingly using the threat of eviction to protect their income in the face of welfare reform and the squeeze on living standards. In addition, both countries have seen the rise of housing exclusion amongst middle-income groups who are 'squeezed' between unaffordable home-ownership and an increasingly targeted social rental sector for which they are not eligible – largely as a result of the recent regulatory changes to social housing provision in each country.

Third, we established that State drivers pose continuous exogenous shocks to social housing providers by means of constant policy changes. As illustrated by our study of a critical incident in each company, the increasing pace and scope of these policy changes in both countries would be creating a considerable degree of uncertainty amongst providers.

Our fourth proposition stated that in a context of economic crisis the relationship between market drivers and social housing organisations is marked by volatility. Taking this and the former propositions in conjunction, we could argue that social housing

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The survey shows the landlords issued 99,904 notices seeking possession for rent arrears in April to November in 2013, compared with 79,238 for the same period in 2012 - a 26 per cent increase. (Source: "Eviction notices surge by 26%", Inside Housing, accessed online on 18 December 2013 at <http://www.insidehousing.co.uk/tenancies/eviction-notices-surge-by-26/6529938.article>)

organisations are facing an environment where constant uncertainty becomes the only certainty. This sustained uncertainty poses significant challenges for strategic planning in organisations that operate in the interest of coping with longer-term community changes. On the other hand, we have argued that this uncertainty may also become an opportunity for ‘strategic action’ (DiMaggio, 1988; Fligstein, 1997) by social housing organisations as a way to exert different degrees of agency in relation to contextual drivers. Through our study of critical incidents in both cases, evidence was found of uncertainty being a trigger for institutional entrepreneurial behaviour when companies were faced with important contextual changes, notably in the regulatory field. However, while Company E showed an approach that aimed to balance caution with ‘staying in the game’ (i.e. submitting a bid in the new environment), Company N adopted a position, at least at first, characterised by the ‘wait and see’ approach, hence rather passive in a first stance.

Our fifth proposition established that all three types of contextual drivers are reinforcing the long-term trend of deepening residualisation of the social housing sector. In both countries, social rental is becoming an increasingly targeted tenure, although at different scales in each case. While the longer-term consequences of these processes have yet to fully unfold, there are a number of possible negative consequences linked to the increased concentrations of low-income and vulnerable households in social rental housing. This could increase socio-spatial segregation, in particular in areas with tight housing markets (Priemus & Gruis, 2011).

Last proposition 8.2.6 qualifies our the argument presented in chapter 3 (theoretical framework) on the relationship between contextual drivers and changes in social housing organisations established as one of mutual causality, emphasizing its long term dimension.

§ 9.1.2 The positioning of social housing organisations vis-à-vis their environment: a dynamic balancing act

In order to understand the way(s) in which social housing organisations position themselves in relation to changes in their environment we drew on theories of social enterprise and hybridity to unpack three ideal-typical strategic orientations that may be at play in this process: State, market and community. We adopted a triangular model (Brandsen et al., 2005) to illustrate these orientations and developed a classification model following Crossan (2007), Crossan & Van Til (2009) and Stull (2003) to understand the ‘strategic position’ that these organisations adopt vis-à-vis their environment. We looked at three different dimensions of this strategic position, namely mission, values and activities, each captured by a different type of

variables in the classification: 'descriptor' (to capture the formal characteristics of the organisation), 'motivator' (as related to the organisation's mission), and 'behaviour' (referring to the organisation's activities).

Upon applying this classification to our case studies, our findings resulted in three core propositions.

First, it became clear that while descriptor variables confirmed the hybrid formal characteristics of social housing organisations, they do not account on their own for their position in relation to State, market and community. This realization led us to question the usefulness of 'static' classifications of hybrid organisations and to look at more dynamic ways to portray them.

Our second proposition stated that social housing organisations are constantly balancing pressures to (re)define their mission. This finding is in line with earlier work on social businesses (Jäger, 2010) and other hybrid organisations, including housing associations (Blessing, 2012) on efforts by managers of these types of organisations to respond to often conflicting demands from different domains of their operational environments. Our study found that in this process, each company is faced with trade-offs when considering their organisational mission in relation to a changing mandate from the State domain, while at the same time. Weighing demands from the market and community domain. As shown in chapter 8, the distinction between 'mission' and 'mandate' is particularly important when looking at social housing organisations that are not part of the State (see classification in chapter 2) given their 'own' mission which may correspond only partially to the legally defined mandate. Since the mandate of social housing providers is subject to variations as a result of changing policy frameworks (which, at the same time, evolve in the face of political, economic and community developments), these organisations are constantly 'positioning' themselves in relation to these changes. In the triangle (see Figure 10), the relationship between the State mandate and the organisation's mission is at the core of this field of tension.

Our third proposition posited that social housing organisations exert different degrees of agency in their positioning vis-à-vis the State, market and community. We identified a continuum of actions that these organisations have put in place to respond to key contextual changes, ranging from 'reactive' to 'proactive' and 'strategic'. Hence, we argued that social housing organisations have the capacity to shape their environment and / or at least, their position in relation to this environment. A more detailed enquiry into the process whereby different forms of agency is exercised was carried out in the last phase of the PhD research by means of the study of a critical incident of a strategic decision. Findings of the latter are presented in the next point.

§ 9.1.3 Enacting competing values in social housing organisations: multiple rationalities at play in decision-making

The PhD research used the study of a critical incident in each company to describe the ways in which competing values are enacted in the decision-making process of these organisations in relation to the three types of contextual drivers. In each case, a critical incident was chosen in conjunction with the companies to be studied over a prolonged period of time. Both incidents turned out to be of regulatory nature (i.e. State-driven); in the English case, it was the Comprehensive spending review (CSR) announced in October 2010 and a series of major welfare reforms implemented by the coalition government. In the Netherlands, the Dutch government ruling on the issue of State aid by housing associations implemented in January 2011. The study of these critical incidents looked at the decision-making process from both a formal and content perspective, distinguishing motivator and behaviour variables in the process. In chapter 8 we discussed the main findings of the critical incident study by means of six propositions.

From a formal perspective, we found that different modes of decision-making co-exist in the process (Wheelen & Hunger, 2008; Mintzberg, 1973). This shows that social housing organisations do put in place a variety of decision-making modes that can be found in commercial enterprises, albeit in different combinations. In addition, we found that neither of the two companies were tenants or communities included in the process in a significant way. This raises a number of questions in relation to the values these companies hold (or at least claim to hold) and their enactment in concrete actions and the relative unimportance of community drivers compared to State and market. While both companies have increasingly systematized their involvement with communities through corporate social responsibility and community investment programmes (Company E) and the recent creation of a special department focused on knowledge, society and innovation to understand changing societal/community needs (Company N), it is striking that direct involvement of tenants (and communities) in their respective decisions was not considered pertinent. This may point to the adoption of more technocratic models of engagement with their tenants/communities similar to the consumerisation of links with tenants and communities as replacing more direct citizen engagement approaches as a result or concomitant development following mergers and greater rationalisation in both companies. This may also have to do with an emphasis on tenant involvement at local level (within larger companies) as opposed to tenant (representatives) involvement in strategic decisions.

Our second proposition from a formal perspective was that participants in each company use a variety of 'political tactics' to influence the decision-making process. These tactics match existing literature (Allen et al., 1979; Eisenhardt & Bourgeois, 1988; Eisenhardt & Zbaracki, 1992; Morgan, 2006) and include: control of decision

processes, control of knowledge and information, ability to cope with uncertainty, interpersonal alliances, networks and control of the 'informal organisation', symbolism and the management of meaning, and tactical use of commissioned research. Taken all together, the existence of these tactics confirms the presence of institutional entrepreneurial behaviour amongst company executives taking part in the process. Realizing that these tactics exist is important because it shows the ways in which different participants and their (departmental) agendas try to influence the outcome of the decision. At the end of the day, depending on the effective use of these tactics, this could determine whether the company opts for more 'community-driven' agendas (e.g. tenants services) or for more 'market-driven' ones (e.g. financial department).

On the content aspects, a first proposition established that social housing organisations operate with multiple rationalities; we found that they balance different rationales and therefore political views, ideologies and actions of actors in which the internal decision-making play a substantial role. We could argue that this role is perhaps larger than in commercial or State companies, particularly where it concerns ideologies. Lining up these ideologies and the people holding them, is a particular challenge for leaders and strategies. Compared to an ideal-typical 'commercial' enterprise, it would appear that social housing organisations do apply less of a technocratic-rational approach to decision-making as they are constantly facing normative considerations due to their social mission. In our examples, this was reflected in Company E in their discussion on rent policy and in Company N, on their deliberations on how to comply with the new government ruling on income ceilings while still housing at least a portion of middle income households "in need". In this approach to decision-making, non-rational factors such as politics, intuition and past experience (Eisenhardt & Zbaracki, 1992; Jäger, 2010; Volker, 2010) played a key role alongside technical considerations.

In line with the above, in our fourth proposition we identified a number of 'dilemmas of hybridity' that these organisations have to deal with to stay true to their mission while tackling pressures from different State, market and community. These dilemmas are considered a 'fact of life' by senior executives in these companies, and are not necessarily deemed problematic. However, we could argue that they make things complicated for these companies for 'the right reasons', as they involve choices that are by definition political. This leads back to the beginning of (day-to-day) political choices that are in the hands of individual organisations and therefore, to some extent, in danger of being out of the democratic circuit where these organisations are expected to operate.

The fifth proposition discussed the ambivalent relationship that social housing providers have with risk. While Company E considered that 'controlled risk' was acceptable and even desirable for a housing association, Company N showed a more cautious attitude. This raised a number of questions on what (if any) risk attitude lies closer to third sector service providers in relation to what is expected from commercial

enterprises or even from the State. This is relevant in particular given the more general trend to transfer risk from the State to third sector organisations in service provision overall in European societies. In the context of economic crisis, and with increasing uncertainty due to constant policy changes, it is worth asking to what extent third sector organisations can be expected to take risks to fulfil their social missions.

Last, our research found that social housing organisations are consistent with stated core values but are constantly making choices on how to enact these values. In other words, we can conclude that contextual drivers may appear not to affect the mission and values of these social housing organisations. However, we found that contextual drivers do impact on the companies' strategies and activities. This means that there can be significant gaps between espoused and enacted values.

§ 9.2 Agenda for further research

We would like to focus on six of the possible avenues for further research emerging from this PhD:

§ 9.2.1 Wider geographical and company focus and longer term perspective

The conceptual and methodological framework developed in this study could provide a template for data collection for organisational case studies to inform further comparative research both nationally and supra-nationally. This may shed further light on the substantive commonalities and differences (motivator and behaviour variables) between social housing providers in North Western Europe beyond legal and/or organisational features (descriptor variables), thereby informing policy making at European level. This would complement similar comparative research already been conducted in Europe on other types of social services¹⁶ such as childcare and work integration, thereby contributing to expanding the knowledge on service provision by TSO's within the context of welfare transformation in Europe.

In addition, adopting a longer term view and the concept of institutional work in addition to institutional entrepreneurship to identify not only the efforts that actors put in place to shape their environment but also the outcomes of these efforts.

§ 9.2.2 **Redefinition of the sector's identity and increasing differentiation**

In terms of the consequences of welfare reform for social services across Europe, we have stated earlier that a prominent feature of this development has been the increasing role of third sector organisations (TSO's) as public service providers. The implications of this change range from financing, governance and democratisation to quality of services. The relationship between TSO's and government, how and to what extent they can influence policy, also becomes a relevant issue. Evidence from our research confirms a trend towards diversification within the housing association sector, both in England and the Netherlands. It would be interesting and relevant to conduct further research to understand the shape that this diversification taking, i.e. how do the values, missions and activities of different providers differ? What determines these differences (e.g. size, structure, geographical scope, ownership, financial position, etc.)? What impact are these changes having on different target groups? How are the social housing sectors in each country reconfiguring as a result?

In addition, further research could explore how the sector is changing in terms of target groups, types of providers, funding sources and public sector obligations, and whether the widening gap between mandate and mission results in greater diversity within the sector. Key issues that came up strongly regarding the (re)definition of the role and scope of housing associations in both countries: Which is their core target group? Which should be their relationship with the State? What degree of exposure to market risk is acceptable for housing associations? To what extent and how are they to become involved in wider community (investment) activities? Is providing commercial rental or housing for sale on a significant scale an option for housing associations? If so, is it primarily out of a moral/social obligation or as an additional income source to cross subsidise core business (i.e. a commercial rationale)? Or both, but in different order of priority?

In the new operating environment, many housing associations might be rethinking their mission (purpose, function). CIH, for example, considers the shift towards a 'profit with purpose' type of organisation, thus inverting the terms in the definition of social enterprises, which stresses the social and leaves the business element as a mere means to achieve a social core mission. Would many housing associations be moving towards a commercial organisation with social responsibility? What is the other end of the continuum?

Is there convergence between Dutch and English housing association sectors? Could we say that the trend is for both to move towards a similar configuration whereby the core task of social housing providers is to provide housing for the very poor (targeted groups) and for the commercial engagement of a part of the sector in the provision of affordable housing for middle-income groups? How does this relate to the activity of private rental providers? What role (if any) are private rental providers taking in this new environment?

§ 9.2.3 Agency and social housing actors

We have seen that agency takes different shapes and intensities amongst social housing organisations. A number of research questions have emerged in relation to how social housing actors can shape their operational environment. The concept of agency can be further applied both at the level of individual organisations and at sector level.

At organisational level, we identified a variety of *tactics* that the case study companies use to try and shape, if not their context, at least their position within this context. We have done this by studying a ‘snapshot’ of the companies’ life by means of the critical incident technique. It is worth noting, however, that the limited (short term) span of this study has not been able to tell us whether these efforts have been successful or not. We have learned, however, about the process, tactics, dynamics and value considerations at play. Thus, we argue that in order to assess the effectiveness of these endeavours it is necessary to take a longer-term view

At sector level, our findings show that ‘single field’ leadership (Fligstein & McAdam, 2013) is lacking in both the Dutch and English cases. Evidence shows policy confusion or contradictions; it is uncertain whether social housing providers as a sector are able to ‘transform the terms of the debate’. In this context, relevant research questions would be what (if anything) could providers do to make that happen? Most importantly, how could institutional entrepreneurship help to transcend party political and ideological divides?

An issue that remains to be explored is to what extent smaller and local organisations are exercising a similar degree of agency to the one encountered by this research amongst bigger players. Are they able to read policy signals and to act upon them as the bigger companies? Do they team up, form alliances, etc. with their ‘peers’ for collective action? Or are they dispersed and marginalised from the mainstream political discussion? Another question regards the role of sector representatives. In the face of the big players exercising agency in small groups becoming a stronger feature, does a national umbrella association provide a meaningful source of identity and influence for the whole sector?

§ 9.2.4 Influence of State agendas

We recognized that the existence of some government research agendas that this research did not directly investigate. In the case of England, both the Localism and Big Society agendas have been flagged as to changing the provision of a range of social services at local level, emphasizing direct involvement of users. This has the potential to change the way providers see their involvement with local communities. Furthermore, these agendas have also been influential, at least at rhetorical level, across the Channel.

In addition, in chapter 8 we stated that changing government ideology could have an effect in social housing organisations shifting their position in relation to State, market and community, depending on how that particular government positions itself within the three domains. We have illustrated this scenario with the English case, where the transition from new labour to a conservative-liberal democrat coalition in government marked a shift from government policy, from relatively “more State” to “less State” (i.e. through a radical reduction of welfare) while simultaneously moving from relatively “less community” to “more community” (i.e. Big Society and Localism agendas). The implications of these shifts, both from the government and from the social housing perspectives, respectively, introduce new complexities, which merit closer examination.

§ 9.2.5 Are social housing organisations filling the gap or are they being replaced by new citizen-led housing initiatives?

Although not an intended outcome of this PhD, our findings confirmed one of the most prominent trends in social housing in North Western European societies since the mid 1970s, namely the increasing residualisation of social rental housing. The size and scope of this phenomenon varies considerable between both countries under study: England was already on a steady path towards residualisation before the coalition government’s drastic cuts to welfare and social housing and the Netherlands still provides housing certain low income middle groups. However, a common outcome has been the growth of the “squeezed middle”, i.e. middle income households who can’t neither afford home-ownership nor be eligible for social rental housing under more restrictive conditions. Hence, a crucial question that has emerged is who is to house these groups.

It would be interesting to explore, if and how social housing providers are adapting to these changes and engaging (or not) with local communities in the process. In addition, it might be noteworthy to identify the emergence of new housing actors, notably citizen or community-driven initiatives aimed at filling the market niche in the provision of affordable housing for groups that are left excluded in the new environment. For example, are middle-income groups mobilising to fill this gap themselves? If so, how? What new housing strategies are emerging as a result? Is there a potential for established housing associations to learn from citizen-led innovation and transform their business models to respond to these new demand?

§ 9.2.6 **Is there anything special about social housing organisations within the wider family of social enterprises?**

Findings suggest that there are some attributes that could be associated specifically with social housing organisations, notably those related to the normative or social mission of this type of organisations. In this regard, they have many similarities with other third sector organisations that are service providers. However, our findings also point to attributes that are difficult to classify, such as “risk” behaviour. We have referred to this as a ‘neutral’ attribute. In this regard, the question on whether there is anything really specific to social housing organisations as opposed to other types of social enterprises becomes of interest. Is there anything ‘essential’ about the former or does their position in relation to the State, market and community determine what attributes they select from different ideal-typical models and apply to their own activities?

§ 9.3 **Policy and practice implications**

On the basis of the findings of our research a number of questions emerge as to the policy and practice implications of the recent regulatory changes in each country for housing associations role, scope and position vis-à-vis State, market and community.

§ 9.3.1 The role and scope of housing associations in England and the Netherlands: towards convergence?

One of the most remarkable developments that occurred over the course of this research were the parallel changes in the role and scope of social housing in each of the countries under study – but, we could say, in the opposite direction. In England, the introduction of the Affordable Rental Model has opened the possibility for social housing providers to cater for a wider range of households, albeit further narrowing down the scope of social rental housing. The Netherlands, on the other hand, saw a turn from a wider range of social groups for which housing associations used to cater towards a narrower scope of social housing as a result of the Dutch governments ruling triggered by the European Commission’s case. The result, in both cases, is a two-tier tenant market defined as social housing as safety net (as subsidised activity), on the one hand, and low-middle income households (as market or quasi market activity), although at different scales.

As pointed out at the end of chapter 7, our findings raise the question as to whether the aggregate impact of the respective critical incidents in each country at sector level would be the convergence of both countries’ housing association sectors in terms of their role and scope. Could it be, for example, that the possibility (through the new affordable rental product in England) or the need (as a commercial activity by Dutch housing associations) to house middle income families might lead to a shift in the opposite direction in each case, but ultimately towards the same housing provision model?

§ 9.3.2 Uncertainty and policy confusion: constant and incongruent changes from the State domain

The degree of heterogeneity in institutional arrangements (Leca et al., 2008) introduced by the critical incidents under study proved to be a source of internal contradiction at sector level. In this sense, the study coincides with views in both countries pointing to the lack of a ‘single voice’ or unified strategic action fields (Fligstein & McAdam, 2011). In addition, in both cases, although to different extents, the perceived ‘policy confusion’ – namely, the view that government was sending conflicting signals to social housing organisations - raised tensions between the redefined mandate and the organisational missions of the individual companies.

Findings pointed to the hurdles encountered by housing associations in both countries to interpret and comply with policies which not only they might not agree with, but which seem to sit at odds with other policy objectives from the same government (England) or do not take into account regional differences in housing markets (the Netherlands), for example. The negative effects of these policy confusions stretch beyond the difficulties that providers face to plan strategically in the long term, but also for local communities and for society at large. A case in point is England, where radical overhauls in one sector (social housing, welfare) are interlinked with longer-term social processes in the lives of people, notably childcare and education decisions. An example of this are the effects on families with children of the (forced) relocation from higher to lower priced neighbourhoods due to housing benefit caps in high pressure urban areas such as London. In our study, the impacts of these reforms and the ways in which providers handled the need to meet different objectives was illustrated by the rent policy discussion in Company E; while a priority was to “protect” existing tenants in the face of these major changes, the concern about trying to get new tenants housed in the new and more restricted environment was weighted against the need to achieve a financially sound rent level.

§ 9.3.3 Differentiation of social housing providers

Findings also suggest a trend towards increasing differentiation within the housing association sector in each country as a result of growing tensions between mandate (social housing as a public service obligation as defined by the State) and mission (social housing as ‘core business’ as defined by each organisation). In both countries, size and financial strength would be important features defining this differentiation; larger and financially strong housing associations would undertake a range of ‘institutional entrepreneurial’ actions in order to influence policy alongside their specific interests, while smaller, more local type of organisations (usually put off the ‘development game’) would feel disenfranchised from the agenda of the bigger players. Monitoring these trends is important to understand the potential for this type of organisations to contribute to fulfil housing need as part of a wider societal effort in this direction. A wider range of social housing organisations might be able to address different sections of the demand for social and affordable housing and government planning should therefore take into account the different possibilities of different types of organisations to work alongside wider policy targets.

§ 9.3.4 **Mandate versus mission: A key defining feature for social housing providers**

We have pointed to the distinction between mandate and mission for social housing providers. It is important to note that this is neither the case with 'pure' State providers nor with commercial companies. In the former case, the mandate equals the mission of the organisation; in the latter, the mission is completely independent from the mandate, which means that the organisation has greater freedom to decouple itself from the mandate if commercial imperatives (or their own mission's) require it to do so. As explained in chapter 2, a for-profit housing provider who operates with State funds to build and manage social housing is bound to a set of public service obligations by virtue of this State subsidy. In other words, in this case providers subscribe to a mandate in exchange for financial resources. Should this mandate change, and the public service obligations accordingly, the company is free to decide whether to continue or not to operate in this field of activity. Since its mission is not coupled to the mandate, it can just 'walk away' from social housing and return or expand to commercial housing provision. In the case of a (pure) State provider, on the other hand, its very 'raison d'être' is to fulfil the mandate; hence there would be, in principle, no conflict with an autonomously defined organisational mission.

This raises the question on whether the identity of a social housing provider operating along the wide spectrum between the two 'pure' types is defined by its activities (behaviour variables) or by their organisational form/legal status (descriptor variables). In other words: what defines a housing provider with two separate fields of activities, namely: providing housing for the market (with no subsidies, and hence with no public service obligations or mandate) and providing social housing with public funds (hence, is bound to a mandate defined by the State for this activity)? The concept of hybridity, as we have seen, is useful to gauge this complexity, as illustrated in the 'dilemmas' companies have to face when making strategic decisions. Hence, it is important to be as explicit about mission as about mandate

§ 9.3.5 **Prospective analysis on community developments to underpin short-term decisions**

Findings showed that community drivers tend to stay constant or change slightly over the long term, except for those resulting from the combined impacts of the economic crisis and the resulting political and regulatory changes. Current political drivers and even market drivers tend to be on the forefront of day-to-day decision-making although longer-term community developments remain considered as well. This leads to the recommendation for social housing enterprises to consider longer-term

political (and market) trends as well, to anticipate on going (neoliberal) trends and possibly fundamental changes in housing preferences. When planning to meet future societal and community needs, social housing organisations should have the ability to foresee the likely impacts of market and political developments on their tenants and the communities within which they operate. In a context of increasing uncertainty, and as shown by both our company case studies, conducting prospective analyses is a key element of being prepared for a variety of possible scenarios.

§ 9.3.6 A social housing organisation's identity: focus on values

Our research has shown that values tend to stay constant, mission is permanently redefined in relation to pressures from the environment (including changes in mandate) and activities change accordingly. Hence, values tend to be at the core of a social housing organisation's identity. In order to stay true to this identity social housing providers ought to be able to anticipate conflicting logics and put mechanisms in place to adjust their policies and activities to respond to these challenges while keeping its core values intact. Again, in this effort, it is crucial to develop a capacity for reflexivity that is embedded in the organisation's processes and cuts across departmental agendas. However, as we have seen, the ability for different roles within the organisation to stay true to their own purpose (back office vs. front office dilemma) is necessary for each part in the organisation to work as efficiently as possible to fulfil a common goal. This is, once again, a delicate balance to strike in this type of organisations. The classification framework developed in this study could be useful in assisting social housing organisations to identify and reflect on these tensions with a view to improving the alignment between their stated and enacted values.

§ 9.4 Relevance

§ 9.4.1 Contribution to science

This research has contributed to science both from a theoretical and methodological perspective.

We have brought together a set of theories covering third sector, organisational and housing studies to help us to define the scope and methods of our research and to interpret our findings. By linking these theories and concepts to each other and to our empirical findings we have elaborated a series of theoretical propositions, which together add to the developing body of knowledge in this field. For example, this research shows that applying theories that focus on agency in these organisations – notably, institutional entrepreneurship – can fill a gap in the understanding of how the actions of social systems (such as housing associations) have an effect on social structures: a combined analysis of ‘strategic conduct’ (which focuses on the way actors draw on their social structure) with ‘institutional analysis’ (which looks at the way structural rules are reproduced through social interaction). So far, as explained in chapter 1, housing studies has overall focused on the analysis of social structures (notably through the study of housing markets and housing policies) and has not generally carried out an analysis of the process of structuration that looks at social systems only from the point of view of consumers (households), neglecting the study of providers.

Through a series of theoretical propositions addressing the first research question of this PhD, we have expanded knowledge on the nature of the relationship between contextual drivers and organisational changes in housing associations. Mutually shaping forces (both between context and organisation, and between different contextual domains) and diverse temporalities (short and long term) stand out as two defining features of these relationships. In particular, our finding about the particularly strong relationship between State and housing organisations calls for special attention. In so far social housing organisations continue to be bound to a public service obligation (or mandate), their destinies will be closely linked to the ideology of the governing political party – more so than generic providers, as described in chapter 2. In this sense, hybridity will continue to characterise these types of organisations, despite attempts by some housing associations or the sector as a whole at times to claim their increasing independence from the State.

The classification of social enterprise in housing developed in this study allows comparison between different organisations operating in diverse contexts, which share a similar core task, namely to provide housing for those who cannot afford it in the market and/or who have special needs. This can be useful for scientific, political and practical purposes. Within comparative housing studies, it can be used as a basis for identifying similarities and differences between social housing organisations within and between countries at a much deeper level than the 'traditional' comparisons on the basis of tenure or other formal organisational characteristics. Thereby it can also generate interesting information for policy makers to see to what extent different political, economical and institutional contexts lead to different types of behaviour by social housing providers. Furthermore, the model may also be useful for professionals, to assess to what extent their social housing organisation is being consistent with regards to what they say they (want to) do and what they actually do (i.e. espoused vs. enacted values – see 9.1.3). In this regard, both Motivator and Behaviour variables proved useful conceptual tools to identify and unpack values and actions, respectively. As seen in chapters 4 and 5, we developed these categories starting from the original classification by Crossan and Van Til (2009) and devised a methodology combining elements of grounded theory and of Eisenhardt's studies of organisational behaviour. We believe this conceptual and methodological approach could be applied and even further developed in future studies of social housing organisations and beyond. For all purposes, measurable information (indicators) could be obtained by applying the model to individual housing organisations. This classification could be used in a broad North Western European comparison, which would require fine-tuning the approach to data collection to make it easier to collect the amount of primary research involved to obtain the level of detail assembled for the two companies in this research. As pointed out in 9.2.1, this would be a task for further research.

Over the course of this research, the realization of the fluidity of strategic orientations that different social housing organisations adopt in their day-to-day managements practices showed the need to adopt a more dynamic approach to understanding their (changing) position vis-à-vis State, market and community, and in relation to the 'pure' public, private and third sector domains (Billis, 2010). This coincides with Brandsen et al. (2005) who state, "If anything, change and metamorphosis characterize the current third sector. This, perhaps more so than static characteristics, must be regarded as one of its distinguishing features." (2005, p.754) Hence, it is important to look beyond 'static' characteristics when aiming to understanding the mission, values and activities of these organisations.

While useful for conceptualisation purposes, we found that a classification model seems rather static to fully describe the dynamism and complexity of these organisations in a rapidly changing context (e.g. fast paced and radical regulatory changes; sweeping financial crisis, etc.). This holds true in particular for Descriptor variables. Within this classification, many of the variables most frequently used to

'describe' these organisations have proved inadequate to depict the role and identity of these organisations. This coincides with findings by Crossan and Van Til (2009), who upon testing original descriptor variables, concluded that a number of attributes were not appropriately captured by these formal characteristics. A case in point is legal status and organisational form. As Crossan & Van Til and also other scholars (Diaz-Foncea & Marcuello, 2013) point out, sometimes the latter features are chosen on the basis of practical considerations rather than in response to genuine identity reasons; for example, when a particular legal status or organisational form proves more convenient financially (e.g. tax advantages) than others.

As the set of theoretical propositions on our third research question show, the study of a strategic decision triggered by a critical incident in each company shed light on a range of complex motives and rationales at play in these organisations. Literature on strategic decision-making in complex organisations (Eisenhardt 1992) as well as on management of social business (Jäger 2010) had already pointed to the intertwining of different rationalities in these processes. Our study has added empirical evidence that not only confirms this complexity (and therefore the challenges posed for consistency both from within and outside these organisations) but also illustrates the types of choices, dilemmas or trade-offs that housing associations are faced with. We have provided three concrete examples of "dilemmas of hybridity", that together elucidate the values underlying often opaque outcomes – at least as seen from outside the organisation. In other words: while a given strategic decision made by these housing associations may seem 'brown' to an outsider, it might conceal a complex mix of red, blue and green in different proportions. The process to achieve the final colour is the black box that this study has aimed to help unpack.

However, the critical reader might contend: but aren't strategic decisions not complex in any type of organisations? While a certain answer would require a specific study comparing different types of organisations (e.g. commercial, State, charitable) and their respective decisions, the study of our critical incident shows how the degree of conflict or tension between the three different strategic orientations that social enterprises face implies a dialectic exercise than would be difficult to find in less hybrid organisations. Would, for example, a commercial provider be faced with the dilemma between affordability and financial sustainability? Or would a State housing provider even consider whether to comply or not with a State regulation on new income ceilings to access social rental housing? While admitting that hybrid forms do exist in every domain – a commercial housing company with a strong social focus, or a State provider with a remit to remain in blue – we would argue that the less defined the boundaries, the more difficult the choices.

A critical outlook on the research design and methodology adopted in this study could point to a number of potential limitations, including it being considered by positivists as excessively open and unstructured as well as the possible criticism of

the lack of an ex-ante conceptualisation. In turn, we would argue that these alleged weaknesses could be regarded as strengths. For example, this approach has provided us with freedom to be innovative and creative in our methodological design and with the flexibility to adjust to different contexts (national, linguistic, juridical, etc.), which requires a broader semantic field to accommodate the variety of terms used to refer to the same and / or slightly different things. While there might be a danger of a degree of laxity, it is in the rigorous explanation of methods and rationale adopted where the science lies. Furthermore, if applied rigorously, this approach coincides with the current rediscovery of the value of ethnographic and other socially embedded research approaches as a source of relevant knowledge for science and society. Some thinkers have highlighted the value of case studies as a source of useful evidence not only as a complement to statistically generalizable information, but often as even more relevant than the latter to social realities, pointing out that some of the most important knowledge is not universal but contextual (Mulgan, 2013a, 2013b).

§ 9.4.2 Contribution to society

Findings of this research can help us to think about the future role of social housing as part of the social contract, social cohesion and welfare model as defined in each country: Is social housing still meeting its founding aims? What is immovable? Understanding these changes cannot be decoupled from understanding the organisations that provide this service. In a context of increasing individual 'responsibilisation' for welfare (Rowlinson & McKay, 2011; Garland, 1996), austerity measures and shrinking public budgets across Europe, a crucial question is who might be willing or able to provide housing for people who cannot afford it in the market, and under what conditions. In the current post-recession and austerity context, these groups are not only growing in size but also becoming more diverse, including not only destitute, homeless and low-income people but also middle-class households. In most European countries, governments are not doing it anymore, at least not directly. In some cases, not-for-profit actors are willing to pick up this task. However, in a context of widespread funding cuts and fiscal austerity, the latter sector is also struggling to continue to fund its activities, let alone increase them.

Within this context, it is worth asking whether the debate on the role and scope of social housing provision in these countries is a reflection of changing values and / or priorities in their respective societies, or if they are mere casualties of the current (global) economic constraints. In this reflection, the role of 'social enterprises' such as the ones studied here is key to foresee the development of service provision in the field of housing. Who is to be responsible? What are the boundaries of this responsibility? What is feasible?

The research helped the practitioners who took part to be reflexive and more aware of these dilemmas, as reflected in the learning sharing seminars involving both PhD supervisors and the PhD researcher. For example, the fact that all companies hosted (each at one time over three years) and actively participated (including CEO's attendance to all seminars, for two days each) in them, reflects the value they got out of their involvement in the project. In addition, the sustained commitment of resources (staff's time and availability, reviewing interim reports, responding to regular queries and requests for information, etc.), indicate that the companies found it valuable to take part at the research.

In chapter 1, we stated the little systematic knowledge on the relationship between the contextual developments and the actual responses by social housing organisations. This PhD research has sought to contribute to widen discussion by providing new insights on this through a comparative study of the ways in which social housing providers are relating to (i.e. responding to and influencing) these contextual changes. We have argued that, unlike theories adopting an 'impact-response' approach to understanding the relationship between an organisation and its context, changes in such relationship ought to be understood as mutually shaping. In this view, the concept of agency has proven useful to understand the capacity of actors (either individually or collectively) for strategic action. This is important from a societal point of view because it opens the door for (more) organisations to become more reflexive, to realize that they can act on events from their environments, it shows them in which ways they can act. But it also raises questions as to whether all organisations are able to do so, and what the conditions are for this agency to take place.

The study of the formal aspects of the decision-making process means opening the 'black box' about the way in which decisions are made in this type of organisations. This is useful for at least two reasons. From an organisational perspective, it provides senior executives from these companies with an external perspective on how they operate when making this type of decisions. This will allow them to better understand how decisions have happened so as to be able to use this self-awareness to improve their processes. From an external perspective, this understanding will provide a better idea of the way in which often difficult choices are made by these companies. In other words, what might look 'black or white' from the outside will show a more nuanced picture combining altruistic motives with real constraints.

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AI Appendix 1

BASIC INTERVIEW QUESTIONS, AUTUMN 2008	
Company	
Date	
Interviewees	
Name	Position

Introductory questions

- What is your role in the company? For how long have you been in this role?
- Where you in this company before? In what role? What did you do before?

'Who' questions

- What is your company's mission?
- Why has your company adopted this mission?
- How has this mission changed over time?
- What do you think this mission will be in the future? Why?
- What are your company's values?
- Why has your company adopted these values?
- How have these values changed over time?
- Which do you think your values will be in the future? Why?

'What' questions

- How would you define your company's **core activity**?
- How has this activity **changed** over time?
- What do you think will your core activity be in the future?
- What other activities does your company carry out, beyond its core activity?
- Why do you perform these activities?
- How do you think these activities will evolve in the future? Why?

'How' questions

Structure:

- [This question will be asked referring to descriptive material e.g. organigrams, etc provided by the company in advance]
- How would you describe your company's structure?
- **Why** was this structure adopted?

- How has the structure of your company **evolved** recently?
- How do you think your company's structure **will evolve** in the future?
- Why?

Staff

- What have been the **main changes** in the competences of your staff over the last decade?
- What educational and professional background is required **to cope** with the challenges your organisation is facing today?
- How have **external changes impacted** on the nature of the tasks that need to be performed by your staff?

Shared values (organisational culture)

- How would you describe your organisation's **organisational culture**? Are there different sets of values present amongst your employees/sections/companies?
- How has this **culture changes** over the last decade? Why?
- What have been the **main external and/or internal factors** impacting on your organisations' culture?
- What role does organisational culture play in the definition of your business strategy?

Systems

- What are the main systems your company uses to perform its activities?
- How have these changed over time? Why?
- How will these systems adapt to expected changes in the environment in the future?

Style of management

- How would you describe the style of management in your company?
- How has this style changed over the last decades? Why?
- How do you think this style will develop in the future? Why?
- How are decisions made in your company?
- Are employees at lower levels involved in technical and/or strategic processes of decision making?
- Are employees encouraged to take initiative outside/above their field of competence?

Finance

- What are the main sources of capital for your activities?
- How has your funding structure changed over the last decades? Why?
- How do you expect this funding structure to change in the future? Why?
- How are you planning to adapt to this change?

'With whom' questions

- What organisations/institutions at local, regional and/or national level do you think are key to work with for the delivery of your core task? Why? Give examples.
- How has that changed over the last decade? Why?
- How do you expect this to evolve in the future? Why?
- What organisations are you currently partnering with for the delivery of non-landlord activities? Why? Give examples.
- How has that changed over the last decade? Why?
- How do you expect this to evolve in the future? Why?
- How important to you think it is to work with other actors/organisations in your field? Why?

CEO QUESTIONS

Strategy:

[This question will be adapted to each case depending on the existing information available on the each company through the baseline study]

- What is the core element of your company's strategy? Why?
- How has your strategy evolved in the last years?
- How do you think your strategy will evolve in the future? Why?



A II Appendix 2

MANAGEMENT POSITIONING SURVEY - December 2009

Introduction to and guidance on completing the questionnaire

The aim is twofold:

I. To monitor recent developments (since November 2008) in terms of contextual factors impacting on your company's mission, organisation and range of activities.

II. To help position your company regarding three key dimensions of the company's management:

- Mission
- Organisation
- Activities

The survey presents a set of questions on each of the above three areas. Each question has a set of closed answers formulated as statements. The idea is that managers who answer the questionnaire 'position' themselves vis-à-vis these aspects.

To answer the questionnaire: The questionnaire consists of two parts:

Part I aims to update the information on contextual factors impacting your company's mission, organisation and activities last year (2008).

To answer this part, just type your response in each cell as required.

Use as much space as you consider necessary.

Part II consists of three sections, each consisting of a set of closed questions. To answer this part, please note:

Answer from your point of view. There is no need to consult anyone else. There are no 'right or wrong' answers.

To mark your answer, just tick the box next to the statement which best represents your point of view on each question.

Need further information?

Should you need any further information on how to answer to this questionnaire, please contact Darinka Czischke by e-mail (d.k.czischke@tudelft.nl) or phone:

+32 2 541 05 64 Mondays-Wednesdays | +32 2 513 51 48 Thursdays-Fridays | +32 478 414 001 mobile

PLEASE KINDLY **RETURN** THE COMPLETED QUESTIONNAIRE BY **MONDAY 14 DECEMBER 2009** TO DARINKA CZISCHKE by e-mail: d.k.czischke@tudelft.nl

PART I: Update on contextual drivers

Last year, in interviews with you and your colleagues we concluded that a set of ‘drivers’ from the environment were having an impact on your company’s mission, organisation and activities. These drivers were categorised in three groups: State, Community and Market. The answers provided by you and your colleagues are summarised in the annexed diagram (for further details please refer to the annex to this questionnaire).

In tables 1-3 below, we would like to know to what extent these drivers have changed over the last year.

Tick the box next to the letter **that best answers** each question.

Provide a brief explanation of your answer in the space below.

Please use as much space as you need to write your answer.

Table 1: 'State' drivers	<input type="checkbox"/> a) It is as important now as in Nov 2008.	<input type="checkbox"/> b) It is more important now than in 2008 <i>(Please briefly explain in what way it is more important, and why)</i>	<input type="checkbox"/> c) It is still an important driver, but it has changed <i>(Please briefly explain in what ways it has changed and why)</i>	<input type="checkbox"/> d) It is not as important any more <i>(Please briefly explain in what ways it has reduced in importance and why)</i>
Changing sector regulation				
Financial pressure on SHOs				
Lack of/ poor institutional capacity of local governments				
Decreasing public funds				
Other (please mention)				

* SHOs: Social housing organisations

Table 2: 'Community' drivers	<input checked="" type="checkbox"/> a) It is as important now as in Nov 2008.	<input checked="" type="checkbox"/> b) It is more important now than in 2008 <i>(Please briefly explain in what way it is more important, and why)</i>	<input checked="" type="checkbox"/> c) It is still an important driver, but it has changed <i>(Please briefly explain in what ways it has changed and why)</i>	<input checked="" type="checkbox"/> d) It is not important any more <i>(Please briefly explain in what ways it has reduced in importance and why)</i>
Unbalanced regional housing markets				
Diverse and polarised demand for social housing				
Social housing tenants becoming more vulnerable				
Tenants becoming more demanding				
Demands from (increasing proportion of) elderly tenants				
Other (please mention)				

Table 3: 'Market' drivers	<input checked="" type="checkbox"/> a) It is as important now as in Nov 2008.	<input checked="" type="checkbox"/> b) It is more important now than in 2008 <i>(Please briefly explain in what way it is more important, and why)</i>	<input checked="" type="checkbox"/> c) It is still an important driver, but it has changed <i>(Please briefly explain in what ways it has changed and why)</i>	<input checked="" type="checkbox"/> d) It is not important any more <i>(Please briefly explain in what ways it has reduced in importance and why)</i>
Economic crisis:				
- Low demand for home-ownership				
- Private developers interest in partnerships				
- Lack of cash in the market				

Table 3: 'Market' drivers	<input checked="" type="checkbox"/> a) It is as important now as in Nov 2008.	<input checked="" type="checkbox"/> b) It is more important now than in 2008 (Please briefly explain in what way it is more important, and why)	<input checked="" type="checkbox"/> c) It is still an important drivers, but it has changed (Please briefly explain in what ways it has changed and why)	<input checked="" type="checkbox"/> d) It is not important any more (Please briefly explain in what ways it has reduced in importance and why)
Longer-term: - Regional differences in housing markets				
Other (please mention)				

PART II: Strategic positioning

Please tick the statement **that best fits** your organisation on each question, both for **now** (today) and as regards **expected change** (2-3 years from now).

Please tick **only one option** for today and **only one option** for three years time.

1. Mission	Today	In 2-3 years
1.1. How do you express the mission of the organisation?		
a) Providing good and affordable housing for our tenants.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) Providing good and affordable housing for tenants underpinned by sound asset and financial management.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) Contributing to the wellbeing of the wider communities where we operate, in addition to providing social housing services to our tenants.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
1.2. How broad is the organisation defining its playing field?		
a) We concentrate on managing our social housing stock.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) In addition to managing our social housing stock, we are active in broader layers of the housing market.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) In addition to managing our social housing stock, we develop a range of activities outside the domain of housing.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
1.3. What motivates your organisation to perform?		
a) We want to provide good service to our customers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) We want to be the best in our sector, increase the value of our stock and keep growing.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) We aspire to meet our stakeholders' aspirations and to contribute to the wider wellbeing in society.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Organisation	Today	In 2-3 years
2.1. What is the current main focus of your company's strategy?		
a) To improve the efficiency and quality of service for our tenants	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

2. Organisation	Today	In 2-3 years
b) To improve the value of our real estate portfolio.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) To improve our stakeholder dialogue.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.2. How consistent is the company's strategy with the company's mission and values?		
a) The strategy is strongly in line with the company's mission, values and vision.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) The strategy is ambivalent: at times it emphasizes the company's social mission, and at times it reflects commercial aims.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) The strategy responds well to the changing demands from our environment and stakeholders.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.3. What characterises your company's approach to human resources?		
a) Relatively many staff are allocated to front-office/operation activities to ensure an adequate delivery of services to tenants.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) Relatively many staff are allocated to real estate/housing management and development.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) Available staff reflect a relatively broad range of expertise, associated with the broad range of activities and innovations our company carries out.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.4. What role do tenants play in your company's decision-making?		
a) Tenants' participation is embedded in our decision-making process, e.g. tenants' representative sits at our board.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) Tenants are not directly involved in decision-making in our organisation, but we consult their views as consumers and act on this information to improve customer service.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) Tenants are included in wider stakeholder consultations we carry out.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.5. What characterises your company's financial strategy?		
a) We aim to maintain a cost neutral exploitation of the housing stock.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) We aim to contribute to increasing the value of our real estate portfolio, among others in order to increase our capability for social investments.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) We are focussed on social return on investment and therefore we use any financial surpluses in the interest of society.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.6. How would you describe your company's structure?		
a) A functional division of tasks (e.g. technical management, financial management and housing services)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) A strong core leading the operating companies.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) Central steering combined with locally-rooted operating companies.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2.7. How would you define your company's organisational culture?		
a) A culture underpinned by good management.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) A strong business ethos.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) A strong social vocation.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

3. Activities	Today	In 2-3 years
3.1. What activities help the organisation deliver its core mission?		
a) The core mission is performed by providing efficient and quality housing services to tenants.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) In addition to housing and related services to tenants, we deliver a number of commercially-orientated services carried out to generate surpluses.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

3. Activities	Today	In 2-3 years
c) In addition to housing and related services to tenants, we perform a broader range of activities which benefit the wider community where we operate insofar we consider it part of our broader role within society.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.2. What is the role that real estate activities play in the company's strategy?		
a) The company's social housing stock is the basis of our business: good maintenance and management of our assets will guarantee the fulfilment of our mission.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) The company uses every opportunity to increase the value of its real estate in order to strengthen its financial position and means for investments for social purposes.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) The company is a social real estate manager and investor, which helps us improve the social and economic situation of the local communities where we operate.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.3. What role does the company assign to community investment activities?		
a) These activities are not part of our core mission.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) We perform these activities in those cases when they help us deliver our core mission.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) These activities are important to comply with stakeholder's expectations.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.4. Under what circumstances would your company be willing to carry out any (or if it does so already, more) community investment activities?		
a) Under no circumstance; they are not part of our core business.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b) If government would sub-contract us to do so or if other external funding available, we would gladly increase the level of our community investment activities.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
c) If our stakeholders consider it a priority and provided we have the resources to do so.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

A III Appendix 3

Identifying and tracking a 'Critical Incident' in each company

Guidelines for participating companies

Objectives

This document lays out the purpose, background and method for the third year fieldwork with the companies participating in this PhD research. This method will consist, as the above title suggests, in identifying and tracking a '**Critical Incident**' in each company taking part in this study. The objective of this document is to further clarify the purpose of this exercise and the working methods. On a separate document called '**Baseline fact file**' I ask the key contact person in each company to provide basic information and facts about the chosen 'strategic decision' for this exercise.

Background

The PhD's broader aim is to understand in what ways social housing organisations are responding and/or adapting to a set of contextual changes, and if/how these responses are changing their missions and strategies. To this end, since 2008 the research has been studying five social housing organisations across three different European countries (England, Finland and the Netherlands). During the first year, the main aim was getting to know the companies (through describing their mission, organisation and activities) and mapping key contextual drivers (interviews, secondary data). In the second year, the focus was on narrowing down the research questions and on developing a conceptual framework suitable to the subject of study and to start exploring types of responses to change (through the survey and critical literature review).

There are a number of key findings from the last year that the research will build on for the elaboration of the third year's fieldwork. Firstly, there is an understanding of social housing organisations as **hybrid** organisations, i.e. the fact that they are characterised by a mix of strategic orientations (i.e. public, commercial, societal). Secondly, the recognition that strategic orientations adopted by these organisations are **fluid**, i.e. they change subject to the type of driver / event that the organisations have to respond to. Thirdly, the specific combinations of strategic orientations that can be found in

social housing organisations **differ** from those in any other ‘pure’ type of organisation (i.e. public, commercial or societal).

In this framework, understanding the strategic positioning of these organisations between State, Market and Society calls for an in-depth study of the process of decision-making. Indeed, it is in the complex process of weighting values, outside and inside pressures, obstacles and opportunities, negotiating competing agendas, etc. where stated values crystallise in actions and strategies. Therefore, the next phase of the research will seek to understand the **process of decision-making** that leads these social housing organisations to respond in a certain way (i.e. according to specific strategic orientations) to a specific contextual driver. Furthermore, the research will **test the conceptual framework and hypotheses** developed by the PhD through an intensive study of the decision-making process involved in two critical incidents.

The concept–technique of ‘critical incident’ (CI)

The CI technique outlines procedures for collecting observed incidents having special significance and meeting systematically defined criteria. By ‘**incident**’ is meant any observable human activity that is sufficiently complete in itself to permit inferences to be made about the entity performing the act. To be ‘**critical**’, an incident must occur *in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects.*

In order to pinpoint that ‘act’ we have chosen a ‘**Strategic decision**’, which will be made and implemented over a given time period in each company under study. The latter is defined as ‘**a decision that is recognised as having significant implications for the structure, direction or purpose of an organisation**’. The box below reminds us of the criteria for choosing a strategic decision.

Box 1: Criteria for choosing a strategic decision

- **Have a special significance for the company** (i.e. an impact on either its structure, direction or purpose)
- **Allow inferences about the company performing the act** (i.e. allow discussion/ reflection on motives leading to each decision).
- **Must occur in a situation where the purpose or intent of the act seems fairly clear to the observer** (i.e. fixed period of time).
- **Its consequences ought to be sufficiently definite to leave little doubt concerning its effects** (i.e. clearly identifiable/measurable effects, either qualitatively or quantitatively)

Next steps

Your company has already chosen a strategic decision at the seminar held in Roermond in October 2010. The Baseline fact file in a separate document lays out the outcome of this seminar. On that document I would like to ask you to fill in the information requested, following the 'strategic decision' identified in Roermond.

When completing the attached Baseline fact sheet for your company, please follow these steps:

- 1 Confirm if this 'strategic decision' is **still valid**, i.e. if it still is going ahead (points 3 - 4).
- 2 Confirm or rectify the **time period** within which it is going to take place (point 8).
- 3 Verify the information provided in the fact file and **complete** the missing information.
- 4 Should you have any **questions** on how to complete this form or on any of the above, please contact Darinka Czischke (contact information below).
- 5 If you do not have any questions, please return the completed form by **28 December 2010**. Should you have any questions, please let me know when we could make an appointment for a **phone conversation** (ideally before 28 December) to clarify these questions.

Contact information:

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d.k.czischke@tudelft.nl | skype: darinka.czischke

“Tracking a critical incident in a social housing company”

Baseline fact file

1. Company name		
2. Main contact person (name/position/email/phone)		
3. Strategic decision (SD) title		
4. Short description		
5. Justification (In what ways is the SD likely to affect mission, strategy and/or activities of the organisation?)		
6. Pre-assessment	Internal	External
Barrier		
Deadlock		
Enabler		
Breakthrough		
7. Time frame	Start date:	End date:
	Field visit 1:	Field visit 2:
8. Resources	Internal	External
Key people to interview (name/role/organisation)	1. 2. 3. 4. 5. ...	1. 2. 3. 4. 5. ...
Key documents to review (name/source/subject)	1. 2. 3. 4. 5. ...	1. 2. 3. 4. 5. ...
Key events to follow (e.g. 'milestones', dates, people involved, subject, expected impact, etc.)		

Glossary of key terms:

Critical incident:

Any observable human activity that is sufficiently complete in itself to permit inferences (hypotheses) to be made about the entity performing the act. To be 'critical', an incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects. In the context of this study, the critical incident corresponds to a 'strategic decision' to be made by each company.

Strategic decision

A decision made by the company, recognized as having significant implications for the structure, direction and purpose of the organisation. The company and the PhD researcher will define a time period for the decision-making process.

Key events:

Milestones (e.g. turning points, deadlines, etc.) taking place over the course of the decision-making process.

Barrier:

Any condition making it difficult to make progress or to achieve an objective.

Deadlock:

Situation in which no progress can be made or no advancement is possible.

Enabler:

Any condition that helps the decision to happen.

Breakthrough:

Situation of major progress or the overcoming of an obstacle in the decision-making process, such as a great innovation or realization.



Biography

Darinka Czischke was born in Talcahuano, Chile, on the 27th of July 1971. She holds dual Chilean and Croatian nationality. She studied Architecture (1990-1993) and Sociology (1994-1998) at the Pontificia Universidad Católica de Chile (PUC). She received the Honour Award ('Premio de honor') from the Institute of Sociology at the PUC as one of the two best students graduating from the BA in Sociology in 1998.

After graduating, Darinka worked as assistant lecturer in Political Sociology and as a research associate at the PUC Institute of Sociology, focusing on the study of public participation and associativity in the Santiago Metropolitan region. In parallel, she worked as a research associate at the Centro de Investigación y Planificación del Medio Ambiente (CIPMA) in Santiago, Chile. In this role she carried out research on public participation in environmental decision-making, company-community relationships at local level and philanthropy and public-private cooperation in the field of sustainable development. From 2000 to 2001 Darinka was a member of the Task Force for Urban Reform convened by the Ministry for Housing and Urbanism of Chile.

In 2001 Darinka received the Chevening Scholarship awarded by the British Council to young leaders in their respective countries, to study a Masters degree in the United Kingdom. Darinka pursued an MSc in Regional and Urban Planning at the London School of Economics and Political Science (2001-2002), where she graduated with Distinction. Her MSc thesis was entitled "Urban governance and new forms of civic action: Lessons from a case study in Santiago, Chile." Upon her graduation Darinka worked briefly at the Greater London Authority, where she supported the newly established London Sustainable Development Commission to create a set of urban sustainability indicators for London. From 2002 to 2004 Darinka was a research associate at the LSE Cities Programme, where she coordinated a 2-year multidisciplinary study on density and urban neighbourhoods in London.

In 2005 Darinka moved from London to Brussels to work as Research Director of the newly created European Social Housing Observatory at CECODHAS (the European liaison committee for social housing). In this role she developed and co-ordinated a network of experts on social housing issues at national level including practitioners and academics from across the European Union. She also carried out research and published widely about social housing policies in EU member states; interactions between EU regulations and housing; the role of social housing for social cohesion and for the integration of immigrants, housing exclusion and affordability; and various aspects of the management of social housing.

In 2006, Darinka became a joint-coordinator of the working group “Social housing: Organisations, Institutions and Governance” at the European Network for Housing Research (ENHR). Darinka grew increasingly interested in the variety of social housing conceptions and approaches across the European Union. She decided to embark on a PhD (part time) at the Department of Real Estate and Housing, Faculty of Architecture at TU Delft, under the joint supervision of Professor Vincent Gruis (TU Delft) and Professor David Mullins (University of Birmingham). Both her PhD research and her work with the ENHR working group strengthened Darinka’s interest in hybrid and social enterprise models of social and affordable housing provision. In 2012 Housing Studies published the Special Issue “Social Enterprise, Hybridity and Housing Organisations”, which she jointly guest-edited with Professor David Mullins and Gerard van Bortel. In 2013 Darinka received the “David Butler” grant, awarded by the Chartered Institute of Housing (UK) to individuals to carry out research to advance the housing profession. Darinka used the award to conduct a study on social innovation in the field of housing in Europe.

Over the course of her career, Darinka has delivered numerous keynote speeches and provided research and advice on social housing to a variety of international institutions including: the European Commission, the European Parliament, the Council of Europe, the United Nations Economic Commission for Europe, the URBACT programme on sustainable urban development in the European Union and Habitat for Humanity International. She is founder and managing director of DCConsulting, a UK-based consultancy firm that provides research and facilitation services in the fields of integrated sustainable urban development and social enterprise, innovation and co-production in housing. In addition, Darinka is a guest researcher at TU Delft and joint-coordinator of the newly created ENHR working group “Policy and Research”.