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Social Housing: Corporate Management Approaches in the UK

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ABSTRACT

The social housing sector in Britain has undergone significant change over the last four decades since 1980. Under the economic and political ideology of Neoliberalism, the introduction of market forces into the arena of public service provision has resulted in the evolution of a competitive operational environment for Social Housing Providers (SHPs). These organisations have to operate as businesses and meet the challenges of functioning as independent firms that are regulated by the state. They can borrow finance on the private markets to fund their activities and diversify their operations to seek new streams of business. The expectation is that they will operate as efficient and effective businesses that provide safe homes for their customers. As well as operating along business lines, SHPs are expected to fulfil a social purpose to provide for those in society with a housing need and who cannot access housing through the market mechanism. This article looks at the rise of corporatism in the social housing sector. It explores types of management theory that are being used by SHPs to create organisations that deliver effective services as well as efficient businesses that survive in a competitive age. Approaches to the management of values are considered in terms of benefits to customers and as guiding parameters for staff in these organisations. The article then asks if these approaches have benefitted customers and reflects on the challenges that SHPs face in fulfilling their obligations as business with a social purpose.

Keywords: *Corporate, Housing, Management, Neoliberalism, Social*

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INTRODUCTION

‘Since the 1980s and influenced by neoliberal ideology, governments had viewed’ SHPs as their ‘preferred partners in developing and managing subsidised rental housing’ [1]. The election of a Conservative Government under the leadership of Margaret Thatcher in 1979 ushered in a programme of marketisation that was inspired by the ideology of Neoliberalism. The Conservative Party had adopted the political and economic

ideology of Neoliberalism, which has been defined by one commentator as ‘a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade [2]. Under this definition the role of the state is reduced from direct provider of services to one where it provides an administrative framework for

these activities to happen as well as organising the ‘military, defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets’ [2]. After four decades operating under a Neoliberal ideology the principles of the free market are considered to have become embedded into the fabric of society, ‘it has become deeply embedded in 21st century institutional behaviour, political processes and understandings of socio economic realities’ [3]. In terms of the social housing sector during this period there has been a decline in the state as a direct provider of housing and a rise in the role of SHPs which are organisations that are independent of the state [4].

BUSINESS VS SOCIAL PURPOSE

As organisations, SHPs have had to operate as businesses and meet the challenges of functioning as independent firms that are regulated by the state as well as provide accommodation for those in society with a need for housing. To achieve both of these aims these organisations have ‘struggled to balance the demands of commercialism and a need to retain a core social purpose’ [1]. As the main providers of social housing in the UK SHPs have to meet the challenges of operating as a business. They can borrow money on the private markets to finance the development of housing and are responsible for meeting the scheduled repayments on these loans. The state regulates their activity and they have to demonstrate that they can operate as efficient and effective organisations providing services for their customers. They have to have long term business plans which assess any risks to the organisation and which identifies the streams of income that the organisation will have during the lifespan of the plan.

There has been a similar experience in other countries where there has been a ‘decline in terms of state intervention in the provision of housing with the social housing sector’ [4]. In the Netherlands there was a movement during the 1990s the privatisation of social housing which resulted in ‘systematic failure’ [1] and a need for state intervention [4] [5]. In the USA, housing organisations are encouraged to engage in commercial activity and to be enterprising to generate sources of revenue to cross subsidise their services that they provide [4] [6]. In Australia, housing organisations are seen as having to undertake commercial and business practices as a necessity to enable their social goals to be achieved [7].

THE RISE OF CORPORATISM

The requirement for SHPs, who provide social housing, to adapt to the competitive environment that they operate in has given rise to the importance of commercialism and the market logic within the social housing sector. It has been claimed that ‘this market logic has in turn assumed paramount importance in determining organisational behaviour and actions’ [1]. As the ‘sphere of the market has grown’ [8] to include sectors that had traditionally been carried out by the state the role of companies has increased and ‘the corporation has emerged’ as a ‘powerful economic and social institution’ [8]. As the challenges of operating in a competitive environment increased SHPs have had to increasing reposition themselves in response [1] [9] [10]. This has required them to review the way they operate, the way services are provided to their customers, how they sustain themselves and grow. This has meant looking at themselves through commercial lens and assessing items such as branding, purpose, aims, values and undertaking business planning.

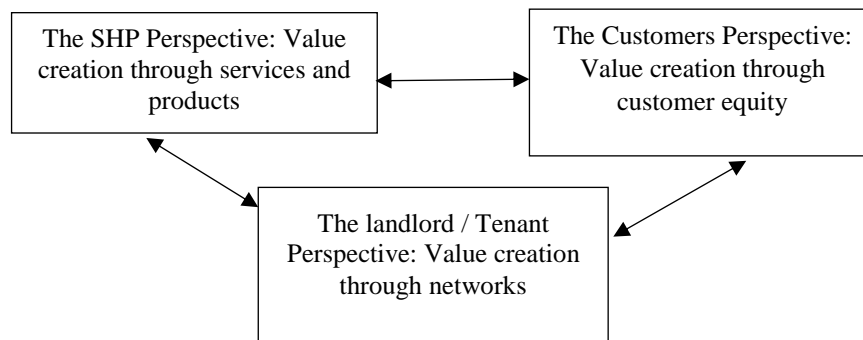


Fig. 1. The three perspectives of customer value in social housing.

Source: Adapted from [13]

THE VALUE OF VALUES

‘Corporate values are in vogue’ [11] is a commentary which cuts across commercial businesses and asks is there more to the focus on values by these organisations other than it being something that is done and not followed through in practice. It was identified that within a corporation the values of that organisation are should be stated and embedded into ‘management practices to reinforce behaviours that benefit the company and communities inside and outside the firm, and which in turn strengthen the institution’s values’ [11]. The survey found that the following aspects relating to the importance of values within corporations:

- Ethical behaviour is a core component of company activities
- Values influence relationships and reputation
- Values are connected to operations
- Locality is a factor on the variability of their implementation
- The tone of the Chief Executive Officer (CEO) of the organisation can act as a major influencer on their development and application [11].

To embed values within an organisation, different value based management approaches have been developed and employed. ‘At its essence, value based management involves transforming behaviour in a way that encourages employees to think and act like owners’

[12]. Through this approach they are taking ownership of their work and aligning behaviours to the delivery of that work.

The provision of social housing is a service that is essential to meet the needs of many people in society whose need for the provision of accommodation cannot be met through the market mechanism. As businesses, SHPs have increasingly adopted a values based approach to their work and looked to create value for their customers. This can be seen in Figure 1.

CONCLUSION

‘The housing sector is a welfare pillar, on the border between state and market’ [14]. The reference to the housing sector being a welfare pillar has its background in the era of the welfare state that was introduced following the end of the Second World War by the Labour Government elected in 1945. In the period between 1945-79, the state played the primary role in directly providing housing. Post 1980 the primary role for the provision of housing was taken over by SHPs which are independent organisations. The role of the state as a provider of housing has reduced and their role as a regulator of SHPs has increased. As providers of social housing, SHPs have had to operate in a competitive environment as businesses but they also have a responsibility to fulfil a social purpose in providing housing for those with a need for accommodation. The pressures of

functioning as a business have resulted in rise in commercial approaches within the social housing sector as SHPs adopt these practices such as branding. These organisations have also increasingly looked to put in place value based processes within their organisations. A question for further consideration is how are these value systems embedded within the organisations and do they result in the delivery of improved services to customers?

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