# Social Housing: Emphasizing on 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. 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. This article looks at the rise of corporatism in the social housing sector. It explores types of management 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: housing; neoliberalism; management; corporate; leadership*

## 1. 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].

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## 2. 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].

Jacobs and Manzi argue that, 'the extension of commercialism, commodification and competition' within social housing has 'generated new fissures and dissonance within the sector' [8]. They quote the work of Hodkinson [9] who identifies four interpretations of Neoliberalism; as a hegemonic project; a political economy interpretation; a way of implementation of a new form of state and as a mode of governmentality [8]. In the everyday world of the Housing Officer working in a SHP they are faced with the different imperatives of welfare and commercialisation. Their work will be governed by the values, rules and practices of the organisation.

## 3. MANAGEMENT IN SHPs

'Change, and responding to change, is a constant in the housing sector' [10] was a finding of research undertaken by the Chartered Institute of Housing published in 2020 which found that SHPs faced a number of challenges to adapt to these constant changes. One management theory that has been employed in recent years within the housing sector has been am approach based on 'Systems Thinking' which has been described as a method to enable SHPs to meet the challenges that they face by 'changing the way work works, and challenging the thinking behind how things are done' [11]. System thinking emerged after the second world war evolving through industrial production processes to tackle challenges and create efficient ways of working. In the last 10-15 years there has been a focus on applying the approach within service sectors including social housing. Traditional approaches to problem solving within organisations have focused on separating individual parts of the system, analysing them and seeking improvement by concentrating on hem separately from the rest of the system of which they are a part.

In contrast, system thinking analyses a system as a whole, looking at the relationship between different parts of the system and the effects that they have on each other as well as the system as a whole. Within the 'System Thinking' approach different techniques have been developed to adapt the principles to the thinking to specific industries and sectors. An example is the Japanese car industry and the Toyota organisation which building on the principles of the Ford production system developed the Toyota Production System which modified the way that cars were produced. A 'just in time' system of production came from this which meant that items can move can move through the production process as and when they are needed which did away with the need to stock pile car parts [12]. A version of the 'Lean System' approach was developed by a company called Vanguard for the service sector. The service sector is different from the car production sector. The service delivered to the customer places them at the heart of their service, 'the customer sets the requirement which means that the system must be able to cope with a wide variety of demand' [12].

Commentators have stated that the application of the principles of 'Systems Thinking' should not be cone 'uncritically' and attention needs to be made to the challenges of adopting the principles to social structures as well as areas which can be impacted by political, economic and policy drivers [13]. There have been different approaches to the application of a 'Systems Thinking' in the housing sector by different organisations looking to improve their services. Although adoption of the principles of 'System Thinking' have been evaluated as useful for 'bringing improvement to systems in the housing sector' [14] but the complex nature of housing also offers challenges to those applying these principles [13].

For SHPs who are delivering services to their customers every day the pressure to improve the way they function and the services they deliver means that they focus on the operational aspects of their services when reviewing them. It has been said that they need to be 'commercially viable, maintain service levels to tenants and meet the demands of an increasingly mobile workforce' [15] which has led to SHPs embracing the benefits that technological advances has given them to deliver transformation within their organisations and to become agile for delivering services.

## 4. 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' [16] 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' [16]. As the challenges of operating in a competitive environment increased SHPs have had to increasing reposition themselves in response [1,17,18]. 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.

Kemeny identified that housing was 'a market product' that 'straddles both state and market' and it is a service in which 'vested market interests are more prominent' compared to 'other welfare sectors' [19]. In his paper, Kemeny argued that there was a clear 'connection between countries with an integrated rental housing market and countries viewed by leading corporatist theorists as classic examples of society with a corporatist power structure' [19]. The corporatist structures that Kemeny makes reference to are formal structures within the state which mediate power between labour and capital. Assessing housing regimes twenty years after Kemeny, an academic called Stevens argued that the corporatist countries that Kemeny had written about were ones which had a 'social market economy' and developed social market housing [20]. Housing in the UK has experienced two phases since the end of the Second World War in 1945. The first phase being the period from 1945 up to the mid-1970s which has been referred to as 'a social democratic consensus' period in 'which both main political parties supported a Keynesian macro-economic policy and supported the instutions of the welfare state that were introduced in 1945 by the Labour Government' [20]. The second phase is the period from the 1980s when there was a break from the previous consensus model and an agenda of change fostered by a radical Conservative administration that looked at privatisation and the marketisation of services. Stevens states that the housing system in the UK 'began to change with the revival of the private rented sector after new tenancies were freed from rent control and fixed term tenancies were introduced in 1989' [20]. The influence of the market has influenced the social housing sector where the SHPs have had to compete with the private rented and home ownership sectors for customers. They have had to operate to business principles to survive as organisations.

## 5. THE VALUE OF VALUES

'Corporate values are in vogue' [21] 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' [21]. 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 [21].

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' [22]. 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 Fig. 1.
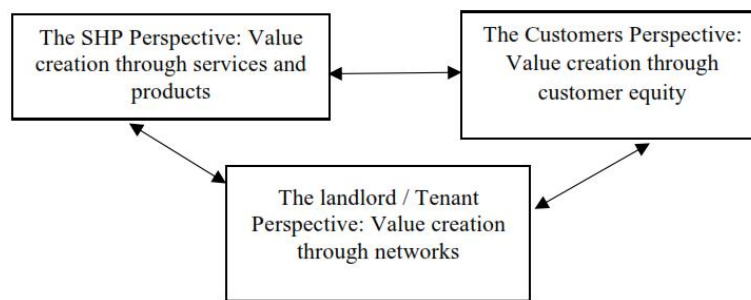


**Fig. 1. The three perspectives of customer value in social housing**
*Source: Adapted from [23]*

In 2007 a review of the future roles of social housing was carried out by Professor John Hills in the UK and this concluded that improvements could be made in the delivery of social housing services. It concluded that 'while social housing is popular with many tenants, satisfaction with their homes could be higher' [24]. It recommended that the management of social housing could help support tenants and tackle issues such as worklessness. This emphasises the different meanings of value. Examples include the value of social housing services to the state, to the tenants who live in social housing and to the organisations who manage social housing.

## 6. CONCLUSION

'The housing sector is a welfare pillar, on the border between state and market' [19]. 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?

## COMPETING INTERESTS

Author has declared that no competing interests exist.

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He lives in the north of England and has worked in the field of social housing in the UK for 30 years in operational and management roles. He was awarded a doctorate degree in Housing Studies in 2019 by Lancaster University and holds an MBA from the University of Cumbria as well as a MSc in Housing from De Montfort University. He has written and published over 15 articles about innovation in organisations, aspects of social housing policy and the application of the philosophy of Critical Realism (CR) in social housing.