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Cultural Theory and the Dynamics of Organisational Change: The Response of Housing Associations in London to the Housing Act 1988

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ABSTRACT: The aim of this article is to consider the most effective way of conceptualising a sector that has undergone radical change: the UK voluntary housing sector. The article considers existing accounts of housing associations and classifies these into five analytically distinct groups of writers: practitioners, historical accounts, managerialist approaches, network theorists and institutionalist accounts. The main contention is that each of these is limited in explanatory potential, primarily due to their neglect of culture. The article proposes a more detailed framework for developing an understanding of the substantial changes affecting housing associations since the 1980s, that offered by ‘grid-group cultural theory’. The article provides longitudinal qualitative data obtained from London housing associations to support the contention that organisational change the can most usefully be understood by reference to the cultural themes of hierarchy, individualism. The article contends that cultural theory offers the opportunity to develop a systematic analysis that accounts for institutional history and organisational differentiation.

Keywords

CULTURAL THEORY, HOUSING ASSOCIATIONS, ORGANISATIONAL CHANGE, LONGITUDINAL QUALITATIVE STUDY
Introduction

How can we begin to understand a sector that is as complex and rapidly changing as the UK housing association sector? This is a sector that has experienced significant growth over a relatively short period of time; at a national level increasing from around 100,000 properties in 1974 to around 1.8 million by 2003 (ODPM, *Housing Statistics*). Furthermore, since 1988 it is a sector that has assumed a position replacing local authorities as the main provider of new housing, with an estimated asset base of £60 billion and receiving around £25 billion in private finance per year by 2003 (Aldridge, 2005: 27-28).

However, despite the increased significance of the housing association sector, there remains an absence of theoretical analysis of the way in which the voluntary housing sector has responded to such radical change. The purpose of this article is therefore twofold; to consider the different tools that have been applied to understanding the sector and to illustrate how new approaches can assist in understanding the dynamics of organisational change.

Conceptualising the housing association sector

Whilst there has been considerable growth of interest in the housing association sector, reflecting its increasing importance in welfare provision, there has been less explicit application of theoretical tools to analyse organisational change. Existing explanations of the sector can be divided into five analytically distinct categories.

Practitioner accounts

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Note: Since 1996 housing associations have been included under the generic term ‘registered social landlords’ (RSLs) to represent the different kinds of housing organisations that can claim public subsidy. However, this article uses the term ‘housing associations’ to illustrate the historical development of this institutional form.
Much of the literature on housing associations has been written by practitioners and therefore reflects an inevitable bias towards improving organisational systems and procedures. A considerable proportion of housing association studies have comprised descriptive and normative studies that were closely related to best practice (e.g. Cope, 1999).

Often commissioned by government agencies and professional interest groups, practitioner accounts are designed to assist managers and policy-makers in understanding how the sector operates and in defining the roles of the sector. Many accounts stressed that housing associations had a distinctive identity, but it was unclear what precisely this identity consisted of: ‘not public sector, nor private sector, but something different’ (NFHA, 1990: 38).

These studies were either presented in general terms (National Housing Federation, 1997; 1999) or focussed on specific issues such as regulation (Day and Klein, 1996), community involvement (Fordham et. al., 1997; Dwelly, 1999), relations between committee members and senior managers (Exworthy, 2000), group structures (Audit Commission, 2001) and the role of a black and minority ethnic sector (Hammond and Tilling, 2003). As these studies were mainly practice based, they were deliberately aimed at a professional audience, rather than an academic readership.

Empirical studies, whilst often undertaken by academics, have tended to be tailored towards practitioner audiences, and have provided some thorough discussion of specific issues such as allocations policies (Pawson and Kintrea, 2002), stock transfers (Pawson and Fancy, 2003), investment (Chaplin et. al., 1995), governance and accountability (Kearns, 1997; Klein and Day, 1994) innovation (Walker et. al., 2001) or rent policy (Walker and Marsh, 2003). Page’s (1993) study of new housing associations estates was controversial but limited in terms of empirical data. In particular these studies rarely considered qualitative
experiences of working within these organisations, nor did they provide a broader scope to debates about the role of the sector in contemporary public policy.

**Historical studies**

The history of twentieth century British housing policy is almost exclusively a history of the rise and fall of council housing (e.g. Cole and Furbey, 1994) with the majority of studies mentioning housing associations only in passing as an adjunct to the local authority sector (for example, Balchin, 1995; Malpass and Murie, 1999; Balchin and Rhoden, 2002). Whilst a number of historical works on the influence of key individuals such as Octavia Hill (Darley, 1990) or the philanthropic organisations (Tarn, 1973) have been written, these texts have not discussed contemporary housing associations.

Following the 1988 Act has been considerable attention on the significance of the legislation (Hills, 1989; Best, 1991; Langstaff, 1992; Randolph, 1992; 1993; Harrison, 1995) and attempts were made at considering both the past and the future of the sector (Spencer et al., 1995). Other studies have focused on one specific organisation (for example Garside, 2000). However, these discussions tended to be relatively short accounts of organisational and sectoral change. The main lesson arising from such studies was the impossibility of drawing generalisations from such a wide disparity of organisational forms.

A more influential historical analysis of the sector has been provided by Malpass (2000a; 200b; 2001). Malpass’ main contention is that the housing association sector has experienced an ‘uneven development’, suggesting that there is little cohesiveness in institutional structures. New organisations have been formed in different periods in response to government action and inaction but there is little to connect current and historical form. The sector is therefore being categorised by a ‘discontinuous history’, with little if any similarity between the ‘public utility
societies’ of the early twentieth century and the ‘registered social landlords’ of the twenty-first.

However, these historical accounts provide detailed discussions of the role and scope of the sector, but failed to offer categorisations or typologies of organisational types. Consequently it has proved very difficult to provide explanations of organisational change within the sector.

Managerialist approaches

A third group of writers have adopted what may be termed ‘managerialist’ approaches, seeing the reforms to the social housing sector of the late 1980s as part of a wider set of changes to public sector organisations; often providing normative explanations of the attempt to reform the organisational culture of bureaucratic institutions into dynamic, flexible and responsive agencies.

Managerialist or new public management accounts emphasise the application of ‘competition, disaggregation and incentivisation’ (Dunleavy and Hood, 1994) into public sector agencies and this framework has been applied to the housing association sector. Walker (2001) contends that the new public management (NPM) theoretical framework ‘has been shown to be a useful additional set of analytical tools and techniques to housing studies to explain the significant changes that are being witnessed to the management and organisation of the [social rented] sector’ (p.693). Although acknowledging that the ‘NPM nomenclature needs to be updated’ (ibid.) due to the growth of regulation, Walker continues to see the social housing sector as primarily governed by the twin NPM concepts of ‘externalisation’ and ‘managerialisation’ (ibid.).

Managerialist accounts are useful in explaining the early stages of the 1980s reform programme (see for example Boyne et al., 2003), but fail to adequately explain the subsequent dynamics of organisational change. Explanations in
terms of competition, disaggregation and incentivisation can only offer a partial
explanation of how the sector has been affected by a complex reform process. In
contrast, as will be shown, housing associations can be seen to have been
affected by an increase in central control, in greater regulation, a tendency for
organisations to take advantage of economies of scale and to form group
structures and mergers.

Network theorists

The late 1990s saw an emergence of network or governance models of policy
coordination to supplement traditional dichotomies between hierarchy and
markets (see for example Stoker, 1999). The less antagonistic relationship to the
public sector of the Labour administration elected in 1997 and the focus upon
community governance (for example, DETR, 1998) suggests that individualistic
and managerialist explanations have become outdated. The main benefit of a
networked governance model is that it is capable of explaining the post-NPM
fragmentation of public policy.

These network approaches drew upon a wider policy analysis literature focussing
upon shifts from vertical to horizontal forms of coordination (Rhodes, 1996).
Network structures emphasise the importance of interdependencies between
varieties of organisational types and the importance of partnerships between
public, private and voluntary sectors has become a central theme of much
analysis of contemporary governance. However, studies of local governance
tended to focus on local and central government relations and were less
comfortable with the voluntary housing sector (e.g. Stoker, 1999, 2002; Rhodes,

Despite neglect from a wider public policy literature, structural network
approaches have been applied within housing studies to explain changes to
service provision within the social housing sector. In this respect, housing
associations were viewed as encapsulating a pluralistic approach, involving a
variety of stakeholders in partnership arrangements; what Reid (1999) termed
the ‘new competition’ where ‘local housing services are now planned and
provided through networks of organisations, necessitating the development and
maintenance of effective cooperative interorganisational relationships’ (Reid,
1995: 13). Network explanations have become influential in examinations of
housing and urban policy (for example Pollitt et. al., 1998; Goss, 2001). Central
government commitment to neighbourhood regeneration through the
establishment of Local Strategic Partnerships (Russell, 2001) illustrates a
pronounced tendency towards network forms of organisation.

However, as with managerialist explanations, network theories may represent an
unduly optimistic view of the sector; assumptions of a decrease in central control
are not necessarily supported by empirical evidence.

**Institutionalist accounts**

Institutional theory in its historical manifestation can help to explain
organisational change through the concept of ‘sedimentation’; a gradual process
of building upon and developing previous historical foundations. Patterns of
behaviour create ‘path dependencies’ or ‘processes in which choices made in the
past systematically constrain the choices open in the future’ (Pierson, 2001: 306).

An example of the influence of institutionalism in the analysis of housing policy
can be found in Lowe (2004). Thus ‘practically all current policy is the product of,
or closely related to, past policy, which inevitably impinges on its design and
social purpose. Housing is inherently very “path dependent”’ (Lowe, 2004: 21).

An attempt to provide a more explicit theoretical basis to analysis of the voluntary
housing sector is can be found in Mullins et. al. (2001) who advocate a
‘theoretical refocusing around a tripartite framework which draws upon new
institutionalist economics, strategic management and institutional theory’ (p.600). However the writers admit that their study constitutes an ‘exploratory review of the application of these theoretical ideas’ (p.621) and conclude that ‘further research is needed’ based on ‘rigorous empirical work’. The combination of economic theory, management practice and political science can illustrate some of the tendencies in the social rented sector but does not pay sufficient attention to the complex dynamics of change. Institutional theory has a role in pointing to historical dimensions of change but is less successful at explaining organisational differentiation and variation over time.

Moreover, institutionalism largely fails to illustrate how values and attitudes play a role within specific organisational contexts. Whilst institutions are seen as important, there is a failure to provide the tools to determine how they may be different from one another, and here the concept of ‘culture’ needs to be introduced to explain organisational behaviour.

**Cultural Theory, Organisational Change and the Housing Association Sector**

The utilisation of ‘grid-group’ cultural theory (Douglas, 1982) can provide an approach that considers the competing cultural influences facing contemporary housing associations. Cultural theory explains social behaviour through a typology incorporating different ‘ways of life’ or ‘cultural biases’ which are constructed from two axes, namely regulation (grid) and collective behaviour (group). Making use of Durkheim’s (1951, ch.5) concept of ‘regulation’, cultural theory identifies two sets of constraints on human action on the basis of Douglas’s (1982) analysis: ‘grid’ and ‘group’. ‘Grid’ stands for rules and constraints and examines the extent to which social life is circumscribed by convention, regulation and rule-governed behaviour. A high grid environment is characterised by an ‘explicit set of institutionalised classifications that keeps individuals apart and regulates their interactions’ (Douglas, 1982: 203) and
determines levels of autonomy allowed within social structures. In contrast ‘group’ measures ‘the extent to which an individual is incorporated into bounded units’ (Thompson et. al., 1990: 5); that is a tendency to form collective or collaborative relationships. Group identity sees individual choices as modified by collective decisions based on ties of solidarity, cooperation, reciprocity and mutuality.

From these two dimensions, four ways of life are generated consisting of hierarchy, individualism, egalitarianism and fatalism. According to writers such as Douglas (1982) these ways of life form the main categories within which social life and organisational behaviour is conducted, explaining the reasoning behind the formation of choices and preferences. Figure 1 illustrates the different dimensions of the cultural theory framework.

**Figure 1 Grid-group cultural theory**

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<td>+</td>
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<tr>
<td>Fatalism</td>
<td>Hierarchy</td>
</tr>
<tr>
<td>Sense of chaos and futility; apathy, powerlessness and social exclusion</td>
<td>Emphasis on strong regulation; rule-bound institutions; stability and structure</td>
</tr>
<tr>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Individualism</td>
<td>Egalitarianism</td>
</tr>
<tr>
<td>Spontaneous action; transparent, voluntary, unregulated environment; openness and entrepreneurialism</td>
<td>Partnership and group solidarity; peer pressure, mutualism and cooperation</td>
</tr>
<tr>
<td>-</td>
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<tr>
<td>Group</td>
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An *individualist* or *libertarian* cultural bias maintains that humans are inherently self-seeking. An individualist culture requires a social context in which prescriptions and group boundaries are weakly enforced. The central values of an individualistic culture are freedom, choice and flexibility. Individualists are innately hostile to any increase in prescriptions or group pressures as these would be perceived as circumscribing opportunities for bargaining and would minimise the potential for self-regulation (Thompson *et. al.*, 1990: 262).

Organisational change during the 1980s can be seen as introducing considerable scope for individualism to flourish in contrast to previous hierarchical models of public administration (Hood, 2000). An individualist approach to management is evident in many prescriptions for the voluntary housing sector, placing a high value upon risk-taking and creativity, encapsulated in the notion of housing association managers as ‘social entrepreneurs’ (Leadbeater and Goss, 1998). Such individualism is strongly resonant in contemporary management strategies, represented by a desire to develop risk-taking capacities in order to allow innovation and creativity to flourish. As will be shown, the permeation of competition throughout the voluntary housing sector has fundamentally changed behaviour.

As the usual counterpoint to individualists, *hierarchists* believe in a need to regulate, discipline and restrain what they view as opportunistic behaviour. Hierarchies are ‘characterised by strong group boundaries and binding prescriptions’. The values held by hierarchists include: an emphasis on universalism above particularism; deference to superiors and the maintenance of order (Thompson *et. al.*, 1990: 262). For hierarchists administrative procedure is adopted as a key value in order to ensure uniformity and standardisation through due process. Hierarchists value highly stratified social relationships and believe in a natural process of inequality, wherein status is earned on the basis that
certain groups have obtained greater levels of knowledge, skills and experience than others. The structure of many traditional public sector organisations as large, uniform, standardised 'machine bureaucracies' (Mintzberg, 1983) provide classic examples of hierarchical administration.

Much of the classical debate within public administration has been conducted on the basis of an attempt to settle disputes between hierarchists and individualists. Local authority housing policy has often been presented as a classic example of hierarchical structure, dominated by rigid departmentalism, lacking effective coordination, and managed by professional interest groups (such as architects and town planners) (Power, 1987).

_Egalitarians_ in general terms adopt an optimistic view of human nature, believing that individuals are innately virtuous but are corrupted by evil institutions. The central value for egalitarians is the concept of ‘equality’. In organisational terms, ‘accountability’ is highly praised and is negotiated amongst collective members based on the presumption of equal status. Hence ‘participation, with decisions based on the direct consent of everyone, is the only basis for legitimacy’ (Thompson _et. al._, 1999: 4). Within contemporary housing practice, a strong focus on democratic accountability is presented as a key measure of organisational effectiveness, measured by an audit process determined by solidaristic societies. As will be demonstrated, egalitarianism represents an important strand of the contemporary housing association sector, expressing the conscience of the movement through the management committee as the conduit of an egalitarian ethos. Many housing policy initiatives since 1997, particularly in the field of regeneration, are founded upon egalitarian assumptions about cooperation, partnership, trust and mutuality.

In contrast, fatalists believe human nature is unpredictable and tend to act upon the metaphorical assumption of ‘life as a lottery’, viewing events as arbitrary, capricious and outside the control of human agency. Fatalists ‘see their
behaviour as completely constrained by unvarying forces within their environment’ (Chai and Wildavsky, 1994: 164). Driven by a sense of powerlessness where individuals are both subject to severe constraints and denied the opportunity to influence events through collective endeavour, fatalists will often tend towards conspiracy theories of organisational change, where consultation is seen as tokenistic, symbolic and largely meaningless. Dunleavy’s (1986) study of urban politics marked an early acknowledgement of widespread fatalist or ‘quiescent’ attitudes amongst local authority residents.

Cultural theory has been extensively applied to the management of risk (see for example Douglas and Wildavsky, 1982, Perri 6, 1998). However, other writers have shown that it has considerable value in relation to organisational change (Hood, 2000) and to housing policy (Jensen, 1999). The four social solidarities can be seen as permeating organisations like letters running through a stick of Blackpool rock (Thompson et. al., 1999: 9) helping to understand how decisions between alternative courses of action are made; how performance can be evaluated; why organisations adopt particular structures and how they respond to changes in the external environment. As will be shown, cultural theory helps to explain why housing associations have taken certain decisions in relation both to their historical origins and their future sense of corporate identity and how organisational change will result in unanticipated consequences. These insights have a clear resonance to a sector that has undergone radical change in the 1980s and 1990s. The next sections therefore provide empirical material to illustrate how cultural theory provides a particularly useful framework to understand the dynamics of organisational change in the housing association.

**Methodology**

The study utilised longitudinal qualitative data to consider the experience of organisational change in the London housing association sector since the Housing Act 1988, through an analysis of the experiences of key stakeholders.
The range of the study is limited to housing associations within the London region, selected because the capital has historically represented the heart of voluntary activity; the first philanthropic housing associations originated in the London area and a third of the total membership of the National Housing Federation is based in London (Malpass, 2000a: 8).

The study was conducted on a longitudinal basis over a period of seven years (from 1996 to 2003). Interviews were conducted with 49 individuals; respondents including senior and middle managers, front-line staff, management committee members, local authority members and residents. These interviews were aimed at analysing the experience of key stakeholders at different organisational levels and to gauge their impressions of the way that management changes had affected the sector following the 1988 Act. In addition, four focus group discussions were conducted with professionals working in the social rented sector. Two resident surveys were conducted: one at a tenants’ conference and the other collected from 150 residents of a housing association consortium estate in 2002. The benefit of such a study was that it was able to provide a detailed picture of the way that housing associations had changed over time based on a variety of views within organisations and to understand the changing inter-organisational relationships within the London area.

**Findings**

The following sections explain the main findings from the study, analysed according to the main ‘cultural biases’ of grid-group theory.

*The injection of individualism*

Individualism has always been a strong feature of the housing association sector, represented by a desire to develop risk-taking capacities in order to allow innovation and creativity to flourish. Historically, the sector’s philanthropic roots were founded upon individualistic assumptions. The influence of committed and benevolent individuals had a strong effect upon shaping the values and core
cultures of many important organisations, such as Peabody, Guinness and William Sutton Trust.

The Housing Act 1988 can be seen as indicative of a strongly individualistic ideology, described as a ‘re-privatisation’ (Randolph, 1993) of the sector. The primary objectives of the Act were to develop a more pluralistic approach to housing provision, to introduce a performance management system to improve service delivery and to enable housing associations to compete for development opportunities. Local authorities were to be marginalised by the adoption of a strategic, enabling role and housing associations were to be allowed to develop without regulatory constraints. This policy meant that rents were deregulated, the development process was to be simplified and associations were to be allowed access to private sector financial markets outside of the restrictions of the public sector borrowing requirement. This re-privatisation marked a reversion to the quasi-commercial origins of the Charitable Trusts. For example one manager spoke of trying ‘to stand on our own two feet financially’ and ‘increasingly trying to make sure that we are becoming less and less dependent on government money. (Interview, Director, 10/9/97). Many welcomed the notion of their organisations as entrepreneurial and innovative entities:

We are a big business… We have millions of pounds worth of stock and land and we have to manage that and deliver in an effective way. You have to have business skills to do that (Interview, Director, 8/10/97).

The success in attracting private finance, in managing risk and in demonstrating entrepreneurial and innovative characteristics was seen as justification of the decision of the Thatcher administrations to use housing associations as the major provider of new social housing, in opposition to a widely discredited local authority sector (despite a lack of empirical evidence to show that housing associations were in any ways more effective service providers). The view of housing associations as achieving an ‘outstanding success’ (Klein and Day,
1994: 18) has largely been due to their effectiveness in leveraging private finance since 1989.

The immediate post 1988 environment could be presented as one of rampant individualism with a high degree of rivalry and conflict. A competitive ethos was particularly marked in relation to development opportunities where the situation was described as ‘absolutely ‘gloves off’ ‘(Interview, Area Director, 11/4/97). Another manager expressed the contrast with previous cooperative working methods as follows:

You used to go to a housing conference and mention a problem to colleagues and the response would be ‘I know how to fix that’. Now they will say ‘I’ll sell it to you’ (Interview, Director, 26/2/97).

A significant feature of the responses was that managers felt that the changes were irreversible: ‘I don’t know that there is any way of putting that genie of competition back into the bottle’ (Interview, Chief Executive, 8/4/97).

However, the implementation of the legislation carried a number of unintended consequences: a ‘heroic’ managerialist clique emerged, which was able to gain considerable personal benefit from the high salaries on offer (National Audit Office, 2001); for example the housing press expressed anxiety about the dangers that senior managers would be viewed as corporate ‘fat cats’ reaping the benefits of ‘lavish junkets’ and ‘over-generous remuneration packages’ (Housing Today, 17/12/98); a survey conducted in 2002 found that the average housing association chief executive earned more than the highest paid council director of housing, with council directors often responsible for greater numbers of tenants (Inside Housing, 27/9/02).

The competitive nature of the post 1988 environment inevitably heralded a loss of cooperation within the sector and marked a reluctance for many associations
to see themselves as part of a collective ‘movement’. As the Director of the National Housing Federation commented:

> in the first two or three years of the financial regime, up to about ‘92 or ‘93, there was a real risk of fracturing…People were not just competitive, they were nearly hysterical (quoted in Inside Housing, 24/6/05).

The early 1990s saw a cash crisis for the Housing Corporation, emanating from an eagerness amongst senior managers to take advantage of a subsidy regime that rewarded risk-taking (Randolph, 1993: 42-4). At the same time a number of high profile cases of fraud and investment failure added to concern about the unfettered competition of the post 1988 environment. The subsequent development boom was widely regarded as damaging to the long-term sustainability of the sector (Walker, et. al., 2001: 36).

The main response to the reform programme in the early 1990s was that central government intervention was required to restrain both spending and borrowing by housing associations; the Housing Corporation initially failed to anticipate the extent of subsidy required to fund new developments, the levels of risk were underestimated by associations and the introduction of private finance required substantial rent increases which reinforced problems of affordability and benefit dependency for residents (Bramley, 1994). In some extreme cases housing associations experienced organisational collapse and in others issues of probity surfaced (see for example the case of West Hampstead Housing Association). This response to the reform programme was therefore indicative of classic individualist market failure and the experiment of delivering public sector objectives through unfettered private sector agencies was considerably restrained by the mid 1990s.

*The legacy of egalitarianism*
Egalitarianism represents an alternative cultural value strongly associated with the housing association sector. In particular it can be seen to permeate three major waves of housing association development in the 1960s, 1970s and later in the 1990s. The emergence of the so-called ‘Shelter’ associations in the 1960s such as Notting Hill, Circle 33 and Shepherds Bush can be associated with strong egalitarian values, reflecting a dissatisfaction not only with conditions in the private rented sector but also exasperation at both the contribution of existing voluntary agencies and with the ‘coercive’ slum clearance and comprehensive redevelopment programmes carried out by local authorities. The ‘new wave’ of voluntary organisations in the 1960s has commonly been seen as the heart of the housing association sector, providing a starting-point in the career of many key individuals, committed to more community-based approaches to meeting housing need (Cope, 1999: 10). These organisations were described as groups:

who in terms of culture, background, history are very much geared towards community empowerment. These area housing associations...have largely fought on the campaign of providing better housing for poor working people and also on the premise of anti-poverty; all these people were interested in the common good (Interview, Chief Executive, 18/2/99).

Despite the success of these rehabilitation programmes, increasing frustration was expressed at the exclusion of minority ethnic communities from the benefits of mainly white-dominated, ‘mainstream’ housing associations. This anger led to the emergence of a second wave of egalitarian organisations in the 1970s and early 1980s, which became categorised as part of a ‘black and minority ethnic sector’ (BME). These included organisations such as Ujima, Presentation and ASRA. In addition other specialist organisations emerged (such as Habinteg or Look Ahead) catering for individuals with physical and mental health difficulties (particularly important given the problems associated with ‘community care’ policies in the 1980). Assisted by financial support from the Housing Corporation, the black and minority ethnic sector organisations adopted a strong stance towards social citizenship and equality:
Black housing associations have been born out of anti-racism struggles, anti-immigration, conflicts with the police and statutory agencies. If you look at the history of black organisations they have been born out of struggle and the people on the management committee are those community activists (Interview, Chief Executive, 18/2/99).

These principles were strongly defended by management committee members who saw themselves as an effective force for social change, representing the spirit of many organisations, reminding senior managers where they originated: ‘The committee and the staff won’t allow them to forget that’ (Interview, Chief Executive, 18/2/99). One management committee member expressed what he viewed should be the core values guiding the sector:

The important thing is for housing associations to be proactive rather than reactive. They have to take on the role of campaigning organisations and go back to where they started from: helping those nobody looks after; to be a voice for marginalised groups (Interview, Chief Executive, 20/11/98).

The influence of a black and minority ethnic housing movement continued to provide a strong egalitarian conscience for the sector. Housing association management committees were the major conduits for this egalitarian bias, compelling organisations to remain within geographical locations whilst senior managers attempted to push these boundaries. The consequence was an increased level of intra-organisational conflict. A number of respondents took the view that RSLs had fundamentally changed their identities, for example with a community development officer commenting: ‘I think that RSLs have strayed away from being social landlords’ (Interview no.36, community development officer, 8/1/03). A Board member expressed his concern that housing associations had adopted the wrong priorities:

We began as a traditional association but as we have grown we have focused too much on growth and not enough on community development issues (Interview, Board member, 19/2/03).
Egalitarianism came under severe pressure from the competitive culture following the 1988 Act. The market pressures of the following years resulted in a number of associations with strong egalitarian foundations embracing a ‘brave new world’ of risk, competition and private finance which saw widespread concerns about a subsequent loss of local identity. This conflict between the supporters of egalitarian principles and the more individualistic ‘change-makers’ represented the heart of many intra-organisational disputes in the 1990s. As one senior manager commented:

I think some of the conflicts of the early 1990s were as much about ambitious Chairs of organisations as they were about ambitious Chief Executives (Interview, Chief Executive, 8/4/97).

Nevertheless, the problems of individualism identified above, allowed a re-emergence of an egalitarian ethos in the late 1990s, manifested in a desire to return to historical guiding visions and principles. This incentive towards collectivism emerged with the election of a Blair administration committed to tackling social exclusion and providing a ‘joined-up approach to joined-up problems’ (Social Exclusion Unit, 1998). This agenda presented considerable opportunities to reinvigorate a sector, with an emphasis upon resident activism and tenant empowerment. An agenda of regeneration and neighbourhood renewal reflected community-based approaches which placed housing associations at the centre of public policy (Russell, 2001).

At the same time, the other side of egalitarianism was the potential for a high level of sectarianism within and between organisations, a sense that associations were creating false expectations, for example in relation to resident empowerment and at an extreme, a propensity towards organisational failure. Egalitarian organisations were seen as unsustainable in an environment of growth, ultimately coming under supervision from the Housing Corporation or being taken over by other large associations:
Many produced poor business plans and the culture of infighting and friction within some of the Boards left the operational management of the association in a difficult, if not impossible situation (the Housing Corporation, 2003: 23).

Egalitarianism can be viewed as the culture that was most susceptible to organisational failure. Housing Corporation performance assessments commonly referred to problems of factionalism and sectarian cultures. A number of black and minority ethnic organisations found that subsidy was withheld and that the Housing Corporation was moved to intervene in the running of their operations due to failures that emphasised the difficulty of sustaining an egalitarian culture. Egalitarianism is the culture that is most strongly valued by many staff and Board members, yet it is also the ethos that has suffered the most attrition since the Act due to its difficulty in coping with change and with attendant organisational conflicts.

*Hierarchy on unstable foundations*

In research terms, hierarchy has been a neglected feature of a sector that prided itself upon hostility to bureaucracy and external control. However, a trend towards hierarchy had been evident since the 1974 Housing Act, which introduced central government control (through the Housing Corporation) over the sector. This body began with a funding role and became increasingly concerned with the monitoring of organisational performance; presenting a challenge to organisations which historically viewed themselves as largely autonomous and independent.

Paradoxically, these hierarchical features were magnified by the 1988 Housing Act, which while modelled on individualistic principles in effect led to a much more prescriptive environment for the sector. Hierachalism was manifested in a number of ways. First, through financial control as the Corporation attempted to
rein back the demands on the public purse and to rectify social concerns about affordability as associations chose to balance financial shortfalls through rent increases (Chaplin et. al., 1995). Managers took a pragmatic view of their changes in relation to becoming agents of State policy: ‘if you are to produce affordable housing, you need public resources to subsidise the market costs’. (Interview, Chief Executive, 8/4/97).

Housing Corporation regulation and monitoring became increasingly stringent culminating in 2000 when housing associations were placed under the same ‘Best Value’ performance management system as local authorities. This initiative placed them squarely within a central regulatory system and the later role of the Audit Commission in monitoring performance further served to institutionalise housing associations as public sector bodies (Day and Klein, 1996). Managers spoke of changes which ‘potentially give more power or control over associations to the Corporation as an agent of Government than before’ (Interview, no. 12, 8/4/97). Others commented that the Government’s view was ‘we define the social housing product to give to the taxpayer, you are to provide and develop that product to the taxpayer’ (Interview no. 12, 8/4/97). Managers felt that

Along with regulation has been a form of codification and specification. There is now a huge body of material in terms of housing management, which did not exist five years ago and a recognition that housing management is potentially a service which can be bought and sold (Interview no. 6, 11/2/97).

The consequence was that ‘regulation is actually forcing them back into a particular mould in terms of the way in which social landlords are actually going to behave’ (Interview no. 6, 11/2/97).

Secondly, hierarchy was evident through a tendency to growth and organisational mergers, which became an increasingly common feature of the landscape of housing associations. These factors were strong drivers towards
increasing organisational size, gaining higher status and influence in policy decisions (Davies et. al., 2006). One manager explained: ‘In a word, I would describe the organisation as expansionist’ (Interview, Customer Services Manager, 12/5/99) and another commented:

The organisation has got very large, it has grown very quickly. [The approach] is explicitly about growth at all costs. It has grown massively and doubled in size. That changes the nature and structure of the organisation (Interview, Board member, 27/11/98).

In addition, the new forms of housing associations, emanating from stock transfers, introduced new organisational forms, with previously council-owned estates taken into housing association (or registered social landlord) ownership. These organisations were larger than previous community-based associations, needing new estate management skills and requiring more hierarchical systems and procedures than in the past. The growth of hierarchy was reflected in decisions about the decentralisation of service delivery: ‘We don’t think that we need local offices. We can deliver our services in a different way (Interview, Director, 8/10/97).

An important consequence of an increasing hierarchical trend was a growing elitism within the sector, indicated by the increasing importance of the ‘G15’ associations in the London area, dominating development funding and the allocation of resources. Housing associations began to present a somewhat conceited image of themselves and staff were encouraged to accept this culture:

We are made to think that we are the elite… we had a staff briefing which analysed a survey of external perceptions of the organisation. One of the conclusions was that we are very arrogant. They [senior management] saw this as a strength (Interview, Housing officer, 4/5/99).

The institutional design of housing associations was modelled on avoiding the limitations of public sector bureaucracies and it was for this reason that they were
selected as the primary vehicle for government policy. However, over a relatively short period of time housing associations were subjected to exponential growth, as well as being offered generous levels of (public and private) funding. Thus, organisations designed as small-scale, locally based institutions have found themselves within a period of less than twenty years, thrust into a world of big business and high risk operations, covering a large number of localities.

The result has been twofold: a concentration of influence amongst a small number of organisations and a drive towards codification, standardisation and uniformity. These tendencies were exacerbated by Housing Corporation moves towards ‘partnering’ arrangements which implied that certain organisations had a favoured status in terms of development funding and relationships with local authorities. Inevitably the preferred organisations were the large associations with substantial development and management experience. These hierarchical features exerted a spiralling effect whereby the larger organisations became more complex, more specialised and bound by increasingly rigid procedures.

A fatalist sector?

The adoption of a fatalist world-view amongst housing association staff emanated from a number of sources. First, changes to the client group throughout the 1980s have been linked to a process of ‘residualisation’, whereby access to social housing became limited to groups experiencing widespread deprivation. As housing associations became the sole providers of new social housing after 1988 they inherited allocation policies that restricted offers of accommodation to ‘priority’ need groups as defined by the 1977 Housing (Homeless Persons) Act. As social housing came to occupy a residual position as an ‘ambulance service for the poor’ (Harloe, 1978), the vulnerability of the resident profile was frequently mentioned upon by front-line housing association staff:
Tenants are much more vulnerable, many have quite serious mental health problems. They cannot cope with a tenancy and there is no back-up support (Interview, Housing officer, 8/12/00).

The cause of this increase in the vulnerability of residents was seen to lie in the policy of allocating property according to housing need and the consequence was seen to have been highly detrimental to housing association landlords:

It is all very well to house those in the greatest need but the short term benefit has turned into the long term hell (Interview, Project manager, 17/2/03).

A second driver of fatalism related to the combination of central government regulation (discussed above) and nomination agreements with local government agencies; housing associations therefore experienced decreasing levels of autonomy alongside a loss of discretion; one housing manager commented that the issue of letting property is one ‘over which we have no control at all’ (Interview, Housing service manager, 15/8/02).

The cumulative impact of these changes was a strong sense of futility; staff spoke of ‘managing an area, which is largely out of your control’ (Interview, Community development officer, 15/8/02) and front-line staff felt unable control their working environment. In particular there was concern at the loss of discretion in allocation decisions: ‘Before we used to interview the applicant. Now there is no point as we never turn them down’ (Interview, Housing officer, 5/10/99). Responses of front-line staff echoed this sense of futility in their day-to-day management activities such as rent collection:

In the past tenants would pay up if you threatened a Notice [of seeking possession]. Now they pay no attention, as they know they will not be evicted (Interview, Housing officer, 5/10/99).
A common complaint related to what was seen as excessive use of monitoring and targets as staff were compelled to comply with the requirements of a performance culture. Responses included statements such as: ‘you have to manipulate the figures’ and ‘you are in a no-win situation’ (Focus group, respondent, 2/6/99).

A further consequence of fatalism was evidence of a deteriorating relationship between staff and residents; the housing management task became associated with a social control rather than social welfare function (Flint, 2006). As one housing officer commented:

They see me as a representative of the landlord and not there to help, but just to be aggressive. There is a perception that we are authoritarian and just there to control them (Interview, Housing officer, 14/12/03).

At the same time, others spoke of the mixed messages contained within the housing management function:

Housing officers have a very split role....On the one hand we are enforcing tenancy conditions and being very strict and on the other hand [we are being] very friendly and wanting them to go to focus groups (Response from focus group, 24/4/02).

The relationship between landlord and tenants was seen to have changed in fundamental terms. Rather than providing a friendly, accessible and informal service housing officers commented: ‘we are actually saying to the tenants who are competent “don’t bring your problems to me, go down to the housing benefit office, I’m not here for you”’ (Interview, Housing officer, 5/10/99). Another manager commented:

When I first worked at the organisation, I had much more time. I would visit a tenant if they phoned. That is unheard of now, unless it involves a neighbour dispute (Interview, Housing officer, 8/12/00).
Finally, the resident experience itself deteriorated as housing associations struggled with the demands of managing multi-landlord estates and the consequences of managing ambitious development programmes. Residents in particular often adopted a very pessimistic outlook:

I sometimes feel that this is a place where they want to keep the worst elements so at least the police know where to come when there is a problem. At least they are all in one area. That's how we felt; that that this place was a dumping ground for some real bad elements in society (Interview, Resident, 14/1/03).

The description of the experience of living in housing association accommodation as 'absolute hell' was a revealing comment made by a clearly frustrated resident (response to questionnaire, 18/3/01). In similar vein another resident commented ‘I don't know what the answer is but I just know it is hell on earth at the moment’ (Interview, Resident, 14/1/03).

The significance of fatalism within housing associations was that (as with hierarchy) it exerted a reinforcing effect. Thus as housing staff perceived their work to be low status and repetitive this increased the dissatisfaction with their jobs and led to higher levels of staff turnover. It also exerted a detrimental impact upon service provision. Furthermore, as relationships between staff and residents deteriorated, mutual suspicion was reinforced and performance worsened; central government was therefore compelled to provide stricter regulation which further affected staff morale and a sense of helplessness tended to pervade many of the responses from front-line staff: ‘The lack of support makes us feel terribly helpless’ (Interview, Housing officer, 8/12/00). A neighbourhood officer expressed this frustration by stating: ‘In reality I know that I cannot make a difference’ (Interview, 14/12/03).

Housing associations operate in a complex, changing and competing set of networks where there is considerable uncertainty and confusion and examples of housing association consortium schemes provide evidence of increasing social
tension and management confusion. An environment characterised by deliberate unpredictability with cross-cutting tensions of audit, inspection and review allows fatalism to flourish. These difficulties are especially relevant to housing associations which are significantly affected by their ambiguous situation within both public and private sectors.

Conclusion

Described as 'the biggest example of a shift of public service provision to the voluntary sector' (Paxton and Pearce, 2005: ix) the reforms to the housing association sector initiated by the Housing Act 1988 have led to an acceptance that housing associations have become significant agents in public policy and a tendency to see the sector as a template for welfare state modernisation. The ability to lever significant levels of private finance, their local roots, their responsiveness to change, their managerial innovation, their capacity to offer consumer choice and ability to serve government objectives have all served to present housing associations in a favourable light as an exemplar of organisational reform. Housing associations have thereby come to be seen as one of the outstanding successes of the 1980s; a widely shared view is that 'few tenants or staff would wish to reverse' the move from local authority to the housing association sector (Paxton and Pearce, 2005: ix).

Nevertheless, this article has shown that whilst there has been a significant expansion in empirical studies of the sector, existing knowledge about housing associations remains limited. The nature of organisations within the sector, its ‘DNA’, has therefore remained unclear. Whilst housing associations have been highly effective in presenting themselves as professional businesses, there has been less clarity about their responses to organisational change. A sector which has come to play a central role in welfare state modernisation clearly requires careful scrutiny.
This article has illustrated that one way of understanding the dynamics of organisational change is to apply the insights offered by grid-group cultural theory. What this theory offers is a way of analysing the competing influences upon the sector and understanding the dynamics of organisational change. For example, it illustrates how the individualistic thrust of policy in the early 1990s was superseded by organisational values influenced by an egalitarian culture of collectivist and participative strategies. At the same time these cultural biases existed uneasily alongside an increasingly hierarchical strand within housing policy creating an elitist sector as well as a tendency towards fatalism on the part of front-line staff and amongst some residents. In contrast to existing interpretations of the sector, the benefit of cultural theory is that it manages to explain the different and contradictory trajectories of change. In providing typologies of organisational forms, the different cultural ‘biases’ are shown to co-exist within the sector and to produce variegated responses to reform. The research illustrates how, despite widespread positive depictions of the reform programme, organisational change within housing associations has had a number of unintended consequences. These consequences include a tendency towards ‘heroic managerialism’, increased levels of inter and intra-organisational conflict, elitism, organisational expansion, alongside a sense of cynicism and futility amongst certain groups. Figure 2 illustrates the way in which housing associations have been driven towards a ‘higher-grid’ direction.
This move towards high-grid organisational forms poses novel challenges for the sector; challenges which have had limited attention and which need to be acknowledged as housing associations assume a leading role in welfare state modernisation. The benefit of cultural theory is offers an opportunity to develop a systematic analysis that accounts both for institutional history and organisational differentiation and that can explain the varieties of organisational change experienced within the housing association sector.

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