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*BLOCK MRH.101*  
**OBJECTIVES OF  
HOUSING  
ORGANISATIONS**

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## **Preface**

This Block looks at how housing organisations go about managing themselves. It begins with an examination of objectives of housing organisations and how organisations establish plans for achieving their objectives. Once plans are set they need to be properly evaluated and the Block will consider how organisations undertake evaluation of their success or otherwise in meeting key objectives. Finally the Block will consider how organisations tackle change management.

Please also refer to the HNC Housing Supplement for recent updates.

## **Outcomes**

After studying this Block, you will be able to:

- understand the importance of objectives for housing organisations and how these are translated into action;
- draw up an action plan to achieve a given objective;
- explain the meaning of economy, efficiency and effectiveness for housing organisations;
- describe the requirements of Best Value for housing organisations; and
- understand organisational cultures and their response to change.

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## A. Objective Setting

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### 1. Overview and Definitions

*“Would you please tell me which way I ought to go from here”, said Alice.*

*“That depends a good deal on where you want to get to”, said the Cat.*

*“I don’t know where...” said Alice*

*“Then it doesn’t matter which way you go”, said the Cat.*

*(From Alice’s Adventures in Wonderland)*

Clearly, before the Cheshire Cat can advise Alice on which way she should go, she needs to be clear about where she wants to be.

Managing an organisation requires the same clarity in identifying goals (where you want to be, what the organisation aims to achieve) before one can determine the direction in which the organisation is to be led.

The activities of housing organisations are directed towards the achievement of certain goals. This Block begins by examining the different ways in which a social landlord might express those goals as part of their **mission statement**, and the methods and techniques that they can employ to translate those goals into **objectives**. Objectives can then form the basis of **actions** for working towards achieving those goals.

#### **Activity**

*List what you would consider to be the main goals of your housing organisation.*

*Time allocation: 10 minutes*

Steve is the Chief Executive of a Housing Association. We asked him to define the goals of his organisation. He said:

*“Our core function is the provision and management of housing. The development of new dwellings, repairing and maintaining our stock for the benefit of those in housing need and also to safeguard our asset base is important. We also have wider responsibilities to the communities in whose areas we operate, working in partnership with others to help improve the quality of life for local people. In addition, we are strongly committed to ensuring that equal opportunities principles are applied in all of our work.”*

So, for Steve’s organisation providing and managing housing for those in need is only one of their goals. His comments also reflect the broader responsibilities many housing organisations see arising from their position as only one of many stakeholders within local communities.

## **2. Mission Statements**

Although they may take different forms and be written in different ways, all housing organisations produce a *mission statement*. It may be published as a separate document, or within the articles of the association. Many reproduce it in each Annual Report or publicise it on their web site. Local Authorities might include theirs in the Housing Business Plan.

The important purpose of a mission statement is to express succinctly the main aims and values of the organisation. Let us consider some examples. Springboard Housing Association has a mission statement which states that:

*At Springboard we believe that everyone has a right to a home that enables them to achieve their full potential.*

*Our commitment is to work creatively with people and communities to make this a reality, through the provision of good quality housing and support.*

*We are distinguished by our responsiveness and our commitment to working with vulnerable people.*

*continued...*

*The way we work is informed by our values, underpinned by our Christian ethos, which are to:*

- *Treat people as individuals and with respect*
- *Ensure equality of opportunity for all*
- *Work in partnership*
- *Be an ethical business”*

This statement reflects the goals of the Association, which provides a mixture of housing and support for vulnerable tenants. It also clearly states that the association has been established, and operates on Christian principles.

The focus of different organisations will be reflected in the difference of their mission statements. We would expect the Housing Corporation’s statement to be different to that of Springboard given its broader strategic and monitoring role within the housing system. The Housing Corporation’s mission statement is reproduced below:

***What are the Corporation’s aims and objectives?***

*The Corporation’s mission is ‘to work to improve people’s quality of life through social housing’.*

*Underpinning this statement, we have five strategic aims: we want to work with others to promote a social housing sector which:*

- *helps to revitalise and maintain sustainable housing and neighbourhoods;*
- *acts in the interests of tenants and residents;*
- *secures the effective stewardship of existing stock;*
- *safeguards the public interests; and*
- *encourages innovation and the pursuit of Best Value.*

You will note that the Corporation’s mission statement reflects its broader role and, given that it is a government agency, it reflects the Government’s emphasis on sustainable neighbourhoods, the public interest, and the pursuit of Best Value.

### **Activity**

*Obtain a copy of the mission statement of your housing organisation. Compare the mission statement with those of Springboard HA and the Housing Corporation. Can you see how the statement reflects the different nature of your organisation to those others?*

***Time allocation: 15 minutes***

We can see that the mission statements of different organisations will reflect the differences in their aims, ethos and approaches. As such it is a good starting point for identifying what the organisation is about, and what it aims to be. In itself, however, the mission statement will be too vague and open to varied interpretation to be the only tool required for managing the organisation. If the manager is to ensure that all of the staff are working for the same goals, **objectives** which support the mission must be set.

### **3. Objective Setting**

*“The difference between where we are (current status) and where we want to be (vision and goals) is what we do (target objectives and action plans).”*

This statement outlines the relationship between the mission statement, or ‘vision’ of the organisation, and objectives to be set to put that vision into action. Whilst a mission statement is important in clearly defining the aims and ethos of the organisation, that vision needs to be interpreted in a manner that will be reflected in the way that the organisation carries out its activities. In order to achieve this, clear objectives must be identified.



Objective setting for social landlords can be a difficult task. Whilst some objectives – such as to achieve efficiency, and cost effectiveness – will be fairly straightforward, others might be hard to express in concrete terms. For example, if you look again at the mission statement of the Housing Corporation, you will see that one of their strategic aims is to:

*“promote a social housing sector which ... acts in the interests of tenants and residents...”*

Translating this aim into achievable objectives can be problematic, not least because there will be circumstances in which the interests of different individual or groups of tenants and residents might not be consistent. It also raises questions about who decides what will be in the interests of tenants. Is it for the Housing Corporation, the Housing Association, the Local Authority, the Tenants' Association, or individual tenants to decide? Clearly in practice a combination of these stakeholders will influence decisions, but the example illustrates the complexity of real life situations on which we impose objectives to aid the management of organisations.

### **Activity**

*List some of the advantages for a housing organisation of setting objectives.*

***Time allocation: 15 minutes***

We asked Steve what he viewed as the advantages for his organisation of setting objectives. He said that:

*“Having clearly defined objectives which all staff are aware of ensures that we are all **working together** towards the same aims. Otherwise confusion would reign. It also encourages **rational behaviour**, with less chance that different parts of the organisation will be operating in a counter-productive manner. The fact that everyone in the organisation has a ‘template’ provided by our objectives makes it easier to **measure performance**. We can establish performance targets to measure progress towards achieving objectives.*

*The clarity provided by having a set of clearly defined objectives also means that if there are **differences of opinion** about the activities we undertake and how we carry them out, these can be more easily **resolved**.*

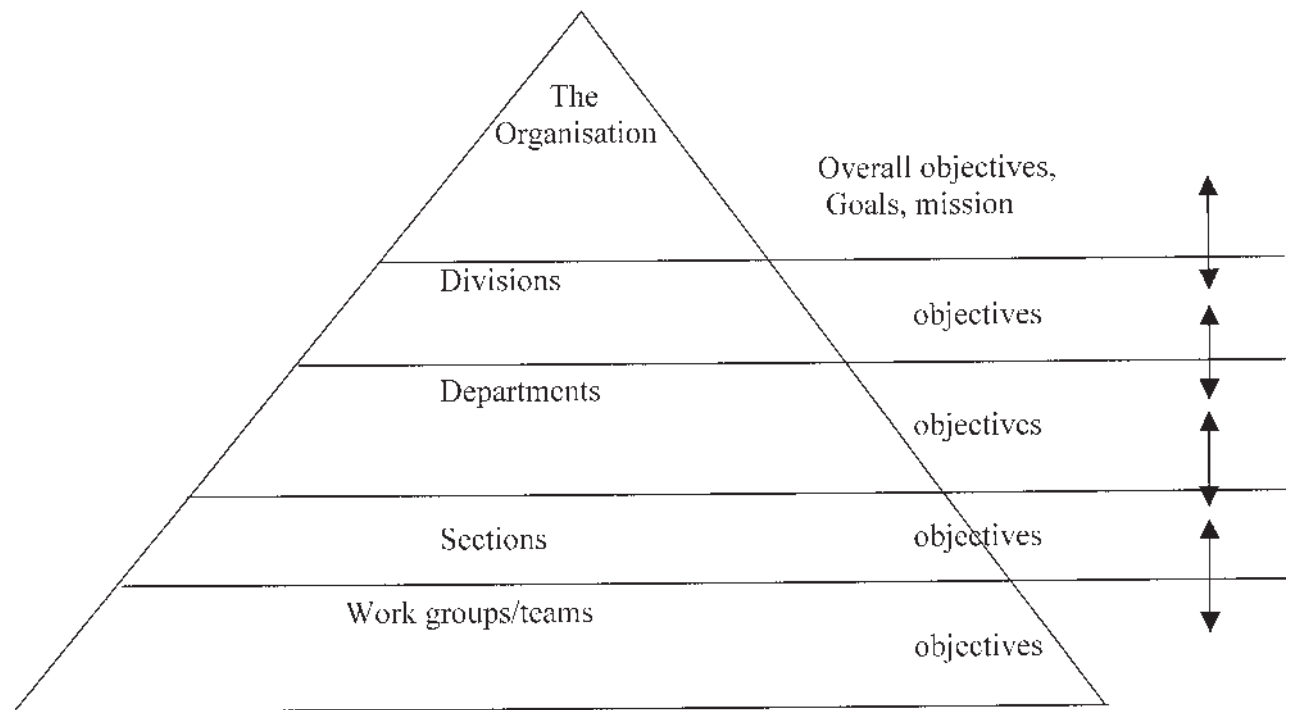
*It’s my experience that if people are clear about where the organisation is going and what we are trying to achieve, this can increase **staff motivation** and help to develop good morale and effectiveness.*

*I would also say that **communications** within and outside the organisation are assisted if we are all clear about the objectives we are working to achieve.*

*The important factor in setting objectives is to ensure that they are clear and relevant to the work being undertaken at different levels of the organisation.”*

Objectives are set in order to describe more specifically the goals of the organisation, the aims to be achieved and the desired end results, and as Steve has suggested, this can have real benefits for the management of the organisation.

It is also necessary to ensure that the objectives of the organisation are translated into appropriate and relevant objectives for different parts of the organisation.

**Figure: Hierarchy of objectives**

This Figure illustrates the way in which there is a hierarchy of objectives which mirrors the hierarchy of the organisation. At the highest level there is a set of overall objectives, which are then modified to reflect what the organisation requires of divisions and sub-divisions within the organisation. The overall objectives of the organisation will be translated into more specific goals for different parts of the organisation.

The double-headed arrows on the diagram reflect the need for two-way communication of objectives. The objectives of different groups and sub-groups are set to meet the overall mission of the organisation; whilst at the same time the activities of separate teams feed into the achievement of the aims of the organisation as a whole.

## Summary

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1. **Housing organisations have adopted the use of mission statements to clearly identify their aims, ethos and approaches. The use of mission statements communicates valuable information to staff and other agencies with whom they might interact.**
2. **Objectives are used to expand on the ways in which the organisation seeks to put the aims of the mission statement into practice.**
3. **Clearly defined objectives are a valuable tool for the manager to encourage consistency of activity among staff and to aid staff motivation towards common goals.**

## B. Implementation Agendas

### 1. Action Plans

An action plan specifically outlines in some detail how the organisation intends to achieve its objectives. A well thought out action plan can help a housing organisation to plan ahead when implementing objectives. It can also help the manager to identify the resources they need and make the necessary changes in the way they currently do things.

Ideally, an action plan is developed by the people who will be implementing it.

One of the strengths of an action plan is that it helps the manager to think realistically about each of the “must have” elements. You cannot have a complete action plan without thinking about how much a specific step will cost, how much time it will take to accomplish, who will do it, and how you will know if you have accomplished the task.

Another useful aspect about an action plan is that you can change it as work progresses, as your access to resources changes, or as other circumstances of the project change. No action plan is set in stone – it is meant to be a practical guide that reflects the current realities the manager is facing at a specific point in time. So if it transpires that work is progressing more quickly than originally anticipated, or more money is being spent on a specific activity, the action plan can be modified to reflect that change.

#### Elements of an Action plan

##### Objective

Identify the objective that you’re trying to achieve.

##### Purpose

It is important to be clear why this goal is of value to the organisation. This should be closely related to the objectives being implemented.

##### Action Steps

The activity to be managed should be broken down into key areas, and organised to ensure that any pre-requisites for later steps are met at the right time.

*continued...*

For example, an organisation has an objective to manage its housing stock efficiently and in a cost effective manner. Part of the process of achieving that objective may be the introduction of a new computerised rent accounting system. The implementation of this plan will have a number of key elements, including:

- The identification of a software package, or the specification for developing a bespoke system, to meet the requirements of the rent arrears policy, and the way in which the organisation is structured. This might include the recognition of area or patch boundaries, and different methods of payment. It might also include the need to have a facility for recording activity by staff in managing arrears, such as agreements reached with tenants.
  - Incorporation of any standard letters, notices etc., into the new system.
  - Training for staff on the use of the new system.
  - Introduction of any necessary new computer hardware into housing offices.
  - An agreed date for the new system to go 'live' with all activity making use of the new system.

Clearly, there will be a need to consult the staff carrying out rent arrears work in identifying the specification. The manager is not always best placed to know or remember the day-to-day issues facing staff.

Also there is no point in training staff on the new system if the new hardware will not be in place for months afterwards, otherwise the lack of practice will prevent staff from developing their skills.

Equally, there is little point in agreeing a start date for the new system if the other steps have not been carried out first.

For each of these separate steps the following questions need to be addressed:

- Identifying the resources required
- Identifying the time frame for the activity
- Identifying who will be responsible for managing different parts of the process
- Identify method for evaluating: How will you know you have accomplished this step?

Crucially, by involving everyone in the organisation affected by the plan, and incorporating their comments and feedback, organisations are most likely to get the support and commitment necessary to succeed. Managers who try to save time by avoiding discussion about it with others can fail to take advantage of the resources and expertise of others. Although this internal review process takes time, it will be worth it in the end.

## 2. The Three Es

Recent years have seen increasing pressures on social housing organisations to improve performance, and to operate in ways which are more in line with those of private sector businesses.

In particular social landlords have recognised the need to take account of the three 'Es: economy, efficiency, and effectiveness.

### **Activity**

*Try to provide a definition for each of these terms:*

(a) *economy*

(b) *efficiency*

(c) *effectiveness*

***Time allocation: 10 minutes***

## **Economy**

‘Economy’ is concerned with cost. For social landlords this means reducing the costs associated with providing housing and services.

The regime for capital finance for housing associations is subject to tight cost controls. These are intended to force housing associations to reduce unit costs. In addition, the mixed funding regime which requires private loans to finance a significant part of the cost of new developments puts pressure on costs, because of the direct impact which higher costs have on rents.

For local authorities, there are no direct ‘cost controls’ but the government can encourage better economy by ‘rewarding’ lower cost authorities with higher credit approvals and grants. The revenue account subsidy system forces local authorities to be more conscious of revenue costs, and in particular, to try to ensure that rents do not exceed ‘notional’ levels.

## **Efficiency**

Efficiency is about getting ‘more for less’. Housing organisations which are more efficient will be more productive. So they will produce more “outputs” (more homes, more repairs, quicker lettings) for the same (or fewer) inputs.

The government has the power to ‘reward’ more efficient housing associations with larger grant allocations for new developments. Mixed funding is, in itself, intended to increase the pressure on housing associations to become more efficient. Similarly, local authorities that are relatively more efficient will be rewarded with larger credit approvals and grants. The increasing emphasis on their competitive allocation is intended to reward the most efficient, and provide an incentive for improved efficiency for the unsuccessful authorities.

Rewarding ‘partnership’ schemes, involving the private sector, is also intended to improve efficiency, since the private sector is concerned primarily with profitability.

Since housing revenue accounts were ring fenced (to prevent cross-subsidy with other local authority budgets), the efficiency of the housing service has become more transparent. It is now much clearer which ‘outputs’ are achieved by which ‘inputs’. In addition, the calculation of Housing Revenue Account subsidy puts pressure on LAs to become more efficient, since there is no allowance for arrears, low voids are assumed, management costs are assumed to be ‘average’ for the type of authority, etc.



## Effectiveness

This is concerned with the quality of the service. With rising rents, lettings may become more difficult if quality is not maintained. There may also be more problems with arrears if tenant dissatisfaction grows. Increasingly housing organisations have been placing the customer at the forefront of their concerns. An emphasis on effectiveness is about a concern with the outcomes of a service.

Peters and Waterman, who have published widely on the issue of successful management, identify eight basic attributes which appear to account for organisational effectiveness.

- **A bias for action;** that is approaches which emphasise the importance of getting things done.
- **Closeness to the customer;** that is listening and learning from the people organisations serve.
- **Autonomy and entrepreneurship;** that is organisations which encourage people to seek opportunities and take responsibility for managing.
- **Productivity through people;** that is treating members of staff as the source of quality and productivity.
- **Hands-on, value driven;** that is having well-defined basic philosophies and top management keeping in touch with the ‘front line’.
- **Stick to the knitting;** that is, in most cases, organisations which stay close to what they know and can do well.
- **Simple form, lean staff;** that is simple structures and systems, and few top level staff.
- **Simultaneous loose-tight properties;** that is operational decentralisation but strong centralised control over the few important core values.

Whilst Peters and Waterman based their work on analysing private sector businesses, clearly many of their ‘basic attributes’ are applicable to social housing organisations with their increasing private sector focus.

The government has made the issue of effectiveness a key element of its policy with the introduction of the Best Value regime. We will consider the implications of this development later.

What is the impact on housing organisations seeking to achieve the ‘three Es’?

We asked two practitioners to comment:

A housing association Chief Executive said:

*“We are quite a large association. Increasing access to private finance has encouraged us to develop more housing than was possible before. However, for some schemes, we have had to pool rents and use some reserves to keep rents down, because of the high costs of private finance. I don’t think we will be able to keep this up indefinitely.*

*The need to keep rents to reasonably affordable levels has certainly made us more cost conscious, although there’s a fine line between keeping costs down on the one hand, and diluting the service to tenants or cutting the quality of our new housing on the other.*

*In fact our management costs have actually risen for some of our new housing which we have done in an inner city area, in partnership with the local council: we are now experiencing some of the management problems that councils have been dealing with for many years. The important thing for us is to avoid reducing the quality of our management for tenants in older schemes”.*

This is what an Assistant Director of Housing (Finance) in a local authority told us:

*“One obvious factor is that we get a small allowance for ‘voids’ and no allowance for arrears in the way in which our Housing Revenue Account Subsidy is worked out. I think we had a fair record on both counts, but there’s no doubt that we have sharpened up our act on both.*

*We’ve had some pressure to reduce the level of our general housing services, though, and particularly our grants to the voluntary sector because we don’t employ the workers. I think sometimes decisions have not always been taken on the basis of value for money here.*

*It helps us to be a ‘purchaser’ of services, for example from the Direct Labour Organisation, which won our in-house tender for repairs and maintenance. This has been a difficult adjustment for us, because now we’re*

*responsible for telling them if their work isn't value for money. Although it has meant that we don't feel we're on the same side as them if it comes to dealing with difficult problems on the estates.*

*Our philosophy for the reduced capital allocations we've been getting is 'use it or lose it' - so we've made a lot of effort to tighten up the way we manage the programme.*

*One thing which took us by surprise was the government judging our HIP bid by whether we had involved tenants. Tenant participation suddenly became flavour of the month here - I think it's taken the tenants a bit by surprise, and it's certainly come as a shock to the councillors!"*

We also wondered how the customers viewed the performance of social landlords. A tenants' association representative told us:

*"Our council has always tried quite hard to keep us informed about changes, so we spent a long time trying to get to grips with the finance changes. Some things have improved - minor repairs are actually quicker now, and everybody knows that arrears are being chased up quicker which I think is fair. But it's much more difficult to see when major work is going to get done because there's less money about. It's not clear to me if that's a result of the changes or just less money about generally.*

*The council decided that because rents were going up a lot, they needed to change the way rents are set. They felt that the rents were now unfair. This all caused a major fuss because some rents seemed to be going up very fast compared with others, and rents in nicer parts of the borough went through the roof. It's died down a bit now.*

*There was a bit of talk from some tenants about going to a housing association to take over some of the housing, but when they found what the rents were, it put them off!*

*One thing we have noticed is that the council has started to cutback on the number of neighbourhood offices it runs, especially where some houses have been demolished. They've also taken back housing benefit from the area offices to the town hall. This is going backwards, I think."*

**Activity**

*Try to pick out the main points being made by these three commentators.*

*Time allocation: 15 minutes*

**Mixed Feelings**

We have summarised what we think are the points being made by these commentators, about social landlords' operations towards achieving the 'three e's'. See how it compares with your points.

**(a) The housing association Chief Executive.**

- (i) The high cost of private funding means that it is difficult to avoid rent rises, or reserves are being used, to compensate. This could affect the future viability of the association.
- (ii) Attitudes and practices have been forced to change: the association is more cost conscious.
- (iii) This again could have long-term consequences in terms of a diminishing quality of service.
- (iv) Partnership schemes with local councils have exposed associations to the management problems which councils have experienced for a long time: problems which, it is suggested, are in the nature of the service to inner cities, and not a management weakness.

**(b) The local authority Finance manager.**

- (i) Attitudes and practices have been forced to change. The department has 'sharpened up our act' on voids and arrears, and 'tightened up' on management of capital development programmes. More decisions are being taken on the basis of value-for-money.
- (ii) There has been pressure to reduce general housing services, and a tendency to raise rents to pay for spending, both bad for tenants.
- (iii) Increased tenant participation and consultation has been a big change for all concerned.
- (iv) Relations with direct labour organisations are more remote as a result of tendering. This can reduce the possibilities for effective co-operation when problems arise.

**(c) The tenant representative.**

- (i) Management is better: small repairs are done more quickly; arrears of rent are being pursued.
- (ii) There is less money for major work. The reasons for this are unclear to the tenants.
- (iii) Rents have risen, and the introduction of a new rent-setting system has struck some as unfair.
- (iv) Tenants are aware they can exercise choice of landlord, and have the information to make that choice in their own interests.
- (v) There may be reduced quality of service, as it withdraws to the centre in order to reduce management costs.

There are clearly mixed feelings about the impact of the need to achieve economy, efficiency and effectiveness from people in housing at the front line.

### **3. Performance Plans**

We have already seen in this Block how organisational goals are represented by the mission statement, clarified through the development of objectives, and influenced by the requirement to deliver economic, efficient and effective services. Now we turn to consider how these elements can be achieved through the process of performance planning.

One particular approach to the activities involved in planning, organisation, and direction of staff in organisations is Management by Objectives (MBO).

MBO is a phrase used to describe a style or system of management that relates organisational goals to individual performance through the involvement of all levels of management.

Once organisational goals and objectives have been identified they must be communicated clearly, and understood by, all members of staff. The next phase in the MBO approach involves managers in participating with their staff to agree performance plans which will enable staff to make the optimum contribution to meeting their own objectives and targets; and contributing to improved organisational performance.

By adopting such an approach, staff at different levels, and with different roles within the organisation will be working to a set of targets relevant to them and contributing to the achievement of organisation wide objectives.

For example, the performance plan for the chief executive of a housing association will differ from that of the team leaders responsible for the staff delivering the housing management service for each district or area. By agreeing clearly the main purpose of each manager's area of work related directly to the objectives of the organisation, it is then possible to identify the performance expected. These measures can then be used as guides for operating the different parts of the organisation and assessing the contribution of each member.

## C. Evaluation

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### 1. Organisational Performance Measurement

So far in this Block we have examined the ways in which social landlords might go about setting objectives, and implementing policies and procedures to achieve those objectives. Effective management requires that the impact of the implementation process be evaluated. If not, how would we know whether we were achieving our objectives?

Although the measurement of performance is not a simple matter in any kind of organisation, it is even more complicated in a non-profit organisation, such as a local authority or housing association. Whereas private sector organisations can measure easily whether they are achieving their primary objective of making a profit, social landlords have a range of less tangible aims in terms of service delivery and improving the circumstances of their customers.

Whilst social landlords are increasingly adopting the language and approaches of the private sector, discussing ‘operating income’ as if it were ‘profit’, and increasingly considering their markets and market share, their core activity is still service delivery. Deciding how to measure the effectiveness of service delivery can raise some difficulties.

### 2. Setting Performance Measures

It would appear, on the surface, that measurement of organisational performance should be a simple matter. All we need to do is determine the organisation’s objectives, and then assess whether they have been achieved. As we saw in *Section A*, social landlords can have a range of goals which might not always be consistent. We therefore need to decide on which goals are to be prioritised if they cannot all be achieved.

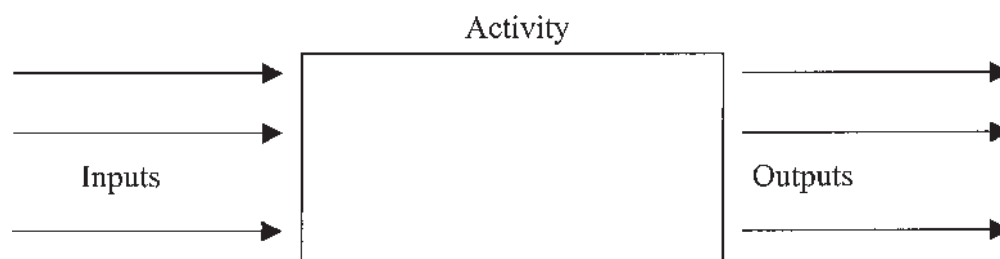
A further issue arises from the question of who decides when an objective has been achieved. Do the tenants decide, or is it solely a decision for managers?

For example, a manager monitoring a repairs contract might take the view that by carrying out a sample of post-repair inspections the quality of work can be assessed. However, the tenant might not be satisfied with the work if s/he feels that the workmen were unnecessarily messy, or didn’t clean up their debris. If the objective of the organisation is to provide an effective, efficient repairs service to meet the needs of the tenants, surely the performance monitoring system would need to allow for the tenants’ voice to be heard.

### 3. Inputs, Outputs and Outcomes

In order to measure performance we need to recognise the difference between inputs, outputs and outcomes.

Put simply, the process of measuring performance can be shown in the following diagram.



Here the box represents the activities carried out by the social landlord (rent collection, arrears management, allocations, repairs, etc.). The 'inputs' arrows represent the resources (staff, finance etc.), policies and procedures put into the organisation to influence performance.

The 'outputs' arrows represent measurable performance magnitudes which could be used to identify the impact of changes in input. The outputs are the services provided by the organisation.

#### **Activity**

*List a range of performance outputs measured by your organisation.*

*Are there any others that you feel might usefully be measured?*

***Time allocation: 10 minutes***



Social landlords will inevitably carry out regular monitoring of their ‘core’ activities of rent collection, arrears management, repairs activity, voids levels and periods, and allocations. Some might consider measuring other outputs, such as the length of time customers wait in reception before being seen, or the numbers of customers seen by housing advice staff in a given period as a way of measuring the efficiency of public service offices.

In addition social landlords have requirements placed on them by the Housing Corporation, ODPM, and the Audit Commission to measure and report on performance. These are considered in more detail in the next Block (*MRH.102 - Reviewing Performance and Achieving Quality*).

If performance outputs are worsening (i.e. arrears increasing; voids period extending), by identifying these and changing inputs (i.e. focussing more staff time on arrears work or training staff on benefits entitlements; improving void repair times) the manager can improve overall performance.

We have seen, then, that organisations will measure outputs against inputs as a way of assessing the effectiveness of the organisation. Given, however, that many social landlords have wide ranging aims and goals, the achievement of these can be hard to measure. For example, a housing association has a key aim to improve the housing circumstances of a particular group in the population.

The association’s managers can measure their efficiency in producing new dwellings, or rehabilitating older properties. They can measure the organisation’s speed in dealing with applications for housing. In doing this they will be measuring the organisation’s *service efficiency* (the rate at which resources are converted into services), but not the *service effectiveness* (the extent to which the services provided actually achieve the intended objectives).

In practice, whilst managers will need to measure the efficiency of a service, and can largely achieve this through internal measures, the recipients of services would need to be involved in aspects of target setting and monitoring if the organisation’s effectiveness in meeting its objectives is to be gauged.

To follow the example, if the organisation is seeking to improve the housing circumstances of a particular target group, clearly the views of the target group on what constitutes an improvement would need to inform any performance measure. This issue is considered in more detail in section 4 below when we look at links to ‘Best Value’.

The measurement of outcomes is not always straightforward, and can be extremely complex when compared to the measurement of outputs. For example, increasing the number of staff (input) dealing with rent arrears for a month is likely to lead to a direct improvement (reduction) in arrears levels (output). If however, as part of an approach to dealing with social exclusion a landlord is working with partner agencies to regenerate an area, the outcomes from this activity (in terms of improvements in the quality of life, health, employment, educational attainment, and personal development) will be harder to measure, and will continue to be felt for some time to come.

#### 4. Performance Reports

To effectively monitor the outputs being achieved by the organisation, it is crucial that information is available to the manager in a form which allows evaluation to take place.

##### **Activity**

*Identify the different people who might have a need for information about performance within your organisation.*

***Time allocation: 15 minutes***

We asked Steve, the housing association Chief Executive, to tell us about the different performance reports required within his organisation. He told us that:

*“I need to have an overview on the performance of each of the different sections within the association. Each month I receive reports on the performance in each of the main housing management areas, including rent arrears, void turnover, and repairs performance.”*

*Each of my section managers needs more detailed information, broken down by patches so that they can see how each housing officer is performing, and to ensure that remedial action is being taken to deal with any failure to work towards achieving targets.*

*Individual staff members also need reports to show how they are performing, for instance, each generic housing officer receives a weekly computer generated report of all activity in the key housing management areas on their patch. This means that they can be aware of the impact their work is having, and can take quick action to remedy changes if performance in any particular area of their work is not improving.*

*Less detailed reports are presented to the Association's Board so that they can see how the organisation is performing, and to fulfil their monitoring role. This information tends to mirror the regular Housing Corporation returns, but occasionally also includes items which the Board have expressed an interest in, or information which can inform decisions that they might have to make on changes to strategy.*

*When I started here I was inundated with paperwork, much of which appeared to be geared to measuring performance under old procedures long since changed. When I questioned some of the staff about their regular reports I discovered that some were being ignored because staff felt they weren't relevant. I felt that it was important to review our reporting procedures quickly to ensure that everyone was getting the information they needed to do their jobs effectively."*

## **5. Quality Audits**

There are a number of ways in which housing organisations might go about the process of evaluation, and in many cases they will adopt a mixture of approaches.

The approach to evaluation will depend on whose purposes the evaluation is aimed at satisfying. Increasingly, social landlords are being subject to a range of quality audits, with many taking the initiative to 'sign up' to schemes which provide them with a quality mark to use to publicise their commitment to excellence.

We saw earlier that social landlords will seek to achieve economy, efficiency and effectiveness, in part due to pressure from central government. In addition social landlords are making use of public funds and therefore there will be a requirement for them to be accountable for their operations.

Senior managers in the organisation will also need to carry out measurement of staff performance to ensure that targets are being met, and to identify remedial action if required levels are not being achieved. Finally, individual staff members will need some mechanism for feedback to help them to see how effective they are being in carrying out their separate roles.

Clearly, the type of evaluation information required for each of these purposes will be different. Performance data to be presented to those outside the organisation will not usually need to be as detailed as that required for day-to-day management.

A number of approaches for identifying the performance of organisations are in use, among them:

#### **Business Excellence Model**

The European Foundation for Quality Management (EFQM) Excellence Model, introduced in April 1999, is a framework for assessing and then continually improving the performance of an organisation across the whole spectrum of its activities.

#### **Investors in People**

Investors in People is a national standard which sets a level of good practice for improving an organisation's performance through effective investment in the training and development of its people in order to achieve organisational goals.

#### **Charter Mark**

Charter Mark is the Government's award scheme for encouraging and rewarding improvement in public services. It focuses on the outcome for the customer and concentrates upon the quality of services that the customer actually receives. Organisations are assessed against ten criteria which deal with aspects such as service standards, access and choice, fair treatment, the effective use of resources and an accessible complaints and redress system.

*continued...*

### **Benchmarking**

Benchmarking is a process being particularly encouraged by the Government as part of the push to achieve Best Value. Many organisations have used the approach informally for some time, although the Best Value agenda has increased this and led to formalisation of benchmarking arrangements. The process involves comparisons between organisations to identify how well each is performing, and to share examples of best practice. Many social landlords have identified similar organisations with whom they can make useful comparisons and joined together in 'benchmarking clubs' to share information on a regular basis across a range of service activities. Advocates of benchmarking suggest that it leads to improved performance.

### **Activity**

*Summarise the differences in approach of the four approaches to measuring performance above.*

***Time allocation: 5 minutes***

One of the key differences is the standard against which organisations are being measured. The Business Excellence Model measures improvements in performance, taking past performance as the measure against which future performance is assessed. Charter Mark, and Investors in People tend to compare performance to objective standards, whilst Benchmarking tends to consider performance by reference to the performance of other similar organisations.

The existence of such differences in approach raises questions for the manager. If we are seeking to measure performance, how is this going to be done? Do we compare organisational performance to a set of objective standards, or to our own past performance, or to the performance of other organisations? In practice we can use each of these measures to help encourage improvements in performance towards achieving organisational objectives.

In addition social landlords have performance and evaluation requirements set by the government as part of the 'Best Value' regime.

### **Links to 'Best Value'**

The government's Best Value regime requires local authorities to:

- *establish corporate wide objectives;*

This applies to the strategic role of local authorities (including housing strategy, assessment of housing needs, homelessness services, and the enabling role).

- *agree a programme of Best Value Performance Reviews of services and set this out in an annual Best Value Performance Plan;*

Best Value Performance Plans are the principal means by which authorities are held to account for the efficiency and effectiveness of their services, and for their plans for the future. Plans are subject to scrutiny through the Best Value external audit and inspection process.

- *undertake Best Value Performance Reviews of all services over a five-year cycle. Reviews need to embrace the "four Cs":*

### **challenge - why and how a service is being provided**

Authorities must regularly review why different services are being provided, and satisfy themselves (and the Inspectors) that their approaches to service provision are the most effective.

### **compare - with the performance of others across a range of relevant indicators, taking into account the views of service users and potential suppliers**

Authorities must use benchmarking arrangements with other social landlords. They must also establish and maintain arrangements for involving tenants in setting priorities and monitoring effectiveness of service delivery.

### **consult - local taxpayers, service users, partners and the wider business community in the setting of new performance targets**

### **compete - consider fair competition as a means of securing efficient and effective services.**

- *set performance targets in relation to national performance indicators prescribed by Government (and the Audit Commission) and those drawn up locally, and publish these in the annual Best Value Performance Plan.*

For example, the government has prescribed that all authorities must set targets to meet the quality and efficiency of the performance of the top 25% of authorities. The fact that an authority has achieved a Charter Mark, or is involved in a benchmarking club with other authorities will not be considered by the government to automatically mean that the local authority has achieved Best Value.

Under the government's Best Value regime, local authorities are also expected to work closely with other organisations in the housing field including:

- tenant organisations;
- tenant management organisations;
- private sector contractors carrying out the housing management function and/or other housing related functions as agents of a local authority;
- private contractors carrying out related works such as estate cleaning; housing repairs and maintenance; and support services;
- other partners (private and voluntary) including those involved with vulnerable groups, such as elderly, young, homeless and disabled people; and with the housing needs of black and other minority ethnic groups;
- health and police authorities, for instance in developing strategies to tackle health problems arising from poor housing, crime, and community safety on local authority estates and in problematical areas of private housing.

As independent bodies, housing associations are not subject to the statutory duty of Best Value. But the Housing Corporation and National Housing Federation have made clear that they expect those registered with the Corporation (Registered Social Landlords) to fully embrace Best Value.

A range of guidance has been issued on how associations should work to achieve this. The Housing Corporation has also established an Inspection regime to ensure that associations undertake work to attain Best Value in their services.

## Summary

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1. Setting performance measures is not as straightforward for social landlords – with their range of service goals – as it can be for private sector organisations with the main focus on profit.
2. It is important for managers to differentiate between inputs, outputs and outcomes when evaluating the effectiveness of organisational activity in delivering services.
3. Different people playing a role within social housing organisations will have different information needs on performance and these will be reflected by different reporting systems.
4. There are a range of audit and evaluation systems external to housing organisations, chief among them inspections aimed at identifying progress towards attaining Best Value in housing services.



## D. Enabling Change

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### 1. Introduction

As we have seen elsewhere in this Block, housing organisations are facing a volatile and highly changeable environment in which they operate. Changes in public policy, legislation, the economy or social conditions can have a bearing on how a social landlord will need to operate and organise itself.

#### **Activity**

*List any changes to your organisation that you have experienced.*

*Time allocation: 10 minutes*

Your list will probably reflect the type of landlord you work for, and the length of time you have been working in the housing profession.

Local authorities have gone through a range of changes over recent years including reorganising to meet the challenges of Compulsory Competitive Tendering and more latterly Best Value. Many have seen major change as they have transferred their housing stock to associations or housing companies.

Some housing associations have felt that merging with others, or the formation of group structures have been necessary to ensure continuing viability.

Both types of landlord have seen the need for changing approaches to meet the Best Value requirements, and an increasing emphasis on both customer service and tenant involvement.

These changes have arisen as a result of a combination of factors, but have all had to be *managed* by the organisations. Changes to increase the empowerment of tenants or transferring stock out of local authority ownership require fundamental changes to the way people operate, and the way they view the organisation and their role within it.

## 2. Concepts Of Organisational Culture

The first crucial step in seeking to enable change to take place is to understand the organisational culture. Cultures can vary quite markedly in different organisations, and for a successful transformation it might be necessary to change the culture of the organisation. In order to do this we need to be able to measure the existing culture.

### **Activity**

*Write a sentence or two to define what an organisation's culture is.*

*Time allocation: 5 minutes*

We asked a group of staff from a housing association to do this exercise. They came up with the following answers:

*“The organisation’s culture is the way things are done around here.”*

*“The culture is the set of values and expectations which organisation members come to share.”*

*“It’s the social glue that holds the organisation together.”*

*“...the ways of thinking and interacting that characterise a particular group.”*

*“...the taken for granted and shared meanings that people assign to their surroundings.”*

*“...the collection of tradition, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in the organisation.”*

Common aspects to all of these definitions would be the notion that a culture is something shared between people, and which permeates their views, ideas, and the way they act in different circumstances.

What influences organisational culture?

### **Activity**

*List some of the factors that you feel have had an impact on creating the culture of your organisation.*

***Time allocation: 5 minutes***

Examinations of different organisations have led to the conclusion that a range of factors will affect culture, among them:

The **historical development** of the organisation. Clearly a local authority, which was established by Act of Parliament to carry out government at a local level, will have a different culture to a housing association established to deal with a particular housing shortage by a group of interested volunteers. Similarly, different associations with different historical backgrounds will have varied cultures.

The **primary tasks** being undertaken by the organisation. One would anticipate finding a different culture in, say, a local authority housing department and a small housing association existing to provide supported accommodation to those with substance abuse issues. The difference in culture will arise from the different work carried out and the different pressures on the organisation. We might also expect differences in the attitudes and interests of those people attracted to work in each of the organisations and this will also have a bearing on the culture to be found.

The **size of the organisation** can also have a bearing. In the small association there could well be a feeling amongst the staff of a closeness to colleagues, with staff experiencing the organisation as one in which they are aware of most of the activity being undertaken and a good awareness of the work of others. The fact that there might be many similarities between the jobs of different staff can aid a feeling of a close knit group with clear common aims. This feeling can be harder to achieve in larger organisations when, inevitably the structure will be more diverse with different groups carrying out different tasks. In large organisations regular communication can also be harder to achieve leading to less of a bond between staff and therefore a more bureaucratic structure being necessary to ensure that the work of different parts of the organisation is co-ordinated.

The **geography** of the organisation can lend itself to similar impacts on the organisation's culture. The culture of an organisation operating within a small local area could differ from that of, say, a large housing association operating throughout the country. With the more widespread organisation there is more likelihood of differences in the issues being faced by staff in different local areas and this could result in different pressures on staff. Alex works for a housing association which operates in most of the regions in England. She told us that:

*“I’ve noticed a difference in the attitudes of my colleagues in other parts of the country. In the North of England where I’m based we have a major problem with low demand, particularly in those urban areas that we operate in. My colleagues from the South are facing a crisis because there is a shortfall of affordable housing and so they have a large number of applicants that they won’t be able to assist for quite some time. When we get together at training events and the like it feels as though we work for different organisations.”*

The attitudes and approaches of **senior managers** will have a major bearing on the organisation’s culture. Staff will often take a lead from those in positions of authority. If we take two fairly extreme examples we can illustrate this point. In the armed forces senior officers will tend to be very directive, issuing orders and expecting them to be carried out with little or no discussion. This is seen as necessary because of the need in battle situations to be sure that personnel will carry out orders quickly and efficiently. On the other hand, in a housing association which seeks to provide an efficient yet customer centred service there is more likelihood of consultation with staff to ensure that they fully understand and feel a sense of ownership for decisions. Both approaches will lend themselves to the different organisational cultures necessary for achieving the aims of the different types of organisation.

No doubt you identified some of these, and may have considered some other factors which have affected the culture of your organisation.

### **3. Barriers to Change**

Whilst recognising the factors which impact on culture is an important starting point for bringing about change, it is also necessary to recognise other factors which might be barriers or provide resistance to change. It is to these that we now turn.

#### **Resistance from People**

First let us consider the often stated maxim that people are inherently conservative and will *always* resist change. Is this true?

It might be the case that an employee will resist a change in working conditions requiring them to work unsociable hours, or an expectation that they will lose status in a reorganisation. They might express concern at a proposed reorganisation if the implications for them are unknown, or if redundancies are

anticipated. However, an increase in pay rate or holiday allowance is less likely to result in resistance. The difference with this second example is that the changes are fairly clear and will be seen as a positive benefit to the employee.

We can conclude from this that the extent of resistance to change will be affected by the type of change involved, the extent to which it benefits the individual, and how well its impact is understood.

Rosabeth Moss Kanter is Professor of Organisation & Management at Yale University. She has researched widely on organisational change and identified the following most common factors for employees resisting change.

#### **Loss of control**

We all feel more comfortable when we are in control of our own circumstances. This can include the control that comes from certainty about the work we do and our position in an organisation. When people feel that change is something 'being done to them' this can create resentment.

#### **Excess Uncertainty**

Kanter refers to this as the 'Walking Off a Cliff Blindfolded Problem'. If people don't know enough about the next step they can feel threatened by the unknown and will resist change, preferring to stay with the current situation that they know.

#### **The Surprise Factor**

People will resist change if it is sprung on them without adequate preparation. The first response to something new and unexpected, that we haven't had time to prepare for mentally, is to resist it. Kanter notes that many organisations will wait until all decisions are made and then spring them on an unsuspecting workforce.

#### **The Difference Effect**

Change requires people to become conscious of, and to question familiar routines and habits. Some might feel threatened by the changes brought about by developments in technology, such as the introduction of computerised systems.

*continued...*

**Loss of Face**

Some staff might feel that the change brings into question their commitment and skills to carrying out their job in a particular way. “Does this mean that they’re saying I’ve been wrong all these years?” If staff were involved in devising procedures which are now being swept aside, they can feel personally criticised.

**Concerns about future competence**

A changing environment can lead people to feel concerns about their ability to meet the new challenges. Will they have the skills required? Can they develop them? Nobody likes to feel inadequate; and nobody who has been around for a long time wants to feel that they have to ‘start all over again’.

**More work**

One inevitable source of resistance is that change means more work. The effort it takes to manage things under routine circumstances needs to be increased when things are changing.

**Past resentments**

Anyone who has ever had a gripe against the organisation is likely to resist the organisation now telling them they have to do something new. Some may remain silent about past unresolved grievances, but a change can bring those issues bubbling back to the surface.

**Sometimes the threat is real**

The last reason people resist change is probably the most reasonable of all. Sometimes the threat posed by the change is a real one. A change can create winners and losers. Some might lose status or an area of work that they enjoy and feel comfortable in, whilst others can benefit. In fact managing change means recognising its political realities.

**Structural Barriers**

In addition to resistance from the people being reorganised, there are a number of other barriers to change which can arise as a result of structural factors.

### **Relationships with other organisations**

If a housing organisation has contractual relationships with other agencies, the details of these can be barriers to change or can limit the extent of change possible.

For instance, many local authority housing departments have found themselves tied into fairly long contracts with direct labour organisations for the provision of maintenance services. Any proposed change which would require the renegotiation of such contracts before their expiry will experience resistance if the DLO perceive the change as being detrimental to their activities. Such a situation requires extra negotiation skills on the part of the manager who might be seeking to achieve change on the part of an organisation for which they are not directly responsible.

### **Financial restrictions**

Despite the fact that an organisation might have identified options for improving a service requiring major change, any transformation must be financially viable.

For example, Geoff is a local authority Director of Housing. Like many others he has concerns over his ongoing ability to maintain the housing stock whilst maintaining affordable rent levels, and thus has explored the possibility of transferring the stock to a local housing company to enable him to access private funding. He told us:

*“the councillors accepted the necessity of transfer, so we carried out an option appraisal, which included a valuation of the existing housing stock. We were surprised to find that the valuation of the stock was so low that the Council would have been left with a substantial debt following the transfer. As a result we had to seek other solutions.”*

### **Political restrictions**

In our last example, Geoff had the support of local politicians. Sometimes, however, there will be a tension between the manager and the local authority cabinet, committee, or housing association board if they disagree on proposed changes. This can limit the extent of change or will rule out some options which the manager might feel are necessary. For change to be successful it is necessary not just to get agreement from staff of the organisation, but also from its governing body.



## 4. Achieving Organisational Flexibility

### The phases of Change

Lewin has identified three stages in the implementation of change or innovation. He called these:

#### Unfreezing – Movement - Refreezing

**Unfreezing** is the process of reducing those pressures which act to keep the behaviour of the organisation in its present form, such as the barriers we considered earlier.

**Movement** is the development of new attitudes of behaviour and the implementation of the change

**Refreezing** is the process of stabilising change at the new level and reinforcement through supporting mechanisms for example, policies, structures and values.

#### 4.1 Unfreezing

##### **Activity**

*Take each of Kanter's resistance factors from section 2.1 above, and identify approaches that might reduce their impact in implementing an organisational change.*

*Loss of control*

*Excess Uncertainty*

*The Surprise Factor*

*continued...*

*The Difference Effect*

*Loss of Face*

*Concerns about future competence*

*More work*

*Past resentments*

*‘Sometimes the threat is real’*

*Time allocation: 25 minutes*

Here are some approaches that you might have considered:

***Loss of control***

The recognition of this barrier to change has led many managers to consult about change as a way of seeking to encourage staff to feel that they have more 'ownership' and thus more control over change taking place.

***Excess Uncertainty***

Managers can overcome this feeling through sharing information with employees about what is happening at each stage of a change, and through dividing a big change into a number of small steps.

***'The Surprise Factor'***

Again, sharing information and preparing the ground can help reduce the impact of resistance.

***'The Difference Effect'***

Minimising or reducing the number of 'differences' introduced by the change can reduce the impacts of this effect. Sometimes managers might think that they should be doing the opposite - changing everything they can to symbolise the core change taking place. However, by maintaining some elements of the 'old' structure and procedures can help to encourage a feeling of continuity.

***Loss of Face***

Commitment to change can be encouraged when past actions are put into perspective. They can be presented as having been the right thing to do in past circumstances, but now times are different. Rather than making staff lose face, this can help them to be seen as flexible, changing as the circumstances require.

***Concerns about future competence***

Training and education are essential if concerns about abilities to cope in new situations are to be overcome.

***More work***

Managers need to recognise the additional work involved and take steps to ensure that staff are compensated, either financially, through benefits in kind, or simply through acknowledging the extra effort being expended during the transition period. Recent experience among employees of local authorities transferring their housing stock shows that staff will increase their levels of effort (and time worked) when they can see longer term benefits such as the improvement of service arising from increased resources as financial constraints are loosened.

### **Past resentments**

When such situations occur, it may be necessary for the manager to take time to revisit and try to resolve outstanding issues in order to get staff 'on side' with new changes taking place.

### **Sometimes the threat is real**

The important thing here is to avoid pretence and false promises. If some people are going to lose something, they should hear about it early, rather than affecting others with their uncertainty and antagonism.

As Kanter sums up:

*“Resistance to change is not irrational: it stems from good and understandable concerns. Managers who can analyse the sources of resistance are in the best position to invent the solutions to it – and to manage change smoothly and effectively.”*

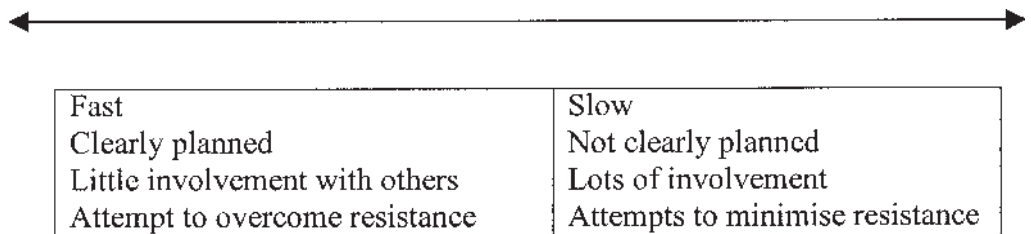
## **4.2 Movement**

Bearing in mind the range of barriers to be overcome to 'unfreeze' the organisation and to get people into the right frame of mind for change, a lot of thought and planning need to go into the implementation stage. Managers commonly make the mistake of implementing change in a disjointed, unplanned way.

When approaching change the manager needs to make a number of important choices regarding:

- the speed of change;
- the amount of pre-planning; and
- the emphasis to different approaches

These options can be thought of as existing on a line:



At one end of the line, the approach to change calls for rapid implementation, a clear plan of action and little involvement with others. This type of strategy tends to push aside any resistance. At the other end of the line, the strategy calls for much slower implementation, and plenty of involvement, with a less clear plan which can develop through consultation.

Managers may have to use different approaches in different situations, depending on the culture, size and structure of the organisation; and the time available to see the change through.

Problems can occur however when the two approaches are mixed. Changes that are not clearly planned and yet are implemented quickly can easily become bogged down due to unexpected problems. Changes involving large numbers of people, implemented too quickly can become stalled or less participative, increasing the likelihood of resistance.

### **4.3 Refreezing**

Things can and do go wrong with change. It is essential, therefore, that careful monitoring of the impacts of change takes place, to ensure that the 'new' procedures or structures are incorporated.

If, for example, new barriers to change emerge, such as resistance from staff on realising unanticipated impacts of the change, commitment can be lost and old approaches and ways of working might be retained.

## Summary

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1. **Organisational culture can be influenced by a range of factors, and the management of change to seek to achieve new objectives can sometimes require a change to the culture of an organisation.**
2. **There can be a range of barriers to change, many of them arising from the circumstances of the people within the organisation, and some from structural factors.**
3. **The recognition of these barriers, and taking steps to overcome them are essential for the successful transformation of an organisation or the introduction of new procedures or systems.**