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UNIVERSITY OF SOUTHAMPTON

FACULTY OF BUSINESS AND LAW

Management School

**How are Housing Associations Going to
Navigate their Way Using Performance
Measurement Through the Unstable
Environment Following the Financial
Crisis of 2008?**

By

GRAHAM MANVILLE

Thesis for the degree of Doctor of Philosophy

Jan 2014

UNIVERSITY OF SOUTHAMPTON

ABSTRACT

FACULTY OF BUSINESS AND LAW
MANAGEMENT SCHOOL

Doctor of Philosophy

How are Housing Associations Going to Navigate their Way Using Performance Measurement Through the Unstable Environment Following the Financial Crisis of 2008?

By Graham Manville

The third sector will play a major role in the reform of public services within the UK under the flagship rhetoric of the Big Society. There is a lacuna of research into third sector performance in comparison to the public and private sector, which renders this study relevant and timely. This three-paper PhD thesis makes an original contribution to knowledge in the field of performance management within UK third sector housing associations using a longitudinal, multiple case study analysis.

The first contribution to knowledge is the development of a theoretical performance management model from a single case study analysis which encompasses trust, culture, and capability using empirical evidence to support the skeletal framework of change within a historically highly regulated third sector lifeworld.

The second contribution to knowledge is a comparative study of performance measurement and management within housing associations and SMEs. The study revealed that both sectors were subject to institutional behaviours regarding their motivation for monitoring performance. These behaviours included coercive isomorphism, normative isomorphism and mimetic isomorphism. The study also revealed that the existing lifeworld was being steered towards a more commercial lifeworld via a process of colonisation from legal, power and financial steering media. This new environment will require clear and firm leadership.

The third contribution to knowledge is the multiple case study analysis of leadership and performance within housing associations. The study revealed that contrary to previous research, this particular part of the third sector does not suffer a leadership deficit, nor is it in an embryonic state. The study yielded rich empirical data which revealed multiple leadership types including servant leadership, transactional leadership and transformational leadership. The latter leadership type has led to innovative growth within housing associations. The study also recognised the tension of a social business which needs to remain sustainable within private sector disciplines whilst staying true to its values and mitigating against mission drift.

The final contribution to knowledge is the extension of the skeletal Habermasian framework; this has included institutional theory which has been applied to public sector reform. The new framework unifies the earlier work by Broadbent et al. (1991, 2001) and uses empirical richness to construct a more practical model suitable for the context of social housing.

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Academic Thesis: Declaration of Authorship

I,Graham Manville..... [please print name]

declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

[title of thesis]

How are Housing Associations going to navigate their way using performance measurement through the unstable environment following the financial crisis of 2008?

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. Either none of this work has been published before submission, or parts of this work have been published as: [please list references below]:

Signed:

.....

Date:

...09/01/14.....

.....

Presentations and Publications

Keynote Speeches & Invited Speaker Roles

4th April 2013, Department of Management, University of Otago, New Zealand, Performance Management in UK Housing Associations, Symposium on Social Enterprise. (Invited Speaker)

3rd April 2013, Department of Management, University of Otago, New Zealand, A comparative study of performance management in SMEs and third sector housing associations. (Invited Speaker)

20th March 2013, Leeds University Business School (LUBS), University of Leeds Operations Management in the Third Sector. (Keynote speech, morning)

21st November 2012, Inside Government, Strand Hotel, London, Performance Measurement and Management: Raising Standards and Driving Improvement (Invited Speaker)

29th October 2009, Business School, University of East Anglia, UK, Performance Management and the Third Sector (Invited Speaker by Dr Vinh Chau, BAM Chair of Performance Management special interest group (SIG))

Academic Peer Reviewed Journal Articles

Manville, G and Broad, M (2013). Changing times for charities: performance management in a third sector housing association, *Public Management Review* (In press)

Greatbanks, R. , Elkin, G and Manville, G (2010). The role of trust and reputation in third Sector performance reporting: A New Zealand Case. *International Journal of Productivity and Performance Management*. 59, (6), 571-585

Manville, G. (2007) Implementing a balanced scorecard framework in a not-for-profit SME. *International Journal of Productivity and Performance Management*, 56, (2), 162-169.

Guest Editor Special Issues

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Conference Organising Roles

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(Eds). *Third Sector Performance: Management and Finance in Not-for-Profit and Social Enterprises*, Gower,

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**Chapter 1 An Evaluation
of Performance
Management in UK
Housing Associations**

1.1 Overview

This PhD thesis adopts a critical theorist approach to evaluate performance management within UK housing associations. The research applies a Habermasian lens to the changing lifeworld of the third sector caused by the global financial crisis of 2008 which is giving rise to increasing commercialisation within the sector. There is a substantial body of academic theory on private sector performance measurement and management and in recent years it has become more embedded within the public sector through new public management (NPM). The research in the third sector is still embryonic and, given the changes this sector is facing, the research is timely. The thesis is a three-paper PhD presented as an integrated study into performance management in housing associations as they face unprecedented change. The papers form chapters two, three and four of this study. This section begins with a review of the changes occurring in the third sector followed by a focus on a particular aspect of the third sector, namely housing associations. The chapter is concluded by discussing and outlining the scope of the three distinct papers.

1.2 Introduction

The third sector is a term used to describe organisations that are neither private sector nor public sector. They comprise a broad church of voluntary organisations, charities, trade associations, mutuals, co-operatives and social enterprises (Anheier and Siebel, 1990) According to the National Audit Office (NAO), these third sector organisations have a vital role to play in supporting the public sector to deliver public services, such as finding innovative solutions, managing performance of service delivery, understanding the needs of service users in the community, closeness to the community and the ability to deliver on outcomes.

For more than a decade, there has been a drive for the third sector to play a greater role in public service delivery which began with the Compact agreements (Kendall, 2000). This has resulted in an expansion of public sector contracts awarded to third sector

organisations, often referred to as a contract culture (Morris, 2012). This has led some to argue that the third sector is in danger of becoming an extension of the public sector (Smerden, 2009). Given the massive investment in public services during the New Labour years of the first decade of the twenty first century, it has yet to translate into a commensurate improvement in performance. The prospect of the third sector becoming similar to the public sector by virtue of being a supplier of commissioned services has raised some concerns such as a lack of independence (Ibid). In 2010, The UK Conservative party conceived the notion of the Big Society communicated in a pamphlet (Big Society, 2010) which argued that society was not synonymous with state control. The party argued for a rebalancing of public service delivery to include private, public and third sector input as well as an appeal for more volunteering and philanthropy (Big Society, 2010). It has been viewed with suspicion by many stakeholders (Milbourne and Cushman, 2011); however, the global financial crisis (GFC) has provided a compelling justification for statutory retrenchment with respect to public services.

The third sector is now being called upon to assist in filling the shortfall of public spending cuts by the UK government. The public sector has historically comprised a powerful coalition of vested interests that have, hitherto, managed to fend off major reform of the scale identified in the Big Society agenda (Laughlin, 2007; Big Society, 2010). This was underlined by the attempted reforms by the former Labour Prime Minister, Tony Blair in what was referred to as “the forces of conservatism” speech (Blair, 1999a). In it he argued that elements of the public sector had wanted him to slow down the public sector reform and he countered that he wanted his reforms to go much further, and faster. In another speech to venture capitalists the same year, he vented his frustration about the resistance to change in the public sector: "People in the public sector are more rooted in the concept that 'if it's always done this way, it must always be done this way' than any group of people I've come across," (Blair, 1999b) Despite a huge parliamentary majority in the House of Commons there was an inbuilt coalition of vested interest within the Labour party which scuppered any significant reforms. The then Conservative opposition party, although sympathetic to reform of the public sector, was keen to exploit a wedge issue which could divide the Labour party rather than supporting an issue which they were passionate about -

such as public sector reform. Instead, they supported the Labour party rebels with the intention of causing embarrassment to the government (Whitaker, 2006).

Since the GFC and the arrival of a reforming coalition party, the strength of the vested interest within the public sector has diminished resulting in the perception among the electorate that public sector employees are not exposed to the economic hardship that the private sector is facing (Hope, 2012). This has provided the UK coalition government with a compelling narrative to attempt to drive through public sector reforms that a few years previously would have been unpalatable to a Third Way modernist like Tony Blair and unthinkable to even the most free market advocates in the Conservative party. The Big Society philosophy seeks to harness the goodwill of the philanthropic and voluntary nature of society as well as find a way of ending the primacy of the state with respect to public service delivery. The term 'Big Society' is considered vacuous by some stakeholders in its lack of definition but there is a clear and unambiguous message in its strapline which preaches Big Society, not Big State (Alcock, 2012). In addition, the Big Society pamphlet reflects a desire for the provision of a public services supplied by a blend of statutory, third sector and private sector providers (Big Society, 2010).

From a philosophical perspective, what is being witnessed is the changing lifeworld of the third sector; while at the same time a more commercial culture is emerging in the drive for a continuous improvement of outcomes for less money, the cessation of selected grant funding, the increase in competitive tendering and renewable contracts, reforms to financing growth, and moderating the rising expectations of service users. Market mechanisms and continuous improvement have featured in the public sector management for almost two decades, which has been popularised as new public management (NPM) in the literature (Hood, 1991, 1995; Brignall and Modell, 2000). In this changed lifeworld, private contractors are well placed to capitalise on the opportunities within public service delivery. The ability of the third sector to thrive in this new lifeworld is less certain as it is finding it challenging and must learn to adapt and compete in this new landscape. There is a deficit of research on performance management within this sector and some evidence that the management controls in the third sector are not as robust as in the private sector (Connolly and Hyndman, 2004; Kirchner, 2007; MacMillan and Maclaren, 2012). The

forces which are effecting change within the lifeworld of the third sector are referred to as steering media (Habermas, 1984, 1987). Habermas argues that steering media are driven in three ways - law, money and power - which can have a colonising effect on the lifeworld. This effect is explored later in this section.

1.3 Research Philosophy

This study is interpretive and seeks to understand the changing role of the third sector in public service delivery. Pioneering work by Burrell and Morgan (1979) resulted in a four-box approach to research which highlighted four paradigms that viewed the world in two dimensions: the first dimension was subjective-objective and the second dimension was regulation-radical change. Each paradigm is located in each respective box. The *radical humanist paradigm* is where the subjective experience of the individual participates in the creation of the social world. The second paradigm is the *interpretive paradigm*, which seeks to understand the sociology of regulation from a subjective standpoint. The other two paradigms are more objective and science-based. However, they both differ in that the *functionalist* paradigm requires the researcher to take an objective viewpoint of the present social order. The *radical structuralist paradigm* observes radical change but takes an objective viewpoint. The ontological research stances were further developed using the subjective-objective continuum to include six typologies ranging from reality as a concrete structure (extreme objective) to reality as a projection of human imagination (extreme subjective) (Morgan and Smircich, 1980). The ontological stance of this research project is “reality as a contextual field of information” (Ibid, p, 492). The justification for this approach in the thesis is that the research is context-specific as it applies to the third sector. Burrell and Morgan’s (1979) two paradigms which involved radical change (radical structuralism and radical humanism) are merged into one paradigm by Hopper and Powell (1985), who view them as a logical argument of radical theory. Within their sphere of accounting research, this approach has come to be known as “critical accounting research”. Deetz (1996, p193) argues that the objective-subjective label is “socially contrived” and proffers an alternative grid displaying four discourses: interpretive studies, normative studies, dialogic studies and critical studies. The term ‘critical studies’ is derived from the

theoretical and methodological thoughts of Kant, Hegel and Marx which evolved into the Frankfurt School of thought (Laughlin, 1995). A critical perspective is adopted in this study, as the researcher seeks to gain an understanding of the behaviour of third sector organisations with respect to performance monitoring. One of the leading advocates of this approach to research is Habermas who rejects the French School of critical thinking because of their perceived lack of interest in practical outcomes (Laughlin, 1995; McGrath, 2003). The researcher believes that the third sector differs from both the private sector and the public sector in terms of how life is experienced. The third sector has a very strong ideological motivation and relies on a partial or an entirely voluntary workforce. Philosophers refer to life experience as lifeworld which is a state of the world in which life is experienced (Husserl, 1968; Habermas, 1984, 1987). Husserl (1968) argues that epistemological perspectives are embedded in a world of meanings and pre-judgments that are socially, culturally, and historically constituted. Habermas (1984, 1987) develops this further by arguing that modern society is influenced by a concept he refers to as steering media such as money, power and law. Within the third sector, this is initially evident in the form of political power by the compact documents¹ developed over a period of 15 years, which encourages a greater role for the third sector in public service delivery (Kendall, 2000). More recently, the lifeworld of the third sector has been further influenced by a combination of the austerity measures taken by the coalition government to deal with the aftermath of the GFC and the Big Society agenda which calls for a rebalancing of public service delivery to end the primacy of the state, to include an increased contribution by private sector and third sector organisations (Big Society, 2010). The researcher believes that more compelling steering media in the form of money may drive the third sector to become more business-focused, a view which has been advocated by academics (Dart, 2004; Little, 2005). What little research has been conducted on performance management within the third sector has revealed that the third sector may currently be ill-equipped to deal with this challenge (Kirchner, 2007; MacMillan and McLaren, 2012). Researchers such as Speckbacher (2003) and Moxham and Boaden (2007) believe that private sector

¹ The Compact is a partnership agreement between the Government and the Third Sector in England. It sets out commitments on both sides which, if met, improve the quality of partnership between sectors and the outcomes from these relationships.
<http://webarchive.nationalarchives.gov.uk/+/http://www.cabinetoffice.gov.uk/media/226871/compact%20consultation%20paper.pdf> (accessed 12 February 2013).

principles can be readily exported to the third sector although exporting of private sector principles to the public sector has been problematic and has garnered fierce criticism (Radnor and McGuire, 2004; Lapsley, 2008, 2009; Osborne, 2010). From a philosophical standpoint, Habermas (1984, 1987,) warns against paying a heavy price in terms of the withdrawal of motivation and legitimacy of social systems and this could manifest itself as mission drift (Morris, 2012).

1.4 Habermasian Critical Theory

The third sector cannot be viewed as a homogenised whole as it is made up of a disparate group of organisations often referred to as “a loose and baggy monster” (Kendall and Knapp, 1995, p65) with each grouping having a different contextual lifeworld. For example, a small voluntary and community organisation employing predominantly volunteers will differ significantly from a social enterprise which will have a more business-focused orientation along triple bottom line objectives such as financial, social and environmental outcomes. Likewise, a large charity such as Amnesty International or Oxfam will be different again from a housing association. All groupings are in the conglomeration known as the third sector yet they all inhabit subtly different lifeworlds and are exposed to differing forms of steering media and their associated steering mechanisms (Broadbent et al., 1991). Figure 1 below shows the interplay between societal steering media and systems via their steering mechanisms.

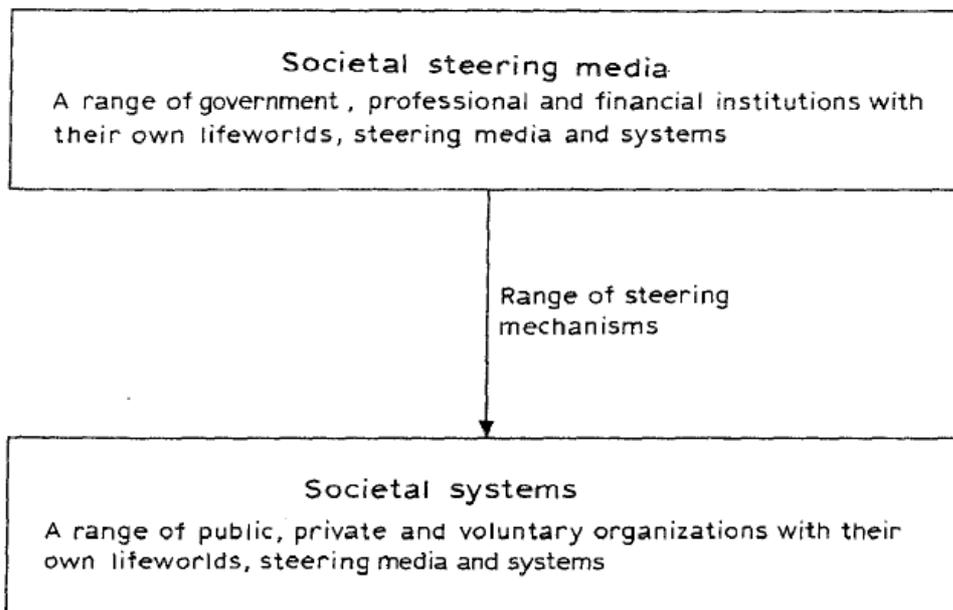


Figure 1 The Nature of and the Relationship between Societal Steering Media and Systems (Broadbent et al., 1991, p8)

According to Habermas, lifeworld is composed of three elements, culture, society and personality, which are explained in his own words below.

I use the term culture for the stock of knowledge from which participants in communication supply themselves with interpretations as they come to an understanding about something in the world. I use the term society for the legitimate orders through which participants regulate their membership in social groups and thereby secure solidarity. By personality I understand the competences that make a subject capable of speaking and acting that put him in a position to take part in a process of reaching understanding and thereby to assert his own identity (Habermas, 1987, p138).

Habermas (1987, p.138) adds that the three elements are “symbolic structures of the lifeworld” of modern society. Broadbent et al. (1991) interpreted Habermas’ theory in the context of social evolution and argue that as the elements of a lifeworld develop, the corresponding steering media and institutional systems evolve in tandem. Broadbent’s 1991 paper discussed the changing lifeworld of the UK public sector National Health Service (NHS); it describes the three aspects of lifeworld, steering media and systems, and also explores how the steering media moves the lifeworld from one state to another. The effect

of the steering media on the lifeworld is what Habermas (1984, 1987) refers to as colonisation.

1.4.1 The Principle of Colonisation

Colonisation occurs when there is a crisis of legitimation introduced into the lifeworld caused by the steering media “getting out of hand” (Habermas, 1976: Broadbent et al., 1991, p21) when external routines and working practices are introduced into a lifeworld such as private sector principles into a not-for-profit context.

The work of Habermas is regarded as theoretical and abstract with regard to practical application. The two academics most associated with this theoretical perspective, Broadbent and Laughlin, have devoted several papers to developing a skeletal theoretical framework and applied it over two decades via empirically rich case studies to evaluate NPM (Hood, 1991; 1995) and its effect on change within public sector organisations such as the NHS and schools (Broadbent et al., 1991, 2001, 2010, Broadbent and Laughlin, 1998; Laughlin, 2007). Their considerable academic work has centred around the impact of NPM within the public sector and their skeletal theoretical model from the 1991 paper is regarded as making the clearest link between the Habermasian macro-level societal notions and the organisational changes that were taking place in the organisations such as the NHS (Jacobs, 2012).

Another important paper relating to the critical theory of Habermas and organisational change was developed by Laughlin (1991). Like the Broadbent paper (Broadbent et al., 1991), he presents theoretical models that are “intentionally embryonic and skeletal, requiring detailed case studies to amplify their nature” (Laughlin, 1991, p209). He draws on the philosophical theory of change by Smith (1982) who argues that organisational life has a tendency to maintain equilibrium and thus “any disturbance is initially, and sometimes permanently, seen as an unwelcome intrusion” (Broadbent and Laughlin, 1998, p406). In other words, the forces for change will be counteracted by forces against the potential change which in turn derives from change management theory in the organisational behaviour discipline dating back 60 years to the work of Lewin, (1947).

Despite the passage of time, Lewin's work is still considered relevant in the modern world (Burnes, 2004). Laughlin (2007) posited two states of change which could fundamentally change the culture of an organisation; first order and second order change. The first order change could be resisted by vested interests which seek to protect the sacred core or paradigm of an organisation (Laughlin, 2007; Johnson et al., 2011). Laughlin refers to this type of change as reorientation because the resisting forces are able to moderate the planned change by a process referred to as absorption in the literature relating to NPM in the public sector (Laughlin, 1991; Broadbent and Laughlin, 1998; Broadbent et al., 2001; Laughlin, 2007). This concept of absorption resonates with the experiences of the unrealised public sector reforms in the UK by the former Prime Minister Tony Blair (Blair, 1999a, 1999b). The second order change is enforced change and according to Laughlin, it is difficult to resist and ultimately leads to colonisation (Laughlin, 1991, 2007). Habermas defines colonisation as follows:

When stripped of their ideological veils, the imperatives of autonomous subsystems make their way into the lifeworld from the outside—like colonial masters coming into a tribal society—and force a process of assimilation upon it. The diffused perspectives of the local culture cannot be sufficiently coordinated to permit the play of the metropolis and the world market to be grasped from the periphery (Habermas, 1987, p355).

A contributing factor of whether a potential change in the steering media will result in a colonising effect or a re-orientation effect would be whether the steering medium was of a regulative or a constitutive nature (Habermas, 1987; Broadbent et al., 1991). A steering medium of a constitutive nature is considered to be freedom-reducing; therefore giving the absorbing organisation limited ability to reinterpret the change and an increased likelihood of promoting a colonising effect. A steering medium that is regulative is considered to be amenable to interpretation and is thus freedom-giving, thereby promoting the probability of a re-orientation of the steering media (Habermas, 1987; Broadbent et al., 1991; Laughlin, 2007).

In figure 1 the development of the abstract concept of Habermas' steering media and steering mechanisms are represented as a range of government, professional and financial institutions with a lifeworld, steering media and systems of their own (Broadbent et al.,

1991). Broadbent et al. (1991) argue that it is the steering mechanisms that have the potential to have a colonising effect on the lifeworld, whereas Habermas' definition of colonisation implies it is the systems that colonise the lifeworld.

The 1991 Broadbent paper refers to the NHS reforms of the 1990s when the UK government was in the process of steering the NHS towards a more market-based approach through a process of colonisation. Within their seminal paper they conceded the limitations of their framework, shown in figure 2, stating that while “such a development of Habermas' model is an important refinement and practical development of his thinking, it is not practical enough” (Broadbent et al., 1991, p9). Notwithstanding, the model provides a workable skeletal representation of the Habermasian societal notions of lifeworld, systems and steering media. Their view of the process of colonisation taking place in the NHS could be questioned, as the reforms have been robustly defended by the vested interests by a process of absorption (Broadbent and Laughlin, 1998; Laughlin, 2007). As a result, there is a persuasive argument that what has taken place in the public sector was not colonisation but re-orientation due to the moderating influence by the absorbing groups seeking to protect their sacred core or paradigm (Laughlin, 2007; Johnson et al., 2011).

Habermasian theory has also been blended with neo-institutional theory (Di Maggio and Powell, 1983) to explore change within the NHS by Broadbent et al. (2001). They argue that normative isomorphism can belong in the lifeworld as it relates to the taken-for-granted assumptions within the societal element of the lifeworld. They also add that the steering media provides a force for compliance which relates to coercive isomorphism. The findings from their case studies have revealed that there was also a re-orientation effect from organisations (systems) into the lifeworld of the NHS. They cite the example of general practitioner (GP) behaviour; where GPs had embraced the reforms of the NHS which created an impetus for mimetic isomorphism. According to DiMaggio and Powell (1983), mimetic isomorphism arises in response to uncertainty. GPs that proactively changed effectively became internal colonisers and prompted other GPs, whose behavioural motivation may be to maintain their own legitimacy, to follow suit (Broadbent and Laughlin, 1998; Broadbent et al., 2001). The linkage of mimetic isomorphism in

Habermasian skeletal theory suggests that the concept of colonisation is more complex. “It follows that colonisation of the lifeworld can be driven not just by the external imposition of steering but by more subtle processes, where choices are driven by the view that this is the only route to legitimation” (Broadbent et al., 2001, p571). Their blending of institutional theory addresses the institutional isomorphism typologies which are influenced by a first order of change which can be moderated by absorption forces resulting in reorientation rather than colonisation (Laughlin, 2007).

In institutional theory, Di Maggio and Powell (1983) briefly mention competitive isomorphism which relates to market competition and is relevant to the early adoption of innovation. The concept of competitive isomorphism is extended by Tuttle and Dillard (2007) who argue that it is a function of the pressure to become more effective and efficient and thus drive change. They add that when the change has become embedded, institutional theory reasserts itself. This interpretation would fit with the second order change identified by Laughlin (1991, 2007) which he refers to as colonisation. The public sector has a strong coalition of absorbing forces which, thus far, have been able to moderate the reforms to the public sector into reorientation rather than colonisation. Since the GFC of 2008, the public sector faces the potential of further change as the UK government deals with a burgeoning government debt (HM Treasury, 2011). The third sector will also face the prospect of change as a result of the public sector rebalancing process (Big Society, 2010), but it differs from the public sector as it is less political and less bureaucratic (Boyne, 2002).

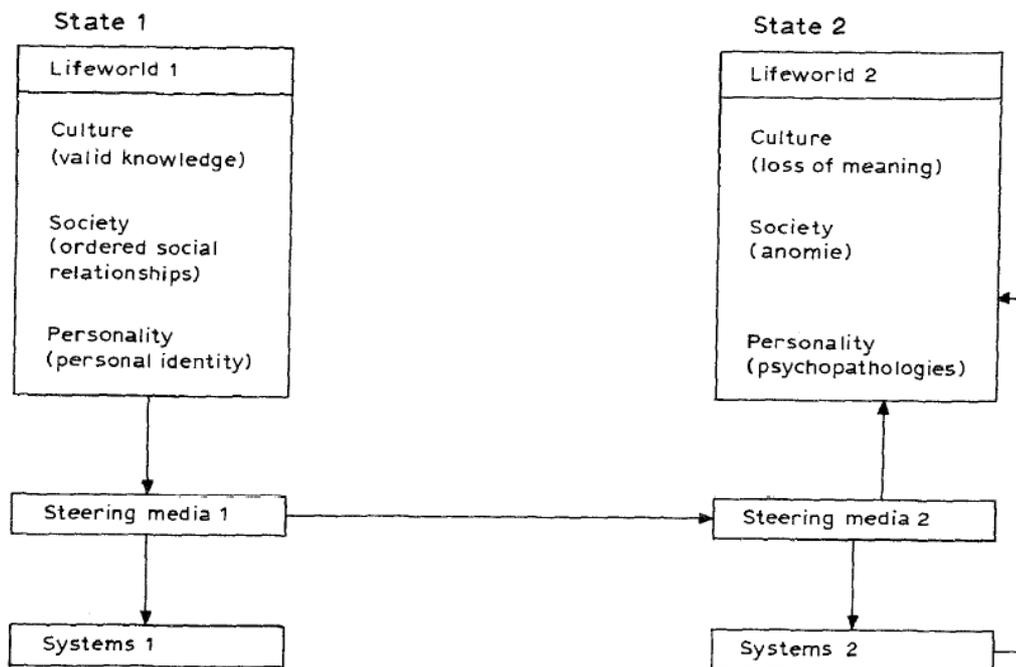


Figure 2 Internal Colonisation Processes at Work (Broadbent et al., 1991, p6)

1.4.2 Colonisation in the Third Sector

The third sector in the UK has witnessed the evolution of the steering media and mechanisms acting upon it. For example the 13 years of the New Labour government epitomised “hyperactive mainstreaming” of the third sector as a result of the expanded commissioned contracts from the public sector (Alcock et al., 2012, p347). In addition, the creation of the Office of the third sector in 2006 facilitated the third sector to become a more established participant in public service delivery, thus providing legitimacy and political support in terms of capacity building (Ibid). This approach, however, was criticised as the colonisation of NPM into the third sector through performance-reporting because it “implied the normalisation of Voluntary and Community Organisations’ (VCOs’) professionalisation, and of forms of organisation that conform to business models, such as employee-manager” (Carmel and Harlock, 2008, p166). This view was supported by other research which believed that such steering media contributed to a fear of organisations (or the Habermasian interpretation, systems) losing independence and becoming agents of the state through incorporation and isomorphism (Smerdon, 2009).

The 2008 GFC and the 2010 UK general election resulting in a coalition government has led to a change of emphasis by the steering media from colonisation by the public sector to a more competitive colonisation with private sector performance disciplines. For example, the Office of the third sector was disbanded and replaced with the Office for Civil Society which has a 60% smaller budget than its predecessor; it also places a stronger emphasis on voluntary organisations and social enterprises (Alcock et al., 2012). At the time of writing (spring of 2013) the Big Society rhetoric has not translated into a coherent policy for the UK and is perceived as a leitmotif for popular anti-state politics largely confined to England (Alcock, 2012). The colonisation of the lifeworld of the third sector is being driven by both steering media and the systems themselves.

The deliberate removal of the term 'Third Sector' aims to distance the coalition government from the previous Labour administration (Alcock, 2012). Alcock (2012) argues that it is ill-defined, however, it goes beyond anti-state rhetoric and facilitates the migration to a more balanced public service delivery based on public sector, community and voluntary organisations and private sector providers (Big Society, 2010). Housing associations are part of civil society and are more allied to the private sector than most third sector organisations as they have an asset base, strong revenue generation through rental and the opportunity to source finance for expansion and capacity or capability-building (Mullins, 2010). The lifeworld of housing associations or registered social landlords (RSLs) has, for a considerable time, been colonised by steering media locating it on a more social business footing than other parts of the third sector (Walker and Jeanes, 2001; Manville, 2007, Manochin et al., 2010). As a result, housing associations can be viewed as having their own micro lifeworld which is alien to the overall lifeworld of the third sector (Broadbent et al., 1991). The micro lifeworld of housing associations are facing unprecedented change to their lifeworld despite the fact that they are more commercially focused and have embraced isomorphic mirroring of both state and private sector organisations. This affects not only the lifeworld and capacity-building of the respective systems but also the regulative and constitutive steering mechanisms (Broadbent et al., 1991).

1.5 Housing Associations

This study focuses on housing associations which are a distinct subset of the eclectic mix of disparate non-voluntary organisations. Housing associations are registered social landlords (RSLs) which were registered with the Housing Corporation, the regulatory body for the sector, under the Housing Act 1996 (Manochin et al., 2008). They employ predominantly paid members of staff and also have a volunteer element from board level to support worker level. A feature of their governance structure is that they effectively have a two-tier board composed of a management board and a volunteer board. The management board is comprised of salaried directors whose responsibility it is to develop and implement the business strategy and ensure the effective day-to-day management of the housing association. There is also a volunteer board which has an executive responsibility for the stewardship of the organisation and comprises a wide variety of stakeholders such as tenants, local business people, community members and occasionally local authority senior managers (Manochin et al., 2008). RSLs are not a homogenous group; they include charities, trusts and quasi state-owned arms-length management organisations (ALMOs) which are owned by the local authorities and have autonomy with respect to management control and the eligibility for capital funding to invest in refurbishment (Mullins, 2010; Purkis, 2010). In addition they can be further differentiated by asset transfer from local authority versus traditional housing associations or general needs versus supported housing (Mullins, 2010).

1.5.1 Transfer V Traditional

Over the past 40 years, public sector housing in the UK, often referred to as council housing, has witnessed significant changes under both political parties. In 1974 there was political disenchantment with both private landlords and council housing and this led to the first major expansion of social housing heralded by the introduction of public funding for housing associations to build rental properties (Mullins, 2010). The second wave, and arguably the more dramatic one, came in 1988 with the Housing Act 1988 which led to a mass transfer of housing stock from local authorities. The stock transfer was to either an existing housing association or the formation of a new housing association as a newly

formed industrial provident society (Mullins, 2010; HMRC, 2013a). Private borrowing became a dominant source of income for growth within the sector which would be denied to them as public sector body (Walker and Jeanes, 2001). In 1997, the incoming Labour government's policy was to discourage local authorities from being landlords and the pace of stock transfer accelerated at its greatest pace. Alternatively they could also elect to become ALMOs where the local authorities would retain a degree of control (Ibid).

1.5.2 General Needs V Supported Housing

General needs housing relates to any form of housing supplied by a RSL that does not require any degree of support in the tenancy agreement for the tenant to live independently. Additional central government funding was made available for supported housing to facilitate the implementation of the Compact agreement to make the third sector a significant provider of public services (Kendall, 2000). An element of the third sector Compact was the launch of the government's Supporting People Programme in 1993 consisting of a £1.3 billion ring-fenced grant to local authorities with the specific purpose of helping vulnerable people live independently (Jarrett, 2012; National Archives, 2013). Local authorities used this funding to contract services from the third sector and this led to the growth of contracting with housing associations which specialised in supporting people. There is no fixed definition of supported housing but it can be defined as taking

... many forms; for example, refuges for women escaping domestic violence, housing with warden support (residential or floating) for the elderly, and hostels for recovering addicts. People living in supported housing receive "housing related supported services" in order to enable them to live independently (Jarrett, 2012, p2).

The provision of these contracted services are regulated by the Quality Assessment Framework (QAF) (QAF, 2012), which is administered by local authorities. Increased expansion of contracting continued unabated until the GFC of 2008 when the UK government increased its debt as a percentage of GDP in order to stabilise the financial sector and the wider economy (Peston, 2011), and debt of the UK government is projected to double by 2015 (HM Treasury, 2011). Labour's final intervention within the housing sector was the Housing Regeneration Act 2008 (HMRC, 2013b) which would usher in light-touch regulation and the emergence of private sector competition in social housing. The last

intervention was the removal of the ring-fence for the Supporting People budget (Jarrett, 2012). This would mean that local authorities had more freedom on where the grant could be spent. In 2010 a Conservative-led coalition government was elected and the uncertainty in the housing sector has since intensified, leading to a crisis of legitimation to its lifeworld (Habermas, 1976) as a result of “public expenditure reductions the localism agenda, bonfire of the QUANGOs and regional government all posing challenges to existing models” (Mullins, 2010, p11).

As a consequence of the GFC, banks have been reluctant to lend long-term fixed low interest capital to housing associations and some may turn to alternative sources of financing such as the bond markets² or the Social Investment Bank, Big Society Capital, (Manville and Greatbanks, 2013) to raise money. Housing associations are self-sustaining and make a return on investment; however, unlike the private sector the return is not referred to as profit but as surplus which is reinvested back into the housing association. They employ predominantly paid members of staff and also have a volunteer element from board level to support worker level. A feature of their governance structure is that they effectively have a two-tier board composed of a management board and a volunteer board. The management board is comprised of salaried directors whose responsibility it is to develop and implement the business strategy and ensure the effective day-to-day management of the housing association. There is also a volunteer board which has an executive responsibility for the stewardship of the organisation and is made up of a wide variety of stakeholders such as tenants, local business people, community members and occasionally local authority senior managers (Manochin et al., 2008). In the last two years, the status of RSLs has undergone some changes since Manochin’s publication with the emergence of private landlords offering social housing facilitated by an act of parliament. The Housing Regeneration Act of 2008 uses a collective term of Registered Provider which includes private as well as not-for-profit organisations (HMRC, 2013b). The collective changes taking place within housing associations will mean that performance measurement and management will be of paramount importance.

² The bond market is a financial market where organisations can purchase securitised debt. The primary goal of the bond market is to provide a mechanism for long-term funding of public and private expenditures.

1.6 Performance Measurement

Historically, Anglo Saxon organisations have measured their performance using financial metrics such as turnover and profit, and have been less reliant on non-financial measures whilst European and Far Eastern organisations have embraced non-financial measures (Butler et al., 1997). In France the tableau d'bord which is a dashboard of financial and non-financial measures has been established for more than 50 years (Epstein and Manzoni, 1998). In the US and the UK, purely financial-based measures have fallen out of favour and many papers discuss their limitations and how they are no longer relevant for today's organisations (e.g. Johnson and Kaplan 1987; Eccles 1991; Maskell 1991; Zairi and Youseff, 1996). The argument against having purely financial measures is that they are lagging factors and are simply recording history; this could then expose the organisation to changes in the market place, rising customer expectations or the introduction of innovative products, services or processes (Slack et al., 2010).

The emerging literature arguing for more inclusion of non-financial measures to be given more priority became established over 25 years ago. This coincided with the emergence of the management fad of "quality management" in the 1980s and 1990s which was exported from the Japanese approach to manufacturing (Wickens, 1995). Quality management was adopted in many guises from simple quality control inspection and compliance frameworks such as ISO 9001 (Meegan and Taylor, 1997) to organisational effectiveness performance frameworks across the world such as the European Foundation for Quality Management (EFQM), the Business Excellence Model (BEM) in Europe, the Baldrige Award in the US named after a prominent politician committed to performance improvement, and the Deming Prize in Japan (Neely, 1999). Such quality frameworks have been accused of being subjective and vague (Osseo-Asare and Longbottom, 2002) and lacking the objective analysis of quantitative study. This has led to the adoption of more quantitative frameworks such as the balanced scorecard (BSC) which was developed in the early 1990s (Kaplan and Norton, 1992). The BSC is not a perfect system and criticisms have been levelled at it with respect to the balance of perspectives, the causality links and the encouragement of unintended behaviours (Johnsen, 2001). As a result of design and implementation issues,

the BSC has been refined and enhanced (Kaplan and Norton, 1996a, 1996b, 2000, 2001; Lawrie and Cobbold, 2004). There are still, however, underlying limitations with respect to the BSC, but it is the most widely cited framework by academics and the most widely adopted by organisations in the private sector (Silk, 1998; Marr and Schiuma, 2003). The BEM has been acknowledged as the preferred framework in the public sector owing to its strength of addressing multiple stakeholders (George et al., 2003). Other performance frameworks have been developed during the last 20 years such as the Performance Pyramid (Lynch and Cross, 1991), the Integrated Performance Measurement System (Bititci et al., 1997) and the Performance Prism (Neely et al., 2002), but they have experienced limited adoption or acceptance in either academia or practice compared with the aforementioned performance frameworks.

1.7 Performance Management

Such frameworks encourage a measurement and a management approach but for many organisations, the measurement aspect has been approached with zeal whilst the management aspect has been somewhat understated and its importance downgraded. Phrases proffered such as “What gets measured gets managed” have lulled organisations to believe that by simply measuring performance, it will give rise to improved organisational performance. The management aspect comprises the tools and techniques for improvement but also the softer issues such as culture, leadership and training (Lebas, 1995; Powell, 1995; Radnor and McGuire, 2004). The demarcation of knowledge into silos means that the financial, operations, marketing and human resources all claim partial ownership and responsibility for managing performance with the cultural aspects addressed by the human resource discipline, the customer aspects by marketing, the process improvement by the operations function and the financial measures by accounting. This has resulted in a disjointed approach to managing performance and a lost opportunity of achieving joined up thinking to address the issues raised by academics (Powell, 1995; Smith and Goddard, 2002; Chenhall and Langfield-Smith, 2007). Strategic management is an overarching discipline which transcends the functional disciplines and this perhaps should be the starting point of any performance framework (McCunn, 1998). Performance measurement

is not a panacea but there is evidence that organisations which adopt a performance measurement philosophy tend to perform better than organisations that do not (Bititci et al., 2004). Having been extensively adopted in the private sector, the last 20 years has seen the mass adoption of performance measurement in the public sector (albeit not necessarily in a framework) as part of the new public management (NPM) agenda. In the UK there was record investment in public services and this was supplemented by an explosion of performance monitoring (Radnor and McGuire, 2004). Sadly the investment injected into the public sector has not given rise to proportionate improvement and the research found no evidence of a performance management culture. Instead there has been the manifestation of an audit- and compliance-based culture where reform has not gone far enough and bureaucracy has stifled creativity and innovation. There is a danger now that the audit-based compliance approach is being adopted in the measurement of third sector organisations as local authorities act as commissioning agents and award contracts to them.

1.8 Overarching Research Question and Rationale

Currently there is a lack of literature on performance measurement within third sector organisations and in this study the author seeks to fill the gap in this field. Housing associations have hitherto had a relatively stable business model of a strong asset base, the ability to secure long-term funding at low interest rates and guaranteed income from housing benefit paid directly to the landlord from the state. The GFC of 2008 and the reforming UK coalition government have shaken the kaleidoscope and housing associations will become increasingly more competitive. This study seeks to answer one overarching research question which is addressed in the three papers and then summarised in the concluding chapter.

How are housing associations going to navigate their way using performance measurement through the unstable environment following the financial crisis of 2008?

Paper 1: Changing Times for Charities: Performance Management in the third sector

- How can management commitment facilitate the successful adoption of the balanced scorecard in a housing association?

- What are the necessary steps in moving from a performance measurement framework to a performance management framework?

Paper 2: A UK Comparative Study of Performance Management in Private Sector SMEs and Third Sector Housing Associations

- Is there empirical evidence of commonalities between SMEs and housing associations?
- What are the driving forces influencing the adoption of performance management frameworks?
- How is performance managed in SMEs and housing associations?

Paper 3: Big Society and Big Changes: Leadership Challenges in Third Sector Housing Associations

- How are changes in the lifeworld of the third sector influencing leadership?
- What type of leadership is required for housing associations?
- How does leadership lead to improved organisational performance?

A middle-range theory based on the extension of Kantian/Hegelian approaches to research employing middle-range theory, method and change has been selected (Laughlin, 1995, 2007, p275). The skeletal theory of Broadbent et al. (1991) is employed to look at performance measurement and management within the third sector. There is a lacuna of literature on performance within the third sector so private sector and public sector NPM provides a reference point. The methodological approach also follows a middle- range approach seeking to provide structure to the data collection process by employing the techniques of Miles and Huberman (1994). Although significant, it is anticipated that the change will be of a middle range as housing associations have a business model more closely related to the private sector (Mullins, 2010). The empirical data are drawn from

interviews and documents to provide empirical richness in order to put flesh on the skeletal framework (Laughlin, 2007). This is not to say it is the best approach but that it fits with this author's ontological stance of no single reality and knowledge based on social construction within the context of the area of study. The aim of the three papers is to contribute to the limited body of knowledge of performance measurement and management in the third sector by evaluating housing associations in the context of the changes taking place within their lifeworld. The first paper evaluates the performance management journey of a single housing association following the implementation of a BSC in 2006. The second paper draws on Mullins' (2010) claim that housing associations are the distant relative of the third sector, and conducts a comparative study with SMEs. The second paper is a multiple case study analysis which builds on paper one to facilitate theory building and increase generalisability (Eisenhardt, 1989). The final paper draws on the work of Ogbonna and Harris (2000) which contends that a leadership focus rather than a culture change focus leads to improved organisational performance. Several leadership typologies were explored including servant leadership (Greenleaf, 1970) which is considered appropriate for the homophily of belonging to a third sector organisation (McPherson et al., 2001) The concluding chapter reviews the findings of the main chapters and evaluates the contribution to knowledge, literature and theory. The thesis concludes with a review of the contributions to knowledge, limitations of the study, further research, policy implications and a personal reflection.

1.9 Contributions

1.9.1 Paper One

Paper one begins with a critical review of the changes that have taken place in the sector along with anticipated changes coming down the track. The paper uses a single case study analysis of a housing association, Bournemouth Churches Housing Association (BCHA), which had implemented a balanced scorecard system in 2006 as a catalyst for performance improvement. There were two key research questions. How can management commitment facilitate the successful adoption of the balanced scorecard in a housing association? What are the necessary steps in moving from a performance measurement framework to a

performance management framework? The research involved a longitudinal time horizon over a four-year period and evaluated that post-implementation period using a mixed method approach of interviews with six senior managers and five directors (one was interviewed on two occasions) and an analysis of secondary data. The findings from this paper were that simply implementing a balanced scorecard measurement framework did not result in performance improvement. The findings also revealed that management commitment, organisational culture and values, means of achieving improvement, and externally validated achievements were vital in moving from a performance measurement philosophy to a performance management philosophy. The motivation for the organisation adopting the balanced scorecard was internally driven and linked explicitly to their strategy which was advocated by McLaughlin (2004). The organisation had demonstrated tangible success through increased growth, securing of grant funding and the winning of awards. The paper developed a conceptual framework of the building blocks for performance management of culture, capability and trust. The way they are aligned within the organisation will determine the potential for improved organisational effectiveness. For housing associations such as the BCHA that have demonstrated improved performance, they may be affected by the steering media of law, power and money which is exposing the third sector lifeworld to a more commercialised environment.

1.9.2 Paper Two

The second paper develops the capability building block identified in the first paper and then discusses its effect in a dynamic competitive environment via a comparative study of the private sector and the third sector organisations. On first impression, they seem remarkably different but the paper uses SMEs from within the aerospace sector and housing associations to provide a compelling justification for the similarities within the respective sectors. The commonalities are levels of understanding of performance management (Anderson et al., 2001; Hudson et al., 2001; Garengo et al., 2005; Chapman et al., 2008); resource constraints (Alcock et al., 2004; Garengo et al., 2005; Chapman et al., 2008; Morris, 2012); dominant customer/commissioning agent (Meegan and Taylor, 1997; Brouthers and Nakos, 2004; Seddon, 2007; Quinn, 2008; MacMillan, 2010) and institutional theory-based motivations for monitoring performance (Di Maggio and Powell,

1983; Cunningham, 2008). This paper broadens the single housing association study initiated in paper one by including a further two housing associations, a dominant customer which commissions services from the housing associations and a regulatory body which champions the service user and ensures that taxpayers' money is spent efficiently by reporting periodically to the government. In order to conduct a comparable analysis, three SMEs are evaluated from within the aerospace sector a dominant customer referred to as a Prime Contractor (Prime), and a regulatory body which is a trade association and a voice for the industry at government level. All of the SME case studies had implemented the Business Excellence Model (Conti, 2006; Bou-Llusar et al., 2009) or a combined BEM and balanced scorecard framework (Kaplan and Norton, 1992, 1996a, 2001; Johnson, 2003). The main research questions investigated were: Is there empirical evidence of commonalities between SMEs and housing associations? What are the driving forces influencing the adoption of performance management frameworks? How is performance managed in SMEs and housing associations? A total of 20 semi-structured interviews of directors and senior managers were conducted to address these questions. In this paper discussion is undertaken of the impending public sector cuts and the rebalancing of public service delivery to involve more third sector and private sector participation (Big Society, 2010), followed by an evaluation of the suitability of applying private sector performance measuring sector principles within this third sector context. The comparative study evaluates how performance is managed in both sectors and how both are subjected to institutional isomorphism (Di Maggio and Powell, 1983) by their respective customers and regulatory bodies. Finally, similarities and differences relating to how the respective sectors manage their performance are evaluated, and lessons are proffered that may be learned from the private sector with respect to developing a more co-ordinated approach between the housing association, the regulatory body and the commissioning bodies.

1.9.3 Paper Three

The third and final paper develops the issue of leadership and performance raised throughout paper two in the context of housing associations, particularly in the conclusion as these leaders will need to reconcile the duality of managing business performance with the values of a diverse stakeholder group bound together by their homophily of wanting to

make a difference to the lives of their service users. The discussion in paper three acknowledges the effects that the GFC is having on the UK economy and how public sector cuts aimed at reducing the government deficit are affecting the third sector. The findings of this paper reveal that the changes affected by the steering media in the form of legislation and subsequent benefit reform, the introduction of private sector competition and the challenges of obtaining long-term financing have yet to be felt. In order to remain sustainable and potentially thrive in this changing lifeworld, the systems (organisations) that operate within it will need effective stewardship which provides the leadership and maintenance of third sector values. Within this context of uncharted waters, leadership is vital within housing associations for successfully managing performance and maintaining sustainability. Housing associations need to guard against the measurement obsession that has been embraced in the public sector where a measurement philosophy plus wholesale application of private sector management techniques has led to unintended consequences in public sector organisations such as gaming, myopia and the nurturing of an audit culture (Power, 2000; Radnor and McGuire, 2004; Lapsley, 2009). This reinforces the cynical view of what gets measured simply gets measured (Johnston et al., 2002). Performance measurement is vital for organisations as it provides clarity for management and leadership decisions to take place but it is not a panacea and nor is it the same as performance management. The behavioural aspects necessary for improved performance management which include training, leadership and culture (Lebas, 1995; Powell, 1995; Radnor and McGuire, 2004) are often ignored, with too much focus on the tools and techniques of improvement. In this paper several styles of leadership are discussed, including servant leadership as it encourages organisational citizen behaviour (OCB) which is defined as discretionary behaviour not explicitly linked to the formal reward system (Organ, 1988), and the promotion of such behaviours is said to enhance organisational effectiveness (Podsakoff et al., 1997). The paper also explores leadership within housing associations by asking the following research questions: How are changes in the life world of the third sector influencing leadership? What type of leadership is required for housing associations? How does leadership lead to improved organisational performance? In order to answer these research questions, a multiple case study analysis of nine housing associations involving 19 semi-structured interviews with senior managers at either financial director

level or Chief Executive Officer (CEO). The findings in the paper reveal how leaders within this context are coping with their changing lifeworld by applying several forms of leadership such as servant leadership, transformational leadership and transactional leadership to manage organisational performance. Finally, the increasingly competitive landscape and the adoption of transactional leadership behaviours may result in loss of OCB and the danger of mission drift (Morris, 2012).

**Chapter 2 Changing
Times for Charities:
Performance
Management in a Third
Sector Housing
Association**

2.1 Abstract

The focus of this study is on performance management within a single housing association which had implemented the BSC several years earlier. Professor Andy Neely, one of the foremost academics in performance measurement and management, argues that performance management does not belong in any single discipline, stating “the biggest hurdle facing the field is that few academics cross the functional boundaries (Neely, 1999, p225). Further study into this area has found that lack of management commitment is a major factor in the failure of performance frameworks such as the BSC. This study undertakes a single case study analysis of a housing association. Housing associations are part of the third sector, a sector which has received scant attention with respect to performance measurement. It provides empirical findings over a four-year period to evaluate how management commitment can move a performance measurement system to a performance management system. The chapter concludes by addressing some of the challenges identified by Neely (1999) of crossing functional boundaries by developing a model for performance management which includes the softer elements of trust and culture along with the capability to improve performance. In this study, it is revealed that culture as well as trust and capability building are inextricably linked and govern organisational performance.

This study is timely as social housing is entering a period of unparalleled change. The lifeworld of the social housing sector is being steered towards a more balanced service provision comprising public, private and third sector organisations. The UK government is using the Big Society philosophy (Big Society, 2010) as a process of colonisation in social housing employing the steering media of power, law and finance (Habermas, 1987).

2.2 Introduction

Private sector corporate performance monitoring using financial and non-financial metrics has been adopted in varying degrees for several decades. This began with 'management by objectives' (MBO) (Drucker, 1955) but reached a tipping point of adoption with the publication of *Relevance Lost* (Johnson and Kaplan, 1987) which paved the way for the development of corporate performance management frameworks. The public sector has also been required to measure its performance and there is a large body of research in this area which, according to Lapsley (2009), began in the 1980s with the Griffiths Report (1983) that argued for more accountability and basic general management disciplines. The Report exposed the lack of control which was illustrated with the amusing statement, "If Florence Nightingale were carrying her lamp through the corridors of the NHS today she would almost certainly be searching for the people in charge" (Ibid, p2). This statement illustrated the chasm in management accountability that existed between the private and public sector, and the proposed solution was a form of command and control top-down reorganisation.

These new approaches to management control throughout the 1980s and early 1990s were popularised by new public management (NPM) (Hood, 1991, 1995; Brignall and Modell, 2000). Since then, there has been a drive to make the third sector a major player in public service delivery in the United Kingdom through the publication of a set of guiding principles referred to as Compacts (Kendall, 2000). "The *Compact* idea is completely without precedent, representing an unparalleled step in the positioning of the third sector in public policy" (Kendall, 2000, p 2). The third sector can be defined as those organisations that lie between profit-making organisations and government organisations (Anheier and Siebel, 1990). It includes non-government and non-profit-making organisations such as charities, trade associations, credit unions, social enterprises and voluntary organisations (Moxham and Boaden, 2007; Doherty et al., 2008). In more recent years, the current UK coalition government has conceived the Big Society philosophy aimed at providing a more balanced provision of public services by public, private and third sector organisations (Big Society 2010).

According to Moxham and Boaden (2007, p842), “there is limited data on the impact of performance measurement systems within this sector due to the relative immaturity of the sector in this regard”. They also add that it is vital for public sector accountability to ensure that “performance is measured and judged to be effective” by funding bodies otherwise, the result could be a cessation of funding and simplistic methods of performance monitoring that are unlikely to be sufficient (Ibid). Further research by Moxham (2009, p755) highlights that there is “scant evidence” in practice of how non-profit-making organisations can demonstrate their achievements.

This research study seeks to show through empirical evidence how, following the implementation of the BSC, a third sector organisation can demonstrate effective performance management in the form of awards, accreditations from respected bodies, or funding in recognition of the provision of their service. This study will evaluate performance management within a single housing association using a longitudinal analysis building on an earlier study of the implementation of a BSC in the housing association in 2006 (Manville, 2007), and the progress is explored over a five year period. Neely and Bourne (2000) argue that the majority of performance measurement implementation projects such as the BSC fail and this study is novel not only because of the application of the BSC in a housing association but also because it examines the softer aspects of performance management which the literature states is vital for a performance framework to move from performance measurement to performance management (Lebas, 1995; Radnor and McGuire, 2004). The study begins with an exploration of the pervasiveness of performance management from within the private sector to the public sector and ultimately into the third sector. The importance of effective performance management is discussed against the backdrop of major change in UK public service delivery which is having an impact upon the lifeworld of the third sector.

2.3 Performance Management in the Public Sector

Performance management in the public sector was historically top-down and mechanistic (Johnsen, 2001). This gave rise to NPM which has been developed by civil servants in concert with management consultants with questionable effect and potentially misleading performance monitoring (Lapsley, 2009). Other critics of NPM have concluded that effective performance management has not been delivered and argue that performance improvement in the public sector has been beset by problems such as “externally imposed restructurings and reorganisations” (Fryer et al., 2009, p491) and the phenomenon of the “Audit Society” which has resulted in an explosion of performance monitoring (Power, 2000; Radnor and McGuire, 2004; Lapsley, 2008, 2009). Philosophers refer to ‘life experience’ as lifeworld that is a state of the world in which life is experienced (Husserl, 1968; Habermas, 1984, 1987). Husserl (1968) argues that epistemological perspectives are embedded in a world of meanings and pre-judgments that are socially, culturally, and historically constituted. Habermas (1984, 1987) develops this further by arguing that modern society is influenced by a concept that he refers to as steering media, comprising money, power and law. The sustainability of public sector service delivery and impending public sector cuts will promote the steering media of law and money that could result in the third sector playing a more proactive role in certain aspects of the economy. Further evidence of the influence of steering media has shown that “providers of funds can influence the actions of those to whom the funds are provided” (Broadbent et al., 2010, p464). Habermas’ (1984, 1987) theory of communicative action refers to the terms ‘lifeworld’, ‘systems’ and ‘steering media’ where lifeworld is the socially constructed homophilic network where actors make sense of their life experiences, securing a sense of belonging. Systems are the organisational entities of how the homophilic networks express themselves, and the steering media include power, money and law which can have an influence on the lifeworld and ultimately the systems in which the actors work. This research study uses the leitmotif of Habermas’ theory of communicative action by engaging these three factors with the third sector and its role in public service delivery. The steering media was evident in the third sector as the Minister for the Cabinet Office, Francis Maude was quoted as saying, “there was a consensus that public services no longer needed to be delivered by the public sector. That fact, combined with the inevitable cuts in public

spending, meant the voluntary sector had to expand dramatically” (Jump, 2009). The Big Society has different meanings to different stakeholder groups. The neoliberal interpretation is an empowering agenda to free up social capital to deliver public services in more imaginative and efficient ways without the constraints of the dead hand of the state. However, a contradictory interpretation is that it is a cynical ploy to fulfil a free market dogmatic agenda of a smaller state provision which would have been unthinkable prior to the financial crisis of 2008. The Big Society is having an influence on trust between government and the third sector due to the changes in funding, the opening up of competition and the transfer of risk (Milbourne and Cushman, 2011). The lack of literature on this topic suggests that the steering media of money, power and law are moving the lifeworld of the third sector into uncharted waters.

2.4 Performance Measurement and Management in the Third Sector

Increasing scrutiny from donors and funders and a more competitive landscape means that the third sector is becoming more business-focused (Hubbard, 1997; Dart, 2004; Little, 2005). Traditionally, third sector organisations have tended to have a distinct ethical stance as a shaper of society partly due to their ideology and their voluntary workforce. In addition, “shapers of society regard financial considerations as of secondary importance or a constraint” (Johnson et al., 2008, p148). However, the increasing need to become more accountable is beginning to reposition the third sector stance into one of multiple stakeholder obligations (Ibid). This is proving to be a challenge for the third sector as it tends to focus on its uniqueness as a justification for not monitoring performance (Moxham and Boaden, 2007). Greiling (2007, p18) argues that performance measurement is vital for building trust with external stakeholders as it demonstrates that the third sector is keeping “up to date with modern management practices”. However this form of institutional behaviour has been exposed as a fig leaf for some organisations to placate the external controlling environment by the mimicry of the private sector businesses (Helmig et al., 2004). Moxham (2009) reveals that there was a lack of evidence of systemised performance

monitoring; yet there was a proliferation of measures collected in order to report to multiple external stakeholders. Her conclusion was that “the body of knowledge on performance measurement system design is applicable to the non-profit sector and should be utilised” (Moxham, 2009, p755). This is supported by research evaluating the implementation of both the BSC and the European Foundation for Quality Management (EFQM) Business Excellence Model (BEM) which enabled data to be collected to monitor performance and satisfy external stakeholders (Manville 2007; Manville and Barnard, 2007). Manville’s research, however, only dealt with the implementation and the establishment of the BSC. The absence of structured performance monitoring makes it difficult for the third sector to counter criticisms of poor or ineffective management (Connolly and Hyndman, 2004). Further research on the need for modernisation in the third sector argues that it is not simply the adoption of managerial approaches but also capability building in the form of the third sector being proactive in shaping its own destiny “rather than simply acting as a palimpsest for government-imposed prescriptions” (McLaughlin, 2004, p561). What is lacking in the literature is empirical evidence of “criteria and processes that enable non-profit organisations to demonstrate their achievement” (Moxham, 2009, p756). Le Roux and Wright (2010) also argue that qualitative data from interviews with non-profit managers would give a better understanding of how performance influences organisational decisions. Therefore, a key aim of this research study is to fill the void which is becoming more important as the steering media is forcing a rethink in the lifeworld of the third sector.

Moxham and Boaden (2007, p834) concur and add that “there is a dearth of empirical evidence about how this sector is measured”. Their research has sought to fill this gap but it was limited to micro organisations and did not yield any empirical evidence of performance management frameworks, or that those organisations were familiar with performance measurement frameworks. Fryer et al. (2009) also cite a lack of literature on how leadership supports performance management in the public sector which has similar characteristics to those of the third sector of multiple stakeholder obligations. The BSC, which is the most widely cited performance measurement framework (Marr and Schiuma, 2003), has been adapted for non-profit organisations, albeit with some adjustments (Kaplan, 2001; Niven, 2008). Kong (2008) questions the suitability of the BSC for non-profits, citing three

concerns: they have service users rather than customers; they have multiple stakeholders to satisfy, which exacerbates the issues of logical relationships highlighted by Norreklit (2000); and finally implementing the BSC without taking into account that the non-profit context could prove to be more damaging than beneficial and therefore implementations should proceed with caution (Williams and Lewis, 2008). Nevertheless, Speckbacher (2003) and Moxham (2009) believe that holistic frameworks can be applied in the third sector but there is a lack of understanding of these frameworks in those organisations and there is potentially a mismatch between funders' requirements and reporting mechanisms (Moxham and Boaden, 2007). Where a mismatch exists, trust can sometimes act a substitute for performance measurement (Sargeant and Lee, 2004; Shaw and Allen, 2006; Greiling, 2007; Greatbanks et al., 2010).

2.4.1 Performance Measurement Frameworks

Performance measurement can be defined as “the process of quantifying the efficiency and effectiveness of past action” (Neely et al., 2002, p81). Performance measurement is important because it assists managers in planning and controlling their organisations and plays an important role in translating corporate strategy into results (Otley, 1999; Chenhall and Langfield-Smith, 2007). The plethora of published work in various media during the last 20 years underscores the importance of performance measurement (Marr and Schiuma, 2003). From Johnston and Kaplan's (1987) book *Relevance Lost*, performance measurement frameworks have emerged which have provided a holistic approach to performance measurement. The most common performance frameworks in use have been the BSC (Kaplan and Norton, 1992, 2001), the performance pyramid (Lynch and Cross, 1991) and the performance prism (Neely et al., 2002). The BSC has become the most ubiquitous framework based on the citations in leading journals and its adoption by practitioners (Marr and Schiuma, 2003).

The BSC requires managers to look at the business from four important perspectives - financial, customer, internal processes and learning and growth - which are aligned to the organisation's vision and strategy (Kaplan and Norton, 1992). The BSC has been credited by the Harvard Business Review as one of the most important management tools of the last 75 years (Bourne et al., 2005). However, several academics believe that it is an adaptation

of MBO introduced by Drucker in 1955 as a system of management based on goal congruence as a means of improving performance (Johnsen, 2001; McAdam and Walker, 2003; Speckbacher et al., 2003). In France, a similar dashboard-based performance monitoring system known as the *tableau de bord* has been in use for more than 50 years (Epstein and Manzoni, 1998; Speckbacher et al., 2003). The BSC also attracts criticism on account of its subjectivity (Ittner et al., 2002) as well as its focus on logical chains rather than cause and effect (Nørreklit, 2000). Notwithstanding, the BSC has achieved credibility with practitioners as it has been adopted by 60% of the Fortune 500 companies and 40% of European companies (Silk, 1998). Adoption, however, is only the first step; the BSC should not be viewed as a panacea, and the maxim of “what gets measured gets managed” should not be taken at face value. The failure rate of balanced scorecards is high, running at 70%, and failure is attributed to poor design where key performance indicators (KPIs) are not clearly aligned to the organisational strategy, poor implementation, and lack of communication leading to issues of trust and a weapon of blame. Finally, and more importantly, lack of senior management commitment is a failure when management becomes too impatient, pushes for quick results, and subsequently loses focus over time (Neely and Bourne, 2000). On the latter point of failure, Neely and Bourne (2000, p6) argue that “building a measurement system is more akin to a long march than a quick hike”.

2.4.2 From Performance Measurement to Performance Management

The BSC has been used to explore the evolution of performance management and it is argued that it fosters a performance-based culture where all members of the organisation are aligned to the strategy. However, there is no evidence of how this can be achieved (Kaplan and Norton, 2001). Organisational culture encompasses the shared beliefs and assumptions commonly held by an organisation (Schein, 1985), and Henri (2006, p97) argues that “the relationship between organisational culture and the attributes of performance measurement systems has been overlooked”. Aspects of culture such as training, management style and employee involvement are important for an organisation to evolve from performance measurement to performance management (Lebas, 1995; Radnor and McGuire, 2004; Bourne et al., 2005). Ineffective management or a blame culture (Neely et al., 1995) can lead to unintended behaviours which could have a detrimental

effect on the success of an organisation's strategy. Typical behaviours include gaming, misinterpretation, ossification, misrepresentation, myopia, complacency, sub-optimisation, tunnel vision and measure fixation (Smith, 1995; Smith and Goddard, 2002; de Waal, 2007). Greiling (2007, p5) warns that such behaviours in the third sector could increase as performance measurement may erode traditional values with employees, resulting in a culture shift from a "trust me to a show me culture". There have been many case studies relating to the implementation of the scorecard in non-profit contexts (Speckbacher, 2003; Manville, 2007; Niven, 2008) which address the challenges of a performance measurement framework. However, there is a lacuna of case study research exploring the post-implementation phase of the BSC and its effectiveness. For example, a number of researchers (Hoque and James, 2000; Malina and Selto, 2001; Davis and Albright, 2004) claim that the BSC can have a positive relationship with respect to organisational performance. Nevertheless, that claim is disputed by Ittner et al. (2003) and Tapinos et al. (2010) whose research concluded that companies which implemented the BSC exhibited no significant difference in performance when compared to organisations that had not implemented the BSC.

The literature demonstrates a changing and competitive landscape in the third sector where funding is fixed term and the sector is challenged to become more business-focused (Dart, 2004; Little, 2005; Manville, 2007; Moxham, 2009). This creates a tension within the ideology of this sector because of the "uniqueness" of the sector (Moxham and Boaden, 2007, p833). Nevertheless, research has shown evidence of performance management within heavily regulated English housing associations which are a sub-sector of the third sector. Research has also shown a willingness to embrace performance management innovations such as culture change, customer focus, total quality management (TQM) and organisational expansion and restructure, but not within an overarching performance framework (Walker and Jeanes, 2001). At present there is a lacuna of any informative empirical data on the presence of performance measurement frameworks and their resultant impact on third sector organisations. To further this body of knowledge, the following research questions were posed:

- How can management commitment facilitate the successful adoption of the balanced scorecard in a housing association?
- What is necessary to develop the balanced scorecard from a performance measurement framework to a performance management framework?

2.5 Research Method

The method employed in this study was to carry out a longitudinal case study analysis focusing on a single case study (Eisenhardt, 1989; Yin, 2003a, 2003b). Bournemouth Churches Housing Association (BCHA) is a registered charity and a third sector organisation that provides housing support to vulnerable members of the community. It has grown considerably in the last 10 years and now employs over 500 employees (including volunteers) with revenue of over £16million per annum and a surplus of between 5% and 10% supporting 60 sites across the South and South West of the UK. BCHA service users are vulnerable members of society affected by alcohol and substance misuse, sex workers, victims of domestic violence, homeless people and people with mental health issues. As a result, BCHA is not a conventional housing association in the traditional sense as its support remit includes expertise in social care as well as training and development. The organisation's objective is to reintegrate their service users back into mainstream society by improving their wellbeing, numeracy and literacy and by helping them to secure employment. BCHA operates in a highly regulated environment and began work on the adoption of a performance management system more than six years ago using a knowledge transfer partnership (KTP). KTPs help businesses and organisations to improve their competitiveness and/or productivity through the use of the knowledge, technology and skills that reside within academic institutions (KTPonline, 2010). The BCHA KTP concluded in 2006 with the successful implementation of a balanced scorecard framework and won the Best South West of England KTP in 2008 (KTPonline, 2010). The researcher was the academic supervisor for the KTP and therefore had access to the organisation, key personnel and relevant supporting documentation to enable a thorough study of the

processes involved. This high level of engagement with the organisation provided a high degree of trust which is important in qualitative research (Easterby-Smith et al., 1994).

In order to measure the impact of the performance management system after the implementation, a number of secondary data sources were consulted to assess BCHA's performance improvement. This was conducted from 2006 to 2010 and included documents such as annual reports, management minutes, annual efficiency statements to regulatory bodies, external award applications, a Social Return on Investment (SROI) audit, and third sector press cuttings. Additional primary data collection was conducted in 2006 via 10 semi-structured interviews (approximately 60% of the Senior Management Team) using a stratified sampling scheme (Bryman and Bell, 2003). The stratification comprised six members of the Operations Management group (including the KTP Associate) and five members of the Directors' group. The operational managers were effectively the middle management and the directors were the senior management. A list of the interviewees along with the dates of the respective interviews is shown in appendix 1. The interviews were carried out around the time of the conclusion of the KTP and an additional interview with the CEO in early 2012. An interview framework comprising open-ended questions to encourage dialogue was employed (appendix 2).

2.5.1 Data Analysis

Collis and Hussey (2003) identify three main challenges to effective data analysis; these relate to reducing the data; structuring the data and decontextualising the data. To address this Miles and Huberman (1994, p10) define analysis as "consisting of three concurrent flows of activity: data reduction, data display and conclusion drawing/verification." The Miles and Huberman approach was further enhanced by the work of Professor Julia Balogun from Lancaster University who included an additional flow of activity, comparison to literature (Balogun, 2006). The last flow of activity is common in the discussion section of pieces of research and Balogun's contributions are that it facilitates further data collection, and that it fits with the researcher's line of enquiry and the iterative nature of the three-paper approach, which are distinct stand-alone research papers

connected via a golden thread of the Habermasian lifeworld leitmotif. The interactive data analysis model shown in figure 3 facilitated the presentation of the interview findings and allowed the findings to be related back to the literature review. The three-paper PhD approach fitted well with the changing context of this study and the unforeseen events such as the GFC of 2008, the first UK coalition government since the second world war, and the austerity measures introduced to reduce the government debt incurred after recapitalising the UK banking sector. A more detailed account of how the researcher has applied this interactive model is described in more detail below.

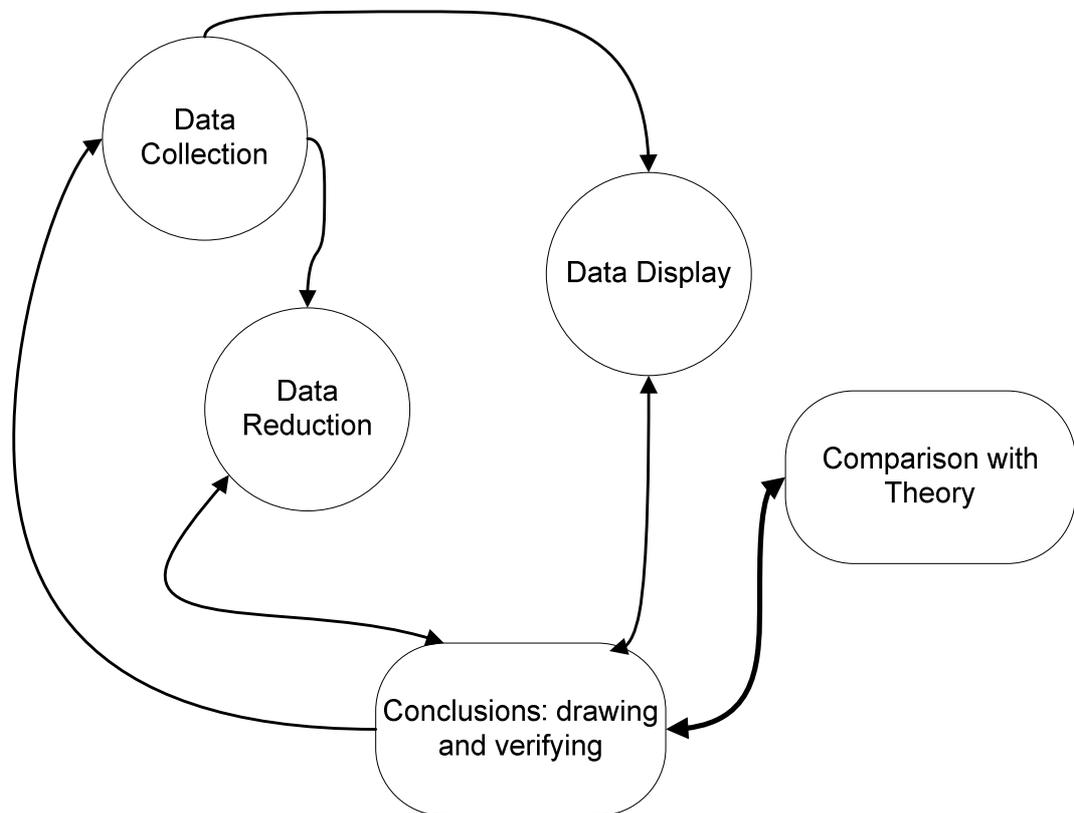


Figure 3 The Interactive Model of Data Analysis, Balogun (2006) adapted from Miles and Huberman (1994)

2.5.2 Data Collection

Each of the interviews was progressively transcribed verbatim soon after the interviews had taken place. The dialogue was anonymised and identified by the respective initials of the interviewee and interviewer (researcher). Verbatim transcripts are “not fluid as it reflects the nature of true speech; however, this does not detract from the quality of the data analysis” (Hennink et al., 2011, p211). An experienced transcriber was chosen in order to guarantee accuracy and also capture the non- verbal nuances such as pauses, sighs, umms, etc. This guarded against any loss in integrity of the interview as recommended by Kvale and Brinkmann (2009). The transcriber was also asked to provide periodic timing references on the interview transcripts which furnished the researcher with an invaluable indexing system for rapid recall and playback of the audio recording where appropriate. Secondary data were collected in the form of hardcopy and digital formats and files were created by research paper to enable easy access.

2.5.3 Coding Development

Data preparation and code development is an important process in data analysis. An initial list of deductive codes was drawn up from the literature and subsequent research questions (Miles and Huberman, 1994). Hennink et al. (2011) recommend that further inductive codes can be added after reading approximately 30% of the verbatim transcriptions. The coding began with descriptive coding, followed by pattern coding to yield a smaller number of emergent themes. A coding list that defined the codes and related them to the research questions was devised for this paper and the subsequent papers in this study (appendix 3). The coding process followed the quality assurance guidelines identified by Hennink et al. (2011, pp229-230) as shown below:

- Appropriate: Were interviews transcribed verbatim?
- Transparent: Are code development and coding described?
- Grounded: Were the codes and concepts well-grounded in the data?

- Saturated: Was code development saturated?
- Interpretive: Was colloquial language retained in the transcripts?
- Ethical: Have all identifiers been removed from the data transcripts?

2.5.4 Data Reduction

The next phase of data analysis was the data reduction process which involved summarising each of the interviews on a single page contact summary sheet. The justification for using contact summary sheets is that it prevents the information “getting lost in a welter of detail” (Miles and Huberman, p51) and is an instrument that makes it easy for rapid retrieval and synthesis (Ibid, p52). For secondary data analysis, document summary forms were employed to capture the salient points and to facilitate inductive coding and identification of emergent themes (Miles and Huberman, 1994; Kvale and Brinkman 2009; Saunders et al., 2012). Summarising wordcloud software called “wordle” was also employed as a supporting aid by the researcher to identify recurrent words in a pictorial format. This approach has been used in academic research as a tool for preliminary and validation purposes (Ramsden and Bate, 2008; McNaught and Lam, 2010). Wordclouds do have limitations as they display word frequency but not the context, hence the software is only used as a supporting instrument of analysis for the Miles and Huberman/Balogun approach. Personal memos were also used in the sense-making process in order to develop initial codes and emergent themes. A memo in the context of data analysis can be defined as “the theorising write up of ideas about codes as they strike the analyst while coding...it can be a sentence, a paragraph or a few pages... it exhausts the analyst’s momentary ideation based on data with perhaps little conceptual elaboration (Glaser, 1978, pp82-83). Miles and Huberman (1994) argue that memoing can go beyond codes and relationships to any aspect of the study and the researcher utilised memos within text in early and later drafts of the write-up.

2.5.5 Data Display

The data display phase is another element in the data analysis process although not all displays were used in the final write-up. This facilitated viewing of combined data sets in order to assist in the development and presentation of the emergent themes. The data displays took the form of event listings, tables, matrices and model-building. Miles and Huberman (1994) argue that such data displays optimise the chances of drawing and verifying valid conclusions. The emergent themes were developed and presented in a coherent narrative using quotations to enrich the narrative (Hennink et al., 2011).

2.5.6 Comparison with Theory and Conclusions: Drawing and Verifying

Triangulation of both primary and secondary data was employed as method of validation. Denzin (1978, p291) defines triangulation as "the combination of methodologies in the study of the same phenomenon." Triangulation is a method of cross checking data from multiple sources thus allowing the researcher to be more confident of their results (Jick, 1979; Flick, 1998; O'Donoghue and Punch, 2003). Interim summaries of the findings were progressively developed during this study and were presented at international conferences. Miles and Huberman (1994, p79) state that an interim study "presents a review of the findings, a careful look at the quality of data supporting them and an agenda for the next waves of data collection". International conferences relating to the researcher's academic subject area were an ideal forum in which to discuss initial conclusions in order to test the rigour of the analysis with peers and experts within the field of research. A list of conferences where the researcher's findings were presented is listed at the beginning of this thesis. The valuable feedback that the researcher received from such conferences resulted in further data collection, literature searches and refining of the papers.

2.6 Findings

The objective of the KTP was to "establish a performance monitoring and management framework to address BCHA's structure, services and funding" (KTPonline, 2010). The BSC framework adopted by BCHA was a proprietary software package which was a

hierarchical system involving several levels and including trends and a traffic light system. The high-level scorecard and a sample KPI for average re-let time is shown in the appendices along with the formula for calculating the KPI (appendices 4-7). The subsequent four years examined the embedding of the performance management system. This explored the initiatives and behaviour changes within BCHA and charted the achievements after the implementation of the scorecard. The following themes emerged from the data with respect to the implementation of the performance management system which are discussed in more detail below:

1. Management commitment
2. Organisational culture and values
3. Means of achieving continuous improvement
4. External achievement

2.6.1 Management Commitment

The management team recognised that the benefits of the BSC would not be immediate and may take between six and 18 months post-implementation before an appreciable improvement was observed (Manville, 2007). All management and directors recognised that the external business landscape in which they were operating was changing and that they had to be more sensitive to the business case. The major benefits included “more available and transparent information and an element of consistency. ...we are in a changing environment. Measuring performance in itself won’t lead to improvement and it should not become just another method of reporting” (Director 2).

The Directors recognised the importance of shared learning by releasing their staff to attend “Lunch and Learn” events which are explained below. “We have quite an open culture and most data are generally made available to staff and it [transparency of information] would not be an issue at BCHA. We are willing to share information and invite feedback” (Operations Manager 1).

Another director who had a background in the private sector suggested that his “concern is that staff don’t view this as another piece of IT that takes up time and people are not

prepared to embrace it. It needs to be a demonstrable business tool that benefits them and is not “big brother” (Director 5). On completion of the KTP, the KTP Associate was appointed to a newly created role of Business Performance Manager. She remained in that role for three years until she left to join an organisation that supplied the BSC software. Management has continued its commitment to the BSC by appointing a new business performance manager. The patience of the directors and the empathy they demonstrated to their managers and staff underlined their commitment, and this concurred with the findings of Neely and Bourne (2000, p6) that performance management is “a long march rather than a quick hike”.

2.6.2 Organisational Culture and Values

Organisational culture was a substantive issue in the implementation of the performance management system. The company is a registered charity and employees are not motivated to join the organisation by salary but by an opportunity to make a difference. Moreover, BCHA relies on a significant number of volunteer workers and concerns were raised for the front line staff and service delivery. Management “did not want their staff looking at the screen and ringing someone up... but ... need the information to manage the business area”. This conflicting statement highlighted the dilemma of people versus processes. “Sometimes when you are dealing with a crisis, systems are the last thing on your mind” (Director 3). This was supported by an operations manager who argued that “we employ people who are interested in people and not necessarily interested in scorecards” (Operations Manager 3). The transition since the completion of the KTP has not been a completely smooth ride as BCHA has experienced the loss of some directors and operations managers as it has continued its performance management journey. Values are vitally important at BCHA and have been incorporated into the pay and remuneration system so that successful appraisals demonstrate both performance and company values. Director 1 commented that “there is a sense that we can be self-obsessed and we need to be making a contribution to the wider community”. This was confirmed by Director 2 who argued that “values without performance are no good but values must be retained as this is the ethos of a charity. With respect to performance we must drill it down to front line services. We must strive to continually improve”.

The majority of the directors were emphatic that the implementation of the BSC should not compromise BCHA's values. They did not want the scorecard to be used as a stick to motivate staff as they believed that it would lead to unintended consequences of 'playing the numbers game'. "Ideally we need to have a system in place that satisfies the customer first and our regulators second and not the other way round and that is the major challenge" (Director 1). This is not to imply that the regulator is of secondary importance but that the customer is first among equals. "We employ staff who are good at dealing with people and issues that go with people and it's very difficult for those people to be concerned about systems or computers" (Director 3). "We need to send a message that the BSC is an empowering tool rather than we don't trust you and we are going to measure everything you do and make sure that you do it, if it is the latter, it is the end of the organisation" (Director 1). When pressed on the tensions of a corporate approach in his organisation during a follow-up interview, the new CEO (Director 2) said his guiding philosophy was that "we are a social business" and he did not feel that performance appraisal and a non-profit context was incompatible. The issue of trust between the management team and the staff was considered important and the BSC was "not to be used as a stick and that is important for us" (Director 3).

2.6.3 Means of Achieving Continuous Improvement

During the implementation of the KTP project, formal meetings known as Operational Team Meetings (OMTs) involving the operations managers were established and these were held monthly. These meetings reported on the BSC performance measures and highlighted areas for improvement and initiatives to be taken with items minuted and actions and timescales appropriated to the person(s) responsible for the task. Senior management felt that the BSC could provide data to inform more effective and timely decision making.

We will need info to be able to inform people how we have delivered and what our performance standard is. I think people will be looking for that. You may need to demonstrate how we are better than other service providers. I can see a definite external application to this (Director 3).

There was further evidence in the appointment of new operations managers and their influence on continuous improvement. When asked about possible resistance to change, one operations manager replied,

Oh yeah! I think it is no accident that those in Operations Management positions are perhaps younger whose management training principles are about change management and being innovative and doing different things and not simply going with the status quo. Some of it is down to fear and why do we need to change as it has worked in the past (Operations Manager 4).

The CEO recognised that for a continuous improvement culture to blossom, the management and workforce needed personal development and business acumen tailored to the not-for-profit context. In order to improve management capability, directors and operations managers attended Dale Carnegie® management development courses to improve their team performance as well as their own personal development (Dale Carnegie® Training). In addition, “lunch and learn” sessions were organised by the Human Resource Manager (Operations Manager 1). These sessions were held off-site in a local hotel involving operations managers, project managers and front line workers with the aim of sharing best practice in a non-threatening environment. The meetings were convened by means of a group email to all staff on a particular theme and an invitation to attend. Those members of staff who felt they would benefit often attended. Leadership was also linked to pay and remuneration devised by the CEO based on five criteria that reflected the values and context of the third sector.

For leadership we score five characteristics; one is the ability to **envision**, two is **wisdom** do they make good decisions that people buy in and stick to? **Maturity**, are they able to receive feedback as well as give feedback? **Humility**, the opposite of arrogance (team player). **Innovation**; are they developing new ways of doing things? If they get more than 85% they get three increments. This is more for management. I picked these words up from a Cranfield Lecture I attended (Director 1).

Non-financial recognition via periodic awards ceremonies was also employed where members of staff would have their achievements recognised by the presentation of a certificate. This has subsequently evolved to include weekly group emails and Twitter “tweets” entitled “celebrating success”. A sample of the BCHA tweets can be found in appendix 8.

2.6.4 External Achievement

Organisations that embark on a performance improvement initiative need to demonstrate that their initiatives are having an appreciable impact not only in-house but also seen as such by the service users and the wider community. During the interviews there were sceptical views about the scorecard, but overall the consensus was cautiously optimistic. One of the most vocal critics of the BSC stated that

I expressed doubts when it was talked about. No discussion about alternatives. I always held the view that quality would not necessarily be improved by the BSC. We tend to be a bit silo and I have quality systems in my area which are different to the rest of the organisation. I had doubts about the long-term value of the balanced scorecard and nobody has addressed that with me. We seem to have a performance management system rather than a quality management system. I don't know if it is exactly what we need (Director 4).

A contradictory view came from an older longer serving operations manager who stated that the BSC “gives us that overview and understanding of where we are at. Historically we operated in silos and this has brought us out of those silos and given us the bigger picture. I was scared about what I didn't understand but I thought it was a good idea” (Operations Manager 4). Twelve months after the interview, during the post-BSC organisational restructuring (an aim of the original KTP), Director 4 left this company by mutual consent and joined another non-profit organisation. This allowed the continuous improvement philosophy to become more embedded and improved transparency and co-operation.

The secondary data of press releases, KTP documentation, annual reports, awards and the SROI audit were reviewed and digested, and revealed a record of achievement during the three years since the implementation of the performance management framework. In 2007, in the annual efficiency survey submitted to the Housing Corporation (now Tenant Services Authority), BCHA moved over four hundred places up the Operating Cost Index (OCI) league table and reported year-on-year savings of £250,000. The summary of the efficiency statement was submitted as evidence of the success of the performance management system in the final KTP report. In addition, BCHA was short-listed and won several awards in housing, social care, learning, and social enterprise (SE), and as a partner to academic institutions. They have maintained their accreditations for investors in people (IIP) and their fledgling SE (Sequal Solutions Ltd) was one of the first in the South West of England

to be awarded the coveted “Social Enterprise Mark”. More recently they have won two more national awards for housing and education. Further evidence of external achievement was demonstrated by BCHA’s service users winning the silver award for best garden at the Chelsea Flower Show in 2009. During the past few years BCHA has cultivated a relationship with a global investment bank which employs over 6000 people in the local area resulting in collaborations on a number of small-scale issues. This relationship paid dividends when BCHA was awarded £55,000 in the teeth of the credit crunch to develop an initiative which will secure employment prospects for the long-term unemployed. This donation was over three years and conditional upon a satisfactory annual statement from BCHA. An additional grant of over £420,000 from the Lottery Fund was secured for training for the long-term unemployed. A list of BCHA’s external awards and achievements can be found in appendix 9. From a service user point of view and a wider stakeholder point of view, a SROI audit was conducted across three large schemes (Bournemouth Women’s Refuge, Floating Support, and Hannah House) run by BCHA in 2010 as part of an MSc dissertation (Mirsaeedi 2010). The SROI methodology followed the principles advocated by Nicholls et al. (2008) and Scholten et al. (2006) and scored the three schemes as generating a SROI ratio for every pound spent of £3.70; £4.69 and £7.20 respectively. The conclusion page of Mirsaeedi’s dissertation along with the stakeholder analysis memo sent to key stakeholders enabled the non-financial impact of the some of the services of BCHA to be quantified (appendices 10 and 11).

2.7 Discussion

The literature has exposed a dearth of empirical data on performance measurement systems in the charity and third sectors (Moxham and Boaden, 2007; Moxham, 2009), let alone evidence of performance management resulting from a performance measurement system. Even in the private sector, 70% of balanced scorecards are not successful and failure is attributed to poor design, poor implementation and, more importantly, lack of senior management commitment (Neely and Bourne, 2000).

The analysis shows that there is a concern for preserving the values of BCHA whilst making the transition to setting BCHA on a more robust business footing to address the changing competitive landscape (Hubbard, 1997; Dart, 2004; Little, 2005, Manville, 2007). The findings acknowledge the concerns of Greiling (2007) who warned that pursuing a business culture without regard for the values of the organisation could make the charity indistinguishable from a private company in the eyes of its stakeholders, particularly the volunteer element of its workforce. This could become more important in the future as the Habermasian steering media may heighten the tension between sustainability and values. Senior management was passionate about maintaining their caring identity which was not only shown in their rhetoric but in the BCHA's pay and remuneration system. The worry that performance management would become no more than a tick box exercise (Radnor and McGuire, 2004) was not supported in this charity.

The motivation for adopting the BSC was internally driven and linked explicitly to their strategy which was advocated by McLaughlin (2004). During the four years since implementation, BCHA has demonstrated significant improvement operationally, has won numerous awards both regionally and nationally, and has cultivated a fruitful relationship with a large local employer who has subsequently become a significant donor. Although these accolades and awards are more corporate and on first impression may deviate from core service delivery, the results of the SROI audit show that this is not the case and these awards are vital for sustainability and the ability to attract funding from commissioning bodies and donors. These successes, driven by an intrinsic motivation for continuous improvement, demonstrate impact at all levels of the organisation from senior management right down to service user level. However, BCHA's success may be attributed to a greater awareness of performance measurement and its ability to understand what its regulators are looking for; in effect knowing what boxes to tick and mimicking private sector business (Helmig et al., 2004).

Also the relationship between the implementation of the scorecard and the improved performance may be coincidental. This assessment of BCHA may be a little unfair given that BCHA had not won major awards prior to the implementation of the BSC, and its SROI scoring reveals that it has made a difference to its service users. Radnor and

McGuire's (2004) concerns about the bureaucracy of performance measurement systems are valid as BCHA has begun a rationalisation exercise of the BSC with the appointment of a new business performance manager. The scorecard in its present form, although providing transparency, may not be appropriate for the new organisation structure. The appointment of the new manager provides a window of opportunity to rationalise the number of KPIs by 30% and this provides further evidence of BCHA's commitment to continuous improvement. An example of the current high-level BSC report which is more bespoke for BCHA can be found in appendix 12. The real success of this case study is not necessarily the performance measurement system per se, but the resultant performance management culture that has blossomed via focused meetings, best practice, training, and other factors. These initiatives are what distinguish performance measurement from performance management (Lebas, 1995; Radnor and McGuire, 2004). Based on the discussion, this chapter proposes a framework for improving performance management in the third sector based on three principles of culture, trust and capability.

The findings from this single case study analysis have been synthesised as three principles of culture, trust and capability. Table 1 below shows the interplay between the three principles and the juxtaposition with the steering media acting on the lifeworld of the housing association.

Steering Media

The lifeworld of the third sector including housing associations is moving into uncharted waters following the GFC and the driving forces of the steering media are manifested in the form of money, law and power (Habermas, 1987).

Money: Austerity measures resulting in public spending cuts (HM Treasury, 2011)

Power: A coalition government effecting a rebalancing of public service delivery

Law: Legislation enacted to facilitate the redefinition of the third sector to civil society.

Culture	Trust	Capability
Senior management commitment is vital.	Tension of social business and a unique lifeworld (Johnson et al., 2008).	Performance measurement frameworks.
The BSC is an empowering tool.	Partial volunteer workforce.	Management development to improve individual capability.
Anticipating that substantive improvements will take time.	Getting the balance right between people and process.	Appointment of a new generation of operations managers receptive to change management and innovation.
Investment in training and development.	Sharing best practice with colleagues.	Employees should perform and maintain values of BCHA. Performance and values should not be mutually exclusive.
The BSC should be rationalised.	Impact measurement to demonstrate social return on investment.	Competing for external awards and accreditations to demonstrate good governance
The BSC must be aligned to the social business strategy.	Improvement should be intrinsically motivated and not simple to comply with regulators.	Non-financial rewards to celebrate success.
A pay and remuneration system which rewards leadership and supports the values of BCHA.	Service user first, regulator second.	
Each of the three principles has a degree of inter-relatedness in that they can be each be affected by one or more of the other principles.		

Table 1 The Principles of Performance Management in Housing Associations

Principle 1: Culture – The bedrock of a supportive culture is senior management commitment and recognition that long-term commitment is vital in nurturing an innovative performance management culture. They must also be cognisant of the values of the organisation and that any attempt to improve performance resulting in values being undermined will have an influence on the trust within an organisation.

Principle 2: Trust – Trust between management and the rest of the governance chain from board members to service users is vital. If trust is broken, it will put a strain on the morale of the organisation and ultimately impact on culture and a willingness to be proactive in building the capability necessary to continually improve performance.

Principle 3: Capability - Housing associations will vary in terms of capability with larger Housing Associations tending to have more sophisticated business principles in operation. Nevertheless this case study has shown that capability can be developed through training and development, sharing best practice, and providing more transparency on performance and linking it to the business strategy through an overarching framework such as the BSC. By linking it to performance-related pay with an innovative scoring system which promotes behaviours that maintain trust and adherence to the company values, it seeks to promote a positive culture.

The three principles expressed in a Venn diagram (figure 4) show the interrelationship that can lead to greater or lesser organisational effectiveness. The outer circle represents the lifeworld of the third sector encompassed by the Habermasian steering media of power, law and money which is acting upon it (Habermas, 1984, 1987). Through this model, organisations may respond differently to the challenges of the new lifeworld. For example, an organisation with a proactive culture that is willing to invest in developing its capability will engender a high degree of trust resulting in improved performance. On the other hand an organisation which adopts a short-term approach by cutting back on its capability or service delivery could result in mistrust and affect long-term performance. The way in which an organisation responds in terms of culture, trust and capability will have a direct influence on their performance and sustainability.

The steering media is manifesting itself as austerity and government spending cuts, which is putting added pressure onto third sector organisations. The dramatic cuts to public services have led to a greater reliance on a volunteer workforce to supplement the paid employees. The Big Society philosophy is also leading to anxiety and uncertainty as organisations begin to adapt to this new lifeworld where sustainability may require a greater focus on organisational performance and more innovative approaches to service delivery (Milbourne and Cushman, 2011).

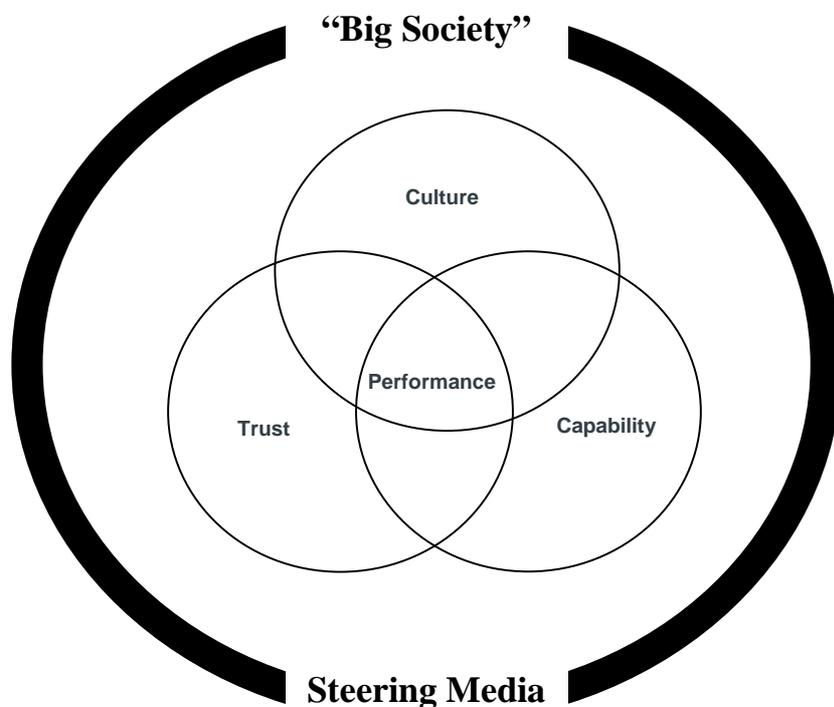


Figure 4 The Building Blocks for Performance Management in the Third Sector

2.8 Conclusion

Two research questions were addressed in this chapter: first, how can management commitment facilitate the successful adoption of the BSC in a housing association, and second, what is necessary to develop the BSC from a performance measurement framework to a performance management framework? Business performance theory is

interdisciplinary and a challenge identified by Neely is how to cross these functional boundaries (Neely, 1999).

Housing associations are third sector organisations and they need to manage the duality of setting themselves on a more robust business footing as advocated by Dart (2004) versus the need to maintain the uniqueness of the third sector identified by Moxham and Boaden (2007), which satisfies a multiple stakeholder constituency including a partial volunteer workforce. Trust has played an important role in balancing the duality of managing performance within social housing whilst maintaining the values of a non-profit organisation and this concurs with the literature (Neely and Bourne, 2000; Greiling, 2007; Greatbanks et al., 2010). The CEO of BCHA viewed the organisation as a social business and believed that business performance in a not-for-profit context was compatible.

The lack of management commitment identified by Neely and Bourne (2000) as one of the key reasons for BSC failure has been expressed in terms of the softer elements of performance management criteria such as leadership, training and development, and culture, identified by Lebas (1995), Radnor and McGuire (2004) and Fryer et al. (2009). The challenges of converting performance measurement to performance improvement are not sector-specific and equally apply to housing associations within the third sector. The motivation for BCHA adopting the BSC was internally driven in order to be aligned to their social business strategy rather than as a means of compliance in order to placate the regulatory body. This is not to say that compliance is without merit as the performance measurement aspect of the BSC does help to demonstrate good governance and continuous improvement to both regulators and other stakeholders.

Implementing a scorecard is not a panacea and BCHA recognised that results would not be forthcoming immediately. They also recognised that staff would initially be apprehensive as they tend to be more focused on people rather than on systems. This is not to say they are averse to performance measuring as BCHA had to supply metrics to their regulatory body and their key customers. Historically they were developed ad hoc and presented to their stakeholders to maintain legitimacy (Helmig et al., 2004) but now the metrics are part of

their routines. This has been overcome by building capability by investing in training and development comprising external training and shared learning in order to improve their performance. The senior management team recognised that improvement would not be immediate and that the BSC would need to evolve which concurs with what is mentioned in the business performance literature (Neely and Bourne, 2000). The empirical evidence of the adoption of the BSC and the winning of awards which began in 2008 and also facilitated further business growth begins to address the gap in the third sector performance literature identified by Moxham (2009).

The discussion in this chapter provides a contribution to knowledge and understanding by expressing the building blocks for performance management in three interrelated elements, namely culture, trust and capability, which can influence performance. At the time of writing this paper, the Habermasian lifeworld of the housing associations is beginning to experience a crisis of legitimation (Habermas, 1976, 1987). The UK austerity measures introduced by the coalition government in the form of dramatic public sector cuts (HM Treasury, 2011) and the rebalancing of public services (Big Society, 2010) are attempting to steer the lifeworld of housing associations towards a free market with private sector financial disciplines through a process of colonisation (Habermas, 1987; Broadbent et al., 1991). At the time of completing this chapter, it was unclear what the policy implications of the reforms of the UK government would be, but the dynamics of the three building blocks of culture, trust and capability would be influenced by the respective performance of each housing association. This is generating anxiety and uncertainty within the sector and well run organisations such as BCHA will not be immune from the changes (Milbourne and Cushman, 2011).

**Chapter 3 A UK
Comparative Study of
Performance
Management in Private
Sector SMEs and Third
Sector Housing
Associations**

3.1 Abstract

The body of performance measurement literature has been established for more than thirty years in the private sector and has been imported into the public sector and latterly the third sector. Performance measurement could be in the form of ad hoc key performance indicators or holistic frameworks such as the balanced scorecard (BSC) or Business Excellence Model (BEM). For almost a decade third sector organisations have been tasked to become more business-like and one typology within the sector has been viewed as closer to the private sector than most. Housing associations are considered to be a distant relative of the third sector (Mullins, 2010). The UK is experiencing cuts to public services driven in part by dealing with the aftermath of the GFC, so performance management in this area is becoming of paramount importance. This comparative study of SMEs and housing associations seeks to evaluate how closely housing associations are related to the private sector and to establish what drives these organisations to monitor their performance, how their performance is presented, and how they manage their performance. The findings revealed that both sectors had established performance frameworks in place including the BSC and the BEM. Both sectors were influenced by institutional behaviour in order to gain legitimacy with their key stakeholders. Lastly, initiatives within SMEs relating to the softer aspects of performance have offered lessons to be learned within housing associations as they adapt to their increasingly competitive environment.

3.2 Introduction

The third sector is classified as not-for-profit organisations that fall between public and private sector organisations. During the last 15 years there has been a drive to make third sector organisations more influential in the delivery of public services beginning with the Compacts (Kendall, 2000), and latterly the Big Society initiative which aims to provide a more balanced public service delivery by reducing dependency on the state (Big Society, 2010). The global financial crisis (GFC) has resulted in increased government debt in the UK to unsustainable levels and this is now having an impact on public service delivery. Since the GFC of 2008, many western economies have intervened to become the lender of last resort for their country's banks (Haldane, 2009). In the United Kingdom, this has resulted in national debt rising exponentially over the past four years (Porter and Conway, 2008; HM Treasury, 2011; Peston, 2011). Since 2010, there has been a drive to reduce the government debt by cutting spending on public services. Such actions have had an immediate impact on both the public sector and indeed the third sector, which relied implicitly on public sector-commissioned contracts (Cunningham, 2008).

The third sector is viewed as neither public sector which is state controlled nor private sector where the goal of every organisation is to make a return on investment. The lifeworld of the third sector is unique because of its contextual factors such as funding constraints (Moxham and Boaden, 2007). The external environmental changes highlighted above are beginning to be felt in the lifeworld of the third sector but the real impact will not be felt until the austerity measures are fully implemented (HM Treasury, 2011). Habermas (1987) argues that the lifeworld is influenced by colonisation caused by steering media in the form of power, money and law and there is evidence of legislation changes which could further impact power and money and thus the lifeworld within the third sector (Milbourne and Cushman, 2011; Morris, 2012). There is still, however, a need for strong public services by stakeholders particularly the electorate, and as a result, more imaginative means of service delivery need to be sought. It is envisaged that public service provision may be delivered by involving the private sector and the third sector organisations comprising charities, social enterprises and arm's length management organisations (ALMOs) (Big Society, 2010). The

focus on this paper is on the role of the third sector housing associations in the provision of public services by employing private sector principles and exploring the issues of achieving effective performance whilst being run for the benefit of the community (HMRC, 2013a). Historically housing associations have been one of the most highly regulated parts of the third sector and have been required to submit performance metrics to demonstrate good governance and continuous improvement (TSA, 2012). In this comparative study, an evaluation of SMEs and housing associations is undertaken by first establishing common characteristics of each via a literature review. A SME is defined by the EU as an organisation with fewer than 250 employees or a turnover of less than €50M or a balance sheet of less than €43M (Europa, 2005). Housing associations are classed as registered social landlords (RSLs) who own, let and manage rental housing. As not-for-profit organisations, revenue acquired through rent is ploughed back into the acquisition and maintenance of property (Manochin et al., 2008; Our Property, 2012). The second part of the project is a multiple case study analysis comprising 10 organisations within both sectors including large customers and regulatory bodies. The aim is to establish empirical evidence of performance monitoring attributes that they have in common. Next, the driving factors that are influencing their rationale for monitoring performance are established. Finally, it is determined how performance is managed in the two sectors and if there are lessons from the SME sector which can be applied to Housing Associations. A total of 20 semi-structured interviews were conducted with senior managers and directors of the organisations, and were supplemented with secondary data.

3.3 Exporting Private Sector Principles to the Third Sector

It is believed that private sector principles relating to performance measurement and performance management can readily be exported to the charity sector or third sector (Speckbacher, 2003; Moxham and Boaden, 2007). Performance management in the third sector has become more pervasive in recent years as the third sector has been urged to become more business-like (Hubbard, 1997; Dart, 2004; Little, 2005). Yet there is a dearth of empirical evidence in the third sector relating to how they have responded to this challenge.

There are concerns, however, that private sector principles could undermine trust and goodwill and stakeholders may not be able to distinguish a charity from a privately run organisation (Greiling, 2007; Milbourne and Cushman, 2011). This is a particular worry because of their ethical stance as a shaper of society (Johnson et al., 2011) and their reliance on volunteer workers as well as paid workers which could undermine their mission. Notwithstanding, there is evidence of steering media (Habermas, 1984, 1987) in the form of economic and political factors which is beginning to influence the role and purpose of third sector organisations. This is evidenced by the GFC and the unsustainable UK government net borrowing requirement of £178.5 billion in 2011-12 and a debt projection of 78% of gross domestic product (GDP) in 2014-15 (HM Treasury, 2011). This figure will need to be cut dramatically in order to protect the stability of the UK economy (Ibid). The GFC has also framed a compelling narrative for pursuing a political ideology of a smaller state provision of public services which would have been unthinkable prior to the GFS. The UK coalition government has made the “Big Society” its flagship policy and it was initially greeted favourably but that optimism has waned as the austerity measures are beginning to take effect (Coote, 2011). The Big Society agenda seeks to liberate public service provision by encouraging voluntary organisations and social enterprises to play a larger role in delivering public services (Mohan, 2011). There will undoubtedly be challenges regarding this new competitive landscape as there is a perception that many third sector organisations are not fully conversant with current management thinking on managing performance (Connolly and Hyndman, 2004; Moxham and Boaden, 2007). Research conducted by Moxham and Boaden (2007) and Moxham (2009) concluded that some charities were not aware of formal performance monitoring techniques such as the balanced scorecard (BSC) and the European Foundation for Quality Management (EFQM) Business Excellence Model (BEM). These models have been employed by both the private sector and the public sector with varying degrees of success. It would not, however, be accurate to say that this lack of understanding is universal within the third sector as there is published literature on BSC implementations in the UK third sector (Manville, 2007) and also in Europe (Speckbacher, 2003; Greiling, 2007) although the generic term “non-profits” referred to in the European research makes the delineation between public sector and third

sector difficult to ascertain. More recently there has been published literature of sophisticated performance measurement system in larger UK charities such as Barnardos which developed a customised performance dashboard (McEwan et al., 2010). At the moment there is a gap in the literature regarding the ability of charities to readily adopt performance measurement and management frameworks such as the BSC and the BEM.

3.4 Comparisons with a SME and a Third Sector Organisation

At first impression, it would seem that a charity and the private sector are not comparable as one is primarily for profit and the other is non-profit and is traditionally reliant on donors' grants as well as having a multiple stakeholder constituency to satisfy. Consequently it is not surprising that there is a lack of published material about performance measurement and performance management in terms of such comparative studies. This is particularly true in terms of empirical evidence, perhaps because there appears to be no obvious similarities. The author believes, however, that small and medium enterprises (SMEs) do share similar characteristics to third sector organisations. The main characteristics that they are believed to share are:

- Levels of understanding of performance management
- Resource constraints
- Dominant customer or funder
- Motivations for monitoring performance

3.4.1 Level of Understanding of Performance Management

Performance measurement can be viewed as the linchpin between strategic management and operations management. A simple yet all-encompassing definition of strategy that emphasises co-operation, competition, deliberate planning and emergent planning is “the long term direction of an organisation” (Johnson et al., 2011, p4). Operations management is more about day-to-day management and relates to the way organisations produce goods or services (Slack et al., 2007). There is an established body of knowledge stressing a desire for strategic objectives to be aligned with operational activities which began almost

30 years ago (Kaplan, 1983; Eccles, 1991; Gregory, 1993) and this was the foundation of performance measurement literature. Performance measurement is vitally important for improved business performance and research has demonstrated that organisations which have formalised holistic performance measures perform better than those organisations that do not (Hoque and James, 2000; Davis and Albright, 2004). The linkage of organisational strategy to operations management evolved into a number of holistic performance frameworks which are explained below. There have been several key studies of performance frameworks in SMEs which concluded that SMEs recognised the value of performance measurement but there was little evidence of this in practice other than the use of operational and financial key performance indicators (KPIs) (Anderson et al., 2001; Hudson et al., 2001; Garengo et al., 2005).

Research by Ghobadian and O'Regan (2006) found that over 50% of SMEs had a written strategic plan but maintained that the owner had a major influence in the direction and management of the organisation. Several studies have found that SMEs are governed by intuition and are more emergent than the formalised rational process of larger organisations (Brouthers et al, 1998; Gunasekaran et al, 2003; Garengo et al., 2005). Notwithstanding, there are some empirical examples of BSC adoption such as Fernandes et al. (2006), Tennant (2007) and Manville (2007); however, all three case studies relied on the introduction of knowledge and know-how to the organisation by a knowledge base partner (university) via a knowledge transfer partnership (KTP). The requirement of an external knowledge base partner in order for the SMEs to implement a BSC supports the conclusions drawn by academics about their level of understanding of performance measurement (Hudson et al., 2001; Garengo et al., 2005).

From a third sector perspective there has recently been a greater emphasis by government and commissioning agencies on governance, leadership and performance management (McLaughlin, 2004). Yet there are still challenges in this sector as research has revealed that there is a lack of strategic and business planning, and that organisations live from hand to mouth and are unprepared for the challenges ahead (Chapman et al., 2008; Shared Intelligence, 2009). This concurs with the findings in the third sector regarding their lack of

familiarity with performance frameworks (Moxham and Boaden, 2007). As the third sector is being required to become more business focused (Dart, 2004; Little, 2005) it is creating a tension with respect to its values as organisations struggle to maintain sustainability. There are several issues relating to this tension - culture, independence and legality. First of all, values are encapsulated within an overriding mission that underpins an organisation's culture. Secondly, public service delivery by the third sector organisations via contracts can have an impact on their independence and autonomy (MacMillan, 2010). Finally, a third sector organisation could engage in a contract which could result in it losing its charitable status (Morris, 2012). Collectively, these tensions are referred to as mission drift and they are likely to increase (Cairns et al., 2006; Chew and Osborne, 2009; MacMillan, 2010; Morris, 2012). A solution to some of those tensions could lie in the third sector organisation framing the mission in a way which may facilitate strategic renewal without compromising its values (Bennett, 2008; Rees, 2008). The increasing commercialisation of this lifeworld as a result of external steering media is promoting a rebalancing of public service delivery and is prompting leaders of these organisations to make sense of this new reality and develop a vision for the future.

3.4.2 Resource Constraints

Resource constraints can take the form of capacity or capability issues with respect to a lack of formalised management systems. This could result in problems related to tendering, project management, and human resource development among others. This lack of capacity leads to a reactive mentality and an inability to think strategically. Studies into SMEs recognise that this is a major constraint to adopting a performance management culture (Hudson et al., 2001; Garengo et al., 2005). This problem was also flagged up in the third sector as many organisations are ill equipped to respond to the changing competitive landscape (Alcock et al., 2004; Chapman et al., 2008; Shared Intelligence, 2009). Third sector organisations are unusual as their non-profit status precludes them from making profit; however, they can generate surpluses which can be reinvested into the organisation (Moulaert and Ailenei, 2005). There is no empirical evidence in the third sector of organisations generating surpluses and there are doubts about the capacity of these organisations to engage in public sector contracts (Shared Intelligence, 2009). The author

believes that having the capability to manage contracts effectively and to generate a surplus is vital for the sustainability of an organisation but there does not appear to be research to support this at the current time. This historical dichotomy of public service delivery being either for profit (private sector) or not for profit (public sector) has stifled more imaginative solutions involving the third sector. In recent years this has begun to change as evidenced by the UK Conservative party's intention to encourage third sector organisations to allow them to earn a competitive return on investment (Conservative Party, 2008). This may seem a noble intention but there are concerns that many contracts will be mainly awarded to larger third sector organisations or private sector organisations entering the market place, thus leaving smaller organisations vulnerable (Morris, 2012).

3.4.3 Dominant Customer or Commissioning Body

Public service delivery has been carried out by some third sector organisations as agents for the state via renewable contracts in varying degrees over the last 20 years. They have been subjected to the same regulatory and bureaucratic processes of local authorities and this has led to the perception that they have been controlled like a mini public sector (Seddon, 2007; Quinn, 2008; MacMillan, 2010). This has given rise to the phenomenon of contract culture where the third sector has become an agent for the state and its advocacy role is curtailed, and the pursuit of funding could lead to mission drift (MacMillan, 2010; Morris, 2012). Many elements of the third sector are reliant on statutory funding via commissioned contracts from local authorities with housing accounting for around 51% across the sector, although there will be variations by region and by organisation (Clark et al., 2009). The Big Society initiative launched by the current UK government in 2010 is viewed by sceptics as a rebranding exercise of the marketisation³ of public service delivery in the 1980s with a call for more contracting which could involve more private sector organisations (Big Society, 2010; Morris, 2012).

In the private sector, large purchasers have progressively outsourced manufacture of products to organisations within the supply chain and this is providing opportunities and

³ Marketisation of public services was implemented during the 1980s and 1990s and was an element of new public management (NPM) which included compulsory competitive tendering, outsourcing and the existence of an internal market. It was abolished by the incoming Labour government in 1997.

increased competition as a result of globalisation, meaning that the SME is having to measure up to international levels of performance or risk losing orders (Quayle, 2003). A condition of SMEs securing contracts with larger purchasers is that they comply to rigorous quality and delivery performance criteria such as the accreditation of a formalised quality management system; for example ISO9001 (Meegan and Taylor, 1997; Levy and Powell, 1998). Moreover, key customers who contribute to a significant part of their overall turnover are demanding increasingly higher quality at lower cost (Ghobadian and Gallear, 1996; Hudson et al., 2001). Such a reliance on dominant customers and funding bodies of SMEs and third sector organisations may result in an absence of a coherent business strategy as contracts have historically been renewed. Both lifeworlds are facing changes in their respective sectors with respect to sustainability. Within the third sector, renewable commissioned contracts via competitive tendering is intensifying in the third sector, and SMEs in the private sector are also facing intense competition and are continually being exposed to globalisation resulting in the driving down of costs (Knight, 2000; Brouthers and Nakos, 2004). This downward pressure on cost reduction by dominant customers could result in contracts being lost to lower cost global competitors as SMEs struggle to match their cost base.

3.4.4 Motivations for Adopting a Performance Management Regime

In the third sector there is evidence that organisations lack business planning capacity and operational capability to manage public sector contracts (OCVA-Framework 2008; Shared Intelligence, 2009) and this will be brought into focus as the austerity measures pursued in the UK begin to have an effect (HM Treasury, 2011). MacMillan (2010, p28) acknowledges that the political and economic context has shifted and states that “new questions will be asked about the sector’s experience in an era marked by public finance retrenchment and under different political and ideological priorities”. Some organisations will be more prepared for the changes than others as they are more in control of the business planning, performance measurement and operational capability than others. Research into third sector social welfare services revealed three typologies of organisations: Type 1- On the Inside Track; Type 2- Holding their Own; and Type 3- Struggling to Care (Cunningham, 2008). Type 1 organisations have a more balanced customer base and are more commercially aware than the other two, particularly type 3 which rely wholly on state

funding and were very reactive and susceptible to pressure to reduce cost. Reactive organisations, often smaller organisations, held a belief that new funding would come along when old grants or funding ceased and that they lacked governance, strategy and performance management systems (McLaughlin, 2004; Chapman et al., 2008). Their motivation for performance management was to satisfy either regulatory bodies such as the tenants' services authority (TSA, 2012) or larger customers such as local authorities using the supporting people quality assurance framework (QAF) (QAF, 2012). As a result, the performance monitoring was ad hoc and not linked to their overall strategy. Housing associations are a third sector group where there is evidence of more sophisticated business planning and performance management activities such as strategy documents, staff development, performance appraisal and holistic performance monitoring through frameworks such as the balanced scorecard or Business Excellence Model (Walker and Jeanes, 2001; Balzarova et al., 2004; Manville, 2007).

SMEs have similar characteristics to third sector organisations in that many organisations are operationally centric and lack a business strategy perspective (Hudson et al., 2001; Gunasekaran et al., 2003; Garengo et al., 2005; Hudson and Smith, 2007). This leads to a reactive and short-term approach and their level of performance monitoring is restricted to operational and financial metrics (Garengo et al., 2005). Organisations that are more strategic and embrace performance measurement are more successful than organisations that do not and yet SMEs find them bureaucratic (McAdam, 2000). Holistic quality/performance management frameworks such as ISO 9001 allude to strategically aligned operations via performance measurement but research shows that many SMEs acquire the standard to placate their dominant customer rather than it being an internally driven initiative (Meegan and Taylor, 1997; Brown et al., 1998; Prajogo and Brown, 2006). This is supported by Terziovski et al. (2003) who add that it is the principal motivation for implementing ISO 9001 and the justification for attaining the standard can have more to do with compliance rather than performance improvement. The authors of the standard have recognised the limitations of ISO9001 and it has been reformed several times in the last two decades (ISO 9001:1994; ISO 9001: 2000: ISO 9001: 2008) [ISO, 2013]). These reforms have attempted to incorporate the Total Quality Management (TQM) philosophy into the

standard, which is defined by Powell (1995) as an integrated management philosophy that can improve business performance and be implemented in any organisation be it manufacturing, service or not for profit. Powell (Ibid) found that TQM success depended on executive involvement, an open organisation and empowerment. Powell (1995, p29) added that organisations “should focus their efforts on creating a culture within which these procedures can thrive rather than simply relying on the TQM tools and techniques”. An organisation that has TQM in mind rather than ISO 9001 compliance is more likely to be internally driven, but research by Prajogo and Brown (2006) identified that this applied to only 8% of SMEs.

3.4.5 Opportunities for Adopting Performance Measurement

Garengo et al. (2005) argue that there have been several important changes which have created favourable conditions for adopting a performance measurement system (PMS) within SMEs. They highlight four main factors: the first two are the evolution of the competitive environment and the opportunities for increasing business, and the evolution of quality management systems (QMS). Frameworks such as ISO 9001:2000 and the BEM are typical examples of QMS. Their third factor is the increasing importance of continuous improvement which is a central plank of TQM and is vital to maintain competitive advantage. The reforms to the ISO 9001:2008 standard have sought to address this by incorporating continuous improvement and senior management commitment within the system. The final factor is the innovation in information and communication technology (ICT). It is argued that this presents SMEs with an opportunity to implement a cost-effective PMS solution which is “particularly important for SMEs since they tend to have limited financial resources” (Garengo et al., 2005, p27). Third sector organisations are also beginning to employ performance measurement beyond financial measures as commissioning bodies are looking for evidence of effectiveness and value for money (McEwan et al., 2010). This could be viewed as either coercive, normative or mimetic institutional behaviour (Di Maggio and Powell, 1983) whereby they are externally driven by their commissioning body or other major stakeholder; or they are seeking legitimacy by adopting management control (Helmig et al., 2004).

3.5 Performance Management Frameworks

In order to provide a more holistic approach to performance which aligns with the business strategy and the internal and external stakeholders, structured performance frameworks have been adopted by organisations. The most common frameworks are the balanced scorecard (BSC) and the Business Excellence Model (BEM); these are discussed in more detail below.

3.5.1 The Balanced Scorecard

The balanced scorecard (BSC) is a performance management system which aligns the business strategy to the activities conducted by an organisation. It is based on four perspectives: finance, customer, business processes and learning and growth (Kaplan and Norton, 1992). The BSC has evolved during the years since its inception to address concerns such as a strategy map prioritising the respective perspectives and clearer linkage between the objectives (Kaplan and Norton, 1996a; Lawrie and Cobbold, 2004), which is shown graphically by Epstein and Manzoni (1997, p196). The BSC has now become the most ubiquitous performance framework in both practice and by citations in academic journals (Silk, 1998; Marr and Schiuma, 2003). There are still some underlying concerns about the BSC which have been raised by critics relating to the under-developed perspective of learning and growth (Speckbacher et al., 2003). Kaplan and Norton (2001) argue that the learning and growth aspect of the BSC is the foundation on which the strategy is built, but the literature only pays lip service to this important perspective and invariably sees it as a mechanism for linking employee performance to reward (Kaplan and Norton, 1996a). There are still concerns relating to the articulation of an organisation's human resources, other stakeholders such as suppliers, and community and environment (Atkinson et al., 1997; Maltz et al., 2003). Ahn (2001) has contributed to this debate by proposing renaming the innovation and learning perspective as "potential" in order to focus on the HR elements and reinforce the aims of this perspective by their creators: "the goals in the potential perspective should promote the achievement of the goals in the other three perspectives" (Ahn, 2001, p445).

3.5.2 The Business Excellence Model (BEM)

The BEM is a non-prescriptive operational framework for TQM designed to achieve business excellence through continuous improvement and is normally assessed by an EFQM-trained assessor within the organisation or by a third-party organisation (Shulver and Lawrie, 2007, Dror, 2008; Bou-Llugar et al., 2009). The BEM is also an overarching framework that can incorporate a number of existing initiatives such as Investors in People or ISO 9001 and is the preferred quality assurance framework for public service delivery (Jackson, 1999; Leonard and McAdam, 2003). The BEM is widely used across Europe and across the world in similar formats; for example, in the USA it is referred to as the Baldrige Award and in Japan it is known as the Deming Prize (Neely, 1999). The framework is assessed using a number of questions based on two sets of criteria, *enablers* which relate how the organisation operates and *results* which focus on the achievements of the organisational stakeholders (EFQM, 2005). Within the enabler criterion there are five benchmarking elements which are leadership, people, policy and strategy, partnerships and resources and processes. The results criterion comprises four benchmarked elements; namely people results, customer results, society results and key performance results (EFQM, 2005).

Armistead et al. (1999) argue that historically the BEM has been practitioner-driven and not grounded in academic theory, which accounts for the lacuna of literature found in higher ranked journals. Despite being practitioner-driven there are critics who argue that it is bureaucratic and that its strategic elements are more audit-based and linked to efficiency rather than strategic formulation (McAdam and O'Neil, 1999; Shulver and Laurie, 2007). Another shortfall is the subjectivity of the assessor of the team supplying the "qualifying evidence" (Osseo-Asare and Longbottom, 2002). The BEM and BSC frameworks each have its own advantages and limitations and this has led to organisations adopting dual performance management frameworks.

3.5.3 Combined Approaches

Performance measurement framework failure has been attributed to one or more of the following factors: poor design; poor implementation; too many measures and senior management impatient for results, which often results in cessation of the initiative (Neely and Bourne, 2000; de Waal, 2007). The terms ‘TQM’ and ‘excellence’ have perhaps not helped either as they are nebulous and not readily embraced by senior management or the rest of the workforce, and have been viewed as a management fad (Miller and Hartwick, 2003). Miller and Hartwick identify eight attributes of a fad; namely simple; prescriptive; falsely encouraging; one size fits all; easy to cut and paste; in tune with the zeitgeist; novel not radical, and legitimised by gurus. It could be argued that the reason TQM is viewed as a fad was its failure to break out of an operational perspective which restricted its ability to fulfil its true potential. This is supported by research which attributes TQM failure to a perception of TQM being simply tools and techniques while ignoring the softer issues such as leadership, culture, training and values (Kekale and Kekale, 1995; Powell, 1995, Conti 2006). Conti (2006) recognises that TQM has fallen out of favour and the true aims of TQM were never fully realised. He argues for the strategic elements to be reconsidered with regard to identifying new business and growth. Powell (1995) had pointed out that there was a dearth of academic literature on TQM from a strategic context, and this has not been helped by practitioners and academics who have championed TQM from an operational context. Miller and Hartwick (2003) inextricably link the management guru Edwards Deming to TQM as they believe his 14 points (Deming, 2012) encapsulate TQM which is perceived as a quick fix which is soon abandoned when the anticipated results fail to materialise. It could be argued that the mistake organisations make is using Deming’s points as a prescriptive approach and not framing them around their own organisational context (Hudson et al., 2001; Slack et al., 2007). It can be argued that Deming’s points 11-14 are the key points that facilitate the adoption of a performance management philosophy as opposed to a performance measurement philosophy (Deming, 2012). One of the points, 10b, advocates the elimination of management by objective, which is arguably the precursor on which the balanced scorecard was, developed (Drucker, 1955). Point 12 recommends “abolishing the annual or merit rating” which is what many scorecards use for their learning and growth objectives and KPIs (Speckbacher, 2003; Lawrie and Cobbold,

2004) and this can give rise to unintended consequences as it may promote undesirable behaviours which are not to the benefit of the greater good.

Each of the performance frameworks discussed has its respective advantages and disadvantages regarding implementation and deployment. For example, the BEM is considered bureaucratic and may result in box ticking; or that the assessment process becomes resource-intensive, which is a luxury that SMEs and third sector organisations do not have. The bureaucratic nature of the model can be a strength to larger organisations on account of its quality management attributes of standardisation and documentation which can lead to consistency and be replicable facilitating benchmarking (Johnson, 2003; Radnor and McGuire, 2004; Shulver and Lawrie, 2007). The respective shortfalls of the two frameworks have prompted a combined system approach employing both frameworks.

Several larger organisations have chosen combined BEM/BSC frameworks; these include Siemens Communications plc; Royal Sun Alliance (RSA); Northern Ireland Electricity (NIE) and Swedish Customs (Johnson, 2003). There is, though, no empirical evidence of combined approaches in SMEs or third sector organisations. Kanji and Moura (2001) believe that these types of combined frameworks can be beneficial in promoting TQM principles such as training, leadership and culture which is a weakness in the scorecard despite having a specific learning and growth element as one of its four key perspectives (Speckbacher, 2003). 'Performance management' and 'performance measurement' are often used interchangeably and perhaps can be best delineated by measurement being more about efficiency and management being ostensibly about effectiveness. A performance measurement culture can drive a continuous improvement philosophy as organisations can monitor their past or current performance against forecast. The literature makes the distinction about performance management focusing more on the softer issues which are often neglected such as leadership, training, strategy and entrepreneurship. Soft and hard measures, however, are not mutually exclusive but both academics and practitioners have demarcated them with the result that the potential impact of performance management has been lost and each discipline has its own emphasis, such as accounting and finance (Lebas,

1995; Otley, 1999; Modell, 2004), marketing (Buzzell and Bradley, 1987; Ambler and Roberts, 2008), operations (Armistead et al., 1999; Radnor and McGuire, 2004; Conti, 2006) and human resources (Armstrong and Baron, 2005; Richardson and Denton, 2005). This lack of integration of performance measurement and performance management leads to knowledge gaps and lost potential (Powell, 1995; Marr and Schiuma, 2003; Chenhall and Langfield-Smith, 2007).

The operational discipline has championed the use of lean as a philosophy for managing performance improvement. The lean approach comprises a focus on a process-based view, customer value, employee involvement and the elimination of waste (Radnor and Walley, 2008; Slack et al., 2010). There is limited coverage of lean in SMEs which employed tools such as the 7 Wastes⁴ and 5S's⁵, although their application was only on the factory floor (Kumar et al., 2006; Chiarini, 2012; Five Ss, 2013; Lean, 2013). Lean has been explored in the public sector by Radnor and Whalley (2008) where quick wins were targeted but they recognised the difficulty of sustaining the improvement once the low-hanging fruit was harvested unless it was a strategic approach rather than an operational one.

There is currently a gap in academic research and empirical study into the effectiveness of combined performance management frameworks within SMEs and third sector organisations. The research study contributes to the debate by exploring the following research questions:

Research Questions

Is there empirical evidence of the commonalities between SMEs and housing associations?

⁴ The 7 Wastes are part of the lean philosophy aimed at eliminating non-value-adding activities. They are overproduction; inventory; extra processing steps; motion; defects; waiting; and transportation (Ohno, 1988).

⁵ The 5 S's are another lean tool based on housekeeping focusing on visual order, organisation, cleanliness and standardisation. The 5 S's roughly translated are: sort, straighten, shine, standardise and sustain (Slack et al., 2010).

Are there any driving factors influencing the possible adoption of a performance management framework?

How is performance managed in SMEs and housing associations?

3.6 Research Method

The literature review provided a cogent argument that third sector organisations exhibit similar characteristics to SMEs and these similarities were used to examine how third sector organisations applied private sector principles, specifically performance management frameworks. The literature review further explored the limitations of the two most commonly adopted frameworks and the research on combined performance management frameworks based on the BSC and the BEM, and identified some benefits. There is, however, no evidence of substantial testing in practice and little practical evidence of performance improvement. In order to gain a deeper understanding of combined methods, a case study approach was chosen because it is suitable for theory building and is empirically valid (Eisenhardt, 1989; Yin, 2003a, 2003b). The research involved a comparative study of SMEs and third sector organisations, their key customers and regulatory bodies. Based on the literature review, it was shown that both SMEs and third sector organisations exhibit similar characteristics in terms of resources, dominant suppliers and perceived lack of understanding of performance measurement frameworks (Hudson et al., 2001, Garengo et al., 2005; Moxham and Boaden, 2007). In total, 10 SME and third sector companies were chosen, five from each sector, in order to gain a better understanding of performance management. The two principal organisations from each sector were selected using the following criteria:

- The company had implemented a BEM model framework
- The company had a balanced scorecard in place

The remaining companies comprised two similar organisations from each sector, a dominant customer from each sector and a regulatory body. The selection criteria for the remaining SME and third sector organisations were that they had a mature formalised quality management reporting system in place which would include some key performance indicator (KPI) monitoring, and that their performance was reviewed by an external regulatory body. A total of 20 interviews were carried out across all organisations lasting approximately one hour each. The list of the managers interviewed is shown in appendix 13. A semi-structured interview format was devised which allowed for consistency across all of the interviewees whilst maintaining flexibility to capture the rich data from a qualitative interview. The interview framework is shown in appendix 14. The management group of each company including the Managing Director/Chief Executive Officer or nominated representative were identified based on a snowball sampling⁶ method from the two primary organisations. The interviews were digitally recorded and transcribed into word documents; each interview was subsequently data-reduced using a summary contact sheet which provided an easy indexing system for the researcher (Miles and Huberman, 1994). In addition to the interviews, secondary data were also used such as annual reports, performance reviews, scorecards, business plans, policy documents and company websites. The secondary data were also summarised on document contact management sheets (Miles and Huberman, 1994). This provided an opportunity to review both the primary and the secondary data and to triangulate the findings (Easterby-Smith et al., 1994; Denzin and Lincoln, 2000) The data were subsequently analysed by developing a coding list which followed the methodology outlined in paper one. A copy of the coding list is shown in appendix 15 initially selecting categories to insert meaningful chunks of the interview transcripts into categories. Categories in effect are “codes or labels for assigning units of meaningful information compiled during a study” (Miles and Huberman, 1994, p56). The data were manually coded and analysed using the framework in figure 4.

⁶ Snowball sampling involves using the principal organisations to identify further case organisations using an iterative process until enough cases are provided (Saunders et al., 2012).

3.6.1 Case Studies

The two principal case studies that were identified were Bournemouth Churches Housing Association and Benham Manufacturing. Both organisations had a combined BEM and BSC performance framework in place and the researcher was involved in the implementation of the BSC in both organisations in university consulting projects where the university was the knowledge base partner. This enabled the researcher to gain a high level of trust and secure access to both organisations.

3.6.1.1 BCHA

Bournemouth Churches Housing Association (BCHA) is a registered charity which provides housing, social support and learning skills for vulnerable members of society in the South and South West of England. It employs over 300 staff, turns over in excess of £16 million per year and delivers a return on investment (ROI) known as a surplus which is reinvested back into the organisation. They have a formalised business strategy, a balanced scorecard and use the Business Excellence Model. Their latest BEM assessment report referred to as the “Investors in Excellence Award” can be found in appendix 16 and their BSC framework is shown in appendix 12. Because of its diverse business operations, BCHA is heavily regulated by a number of regulatory bodies including The Tenant Services Authority, Supporting People, and The Adult Learning Inspectorate.

3.6.1.2 Benham Manufacturing

Benham Manufacturing is a precision engineering SME employing roughly 60 employees and it provides sophisticated machined components and light assemblies to exacting tolerances. Benham have a mature aviation quality management system (ISO 9001/AS9100) which is audited by the British Standards Institute (BSI). They employ five axis machining centres which can manufacture complex components very quickly and in a single set up. This provides them with capability which is difficult to imitate by conventional precision engineering companies. Nevertheless, competition is increasing and there is downward pressure on profit margins. To this end Benham have signed up to the Supply Chain for the 21st Century (SC21) programme which is explained in a later section. In early 2010 Benham were awarded the SC21 Bronze Award. Benham were regionally led

through the support of the trade association, Farnborough Aerospace Consortium (FAC), now known as Aviation, Defence and Space (ADS).

3.6.1.3 Two Saints

Two Saints provides a range of services to vulnerable people within the South of England. These services include accommodation and support for drug abuse and mental health as well as learning support to help service users move on and become more independent. Two Saints have a formalised business plan and a sophisticated performance management system which is presented in report format to managers on a monthly basis and submitted to the board quarterly. Their custom performance measurement framework is not as all-encompassing as a balanced scorecard but it is comprehensive and includes levels of financial and non-financial measures.

3.6.1.4 Poole Housing Partnership (PHP)

Poole Housing Partnership (PHP) is an arm's length management organisation (ALMO) which is a limited company wholly owned by Poole Borough Council. It is a non-profit management organisation managed by a board of external members of the local community. It does make a return which is referred to as a "surplus" and this is reinvested back into the organisation. Its primary service is to manage housing stock on behalf of Poole Borough Council and manage tenant services including repairs, caretaking and rent collecting. The organisation has a business plan and its source of income is a management charge to the borough council. PHP has a number of external accreditations including a 3* rating by the Audit Commission, Investors in People and the Government Charter Mark. They generate reporting documentation for internal use as well as for regulatory purposes. In order to make their performance monitoring more effective, they are considering a more structured form of performance management system such as the BSC or the BEM.

3.6.1.5 Tenant Services Authority

The Tenant Services Authority (TSA) is an independent regulator for affordable housing in England. It was established to provide access to good-quality housing in order to improve the lives of tenants and to provide the foundations of strong communities. They work with social-housing landlords (these are landlords who do not operate on a purely commercial

basis) and tenants to improve the standard of service for tenants. They are a regulatory body whose remit is to safeguard tenants and to deliver value for money to the tax payer. This is a relatively new regulatory body which replaced the Housing Corporation and, according to its website, since its inception, it has removed “unnecessary red tape” for social landlords. They measure registered social landlords (RSLs) against the following six standards: tenant involvement and empowerment; home; tenancy; neighbourhood and community; value for money, and governance and financial viability. Each of these categories will have subcategories requiring further performance monitoring.

3.6.1.6 Bournemouth Borough Council

Bournemouth Borough Council’s (BBC) relationship with BCHA is that of a major customer for their supporting people initiative and BBC monitor the quality of BCHAs service delivery through the Quality Assessment Framework (QAF) which is set by the Department for Communities and Local Government (CLG). Providers must reach at least a level C of the QAF in order for the Supporting People Team to contract with them for that service. Where a service does not reach a level C, an Action Plan is issued by the Supporting People Team in order to help them to achieve it. The service review uses several criteria: Value for Money; Tools; QAF; Service Review Reports, and Good Practice (QAF, 2012).

3.6.1.7 HiTech

Hi-Tech Manufacturing is a precision engineering SME serving several sectors including aerospace, medical and renewable energy, but specialises in aerospace components. Hi-Tech also have a training academy for engineering apprentices, which is a centre of excellence for NVQ assessment and learning and skills council (LSC). They have a mature quality system (ISO9001/AS9100) as well as achieving the SC21 bronze award then latterly the silver award in 2009, which was a customer-led implementation with GKN, their major customer. They do not have a formalised strategy and other than their financial reporting which is not communicated down to management level, they have operational key performance indicators on delivery performance and quality.

3.6.1.8 Kemmel

Kemmel Engineering is a SME supplying prime contractors in the aerospace industry with precision machined components and light sub-assemblies. They employ approximately 25 employees and have an established quality management system (ISO 9001:2008) in place. Approximately two years ago they embarked on the SC21 journey via a customer-led initiative from a prime contractor and they achieved the SC21 bronze award. They have recently lost business to China and have been reactive in replacing the loss in their order book. The Managing Director (MD) does not communicate financial performance to the team and the operational key performance indicators are collated and managed by the Operations Manager.

3.6.1.9 Cobham (Flight Refuelling)

Flight Refuelling Ltd is a strategic business unit of the Cobham Group which is referred to as a prime contractor (Prime) and they are a key customer of Benham Manufacturing and a member of the regional trade association. At least 40% of Flight Refuelling's suppliers are actively signed up to the SC21 initiative which translates to around 100 suppliers of which Benham is one. Flight Refuelling Ltd traditionally manufactured most of its own component parts for assembly; however, a change in strategy has driven them to reduce their cost base, choosing to outsource their component manufacture to SME suppliers. As a result, the SME sector is very important to their competitive position and this was their motivation for sharing best practice with their suppliers including Benham Manufacturing.

3.6.1.10 Aviation, Defence and Security (ADS)

In a world of increasing global competition and the constraints of government cuts, the aerospace and defence industries have been required to do more for less. This accelerated competitive landscape has necessitated many of the prime contractors (Primes) to re-evaluate their cost base and look for savings within the supply chain. The initiative known as Supply Chains for the 21st Century (SC21) is a collaborative approach with supply chain partners, particularly the SMEs, aimed at providing support to reduce duplication, waste and other inefficiency by sharing and adopting best practice (SC21, 2012). The SC21 initiative is run by a trade association known as Aerospace, Defence and Security (ADS), which according to their website, uses the BEM as an organisational effectiveness tool to

assess all organisations applying for the SC21 accreditation and successful organisations which meet their criteria are awarded bronze, silver or gold status (SC21, 2013). The SME candidate organisations can be either customer led, self-starter or regionally led through a trade association. The majority of SMEs signed up to SC21 will eventually attain either bronze or silver status.

3.7 Findings

In seeking to answer the research questions, several emergent themes arose from the qualitative data analysis of the interviews and the analysis of the secondary data which were common to both the private sector SMEs and the third sector housing associations. The themes are listed below and then discussed sequentially in more detail. A comparative summary table is also provided in appendix 17.

1. Competitive Landscape
2. Regulatory Compliance
3. Performance Measurement
4. Performance Management

3.7.1 Competitive Landscape

There were similarities among SMEs and charities as their respective competitive environments were changing, albeit at different rates. Both were finding that the austerity measures caused by the global financial crisis (GFC) were affecting their organisations. Major customers from both the private sector and not-for-profit sector were asking their suppliers to do more for less. Both sectors recognised that there was more competition and that historical contracts and relationships in place with customers would be subject to increasing competitive tendering requiring improvement and/or cost reduction. This was emphasised by a Chief Executive Officer (CEO) of a Housing Association who stated that they are “having to compete for the chance to carry on running services that it’s run for 20 years, in a very, very competitive environment” (HA 2 CEO). A commissioning body (Local Council) of services concurred and commented on the rhetoric of the Big Society

where budget cuts have come in, the amount of staff we can pay for goes down, or the amount we can pay for a service goes down, that will be made up through people like volunteers, which is sort of how I would see it; I know that's how a lot of our providers started viewing it (BBC).

The housing associations recognised that they were responsible for spending tax payers' money efficiently and that was their rationale for becoming more business-like. A CEO from a housing association commented that "charities should be as efficient, if not more efficient, than people perceive the private sector" (HA 1 CEO).

There was general agreement across the board that continuous improvement was not an option but an imperative as regulatory bodies from both private and third sectors stressed the need to see evidence. One commissioning body commented that

there is a danger they could end up being left behind, because there's potential that as more and more services go out to tender, rather than being re-negotiated, and competition gets stronger, that there is a potential that they will not be awarded the funding they need (BBC).

This is major issue for sustainability and it was suggested that smaller housing associations may need to form consortia in order to achieve critical mass in order to compete effectively with the larger housing associations.

In the private sector the need to move out of their comfort zones was essential to survival which led one interviewee to say "if you're not moving forwards you are going backwards" (SME MD1). Another SME was finding the threat of globalisation challenging having seen a significant part of their order book go to a Chinese competitor. The SME did not have a suitable strategy to maintain their competitive position; instead they behaved reactively, hoping another contract would replace it. When asked about having a strategy, they replied, "not really, because at the moment, due to our turnover being down, and that was caused by one customer moving a big lump of manufacturing to China, we're desperately trying to find work to fill that void" (SME MD2).

Implications for Commissioning and Grant Awarding Bodies

As well as having to plan against the unthinkable such as loss of major contracts which could have a devastating effect on sustainability, third sector organisations believe the manner in which councils and other commissioning bodies phase in their planned cuts will affect the sustainability of a not-for-profit organisation.

Some local authorities, I think, have been much more responsible and far sighted than others in terms of how much they are taking out. So you know, fortunately for Two Saints, we are not in any of those areas at the moment (and I am saying this kind of touching wood and crossing my fingers), unlike say, the Isle of Wight, where they took 50% out of the Supporting People Budget overnight. Unlike Nottinghamshire and other places, which have seen huge cuts, which have meant services having to close. We're having more the sort of what they call the "salami slicing approach", where you know, 10% off this year, 10% off next year, 10% off the year after that. And you know we are at risk as an organisation (HA2 CEO).

Grant awarding bodies also have a role to play in helping not-for-profit organisations to remain sustainable into the future. According to the testimony of the three not-for-profit organisations interviewed, grant awarding bodies often penalised bids from organisations that demonstrated a surplus.

I don't see why being run on business like lines needs to undermine our ethical approach to our work or to our claim to be able to be a player in that field really. Because we struggle sometimes with getting grants, because we've got money sitting in the bank, so they will look at our accounts and say "well if you've got that money sitting in the bank, you should use that, you don't need a grant from us for something (HA2 CEO).

3.7.2 Regulatory and Quality Compliance

The main regulator for housing associations is the Tenant Services Authority (TSA) which replaced the Housing Corporation in 2008 (TSA, 2012). The regulators' role in the not-for-profit sector is to champion the service user and guarantee efficient use of taxpayers' money by assessing providers against a standard set of criteria. The TSA regulator stated, "(our role) is to ensure the integrity of the sector, and to ensure that residents and tenants receive a good service, but also that the sector is well managed, it's financially viable, and it's well governed as well" (TSA 1). The aim is to guarantee quality which was not too dissimilar to the private sector quality assurance standard ISO 9001:2008. The ISO standard exhorts customer focus and continuous improvement but there was a generally held perception that it is merely a threshold standard of compliance and does not deliver on its aims. That is not to say it has no value, but in terms of both driving continual

improvement and growing a business it was lacking in that regard. Even with quality standards in place, prime customers would conduct vendor ratings of their own and suggest localised improvements. Where SMEs had several large customers, they could be subjected to several different vendor ratings per year and be driven to follow a particular policy or procedure of that larger customer's quality management system. This would increase cost for the SME and be time-consuming and a drain on the valuable time of their limited management team. An interview from the private regulator argued "Why do we need to do that? Why not have one plan, one joint plan, and one joint working group, and take out all the duplication of activity? It also means it's more focused, and delivers more" (ADS SB).

As a result, an advanced regulatory standard was developed based on the BEM. This standardised approach has become known as Supply Chains for the 21st Century (SC21) and has been supported by all of the prime contractors in aerospace as well as over 400 SMEs in the UK. The rationale for adopting SC21 was the pressures of globalisation and a need to optimise value within the supply chain. "I think there is recognition that if the industry doesn't improve, then there is more pressure in terms of global sourcing. So I think that is quite a drive in terms of performance" (Prime). The difference between SC21 and a conventional BEM implementation is that it is externally assessed and scored by a regulatory body. On completion of the assessment, the SME will receive a comprehensive qualitative and quantitative report of current performance including strengths and opportunities for improvement as well as an overall score. The score awarded, will determine whether they have been recommended for bronze, silver, gold awards or an action plan for improvement (SC21, 2013). The aim is to minimise cost within the supply chain, in a partnering approach rather than an adversarial approach. The prime contractor illustrated the importance of the SMEs within the supply chain.

I think it's because we are so dependent upon delivery and their performance, so the quality and the cost, enters our own performance to our customer. If there are problems with the supply chain, or if we are not managing them effectively, it really does – you know, it's a very straight line to the bottom line of our own profitability, and our own performance.
(Prime)

The SC21 initiative goes beyond a compliance audit and helps in building performance improving capacity and capability within SMEs. On many occasions as much as 50% of all

issues when drilled down to the root cause are customer (i.e. Prime) related and this was supported by both the regulatory body and the prime customer.

One of the big challenges we know in the industry, is that 50% of the problems are caused by the customer, so invariably the customers and suppliers have to work more effectively to address their issues and problems together (ADS PC).

Typically, when you peel that lid back and find out what the root cause is, probably about 50% of the time, if not more, the root cause actually isn't with the supplier, it's actually the customer (Prime).

The support to SMEs will either involve the regulatory body or the prime customer helping SMEs to build capability, management competence and know-how in terms of continuous improvement. Although pioneering relative to other parts of the third sector, housing associations are lagging behind the private sector SMEs with respect to quality compliance and the perception is that housing associations are where private sector manufacturing firms were 20 years ago. The social housing regulator does, however, provide a benchmarking facility to the service users/tenants by means of a web portal. The regulator stated,

what we're seeking to do is to collect information across a variety of sources. So, for example, a national PI (performance indicator) database, so that tenants and other stakeholders can, via our web portal, directly compare landlords' performance against a number of performance indicators (TSA 1).

The role of the social housing regulator is perceived in a purely audit-based role as stated by one of the interviewees. "They (Regulators) have a set of rules, and they tick you off against a set of rules. Well that's certainly our experience" (HA 1 CEO). An alternative benchmarking organisation called Housemark provides a more effective benchmarking service and serves over 900 housing organisation members. Subscribers receive a traffic light value for money summary against major key performance indicators. A sample Housemark report for BCHA is shown in appendix 18.

3.7.3 Performance Measurement

The literature revealed that performance measurement frameworks were present in some SMEs and in the larger not-for-profit organisations. With respect to SMEs, they have been

subjected to quality measurement frameworks for more than two decades by virtue of their larger customers insisting that they maintain an externally auditable quality management system such as ISO 9001:2008. This standard was supposed to foster a culture of improved performance management and a culture of continuous improvement but the findings have revealed that it was more about compliance and pleasing their larger customers whom they felt would leave them if they did not maintain the standard. Recognising this issue, a trade association (ADS) within the aerospace industry developed an enhanced methodology based around the BEM which would be mutually beneficial to the whole supply chain. According to the ADS website, “SC21 is a change programme designed to accelerate the competitiveness of the aerospace & defence industry by raising the performance of its supply chains”. The principle is that in a climate of defence cuts and a need to ensure value for money to the taxpayer, defence contractors have to make savings across the supply chain, so rather than simply off-shoring component manufacture; they are working closely with their SME supply partners to improve their performance and develop long-term sustainable partnerships. In the past, prime contractors would still regularly carry out additional on-site audits of their suppliers (SMEs) over and above the mandatory audits conducted on SMEs accredited to the quality management standard, ISO 9001:2008. The SC21 standard intends to provide clearer long-term trend performance monitoring on key performance indicators such as quality and on-time delivery performance in full as well as more qualitative reporting on the nine elements of the BEM. The SMEs are assessed by a third-party body and given a scoring as well as an improvement plan based on the BEM RADAR methodology (EFQM, 2005). Both prime customer and SME responded favourably to the aims of the SC21 initiative. This audit approach addressed the operational imperatives of continuous improvement and sustainable relationship management but there are some shortcomings with respect to its strategic perspective. One organisation that achieved bronze status was still largely reactive and did not have a coherent strategy for growth but was nonetheless committed to continuous improvement. Other companies had developed more sophisticated performance measurement frameworks and the linkage to a strategy document. One particular SME with a headcount of around 60 employees had in place a balanced scorecard with 20 KPIs, a strategic business plan and a separate manufacturing plan, marketing plan and a HR plan. Most of the documents were less than

half a dozen pages long and were communicated to the shop floor via management and team leader meetings when discussing operational matters. Copies of Benham's overarching performance monitoring golden thread, the strategy map and the BSC can be found in appendices 19-21.

With respect to housing associations, the organisations sampled had performance measurement frameworks in place which varied from an off-the-shelf balanced scorecard proprietary software package to a suite of graphs, tables and reports collated into a formal management report. All of the housing associations sampled were familiar with balanced scorecard and BEM frameworks. The regulator responded that this level of performance reporting was quite widespread among not-for-profit organisations when he commented that,

when you receive Board reports for example, there is often a quite sophisticated suite of performance indicators within it, often using the traffic light methodology, so that Board members can identify quite quickly whether there are areas that the business is not performing in line with the targets that it's set itself (TSA 1).

All housing associations sampled tended to use many more KPIs than SMEs and although there was some merit in the argument that this was because of the increased regulation, the housing associations acknowledged there were still opportunities to tailor this to their context. There was evidence of internally driven rationalisation of KPIs taking place in terms of reducing the number of KPIs that were reported. One manager commented:

I've got roughly about 60 different performance indicators on the scorecards. Those are now being reviewed because we are having an upgrade to the scorecard system in the next month or so. So there will be additional scorecards being developed; there's indicators being deleted off, so a full review is taking place at the moment (HA1 Mgr.).

Currently in not for profit organisations, there was a need for a dedicated person to collate the performance data and report to managers which was not the case in SMEs. The reason for this was that the regulatory regime in the third sector was more demanding than in the SME aviation context. There was concern among the stakeholders in the third sector that the regulation was sometimes excessive. In the SME context, line managers were

responsible for collating their own KPI reporting. One not for profit director commented that if there was further deregulation, the need for a dedicated person would be reviewed. This is an interesting observation because there is evidence of regulators reducing the number of KPIs and reporting rigor which was evident on one regulator's website as discussed earlier.

3.7.4 Performance Management Tools

The evolution from performance measurement to performance management has not been a smooth passage and has moved from budgetary control to measurement of non-financial measures. The measurement culture is becoming more prevalent in housing associations with varying degrees of integration from simple ad hoc measurement to holistic performance management frameworks. Notwithstanding, even the more successful housing associations revealed the challenges they still face: "One of my big bug bears here is that our staff (including managers – some of them, not all of them), don't see it as a business" (HA 2 Dir.)

Recording history does not lead to improved performance and initiatives need to be put in place to bring about continuous improvement. In the SME sector, lean improvement tools have been adopted and applied such as the 7 Wastes and 5 S's and there have been appreciable improvements with respect to the factory floor KPIs. There was some attempt at office-based improvement techniques such as process failure mode and evaluation analysis (PFMEA)⁷ but it was still in the implementation phase and no benefits have yet been documented. The SMEs that had signed up to the SC21 initiative were familiar with lean tools and key staff were trained on lean techniques. "Lean facilitator training is another key area for us to achieve Silver (SC21 award), and ensuring that our delivery and quality metrics hit the targets" (SME1 MD). Benham have recently scored over 400 points in their latest SC21 assessment carried out in November 2011 to make them eligible for the Silver award and their BEM report is shown in appendix 22. Another SME accredited to the SC21 Silver award commented on the need to continually improve and the importance of lean:

⁷ PFMEA is an improvement technique which stands for process failure mode evaluation analysis.

I think... (the supply chain) is a lot better now, but you know, we see things now where it could be so much leaner, quicker and more efficient, and you know, there's obviously competition from other countries, the Far East, you know, which everybody is aware of. You know, China, they have been able to produce relatively complex bits very cheaply, so you've got to compete with that (SME3 WM).

The organisation responsible for developing the SC21 framework conceded that many organisations looked at lean from an operational perspective. Their Senior Project Manager commented,

I think one of the big mistakes a lot of SMEs make when they are trying to implement lean, is that they make the classic mistake of just considering it to be about rearranging production flows on the shop floor...I've seen a lot people with lean programmes, and lean practices and great sort of information boards, that are completely up to date around the factory and so on, but I have seen very few truly lean organisations (ADS GC).

Despite the shortcomings of lean in an office environment, the lean philosophy has been exported from the manufacturing sector to the service sector and latterly the public sector. Throughout the interviews with the housing associations, the commissioning bodies and the regulatory bodies there was a commitment to the spirit of continuous improvement. Despite this commitment to improvement, there was no evidence of adoption of the more sophisticated lean principles.

3.7.5 Performance Management Culture

The SMEs that performed better were the ones that not only focused on continuous improvement but also had a strategy for growth. The strategic documents devised by SMEs were relatively simplistic and varied from a two-page excel spreadsheet to a 12 page document. The housing associations also had documented strategic plans which were approximately a dozen pages long and they were articulated to service users in non-management jargon which was easy to digest. The vast majority of the respondents from the SME sector revealed that they had little formal management training and had worked their way up from the shop floor and thus were relatively insular in terms of ideas from outside. The findings showed that the SC21 initiative exposed the managers to best practice from their customers who invested time by providing training and key personnel on the SME site to help them attain and maintain the SC21 initiative. Moreover, one SME which has a 50% growth strategy for the next three years has invested in external management

development training from the Chartered Management Institute (CMI). The motivation for this investment in training and development was the need to develop a more professional management approach as they acquired more sophisticated and (higher paying) work requiring a closer customer relationship.

Housing associations are some way behind the SME sector in terms of performance evolution. They are beginning to develop sophisticated performance measurement frameworks but not necessarily the performance management culture which will be the key to their sustainability. The higher performing housing associations interviewed viewed themselves as a “social business” rather than simply non-profit organisations and they believe that some housing associations will not be able to make the change and will either be left behind or will have to work with other organisations in a consortium to achieve the critical mass necessary for sustainability. The CEOs interviewed found that having a professional business approach was entirely compatible with the mission and values. Size or ethical stance should not be a barrier to developing a coherent business strategy as articulated by one not-for-profit CEO,

It may be two sheets of paper, as opposed to 20 sheets of paper, or whatever. But any good business that's well governed and well managed, should actually know what it's doing, and have some objectives, even if say, two or three objectives, for its business (HA 1 CEO).

(Social) business strategies should also not be static documents or rigid action plans as contracts may not be automatically won or renewed despite a history of good service delivery. Competitive tendering and the lowering of barriers to new competition will mean even more uncertainty for the not-for-profit sector. The findings from the interviews reveal that the more entrepreneurial not-for-profit organisations recognise this threat and are taking action.

So whereas previously we might have known that we'd have sort of you know, three or four local competitors, and we'd know what the position was, there are other organisations coming in from London, from wherever, to try and win the work! So you know, we are doing scenario planning; if Two Saints lost two or three of its big contracts, we could be looking a lot less of a viable organisation than we are today. And that could happen in the next two years (HA2 CEO.)

Performance management will involve a change in mind-set rather than simply adopting a performance measuring culture. The challenge in the not-for-profit sector is to remain sustainable without compromising their mission and values as a well-meaning organisation with no business competence or high-performing laissez fair approaches are both untenable.

Well we've had to get people moving from just a values culture to a values and performance culture. And so that's a mind-set shift, because a lot of people working in charitable organisations for all the good reasons, to do good for people and help each other. But we've had to say values without performance, and performance without values, isn't something that we want in the organisation." ..."the word "business" is not a dirty word in (our company), and 10 years ago, people didn't use the word "business" you know. And I think in some respects, that is what I would see, is a shift, is recognising that we need to be run very efficiently as a business (HA1 CEO).

3.8 Discussion

The empirical findings in this study have revealed that housing associations have performance measurement systems which can take the form of scorecards and dashboards, some offering a traffic light system. Such metrics have been in place for more than five years and are not as a result of the current steering media acting upon the sector. These findings are in contrast to the research of Moxham and Boaden (2007) who found neither the presence of performance measurement nor an awareness of performance measurement techniques. The metrics within housing associations have been driven from the public sector by coercive institutional isomorphism (Di Maggio and Powell, 1983) as regulators and commissioning bodies require financial and non-financial performance reporting in order to demonstrate effective use of taxpayers' money, a fair deal for tenants, and that the sector is well managed. The danger for third sector organisations is that adopting sophisticated performance monitoring can render them indistinguishable from the public sector which is what Cunningham (2008) cautioned. This may lead to a measurement culture rather than a performance management culture and performance management and improvement may not materialise (Johnston et al., 2002; Paton, 2003; Radnor and McGuire, 2004). The findings reveal that the regulatory process is perceived to be

bureaucratic and a box ticking exercise for compliance by the housing associations. The regulator for housing associations sought to address these concerns by reducing the regulatory burden in 2010 when the Housing Corporation was rebranded as the Tenant Services Authority⁸. The ongoing reforms to housing regulation have similarities to the reforms to ISO 9001, which continues to be perceived in the private sector as being more about compliance rather than improvement, which was originally highlighted more than a decade ago (Meegan and Taylor, 1997).

The SC21 framework employed by the aviation SMEs is a more sophisticated form of audit that employs the BEM to help the organisation improve performance. It encourages lean thinking and a more holistic approach to improvement. The findings, however, reveal that the SC21 accredited organisations have benefited from a more professional approach to improvement from the regulatory body and their prime customer. This is a form of normative institutional behaviour where the SME seeks to gain legitimacy by adopting best practice from their regulator and prime customer (Di Maggio and Powell, 1983). The improvement aspect of SC21 is compelling but the findings reveal that it does not encourage a strategy for growth despite the explicit reference to strategy in one of the nine elements which concurs with the findings of other BEM research Conti (2006).

There were principle organisations from each sector which had implemented combined BSC and BEM performance frameworks and their motivation for adopting the BSC was neither coercive nor normative, but it could be argued that it is a mimetic form of institutional theory (DiMaggio and Powell, 1983). This form of institutional behaviour applies to uncertain environments such as the changing lifeworld of the third sector which has manifested since 2010, or the pervasive globalisation and its impact on the aerospace manufacturing sector. The findings in the housing associations, however, do not support mimetic behaviour attributed to the changing lifeworld within housing as the BSC in the housing association was initially developed and implemented between 2004 and 2006 (Manville, 2007; Manville and Broad, 2013).

⁸ In April 2012 the Tenant Services Authority was abolished by the UK coalition government and has now been replaced by another regulatory body called the Homes and Communities Agency (HCA).

3.8.1 Culture

The findings revealed that there are similarities between the aviation SMEs and housing associations. The sampled SMEs were regulated but not to the same extent as the housing associations who had more rigorous regulation from more than one body (i.e. QAF and TSA). Both sectors are susceptible to institutional pressures compelling them to monitor performance but the housing associations need to report on a greater number of performance indicators. According to the findings, there were varying degrees of housing associations and the sampled organisations would fit a type 1 classification of being on the “inside track” (Cunningham, 2008) as they were well run, generated a surplus and had a strategic plan in place. The third sector is an eclectic mix of organisations and housing associations behave more like a private sector organisation than a public sector organisation with respect to its leadership. The leadership believes that being a well-run organisation should not compromise its values but allow itself to optimise its service to its tenants and use taxpayers’ money effectively. This change of mind-set is not felt at all levels of the Housing Associations and this can become a challenge to them for a number of reasons. Firstly, employees are attracted to a charity because they want to make a difference and they are people-centric rather than systems-focused. Leadership and training will be of paramount importance to ensure that mission drift does not occur (Morris, 2012). Secondly, a proportion of the workplace is made up of volunteers and this is likely to increase in the future as revenue streams are reduced. The role of volunteers is critical but it must be stressed that it is not a panacea for not-for-profit organisations alluded to by Drucker (1989) as commissioning bodies believe volunteers may be used in lieu of paid workers whereas housing associations believe that volunteers should supplement paid workers. Volunteers do not behave like paid members of staff, as they may choose not to turn up and thus it can cause both a business risk and reputational damage to the housing association if a service is either poorly delivered or the volunteer(s) fails to turn up. Therefore managing this particular stakeholder group in a more commercialised environment will require careful consideration.

3.8.2 Lessons to be Learned from the Private Sector

Housing associations do share similar characteristics with the SMEs sampled as they both had large key customers and there was a requirement for them to supply data to their regulatory bodies. With respect to their levels of understanding of performance management, the SMEs have adopted more sophisticated continuous improvement techniques such as the 5 S's and lean principles. Lean has been applied to the public sector but the results were inconclusive (Radnor and Whalley, 2008) and there was no evidence of lean being applied within housing associations.

If the lessons from the private sector are to be learned, then adopting a more proactive partnership between housing association, regulator and customer needs to be fostered, which leads to knowledge sharing and capability building rather than simply compliance. The aviation SME sector has moved beyond compliance auditing using ISO9001 and has embraced a compulsory BEM assessment for organisations signed up to SC21. This could be replicated in housing associations by the regulatory body adopting the BEM award. All stakeholder groups have the common goals of satisfying tenant needs and using taxpayers' money efficiently so it is feasible to build consensus. This change of mind-set also needs to be extended to funding bodies which housing associations apply to in order to supplement their income. They believe that well-run housing associations which declare a surplus are often declined the funding as the awarding bodies believe that they do not need the money. This can prevent effectively run housing associations with a track record of delivering to tenants and making a surplus for reinvestment from making important decisions to further improve tenant satisfaction.

The steering media that is acting upon the not-for-profit sector is moving to a more market-oriented lifeworld based upon renewable contracts and these driving forces will not subside. On the contrary the pace of change may increase as funding is cut and long-term commissioned contracts previously enjoyed by third sector organisations may be opened up to competitive tendering in the future. A silver lining for the third sector is that some public services traditionally carried out by the public sector may now be put out to tender and third sector organisations may be able to compete for them. This illustrates that as well as threats

in the competitive environment, there are also opportunities. The danger for not-for-profit organisations is whether they will be ready and able to take advantage of such opportunities. Housing associations with their experience of management control (Walker and Jeanes, 2001; Manville, 2007) are better placed than other third sector organisations to rise to these challenges but they do recognise that there are obstacles to overcome.

Smaller organisations in the private sector have revealed that BSCs not only exist but have been operational for several years. These findings show that a third sector context is not a barrier to the establishment of a performance management framework; neither is size. However, the third sector needs to proceed with caution if the audit culture of new public management is not to be replicated in this sector (Power, 2000). Both the private sector and the interviewees from the larger third sector organisations argued that such frameworks can be customised to any size of organisation.

3.8.3 Becoming More Business-like

More than 20 years ago, Drucker proclaimed that business is no longer a dirty word in non-profits (Drucker, 1989). He also added that a volunteer workforce is a force for good, trumpeting the “steady transformation of the volunteer from well-meaning amateur to trained professional, unpaid staff member is the most significant development in the not for profit sector” (Drucker, 1989, p91). The findings that heralded the marching battalion of trained professional unpaid members of staff into this sector are not even close to reality except perhaps on governing boards. At the coal face, there are concerns that volunteers may not show up and that frontline essential duties cannot be left to a volunteer unless they are assisted by a paid member of staff. The findings also show that at board level there are still challenges in convincing managers and lower-level project workers that developing a business-like approach in order to remain sustainable need not be incompatible with their mission, which was a concern raised by Morris (2012). From a senior management perspective, the drive to be more efficient is shared by housing associations as they believe that as recipients of taxpayers’ money they are duty bound to strive for greater efficiency. The literature highlighted concerns that not-for-profit organisations are in comfort zones

and need to be more exposed to commercial reality. Housing associations, however, are more business-like but the findings recognise that smaller organisations within this part of the third sector may be at risk. The danger for some of the smaller housing associations is that they may be unprepared and will either become unsustainable or will need to form a consortium to secure critical mass in order to be sustainable, which supports the findings from the literature (Cunningham, 2008; Morris, 2012). The findings show that continuous improvement is essential in a climate of cuts but it needs to be born out of a coherent strategy tailored to the organisation's context rather than as a reaction to external events.

3.8.4 Performance Measurement and Performance Management

The goal of greater efficiency is laudable and performance measurement seeks to optimise this. In times of increasing uncertainty and change within the lifeworld of the third sector, organisations need to be effective as well as efficient. The findings show that housing associations within the third sector are aware of the challenges they face such as the need to “do more with less”; competitive tendering which is requiring more scenario-planning based on the possibility of winning/losing contracts; and identification of alternative revenue streams to replace commissioning body cuts and the reduction of fundraising revenue. The findings acknowledge that the Big Society is a woolly concept and it is viewed with trepidation, albeit as offering some opportunities too. With respect to SMEs, their lifeworld is also changing with globalisation and a similar drive to deliver more for less larger purchasers within the supply chain. The findings demonstrate that some SMEs and housing associations are in comfort zones and have become dependent on renewable orders from key customers. When large long-term contracts disappear, SMEs without a strategic plan have become reactive and hope a new contract will come along. They have embraced continuous improvement in a much more systematic manner to the housing associations and have embarked on a lean philosophy especially on the shop floor. The lean philosophy of continuous improvement is encapsulated under the 7 wastes (transport, inventory, motion, waiting, over processing, over production and defects) which is widespread in manufacturing practice (mainly larger organisations); is extensively cited in the academic literature, and is now being embraced by the public sector (Ohno, 1988;

Radnor and Walley, 2008). However, while lean has been applied widely on the shop floor, it has proven more problematic in the office.

3.9 Conclusion

This comparative study set out to answer three research questions. The first question that was asked was related to empirical evidence of the commonalities between SMEs and housing associations. The second question asked whether there are any driving factors influencing the possible adoption of a performance management framework, and the final question was how performance was managed in SMEs and housing associations. The first two questions have been answered by applying institutional theory as both sectors showed evidence of mimetic, normative and coercive isomorphism (Di Maggio and Powell, 1983).

The BSC (Kaplan and Norton, 1996a) had been adopted as a performance management framework by one SME and one housing association. There is a paucity of evidence of established BSCs in either context as the published literature has generally reported on larger private sector organisations. Both BSCs have been embedded for more than three years and were linked to the organisations' business strategies. The motivating behaviour for adopting this particular performance framework is mimetic isomorphism (Di Maggio and Powell, 1983) in order to improve their business performance as they are seeking to adopt what they perceive to be best practice from another sector.

SMEs are motivated to report their performance via quality management systems such as ISO9001, the international standard for quality management. The results in this study support the conclusions by Meegan and Taylor (1997) and McAdam (2000) that ISO9001 is a coercive compliance accreditation which SMEs must hold in order to work with prime contractors. Housing associations are also driven to report performance by their regulatory bodies such as the TSA and local authorities via the QAF if they are engaged in contracting to provide supported living for their tenants. Several studies have criticised the effectiveness of such regulatory control and have argued that the third sector is becoming

an extension of the public sector (Seddon, 2007; Quinn, 2008; MacMillan, 2010). The experience of performance management in the public sector has been that of a box-ticking bureaucratic measurement regime rather than yielding any significant improvement in performance (Johnston et al., 2002; Radnor and MaGuire, 2004). The study revealed that the regulatory approach was perceived as more or less compliance-based coercive isomorphism (Di Maggio and Powell, 1983).

All of the SMEs and one housing association within the sample had gained the accreditation of the BEM (Conti, 2006) in order to demonstrate improvement. The BEM adopted by the SMEs was linked to a more holistic framework known as SC21 which involved knowledge sharing in order to improve capability and performance within SMEs. The rationale for this holistic approach was that it was mutually beneficial for the SME and their stakeholders. Housing associations have demonstrated commonality in terms of performance monitoring by subscribing to a third-party benchmarking service called Housemark, which provides housing associations with an anonymous tailored traffic light reporting of their performance relative to that of their peers. This form of institutional behaviour is normative isomorphism (Di Maggio and Powell, 1983). The SMEs were more normative relative to the housing associations as there was consensus among the regulatory body, the prime contractor and the SMEs with their support for SC21. The SC21 philosophy is a relatively new initiative and it is too early to gauge whether it is a framework for improvement or a management fad (Miller and Hartwick, 2002).

It has been revealed in this study that both sectors exhibit the three types of institutional isomorphism, albeit with different missions. SMEs are ostensibly profit-making whereas housing associations reinvest their surplus into the organisation. Although the SME environment is more competitive than the social housing sector, the competitive environment within social housing is changing. The optimism of the Big Society agenda has started to wane as the public sector cuts have begun to be implemented (Coote, 2011). This is also having a major impact on third sector organisations such as housing associations which were dependant on commissioned contracts (Cunningham, 2008). This form of financial constraint is steering the lifeworld into a more competitive state which is adding strain to the sector as there is a perception that volunteers could be deployed to help

close the gap left by the financial cuts. This was challenged by the housing associations as being unworkable as volunteers are not compelled to turn up for work and thus service delivery could be put at risk.

There are also de-regulative factors acting on the lifeworld as the Housing Corporation, the regulatory body for the sector, was abolished after being in place for more than 40 years and was replaced by its successor, the Tenants Services Authority (TSA). The TSA was viewed as an appropriate reform prior to the GFC as it strived to reduce bureaucracy and the heavy administrative burden, but following further de-regulation, the TSA was abolished in April 2012 and replaced with a lighter touch regulator known as HCA. The Big Society is leading to anxiety for housing associations as their future is more uncertain and at a time when the regulatory body is needed to provide structure and direction. Housing associations will need to become more competitive and thus more business-like (Dart, 2004) if they are to thrive in this new environment.

There have been studies calling for private sector business performance principles to be exported into the third sector (Speckbacher, 2003; Moxham and Boaden, 2007). This study does support these views; however, appreciation of the softer aspects of performance management (Lebas, 1995) and the unique culture of the third sector (Moxham and Boaden, 2007) is vital in order to mitigate the anxieties raised by Milbourne and Cushman (2011). The SC21 approach adopted in the aerospace sector facilitated capacity building via knowledge sharing for mutual benefit between the regulator, the larger customer and the SME. Within housing associations, this practice could be adopted between regulatory bodies, local authorities and housing associations as the tripartite goal is to deliver effective services to the taxpayer.

There was recognition that there would be winners and losers in this competitive battle. Not all housing associations are the same; some perform better than others and this study supports the three typologies highlighted by Cunningham (2008). The study found that proactive housing associations have embraced holistic performance frameworks such as the BSC and employ it to drive and implement their strategy. This is becoming ever more

important as further deregulation and potential private sector competition may mean that housing associations would have to demonstrate more self-determination. This could be a challenge for the type 3 (struggling to care) housing associations which may need to form consortia in order to remain sustainable. The danger for the type 1 housing associations is that they need to ensure that, while improving performance, they stay true to the values and are vigilant against the threat of mission drift (Morris, 2012). As the competitive landscape within housing associations becomes more uncertain, consideration may need to be given to the importance of leadership to provide the necessary direction to navigate through this changing competitive landscape.

**Chapter 4 Big Society
and Big Changes:
Leadership Challenges
in Third Sector
Housing Associations**

4.1 Abstract

In the economies of the western world, the ongoing financial crisis has led to massive cuts in public services, with the civil society also known as the third sector being encouraged to take a more active role via competitive tendering. The problem, however, is that many third sector organisations which include housing associations are already contractors for public services and the cuts are resulting in reduced funding or loss of contracts altogether.

Housing associations are viewed as a distant relative of the third sector with a greater affinity to the private sector. For many years they have managed to grow, remain sustainable, and return an annual surplus for reinvestment. Housing associations continue to undergo change, and welfare reforms (Welfare Reform, 2013) mean that housing benefit is now paid to the tenant rather than to the housing association. Further, the so-called “bedroom tax” introduced in April 2013 will affect voids (uninhabited properties). In addition, the introduction of private sector competition into the lifeworld and the reluctance of banks to offer long-term fixed-interest loans mean that strong leadership is required to manage performance within this part of the third sector. Empirical evidence of leadership is generated by this study. This was achieved by using evidence from nine housing associations and discussing the tensions leaders will face such as the need for such organisations to remain sustainable whilst avoiding the dangers of mission drift.

4.2 Introduction

This chapter builds on the previous chapters of performance management within housing associations employing a Habermasian theoretical lens to explore the continued changes to the lifeworld of housing associations. The steering media of law, finance and power (Habermas, 1987) in the lifeworld of housing associations are beginning to become evident and will promote the Big Society objective of a rebalancing social housing to include public, private and third sector provision (Big Society, 2010).

There is no prior literature on these pervading factors that are steering the sector towards a more commercial and competitive market. Therefore the primary data collection of interviews with directors from housing associations was used to identify and to evaluate the anticipated changes to legislation with respect to welfare reform, localism, private sector competition and the existing TUPE law, and the possible impacts these will have on the social housing sector.

These changes are being brought in as the regulatory body is suffering a crisis of legitimation or as “the steering media getting out of hand” (Habermas, 1987; Broadbent et al., 1991, p5). The Housing Corporation, which had been in place for more than 40 years, was abolished shortly after the GFC and became the Tenants Services Authority (TSA). The justification for the change was in the spirit of deregulation and reducing bureaucracy; however, further deregulation resulted in the abolishment of the TSA in April 2012 when it changed again to the Housing and Communities Agency (HCA). This is part of a wider remit of government deregulation across the whole public sector which was referred to as the bonfire of the QUANGOs (Mullins, 2010).

The dramatic cuts in public services initiated in order to reduce the UK government debt brought about through the steering medium of finance (Habermas, 1987; HM Treasury, 2011) in the macro environment is promoting private sector disciplines, thus further contributing to the process of colonisation. This research study evaluates the profound

affect that the steering media of finance are having on the ability of housing associations to generate revenue and to secure long-term fixed interest capital. This study is timely as these changes have yet to be fully implemented and their impact will not be felt in the immediate future, but a perfect storm is brewing and firm leadership is needed to navigate through these uncharted waters.

The body of work on business performance measurement has long focused on the metrics and less on the underlying softer issues which affect performance management. Radnor and Johnston (2012) argue that performance management relates to the activities which bring about improvements in behaviour, motivation and processes and promotes innovation.

Changing the culture of an organisation is difficult to achieve and Ogbonna and Harris (2000) assert that focusing on leadership rather than culture has resulted in improved performance. According to the limited third sector studies in leadership, either leadership is in an embryonic form or that it suffers a deficit of leadership (Kirchner, 2007; MacMillan and McLaren, 2012).

The aim of undertaking this study is to make contribution to both leadership and performance within the third sector by conducting a multiple case study analysis of nine UK housing associations and 19 directors from those organisations. This part of the study explores how leadership can influence performance management with respect to the innovation and cultural aspects of performance raised by Radnor and Johnston (2012). What Radnor and Johnston are arguing is not new as these issues have remained unaddressed since they were raised in the literature almost 20 years ago (Lebas, 1995; Powell, 1995). Until recently the changes to social housing have occurred within a relatively stable regulatory framework. As many of the historic structures relating to social housing are subject to reform in line with the Big Society philosophy (Big Society, 2010), leadership is of paramount importance in order to navigate through this new competitive landscape.

The behavioural aspects necessary for improved performance management, which include training, leadership and culture (Lebas, 1995; Powell, 1995; Radnor and McGuire, 2004),

are often ignored with too much focus on the tools and techniques of improvement. This chapter evaluates the influence leadership has on performance management in the context of third sector housing associations.

4.3 Literature Review

The global financial crisis (GFC) of 2008 has resulted in austerity cuts in many parts of the western world. These cuts have led to calls for a more balanced economy in public service delivery comprising the public sector, the private sector and an expanded third sector. The case for a balanced public service delivery provision in the UK is becoming compelling as record amounts of investment have not necessarily delivered proportionate outcomes (Ghobadian *et al.*, 2009). The public sector has adopted private sector principles popularised as new public management (NPM) (Hood, 1991, 1995; Brignall and Modell, 2000) but there have been unintended consequences. For instance, NPM has led to an explosion of performance indicators and a preoccupation with audit and compliance as well as a view that performance management in the public sector is closer to fiction than fact (Radnor and McGuire, 2004; Lapsley, 2008, 2009). Osborne (2010) argues that the reason for the failure of NPM is because methodologies and approaches that were exported from the manufacturing sector were not appropriately tailored to the context of the public, and suggests instead learning lessons from the service sector which would appear to be more appropriate for public service delivery. The notion of exporting of private sector principles to the public sector has been met with scepticism by two notable and well cited researchers. Sayre (1953, p102) argues that public and private organisations are “fundamentally alike in all unimportant respects”. This view is supported by Allison (1979, p472) who asserts that “the notion that there is any significant body of private management practices and skills that can be transferred directly to public management tasks in a way that produces significant improvements is wrong”. Boyne (2002) argues that these authors lacked empirical evidence to support their claims and Boyne’s empirical research - although inconclusive - did not concur with their perceived stark differences between public and private organisations. He did, however, recognise that there were several differences between the sectors as the public sector was more political, more bureaucratic, had multiple

stakeholders and finally the managerial values were different. The values of the public sector are based on a not-for-profit motive is similar to the third sector. The third sector is made up of an eclectic mix of organisations such as charities, trade associations, social enterprises and credit unions (Kendall and Knapp, 1995). There has been a drive to make these organisations more important in the delivery of public services which began over 15 years ago under the Compact agenda (Kendall, 2000). Further research argued that such civic-minded enterprises needed to become more business-like (Dart, 2004). The term ‘business-like’, however, is both an ambiguous term and also an emotive term to the third sector as critics refer to it as managerialism (Brainard and Siplon, 2004). Despite the claims made over 20 years ago that non-profit organisations no longer view the term business as a dirty word (Drucker, 1989), there is still a perception that this is not the case and that more support will be needed if the third sector is to achieve its full potential. Research by Moxham and Boaden (2007) reveals that the senior management team of voluntary organisations have limited knowledge of performance management systems which are necessary for aligning organisational strategy to ensure that taxpayer and stakeholder money is used effectively. Voluntary organisations are only one part of the third sector and the workforce composition can also be partial volunteer or salaried staff.

In the United Kingdom, the current government has launched the “Big Society” initiative which seeks to end the predominance of state provision and encourage a more balanced provision using public, private and third sector providers (Big Society, 2010). Prior to the austerity cuts, many third sector organisations were heavily reliant on government spending via commissioning contracts provided by the public sector. The third sector has been facing competitive tendering as a result of the contract culture of bidding for service delivery contracts that has existed for some years (Morris, 2012). The reduction in government spending is now seeing contracts being scaled back or not renewed with estimates of government spending on charities falling from £13 billion to £5 billion (Milbourne and Cushman, 2011; Morris, 2012). This new economic climate means that for such organisations to be sustainable, they need to be innovative in service delivery as commissioning bodies are demanding more for less, and in addition they need to pursue revenue generation as opposed to being reliant on grants and donation. This approach has

been advocated in social enterprises for a number of years by academics in the entrepreneurial discipline (Loidl-Keil, 2002) and in non-profit organisations under the term ‘innovation’ (Osborne, 1998a, 1998b; Walker and Jeanes, 2001). The ongoing GFC is leading to a tipping point in policy decision as the UK coalition government is wedded to a rebalancing of public service delivery, and an expanded and sustainable third sector is becoming a necessity and not simply a desirable outcome (Big Society, 2010).

4.3.1 The Changing Context of the Third Sector

The third sector has a very strong ideological motivation and it relies on a full or partial voluntary workforce therefore making it a unique lifeworld (Husserl, 1968). Habermas (1984, 1987) argues that modern society is being influenced by what he refers to as steering media, i.e. money, power and law. In the UK, the ongoing GFC and the presence of a neoliberal government which believes in a scaled down state sector is now beginning to be realised in the UK through the passing of legislation (Coote, 2011; Milbourne and Cushman, 2011; Morris, 2012). The forces impacting on the third sector are having a profound effect on its lifeworld and the organisations which interact within it will face increasing challenges during the next decade as the “Big Society” concept is rolled out (Big Society, 2010). When implemented, this will result in a smaller state sector with more private sector and third sector provision. As a consequence, strong and clear leadership which is appropriate for the third sector will be required to steer organisations within this sector through these turbulent times.

This changing lifeworld is prompting the leaders within this sector to reconceive how their respective organisations fit into this new landscape. Prior to the GFC and resulting austerity measures, there were diametrically opposed viewpoints on the future of the third sector. One school of thought believed that the lifeworld was changing irreversibly encapsulated by the quote “the soul of the non-profit sector is up for grabs” (Brainard and Siplon, 2004, p436). A contrasting school of thought was that sustainability was not an inalienable right but one that must be earned. Van Til (2000, p203) urged, “A lean third sector, consisting only of organisations true to principles of voluntary citizen-driven service and advocacy, would merit both the public privileges and the reputation it must continue to earn”. The

author of this study believes that the austerity measures as a result of the GFC are acting as the catalyst for changes in law, funding and power. The legislative drivers including the introduction of key legislation is having a profound effect on competition, revenue, cash flow and employment law such as the Transfer for Undertakings for the Protection of Employment (TUPE⁹). This form of legislation could be activated when commissioned contracts are won by different agencies and staff are transferred to the new service provider or if a housing association is created as a result of a stock transfer from a local authority (Gibb, 2003). The financial perspective is two-pronged from both the commissioning contract aspect and the decision from the coalition government to pay benefits directly to the service users as opposed to the non-profit organisation. The empowerment of the service user assumes that they will prioritise their budget sensibly and this could have major cash flow implications if this is not the case. The power of local authorities may witness a desire for services to be carried out by large charitable providers rather than several providers and that may result in merged services or consortia of smaller charities bidding for contracts (Morris, 2012). These austerity measures are providing a compelling narrative for the coalition government to pursue an ideological goal of a much smaller state provision of public services comprising public, private and third sector participation which is witnessing colossal change to the lifeworld of the third sector that would have been hard to contemplate only a few years ago. Although it is beginning to roll out through legislative changes, localism¹⁰ (MacMillan, 2010) and initiatives such as Big Society Capital (Manville and Greatbanks, 2013), the UK coalition government were clear about their intentions regarding public service delivery while still in opposition (Percival, 2008). The current UK Prime Minister, David Cameron was careful not to follow former UK Prime Minister Thatcher's famous phrase "there is no such thing as society" by arguing "there is a such thing as society but it is not the same thing as the state" (Ibid).

Even if the neoliberal approach is the right choice, there are dangers that lie ahead, as a survey by local authorities found that charities have insufficient capacity and skills, an

⁹ Transfer of Undertakings for the Protection of Employment (TUPE) is a legal protection for employees when they become part of another organisation through transfer, merger or acquisition.

¹⁰ The Localisation Bill intends to devolve decision-making from central government to the community level and in November 2011 it was given Royal Assent, becoming an Act.
<http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted>.

appropriate business plan and robust revenue streams necessary to thrive in this new environment (SQW, 2009). In addition, third sector organisations which have both paid and volunteer workers can potentially have conflicting ideologies particularly as “managerialism” pervades this sector (Hood, 1991; Paton et al., 2007). This requires effective leaders who can straddle the gulf between mission and managerialism in such organisations so that the managing director represents the volunteer, service user and the managerial values of the organisation (Albert and Whetton, 1985; Kreutzer and Jager, 2011).

4.3.2 Innovation and Performance Improvement in Public Service Delivery

The relentless drive of competitive tendering for renewable public service contracts is based on reducing cost and providing value for money to the taxpayer. Improving efficiency and effectiveness in an organisation can be achieved by either increasing revenue and/or by reducing costs; and to achieve either of those options an organisation needs to be innovative in changing what they were previously doing before. Performance measurement frameworks have been hailed as vehicles to improve performance underpinned by the “maxim what gets measured gets managed” but they can lead to undesirable behaviours and unintended consequences (Emiliani, 2000, p614). This measurement obsession was embraced in the public sector where a measurement philosophy plus wholesale application of private sector management techniques has led to unintended consequences in public sector organisations such as gaming, myopia and the nurturing of an audit culture (Power, 2000; Radnor and McGuire, 2004; Lapsley, 2009). This reinforces the cynical view that what gets measured simply gets measured (Johnston et al., 2002). Performance measurement is vital for organisations as it provides clarity for management and leadership decisions to take place but it is not a panacea and nor is it the same as performance management. Unfortunately the terms ‘performance measurement’ and ‘performance management’ are not clearly defined in the literature or in practice and are often used interchangeably (Radnor and Johnston, 2012). Performance management can be defined as “activity, based on performance measures and reporting, which results in action to create improvements in behaviour, motivation and processes and promotes innovation” (Radnor

and Johnston, 2012, p4). The behavioural aspects necessary for improved performance management which includes training, leadership and culture (Powell, 1995; Lebas, 1995; Radnor and McGuire, 2004) are often ignored with too much focus on the tools and techniques of improvement. The terms ‘innovation’ and ‘entrepreneurship’ may be important for unlocking this potential, and can relate to operational improvement techniques and new business development opportunities. As with performance management, innovation and entrepreneurship also suffer from a lack of a unified definition. With respect to innovation, Adams et al. (2006, p22) chose the definition of “the successful exploitation of new ideas” whilst the entrepreneurship definition preferred by the author is “the pursuit of opportunities without regard for the resources currently under ones control” (Stevenson and Jarillo, 1990, p23). On the issue of public service delivery, there has been a backlash against new NPM as it has not delivered value for money in terms of performance improvement given the massive investment in resources (Ghobadian et al., 2009); instead it has resulted in an explosion of performance metrics and an audit culture (Radnor and McGuire, 2004; Lapsley, 2008). The concept of innovation and entrepreneurship in public sector delivery was investigated by Bartlett and Dribben (2002) who believed that innovation was key to improving performance and identified limited success in local authorities employing the leader in the capacity of a sponsor or champion. Innovation in the third sector has also been explored by Osborne (1998a, 1998b) leading to a two-dimensional typology of innovation within the voluntary sector in four broad categories. The four categories based on the twin axes of markets and products/services have similarities to the Ansoff Matrix (Ansoff, 1980) and encompass continuous improvement, market development, diversification and service development. The four categories are shown in table 2.

	Existing Services	New Services
Existing Clients	<p>Incremental Development</p> <p>Involving working with the same client group and providing the same services, but incrementally improving them</p>	<p>Evolutionary Innovation</p> <p>Involving working with the same client group, but providing new services</p>
New Clients	<p>Expansionary Innovation</p> <p>Involving working with a new client group, but using the existing services/methods of work of the organisation</p>	<p>Total Innovation</p> <p>Involving working with a new client group and providing new services</p>

Table 2 The Innovation and Improvement Matrix, Adapted from Osborne (1998)

Osborne's research within three geographical areas revealed that incremental/developmental or continuous improvement (Imai, 1986) was clearly the most widely employed followed by evolutionary innovation, total innovation and expansionary innovation. Innovation has also been explored in highly regulated third sector contexts such as housing associations, which has revealed evidence of innovation across all four categories (Walker and Jeanes, 2001).

4.3.3 Innovation Management in Housing Associations

Performance management in housing associations has been driven by a combination of both extrinsic and intrinsic factors. From an intrinsic perspective, they tend to have formalised business plans to achieve their objectives and use appraisals, and performance metrics to manage the process (Walker and Jeanes, 2001; Manville, 2007; Manochin et al., 2008). From an extrinsic perspective, it has been driven by institutional behaviours (Di Maggio and Powell, 1983; Helmig et al., 2004) seeking legitimacy as the sector is highly regulated initially under the Housing Corporation, which subsequently became the tenants' services authority (TSA). The regulatory bodies require housing associations to report on various criteria over and above the usual metrics of voids and rent arrears to more tenant-based

satisfaction metrics and employee competency (TSA, 2012). This compliance regime which emanated from the public sector has been referred to as the phenomenon of the “Audit Society” which can lead to a tick box approach to performance monitoring and less ownership of strategy and direction (Power, 2000, McLaughlin, 2004; Lapsley, 2008). Externally imposed targets, although helpful, are not panaceas and should not be used as a substitute for effective strategic leadership. This is also the case for internally driven performance measurement frameworks such as the balanced scorecard that have sought to replace the traditional management accounting approaches (Kaplan and Norton, 1992, 1996). Other quality-based frameworks such as ISO 9001, Six Sigma, the Baldrige Model and the Business Excellence Model have emerged from the philosophy of total quality management (TQM) (Bicheno, 2002; Atkinson, 2006). The TQM philosophy was derived from the 14 principles of Deming (Walton, 1986) and has been widely criticised as a management fad which was popular in the 1980s and 1990s and has subsequently fallen out of favour. The reasons for these criticisms were its operational focus and application of the more clearly understood improvement techniques but paying lip service to the softer elements of TQM such as leadership, training and culture (Powell, 1995; Slack et al., 2007). This is also true in the case of lean principles which were pioneered by the Toyota Motor Company and popularised by Womack et al. (1990), and include the 7 wastes known as *muda*. A theoretical body of knowledge of lean thinking has been established in the public sector which has questioned its effectiveness within that context (Radnor, 2010; Radnor, 2011). There is currently no evidence of lean principles or a lean philosophy being applied in a not-for-profit organisation. An eighth waste has recently been identified in practice as part of the lean philosophy and is seldom mentioned in the literature. It is referred to as the waste of employee creativity and has been cited in health care reform (Graban, 2008). The loss of employee creativity could have linkages to the concept of organisational citizen behaviour (OCB) which is defined as discretionary behaviour not explicitly linked to the formal reward system (Organ, 1988), and the promotion of such behaviours is said to enhance organisational effectiveness (Podsakoff et al., 1997). Although TQM techniques have been employed within housing associations along with business plans (Walker and Jeanes, 2001), there is no evidence in the literature on the influence of leadership in the implementation of such initiatives. A performance monitoring

regime that is adopted in an organisation can be rendered ineffective without strategic leadership (Neely and Bourne, 2000). The need for clear direction in performance management is emphasised in the work of McCunn (1998, p35) into balanced scorecards whose 11th commandment states not to “start implementing a balanced scorecard unless you know what you hope to achieve”. Strategic leadership is vitally important in any industry but perhaps it is more challenging in the third sector for a number of reasons. Firstly, the third sector has a unique governance structure which is different to that of the private sector as it has a voluntary board, a multiple stakeholder constituency, and is not driven solely by financial return. Secondly, it differs from the public sector in that it has to be self-sustaining and is also less politically driven, although the lines are becoming increasingly blurred due to the proliferation of the contract culture of services being commissioned by the public sector to the third sector (Morris, 2012). Another distinguishing factor of the third sector relative to the public sector is that the workforce can be composed of a voluntary element and arguably a stronger desire for public service. There has been debate about the linkages between leadership, culture and performance which was inconclusive but it recommended that a leadership focus rather than a culture change approach was more effective (Ogbonna and Harris, 2000). The next section explores possible leadership styles that may be suitable for the third sector.

4.3.4 Leadership Styles

Three possible leadership styles that could be appropriate in this context are transactional leadership, transformational leadership and servant leadership. *Transactional leadership* is a traditional approach to leadership which involves a relationship between a leader and subordinate entailing incentives, rewards and penalties (Bass, 1985; Bass et al., 2003; Rowold and Heinitz, 2007). It is identified by two typologies: contingent-based reward and management by exception and is often viewed as a depersonalised task-based transaction process between the actors (Yammarino et al., 1997; Avolio et al., 1999; Bono and Judge, 2004). The effectiveness of transactional leadership is inconclusive as research has shown a positive relationship to performance especially with respect to the contingent-based reward aspect which was viewed as highly effective (Judge and Piccolo, 2004). On the other hand research has identified a negative relationship when testing the management by exception

component which was not felt to be conducive to effective leadership (Yammarino and Bass, 1990).

The next form of leadership discussed is *transformational leadership* which is defined as “leader behaviours that transform and inspire followers to perform beyond expectations while transcending self-interest for the good of the company” (Avolio et al., 2009, p423). It differs from transactional behaviour which is task-focused whereas transformational leadership is person-focused (Burke et al., 2006). It consists of four distinct components: idealised influence, inspirational motivation, intellectual stimulation and individual consideration (Avolio et al., 1999; Bass et al., 2003).

The final form of leadership, *servant leadership*, was proposed over 40 years ago by Greenleaf (1970). According to Greenleaf, servant leadership is a group-focused approach to leadership in which the leader is effectively a first among equals. The ultimate objective is the wellbeing of the organisation and the interests of others including their subordinates and the wider society (Greenleaf, 1977; Stone et al., 2003; Ehrhart, 2004; Brown et al., 2005). Servant leadership has similarities to transformational leadership but this type of leaders also has a moral responsibility to his or her subordinates. It differs from transformational leadership in two ways: firstly leaders are inspired to promote the development of their followers and a wide range of organisational stakeholders, and secondly it adds a moral compass to the idea of transformational leadership (Graham, 1991). Servant leadership has shown a positive relationship to organisational citizen behaviour (OCB) (Ehrhart, 2004) which could further support its appropriateness in the third sector.

4.3.5 Leadership in the Third Sector

The body of knowledge of leadership within this sector is limited and academics have made reference to the paucity of work in this area. Kirchner (2007) makes reference to a leadership deficit, whilst MacMillan and McLaren (2012) state that leadership is embryonic in this sector. The issues of dual identity have been explored earlier in the paper and the managerialism element is sometimes viewed as half-hearted and only used as legitimating action in order to secure funding or contracts (Helmig et al., 2004). The third sector could be viewed as an ideal setting for servant leadership as it can be argued that it is a calling

(Barbuto and Wheeler, 2006; Fry and Slocum, 2008) and being part of a community rather than simply working for an organisation. A 'calling' is defined as "a desire to serve and willingness to sacrifice self-interest for the benefit of others" (Barbuto and Wheeler, 2006, p305). Such a leadership style could foster a community of practice (CoP) within an organisation where problems can be solved quickly, professional skills can be developed and best practice is shared which can ultimately lead to retention of talent (Wenger and Snyder, 2000). Communities of practice are more effective when the participants exhibit high degrees of homophily. McPherson et al. (2001, p416) define homophily as "the principle that contact between similar people occurs at a higher rate than among dissimilar people". Evans and Wensley (2008, p187) identify several types of homophily including organisational focus which "relates to a focused activity which fosters the relationship". They argue that effectiveness of communities of practice depends upon trust and state that it is an "essential pre-condition for sharing knowledge", (Evans and Wensley, 2008, p183), which supports the principle of OCB. Trust can be expressed as cognitive trust, i.e. the individuals' competence, reliability and honesty and affective trust which are a relationship-based trust with a high degree of emotional investment which can lead to a reciprocal concern for each other's welfare (McAllister, 1995; Dirks and Ferrin, 2002). There have been several major studies on servant leadership which have developed leadership scales to measure its effectiveness (Farling et al., 1998; Spears, 1998; Page and Wong, 2000; Dillon; 2001; Russell, 2001; Ehrhart, 2004; Liden et al., 2008; Reed, Vidaver-Cohen and Colwell, 2011; Schneider and George, 2011). There are also critics of servant leadership who believe it to be idealistic and prescriptive, an area which the current literature addresses. Also, there is the connotation of it being perceived as a weak and indecisive form of leadership which can be open to exploitation by followers (Whetstone, 2002). Van Dierendonck's extensive study on servant leadership distilled the varying studies into six characteristics. He argues that "Servant-leaders empower and develop people; they show humility, are authentic, accept people for who they are, provide direction, and are stewards who work for the good of the whole" (Van Dierendonck, 2011, p1232).

The overwhelming research on leadership to date has been quantitative and there is currently a gap in the literature with respect to qualitative studies. Most studies have been conducted in the private and public sectors. The only research on servant leadership identified in the not-for-profit sector was that of Schneider and George (2011) which focused on voluntary clubs and an anecdotal qualitative paper on the servant leadership qualities of an occupational therapist by Dillon (2001). The range of stakeholders in third sector organisations would include multiple levels of paid staff from director to frontline workers, frontline volunteers and board members, local environment stakeholders, the management and administration team, and service users. The diversity of stakeholders plus the ethical stance of a charity can potentially make servant leadership a natural choice for the third sector. The following research questions were generated to address this lacuna of knowledge in this area and gain a better understanding of leadership within this sector.

- How are the changes in the third sector influencing leadership?
- What type of leadership is present in housing associations?
- How does leadership lead to improved organisational performance?

4.4 Research Method

A qualitative analytical approach was used in the data collection process to facilitate an in-depth investigation and open up new dimensions of a problem from the richer data (Burgess, 1982; Easterby-Smith et al., 1994). In order to gain these richer data a multiple case study approach was employed using nine case study organisations and a mixed method approach was also used involving secondary data and semi-structured interviews (Eisenhardt, 1989; Yin, 2003a; 2003b). The case organisations were non-profit housing associations based in the United Kingdom and were chosen in consultation with the regulatory body, the Tenants' Services Authority (TSA) and the Chartered Institute of Public Financial Accountants (CIPFA) who assisted the author in securing valuable access to senior people within those organisations.

Nineteen semi-structured interviews were carried out with executive/board room level managers in third sector housing associations across the United Kingdom. The list of

interviewees and the dates of the interviews is shown in appendix 23 and the accompanying interview framework is shown in appendix 24. The interviews took place during 2012; each lasted between 45 minutes and 1 hour and 30 minutes, and the interview process stopped once data saturation was reached (Guest et al., 2006) The interviewees held board-level positions within their organisation and had at least five years' experience in the third sector. They were interviewed by telephone or face to face and the interviews were digitally recorded and transcribed. An interview framework was employed to encourage open dialogue and capture rich data relating to leadership and performance and awareness of the potential negative connotations relating to servant leadership (Whetstone, 2002). The dialogue explored leadership with respect to the changing context of the third sector and its role in sustainability and organisational performance. The data analysis process followed the adapted methodology of Miles and Huberman's (1994) approach referred to in paper one (figure 4). A coding list was generated (appendix 25) and both the primary data (interviews) and the secondary data including annual reports, management reports, minutes of meetings, and performance reports were data reduced using contact summary and contact document sheets. Where appropriate the secondary data were used to corroborate the findings in the interview and emergent themes were identified.

4.4.1 Case Studies

The following organisations are third sector housing associations in the United Kingdom. They all hold charitable status; some have grown organically from charitable origins and others have been as a result of local authority stock transfers. Stock transfers have opted out of local authority control with the consent of their tenants and formed independent housing associations.

4.4.1.1 Bournemouth Churches Housing Association (BCHA)

Bournemouth Churches Housing Association (BCHA) was established over 40 years ago. They are a specialised third sector organisation providing housing, support and training to help rebuild people's lives. Their turnover is approximately £16M per annum and they employ approximately 400 staff.

4.4.1.2 Raglan Housing Association

Raglan Housing Association has been established for over 40 years and is a medium-sized organisation provided housing across the midlands and south of England. They employ around 400 employees and manage over 1200 homes. They provide affordable social housing to mainstream tenants as well as providing some specialist accommodation for victims of domestic violence.

4.4.1.3 Society of Saint James

The Society of Saint James is a homeless charity which was established in 1972 and it has grown from a church-based charity to a housing association turning over in excess of £6 million per annum. They provide accommodation to vulnerable members of society including alcoholics, drug users and ex-offenders. The accommodation includes “wet” housing accommodation which permits chronic alcoholics to drink in the hostel. They secure their funding from a number of commissioning agents as well as rental revenues from the Benefits Agency.

4.4.1.4 Two Saints

Two Saints provides a range of services to vulnerable people within the South of England. These services include accommodation and support for drug abuse and mental health issues, as well as learning support to help service users move on and become more independent. Two Saints have a formalised business plan and a sophisticated performance management system which is presented in report format to managers on a monthly basis and submitted to the board on a quarterly basis. Their custom performance measurement framework is not as all-encompassing as a balanced scorecard but it is comprehensive and includes levels of financial and non-financial measures.

4.4.1.5 Cartrefi Conway Housing Association

Conway Housing Association is an industrial and provident society and a registered social landlord with the Welsh Assembly Government. Approximately one third of their housing

stock is sheltered accommodation that is independent accommodation for elderly residents with warden control. The remainder of the housing stock is one-, two- and three-bedroomed houses. They are a stock transfer organisation that was transferred from local authority control in 2008. They were the first stock transfer in North Wales and their stock is geographically dispersed along the North Wales coast.

4.4.1.6 Livin' Housing Association

Livin' is a housing association which was established in 2009 via a stock transfer from Sedgefield Borough Council in the North East of England. They were set up as a charitable industrial provident and have an asset base of approximately 8500 homes of which 3000 is sheltered accommodation. They have a five-year corporate plan published on their website and their staff were transferred from the by the local authority via the Transfer of Undertaking for the Protection of Employment (TUPE) legislation.

4.4.1.7 Poole Housing Partnership

Poole Housing Partnership (PHP) are an arm's length management organisation (ALMO) which is a limited company owned by Poole Borough Council. They were established to qualify for investment funding to refurbish and maintain their housing stock and also to free them from the restrictions of working in a local authority. The original staff were transferred across via TUPE regulations and they are a separate entity to the council.

4.4.1.8 Watford Community Housing

Watford Community Housing is a Housing Association and manages slightly fewer than 5000 homes. They have three revenue streams which are: affordable housing for rent supported housing under the supporting people funding and shared ownership properties in partnership with their residents. They are accredited to Investors in People and turn over in excess of £23 million per annum.

4.4.1.9 Plan2Moro Consulting

Plan2Moro is an independent consultancy advising housing associations and social enterprises. Their area of expertise is in business planning and change management for potential stock transfers and established housing associations. Their role is to assist housing associations in capacity and capability building in order to develop sustainable business plans.

4.5 Findings

The findings revealed that the steering media are having a much greater impact and there is now more certainty about the changes to the lifeworld and on the respective housing associations than was known at the time of the interviews conducted for paper two. The following themes that emerged are shown below along with a summary table in appendix 26.

1. Changing Context
2. Performance Management
3. Leadership
4. Innovation and Improvement

4.5.1 Changing Context

The majority of interviewees were convinced that legislation currently going through the UK parliament was going to have a significant impact on their organisation. The legislative changes to benefit reform relating to room occupancy would mean that benefit claimants living in accommodation with rooms not used by the claimant or their household could face a benefit cut which could result in them being re-housed into smaller accommodation or multiple occupancy housing as the UK government seeks to reduce government spending. This would have an impact on both the service user and the housing association because it could lead to an increase in voids as they may not have the smaller accommodation on their asset register. Changes to the benefits system with respect to payments being made directly

to the claimant could have an impact on rental arrears as this is a significant part of the revenue stream for a Housing Association.

I think we're in a vortex of change, quite frankly, and I mean the Health Bill brings with it some concerns and the universal credit will have an impact on rents, on benefits, there will be an issue I've no doubt particularly in London, around rent levels, because the private sector rents are probably beyond some of the Benefit levels...risks of moving clients into multiple housing occupancy" (HA BS). "For most Housing Associations rental income, is via Housing Benefit, then the measures that the Government is introducing will have a huge effect on that (HA TD).

Organisations that have used the regulatory bodies as an external stimulus for performance management and strategy development will be affected by the deregulation of this sector as they will need to be intrinsically driven. At the time of writing this paper, the Audit Commission and the Tenants Services Authority are being disbanded and it is envisaged that the new regulatory regime will have a lighter touch. This will be welcome for organisations that are intrinsically motivated to continuous improvement and service excellence but there could be challenges for smaller organisations as their motivation for performance monitoring could be externally driven. "The regulatory environment is in such a pickle, that we just feel that we can't rely on them to just kind of scrutinise us. We have to do it properly for ourselves" (HA LB). A former housing manager who now advises newly formed stock transfers from local authorities believed that there will be consolidation within the sector. "Well I think that we'll end up with fewer organisations and I think, you know, you will find that the more efficient ones will survive" (HA PM). The last two quotes illustrate the need for organisations to become more business-focused in order to remain sustainable. The rebalancing of the public sector has mainly been focused on services being transferred to the third sector but one CEO was clearly concerned about new entrants from the private sector. She commented "...but we're keeping a very close eye on these companies like Serco, and Capita, and what have you, because they could well start to come in and pinch contracts from us I think" (HA LB).

Uncertainty is increasing with contracts that have been won by housing associations as the interviews revealed that commissioning agents are also putting in place 90-day break clauses on three- and five-year contracts, which influences autonomy, as the threat of a

break clause acts as a “sword of Damocles”. When contracts are lost either through loss of tender or through a break clause, there are a number of implications for the housing association. Firstly, the core workforce from the affected scheme will be transferred across to the winning service provider by TUPE legislation; secondly, the housing association needs to find a replacement revenue stream. Finally, any retained surplus (profit) that the housing association has managed to accrue will need to be drawn down in the intervening period and this shortfall will need to be replenished in order to provide liquidity for future unplanned events.

4.5.2 Public Sector V Third Sector Housing

The findings reveal that there are similarities between the public sector and the third sector but there are also significant differences. The first difference was that the public sector was considered more political than the third sector on account of their responsibilities to government and their role in implementing government policy. The second difference was related to sustainability and maintaining a viable organisation as, unlike the public sector, housing associations are exposed to risk through loss of contracts or cessation of funding, therefore making them similar in that regard to the private sector. One interviewer stated, “I think we are a deliverer of public sector contracts, and Local Authorities strongly govern and influence what we do. But we take a lot of the risk” HA LB). Another respondent went further and stated,

There’s a tendency for people to put the third sector along with the public sector, possibly because a lot of business, either through grants or contracts, comes via the public sector, but then the private sector also gets a lot of contracts from the public sector, but probably not much in the way of grants (HA MH).

It was also felt that the public sector was more bureaucratic than the third sector by several respondents. A director of a housing association which was formed from an asset transfer from the public sector remarked that when he was employed by the public sector, autonomy was limited and the time frames for decision making were far greater. He believes that as a housing association they have much more autonomy and can be responsive.

We were restrained in terms of decision taking by the Council process and the reporting process prior to getting it up to the Committee or to the Cabinet. It could take 8-9 weeks to get a simple report that's been produced through, so you could actually implement it. So that the forward planning was very significant in terms of if you wanted a particular date, you knew where you had to go. But the timeframe within (the Housing Association) has now been reduced down, in some instances, to a day (HA JH).

A director from a recent stock transfer housing association recognises that simply transferring from the public sector to the third sector does not change the culture overnight and it will take time to shape behaviours to this new environment. "Because we've come from the public sector, we're having to change our views to become more commercial, and we are slowly getting there. I wouldn't say we are 100% yet" (HA JH). According to another respondent, the culture of the public sector makes them less innovative and receptive to new ideas; "Well, I think the public sector is still much more "Can't do" attitude" (HA PM)

Although the public sector and the third sector have a desire for public service delivery it appeared from the interviews that the third sector had a stronger ethos and that their prime concern was the customer/service user rather than their employees. One housing association CEO commented on the motivations for people joining his organisation

...so that you know, when you're working with an organisation, you are working with drug addicts, alcoholics, women fleeing violence, homeless teenagers. There's a lot of people want to work in that kind of thing, and have a sense of putting something back into society (HA PK).

With respect to the public sector he added, "I can see that with public servants, they can just say "Yeah, well what's important to me is my career, and the customer is not important" (HA PK). However this was not clear cut as a housing association consultant commented that you may also have career-minded people the third sector!

There was also a perceived clear distinction between them and the public sector on a number of aspects. The first aspect related to their propensity to accept risk which was qualified by one interviewee who commented, "unlike the public sector, we have to take a lot of the risk, are commercially minded in the way we govern ourselves, and make sure that we don't run out of money. So it's a kind of quite high risk, but very publicly visible." (HA LB). This was supported by a CEO of another housing association who went further and argued that housing associations and other parts of the third sector should be no

different from the private sector. “Well I would say actually the third sector is another part of the private sector, but with different motivations, because the third sector is not public sector, there’s no one there to us bail out. Organisations have to stand or fall in their own right” (HA MH). Another housing association director went further and argued that in terms of management, it needed to be just as disciplined as the private sector. “in terms of the actual management of the organisation, it needs to be just as professional in the third sector as it does in the Commercial Sector, and that’s essential for organisation survival” (HA SF).

4.5.3 Performance Management

All of the interviewees stated that they all developed either a business plan or strategy document which projected several years into the future. A partial sample of a five-year business plan which shows the income and balance sheet projection is shown in appendix 27. The interviews revealed that there have been a number of local authorities that have transferred their housing stock to a third sector entity in the last 15 years. The decision to move from local authority control was made by the consent of the tenants and the intention was for former council homes to gain more investment for refurbishment and maintenance as a housing association. Stock transfers were very popular as they could secure finance from financial institutions. According to one of the housing association directors, since 2008, the amount of stock transfers of housing has been negligible. The reason for this could be that existing housing associations with proven track records, let alone new stock transfers, are finding it difficult to secure funding from banks. Another director added that they are finding it

increasing difficult more recently, and a lot of housing associations including (ourselves), have found it difficult to get the banks to lend, because the property market is so flat, and because interest rates are so low...and so a lot of associations at the moment, including us, are looking at bonds¹¹ (HA SC).

Housing associations which were recent stock transfers from the public sector had up to 30 year plans which included periodic refurbishments of existing stock such as kitchens, bathrooms and external works. The plans included budgets based on planned revenues and

¹¹ The bond market is a financial market where organisations can purchase securitised debt. The primary goal of the bond market is to provide a mechanism for long-term funding of public and private expenditures.

expenditure, and the value of their asset bases encouraged banks to lend to them. All housing associations recognised that the changes in law, power and money which will affect rent arrears and voids will ultimately put revenue projections at risk as rental income is a major source of revenue for housing associations. With respect to managing performance, their strategic plans are linked to performance dashboards and dovetail with the requirements of the external regulators.

We've always had targets. We're very performance orientated... We have targets for each member of staff, and those are monitored through "one to one's" etc. And we have a Monitoring Officer, who does a report to senior management team on a monthly basis, and also to me, more regularly, and to the Board on a quarterly basis (HA SP).

The interviewees revealed that housing associations needed to demonstrate evidence of continuous improvement to regulatory bodies and performance measurement indicators have been viewed as an appropriate way of achieving this.

There was also evidence of recognition of the commercial realities of the impact of the pervasive nature of contract culture within the third sector with one housing association commenting,

(Redundancies have) become a regular feature, but that's part of the whole contracting, commissioning, process, and also as a business, we've also revamped just in the last nine months, you know, we've made some redundancies over and above those ones that are perhaps driven directly by schemes. Because, like any good organisation, you've got to run efficiently and effectively and still keep some focus on that Bottom Line (HA MH).

Another housing association commented that there was a misconception by many people of the third sector including policy makers who believe that they are not ready to face up to the challenge of sustainability, and she cited examples of performance monitoring in other third sector organisations. "I think there is that view, that the third sector is just this kind of brigade of volunteers and charities, who don't really run things in a very business-like fashion. And I don't think that's true at all" (HA LB).

4.5.4 Leadership

The findings relating to leadership are presented in the six characteristics of servant leadership of Van Dierendonck (2011). The increasing commercialisation within this part of the sector also revealed other forms of leadership employed by senior managers.

4.5.4.1 Empowering People

The interviews revealed that managers and staff have a higher degree of autonomy relative to the public sector which gives them authority to make decisions but also accountability for those decisions. Housing associations differ in the way that they manage this process and seek to empower their staff by communicating their intent through appraisal objectives which results in training provision which could take the form of coaching programmes or continuing professional development (CPD). CPD may involve work-based training or day or evening release programmes. With reference to the coaching programmes, one CEO stated “We have what we call a “Coaching for Growth” Training Programme for all the middle managers, so that they can make sure that they’re getting the best out of their people, so we’re not carrying any passengers, if you like, because we can’t afford to do that” (HA LB). The latter part of the quote demonstrates the commercial edge which will affect the stewardship of the organisation. Alternatively, housing associations may adopt a more organic approach as articulated by one director:

It’s like herding cats mate! It becomes an art form. I mean you do have structures to these things...but you have to treat people as individuals and you have to respond to the things that trigger them. And it’s part of the joys of actually working with good people, most of the time you get it right, but it’s really entertaining when you don’t (HA SB).

The common denominator with the different approaches that housing associations take is that they are more allied to the private sector than the public sector. The appraisals are scheduled and in some cases they are included as metrics in a scorecard to ensure that everybody is appraised within the agreed time.

4.5.4.2 Humility

The characteristic of humility is about modesty and the managers interviewed demonstrated modesty with one acknowledging that, as part of their 360 degree appraisal¹² process, “Inviting constructive feedback is an explicit part of our ‘Leadership Blueprint’ framework that is applicable to all managers” (HA JR). Another manager recounted a story where his followers had taken him to one side and prevented him from doing night visits. He recounted that they said, “you need to come off the on-call rota, for two reasons. One is that they felt it was an inappropriate use of my time, and secondly it was becoming

¹² A 360 degree appraisal is an appraisal system where the individual being appraised receives feedback from their line manager, their peers and their direct reports (followers).

dangerous because I had insufficient knowledge of day to day practices” (HA TP). The CEO added that he was trying to make a statement that he was willing to do night calls like everybody else but unfortunately he was being more of a hindrance. As a result of the CEO’s humility, his staff felt that they could challenge him if they felt that leading by example was not appropriate in this case. Another director stated that his leadership style varied depending on the context, and cited an example when his Housing Association was not performing. He stated that “the style that I employ does vary, depending on the circumstances that I’m dealing with at any particular time, or the individuals that I’m dealing with... took on more of a directive or command style than I had done previously” (HA DH).

4.5.4.3 Authenticity

Within housing associations, managing the duality of maintaining the ethos of the housing association whilst simultaneously becoming more business-like was encapsulated in the statement by one Director.

We are generally speaking, quite left wing orientated, there are areas of business we won’t go into. We’re a lot more lenient in our business model in some areas I suppose, something like that...But in terms of managing complicated budgets effectively, we do that very well (HA MT).

Another CEO told how he used storytelling to convey a sense of community to welcome employees from new contracts which had been integrated into the housing association via TUPE brought about via the transfer of a local authority-commissioned contract.

So within rural communities, the village elders would sit round and tell stories of their past, and that bound the community together, but also confirmed and passed on learning and stuff like that...I also told them that I was involved in the official opening of their building, and I told them the history of their building and the funding that led up to that, that they had not heard from their previous management, and how that we used to have reciprocal arrangements between the organisations which got lost over the mists of time...you are cousins at least, and now you’re working for us, and it’s not the end of the world (HA TP).

Another director acknowledged that all TUPE integrations do not always lead to a close integration and that it is not uncommon for schemes to be transferred via TUPE when competitive tendering results in the scheme being awarded to another housing association. “Some areas it is really tight, and in other areas, it’s actually really quite loose, because of the TUPE situation” (HA MT). These competitive pressures are not as the result of recent

changes and have been an acceptable part of the competitive landscape of housing associations brought about by the effects of the GFC. The changes which will be coming down the track in the near future as a result of legislation, redistribution of power and financial constraints is on a completely different level. One director conceded that “we as a sector are entering some fairly uncharted water” (HA DH).

4.5.4.4 Interpersonal Acceptance

Housing association directors with backgrounds in the public sector believed that there was a perception of being risk averse in the sector and the existence of a blame culture. They added that this was not the case within housing associations; as one director stated, “(Staff) were not backed up by their own senior management. I think there is a blame culture in local authorities” (HA TP). This view of a no-blame culture when discussing the loss of a contract or poor performance was supported by another director, who argued that it is “often not helpful to be critical of the member of staff. It’s more important to look at why wasn’t it achieved? And what skills are missing, or what can we do differently in the future, and all that kind of stuff” (HA TP). Notwithstanding the proactive measures employed to deal with issues compassionately, there was also a tough line taken as well. There was a line in the sand with regard to mutual trust which was believed to be more important when dealing with failure.

The thing I won’t tolerate at all in any way, shape, or form, is dishonesty and lack of integrity. I need to have people around me that I can trust. The moment I don’t I’ve got a problem, and without being too rude, so have they! Because in this game you need to have people around you that we all need to cover your backs; you need to be able to work as a team and know things are there (HA SB).

4.5.4.5 Providing Direction

The housing associations have well-established strategic plans and an array of performance measurement frameworks in place which are explicitly linked to their objectives via their appraisal systems. In addition there are opportunities for staff to have a voice in addressing targets. One director commented, “So at appraisal, our forms are appraisal forms, and we discuss our team targets, and that. So everyone individually will know. And then when we usually have team away days, in most of my services I have five a year” (HA MT).

Another housing association commented that it was important for employees to perform in their job and that they would not shirk from the task of dealing with this issue. “If somebody can’t perform at the level required for their job, then their employment will be terminated... because you need to reward good performance but you equally cannot ignore poor performance” (HA SF). This was supported by another CEO who stated, “So we recruited using the values, we trained using the values, we developed the organisation using the values, and we sacked, using the values as well. So they were very fundamental to how we developed” (HA PK).

Chief executives and directors also make themselves visible at sites, which is a commitment of time as schemes can be geographically dispersed over a large area. They feel this is important so that staff do not feel isolated from the management and dialogue can take place to resolve any issues. “The chief executive and the directors of the organisation physically visit the regions on at least a monthly basis to deliver the team brief” (HA DH).

This hardnosed approach within housing associations is compatible with their ethos which is to use taxpayers’ money effectively and to optimise the service offering to tenants. In order to achieve this, the organisation needs to remain sustainable so generating a surplus for reinvestment is vital in order to achieve this objective.

One of the appraisal systems employed by a housing association was linked to a competency framework which made an explicit reference to desired behaviours relating to servant leadership under the heading of “The importance of every individual” which encouraged the following behaviours: respect, caring for people, treating people as we would want to be treated, equality opportunities, valuing differences and working in a non-discriminatory way with all people, non-judgemental, not exploitative, and holistic in our approach. These behaviours were recognised in the appraisal system under their assessment category of “Professional Behaviour”. No other housing association had these factors explicitly scored in the appraisal system. A sample of the competency framework is shown in appendix 28.

4.5.4.6 Stewardship

The stewardship of the organisation is different to either public or private sector organisations as there is a two-tier board structure with a salaried managing board and a volunteer board made up of the greater good of the local community. Also sitting on the board were tenants which is a requirement from the TSA, and tenants also had a presence on operational and scrutiny committees. A truncated scorecard was communicated to the tenants via their biannual newsletter. A sample of the service user scorecard is shown in appendix 29. The scrutiny committees are becoming more important for compliance and performance as deregulation is now putting greater emphasis on lighter-touch self-regulation.

There was concern about the increasing level of local government contracts as a recently retired CEO warned against the threat of what Morris (2012) referred to as mission drift and the pervasiveness of the contract culture.

the new financial structure means that you get involved in helping homeless people because the local authority wants to help homeless people, and you do it as their contractors, and you do it in their way. And that is sad...So to me, that's the voluntary sector gone, you've become a contractor (HA PK).

This was echoed by another director who stated that “I have seen shift over a period of time regarding the ethos behind what housing associations are there for and what they do and how we do it, is determined much more by financial aspects of our work than anything else” (HA DH). This statement was put in context by his qualifying comment: “The bottom line is we are still a social business, and therefore there are occasions where decisions need to be taken which are made for social reasons rather than necessarily business reasons” (HA DH).

The impact of the contracting culture was also perceived as short-sighted and this was set to be exacerbated under the localism legislation which would pass more power to people who may be seeking re-election and not thinking about the big picture. “The localism bill makes the referral process much more responsive to the views of elected members and that may not be a good thing” (HA BS). Not all decisions can be related to a budget or a defined set of outcomes in order to measure their effectiveness and there are many instances where

decisions are based on a financial imperative. An interesting anecdote was given by the director who was present at a board meeting and a commissioning manager was asked,

How do you measure the impact on service issues of a donkey?... and everybody sat around, scratching their head, wondering what the heck he was talking about...what he's actually saying is that there are immeasurable things that happen to people by doing things, and the Care Farm being one of them; they've got animals, some they can milk and all this, and look after pigs and various other things, that you can't measure conveniently in a target figure. And I think that's right (HA BS).

4.5.5 Innovation and Improvement

Despite the challenges facing housing associations there was still optimism within this sector. They recognise the need for accurate quoting and the continuous improvement initiatives to ensure there is a healthy surplus as this would help with sustainability when coping with unforeseen circumstances. "If you lose a significant contract, if you get a financial reverse, if interest rate rises, you've got to be able to absorb the shock without it causing the organisation to collapse" (HA PK). There was also recognition of rising expectations of service users and of commissioning bodies desiring more for less, and that innovation was an essential part of the job which is linked to their appraisal system.

Innovation is tomorrow's bog standard. You see it particularly on cars. I was looking for a car a long time ago, and I couldn't get air conditioning on a mid-range car. Now it's offered on the tiniest cars. And so that innovation is continuous innovation, is a key to success (HA PK).

There was also recognition that leadership played an important part in facilitating innovation, which involved developing staff and having a more open and consensual management style. "We do encourage initiative and creativity, and so that automatically leads, I think, to a more informal and consensual style, otherwise you prevent that little bit of creativity and flair" (HA MH). This supports both the aims of servant leadership and transformational leadership. "We have what we call a "Coaching for Growth" Training Programme for all the middle managers, so that they can make sure that they're getting the best out of their people, so we're not carrying any passengers, if you like, because we can't afford to do that" (HA LB). The final part of the above quote reveals a tougher commercial edge which is not conducive to the conventional literature of servant leadership and is more

associated with transactional leadership. Another housing association believed that staff needed to be valued and that their contribution matters.

it's about making sure everybody is a leader. And I do like that analogy with the guy at NASA that was sweeping the floor, and somebody asked him "What are you doing?" He said, "I put a man on the moon", and that's something that we strive for within this organisation really. People know where they are, and are contributing to a bigger picture both individually and organisationally (HA BS).

An important finding was the belief that improvement in terms of cost reduction should not come as a result of substituting paid staff for volunteers. One respondent pointed out the limitations of volunteer employees,

We're always talking about how can we get more volunteers on board, how can we keep them, because they're not contracted to us in any way, and at any time, they could just move away. They don't need to give us notice, they can say "I'm not going to come in to work today" or whatever. It's very difficult to run an organisation like that; where people are dependent on you... we can't do it through volunteers. So the monies need to be there to have paid employees, basically (HA SP).

The findings revealed that there was innovation with respect to the creation of spin-out social enterprises which were semi-autonomous, stand-alone organisations which could also benefit from funding from the housing association. There was also evidence of growth by merger and acquisition or stock transfer from local authorities. Housing associations were also looking at pursuing horizontal strategies of complementary services by working with other public sector agencies to deliver services such as drug counselling and supported housing in order to grow and sustain. These activities are shown in table 3 below adapted from the original models devised by Ansoff (1980) and Osborne (1998a, 1998b). In addition, the targets for new business development and improved services were explicitly related to a reward scorecard which is shown in appendix 30.

	Existing Services	New Services
Existing Clients	Incremental Development Continuous Improvement Process Automation/Redesign	Evolutionary Innovation Complementary Services Stock Transfers
New Clients	Expansionary Innovation Geographic Expansion Mergers and Acquisitions and Stock Transfers	Total Innovation Social Enterprise Start-up Bidding for new Public Sector Work

Table 3 Innovation within Housing Associations

4.6 Discussion

There is clear evidence of ongoing steering media affecting the lifeworld of the third sector as a whole which is unprecedented and is affecting the sustainability of well-run part of the third sector such as housing associations. The changes in legislation to welfare benefit reform and home occupancy directly link to the steering medium of law (Habermas, 1987). These changes will have a major impact on rent arrears and voids (housing stock with no occupancy) which are key performance indicators for housing associations as they directly affect a major revenue stream which relates to Habermas' (1987) second medium of money. This could also have a knock-on effect with banks that may perceive them as a higher risk and therefore may charge them accordingly. The evidence from the research is that housing associations are finding it increasingly difficult to secure finance and are turning to bond markets. The lack of joined-up thinking with regard to the Big Society is that the majority of the housing associations interviewed had not heard of the Big Society Capital, which was set up as a funding stream for the sector (Manville and Greatbanks, 2013) The increase in competitive tendering and the pervasive contract culture means that

schemes of work will be up for renewal every five years. The issue of 90 day break clauses in local authority-commissioned contracts highlighted in the findings may not be enacted, but it does change the tone of the business agreement and reinforces the commercialisation or marketisation of public services. These pervasive contracts are in effect influencing the steering medium of power in this particular lifeworld (Habermas, 1984, 1987). Overall, the findings reveal that there is evidence of steering media in the form of legislation, money and power impacting on this lifeworld (Habermas, 1984, 1987).

Leaders need to be able to respond to these changes and be comfortable with ambiguity, and encourage their team to be creative and innovative to identify replacement revenue streams. Morris (2012) warned about the danger of mission drift in charitable organisations but this study has shown that housing associations have been able to operate in an environment which manages the duality of managerialism with the mission and values (Kreutzer and Jager, 2011). Within the housing associations researched, there was evidence of formal planning, performance measurement, performance indicator dashboards and strategies aligned to personal appraisals which supported the earlier research by Walker and Jeanes (2001) and Manville (2007). The research findings on the weakness of capability and capacity by SQW (2009) were implicitly acknowledged with respect to housing associations as they were investing significantly in management and employee development.

4.6.1 Public Sector V Third Sector

The arguments have been waged for and against whether private sector principles can be successfully implemented within the public sector. There is a body of widely cited literature arguing that they are manifestly different (Sayre, 1953; Allison, 1979). The subsequent body of work on NPM in the public sector popularised from the 1990s by Hood (1991, 1995) led to the explosion of performance measuring and the resulting audit culture (Power, 2000). Two of the key differences between the private and public sectors revealed by Boyne (2002), namely multiple stakeholders and managerial values, were common to housing associations but they were not hampered so much by political control or bureaucracy. The findings revealed that leaders' perceptions of housing associations versus the public sector were that they were more agile and responsive as a result of being less

bureaucratic and political. They also considered themselves to be more innovative. Their reasoning for coming to this conclusion was that they had to be self-sustaining and therefore felt more like a private sector organisation in this regard. They were comfortable with using the term, 'business'. They had multiple stakeholders to satisfy and this was reflected in their governance structure as they had a volunteer board comprising service users elected by the tenants' forum, commissioning bodies, and the local community including local business people. With respect to managerial values, the ethos of housing association charities is that they do not make a profit but aim to make a surplus which is reinvested back into the organisation. Surpluses can be as much as 10% of revenue but maximising the surplus was not the primary aim of their social goals with respect to the tenant. They would occasionally provide services which were not necessarily profitable in their own right and some housing associations were exploring social return on investment in order to measure their impact.

4.6.2 Leadership

There was evidence of clear leadership within housing associations which manifested itself in a future context by means of a business plan and a communication strategy to ensure that everybody was aware of the key messages from the plan. The secondary data search revealed that the majority of housing associations interviewed had a downloadable business plan from their website as well as an annual report which was written in a style to maximise employee readership. There was evidence of servant leadership such as the motivations for joining a voluntary organisation. These findings supported the organisational focus element of homophily (McPherson et al., 2001). The prime motivation for working in a housing association was to make a difference to the lives of their service users/customers. Such homophily, though, was not homogenous across the respective organisations as the result of TUPE transfers meant that there would be a subculture from another charity or from a public sector agency. The emphasis was on a social business with the ultimate aim of satisfying the customer/service user. This occasionally did pose a challenge for TUPE conversions from the public sector as their culture although similar was perceived to safeguard fellow employees instead of the service user. The governance structure of housing associations linked to the stewardship or community aspect of servant leadership because the board members were volunteers comprising multiple stakeholders representing

the great and the good of the community as well offering tenant representation. The boards are responsible for providing scrutiny including approval of the business plans developed by the managing boards. There was evidence in the housing associations of the main attributes of servant leadership by researchers in leadership (Page and Wong, 2000; Ehrhart, 2004; Liden et al., 2008; Reed et al., 2011). These were summarised into six main attributes by van Dierendonck (2011) in the findings section. The strongest aspects of servant leadership revealed in the findings lay in empowering people, stewardship, providing direction and authenticity. With respect to humility there was evidence of a degree of selflessness as the directors who previously had a career in the private sector cited that their motivation for working albeit in a paid capacity in a charity was a desire 'to give something back'. On the other hand the newly created housing associations from local authority stock transfers demonstrated less humility than the established housing associations and the leadership style was more transformational than servant leadership. Directors who have exclusively worked in housing associations cited the opportunity of combining high powered business deals with regard to commissioned contracts which make a difference to the lives of their service users as a motivation for remaining in the sector. In much of the literature on servant leadership there is an absence of the tough decisions that leaders have to make with respect to sustainability; for example, how a leader deals with poor performance of employees, or managing the loss of a commissioned contract both of which require tough decisions to be made. Within housing associations, the findings revealed evidence of both types of transactional leadership, i.e. contingent-based reward and management by exception (Rowold and Heinitz, 2007) for managing process performance and employee performance. All of the housing associations interviewed had formalised appraisal systems for monitoring individual employee performance against agreed objectives in place which linked to departmental and organisational objectives. This type of leadership approach fits the transactional leadership typology of contingent-based reward where there are rewards and penalties for employee performance. There was also evidence of the second transactional leadership typology of management by exception (Bass, 1985; Bass et al., 2003) as the majority of the housing associations interviewed had a performance dashboard with traffic light indicators or a variant of the BSC (Kaplan and Norton, 1996a). The traffic light visual performance system was employed to focus

management time in critical areas: i.e. amber and red. This form of leadership has been in place within housing associations for a number of years and is not a response to the changes in the lifeworld of the sector. As organisations strive to maintain sustainability and respond to competitive tendering, this form of leadership will intensify. The recurrent theme when making these judgement calls was for the greater good of the service users rather than for the employees. In addition, there was an obligation with respect to spending taxpayers' money effectively in order to optimise service delivery. This type of leadership lends itself more to transformational leadership (Avolio et al., 2009). Servant leadership behaviours were embedded into the appraisal system in one housing association under the heading of "professional behaviours" but the remaining housing associations advocated it via OCB (Podsakoff et al., 1997). Relying on OCB can be a challenge for an organisation as it is behaviour not recognised in the appraisal system and strong and clear leadership is needed to avoid the unintended consequences of appraisal systems where citizenship behaviours may be side-lined for personal reward. Where the prospect of redundancy looms, employee performance may determine who stays and who goes, and altruistic OCB may be diminished in favour of behaviours to achieve the objectives that employees are assessed against. Without a direct linkage to the appraisal system, servant leadership may be an idealistic dream which was a point raised by Whetstone (2002) particularly when leaders are faced with moral dilemmas such as managing poor performance or dealing with redundancy.

4.6.3 Innovation and Improvement

Maintaining a healthy surplus was considered vital for sustainability with housing associations. In the private sector a surplus is referred to as a profit but charities are not permitted to make a profit. The retained surplus was invariably used for growth projects and employee development, and to subsidise services where contracts had either been lost or scaled back by the commissioning agent. A surplus can be generated by either reducing costs or by increasing revenue. Osborne (1998a, 1998b) developed a two-dimensional typology for innovation and improvement in service delivery, identifying four options for growth and sustainability. He considers only three of the options to be innovative and discounts incremental development as innovation and considers it simply continuous improvement. There is an established drive for continuous improvement within housing

associations on account of the competitive tendering process for commissioned contracts. The innovation options are not mutually exclusive and several organisations were pursuing more than one option. The findings revealed that contracts were awarded to housing associations that could provide value for money and demonstrate continuous improvement. Innovation was nurtured within housing associations and several directors commented on their investment in management development and coaching programmes to build this capacity within their staff.

4.6.4 Juxtaposing the Building Blocks for Performance Management with Leadership

The Venn diagram which is displayed in figure 5 in chapter two provided a model for performance management comprising the three principles of culture, trust and capability. It was posited that the three elements within the Venn diagram configuration were not static and could be influenced either by factors within the organisation or by external steering media. This chapter has revealed that several leadership typologies are applied within the context of housing associations and that they have an influence on the performance of the respective organisations. Transactional leadership is linked to trust and capability due to individual performance appraisal systems and by the performance dashboards employed by the housing associations. Transformational leadership has a linkage to culture and capability as it is visionary, linked to business development and the pursuit of new opportunities for growth and sustainability. Finally, servant leadership is linked to culture and trust on account of homophily and the promotion of OCB. The relationship of the leadership typologies to performance can be viewed in figure 5.

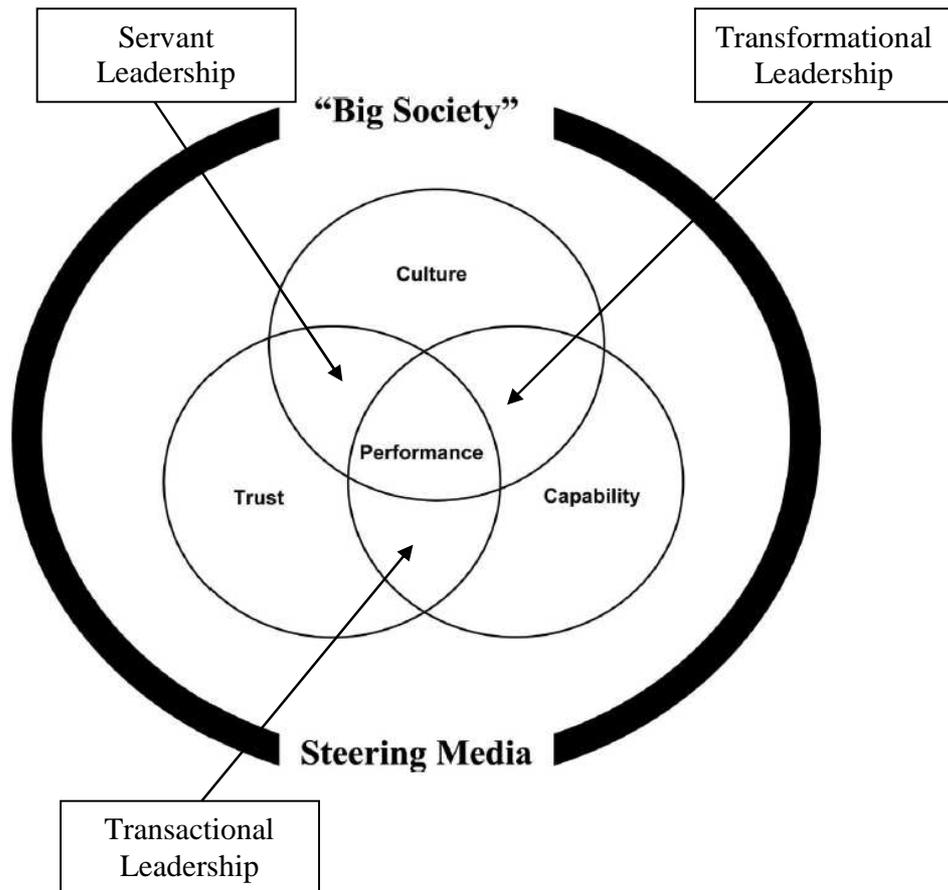


Figure 5 Leadership and Performance within Housing Associations

4.7 Conclusion

This study set out to answer three research questions relating to leadership and performance within third sector housing associations. The first question was; how are the changes in the third sector influencing leadership? The second question asked; what type of leadership is present in housing associations? The final question was; how does leadership lead to improved organisational performance?

The austerity measures identified in this chapter and the previous chapters reveal an unprecedented change occurring within social housing, which is causing a crisis of legitimation (Habermas, 1976). Prior to the GFC in 2008, social housing had been regulated by the Housing Corporation for more than 40 years. In the five years since the GFC, several factors including law, finance and power have begun to steer the lifeworld of housing associations to a more commercial competitive market via a process of colonisation (Habermas, 1987).

The legal factors have been both regulative and constitutive in nature (Habermas, 1987; Broadbent et al., 1991). Examples of constitutive change include the Welfare Reform Act¹³ which will result in housing benefit being paid directly to the tenant. The Act has also facilitated the so-called “bedroom tax” to be imposed on claimants with unoccupied spare bedrooms. This reform will result in tenants losing a portion of their housing benefit and will be compelled to fund the shortfall or be re-housed into more suitable accommodation. These twin reforms are likely to have a major impact on the key performance indicators of voids (uninhabited accommodation) and rental arrears. These KPIs that are vital for the sustainability of housing associations are reported to regulatory bodies and are also monitored internally on their respective scorecards (appendix 12). The Localism Act of 2011 and TUPE legislation will have an impact on the availability and transfer of local government contracts for housing and supported services available for housing associations to tender for. At a time when constitutive law is changing and the regulatory body for social housing is in a state of flux, the current regulatory body, the HCA, has become the third change in regulators in less than five years. This is causing uncertainty for housing associations. The imminent arrival of private sector competitors into this lifeworld will add additional competitive pressure to housing associations (HMRC, 2013b).

With respect to finance, there are several factors affecting the financing of housing associations. The loss of revenue caused by the projected increase in rental arrears and void loss will have a profound effect on both revenue generation and cash flow. The second factor is the inability to secure long-term fixed interest funding for growth and sustainability which was available prior to the GFC. Larger housing associations are beginning to look to bond markets as an alternative means of securing finance and this is likely to introduce other vested interests to the multiple stakeholder constituency. As government grants are scaled back, third sector organisations are being encouraged to source finance from Big Society Capital which is in the form of loans (Manville and Greatbanks, 2013).

The final steering medium is power that relates to the decentralisation of decision making to local authority level and the rebalancing of public service provision (Big Society, 2010). This transfer of power is being realised through increased contracting coupled with the

¹³ The Welfare Reform Act, 2012 - <http://www.legislation.gov.uk/ukpga/2012/5/contents/enacted>

arrival of private sector competition facilitated by the Housing Regeneration Act and the Localism Act. Local authorities are also becoming more aggressive in their contracting arrangements with the insertion of 90 day break clauses which puts the sector on a much more commercial footing.

The study revealed that leadership within housing associations was neither suffering a deficit, nor was it in an embryonic form (Kirchner, 2007; MacMillan and McLaren, 2012) which was unsurprising given that there is evidence of performance monitoring in this sector (Walker and Jeanes, 2001; Manville, 2007; Manochin et al., 2008). What was surprising to the researcher was that servant leadership (van Dierendonck, 2011), which would normally be associated with third sector organisations with a strong mission, homophily (McPherson et al., 2001) and OCB (Organ, 1988), was not the only leadership type. There was evidence of transactional leadership (Rowold and Heinitz, 2007) in the form of contingency-based reward using formal appraisal systems as well as management by exception responding to traffic lights on a BSC (Kaplan and Norton, 1996a).

Transformational leadership (Avolio et al., 2009) was also evident in housing associations as they sought out new business opportunities such as further stock transfers and work currently delivered by the public sector through various forms of innovation. This would take the forms of evolutionary innovation, expansionary innovation and total innovation as well as continuous improvement within the existing service offerings (Osborne, 1998a, 1998b).

Ogbonna and Harris (2000) argued that changing leadership was more effective than trying to change culture as leadership sets the tone of the culture of an organisation.

This study found that leadership within housing associations was vital for improving business performance and identifying opportunities for growth in this challenging lifeworld. As in the private sector, leaders in housing associations need to provide direction, and motivate and empower their workforce, and are required to be entrepreneurial in pursuing new opportunities for growth. In addition they have to manage the dual responsibility of maintaining the values of a not-for-profit organisation and this places a strain on OCB, which is associated with improved performance (Podsakoff et al., 1997), as well as potentially leading to mission drift (Morris, 2012). Radnor and Johnston made the connection of performance management relating to the activities of performance

measurement, behaviour and innovation which they define as “activity, based on performance measures and reporting, which results in action to create improvements in behaviour, motivation and processes and promotes innovation” (Radnor and Johnston, 2012, p4). These are indeed challenging times and those housing associations that are unable to rise to the challenge face the prospect of closing or being forced to either join consortia or to merge with other organisations. The other winds of change are the arrival of private sector organisations which are beginning to compete for contracts for services currently being delivered by the state or commissioned to third sector organisations. Consequently, it is vital that housing associations and other third sector organisations have strong and effective leadership appropriate to this context.

Although Mullins (2010) argued that housing associations are a distant relative of the third sector and has referred to them as profits in disguise, they remain third sector organisations and their mission makes them unique to private sector organisations (Moxham and Boaden, 2007). The combined impact of these competitive changes induced by the steering media is promoting a colonising effect invading the lifeworld (Habermas, 1987). This colonising effect is promoting them to adopt more private sector business performance management principles in order to compete and remain sustainable. This is creating a perfect storm of competitive isomorphism requiring housing associations to become more innovative (Di Maggio and Powell, 1983). The findings reveal that there will be anticipated consolidation within the sector as the type 3 housing associations (Cunningham, 2008) are unable to remain sustainable. The remaining types 1 and 2 housing associations that are successful will need to guard against the threat of mission drift (Morris, 2012).

This rapidly evolving lifeworld which is being colonised with private sector principles and competition brought about by the steering media “getting out of hand” (Broadbent et al., 1991) will eventually stabilise and institutional isomorphism will replace competitive isomorphism (DiMaggio and Powell, 1983; Tuttle and Dillard, 2001). This prognosis is not a *fait accomplis*, however, as there is still macro-political uncertainty with the prospect of a general election and a possible change of government within the next two years. The dichotomy of opposing viewpoints of a lean third sector which must earn its privileges may

prevail (Van Til, 2000) versus the “life and soul of the third sector up for grabs” (Brainard and Siplon, 2004) may remain un-reconciled in the short-term; however, this topic area will continue to provide a rich vein of research.

Chapter 5 Conclusion

5.1 Overview

This final section of the study summarises the issues addressed. The rationale of the study and the overarching research question are discussed. The key findings are evaluated and reflected upon to arrive at the contribution to knowledge within the context of housing associations within the third sector and also the more generic implications of performance management beyond the third sector. The introduction and three papers are evaluated both in terms of the theoretical framework and in the light of the rich empirical findings. The next sections offer a reflective discussion on the three-paper method and the methodological contribution. The final part of the concluding chapter is a personal reflection on my PhD journey and what I have learned.

This study has sought to answer the following research question:

How are housing associations going to navigate their way using performance measurement through the unstable environment following the financial crisis of 2008?

This question posed a challenge, but was also worthwhile asking for a number of reasons. It was a challenging question because the literature on performance measurement within the third sector is scant (Moxham and Boaden, 2007; Manville and Broad, 2013; Taylor and Taylor, 2013). Secondly there is limited literature relating to housing associations in the management disciplines, and lastly the third sector including housing associations is undergoing significant reform in the wake of a GFC. Nevertheless, it was worthwhile because it provided an opportunity to make a contribution to the nascent area of third sector performance measurement and management. In addition, it is timely for providing an opportunity to contribute to policy discussions as housing associations and to a greater extent the third sector needs to prepare and respond to the challenges that this new landscape is presenting.

The adoption of the Habermasian skeletal theory of lifeworld, system and steering media relating to performance measurement and management within housing associations was

framed in the skeletal theory of the framework developed by Broadbent et al. (1991). In order to relate the theory of performance measurement to housing associations and its impact with respect to the changes taking place within the third sector, empirical flesh needed to be put on the bones, and the three-paper PhD provided the means to achieve this.

5.2 Changing Face of Housing Associations

This study is timely as it has evaluated performance management within housing associations at a critical time in their history. This study has recognised that housing associations are not simply “custodians of accommodation” referred to as RSLs. They can also provide supported housing which includes a variety of support services to help their vulnerable tenants to live independently. They can take the form of ALMOs which are wholly owned by their respective local authority but have more autonomy than their public sector housing counterparts (Purkis, 2010). All typologies of housing associations will be affected by the changes to the competitive environment and therefore performance management will be vital. The expansionary change that had occurred during the last 40 years was relatively benign when compared to the challenges that housing associations are facing now. Mullins (2010) has argued that housing associations are a distant relative of the third sector on account of their traditional business model, i.e. a strong asset base of property, the ability to secure long-term funding and stable revenue streams on account of housing benefit paid directly to the housing association. For the past 10 years, the number of housing associations participating in supported living has grown as a result of contracting from local government via the supporting people funding (Jarrett, 2012).

5.3 Colonisation

The austerity measures following the GFC of 2008 and the reforms of the UK coalition government under the flagship policy of the Big Society (2010) have ushered in uncertainty within the sector. This study has evaluated the pervading steering media which is injecting greater competition into the sector through a process of colonisation (Habermas, 1987). The steering media of law, power and money underpinned by the Big Society agenda (Big

Society, 2010) has resulted in a colonising effect which is inducing a more competitive landscape into this lifeworld (Habermas, 1987; Big Society, 2010). From a legal point of view with respect to regulative and constitutive factors, the reform is considerable. The GFC and the UK government's deregulation agenda referred to as "the bonfire of the QUANGOs" (Mullins, 2010) has resulted in multiple changes in regulatory control within housing associations; these changes are the abolition of the Housing Corporation after more than 40 years as the industry regulator, the short-lived tenure of the Tenant Services Authority and latterly the HCA in 2012. The lighter touch regulation is putting the onus on the housing association to manage their performance which will provide uncertainty for some housing associations. From a constitutive perspective, the Housing Regenerations Act (HMRC, 2013b) has led to a new term of Registered Provider which includes the private sector providers. The Welfare Reform Act, 2012 has led to welfare reform in terms of the "bedroom tax", which imposes financial penalties on unused bedrooms and the introduction of universal credit which means that housing benefit is now paid directly to the tenant rather than to the housing association. This will affect two of the most important KPIs for housing associations' sustainability - namely, voids and arrears. Voids are a function of the utilisation of housing stock and together with rental arrears affects the cash flow of the housing association. The private sector may be the beneficiary of the void loss suffered by housing associations as they may have suitable housing stock for tenants that may be forced to seek smaller-sized accommodation.

In addition to the legal steering media there are financial and power steering media affecting the housing association's ability to raise long-term fixed low-interest capital (Habermas, 1987). With banks refusing to lend long-term at fixed interest rates, housing associations are turning to alternative sources of finance such as bond markets which will introduce additional stakeholder issues. With respect to supported housing, the ring-fencing protecting the supported people contracts has been removed and the Localism Act of 2011 provides more autonomy to the local authority, which could result in a post code lottery of supported housing as local authorities try to balance their own budgets which may subsequently result in the cessation of services. The findings reveal that some of the newer contracts have 90 day break clauses in place which places the local authority in a much

stronger position relative to the supported housing association. All these factors are steering the social housing sector into an increasingly competitive position and are having a colonising effect on the lifeworld of Housing associations and this is causing a crisis of legitimation (Habermas, 1976, 1987). Housing associations will need to employ performance measurement and management techniques primarily to manage their organisations as opposed to seeking legitimacy from regulators by demonstrating good governance and continuous improvement. The more competitive housing associations are adopting mimetic behaviour and adopting best practice from the private sector so there is also a colonising effect from within. This would fit the term internal colonisation which was how Habermas expressed it and the subsequent re-appraisal of colonisation by Broadbent et al. (2001).

5.4 Performance Measurement and Management

There is a prodigious amount of literature relating to performance measurement and management within the public sector led in citation terms by Hood (1991) and in the private sector by Neely et al. (1995). The information on the third sector context on the other hand is relatively scant and this study has presented the opportunity to begin to fill the void of this under-represented area. The study by Moxham and Boaden (2007) found no evidence of performance measurement frameworks in their sample of third sector organisations; however, within housing associations the empirical findings reveal a different picture. This study makes a contribution to knowledge by revealing the ubiquity of performance measurement taking place within housing associations. Due to the historical regulatory nature of housing associations, there was a need to periodically report on a series of financial and non-financial KPIs. Some of these were presented in ad hoc sophisticated performance dashboards including colour-coded traffic light ratings. There was also evidence of frameworks which had been adopted in the private sector such as the BSC (Kaplan and Norton, 1996a) and the BEM (Conti, 2006). For almost a decade there has been a call for the third sector to employ private sector performance measurement principles and to be more business-like (Dart, 2004; Little, 2005); and yet the empirical

evidence of the adoption of frameworks such as the BEM or the BSC in this sector are rare. The justification for not adopting them has been that the third sector is different and is viewed as a shaper of society (Moxham and Boaden, 2007; Johnson et al., 2008).

Although identifying the presence of performance measurement frameworks such as BEM and BSC is a contribution to literature, it does not connote performance management. The maxim what gets measured does not necessarily get managed and it can lead to unintended consequences such as gaming (Emiliani, 2000). The tools of performance measurement are often employed without focusing on the softer elements such as leadership, training and development, and culture (Lebas, 1995; Powell, 1995; Radnor and McGuire, 2004). Henri (2006) has argued that the cultural elements of the BSC are often neglected. The difficulty of achieving effective performance management is a function of performance management being a multi-disciplined field and the silo approach of both practice and academia has not been helpful (Neely, 1999; Smith and Goddard, 2002; Chenhall and Langfield-Smith, 2007).

A contribution to literature on the third sector in this study is the creation of a theoretical model for performance management based on trust, capability and culture. Each of the building blocks is inextricably linked and there is a degree of overlap, hence its expression in a Venn diagram. The capability aspect relates to the ability to organisational understanding of performance frameworks and monitoring and being business-like (Dart, 2004; Little, 2005). The empirical findings of evidence of investment in training and development and sharing best practice to improve performance supports the academic literature from moving from performance measurement to performance management (Lebas, 1995; Powell, 1995; Radnor and McGuire, 2004). This also demonstrated that private sector principles could be adopted by third sector organisations (Speckbacher, 2003; Moxham and Boaden, 2007). Housing associations, however, are closer to the private sector than most as they do generate a return on investment (Mullins, 2010). Nevertheless, they are a third sector organisation and are thus technically non-profit, so the second element of trust is of paramount importance for performance measurement and management in the third sector.

Maintaining trust is vital for performance management as staff are motivated into the third sector by homophily (McPherson et al., 2001) which engenders trust and facilitates the mobilisation of a partial volunteer workforce to supplement the paid workforce. In addition it also galvanises OCB (Organ, 1988) which is vital for an organisation with limited resources and can lead to improved performance (Podsakoff et al., 1997). An improvement in organisational performance needs to be reconciled with its mission if trust is to be maintained (Greiling, 2007). If this element of the performance management model is ignored, it could lead to the potential of mission drift as it deviates away from its core values (Morris, 2012).

A supportive culture is underpinned by senior management commitment and the realisation that performance management “is a long march rather than a quick hike” (Neely and Bourne, 2000, p6). Within the housing association that implemented the BSC, management patience was rewarded with improved performance and winning a number of awards. The empirical evidence of demonstrating achievement has filled a gap in the literature identified by Moxham (2009). Leadership plays a vital part in creating a supportive culture and this was developed in greater detail in chapter 4. The findings by Ogbonna and Harris (2000) that leadership was essential for creating a supportive culture are developed in more depth below.

5.5 Leadership

Another contribution to knowledge from this study was that the statements that there was a leadership deficit or that it was in an embryonic form were unfounded in social housing. There was evidence of several forms of leadership including servant leadership which is associated homophilic behaviour and most likely to engender a culture of OCB (Greenleaf, 1970; McPherson et al., 2001; Ehrhart, 2004) which would be ideally suited to the third sector. There was transactional leadership based on contingency-based reward validated by empirical evidence of performance appraisals (Rowold and Heinitz, 2007). In addition, the BSC traffic light visual performance was used as a form of management by exception, where attention was focused on the amber and red indicators (Bass et al., 2003), in addition to providing the metrics to the regulator to demonstrate good governance and continuous

improvement. Finally, there was evidence of innovation in housing associations as they recognised the importance of new business development in their scorecard (appendix 12). The new business development would take the form of market development through internal growth or merger/acquisition, product/service development from potential new government contracts, or by the creation of new spin-out organisations such as social enterprises as shown in table 3 (Osborne, 1998a, 1998b). The type 1 organisations which were most likely to pursue such ventures would need to guard against the threat of mission drift as they could deviate away from their core values (Morris, 2012).

5.6 Institutional Behaviours

Another contribution to knowledge is the motivations for why housing associations measure performance. The comparative study part of the research project revealed that both SMEs and housing associations exhibited behaviours associated with institutional theory in the context of performance measurement. There was empirical evidence of coercive, normative and mimetic isomorphism (Di Maggio and Powell, 1983). The regulatory body for housing which has changed three times during the last five years required housing associations to present performance data against set criteria (TSA, 2012) and local authorities also required housing associations engaged in supported living contracts to submit performance based on the QAF criteria (QAF, 2012). There was empirical evidence of normative behaviour within housing associations as they signed up to an anonymous benchmarking service supplied by an organisation called Housemark. This provided housing associations with a traffic light performance report of their performance benchmarked against their respective performance during the previous year plus a comparison of where they stood relative to the other subscribing housing associations. Finally, there was also evidence of mimetic isomorphism as one housing association had adopted the BSC by adopting best practice from the private sector, which is what academics have been encouraging (Speckbacher, 2003; Dart, 2004; Little, 2005). The study also revealed that there were housing associations with different capabilities with respect to managing performance and this fitted the typologies of Cunningham (2008). The type 1 organisations tendered to be more prepared to navigate their way through the

anticipated change in the lifeworld of social housing. This part of the study did have similarities to the study carried out on in the public sector on the reform of general practitioners (GPs) within the public sector which used a combined Habermasian and institutional theory approach (Broadbent et al., 2001). The subtle difference was that there were no dedicated absorption groups as there were in the public sector studies (Laughlin, 1991; Broadbent et al., 1998; Broadbent and Laughlin, 2001). This could be attributed to the third sector being less political and less bureaucratic (Boyne, 2002) as well as housing associations being more allied to the private sector (Mullins, 2010). The studies in the public sector revealed that colonisation was more complex than they originally thought in their earlier studies (Broadbent et al., 2001) as organisations within the public sector lifeworld could be both colonisers and absorbers. Within social housing, there was optimism as there could be opportunities for growth as a consequence of the rebalancing of the public services (Big Society, 2010).

5.7 Theoretical Framework Contribution

In addition to creating a theoretical performance management model, a contribution to knowledge was the extension of the theoretical framework evaluating the change brought about by NPM colonising the public sector, as proposed by Broadbent and Laughlin (Broadbent et al., 1991; Laughlin, 1991; Broadbent and Laughlin, 1998; Broadbent et al., 2001, 2010). Their 1991 paper, shown in figure 2, provided a rough skeletal theoretical framework (Laughlin, 1995) of the work of Habermas (1984, 1987) by showing steering media, systems and lifeworld. Broadbent et al. (1991) acknowledge the limitations of the model with respect to practical application. The further studies by Broadbent et al. (2001) linking Habermas to institutional theory (Di Maggio and Powell, 1983) have been adapted into the Habermasian skeletal framework and extended into a housing association context. Their 2001 paper made the linkages to institutional theory explicit, which was explained implicitly in the 1991 paper. The empirical findings from the multiple case study analysis have provided the sense-making flesh to make the model more practical (Laughlin, 1995, 2007).

The first framework shows a Habermasian representation of housing associations prior to the 2008 GFC. The steering media reflect the institutions in place responsible for governing housing associations including the Office of the third sector, the Housing Corporation, the QAF and the availability of long-term fixed-interest finance for growth and sustainability. It depicts the systems (housing associations) engaged in performance reporting to the Housing Corporation and QAF. Housing associations were engaged in a measurement exercise of financial and non-financial KPIs but the motivation was for compliance with the regulatory requirements. The regulatory steering media at that time was coercive isomorphism from the regulatory bodies and a perception of public sector bureaucracy colonising the lifeworld as a result of the Compact inspired the supporting people contracts (Smerdon, 2009; Seddon, 2007; Manochin et al., 2008; Jarrett, 2012).

The lifeworld of registered social landlords comprised culture, society and personality (Habermas, 1987, p 365) and was that of a shaper of society (Johnson et al., 2008) as the surplus (profits) were reinvested into the housing association for growth and sustainability to provide a service for their tenants. The society aspect within the Habermasian lifeworld (Habermas, 1987), could be considered normative isomorphism as this would fit with the collective common values of the housing associations and it also represents the housing associations engaged in benchmarking through Housemark. The combination of Habermas and institutional theory is consistent with the study of NPM in the NHS (Broadbent et al., 2001). The personality of the lifeworld represents the capacity-building in terms of training and development undertaken in order to manage and grow the business which corresponds to becoming more business-like (Dart, 2004; Little, 2005). The internal colonisation represents individual housing associations seeking to copy best practice from the private sector such as the implementation of a BSC to improve performance (Manville, 2007) or as a means of seeking legitimacy (Helmig et al., 2004). Finally the external colonisation relates to the hyperactive mainstreaming (Smerdon, 2009) of supporting people contracts and the regulatory requirements of the Housing Corporation (TSA, 2012; QAF, 2012). This fits with the concept of coercive isomorphism when an organisation is compelled by the regulatory bodies to comply (DiMaggio and Powell, 1983; Broadbent et al., 2001).

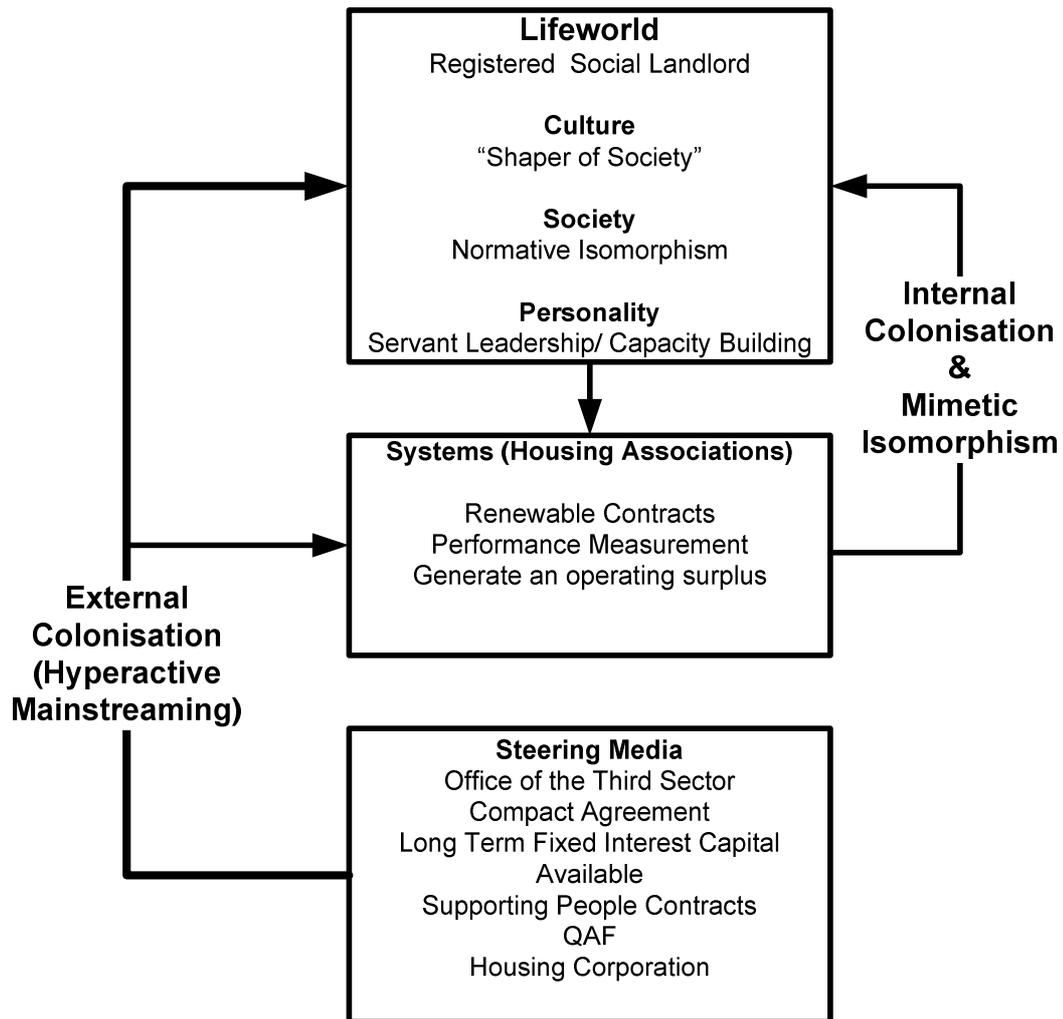


Figure 6: Habermasian Representation of Housing Association Lifeworld in 2008.

Adapted from Di Maggio and Powell, 1983; Broadbent et al., 1991; Broadbent and Laughlin, 1998 and Broadbent et al., 2001

The second framework shows the changing landscape of social housing in the subsequent five years. The steering media regulating the housing association has got out of hand (Broadbent et al., 1991) as a result of a significant change following the GFC and a change in government in 2010. The reforms to the steering media have been in line with the Big Society philosophy which is seeking to rebalance the public sector to include a more representative public, private and third sector provision (Big Society, 2010). The reforms have included the replacement of the Office of the third sector with the Office for Civil Society, welfare reform, private sector competition, the replacement of contracting via

supporting people with localism and the scarcity of fixed long-term, low-interest capital. These changes are new and are inducing a competitive isomorphism (Di Maggio and Powell, 1983, Tuttle and Dillard, 2007) into the lifeworld of housing associations. The 2013 lifeworld is different from the 2008 representation as they are no longer RSLs but registered providers, which includes private sector providers (HMRC 2013b). The shaper of society is now evolving into a more commercial reality as organisations need to be competitive whilst staying true to their values and avoiding mission drift (Morris, 2012). The society of social housing is still normative isomorphism but this will be challenged as the private sector organisations continue to colonise the lifeworld. The empirical research from the final paper revealed that the leadership is multi-faceted in terms of leadership types and the capacity-building continues but there are tensions in terms of maintaining OCB and the homophily of working in a third sector organisation.

From a system perspective, housing associations are required to be more innovative in order to remain sustainable and/or grow (Osborne 1998a, 1998b). This may take the form of market development through acquisition/merger, tendering for the provision of new services that may emerge as a result of the implementation of the Localism Act, or diversifying into completely new services such as the creation of a social enterprise. As contracting becomes more competitive, services may change providers and housing associations will have to take on the TUPE implications for any newly transferred staff. The level of competitive isomorphism from the type 1 housing association will have a colonising affect as their innovative ideas are induced into the lifeworld. The types 2 and 3 organisations could follow suit as form of mimetic isomorphism to maintain legitimacy (Broadbent et al., 2001; Helmig et al., 2004; Cunningham, 2008).

According to institutional theory, the competitive lifeworld of social housing will eventually stabilise as the changes become embedded, and institutional forces reassert themselves as a result of normative isomorphism. This process is articulated by Tuttle and Dillard (2007, p380):

Institutional theory assumes free and open competition, diverse approaches to problem solving, and action motivated primarily by economic efficiency in the initial stages of field

development. Competitive isomorphism, that is pressure to become more effective and efficient, drives change. As the field matures, decision making predicated on strictly economic efficiency declines because efficiency related innovations are now widely adopted.

Unlike the public sector, there is not an organised absorbing body (Laughlin and Broadbent, 1998) resistant to change as housing associations are more closely allied to the private sector than the public sector (Mullins, 2010).

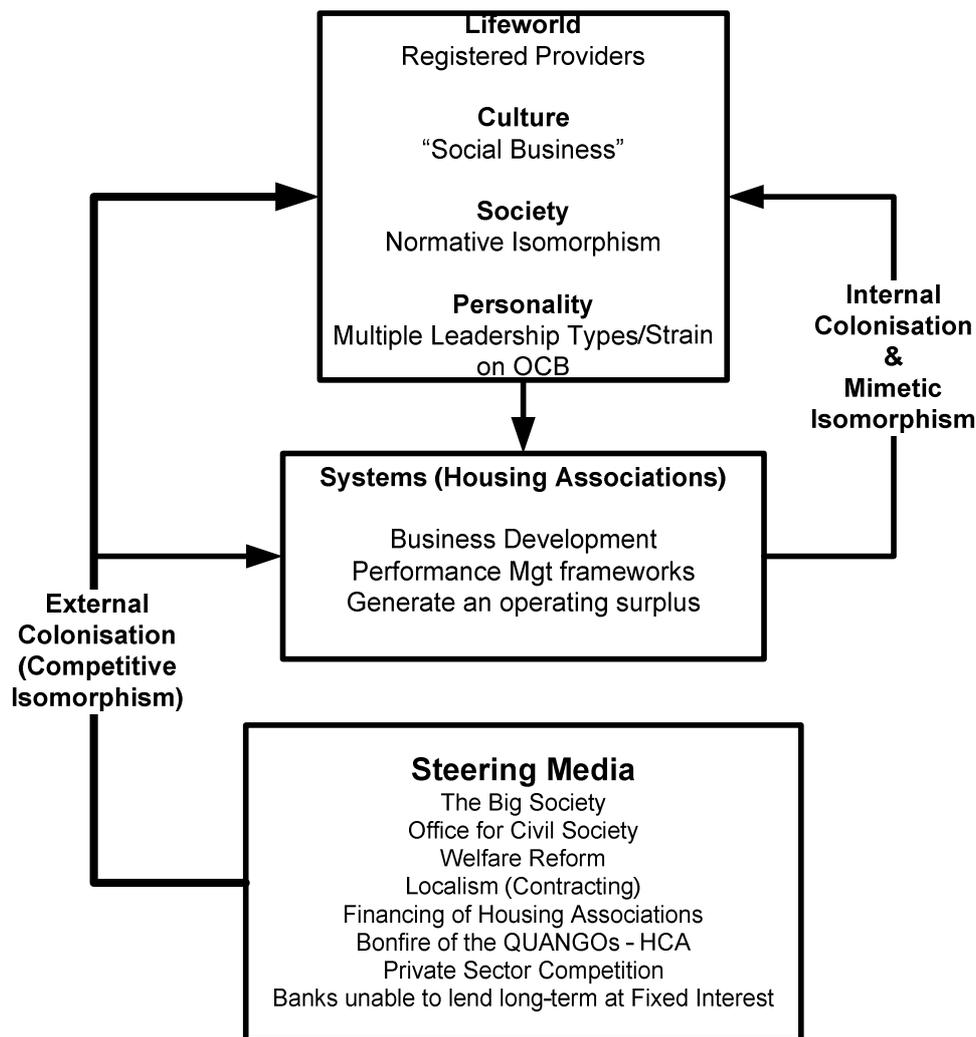


Figure 7: Habermasian Lifeworld post 2013.

Adapted from Di Maggio and Powell, 1983; Broadbent et al., 1991; Broadbent and Laughlin, 1998; Broadbent et al., 2001; Tuttle and Dillard, 2007

5.8 Contribution to Method

The three-paper method gave me the opportunity to refine my methods throughout my study in a more flexible manner than the conventional PhD route would have done. The three-paper route is as robust as the conventional PhD route as they both follow the same regulations. A three-paper PhD requires that the papers are publishable, and from a personal point of view it was desirable for me as I had the opportunity to generate output during my study which could demonstrate contribution to knowledge. The compulsory research methods course introduced me to the Miles and Huberman framework which I have adopted throughout the study as it provided a degree of structure which was consistent across the three papers. This fitted with the Middle Range Theory of Habermas as the skeletal frame (Laughlin, 1995) of the methodological tool was sufficiently structured with interview frameworks so that a degree of consistency was present, and yet it facilitated opportunities for the capture of rich qualitative data. The initial coding lists helped me to categorise and present the data in line with the published literature. The data reduction from the summary sheets allowed the coding lists to be completed by adding inductive codes to add empirical richness to the skeletal coding and provided the final coding lists. I found this approach invaluable in developing the emergent themes. The systematic approach was beneficial when I was presenting my partial findings at conferences and submitting my papers to the rigorous peer review process of journals articles. The frameworks are adaptations from the work of Miles and Huberman (1994) and I have simply extended them into the context of analysing housing associations. By employing such a framework it provides a degree of consistency and quality assurance which could help me in the future as I conduct comparative studies with academic colleagues in other countries.

5.8.1 Securing Access

My consulting experience was vitally important for securing high quality access and trust within my case study organisations. Easterby Smith et al. (1994) argue that having equal status with the interviewer helps to build trust and can lead to a much richer set of qualitative data. This provided me with much richer data than I had seen in the limited output of third sector research papers and gave me the potential to make a contribution to the debate. One of the criticisms of qualitative data is that they are value-laden (Easterby-

Smith et al., 1994). This critique assumes that positivist data are value-free; however, Habermas (1970) in his earlier work, prior to his magnum opus on communicative action, entitled *Knowledge and Interest*, convincingly argued that any form of knowledge is an instrument of self-preservation.

5.9 Contribution to Practice and Policy

Drawing on the findings of this study, the following contributions to practice and policy could be put forward in support of the concluding comments in the respective chapters.

5.9.1 Managing Performance in Social Housing

The motivation for Housing Associations measuring their performance with financial and non-financial metrics has historically been motivated by coercive isomorphism as a means to comply with either the regulatory bodies and/or the commissioning bodies in order to demonstrate good governance and continuous improvement. This has also been underpinned by normative isomorphism in the form of benchmarking of regulatory KPIs with other housing associations. The lifeworld of social housing is facing private sector competition and housing associations will need to take a holistic view of performance measurement and management. The performance measures should not simply be collected ad hoc to placate external stakeholders but should form an intrinsic element of a social business strategy. Housing associations have demonstrated an awareness and understanding of performance metrics and there has been evidence of some internal colonisation of housing associations embracing holistic frameworks linked to social business strategies such as the BSC or the BEM. If housing associations are to continue playing a pivotal role in social housing, all housing associations need to embrace performance measurement motivated by self-determination through their social business strategy rather than being coerced or mimicking best practice to maintain legitimacy.

5.9.2 Leadership Challenges in Social Housing

Ogbonna and Harris (2000) argued that leadership was more effective for improving performance than attempting to change culture and chapter four provided a compelling

justification for the importance of leadership within housing associations. Social housing is experiencing significant reform with the steering media of law, power and money moving the lifeworld of the social housing into a more competitive landscape. Housing associations are more closely allied to the private sector on account of their profit/surplus generating business model but they still face challenges. The arrival of private sector competition, scarcity of long-term low-interest finance and deregulation means that leaders within social housing will need to balance the duality of the ethical stance of making a difference to their local community with having a social business plan for sustainability and/or growth. Growth and sustainability plans could involve developing new service offerings, entering new markets as well as continually improving performance in existing markets. With a general election less than two years away and uncertainty which could lead to different ideological directions, strong and clear leadership is vital. With the impending rebalancing of public services to deal with government debt as a percentage of GDP (HM Treasury, 2011), opportunities will also present themselves in addition to the anticipated threats. Leaders in social housing will need to steer a course of action to not only respond to the threat of private sector competition but also to compete for additional/ renewed contracts from the public sector. In addition they may need to negotiate possible acquisition and merger activity from existing housing associations or private sector registered providers whilst preserving their core values.

The effect of the changes to housing benefit requiring service users to manage their own rental payments and the challenges of re-housing tenants affected by the “bedroom tax” will provide further challenges in social housing. Housing associations will need to manage the tensions of being a caring third sector organisation which garners trust and OCB alongside the commercial reality of dealing with issues that could threaten their solvency. If private sector principles are to be exported to social housing, they will need to be tailored to the context of the sector. Mullins (2010) argues that they are a distant relative of the third sector, but according to the leaders in this study they still remain a social business.

5.9.3 Capability Building within Social Housing

This study revealed that training and development is taking place in order to build capability with respect to understanding the need for performance measurement and to engage in activities necessary to improve performance. These training interventions have

been delivered by external training providers or by internally sharing best practice. The study has revealed that the type 1 housing associations are behaving like a social business, however, more training is needed for the remaining housing associations so they do not view business performance and supporting the tenants as mutually exclusive. In addition, there is also scope for collaboration within the supply chain of social housing provision with respect to joined-up thinking. For example housing associations can work more closely with regulatory bodies and local authorities in order to improve the service for the tenant and provide value for money for the taxpayer by learning from the private sector as discussed in section 3.8.2.

5.10 Personal Reflection

Before discussing my PhD research learning experience I feel it is important to provide some context to both my career background and my path into an academic career.

My academic journey was not a conventional journey as I had come from an industry background before moving into academia. My experiential learning began over 25 years ago after I completed my studies in engineering at university. I joined a large defence contractor on a graduate training scheme, qualified as an Incorporated Engineer and then moved into management. After 10 years in engineering and manufacturing I sought a career change and completed an MBA, and subsequently I became a Management Consultant advising organisations from a diverse number of sectors. Having retained a passion for learning I began teaching evening classes to part-time MBA and part-time undergraduate students which required me to engage with the literature again, develop and plan classes and apply my facilitation skills that I had learnt from consulting in the classroom. In 2002, I was offered a senior lectureship in a teaching university where I continued to lecture in my disciplinary areas of strategy and operations management.

Between 2004 and 2006 I was the academic supervisor on a KTP project with a charity to implement a performance management framework in a housing association which was a SME with charitable status. What ignited my passion for this project was how business-focused the CEO was, and the statement he made that I will never forget: “We are about

giving people a hand up and not a hand out". This dovetailed perfectly with my consulting and my teaching and during the course of the project I was invited to study for a PhD by publication. My allowance was conditional upon producing output and I produced a conference paper which was subsequently accepted for publication in an ABS one star journal. I was very flattered and honoured that my paper won the Emerald Literati award in 2008 for an Outstanding Journal Paper, which coincided with my move to the University of Southampton. In early 2009, I was also a shortlisted finalist for the ESRC Michael Young Early Career Research Award. The editor of the journal of my first publication invited me to guest edit a special issue of the journal in my research theme, third sector performance management, which was published in July 2010.

After joining the University of Southampton, I was invited to transfer to the PhD programme and was initially supervised by another member of faculty. This, however, was not a productive time for me and I was torn between studying for a conventional PhD versus a three-paper PhD which followed the same regulations. In consultation with my former supervisor, I choose the three-paper PhD route which is ideal for a mid-career teaching academic who has an early career research profile. The three-paper PhD route was also appropriate for me as it enabled me to adjust my research design in order to adapt to issues surrounding the constantly evolving lifeworld of housing associations which begun after the GFC of 2008. I subsequently changed my supervisor which was a difficult decision as I did not want to offend my colleague but thankfully it was a mutually agreeable decision. My new supervision team gave me much clearer focus and I formulated my research questions for the compulsory research methods course. My former supervisor and my current supervisor marked my assignment and commented that the questions were clear and that the methodology was sound (appendix 31). As the extent of the change within housing associations was unforeseen when I began my studies, I have had to recalibrate my overarching research question and my third paper to tackle the issues of performance. My learning experience throughout my PhD studies at Southampton can be summarised in the three areas of scholarship: research, learning and teaching and enterprise.

5.10.1 Research

The maxim by Socrates, *the more I learn, the less I realise I know*, is a very appropriate lesson in the context of a lifelong learner. My first supervisor made me realise that, despite my success in my first publication, I needed to engage with the higher-ranking journals and the papers that were well cited in order to evaluate the body of conventional wisdom and leading edge research if I was to publish in higher-ranked journals. I recognised I needed to adapt my research approach from being a consultant looking for a prescriptive solution to an academic researcher taking a more critical approach to the issue. The compulsory research methods training that I undertook along with my assignment detailing my research approach was essential in helping me to develop a more rigorous approach to my study. The course equipped me with the knowledge and understanding to become more rigorous in my qualitative analysis and this evolved throughout my study. My confidence in writing academically began to grow as I presented my findings in academic peer-reviewed conferences where I met academic colleagues who I had cited in my work and we shared ideas. Presenting at peer reviewed academic conferences improved my credibility as an academic and provided me with a forum to debate my work and to gain valuable feedback from esteemed colleagues who would occasionally signpost me to further literature on my topic. The three-paper route has allowed me to re-engage and update my literature and amend the subsequent papers. The iteration process of my PhD journey enabled me to respond to my empirical findings and also the changing steering media which facilitated the focus on leadership and performance and the linkage of Habermas to institutional theory (Habermas, 1984, 1987; Di Maggio and Powell, 1983).

In March 2013, I gave a keynote speech to academics and practitioners at the University of Leeds for their symposium on Operations Management in the third sector organised by their Technology and Innovation Group (TIGR, 2013). Professor Zoe Radnor, the Chair of BAM, recommended me to the organising committee and I gave a presentation on Balanced Scorecards, Strategy and the Challenges Facing Housing Associations. The event has led to another special issue on performance management in the third sector; although I am not involved with this special issue, it builds on the earlier special issue that I co-edited in 2010 (Huatuco, 2013). The policy forum has provided me with further access to housing

associations that are considering bond issues and this is forming the basis of a post PhD collaboration with another colleague from the University of Southampton who specialises in bond markets.

An additional benefit of presenting at conferences has been the opportunity to develop my network and collaborate with like-minded researchers on complementary research. I have worked on other research projects such as writing books, writing and reviewing journal papers, sitting on editorial boards and organising conferences, which are in the organisational/business performance discipline but are separate to my PhD. At first impression, these could pose a distraction but the complementary projects were related and helped me develop my knowledge and understanding. My academic credibility has gradually increased and senior academics in my research area have been gratefully received as referees for ESRC competitions, book sleeve endorsements or written forewords in the books that I have co-authored in parallel to my PhD study (see presentations and publications section). These have included the former deputy Director of AIM, the Chair of BAM and other thought leaders in performance management. Paper one has now been accepted in Public Management Review which has an impact factor of 1.2, ranked A grade in the Australian ranking and 2 star rating at ABS. I have also established a post PhD research pipeline with several projects with the following universities: Monash University, Australia; Otago University, New Zealand; University of Sussex, UK and University of Padua, Italy.

5.10.2 Learning and Teaching

My PhD research has also helped me to become a more effective teaching practitioner. Prior to beginning my PhD I was already a Fellow of the Higher Education Academy and had completed a PG diploma in Academic Practice. Nevertheless, in the spirit of both Socrates and the kaizen philosophy of continuous improvement (Imai, 1986) within the organisational/ business performance literature, there are always opportunities for improvement. I am passionate about employability for my students and during my PhD study, I co-wrote two articles in the Times Higher Education on this topic in 2008 and 2009 (Manville and Scheil, 2008; Manville and Rippon, 2009). I have managed to synergise the needs of the student, my academic institution and the local enterprise by negotiating with

one of the housing associations that participated in my research to sponsor an employability prize which was linked to a work-based learning assignment that I had embedded into the curriculum of a second-year undergraduate module. It was a tripartite learning experience and continued to cement the relationship that I had established with the housing association. A housing association which took part in the interviews for my third paper has also agreed to sponsor an employability prize for one of my modules at my new institution. The module is a Master's degree module in Leadership and Development which could bring symbiotic benefits to the students and the housing association as well as to my teaching.

5.10.3 Enterprise and External Engagement

During my PhD study, I co-hosted a one day conference on Social Enterprise and Performance Management in the Third Sector (Karatas-Ozkan and Manville, 2010). It was a relatively small conference of approximately 15 delegates and included practitioners and academics from the third sector. Among the invited speakers was a reflective practice contributor to my special issue journal on third sector Performance for the International Journal of Productivity and Performance Management which was published in July 2010. He was the Performance Manager of Barnardos and he presented his performance dashboard to the conference which provided a rich discussion to the delegates in the conference. He has subsequently left his post at Barnardos to begin a PhD on Performance Management at Cranfield University. His PhD supervisor, who is one of the thought leaders on Performance Management, invited me as a speaker for an Inside Government event in November 2012 (Appendix 32). According to their website, Inside Government is a policy forum that “has unrivalled access to a wide range of expert speakers. These include politicians, policy-makers, sector experts and practitioners, and all possess extensive knowledge and experience in their respective fields” (Inside Government, 2013). My consulting expertise enabled me to distil my research findings and present them in a manner which was relevant and accessible to a practitioner audience. I met several speakers at the conference on the panel and one has agreed to provide access for my future research pipeline in visual performance management. Having moved to the University of East Anglia to take up a new role, I am in the process of putting together a £130,000 bid for a KTP on Performance Management with a large newly-merged housing association.

I was also invited to the University of Otago, New Zealand to present my findings from my second and third papers from my PhD. I presented my second paper, a comparative study of SMEs and housing associations to an internal research seminar series comprising academics and PhD students on the 3rd April 2013. On the 4th April 2013, I made a second presentation as a panel member of a symposium to academics and practitioners from New Zealand. One of the speakers was the Housing Minister for New Zealand, Hon. Paula Bennett. This was a great honour for me and I was grateful to my colleague, Dr Richard Greatbanks for organising this event (appendix 33).

The three-paper PhD has given me the opportunity to publish as my PhD study progressed and to develop an international research community. Projects will commence in 2014 which will provide a research pipeline that will sustain me after my PhD outputs have been published and hopefully prepare me for the REF of 2020. If I had not undertaken a PhD I would never have had the opportunity of guest editing an international journal, nor would I have had the confidence to approach international authors for my edited book on third sector Performance Management.

5.11 Three Paper Pipelines

All three papers have been presented at international peer-reviewed conferences and have been published in conference proceedings listed in the presentations and publications section. I have established a post PhD pipeline but I am also aiming to obtain three publications from my PhD. My first paper has already been published in *Public Management Review* after a review process of 14 months and the target journals of my other papers are shown below.

- **Paper One – This paper has been accepted for publication**

Manville, G., & Broad, M. (2013). Changing times for charities: performance management in a third sector housing association. *Public Management Review*, (ahead-of-print), 1-20.

- **Paper Two – The title will be modified based on feedback from a presentation at a PMA symposium**

Manville, G and Broad, M. Behavioural performance: institutional theory in SMEs and third sector housing associations. (Targeting Production Planning and Control)

- **Paper Three – The title will modified to reflect the ongoing changes**

Manville, G and Broad, M. The bedroom tax, benefit reform and localism: leadership challenges for third sector housing associations. (Targeting Public Management Review)

5.12 Limitations to the Study

Although several contributions to knowledge have been accomplished in this study, there are some limitations of the study which are explained in turn. The first limitation is that the terms ‘steering media’ and ‘steering mechanisms’ are not clearly delineated. The earlier work by Broadbent also has inconsistencies. For example, steering media is referred to in institutional terms such as accounting body institutions or as elements of the NHS. In other parts of their research, the steering media are referred to in Habermasian terms of law, money and power (Broadbent et al., 1991, 2001). They concede the uncertainty of their model and relate it to their own interpretation of Habermas (Broadbent et al., 1991). Our respective stances are not incompatible as I believe steering media becomes institutionalised when equilibrium is re-established and institutional isomorphism replaces competitive isomorphism. When a lifeworld is in equilibrium, institutional behaviour reasserts itself and any changes are related in terms of coercive, mimetic or normative behaviour (Tuttle and Dillard, 2007).

Another limitation to this study is that it focuses on only the managers and the directors of the housing associations and does not include empirical evidence from the employees within the organisation. The decision to omit employees from this study was deliberate for two reasons. The first is that there is a dearth of published literature on third sector performance; thus the rich empirical findings from the senior managers who are steering the organisation through these uncharted waters are an important foundation which needed to be established. Ogbonna and Harris (2000) persuasively argue the importance of

leadership and performance and this fitted with my study. The potential opportunity of including employees in further studies is valid and one of my post PhD studies will be a collaborative study with Monash University on a multi-level view of organisational performance looking at leader and follower perceptions (appendix 34).

I could have elected to select a purely Habermasian approach to performance management within my study but Habermas is renowned for being abstract, and although his is a valid approach, it does suffer from practical application (Broadbent et al., 1991). Alternatively I could have focused on institutional theory, which is also a valid method on account of social housing being, historically, a tightly regulated area with a stable business model. The changes that are taking place and the initial uncertainty as revealed in the empirical findings whilst the reforms are bedding in provided me with confidence that my combined approach to the overall thesis was appropriate. Combined theories are not uncommon but there is a concern that some combinations may appear contradictory (Jacobs, 2012). Habermas and institutional theory, however, have been combined in several studies (Broadbent et al., 1991, 2001; Rahaman et al., 2004) and my contribution to knowledge has extended this within the context of the third sector. While I respect the validity of purist researchers who believe in adhering to a single approach, I take encouragement from Professor Jacobs who argues that “researchers do not have to be theoretically committed or theoretically pure to be held in high esteem within the academic community” (Jacobs, 2012, p19).

If I was given the opportunity to start this research study again I would adopt the same approach; however, I would have undertaken a cross-case analysis of the case studies which would not only identify the commonalities but also the distinctions between the various typologies of housing associations. For example, further research could establish whether all housing associations are equally affected by the changes in the lifeworld. It could also look at the issue of mission drift as a consequence of their chosen social business strategies which could provide much needed empirical evidence. Notwithstanding, my PhD has provided a contribution to knowledge in third sector performance which currently has a negligible presence in the literature.

A final approach that would suit this topic area would be positivist agency theory which is a compelling approach as it centres around organisational efficiency; that organisational practices should fit the environment; that regulation is a constraint, and that people are rational and self-interested (Eisenhardt, 1988). I believe the government has this ontological stance as they are pursuing a rational approach with their stated aim to rebalance public services in the name of efficiency which will reduce the government debt, free up social capital and thus benefit the taxpayer (Big Society, 2010). The principal agent relationship within Agency Theory applies to the housing association and tenant with respect to benefit reform; for example, giving the tenant personal responsibility with respect to their housing benefit, and the housing associations being held more accountable to the local authority with respect to contracting.

Despite the compelling argument, it does not fit with my ontological or epistemological stance as I believe knowledge is not a single rational reality but that it is socially constructed within the context of the third sector and interpreted via the empirical research. Middle-range thinking in terms of middle-range theory, methods and change (Laughlin, 1995, 2007) fits with my research paradigm. I prefer skeletal theory to grounded theory of interpretive research and my chosen methodology is multiple case studies because it is ideal for theory building and facilitates the generation of rich data (Eisenhardt, 1989; Easterby-Smith et al., 1994). My methods are structured around the modified Miles and Huberman approach which allows for interpretation in order to generate emergent themes (Miles and Huberman, 1994; Balogun, 2006). The dichotomy of opposing viewpoints of a lean third sector which must earn its privileges may prevail (Van Til, 2000) versus the “life and soul of the third sector up for grabs” (Brainard and Siplon, 2004) is not as acute in social housing. Therefore the change within housing associations is also likely to be of a medium level as they are closely related to the private sector due to their business model and by virtue of generating a profit/surplus (Mullins, 2010).

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APPENDICES

Appendix 1: Interview Listing for Paper 1

No.	Interviewees	Name	Job Title	Date of Interview
1	KTP Associate	1 SB	KTP Associate	08/02/2006
2	Director	1 PK	CEO of BCHA	17/02/2006
3	Director	2 MH	Director of Finance and Corporate Services	17/02/2006
4	Director	3 BS	Director of Residential Services	28/02/2006
5	Director	4 GT	Director of Learning Services	28/02/2006
6	Director	5 RP	Director of Housing and Development	04/03/2006
7	Operational Manager	1 SJ	Human Resource Manager	17/02/2006
8	Operational Manager	2 PB	Quality Manager	08/02/2006
9	Operational Manager	3 CH	Operations Manager Young People	04/03/2006
10	Operational Manager	4 DP	Operational Manager	08/02/2006
11	Operational Manager	5 MS	Operational Manager Adult Services	28/02/2006
12	Director	2 MH	CEO of BCHA (formerly Dir 2)	04/04/2012

Appendix 2: Paper 1 Interview Framework

Paper 1: Interview Framework

What do you understand about the balanced scorecard?

How were the KPIs and targets agreed and what was your role in this process?

What are the main drivers for improvement?

How is the BSC linked to your business plan?

What do you think the BSC will achieve for BCHA?

What are the main challenges affecting BCHA?

What are the challenges relating to the scorecard and can they be overcome? Prompts

- Resources
- Training
- Resistance
- Transparency

Will there need to be a change in mindset of managers at varying levels?

- Data Entry
- Knowledge Sharing
- Measuring Performance
- Performance Management

Interview Framework for Paper 1A

Interview Questions

Performance Measurement

How many performance indicators are there on the scorecard and how are they communicated to management?

What are the main challenges facing the third sector?

Is regulatory compliance or continuous improvement the main driver?

How are learning and growth indicators linked to the overall scorecard?

Balanced Scorecard

Why was the balanced scorecard chosen over other performance measurement frameworks?

Who has led the implementation and post implementation of the balanced scorecard?

How has the balanced scorecard evolved since its implementation?

How has the BSC changed your management style?

How have the perspectives of the balanced scorecard been tailored to your organisation?

What have been the major benefits of the balanced scorecard to BCHA?

Is the balanced scorecard suitable for organisations such as BCHA?

Effectiveness

Has the role of the front line worker changed since the introduction of the BSC?

Is the business plan now issued to managers in a timely fashion?

Has senior management' leadership style changed during that time?

Appendix 3: List of Codes for Paper 1

SHORT DESCRIPTIONS	CODES	RESEARCH QUESTIONS
Management Commitment	MC	1
Leadership	MC-LEAD	1,2
Support	MC-SUPP	1,2
Patience	MC-PAT	1,2
Management Development	MC-MD	1,2
Recognition	MC-REC	1,2
Organisation Culture	OC	1
Values	OC-VAL	1
Trust	OC-TRUS	1
Open	OC-OP	1
Tension	OC-TEN	1
Impact	OC-IMP	1
Performance Measurement	PMEAS	1
Balanced Scorecard	PMEAS-BSC	1
Social Return on Investment	PMEAS-SR	1,2
Appraisal	PMEAS-AP	1,2
Improvement	IMP	1
Meetings	IMP-FM	1
Shared Learning	IMP-SL	1,2
Competition	IMP-COM	2
Funding	IMP-F	2
Awards	IMP-AW	2
Accreditations	IMP-AC	2
Context	CON	1,2
Internal Context	CON-IC	1
Can do	CON-IC-CD	2
Continuous Improvement	CON-IC-CI	2
External Context	CON-EC	1,2
Regulator	CON-EC-RE	1,2
Competitive Tendering	CON-EC-T	1,2
Renewable Contracts	CON-EC-R	1,2
Steering Media	SM	2
Power	SM-P	2
Money	SM-M	2
Law	SM-L	2

Appendix 4: Scorecard for BCHA

Bournemouth Churches Housing Association > Corporate Scorecard

Scorecard Performance

Corporate Scorecard		December 2009					
		F	Monthly	YTD	Target	Status	
Internal Business	Average re-let time	M	9.20	13.08	<=	10.00	
	SP indicator - Service availability	Q	98.57%	97.94%	>=	95.00%	
	SP indicator - Service utilisation	Q	98.98%	98.11%	>=	95.00%	
	SP indicator - Planned departures	Q	56.65%	63.06%	>=	70.00%	
	% Jobs Completed Right First Time	M	94.27%	96.30%	>=	92.00%	
Finance	Rent collected	M	100.49%	94.22%	>=	94.00%	
	Rent arrears %	M	5.93%	5.93%	<=	5.00%	
	Void Loss %	M	3.70%	3.90%	<=	5.00%	
	Rent written off / rent collected	M	0.00%	0.00%	<=	5.00%	
	% Income Variance	M	103.17%	99.78%	>=	100.00%	
	% Achievement of Target Surplus	M	150.33%	199.11%	>=	100.00%	
	Maintenance Cost Per Unit Per Week	M	29.47	29.47	<=	25.00	
Innovation and Learning	% new business won	M	0.00%	17.13%	>=	10.00%	
Customer Satisfaction	% Complaints resolved within timescale in the period	M	100.00%	100.00%	>=	100.00%	
	Customer Satisfaction - Entry & Exit Surveys	M	100.00%	86.85%	>=	85.00%	
	% Service Users satisfied with BCHA/MEARS Maintenance Service	M	99.12%	99.72%	>=	100.00%	
	Customer Satisfaction - Major Surveys	A	85.00%	85.00%	>=	85.00%	
Regulatory Compliance	% attendance at Board and Committee meetings	Q	70.69%	75.18%	>=	75.00%	
	Dwellings vacant and available to let	M	3.26%	3.44%	<=	5.00%	

Overall Scorecard



Appendix 5: BCHA BSC Average Re-let time KPI Drill-Down Level 3

Bournemouth Churches Housing Association > Corporate Scorecard > Internal Business > 1 > Average re-let time

« Level 2	Level 3	Level 4 »
YTD	YTD chart	MTD chart

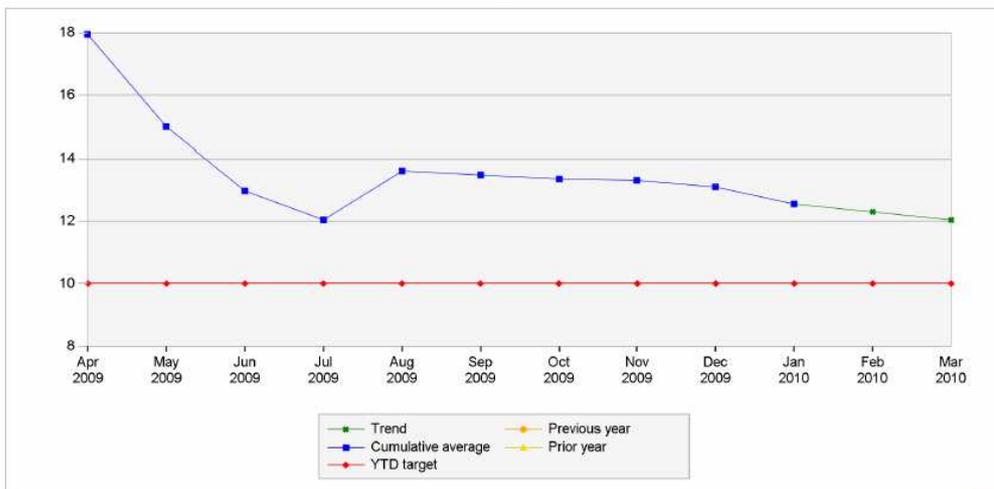
December 2009

Period to date			Year to date			Trend		
Total	Target	Variance	Total	Target	Variance	Total	Target	Variance
9.20	10.00	0.80	13.08	10.00	-3.08	12.04	10.00	-2.04

April 2009 to March 2010

Period	Month by month	Monthly target	Cumulative year to date	Year target
April 2009	17.93	10.00	17.93	10.00
May 2009	12.46	10.00	15.00	10.00
June 2009	9.20	10.00	12.97	10.00
July 2009	9.60	10.00	12.02	10.00
August 2009	29.07	10.00	13.61	10.00
September 2009	12.38	10.00	13.49	10.00
October 2009	11.94	10.00	13.34	10.00
November 2009	13.00	10.00	13.31	10.00
December 2009	9.20	10.00	13.08	10.00
January 2010	6.56	10.00	12.56	10.00

Year to date performance



11/3/2010
Page 1 of 2

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Month by month performance

Appendix 6: BCHA BSC Average Re-let time KPI Drill Down Level 4

Corporate Scorecard > Internal Business > 1 > Average re-let time

« Level 3

Level 4

Definition »

Summary

	Current period	Year to date
Average Re-Let Time (Number of Days per Property)	9.20	13.08
Target	10.00	10.00
Variance	0.80	-3.08

December 2009

Category	Total Number of Days Taken to Re-Let Units in Period	Total Number of Units Re-Let in Period	Average Re-Let Time (Number of Days per Property)
BCHA (General)	129.00	10.00	12.90
BCHA (Supported)	254.00	33.00	7.70
HYPED	103.00	13.00	7.92
STFH	57.00	3.00	19.00
Total	543.00	59.00	9.20

April 2009 to January 2010

Month / Category	Total Number of Days Taken to Re-Let Units in Period	Total Number of Units Re-Let in Period	Average Re-Let Time (Number of Days per Property)
April 2009	2,582.00	144.00	17.93
May 2009	2,068.00	166.00	12.46
June 2009	1,537.00	167.00	9.20
July 2009	1,785.00	186.00	9.60
August 2009	1,977.00	68.00	29.07
September 2009	1,003.00	81.00	12.38
October 2009	991.00	83.00	11.94
November 2009	1,222.00	94.00	13.00
December 2009	543.00	59.00	9.20
April 2009 to March 2010 Total	13,708	1,048.00	13.08

Appendix 7: Definition of Key Performance Indicator for Average Re-let Time

KPI Definitions for Bournemouth Churches Housing Association		
Department	CSC	Corporate Scorecard
Perspective	IB	Internal Business
Number / Name	1: Average re-let time	
Description	Monthly; one category; numerator and denominator; average calculation; downwards.	
Narrative	Total number of days taken to re-let all departmental units / Total number of departmental units which were re-let	
Numerator	Total Number of Days Taken to Re-Let Units in Period	
Denominator	Total Number of Units Re-Let in Period	
Ratio	Average Re-Let Time (Number of Days per Property)	
Category 1	Category	
Members	BCHA (General)	
	BCHA (Supported)	
	HYPED	
	STFH	
Tolerance	10%	Weighting: 1

Appendix 8: A Selection of BCHA's Celebrating Success Tweets

BCHA Tweets: 1st June 2011

What is, and has been going on around the BCHA family ...

The Way Forward event on 13 June 2011 at the Highcliffe Marriott Hotel starts at 9.45am for 10am prompt presentation. There will be an opportunity for Question Time to the CEO Team and if you have a question please email it to Michelle Embling by 8 June. We will take questions on the day if time as well. Make sure you have booked your place as we need to confirm lunch numbers.

Please do complete the online staff survey as soon as possible so we can try to give some initial feedback on 13 June at the Way Forward event. Click the link online [Staff Survey 2011](#) or go to the Intranet for access.
Your views do count.

The Floating Support service received 38 compliments in the last quarter which attributed to 37% of the whole organisation. *Well done to Darryl Rees and his team.*

Members of the Community Mental Health Team have said that they consider the Morwenna Court team in Exeter always do an excellent job with the support offered to our residents. One particular comment was that they were almost an extension of the psychiatric wards and this was highlighted when told that a resident would have been admitted to hospital if they had been in any other unit, confirming their confidence in the way that the staff work with and support our service users. One of the GPs from the local surgery where most of the service users are registered made a point of saying that they do a heroic job with our residents. Following a visit to Morwenna, a member of the Crisis Mental Health Team contacted the project the following day to convey thanks for the professional and sensitive way in which the staff dealt with the situation where a resident was sectioned under the Mental Health Act. *Thank you and let's continue the great work.*

Welcome to 10 members of the team, formerly part of Mears, who joined us today and are now part of BCHA Works our in house maintenance team. This is a new era for our service to residents and even better asset management and customer service. Look out for the new logos and polo shirts!!

Don't forget to let me know what is going on in your area so we can share with each other even more.

BCHA Tweets: 17th June 2011

What is, and has been going on around the BCHA family ...

A great Way Forward event and attendance on Monday. Thanks for everyone who came along and to those who presented updates and ideas on the day. Have you started using the “my way forward” booklet?

We currently have just under 50% who have completed the online staff survey. Your input and views really count so please do click the link online [Staff Survey 2011](#) or go to the Intranet for access. This will inform our priorities for people for the year ahead.

Great news that the Staff Reward will be paying out again this year for those eligible (see original terms) as we achieved the budget surplus and although we didn't quite make the 7 out of 10 performance indicators the BCHA Board agreed to pay 100% of the Reward as one indicator on Customer Satisfaction was just half a percent down from the 90% target. The amount based on the full time equivalent hours will be £230 and paid in the June 2011 pay. Thanks to everyone and let us make 2011/12 another successful year.

Julie Sidibeh tells us that we have a client who has a shop called “Keep Coming Back” in Southbourne who is non profit making and is helping clients move on by furnishing their new properties very cheaply and free delivery. Also gives a lot off items free to BCHA clients. He moved on from Quest and has helped many people from Henley Court move on. He is an inspiration to DAA. I believe he deserves some recognition for the help and support he has given our clients. His aspiration is to set up a workshop at the back of the shop to renovate furniture and provide training for people out of recovery and help motivate them to get back into the workplace in a friendly environment.

Rachel Houghton is a Social Worker from East Bournemouth CMHT and wrote to me to say that one of her patients is supported by Faye Tapley and John Trattles who are based at the St Swithens BCHA office. She would like to pass on to us how helpful and professional they both have been and are as support workers. She is grateful for how they have managed to work with this one particular patient, who can be quite challenging and is very complex, and they always seem to go out of their way to help the patient out, as well as to help Rachel out with tasks which her, and we as the CMHT do not have the time or resources to do. It is reassuring and a relief for us as a team when support workers are this capable, always keep in touch with updates and questions, and are obviously very skilled at what they do. Rachel can't praise them enough!

Don't forget to let me know what is going on in your area so we can share with each other even more.

BCHA Tweets: 29th June 2011

What is, and has been going on around the BCHA family ...

Have you completed the staff survey? Please do as your views do count. [Staff Survey 2011](#)

The Ignite team are off to the What We Are Proud Of (WWAPO) South West awards tonight so we wish them every success in the presentation and voting this evening.

Holly Young and some Hyped schemes have reported success with “overlapping” housing benefit claims. One resident @ Felix House- moved out 21.03.11- housing benefit have allowed 4 weeks overlapping and have paid until 11.04.2011. Another from Felix House - moved out 21.03.11 Housing benefit have allowed 4 weeks overlapping and have paid until 12.04.11. This meant we have lost no money at Felix as the rooms were re-let on 12.04.11 and the 13.04.11

Are you putting in these claims when appropriate? If not do speak to Holly or Tim Pearce or Sue Leaver to get these submitted. Every penny counts!

Orders have now been placed for the Assistive Technology equipment as we move towards the New Ways of Working over the next few months. More tender opportunities are coming along so this investment is well timed to ensure we remain competitive and provide even better quality services to Residents and Service Users.

Don't forget to let me know what is going on in your area so we can share with each other even more.

Appendix 9: External Recognition Awards and Funding

Date	Awarding Body	Title of Award	Award Grade	
03/2008	Technology Strategy Board	Best Knowledge Transfer Partnership South West of England	Winner	
03/2008	Technology Strategy Board	Best UK Knowledge Transfer Partnership	Finalist	
05/2008	Emerald Literati Network	International Journal of Productivity and Performance Management Articles	Outstanding Journal Paper of 2007	
02/2009	Investors in People	Sequal Solutions (A spin out Social Enterprise Established in 2006)	Pass	
05/2009	Chelsea Flower Show	Service Users' Garden	Silver Award	
05/2009	Investors in People	BCHA	Reassessment	
07/2009	RISE	Social Enterprise Mark	First Dorset organisation to be bestowed this award	
9/2009	National Housing Federation	"What we are Proud of" Bridge Project	UK Finalist	
9/2009	National Housing Federation	"What we are Proud of" Bridge Project	South West Winner	
11/2009	Chartered Institute of Housing	Learning and Work Initiative. Contribution to housing and education	UK Winner	
Grant Awards to BCHA				
Date	Awarding Body	Project	Impact	Value
2008	JP Morgan	Sequal Foundations	Work for long-term unemployed	£55,000
2009	Lottery Fund	Personal Growth Project	Training for long-term unemployed	£422,841

Appendix 10: Mirsaedi's SROI Dissertation Conclusion

CONCLUSION

SROI is a framework to evaluate qualitative achievements of a scheme by translating them into financial values. SROI would monetise non-financial impacts of activities and compares them with the total investment. This technique enables organisations to positively communicate and demonstrate their stakeholders, especially main funder. SROI is a comprehensive tool in impact measurement and helps manager in monitoring, evaluating, performance management and decision making.

This dissertation was a real SROI analysis case study on three schemes of Bournemouth Women's Refuge, Generic Floating Support and Hannah House at Bournemouth Churches Housing Association (BCHA), between April 2009 and March 2010. BWR by 96.7% planned moved on experienced the highest performance out of three considering schemes. The survey on GFS shows 86.7% of service users after finishing the scheme have enabled to live independently and 63.2% of service users in HH successfully moved on as had planned by the scheme. The final SROI ratios show £4.69, £7.42 and £3.70 social return on these schemes respectively that indicates positive social return. This is the monetary social value added of the schemes and shows the real social value of scheme.

Furthermore the result of t-test shows significant change due to the quality services on the service user's life and the SROI ratio in all the schemes shows sensitivity to outcomes such as reduction in social isolation, preventing offending and re-offending behaviour, reduce the risk of failed tenancy and domestic violence. This means further investment to expand any scheme with the focus on such outcomes will create more social benefits to the social community.

Appendix 11: SROI Memo to Stakeholders to support Quantitative Analysis

Mr G Hepburn
Communications Committee,
Dorset Police Authority,
Force Headquarters,
Winfrith Dorset
DT2 8DZ

September 2010

Dear Mr Hepburn

RE: BCHA Social Return on Investment Stakeholder Analysis

At present BCHA is undertaking a Social Return on Investment (SROI) analysis on three of its schemes:

- Hannah House
- Bournemouth Women's Refuge
- Generic Floating Support

SROI is a framework for measuring and accounting the social value of third sector and public organisations. The SROI tells the story of how positive change is created by organisational investment. It accounts the measurement of social, environmental and economic outcomes of services and uses monetary values to represent them.

The SROI analysis enables a ratio of benefits to costs to be calculated. For example, a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value.

It is imperative to the SROI analysis that key stakeholders are identified. It is important to have clear boundaries about what the SROI will cover, who will be involved in the process and how.

BCHA have conducted a stakeholder analysis for each of its activities, in line with its SROI project. We have located the various stakeholder strategies such as the Dorset Police and Dorset Police Authority Three Year Strategy 2009/12 & Annual Policing Plan 2009/10. BCHA has identified how the outcomes of our services correlate with your objectives specified within your strategy.

We have linked our outcomes of our services to your objectives. This therefore contributes to your objective in making Dorset feel safer.

Please see attached the spreadsheet, which details how our service outcomes specifically meet and contribute to your strategy.

BCHA would be appreciative, if you could analyse our findings, and indicate whether our stakeholder analysis for your organisation is accurate. The process of stakeholder engagement is fundamental to the accreditation criteria, as set out by the SROI network.

If you would like any further information then please don't hesitate to contact me.

Yours sincerely

Ben Print
Innovation and Business Development Manager
01202 410590
07966 800111
benprint@bcha.org.uk

Appendix 12: Bournemouth Churches Housing Association > Corporate Scorecard June 2012

	Reference	Performance Indicator	F	Month Target	Actual Performance	Month Status	YTD Target	Year to Date Actual		YTD Status
Internal Business	IB-001	Average re-let time	M	11 days	17.9 days		11 days	15 days	<=	
	IB-002	% Jobs Completed Right First Time	M	92%	96.8%		92%	97.2%	>=	
	IB-003	Staff Turnover	M	1.67%	1.98%		5.00%	5.75%	<=	
	IB-004	% Working days lost to sickness	M	3%	1.8%		3%	2.4%	<=	
Finance	F-001	Rent Collected	M	98%	81.1%		98%	95.7%	>=	
	F-002	% Rent arrears (Active)	M	4%	5%		4%	5%	<=	
	F-003	% Former Arrears on re-payment plan	M	30%	24.2%		30%	24.2%	>=	
	F-004	% of Former Arrears value recovered against payment plans	M	30%	30.3%		30%	30.3%	>=	
	F-005	Rent written off	M	2.5%	0%		2.5%	0.3%	<=	
	F-006	Void Loss	M	4%	5.5%		4%	5.0%	<=	
	F-007	Achievement of Target Surplus	M	£147,034	£178,396		£120,495	£110,577	>=	
	F-008	% Income Variance	M	100%	98.5%		100%	98.8%	>=	
Innovation & Learning	IL-001	Amount of new business won	M	£83,333	£211,568		£250,000	£228,568	>=	
Customer Satisfaction	CS-001	% Complaints responded to within timescale	M	98%	91.7%		98%	90.4%	>=	
	CS-002	Complaint handling satisfaction	M	75%	-	-	75%	100%	>=	
	CS-003	Service User satisfaction	M	92%	94.4%		92%	96%	>=	
	CS-004	% Service Users satisfied with last maintenance job	M	95%	94.2%		95%	94.1%	>=	
Regulatory Compliance	RC-001	% Attendance at Board and Committee Meetings	M	75%	62.5%		75%	68.3%	>=	
	RC-002	Dwellings vacant and available to let	M	3%	5.4%		3%	5.4%	<=	

Appendix 13: Interview Listing for Paper 2

	Interviewee	Sector	Organisation	Date
1	PB	Housing	TSA	06/06/2010
2	HA1 CEO	Housing	BCHA	18/08/2010
3	HA1 Mgr	Housing	BCHA	26/08/2010
4	SH	Housing	BBC	06/09/2010
5	HA2 CEO	Housing	Two Saints	15/08/2011
6	HA2 Dir	Housing	Two Saints	19/08/2011
7	HA3 Dir	Housing	PHP	30/08/2011
8	CH	SME	Prime	16/07/2010
9	MD1	SME1	Benham	16/07/2010
10	SB	SME	ADS	05/08/2010
11	SC	SME2	Kemmell	25/08/2010
12	WM	SME3	HiTech	05/10/2010
13	MD2	SME2	Kemmell	26/07/2011
14	GC	SME	ADS	26/07/2011
15	PC	SME	ADS	11/08/2011
16	CD	SME1	Benham	22/09/2011
17	GB	SME1	Benham	23/09/2011
18	JC	SME1	Benham	24/09/2011
19	NG	SME1	Benham	28/09/2011
20	SW	SME1	Benham	05/10/2011

Appendix 14: Interview Frameworks for Paper 2

Framework 1 of 6: Housing Association Framework

Strategy

Tell me about your organisation.

Does your organisation have a strategic plan documented?

Who is involved in the strategy policy-making?

How does strategy relate to organisational performance management?

Who are your stakeholders and how do they influence strategy?

Performance Measurement

How is performance measurement used at your organisation?

Do you have any historical quality management systems in place?

What was your involvement in performance monitoring?

Do external stakeholders influence your choice of key performance indicators?

Do you need additional resource or a dedicated member of staff to maintain it?

How is your performance framework fit for purpose?

Performance Improvement

How important is continuous improvement for your business?

How does a charity differ from a private sector context? Vice versa.

How has the performance of your organisation improved?

Can you give me some examples?

What changes have been necessary to achieve this?

What improvements do you anticipate in the future?

Future Challenges

Big Society, Public Sector Cuts, Sustainability, Managing Change

Framework 2 of 6: Regulatory Body Interview Framework

Regulator's Role

What is your relationship within public service delivery?

What is the role of the *regulatory body*?

What is your role within the *regulatory body*?

How does the *regulatory body* report its findings and to whom?

Perception of SMEs

What percentage of charities has a strategic plan in place?

What external quality assessment accreditations would charities already have in place?

Is charitable body performance important?

Why should charities improve their performance?

How do you monitor performance within organisations?

Can your monitoring requirements deviate the charity from their core business?

What is your perception of the level of understanding of performance management of charity CEOs and their respective teams?

Regulatory Performance Assessment

How are charities assessed and what do you look for specifically?

How are charity reviews conducted, and what is the frequency?

How important is continuous improvement within your judging criteria?

What are your main judging criteria for charity performance?

How would you differentiate performance measurement from performance management?

Framework 3 of 6: Major Customer/Donor Interview Framework

Donor/Customer Strategy

Tell me about your job role and how and how your department fits within your organisation structure.

Can you tell me about your company's business strategy?

How does your company fit within public service delivery?

Does your organisation have a performance management system in place?

How important is BCHA's performance measurement and management to your organisation?

Supplier Relations

What is the difference between performance measurement and performance management?

How does your organisation influence BCHA's performance?

Typically, what level of sophistication are performance monitoring methods in charities?

How does your performance measurement relate to your suppliers?

Why is supplier performance so important?

Relationship with Regulator (Regulator TBA as BCHA has multiple regulators)

What is your relationship with the regulator

What is their role?

Why is third-party assessment more important than your company's staff evaluating supplier performance?

Framework 4 of 6: SME Interview Framework

Strategy

Tell me about Benham Manufacturing

Does your organisation have a strategic plan documented?

Who is involved in the strategy policy-making?

How did you first come across performance management frameworks?

Performance Measurement

What made you think a performance measurement framework was necessary?

Do you have any historical quality management systems in place?

What was your motivation for implementing a performance measurement framework?

Which are the stakeholders who influence your choice of key performance indicators?
Could you classify them into internal/external?

Do external stakeholders influence your choice of key performance indicators?

Do you see any difference in performance measurement versus performance management?

How would you define performance measurement and performance management? Which is more important, according to your opinion?

Do you need additional resources or a dedicated member of staff to maintain it?

How is your performance framework fit for purpose?

Performance Improvement

How important is continuous improvement for your business?

How does a charity differ from a private sector/public sector context? Vice versa.

How has the performance of your organisation improved?

What changes have been necessary to achieve this?

What improvements do you anticipate to move towards the silver award?

Framework 5 of 6: SME Prime Contractor Interview Framework

Cobham Strategy

How long have you been working for Cobham?

Can you tell me about Cobham's business strategy?

How does Cobham fit into the overall supply chain for the aerospace industry?

Does your organisation have a performance management system in place?

How important is supplier performance measurement and management to your organisation?

Supplier Relations

How many of your suppliers are either signed up to SC21 or are considering it?

What is the difference between performance measurement and performance management? In practice do you see any difference, and if so why?

How does your organisation influence supplier performance?

What level of sophistication are SME performance monitoring methods?

How does your performance measurement relate to your suppliers?

Have you ever thought of changing your performance measurement/management framework? Yes/No - why?

Why is supplier performance so important?

Relationship with ADS

What is your relationship with ADS?

Why is third-party assessment more important than Cobham staff evaluating supplier performance?

What changes did you have to follow so as to collaborate with ADS?

Framework 6 of 6: SME Trade Association/Regulator Interview Framework

ADS Roles

What is Supply Chain for the 21st Century (SC21)?

What is your relationship with the supply chain?

What is the role of ADS?

How long have you been working for ADS? What is your role within ADS?

Perception of SMEs

What percentage of SMEs has a strategic plan in place?

What external quality assessment accreditations would SMEs already have in place?

Is SME performance important?

Why should SMEs improve their performance?

How do you monitor performance within organisations?

Can performance monitoring requirements of SC21 detract SMEs from their core business?

What is your perception of the level of understand of performance management of SME owner-managers and their respective teams?

SC21 Performance Assessment

How are SMEs assessed and what do you look for specifically?

How are SME reviews conducted, and what is the frequency?

Why do you use the BEM to assess SME performance?

How many SMEs have dual performance measurement systems?

How important is continuous improvement within your judging criteria?

What are your main judging criteria for SMEs for bronze, silver and gold?

How would you differentiate performance measurement from performance management?

What are the consequences for SMEs?

Appendix 15: List of Codes for Paper 2

Competitive Landscape	CL	1,2
SME	CL-SME	1,2
Global Competition	CL-SME-GC	1,2
Strategy	CL-SME-S	1,2
Supply Chain	CL-SME-SC	1,2
Housing Association	CL-HA	1,2
Commissioning	CL-HA-COM	1,2
Big Society	CL-HA-BS	1,2
Value for Money	CL-HA-VFM	1,2
Social Business	CL-HA-SB	1,2
Competition		
Regulatory Compliance	RC	2
SME	RC-SME	2
Improvement	RC-SME-IMP	2
Benchmarking	RC-SME-BM	2
Housing Association	RC-HA	2
Benchmarking	RC-HA-BM	2
Performance Measurement	PM	1,3
SME	PM-SME	1,3
Quality Management System (ISO 9001/AS9100)	PM-SME-QM	1,3
Supply Chain for 21 st Century	PM-SME-SC	1,3
Business Excellence Model	PM-BEM	1,3
Balanced Scorecard	PM-BSC	1,3
Housing Association	PM-HA	1,3
Investors in Excellence (BEM)	PM-HA-BEM	1,3
Balanced Scorecard	PM-HA-BSC	1,3
Quality Assurance Framework (QAF,SP, etc)	PM-HA-QAF	1,3
Performance Management	PMGT	3
SME	PMGT-SME	3
Internal	PMGT-SME-I	3
External	PMGT-SME-E	3
Housing Association	PMGT-HA	3
Internal	PMGT-HA-I	3
External	PMGT-HA-E	3
Institutional Behaviour	IB	1,2,3
Coercive	IB-COE	1,2,3
Normative	IB-NOR	1,2,3
Mimetic	IB-MIM	1,2,3

Appendix 16: BCHA Investors in Excellence Assessment (BEM) 2011

Investors in Excellence Feedback Report

Candidate: Bournemouth Churches Housing Association

Date: 21/12/2011

Organisation details

Organisation name: Bournemouth Churches Housing Association
Address: 21 Christchurch Road Bournemouth Dorset BH1 3NS
Subsidiary of:
Organisational contact: Tom Payne
Title of organisational contact: Quality and Performance Manager
Advisor at IIE Ltd: Julian Beaney

Assessors:

Assessor 1 name: Peter Hillman
Telephone: 07970 665036
Email: gphillman@tiscali.co.uk

Sector: Public Private Not for profit
Number of employees: 247
Number of sites: 1

Assessment Outcome
Awarded the standard

Overview

BCHA has a clear mission and well developed values that are shared throughout the organisation. A wide range of methods are used to engage and involve customers in the development and review of services. There is a well developed framework of data used to manage and monitor performance and much of this data is shared with all staff.

A number of initiatives have been implemented some of which are not yet fully deployed or reviewed for effectiveness.

The evidence provided in the application, uploaded documents and that shared during the site visit addresses the 31 Indicators of the Investors in Excellence Standard. It is recommended that the Bournemouth Churches Housing Association is recognised as an Investor in Excellence. Congratulations are due to BCHA for the positive assessment outcome.

Summary of Assessment

Principle	Indicator	Exceeded	Met	Not met
Leadership	1A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Policy & Strategy	2A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	2D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People	3A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Partnerships & Resources	4A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	4E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Processes	5A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5C	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5D	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	5E	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Customer Results	6A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	6B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People Results	7A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	7B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Society Results	8A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Key Performance Results	9A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	9B	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Key Strengths

BCHA has a well developed mission, values and strategic aims that focus on realising potential. There is a demonstrable commitment to providing excellent services to customers who are involved in a number of ways. There is a robust business plan for the period 2011 – 2016 which includes overarching objectives and targets. Staff are seen as key to success with a comprehensive competency framework in place to guide their ongoing development.

A wide range of indicators, together with targets, are used to monitor performance against the objectives included in the business plan. Customer satisfaction is measured, shared with customer groups and used to shape improvement in services.

Procedures, processes and guidance is in place to support the delivery of the aims and objectives and these are shared throughout the organisation together with access to performance data.

Key areas for Improvement

Although there is a wide range of procedures, processes and guidance there is little evidence of a structured approach to identifying the business wide key processes or of a robust methodology to proactively develop the framework of supporting processes.

The approach to a number of activities is informal but appears to be effective, however the increase in the number of geographic locations may require a more formal approach to be adopted. A number of the activities have been recently introduced and the deployment of these is not consistent throughout the organisation.

The linkages between the indicators (6B & 7B) of customer performance and people performance with the relevant perception measures (6A & 7A) are not well demonstrated.

Appendix 17: Summarised key points from the interviews

	Competitive Landscape	Regulatory Quality Compliance	Performance Measurement	Performance Management
SMEs	<ul style="list-style-type: none"> *SMEs that differentiate may prosper *Organisations can grow in uncertain environment *Global competition *Primes want long term supply relationships *Reliant on larger customers for improvement techniques *Mutually dependant Primes and suppliers *Believe principles can be exported to charity sector. *Invested in technology *Competition not solely on cost but also differentiation and speed. *Smaller orgs can have a 2 page strategy 	<ul style="list-style-type: none"> * ADS Use BEM to score orgs * ISO is perceived as a compliance document *Provide opportunities to benchmark with competitors *compliance is well established *Regulator provides voice for supply chain * Generally require external help, e.g. customer or consult to gain badge. *ISO 9001 viewed as compliance not a vehicle for improvement. *25* of KPIs externally driven * Voice of the supply chain in government *Bridge between Prime Contractors and SMEs * Knowledge and know how broker 	<ul style="list-style-type: none"> *More successful organisations have a strategy *Smaller SMEs have less understanding of performance monitoring *BSC in SMEs are rare *Allows them to view current position *All surveyed orgs recorded improved performance. *Measuring performance is vital for SMEs *Successful SMEs align their performance measurement to their strategy. * No more than 20 KPIs in scorecards and considerably less for SMEs without scorecard 	<ul style="list-style-type: none"> *Management ownership vital for PM *Lean confined to shop floor *Senior management commitment an issue *PM vital for SMEs *Lack of strategy leads to reactive orgs *All organisations experienced some resistance initially *SC21 not about getting the badge *7 Wastes *5 S's *typical KPIs based on: changeover times, delivery performance, quality, tooling spend and cycle time reduction, *Investment in Management development * Lean is presenting some obstacles in an office environment
Housing Associations	<ul style="list-style-type: none"> *Private sector competition and funding cuts *Charities are in comfort zones *Need to be more bus. Focused *Work with a consortium *Need to make an annual surplus *Poor performers may be left behind *CI essential in climate of cuts *Competitive tendering growing *Big Society may mean more reliance on volunteers *New revenue streams are important *Grant award criteria needs reform *Big Society is a bit woolly * Need to scenario plan to plan against uncertainty 	<ul style="list-style-type: none"> *Regulators require performance reporting *Regulators highlight a lack of strategy linkage in some charities *Believe regulators only look at Operational performance *Regulator provides voice for service user and tax payer *In some cases regulators drive performance monitoring *Anecdotal evidence only acceptable with charities with good track record. *Regulators are influencing KPIs *More diverse stakeholder constituency 	<ul style="list-style-type: none"> *Have robust reporting with KPIS *IT can aid Performance Measurement *Familiar with BSC and BEM *Charities willing to consider a combined BSC and BEM *Performance linked to reward *Tend to use many measures and need dedicated resource *Need to guard against getting to obsessed with systems and not service *Non- Financial Measures can be tomorrows turnover *More performance measuring than SMEs 	<ul style="list-style-type: none"> *Use 3rd party benchmarking organisation *Volunteers may not always turn up *Need a dedicated person to collate data *Senior Managers have business background * Anticipate a 2 tier workforce *Some benchmarking done *Benchmarking can lead to rising expectations – personalisation agenda *Change has resulted in staff leaving *charities need to make a surplus and not be penalised in grant applications or bids *Don't believe bus focus is incompatible *Staff are going to need to behave more business like

Appendix 18: BCHA Housemark Benchmark Report 2012

4. Your benchmarking results

4.1 Value for money (VFM) standard summary

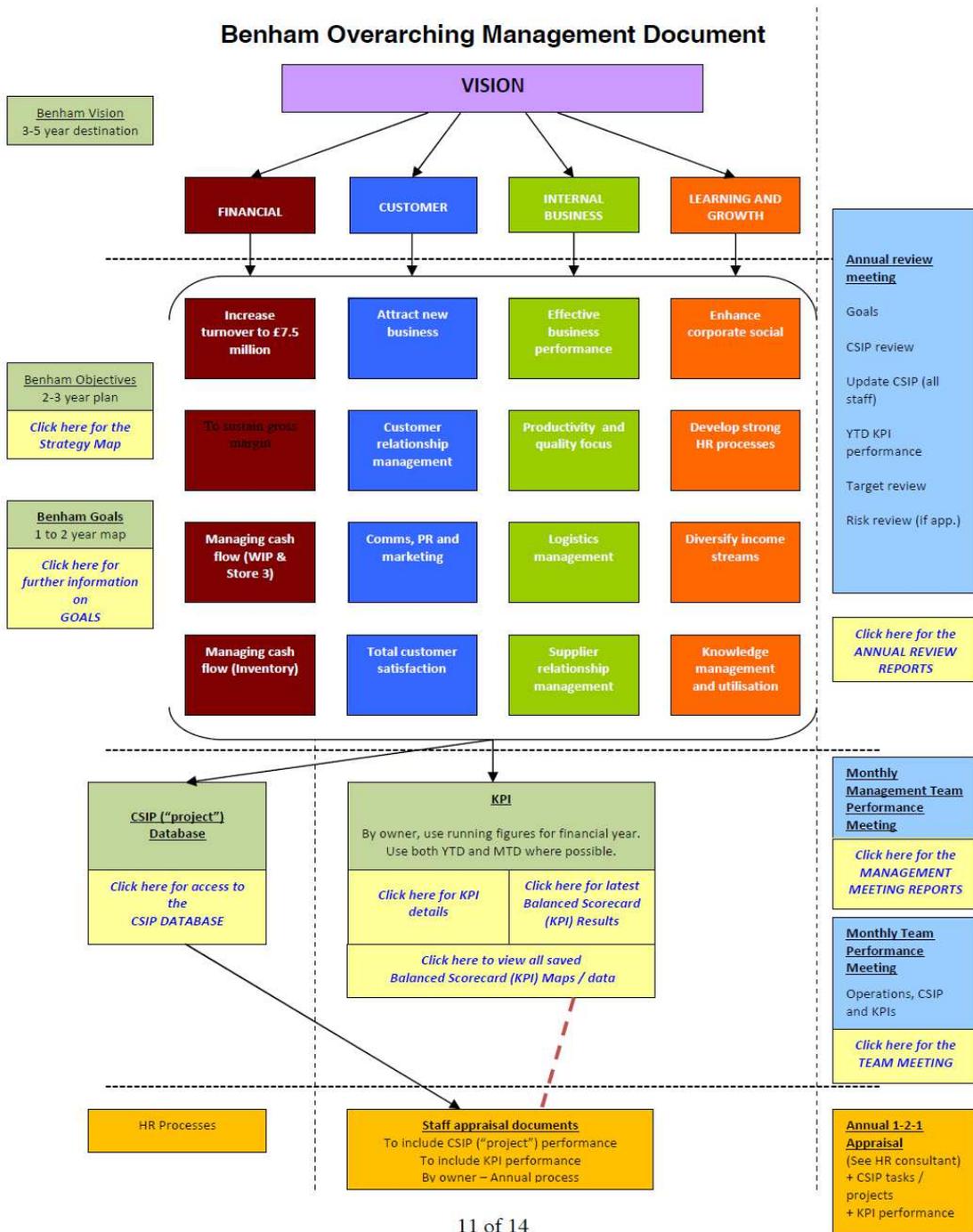
The following VFM summary has been provided to help you understand the relationship (VFM) between cost and performance across the main business activities for which we hold data. Please note that the cost information shown on the left of the table is based on the total cost of each service, including allocated overheads.

Efficiency Summary for Bournemouth Churches Housing Association						
Business Activity	Cost KPI	Cost KPI Quartile		Quality KPI	Quality KPI Quartile	
		Bournemouth Churches HA (2010/2011)	Bournemouth Churches HA (2009/2010)		Bournemouth Churches HA (2010/2011)	Bournemouth Churches HA (2009/2010)
Overheads	Overhead costs as % adjusted turnover			Overhead costs as % direct revenue costs		
Major Works & Cyclical Maintenance	Total CPP of Major Works & Cyclical Maintenance			Percentage of tenants satisfied with overall quality of home (GN)		
				Percentage of dwellings failing to meet the Decent Homes Standard		
Responsive Repairs & Void Works	Total CPP of Responsive Repairs & Void Works			Percentage of tenants satisfied with the repairs and maintenance service (GN)		
				Percentage of all repairs completed on time		
				Average time in days to re-let empty properties		
Housing Management	Total CPP of Housing Management			Percentage of tenants satisfied with overall services provided (GN)		
				Percentage of tenants satisfied that views are being taken into account (GN)		
				Current tenant rent arrears net of unpaid HB as % of rent due		
Development	Staff involved in standard units developed per 100 units			Percentage of residents satisfied with overall quality of new home		
				Standard units developed as % of current stock		
Estate Services	Total CPP of Estate Services			Percentage of tenants satisfied with their neighbourhood as a place to live (GN)		

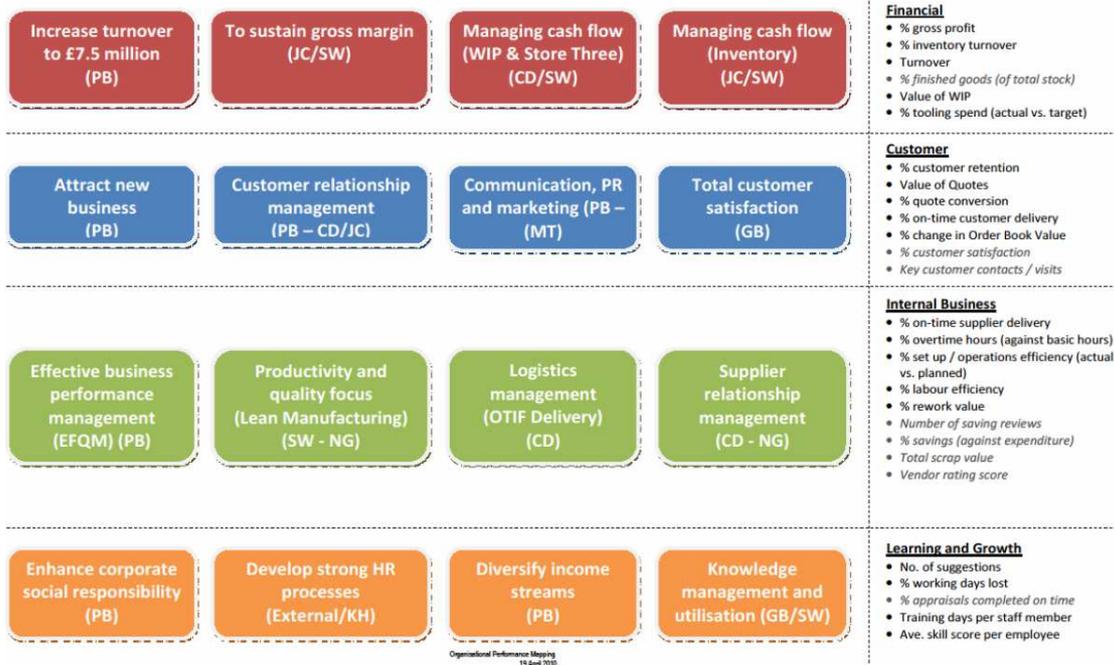
Quartile Key							
	Upper Quartile	Middle Upper	Median	Middle Lower	Lower Quartile	N/A	No Data
Valid dataset							
Small dataset							

The traffic light indicators use the convention that high performance and low cost are green (upper quartile). However, it is acknowledged that average or higher than average costs might be perfectly acceptable if they can be justified in terms of performance and/or user satisfaction.

Appendix 19: Benham Manufacturing Performance Golden Thread

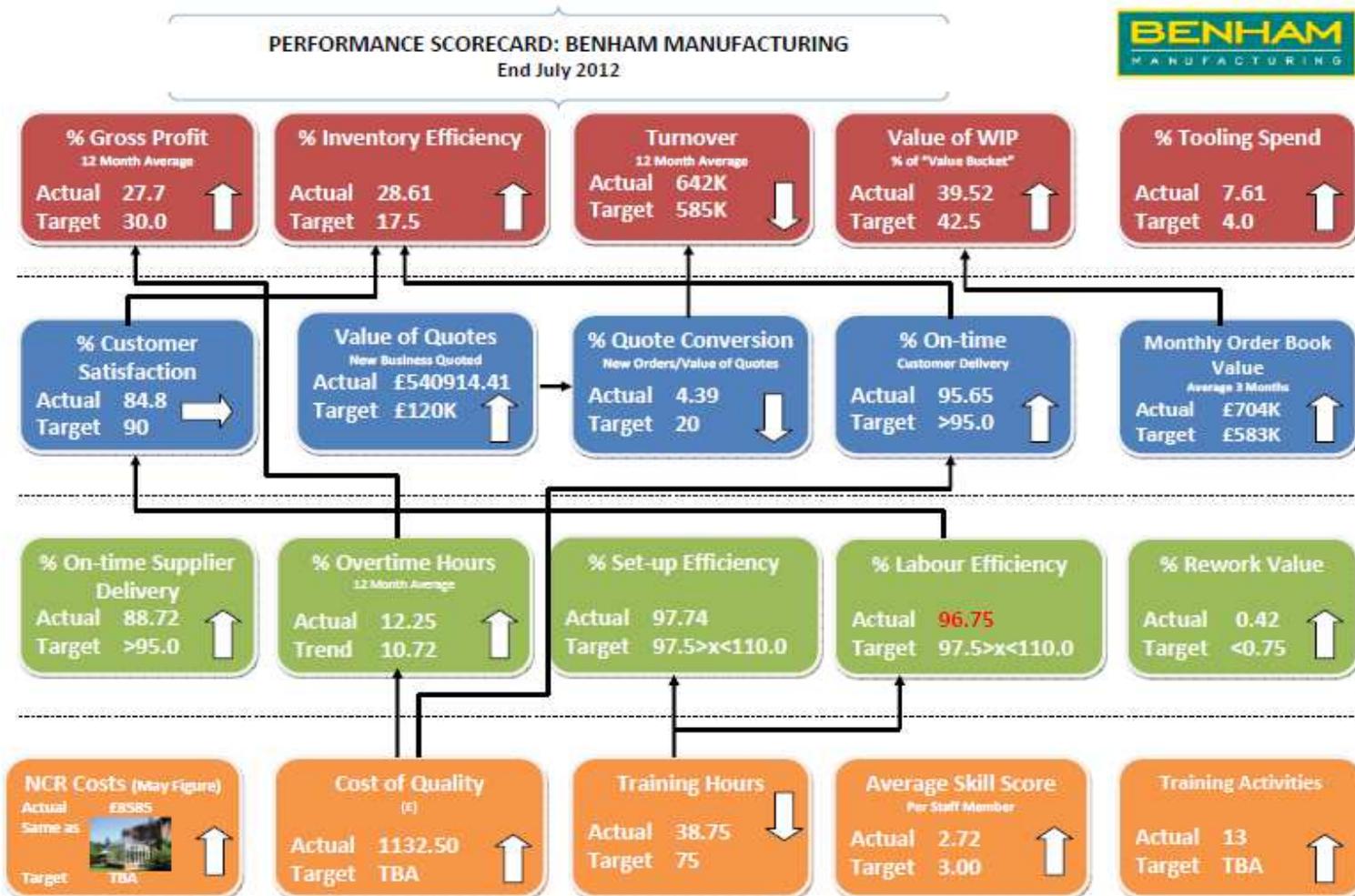


Appendix 20: Benham Strategy Map



Operational Performance Mapping
19 April 2010

Appendix 21: Benham Scorecard



Appendix 22: Business Excellence Model (BEM) Benham November 2011

EFQM Determining Excellence Assessment - Organisation's Profile:

		Number of 'Ticks' scored					
		E	D	C	B	A	% Score
A	Fully Achieved						
B	Considerable Progress						
C	Some Progress						
D	Not Started						
E	No Approach						
Excellence Model Criteria							
Leadership		0	0	1	3	1	66.667
Strategy		0	0	2	2	1	60
People		0	0	2	2	1	60
Partnerships & Resources		0	0	0	4	1	73.333
Processes Products & Services		0	0	1	3	1	66.667
Customer Results		0	0	6	1	0	38
People results		0	0	4	1	0	40
Society Results		0	0	4	1	0	40
Key Results		0	0	2	3	2	67
Number of Ticks (a)		0	0	22	20	7	
Factor (b)		0	10	25	50	75	
Values (a x b)		0	0	550	1000	525	
Total		2075					
Total/49 = % achievement		42.3					

EFQM

Note: The organisation must be advised that this score is used for the purposes of the Assessment Review only and is indicative of a score against the Excellence Model. A score for industry benchmarking and recognition by EFQM would need to have been derived by a full assessment against the Business Excellence Assessment Tool or an independent Excellence Model Assessment.

Which is a comparable Excellence Model Score of : - **423**

Appendix 23: Interview Listing for Paper 3

No	Interviewee	Sector	Organisation	Date
1	HA LB	Housing	Two Saints	20/03/2012
2	HA PM	Housing	Plan2Moro	20/03/2012
3	HA BS	Housing	BCHA	21/03/2012
4	HA PK	Housing	BCHA	21/03/2012
5	HA KS	Housing	Raglan Housing Trust	28/03/2012
6	HA SP	Housing	PHP	28/03/2012
7	HA TD	Housing	Cartrefi Conwy,	29/03/2012
8	HA JH	Housing	Livin' Housing	03/04/2012
9	HA MH	Housing	BCHA	04/04/2012
10	HA MS	Housing	BCHA	04/04/2012
11	HA RP	Housing	BCHA	04/04/2012
12	HA SF	Housing	BCHA/Sequal Solutions	22/05/2012
13	HA SB	Housing	Raglan Housing Trust	04/07/2012
14	HA JS	Housing	Soc St James	17/07/2012
15	HA MT	Housing	Soc St James	17/07/2012
16	HA JR	Housing	Watford Community Housing	01/08/2012
17	HA TP	Housing	Soc St James	01/08/2012
18	HA DH	Housing	Raglan Housing Trust	06/08/2012
19	HA SC	Housing	Raglan Housing Trust	09/08/2012

Appendix 24: Interview Framework for Paper 3

Can you give an overview of your organisation including service offering and size of organisation?

Context

What are the differences to managing an organisation in the third sector as opposed to the private sector or the public sector?

Management, stakeholders, financial control.

How do you reconcile being business-focused within a civil society context?

Would you say there are levels of bureaucracy in your organisation?

How does that influence the motivation of your employees?

Strategy

What would you say your strategic vision is for the organisation?

How are organisational goals communicated to employees?

How do you ensure that employees feel that they are contributing to the organisational goals?

How do you envisage your staff playing a role in achieving this?

Tell me about goal setting within your organisation

Is it aligned to an overarching framework?

Are you familiar with performance measurement frameworks?

Are there tensions with performance management and operating in the Third Sector?

Leadership

Would you say that your management style is consensual? If so how and if not what is your style of leadership?

Open door policy? Informal?

What would you say is your strongest leadership quality and why?

How is managing a non-profit organisation different from managing a private sector organisation?

How are staff made aware of the social benefits that the organisation makes?

Development

How is teambuilding nurtured in your organisation?

Would you say that you proactively help your staff with career development?

Why is it important for staff to be involved in community projects?

Would you say you invite constructive feedback?

Appendix 25: Coding List for Paper 3

SHORT DESCRIPTIONS	CODES	RESEARCH QUESTIONS
Context	CON	1
Steering Media	CON-SM	1
Power	CON-SM-P	1
Money	CON-SM-M	1
Law	CON-SM-L	1
Public Sector	CON-PS	1
Deregulation	CON-DER	1
Private Sector Competition	CON-COM	1
Performance Management	PM	2,3
Strategy	PM-STRAT	2,3
Funding growth and Sustainability	PM-SUS	2,3
Contract Loss and Redundancy	PM-CLR	2,3
Leadership	LD	1,2
Transactional Leadership	LD-TRAN	1,2
Transformational Leadership	LD-TF	1,2
Servant Leadership	LD-SER	1,2
Empowering People	LD-SER-EMP	1,3
Humility	LD-SER-HUM	1,2
Authenticity	LD-SER-AUT	1,2
Interpersonal Acceptance	LD-SER-PD	1,2
Providing Direction	LD-SER-STE	1,2
Stewardship		
Innovation and Improvement		
Risk Taking	INNI	3
Entrepreneurship	INNI-RT	3
Expansion	INNI-ENT	3
Complementary Services	INNI-EXP	3
New Business Development	INNI-CS	3
New Market Development	INNI-NBD	3
	INNI-NMD	3

Appendix 26: Summary of paper 3 first tranche of interviews presented at PMA Conference

Changing Context	Leadership	Traditional and Third Sector Context	Performance Management	Innovation and Improvement
<p>Law *Welfare reform on benefits legislation *Welfare reform on bedroom occupancy *Localism reform on service delivery legislation *TUPE legislation for asset transfers and mergers. *Deregulation – Abolition of Audit Commission and Tenants Services Authority</p> <p>Power *Impact of localism agenda *Expanded contract culture *Chasing funding could lead to mission drift *Redundancies if contracts are lost. *Opportunity for more volunteers to address long term unemployed.</p> <p>Money *Law changes could lead to HA’s incurring more rent arrears and voids. *Banks may not see HA as such a sound investment</p>	<p>Money not the prime motivation for senior managers and employees Sense of community Performance based on values as well as results Open & Informal atmosphere Confidential counselling service available to staff Development of staff through training and performance appraisals Encourage flexi time Have regular and community events Deal with a multiple stakeholder constituency Democratic and encourage employees to challenge and offer solutions. All HA have a service user on main board Service users on work committees Board made up of volunteers. Focus on the greater good</p>	<p>Less political than public sector. Think they are more dynamic than public sector</p> <p>Worried about change but believe “they can ride out the waves”</p> <p>Have a can do attitude whereas public sector has a can’t do attitude</p> <p>More willing to be creative than public sector</p> <p>Nobody to bail them out – need to stand on their own.</p> <p>Fewer longer servers than Public sector</p> <p>Have a volunteer workforce which may increase</p> <p>Asset transfers from public to third sector.</p>	<p>*Historically assets allow HAs to plan more long term and banks more willing to lend.</p> <p>*HA have a vision Have up to a 30 year strategy</p> <p>*Lack of long-term fixed rate capital resulting in bond markets being considered</p> <p>*Have targets which are internally and externally imposed.</p> <p>*Suite of KPIs in place</p> <p>*PM framework either ad hoc or adaptation of BSC.</p> <p>*Adherence to targets imposed by the regulator</p> <p>*More senior managers entering with business acumen. *Need to have revenue generation with a surplus</p>	<p>*Actively benchmark with other HAs through “HouseMark” *Recognise importance of accurate quoting *Everybody a leader “NASA sweeper analogy” Will look at redeployment before redundancy *Propensity to compete for external awards *Employees involved in submitting bid *Recognise less reliance on donations and grants *Surplus essential for pump priming projects and liquidity when big contracts are lost.</p> <p>*Reward system encourages positive behaviours and innovation</p> <p>*Growth through new business Development through market development and merger and acquisition</p>

Appendix 27: Extract from BCHA Business Plan (Raising Expectations – Releasing Potential) 2011-2016

7.5 GROUP INCOME

Our projected income over the lifetime of the Business Plan, together with source, is outlined below:

	2010/11 (actual)	2011/12	2012/13	2013/14	2014/15	2015/16
Social Housing Lettings (inc Rents & Service Charges)	£7.848M	£8.169M	£9.501M	£10.217M	£11.352M	£12.220M
Other Social Housing Income (inc Local Authority Contracts)	£7.218M	£7.066M	£7.651M	£8.130M	£8.302M	£8.550M
Non-social Housing Income (Learning & Social Enterprise revenues)	£1.458M	£1.725M	£2.105M	£2.520M	£2.970M	£3.400M
Donations (gross)	£0.042M	£0.075M	£0.095M	£0.080M	£0.090M	£0.100M
Total Turnover (consolidated)	£16.566M	£17.035M	£19.352M	£20.947M	£22.714M	£24.270M
Surplus (consolidated)	£0.310M	£0.350M	£0.480M	£0.600M	£0.717M	£0.804M
Surplus as % Income	1.9%	2.1%	2.6%	2.9%	3.2%	3.3%

Rental Income: Our Rent Plan shows that all rents on our owned stock have now "restructured" in line with Government requirements as at 1/4/2011. The introduction of the government's new Affordable Rent Model will be required to fund new development from 2012, subject to frameworks set by our Regulator and by local authorities in which we operate.

7.6 GROUP BALANCE SHEET

The balance sheet projections reflect the planned property growth with a mixture of private finance and social housing grant. For the purposes of this Plan, we have assumed current assets to be the same from year to year.

	2010/11 (actual)	2011/12	2012/13	2013/14	2014/15	2015/16
Housing Properties at cost	£39.410M	£44.986M	£50.385M	£52.410M	£58.406M	£63.406M
Other Fixed Assets	£2.018M	£1.757M	£1.687M	£1.619M	£1.555M	£1.500M
Depreciation	(£1.099M)	(£1.534M)	(£2.074M)	(£2.699M)	(£3.364M)	(£4.194M)
Net Current Assets	(£0.470M)	(£0.124M)	£0.216M	£0.709M	£1.701M	£2.540M
Total Assets Less Current Liabilities	£39.859M	£45.085M	£50.214M	£52.039M	£58.298M	£63.252M
Financed By:						
Loans	£9.151M	£11.610M	£14.574M	£14.665M	£17.460M	£19.610M
Capital & Reserves	£5.128M	£5.478M	£5.958M	£6.558M	£7.275M	£8.079M
Capital Grants	£25.580M	£27.997M	£29.682M	£30.816M	£33.563M	£35.563M
Total	£39.859M	£45.085M	£50.214M	£52.039M	£58.298M	£63.252M

7.7 SENSITIVITY ANALYSIS

If the Association's desired growth is achieved, there is the prospect of healthy surpluses over the five year period. These can, of course, be enhanced by lower than expected expenditure or higher than expected revenues.

However, there are a number of adverse factors to consider:

	Approximate Annual Impact
1% Increase in Interest Rates (based on current variable borrowings)	-£120,000
1% Increase in Cost of Goods & Services (assuming no RPI on rents receivable)	-£100,000
1% Increase in Rents Receivable	+£80,000
1% Increase in VAT	-£60,000
1% Increase in Salary costs	-£85,000
10% Reduction in SP Contracts	-£600,000
1% Increase in Bad Debts (arrears, voids)	-£80,000

Corrective action or tolerance of any of these impacts will be assessed on a case by case basis, should they materialise although there is a built-in buffer into our projections on the surplus which could accommodate any of these eventualities

7.8 EFFICIENCY STRATEGY

BCHA is committed to delivering the highest quality services to its customers (internal and external) - services that are effective, efficient and demonstrate best use of resources. BCHA is also committed to learning from other organisations in order to achieve this aim.

Our strategy to achieve value for money is based on four themes:

1. Integrate VFM principles into annual objectives for management grade staff
2. Benchmark performance and practices with other organisations and adopt good practice, where beneficial
3. Review services which appear to be high cost/low performance to improve and demonstrate VFM
4. Ensure that all staff understand their roles in contributing towards value for money services

With the reductions in public expenditure and adverse economic impacts (see sensitivity analysis), ensuring savings in front-line and corporate service delivery is becoming ever more vital to keep services open, wherever possible. Our efficiency target for 2010/11 was to achieve £244,000 efficiency savings (£316,000 actually achieved).

With investments in technology, procurement efficiencies and staff structure reviews, we propose a target of £0.6M efficiency savings for the group to 2016 (£120,000 pa) based on 2010/11 expenditure with reinvestment for residents' benefit, wherever possible.

Appendix 28: Sample Page from BCHA’s Competency Framework

Professional Behaviour

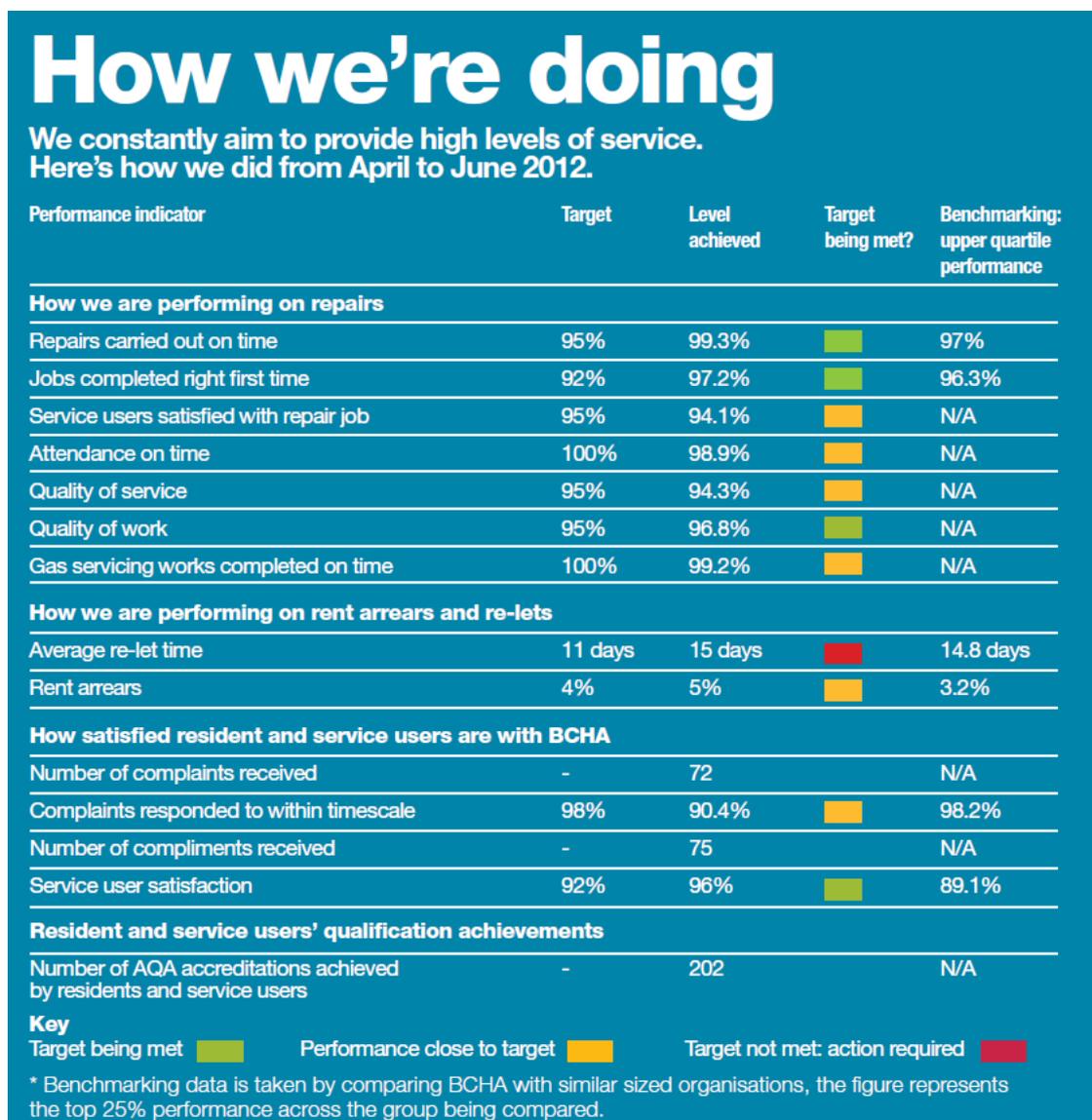
Each member of staff is an ambassador for BCHA’s culture and values and is expected to work in harmony with them at all times.



INDICATORS

<ul style="list-style-type: none"> • Understands that changes are needed to improve the level of service and recognises the need for a proactive response • Uses appropriate language, gesture and tone at all times • Communicates professionally by using formal channels appropriate to the situation • Is aware of the impact of own behaviour on others • Treats all people as individuals and respects their diverse needs • Is respectful, courteous and helpful at all times 	<ul style="list-style-type: none"> • Reacts constructively to colleague's and customer's suggestions and requests • Recognises and demonstrates the importance of every individual by proactively working with colleagues to create a positive working environment • Takes responsibility for wrong or ineffective decisions, learning from mistakes • Adapts content and style to help others understand • Demonstrates a professional attitude that sets an example to colleagues • Recognises the link between own professional behaviour and the possible impact on the reputation and image of BCHA 	<ul style="list-style-type: none"> • Demonstrates a proactive, professional response to a difficult situation or problem-solving issue • Actively engages with fellow workers and customers to ensure a professional, helpful service is delivered at all times • Actively seeks to develop own skills and knowledge, to ultimately benefit the team • Takes pride in own work and that of colleagues • Recognises and demonstrates the importance of working together as a team by actively seeking to help others • Creates a positive working environment by example, empowering those who work around them
--	--	--

Appendix 29: Service User Scorecard



Source: Your News – BCHA Service User Newsletter Summer 2012

Appendix 30: Reward Scorecard

Bournemouth Churches Housing Association > Staff Reward Scorecard March 2012

Performance Indicator	F	Month Target	Actual Performance	Month Status	YTD Target	Year to Date Actual		YTD Status
Staff Turnover	M	2.08%	1.79%		25.00%	13.99%	<=	
% Rent arrears (Active)	M	5.00%	4.2%		5.00%	4.2%	<=	
Void Loss	M	4.00%	5%		4.00%	4.1%	<=	
Amount of new business won	M	£83,333	£15,000		£916,666	£1,411,478	>=	
Service User satisfaction	M	90.00%	95.2%		90.00%	90.4%	>=	
% Service Users satisfied with last maintenance job	M	90.00%	95.0%		90.00%	96.1%	>=	
% of staff members who are or were service users	M	10.00%	17.0%		10.00%	17.0 %	>=	
% Supervisions completed on time	M	100%	104.2%		100%	96.2%	>=	
Additional 100 units of owned accommodation	A	-	-	-	100	150	>=	
Schemes at Level B or above and IIE achieved*	A	-	-	-	80%	83.3%	>=	

* The final performance indicator required the successful accreditation of the Investors in Excellence Standard. This was passed in December 2011.

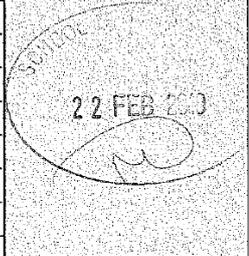
**Appendix 31: MANG7001 Research Methods Assignment
Feedback**

Mut
Assignment submission and
student feedback form (GROUP)

UNIVERSITY OF
Southampton
School of Management

This form and the marked work will be retained by the School. You should keep a copy of your own work and you will be given a copy of this form after marking.

TO BE COMPLETED BY STUDENTS – PLEASE PRINT	
Full Name	Student ID Number
Graham Manville	23339837
Unit Code and Title	MANG7001 Research Method Coursework
Date of submission	Digital Receipt Number
22/02/10	5673025



TO BE COMPLETED BY ASSESSING TUTOR

General comments

- Clear Research Aim & Questions
- Good literature Review
- Good justification of chosen Research Methodology
- overall well present Resent Method section

Areas For Improvement

Good work!

Tutor signature: <i>M.S. [Signature]</i>	Mark: 74%	Penalties for late submission: a) 1-5 working days late; deduction of 5 marks from the mark awarded, per day b) 6 or more working days late; no mark
Date: 13.3.10 <i>[Signature]</i>	Submitted on time: YES/NO	
	Penalty imposed:	

Copies:white(student receipt), yellow(student feedback), blue(office file)

Appendix 32: Inside Government Presentation Feedback

> _____
> From: Georgina Maratheftis [Georgina.Maratheftis@insidegovernment.co.uk]
> Sent: 28 November 2012 15:30
> To: Manville G.
> Subject: Thank You from Inside Government
>
> Dear Graham,
>
> I would like to thank you for your participation at Inside Government's Performance Management Forum. I hope you enjoyed the day.
>
> The delegate feedback has been very positive so thank you for making the day so engaging and informative.
>
> Here are some testimonials for the day:
>
> Inside Government have provided me with some compelling reasons for championing changes within my organisation, the information imparted through the day by several compelling speakers allied with strong documentation and real case studies has given me.
>
> I found it extremely beneficial to hear how other people were approaching similar issues with performance and also felt very affirmed in our own approach here at Hampshire Fire. It also highlighted areas where we clearly need to improve. I was also very surprised at how relevant everyone else's experiences were to mine although our functions within local Government and the Third Sector, were all very different. It seems that the challenges we face are all linked to the same issues.
>
> Informative and engaging event with relevant speakers and information aimed improving services both public and third sector.
>
> Very informative and I learned a great deal.
>
> Good agenda. Good mix of speakers Attendees from a variety of backgrounds allowing good networking opportunities
>
> The day was informative and provided a wealth of relevant information that will be useful in the implementation of performance measurement and management.
>
> I look forward to working with you again in the future.
>
> Kind regards
>
> Georgina
>
> Georgina Maratheftis
> Inside Government
> t: 0207 550 5940
> f: 0207 550 5966
> twitter: <http://twitter.com/#!/InsideGovt>
>

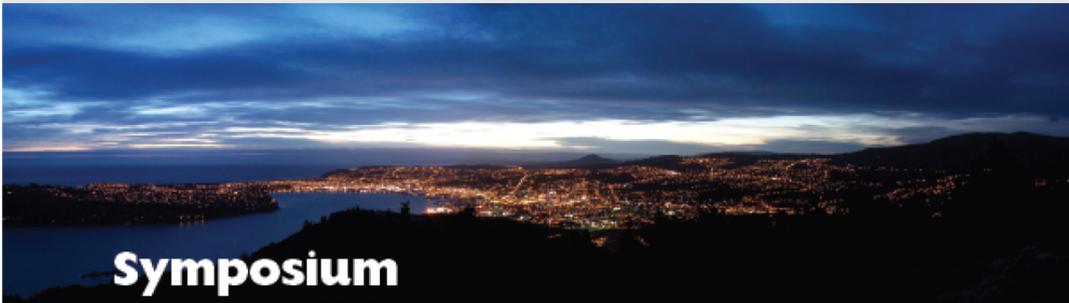
Appendix 33: PMAA Symposium at the University of Otago

COPMM
Centre for
Organisational
Performance
Measurement
and Management

PMAA
Performance
Measurement
Association
Australasia



BUSINESS SCHOOL
Te Kura Pakihi



Symposium

Improving the Performance of New Zealand Social Enterprises

SPEAKERS INCLUDE:

Honourable Paula Bennett
Minister for Social Development, Associate Minister of Housing

Kate Frykberg
Executive Director Todd Foundation, Chair Philanthropy NZ

Graham Manville
Senior Fellow, University of Southampton UK

Malcolm Cameron QSM
Senior New Zealander of the Year 2012, Founder MALCAM Charitable Trust

Kataraina Pipi
Tangata Whenua Community & Voluntary Sector Research Centre

Entry is free - Morning tea provided

Thursday 4 April 2013 | 9.00am - 1.30pm
Level 2, Commerce Building | University of Otago

RSVP by 22 March 2013
To: Gail Maxwell (gail.maxwell@otago.ac.nz)
Tel: (03) 479 9972

Appendix: 34 UEA/Monash University Research Project Consent Letter & Ethics Approval



Graham Manville
39 High Street
Botley
Hampshire
SO30 2EA

11 June 2013

Dear Mr Manville

Project Ref: The Influence of Entrepreneurial and Servant Leadership on Follower and Organisational-Level Outcomes in Social Enterprises: A Multilevel Study

Further to our discussion on the above named project that you will be undertaking in collaboration with Dr Newman and Dr Neesham, please accept this letter as confirmation of my organisation's willingness to co-operate in your project. Upon approval of your ethics committee and the receipt and approval of your questionnaires, we would be delighted to take part in your research study with the University of East Anglia, UK and Monash University, Melbourne, Australia.

We are a specialist housing and social care support provider, offering a wide range of help to people in vulnerable circumstances and to professionals trying to equip those in need. Bournemouth-based, we work across a wide geographical area (including Dorset, Hampshire, Devon, Wiltshire, Reading and Oxford). Whether our service users are facing life on the street or a circle of issues they want to break out of, we can help them find a way forward. We have over 45 years' experience of helping homeless and other vulnerable people access the right housing, health, learning and work opportunities.

Yours sincerely

Martin Hancock
Chief Executive



Help with housing, learning and living.

01202 416 500 F: 01202 416 500 Email: enquiries@bcha.org.uk

Charitable Incorporated Organisation
Registered Charity No. 1091100
Company No. 06111000

On 10 July 2013 09:19, MRO Human Ethics Team <muhrec@monash.edu> wrote:

Dear Researchers

This is to advise that the Monash University Human Research Ethics Committee (MUHREC) has approved the above project.

Project Number: CF13/1899 - [2013001001](#)

Project Title: The Influence of Entrepreneurial and
Servant Leadership on Follower and Organisational-Level
Outcomes in Social Enterprises: A Multilevel Study

Chief Investigator: Dr Cristina Neesham

Please find attached your approval letter for this study. Please note that the Chief investigator is responsible for ensuring that permission letters are obtained, if relevant, and a copy forwarded to MUHREC before any data collection can occur at the specified organisation. **Failure to provide permission letters to MUHREC before data collection commences is in breach of the National Statement on Ethical Conduct in Human Research and the Australian Code for the Responsible Conduct of Research.**

To ensure speedy turnaround time, this correspondence is being sent by email only. MUHREC will endeavour to copy all investigators on correspondence relating to this project, but it is the responsibility of the first-named investigator to ensure that their co-investigators are aware of the content of the correspondence.

Professor Nip Thomson

Chair, MUHREC

cc: Alex Newman, Mr Graham Manville

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