STRATEGIC PLANNING AND PERFORMANCE: AN EXPLORATORY STUDY OF HOUSING ASSOCIATIONS IN NORTHERN IRELAND

Gordon Marnoch, University of Ulster
Roger Courtney
Arthur Williamson, University of Ulster
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ROGER COURTNEY, GORDON MARNOCH AND ARTHUR WILLIAMSON*

INTRODUCTION

Housing associations are a key part of the non-profit sector and the adoption of strategic planning by this sector is of considerable research interest. This paper presents a qualitative report from a research project that examined the use of strategic planning practices by housing associations in Northern Ireland, and the impact of such action on the performance of the associations. The article further explores the reasons for the non-profit housing sectors’ enthusiastic embrace of strategic planning practices. In so doing it complements our earlier research which examined the extent to which sociological factors relating to the power of housing association chief executives featured in the decision to adopt strategic planning processes (Courtney, Marnoch and Williamson, 2006).

The findings are based on interviews with the chief executives of selected housing associations and also on data extracted from documentary sources. Data collection was completed in 2003. Housing associations are first described according to key organizational characteristics such as size and tenant type. They are then profiled in relation to the extent to which they have adopted formalised strategic planning practices. In this study adoption is marked by the degree of sophistication in the tools and techniques that are used, and the extent to which the housing associations direction is dictated by adherence to a strategic approach recognisable in terms of what is usually referred to as prescriptive strategic planning. The term ‘prescriptive’ signifies that a housing association had a formal system for formulating objectives in a plan, analysing strategic options and a means of monitoring implementation. The phrase ‘strategic planning’ is used in this article rather than ‘strategic management’, which is a more recent term denoting a more diverse set of practices. Having profiled housing associations in this way, relative performance standards are then measured using a specially designed scoring system. The study provides a qualitative assessment of the relationships between the pursuit of formal strategic planning practices and performance.

*The authors are all from the School of Policy Studies, University of Ulster.

Address for correspondence: Gordon Marnoch, School of Policy Studies, University of Ulster, Jordanstown, County Antrim, Northern Ireland, BT37 0QB, UK.

e-mail: Gj.marnoch@ulster.ac.uk

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Northern Ireland has 38 registered housing associations and a small number of non-registered associations. Such associations are registered with the Department for Social Development and are eligible to receive Housing Association Grant from the Government. A housing association is defined under the Housing (1992) Northern Ireland Order as a society, body of trustees or company:

\[
\text{...which is established for the purpose of, amongst whose objects or powers are included those of providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation; \text{[and]} which does not trade for profit or whose constitution or rules prohibit the issue of capital with interest or dividend exceeding such rate as may be prescribed by the Department of Finance and Personnel, whether with or without differentiation between share and loan capital.}
\]

The non-profit housing movement in Northern Ireland has its roots in eighteenth and nineteenth century philanthropy. The early philanthropy phase (Mullins, 2000), included a number of pioneering initiatives including almshouses, residential facilities for elderly people and, a Quaker model village (Mullins, Rhodes and Williamson, 2001). After the ‘homes fit for heroes’ initiative of the Addison Act of 1919 such philanthropic initiatives tended to be ‘crowded out’ by the public housing, or council house, sector where dwellings at subsidised rents were provided by local authorities. However, in the mid-1970s, in Northern Ireland, as elsewhere in the UK, the housing association movement expanded substantially. It developed a significant complementary role to public housing in Northern Ireland in an attempt to tackle some of the very serious housing problems that existed in Northern Ireland at that time. These included the high level of unfit dwellings caused by a lack of investment in housing over the previous fifty years, the needs of the increasing number of elderly people and the accommodation needs of various special needs groups. The 1976 Housing (NI) Order, which followed the enactment of similar legislation in Great Britain (1974 Housing Act), provided for the registration and regulation of these non-profit housing bodies and provided for their public funding through Housing Association Grant (HAG). Following a conference of interested parties in 1976, designed to stimulate the growth of a non-profit housing association movement in Northern Ireland, a significant number of housing associations were registered with the Department of Environment (and as Industrial and Provident Societies, a particular form of not-for-profit legal status). Registration, among other requirements, required that the association was established on a non-profit basis.

THE STRATEGIC ENVIRONMENT FOR HOUSING ASSOCIATIONS IN NORTHERN IRELAND

Housing associations currently manage 22,300 existing dwellings of which 11,340 are in the Belfast Metropolitan Area and 2,270 are in Londonderry. In 2006/7
associations completed 1,327 new dwellings with finance from the Department of Social Development supplemented by loans from commercial lenders. This represented 14% of all new dwelling completions and 100% of completions in the social housing field (Department for Social Development, 2008). Many of the associations were in 2003 working on expansion strategies, particularly in Belfast and Derry.

In Northern Ireland the environment is thought to be getting steadily more challenging owing to competition for funding, a decrease in demand from potential tenants and tougher regulatory controls. However, the associations in Northern Ireland are well established with generally stable leadership and strong financial assets. Most housing associations have solid rent rolls and the sector, as a whole, is well financed. Many associations are well placed to take advantage of opportunities for growth, because of still reasonable levels of government funding and good access to commercial funds, thanks to their strong balance sheets. The need to bid against other organisations for grant funding is a key aspect of the current environment. Housing associations that can fund some of their growth from their reserves will have lower interest costs and can offer lower rent levels, thus making their bids for Housing Association Grant funds more attractive to government, and their housing more attractive to tenants. In the longer term there is uncertainty about the demand for general needs housing (as distinct from special needs). The right to buy legislation has led to a degree of uncertainty and is said to have caused diseconomies of scale resulting from management costs being distributed over a smaller number of dwellings. Also, the more desirable dwellings are likely to be purchased first leaving the less desirable to be managed by the association (Mullins, Rhodes and Williamson, 2003).

In terms of size three associations have a stock of more than 3,000 units; six associations have a stock of units between 500 and 2,000, while the majority (29) of the housing associations are small with a stock of fewer than 500 dwelling units.

The housing association movement in Northern Ireland operates within a set of restrictions and requirements. The government’s Department for Social Development regulates procedures for entry into the sector, and provides a unified regulatory framework, together with both funding and oversight of the sector. The Housing Association Branch of that Department carries out annual performance monitoring using key variables such as tenant arrears, timely responses to repairs, proportion of vacant houses and publishes the findings of its performance monitoring. This provides a valuable source of detailed data on housing association performance. The Northern Ireland Federation of Housing Associations (NIFHA) is an umbrella body for the non-profit housing movement; and is a sister organization to the English National Federation of Housing Associations. The main functions of NIFHA are to help co-ordinate and develop the non-profit housing movement and to liaise with the Department on matters where representation is required.
METHODOLOGY

The study of housing associations and their use of strategic planning used both qualitative methods in the form of interviews with chief executives and analysis of secondary data. It was decided to focus on chief executives because, despite possible concerns about their objectivity, they were nearly always associated with organizational change (Walker, 1998); in prescriptive planning terms they tend to be the architects of strategy (Ansoff, 1965; and Andrews, 1970); they are often the key representation of the organization (Riseborough, 1997); and they have seen their role strengthened in recent years (Pollitt, Birchall and Putman, 1998). Earlier work in Northern Ireland found that chief executives, rather than volunteer board members or other full-time time staff, dominate strategic planning processes (Courtney, Marnoch and Williamson, 2006). A total of nine interviews were conducted.

The research is based around an observation that the non-profit sector had adopted practices which were mainly influenced by the orthodoxies of the strategic planning approaches dominant in the private sector until the 1980s, which saw strategy in formal terms based on a linear process of analysis, goal formulation and implementation. The study concentrated on evidence relating to formal, top-level, chief executive centred strategic planning, manifested in the use of a range of tools and techniques – mission statements, strategic objectives, financial plans, detailed goals, priorities and statements on organizational values. The research deals with the deliberate, self conscious efforts of Housing Associations to replicate the type of strategic planning associated best described as prescriptive. The approach to strategic planning promoted in the prescriptive literature, has its origins in the rational, analytic, goal setting associated with what in academic terms are classified as the ‘planning’ and ‘design’ schools of strategy (Courtney, 1996; and Hussey and Perrin, 2003) In 1995 a study of members of the Association of Chief Officers of National Nonprofit Organisations (ACENVO) found that the larger nonprofits had adopted a range of strategic planning tools and techniques associated with the prescriptive approach to strategic planning (Clark Whitehill, 1995). The focus on measuring the extent to which housing associations were making achievements in terms of strategic planning is therefore conceived in terms of this prescriptive orthodoxy. It is not implied that this is the most effective form of strategic action but rather that this was the orthodox response for housing associations, that secured a degree of perceived legitimacy for chief executives operating in a context where certain actions were valued by government, banks and perhaps other stakeholders such as donors and clients. The ability to express organizational mission, formulate goals and write plans in recognisably ‘strategic’ terms, is such a legitimacy seeking action.

This meant that less attention was given to housing associations attempts to pursue alternative forms of strategic planning or management. For example, the study might have looked for evidence of the resource-based form of
strategic management. This approach, which gained popularity in the 1990s, distinguished between different types of resource, including financial, physical, staff, knowledge and technology and attempted to understand how they are combined to form an effective strategy (Grant, 1997; and McGee, 2003). The resource based approach is often expressed in terms of exploiting ‘competitive advantage’, as yet not a requirement made of housing associations in the political context of Northern Ireland. This lack of attention is not to deny that certain housing associations do indeed possess resources which give them a competitive advantage over others in certain respects of service provision, but rather reflects the dominance of the prescriptive model of strategic planning in this phase of adoption. The study did not attempt to pin down evidence of emergent strategy, the realist approach associated with Cyert and March (1963), which emphasises the contingent responses which organizations make when they face threats, encounter uncertainty or respond to a changing operational environment. Again this is not to deny that in the housing association sector, strategies do emerge from situations, rather than being prescribed in advance and set out in formal documents. Emergent strategy by definition may never be written down in a document form and is therefore harder to record for research purposes. Rather we must stress again that it is the specific actions associated with prescriptive strategic planning which was the subject of our attempts to categorise housing associations.

While the emphasis in the project is on the formalised version of strategic planning which produces evidence of competency in the form of documents and other records, it is also important to recognise that an alternate behavioural approach might have been employed to build up an appreciation of the views of the habits of strategy practitioners and strategy practices. ‘Strategizing’ is the term used to denote a relatively new emergent research focus on the informal, intuitive efforts made by actors at different levels in the organization. The emphasis in empirical research is on understanding the processes and practices which go on at the face to face level at what is conceived of as the ‘coal face’ of strategic planning (Johnson, Melin and Whittington, 2003) Sometimes referred to as the ‘strategy as practice school’, this perspective has considerable potential as a means of understanding behaviour in housing associations in respect of strategy formation. The ambition in the current study however, related to a manifestation of a particular prescriptive form of strategic planning.

Evidence was examined in an effort to ascertain the extent to which the chief executives of the housing associations were employing processes associated with strategic planning. In this respect significant use was made of typologies. Creating a typology or typologies is a way of structuring complex qualitative information into a simplified model. This creates a perspective of synthesis, which Miller and Mintzberg (1983) argue, offers a rich basis for describing organizations. The power of using such typologies (also known as ‘configurations’
or ‘archetypes’) in research is in demonstrating how different dimensions of an organization cluster together under particular conditions. This has been recognised in the literature (Miller, Friesen and Mintzberg, 1984; Rich, 1992; and Mintzberg, Ahlstand and Lampel, 1998). The housing associations examined in this study were assigned to strategic types on the basis of nine detailed case studies of associations of various sizes. An assessment of the type of strategic planning used in each of the associations was determined from data gathered from in-depth interviews with the chief officers of selected housing associations, together with an examination of financial accounts and performance documents. This set of returns provides statistical data furnished by each registered housing association and contains information on subjects such as: the housing stock details; rent management and rent levels; housing management; financial management; repairs.

A specific method for profiling housing associations in terms of their ‘approach’ and ‘sophistication’ of practice in pursuing strategic planning was developed for this study. The classification of strategic ‘approach’ used for this study is influenced by a literature, which can be traced back to Ansoff’s (1965) work on options for growth in the mid-1960s through to Miller and Friesen (1978). A four category typology was accordingly established. The second dimension used to categorise housing associations approach to strategy was ‘sophistication’. Sophistication is conceived in terms of the tools and techniques employed by housing associations. Following the work of Kearns and Scapino (1996) in defining degrees of sophistication in the nonprofit sector and also influenced by the work of Kudla (1980) and Odom and Boxx (1988) on strategic planning in the private sector, a three category classification was adopted. The relationships between ‘approach’, ‘sophistication’ and ‘performance’ thus defined, forms the basis of the analysis presented in this study.

CASE STUDY – SELECTED HOUSING ASSOCIATIONS

The group of nine active housing associations was selected using a stratified sampling technique to obtain a balance of associations of different sizes (Bryman, 2001). This was considered to be important because a literature review (Courtney, 2005, pp. 50–67) had suggested that organizational size is often associated with the propensity of organizations to adopt strategic planning techniques and tools. Accordingly, three large, three medium-sized, and three small associations were selected. Care was taken to ensure that the organizations selected were also representative of the main client categories served by the housing association movement, such as providing accommodation for elderly people, for special needs groups, or associations set up to rehabilitate specific urban areas. Basic information describing the nine selected housing associations is presented in Table 1.
<table>
<thead>
<tr>
<th>Name of the Association</th>
<th>Date Founded</th>
<th>Types of Schemes</th>
<th>Number of Units</th>
<th>Turnover</th>
<th>Fixed Assets</th>
<th>Geographical Coverage</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>LARGE LA</td>
<td>1976</td>
<td>General needs, special needs and sheltered</td>
<td>3,222</td>
<td>£5.8M</td>
<td>£18.6m</td>
<td>Concentrated on Belfast but schemes in other areas. Developing schemes in the Republic.</td>
<td>92</td>
</tr>
<tr>
<td>LB</td>
<td>1976</td>
<td>Sheltered, general and special needs</td>
<td>3,113</td>
<td>£10M</td>
<td>£24.7m</td>
<td>All over Northern Ireland. Discussing developments in the Republic.</td>
<td>700</td>
</tr>
<tr>
<td>LC (merger of 2 associations)</td>
<td>1991</td>
<td>Sheltered (60%), special needs (23%) and general</td>
<td>3,025</td>
<td>£13M</td>
<td>£110m</td>
<td>All over Northern Ireland. Have registered in ROI.</td>
<td>200</td>
</tr>
<tr>
<td>MEDIUM MA</td>
<td>1977</td>
<td>Sheltered/older people (81%), general (16%) and special needs (4%)</td>
<td>1,258</td>
<td>£4M</td>
<td>£11.4m</td>
<td>All around Northern Ireland.</td>
<td></td>
</tr>
<tr>
<td>MB</td>
<td>1976</td>
<td>General (esp. 971 homes providing integrated housing for Disabled people) and special needs (hostels and housing with care)</td>
<td>1,250</td>
<td>£2.6M</td>
<td>£12,243K</td>
<td>Around Northern Ireland. Involved in ROI project.</td>
<td>58</td>
</tr>
<tr>
<td>MC</td>
<td>1977</td>
<td>Students and single people</td>
<td>1,047</td>
<td>£1.3M</td>
<td>£1.5m</td>
<td>Belfast, Derry, Jordanstown, Coleraine</td>
<td>50</td>
</tr>
</tbody>
</table>
Table 1 (Continued)

<table>
<thead>
<tr>
<th>Name of the Association</th>
<th>Date Founded</th>
<th>Types of Schemes</th>
<th>Number of Units</th>
<th>Turnover</th>
<th>Fixed Assets</th>
<th>Geographical Coverage</th>
<th>Staff FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMALL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>1978</td>
<td>Originally lone parents, then refuges. Now include General and special needs</td>
<td>482</td>
<td>£681K</td>
<td>£3.2m</td>
<td>Focus on Belfast and Newry. In the process of registering in the Republic</td>
<td>7</td>
</tr>
<tr>
<td>SB</td>
<td>1977</td>
<td>Elderly (inc. retired clergy); supported special needs; and general needs</td>
<td>348</td>
<td>£980,363</td>
<td>£3.7m</td>
<td>28 schemes around Northern Ireland. Exploring opportunities in the Republic</td>
<td>19</td>
</tr>
<tr>
<td>SC</td>
<td>1977</td>
<td>Special needs, inc. Supported employment and small pilot general needs</td>
<td>248</td>
<td>£2,264K</td>
<td>£1.5m</td>
<td>Coleraine, Portrush, Portstewart</td>
<td>30</td>
</tr>
</tbody>
</table>

Note:
N = 9,
Sophistication was conceived in terms of strategic analysis, formulation and implementation (Stone, Bigelow and Crittenden, 1999). The assessment of the sophistication of the strategic planning employed by each of the housing associations was determined by conducting in-depth interviews with the chief officers of the housing associations. These were recorded and transcribed. Each chief officer was asked to indicate the processes that their association engaged in to analyse the internal and external environment, to formulate the content of strategic plans and to ensure the implementation of their strategic and operational plans. Interview derived data was then supplemented by an examination of written materials (particularly strategic and operational plans, annual reports and audited accounts) provided by the chief officers, in order to verify the extent that the associations engaged in strategic analysis, formulation and implementation. The basis of the sophistication grading scheme was evidence of a housing association’s use of standard strategic analysis tools such as PEST, SWOT, Best Value studies or issue analysis. Further attention would be paid to formulation efforts, when housing associations could produce corporate strategy documents containing items such as mission statements and plans with stated objectives for development, finance, housing management and corporate services. Finally, credit would also be given for evidence of attention to implementation, for example, setting milestones with associated objectives.

In drawing conclusions on levels of sophistication achieved, Kudla’s (1980) study in the private sector, suggested a three-level categorisation: non-planners; incomplete planners; and complete planners. Odom and Boxx (1988) in their study of the effectiveness of strategic planning used by churches used three categories: informal; operational; and long-range planning. Consistent with the practices adopted in these two relevant studies, a three-level structure was adopted. The selected housing associations were allocated to one of three types: full planners; partial planners; or informal planners. These categorisations were made in the light of the extent to which they had engaged in strategic analysis, formulation and implementation activities. A full planner such as LA (Table 2) used PEST and SWOT tools, and in interviews with the chief executive could be confirmed to be actively pursuing strategic planning.

**STRATEGIC APPROACH**

The term ‘strategic approach’ signifies an attempt to discover what sort of rules a housing association plays to in relation to maintaining, expanding or contracting the scope of its activities. Highly strategic housing associations will self consciously take decisions and actions to secure an improved position based on a plan. Less strategic associations will be markedly less driven by formally acknowledged goals. In formulating an operational concept of strategic approach,
### Table 2

Housing Associations' Strategic Planning Profiles: Size, Sophistication, Approach and Performance 2003

<table>
<thead>
<tr>
<th>Name of the Association</th>
<th>No. of Units</th>
<th>Sophistication of Strategy</th>
<th>Strategic Approach</th>
<th>Aggregate Effectiveness Score (overall average of 65)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LARGE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LA</td>
<td>3,222</td>
<td>Full planner</td>
<td>All opportunities strategic expansion</td>
<td>71</td>
</tr>
<tr>
<td>LB</td>
<td>3,113</td>
<td>Full planner</td>
<td>All opportunities strategic expansion</td>
<td>79</td>
</tr>
<tr>
<td>LC</td>
<td>3,025</td>
<td>Full planner</td>
<td>All opportunities strategic expansion</td>
<td>81</td>
</tr>
<tr>
<td>MEDIUM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MA</td>
<td>1,258</td>
<td>Full planner</td>
<td>All opportunities strategic expansion</td>
<td>65</td>
</tr>
<tr>
<td>MB</td>
<td>1,250</td>
<td>Full planner</td>
<td>All opportunities strategic expansion</td>
<td>86</td>
</tr>
<tr>
<td>MC</td>
<td>1,047</td>
<td>Informal planner</td>
<td>Incremental expansion and innovation</td>
<td>38</td>
</tr>
<tr>
<td>SMALL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>482</td>
<td>Partial planner</td>
<td>Incremental expansion and innovation</td>
<td>59</td>
</tr>
<tr>
<td>SB</td>
<td>348</td>
<td>Full planner</td>
<td>Incremental expansion and innovation</td>
<td>77</td>
</tr>
<tr>
<td>SC</td>
<td>248</td>
<td>Partial planner</td>
<td>Incremental expansion and innovation</td>
<td>53</td>
</tr>
</tbody>
</table>

**Note:**

N = 9.
the work of Ansoff (1987), Osborne and Tricker (1995) and Miller, Friesen and Mintzberg (1984) was influential. Millers categories of strategic approach were adopted in the study and housing associations assigned to one of four categories.

**All-opportunities Expansionists**

Associations appear to expand and innovate in order to respond to as wide a range of housing needs as possible. These associations may have started with a specific remit, for example, in regard to sheltered dwellings for the elderly, or to a particular geographical area. However, over time, they have expanded their mission to encompass other types of housing needs and tenants as well as wide expansion geographically, including provision in the Republic of Ireland. Such associations are often very conscious of the business case, as well as the social case, for continued expansion and take advantage of all viable opportunities to develop that are available. They tend to be relatively large bureaucratic organizations. In an increasingly competitive environment, these associations are likely to focus on reducing costs (at least minimising the requirement for public funding for schemes) through efficiency initiatives, by cross-subsidy, and by effective use of financial reserves.

**Opportunists**

Miller et al. (1984) consider that these organizations are ‘innovators’. They typically do not operate according to detailed strategic or operational plans, or internal written policies or procedures. They tend to seek out within the broad remit of the association development opportunities that they perceive would be of benefit and try to take maximum advantage of them.

**Incrementalists**

We classified as ‘incrementalist’ associations that were established to respond to a particular need, client group or geographical area but had now displayed an inclination to broaden their ‘mission’ on at least two dimensions. This might include, for example geographical expansion, or innovation with regard to catering for new types of tenant, and/or type of service) However, incrementalists will not yet have taken the radical step of becoming committed to accepting any viable strategic opportunities which become available.

**Niche Strategists**

Niche strategists are organizations displaying the characteristics of Millar’s ‘niche marketers’, and focusing on a specific type of customer, service or geographical area. These associations tend to reflect a much stronger commitment to their original mission by contrast with alternatively categorised organizations.
In contrast to ‘incrementalists’ they may have innovated on one dimension (for example, the geographical area covered) but remained clearly focused on at least two of the original dimensions (such as the type of tenant or type of accommodation/services). They have typically managed to maintain a modest development function around this core mission, or have negotiated an arrangement with a larger association to carry out some functions for them. (Of the Northern Ireland case studies in the Mullins et al., 2003 study, four organizations considered that they had carved out niche strategies.)

On the basis of interviews with chief executives and examination of available documents, housing associations were categorised as following one of the four types of strategic approach. For example, housing association LA (see Table 2) was pursuing diversified growth, developed and sold private housing to subsidise non-commercial schemes and had a ‘best practice focus’. LA was also a ‘pioneer’ in providing a wide range of types of housing and looked for innovative solutions to need. In terms of geographic coverage LA had moved from a Belfast base to offering housing in Northern Ireland and the Republic of Ireland. LA had developed to cater for a wide range of clients including families, singles, the elderly and special needs. It was accordingly categorised as following an ‘all-opportunities expansionist’ strategy.

PERFORMANCE

Prescriptive approaches to strategic planning in the non-profit sector may underestimate the difficulties encountered in pinning down ‘performance’ in clear uncontested terms (Kendall and Knapp, 2000; Osborne and Tricker, 1995; and Kushner and Poole, 1996). It is clear that the competing values and interests of the various stakeholders typically involved in non-profit service provision need to be taken into account when conceptualising performance (Quinn and Rohrbaugh, 1983; Kanter and Summers, 1987; Herman, 1994; Herman and Renz, 1999; and Herman and Heimovics, 1994). The majority of writers and researchers conclude that there is no single adequate indicator of organizational performance for the non-profit sector. Accordingly, the term ‘contested’ is frequently applicable to evaluations of non-profits performance. The reasons for this lack of consensus are related to central features of institutional circumstances in non-profit organizations.

Firstly, there is the ‘non-distribution constraint’, unlike public companies, non-profits have no owners and no easily interpretable results (Hansmann, 1980). The non-profits like government agencies do not distribute share earnings and therefore there are no actors with a direct financial interest in defining and monitoring performance in terms of a simple unambiguous measure such as the size of dividends paid. Outcomes are often hard to define in concrete terms making performance reporting problematic (Gormley and Weimar, 1999).
Secondly, non-profits are often supplying collective goods like rented housing. There is a trust element in provision of this service since the housing association leaders must assure both tenants and funders (in this case government) that they are placing ‘needs’ and ‘mission’ above their own financial interests and those of any third party, for example, banks and construction firms. Donors and government expect to be assured that funds will be used for the stated purpose (Weisbrod, 1988). This inevitably means that some outputs and outcomes are non-financial and are hence inherently difficult to measure.

Thirdly, there is the ‘bottom line’ problem referred to by Drucker (1990). The leaders of non-profits must think through the problem of defining performance every time a proposed action is chosen, even before financial implications are calculated. Drucker provides the example of a church. How is its performance to be conceived? Attendance is a reasonable way of capturing performance but so is ‘impact on the community’. Each concept of performance, he concludes, implies a different way of running the church. It is quite conceivable that higher performance in one dimension actually has a negative impact on performance in other dimensions. For this reason it has become popular to refer to ‘multiple bottom lines’ in relation to non-profits (Anheier, 2000).

The current study can be seen to recognise the contested nature of performance in adopting a range of indicators of performance. To achieve this performance was initially measured on the basis of data obtained from two key sources, the Department of Social Development’s Annual Performance Returns and the audited accounts of the relevant associations. (The information that the Department for Social Development gathers on housing association performance each year is not analysed to produce any form of performance index as is the case in, for example, the National Health Service. There is, therefore, no official performance ‘league table’ for housing associations in Northern Ireland). In finally arriving at a view on what constituted high performance, the study also used qualitative data extracted from interviews with chief executives who were encouraged to reflect on what ‘performance’ meant to their organizations.

The indicators chosen were: growth, resource acquisition, financial performance, internal efficiency and customer service. Points were awarded on a 1–10 basis. Each indicator was given the same weighting in calculating a total score. Detailed descriptions of the measures of organizational performance used as dependent variables in the research are given below:

**Growth:** The expansion of an association over a particular period represents one possible indicator of performance and one that has considerable common sense appeal. It suggests effectiveness in the development process, which involves, among other things: acquiring suitable sites; gaining approval from the Northern Ireland Housing Executive and the Department for Social Development; developing scheme designs and negotiating private finance. As different associations have developed different types of schemes, for example, general family housing, apartments, sheltered schemes, shared hostels etc., it was essential to have a
common unit of measurement for this research. The metric used for this domain of performance is units of accommodation (which is primarily the number of bed spaces in the dwellings) calculated in terms of the increase in the number of units of accommodation provided. In the high demand circumstances in which data was collected, achieving growth as defined, was one of the most obvious and incontestable indicators of effectiveness. However, were the study to be replicated in the future when demand for houses is perhaps less strong, then growth might have to be treated more carefully in relation to demonstrating effectiveness. In order to avoid misrepresenting the level of growth achieved by small or large housing associations, points were awarded for both growth (number of units) and growth (percentage increase in stock). In this way a balance was struck between absolute and percentage measures.

Resource acquisition: While there is clearly room for other factors to contribute to performance (such as outcomes for beneficiaries), the ability to generate income (as well as acquire other resources, such as staff and volunteers) is critically important in the non-profit sector in general and in the housing association movement in particular. In the non-profit housing movement, cash inflow is generated from three main sources: tenants (in the form of rents); government (in the form of the Department of Social Development grants); and private lenders (in the form of loans). In particular, cash inflow from the last two sources, also demonstrates the extent that the association can show that it is capable of developing and managing the schemes proposed. On the same principle as used for calculating points awarded for growth, points were awarded for resource acquisition (cash increase) and resource acquisition (percentage increase) in an effort to avoid the distorting effects of different housing association scale.

Financial: It is crucial to the long-term viability and development of associations that they generate a surplus each year to help fund future repairs and planned maintenance; invest in future expansion and innovation; and manage the financial pressures and risks that associations have increasingly acquired. Annual surpluses and deficits were therefore used as measures of performance. Once again separate points were awarded for financial (surplus cash) and financial surplus (percentage of expenditure).

Customer service: As a measurable proxy indicator of client satisfaction, the length of time taken for reported maintenance problems to be repaired was used. This was calculated on the basis of the percentage of repairs carried out on time. ‘Time’ being defined by the Department of Social Development as a target number of days for repairs designated routine, urgent, or emergency. If a housing association achieved 80–82% of repairs on time it received one point, increasing to ten points awarded for a 98–100% record. This was then translated into a score for each association.
Internal efficiency: The efficiency of housing associations in relation to key elements of the housing management process was based on a balanced score calculated from points awarded for achieving Department of Social Development targets for the levels of empty properties (voids), speed of letting, percentage of rent collected and percentage of rent arrears in relation to total lets. Four separate sets of points were awarded for each element of internal efficiency.

Calculating the Effectiveness Score

A total score was awarded to each housing association based on a simple addition of the points achieved in relation to the five effectiveness indicators discussed above. For example LA in Table 2 was awarded 10 points for growth (number of units), 6 for growth (percentage increase in stock), 1 for resource acquisition (cash increase) and 1 for resource acquisition (percentage increase), 10 for financial (surplus cash) and 6 for financial surplus (percentage of expenditure), 2 for customer service, and a total of 35 points from the four internal efficiency criteria. This gave an overall effectiveness score of 71.

STRATEGIC PLANNING PROFILES AND PERFORMANCE – INTERPRETING THE RELATIONSHIP

It is clear that strategic planning has had a significant impact on the non-profit housing movement in Northern Ireland. Table 2 records that six out of the nine associations included in this study were engaged in a sophisticated approach to strategic analysis, planning and implementation. A further two associations had adopted a partial approach to strategic planning. Five of the housing associations were categorised as following an ‘all opportunities’ approach. Those associations which used strategic planning most diligently were also the highest performers on the index of performance. Although the study did not employ methods that can conclusively demonstrate causality there is no reason, based on the results, to deny a positive association between strategic planning sophistication/approach and performance.

This exploratory study suggests a need for further research into a likely association between approach and sophistication of strategic planning adopted and performance – the basis of the rational goal hypothesis for explaining adoption. For example, it is possible that only housing associations with large financial surpluses are able to afford to invest in more sophisticated management methods (a hypothesis that may suggest a ‘reverse’ causality. Such paradoxes in the era of new public management are not without precedent (Hood and Peters, 2004). With higher rates of growth, housing associations may also feel the need to develop more sophisticated planning and management methods to manage their growth. This, once again, is a form of ‘reverse’ causality, meaning that the
rational goal explanation for adoption must be rejected, in other words growth encourages strategic planning. The issue of organizational size may be significant here as there would appear to be a strong relationship between the sophistication of strategic planning and organizational size. Clearly ‘reverse’ causality is again a possibility arising from the fact that larger associations are able to spend more on sophisticated strategic planning processes. Similar possibilities exist in relation to the association between type of strategic approach adopted by the housing associations and performance. Those associations that adopted an ‘all-opportunities’ strategic approach to organizational strategy were likely also to have a higher performance rating than other associations. Our analysis of detailed factor scores also suggested there could be a positive association between the adoption of more sophisticated strategic planning methods and growth rate in the number of units of accommodation developed. The same housing associations may also be generating higher financial surpluses in comparison with other associations using less sophisticated approaches.

Another alternative explanation for the relationship between strategic approach and growth in the number of units, and of financial surplus may simply relate to the size of the housing associations. The five largest (three ‘large’ and two ‘medium-sized’) associations studied, all have a sophisticated approach to strategic planning and have adopted an ‘all-opportunities’ strategic approach focused on a mixture of growth and diversity. All have relatively high performance ratings (the average performance rating of the five largest associations is 77 against an average for all the associations of 65.

Furthermore, the issue of ‘confounding factors’ must be considered. In a non-random study of this type it is not feasible to eliminate the possibility that factors originating in the environment which housing associations operate are responsible for the differences in performance achieved. An example of this would be the possibility that performance could be influenced, either negatively or positively, by the availability of funds. In this respect the prevailing attitude of central government, reflecting its perception of the priority of providing affordable housing, may be more influential in relation to performance than the type of strategic planning used. There may also be a need to consider the influence of the current management culture. Organizations may, consciously or otherwise, be prone to emulative behaviour in seeking to act ‘strategically’. It is also dangerous to assume that strategic planning is adopted to improve performance. As explained by Courtney, Marnoch and Williamson (2006), strategic planning may be adopted as a consequence of the desire of a chief executive to create a monopoly over the use of a particular management ‘technology’.

The limitations of this small scale and exploratory study are acknowledged. However, even a large scale quantitative study, using inferential statistical tests, would be unable to eliminate the possibility that the association between strategic planning type and performance had occurred by chance. To confirm a positive association between strategic planning and performance it would...
still be necessary to pursue random controlled data collection. Even if this were possible the question of why strategic planning has been adopted remains difficult to answer. In order to examine the reasons behind the extensive adoption of strategic planning processes by housing associations qualitative in-depth interviews were employed. In this part of the project, the reasons why the prescriptive version of strategic planning was pursued were investigated. A richer understanding of why strategic planning is being used emerges from the words of chief executives reflecting on what performance meant to their organizations and explaining the processes involved in adopting strategic planning.

**STRATEGIC PLANNING: THE VIEWS OF CHIEF EXECUTIVES ON ADOPTION**

The rational for adopting prescriptive strategic planning practices and the contested meaning of the term ‘performance’ was explored in nine in-depth interviews conducted with the chief officers of the housing associations to exploring issues associated with the benefits of strategic planning, favoured indicators of performance, the central government audit regime, ‘public/private sector capture’ and the prevalence of institutional isomorphism in the housing association sector.

As in any elite actor based interviews there was a possibility that the chief officer of the association might be prone to exaggeration, either deliberately or unconsciously over-stating the extent of the strategic analysis, planning and implementation processes that actually took place. To attempt to control for the possible influence of this factor, copies of any materials that were referred to in the interview were sought and these were considered in light of the content of the interview.

**Benefits of Strategic Planning**

Subjects were initially asked to identify benefits they perceived in engaging with strategic planning, if any, and what the associated drawbacks might be. Chief executives of associations that pursued strategic planning, all saw very significant benefits in engaging in strategic planning. In summary the benefits identified included: improved clarity and focus; creating a sense that the organization ‘is going somewhere’; the staff seeing how they fit into the vision of the organization; improved performance management; greater strategic control and accountability by the Board; improved financial planning and control; and strengthening the ability of the association to negotiate with lenders and other funders. The chief executive of one of the largest housing associations (association LC), suggested that the benefits of strategic planning are that it produces ‘clarity and focus’.
The chief executive of one of the other large housing associations describes some of the other benefits of strategic planning, as he saw them, both top-down and bottom-up:

I’d like to think that the way our strategic planning is shaped everybody can clearly see their role. From the top end down it is sensible in relation to the kind of market factors we have and to help us to think strategically so that when those developers come bombarding us or when a new business opportunity comes we are ready then to cope with it. Strategic process is very important when you’re talking to banks, funding agencies, and new business partners. They do not want to see a reactive organization; they want to see somebody proactive knows where they are going and has a bit of vision (chief executive of housing association LB).

The chief executive of another of the larger associations also had a positive view of the benefits of strategic planning:

It has had benefits in that staff know exactly what is required of them, their job descriptions and where what they do fits into the whole. It has been very useful for introducing performance standards and performance indicators (chief executive of housing association LA).

Indicators of Effectiveness

It was considered important to explore the extent to which a consistent set of effectiveness indicators featured in the thinking of chief executives. Clarity around what sort of results constituted a realisation of effectiveness for their organizations, would strengthen conviction that rational goal based decisions were behind the adoption of strategic planning practices. Respondents were asked which specific indicators of effectiveness they considered to be useful in assessing how well the association was performing. The indicator that was mentioned in all but one of the interviews was customer/tenant satisfaction. Other responses were much more diverse. They included: financial issues, such as survival, profits, growth, keeping within budget, and costs; staff issues, such as training, absence, and staff satisfaction; and the kind of indicators included in the Department for Social Development performance return such as rent arrears, vacancies, and maintenance response times. Only one respondent directly mentioned meeting housing need. When discussing performance indicators, the chief executive of housing association SA, one of the smaller associations, suggested that:

Arrears and voids are significant to our housing management. The other would be from the point of view of resources, but also tenant satisfaction, how quickly we respond (chief executive of housing association SA).

The chief executive of housing association LA, one of the larger associations, describes her association’s performance indicators as follows:

Our performance indicators are at quite a low level like, getting our repairs done within the target and keeping arrears down; keeping within the budget, the level of
training, members of staff and training. We carry out tenant surveys and get feedback on the family refurbishment schemes (chief executive of housing association LA).

**Central Government Performance Audit**

Discussions were conducted which were intended to gain an appreciation of how chief executives perceived the purpose behind the Department of Social Development audit. Respondents consistently questioned the Department’s clarity of purpose in asking for the particular set of information required in the Annual Performance Returns. Doubts were also frequently expressed as to how data was used to assess and enhance the performance of housing associations. It was suggested by most of the respondents that the Department currently makes little or no use of the statistics gathered; provides little feedback to the associations about the information; is very slow in publishing the data; with a failure to follow up on missing data also evident. The consequences of performance assessment in informing the Department’s approach to allocating resources were not readily understood by respondents. This doubt over the use of performance information is consistent with other recent research (Julnes and Holzer, 2001; and van de Walle and Boivard, 2007).

More specifically it was clear from the interviews that a key public policy in Northern Ireland that impacted on strategic planning was the adoption of the Best Value initiative that was introduced by the Labour government in the Local Government Act 1999, to replace compulsory competitive tendering (CCT) (Martin, 2000). As part of their Best Value reviews all associations were required to consult their stakeholders and to draw up an annual programme of actions to respond to the needs and expectations of particular stakeholder groups. This has some of the elements of some strategic planning approaches.

The views recorded in relation to Best Value vary considerably from the very negative to the very positive. Some respondents viewed it as a normal part of good management and others, particularly the smaller associations, saw it as another bureaucratic imposition from above. This raised further important questions as to how Best Value would affect the non-profit housing movement and how it could be dovetailed into the Department’s performance monitoring process. It was not apparent how Best Value could best be integrated into the strategic planning processes of individual associations, rather than becoming another initiative added on top of the existing accountability frameworks and create initiative overload (Paton, 2003).

**Public Sector Capture**

Evidence from the interviews suggests that housing associations are subject to significant competing pressures, which simultaneously push them towards both the public and private sectors. Pressures pushing associations towards the public sector include: the government’s tight regulatory framework (set out
in the detailed Housing Association Manual) controlled by the Department of Social Development (DSD); the requirement to submit housing association development programmes to the DSD; the performance reporting to the DSD through Annual Performance Returns and inspection visits; the requirement for Housing Executive and DSD approval for all new social housing schemes; the common selection scheme controlled by the NI Housing Executive; and the proposed conferment of ‘public body’ status on housing associations for the purposes of Best Value, equality legislation, and human rights legislation. The chief executive of housing association SA, one of the small associations, succinctly stated this position:

We have become an agency of the public sector. We feel that it was forced on us gradually and we are just an agency now. We have no autonomy – no independent operation. We are told what to do – all because of the red tape that they are tangling all the Associations up in (chief executive of housing association SA).

**Private Sector Capture**

Pressures pushing housing associations more towards the private sector relate primarily to finance. Housing associations must now ensure their own financial viability. The Department no longer (in the words of one of the interviewees) ‘bails out’ associations that are in financial difficulties. Rental income and private financing (loans) have become major features of non-profit housing movement financing. Housing associations, like private businesses, have to be able to make a business case to banks and building societies for the investment of private finance, which must be paid back over time with interest. This is very different from the early days of the housing movement when housing association finance was characterised primarily by a statutory grants culture. Housing associations are also now at liberty to set up non-charitable companies and to make profits from housing for sale. Housing associations also need to make significant annual profits (some associations were generating surpluses of up to 50% of turnover) in order to pay for future repairs and maintenance, as well as to invest in future developments. Because of the current business nature of the non-profit housing movement, housing associations have recently been defined as social businesses, as part of the social economy (Colin Stutt Consulting, 2001). In the study conducted by Mullins, Rhodes and Williamson (2003), the chief officers of the housing associations emphasised both their social and business objectives, but when forced to prioritise between the two, tended to prioritise the business objectives.

Many housing associations recognise the pressures both in relation to the public and private sectors. The chief executive of one of the largest housing associations (housing association LB) recognised that they:

...occupy the territory between various sectors. We are a company limited by guarantee with charitable status with regards to tax. In relation to Equality schemes we are likely...
Institutional Isomorphism

The research found very significant institutional isomorphism within the non-profit housing movement, particularly between the larger associations (Di Maggio and Powell, 1983). The prevalence of ‘public sector capture’ discussed above and the restricted access to, and tight regulation of the non-profit housing movement in Northern Ireland, has created a strong and common institutional field within which the associations operate. This may be an important factor in encouraging and rewarding associations that adopt both a strategic approach to planning and managing the association and an ‘all-opportunities’ approach to development, which emphasises growth and diversification.

In the case study interviews, each of the associations was asked to indicate what was distinctive about their association. The answers suggest that while the historical roots of these large associations may be very different, with initially distinctive client groups and geographical focus, there is very little that is now distinctive between the larger associations. They now all provide a wide range of types of housing, in all parts of Northern Ireland and, in some cases, beyond.

Housing association LA (one of the largest) provides an example of a significant strategic shift of a large housing association from its historical roots. It carried out a name change, a major re-branding exercise, and significantly changed its strategic focus in light of external changes. The chief executive reported as follows:

Initially the strategy was to provide sheltered houses and residential care. Older people and disabled people was the remit of the Association at the time and was how the Department categorised it. But then when the Executive’s new build programme was divested, like other associations, we started doing general needs and single accommodation. We were keen to work in partnership with other organisations and now have some partnerships with various Health and Social Services Trusts. In relation to strategy we are open to consider anything (chief executive of housing association LA, emphasis added).

There are, however, still some distinctive features among smaller community-based associations which are extensively involved in non-housing support programmes.

This finding in relation to the larger associations is not unexpected as the non-profit housing movement is one of the most coherent sub-sets of the non-profit sector. It has a highly restricted entry and registration, with funding and controlling with a single government department. In this context it is not unlikely that in Northern Ireland with a common policy and regulatory framework and shared political and economic context, a group of associations of a similar age
(20–30 years old), and therefore at similar stages in their organizational lifecycle, would adopt similar approaches.

CONCLUSIONS

Rational goal seeking explanations for the adoption of the set of practices associated with prescriptive strategic planning are not dismissed by the evidence presented in Table 2, but the data as it stands calls for further research rather than allowing firm conclusions to be drawn. Evidence from interviews also supports the rational analytic goal seeking explanation for adoption to some extent. Respondents were willing to provide endorsements of the usefulness of strategic planning practices. Their explanations and discussions of the benefits of strategic planning would suggest that the basic prescriptive paradigm with associated practices is accepted. However, in the interviews for the detailed case studies it became clear that the chief executives had complex views as to what constitutes high performance achievement and that they found it difficult, or were reluctant, to identify a single score for the effectiveness of their own association. The contested nature of performance in the non-profit sector makes the justifications for adopting a rational goal based approach to strategic planning hard to sustain. It was noticeable in interviews that strategic planning tended to be justified in presentational terms rather than through a rational calculation of its value in realising goals.

Strategic planning was clearly a legitimation seeking practice as well as a means of deciding rationally on goals to be pursued. Central government performance audit policies emerged as an important influence in the adoption of strategic planning. A perceived emphasis by the central government department (Department for Social Development) on securing compliance with performance audit requirements, may as an unintended consequence, be de- emphasising the realisation of rational goal based strategic planning. The regulatory demands of central government are, according to a number of respondents, resulting in public sector ‘capture’ of housing associations. Their continuing autonomy and status as non-profit organisations is perceived to be threatened by demands from central government to comply with an ever more complex regulatory system. Similarly in attempting to demonstrate the strategic commitment to business objectives perceived to be demanded by private sector development partners a ‘that’s what they want to see’ explanation was made for the adoption of strategic planning practices. In examining the use of strategic planning practices by housing associations in Northern Ireland and the impact of such action on performance, a complex set of relationships and effects have been uncovered.

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