

# STRATEGY FOR REAL ESTATE MANAGEMENT OF NON-PROFIT ORGANIZATIONS

Centralization vs. decentralization: the case of The Netherlands Red Cross

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## PREFACE

This master thesis presents the result of research on centralization of real estate management of The Netherlands Red Cross. This thesis is the last step in the master Real Estate and Housing at the faculty of Architecture at the University of Technology in Delft. However, it also represents a personal achievement as it combines the real estate sciences with my second study: Public Administration at the Erasmus University in Rotterdam. During three years I combined the master Real Estate and Housing with the master Governance and Management of Complex Systems at the Erasmus University. With this I aimed to create better awareness of the complexity of our spatial environment. I am therefore proud to present you this master thesis as a milestone of my student years.

The start of the graduation project came when I heard about the complex merger of The Netherlands Red Cross. A first coincidental encounter with a volunteer of one of the local departments of The Netherlands Red Cross learned me about the tensions around real estate management during the merger. The subject 'centralization of real estate management' is chosen because of these tensions. Doing research in the time of the merger seemed as a big opportunity as it prevails tensions that would otherwise be difficult to find.

Ideological incentives were also present to start this research. The research offered me the chance to involve myself in the world of a non-profit organization and to contribute to efficient use of public means by real estate management. It also offered by the change to contribute to the body of knowledge on real estate management. In real estate management only the distinction is made, in real estate management of the private and the public sector. The Netherlands Red Cross seemed as the perfect case at the perfect moment to set the first step in developing knowledge about real estate management of the non-profit sector.

Doing research in the time of a merger which included a major reorganization has been a personal learning experience. It confronted me with the dilemma's of reorganizations and the tensions that employees experience who are involved.

I want to thank Monique Arkesteijn of the University of Technology, my main mentor on real estate sciences during this graduation process. Her ongoing and constructive feedback kept me inspired and made sure not to lose track of the main lines. I also want to thank Leentje Volker for giving me focus on details and the scientific justification. It was a pleasure working with both of you!

This thesis would not be the same without the mentoring on the side of the public administration. I want to thank my professor Jurian Edelenbos of the faculty of Social Sciences of the Erasmus University for his refreshing feedback by which he kept me 'sharpening' the research, as he always called it.

The chance to deepen myself in the non-profit sector is offered to me by the chief executive officer of The Netherlands Red Cross, Mr. C. Breederveld. I want to thank him for his trust in my research from the start until the end. If I would not have had his support, the research would have been far more difficult to accomplish. Many thanks for the chief of the merger, Mr. P. Smeulders, for his continuing support and critical feedback.

Before wishing you pleasure in reading this thesis, I want to thank my family and friends who have been supporting, and encouraged me during my whole study although I was sometimes lost in the many books. This research made me realize even more how blessed I am with my family and friends.

Enjoy reading,

Lodewieke Michielsen  
*The Hague, June 2010*



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## MANAGEMENT SUMMARY

In this master thesis, research is done into strategies of (de)centralization of real estate management (REM), to explore the most efficient strategy of real estate management. To manage real estate central or decentral is one of the possible strategies to deal with problems in real estate management. Although there is a vast amount of knowledge of REM of private and public organizations, so far knowledge about REM of a non-profit organization is lacking.

The central question in this research is:

What tensions constrain or promote (de)centralization of real estate management of non-profit organizations and given these tensions, what are strategies for (de)centralization of real estate management?

The term (de)centralization is illustrative for the playing field between decentral and central real estate management. By the explorative phase of research, an in-depth study is done on one case: The Netherlands Red Cross. The Netherlands Red Cross merged in January 2010 with its 310 local associations. With this merger, the umbrella association became owner of all real estate and the local associations became departments under this umbrella association. Departments stayed mainly autonomous in their real estate management. The adjacent question is: should real estate management of departments be centralized as well?

### Conceptual framework for decision-making

Based on literature research a conceptual framework is developed for decision-making concerning (de)centralization of real estate management (figure 1). The framework consists of three clusters:

1. Organizational context (step 1);
2. Real estate management (step 2); and
3. (De)centralization (step 3).

The first two clusters need to be analysed on which variables play a role, if the same variables play a role at each department and how the variables play a role in (de)centralization of real estate management. The third cluster, or the third step in the framework, leads to a strategy for (de)centralization of real estate management. At first (step 3a), the diversity of the organizational context and real estate management points out if centralization is possible. After this the advantages and disadvantages need to be balanced (step 3b) and the appropriate focus and degree need to be chosen (steps 3c and d).

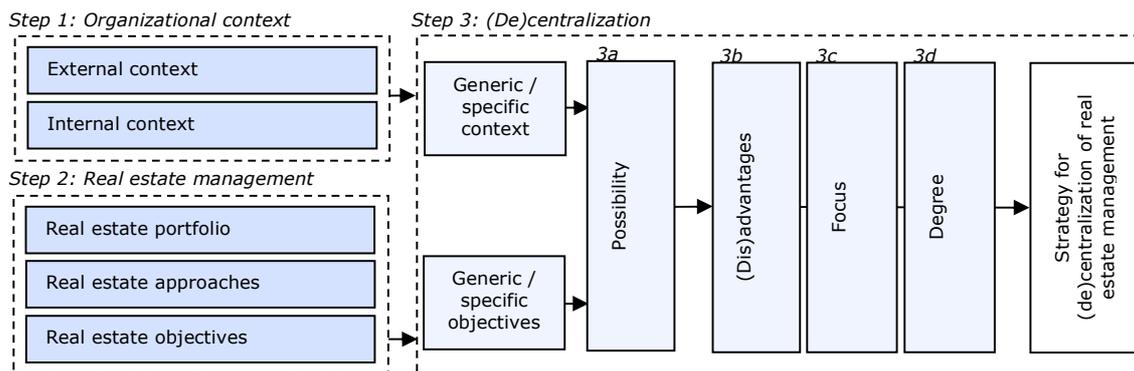


Figure 1: conceptual framework for (de)centralization of real estate management

For this research sixteen departments of The Netherlands Red Cross are interviewed and analysed on the influence of the organizational context, the characteristics of the portfolio, and the approaches and objectives on (de)centralization of real estate management. Besides these interviews, observations are made and a survey is held on the characteristics of the real estate portfolio of The Netherlands Red Cross.

The analysis shows that some degree of centralization is desirable for the benefits of the whole organization, but at the same time, that it is a sensitive subject for the local departments. Diversity in portfolio characteristics makes centralization more complex as well as the economic advantages gained at decentral level and cultural characteristic of volunteers.

#### Cluster 1 'Organizational context'

Looking at the external context, the networks and volunteers (both called suppliers) and the financial resources play an important role in (de)centralization of real estate management (table 1). Departments gain financial benefits by the networks they have in the local community and this constrains centralization of executive real estate management. The role of volunteers and financial resources promote centralization of strategic real estate management.

Looking at the internal context, the culture and senior management preferences play an important role in (de)centralization of real estate management. With senior management preference here being the dominating role of board members within the departments. The lack of incentives for improvements and the role of board members promote centralization of strategic real estate management. However, the cultural characteristics of the departments make centralization a sensitive subject for them and therefore constrain centralization.

	Tension	Promote (+) / Constrain (-)	Focus in REM
<b>External context</b>			
Suppliers (networks)	Financial benefits by local ties	- economical	Executive
Suppliers (volunteers)	Objectives in REM on volunteers	+	Strategic
	Cultural characteristics	- cultural +	Executive + strategic Strategic
Financial resources	Suboptimal use of financial resources	+	Strategic
	Subsidies are being reduced	+	Strategic
	Emphasis on financial freedom	- cultural	Executive + strategic
<b>Internal context</b>			
Culture	No incentives seen for improvements	+	Strategic
	Emphasis on autonomy and preserving	- cultural	Executive + strategic
Senior management preference	Dominating board members	+	Strategic

Table 1: variables of the organizational context and their influence on (de)centralization

#### Cluster 2 'Real estate management'

The characteristics of the real estate portfolio constrain and promote centralization (table 2). The differences in advantages and disadvantages that are seen by departments make centralization more difficult as centralization has in itself a degree of standardization. The real estate portfolio knows great diversity and the majority of the accommodations has a poor visibility. Centralization, for example by central guidelines, could raise attention for the visibility. The diversity of the real estate portfolio makes centralization (a uniform policy) more difficult. However, when The Netherlands Red Cross would require more uniformity in the portfolio (given the principle of unity of the Red Cross), central policy or guidelines on strategic real estate management are a requirement.

Departments have a predominant incremental approach and focus on facilities and maintenance in (executive) real estate management. No standards are present and long term focuses are rare. This could cause cumulative financial disadvantages. Departments do not reconsider the necessity of accommodation for the core task and to some volunteers the accommodation has emotional value. The emotional value creates sensitivity of volunteers around the subject centralization; volunteers seem to be conservative to changes. The current real estate approach of departments pleads for a degree of standardization with the focus on strategic real estate management tasks.

The main objective of most departments is to facilitate the activities of volunteers, followed by a flexible use of accommodation to make it suitable for renting space to other organizations. Given the mission of the Red Cross to help needy people, the accommodation does not function directly for that mission. At the central layer it is recommended to develop guidelines for the use of accommodation for the core tasks of departments and the function of

departments as landlord. Having studied a real estate portfolio of a non-profit organization, it can be concluded that the appearance of accommodation requires improvements and therefore centralization is desirable.

	Tension	Promote (+) / Constrain (-)	Focus in REM
<b>Real estate portfolio</b>			
Size of departments	Differences in (dis)advantages	- portfolio	Executive + strategic
Accommodation owned/rented	Differences in (dis)advantages	- portfolio	Executive + strategic
Diversity of portfolio	Uniformity absent	- portfolio	Executive + strategic
Visibility of portfolio	Lack of attention for appearance	+	Strategic
<b>Real estate approach</b>			
Incremental approach	Last minute decisions and purchases Room for board members' preferences Lack of capturing learning moments Lack of control on financial spending	+	Strategic
Value-based approach	No reconsiderations of necessity real estate	+	Strategic
	Emotional value of accommodation	- cultural	Executive + strategic
<b>Real estate objectives</b>			
Facilitating human resources	Objectives in REM on volunteers	+	Strategic
Increase flexibility	Emphasis on rent space to others	+	Strategic
Promote marketing message	Lack of attention for appearance	+	Strategic

Table 2: variables of real estate management and their influence on (de)centralization

### Strategy for (de)centralization of real estate management

From the complexity within the local real estate portfolio and balancing tensions around centralization, a strategy has derived for (de)centralization of real estate management. Figure 2 gives an overview of the role certain variables play in (de)centralization of real estate management. The research findings show that the first step (3a) in making a decision concerning (de)centralization does not concern the possibility of centralization, but the complexity of centralization. Centralization is possible but complex when within the local layer there is great diversity. Based on the role of the suppliers, executive real estate management should stay delegated to the decentral layer. Based on the other variables, strategic real estate management should be centralized to the central layer. The middle layer is delegated with the control of the strategic guidelines that are set by the central layer for the decentral layer.

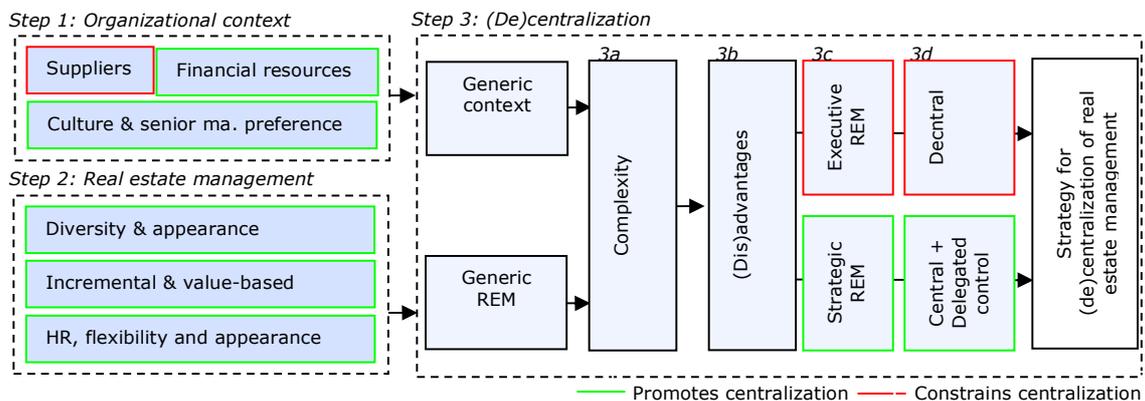


Figure 2: framework for (de)centralization of real estate management of the non-profit sector

### Generalizability of the research findings

The current real estate management practices derive from the culture of the organization. It is the culture that makes departments inert for developments in the external context and which creates a preserving attitude with an inclination for autonomy. The culture is a derivative of the characteristics of volunteers. It is the structure of The Netherlands Red Cross in which volunteers are legally in charge that causes the tensions that promote and constrain (de)centralization of real estate management. Therefore, the findings are generalizable to other non-profit organizations where volunteers are in charge.



## 1. INTRODUCTION

Real estate is subject of frequent discussion as it is often said to be the second highest cost item of companies and organizations, after expenditures on human resources. Companies change their real estate management to deal with current problems or to prepare for future developments. To steer central or decentral on real estate is one of the possible strategies to deal with appearing problems. For using the real estate portfolio most efficient for the organizations core task, this report goes into strategies of (de)centralization of real estate management.

The existing body of knowledge makes a distinction in Corporate Real Estate Management (CREM) and Public Real Estate Management (PREM). De Jonge (1996, in Krumm 1999:1) defines Corporate Real Estate Management (CREM) as the management of corporate accommodation in order to obtain maximum added value for the business. The difference between CREM and PREM is in steering on real estate of private or of public organizations.

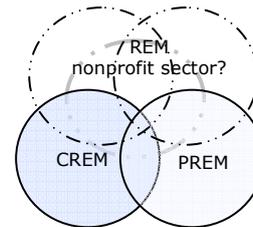


Figure 1.1.1: different fields of real estate management

Non-profit organizations are neither part of the private nor the public sector and form their own sector: the non-profit sector. However, knowledge about real estate management of non-profit organizations does not exist. With this master thesis a first step is made in defining real estate management of the non-profit sector (figure 1.1.1).

### 1.1. Problem statement

The central case in this research is real estate management of the non-profit organization: The Netherlands Red Cross. The Netherlands Red Cross is merged with its local associations at January 1<sup>st</sup>. The merger and corresponding reorganization brings new and unexpected issues to surface for real estate management. O'Mara states (1999:248): "*While reorganizations can be annoying, changing the balance between centralization and decentralization in the corporate structure is one important way to adapt the organization to changing competitive conditions. Because real estate decisions are often highly visible and tangibly affect the workforce, the level at which they are made in the organization is often a source of controversy.*" The quote illustrates the case of The Netherlands Red Cross. In the process towards the merger the fear of the merging departments to loose their saying on their housing was a tense issue.

#### 1.1.1. Changes in real estate management in mergers

To gain sustainable competitive advantage, organizations have to be aware of their capabilities and resources. Focusing only on cost-effective products may reduce the competitive business positions and can diminish opportunities for the organization. A balance has to be found between operational responsiveness and advantages of economies of scale. A balance has to be found between optimizing the performance of the real estate portfolio (minimal costs, increasing returns on investment) and the value of the portfolio to the core business processes. (Krumm, Dewulff & De Jonge, 1999: 59-60)

Krumm (1999) points out in his research that real estate especially in times of mergers plays an important role. By mergers, the role of real estate departments increases as the real estate portfolio in principle grows. In times of mergers, all production means are placed under the microscope. The role and position of departments are reviewed in the light of the new organizational strategy. How combinations of structuring activities in mergers develop is not

predictable. When fear for disorder grows, pressure to create order will rise. Disorder in mergers gives leaders the chance for new reorganizations with extensive rule- and control systems that they believe will reduce complexity (Teisman, 2004). Besides the tensions and new issues the merger and reorganization bring, also new chances for real estate management arise.

### 1.1.2. The Netherlands Red Cross

Although there is no comparative information known, The Netherlands Red Cross is assumed to have a large real estate portfolio compared to other non-profit organizations. The size of The Netherlands Red Cross its real estate portfolio is expected to be significant which makes changes in real estate management influential for the well doing of the organization. Background information on the Red Cross can be found in box 1.1 and appendix 1.

#### Box 1.1 Background information on the Red Cross

##### **The International Red Cross**

The Red Cross its mission is to prevent and to soften human suffering anywhere, to project lives and health and ensure the respect for human being. The Red Cross is created from the desire to help, without distinction. Worldwide, the organization acts under the same seven principles:

1. Philanthropy
2. Impartiality
3. Neutrality
4. Independence
5. Voluntariness
6. Unity
7. Universality

##### **The Netherlands Red Cross**

The Netherlands Red Cross is one of the national Red Cross associations and provides national and international emergency aid and social help. The Netherlands Red Cross has approximately 591,000 members and 161,000 registered donors. Approximately 34,000 people are active as volunteers in The Netherlands.

##### *The Hague*

The national headquarter in The Hague coordinates the tasks of The Netherlands Red Cross. About 455 professionals work at the headquarter. The headquarter primarily has a support function for the districts and departments. Also tasks as humanitarian work abroad and the coordination of international disaster relief are located in The Hague.

##### *Departments*

The association has 310 departments that operate in 66 districts. The departments offer two types of aid assistance. Emergency aid, to diminish the impact of disasters and accidents for the victims, and social help, to reduce loneliness and increase the ability to take care of you.

At the moment of writing, there are going on some interesting institutional changes at The Netherlands Red Cross. The Netherlands Red Cross used to consists of three administrative layers divided into 4 territorial regions (North, Middle, West and South) with:

- 310 local Red Cross associations
- 66 district Red Cross associations
- 1 umbrella Red Cross organization (The Hague)

In 2005 the commission DOL (districts under magnifying-glass) of The Netherlands Red Cross concluded that the statutory autonomy of the local Red Cross associations often are a barrier for central policies to pursuit the general objectives of the Red Cross. Bottlenecks that the commission DOL highlighted are:

- difficulties in reacting as one organization at developments in society;
- local associations of the Red Cross often do not meet the rules of the CBF (Central Agency for Fundraising);
- a heavy formal administrative culture with many bureaucratic procedures;
- a gap between local associations and the national association in The Hague;
- limited or no use of advantages of scale; and

- too much orientation on the short term instead of the long term.  
Therefore in June 2006 the initiative is taken to introduce a steering group 'Samen 1' (Together 1). The main idea of 'Samen 1' is to legally disband the local and district Red Cross associations and unite the local associations in 1 Red Cross association plus to make a new territorial division (figure 1.1.2). At January 1<sup>st</sup>, 2010 the merger and reorganization is legally formalized. The Netherlands Red Cross, who used to consist of three autonomous layers, now consists of three semi-autonomous layers.

As the local departments have no legal entity anymore in this new situation, the national umbrella association became owner of all real estate. The local departments are mandated to manage their housing. Only to encumber property prior consultation and approval of the national umbrella association is needed (more information can be found in box 1.2). With juridical centralization, the organization tried to better anticipate to trends and developments in national and international society.

#### Box 1.2 Handling properties after the merger

##### **Handling properties after the merger**

The new umbrella association's statutes and regulations state that departments have authority to acquire and dispose, manage and maintain assets (if used to serve the objectives of The Netherlands Red Cross). This means that departments themselves make decisions that are needed based on efficiency of use of financial resources and financial feasibility.

At one point the departments are not free: the encumbrance of property. This concerns the establishment of rights of mortgage, usufruct and similar on the property for third parties. Encumbrance is always a pressure on (reducing the value of) the capital of the umbrella association. Therefore, encumber property always needs prior consultation and approval of the new association.

Real estate needs to be used optimal for the objectives of The Netherlands Red Cross. This means that departments that have a building that hardly or not at all is used for the objectives should consider whether retention or disposal of these properties is appropriate. This could be the case in which buildings are permanently being leased to third parties. When property is sold, at least the appraised value needs to be obtained.

For purchase and possession of real estate, the following criteria apply:

- efficient use of the funds committed (is it wise to keep the asset);
- good home paternity (is the real estate organized in a proper manner, such as periodic maintenance, meeting requirements around security, insurance etc).

Furthermore, departments bear both the benefits and burdens associated with the use of the real estate (self depreciation charges, costs for energy, water and maintenance payment, etc.). The district is entrusted to optimize the use of buildings in its own region.

##### *Mortgages*

The current mortgage loans on properties are transferred to the umbrella association. Interest charges will continue to come, in line with the maturity, to the relevant department. The association will assess if redemption at once is possible and desirable..

##### *Tenancies*

Rental incomes and costs belong on the financial exploitation of the department. All rental contracts may be closed by the department: the local administrators are mandated to sign rental contracts on behalf of The Netherlands Red Cross (the association).

Also for rental contracts the starting point remain that it fits the objectives of The Netherlands Red Cross and the standards of CBF.

From this point on, the national association is referred to as umbrella association. The umbrella association is the umbrella organization of the departments and the districts and operates on national level.

The three layers consist of volunteers and professional employees (figure 1.1.2). With volunteers are meant people who do their work without being paid for it or by voluntary fee. With professional employees are meant people who are being paid for their work.

Most volunteers are active for departments. Volunteers can have management tasks (like being a board member) and/or provide social help or emergency aid. Some departments have professional employees who only support their department. These employees are contracted by the umbrella association, but their salary is transferred to the departments. It is the choice of the department to have an own professional employee.

The volunteers at the district are in mainly board members of the district. The board members of the districts are chosen by the members of the departments. The function of the district is to provide administrative support to the departments and to be a bridge in the communication between the national layer and the local layer.

The umbrella association consists only of ten volunteers; they are the board members of The Netherlands Red Cross. The board members of the umbrella association represent The Netherlands Red Cross and are chosen by all members of The Netherlands Red Cross. The umbrella association has around 455 professional employees. The majority of them is supportive for the districts and the departments. The minority is concerned with international help. The majority of the professional employees at national layer is housed in The Hague. Few professional employees work within the country. The umbrella association has seven regional service centres within the country where professional employees of the umbrella association work to support the districts and departments.

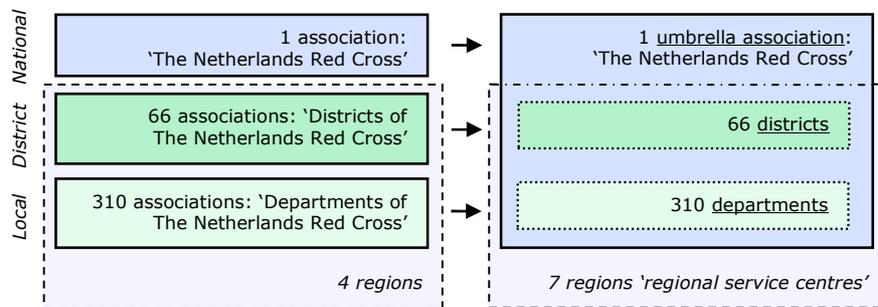


Figure 1.1.2: legal disbanding and establishing of one association

'Samen 1' raises emotions throughout the organization. The tensions around the centralization are shown in the newspaper article in the Volkskrant of 12 November 2009 (Box 1.3).

# Conflict over centralisatie spleetzwam in Rode Kruis

12-11  
2009  
Volks  
krant

- Drie afdelingen willen zelfstandigheid niet opgeven.
- Hoofdkantoor wil donaties centraal beheren.

Van onze verslaggeefster  
**Anneke Stoffelen**

**DEN HAAG** Het Nederlandse Rode Kruis wordt in tweeën gespleten door een intern conflict. Drie lokale afdelingen vrezen dat vrijwilligers er de brui aan geven als een grote reorganisatie per 1 januari doorgaat. Buitenlandse projecten zouden voor het hoofdkantoor belangrijker zijn dan lokaal werk, zoals vakanties voor zorgbehoevenden en 'eenzamenopvang'.

In een kort geding hebben de Rode Kruis-afdelingen van Haarlem, Haarlemmermeer en Zandvoort daarom woensdag geëist dat zij zelfstandige verenigingen blijven. Het hoofdkantoor wil in januari alle 358 afdelingen samenvoegen in één vereniging, waardoor het beheer van donatiegelden in

centrale handen komt. Het hoofdkantoor vindt dat er voldoende afspraken zijn gemaakt over de toekomst van het lokale werk, maar de drie afdelingen hebben daar geen vertrouwen in.

Ton Overgaag, voorzitter van de afdeling Haarlemmermeer: 'Men kan nu wel beloven dat buitenlandse projecten straks geen prioriteit krijgen, maar we hebben

## Afdelingen vrezen dat lokale hulp per 1 januari in de verdrukking komt

geen garantie. Bovendien vrezen wij een bureaucratie die onze vrijwilligers ernstig zal demotiveren.'

Een bezorgde vrijwilligster uit Haarlem: 'Je slooft je als vrijwilliger uit voor mensen die je kent. Niet voor iemand die ergens ver weg achter een bureau zit.'

Volgens Cees Breederveld, directeur van het overkoepelende Ne-

derlandse Rode Kruis, wordt de fusie breed gesteund. Daarnaast hebben de afdelingen volgens hem zo'n 27 miljoen euro aan reserves opgepot. 'Die gedoneerde euro's kunnen we beter over het land verspreiden, zodat de gebieden waar het wat minder gaat, steun krijgen van de rijkere afdelingen.'

Nu heeft elk Rode Kruis lokaal zijn donateurs. Van de opbrengsten mag 71 procent naar eigen inzicht worden besteed, de rest vloeit naar het hoofdkantoor.

Als het aan Breederveld ligt, worden de afdelingen die niet meewerken aan de fusie per 1 januari uit de organisatie gezet. Zij mogen dan niet meer onder de vlag van het Rode Kruis werken.

Advocaat Van der Steenhoven van de drie dissidente locaties, bepleitte woensdag in de rechtbank dat het volgens de wet onmogelijk is leden uit een vereniging te zetten op grond van het weigeren van een fusie.

De rechtbank doet op 23 november uitspraak.\*

\* November 23rd: the court considered that the three departments can work no longer under the name of The Netherlands Red Cross if they do not agree with the merger.

One of the aims of 'Samen 1' for 2010 is to evaluate how local departments deal with assets in the new situation. The merger is a juridical centralization. The adjacent question is: should real estate management be centralized as well?

## 1.2. Research question

### 1.2.1. Aim and central question

#### The aim of the research is:

To provide insight into tensions around (de)centralization<sup>1</sup> of real estate management of non-profit organizations and given these tensions, provide strategies on (de)centralization of real estate management.

The Netherlands Red Cross is the central case in this thesis. The research focuses on real estate management of local departments of The Netherlands Red Cross as their housing is the main part of the real estate portfolio of The Netherlands Red Cross and 'Samen 1' has most consequences on them.

<sup>1</sup> With the term '(de)centralization', the playing field from the most decentral situation to the most central situation is illustrated.

Central question in this master thesis is:

What tensions constrain or promote (de)centralization of real estate management of non-profit organizations and given these tensions, what are strategies for (de)centralization of real estate management?

Based on extensive research, De Vries concluded that the influence of specific real estate interventions on the actual performance of the organization is unclear (De Vries, 2007:289). Therefore, this research does not address which real estate interventions are needed to improve the performance of The Netherlands Red Cross. The research focuses on the management of real estate and to improve performance by choosing the appropriate layer of real estate management.

This research gives insight into the influence of the external and internal contexts at real estate management. The organizational context of departments combined with their real estate management practices is related to tensions around (de)centralization of real estate management. The insights should encourage non-profit organizations to make conscious decisions about its real estate portfolio and should provide handles for organizations to increase the efficiency of its real estate portfolio and by this contribute to the overall business performance.

### 1.2.2. Relevance

This research is done in the implementation period and part of the consolidation period of 'Samen 1'. This time period makes that presumably tensions are revealed due to changes in formal institutions which makes the research more valuable. Besides, the research functions directly as evaluation of the current real estate management situation for The Netherlands Red Cross and contributes to better serving its core task by real estate management.

Scientific relevance:

The existing body of knowledge on real estate management is completed with the organizational knowledge of the administrative sciences about (de)centralization. The existing knowledge is verified and/or falsified. By combining two scientific fields, a framework on (de)centralization of real estate management of the nonprofit-sector is developed. Doing research on real estate of a non-profit organization fills part of the knowledge gap on real estate management.

Social relevance:

The research helps organizations to better serve their objectives through real estate management. For this, insight is given in:

- the influence of the organizational context in real estate management and on (de)centralization of real estate management;
- the characteristics of the real estate portfolio and the approach and objectives in real estate management that influence (de)centralization of real estate management; and
- the tensions around (de)centralization of real estate management.

### 1.2.3. Products

This report gives conclusions about the role of the organizational context and real estate management in (de)centralization of real estate management. Based on the conclusions, a framework is given for the strategy on (de)centralization of real estate management.

### 1.2.4. Sub-questions

There are three clusters of sub-questions that together answer the main research question. Cluster 1 gives insight into the variables of the organizational context that need to be taken into account in (de)centralization of real estate management and how these organizational context variables need to be taken into account.

#### Cluster 1: the current organizational context

1. How does the external organizational context influence (de)centralization of real estate management?
2. How does the internal organizational context influence (de)centralization of real estate management?

Cluster 2 gives insight into the variables of the real estate portfolio, the approaches and the objectives in real estate management that need to be taken into account in (de)centralization of real estate management. The characteristics of the real estate portfolio, approaches and objectives in real estate management can cause tensions around (de)centralization of real estate management that constrain or promote (de)centralization of real estate management. Sub-question 3 is also used to describe and analyse the real estate portfolio of a non-profit organization.

#### Cluster 2: real estate management

3. How do the characteristics of the local real estate portfolio influence (de)centralization of real estate management?
4. How do the real estate approaches of departments influence (de)centralization of real estate management?
5. How do the real estate objectives of departments influence (de)centralization of real estate management?

Cluster 3 goes into the advantages and disadvantages of centralization of real estate management. With centralization is meant the process from decentral to central steering on real estate.

#### Cluster 3: (de)centralization

6. What are the advantages of centralization of real estate management?
7. What are the disadvantages of centralization of real estate management?

A theoretical research helps to make the sub-questions operational. Based on the theoretical research a conceptual framework for (de)centralization of real estate management is developed. The theoretical research gives answer to the following questions:

- a) On which variables can the organizational context be analysed?
- b) On which elements can the real estate portfolio be analyzed, which approaches can be distinguished in real estate management and what are general real estate objectives?
- c) What is (de)centralization, what are the advantages and disadvantages of (de)centralization and how to decide on (de)centralization of real estate management?

Figure 1.3.1 gives the research model with the relationship between the phases.

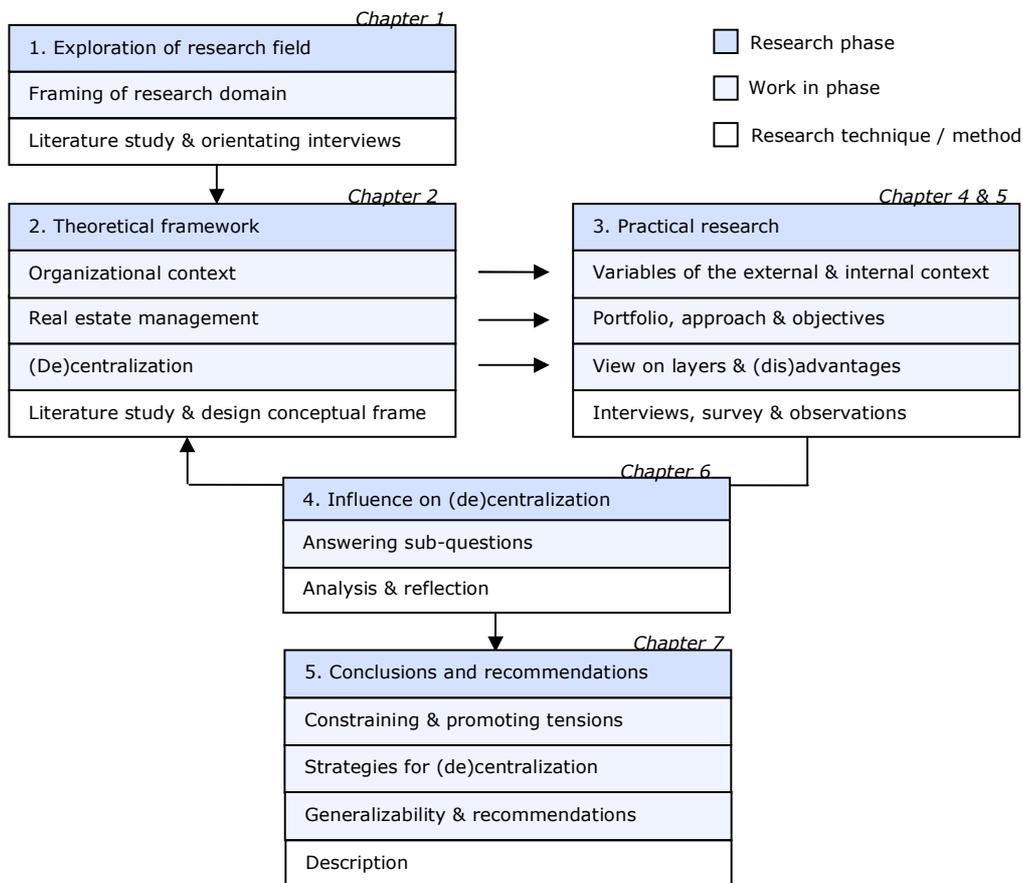


Figure 1.3.1: research model

### 1.3. Readers guide

The findings in the report are presented in three clusters:

- 1 – Organizational context
- 2 – Real estate management
- 3 – (De)centralization

Chapter 2 gives the theoretical research. The chapter consists of three paragraphs covering the three clusters and a concluding paragraph. The three paragraphs are the input for the conceptual framework in paragraph 2.4. The conceptual framework functions as a framework for decision-making concerning (de)centralization of real estate management. The framework is evaluated by the research findings in chapter 7.

Chapter 3 gives the operationalization, methods and techniques. Paragraph 3.1 describes the operationalization of the given notions and variables of the conceptual framework presented in chapter 2. Paragraph 3.2 describes the methods and techniques of research.

Chapter 4 describes and analyses the real estate portfolio, part of the cluster 'real estate management' (paragraph 4.1). The chapter ends with conclusions on the influence of the variables on (de)centralization of real estate management (paragraph 4.2).

Chapter 5 gives a qualitative description and the analysis of the findings of the cluster 'organizational context' (paragraph 5.1), of the cluster 'real estate management' (paragraph 5.2) and of the cluster '(de)centralization' (paragraph 5.3). Paragraph 5.4 combines the three clusters in an overall analysis. In the overall analysis the relations between the clusters are described. Also the relation between the variables of the real estate portfolio (chapter 4) and the other variables of the three clusters are described in the overall analyses.

Chapter 6 describes if the studied variables promote or constrain (de)centralization of real estate management. By the description the sub-questions of the research are being answered. The influence of the variables is based on the chapter 4 and 5. The tensions are reflected upon the advantages and disadvantages of the real estate approaches and of decentralization that are described in the theoretical framework (chapter 2).

Chapter 7 gives the conclusions and the recommendations. The answer to the main research question is divided into a description of tensions that play a role in real estate management (paragraph 7.1) and the strategies to deal with these tensions in (de)centralization of real estate management (paragraph 7.2). The recommended strategy for The Netherlands Red Cross is given. This chapter ends with conclusions and recommendations on the generalizability of the research (paragraph 7.3).

At the end of the report a glossary is given.



## **2. THEORETICAL FRAMEWORK**

The aim of the theoretical framework is to create a conceptual framework of (de)centralization of real estate management (paragraph 2.4). The conceptual framework functions as a framework for decision-making concerning (de)centralization of real estate management. There are three theoretical sub-questions central in the theoretical research.

The first part '*Organizational context*' (paragraph 2.1) gives answer to the question:

a) On which variables can the organizational context be analysed?

The second part '*Real estate management*' (paragraph 2.2) gives answer to the question:

b) On which elements can the real estate portfolio be analyzed, which approaches can be distinguished in real estate management and what are general real estate objectives?

The third part '*(De)centralization*' (paragraph 2.3) gives answer to the question:

c) What is (de)centralization, what are the advantages and disadvantages of (de)centralization and how to decide for (de)centralization of real estate management?

### **2.1. Organizational context**



The aim of this paragraph is to describe variables on which the organization context can be studied.

The Netherlands Red Cross is part of the non-profit sector. The used theories come from the private or the public sector. Therefore, knowledge for the concept of the non-profit sector is needed to be able to explain phenomena in the field research (int. al. the mission and role of volunteers in non-profit organizations). Paragraph 2.1.1 describes the general characteristics of organizations in the non-profit sector.

There is a relation between the effectiveness of organizations and the adjusting of the organization to its external context. Organizations try to suit to the external context but at the same time try to influence the context. In this sense you could speak of rational adjustments between organization and external context. (Kapteyn, 2001) The contingency theory is founded on the thesis that effectiveness of an organization is depending on the degree of congruency between situation factors and organizational characteristics; between the external context and the internal context (Lammers e.a., 1997). Therefore it is important to study the external and internal context of organizations when their performance needs to be improved.

The organizational context is divided into external context variables and internal context variables. O'Mara calls the external context the strategic environment. She says the strategic context consists of industry forces and environmental constraints and opportunities. The internal context she calls the organizational demands. The internal context consists of structural and cultural demands (figure 2.1.1).

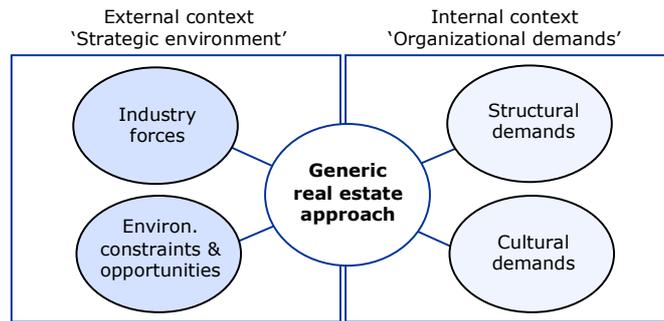


Figure 2.1.1: analytical framework for real estate decision-making (O'Mara, 1999:191)

Paragraph 2.1.2 describes the external organizational context that needs to be taken into account in real estate management. Paragraph 2.1.3 describes the internal organizational context that needs to be taken into account in real estate management. Appendix 2 gives more information on the external and internal context variables.

### 2.1.1. The non-profit sector

The production of goods and services happens in both the private and the public domain. How the production is spread over the private and the public sector is mainly a result of political ideological powers. Exclusivity and rivalry are the carriers of the theories on collective goods (Hakvoort & Klaassen, 2004:15). Exclusivity is about the degree in which consumption is free for everybody who wishes to consume the good or service. Rivalry is about the question if the claim of one consumer influences the claim of another consumer on the good or service. Where the private sector fails in coordination of goods and services, the government can take care by financing the goods or services from collective means.

Lane (1994:144) made a distinction in values that belong to public organizations and values that belong to private organizations (table 2.1.1). The public values focus on careful observance of rules and procedures. The private sector is characterized by organizations whose aim is to survive.

Public sector	Private sector
Public interest	Profit
Responsibility	Leadership
Vocation	Self interest
Voice	Exit
Diligence	Innovation
Openness	Secrecy
Propriety	Efficiency
Legality	Effectiveness
Rules	Results
Anticipation	Adaptation

Table 2.1.1: Core values connected to the public and private sector (Lane, 1994)

The third sector occupies social space outside the public sector and the private sector. In real estate management only the distinction is made, in real estate management of the private and the public sector. Anheier & Salamon (1992b) give two reasons why in general there is a lack of appreciation for the third sector but refute these arguments as well.

First argument is that a lot of different entities are placed into this third sector: from soup kitchens, environmental groups to aid organizations. This great diversity makes it hard to develop a clear definition and understanding of the third sector. However, Anheier & Salamon note that although there is diversity of institutions in the third sector, the other sectors know great diversity as well: think of big companies like Coca Cola and a local building contractor.

Another explanation is because of the difficulty to develop a clear definition caused by the far greater power and influence that the public and private sector have in our society. The eighteenth and nineteenth centuries are characterized by the emergence of large-scale profit-making firms and of public administration what caused institutional complexes of great social and economic power. Social institutions in the third sector seemed pale compared to this public and private boom and appeared to have a lack of power and/or influence compared to the public and private sector. However, the impact of the third sector is often bigger than assumed. The third sector has given rise to a variety of social and political movements that have successfully challenged the seemingly impregnable power of the public and private sector (Anheier & Salamon).

The Netherlands Red Cross is part of this so called third sector. For this sector many definitions are used like: charitable sector, voluntary sector, non-profit sector and non-governmental organizations (NGO's). The charitable sector emphasizes the charitable donations the organizations receive. The voluntary sector emphasizes the input of volunteers in the operation and management. The non-profit sector emphasizes that the organizations do not exist for profit motives of their owners. The NGO term is used to refer to organizations in the developing world and promote social and economic development.

All terms can be criticized at some points. Often main part of the income is not from charitable contributions. Often paid employees carry out the work of the organizations. Often organizations do generate profit, to spend it at other moments. And often, a lot of organizations do work in the developed world.

In this research the third sector is called the non-profit sector and the organizations within the sector non-profit organizations (NPO). Kapteyn (2001) describes in his book 'Organization theories for non-profit (in Dutch: 'Organisatietheorie voor non-profit') that profit and non-profit do not differ that much in the way work processes are organized. The sectors differ more in the motives to maintain the work processes. Profit organizations are dominated by economical profit motifs. Non-profit organizations do not have profit motives; it is primarily about social motives. Nonetheless, non-profit organizations can not neglect economic criteria as cost control. A typical difference between non-profit organizations on the one side and profit organizations on the other side has to do with the differences in aims and policy determination (2001:17).

Kapteyn says that subsidized privately owned institutions (like most non-profit organizations) are private organizations. On the other side he says, the government (the public sector) itself, just like non-profit organizations, does not have a profit motive. With the social aims the non-profit sector takes place between the public domain of the government and the private domain of free market organizations (2001:18-19). A group of experts on the non-profit sector that serve as Local Associates on the Johns Hopkins Comparative Non-profit Sector Project have identified five criteria which should be most compelling for non-profit organizations.

1. Formal: organizations that are to some extent institutionalized. This means, ad hoc, informal and temporary gatherings of people are not considered part of the non-profit sector.
2. Private: organizations that are not part of the government and not governed by boards that are dominated by officials of the government.
3. Non-profit-distributing: the profits that are generated are not returned to the owners or directors. The profits are ploughed back into the organization to serve the mission.
4. Self-governing: organizations that can control their own activities. They are not governed by outside entities but have internal procedures for their own governance.
5. Voluntary: in the organizations there is a meaningful degree of participation of volunteers.

The combination of these criteria distinct the non-profit sector from the public and private sector. This does not mean that all criteria will be apparent at the same degree in every organization. These five criteria will vary from case to case.

### 2.1.2. External organizational context

By a mental model of the industry, the organization can examine how it competes with its constraints and opportunities and can determine its profitability and sustained success. Once the big picture is seen, organizations can look at details that affect different aspects of the workplace. *"It is critical that real estate and facility managers have a clear understanding of the competitive challenges faced by their companies, and their relative strengths and weaknesses within its industry, in order to establish the strategic context to be supported by real estate and facilities."* (O'Mara, 1999:193)

O'Mara (1999:191) gives eight external context variables that together are the strategic environment. O'Mara says that these eight variables determine the degree of uncertainty of the organization that partly determines the ideal approach for the organization.

O'Mara says that in first place an organization needs to have a clear diagnosis of the forces of competition within its industry. Therefore the company needs to know about its buyers, its suppliers, the barriers to entry the industry, substitute products and rivalry between firms in the industry. Once the competitive challenges compared to competing companies are known, the company can choose and follow the appropriate approach.

Technological pressures, regulatory environment and the financial resources are environmental constraints and opportunities that could be directly related to the physical setting of companies. O'Mara calls questions about the way technologies are integral part of the product of service and supports the business operations. Second, she calls questions about the impact of government regulations on product, services and the physical assets. Thirdly, she calls questions about the available investment capital for real estate, the degree of internal competition for capital and the impact of real estate on the balance sheet and year exploitation.

Singer (2005) did research into the appearance in the practice of multinationals of the variables of the external and internal context (appendix 3). He concluded in his research that the elements of the industry focus given by O'Mara are in practice to some degree implemented in real estate approaches of multinationals.

Of the environmental constraints and opportunities, he concluded that technological dynamism and financial resources are elements for multinationals that are completely implemented in generic real estate approaches. The regulatory environment was determined on a lower abstraction level, for policy issues, not in choosing a generic real estate approach.

### 2.1.3. Internal organizational context

While the external context drives the strategic goals and forecasting horizon of a company's real estate, the internal context determines how real estate is developed, designed, and managed. Internally generated demands can be structural and cultural. Structural, because they relate to the work processes and the workforce of the company. Cultural, because they respond to the unique personality and behaviours of the organization.

The structural demand arises from the way the company is organized, the work it performs, and the people working for the company, says O'Mara. Structural demands are based on work processes, structures and demographics.

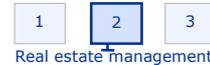
Cultural demands are set in history and arise from the culture of the organization. Cultural demands are based on senior management preference, culture and history.

Singer (2005) concluded that of the structural demands, the work processes are literally appeared to be important in the internal context of real estate decision-making of multinationals. The organizational structure he says to appear partially in real estate decision-making practices. Demographics do not have a direct influence on the selection of a generic real estate approach.

Of the cultural demands, he concluded that senior management preferences are literally appeared to be important in the context of real estate decision-making of multinationals. The

culture has substantial impact on the selection of a generic approach of a company. History does not have a direct influence on the selection of a generic real estate approach.

## 2.2. Real estate management



De Vries (2007) underscores in her book 'Performance through real estate' (in Dutch: 'Presteren door vastgoed') the contribution of real estate to the performance of the organization. The effects of real estate interventions are depending on the context and the culture of the organization (De Vries, 2007:332) what is called in this thesis the organizational context. This paragraph describes possible variables of the real estate portfolio and approaches and objectives in real estate management that can be studied to find their influence on (de)centralization of real estate management.

First, variables to analyse the real estate portfolio are given. After this three generic approaches and possible objectives in real estate management are given. The main theorists that are used for this part of the theoretical framework are Roulac and Nourse (1993) and O'Mara (1999). O'Mara gives three generic approaches to align the real estate strategy with the organization. Roulac and Nourse give fourteen variables to map out the real estate stock and eight objectives to pursue with these variables. O'Mara, Roulac and Nourse can be placed in the Positioning School of Mintzberg (appendix 4).

The variables to study the real estate portfolio on, and the approaches and objectives in real estate management are part of corporate real estate management. De Jonge (1997)(from De Jonge et al., 2009) describes four different types of management with different focuses (figure 2.2.2):

1. general management (strategic goals, focus on the institution);
2. asset management (strategic finance, focus on real estate);
3. facility management (operational functions, focus on the institution); and
4. project manager or technical manager (operational technical requirements, focus on real estate).

Joroff (1993) brought the developments into view in the field of corporate real estate management. He concluded that there are five phases, each with a different focus. A phase is not exclusive but dominant: together with the dominant phase a mix of the stages will be appearing in the real estate unit. When an organization develops towards a new dominant stage, there are new possibilities to improve its performance. With insight in the current phase of the organization, the organization can be shown at which aspects it can still win. Question is which development stage(s) characterizes the non-profit sector. The five phases are (figure 2.2.1):

1. Task managers: real estate as a technical focus where its aim is to supply the corporation with physical space. The task is to engineer buildings.
2. Controllers: the approach is analytical, and focus in real estate management is to achieve transparency and minimization of the costs of real estate.
3. Dealmakers: creating financial value for the business units by real estate problem solving. The dealmaker tries to standardize building use to be able to make deals. The building is specified the way the internal clients wants.
4. Entrepreneurs: trying to match real estate to market options. The real estate unit operates like a real estate company where real estate alternatives are proposed to business units and seen in the corporation's competitive environment.
5. Business Strategist: tries to contribute to the value of the whole company by anticipating on business trends and focusing on the mission rather than on real estate.

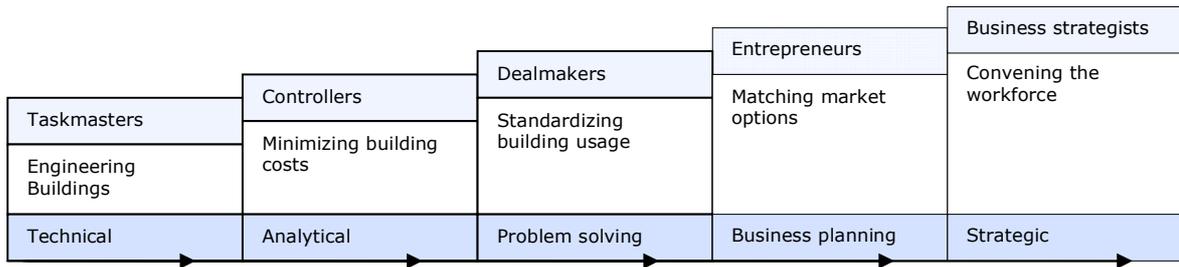


Figure 2.2.1: CREM-development model (Joroff, 1993)

To gain competitive advantage De Vries (2007) gives three marketing objectives:

1. price (costs, improving profitability);
2. product & process (differentiation and segmentation, improving productivity); and
3. performance (focus on differentiation and segmentation, improving distinctiveness).

De Jonge et al. (2009) combine the four development types of Joroff (1993) with the ways to add value of De Vries. If the four different types of management of De Jonge (1997) are combined we see that an organization in the taskmanager stage can add value by shifting focus.

Development stage Joroff (1993)	CREM manager De Jonge (1993)	Focus on function	Adding value De Vries (2007)
Task manager	Technical manager	Technical function	Productivity
Controller	Asset manager	Economic function	Profitability
Dealmaker	Facility manager	Functionality	Profitability and productivity
Business Strategist	General manager	Symbolic function	Distinctiveness

Figure 2.2.2: Combining the development stages, management types, focus on functions, and ways to add value (adjustment of De Jonge et al., 2009)

### 2.2.1. Real estate portfolio

There are different methods to map out the real estate stock. They differ partly on the variables they discuss and also in the way and degree of detail they discuss the variables. Below the variables of Roulac & Nourse (1993) are given (table 2.2.1). For the variables of Roulac & Nourse is chosen because they have overlap with all variables named in other methods.

1. Location	8. Company space
2. Quantity	9. Mechanical systems
3. Tenancy duration	10. Information/communication systems
4. Identity / signage	11. Ownership rights
5. Building size	12. Financing
6. Building amenities	13. Control
7. Exterior quality	14. Risk management

Table 2.2.1: variables to study the characteristics of the real estate portfolio (Roulac & Nourse, 1993)

More information on these variables is found in appendix 5.

### 2.2.2. Real estate approaches

O'Mara (1999) came up with three generic approaches to align the corporate real estate strategy with the organization:

1. incrementalism;
2. standardization; and
3. value-based.

The approaches relate to the degree of uncertainty in the environment of the company at the time that the decision is made and the view on action. *"Simply put, companies which operate in a highly rational-instrumental manner either make real estate decisions incrementally, taking only what they need when they absolutely need it, or else they standardize both the design and the management of their facilities. Companies, whose behaviour resembles more of what the valuational-symbolic perspective describes, make real estate decisions which reflect their corporate values."* (O'Mara, 1999:63) Depending upon the predictability of the requirements of the company and the company's needs for long-term commitments, an approach is chosen to gain competitive advantage. The company's approach to real estate decision-making changes over time as the strategic uncertainty shift in response to its external context.

Companies will use and combine all three approaches at various times and in various ways, but one of the approaches will dominate during a particular time period or for a particular department of the corporation. Different departments of a corporation may require different approaches as their strategic uncertainty can be different.

Below the approaches are described together with the advantages and disadvantages as given by O'Mara. Table 2.2.2, 2.2.3 and 2.2.4 give an overview of the characteristics and (dis)advantages of the approaches.

#### **Incrementalism**

If managers are more uncertain about their company's future, they would like to delay major commitments until more certainty is gained. The incremental approach they use exists of avoiding long-term commitments to facilities. Capital expenditures are kept to a minimum. Decisions and purchases are made when directly needed for the physical requirements of the work to be done. The approach is apparent when space is acquired in bits and pieces and almost no attention is paid to employee amenities or visual aesthetics. This approach is appealing to start-up organizations or organizations that frequently shift from marketplace or have high rates of technological change.

#### **Advantages**

The reason managers pursue an incremental approach is because of uncertain competitive conditions and because of financial considerations. The reasons arising from uncertain competitive conditions are the inability to forecast space requirements caused by uncertainty about future product demand, and a lack of management time to plan and make decisions caused by high growth and rapid changes. When it is hard to forecast future demand (by unreliable internal data or an unpredictable strategic internal or external environment) the incremental strategy is useful. Decision-making and purchases can be postponed until more or better information about the future becomes available. This way the incremental approach enables companies to i) react when unexpected events occur, to ii) learn along the way, and to iii) allow experimentation in real estate decisions.

The reasons that arise upon financial considerations are the desire to conserve capital for future purchases or to take advantage of late-breaking opportunities. Long-term decisions can be avoided, the time horizon in which organizations forecast real estate requirements can be shortened what makes the company more flexible to change its physical setting.

The lack of attention for visual aesthetics creates a no-frills work environment. This environment sends a message to the employees about a lean and mean attitude.

### Disadvantages

The short time horizon conflicts with the long-term commitment of the location of the organization. The location of the organization often determines who is working there. Once there is a critical mass of employees hired from a local area, it is hard to move these employees later on to another location. The long-term commitment is also apparent when companies for example lease their property or have to make building improvements. Leasing contracts are often a long-term commitment as they are often for a minimum of five years. Building improvements require major investments which must be paid back or saved for. Incremental decision-making can lead to higher costs. When the need of space is acute, acquisition of real estate may be needed at the top of a sellers market.

Incremental decision-making can also lead to poorly configured and supported facilities. Real estate choices are limited when the organization is forced to adjust its workplace design at the last minute. The choices available may not complement the organization structure.

Although flexibility is a key-argument for the incremental approach, path-dependency teaches us that employee behaviour is hard to change once established.

Incrementalism	
Identifying the approach	
- Low capital expenditures	
- Mainly expenditures to support prime working processes	
- Last minute decision-making and purchases	
- Acquisition of real estate in bits and pieces	
- Lack of attention for employee amenities or visual aesthetics	
Advantages	Disadvantages
- Can wait for more information	- Long-term commitment to a location
- Forecasting horizon is shortened	- Cumulative financial disadvantages
- Emit a lean and mean work attitude	- Poor configuring and supporting facilities.
	- Path-dependency of employees and policies

Table 2.2.2: characteristics and (dis)advantages of the incremental approach

### Standardization

In the standardization approach, there are centrally set standards that are applied throughout the whole company to control and coordinate processes. Standards are often established as written policy and integrated in procedures within the organization. Managers need to consult the standards and conform to a process of requesting, justifying, and receiving resources. This approach is appealing to large companies with multiple locations.

Also companies with incremental or value-based approaches in their real estate decision-making may use design standards. However, incremental companies may have design standards but acquisition and purchases are undertaken one at a time and long-term planning is lacking. Value-based companies consider the specific needs of each project within the context. Standards may help the company to handle complex situations but are never the drivers of the outcome of the project.

### Advantages

The most common reason for implementing standards (in design or process) is cost control. As standards are set centrally, decisions can be made at lower levels of the organization (decentral). Standardization can control behaviour by process standards that encourage similar individual behaviour across dispersed locations. This way, wrong decisions of local managers are tried to be prevented.

Standardization can lead to economic scale advantages as centrally purchases can be made. Particularly in furniture specifications, economies of scale can be found. Standardization helps to capture learning of individual cases across the portfolio which can prevent making twice the same wrong decision and save time in decision-making and planning. Standardization promotes uniformity. Consistent messages are sent to the employees and to the environment by providing the same types of working environment. A common culture and core values can be reinforced and carried out. The approach reduces conflicts about resource allocations.

### Disadvantages

However, standards are also in itself inflexible and are easily out-of date. In today's complex and rapidly changing environment, the standardization approach can overlook opportunities. By setting standards an organization freezes in space and time because the standards represent the organizational internal and external context during the time period the standards are developed. Standards can create extensive bureaucracies and as a result of this: impede the company's ability to change. The amount of procedures can be obstacles for managers at lowers or layers when adjustments are suddenly needed.

Since standards carry out a uniform culture and values, these need to be according to what the organization wishes to carry out. The symbolic content of the standards therefore needs to be examined on regular bases.

Standardization	
Identifying the approach	
- Written policies and procedures that are centrally set	
- Uniformity in appearance & expenses	
Advantages	Disadvantages
- Control over allocation of resources	- Adaptation precludes adaptability
- Economies of scale	- Process is more important than outcome
- Capture learning moments	- Out of time symbols of culture and values

Table 2.2.3: characteristics and (dis)advantages of the standardization approach

### Value-based

In the value-based approach, organizational values and culture are integral part of all design and management decisions. Values and cultures are deliberately expressed and considered in decision-making. By flexible procedures, the needs of individual parts of the organizations are met. In the value-based approach, one speaks about the function of real estate. The approach recognizes that people construct social meaning out of their physical environment and highlights the meaning of real estate to the organization. Real estate is used to support the goals of the organization. Standards can be developed for the programming and design of workplaces, but in the goals set, value-based decision-making criteria are used.

The value-based approach can be detected when organization members speak about what their work environment means to the organization in noneconomic terms. In decision-making and planning on real estate, attention is paid on the organization's history, its identity and its mission. This approach is appealing to companies with competitive stability, and by companies with large populations of highly educated and trained employees.

### Advantages

The design of the workplace can emphasize the culture and value of the organization. As value-based decision-making necessitates discussions about long-term strategies, it encourages the company to be sensitive for context developments and adapt to changes in its competitive context. By constantly rethinking of what is important for the organization, and expressing these values in real estate, the physical space set the context by which right decisions can be made. This way behaviour is given direction.

### Disadvantages

The quality of value-based decisions is depending on the people who make them and carry them out. If the decision-maker is not in touch with the needs of the organization, resources might be wasted.

Even though the value-based approach encourages the articulation and behaviour in the strategic direction, the chance remains that this strategy may not suit new competitive conditions. Unpredictable changes make that even the best efforts of value-based decision-making needs periodically be revised.

Too much focus and energy spend on culture and values, may be a costly use of time and money as the impact on the sensibilities of the vast majority within the organization might be low. If the decision-making process is not well managed, the fixed and/or operating costs may be higher than the achieved outcome.

Value-based	
Identifying the approach	
- The social importance of the physical environment is recognized	
- Real estate supports the organizations' direction and goals	
- History, identity and/or mission are key-variables in decisions made on real estate	
Advantages	Disadvantages
- Encourages dialogue about the organizations directions	- Wrong decision-makers can lead to wrong directions
- Uses design to shape behaviour	- Difficulties adapting to changing context
- Enables adaptability to competitive advantage	- Costly use of time and resources

Table 2.2.4: characteristics and (dis)advantages of the value-based approach

### Relation between organizational context and approaches

The degree of uncertainty of the external context (possibility and reliability of sudden changes) together with the view on action resulting from the internal context (structural demands and cultural demands) determine which strategy in general suits the organization at that moment best (figure 2.2.3). "Simply put, companies which operate in a highly rational-instrumental manner either make real estate decisions incrementally, taking only what they need when they absolutely need it, or else they standardize both the design and the management of their facilities. Companies, whose behaviour resembles more of what the valuational-symbolic perspective describes, make real estate decisions which reflect their corporate values." (O'Mara, 1999:63)

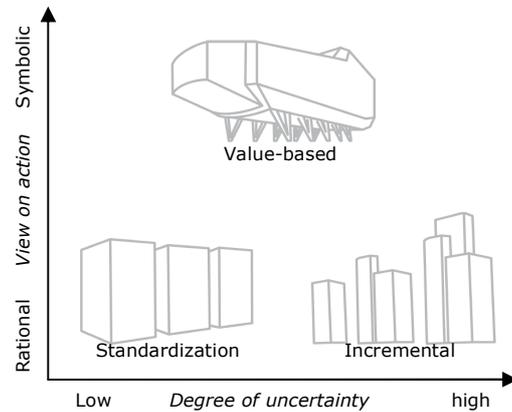


Figure 2.2.3: relation between context and approaches (Singer, 2005)

### 2.2.3. Real estate objectives

Roulac (2001) did research to assess the competitive advantage of having proactive corporate real estate strategies. Without consideration of the real estate objectives, Roulac concludes, it is inappropriate to make a particular real estate decision. When decisions are made in a vacuum, they often lead to frustration for those whose work environment it concerns. As there is limited awareness of, reluctance to pursue, and difficulty in implementing the connection between corporate strategies, real estate strategies and decisions on real estate variables, the payoff for those enterprises that connect these, can be extraordinary.

Therefore Roulac (2001) gives eight alternative real estate objectives to pursue with the just mentioned variables of the real estate portfolio (table 2.2.5). More information on the objectives is found in appendix 6.

1. Minimizing occupancy costs	5. Promote sales and selling processes
2. Increase flexibility	6. Facilitate production and service delivery
3. Promote human resources	7. Facilitate managerial processes and knowledge work
4. Promote marketing message	8. Capture real estate value creation

Table 2.2.5: possible objectives in real estate management (Roulac, 2001)

## 2.3. (De)centralization



In this paragraph the focus is on the dilemma between centralization and decentralization. With the increased complexity in society and the assertive attitude of citizens, the central administrative bodies can not be the only responsible body for every phenomenon that reveals. This new characteristics of society are incentives for deregulation and decentralization (Kickert 1986:25).

In the 80s, the discussion about decentralization increased in the public sector. With the development of the welfare state, an extensive centralization of tasks and responsibilities took place. Since 1980 the policy became 'decentralization': the enlargement of the formal policy freedom of local administrations. There are different arguments that plea for centralization and for decentralization.

A lot of scientists and practitioners wrote about decentralization and all of them include similar elements although named different. Parker (1995) developed what he called the Soufflé theory. This theory is about types of decentralization, decentralization choices, impacts and outcomes of decentralization. Most parts of this theory are described by other scientists and practitioners as well but the reason Parker named it 'Soufflé theory' touches the core of the debate. Decentralization should be seen as a soufflé: '*Like a soufflé that requires just the right combination of milk, eggs, and heat to rise, a successful program of decentralization must include just the right combination ...*' (Parker, 1995:44). Having this 'soufflé' in mind, the discussion about decentralization should be held.

Below, first the notion of (de)centralization is defined and different dimensions and arguments for (de)centralization are given. After this the key-elements of (de)centralization and an abstract framework to decentralize or centralize real estate management are given.

### 2.3.1. What is (de)centralization?

#### **Different definitions**

There are different definitions of decentralization. Below the different approaches are defined:

1. decentralization as process or situation;
2. functional and territorial decentralization;
3. executive and strategic decentralization; and
4. deconcentration, degradation and devolution as degree of decentralization.

Decentralization can be defined in two ways. The notion 'decentralization' can be seen as the situation in which the organizational is or as a process towards this situation. In this situation the lower administrative layer has the responsibility and authority in a certain policy field or on a certain issue. The amount of decentralization has increased or decreased compared to the previous situation.

De Leeuw (1982: 241-243) and Derksen & Schaap (2004:228) define decentralization as the process of transferring tasks and responsibilities to a local administrative layer. Derksen & Schaap emphasize the change of the formal policy freedom of the local layer. Decentralization is about the policy freedom local layers get in co-administration, about the systems of control on them and about the degree in which income can be spend to their own choice.

In the administrative sciences a distinction is made between territorial and functional decentralization (Derksen & Schaap, 2004:228). With functional decentralization tasks and responsibilities of the general administrative body are transferred to functional administrative bodies. By territorial decentralization, tasks and responsibilities are transferred from the central government to lower layers with their own geographic boundaries.

In de real estate sciences a distinction is made between strategic and executive decentralization (Krumm, Dewulff & De Jonge, 1999). Strategic decentralization is about who has control in real estate management, executive decentralization is about the place in de

corporation where real estate management is executed. The difference with territorial decentralization is that the decentralized task can be transferred to a lower level without being transferred to another layer of the corporation.

Neven (2002:3) and Parker (1998:19) give different forms of decentralization: deconcentration, delegation, devolution and privatization. These can be seen as different degrees in which decentralization takes place (figure 2.3.1).

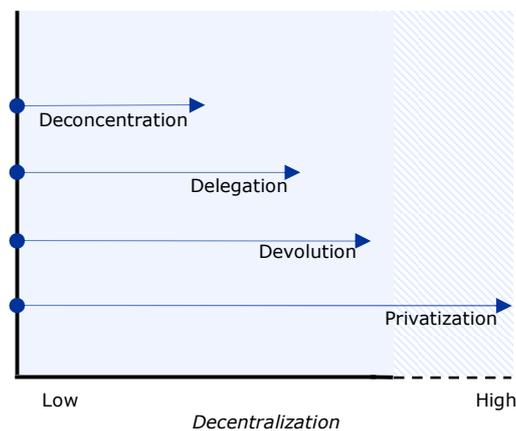


Figure 2.3.1: degree of decentralization

**Deconcentration: disperse responsibility to different level of same layer**

Deconcentration occurs when the national layer disperses responsibilities for certain services or policy fields to regional branch offices. Decision-making authority and financial and management responsibilities are redistributed to different levels but within the same layer. This form of decentralization does not involve any transfer of authority to local layers.

**Delegation: transfer responsibility to different layer (semi-autonomous)**

Delegation means that the national layer transfers part of its responsibilities for decision-making to semi-autonomous local layers. On these delegated tasks, the local layer is not fully controlled by the national layer, but ultimately accountable to the national layer.

**Devolution: transfer responsibility to different layer (autonomous)**

Devolution is when the national layer devolves functions. The national layer transfers authority for decision-making, finance, and management to quasi-autonomous units of the local layer with a corporate status. This local layer elects its own representatives, raise its own revenues and have independent authority to make investment decisions. The local layer has legally and recognized geographic boundaries in which she has authority.

**Privatization**

In privatization responsibilities are shifted from the public sector to the private sector. This kind of decentralization does not concern the topic of this research. The research is about (de)centralization within The Netherlands Red Cross, not from the central government to The Netherlands Red Cross.

When the different definitions are combined it shows that (figure 2.3.2):

1. Deconcentration can be seen as functional and executive decentralization.
2. Delegation can be seen as territorial, partly strategic and mainly executive decentralization.
3. Devolution can be seen as territorial, executive and strategic decentralization.

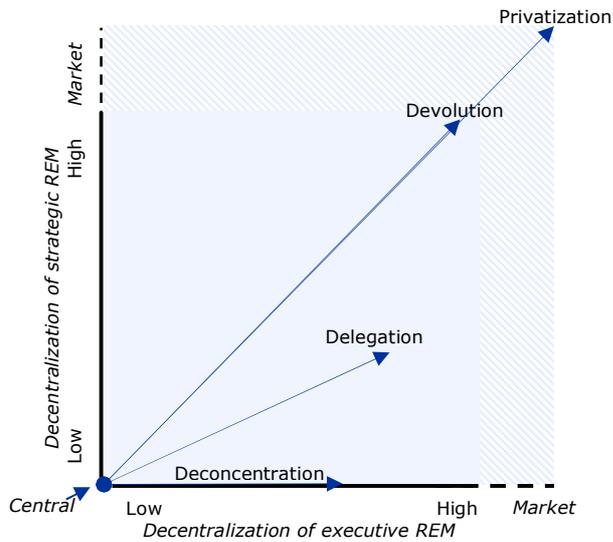


Figure 2.3.2: degree of strategic and executive decentralization

As written in paragraph 2.2, there are four types of real estate managers:

1. General managers focus on strategic goals of real estate.
2. Asset managers focus on strategic use of financial means of real estate.
3. Facility managers focus on the use of real estate.
4. Technical managers focus on the technical requirements of real estate.

(De)centralization of strategic and executive real estate management has different consequences according the type of manager. The general en asset managers will be influenced by strategic (de)centralization and the facility and technical manager will be influenced by executive decentralization (figure 2.3.3).

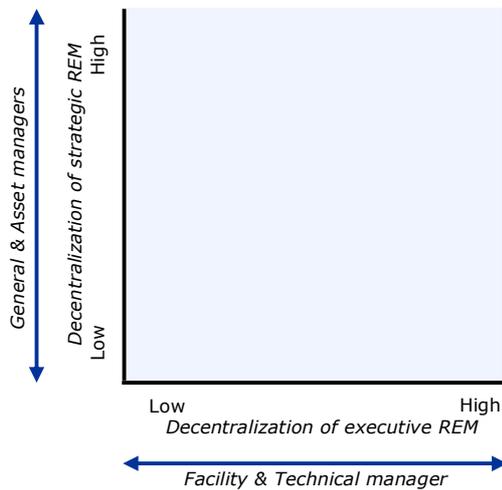


Figure 2.3.3: strategic and executive (de)centralization and focus of real estate managers

### **Dimensions of decentralization**

Depending on the focus of decentralization, a distinction can be made in political, administrative and fiscal decentralization (Neven, 2002, Parker, 1995). Drawing distinctions is useful for highlighting the dimensions to successful decentralization and the need for coordination among them. The term 'dimension' of decentralization already says that the three discussed types of decentralization are not mutually exclusive. Dillinger (1995:20) stresses that rules need to be complementary. He stresses that little is gained by granting local autonomy if the local officials have no discretion over expenditures of revenues. Decentralization of processes that focus only on electoral and administrative aspects and ignore fiscal and institutional dimensions will not be sustainable. In implementing decentralization the relation between the political and bureaucratic institutions is key issue of concern (Parker, 1998:27).

Some theorists also distinct market decentralization. As privatization is not taken into account, also market decentralization is excluded here.

#### **Political decentralization**

The aim of political decentralization is to give citizens or their elected representatives more power (Neven, 2002:2) and to increase public participation through citizens' active engagement (Parker, 1995:23). Advocates of political decentralization say that greater participation in decision-making will better represent the interest in society than decisions that are made only by national political authorities. Democracy is not a necessary part of decentralization but its presence can have influence on the perceived legitimacy of decentralized systems. Democracy seems to improve methods of accountability (Parker, 1998: 25).

Meeting local demands by democratic processes can strengthen the autonomy of devolved local institutions (Parker, 1998: 26).

In decentralization there are political limitations. Central governments will promote decentralization initiatives as long as they contribute to the political goals of the centre. If decentralization brings undesirable change, for example when local interests challenge national ones, it will not be supported by the central government (Parker, 1998:27).

Political decentralization often requires statutory reforms or constitutional reforms. The legal framework defines the decentralized institutions: how they are constituted and relate to other institutions.

#### **Administrative decentralization (also called institutional decentralization)**

Seen from the perspective of democratic principles, decentralization means the distribution of powers between elected authorities of higher or lower layer. The aim of administrative decentralization is to transfer authority, responsibility and financial resources to lower layers.

In a situation of decentralization detailed decisions are made by local representatives, but based on the policy guidelines (and sometimes funding arrangements) that are composed by a higher layer (Robertson, 2002:132).

For implementing decentralization, an active civil society appears to assist significantly (Parker, 1998:33). Putman's (1993) concept of 'social capital' is needed to create participation in decentralization programs. But also decentralized administrations need to have the capacity to carry out the decentralized tasks and responsibilities. Last aspect is the need of a proper system of accountability for decentralized administrations and maybe even a system of sanctions that penalizes institutions that fail to carry out their functions appropriately.

#### **Fiscal decentralization**

To carry out decentralized functions, local governments or organizations need to have adequate levels of revenues. Fiscal decentralization is about the way decisions are made about expenditures and funds are raised or transferred. Main sources of revenues are: own, locally-generated resources, transfers from higher layers and resources from borrowing (Parker, 1998:28). If local governments or organizations are responsible for their own fiscal resources to cover their costs, it is likely that poor areas have more difficulties to cover their expenditures. An appropriate design of the fiscal transfers from higher to local layers are of great importance especially if poorer areas have difficulties in mobilizing their own resources.

They will need more fiscal transfers from higher layers. Parker gives four main economic arguments why attention on fiscal transfers is necessary:

1. to bridge the fiscal gap that can result from a mismatch between revenue means and expenditure needs;
2. to compensate for the presence of differentials in regions in income and resource capabilities that creates inefficiencies due to fiscally-induced migration, as factors of production gravitate toward richer areas;
3. to ensure common minimum standards across jurisdictions to enable poorer areas to provide an acceptable level of service; and
4. to alleviate inefficiencies arising from the overlap between jurisdictions, where people enjoy the benefits of a public good but do not contribute to the cost of providing it, possibly resulting in sub-national levels of government considering only the benefits that accrue within their own jurisdiction and under-providing the public good.

A distinction can be made by general and specific grants transferred from a higher layer to local layers. General grants transfer lump-sums from the higher layer to lower layers. Specific grants, also called matching grants, are grants that are meant for a specific purpose. These grants sometimes require local layers to contribute funds of their own if they are to obtain access to counterpart funding from the higher layer.

Winkler (1994) gives important conclusions on fiscal transfers. He says that simple grant design may attain the higher layer's objectives as well as a complex design and second, that price incentives (like specific grants can be) can work just as well as expenditure mandates in increasing available resources.

### 2.3.2. Arguments for (de)centralization

Decentralization is often introduced because of administrative arguments and to lesser extent because of political or fiscal arguments. The motives for decentralization often develop from an aversion against rules ('regelzucht'). Neglecting rules has consequences for the efficiency and effectiveness of policies. The amount of rules makes policies less effective and efficient and increases costs (De Roo, 2004:6). Deregulation leads to a more general norm, to more uniform and standard rules and to centralization of the national layer. When the national layer withdraw from tasks, a stronger central role is expected at other issues (De Roo, 2004).

To diminish bureaucracy, the requirements and procedures need to be according to the specific interests and conditions (Peeters, 1992:16). However, if decentralization will mean that for each issue specific cut policy needs to be made, lower administrative layers often do not support decentralization (De Roo, 2004:13).

Often local layers are afterwards disappointed by the final policy freedom they got. Often there is a lack of financial room to manoeuvre to weight different local interests. Often the results for the citizens are marginal.

There are arguments that plea for and arguments that plea against decentralization.

#### **Advantages decentralization**

The advantages of decentralization can be seen as arguments that plea against centralization.

1. Decentralization brings government as close as possible to the citizen (Smith and Shin, 1995:54).
2. Decentralization creates better opportunities for participation of local residents in decision-making. Decentralization allows greater political representation in decision-making. (Neven, 2002:5)
3. Decentralization increases government officials' sensitivity to local conditions and needs. Decentralization creates geographical focus on local level. (Neven, 2002:4-5, Smith and Shin, 1995:53).
4. Decentralization increases political stability and national unity by allowing citizens to better control public programs at the local level (Neven, 2002:5, Smith and Shin, 1995:53).

5. Centralization policy is often too uniform as designed for different groups (Ferguson and Chandrasekharan, 2005:64).
6. Decentralization prevents overregulation and bureaucracies (Neven, 2002:4). The central government has a strong tendency to overregulate. Decentralization alleviates bottlenecks in decision-making that are caused by central government planning and control (Neven, 2002:4).
7. By decentralization larger numbers of local areas can be reached with services (Neven, 2002:4).
8. Decentralization relieves the central government from 'routine' tasks to concentrate on core policies (Neven, 2002:5).
9. Decentralization increases effectiveness: policy on smaller scale is more effective because there is more information on the target group. Within the local layer, there can be major differences. 'Local' can differ in many relevant ways, like: rural versus urban; large metropolitan versus small cities; the relative importance of formal and informal markets; historical and political background (Bird, 1995:31, Neven, 2002:5).
10. Decentralization offers possibilities for more creative, innovative and responsive programs by allowing local 'experimentation' (Neven, 2002:5, Smith and Shin, 1995:54).

#### **Disadvantages decentralization**

This disadvantages can be seen as arguments that plea for centralization.

1. Decentralization may allow functions to be captured by local elites (Crémer, Estache and Seabright, 1995:114, Neven, 2002:6).
2. Loss of economies of scale and scope. Dealing locally with issues which occur also on higher scales, can affect these issues negatively on higher scale. Local layers jurisdiction may be smaller than the minimum efficient size for particular activities (Smith and Shin, 1995:55). Disadvantage of higher prices when smaller purchases are made (Neven, 2002:6).
3. Loss of control over financial resources. Granting local autonomy can only make a difference if they obtain control over expenditures of revenues as well (Dillinger, 1995:20) and get fiscal authority (Neven, 2002:5).
4. Loss of a clear division of responsibilities. There has to be a system of accountability that relies on public and transparent information that enables the community to effectively monitor the performance of the local government and react appropriately to that performance – so that politicians and local officials have an incentive to be responsive (Neven, 2002:4).
5. Decentralization makes coordination and stimulation of national policies more complex (Neven, 2002:6).
6. Inadequate communication and flow of information at local layers (Neven, 2002:5).
7. Unclear legislation caused by different regulations of layers (Neven, 2002:5).
8. Decentralized regulators have weak incentives to take account of inefficiencies caused by overlap with other jurisdictions (Smith and Shin, 1995:54).
9. Regulatory competition between decentralized jurisdictions can be destructive (Smith and Shin, 1995:55).
10. Weak administrative or technical capacity at local levels may result in services being delivered less efficiently and effectively (Neven, 2002:4-6). The regulatory capacity of local layers is not always sufficient enough to be able to resist improper inducements or pressures from for example interest groups. Specialized economic, financial and legal skills may be required but not available at the local layer. Closer proximity to firms and consumers may increase the risk of capture (Smith and Shin, 1995:55).

#### **Balancing between decentral and central steering**

Because there are two frameworks the result of (de)centralization is always ambiguous. Despite the different arguments for the desirable layer of scale of policy fields, the arguments are not completely indicative for the chosen degree of decentralization. On the one hand, decentralization will give local layers more freedom. On the other hand, decentralization will

diminish the equality in policies. Citizens from different areas can be treated differently. Sometimes tasks should be transferred to lower layers because of efficiency, but other times efficiency is increased as this task is executed by higher layers. Therefore, clear answers on decentralization in the public sector do not exist. Smith and Shin emphasize the challenge of striking a balance in (de)centralization: *"The optimal balance between national, state, and municipal regulation depends on the characteristics of the industry, jurisdictional units, and the regulatory issue in question."* (1995:56)

Arguments can also be contradicting. The discontent in society on behaviours, values, norms and the lack of power in enforcement and imposition of penalties is at odd with the discontent about the excessive amount of rules.

In decentralization, executive policies are more area specific. This means that the specific decentralized issue will be approached integrated with other policy fields or issues. Decentralization and integration are therefore hard to use separately (De Roo, 2004:4). Also deregulation and decentralization (Kickert, 1986) are inextricably connected concepts. Both are instruments in the public sector to escape from the tendency to rule by rules ('regelzucht'). It are means to find an efficient and effective balance between regulation as instrument of the government to steer, and regulations that are endorsed and understood by the society. Other inextricably connected concepts in debates around (de)centralization are freedom and equality.

In the more complex and network society of today, people feel that central government has lost grip on some undesirable developments. This loss of grip makes government develop ad hoc policies. These feelings of discontent are given as argument for decentralization. However, The Netherlands Red Cross tends to centralization as mean to deal with the increased complexity. As is said that central government can not handle the increased complexity, questions rise of The Netherlands Red Cross can. As De Roo (2004) stresses, the degree of diversification in area's needs to be taken into account in centralization or decentralization of certain topics.

De Roo (2004) developed a policy cycle that gives insight into the dynamics of the internal context of the organization (figure 2.3.4). The cyclic movement shows that organizations are constantly changing: decentralization and deregulation and an increase of rules and laws will alternate each other.

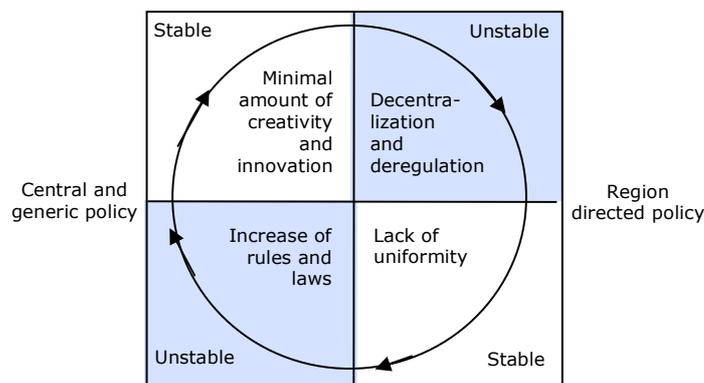


Figure 2.3.4: policy cycle from uniform to specific policy and visa versa (De Roo, 2004:21)

In the discussion between regulation, deregulation, freedom, equality, integration and extrication, the law of administrative pressure (De Leeuw, 1984) must taken into account. The law of the administrative pressure says that there is a certain degree of controllability and there is a certain degree of administrative pressure. However, the more efforts are done does not imply that the results increase as well.

Another element that has to be taken into account while deciding on (de)centralization is the willingness for strategic and executive tasks and competence (are they able) to manage these tasks (De Roo, 2004:18)(figure 2.3.5).

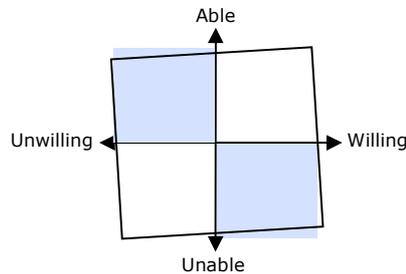


Figure 2.3.5: willingness and ability for the task of the umbrella association and departments (De Roo, 2004)

### 2.3.3. Decision-matrix on (de)centralization

The decision-matrix of De Roo (2004) prescribes how to handle an issue: decentral or central. The matrix brings de type of issue and the way to act together. The matrix shows the consequences of decentralization on policy and organization. On the base of the matrix are three questions:

1. What is the aim?

On the decision-matrix the aims of the organization are expressed on the vertical axes. The most opposite are 'single and fixed goals' and 'multiple compound and depending goals'. When goals are single and fixed the organization is better capable of having one central and generic policy and to steer centrally on this policy than when the goals are multiple compound and dependent of the organizational context.

2. How can it be reached?

The diagonal represents this perspective. The two opposites are 'central, generic policy' and 'area specific policy'. The shifts on the line from left-above corner to the right-below corner express the process of decentralization.

3. Who are involved?

The horizontal axe expresses who are involved in the decision-making process. It is about the organization of, the communication on, and the participation in decision-making and policies. When the goals are multiple compound and dependent of the organizational context and there is an area specific policy the rate of participation in decision-making processes at decentral level will be higher.

The inner (white) part of the matrix in figure 2.3.6 represents the optimal situation. The red arrow represents the process of decentralization.

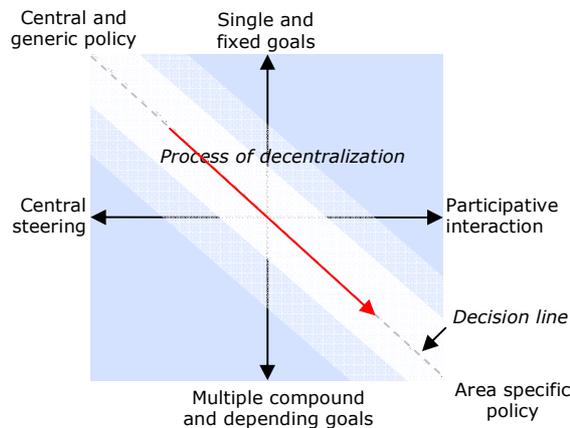


Figure 2.3.6: the decision-matrix (De Roo, 2004)

## 2.4. Conclusion theoretical framework

This paragraph gives an overview of the answers to the three questions of the theoretical research. Based on the three theoretical research questions a conceptual framework for (de)centralization of real estate management is designed.

### 2.4.1. Organizational context



There is a relation between the effectiveness of organizations and the adjusting of the organization to the external context. Therefore, key point in the framework for the cluster 'organizational context' is to determine the external and internal context in real estate management.

The first theoretical research question:

On which variables can the organizational context be analysed?

O'Mara defined six internal context variables and eight external context variables that can play a role in real estate management of organizations in the private sector. The context variables of O'Mara can be used to distinguish the influence of the organizational context in (de)centralization of real estate management. To make them applicable for the non-profit sector, it is important to be aware of the differences between both sectors.

The non-profit sector shares characteristics with the public sector and with the private sector. There are five criteria that distinguish the non-profit sector from the private and public sector and that characterize non-profit organizations. These characteristics are not used as dependent or independent variables but are used as umbrella context that needs to be taken into account when doing research on a non-profit organization. The characteristics help to understand the findings and help to come to a verdict about the generalizability of the findings.

Figure 2.4.1 gives a graphical representation of the variables that are important in the analysis of the organizational context. The analysis of the organizational context (cluster 1 of sub questions) is the first step towards defining a strategy for (de)central real estate management. The second step is the analyses of the real estate situation (cluster 2 of sub questions) and the third step is to balance the tensions around (de)centralization of real estate management (cluster 3 of sub questions).

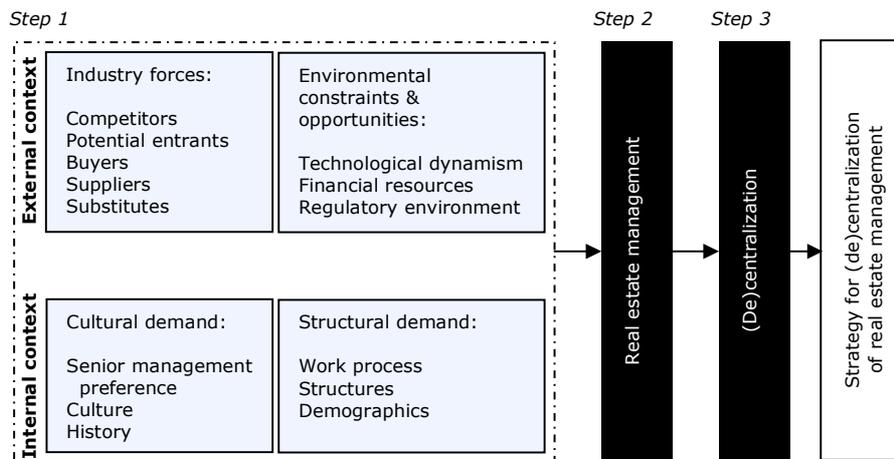


Figure 2.4.1: conceptual framework of analysis of the organizational context

#### 2.4.2. Real estate management



Key point in the framework for the cluster 'real estate management' is to determine the variables to study real estate management.

The second theoretical research question:

On which elements can the real estate portfolio be analyzed, which approaches can be distinguished in real estate management and what are general real estate objectives?

Figure 2.4.2 gives the conceptual framework of real estate management consisting of variables of the real estate portfolio, approaches and objectives in real estate management. The variables of the real estate portfolio, the approaches and the objectives can have influence on (de)centralization of real estate management. For example, suboptimal approaches and objectives in real estate management can be reason to centralize real estate management. The variables of the real estate portfolio are also the topic of real estate management; they are the physical elements where real estate management steers on.

The input from the 'organizational context' determines the ideal approach in real estate management. The degree of uncertainty of the external context (possibility and reliability of sudden changes) together with the view on action resulting from the internal context determine which approach in general suits the organization at that moment best. The ideal approach for a department is the:

1. incremental approach when the organizational context has a high degree of uncertainty and the organization has a rational view on action;
2. standardization approach when the organizational context has a low degree of uncertainty and the organization has a rational view on action; and
3. value-based approach when the organization has a symbolic view on action.

When the context is uncertain, organizations have more difficulties in setting standards and are forced to behave incremental in real estate management. Assumed is that when the ideal approach does not match the current approach, this affects the performance of the organization by real estate.

The real estate approaches concern the way organizations think about their real estate. It is about the subjects and terms they focus on in real estate management. Analyzing the real estate approaches gives insight into current real estate management practices. The current real estate practices are presumed to influence the tensions around the topic centralization of real estate management caused by the characteristics of the approaches. Looking at the

characteristics of the approaches of O'Mara, a relation is assumed between the approaches and the degree of (de)centralization of real estate management.

1. Incrementalism indicates that cases are unique and developments are unpredictable. Central steering is therefore assumed to be not suitable.
2. Standardization has characteristics that can be compared with characteristics of a centralized situation. Standards are set for a group of cases, not for an individual situation. Central steering takes less notice of individual situations on decentral level.
3. In the value-based approach the symbolic value of accommodation for the organization is emphasized. When accommodation has a high symbolic value for a decentral layer, centralization is expected to be a more sensitive subject. When the values expressed with accommodation within the layer are different, central steering on the appearance is expected to be more difficult.

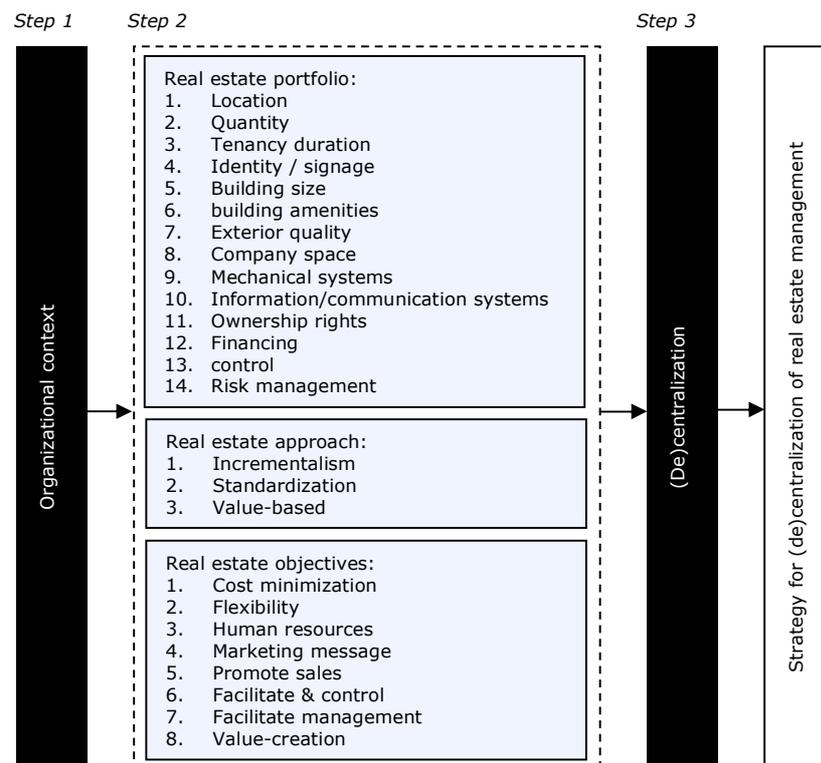


Figure 2.4.2: conceptual framework of analysis of real estate management

### 2.4.3. (De)centralization



The third theoretical research question:

What is (de)centralization, what are the advantages and disadvantages of (de)centralization and how to decide on (de)centralization of real estate management?

The concepts centralization and decentralization are used to define a situation or to define a process. De Leeuw (1982:241-243) and Derksen and Schaap (2004:228) define decentralization as the process of transferring tasks and responsibilities to a local administrative layer. Derksen and Schaap emphasize the change of the formal policy freedom of the local layer. Decentralization is about the policy freedom local layers get in co-administration, about the systems of control on them and about the degree in which financial resources can be spend to the own choice.

Based on the combination of their definitions the following definition of the process of decentralization is:

“Decentralization is 1.) the transfer of policy authority and/or responsibility to a lower layer, 2.) reducing of the amount or kind of control systems from higher layers to lower layers, and/or 3.) increasing the freedom the lower layer has in spending financial resources.”

There are four degrees of the process of decentralization: central, deconcentration, delegation and devolution. The process to go from a central situation to a more decentral situation is called decentralization. The process to go from a decentral situation to a more central situation, is called centralization. *(In this research, the term (de)centralization illustrates the playing field between decentral and central real estate management.)*

The focus of centralization and of decentralization of real estate management can be executive and/or strategic.

Tensions appear between arguments that plea for centralization and that plea against centralization. The arguments concern participation in decision-making processes, sensitivity to local conditions and needs, uniformity in policies, but also: bureaucracy, regulations, routines, effectiveness, efficiency, room for creativity and responsibilities of central and decentral layers.

De Roo developed a decision-matrix for (de)centralization. The decision-matrix prescribes that centralization is possible when the goals (the objectives) and the context of the cases to steer on are the same. When cases are dependent of characteristics of the local context and the local context of each cases are different, decentral steering is more suitable.

The matrix of De Roo focuses mainly on the external context. However, according to O’Mara the internal context plays a role in real estate management as well. Also the policy cycle of De Roo emphasizes the dynamics of the internal context and with this the dynamic between centralization and decentralization. Therefore, to make a decision for the appropriate layer of a task, both the external context as the internal context need to be taken into account.

The matrix illustrates the consequences of decentralization of policy: from a central generic policy to an area specific policy. As in this research the central topic is (de)centralization, the question of (de)central management is replaced on the diagonal axe (figure 2.4.3). The different degrees of (de)centralization can be placed on the diagonal axes of the matrix. The independent variables (organizational context and the objectives in real estate management) can be placed on the horizontal and vertical axes.

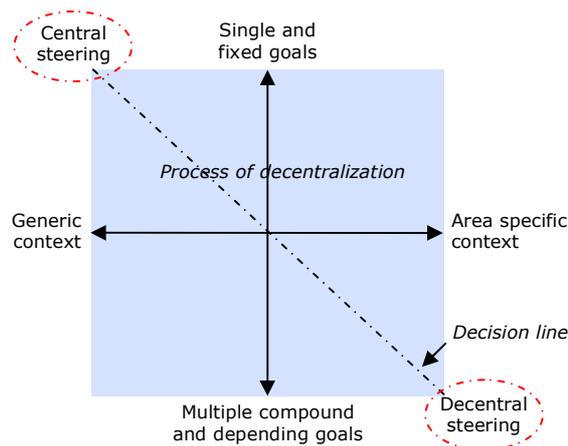


Figure 2.4.3: decision-matrix for (de)centralization (adaptation from De Roo, 2004)

The matrix can be followed to determine which layer of real estate management is most suitable; if centralization is possible.

1. The first step is to determine the objectives of the departments. If the objectives are similar, centralization of real estate management is possible.
2. The second step is to determine the organizational context. If the organizational context of the departments is similar, centralization of real estate management is possible.

After these two steps are taken, the advantages and disadvantages need to be balanced to determine if centralization is besides possible, also desirable. Insight needs to be provided in the tensions that constrain and promote centralization of executive and strategic real estate management. The weight of the tensions around executive and strategic real estate management determines to which degree centralization of executive and strategic real estate management is desirable; the responsibilities, authorities and financial freedom of the layer that is concerned with real estate management.

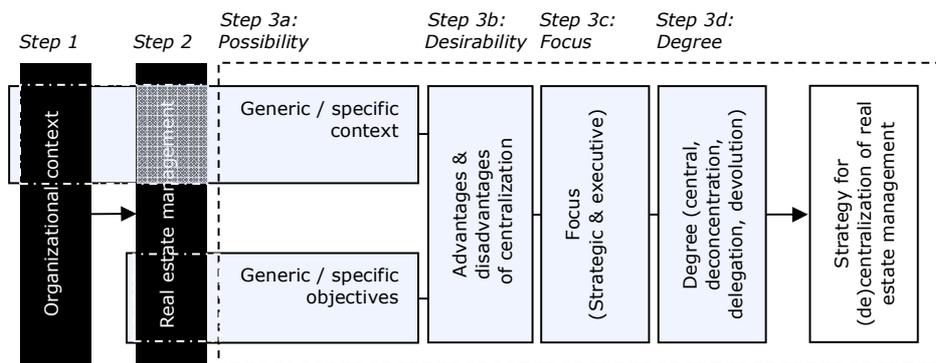


Figure 2.2.3: conceptual framework to decide on (de)centralization

#### 2.4.4. Conceptual framework for (de)centralization of real estate management

From the literature study a framework is created that functions as a conceptual framework to decide on (de)centralization of real estate management (figure 2.4.4). The framework consists of three clusters for analysis. The three clusters together lead to a strategy for (de)centralization of real estate management.

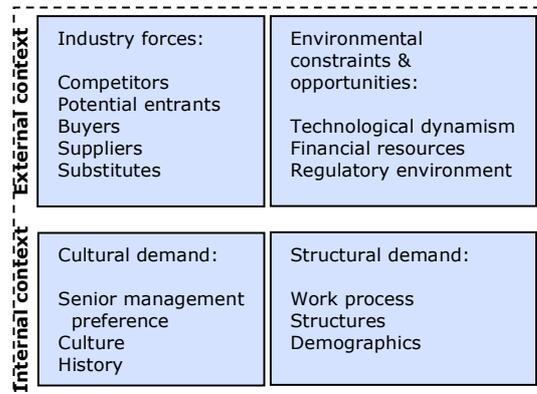
- 1 Cluster 1 'Organizational context': which variables of the external and internal context play a role in (de)centralization of real estate management and what is their influence?
- 2 Cluster 2 'Real estate management': which and how do characteristics of the real estate portfolio, the approach and objectives in real estate management play a role in (de)centralization of real estate management?

The role of the variable can concern executive or strategic real estate management. The influence of variables determines which degree of centralization is desirable for executive and strategic real estate management.

The rational or symbolic perspective in real estate management coming from the internal context and the uncertainty of the external context influence the approach in real estate management. The approach is on its turn related to the appropriateness and desirability of a central or decentral strategy.

- 3 Cluster 3 '(De)centralization': the third cluster brings the tensions that derive from the other clusters together and balance them to decide on the focus in and degree of (de)centralization of real estate management.

Step 1: Organizational context



Step 2: Real estate management



Step 3: (De)centralization

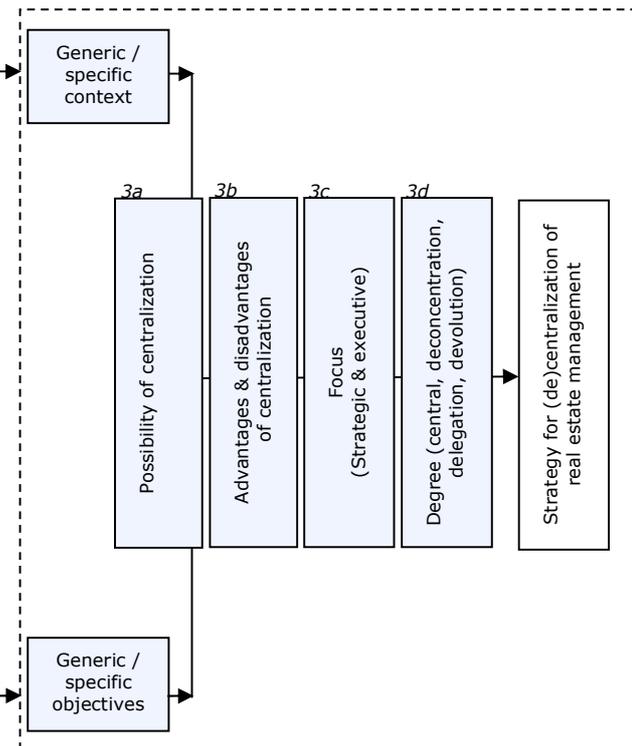


Figure 2.4.4: conceptual framework for decision-making concerning (de)centralization of real estate management

### **3. OPERATIONALIZATION, METHODS & TECHNIQUES**

This chapter describes the operationalization of the variables of the conceptual framework and the methods and techniques of research.

Paragraph 3.1 describes the operationalization of the variables for The Netherlands Red Cross. Paragraph 3.1.1 and paragraph 3.1.2 describe the possible influence of the variables of the organizational context and of real estate management on (de)centralization of real estate management. Paragraph 3.1.3 gives the definitions of the different degrees of centralization and the operationalization of the degrees of centralization for the layers of The Netherlands Red Cross. Paragraph 3.2 describes the used methods and techniques.

#### **3.1. Operationalization**

The operationalization of the three clusters that are given in the conceptual framework is described below.

##### **3.1.1. Organizational context**



The organizational context is divided into eight external and six internal context variables. The aim of the analysis of the context variables is to find the influence of the variables on (de)centralization of real estate management.

Context variables are the independent variables. The research needs to define if they have influence on (de)centralization of real estate management. Context variables might cause individual departments to experience tensions around (de)centralization. Tensions can also come forward when the individual interests of departments strike with the interest of the whole organization seen in an overall analysis of departments.

Context variables might influence real estate management of departments; their approach and objectives. Possible sub-optimal housing situations could be caused by context variables. For the greater good of the whole organization, the presence of sub-optimal housing situations could plea for some degree of centralization.

Below is described what is meant with a context variable and how the variable can influence the variables of the cluster real estate management (discussed in paragraph 3.1.2) or the tensions around (de)centralization of real estate management.

##### **External context variables**

###### **Competitors – potential entrants**

Departments could compete with other institutions in the non-profit sector or with other departments of The Netherlands Red Cross. Potential entrants are treated in this research as competitors (or cooperating partners) as when entered, they operate in the same market as the departments.

The competition between departments could be on volunteers. Competition with other non-profit organizations could be on subsidies of the public sector or on sponsorships and donations of members and organizations. Departments could also cooperate with possible competitors. When departments experience no competition or do not cooperate with other organizations, this can be indicative for an internal orientation of departments. A lack of external orientation can make departments inert as external incentives for improvements are absent. This could plea for some degree of centralization. The presence of competitors or partners for cooperation could also demand for a (central) strategy on how to deal with them in real estate management.

### Buyers

At the local departments, buyers are those who need social help or emergency aid. In this research buyers are called 'needy people', and respondents often refer to them as 'clients' or 'customers'. Real estate can play a role by reinforcing the company's image or by attracting and facilitating needy people. The appearance in real estate of the facilities of the accommodation for needy people could be an objective of departments in real estate management. As the mission of the Red Cross is to help needy people, it is presumed that helping needy people is an underlying principle in real estate management of departments.

### Suppliers

At the local departments, the main suppliers are assumed to be volunteers. Their labour force is assumed to be decisive in offering social help and emergency aid and they are assumed to be scarce. Therefore, attracting people to do voluntary work could play an important role in real estate management. Other suppliers of departments could be those where departments get their goods and services of. In real estate management volunteers might need to be facilitated. In the question of (de)centralization of real estate management the presence and kind of suppliers might play a role as it could make (de)centralization more or less beneficial for the organization.

### Substitutes

The Netherlands Red Cross operates in the gap between the markets of the public and the private sector. Departments are subsidized by public parties and sponsored by private parties because of their social function. If the amount or kind of substitutes changes, the demand for accommodation might change as well. Real estate management might need to adapt to this change.

### Technological dynamism

Given the mission and work history of The Netherlands Red Cross, it is assumed that driving technology is not important in local departments. Enabling technologies, like ICT facilities, can play a role in the accommodation of departments and therefore in real estate management.

### Regulatory environment

Regulations include safety regulations for needy people and volunteers and regulations concerning the physical appearance of the exterior of real estate. Other regulations come from the CBF. The CBF sets rules concerning the effectiveness of expenses for the core task of the organization and the openness in the use of the financial resources. Not following regulations could ask for a central system of accountability in real estate management. The umbrella association is legally responsible for the accommodation of departments.

### Financial resources

Departments get part of their financial resources of donors and members and part of the umbrella association (based on the size of departments). Financial resources are presumed to be needed for the accommodation of departments. A drawback in financial resources might ask for a certain degree of centralization of real estate management when centralization would reduce costs of accommodation. Centralization could reduce the costs of accommodation when economies of scale are present. Also wrong spending of financial resources by departments could ask for central control or guidelines on financial expenses on accommodation.

## **Internal context variables**

### Work processes

Work processes can be preparing activities (management tasks) or facilitating activities. The work processes of local departments might influence the use of accommodation. The way accommodations are used might make centralization of real estate management beneficial or unbeneficial for the organization. Ineffective use of accommodation could ask for more cooperation in accommodation between departments or for central guidelines on the use the accommodation.

## Structures

The Netherlands Red Cross is an association in which the general assembly is the highest decision-making body.

Local departments consist of members and volunteers (by the statutes, volunteers are also members but in the report is talked about members as such that they do not do voluntary work). The members and volunteers are represented by a board. Major decisions are always made by the general assembly. However, the informal power of the board can be large and the members and volunteers present at general assembly meetings might not be representative for the department. The structure of departments might influence the actual management of real estate and the objectives departments have with their accommodation.

Participation of members and volunteers at the local level of departments could increase their representation in the organization. Therefore, this could plea for decentral real estate management.

## Demographics

The average age of the volunteers of local department is between 55 and 60 years old. These senior volunteers are expected to have more ties in the local community or to feel more sentimental about the ties the department has in the local community. Both could make central steering a tenses subject. Demographics could influence the question of (de)centralization of real estate management as it can influence the willingness of volunteers to do voluntary work.

Centralization could cause a loss of information and sensitivity of the organization to local conditions and needs of volunteers and needy people. Between departments could be major differences that could make centralization more difficult.

## Senior management preference

With senior management preference is meant the influence of managers on what happens within the department. Senior managers in departments are presumed to be board members. The role of board members is presumed to be large due to low attendances of members and volunteers at general assembly meetings. Decisive board members could influence the cooperation of departments in (de)centralization of real estate management. A low participation of members could ask for a revision of the current management situation as it might not be representative for the organization.

## Culture

In 2005, the commission DOL of The Netherlands Red Cross concluded on culture that the organization has strong roots in society and by its strong brand is recognizable in the community. However, the commission also concluded that The Netherlands Red Cross is a very large organization with heavy formal administrative culture, with limited 'we-feeling' concerning developments throughout the country and having the image of a log device. The research needs to point out if this is the case at the local departments and if this culture pleads for or against centralization of real estate management.

The lack of 'we-feeling' could create tensions when centralization of real estate management is beneficial seen from the perspective of whole organization but is unbeneficial seen from the perspective of individual departments.

## History

Every local department is presumed to have its own history. The age of the department, continuity in history of the department and the founding father might differ. Central real estate management might be less able to take different local histories into account. Therefore, history can cause tensions around centralization of real estate management.

### 3.1.2. Real estate management



Below the variables of real estate management given in the conceptual framework are described in the context of departments of The Netherlands Red Cross.

### **Real estate portfolio**

The variables of the real estate portfolio define the base situation of real estate management of departments. The conceptual framework gives fourteen variables of the real estate portfolio. The research focuses on the five variables that seem most important, but some of them have an overlap with the variables that are left out (appendix 5).

The variables of the real estate portfolio are independent variables. They can have influence on the tensions around (de)centralization. The variables of the real estate portfolio could make that departments see advantages or disadvantages of centralization of real estate management. The housing situation could also be suboptimal for individual departments or for the whole organization. Suboptimal situations could plea for some degree of centralization of real estate management.

When a real estate objective would be reason for centralization, variables of the real estate portfolio are the mean to accomplish the objective. For example when departments aim to have uniformity in appearance and the variables of the real estate portfolio are very different, central policy or strategy on how to achieve a uniform appearance might be desirable.

### **Building character**

Building character is about having accommodation in ownership or renting it and sharing accommodation with third parties or not. If rented, question is if the department pays a market rent or a symbolic rent. When departments rent their accommodation possibilities for real estate management might be smaller than when departments own their accommodation. When departments pay a symbolic value for their accommodation, the ambitions with the accommodation might be lower due to having less financial incentives than departments that pay a market value.

If shared, question is with whom the accommodation is shared as this could influences the appearance of departments. For example, sharing the housing with a parish might give the impression that the department is not independent of religion. Central policies might be desirable when the current housing situations are not serving the greater good of the organization. When departments rent part of their accommodation to other organizations, question is if this is beneficial for the greater good of the organization.

A great variety of housing situations could make central steering more difficult. However, it could also make central policy on the housing situations desirable when more uniformity is demanded.

The building character can influence the amount and kind of advantages and disadvantages of centralization of real estate management departments mention. For example, departments that rent their accommodation might see more advantages of centralization when it could reduce their ballast in real estate management.

### **Company space**

Company space concerns the interior quality, the amount of space and the size of departments. The interior quality and amount of space define the ambiance and functionality of the work environment.

The size of departments can influence the amount and kind of advantages and disadvantages of centralization of real estate management departments mention. Small departments might see more advantages of centralization of real estate management as it reduces their workload in managing real estate. Real estate management might be a relatively larger task for small departments than for large departments.

Company space also concerns the use of the accommodation: i) who uses the accommodation, ii) wherefore do they use it and iii) how often do they use it. Suboptimal use of company space could plea for a central incentives, control or policies for departments.

### **Exterior quality**

Exterior quality concerns the façade of the building. People think of the façade when speaking of a certain organization. The style, materials, state of maintenance, colours and flags of the façade therefore represent part of the image of the department. The image can pass on the way people think that the department is organized or the kind of choices that it makes. For

example, when a façade is well maintained, the image can be 'organized'. If the emphasis or lack of emphasis of departments on the exterior quality creates suboptimal situations, central steering might be beneficial for The Netherlands Red Cross.

#### **Location**

Location concerns the physical place of the accommodation of the department within the municipality and within the country. The location of the accommodation within the municipality can have influence on the appearance of the department towards volunteers, donors, members and needy people and the willingness of institutions and organizations to contribute in any way to the department. For example, a difficult to reach location or unsafe neighbourhood during the dark hours could push-off volunteers. An A-location within city or town could push-off donors as they might think their contribution does not go to the core task but to the housing of the department. Therefore the location within cities could ask for central policies in real estate management.

The physical distance from the department to the office of the umbrella association in The Hague might have influence on the amount and kind of advantages and disadvantages that departments see around (de)centralization of real estate management.

#### **Risk management**

Risk management concerns the liability for acts and accidents at the property and the responsibility for employees working in the space. As the umbrella association is legal owner of all real estate by the merger, the umbrella association is legally responsible. However, by the current structure of The Netherlands Red Cross, the umbrella association has no influence on the attention of departments for risk management.

A lack of attention from departments on risk management could plea for a degree of centralization of real estate management on this topic.

#### **Objectives**

The conceptual framework gives eight objectives departments can have in real estate management. When the objectives of departments are very different, central steering is presumed to be difficult as the objectives to steer on are at each department different.

The objectives are independent variables in the question of (de)centralization of real estate management. When the objectives of departments do not seem to serve the mission of the Red Cross it can create tensions that plea for centralization of real estate management. When objectives are suboptimal pursued in real estate management, it could plea for centralization of real estate management to improve the achievement of objectives.

#### **Minimizing occupancy costs**

This concerns the objective of departments to minimize the costs of the accommodation. This can concern costs of facilities, maintenance, rent or mortgages.

#### **Increase flexibility**

This concerns the objective of departments to increase the flexibility of the accommodation. With flexibility can be meant i) flexibility in moving to other accommodations or locations and ii) flexibility in use of accommodation.

#### **Promote human resources**

This concerns the objective of departments to facilitate their volunteers in the accommodation.

#### **Promote marketing message**

This concerns the objective of departments to improve the appearance of the accommodation to visitors or passers-by.

#### **Promote sales and selling processes**

This concerns the objective of departments to improve the visibility of the accommodation and the accessibility of the accommodation.

#### Facilitate production, service delivery

This concerns the objective of departments to facilitate their work processes optimally in the accommodation.

#### Facilitate managerial processes and knowledge work

This concerns the objective of departments to facilitate the work of the managers (the board) optimally in their accommodation.

#### Capture real estate value creation

This concerns the objective of departments to create value by investments in the accommodation.

### **Approaches**

The conceptual framework gives three approaches departments can have in real estate management. As described in the theoretical framework, all approaches have their own advantages and disadvantages. An approach can be suboptimal for a department when the approach does not fit the degree of uncertainty of the external context.

The approaches are independent variables. Suboptimal approaches in real estate management could create suboptimal housing situations that plea for some degree of centralization of real estate management. Below is described how to recognize the approaches.

#### Incrementalism

An incremental approach can be recognized when departments make decisions when a question appears and when departments mainly have a short term focus. The incremental approach could be useful when there is limited insight in future real estate requirements. Departments will mainly be concerned with current real estate needs and will not have many rules and guidelines in real estate management.

#### Standardization

A standardization approach can be recognized when departments have standards how to deal with real estate management tasks and make reservations for long term investments. Economical rational considerations (efficiency and minimization of costs) and control play a major role in real estate management. Departments with a standardization approach will have insight in their future real estate requirements or have a high rate of flexibility to react to future changes. Departments will outsource real estate management more easy than departments with an incremental or value-based approach.

#### Value-based

A value-based approach can be recognized when departments let their values play a major role in how and which real estate decisions are taken. The culture and values can be expressed in the exterior of accommodation. Departments could have an emphatic need to distinct themselves with their accommodation. The approach can be distinguished from the standardization approach by the emphasis on the quality of the facilities. Costs control should not harm the quality of the facilities.

#### 3.1.3. (De)centralization



The playing field between advantages and disadvantages of (de)centralization of real estate management cause tensions. Tensions are the dependent variables in this research.

Tensions can be caused by the variables of the cluster organizational context or by the variables of the cluster real estate management. Tensions can also be caused by different perspectives. Both the perspective of the individual departments and the perspective of the whole organization need to be taken into account in the question of (de)centralization of real estate management. Analysing the perspective of individual departments leaves out the strengths and weaknesses of the whole organization. On the other side, the perspective of the

whole organization leaves out the logics of the individual departments. Centralization could in the end be beneficial for the whole organization (the departments together) but could be seen as disadvantage by individual department. Suboptimal housing situations might not be identified by individual departments due to a limited perspective. However suboptimal housing situations could plea for centralization if this could improve the housing situations.

The tensions that derive from the perspective of individual departments and from the perspective of the whole organization need to be balanced to find if they constrain or promote (de)centralization of real estate management.

In the theoretical framework different advantages and disadvantages of decentralization are given. The knowledge of these advantages and disadvantages makes it more easy to identify advantages and disadvantages of (de)centralization.

### **Definitions of (de)centralization**

The following definition of the process of decentralization is given in the theoretical framework: "Decentralization is 1.) the transfer of policy authority and/or responsibility to a lower layer, 2.) reducing the amount or kind of control systems from higher layers to lower layers, and/or 3.) increasing the freedom the lower layer has in spending financial resources."

By reversing this definition, the following definition of the process of centralization can be given:

"Centralization is 1.) the transfer of policy authority and/or responsibility to a higher layer, 2.) increasing the amount or kind of control systems from higher layers to lower layers, and/or 3.) reducing the freedom the lower layer has in spending financial resources."

The different degrees (devolution, delegation, deconcentration and centralization) of (de)centralization and focus (strategic and executive) in real estate management can be combined in the given definitions. Strategic real estate management is about having authority and responsibility for decisions and therefore indirectly having the power to make decisions. Executive real estate management is about who executes the decisions.

Figure 3.1.1 represents the playing field of balancing between (de)centralization of strategic and executive real estate management. The pink field refers to the logic that the degree of decentralization of executive real estate management is higher or the same as the degree of decentralization of strategic real estate management; it is illogical to centralize executive real estate management more than strategic real estate management. When at one layer both executive and strategic real estate management takes place (real estate management follows the red line in figure 3.1.1), this layer has all responsibilities and there are no control systems from higher layers.

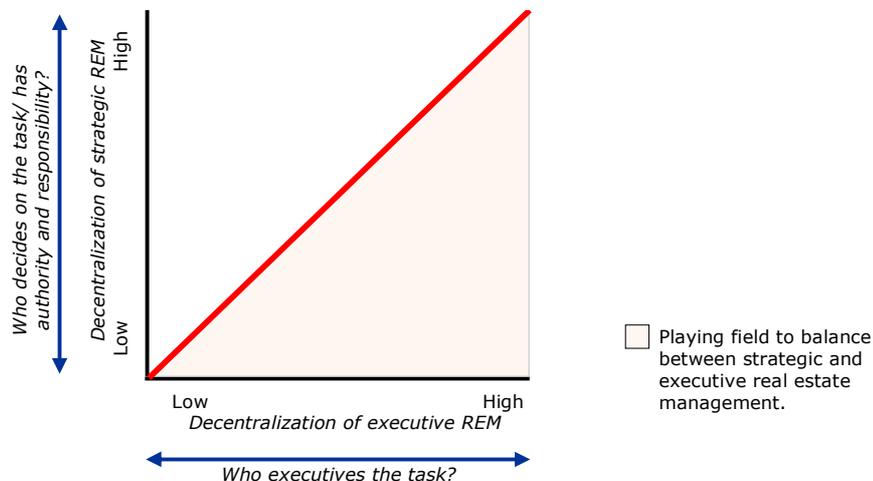


Figure 3.1.1.: playing field of strategic and executive real estate management

Combining the focuses of executive and strategic (de)centralization with the definitions of the different degrees given in the theoretical research, the following definitions of degrees of (de)centralization of real estate management can be used:

“In a devoluted situation real estate management is strategically set and executed at the lower administrative layer and this layer is autonomous of higher layers. The lower layer of the organization 1.) has policy authority and responsibility, 2.) is not controlled by a higher layer and 3.) has freedom in spending financial resources.”

“In a delegated situation real estate management is strategically set and executed at the lower administrative layer and this layer is semi-autonomous of higher layers. The lower layer of the organization 1.) has policy authority and responsibility only on some issues of real estate management and 2./3.) is controlled by a higher layer on strategic issues, execution and spending financial resources.”

“In a deconcentrated situation, strategic real estate management is set at a lower level of the higher administrative layer. Real estate management is executed partly at the lower level. The lower layer of the organization 1.) has no policy authority and responsibility on strategic real estate issues, 2.) is fully controlled on strategic real estate issues by a higher administrative layer and partly controlled on executive real estate management by a higher administrative layer and 3.) has only some freedom in spending financial resources on some executive tasks.”

“In a central situation strategic real estate management is set at the higher level of the higher administrative layer. Real estate management is executed at the higher administrative layer. The lower layer of the organization 1.) has no policy authority and responsibility on strategic and executive real estate issues, 2.) is fully controlled on real estate issues by a higher administrative layer and 3.) has no freedom in spending financial resources.”

### Current situation of (de)centralization

Figure 3.1.2 gives an overview of the layers of The Netherlands Red Cross and the degrees of (de)centralization. Looking at the given definition of decentralization, in the situation before the merger The Netherlands Red Cross i) transferred authority and responsibility for real estate completely to the departments, ii) control systems on real estate were absent and iii) the departments had complete freedom in spending financial resources on real estate. The departments could be seen in a situation of devolution. However since January 2010,

departments lost their legal entity and became part of one new umbrella association. This new umbrella association became owner of the local real estate. In the statutes of the merger, the departments kept semi-authority, semi-responsibility and semi-financial freedom in real estate management. The use of the word 'semi' indicates that departments have a mandate in real estate management, but, as the umbrella association is legal owner of the local real estate portfolio, the umbrella association will need to sign all establishments of rights of mortgage and usufruct on the property. This way legal ownership functions as a control system. Also two general criteria for purchase and possession of real estate are composed by the umbrella association:

- efficient use of the funds committed (is it wise to keep the asset); and
- good home paternity (is the real estate organized in a proper manner, such as periodic maintenance, meeting requirements around security, insurance etc).

By this centralization process, real estate management of the departments moved from a situation of devolution towards a situation of delegation. However, as the change of ownership so far has changed nothing on real estate management, departments can still be seen as in a situation of devolution.

When strategic and/or executive real estate management would go to the umbrella association it is called a centralized situation. When strategic and/or executive real estate management would go to the regional service centre of the umbrella association it is called a concentrated situation. Real estate management can be delegated or devoluted to districts or to departments.

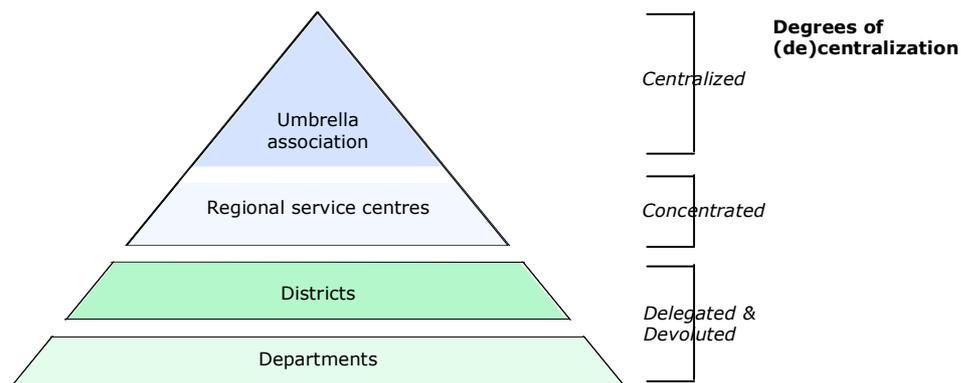


Figure 3.1.2: layers and levels of The Netherlands Red Cross

Central question in this research is to find to which degree real estate management could and should be centralized. Figure 3.1.3 illustrates the playing field of strategic and executive real estate management with the different layers of The Netherlands Red Cross. The trend introduced by the merger is presented by the green arrow. The questions in the research are:

- Who has authority and responsibility on which elements of real estate management?
- Are control systems needed and if so, on which elements are they needed?
- On which elements of real estate management is financial freedom for the departments desirable and on which variables is steering from above desirable?

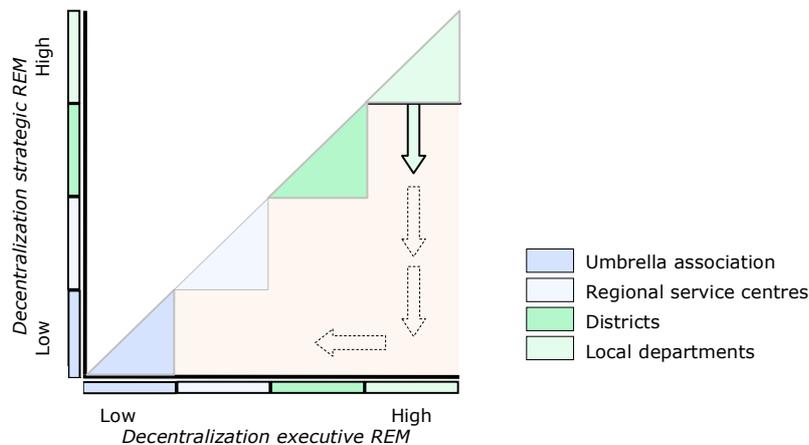


Figure 3.1.3: playing field of different degree's of (de)centralization and focuses in real estate management at The Netherlands Red Cross

### 3.2. Methods & techniques

The research adheres the philosophy of interpretivism and the research strategy is a case study. The context of The Netherlands Red Cross is complex and unique. A lot of insight would be lost if the complex institutional context of The Netherlands Red Cross would be reduced into law-like generalizations. The details of the situation can only be understood when the truth is traced and perhaps you could say 'the underlying truth' is traced. In-depth examination is needed to find the underlying principles that cause tensions around (de)centralization of real estate management and to come to a possible strategy for (de)centralization of real estate management.

Within The Netherlands Red Cross, sixteen departments are selected and interviewed. The choice is made to hold interviews to be able to research the subjective meaning of the organizational context, of real estate management practices and the advantages and disadvantages of real estate management. Because there are presumed tensions around the studied question that are caused by the merger, having face-to-face interviews is the best technique to feel the tensions and the underlying motives for the tensions around the question of (de)centralization of real estate management.

During the interviews the possibility is taken to observe the housing situation of departments. By observations on amongst others exterior and interior, questions could be asked on how the department came to this situation and which considerations play a role in real estate management. By visiting departments, an impression is gained of the culture of departments.

The characteristics of volunteers can be characterized as emotional, passionate and informal. Because of the characteristics of volunteers, semi-structured interview technique seemed best. By a semi-structured interview technique respondents were able to tell their story. Especially from these stories a lot of information is gained.

A survey is done that consists of mainly multiple choice questions. The survey is used to find the influence of the characteristics of the real estate portfolio on (de)centralization of real estate management, to map out the real estate stock and to create engagement of departments.

### 3.2.1. Validity and reliability

Sixteen interviews are held in a time period of six weeks (appendix 7). One interview is done by telephone as the first interview appointment went wrong. In consultation with the respondent is chosen to reschedule the interview and do the interview by telephone. The interviewee did visit the former accommodation of the department which made that the interviewee knew about which building the respondent was talking.

Triangulation is used. This means that data are collected at different ways: by semi-structured interviews, observations and a survey. This way the reliability and validity of the research result increases. In semi-structured interviews, information and expectations from documents are verified or falsified. At all interviews (except the telephonic interview) the respondent gave a tour through the accommodation. During the tour observations are made on the variables of the real estate portfolio but also about work processes or the culture of the present volunteers. These observations are used as reflection of the gained information in the interviews.

All interviews are recorded except one interview where the recorder failed and except the telephonic interview. Photographs are made of the accommodations of departments to be able to show what is meant with a certain appearance and visibility.

The informal character and enthusiasm of volunteers made the interview data divers and open for interpretation of the interviewer. Of all interviews a report is made directly after the interview with illustrative quotes given by the respondents. After all interviews were done, all interview tapes are listened to again and transcripts are made of the most valuable parts of the interviews. Names of people or places are replaced by 'X' to make them anonymous.

The reports are processed in excel. In excel the clusters are given headings and the most frequently topics discussed or underlying tensions are given labels. The labels sometimes have one or more sub labels. By labelling the topics, different cases are easily compared and the influence of variables is found.

The interviews were semi-structured. The interviews all started with the same brief introduction on the research: the subject, motivation and the aim. The interviews ended with some words of thanks and the question to the respondent if they wanted to add a comment and still had questions for the interviewer.

With one exception, all interviews are kept with a board member. It was explicitly asked to have the interview with a board member to prevent different 'types' of volunteers influencing the answers given. At two interviews also the professional employee set place at the interview because as the board member explained: 'he/she knows most about the department'. At one department the professional employees did not let the interviewee get in touch with a board member because the board members are supposed not to be bothered with other things than major affairs of the department. Here a professional employee is interviewed who said to know quite a lot about the accommodation.

As the practical research is done in a timeslot of six weeks, interference of changes at the research units is negligible. Data used for the case selection are based on the most recent information available (see paragraph 3.2.2 and appendix 8).

The survey is tested on three employees of The Netherlands Red Cross of different functions and with many years of experience. One of them had in his previous function on a daily basis contact with the departments and used the accommodation of the departments often as working place. Departments are given five weeks time to fill in the survey.

### 3.2.2. Case selection

To get a case selection representative for the departments and the portfolio, cases are semi-randomly selected. Semi-random means random with three characteristics taken into account:

1. Ownership or permanently rented. Information on ownership is based upon data from the cadastre (December 2009). Information on if a department permanently rent accommodation is based upon interviews with former region managers (January 2010). Departments that do not have an accommodation work from home or/and rent a space when they occasionally have a meeting or an activity. These departments are not included in the research as they have no real estate to manage.
2. Region North, Middle, West or South in The Netherlands. Another condition is that none of the picked departments could be part of the same district as an already picked department. Based upon data from the former regions of The Netherlands Red Cross (December 2009).
3. Size (small, medium or large) of the department is calculated upon the amount of volunteers, members and liquid means. Based upon an inventory made by The Netherlands Red Cross on departments (2007).

It is chosen to take these three characteristics into account because of the assumption that these three characteristics would influence real estate management. Therefore, the characteristics needed to be equally represented in the cases to make it possible to find the influence of these characteristics. Information on the selection procedure and the presumed influence of the characteristics is found in appendix 8.

Twenty-four categories of departments are made of these three characteristics. The departments are numbered and coded to make them unrecognizable. After this a number is picked and the department is placed into the category it belongs to. This procedure continued until in each category one department is placed. Two categories could not be filled. One is replaced with a department that did not have the right size but was closest in size. The other is replaced with a department that comes from a district that was already represented. The result is twenty-four cases:

1. twelve departments that own real estate and twelve departments that rent real estate;
2. six departments from each region (two of the same district); and
3. eight small departments, nine medium departments and seven large departments.

However, it seemed not necessary to interview twenty-four departments. Therefore, sixteen departments are picked (eight left over). The result:

1. eight departments that own real estate and eight departments that rent real estate;
2. four departments from each region (two of the same district); and
3. five small departments, six medium departments and five large departments.

From the sixteen picked departments, two could not be interviewed because when contacted they told just to rent accommodation per half day. One department could not be reached. For those departments, three departments from the eight departments in the left-over group are picked. The result of the case selection can be seen in table 3.1.1.

De-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	/16
<b>Size</b>																	
Small	x					x		x			x	x					5
Medium				x			x		x				x	x		x	6
Large		x	x		x					x					x		5
<b>Region</b>																	
North								x		x		x	x				4
West	x								x					x	x		4
Middle		x	x				x									x	4
South				x	x		x				x						4
<b>Own / rent</b>																	
Own accommodation	x		x	x				x	x				x			x	7
Rent accommodation		x			x	x	x			x	x	x		x	x		9

Table 3.1.1: overview of the selection criteria of selected departments

### 3.2.3. Interviews

The interview structure consisted of four clusters. The interview set-up ended with twenty-two back-up questions in case the respondent was not willing to talk much. However, most of these were already answered in the other parts of the interviews. The order of questions asked varied according to the direction the interview went. At all interviews respondents gave in the first cluster answers belonging to other clusters. The interview set-up is found in appendix 9.

#### Clusters

1. Real estate management - approaches: the aim of this cluster was to find the approach of the department in real estate management.

This cluster opened with the question how the department came to the current situation (int.al. location, building and spaces). Aim of this cluster was to find the approach of the departments in real estate management. Key aspects were: the term taken in to account in (real estate) management, the focus of real estate management, outsourcing of maintenance and having an accommodation manager.

In cluster 1 the variables of the real estate portfolio are discussed.

2. (De)centralization - tensions and (dis)advantages: the aim of this cluster was to find the perspectives of departments on the different layers and (dis)advantages of centralization. Departments were asked about the function the layers have for them. Their opinion was asked on the centralization tendency the merger introduced and they were asked for possible advantages and disadvantages of centralization of real estate management.

3. Real estate management - objectives: the aim of this cluster was to find the objectives the department has with its accommodation.

Respondents were asked in the interviews about their objectives with their accommodation. After the first three interviews (departments De-1, De-2 and De-6), besides the open questioning technique, the respondents were asked to order nine cards with possible objectives on them, from most to least important. They were told not to let the current state of the topic interfere in the order (if a objective was already obtained in the current accommodation they were told to consider it as on the same level as the other objectives).

The respondents were asked to think out loud while ordering the cards. The cards are used to stimulate the respondents to think about more than the objective that was given by them in the first place: having working space.

However, the order the respondents gave most times did not match with what they indicated to be or not to be important in the other parts of the interview. For example when the current accommodation had a flexible set-up, the objective 'flexibility' was placed on a lower order. Cards where the respondents did not know what to do with (although explanation was given), were placed by them on a low order. The order of the cards is therefore no indication of the objectives of departments. However, the explanations respondents gave with them are used to find their objectives.

4. Organizational context – external and internal context: the aim of this cluster was to find the role of external and internal context variables in real estate management.

Based on the answers of respondents on the other clusters the role of the context variables in real estate management and in the question of (de)centralization came forward. For example, their answers on the other clusters illustrated the influence of board members, culture and financial resources.

In this cluster the respondents are given fourteen cards where the external and internal context variables were written on. The respondents were asked to order them in three groups: less, more, most important.

The respondents were asked to think out loud while ordering the cards. After the cards were ordered, the respondents were asked to give an explanation on the cards that stood out and/or were not explained in previous clusters.

The order of cards could not be used in analysing the role of context variables in (de)centralization of real estate management. Respondents were not confident on the groups they made and the order seemed random or based on personal preference. However, the method was useful to ask the respondents, with a different technique, information on context variables.

### **Character of interviews**

The respondents were free to tell their story. Sometimes the respondents were told after their story that the interviewer would come back to that subject later on the interview but respondents were never interpreted because they were giving information that belonged to another cluster. About half of the answers the respondents gave could be characterised as being stories or anecdotes. Most respondents were very enthusiastic in telling their story. The interviews were very informal: besides the stories about the department also stories about the personal situation of the respondents were told. To give an impression of the informal character of the interviews a short description of the kind of respondents is useful.

With a few exceptions all respondents are some years past retirement age. Most respondents offered to come to pick me up from the train station, six eventually did. The respondents gave me a lot of information about their personal situation: two told me that they were going to do something nice with their grandson after the interview, one respondent told me as an introduction about the life of his children and grandchildren and one respondent talked emotionally about the death of his son in law. At one interview before and after the interview I drank coffee with the respondents and volunteers that walked in. At another interview volunteers kept on walking in telling stories about topics like the weather. One respondent brought home baked cake to the interview under the guise of *"my children have been students as well so my wife knew that you would appreciate some home baked cake."*

### **3.2.4. Survey**

All departments (310) are sent a survey by post with an answer-envelope. The departments were asked to fill in the survey online if possible. Departments without real estate were asked to consider the letter as not sent. All departments are reminded by email twice to fill in the survey (except those who already filled in the survey).

The survey consisted of 22 questions based on five variables of the real estate portfolio (appendix 10). The first two questions asked for the name and district of the department. These questions are used to determine which departments had and had not already filled in the survey and to filter double respondents out of the sample. 18 questions were multiple choice questions in which the department had 2 to 7 answer possibilities. At 13 of the 18 questions, the respondents had the possibility to clarify their answer. Two questions were optional; they were only applicable for departments that share their accommodation. 2 questions were open questions; they concerned the average amount of hours the department uses the accommodation and the estimated size of the accommodation in square meters.

131 departments filled the survey in completely. Of the departments that did not fill in the survey (179), 128 departments are expected not to fall in the research group because they have no accommodation (60 departments based on interviews with former region managers and 68 departments indicated in the survey or emailed the interviewee not to permanently rent or own real estate). 51 departments did not fill in the survey.

The response rate is 62% departments excluding departments that did respond but where not supposed to respond (do not permanently rent or own real estate) (113 out of 182). Appendix 10 also describes the use of the questions of the survey in the research.

## 4. THE REAL ESTATE PORTFOLIO

The variables of the real estate portfolio define the base situation of real estate management. Insight into the characteristics of the real estate portfolio is helpful to create understanding of real estate management of a non-profit organization. The relationship between the variables and the variables of the other studied clusters define on which variables of the real estate portfolio (de)centralization of management is desirable. The diversity in variables within the real estate portfolio indicates that central steering on them is more complex.

Three different techniques of data collection are used to map out the real estate stock: observations, interviews and survey. 16 departments are studied by interviews. 131 departments are studied by a survey. Of the interview group observations are made. All departments of the interview group filled in the survey as well. However to describe the real estate characteristics of the interview group, mainly the information of the interviews and observations is used. Where different, this is indicated.

This chapter gives the description and analysis of the housing situation (paragraph 4.1). The chapter ends with a conclusion and reflection of the influence of the characteristics of the real estate portfolio on (de)centralization of real estate management (paragraph 4.2).

### 4.1. Description & analysis of the portfolio

The real estate portfolio is mapped out by five variables of the real estate portfolio: building character, company space, exterior quality, location and risk management. The technique of data collection is indicated where needed.

The interview group is compared with the survey group and a cross-analysis between the different subjects is made. Relations with the selection criteria (ownership/renting, size of departments and location within the country) are described.

#### 4.1.1. Building character

Just more than half of the departments owns accommodation, the others rent accommodation. The interview group is representative for the survey group on this characteristic (diagram 4.1).

Of the departments that own accommodation, most do not have a mortgage (diagram 4.2). The explanations heard for this in the corridors of The Netherlands Red Cross is that many departments obtained their accommodation for symbolic value after World War II from a public or private party. Another explanation is that many departments build the accommodation with money donated by their local community.

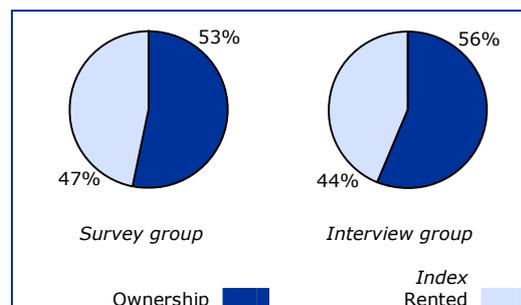


Diagram 4.1: ownership / renting

*With symbolic value is meant a price that is lower than the market price. With market price is meant a price that is paid on the market of all kind of organizations.*

Of the departments that rent their accommodation, most do pay a market value (diagram 4.3). Of the interview group four of the nine rents of departments are conform the market price.

The survey group shows that just around half of the departments pays a market value. It is expected that the departments that indicated not to know if they pay market or symbolic value, pay a symbolic value. This is expected because it is assumed that when departments do pay a market value they will be aware of this as the rent will be a significant item on their balance sheet. Of the five departments of the interview group that rent for a symbolic value, all of them get part of their rent subsidized by the municipality.

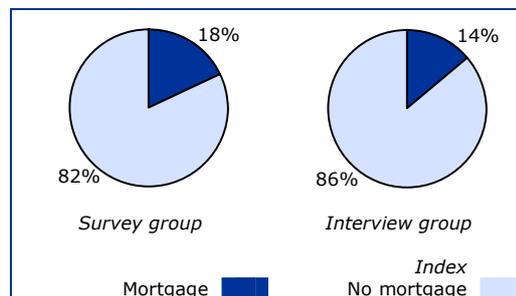


Diagram 4.2: mortgages

In the interview group, all departments that own their accommodation have a free-standing building for their own. Diagram 4.4 shows that all departments that own accommodation share their accommodation. This means that all departments that own accommodation rent space to other organizations.

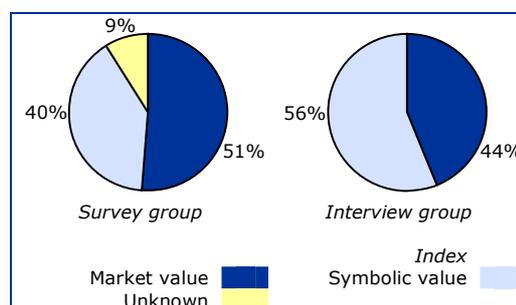


Diagram 4.3: value of rent

In the interview group, all departments that rent their accommodation rent space in a building where also other organizations rent space. Two departments rent space in a collective business centre for likewise organizations. Two departments rent space in the accommodation of the fire brigade. Two departments rent space in an old school. Two departments rent space in a complex that has at the upper floors apartments and in the plinth companies. One department rents half a floor of a hospital building. Five of the seven departments that rent space, rent a part of their space to other organizations as well.

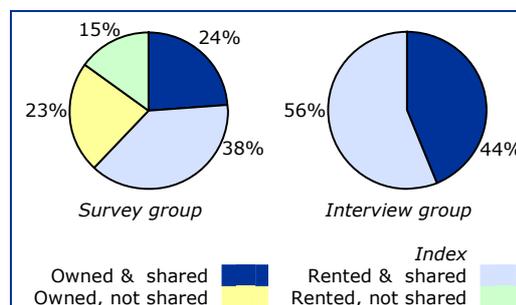


Diagram 4.4: sharing accommodation

The survey shows a slightly different statistic. 38% of the departments of the survey group says not to share the accommodation with other organizations. The question in the survey is presumed to be interpreted inconstant by departments; presumably not all departments

Interpreted 'renting space to other organizations' (permanently or occasionally) as that they are 'sharing accommodation'. The interview group shows that all departments that own accommodation, own a free-standing building and share their accommodation because they rent space to other organizations. The interview group shows that all departments that rent their accommodation, rent space in a building with other organizations. It is expected that these patterns will be visible at all departments of The Netherlands Red Cross.

Figure 4.1.1 gives an overview of the institutions that departments share their accommodation with (survey group). The 'municipality' includes the police and neighbourhood councils. The 'health and care institutions' includes blood banks, physiotherapy, first aid organizations and food banks. Twelve departments share the accommodation with the Blood bank. Nine of them rent space to the Blood bank. Most departments share the accommodation with health and care institutions. Around the same amount of departments rent space to health and care institutions, rent space from health and care institutions and rent space in the same complex as health and care institutions.

Of the nineteen departments that share accommodation with an institution from the municipality, nine of them rent accommodation in the building of the fire brigade.

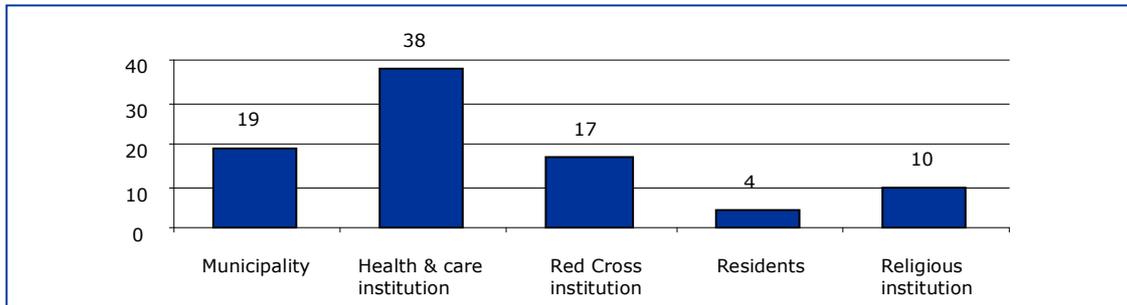


Figure 4.1.1: institutions departments share accommodation with (survey group)

Figure 4.1.2a and 4.1.2b give an impression of a free-standing owned accommodation and a shared rented accommodation.



Figure 4.1.2a: impression of a free-standing accommodation

Figure 4.1.2b: impression of a shared accommodation (in red the floor of the department)

#### 4.1.2. Company space

The Red Cross provides social help and emergency aid. The accommodation of departments can amongst others be used for social help, emergency aid, meetings and desk work. With meetings and desk work are meant organizing activities in favour of social help and emergency aid. Social help are all activities to reduce loneliness and increase the ability to take care of yourself. When departments use their accommodation for social help they facilitate activities in their accommodation. Therefore, all departments that use their accommodation for social help also receive needy people in their accommodation. Emergency aid consists of activities to diminish the impact of disasters and accidents for the victims. Also first aid is called emergency aid. The main use of accommodation for emergency aid is to give trainings to volunteers to prepare them for providing emergency help.

Social help and emergency aid is done by volunteers. Desk work is done by volunteers, board members and sometimes by professional employees.

Around three quarter of the departments uses its accommodation for social help (diagram 4.5). This means that one quarter of the departments does not receive needy people in the accommodation.

Almost all departments use their accommodation for emergency aid (diagram 4.6). Around half of the departments uses its accommodation for desk work (diagram 4.7).

When looking at the presence of professional employees, six departments of the interview group have one or more professional employees. Thirteen departments of the survey group groups have one or more professional employees (*based on documentation of the umbrella association*). This means that at most departments it are volunteers (board members) that use the accommodation for desk work. Almost all departments have their meetings at the accommodation (diagram 4.8). Of the interviewed departments, eleven departments have a room for meetings/desk work. Paragraph 5.2.4 describes the objectives of departments in facilitating management work of board members.

The average size of the accommodation of the interview group is 269 m<sup>2</sup>. The average size of the accommodation of the survey group is 244 m<sup>2</sup>. The average amount of hours the accommodation of the interview group is used is 22 hours per week. The average amount of hours the accommodation of the survey group is used is 19 hours per week.

Almost half of the departments (41%) of the survey group uses the accommodation 10 or less hours per week (diagram 4.9). Of these departments, 38% own the accommodation (in numbers 20 departments).

The size of more than half of the accommodations (55%) of the survey group is 200 square meters or smaller (diagram 4.10). These departments use their accommodation 13 hours per week (average). 90% of the departments uses the accommodation less than 40 hours per week what can be seen as a normal work week at the private and public sector. The quarter of departments that has the most square meters (351 m<sup>2</sup> or more) uses the accommodation 28 hours per week (average).

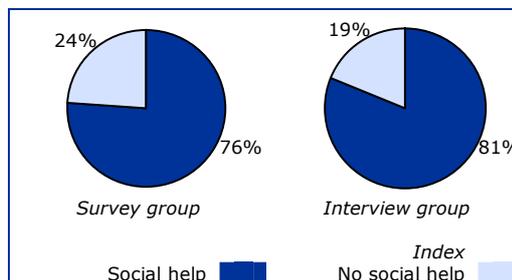


Diagram 4.5: accommodation used for social help

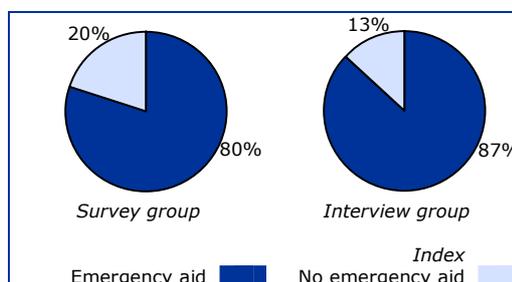


Diagram 4.6: accommodation used for emergency aid

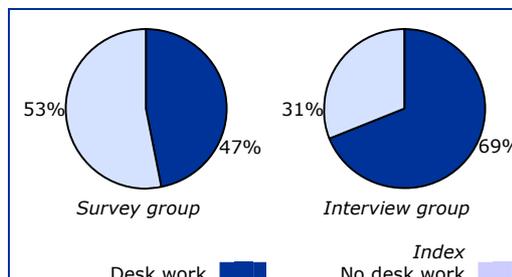


Diagram 4.7: accommodation used for desk work

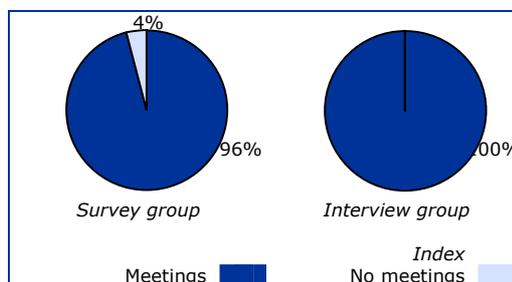


Diagram 4.8: accommodation used for meetings (of board)

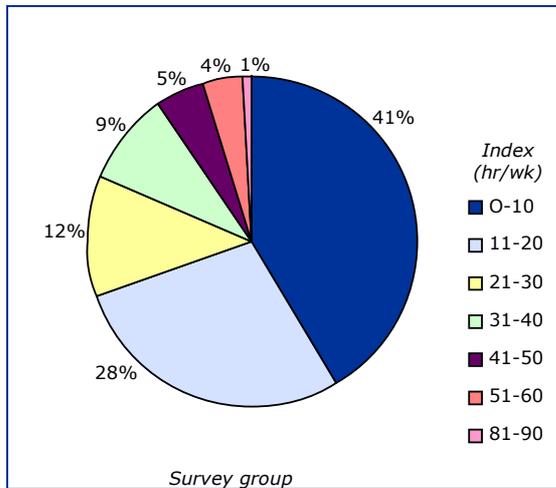


Diagram 4.9: use of accommodations

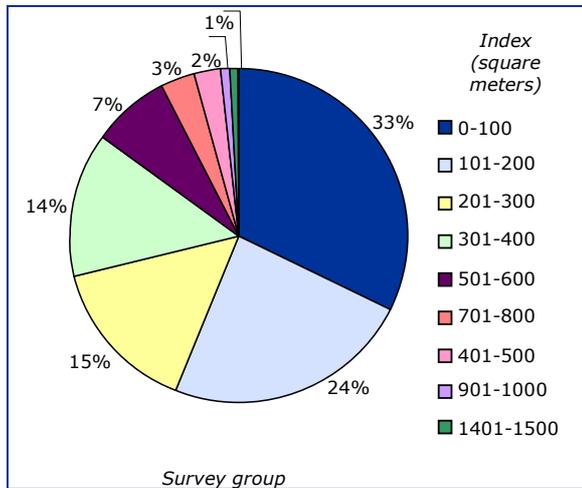


Diagram 4.10: sizes of accommodations

Most departments have in their accommodation one large room that is used for all kind of activities. Often a kitchen and a stock room are present.

Most departments say that they have enough space and the space is according to their requirements for the activities (diagram 4.11 and 4.12).

Departments that have one or more professional employees have more square meters of housing than departments without professional employees. Departments in the interview group that have employees have an average of 371 m<sup>2</sup>. Departments without employees have an average of 207 m<sup>2</sup>. Departments in the survey group that have employees have an average of 520 m<sup>2</sup>. Departments without employees have an average of 211 m<sup>2</sup>.

Departments that have one or more professional employees use their accommodation more hours per week than departments without professional employees. Departments in the interview group that have employees use their accommodation 32 hours per week (average). Departments without employees 16 hours per week (average). Departments in the survey group that have employees use their accommodation 42 hours per week (average). Departments without employees use their accommodation 17 hours per week (average).

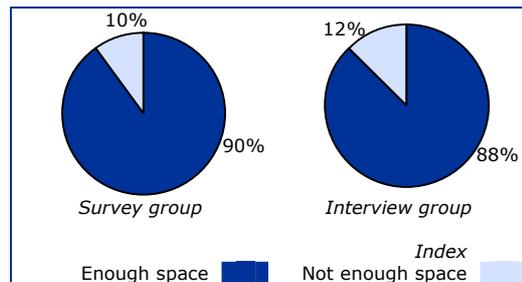


Diagram 4.11: enough space

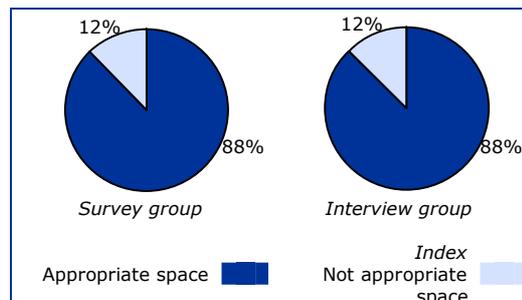


Diagram 4.12: appropriateness of space

The size of the departments of the interview group is related to the size of the accommodation and the intensity the accommodation is used. Small departments use their accommodation less than medium or large departments.

- Small departments: average of 13 hours per week
- Medium departments: average of 23 hours per week

- Large departments: average of 30 hours per week

Small departments have smaller accommodations than medium or large departments.

- Small departments: average of 225 m<sup>2</sup>
- Medium departments: average of 305 m<sup>2</sup>
- Large departments: average of 267 m<sup>2</sup>

From the analysis it seems that the smaller the department is, the fewer amount of hours the department is using its accommodation and the less space they have. Noteworthy is that medium sized departments in the interview group have more space than large departments. There is no explanation found for that explains this relation.

Information on the size of departments of the survey group is not known.

Departments of the interview group that own their accommodation use their accommodation less than departments that rent their accommodation although departments that own their accommodation have more space than departments that rent their accommodation.

- Owning departments: average use of 15 hours per week, average size of 356 m<sup>2</sup>
- Renting departments: average use of 27 hours per week, average size of 201 m<sup>2</sup>

However, the survey shows another relation. Departments of the survey group that own their accommodation use their accommodation more than departments that rent their accommodation.

- Owning departments: average use of 21 hours per week, average size of 305 m<sup>2</sup>
- Renting departments: average use of 17 hours per week, average size of 186 m<sup>2</sup>

As the survey group represents more departments than the interview group, it is concluded that departments that own their accommodation use their accommodation more hours per week than departments that rent space and departments that own their accommodation have more space than departments that rent space.

Departments of the interview group located in the West region use their accommodation twice as much as departments that are located in the North region.

- North region: average of 16 hours per week
- West region: average of 32 hours per week
- Middle region: average of 18 hours per week
- South region: average of 21 hours per week

Departments located in the West and Middle region have more space than departments in the South and North region.

- North region: average of 215 m<sup>2</sup>
- West region: average of 338 m<sup>2</sup>
- Middle region: average of 343 m<sup>2</sup>
- South region: average of 179 m<sup>2</sup>

From this analysis you can conclude that the accommodation of departments in the Middle region is used least for their activities. An overall analysis of the location of departments in the country and the tensions around (de)centralization of real estate management (appendix 11), shows that the location in the country is not related to tensions around (de)centralization of real estate management. The differences in intensity of use and size does give an indication of the diversity in the portfolio which could make centralization desirable when uniformity is wished for, or could make it more difficult by the great diversity. Information on the location in the country of departments in the survey group is not known.

#### 4.1.3. Exterior quality

With the exterior is meant the façade and the direct surrounding of the façade (front yard, car park etc.) that is visible for passers-by. The façade is judged on the visibility for passers-by, the appearance and the state of maintenance. When the exterior is judged on the visibility for passers-by, the departments can be divided into

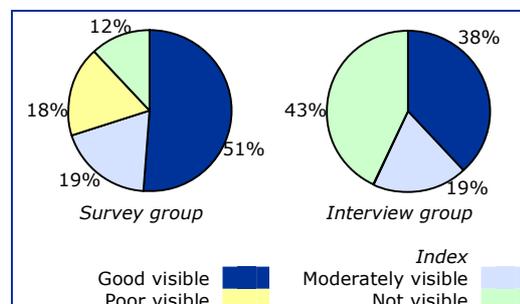


Diagram 4.13: visibility for passers-by

four categories: good visible, moderately visible, not really visible and not visible at all. The state of maintenance is divided into: a good, a moderate and a poor state of maintenance. The information on the interview group is based on observations. Figure 4.1.3 illustrates what is meant with the rates of visibility, figure 4.1.4 illustrates what is means with diversity in appearance and figure 4.1.5 illustrates what is meant with the rates of maintenance.

Of six accommodations of departments passers-by can easily see that the Red Cross is housed in the building (diagram 4.13). These departments make themselves visible by the colour of the paint used at the exterior, boards with logo's, art and/of flags. Four departments are visible because part of their facade is painted red. Department De-6 has a red painted facade because they are housed in accommodation of the fire brigade. Also department D-11 is housed in the accommodation of the fire brigade but the accommodation has no signs indicating that the Red Cross is housed there and is therefore called not visible. Two departments are visible because of big boards with logo's, flags and art.

Three departments are moderately visible. These departments only have a sign on their façade. One of them also has a flag and a street board but these are not permanently; these are only there with good weather.

Seven departments are not visible for passers-by. These departments do not have any recognition on the façade that refers to the Red Cross. The boards do not strike out because they are too small or placed on the wrong place. (*Department D-7 is not visited and information is based on the interview and a comparison with department De-12 as both are housed in a former school building.*)

Of the survey group 51% of the departments says to be good visible. 19% of the departments says to be moderately visible. 18% of the departments is poor visible. 12% of the departments says to be not visible at all.



Figure 4.1.3a: good visible

Figure 4.1.3b: moderately visible

Figure 4.1.3c: not visible

The visibility of the accommodation that the interview group indicated in their survey is not always conform the observations made. The departments judged their visibility more positively than the interviewee. The three departments that based on observations are called moderately visible themselves say to be good visible. Four departments that based on observations are called not visible (because the interviewee could not find them by signs, only by address) say themselves that they are poor visible. The positive perspective of departments could be an indication that departments do not critically consider their visibility in accommodation (see also paragraph 5.2.4 on objectives in real estate management).

The appearance of the accommodations is very different. The boards on the facades are different of size and logo. The flags of the facades are different. The colour red of paint of facades is different. The materials used are different. The building shape and size are different. Some illustrative photographs of the different appearances.



Figure 4.1.4: diversity in appearance

Twelve departments have a good state of maintenance of the façade, two medium and two poor. With a good state of maintenance is meant a façade that does not show any sign of decline or deterioration. With a moderate state of maintenance is meant a façade that shows some signs of decline or deterioration. With a poor state of maintenance is meant a façade that shows many signs of decline and deterioration; major maintenance is needed.

The two departments with a moderate state of maintenance are housed in an old school. One of the departments with a poor state of maintenance is selling its accommodation because they think that the costs of renovation will be too high. The landlord of the other accommodation with a poor state of maintenance forces the department to leave the accommodation. The landlord is going to tear down the building and does not want to invest in maintenance of the building anymore.



Figure 4.1.5a: good state of maintenance

Figure 4.1.5b: moderate state of maintenance

Figure 4.1.5c: poor state of maintenance

The interviews and surveys show the same relation between having accommodation owned or rented and being visible (diagram 4.14 and 4.15). Departments that own accommodations make themselves better visible for passers-by than departments that rent accommodation.

When looking at the interview group, departments that rent accommodation do have possibilities to make themselves visible. However, only two departments are visible (moderately visible). One department says that they can not make the accommodation more visible because of vandalism. Two of the departments that rent accommodation say not to care about their visibility. One of the departments that owns accommodation says the same (see also paragraph 5.2.4 on objectives in real estate management).

It can be concluded that departments that own accommodation are better visible than departments that rent accommodation and presumably have more possibilities to make themselves visible. However, departments that rent accommodation do have possibilities to improve their visibility. Two departments that rent accommodation are 'moderately visible' by quite simple interventions.

The photographs of figure 4.1.6 illustrate the way the two departments that rent their accommodation make themselves visible.

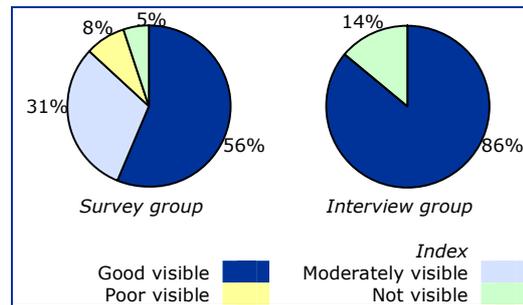


Diagram 4.14: visibility of owned accommodation

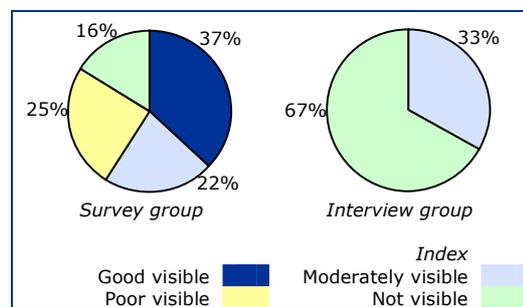


Diagram 4.15: visibility of rented accommodation



Figure 4.1.6: impression of moderately visible accommodations that are rented

Of the six departments of the interview group with a professional employee, two are good visible for passers-by, two are moderately visible for passers-by and two are not visible for passers-by. It can be concluded that having a professional employee has no influence on the visibility of departments.

#### 4.1.4. Location

The physical location of the accommodation of departments within the municipality is divided into i) the centre and the direct surroundings of

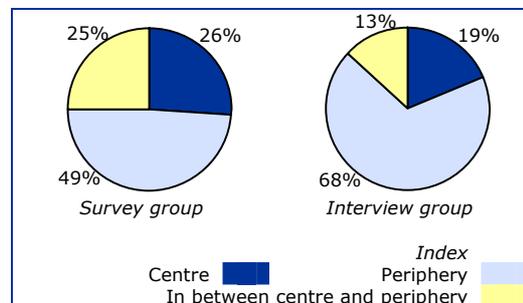


Diagram 4.16: location within the city

the city centre, ii) the periphery of the city and iii) between the periphery and the centre of the city. The information of the interview group is based on observations. Most departments are located in the city centre or direct surrounding of the city centre. At the interview group more departments are located in the city centre or surrounding of the city centre, however, the pattern of the survey group is similar (diagram 4.16).

The physical environment of the accommodation of departments is divided into i) recreational environment, ii) work environment iii) retail environment, iv) residential environment and v) a mix of the environments mentioned. The interview group and survey group both show that the majority of the departments is located in a residential environment (diagram 4.17).

Most departments of the survey group and the interview group say not to experience problems with the safety of the location (diagram 4.18). The departments of the interview group, that do experience problems with the safety of the location, have mainly problems caused by vandalism (by street kids). All departments say that their accommodation is good accessible for volunteers (per bike, care or public transport)(diagram 4.19) and almost all departments say that the accommodation is good accessible for needy people (diagram 4.20).

#### 4.1.5. Risk management

Most departments have no problems with the interior climate nor do they have problems with the safety requirements. Only one department of the interview group says to have problems with the interior climate (diagram 4.21). Two departments of the interview group say to have problems with the safety requirements (diagram 4.22).

One of the departments is going to sell its accommodation. The accommodation is disapproved by the fire brigade and the costs of renovation will be too high for the department to bear. The landlord of the other accommodation is going to tear down the building and does not take care of interior safety requirements anymore.

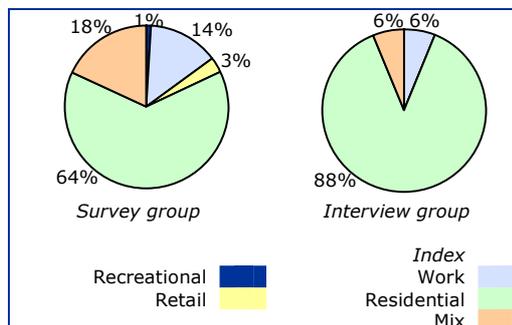


Diagram 4.17: environment of accommodation

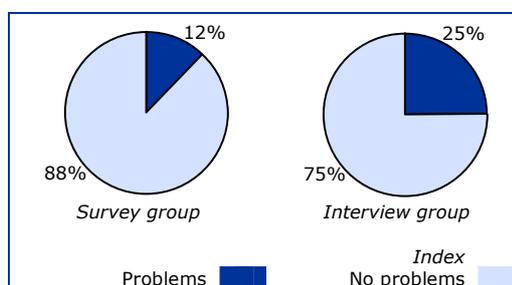


Diagram 4.18: problems with the safety of the location

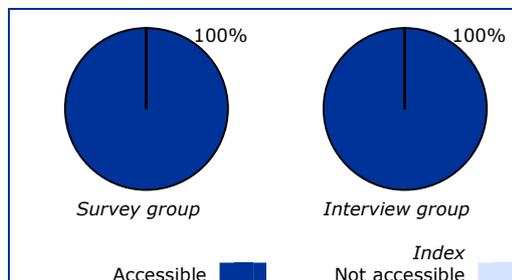


Diagram 4.19: accessibility for volunteers

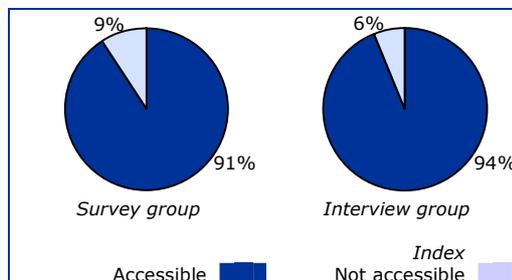


Diagram 4.20: accessibility for needy people

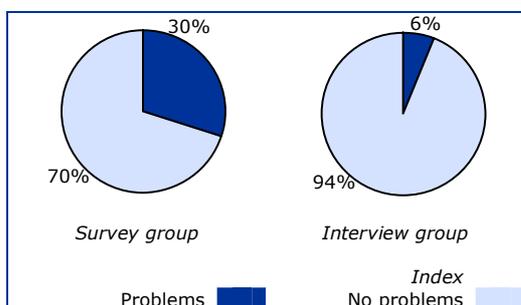


Diagram 4.21: problems with interior climate

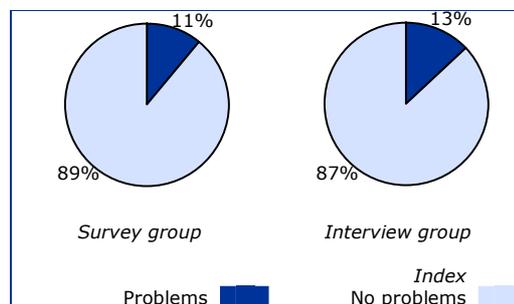


Diagram 4.22: problems with interior safety

## 4.2. Conclusions

On the main lines, the interview group shares characteristics with the survey group; the interview group is representative for the survey group.

### Building character

53% of the departments own accommodation. If this is representative for the whole portfolio it means that The Netherlands Red Cross owns 96 buildings in its local real estate portfolio (182 departments of the 310 departments are expected to own or permanently rent accommodation). Only 18% of the departments that own accommodation have a mortgage. This means that The Netherlands Red Cross has 79 buildings free of mortgage in its local real estate portfolio.

The local real estate portfolio exists of 86 buildings that are permanently rented of which is presumed 49% to be rented for a symbolic value. The interview groups shows that all departments that pay a symbolic value for rent are subsidized in the rent by the municipality. Extracted to the whole portfolio this means that 42 departments are depending on the municipality for part of their rent.

75% of the departments of the interview group rents space to other organizations. Central policy might be desirable on the role of departments as landlord.

Ten departments share accommodation with a religious institution. Given the principle of neutrality and operating free of religions, the desirability of sharing accommodation with a religious institution could be part of central policy.

### Company space

Around 25% of the departments do not receive needy people in the accommodation; they use the accommodation for emergency aid, desk work and/or meetings.

The use of accommodation is quite similar. However, the size of accommodation and the hours the accommodation is used varies a lot what makes central (uniform) policy more difficult to establish.

- Larger departments have larger accommodations and use their accommodation more than smaller departments.
- In general departments that own accommodation have more space and use their accommodation more than departments that rent accommodation. However, of the departments that use the accommodation the fewest hours per week (10 or less hours per week), still 38% departments (20 departments) own accommodation. This illustrates that

efficiency can be gained in the use of accommodation or in the ratio between financial capital of departments in real estate and the use of accommodation. It also illustrates that the portfolio is very different in size and intensity of use which can make central steering more difficult or could make it a tenuous subject.

Almost all departments are content with the amount of space for the activities and say that the space is appropriate for their activities. That all departments are content although the housing situations are very different indicates an uncritical attitude of departments and/or a confirmation of departments that no changes are needed.

As 90% of the departments uses the accommodation less than 40 hours per week, in general the intensity of use is lower than the use of offices by organizations in the private or the public sector. The same conclusion can be drawn when looking at the relation between having a professional employee and the intensity of use of accommodation. Departments with a professional employee have more space and use their accommodation more than departments without professional employee. As the non-profit sector distinguishes itself from the private and public sector by having a meaningful degree of volunteers participating, in general it can be concluded that the non-profit sector uses space less hours per week than the public and private sector.

### **Exterior quality**

The image and visibility of departments is diverse; there is no uniformity in appearance. Each department uses its own colours, signs, boards and flags. The Netherlands Red Cross can still gain a lot in appearance. If uniformity is desired a degree of centralization (for example by guidelines or central purchases of façade-attributes) is useful.

The visibility of departments is poor. Although in the survey only 30% of the departments says to be poor or not visible, the interview shows that departments overestimate their visibility and that almost half of the departments is not visible at all. Therefore, it is estimated that at least half of the accommodations of the local real estate portfolio is not or poorly visible. Owned accommodations are better visible than rented accommodations. However, the observations show that departments that rent accommodation and are not visible do have possibilities to improve their visibility with simple measures (like a board on the façade). Apparently, part of the departments is not aware of its appearance with real estate.

Having a professional employee does not relate to the appearance of departments. It is concluded that the professional employee has no influence on the visibility of departments.

### **Location**

Most departments are located in the city centre or the direct surrounding of the city centre. In general, the centre is presumed to attract more passers-by which gives chances for The Netherlands Red Cross to improve its visibility by its accommodation. Noteworthy is that most departments are located in residential areas. It is presumed that departments are located more in the direct surrounding of the city centre than the actual city centre.

All departments say that the accommodation is good accessible for volunteers and most say that the location is good accessible for needy people. Most departments do not experience problems with the safety of the location either. The observations during the interviews give the same indication. Central guidelines on this matter is not necessary.

### **Risk management**

When departments have problems with risk management they sort these problems by themselves if possible or they move to a new accommodation. As described in paragraph 3.1.2, the umbrella association is juridical responsible for accidents at the accommodations. However, the state of risk management is sufficient which shows that the decentral layer can take care of it by themselves.

## **5. DESCRIPTION & ANALYSIS – Departments of the Red Cross**

This chapter gives the description and the analysis of the three clusters. Paragraph 5.1 describes and analyses the organizational context of departments. Paragraph 5.2 describes and analyses the approach and objectives of departments in real estate management. Paragraph 5.3 describes and analyses the view of departments on their upper layers and the advantages and disadvantages of centralization of real estate management that departments see. The chapter ends with an overall analysis of the three clusters presented in paragraph 5.4. All findings of paragraph 5.1, 5.2 and 5.3 are based on the interviews. In the overall analysis some information of the survey is used. If so, this is indicated.

### **5.1. Organizational context**



The cluster organizational context describes and analyses the organizational variables that are discussed by departments in the interviews.

#### **5.1.1. Volunteers**

In the interviews the amount of volunteers and the characteristics of volunteers is a frequently discussed topic. Some departments talk about renewing or professionalization. This paragraph describes and analyzes the sayings of the departments.

#### **Description**

##### **Amount of volunteers**

Six departments say that the amount of volunteers is reducing. They say that the society is changing. At the current society women more often work than they did before and people have a more active social life. Both cause that people have less spare time to spend on doing voluntary work:

- *"That is my biggest concern, volunteers disappear."* (department De-13)
- *"And it is also very difficult to get new volunteers. We propagate women and others, all to work. And when you have children, you do not have time during the day to do a visit. You are happy when you can do you own housekeeping."* (department De-11)

Two departments say to have a constant volunteer population. The respondents of department De-9 say that volunteers stay loyal to the department and that they feel no competition of other organizations. The respondent of department De-6 says that the population of volunteers is very constant.

Department De-3 says to compete with other organizations on volunteers:

- *"At all topics you will find competitions. It is not so bad but you need to take it permanently into account.(...) It is about volunteers, about clients, about the business, about the place in the society. (...) We do also cooperate but that is mainly at the level of adjustments. It wouldn't be like the case that we would work together providing first aid. We don't want them with us. They don't want us with them."* (department De-3)

##### **Characteristics of volunteers**

Seven departments say that they need young volunteers. They identify a difference in the kind of volunteers they have and the kind of volunteers they need:

- *"A lot of the volunteers who are doing our activities, themselves almost need help! (...) We have a huge obsolescence problem."* (department De-4)
- *"The volunteers are of course a bit younger but sometimes I think 'what kind of age difference is it actually'."* (department De-10)

They explain that the current generation wants to do voluntary work on a project basis, projects with a beginning and an end (departments De-3, De-4, De-13). They say that the

current society is characterized by two-earner households (departments De-11 and De-15); there are less and less people who are doing voluntary work for their whole life. Department De-6 does say to be aware of the need to get younger volunteers but does not seem to worry about it:

- *"We do try to get a few young people with us every year and by coincidence I know that we are getting younger but it does not go that fast. (...) But when you get 2 to 3 young people every year, it is alright."* (department De-6)

Eleven departments talk about the closed character that is natural for volunteers. Seven departments (De-2, De-4, De-5, De-7, De-10, De-14 and De-15) place emphasis on the feeling that the department is their department and that they have the say in what happens at the department. They can sort out their own things and interference is not wanted. The respondent of department De-7 explains that the new president of the department is the old mayor of the town and their secretary also works for the municipality. Some illustrative quotes:

- *"Our club, our Red Cross, and so on."* (department De-4)
- *"They are not used to learn from each other. I think it are all little islands. Like not too much new things and this is own club, etcetera."* (department De-10)
- *"The own club is going well."* (department De-15)

Two departments (De-8 and De-14) say that what they are doing, they are doing well. Other departments could learn from them. Three departments (De-2, De-7 and De-8) place emphasis on the differences between departments. Department De-8 says that every department has its own structure and culture. Department De-2 says that its department can not be compared with other departments, even if only the size of the city is different. Department De-10 says that the difference between places has influence on the kind of work processes. The respondent gives the example of that in certain places of the country people do greet each other and at other places they do not. Department De-4 and De-9 say that volunteers are loyal to their own department. An illustrative quote of department De-4:

- *"You shouldn't think about it that for example a volunteer from us that he is really going to do activities under the flag of X. That is not their life, not their living environment! I presume that there will not change much based on the networks of the juridical unification. The Red Cross is rooted in the local community that is why you see totally different activities at another department."* (department De-4)

Four departments talk about the informal character of doing voluntary work. Departments De-3, De-5 and De-15 say that a characteristic of volunteers is that they do it without engagement. The respondent of department De-5 gives an example about that when volunteers have an appointment at three o'clock they can easily not turn up without having feelings of guild. An illustrative quote of the respondent of department De-15 where he explains how volunteers react when a board member points them on their behaviour:

- *"He does it voluntary: 'don't I spend my time on the Red Cross'."* (department De-15)

The respondent of department De-15 goes on with saying that we should not worry too much about all of it:

- *"It is not a large commercial organization; it is all sort of small work."* (department De-15)

The respondent of department De-4 gives an illustration of the informal or social desirable way his department handles certain matters:

- *"One of the board members has real estate management in his portfolio, also for renting` ` and that kind of things. (...) It is the longest seated board member. He has a board member for so many years that formally seen he can not longer be a board member. However, also because of social arguments, we keep the man with us. He does have some other tasks (...) he is advisor of the board and does attend the meetings as such. As detail it is not so important but it is illustrative for the way we handle these kinds of matters."* (department De-4)

Four departments talk about plans to professionalize the department. Department De-3 and De-13 want to introduce more activities for volunteers on project basis. Department De-5 says that the culture needs to be improved. They want to make some volunteers more engaged in doing voluntary work. Examples of how to do this are not present. Department De-3 does not

have board members anymore who can always meet during normal working hours. Volunteers need to know that board members are not present during the day because they work during the day. They are present during the evenings. The respondent of department De-3 also talks about introducing more structure in work processes:

- *"The nice thing of doing voluntary work is the content. The given structure needs to be simple and then the volunteers think it is alright. At a department it happens more friendly than at a company. That does not mean that it is easier."* (department De-3)

Department De-13 talks about improving the image and appearance of the department so new, but especially young, volunteers are attracted.

The respondent of department De-10 refers to the closed character of volunteers. He talks about a departmental culture of holy causes and islands. He experiences this culture to be so strong that he explicitly says that what he tells me is not meant for the ears of any other person of the department. He contacted somebody of the district in secret to talk about his worries. He would like to renew the board with people who share his feelings.

- *"Maybe I do say some things that not everybody needs to hear. (...) Break-through taboos. (...) Connect islands."* (department De-10)
- *"Extent the board with people of the business world. People who can think and work by a structure."* (department De-10)

## **Analysis**

### **Amount of volunteers**

Six departments have worries about getting new volunteers because of changes in the society. Two departments (De-6 and De-9) say not to worry about new volunteers. They say that their volunteer population is loyal and constant. They do not say to have problems with the characteristics of volunteers either. One department says to experience competition in getting volunteers.

### **Characteristics of volunteers**

Seven departments say that they need young volunteers. Of them, only department De-6 says not to worry about it; attracting youth is going well enough.

The age of volunteers can be related to the amount of volunteers. The average age of the volunteers varies between departments between 55 and 75 years old. The departments that talk about the age of volunteers implicitly say that they have not enough young volunteers. Most needy people need help because of their seniority and as more volunteers are seniors themselves, they more often could use help themselves as well. Older volunteers are also less able to help in emergent situations. Summed there are nine departments (De-1, De-3, De-4, De-10, De-11, De-13, De-14, De-15 and De-16) who indicate having problems with the age of volunteers.

Eleven departments talk about the closed character that is natural for volunteers. Volunteers see the department as their department where they have their say on. This tends to a wish to be autonomous and shows an internal orientation of departments. One department even says that volunteers are not willing to do voluntary work for other departments.

Four departments talk about the informal character of doing voluntary work of which two are trying to change this culture.

Although nine departments worry about their volunteer population, only four departments say to work on a change of culture or change of the population of volunteers; they call it professionalizing. The motives of the professionalizing departments for this always concern the characteristics of the volunteers. Because of a new generation of volunteers, the activities need to be more on project base or volunteers need to have more formal engagement. Discussions around professionalization never directly concern the needy people; for example the way to contact and treat needy people. The focus lies on the volunteers.

There are not many examples present of how the departments want to professionalize and departments do not talk about results achieved with their efforts. The lack of clear examples and that only few departments aim to professionalize gives the impression of a resigned attitude of departments.

Departments De-3 and De-5 want to professionalize to deal with the informal character of volunteers. Department De-3 and De-13 want to professionalize to attract more young volunteers. Department De-10 sees a downward going development of the department caused by a closed and conservative culture of volunteers that knows many taboos that are not allowed to be touched. The respondent hopes to discourage this by professionalizing.

Six departments do not say to have problems with the volunteers; nor with the amount or the characteristics of the volunteers. They all are content with the current situation. Department De-2 does talk about professionalization but in another light. They would like to hire a professional employee to improve the continuity of the department. However, with continuity the respondent points to the transfer of knowledge of board members on board members, not to needy people or volunteers.

### 5.1.2. Network

In the interviews the networks departments have is often discussed. Departments use their network(s) for the supply of goods and services and to gain financial benefits. This paragraph describes and analyzes the sayings of the departments about their network(s).

The type of network is divided into three categories:

1. the local community: the use of the department of the local community;
2. the Red Cross: the use of the professional employees of higher layers of the Red Cross; and
3. the board: the use of the personal network of board members. This network can be found inside or outside the local community and inside or outside the Red Cross.

#### **Description**

Fourteen departments say to use the local community. With the local community they mainly mean the middle class. They use the local community for sponsorships of goods, services or financial resources. Two illustrative quotes of the use of the local community:

- o *"We do when it concerns activities, for example sponsoring of a supermarket. (...) That is often the case. Or companies who say that they could house an activity. That does happen, but not concerning the accommodation."* (department De-1)
- o *"We are now already talking with the Rotary club to see if we can get at some way some publicity and funds next year."* (department De-5)

Different reasons are mentioned why department make use of the local community. Seven departments (De-1, De-3, De-5, De-6, De-7, De-8 and De-12) say to do purchases at the local community because they get discounts. An illustrative quote of department De-3 shows what the respondent tells a local purchaser to get discounts:

- o *"You do it for the Red Cross, it are Euros of the collection where you are doing it with."* (department De-3)

Five departments (De-4, De-12, De-13, De-14 and De-16) say that they do purchases at the local community to create goodwill at them for donating financial resources in return. Four departments (De-11, De-12, De-13 and De-15) give reasons to use the local community that concern convenience: closeness to and familiarity with the provider. Two illustrative quotes:

- o *"When I need bandage material tonight, I just give a call and then I can go there tonight."* (department De-11)
- o *"Mostly it are people of people: 'ow, I do know somebody', and those do it for not too much money."* (department De-12)

Three departments (De-1, De-4 and De-8) say that they got their accommodation because of the local community:

- o *"By different ways of fundraising activities under the community the amount of the loan is quite soon paid off. (...) At many different ways the money came, as well as for the building as for the car at that time."* (department De-4)
- o *"Obtained for one gulden. It is the old canteen of the bus cooperation (...) they build a new building and via via, you know how that goes in such a small town, then we got*

*this building. (...) They just demolished it with own hands and build it again so therefore not a lot of money is used."* (department De-1)

Five departments use the network they have within the Red Cross. The use of this network is for services: mainly legal advice and gaining information. Three departments (De-1, De-3 and De-5) informed the director of The Netherlands Red Cross about their current housing dilemma's (selling and moving, renovating and a legal investigation). They all informed the director on their own initiative.

Two departments (De-2 and De-10) tell to use the network of the Red Cross when they seek for help:

- *"Our mayor is honorary president and old member of the main board of the Red Cross."* (department De-3)
- *"In the last 1 1/2 years I have seen it happen that people that we know of the Red Cross are invited to help."* (department De-2)

Ten departments say or indicate that they use the network of a board member to get things achieved or for getting specialist advice. Board members of departments De-7 and De-15 have strong ties with the municipality. The current president of department De-7 is the old mayor of the village and also the secretary of the department works for the municipality. The respondent of department De-15 says that they arrange things privately. An example is given of a rental contract that needed to be signed by the municipality and where one of the board members talked about it with the aldermen at a reception to get it sorted. Department De-9 says that its current president and before the vice-president and treasurer are member of the local Rotary. They say that they might contact the Rotary when needed.

The respondent of department De-11 always arranges clothes for the emergency help volunteers via the KLM where he has personal ties. Department De-1 is speaking a lot with its former board members about the new accommodation. They do this because the president of their department wanted this. Three illustrative quotes that indicate the use of the personal network of the board members:

- *"The department is one big network club. Own network of managers, friends. In the board we have a mix of knowledge, abilities, capacities and experience."* (department De-3)
- *"It are friends of, friends of the director or the board members."* (department De-5)
- *"When I call somebody and say 'Willem X of the Red Cross' then everybody knows me. Yes and then you just have more people, when you say that."* (department De-6)

The respondent of department De-10 says not to have a big network because its department has not enough of the right type of board members for this.

### **Analysis**

Fourteen departments say to have ties in the local community. The use of the local community is extensive: for goods, services and financial resources. Half of all departments mentions that they get discounts of the local community. Five departments say to create goodwill by local purchases by which they hope to get more sponsorship and more donations in return. Four departments use the local network because it is convenient.

Five departments use their Red Cross network. This network is used by them for services or to inform their upper layer(s) about their concerns (need for new accommodation, plans for renovating or worries concerning taboos in the department).

Two departments (De-2 and De-10) rely on the network of the Red Cross because of the lack of another network. Both respondents of the departments are involved for the maximum of 1 ½ year in the department, while many of the other respondents are already more than 10 years a board member. This could indicate that the longer board members are seated, the more they can rely on the local community.

Two of the three other departments (De-3 and De-5) say to have connections with somebody of the umbrella association. Department De-3 has board members with personal connections in the umbrella association and department De-5 has connections through its director who is a professional employee contracted by the umbrella association. This suggests that departments

use the Red Cross network because of personal ties within the Red Cross organization or because of a lack of another network to rely on.

Ten departments say to use the network of board members what suggests that board members have great influence on the networks departments have. The networks of board members are used for expertise and administrative power but also for goods and sponsorship. The respondent of department De-10 says not to have a large network because the department has not enough of the right type of board members; not the kind of board members that have a network the department can rely on. The respondent refers here to the culture of his department being conservative and internally orientated as described at paragraph 5.1.1.

### 5.1.3. Municipality

This paragraph describes the dependency of departments of the municipality concerning their accommodation. It describes which departments have or had contact with the municipality concerning their accommodation (concerning rent or land, permits excluded).

#### Description

Six departments rent space of the municipality. Two departments (De-2 and De-15) rent space in a collective business centre for likewise organizations. Two departments (De-6 and De-11) rent space in the accommodation of the fire brigade. Two departments (De-7 and De-12) rent space in an old school that is owned by the municipality. Three departments (De-6, De-7 and De-15) are subsidized in the rent they pay. Two departments (De-11 and De-12) do not pay any rent. Department De-12 does pay the costs for water/gas/electricity, department De-11 does not pay any fixed costs.

Department De-11 will need to move in around two years because the fire brigade will leave because of a municipal reorganization. The respondents say to prefer renting from the municipality instead of from a market party because it would protect the continuity of the department:

- *"I think the continuity is better guaranteed when you can rent of the municipality. And also the extra facilities."* (department De-11)

Department De-15 is moved by the municipality from another accommodation to the current accommodation a few years ago. The respondent says that they did not really have a choice. The former accommodation needed major maintenance and the appointed new accommodation by the municipality was the only accommodation they could afford.

Two of the departments (De-11 and De-15) say that the part of the rent that the municipality subsidizes is reducing. Department De-15 says that in its previous rental contract, the subsidies were already included in the rental price named on the contract. In its current rental contract, the rental price is higher but they get subsidized part of it. The height of the subsidies is not mentioned. The respondent says that they are aware of the fact that subsidies might reduce even more. In this case the department will have to look into the rental contract again. Department De-11 says that in two years the rent will be harmonized; they will need to pay a market price. The department is reserving financial resources in case the situation appears. Department De-14 rents its accommodation from a private landlord says that in general subsidies are being reduced. The subsidies she gets from the municipality are already halved in the last few years. Department De-12 assumes that its municipality will maintain subsidizing its accommodation:

- *"Yes that we expect. Yes of course! That we can't pay. No, the municipality won't do that, that would disappoint me a lot. Here we don't think about that either."* (department De-12)

Department De-6 says that she thinks to pay a symbolic price but still finds it quite a lot of money for a non-profit organization. Department De-7 consists of two former departments that both rented accommodation from the municipality. They started to share their accommodation to reduce the costs.

Two departments (De-1 and De-4) own their accommodation and are contacted by the municipality to leave. The municipality of department De-1 set the law of preference rights on the land of the department. As the accommodation was already arrear in maintenance, the department decided to sell the land. The municipality of department De-4 also has other plans with the current land of the department. However, department De-4 decided not to move because it was not necessary and not ethical because the construction of its accommodation is sponsored by the local community and selling is therefore not appropriate:

- *"In all considerations every time we found: 'just staying where we are and keep it in the best state as possible'." (department De-4)*
- *"By different ways of fundraising activities under the community the amount of the loan is quite soon paid off. This played also a bit in the discussion to sell and rent something back. There where voices that said: but yes, this buildings is donated by the local community to the Red Cross' and didn't think it was ethical. We as board found it unjustifiable to sell it and use it for other purposes. Without considering that it was not necessary, that was a second reason. But it has been a discussion!" (department De-4)*

### **Analysis**

Of the six departments that rent from the municipality, five of them are subsidized by the municipality in the rent. Four of them (De-6, De-7, De-12 and De-15) expect not to be able to pay more. Three departments (De-11, De-14 and De-15) say that the subsidies are being reduced. However, only one of these departments reserves financial resources in case they need to pay a higher rent. The other departments wait and see what will happen which illustrates a resigned attitude. This resigned attitude could cause suboptimal housing situations for example when departments are forced to move because of subsidies being reduced more.

#### **5.1.4. Financial resources**

This paragraph describes the view of departments on financial resources. Two subjects are discussed: the aim to reduce expenses of or because of the accommodation and the aim to increase the incomes with or for the accommodation.

### **Description**

Eight departments (De-6, De-5, De-9, De-10, De-12, De-14 and De-16) say to try to reduce costs of their facilities or of maintenance. Two quotes that illustrate how departments are being spare with their financial resources:

- *"It all has something outdated. You say, maybe it could be a bit more modern, then you come back to money. Look, that wall could be made nicely white some time, or grey. Plastering we will not start with, that is way to expensive." (department De-16)*
- *"No, we are very spare. I do think that you should keep a good eye on it." (department De-12)*

Department De-8 says that by good maintenance of the accommodation in the end the costs are reduced:

- *"When you maintain your business well, you don't have big expenditures after years, but it turns out better then." (department De-8)*

Department De-5 presumes that departments will not ask help of the umbrella association because of the costs the umbrella association charges them:

- *"When you have a question and ask it, then the cash desk starts running and you get a bill. There are a lot of departments that will say: 'no bill for every hour, I will find it out myself'." (department De-5)*

Nine departments say to try to increase their incomes for or with their accommodation. Eight departments (De-1, De-3, De-4, De-9, De-13, De-14, De-15 and De-16) do this by renting space to others. Department De-1 says:

- *"Everybody who wanted to rent it, could rent it." (department De-1)*

The department is going to move to another accommodation because its tenant is leaving and therefore the accommodation is not longer exploitable. Department De-3 rebuilds its

accommodation according to the wishes of the renting party to prevent them of leaving to another location. Department De-14 answers on a question on experiencing competition of the external context, that they do experience competitors in its role as landlord. They have competitors in renting space to organizations.

Department De-10 that is currently looking for new accommodation says that they are trying to increase its incomes by fundraising (for its accommodation):

- *"We place accommodation on our list of aims for fundraising."* (department De-10)

Department De-14 says that financial resources are needed to pay the professional employee and to pay the rent. The respondents give the impression that they first look at how to increase the income by renting more space or to be sparer in expenses before they will look critically at the costs of accommodation. The department has created a very flexible interior for renting space to others.

- *"Financial resources are guiding to pay the professional employee and the rent. (...) Always looking at how to be sparer or how to generate income."* (department De-14)

The respondent of department De-16 leaves an open question:

- *"What is more important, a bit more income or a bit less costs?"* (department De-16)

The respondent of department De-4 says in the discussion on the costs of accommodation that it is not necessary for the department to release money from the value of its accommodation:

- *"Not high, also seen from our own situation. It is almost a start condition. When you can't do your activities because you need too much money for the pile of stones, then you are being stupid. But we don't have that problem here and I don't sit here to think for the umbrella association but just at departmental level and from our own situation. And for us those costs do not play a role. But if I did had to rent for a lot of money then I would have had a different opinion."* (department De-4)

### **Analysis**

Thirteen departments aim to reduce expenses of or because of the accommodation and/or to increase the incomes with or for the accommodation. When departments look at their financial resources they do not consider the actual need for accommodation.

Half of the departments aim to reduce expenses of or because of the accommodation. Nine departments aim to increase the incomes with or for the accommodation. Half of the departments does this by renting space to others. Their need to rent space to others to make the accommodation exploitable and the aims to reduce expenses give the impression that accommodation is a significant item on the balance sheet of departments. One department (De-10) says to fundraise for its accommodation.

Of the departments not mentioned (De-2, De-7 and De-11), departments De-7 and De-11 do pay no or only a symbolic value for their accommodation. All three departments do not rent space to others, although their possibilities to rent space seem to be similar to some of the other departments.

Three departments (De-1, De-3 and De-5) are considering new accommodation or renovating because of the costs. Departments De-1 and De-3 do this because their current accommodation is not according to the wishes of their tenant. Department De-5 looks for new accommodation because the accommodation is too small and the rent too high for the amount of square meters.

Two departments (De-6 and De-12) that do rent space to others do not do this with the aim to increase their income. Both departments rent space because they want to do something for likewise institutions:

- *"No, not really. Well, that is how it works; it all crosses over in each other. It does need to be a bit related to the Red Cross."* (department De-12)

It is striking that department De-12 earns quite some money with renting space (1200 Euros per year):

- *"A few times for blood transfusions, they rent it and pay around 1200 per year for it."* (department De-12)

Above gives the impression that the department is rich enough for its activities and do not need the money gained by renting out space. Department De-4 gives the same impression by not considering to release money by selling its accommodation, when the municipality offered to buy it. Last year, the department did also spend 30.000 Euros of its financial reserves on the maintenance of its accommodation to prevent the umbrella association skimming of its financial reserves.

#### 5.1.5. Preferences of board members

In the interviews the respondents of almost all departments directly or indirectly mentioned the role of board members within the department.

##### **Description**

Thirteen departments say that board members play an important role in the department. Five board members that are interviewed (De-4, De-10, De-11, De-12, De-13) argue that because they are a board member certain issues do get attention. The discussion around the appearance of departments with their accommodation shows how personal preferences of board members play a role:

- *"If I wasn't so nuts to worry about it, then by saying we would have painted the façade green instead of red. (...) but that is caused because I did it and I care about it."* (department De-4)
- *"I think that the visibility is not really good at this moment but that is also a bit because of my roots. (...) I think that when we move we should be really visible."* (department De-10)
- *"That I don't find really important to be honest. That is also a bit caused by my profession. We dentists are not allowed to advertise."* (department De-12)

The respondents of departments De-4 and De-10 indicate that reservations are made because they are a board member:

- *"When I took place as board member 5 to 6 years ago, it seemed that they did not reserve money in the balance sheet for big maintenance."* (department De-4)
- *"'No', I said, 'we need to note this, this should be named specifically on the balance sheet'. I would like colleagues in the board who notice these kinds of things as well."* (department De-10)

The respondent of departments De-6 and De-13 says that everybody knows him in the village and therefore he can achieve a lot. The respondent of department De-13 says to be afraid that when he leaves the department, the department will not function as well as it currently does.

Departments (De-1, De-3, De-2, De-7, De-13, De-15 and De-16) indicate that board members are important. However, they do not say that it is because they are board member that certain issues do or do not get attention. Two illustrative quotes:

- *"Fortunately the board does not change often. Because of this we have continuity."* (department De-15)
- *"Because people leave you see that what is composed in the past, you don't see much of it back. And definitely the contacts of people. Constantly you need to find out again who sits where."* (department De-2)

Two departments (De-5 and De-14) indicate that the preference of board members is not important. The respondents of departments De-14 and De-5 say that the professional employee(s) signal what the problems are and what needs to be discussed by the board members. The respondents say that their professional employee(s) also indicate to the board members what they think that the board should decide. The respondent of department De-5, who is a professional employee, says:

- *"We make the agenda for the board; we decide what comes in it."* (department De-5)

Department De-8 did not give a clear view of the role of its board members.

## **Analysis**

Thirteen departments say that board members play an important role, of which five of the interviewed respondents (being board members) give examples of their personal influence. Their personal influence concerns the objective of appearance, the control of financial resources, and getting local sponsorships by their personal network. Of these five departments, the respondents of the departments De-6, De-12 and De-13 are already for many years active for the department. The respondent of department De-12 for 37 years, the respondent of department De-13 for around 30 years and the respondent of department De-6 mentioned to be active for many years. The amount of years board members are seated in the board combined with the influence board members have, adds weight to their role in departments.

A reason given for the role of board members is that departments have only a small group of volunteers involved in the decisions-making process. Departments have a group of active volunteers. However, these volunteers are often coordinators and most of them can be seen as (unofficial) board members. An illustrative quote:

- *"Well, before we did call over a few times the old board members. And then we once had a general assembly after this, but yes, then only ten members came."* (department De-1)

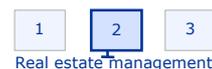
Department De-2 suggests that when board members change, their network and knowledge disappears with them. The influence board members have on the objectives and the control of financial resources might causes changes in objectives and financial control when new board members take place.

Two departments say that the preference of board members is not that important. Both departments have professional employees who seem to take care of part of the functions where at other departments board members would take care of. Department De-5 has a board on distance that functions as a supervisor board. At this department, professional employees take care of the operational affairs of the department. The respondent says that they have chosen for this structure because of former mismanagement by a board that could be characterized as a board consisting of hobbyists:

- *"I think that the people of that time did not have more intelligence. As you see the average board of the Red Cross, those are hobbyist, except here. (...) That doesn't count for our board, we deliberately have chosen for this. (...) The director has the daily management, not the board."* (department De-5)

The reason why department De-14 does not place emphasis on the role of board members is unknown.

## **5.2. Real estate management**



The cluster real estate management describes and analyses the approach and objectives in real estate management of departments.

### **5.2.1. Real estate management tasks**

This paragraph describes the tasks of departments in real estate management.

#### **Description**

All departments are concerned with facility management. Facilities mentioned are: chairs, tables, closets, carpet, lamellas, lights, keys, kitchen, toilet, heaters, AIRCO and beamers. An illustrative quote:

- *"New carpet, painting, lamellas, closets, just the necessary things. We got new tables and chairs two years ago and the lamellas changed. I think we could be quite satisfied."* (department De-12)

Twelve departments are concerned with maintenance tasks. Two quotes, which illustrate the view of departments on maintenance tasks, are:

- *"Practical and what doesn't take much time is most important."* (department De-7)
- *"Just the daily things like the door clamps."* (department De-12)

Four departments say not to be concerned with maintenance. All four departments share their housing with other institutions. The landlord or the other organization within their building takes care of maintenance.

Department De-3 is going to rebuild its accommodation. They do so because the current building is not according to the requirements of the main tenant (the Blood bank). Above this, the department thinks the buildings is not handy in use what makes that some rooms are not used for the function they are designed for. The department is going to rebuild its accommodation according to the wishes of the tenant.

Three departments are currently trying to find a new accommodation. Department De-1 is going to sell its current accommodation and permanently rent accommodation in place of it. Department De-10 is forced by the landlord to leave its current accommodation. The department tries to make a good thing out of it and is looking for a new accommodation to rent. Department De-5 says that the rent of the current accommodation is too high according for what they get back for it (amount of square meters, functionality and visibility). The department is currently looking into possibilities to open the renting contract and to find a new accommodation to rent.

### Analysis

Real estate management is not an important task for most of the departments. The main tasks within the real estate management concerns maintenance and taking care of facilities. By facility and maintenance management departments preserve the current situation and focus on their operational daily affairs (organizing or doing activities). The reasons for this are the contentment with the current situation or the lack of volunteers/board members to take on tasks others than the core task. An illustrative quote:

- *"We have constantly new board members. In reality most times you do not, yes from correspondence and old notes you can find some history, but life goes on and you are way more concerned with the operational daily affairs."* (department De-4)

The situation of the four departments (De-1, De-3, De-5 and De-10) who do currently focus on more than facility and maintenance management are analysed below.

The department De-3 is renovating its accommodation because of external pressure: its main tenant is leaving when the department does not improve the building according to its requirements. After the renovation the accommodation will be better suitable for the work processes of the users. However, the extent of the renovation is caused by the requirements of the tenant. The respondent explained that historically the Blood bank is a unity with the Red Cross and the presence of the Blood bank makes people more aware of the presence of the Red Cross. Another reason is that the value of the real estate will increase. The respondent says:

- *"We are going to invest quite a lot of money in the building; the value of the building will increase enormously. We are aiming to get from a business-economic perspective a positive number under the line."* (department De-3)

The department bares the risk of the investment. To earn the investment back they need a 10 year contract with the tenant, the Blood bank Sanquin. However, it strikes out that its tenant is a well institutionalized organization that presumably has more stable and continues incomes than the Red Cross. It is noteworthy that the department has the role of landlord and bares the risks instead of the other way around. From the observations made, the renovation does not seem necessary for the activities of the department. The current building is 500 m<sup>2</sup> and is used 10 hours per week by the department. The objective of the department with renovation seems to increase the value of its real estate.

Because of pressure from their landlord the departments De-1 and De-10 are searching for a new accommodation because; their landlord forces them to leave. Their program of requirements exists of the same amount of square meters that are currently used by the activities their accommodation houses. Both do not consider if permanently renting accommodation is a necessity to go on with their activities. They do not think about the possibility to rent a place for half a day(s) when their activity(ies) take place, for example in a community or homecare centre. A quote of the respondent of department De-1 illustrates the aims of the department with accommodation:

- *"We have a kind of welfare group (.. ) so with another location we need stock room for them and enough space. There are around 20 ladies who are doing that, just to sit down."* (department De-1)

With welfare is meant making little things (knitting, making postcards) to sell for the good cause. The income generated is minimal. Welfare is the only task of this department. The amount of volunteers involved and the space needed does not seem to require that renting a permanent housing is needed. The income generated by the welfare presumably covers only a very small part of the costs of accommodation (thinking of rent, gas/water/electricity, facilities and maintenance).

The rental contract of department De-10 seemed suboptimal and the landlord told the department that they had to leave the building. The respondent of department De-10 said:

- *"This contract is signed in 2004, but then we were already housed here for four years. You should imagine, we had two floors (...) until the landlord suddenly said: no, that is not possible anymore. In 2004 we just got one floor and two years ago they just cut it again. Then I arrived as president and said: 'what happened with the rent?' And then they said: 'well, it stayed the same'. Then I went and talked with the head of facilities of the landlord and said: 'this is not possible!' Then they halved the rent. (...) In 2008 the landlord told us that we had to leave on the short term. That was at the end of 2008. I arrived at the beginning in 2009, I was not yet officially president but of course I did hear about it at home. I said: 'there is a contract until 2016'. They said: 'Yes, but, everybody said..... Do we have a leg to stand on?' I said: 'of course we do!', then I contacted the legal department in The Hague and said: 'but boys, contract is contract'."* (department De-10)

The quote describes why the department is currently looking for a new accommodation. However, it also illustrates the influence that a board member can have. The quote gives the impression that without the respondent, the department had paid too much for its current rent and left the current location without getting a financial compensation.

Department De-5 thinks about moving out because the rent is too high. This department is currently looking into documentation on the decisions-making process by former board members. This documentation is about the sell of its previous accommodation and signing the current rental contract. The previous accommodation is sold for half it was priced for. The renting contract, signed by them, consists of a term of giving notice of ending the contract by the renting party of more than three years and a renting price of 60.000 per year. The size of the accommodation is 375 m<sup>2</sup> and the accommodation is located on a B location.

In the view of the current board members this decision seems illogical and unbeneficial for the department. Its renting price is caused by presumed mismanagement of former board members. From the documentation that the department has on the decision-making process preceding the decision to sell the accommodation and sign a renting contract, suspicions of dishonest member(s) of board arise.

Respondents in different interviews were talking about a loss of information when board members change and how new members are focussed on daily affairs (facilities and maintenance). Only when there is external pressure, the focus shifts. Departments keep the current accommodation for granted and do not have ambitions for major improvements of their housing situation.

Mismanagement (or abuse) concerning real estate is not expected to be seen by departments because of the lack of focus on this subject. The question is why department De-5 does look into previous real estate decisions. The department differs from all other departments interviewed. First, its current board can be characterised as 'board of supervision' with

volunteers in the board who are only willing to do management kind of volunteer work and not actually social help or emergency aid. Second, this department has a paid director who is concerned with daily affairs.

### 5.2.2. Long versus short term focus

This paragraph describes if departments have a long and/or short term focus in real estate management.

#### **Description**

All departments have a short term focus. Six departments have a long term focus in real estate management. Different reasons are given for their long term focus in real estate management. Department De-1 is looking for a new accommodation and aims to rent space for at least 5 years:

- *"Until now we always said, we want to rent for a minimum of five years."* (department De-1)

Department De-10 is currently looking for a new accommodation for at least 5 to 10 years. Department De-3 is renovating its accommodation and wishes to have a positive balance on the long term. The department hopes to earn the main part of the investment back in 10 years. To make sure the building was in good state before the merger department De-4 renovated its building for 30.000 euro last year. Department De-5 is thinking about sharing accommodation in the future with comparable institutions to share the costs.

Department De-16 says to make reservations for its accommodation based on the depreciation time of the building parts. The other departments with a long term focus in real estate do make reservations but do not take depreciation times of building parts into account.

Below some illustrative quotes from departments that have a short term focus in real estate:

- *"When it is good weather again I will walk around the building to see what needs to be done. (...) Long term? Well, when I need to paint I will do this when the weather is nice."* (department De-8)
- *"They were not busy with subletting, but it was asked and because of that we jumped in to it."* (department De-15)

Two illustrative quotes of departments on their reasons not to make reservations on real estate:

- *"No, everything comes from cash in hand. We have quite a rich department so until now that has been possible. (...) As long as it costs us not a lot of money, we do not talk about it."* (department De-12)
- *"When a legacy comes in, we look at that moment how we can spend it."* (department De-14)

#### **Analysis**

The reason departments De-1, De-3, De-5 and De-10 have a long term focus is because their focus is currently on renovating or looking for new accommodation caused by external pressure. The only department that has a long term focus (in making reservations) without external pressure is department De-16.

Department De-4 focussed on the long term because of the merger: to prevent the umbrella association skimming of its financial reserves the department invested in its accommodation. Also departments De-12 and De-15 made some extra purchases because of the merger. However, it concerns small expenses that are put forward a few months and no real long term considerations are taken into account.

Two departments indicate that it is because they are a board member, that reservations are made. Before they took place in the board, the department did not make reservations (also described in paragraph 5.1.5).

Departments with a short term focus do not feel a need of thinking ahead. Their needs are not high and they are content with the current situation. Ambitions to improve the housing situations are absent. The lack of long term plans on their accommodation again can be explained (like the focus on facilities and maintenance) because board members have other tasks they prefer focussing on. External pressure on departments, for example from the umbrella association and the CBF, concerning efficient use of financial resources, is absent. Financial pressure to make long term reservations or plans is absent as well: departments say to have enough financial resources to cover their housing costs.

A lack of long term can only partly be explained by the term board members seated in the board. All departments that do not have a long term focus have board members that are already more than five years seated in the board. The respondents spoken of departments that do have a long term focus are all seated for less than five years in the board. This suggests that departments with board members changing at least every five years have more incentives for long term plans. It suggests that departments with board members that hardly change are more in an inert state.

### 5.2.3. Managing and execution

This paragraph describes who is concerned with real estate management. It goes into outsourcing maintenance, volunteers taking care of maintenance and accommodation managers.

#### **Description**

##### **Outsourcing vs. volunteers**

In the interviews some departments clearly state that maintenance is done by volunteers. Other departments outsource their maintenance. The difference between departments can be made clear by who paints the accommodation. For this is chosen because for painting time needs to be reserved (more than for changing a lamp bulb) and expertise is not necessary (normal volunteers can do it).

Five departments let volunteers take care of the maintenance. An illustrative quote for the five departments that let volunteers paint:

- *"We got the accommodation bare and renewed the interior totally ourselves. Also the colours etcetera."* (department De-6)

A quote about the cleaning of the building that illustrates the view towards what volunteers should or could do:

- *"Volunteers get everything, so they can do something against."* (department De-7)

Eight departments outsource maintenance. Three departments indicated why they outsource maintenance. Department De-4 says that when volunteers take care of the interior, personal taste plays a role. The respondent shows old-fashioned or kitsch details like a mirror and a coat and had stand. For the respondent, outsourcing is a way to prevent these situations. Departments De-3 and De-16 give as reason for outsourcing maintenance the characteristics of volunteers:

- *"We said, 'when we do it with volunteers, very nice, but you also have an obligation towards our tenants'. (...) And then you could let volunteers do it, but these volunteers occasionally can say 'no', because that is why he is volunteer. Only you don't want to hear 'no'. Therefore, at some processes we just bring to the market, we buy it in professional. Again, it is about price quality ratio, on the long term that is rewarding."* (department De-3)
- *"In general we let professional companies do this. (...) Our volunteers we use mainly for the work of the Red Cross. You should be happy that they are willing to do that for you. (...) And besides, it is the case that volunteers do not always have the right qualifications."* (department De-16)

Departments De-4 and De-16 say that the amount of volunteers is a reason for them to outsource maintenance:

- *"An example of what is done by volunteers is gardening. (...) At first, we did manage to do some small maintenance tasks with volunteers. The current opinion of the board is 'we need these people so much, when there are volunteers that really want to do it they are welcome but we do not ask our volunteers for the larger tasks. We just outsource them to commercial companies.'" (department De-4)*

#### Accommodation managers

An accommodation manager is a person that has the explicit task of taking care of the accommodation. The size and type of his/her tasks can differ a lot. Four departments have an accommodation manager. Two departments (De-1 and De-3) have a paid accommodation manager. Department De-8 has two voluntary accommodation managers. Both applied on a vacancy specifically placed for facility and maintenance management. Department De-5 has a few volunteers who have an explicit task on small maintenance. The respondent calls: painting if necessary, repairing locks, changing light bulbs and mopping the floor when there is a leakage.

In the board of the departments there is someone who has the accommodation in his or her portfolio. However their focus is on daily matters (activities of volunteers). A quote that illustrates the way departments look at real estate:

- *"One of the board members has real estate management in his portfolio, also for renting and that kind of things. (...) It is the longest seated board member. He has made so many years as a board member that formally seen he can not longer be a board member. However, also because of social arguments, we keep the man with us. He does have some other tasks (...) he is advisor of the board and does attend the meetings as such. As detail it is not so important but it is illustrative for the way we handle these kinds of matters." (department De-4)*

The quote illustrates that the accommodation is not the main concern of the department.

#### Analysis

Eight departments outsource their maintenance. The two reasons why maintenance is outsourced are: the characteristics of the volunteer and the amount of volunteers. With the characteristics of volunteers is meant that volunteers place their personal stamp on the maintenance or occasionally that they do not have the right qualifications.

Five departments do not outsource maintenance. The respondents who let volunteers maintain their building do this because the volunteers do not mind doing it.

Three departments are not concerned with maintenance because their landlord takes care of it.

Twelve departments do not have an accommodation manager. Of the four departments that do have an accommodation manager, two departments (De-1 and De-3) have a paid accommodation manager and two departments (De-5 and De-8) have voluntary managers. The reason why a department does or does not have an accommodation manager is not known.

The tasks of the accommodation manager differ a lot. The managers of department De-5 only take on small tasks as changing a light bulb. Striking is that department De-1 does have a paid accommodation manager but the accommodation is disapproved by the fire brigade. This suggests that having an accommodation manager is not related to the state of maintenance of the accommodation.

Department De-1, De-3 and De-5 are three of the four departments that focus on more than just facility and maintenance management. However, at these departments the accommodation managers are not the one who take the lead in the search for new accommodation and the renovation. These tasks are done by board members.

There is no explanation found why certain departments outsource certain tasks and others not or why certain departments have an accommodation manager and others have not. Having an accommodation manager and outsourcing maintenance tasks is not related to each other. The absence of explanations suggest that it is based on personal influence or history that departments do or do not outsource maintenance and have or have not an accommodation manager and departments. However, prove is absent.

#### 5.2.4. Objectives with real estate

Based on the answers of the interviews the objectives in real estate management are grouped into:

1. appearance (exterior and interior, visibility and image)
2. facilitating the management (of board members or professional employees) and the activities (of volunteers, needy people or tenants); and
3. flexibility of use.

The objective to reduce the costs of the accommodation was never explicitly mentioned as important. However, the role of financial resources in real estate management is important and is discussed in paragraph 5.1.4.

Below first a wide description is given of the three groups of objectives. After this they are analysed.

##### **Description**

###### **Appearance (visibility & image)**

With appearance is meant the visibility and image of the exterior of the building to passers-by and the image of the interior of the building for all kind of visitors (int. al. volunteers, tenants and needy people).

Eight departments say that appearance is important for them. Departments De-3, De-4, De-5, De-10 and De-8 talk about the kind of appearance being more 'Red Cross - like'. Departments De-3, De-10, De-8 and De-4 mean with this the cross of the logo and the colour Red. Department De-5 talks about sending out the impression of quality and wanting to be located in a representative neighbourhood. Some illustrative quotes:

- o *"I think that when we move we should be really visible. (...) Anyway by firmly showing our logo's. And very clear, not ordinary, just on a decent way, but just hop: 'here we are, the Red Cross' And also the interior (...) There are so many stuff of the Red Cross, that you see 'I am part of a clubby'."* (department De-10)
- o *"It is for a reason that we painted it red and white. We clearly gave it a Red Cross identity (...) and when you are renting somewhere you loose a part of your identity. Everybody in the village knows where the Red Cross building is."* (department De-4)
- o *"Quality, that hangs a bit on the name of the Red Cross."* (department De-5)

The Red Cross (the umbrella association) has seven main principles as are mentioned in paragraph 1.1.2 in box 1.1. Departments De-4 and De-10 refer to the principle of 'neutrality'. The respondent of department De-4 explains that one of the requirements for an accommodation is neutrally:

- o *"One of the conditions is that we do not want to be housed in a building with a clear signature. Not of a political party, not of a religious party, or whatever."* (department De-4)

Department De-10 that is currently looking for a space has an option to rent space in a church that is not used for religious purposes anymore. The respondent says not to care of religious signatures of buildings:

- o *"That does not play role, absolutely not."* (department De-10)

One of the things the department De-15 requires of an accommodation is having the possibility to make clear on the façade for people who pass by that the Red Cross is housed there. The department explicitly asked for this condition when the municipality moved them into a collective business centre a couple of years ago. The department currently has its logo hanging beside the front door. The respondent says that more exterior pretence is not needed. The respondent of department De-7 says that the current accommodation is not visible but that they are working on placing a shield in front of the building. This shield was also placed in front of its previous accommodation. Department De-13 placed a lighted logo at the façade to

be more visible. Passers-by can see the building of the Red Cross from a long distance because there is an open space in front of the building.

Eight departments say the appearance of the building is not important for them. Departments De-1, which is currently looking for new accommodation, says that it is not a requirement of a new building that they can make clear that they are located there with for example a board with a logo. The respondents of departments De-14 and De-6 say that their department strikes out with their activities not with their accommodation.

The respondents of department De-9 say that the appearance of its accommodation is very poor. The building is located on the back of an office building and there are no elements that passers-by can see that indicate that the Red Cross is located there. The respondents say about more striking out:

- *"That gives only problems and would be ugly."* (department De-9)

An illustrative quote of department De-12 that indicate that it is not in its culture to strike out:

- *"No, why would we do that. We never talked about it either. (...) Look, in the east we don't like to strike out."* (department De-12)

The respondent of department De-16 admitted that the department is thinking about the use of the building but not about the appearance:

- *"Apparently we are thinking about what this means for us, the building, the use of the space. And we are not thinking about what you suggested, like looking at the exterior, are we recognizable and whatever more. That is a topic that is not yet on our agenda."* (department De-16)

#### Facilitating management & activities

Below a description is given of the objectives of the departments in facilitating the management and facilitating the activities. First a short introduction on the kind of activities is given to give an impression about what we are dealing with if we talk about facilitating activities.

The aim of the Red Cross organization is 'to prevent and to soften human suffering anywhere, to project lives and health and ensure the respect for human being' (paragraph 1.1.1, box 1.1). Departments are mandated to organize activities for those who need help. The function departments give to their accommodation can be organizing activities (facilitating management tasks) and facilitating activities. Activities can be training volunteers for giving emergency aid for when emergency help is needed or social help of needy people. Social help is can differ a lot but most common are welfare activities where volunteers (and sometimes needy people) make amongst others cards and knit. With the welfare activities, needy people are prevented from possible loneliness. Also a bit of money is earned for the good cause by selling the tinkering.

With the management are meant those people that are concerned with the management of the department, the organization of activities or the coordination of activities. There are two groups of people with a specific management function in the department:

1. board members; and
2. professional employees.

Facilitating the activities can be focussed on different users. Three groups of users are made:

1. volunteers;
2. needy people; and
3. tenants.

Three departments (De-2, De-4 and De-9) say that facilitating the management activities of the board members in the accommodation is important. Department De-4 says that facilitating the board is as important as facilitating volunteers. The reason the respondent gives for this is because the board members do the work also voluntary.

- *"Good accommodation where we can do well enough and were we could keep our activities and our meetings"* (department De-2).

Six departments (De-8, De-5, De-3, De-12, De-15 and De-16) say explicit that facilitating the activities of board members is totally not important. The board members of department De-8 and De-5 do not work at the accommodation, they work from home. The respondents from departments De-3, De-12, De-15 and De-16 say that the board members can organize their own facilities. Some illustrative quotes:

- *"A board member will organise it for himself. And if things do not go well we say: 'come on, we will go and sit at somebody's home'. As owner and landlord we say: 'the employees need to have a good workplace and we are willing to turn in on that'."* (department De-3)
- *"We are just the board. We come together 3 to 4 times. I do not need an expensive chair."* (department De-12)
- *"Facilitating the activities of the board members, no, I do not think that is important. We are here ones every few weeks but if it is occupied and we have our monthly meeting, we will do that at somebody's home. For the board members I do not find this important."* (department De-15)

Six departments (De-3, De-5, De-9, De-14, De-15 and De-16) say that facilitating the management activities of professional employees is important. Department De-3, De-5, De-9, De-14 and De-15 say that they are responsible for a good workplace of their employees:

- *"Facilitating the activities of professional employees. Yes, that is obviously. When we have a professional employee, she should be able to do her work in a nice way."* (department De-15)

Department De-14 says that the aim is to generate income or be economical to be able to pay the salary of the professional employee:

- *"Financial resources are guiding to pay the professional employee and the rent."* (department De-14)

Department De-16 says that professional employees need to be facilitated because if they would leave, the department would loose part of its income. The respondent explains that the professional employee generates a part of the income of the department.

All departments except department De-2 say that facilitating volunteers is very important. Two quotes that illustrate that the departments want to facilitate volunteers to make them content:

- *"When the facilities are good, the volunteers are content."* (department De-15)
- *"It is a club of volunteers. This means that first, the goods, that the volunteers are content."* (department De-8)

The respondent of department De-10 place emphasis on the functionality of the accommodation for the activities of the volunteers:

- *"You should just have a functional building where you can do your things."* (department De-10)

Department De-9 has held a survey under its volunteers to ask if they feel appreciated and if they feel enough guided. The outcome did not show anything special so the department decided to go on the same way.

Two departments (De-10 and De-16) indicate that their clients (the people who need help) are most important. The respondent of department De-10 said:

- *"Volunteers get their energy and pleasure from helping people."* (department De-10)

One department (De-3) says that facilitating the tenants is very important for them.

### Flexibility

Nine departments say that they find flexibility of their accommodation important. Two departments (De-3 and De-5) refer with the term flexibility to future use of the building: the possibility to use the spaces different in the future when the conditions change (department De-3) and possibilities to leave the building when space is rented (department De-5.). The other seven departments (De-4, De-8, De-9, De-13, De-14, De-15 and De-16) think about the flexibility in the current use of the building. Department De-8, De-15, De-14 and De-13 have a flexible set-up to make their spaces suitable to rent it to others:

- *"Getting flexibility that you can also invite others to come here."* (department De-8)

Department De-4 and De-9 talk about the flexibility in terms of their own use. Department De-9 rejected an appeal of a physiotherapy practice to rent space because it would reduce the flexibility for its own use. The department would not be anymore "boss in its own house." (department De-9). Department De-4 gave a likewise explanation why you should not rent out. An explanation of department De-16 why they find flexibility important is missing.

## Analysis

### Appearance (visibility & image)

Eight departments say that appearance is important for them. Five departments talk about having a Red Cross kind of appearance. One department refers to the principle of neutrality of the Red Cross and says that they do not want to be housed in accommodation with a clear signature. Departments De-7 and De-10 are not visible but are currently thinking about how to improve it.

The respondents give the impression that they find appearance important for needy people and volunteers. Noteworthy is that none of the departments talks about competitors or cooperating partners when they talk about their appearance.

The respondents of departments De-4, De-10 and De-12 say that it is because of their personal influence that they do or do not care about the appearance.

Being visible has to do as well with the location: the amount of passers-by and the type of passers-by. However, this objective is not taken into account due to the fact that moving with the aim to have a better location is not the case for the departments. Departments that are moving merely take the location into account because of visibility or image. When the subject location was introduced in the interviews the respondents said something in the sense of that they can not think of a reason to leave. One respondent (department De-16) says that the costs of accommodation are more important than being on a visible and attractive location:

- *"It is no visible location, what you could have observed. But we are content. (...) I never heard that we want to be housed on a more visible location. The more visible locations are of course also the more expensive locations. (...) When you take a look of the costs of the accommodation I think that this would be conflicting with the thought to be on an accessible and appealing location for everybody. (...) Those ambitions we don't have, to say we need to go to another location because we need to be more visible."* (department De-16)

Department De-5 does talk about wanting to be housed in a representative neighbourhood but the explanation the respondent gives for this is that at the current location they have problems with vandalism. In the next accommodation they want to prevent this same kind of situations.

Half of the departments do not find the appearance of the accommodation important. They say that it is with their activities that need to catch the attention or that they can find better purposes for their money.

### Facilitating management and/or activities

Thirteen departments do not say that facilitating the management tasks of the board members is important or explicitly say that it is not important. What strikes out is that three departments do find it important as this does not directly concern the mission of the Red Cross. An explanation on the perspective of department De-2 can be found in the use of the building.

The respondent said when the topic 'use' was discussed:

- *"Just office."* (department De-2)

In this department volunteers or needy people hardly visit the accommodation. The accommodation is mostly used for organizing the activities. These management tasks are mostly done by board members.

The argumentation of department De-4 is that board members also work voluntary and therefore facilitating them is as important as facilitating the activities of volunteers. Department De-9 seems to spend a lot of attention to facilitating the board members, the professional employees and the volunteers. The department does not receive needy people in

its accommodation while the accommodation seems very suitable for it. In space the department is one of the largest departments, the accommodation is very well maintained and the accommodation is suitable for receiving less mobile people. The morning of the interview around five people were in the accommodation which was more than at any other department visited while no activity took place at the time of the visit. The department had a coffee corner where they were drinking coffee as well as before as after the interview. This gave the impression that the accommodation is used as social clubhouse more than for activities.

Five of the six departments that have a professional employee, say that the accommodation needs to facilitate them. The department that does not say this (department De-1) is currently looking for new accommodation. Its professional employee will be fired. Their current accommodation is disapproved by the fire brigade because of the lack of safety requirements and is therefore no longer allowed to house a professional employee.

Department De-16 says to find it important to facilitate their professional employees. However, the department has no professional employees. It is assumed that the respondent refers to the employees of the district that are housed in the accommodation.

Almost all departments (one exception) want to facilitate the activities of the volunteers in their accommodation. With this they indirectly facilitate the needy people because the activities of the volunteers are to help the needy people or to organize activities for the needy people. Only department De-2 did not say to care about facilitating activities of volunteers. The reason for this is because mainly board members use the accommodation for their management tasks. With this they also indirectly facilitate needy people.

Only two departments say that facilitating needy people is most important although thirteen departments receive volunteers in their accommodation. Worth noticing is that the mission of the Red Cross is in short 'helping needy people'. Therefore, the accommodations are not directly used to serve the mission of the Red Cross.

One of the twelve departments that rent space to organizations says that there accommodation needs to be according to the wishes of the tenant. This department (De-3) is currently renovating its accommodation to conform to these wishes.

### Flexibility

Of the nine departments that found flexibility important, eight gave argumentations referring to their tenants. Six say that flexibility is important to be able to rent space to organizations, two say that because they find flexibility important they rent out less space. One department says to rent because it gives them flexibility in case the conditions change. This department has a director and a supervisory board with members that are only concerned with management, what could explain its longer term focus in real estate management.

Of the twelve departments that rent space to organizations, three departments do not think about flexibility. Departments De-6 and De-12 only ask a symbolic value when they rent space. Both do not have financial incentives, but do it as a counter performance. (All other departments rent space because of financial incentives, see paragraph 5.1.4 on financial resources)

Because the accommodation of department De-1 is disapproved by the fire brigade, they have another concern than flexibility: making the accommodation according to the safety requirements of the fire brigade. Also the rare use of the building for the welfare activity of the department (a few hours per week by around 20 ladies) seems that flexibility for its own use is less important. In the new accommodation flexibility is no objective. Its only concern is to house the welfare activity.

Departments seem to take the current situation for granted and have no ambitions for major improvements. Departments want to preserve the current situation. In all interviews implicit or explicit reasons for this are given.

All departments indicate that they need their accommodation to house their activities or for the organization of their activities. They do not think about the possibility of functioning without accommodation. Paragraph 5.2.1 concluded how departments that are seeking for

new accommodation are looking for the same amount of square meters and the department that is renovating is trying to keep the current renting party.

Five departments (De-12, De-4, De-10, De-13 and De-14) say they do not have the financial incentives to think differently about having accommodation.

- *"Until it costs us not a lot of money, we do not really talk about it."* (department De-12)
- *"There is no reason to make money free from your capital to spend it on operational matters."* (department De-4)

Department De-10 who is currently looking for a new accommodation that has the same or more square meters than its current accommodation, tells in the discussion about minimizing the costs of accommodation:

- *"That plays a role but is not really important."* (department De-10)

The respondents of department De-14 indicate that they try to be more economical on other expenses and try to raise more money by collections and renting space to others before looking at a less expensive place to rent.

The respondents of department De-4 and De-6 refer to their car, the PAM bus, when talking about the accommodation. The respondent of department De-4 explained that its accommodation gives them status, same like its PAM bus:

- *"Well, then we have a garage, there the car is parked, the PAM. We have got a very old one (...) and that is as well such a possession kind of thing, it belongs to the Red Cross and is paid by the local community and although that thing is economically not longer justified, you keep using it."* (department De-4)

Three departments (De-4, De-12 and De-15) put forward some expenses on facilities and maintenance to preserve the current situation for the future. They expect to have less financial resources in the future because of the new financial structure after the merger. The respondent of department De-12 says:

- *"We did spend a bit more this year to not need to hand it over. Of course we haven't been so spare just to hand it all over."* (department De-12)

The reason why the departments want to preserve their current situation can also be seen in the emotional value that some respondents gave to their accommodation. Five departments talk about the emotional value some volunteers give to their accommodation. An illustrative quote of department De-7 when talking about the emotional value the accommodation has for volunteers:

- *"It is a baby, your big living room."* (department De-7)

### 5.3. (De)centralization



The cluster (de)centralization describes and analyses the view of departments on their upper layers (the districts, the regional service centres and the umbrella association) and the advantages and disadvantages of centralization of real estate management mentioned by departments.

#### 5.3.1. Districts

The Netherlands is divided into 66 districts by the umbrella association. Every district consists of a few departments. The district is meant to give administrative support to the departments and function as a 'place' where departments can share their capabilities with each other (int. al. knowledge, goods and services).

#### **Description**

All departments interviewed have a different district except departments De-14 en De-15. Few departments of The Netherlands Red Cross are district at the same time. This means, the board of the department is the board of the district and no other departments are part of the district. Within the studied cases, only department De-5 is an example of this.

Five departments think positive about their district. Three departments (De-6, De-7 and De-9) say that the district functions well. They explain this by the fact that they have quite some

members of their board seated in the board of the district. The departments are involved in the district and have a positive view on the functioning of the district. Department De-2 says that its district functions well and says that the district is mainly used for emergency aid. Departments De-10 just contacted the district to talk about some of his concerns about taboos within his department. This shows the trust the respondent has in the function of the district. An illustrative explanation of the respondent of department De-10:

- *"We have rarely or never contact with other departments. I am now trying to get involved in the district. I get to know more people. Soon I will have a confidential conversation with the president of the district. Not to say, but just to say what is going on so you are not surprised and maybe we can together develop some ideas. (...) That there are going some things wrong here. And I want that the district to know about this in a confidential conversation. And I want to look together if we can find a solution to get it changed. That is the only thing on which we have contact with the district. And with other departments, I got the feeling, that there never has been any cooperation! That is of course insane! I sometimes think when I can't solve things, why don't I try to merge. When I mention that here, the building exploits! (...) I can ask myself, and my wife warned me for it: you have learned to think in a certain way, is that not going to crash? Yes that I did notice. When you want to professionalize and you don't get the group with you, then you get crashes. And that is what I try to prevent with being as diplomatic as possible."* (department De-10)

The respondent says that he would first go to the district instead of the umbrella association:

- *"Because I think that I will get stuck in a big crisscross. I prefer having somebody close in the district X with whom I can talk about things confidential. (...) Presumably they know the developments in the past as well."* (department De-10)

Six departments think neutral about their district. An illustrative quote for the neutral view of department De-3:

- *"We are busy enough with our own department. Our board is completely renewed just a year ago."* (department De-3)

The respondent explains that as soon as they have the own things sorted they are willing to invest in strengthening the district. The employees of the district are housed in the building of department De-3 but the respondent says that this makes no difference in the role of the department in the district. District De-16 houses the employees of its district as well. In the interview the department does not seem to do much with the district. District and department seem separated. The respondent says:

- *"We work by the organization of the Red Cross together with the departments of our district. And the departments all have enough space. (...) We do have busses, so if needed..., but not the building. We did have a new year's reception, district X did meet here awhile. (...) We do not work together with other departments that are short in space."* (department De-16)

Department De-15 calls the district a formal structure. If the situation would occur that they needed help on a formal matter they might would contact the district. Some quotes that illustrate the not positive and not negative perspective of the departments:

- *"Use yes, of course we sometimes have a question. I do give them incidentally a call, but I don't have frequently contact with them."* (department De-12)
- *"We can just call the district. That is no problem."* (department De-8)

Department De-13 says that there are other things to worry about, like the volunteers.

Four departments have a negative view on their district: they do not see the use of the district. Department De-4 tells that its department functions well, so there is no need for them to work in the district. A quote that is illustrative for the negative view:

- *"The district and also the professional employees kept offering: 'goh, when can we attend a meeting of the board'. There is resistance against this. What should they do here!"* (department De-4)

Department De-1 and De-11 say that the district is an unnecessary extra administrative layer and they can sort things out themselves. Department De-14 thinks the district is not useful as the safety region its city falls in does not overlap with the district. They say that their

department functions quite well. However, the department is willing to share its good ideas or experiences with other departments.

Department De-5 (that is its own district) is asked if they do have contact with other departments. The respondent told that they share ideas by the board and the regional office. Concerning the accommodation the respondent says:

- "No, why would we do that?" (department De-5)

### **Analysis**

Five departments have a positive view, six departments have a neutral view and five departments have a negative on the district. Of the five departments that are positive about the district, three of them explain this by having a few representatives of their board in the board of the district. However, examples of the function the district has for them are limited. The respondents of the other two departments (De-10 and De-2) both had limited or no experiences with the district but were positively about them. This positive attitude is illustrated by the contact of the respondent of department De-10 with the district. The respondent contacted the district to share his feelings on some delinquent matters. (*By the time of the interview, this meeting did not take place yet.*)

None of the respondents gave examples of what the district could actually do for them. All of them were positive about their own strengths. A quote that illustrates how departments are convinced of their own strengths when asked about the district:

- "The own club is going well." (department De-15)

An overall analysis shows a lack of orientation towards other departments. The majority of the departments operates autonomous of the district; the district has no or a limited function for them. Departments have no eye for developments in other departments and have no incentives towards sharing their developments with other departments.

Some departments have some cooperation concerning their activities with other departments of the district. However, there is no cooperation that concerns any aspect of real estate.

### **5.3.2. Regional service centres**

The umbrella association has seven regional service centres within the country. At the regional service centres work professional employees of the umbrella association to support the districts and departments. The regional service centres are part of the umbrella association but have a regional directed function. The regional service centres are introduced after the merger, January 2010 and therefore are new to the departments. Before the merger the country was divided into four regions (North, West, Middle and South) with professional employees working for them. The tasks of the regional service centres are comparable with the tasks of the former regions. The main difference is that regional service centres are supposed to work on demand of the districts and departments. Districts and departments can buy help of the regional service centres. They need to pay for the help they demand. The kind of services the regional service centres (are going to) offer is not established yet.

### **Description**

The regional service centres are not discussed in every interview. This is caused by the fact that the respondents did not know what the regional service centres are or what their function is. Departments skipped the subject and/or referred to the umbrella association when asked about the regional service centres. Some departments (De-1, De-2, De-9, De-10 and De-15) did say that they do not know the function of the regional service centres.

Illustrative for the lack of knowledge on the regional service centres is an explanation of department De-1. The respondent could not tell why the centres are there. He does say that there used to be a consultant who once a year informed the new volunteers about the activities of the Red Cross. The respondent can not tell where else the consultants were for. Department De-12 says just to call the district if they would help. They expect that the district would tell them to whom they would need to refer their question:

- *"I just call the district, when that is not possible anymore I will hear it automatically."* (department De-12)

Department De-11 does say that they expect to be able to order materials at the service centre. However, it seems that they mean with service centre the front desk of the headquarter and that they are confused by the terms. Department De-15 says that they presumably call the district or regional service centre if they could not handle something themselves. The respondent says that this presumably will concern formal matters. The respondent of department De-4 mentions that there is resistance in the department against involvement of higher administrative layers:

- *"So far we did not need any regional support and I taste some resistance against it: where do we need them for. Same counts for our attitude against the district. So far the district has no added value for our operational activities."* (department De-4)

Department De-3 and De-5 are the only departments that seem to know shy the regional service centres are there. Both departments have a neutral or positive view on the centres.

Department De-3 is the only department that talks about an actual function of the regional service centres. The respondent draws two pyramids: one of volunteers and a smaller one of professional employees. He explains that because of the introduction of the regional service centres, the pyramid of professional employees is better streamlined. Department De-3 is going to house the regional service centre of its region in its accommodation. The respondent of department De-3 says that the processes of the department are quite autonomous. According to the respondent, the presence of the regional service centre does not influence its opinion on the regional service centres.

Department De-5 says that they do share ideas with the regional service centres. However, the respondent also says that the regional service centre is not operation yet because no director is contracted yet. This gives the impression that the cooperation between the department and the regional service centre is not intensive.

### **Analysis**

The majority of the departments does not know what to expect from the regional service centres and do not seem to be concerned with the regional service centres. They seem to just wait for what will happen although they do seem not to really expect that much will change for them. Therefore, centralization of real estate management to the level of the regional service centres is not discussed.

#### **5.3.3. Umbrella association**

With the umbrella association is meant the organization of professional employees (paid employees) housed at the head office in The Hague are meant. Some respondents refer to it as 'national office', others as 'association office'. The professional employees of the umbrella association should be supportive to departments. The departments together are the association The Netherlands Red Cross.

### **Description**

A positive view is called when departments have a predominant positive opinion on the umbrella association. A negative view is called when departments have a predominant negative opinion on the umbrella association. The view of departments can be created by experiences with the umbrella association or by expectations of the umbrella association. A neutral view is called when departments say not to be bothered with the umbrella association or they see negative things as well as positive things about the umbrella association.

Three departments have a positive view on the umbrella association. All three departments say to turn to the umbrella association with their problems. Department De-2 and De-9 say to contact the umbrella association when they have a question on a specialist topic and can not deal with it themselves. So far, this did not happen. Department De-2 says about the contact they have with the umbrella association:

- *"I think that we are quite good informed. We have regular contact."* (department De-2)

The respondent gives the impression to have contact with the umbrella association on necessities the umbrella association demands of them. This is mainly information for administrative purposes (among others for the merger). Department De-10 did contact the umbrella association for legal advice. The legal department of the umbrella association was asked for its opinion when the department found out that its rental contract was not lived up to since 2004 and its landlord tried to force them to leave. The respondent of department De-10 describes a conversation between him and volunteers and how he contacted the umbrella association:

- *"I said: 'there is a contract until 2016'. They said: 'Yes, but, everybody said..... Do we have a leg to stand on?' I said: 'of course we do!'; then I contacted the legal department in The Hague and said: 'but boys, contract is contract'."* (department De-10)

The respondent of department De-10 thinks that the umbrella association is more powerful to enforce things than individual departments. The umbrella association can achieve the focus of departments to be on functionality instead of on other objectives. The respondent of department De-10 is the only department that is positive on thoughts about the umbrella association taking over real estate management; meaning that the umbrella association takes care of facilitating the departments with accommodation.

All three departments say not to expect many changes from the umbrella association that effects their department. Department De-9 says not to have followed the happenings around the merger. The respondents say that as their department is not very rich, they did not have to look after their money in the merger. The respondent of department De-2 says to have noticed the merger but not to be bothered. He says that they will keep organizing their own business. Some illustrative quotes:

- *"What does it change for us, nothing!"* (department De-10)
- *"I noted it. I arrived and then it was really already decided."* (department De-2)

Eight departments have a neutral view on the umbrella association. Three departments (De-3, De-4 and De-5) see good things and bad things of the umbrella association. They say that the umbrella association does not know what happens at departments and therefore communicates wrong or has off target policies. However, the departments do expect the umbrella association to be able to facilitate the departments and they expect the umbrella association to know what she is doing. Department De-3 says that for a long time the umbrella association did take hardly any notice of the departments. The respondent says:

- *"The Red Cross is not The Hague, is not an office on the Leeghwaterplein\*. The Red Cross is that volunteer who is here with the Welfare club this afternoon, or who stands in the cold beside the marathon the coming Sunday."* (department De-3)

*\*(Leeghwaterplein = address of the head office)*

However, department De-3 is positive about the centralization tendency of the merger. The respondent sees it as a change of attitude of the umbrella association and a way to diminish bureaucracy.

Six departments (De-1, De-4, De-6, De-7, De-15 and De-16) give the impression not to expect changes for their department to come from the umbrella association. Some illustrative quotes:

- *"The department stays independent; you can keep on doing the things. The financial resources we will get are enough for our activities. (...) It almost does not matter, where we worry about!"* (department De-1)
- *"It is a train that goes on and where you need to go with. (...) Sometimes there need to change a lot, but not with us."* (department De-6)
- *"A lot of colleagues, board members in the country have said: 'I am not going to walk on the lead of the umbrella association'. (...) They understood it and did not take some measures. Now as such that you can do some things very pleasant."* (department De-15)

Another illustrative quote comes from the respondent of department De-4 who says that they will not follow just anything introduced by the umbrella association:

- *"I do expect that they will carry out certain messages and in which they expect the departments to cooperate. And we will do that as far as we agree with them. (...) We will always judge it ourselves. We do not just follow every wind."* (department De-4)

Departments that have a negative view on the umbrella association only talk about the malfunctioning of the umbrella association. The respondents of department De-8 complain about the amount of rules and paperwork. Department De-8 implies that when the umbrella association interferes with the department, volunteers will leave because they do not like to work with too many rules. The respondents of the department started the interview with a lot of questions to the interviewee about presumed connections with the umbrella association. They mistrusted the independency of the interviewee as they thought they had seen her at the headquarter. The respondents of department De-14 mention that The Hague just develops policy or ideas for departments, without thinking about how to implement it. They say that new ideas are introduced before the previous idea is evaluated or even implemented. Departments De-13 and De-11 have similar complaints. They say that the professional organization does not think about what happens at departments and does not think about the volunteers and the individuals who carry out the work. The respondent of department De-12 talks about meddlesomeness of the umbrella association and a bureaucratic culture:

- *"Organizational culture, well terrible sometimes. Well, I can't always work with it. Meeting with the aim to meet. Always lot's of papers. That is how I look to the culture. (...) Too much meddlesomeness, no, let us solve it ourselves."* (department De-12)

Like the other departments, department De-13 says not to expect many changes to come from the umbrella association that effects the department:

- *"Everybody was working in its own space. Everybody was proud. We had it well with each other. And then they say: 'no, the department disappears'. I told everybody: 'there is not going to change much'. We have got our own clubby. (...) Fortunately we do have a very good president."* (department De-13)

### **Analysis**

Three departments have a positive view on the umbrella association. Of these departments, the respondents of departments De-10 and De-2 both have limited or no experience with the umbrella association but are positively disposed about them (and the district). Both respondents are involved for less than 1 ½ year in the department. Department De-9 does not give examples why they have a positive view on the umbrella association but does say to contact them when needed. The positive view of departments on the umbrella association seems based on assumptions.

The neutral view of six or the eight departments can be explained by their expectations that nothing will change for their department. Some departments say or suggest that as long as they are financial independent of the umbrella association it is fine. In general departments are keen on their autonomy of the umbrella association and are convinced of their own strengths.

The view of three departments is called neutral because they see as well negative as positive things about the umbrella association.

Five departments have a negative view on the umbrella association based upon the malfunctioning of the umbrella association (bureaucracy and lack of knowledge about demands and concerns of departments) and meddlesomeness.

None of the departments talk about changes to expect from the umbrella association now the merger took place that will influence them. Most departments do say not to expect changes to come. One department does talk about changes but also says that the department will keep on going as they like. Departments operate autonomous of the umbrella association.

Only one department is positive on the idea of the umbrella association taking care of facilitating the departments with accommodation.

#### 5.3.4. Advantages & disadvantages of centralization

Below the advantages and disadvantages mentioned by departments are described and analysed. In appendix 12 the appearing advantages and disadvantages are compared with the given advantages and disadvantages in the literature.

##### **Description**

The respondents are asked about the advantages (or chances) and the disadvantages (or threats) they see in centralization of real estate management. The answers of the respondents are categorised. Eleven subjects came forward:

1. Assistance from the umbrella association
2. Autonomy from the umbrella association
3. Bureaucracy of the umbrella association
4. Control of the umbrella association
5. Core task of the departments or of the umbrella association
6. Financial resources of the departments
7. Focus of the umbrella association
8. Inability of the umbrella association
9. Local conditions of departments
10. Power of the umbrella association
11. Uniformity in appearance of departments

All advantages and disadvantages concern centralization of tasks to the umbrella association. In the discussion around centralization, all departments talk about the umbrella association. Departments do not know what to expect from the regional service centres and it is not in their mind to name the district as a possible layer for centralization.

Below fall groups are described. After this the groups are analysed.

##### **Assistance**

Five departments say that assistance of the umbrella association on certain questions is beneficial for them. With assistance is meant assistance of the umbrella association when the department can not figure out a question on a specialist matter by themselves. An example of this kind of problems could be on legal matters for example with rental contracts. The respondents suggest that the call for assistance should come from departments before the umbrella association can offer help. Only the respondent of department De-10 has experience with assistance of the umbrella association on specialist matters. Two quotes that illustrate the view of departments on getting assistance:

- *"So on that way, when you have some feedback, when you have a sparring partner, then it could be valuable. When then there are specialists (...) that way it can be beneficial."* (department De-5)
- *"Of course are there some things where you don't know what to do with. (...) Until now that never happened."* (department De-15)

##### **Autonomy**

Eight departments say that they want to stay autonomous of the umbrella association. The following quotes illustrate their wish of being autonomous:

- *"Yes, but that goes too far. We still prefer doing it ourselves. I think so. Look, now we also arrange our things with the municipality. (...) We want to keep doing as much as possible ourselves."* (department De-12)
- *"No, we can arrange it ourselves. No, that is not necessary for us."* (department De-1)
- *"We just want to operate independent as city X and therefore have a building. Cooperation would be mainly on activities but not about buildings."* (department De-2)
- *"It is our building; it is the building of department X."* (department De-3)

Department De-15 says that they like being concerned with real estate management; it is a task they fancy doing:

- *"There are things you like doing. If you need help you should know where you can get it and you should make use of this help, but it is the fun to do things yourself."* (department De-15)

Department De-12 refers in the discussion around centralization to concentration of accommodations of departments and that concentration of the accommodation of departments presumably will make volunteers leave:

- *"Then it is not your own building, your own department, I think that that will cause problems. (...) Or they say: 'it is too far for me'."* (department De-12)

### Bureaucracy

Eight departments say centralization is unbeneficial because of bureaucracy. With bureaucracy they refer to the amount of paperwork the umbrella association asks of them and the amount of rules the umbrella association sets for them. An illustrative quote:

- *"It is fine that there are certain rules. But such a big body! I do have the feeling that there come more and more papers. (...) Hustle, a lot of hustle."* (department De-12)

Department De-8 thinks more rules will make volunteers leave the department and department De-15 thinks more rules will make board members leave the department:

- *"You should not think about needed to send all kind of letters and wait for answers of the umbrella association! That does not work. Then I quit."* (department De-15)

However, two departments (De-5 and De-3) see advantages of centralization as it would improve the current procedures. Department De-3 refers to the demand for clear lines set by the umbrella association. Department De-5 refers to the administrative size of the umbrella association that would make the umbrella association better able to take hands on certain tasks. Two illustrative quotes:

- *"Also volunteers like to have clear line. Draw the veil of voluntary work over everything; it does not work like that."* (department De-3)
- *"That professional organization is not that big, there work only 150 people, but there are 40.000 people in the country who are doing the work. (...) They should facilitate more."* (department De-5)

Department De-3 sees disadvantages as well. The department experienced the disadvantage of rules. The umbrella association forbids them to use the shape of a cross in its plans for the renovation of its accommodation. However, the department is positive about the tendency of the merger:

- *"We think it is a very positive development"* (department De-3)

About general assemblies of the umbrella association where delegates of all departments come together the respondent says that it does not work to be in a decision-making process where all departments are represented:

- *"And those all together need to think something of it! That is as syrupy as can be. That can not function, so you need to professionalize everybody together."* (department De-3)

### Control

Four departments see benefits in more control of the umbrella association on departments. With control they refer to preventing irregularities and abuse at other departments. Department De-10 suggests that in the end this will be better for the amount of members and donates of every department:

- *"For us it is not beneficial. For the whole organization it does: a bit more insight in the goings."* (department De-12)

### Core task

Five departments see advantages concerning the core task of departments.

Three departments (De-3, De-9 and De-15) see advantages of the umbrella association taking care of their ballast. With ballast they refer to purchases of facilities like software or furniture.

Two departments (De-1 and De-10) say that real estate management is not a core task of departments. Department De-1 refers to the amount of time maintenance takes and that they prefer renting because it saves them a lot of worries:

- *"A building just gives a lot of troubles and when you rent you don't have all of this. It is not the core task of the Red Cross. That was the end of the discussion; it is not the core task to manage a building. (...) Because a building needs to be painted, heated etc., it just concerns a lot of things."* (department De-1)

Department De-10 talks about the control of the umbrella association on the necessity of accommodation for the core task of departments.

Two departments (De-15 and De-16) think that centralization of real estate management would be unbeneficial for their core task. Department De-16 says the opposite of department De-10. Department De-16 says that when real estate management would be centralized it would distract the department from its core task. The respondent refers to bureaucratic procedures that would go hand in hand with centralization of real estate management. Department De-15 says that accommodation is essential for the activities of the department and therefore the department prefers to stay in control themselves:

- *"Accommodation is essential to be able to do your activities here, then I say: 'they I prefer being involved myself'."* (department De-15)

#### Financial resources

Seven departments say centralization of real estate management can be beneficial in terms of their financial resources. Six of these departments (De-2, De-5, De-7, De-9, De-11 and De-13) see benefits for their own department in centralization of real estate management. Two departments (De-13 and De-15) see financial benefits for the whole organization.

Departments De-2, De-5, De-7 and De-9 mention advantages for themselves when financial resources would be differently dispersed. They hope and/or expect to get more financial resources because of the new financial structure the merger introduced. The respondents of departments De-2 and De-5 say that the department could get financial support of the umbrella association when she would need it for accommodation:

- *"Not directly the financial expenditures. It all comes from the big pot. When you are short in space you can talk about it and then you have got a change you get it sooner then when you need to pay for it yourself."* (department De-5)
- *"For the future when you say we need another space. (...) You will have to deal with more expenses. So, all of that you need to have ready for use, both the knowledge as the financial resources."* (department De-2)

Department De-11 says that financial advantages of scale can be gained in the purchases of goods:

- *"Advantage can be gained at the purchases of goods."* (department De-11)

Department De-13 sees financial advantages of scale in using specialist services. The respondent gives the example of how after the merger not all departments need their own accountant checking their balance sheet; the umbrella association is taking care of it.

Departments De-13 and De-15 see benefits for the whole organization in the dispersion of financial resources. Department De-15 says that financial resources can be better dispersed to departments that would like to organize more activities but do not have the financial resources for it. The respondent also refers to the possibilities of control by the umbrella association on the financial expenses of departments. The respondent of department De-13 talks about dispersion of financial resources of departments that have large unused financial reserves. The respondent says:

- *"There are departments that have a capital on the bank, but that is not where it is meant for!"* (department De-13)

However, seven departments mention financial disadvantages in centralization. The arguments given all refer to a loss of financial resources of the department itself.

Four departments (De-6, De-12, De-13 and De-14) fear that centralization of real estate management would cost them money. They think that central purchases would be more expensive. The respondent of department De-13 says:

- *"You know what it is, of course you have acquaintances in the town that are willing to do something for the Red Cross, who are willing to do it a bit cheaper. So I have got my own people who do it on a fine way. And, when the Red Cross would use a maintenance team for the whole country: then they need to travel, only costs loads of money."* (department De-13)

The respondent of department De-6 describes the fear that only large departments would benefit from central purchases of facilities. According to the respondent large departments do not have such strong ties in the local community as small departments have and need to pay more for goods and services. Small departments can achieve a lot in the community.

Department De-11 is scared that inactive departments will get money because of the new financial structure of the merger:

- *"Here there are a few very small departments; those do not have any event on a yearly basis. Next, they will get money."* (department De-11)

The respondent of department De-15 says that because of the new financial structure they will have less financial resources to spend. The respondent thinks that the department will get problems continuing with giving trainings the way they are used to. Department De-4 is scared of losing financial resources in the future caused by decisions of the umbrella association:

- *"What I could image is that if one day the national Red Cross comes in financial need that they say: 'we are going to do that financial capital different'."* (department De-4)

Three departments (De-4, De-12 and De-15) put forward some expenses on maintenance and facilities to prevent the umbrella association skimming of their financial resources.

Departments De-11, De-13 and De-15 mention advantages and disadvantages for the financial resources. Departments De-13 and De-15 see advantages for the whole organization and disadvantages for their own department. Department De-11 sees disadvantages for the whole organization and advantages for its own department.

### Focus

Two departments (De-10 and De-14) mention disadvantages in centralization that indirectly concern real estate management. Both departments say that the umbrella association is too much focused on international help. This suggests that they fear central real estate management to be unbeneficial for the activities of the departments because the umbrella association does not have its focus on national help (the tasks of the departments).

### Inability of the umbrella association

Seven departments see as disadvantage that the umbrella association is not able enough to take on real estate management. Departments De-4, De-14 and De-13 say that the umbrella association is not innovative and does not have the knowledge and abilities to steer on departments. Departments De-3, De-5, De-11 and De-14 say that the umbrella association does not know about the concerns and demands of departments. An illustrative quote:

- *"Laid up by The Hague, The Hague got some idea again. Sometimes they don't think about what it means for the departments. Yes, then they have got an idea of what they say that centrally seen it is better, but yes, the department needs to executive it."* (department De-3)

Department De-11 says that large departments dominate the decision-making process of the umbrella association. The umbrella association does not pay attention to the human, the individual.

The respondents of department De-8 say real estate management can not be centralized because reservations of the accommodation need to be made,.

### Local conditions

Seven departments see disadvantages concerning the ties their department has in the local community. The respondents of departments De-4, De-6, De-9, De-12 and De-15 fear centralization will diminish their ties in the local community. This loss of ties will make it

harder to get things organized. The respondents refer to sponsorship of goods and services and the willingness of the community to donate:

- *"A lot of things develop and are solved because one knows each other. (...) When you don't have that network (...) then a lot of things don't happen anymore, then it will be a stately organization."* (department De-15)

The respondent of department De-12 gives an example of the diminishing goodwill of the local community when purchases would be done outside it:

- *"Well then you visit the local suppliers and those say: 'now listen, by golly, we can supply that as well!' Well, then it might save you a few Euros but the goodwill in the village reduces. Spending a bit more in the village and then they can donate us more in return."* (department De-12)

Departments De-8 and De-10 refer to local conditions that are different for every region. It is not made clear which local conditions concern their accommodation. Two illustrative quotes:

- *"Every area has its own share and its own problems."* (department De-8)
- *"Because you are most close to the region and you know what the demands are. (...) The society is in some corners of the country different. (...) There are of course a lot of common needs."* (department De-10)

### Power

Three departments see benefits in centralization because the umbrella association has more power to enforce better conditions for the departments of public or private organizations. The power is caused by the size of the umbrella association, the image of the umbrella association and the relations the umbrella association has with public parties. An illustrative quote:

- *"To get contracts with the government, banks or other things, you can function better as one large national organization, you have better papers so to say."* (department De-4)

### Uniformity in appearance

Three departments say more uniformity than by colour red and by the cross is not necessary. The respondent of department De-12 says:

- *"I think that every department can have its own face. It does not all need to be so uniform."* (department De-12)

One department (De-3) advocates more uniformity:

- *"I find it very important that the Red Cross is everywhere recognizable. (...) It does not matter where you are, the Red Cross is the Red Cross. When you go to the ABN AMRO or the ING or the Rabobank, there you also see everywhere the same type of office. The same appearance, the same logo, the same combinations of colours. (...) It goes from the building to the smallest paper. (...) That is the interior, the colours, furniture, possibly that would be very attractive. I heard that we have got a new purchaser, when you can get a really good contract. The Red Cross is and stays dependent of volunteers and of Euros from collections. Thus to say we are going to rebuild and throw all furniture out on the street: no."* (department De-3)

### Analysis

Below the advantages and disadvantages are analysed. The amount of times advantages and disadvantages are mentioned are analysed together with the overlap between subjects.

Twenty-seven times advantages are mentioned versus forty-four disadvantages. Table 5.1.1 shows the amount of times subjects are mentioned. The advantage that is mentioned by almost half of the departments concerns the subject 'financial resources'. The disadvantages that are mentioned by half of almost half of the departments concern the subjects 'autonomy', 'bureaucracy', 'financial resources', 'inability of the umbrella association' and 'local conditions.' However, it needs to be taken into account that to actually draw conclusions on the amount of times subjects are mentioned, the weight departments give to a certain subject needs to be known.

Four subjects are mentioned as advantage and are mentioned as disadvantage (table 5.1.2). When departments are excluded that mention a subject both as advantage and as disadvantage, the numbers are found that give a suggestion about tensions around certain subjects. When a subject is mentioned by many departments, it suggests that departments find it an important subject. The subject financial resources is mentioned by eleven departments. This number is illustrative for the importance departments think financial resources are for them. Department De-10 says that as long as the department is financial independent they do not have problems with centralization. This place emphasizes on the wish of financial autonomy and brings another aspect that needs to be analyzed: the overlap between different subjects. To draw conclusions on the amount that certain subjects are mentioned the overlap between subjects needs to be taken into account. The overlap between subjects emphasizes around which subjects most tensions will appear.

<i>Advantages</i>		<i>Disadvantages</i>	
Financial resources	7	Autonomy	8
Core task	5	Bureaucracy	8
Assistance	5	Financial resources	7
Control	4	Inability of umbrella association	7
Power	3	Local conditions	7
Bureaucracy	2	Uniformity	3
Uniformity	1	Core task	2
		Focus	2
<i>Total</i>	27	<i>Total</i>	44

Table 5.1.1: overview of amount of departments that mentioned the subject

	<i>Advantages</i>	<i>Disadvantages</i>	<i>Double departments</i>	<i>Totally mentioned</i>
Financial resources	7	7	3	11
Bureaucracy	2	8	1	9
Core task	5	2	1	6
Uniformity	1	3	0	4

Table 5.1.2: overview of subjects mentioned as advantage and as disadvantage

Three subjects come forward when the overlap is studied.

#### **Autonomy**

Eight of the departments say that the disadvantage of centralization is that it negatively influences their autonomy: they want to stay autonomous. The departments say that they prefer taking care of things themselves. Their reasons for the demand for autonomy need to be found at other subjects. One department says that its department likes being concerned with real estate management. Another department says to be afraid that the umbrella association will concentrate the portfolio and this will make volunteers leave the department.

Departments that call for assistance of the umbrella association all say that it should be on the initiative of the department before the umbrella association can offer help. This tends to the wish of staying autonomous.

Also the three departments, that do not wish more uniformity in appearance, tend with their arguments to a wish of staying autonomous. The departments do not find uniformity important. This suggests that they find it a waste of money and therefore want to stay autonomous on this subject.

The wish of staying autonomous can be influenced by the inability of the umbrella association that is mentioned by departments.

### Financial resources

The subject financial resources concerns the use of financial resources of departments and the dispersion of financial resources by the umbrella association to departments. Most reasons given by departments concern advantages or disadvantages for the own department. Four departments see advantages for themselves when financial resources would be differently dispersed. One department expects to get financial support of the umbrella association if she would need more space in the future. Two departments see advantages of scale; one in purchases and one in using specialist services. The financial disadvantages departments see concern the loss of financial resources. Five departments refer to higher costs of centralization. Two departments refer to wrong dispersion of financial resources by the umbrella association. One of them fears that large departments will dominate the decision-making processes. The other department fears that the umbrella association might spend less money on departments and more on for example international help.

Only two of the eleven respondents refer to financial benefits for the whole organization. Both departments say that the financial resources can be better dispersed and refer to the control of the umbrella association on departments with unused financial reserves.

That most reasons concern the own department emphasises autonomy of departments. Departments do not take financial benefits for the whole organization into account caused by their internal and local orientation. This suggests that as long as it does not concern their own department, they are not concerned with the wellbeing of the whole organization. However, four departments do wish more control of the umbrella association of the spending of financial resources by departments. The advantage 'control' is about the way departments do or do not spend their financial resources and with this find and prevent irregularities and abuse. The departments hope that control of the umbrella association on financial resources can prevent members and donors (who both pay a financial contribution) of leaving.

In the subject local conditions, five of the seven respondents directly refer to the disadvantage 'financial resources'. Centralization will decrease local ties, will decrease willingness of the community to sponsor and donate.

### Inability and ability of the umbrella association

Different elements of the inability of the umbrella association are given by departments as reason why not to centralize. Four departments say that the umbrella association is not innovative and does not have the knowledge and abilities to steer on departments. Four departments say that the umbrella association does not know what the concerns are of departments. One department says that large departments will dominate the decision-making process of the umbrella association and with this indirectly says that the umbrella association will pay not enough attention to the small departments. One department says that the umbrella association is not able to steer on real estate management because reservations have to be made. With this the department suggests that the umbrella association is not able to make reservations on real estate object level.

The disadvantage 'bureaucracy' indirectly refers to the inability of the umbrella association. With 'bureaucracy' departments refer to the amount of rules and amount of paperwork the umbrella association demands of them. One department thinks that volunteers will leave when bureaucracy increases. One department thinks that board members will leave when bureaucracy increases. Two departments see advantages in reducing bureaucracy by centralization. The umbrella association would need to give more structures as they say. However, both departments also mention the disadvantage of the 'inability of the umbrella association'. They say that the umbrella association does not know what the concerns are of departments.

On the other side, the advantage of 'control' relates to the ability of the umbrella association. Control is about control of the umbrella association on departments. The departments that see the advantage 'control' refer to preventing irregularities and abuse. Also the advantage 'power' relates to the ability of the umbrella association: the ability to get better contracts with public or private organizations.

The advantage 'core task' is about reducing the ballast of departments. Departments De-3, De-9 and De-15 see advantages of letting the umbrella association take care of their ballast. However, department De-3 and De-15 also talk about their wish for autonomy. 'Ballast' refers to centralization of certain elements of facility management; central purchases. In the discussion concerning core tasks, the respondent of department De-10 refers to the necessity of the accommodation for the core task of the Red Cross. The respondent therefore refers to the subject 'control'. The umbrella association should keep an eye on the necessity of accommodation for the core task. The respondents of departments De-15 and De-16 refer concerning the subject 'core task' again to the inability of the umbrella association and the bureaucracy of the umbrella association. The respondent of department De-15 says that the accommodation is of such concern that they do not want to leave this to the umbrella association. The respondent of department De-16 says that central real estate management would distract departments from their core task. The respondents refer here indirectly to the inability of the umbrella association to manage real estate efficient and/or effective.

Two departments say that the umbrella association is too much focused on international help. Indirectly this could concern real estate management as it suggests that they fear centralization to be unbeneficial for their activities that involve national help.

## 5.4. The overall analysis

The overall analysis brings together the individual description and analysis of the clusters:

1. organizational context;
2. real estate management; and
3. (de)centralization.

Relations between the clusters are described below. The description and analysis of the variables of the real estate portfolio (chapter 4) is integrated in the overall analysis (paragraph 5.4.2). Appendix 11 gives an overview of the subjects that have been studied and their presence at departments.

### 5.4.1. Organizational context



Suppliers and financial resources are the main variables of the external context and senior management preference and culture are the main variables of the internal context that influence (de)centralization of real estate management (figure 5.4.1). The suppliers of departments are volunteers and suppliers of goods and services in networks of departments. With senior management preference is meant the dominating role of board members of departments.

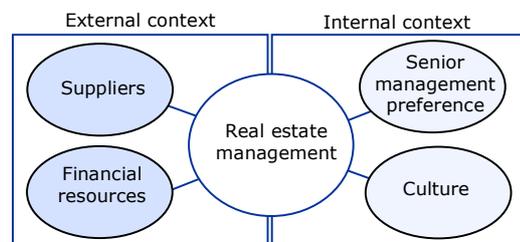


Figure 5.4.1: context variables in REM

### Central place of volunteers

Volunteers stand central in the objectives departments have with their accommodation. Their aim is to facilitate the activities of volunteers. With facilitating the activities of volunteers, departments hope to make volunteers content in doing voluntary work. The emphasis on facilitating volunteers is striking given the mission of the Red Cross to facilitate needy people. It illustrates that the aim with real estate is not directly to serve the mission of the Red Cross. The focus on volunteers can also be seen in the problems departments experience with the amount of volunteers. About half of the departments worries about its population of volunteers. They see a drawback in the amount of volunteers or notice that the average age of volunteers approaches the age of needy people. Most needy people need help because of their seniority and as more volunteers are seniors as well, they more often can use help themselves. As

departments exist of volunteers, a fall in amount of volunteers can be a threat for their existence.

### **Use of networks**

There are three networks that departments make use of: i) the local community, ii) the network of board members and iii) The Netherlands Red Cross (figure 5.4.2). The local community is used for purchases and sponsorship. The network of board members is used for purchases, sponsorship and help on specialist matters. The Netherlands Red Cross is mainly used for help on specialist matters.



Figure 5.4.2: networks of departments

Almost all departments make use of the local community. They gain financial benefits by sponsorship, by discounts received from local suppliers or by financial donations thanks to goodwill created by local purchases. The use of the local community illustrates the local orientation of departments. Around half of the departments mentions to be afraid that centralization of real estate management would be unbeneficial for them because of their local ties.

More than half of the departments makes use of the personal network of board members, hence board members have great influence on the network of departments. The network of board members can be within the local community, outside the local community (for example at work or at social activities of the board member) and within the Red Cross. When board members change, these networks of departments can disappear with them.

Only a few departments use the Red Cross network, to inform them when they have major concerns or because they need specialist help and do not have another network to rely on. The concerns that departments inform upper layers of the Red Cross on are about renovation, legal matters or problems with inertia caused by taboos the board member wants to break with. The incidental use of the Red Cross network illustrates the lack of orientation towards the upper layers of the Red Cross. However, as the subsidies of local municipalities are being reduced, the Red Cross network could be useful for departments to rely on. Based on the interviews and survey, it is estimated that 42 departments are in the rent depending on subsidies of the municipality. A central accommodation strategy or the power of the umbrella association in negotiations with public parties might be useful to prepare these departments when in the future subsidies will be even more reduced and departments will get housing problems.

### **Emphasis on financial resources**

Financial resources play an important role in real estate management. Departments will first look at ways to reduce expenses or increase their incomes before their housing situation is reconsidered. Half of the departments aims to reduce expenses of or because of the accommodation. Also about half of the departments aims to increase the incomes with or for the accommodation. The emphasis on financial resources for accommodation gives the impression that for part of the departments accommodation costs are a significant item on their balance sheet. This presumably are departments that rent accommodation for a market value or have a mortgage on their accommodation. Only a few departments do reconsider their current housing situation because of the costs, although they do not consider their actual need of having an accommodation. When departments seek for a new accommodation, they seek for accommodation with approximately the same amount of square meters. Departments seem not to have incentives to reconsider the necessity of space for the core task.

Departments can afford their accommodation or make sure they can afford their accommodation by renting space to other organizations. Most departments rent space to other organizations. Most departments need their financial resources to preserve the current housing situation. However, some departments give the impression not to need all their financial resources. One department explicitly says that they do not feel the need to release money of their assets and two departments say not to have financial motives for renting space to others.

Some departments invested extra money in their accommodation to prevent the umbrella association from skimming of their financial reserves. This gives the impression that they are not willing to share their financial reserves with others and that they have no greater good feelings. A lack of greater good feelings can be seen in the lack of cooperation with other departments or organizations. However, cooperation and eye for external developments could stimulate departments to improve their efficiency and effectiveness. The emphasis on financial resources appears also in the discussion around centralization of real estate management as described in paragraph 5.4.3.

### **Culture of departments**

Most of the departments indicate having an internally orientated culture. Volunteers have the feeling that the department is their own and that the accommodation is their own as well. Some departments say that their department cannot be compared with other departments. Some departments indicate that volunteers do not want to do voluntary work under the flag of another department with the reason that they would not feel connected to another community or that it would be inconvenient because of distances between the workplaces of departments. Departments see themselves as autonomous. Some departments say to be afraid that volunteers or board members will leave if too much should change in accommodation. Also, some active volunteers and board members see the accommodation as a second home or clubhouse. Their accommodation has emotional value to them.

Only a few departments say to work on a change of culture or change of population of volunteers; they call it professionalizing. Their motives for this always concern the characteristics of the volunteers. The activities need to be more on project base to attract younger volunteers or volunteers need to have more formal engagement. However, the majority of the departments is not translating its worries into actual acts to deal with the problems that are being experienced. The attitude of the majority of the departments in this matter can be called resigned.

### **Autonomy from upper layers**

The extensive use of the local network is illustrative for the local orientation of departments. The internal orientation is seen in the lack of cooperation with other departments and other organizations. Also in the view of departments on the upper layers of the Red Cross, the local and internal orientation of departments can be seen. Almost all departments are minimally involved in the district. Most departments function autonomously from the district and contact with other departments is rare. Departments are convinced of their strengths and do not see the benefits in using the district. Some departments have some cooperation with other departments in the district that concerns their activities. However, there is no contact that concerns any aspect of real estate. Departments are limited in their view; they have no eye for developments at other departments and have no incentives towards sharing their developments with other departments.

The majority of the departments does not know what to expect from the regional service centres and does not seem to be concerned with them. They seem to simply wait on what will happen, although they do not expect that much will change for them. This shows a resigned attitude of departments and a lack of orientation towards the upper layers of the Red Cross.

The regional service centres and the districts are never discussed by departments as possible layers for real estate management tasks. This illustrates the independency of departments from both layers and leaves a gap between the departmental layer and the umbrella association (figure 5.4.3). However, departments also function quite autonomously from the umbrella association. Most departments do not expect changes to come from the umbrella

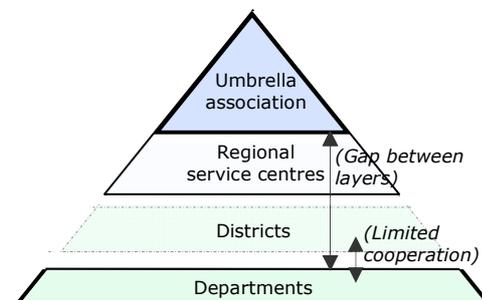


Figure 5.4.3: gap between departments and umbrella association

association. They do not see many reasons why changes are needed and take the current situation for granted.

Only a few departments are positive about the umbrella association but their perspective seems to be based on assumptions. Half of the departments is neutral in its opinion on the umbrella association. This neutral view can be explained by its expectations that the umbrella association will not introduce developments that will influence its department. About a third of the departments has a negative view about the umbrella association. This is based upon its perspective of a malfunctioning umbrella association and meddlesomeness of the umbrella association. With the malfunctioning umbrella association is mainly directed to the amount of bureaucracy and the lack of knowledge of the umbrella association on the demand and concerns that departments have. The experience of departments of meddlesomeness of the umbrella association shows that they do not find interference of the umbrella association normal; departments see themselves as autonomous of the umbrella association.

Only one department is open for thoughts about the umbrella association taking care of facilitating departments with accommodation. This can be seen as a most extreme degree of centralization of real estate management. Although some departments do refer to the ballast of certain real estate management tasks, they want to keep in charge of real estate management.

### **Role of board members**

Board members play a large role in most of the departments. Their role is due to the lack of volunteers and members that exert influence in decision-making. Most departments consist of a small group of active volunteers. The power of general assemblies is small as usually only the small group of active volunteers attends general assembly meetings. This all makes the personal preference of board members decisive in decision-making.

Larger tasks than those that concern facilities or small maintenance tasks are taken care of by board members. Maintenance is often outsourced because board members want to prevent personal taste of volunteers play a role in it or because they have too less volunteers to take care of maintenance by volunteers. Most departments make use of the personal network of board members to get things organized. Some board members say that the objectives they find important do not have to represent the whole department or that certain aspects get attention just because they are a board member. Examples are the presence of a long term focus and reservations or the objectives in appearance that some departments have (figure 5.4.4). Board members make clear that it is because of their personal background (profession) that they do or do not have objectives on the visibility and image of the accommodation.

Exceptionally, it is not the board member but the professional employee that seems decisive. The exact reason why these professional employees are decisive is unknown. In the case that a department has a supervisory board, it is the management team with both volunteers and professional employees that are decisive in facility and maintenance management. The board is just supervising and makes only decisions on major tasks.

The influence of board members can also be seen in the relation between ambitions and period of time seated in the board. Departments that have board members that are seated for a few years are departments that have long term plans. Departments with board members that are seated for a longer duration show more signs of inertia. In general inertia and feelings of nostalgia cause less chance for changes in real estate management.

As board members are decisive, those that do not have the right capacities could make suboptimal decisions. These decisions might seem irrational for external parties that give donations. With regard to the question of (de)centralization of real estate management board members play a role because they influence the attitude and therefore cooperation of the department in centralization. The role of board members could also be reason to centralize, as centralization could prevent board members of dominating the decision-making processes of

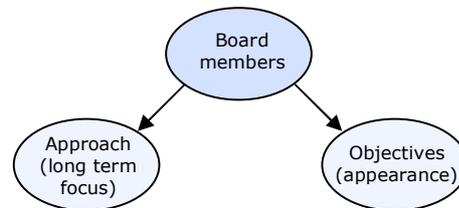
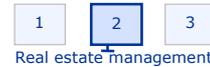


Figure 5.4.4: influence of board members

departments or could prevent board members that do not have the right capacities of making suboptimal decisions.

#### 5.4.2. Real estate management



Below the overall analysis of the characteristics of the real estate portfolio and of the approaches and objectives in real estate management are described.

##### Real estate portfolio

Five variables of the real estate portfolio are studied: building character, company space, exterior quality, location and risk management. A few relations are found between the variables of the real estate portfolio and the objectives and (dis)advantages of centralization.

##### Exterior quality, location and risk management

Being visible with the accommodation does not relate to having an objective to be more visible. Also no relations are found between the variable exterior quality and the way departments manage their real estate. This gives the impression that it is due to the influence of board members if departments focus on exterior quality.

The location within the country (the region) is not related to the amount or kind of advantages and disadvantages mentioned of centralization. A relation is found between the region of departments and the intensity of use (in hours) and size of their accommodation but this has no implications for the way departments manage their real estate, their objectives and the tensions around (de)centralization. Location is therefore not an issue in centralization of real estate management. However, because most departments are located in the city centres or direct surrounding of the centre, there are possibilities to improve the visibility of departments by real estate.

Of the departments that use their accommodation for desk work, their accommodation meets the health and safety requirements. Two departments that have problems with the internal safety requirements of their accommodation are going to move to another accommodation. Risk management concerning the health and safety requirements of the local portfolio is therefore not of such concern to be a topic of central real estate management.

##### Owning/renting vs. (dis)advantages

The building character (int. al. owning or renting, renting to others) is not related to how departments manage their real estate or to the objectives departments have with their real estate. What is related is owning or renting accommodation and the amount of advantages mentioned by departments of centralization. Departments that rent their accommodation see more advantages of centralization than departments that own their accommodation. Departments that rent accommodation are expected to see more advantages because they need to focus more on their accommodation as they are more often forced to move to a new accommodation. There are a few departments that are renting that experience problems with paying the rent as subsidies are being reduced.

##### Size of departments vs. (dis)advantages

The size of departments is related to the objectives of departments and the advantages and disadvantages mentioned of centralization. Almost all large departments have objectives concerning their appearance. Almost all small departments have no objectives concerning their appearance. Small departments have smaller accommodations and make less use of it which presumably causes the lack of ambitions in appearance of accommodation. Small departments see far less advantages and more disadvantages of centralization than large departments. The advantages and disadvantages mentioned by departments are very different. What does strike out is that small departments do not see advantages in getting assistance of the umbrella association. They also do not see advantages in the power the umbrella association has to force better contractual situations for them. However, both seem to be beneficial for small departments. None of the small departments mentioned to have aims to professionalize. Small departments seem more resigned in their situation. The strong ties presumably especially small departments have in the local community might cause that they do not need the power

and assistance of the umbrella association. They are presumed to have stronger local ties than large departments as their local community is smaller which makes suppliers and departments more familiar to each other and suppliers more willing to help.

### **Real estate approaches**

The focus of departments and the way they organize their real estate management is quite similar. Departments show many characteristics of an incremental approach, a few characteristics of a value-based approach, and no characteristics of a standardization approach. No signs are found of departments setting standards on how to deal with real estate tasks. Rules, guidelines or procedures in real estate management are rare.

Most departments do not see real estate management as a main task and focus on operational daily affairs. The focus of departments in real estate management is on facilities and maintenance. Departments are preserving their current housing situations by facility management and maintenance management. Only when intolerable situations arise, caused by external pressure, they look for new accommodation or seek for major improvements of their current housing situation. However, although changes are forced, departments never reconsider their need for space for the core task of the Red Cross. There are no ambitions to improve their current situation; departments just aim to preserve their current housing situation.

Departments that own accommodation seem to experience having own accommodation as having not much costs for housing; having low monthly expenses. Part of their financial reserves is kept in assets and they do not need to use them for their activities in social help or emergency aid. Therefore they have no incentives to change their current situation. Departments do not consider sharing their accommodation with another department (an exception is one board member of a department that does consider a merger) and departments do not consider releasing money of their accommodation for departments that would like to employ more activities but can not afford this.

One of the advantages of centralization, mentioned by some departments, is to centrally control the financial resources of departments. To control departments that do not have a lot of activities, but do have a lot of financial reserves. An advantage of centrally set standards (standardization approach) could be to control the spending of the financial resources of departments. Central control could also diminish the influence of board members.

Most departments are in an inert situation; they do not convert themselves to the changing external context. Departments do not react to the diminishing amount of volunteers and do not react to the reducing subsidies which in the end cause higher housing costs. Most departments do not see many competitors or many cooperation partners in the external context. By standardization learning moments of departments can be captured and prevented at other departments. Centrally set guidelines or a strategy could stimulate departments to cooperate and learn from each other.

Half of the departments outsource maintenance and a third of the departments takes care of it by volunteers. Departments outsource tasks to prevent personal taste of volunteers to have influence or they do not have the volunteers for taking on the tasks.

Most departments do not have an accommodation manager. At those departments that do have an accommodation manager, he or she focuses on facility and maintenance management. Major tasks (new accommodation or renovation) are managed by board members.

There is no explanation found why certain departments do outsource certain tasks and others do not and there is also no explanation why certain departments do have an accommodation manager and others do not. Having an accommodation manager and outsourcing maintenance tasks is not related to each other and both are not related to the studied variables of the real estate portfolio, objectives and advantages and disadvantages of (de)centralization. This gives the impression that it is due to preferences of board members, that departments do or do not have an accommodation manager and are or are not outsourcing certain tasks.

### Short term focus vs. future demands

Most departments mainly have a short term focus in real estate management and make no reservations for real estate. They do not have financial incentives to focus on the long term. Of those departments that do have a long term focus (a third of the departments), this is caused in most cases by external forces. The lack of long term focus could cause cumulative financial disadvantages as purchases are made when they are needed without taking possible future changes in demands into account.

The incremental approach suggests that departments are forced to behave incremental due to uncertainty about future developments and needs. However, departments give the impression that their demand of accommodation will not change. Therefore, a lack of future insights is no reason for incrementalism.

### Value-based aspects in real estate management

Signs of value-based real estate management can be seen in the objectives in the appearance of accommodation that some departments have. However, an emphatic need of departments to distinct themselves with their accommodation is not present. Some departments do say that the accommodation has emotional value for them; they emphasize the social importance of accommodation for volunteers. This could explain their aim to preserve their current housing situation and diminishes their rational perspective in real estate management. The real estate supports the aim of departments to facilitate the activities of volunteers.

The disadvantages of the value-based approach can be seen in the lack of incentives departments have for reconsidering the necessity of space for the core task and the lack of orientation towards other organizations or departments; a lack of adapting to the external context.

## Real estate objectives

### Facilitating activities

The main objective of almost all departments is facilitating the activities of volunteers in their accommodation. Of the ten departments that do receive needy people in their accommodation, eight still say that facilitating volunteers is most important. (The survey shows that around 25% of the departments does not receive needy people in the accommodation.) Given the mission of the Red Cross to help needy people, the aim of departments with the accommodation does not directly serve this mission.

Few departments aim to facilitate the activities of the board members in their accommodation.

### Flexibility

Just more than half of the departments has aims to be flexible in the use of the accommodation. They find flexibility important because it makes them able to rent space to other organizations. Departments try to make their space flexible in use by movable furniture or by a generic usable interior.

One department is going to rebuild its accommodation to prevent its tenant from leaving. From the observations made, the renovation does not seem necessary for the activities of the department. The objective of the department with the renovation seems to capture value creating.

Only one department says to rent space herself to be more flexible in case of changing conditions in the future. This long term focus can be explained by the fact that the department has a director and a supervisory board with members in it that are not concerned with daily operational affairs and therefore could focus on the bigger picture.

### Appearance

Half of the departments says to have objectives in being visible or in the image of its accommodation. Three respondents made it clear that it is because of their personal influence that their department aims to improve the appearance which shows the decisive role of board members. Their professional background has influence on the ambitions of the department in being more visible or improving its image.

Departments that have objectives in improving their appearance want their appearance to be more 'Red Cross-like'. However, the appearance is not a main objective of departments and

the appearance is also not an often discussed subject in the discussion of centralization of real estate management.

### 5.4.3. (De)centralization



The local and internal orientation and lack of involvement with upper layers can be seen back in the discussion around centralization of real estate management. Departments mention far more disadvantages than advantages of centralization. Departments hardly ever think about the advantages or disadvantages for the whole organization. Departments either see advantages for their own department or see disadvantages of centralization for their own department. However, an overall analysis of advantages and disadvantages is needed for the greater good of the organization. In the analysis of advantages and disadvantages departments see three subjects that keep on returning in the discussions: a strong emphasis on being autonomous, tensions around the financial resources of departments and the inability of the umbrella association.

#### Autonomy

An argument mentioned by half of the departments in the discussion around centralization is that they want to be autonomous from other layers. Their inclination can be seen back in the local networks departments use and the lack of using the Red Cross network. A reason for their inclination for autonomy could be that they want to preserve their current situation. Another reason could be that they do not want to be involved with the umbrella association as they see them as incompetent and that involvement concerns a lot of bureaucracy. This is an other often mentioned disadvantage of centralization.

A third of the departments asks for assistance of the umbrella association on specialist matters. However, departments that ask for assistance of the umbrella association all say that it should be the demand of the department before the umbrella association provides help. This suggests that departments want to be autonomous where possible.

#### Financial resources

The subject financial resources is about the use of financial resources by departments and the dispersion of financial resources by the umbrella association to departments. Financial resources is the most mentioned advantage of centralization but also one of the most mentioned disadvantages of centralization. Some departments think that centralization would disperse financial resources differently and better for them. The dispersion of financial resources could influence the housing possibilities of departments positively. Few departments see advantages of scale in purchases of goods or specialist services.

Half of the departments are concerned with the loss of financial resources of the department. Departments refer to higher costs of central steering. A few departments fear a wrong dispersion of financial resources by the umbrella association. One of them fears that large departments will dominate and another department fears that the umbrella association will spend less money on departments.

Few departments say that the umbrella association is too much focused on international help instead of departmental national tasks. Indirectly this could concern real estate management as it suggests they fear centralization to be unbeneficial for the financial resources the umbrella association would allocate to the departments.

A quarter of the departments mentions control of the umbrella association on departments to be beneficial. These departments hope that control will prevent irregularities and abuse from other departments. They point to control on other departments, not on their own department. Their department is doing well in their perspective. Eventually they hope control of other departments prevents public scandals which could make members and donors leave. Departments are depending on members and donors because of their financial contribution.

Almost half of the departments sees disadvantages of centralization because it harms their ties in the local community. Departments have strong local ties by which they gain financial benefits, as described earlier. Some departments also say that local ties are important as volunteers are willing to do voluntary work because they feel connected to their municipality.

The local ties enable departments to function independently from the umbrella association, which diminishes the need of wider orientation. The local ties cause tensions around centralization as the local orientation on the one side causes financial benefits, but on the other side prevents departments from focussing on the greater good of the whole organization.

One department sees an advantage in centralization for the unity of the organization when departments would have a more uniform appearance. On the other side, a few departments say that more uniformity in appearance in their housing is unnecessary and with this they suggest it is a waste of effort and money. That only few departments mention uniformity in the discussion re-emphasises that they do not have high ambitions concerning their appearance.

#### Inability of the umbrella association

Almost half of the departments says that the umbrella association is not able to manage real estate. Their reasons are that the umbrella association is not innovative enough, does not have enough knowledge about the concerns and demands of departments and do not have the right abilities to manage departments.

Two departments see an advantage in centralization that concerns the bureaucracy of the organization although their arguments do not directly concern real estate management. In their opinion, departments could use clear structures and guidelines. Centralization will diminish bureaucracy and therefore indirectly makes coordination and stimulation of policies easier. Both departments are large departments and have strong ties with the umbrella association. By their ties they are regularly confronted with the umbrella association and more aware of the developments of the umbrella association. This presumably makes them less critical about the possibilities of centralization although both mention many disadvantages of centralization as well.

On the other side, half of the departments sees disadvantages of centralization because of the bureaucracy of the umbrella association. These departments think they will be more confronted with rules and paperwork the umbrella association demands of them, when real estate management would be centralized. The assumption is made that more bureaucracy will make volunteers and board members leave. Their fear of bureaucracy refers to expectations of the inability of the umbrella association.

Only few departments see advantages in centralization because of the greater power the umbrella association has than individual departments. The umbrella association would be more able to get good contracts with public and private organizations.

A third of the departments sees advantages of centralization in central purchases of facilities to which they refer to as ballast. By referring these tasks to the umbrella association departments think that they can focus more on their core task. However, a few departments fear that centralization of real estate management will actually distract the departments from their core task because of bureaucracy or because accommodation is of such importance that wrong decisions in real estate management of the umbrella association would harm the activities of departments.

## 6. INFLUENCE OF VARIABLES ON (DE)CENTRALIZATION

This chapter describes the influence of the different variables at The Netherlands Red Cross. The findings give answer to the sub-questions of the research. The answers are based upon chapter 4 and 5 and upon the advantages and disadvantages of (de)centralization named in the theoretical framework (appendix 12).

### 6.1. Organizational context



Cluster 1 gives insight into the variables of the organizational context that need to be taken into account in decision-making concerning (de)centralization of real estate management. The organization context consists of external context variables and internal context variables.

#### 6.1.1. External context variables

The sub-question being answered is:

1. How does the external organizational context influence (de)centralization of real estate management?

The networks and volunteers of departments and the financial resources influence (de)centralization of real estate management. Networks and volunteers of departments together are the suppliers on which departments are depending. Table 6.1.1 gives an overview of the influence of the external context variables on (de)centralization of real estate management.

	Description of tension:	Influence:
Suppliers (networks)	Source of financial benefits	Constrains centralization
Suppliers (volunteers)	Objectives in REM on volunteers Cultural characteristics ( <i>see internal context</i> )	Promotes centralization Promotes & constrains centralization
Financial resources	Suboptimal use of financial resources Emphasis on financial freedom Subsidies are being reduced	Promotes centralization Constrains centralization Promotes centralization

Table 6.1.1: influence of the external context variables

There are three networks departments make use of: i) the local community, ii) the network of board members and iii) The Netherlands Red Cross. All departments gain financial benefits by their local ties; or by discounts and sponsorship received from local suppliers; or by financial donations thanks to goodwill created by local purchases. More than half of the departments makes use of the personal network of board members for sponsorship and help on specialist matters. Only a few departments use the Red Cross network to inform them when they have major concerns on real estate management or because they need specialist help and do not have another network to rely on. The incidental use of the Red Cross network illustrates the lack of orientation towards the upper layers of the Red Cross.

The benefits departments gain by local networks and the networks of board members are a strong point of the organization and play a vital role in their real estate management. This argument pleads against centralization of real estate management and is also mentioned in literature. The lack of use of the Red Cross network shows that still a lot can be won by the cooperation within the departmental layer and between layers in real estate management.

Volunteers influence (de)centralization of real estate management as the main objective of departments in real estate management is to facilitate the activities of the volunteers. By placing emphasis on the facilities for volunteers, departments want to satisfy volunteers' needs. As the mission of the Red Cross is to serve needy people, the accommodation does not directly serve the mission. Centralization could stimulate departments to think about their core task.

The focus on volunteers can be explained by the amount of volunteers and their age departments worry about. However, the amount of departments that are working on ways to attract younger volunteers is small, which is illustrative for a resigned attitude of departments. The characteristics of volunteers are determinative for the way things happen at departments. Besides being resigned in sub-optimal situations, volunteers can be characterized as enthusiast, having low formal engagement (help whenever they like) and having an inclination for self-reliance. These characteristics constrain centralization.

Financial resources play an important role in real estate management and therefore influence (de)centralization of real estate management. The impression is given that accommodation costs are for departments that rent accommodation for market value a significant item on their balance sheet. Only a few departments do reconsider their current situation because of the costs of the accommodation. However, they do not consider their actual need for accommodation. This can be seen in the fact that when they seek new accommodation it needs to have approximately the same amount of square meters as the current accommodation.

Departments can afford their accommodation or make sure they can afford their accommodation by renting space to others. Some departments give the impression not to need all their financial resources, however, they also do not want their spare financial resources to go to departments that do need it. It is also seen back in the investments some departments made in their accommodation to prevent the umbrella association skimming off their financial reserves.

In the discussion around centralization, the financial resources of departments are mentioned most. Therefore it is presumed that changes in the amount of financial resources or the autonomy departments have in spending their financial resources, is a tense subject what makes centralization more difficult.

A tendency noticed by a few departments is that subsidies of local municipalities are being reduced. That subsidies are being reduced presumably causes accommodation costs to be a larger item of their balance sheet. It could be useful for departments to have a stronger network on which to fall back when problems in their ability to pay for their housing occur.

### 6.1.2. Internal context variables

The sub-question being answered is:

2. How does the internal organizational context influence (de)centralization of real estate management?

The culture and the preference of board members of departments influence (de)centralization of real estate management. The preference of board members is in literature referred to as senior management preference. Table 6.1.2 gives an overview of the influence of the internal context variables on (de)centralization of real estate management.

	Description of tension:	Influence:
Culture	No incentives seen for improvements Emphasis on autonomy and preserving character	Promotes centralization Constrains centralization
Senior management preference	Dominating board members	Promotes centralization

Table 6.1.2: influence of the internal context variables

The culture of departments can be characterised as locally and internally orientated, strongly committed to being autonomous, resigned and preserving their housing situation. It is this culture that makes changes in real estate management more difficult but also desirable.

Almost all departments make use of their ties in the local community what creates a local orientation. Their local orientation can also be seen in their view on their upper layers. Most departments are not actively involved in the district. Almost all departments do not know what to expect from the regional service centres and just seem to wait for what will happen. This shows their resigned attitude. The districts and regional service centres are never discussed by departments as possible layers for real estate management tasks. Departments operate

autonomously from both layers, which leaves a gap between departments and the umbrella association. However, departments also mainly function autonomously from the umbrella association. Departments do not expect changes to come from the umbrella association. Most departments do not see a reason why changes are needed as they see their own strengths more than the strengths of other departments or layers and take the current situation for granted. One of the most mentioned disadvantages of centralization by departments is that they want to stay autonomous.

The resigned and internally orientated culture of departments can be seen back in their worries about the amount of volunteers and the age of volunteers without taking steps to change this tendency. For some volunteers the accommodation has emotional value which makes them reluctant for major changes. The culture causes that departments do not critically look at the actual needs for their accommodation for their core task. Departments are preserving their current situations by facility management and maintenance management and have no ambitions for improvements. Departments do not see many competitors nor many cooperation partners in the external context by which they might overlook chances. Although subsidies are being reduced, departments do not review their strategy.

When seen from a wider perspective, the departmental culture creates room for sub-optimal situations what pleas for guidelines, assistance and control from a higher layer.

The preferences of board members play a large role in most of the departments and they are decisive in real estate management. Their role is caused by the lack of volunteers and members to exert influence in decision-making. Larger tasks than those that concern facilities or small maintenance are taken care of by board members. Most departments make use of the personal network of board members to get things organized. Often board members influence the objectives of departments and have influence on the presence of a long term focus and reservations. As literature describes, decentralization may allow functions to be captured by local elites.

The ambitions of departments seem related to the time board members are seated in the board. Those departments that have board members that are seated for only a few years are departments that have long term plans. Departments with board members that are seated for a longer duration show more signs of inertia. In general inertia and feelings of nostalgia cause a smaller chance for changes in real estate management.

The literature describes that due to weak capacity at the local level choices are made less efficient and effective. As board members are often decisive, board members that do not have the right capacities could make suboptimal decisions. These decisions could seem irrational for external parties on which the Red Cross is depending for donations. This could be partly prevented when real estate management would be centralized, as it diminishes their influence.

## 6.2. Real estate management



Cluster 2 gives insight into the variables of real estate management that need to be taken into account. The variables concern the characteristics of the real estate portfolio, and the approaches and objectives in real estate management.

### 6.2.1. Real estate portfolio

The sub-question being answered is:

3. How do the characteristics of the local real estate portfolio influence (de)centralization of real estate management?

Table 6.2.1 gives an overview of the influence of the variables of the real estate portfolio on (de)centralization of real estate management.

	Description of tension:	Influence:
Size of departments	Differences in (dis)advantages	Constrains centralization
Accommodation owned/rented	Differences in (dis)advantages	Constrains centralization
Diversity in portfolio	Uniformity absent	Constrains & promotes centralization
Visibility of portfolio	Lack of attention for appearance	Promotes centralization

Table 6.2.1: influence of the characteristics of the real estate portfolio

The size of departments and if departments own or rent accommodation are related to the advantages and disadvantages mentioned by departments in the discussion around centralization of real estate management.

Small departments mention far less advantages and more disadvantages of centralization than large departments. Small departments do not see advantages in getting assistance nor in the power the umbrella association has to force better contractual situations for departments although, both seem to also be beneficial for small departments. The strong local ties of small departments presumably cause that departments do not need the power and assistance of the umbrella association. Besides this, small departments are more resigned in their situation and do not seek for major improvements of their situation. Small departments have less space than large departments and also use their accommodation less than large departments. Centralization of tasks like purchases of facilities is expected to be less beneficial for small departments as they are expected to especially gain benefits by their ties in the local community.

Departments that rent their accommodation mention more advantages of centralization than departments that own their accommodation. Departments that rent accommodation are presumed to see more advantages because they need to focus more on their accommodation as they are more often forced to move to a new accommodation. There are also a few departments that rent accommodation that are experiencing problems with paying the rent as subsidies are being reduced.

Differences between departments can make centralization of certain tasks more difficult because centralization has in itself a degree of standardization.

The characters, size and use of accommodations are divers and there is great difference in the appearance of accommodations. Given the differences in appearance and the principle of unity of the Red Cross, a more uniform appearance might be desirable. However, the diversity in the portfolio makes central (and uniform) steering on it more difficult.

The visibility of the buildings is poor. Estimated is that at least half of the accommodations is not or poorly visible although many departments themselves do not notice that they are poor visible. At many of the accommodations there are possibilities to improve the visibility. Central guidelines on appearance could create a more uniform appearance and stimulate departments to improve the visibility of their accommodation.

### 6.2.2. Real estate approaches

The sub-question being answered is:

4. How do the real estate approaches of departments influence (de)centralization of real estate management?

The approach of departments influence (de)centralization of real estate management as it creates sub-optimal decisions in real estate management. Table 6.2.2 gives an overview of the influence of the approach in real estate management on (de)centralization of real estate management. Departments have a predominant incremental approach and show some signs of the value-based approach.

	Description of tension:	Influence:
Incremental approach	Last minute decisions and purchases Room for board members' preferences Lack of capturing learning moments Lack of control on financial expenses	Promotes centralization Promotes centralization Promotes centralization Promotes centralization
Value-based approach	No reconsiderations of necessity for core task Emotional value of accommodation	Promotes centralization Constrains centralization

Table 6.2.2: influence of the approach in real estate management

Departments focus on facilities and maintenance. The majority of the departments does not have long term plans and does not make reservations what could cause cumulative financial disadvantages as they are forced to make last minute decisions and purchases. Most departments have no rules and guidelines in real estate management what gives room for board members to be decisive. Departments hardly cooperate with other organizations or departments. Hereby, learning moments can not be captured. The lack of central standards and plans gives room for improvisation and innovation. However, departments show limited signs of improvisation and innovation.

Departments have low ambitions on visual aesthetics by which they emit a lean and mean attitude to the external context. This shows possible financial donors that they do not waste money on ostentation.

The incremental approach suggests that departments are forced to behave incremental due to uncertainty about future developments and needs. However, departments do not give the impression to think that their demands in accommodation will change. Appearing practices seem to be based on personal preferences and can create sub-optimal situations that plea for some degree of centralization of real estate management.

With regard to real estate management, no ambitions are seen at departments to improve their current situation. Departments that own accommodation experience having accommodation as having not many costs for housing; having low monthly expenses. Therefore they have no incentives to change their current situation. For some volunteers the accommodation has emotional value what could explain the aim to preserve the housing situation. This creates constraining tensions around centralization of real estate management. The emotional value of accommodation diminishes the rational perspective of departments in real estate management. Departments do not consider sharing their accommodation or their financial reserves with other departments. They take the current situation for granted and see having accommodation as an achievement. Only external pressure makes departments reconsider their housing situation. However, departments do not reconsider the necessity of space for their core task.

An advantage of centralization described in the literature is that it increases control over financial resources, clearness in the division of responsibilities and systems of accountability. By a more centralized real estate management, central standards could be created. Financial expenses and reserves could be controlled and departments could be stimulated to cooperate with each other. Departments could be given incentives to reconsider the necessity of having accommodation for the core task.

### 6.2.3. Real estate objectives

The sub-question being answered is:

5. How do the real estate objectives of departments influence (de)centralization of real estate management?

Table 6.2.3 gives an overview of the influence of objective in real estate management of departments on (de)centralization of real estate management.

	Description of tension:	Influence:
Facilitating human resources	Main objective in REM on volunteers	Promotes centralization
Increase flexibility	Emphasis on rent space to others	Promotes centralization
Promote marketing message	Lack of attention for appearance	Promotes centralization

Table 6.2.3: influence of objectives in real estate management

The main objective of departments influences (de)centralization of real estate management. The main objective of departments is: to facilitate the activities of volunteers in their accommodation. Two third of the departments receives needy people in their accommodation but almost all of them still say that facilitating volunteers is most important. As the mission of

the Red Cross is to help needy people, the accommodation does not function directly for the mission of the Red Cross.

One of the principles of the conceptual framework is that the objectives of departments need to be the same; the main objective of departments is the same. However, given the mission of The Netherlands Red Cross, it might be appropriate to reconsider this main objective. Centralization of real estate management could place emphasis on the necessity of space to serve the mission.

Around half of the departments is concerned with the flexibility of its accommodation. With flexibility departments refer to flexibility of use of spaces and facilities to make their accommodation suitable for renting space to others. One department is going to rebuild its accommodation according to the wishes of its tenant. The emphasis of departments on renting space to other organizations makes one wonder if this is desirable given the mission of the Red Cross. Also when space is rented, to which organizations departments should rent space could be a question. A central strategy on this topic could be desirable.

Most departments do not talk about flexibility in terms of preparing the department for possible future changes that ask for different use of accommodation. The lack of objectives of long term flexibility can cause sub-optimal situations.

Half of the departments says to think about its appearance. However, the actual appearance of the accommodation of departments shows that their ambitions are low or minimally pursued. Centralization could raise attention for the appearance of departments by their real estate.

### 6.3. (De)centralization



Cluster 3 studies the advantages and disadvantages of (de)centralization of real estate management. The theoretical framework described ten advantages of decentralization and ten disadvantages of decentralization. The advantages of decentralization are interpreted as disadvantages of centralization. The disadvantages of decentralization are interpreted as advantages of centralization. The theoretical (dis)advantages are compared with the empirical (dis)advantages. Table 6.3.1 gives an overview of the theoretical (dis)advantages that hold true (see also appendix 12). This paragraph describes the (dis)advantages based on the research data.

<b>Theoretical advantages of centralization</b>
Decentralization may allow functions to be captured by local elites (Crémer, Estache and Seabright, 1995:114, Neven, 2002:6).
Loss of control over financial resources (Dillinger, 1995:20, Neven, 2002:5).
Loss of a clear division of responsibilities. Need for a system of accountability (Neven, 2002:4).
Decentralized regulators have weak incentives to take inefficiencies into account caused by overlap with other jurisdictions (Smith and Shin, 1995:54).
Weak administrative and technical capacity at local levels may result in less efficient and effective choices made (Neven, 2002:4-6, Smith and Shin, 1995:55).
<b>Theoretical disadvantages of centralization</b>
Decentralization prevents overregulation and bureaucracies. (Neven, 2002:4)

Table 6.3.1: theoretical (dis)advantages that hold true in the empirical data

Departments hardly ever think about the advantages or disadvantages for the whole organization. Departments only see advantages or disadvantages of centralization for their own department. It is therefore important to look at the advantages and disadvantages that are not mentioned by departments but could be there for the whole organization. The advantages and disadvantages follow from the tensions that promote and constrain centralization as described in previous paragraphs. The advantages and disadvantages are divided into those mentioned by departments and those that are not directly mentioned by departments but do strike out in the overall analysis.

### 6.3.1. Advantages

The sub-question being answered is:

#### 6. What are the advantages of centralization of real estate management?

Table 6.3.2 gives an overview of advantages of centralization of real estate management seen from the perspective of individual departments and from the overall perspective.

Perspective of departments	Overall perspective
Use & dispersion of financial resources	Focus on needy people
Assistance on specialism matters	Reconsiderations of necessity for core task
Central purchases > room for core task	Control on financial expenses
Preventing irregularities and abuse by control	Optimizing use of financial resources
Achieving better contracts by central power	Answer to subsidies are being reduced
Clear structures and guidelines	Consideration of future needs and developments
Uniform appearance	Capturing learning moments
	Diminishing influence of board members
	Improvement of appearance
	Strategy on the landlord function of departments

Table 6.3.2: arguments promoting centralization (perspective of departments and the overall perspective)

#### **Advantages seen from the perspective of departments**

Departments see only few advantages of centralization. A few departments do not even mention any. The advantage mentioned most by departments (by almost half of the departments) concerns the financial resources of departments. The subject financial resources concerns the use of financial resources by departments and the dispersion of financial resources by the umbrella association to departments. Some departments think that centralization would disperse financial resources differently and positively for them. Concerning their accommodation some departments think that dispersion of financial resources by the umbrella association could influence the accommodation possibilities of departments positively. They hope to be able to rely on the umbrella association, should they have problems with bearing the costs of the accommodation. Few departments see large scale advantages in purchases of goods or specialist services.

The advantages that are mentioned by a quarter or more of the departments concern assistance of the umbrella association on specialist matters, the ability to focus on the core task and control on the financial resources of departments.

Large departments (and a third of all studied departments) ask for assistance of the umbrella association on specialist matters. Assistance would be asked when they are not able to deal with a problem themselves. An example could be a legal matter with a rental contract. All the departments that mention the advantage of centralization in getting assistance say that the umbrella association should only provide help on the initiative of the department.

A quarter of the departments sees advantages of centralization mainly in central purchases of facilities like software or furniture, which they refer to as ballast. Without these tasks they say departments would be better of focussing on their core task.

A quarter of the departments sees central control by the umbrella association on departments as beneficial. Departments hope that control will prevent irregularities and abuse at other departments that could cause public scandals. The departments hope that control will prevent members and donors to leave. Departments are depending on members and donors for their financial contribution.

A few departments mention advantages of centralization with regard to the greater power the umbrella association has in order to get things achieved for departments, the possible reduction of bureaucracy by central structures and more uniformity in appearance.

Departments see advantages in centralization because of the greater power the umbrella association has than individual departments. The umbrella association would be better able to get good contracts for departments with public and private organizations.

Two departments see advantages in centralization that concern the bureaucracy of the organization although their arguments are not directly concerned with real estate management. In their opinion, departments could use clear structures and guidelines. Centralization will diminish bureaucracy and indirectly make coordination and stimulation of policies more easy. Both departments that mention this advantage are large departments and have strong ties with the umbrella association. They are regularly confronted with the umbrella association and more aware of the developments of the umbrella association. This presumably makes them less critical about the possibilities of centralization although both mention many disadvantages of centralization as well. One department sees advantages for the unity of the organization when departments would have a more uniform appearance.

### **Advantages seen from the overall perspective**

Volunteers play a central role in the objectives departments have with their accommodation and for some volunteers the accommodation has emotional value. Both raise questions of the actual necessity of the accommodation for the mission of the Red Cross; helping needy people. Central guidelines on how to use the financial resources for accommodation optimally given the core task, could make departments aware of the costs and value of real estate.

The incremental approach of departments might cause sub-optimal decisions and cumulative financial disadvantages, because of the lack of long term focus. Incentives for departments to think about future demands of accommodation could prevent inefficient use of financial resources.

A few departments give the impression not to need all their financial resources but are also not willing to share their reserves with those departments that could use it for their core task. Central control on the financial expenses on accommodation seems beneficial for the organization. Some departments say that subsidies are being reduced. However, they do not react to these developments. A discussion by the central layer on a real estate strategy to deal with these developments could be useful to prepare departments for future changes.

Most departments function independently from the upper layers of the organization and do not cooperate with each other. Departments do not see benefits for themselves in the use of the upper layers of the Red Cross and do not see why changes are needed. Besides, departments are in an inert situation; they do not convert themselves to the changing external context. Central strategies or impulses for departments on how to deal with the external context might influence the process and force departments to react to the changing context. Cooperation between departments and confrontation with other ideas could stimulate improvements.

Board members have a decisive role in real estate management. As board members are decisive, board members that do not have the right capacities could make suboptimal decisions. Decisions that might seem irrational for external parties of which the Red Cross is depending for donations. Central guidelines or control could be beneficial for the organization as it diminishes the influence of board members on real estate management.

Half of the departments says to care about their appearance in accommodation. However, observations of the portfolio show that that the appearance of departments in accommodation is very different and still a lot can be gained in the visibility of accommodations. A central guideline or framework could improve the appearance (and uniformity in appearance) for example by stimulation of departments to think about their appearance.

Most departments rent space to other organizations. The desirability of departments functioning as landlord and to whom they are renting space could ask for a central strategy.

### 6.3.2. Disadvantages

The sub-question being answered is:

#### 7. What are the disadvantages of centralization of real estate management?

Table 6.3.3 gives an overview of disadvantages of centralization of real estate management seen from the perspective of individual departments and from the overall perspective.

Perspective of departments	Overall perspective
Loss of financial resources	Sensitivity around centralization due to emphasis on financial freedom
Incompetent umbrella association for REM	Sensitivity around centralization due to emphasis on autonomy and the preserving character
Reducing efficiency and effectiveness	Emotional value of accommodation
Loss of financial benefits in community	Loss of financial benefits in community
Centralization distracts from core task	Difficulties by differences in (dis)advantages
No focus on national help	Difficulties by diversity of portfolio
Unnecessary uniform appearance	

Table 6.3.3: arguments constraining centralization (perspective of departments and the overall perspective)

#### **Disadvantages seen from the perspective of departments**

The disadvantages mentioned by around half of the departments concern the financial resources of departments, the inability of the umbrella association, the bureaucracy that comes with the umbrella association and the loss of ties in the local community.

The financial disadvantages concern the loss of financial resources of the department. Departments refer to higher costs of central steering. A few departments fear a wrong dispersion of financial resources by the umbrella association. One of them fears that large departments will dominate and the other department fears that the umbrella association might spend less money on departments. Departments want to stay autonomous from the other (upper) layers what can be seen in the lack of using the Red Cross network. Almost all departments function independently from the district and the umbrella association. A reason for their inclination for autonomy can be that they want to preserve their current situation or do not want to be involved with the umbrella association as they see them as incompetent and their involvement would cause a lot of bureaucracy. Departments say that the umbrella association is not able to manage real estate. Their reasons for this are that the umbrella association is not innovative enough, does not have enough knowledge about concerns and demands of departments and do not have the right abilities to manage departmental real estate. Departments see disadvantages of centralization because of the bureaucracy of the umbrella association. If real estate management would be centralized, departments think they would be more confronted with rules and paperwork that the umbrella association demands of them. Bureaucracy makes the work processes of departments less efficient and effective. Also the literature underscores that centralization increases overregulation and bureaucracies.

The assumption is made by departments that more bureaucracy would make volunteers and board members leave. Their fear of bureaucracy refers to expectations of an incompetent umbrella association. Departments see disadvantages of centralization because it harms their ties in the local community by which they gain financial benefits.

A few departments mention disadvantages of centralization concerning the distraction of their core task by central real estate management, the focus of the umbrella association on international help instead of the work of the departments and the unnecessary attention on uniformity in appearance.

Departments fear that centralization of real estate management would distract the departments from their core task because of bureaucracy or because accommodation is of such importance that wrong decisions in real estate management of the umbrella association would harm the activities of departments. They say that the umbrella association is too much focussed on international help. Indirectly this could concern real estate management as it suggests that they fear centralization to be unbeneficial for their activities that concern

national help. Departments say that more uniformity in appearance in their housing between departments is unnecessary and with this they suggest it is a waste of effort and money. With these arguments the departments seem to wish staying autonomous. That only few departments mention uniformity in the discussion, emphasizes that they do not have high ambitions concerning their appearance.

#### **Disadvantages seen from the overall perspective**

Centralization is constrained by the sensitivity around the topic due to the financial freedom departments require, their emphasis on being autonomous and their aim to preserve the current (housing) situation. For some volunteers, accommodation has emotional value what constrains centralization. Some departments say that volunteers and board members might leave when too much will change.

Centralization could harm the ties departments have in the local community. As departments gain financial benefits by ties, these ties should not be harmed in centralizing tasks of real estate management.

Centralization has in itself a degree of uniformity. Uniform policy is more difficult by the differences in advantages and disadvantages mentioned by departments of different sizes and by departments that own or rent accommodation. Also the great diversity of accommodations within the real estate portfolio makes central policy or steering of the local portfolio more complex.

## **7. CONCLUSIONS & RECOMMENDATIONS**

This chapter gives answer to the central research question:

What tensions constrain or promote (de)centralization of real estate management of non-profit organizations and given these tensions, what are strategies for (de)centralization of real estate management?

The research consists of an in-depth research on The Netherlands Red Cross. Because of the lack of knowledge on real estate management of non-profit organizations, an explorative research is done on The Netherlands Red Cross as example of a non-profit organization. With (de)centralization is meant the playing field between the most decentral place of real estate management and the most central place of real estate management. With centralization is meant the process of a decentral place of real estate management towards a more central place of real estate management.

The main research question consists of two parts: i) tensions around (de)centralization of real estate management and ii) possible strategies for (de)centralization of real estate management. Paragraph 7.1 gives the answer to the first part, paragraph 7.2 gives the answer to the second part. In this paragraph the conceptual framework for decision-making concerning (de)centralization of real estate management of the theoretical research is adjusted to the research findings. Paragraph 7.3 describes the generalizability of the research findings for the non-profit sector and the recommendations for further research.

To be able to answer the main research question, a theoretical research is done. Below a summary is given of the principles of the theoretical framework.

### **Theoretical framework**

To study the tensions around (de)centralization three clusters are described in the literature research.

1 Cluster 1 'organizational context' mentions that the effectiveness of organizations is influenced by how well the organization adjusts to its organizational context. The framework makes a division in external and internal context variables. Eight external context variables and six internal context variables can play a role in real estate management. When the organizational context that plays a role in real estate management of departments is generic, centralization is in theory possible.

2 Cluster 2 'real estate management' gives fourteen variables of the real estate portfolio, three approaches and eight objectives organizations can have in real estate management. By variables of the real estate portfolio the portfolio can be mapped out. Three real estate approaches are given, each with its own advantages and disadvantages. When the objectives of departments are generic, centralization is in theory possible.

3 Cluster 3 '(de)centralization' describes the possibility and the desirability of different focuses in real estate management and degree's of (de)centralization. The possibility is depending on the diversity in organizational context and objectives in real estate management of departments. The desirability is depending on the balance between advantages and disadvantages of (de)centralization. The advantages and disadvantages determine to which degree (de)centralization is desirable and on which elements of real estate management (de)centralization is desirable.

## 7.1. Tensions constraining and promoting centralization

This paragraph describes the tensions that constrain and promote centralization. Table 7.1.1 gives an overview of the tensions. Per variable, the influence on (de)centralization of real estate management is described.

	Promotes centralization	Constrains centralization
<b>External context</b>		
Suppliers (networks)		Source of financial benefits
Suppliers (volunteers)	Objectives in REM on volunteers Cultural characteristics	Cultural characteristics
Financial resources	Suboptimal use of financial resources Subsidies are being reduced	Emphasis on financial freedom
<b>Internal context</b>		
Culture	No incentives seen for improvements	Emphasis on autonomy and preserving character
Senior management preference	Dominating board members	
<b>Real estate portfolio</b>		
Size of departments		Differences in (dis)advantages
Accommodation owned/rented		Differences in (dis)advantages
Diversity of portfolio	Uniformity absent	Uniformity absent
Visibility of portfolio	Lack of attention for appearance	
<b>Real estate approach</b>		
Incremental approach	Last minute decisions and purchases Room for board members' preferences Lack of capturing learning moments Lack of control on financial expenses	
Value-based approach	No reconsiderations of necessity for core task	Emotional value of accommodation
<b>Real estate objectives</b>		
Facilitating human resources	Main objective in REM on volunteers	
Increase flexibility	Emphasis on rent space to others	
Promote marketing message	Lack of attention for appearance	

Table 7.1.1: tensions that promote and constrain centralization of real estate management

### Suppliers

#### Promoting tension: networks as source of financial benefits

Almost all departments make use of the ties they have in the local community. By these ties they gain financial benefits by getting discount in purchases, by sponsorship or by creating goodwill for donations by purchases of local suppliers.

Most departments make use of the personal network of departments. This is strengthened by the lack of cooperation with other departments or layers of the Red Cross. Almost all departments function independently from the district and the umbrella association. Only few departments make use of the network of the Red Cross, mainly to inform them on their developments or for specialist advice.

The benefits departments gain by their local ties and the networks of board members are a strong point of the organization and play a vital role in its executive real estate management.

#### Promoting & constraining tension: cultural characteristics due to volunteers

The extensive use of networks of departments in the local communities and networks of board members can be seen as characteristic of volunteers. It is the devotion and enthusiasm of volunteers to arrange things by themselves by which departments gain benefits. However, also these characteristics make centralization sensitive. Volunteers want to be autonomous what is not in accordance with centralization. They like to be self-reliant and do not mind reinventing the wheel.

The lack of use of the Red Cross network shows that still a lot can be won by the cooperation within the departmental layer and between layers on knowledge about real estate management.

## **Financial resources**

### **Promoting tension: suboptimal use of financial resources**

Departments do not critically look at their need of accommodation for their core task although accommodation costs are supposed to be a significant item on many of the balance sheets. Most departments need financial resources to preserve the current housing situation although some departments give the impression not to need all their financial resources. This can be seen in the financial reserves some departments spend in their accommodation to prevent the umbrella association from skimming it off to use it for the core task. It can also be seen in lack of incentives to release money from assets. Most departments that own accommodation experience having own accommodation as having not much costs for housing; having low monthly expenses.

### **Constraining tension: emphasis on financial freedom**

The most mentioned subject in the discussion around centralization concerns the financial resources of departments. The subject concerns the use of financial resources by departments, the expenses of the umbrella association, the control on financial expenses and the dispersion of financial resources by the umbrella association to departments. Changes in the amount of financial resources and presumably also in the freedom departments have in spending their financial resources is a tense subject which is according to their emphases on being autonomous.

### **Promoting tension: subsidies are being reduced**

A tendency noticed by some departments is that subsidies of local municipalities are being reduced. Around 42 departments are expected to be subsidized by the municipality in their rent. Strengthening the Red Cross network could be useful for departments to rely on the network when problems occur in their ability to pay for their housing.

## **Culture**

The culture of departments causes suboptimal housing situations. The culture of departments can in general be characterised being locally and internally orientated, strongly committed to being autonomous, resigned in suboptimal situations and preserving their housing situation.

### **Promoting tension: no incentives seen for improvement**

Most departments are in an inert situation; they do not convert themselves to the changing external context. Most departments do signal changes in volunteer population and some signal reduced subsidies. However, they show a resigned attitude towards these developments as not many measures are taken. Most departments do not take notice of competitors or cooperation partners in the external context; they are internally orientated. Centralization could give incentives to departments to breakthrough inertia and taboo's and by this stimulates improvements in real estate management.

### **Constraining tension: emphasis on autonomy and preserving character**

Departments are preserving their current housing situation and have no ambitions to improve their housing situation. Only when untenable situations occur (caused by external pressure) departments seek for new accommodation. However, departments do not consider their actual need of having an accommodation.

An argument mentioned by half of the departments in the discussion around centralization is that they want to remain autonomous from the other layers of the Red Cross. Their desire in being autonomous can be seen in the lack of using the Red Cross network. Departments want to be autonomous to preserve the current accommodation as they are afraid that volunteers or board members will leave when too much is changed in accommodation. Being autonomous in real estate management is seen by departments as an achievement. Departments see their own strengths more than the strengths of others and feel no incentives for changes. The inclination for autonomy makes centralization on forehand a tense subject.

A reason for their inclination for autonomy could be that they do not want to be involved with the umbrella association as they see them as malfunctioning. With the malfunctioning

umbrella association is mainly directed to the amount of bureaucracy and the lack of familiarity of the umbrella association with the demands and concerns of departments.

Departments are limited in their view; they have no eye for developments in other departments. When they do say to consider using the district, their perspective is to share their own ideas with others, not to learn from others. Departments do not consider sharing their accommodation with other departments, nor do they let departments that would like to employ more activities but can not afford, use their spare money.

The discussion of departments on centralization shows that departments mainly mention advantages or disadvantages that concern the own department. Mentioned advantages for the whole organization are rare. As centralization has in itself a more uniform treatment of departments, departments must see the greater good to understand that it might harm the direct individual case of one department and supports the case of another.

The regional service centres and the districts are never discussed by departments as possible layers for real estate management tasks what leaves a gap between the departmental layer and the highest layer (umbrella association). However, departments also function quite autonomous from the umbrella association. The mental distance that departments feel between them and the umbrella association makes that handing over real estate management tasks to the umbrella association will be felt as a big step by departments. Sensitivity around the subject will constrain centralization as the general assemblies (existing of volunteers) are decisive in major changes.

#### **Senior management preference**

With senior management preference is meant the dominating role of board members of departments in the state of affairs of the department.

#### **Promoting tension: dominating board members**

Board members take on larger tasks than those that concern facilities or small maintenance and use their personal network to get things organized. Board members influence the objectives of departments and have influence on the presence of a long term focus and reservations. The influence of board members is also visible in the relation between ambitions and time period that board members are seated in the board. In general those departments that have board members that are seated for only a few years are departments that have long term plans. Departments with board members that are seated for a longer duration show more signs of inertia, nostalgia and preserving the current situation. The chance for improvements will therefore diminish.

One of the theoretical disadvantages of decentralization described is that decentral steering gives chances for local elites to capture decision-making processes. As the influence that members and volunteers exert is low, departments have decisive board member(s). Centralization of real estate management diminishes the influence of board members in it.

Board members are decisive, hence board members that do not have the right capacities could make suboptimal decisions that might seem irrational for external parties that give donations. As the theory describes, higher layers can have a greater administrative and technical capacity. Due to the possible lack of the right capacities of some board members at the decentral layer, central assistance could be useful.

#### **Real estate portfolio**

#### **Constraining tension: differences in (dis)advantages**

The size of departments (based upon the amount of volunteers, members and financial resources) and if departments own or rent accommodation are related to the discussion around centralization of real estate management. Smaller departments and also departments that rent accommodation mention less advantages of centralization. The differences in advantages and disadvantages that are seen by departments make centralization more difficult as centralization has in itself a degree of standardization.

#### **Promoting & constraining tension: uniformity absent**

The portfolio is diverse. The portfolio is including buildings that are owned and are rented, with or without mortgage, rents of market value or of symbolic value, different sizes and uses. Also the appearance and visibility of the accommodations are different. The diversity makes centralization (uniform policy) more difficult. However, when The Netherlands Red Cross would require more uniformity in the portfolio (given the principle of unity of the Red Cross), central policy or guidelines are needed.

The visibility of the majority of the accommodations is poor. However, departments themselves have a more positive view on their visibility than is concluded of observations. There is room for improvement of the visibility of departments by their accommodation. Centralization, for example by central guidelines, could raise attention for visibility.

### **Approaches**

#### **Promoting tensions: the predominant incremental approach**

Departments have a predominant incremental approach where no standards are present and long term focuses are rare. The focus of departments in real estate management is on facilities and maintenance. Departments have a lean and mean appearance by which they show not to spend money on ostentation. Real estate is facilitative for the activities of departments. As changes in real estate demand are not expected by departments, the lack of long term focus could cause cumulative financial disadvantages due to last minute decision-making and purchases. Central standards could create more emphasis of departments on their long term needs. Central steering could stimulate cooperation between departments by which learning moments can be captured. Central control on financial expenses could increase the accountability of departments.

#### **Promoting tension: no reconsiderations of necessity for core task**

Departments consider having accommodation as an achievement. Only external pressure makes departments seek for new accommodation, but still departments do not reconsider the necessity of accommodation for the core task. Central guidelines in real estate management could create incentives for departments do reconsider the need of accommodation.

#### **Constraining tension: emotional value of accommodation**

The aim of departments to preserve their current housing situation can be caused by the emotional value the accommodation has for some volunteers. The emotional value creates sensitivity of volunteers around the subject centralization of real estate management; volunteers seem to be conservative in changes.

### **Objectives**

#### **Promoting tension: main objective in REM on volunteers**

The main objective of most departments is to facilitate the activities of volunteers. Given the mission of the Red Cross to help needy people, the accommodation does not function directly for the mission.

#### **Promoting tension: emphasis on rent space to others**

Departments have objectives in flexibility of use of spaces and facilities to make the accommodation suitable for renting space to other organizations. Most departments rent space to other organizations. Being a landlord could distract departments from their core task which makes one wonder if this is desirable given the mission of the Red Cross. A central strategy on this topic could be desirable.

#### **Promoting tension: lack of attention for appearance**

Half of the departments do say to find their appearance important. However, observations of the portfolio illustrate that in appearance (image and visibility) of accommodation still a lot can be improved. The appearance of the real estate portfolio is not at all uniform, the visibility of the majority of the accommodations is poor. Centralization could be a chance for The Netherlands Red Cross to improve the appearance of departments in accommodation.

However, one should not lose sight of the lean and mean image of departments as the impression should not be given to spend financial resources more than necessary on accommodation instead of the core task.

## 7.2. Strategies for (de)centralization

The tensions that promote and constrain centralization need to be balanced to come to a strategy for (de)centralization of real estate management. Based on the weight of the tensions a decision needs to be made if real estate management should be centralized or not. The character of the tensions decides if it concerns strategic or executive real estate management. By the explorative character of the research, the strategies are based on The Netherlands Red Cross. The current real estate management of departments of The Netherlands Red Cross concerns mainly executive real estate management. Departments are concerned with facilities and maintenance and only when untenable situations occur, they seek for new accommodation that fulfils their demand in the amount of square meters. Real estate strategies are undefined and the organizational strategy is not converted to a real estate strategy. One could even say that an organizational strategy is absent on the departmental layer. Most departments are in an inert situation; they go on with their activities without critical reconsiderations for changes in the external context. Strategic goals like the appearance departments want to have with their accommodation, their long term needs in accommodation or the value of their assets are by most departments not taken into account in real estate management.

The theoretical framework gives a conceptual framework for decision-making concerning (de)centralization of real estate management. Below the framework is adjusted to the findings of the research. The framework leads to a strategy on (de)centralization of real estate management (paragraph 7.2.3). Figure 7.2.3 shows the framework to decide on (de)centralization of real estate management.

### 7.2.1. Step 1 and 2: variables in (de)centralization of real estate management

1 – Cluster 1 'Organizational context' is the first step of the framework. The variables of the external context that play a role are the suppliers and the financial resources. The variables of the internal context that play a role are the culture and senior management preference.

2 – Cluster 2 'Real estate management' is the second step of the framework. Of the variables of the real estate portfolio are important: the building character (owned vs. rented), the size of the department, the general diversity of the portfolio and the exterior quality (visibility of the portfolio). Departments have a predominant incremental approach and show some signs of a value-based approach. The main generic objective for departments is facilitating human resources, followed by increasing flexibility. Some departments have objectives in promoting the marketing message, however these objectives are limited obtained.

### 7.2.2. Step 3: deciding for (de)centralization

3 – The conceptual framework shows that step 3 consists of the possibility of centralization based on the generality of the organizational context and the objectives (step 3a), balancing the advantages and disadvantages (step 3b), choosing the appropriate focus in real estate management (step 3b) and choosing the appropriate degree of (de)centralization (step 3d). These steps lead to a strategy for (de)centralization of real estate management.

#### **Step 3a: possibility of centralization of real estate management**

The organizational context and objectives are in general the same, therefore centralization is possible (see step 1 and 2). However, the research shows that step 3a does not decide on the possibility of centralization, it decides on the difficulty of centralization. The research

shows that although the objectives are generic, it is the actual objective that promotes or constrains centralization. When the objective would be different for each department, the overall perspective could still plea for centralization as the objectives do not serve the greater good. The diversity in objectives of departments would make centralization more difficult because the central layer would need to create sympathy by diverse departments for the centrally set objective.

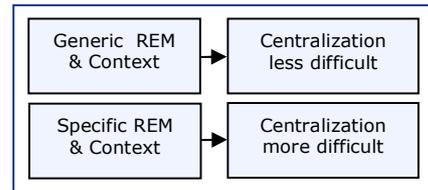


Figure 7.2.1: complexity of centralization

The same counts for the characteristics of the real estate portfolio, the approach in real estate management and the organizational context. When the variables are specific for each department, centralization is more difficult however the arguments could still plea for centralization. Therefore, step 3a of the conceptual framework needs to be adjusted. Step 3a should not just analyse the generality of the organizational context and objectives, but should study the generality of all studied variables. Step 3a does not leads to a verdict if centralization is or is not possible but leads to a verdict about the complexity of centralization (figure 7.2.1). Different contexts and practices in real estate management give more difficulties in centralization. A generic context and real estate management is more easily steered on centrally as centralization has a degree of standardization in itself.

### **Step 3b/c: balancing (dis)advantages of centralization of executive and strategic real estate management**

In theory, tensions that promote centralization could be divided into tensions that promote centralization of executive real estate management or of strategic real estate management. However, the promoting tensions present at The Netherlands Red Cross all concern strategic real estate management as they are created by a lack of attention of departments on strategic possibilities. The tensions that constrain centralization can be divided in:

1. tensions that constrain centralization because the current decentralized executive real estate management has economical advantages over centralized executive real estate management;
2. tensions that constrain centralization because due to the characteristics of the real estate portfolio central real estate management is complex; and
3. tensions that constrain centralization because changes in real estate management are not welcomed by departments due to their cultural characteristics (emotional arguments).

As the current real estate management of departments concerns executive tasks, especially changes in the layer that takes care of the executive tasks are expected to be a sensitive subject. Although strategic tasks are not seen by most departments as part of their tasks in real estate management, the introduction of a focus on strategic real estate management is expected to be a sensitive subject. It is expected to be a sensitive subject because changes in real estate management affect the responsibility, authority and financial freedom of departments.

Table 7.2.1 gives an overview of the tensions and the focus in real estate management they concern. The tensions are:

- Promoting centralization of strategic real estate management  
(represented in the table with: +, Strategic)
- Constraining centralization of executive real estate management because of decentral economical advantages  
(represented in the table with: - economical, Executive)
- Constraining centralization of real estate management because of portfolio characteristics  
(represented in the table with: - portfolio, Executive)
- Constraining centralization of executive real estate management because of cultural characteristics  
(represented in the table with: - cultural, Executive)

Table 7.2.1 shows that only the variable 'suppliers (networks)' constrains centralization of executive real estate management because of economical reasons. Departments gain financial benefits in purchases of facilities and in maintenance (executive real estate management) at local level. The variables of the real estate portfolio constrain centralization of executive and of strategic real estate management. Differences in (dis)advantages mentioned by departments concern disadvantages of both focuses in real estate management. On the one hand, the absence of uniformity makes centralization of executive and strategic real estate management more difficult. On the other hand it promotes central strategic guidelines in appearance just as the lack of attention for appearance does.

The table shows that because of economical reasons, executive real estate management should stay decentral. The table shows that centralization of strategic real estate management is desirable. However, centralization will be more difficult and will be a more sensitive subject due to the characteristics of the real estate portfolio and the cultural constrains.

	Tension	Promote (+) / Constrain (-)	Focus
<b>External context</b>			
Suppliers (networks)	Source of financial benefits	- economical	Executive
Suppliers (volunteers)	Objectives in REM on volunteers	+	Strategic
	Cultural characteristics	- cultural	Executive + strategic
		+	Strategic
Financial resources	Suboptimal use of financial resources	+	Strategic
	Subsidies are being reduced	+	Strategic
	Emphasis on financial freedom	- cultural	Executive + strategic
<b>Internal context</b>			
Culture	No incentives seen for improvements	+	Strategic
	Emphasis on autonomy and preserving	- cultural	Executive + strategic
Senior management preference	Dominating board members	+	Strategic
<b>Real estate portfolio</b>			
Size of departments	Differences in (dis)advantages	- portfolio	Executive + strategic
Accommodation owned/rented	Differences in (dis)advantages	- portfolio	Executive + strategic
Diversity of portfolio	Uniformity absent	- portfolio	Executive + strategic
		+	Strategic
Visibility of portfolio	Lack of attention for appearance	+	Strategic
<b>Real estate approach</b>			
Incremental approach	Last minute decisions and purchases Room for board members' preferences Lack of capturing learning moments Lack of control on financial spending	+	Strategic
Value-based approach	No reconsiderations of necessity for core task	+	Strategic
	Emotional value of accommodation	- cultural	Executive + strategic
<b>Real estate objectives</b>			
Facilitating human resources	Objectives in REM on volunteers	+	Strategic
Increase flexibility	Emphasis on rent space to others	+	Strategic
Promote marketing message	Lack of attention for appearance	+	Strategic

Table 7.2.1: focus of tensions around centralization of real estate management

### **Step 3d: degree of centralization of real estate management**

The conceptual framework gives four degree's of centralization that differ in the responsibilities, authorities and financial freedom of the layer in real estate management. Currently, the departments have almost complete responsibility, authority and financial freedom in real estate management. Only in establishments of rights of mortgage and usufruct on the property, departments are depending on the approval of the umbrella association.

To decide on the degree of centralization, one needs to know the abilities and willingness of the layers to take on real estate management. By the abilities and willingness of the different layers an optimal division of responsibilities, authorities and financial freedom can be made. However, the study only focused on the lowest layer, the departmental layer. The abilities and willingness of the upper layer are based upon the perspectives of the departmental layer and on expectations gained in the research period. Therefore, decisions made on the appropriate degree of (de)centralization are based on a limited view.

From the balance of tensions and focus in real estate management (step 3b/c) derives that executive real estate management needs to stay delegated to the decentral layer as on decentral level advantages in executive real estate management are gained. The lowest layer (departments of The Netherlands Red Cross) has the appropriate orientation and feeling with the community to gain advantages in executive real estate management.

From the balance of tensions and focus in real estate management derives that strategic real estate management needs to be centralized. Strategic real estate management tasks could be delegated to the middle layer (districts), deconcentrated at the lower level of the central layer (regional service centres) or centralized to the central layer (umbrella association). The tensions that promote centralization of strategic real estate management do not require different treatments of districts or regions, therefore strategic real estate management can be centralized to the central layer. Due to the current culture of the organization and the gap between the central layer and the decentral layer, controlling and stimulating tasks on departments should be delegated to the middle layer (districts). The middle layer has a mediatory function between the decentral layer and the central layer in the strategic means in real estate management the central layer sets.

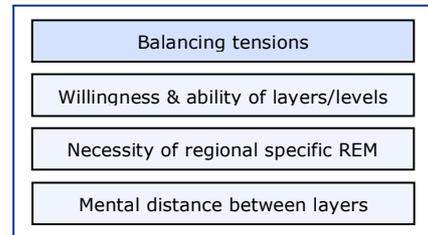


Figure 2.2.2: aspects to choose the degree of centralization

Figure 7.2.2 gives an overview of the aspects in choosing the degree of centralization.

### 7.2.3. Strategy for (de)centralization of real estate management

Figure 7.2.3 illustrates the playing field between central and decentral executive and strategic real estate management. Executive real estate management concerns facility and technical management. Strategic real estate management concerns asset and general management. Executive real estate management is recommended to be decentralized. Strategic real estate management is recommended to be centralized. Which means of strategic real estate management need to be implemented is depending on the case. Control on strategic guidelines for the decentral layer that are set by the central layer is delegated to the middle layer.

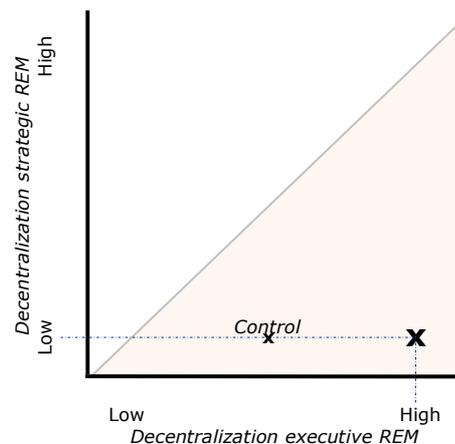


Figure 7.2.3: balance in REM

Figure 7.2.4 shows how the different variables lead to a strategy on (de)centralization of real estate management. After this the recommended means in the strategy for (de)centralization of real estate management for The Netherlands Red Cross are given.

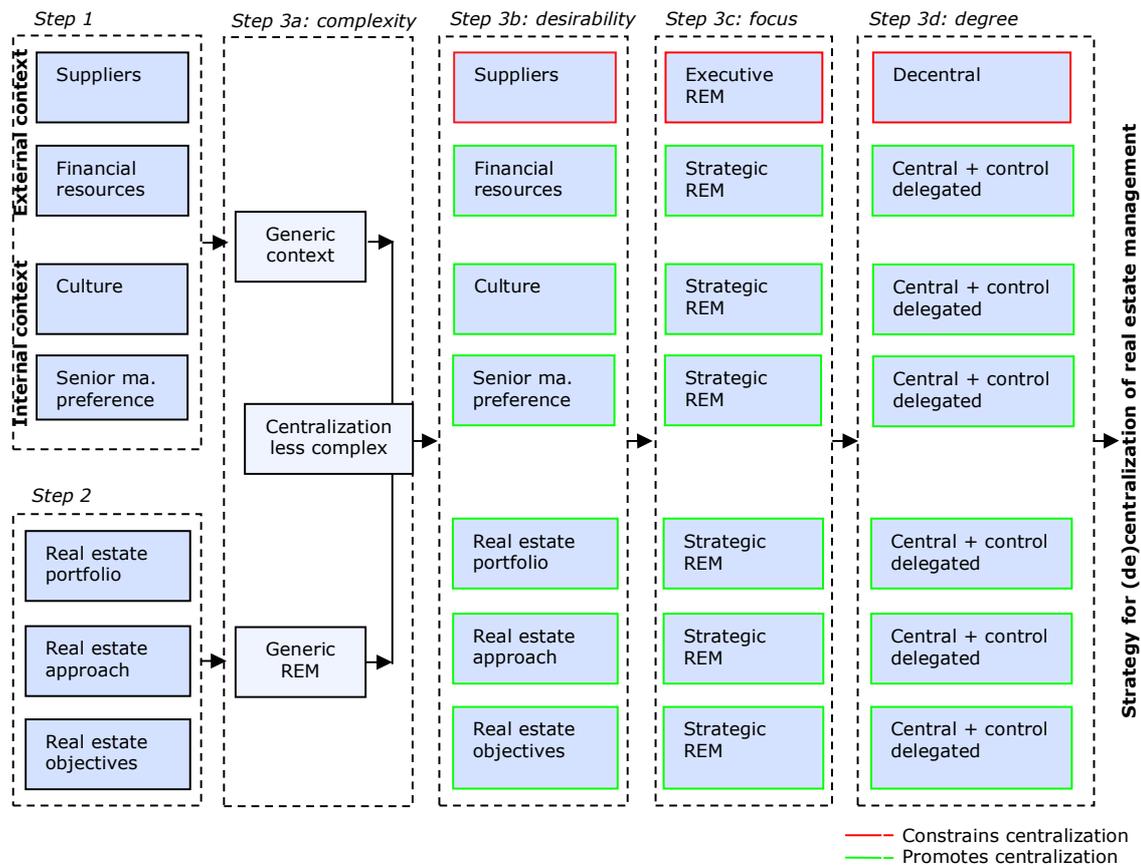


Figure 7.2.4: strategy for (de)centralization of real estate management

### **Recommendations for The Netherlands Red Cross**

Recommendations for (de)centralization of real estate management of The Netherlands Red Cross derive of the tensions.

The role of the volunteers (suppliers), the financial resources, culture, senior management preferences, the characteristics of the real estate portfolio and the approach and objectives in real estate management makes centralization of strategic real estate management desirable. On the other hand, the role of the local networks (suppliers) makes centralization of executive real estate management not desirable. Figure 7.2.6 shows the framework for decision-making concerning (de)centralization of real estate management of the local real estate portfolio of The Netherlands Red Cross with the recommended division of responsibilities of real estate management tasks. Figure 7.2.5 illustrates the playing field of (de)centralization and the recommended balance between strategic and executive tasks.

The Netherlands Red Cross needs to conform to the standards of the Central Agency of Fundraising (CBF) and therefore needs to be able to show the use of funds also at decentral level. In the current decentral situation there are hardly any systems of accountability. Departments are controlled by general assemblies but often the attendance at general assembly meetings is low. Departments are in general quite inert for developments in their external context. A central strategy how to deal with developments in the external context or incentives for departments to take these developments into account could be beneficial for the development of the whole organization.

Guidelines, a framework, assistance and control on major expenses should create awareness of the core task; namely the contribution of accommodation for the help of needy people.

### Process of centralization

The suboptimal housing situations, real estate management practices and lack of greater good feelings show that there is room for improvement and that centralization is desirable. On the other side, the strength of local ties is a reason to keep certain tasks decentralized. The external and internal context of departments makes centralization sensitive and therefore difficult. The amount of disadvantages mentioned by departments, shows that centralization is a tense subject. The gap between departments and the umbrella association and the departmental culture shows that centralization is not easily established. The possible solutions which are described below should be implemented in stages. Given the culture of preserving, the desire for autonomy and the emotional value of accommodation to some departments, centralization of real estate management needs to be gradually implemented. When changes in the place of real estate management are introduced this should not involve more rules and extra paperwork, because this frustrates departments. Extra rules and paperwork are often mentioned as a shortcoming of the umbrella

association. Besides, to diminish the fear of departments for a wrong spending of financial resources by the umbrella association it is important to be very clear about the purposes of the means.

### Degrees of centralization

Centralizing tasks to the districts or regional service centres is not seen as a possibility by departments. In order to make this possible, departments need to be convinced of their function which asks for a change in mindset. However, presumably also the capacity and capabilities of both are not adequate enough to take on real estate management tasks directly. Given the view of departments on the umbrella association and the many disadvantages of centralization departments mention, being steered by the umbrella association is a sensitive subject for departments. The many disadvantages of centralization that the departments mention are illustrative for their view of the umbrella association being incapable of managing real estate. As the role of regional service centres is not consolidated yet and since the regional service centres are also part of the layer of the umbrella association, presumably transferring tasks in real estate management to them will not be appropriate. Therefore, especially the role of the districts can be employed.

Districts need to be strengthened to make them capable of taking on tasks in real estate management. As districts stand physically closer to departments they can take specific local conditions into account. The gap between departments and the umbrella association can be bridged by strengthening the function of the districts as medium between both. As departments see their own strengths more than the strengths of others, departments should be stimulated to share their ideas on district level. By sharing their ideas with others they will gain bonding and feelings of the greater good. Departments need to be aware of each others housing situation so that they can cooperate in real estate management and maybe even share housing. The districts need to be a sparring partner for departments. When districts know what happens at departments they can stimulate cooperation in real estate management.

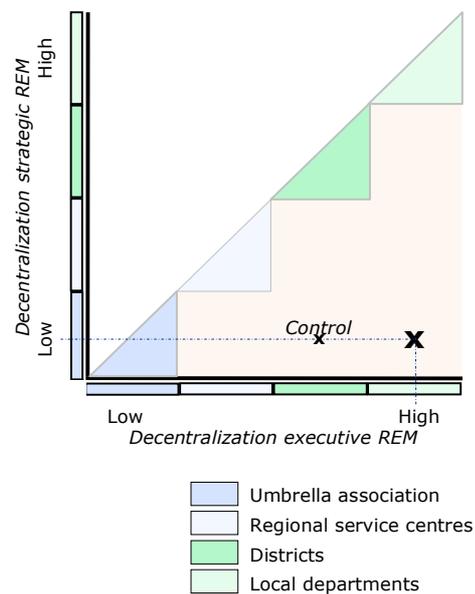


Figure 7.2.5: balance in REM

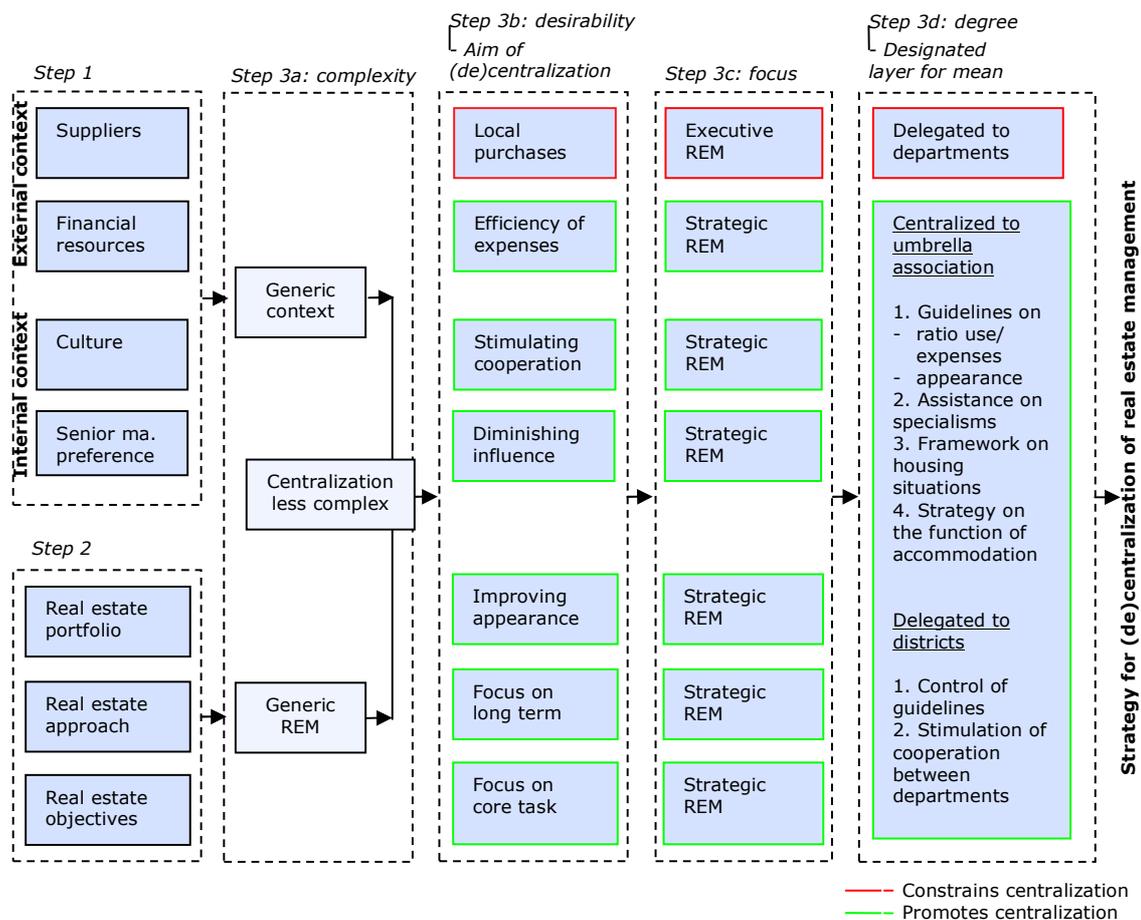


Figure 7.2.6: strategy for (de)centralization of real estate management

### Decentral executive tasks

Attention must be given to the tensions around centralization concerning the ties in the local community. The ties cause financial benefits and attach volunteers to the department. In centralization of real estate management, these ties should not be harmed. Facility and maintenance management need to be kept decentral as this is where benefits are gained. Centralization would possibly reduce the self-reliance of departments. Some departments do see benefits of transferring the purchases of ICT-facilities, which they refer to as ballast, to the umbrella association. However, given the benefits of the local ties of departments and therefore the lack of scale advantages gained, this is not recommended.

### Control of financial expenses by districts

The public (who makes donations and therefore makes it possible for the Red Cross to exist) needs to know that its financial donation is spent optimally for the core task. Given the current suboptimal housing situations this does not seem the case. Decisions need to be rationally argued to the public when necessary. Departments therefore need to be able to show what the actual need of their accommodation is for their core task. Departments must see the greater good of optimizing real estate management to prevent public scandals and therefore losing ground of existence.

However, as departments do not see the greater good yet, a degree of control needs to be in place. As departments do not look critically at the need of accommodation for their core task themselves, major expenses on accommodation (facilities, maintenance and renovation) should be approved in advance by the districts. Major expenses should not be allowed when departments lack in good home paternity, like periodic maintenance. Major expenses should

also not be allowed when the need of departments can be filled by cooperation with neighbouring departments. Departments need to prove how the funds they want to spend are a contribution to the core task of the organization.

The statutes of the umbrella association say that departments need prior approval of the umbrella association to encumber property.

#### [Guidelines on the necessity of accommodation for the core task](#)

Guidelines should make departments aware of the necessity of the accommodation for the core task and diminish the possibility of real estate decisions that not serve the core task. The tensions around financial resources and autonomy can be taken away by allowing financial freedom within the centrally set guidelines. Guidelines must be broad enough to allow departments to be innovative and to adjust the guidelines to local and departmental conditions. A guideline with a ratio should be given by the umbrella association on the minimum amount of hours departments should make use of their accommodation serving the core task of the Red Cross in relation to the monthly expenses of accommodation. The amount of space used for stock needs to be translated to a number representing the monthly expenses that can be subtracted from the overall monthly expenses.

Departments must be given a couple of years to get their housing situation in line with the ratio. Districts should control the ratio and stimulate departments to think about ways to improve their ratio for example by cooperation between departments.

#### [Guidelines on the appearance with accommodation](#)

The visibility of the local real estate portfolio is poor and there is room for improvements. The image of the accommodations is divers. A central guideline for example on the use of colours, flags and logo's is an easy measure to increase the uniformity of the local real estate portfolio. By more uniformity in appearance, the visibility of local departments by their accommodation can improve.

The umbrella association therefore would need to think about the appearance it would like to have with its local real estate portfolio. The principles of quality and durability that count for the headquarter it might want to extent to the other parts of its portfolio.

#### [Assistance of the umbrella association on specialist matters](#)

Departments ask for assistance on specialist matters in the discussion around centralization and given the sometimes suboptimal situations they could use this. They would like assistance with amongst others rental contracts and legal advice when departments have conflicts concerning their property (like expropriation or out home placements). The umbrella association is the proper body for assistance, because specialist knowledge is present. Advantage of scale can be gained by having one specialist on housing matters instead of having specialists spread over the country. The assistance on specialist matters needs to be given when departments demand it. Departments need to be informed (by the district) that the umbrella association has specialists available for their questions.

#### [Framework on possible housing situations](#)

This delegated situation in real estate management leaves room for departments to be creative and innovative in executive and strategic real estate management. It also gives possibilities for departments to be sensitive and responsive to local conditions and needs. However, a lot can be gained when departments share their developments and ideas with each other. To stimulate cooperation between departments and to create a different mindset, a framework on possible housing situations needs to be developed. A framework with housing possibilities and possible uses of space should stimulate creativity and openness of thoughts about accommodation. It should create awareness of the actual demand of space to serve needy people and possibilities to be flexible for possible future changes of conditions due to a changing society.

One of the possibilities is to share accommodation with the fire brigade, or trying to be housed by the municipality in a collective business centre with likewise organizations, or to seek cooperation with other departments. In addition, social help activities could be done outdoors what reduces the amount of facilities the department has to take care of. Emergency aid

trainings could be done at the accommodation of fire brigades during hours they do not make use of their accommodation.

The framework should be initially developed by an inventory of housing situations by the umbrella association but should become an interactive medium for departments to place their own ideas on.

#### Central strategies on the changing external context and the role as landlord

There is need of a strategy on how to deal with the changing context. Subsidies are being reduced which makes that a larger part of the financial resources of some departments is spent on accommodation. It also makes it for some of the departments more difficult to afford accommodation.

A guideline with a ratio makes departments aware of their need for accommodation and when the ratio is not achieved, departments will need to look for innovative solutions and cooperate with other institutions or departments in accommodation. However, the research shows that departments are in general quite inert for developments in their external context. Therefore it should be the umbrella association that develops a strategy on how to react in general to this changing context.

Also a central strategy on the role of departments as landlord is recommended. This strategy could cover topics as to which extent renting space to organizations is desirable, to which degree the accommodation should be adapted by departments for renting space to others and to which organizations departments should rent space anyhow.

The generic organization strategy at the central level needs to be translated to a strategy how to deal with accommodation at decentral level. The strategic direction of the organization does have a direct relation with the use of accommodation. When for example the focus would be on emergency aid, especially stock room would be needed and space to keep trainings. However, an organization strategy on the tasks of decentral level is not developed yet by the umbrella association and therefore a central strategy on accommodation can not be deduced from it. Therefore it is important to develop this strategy in order to determine the strategy on accommodation.

#### Sanctions for departments

By guidelines, assistance and control, departments stay semi-autonomous of the umbrella association. The delegated situation leaves room for departments to make their own accommodation choices and take care of executive tasks. They keep their authority and responsibility in real estate management although within guidelines that are controlled by the districts. The districts need to approve major financial expenses and control if guidelines are followed. However, sanctions presumably would be needed. Board members should get assistance of their district (if possible, and otherwise from the umbrella association) in making decisions when their own choices are not rational defensible to the public. The umbrella association could decide to get board members replaced (based on the advice of the districts) when board members deliberately misinform or not inform the district or do not show any cooperation to conform to the ratio.

### **7.3. Generalizability & general recommendations**

Below the generalizability of the real estate strategies are described. The recommendations for further research in the use of the research methods and techniques are given as well as recommendations to develop knowledge of real estate management of non-profit organizations.

#### 7.3.1. Generalizability of the strategies

This paragraph gives a reflection of the findings of The Netherlands Red Cross for other organizations. The theoretical framework provided insight into the differences in characteristics of organizations in the public and the private sector and it described the core characteristics that define organizations in the non-profit sector.

Below the characteristics of organizations in the non-profit sector are compared with their colleagues in the public and private sector. Understanding of the non-profit sector is necessary to decide if extension of the research findings to other organizations inside or outside the non-profit sector is possible.

First a brief description of the general characteristics of the non-profit sector is given. After this is explained to which organizations the findings are generalizable.

### **General characteristics of the non-profit sector**

The non-profit sector shares characteristics with the public sector and with the private sector. Singer (2005) describes that in the private sector technology, financial resources, work processes and senior management preference are most important in the generic real estate approach. The explorative research on The Netherlands Red Cross shows that like in the private sector, financial resources and senior management preference play an important role in real estate management. However, also suppliers and culture play an important role. Based on the research, a list of characteristics is defined for organizations in the non-profit sector (table 7.3.1).

<b>Public sector</b>	<b>Non-profit sector*</b>	<b>Private sector</b>
Public interest	Public interest	Profit
Responsibility	Responsibility / leadership	Leadership
Vocation	Vocation	Self interest
Voice	Voice	Exit
Diligence	Diligence	Innovation
Openness	Openness/secretcy	Secretcy
Propriety	Propriety / efficiency	Efficiency
Legality	Legality / effectiveness	Effectiveness
Rules	Rules / results	Results
Anticipation	Adaptation	Adaptation

\* based on *The Netherlands Red Cross*

Table 7.3.1: characteristics of sectors (characteristics of the public and private sector based on Lane, 1994),

Like, organizations in the public sector, non-profit organizations have a public interest; serving needy people. Non-profit organizations have a responsibility in serving the public interest and volunteers feel a vocation to serve the public interest.

It is a shared responsibility of volunteers to serve the public interest. Voice and participation of members in the strategic direction are part of the structure of non-profit organizations. However, the lack of influence of volunteers and members makes that leadership plays a large role in non-profit organizations. The lack of influence of volunteers is caused by their unstrained attitude and lack of formal engagement. The leadership can be seen in the role of senior management preference at The Netherlands Red Cross and at multinationals (Singer, 2005).

Departments of The Netherlands Red Cross are institutionalized; the presence of departments and the function of departments are taken for granted by their volunteers, and so is their real estate management. Non-profit organizations aim like private organizations to achieve results and act efficient and effective. However, non-profit organizations have no profit motive to make them act efficient and effective and pursuing results. It is the public interest that should give non-profit organizations incentives to spend financial resources most efficient and effective. Nevertheless, the presence of these incentives seems limited. The organization does not look critical at the necessity of having accommodation for the core task.

Non-profit organizations are self-governing. Openness and accountability to members and donors is important. The CBF sets rules concerning the effectiveness of expenses for the core task of the organization, but also on the propriety, legality and the openness in the use of the financial resources. However, careful observance of rules and procedures at departments of The Netherlands Red Cross is lacking. In real estate management, departments give not many signs that they focus on the effectiveness and efficiency of financial expenses on accommodation. The internal and local orientation gives the impression of a closed character where secrecy is more present than openness.

The amount of rules are low, and work processes are more socially institutionalized than formally institutionalized (such as in written procedures and rules). The departments of The Netherlands Red Cross are not living up rules, nor is she obtaining results; they seem to aim at establishing work processes. A lack of incentives causes inertia; departments do not anticipate on demands of the society, although the adaptation to the changing demands of the society is limited as well.

### **Generalizability of findings**

The lack of incentives is presumed to derive from the culture of voluntary organizations. Most tensions that promote and constrain centralization are a derivative from the culture of departments. The culture plays a role in the findings of the research on the use of networks, the use of financial resources, the role of senior management preference, the characteristics of the portfolio and the approach and objectives in real estate management. For example, the lack of formal engagement of volunteers causes that the involvement of volunteers is according to their own preference. The lack of influence volunteers and members exert in decision-making processes causes that board members have a decisive role in departments. The culture is a derivative of the characteristics of volunteers. The enthusiasm of volunteers, the lack of formal engagement of volunteers and the inclination for self-reliance shape the culture of an organization steered by volunteers.

Although non-profit organizations are characterized by having a meaningful degree of volunteers, the research findings of The Netherlands Red Cross can not just be extended to all non-profit organizations. It is the structure in which volunteers are legally in charge that causes the tensions that promote and constrain (de)centralization of real estate management. The characteristics of volunteers shape the culture of departments. This culture causes situations of suboptimal real estate management that promotes centralization of real estate management. The culture also constrains centralization of real estate management. The local and internal orientation of departments causes financial benefits by local ties on the one hand, but also negative emotions around losing self-reliance by centralization on the other hand.

The findings are generalizable for other non-profit organizations with a likewise structure as The Netherlands Red Cross (figure 7.3.1):

4. organizations in which volunteers are in charge without being financial compensated for their effort.

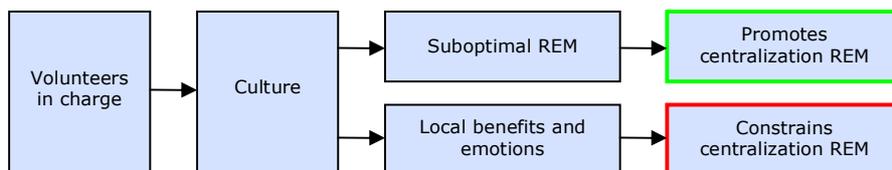


Figure 7.3.1: influence of volunteers on tensions around (de)centralization of real estate management

### **7.3.2. Recommendations for further research**

This paragraph gives recommendations on the research methodology and recommendations for further research to develop knowledge on real estate management of the non-profit sector. The paragraph ends with two recommendations for The Netherlands Red Cross.

### **Research methodology**

The research is done by a case study on sixteen departments of The Netherlands Red Cross. The departments are face-to-face interviewed and observations are made on their real estate situation. During the visits an impression is gained of the culture of the departments.

The research also is done by a survey on all departments with real estate (permanently rented or owned). The survey consisted mainly of multiple choice questions and the questions had a predominant objective character (no opinions were asked).

#### **Reflection of use of research methods**

The main part of the research findings are based upon the interviews. The interviews are useful because they give insight into the cultural aspects of the organization. The research findings show that the cultural aspects have a great influence on the other studied variables.

The survey mainly served to gain and give insight into the local real estate portfolio as none of the information asked was known at The Netherlands Red Cross. For this reason, the survey has practical relevance. The survey is also used to make the findings of the interviews generalizable. As the portfolio characteristics of the interview group are on main lines representative for the survey group, the conclusion is drawn that also the other findings on the interview group are representative for local departments of The Netherlands Red Cross. However, this conclusion is drawn on limited information.

The survey did not provide many new insights. The data supported the data of the interviews and observations. The survey did function as a practical tool for the case studies. By the answers to the survey of the interview group, these questions could be skipped during the interviews or where necessary, is asked for clarification of the answers in the survey. However, the intensity of use of the survey data compared with the intensity of use of the interview data is limited.

#### **Recommendations on the methods for future research**

For in-depth research on non-profit organizations where volunteers are predominantly present, face-to-face interviews are recommended. By face-to-face interviews the interviewer can get an impression on the culture and emotions of the respondents around subjects. When insight into the real estate portfolio is absent, a survey is recommended. The reason for this is that the survey is an easy method the gain information about the objective characteristics (numbers) of the real estate portfolio. The response rate of the survey shows that volunteers are willing to participate.

The set-up of the survey with a predominant objective character is not recommended when more information than to gain insight into the real estate portfolio is needed. Subjective questions around the topic of (de)centralization of real estate management could be useful to find the relations between the variables of the organizational context, the approach, the objectives, the view on upper layers and (dis)advantages of (de)centralization of real estate management. However, in order to develop this kind of survey, (orientating) interviews would be necessary to find the questions to ask in the survey.

When there is sufficient time it is recommended to have first interviews and after this a survey. Otherwise it is recommended to do only interviews and when insight about the real estate portfolio is absent, to send out a survey on the variables of the real estate portfolio at the same time.

The amount of interviews that are done is sufficient. After around ten interviews no new information was gained anymore on the major lines (tensions around (de)centralization).

#### **Research on real estate management of non-profit organizations**

The research shows that still a lot can be won in efficiency and effectiveness of real estate management of non-profit organizations. Therefore, it is recommended to do further research on non-profit organizations to find if the findings are generic and to see if the assumption that the strategy is generalizable for organizations where volunteers are in charge holds true. Further research should point out if the same variables of the organizational context are determinative in real estate management and if the same tensions constrain and promote centralization.

An example of an organization that is expected to be comparable with The Netherlands Red Cross is the scouting association. The scouting association is also an institutionalized organization consisting of three layers, of which the local layer is locally orientated and ran by

volunteers and is supported by professional employees of the highest layer. Other examples could be sport clubs (with a predominant recreational character).

Question is if the public and private sector can learn from real estate management of the non-profit sector. As the strengths and weaknesses of the real estate management practices of non-profit organizations derive from the culture of volunteers, and the public and private sector do not rely on volunteers, it can be concluded that both sectors can not learn from the tensions that are found and the strategy given. The research does learn organizations from all sectors about the role the organizational culture can play in real estate management.

#### **Further research for The Netherlands Red Cross**

Besides the recommended strategy as described in paragraph 7.2.3, there are two recommendations for The Netherlands Red Cross:

1. Further research is needed on the possible role and the capacity of the districts and the regional service centres in real estate management.
2. The item 'housing costs' of the balance sheets of departments needs to be analysed to find which part of the financial resources of departments is spend on accommodation. A lack of relation between the financial expenses on accommodation, the amount of activities of departments and their use of accommodation could underscore the importance of central guidelines in strategic real estate management.

## **GLOSSARY**

### **Centralization**

Centralization is 1.) the transfer of policy authority and/or responsibility to a higher layer, 2.) increasing the amount and kind of control systems from higher layers to a lower layer, and/or 3.) reducing the freedom the lower layer has in spending financial resources.

### **Core task**

The core task of departments is to prevent and to soften human suffering anywhere, to project lives and health and ensure the respect for human being. The core task can be in social help or in emergency aid.

### **Decentralization**

Decentralization is 1.) the transfer of policy authority and/or responsibility to a lower layer, 2.) reducing of the amount and kind of control systems from higher layers to a lower layer, and/or 3.) increasing the freedom the lower layer has in spending financial resources. There are four degrees of decentralization: 1.) central, 2.) deconcentration, 3.) delegation and 4.) devolution.

### **Deconcentration**

Deconcentration occurs when the national layer disperses responsibilities for certain services or policy fields to regional branch offices. Decision-making authority and financial and management responsibilities are redistributed to different levels but within the same layer. This form of decentralization does not involve any transfer of authority to local layers.

### **Delegation**

Delegation means that the national layer transfers part of their responsibility for decision-making to semi-autonomous local layers. On these delegated tasks, the local layer is not wholly controlled by the national layer, but ultimately accountable to the national layer.

### **Departments**

Departments are the local bodies (former associations) of The Netherlands Red Cross. The tasks of departments are to provide social help and emergency aid to needy people within their local borders.

### **Devolution**

Devolution is when the national layer devolves functions. The national layer transfers authority for decision-making, finance, and management to quasi-autonomous units of the local layer with a corporate status. This local layer elects their own representatives, raise their own revenues and have independent authority to make investment decisions. The local layer has legally and recognized geographic boundaries in which she has authority.

### **Districts**

The Netherlands is divided into 66 administrative districts. The function of the district is 1.) to provide administrative support to the departments, and 2.) to be a bridge in the communication between the national layer (the umbrella association) and the local layer (the departments)

### **Emergency aid**

Emergency aid is help to diminish the impact of disasters and accidents for the victims.

### **Incremental approach (incrementalism)**

The incremental approach is apparent when space is acquired in bits and pieces when demand appears and named by O'Mara (1999).

### **Needy people**

Needy people are those people who need help. Help can be social help and can be emergency aid. The needy people are the 'buyers', 'clients' or 'customers' of departments and are helped by the volunteers of departments.

### **Professional employees**

Professional employees are people who are working for a department, a district or the umbrella association and being paid for their work. All professional employees are contracted by the umbrella association as departments and districts do not have a legal entity.

### **Real estate approach**

The approach concerns the conscious or unconscious underlying thoughts in making decisions about real estate. There are three approaches in real estate: 1.) incremental, 2.) standardization and 3.) value-based.

### **Real estate management (REM or RE-management)**

Real estate management is the management of accommodation in order to obtain maximum added value for the business. The added value is different per business and can be to increase profitability, to increase productivity and to increase distinctiveness.

### **Social help**

Social help is help to people to reduce loneliness and increase the ability to take care of you. Welfare is an often organized social help activity of departments. With welfare is meant making little things (knitting, making postcards) and to sell it for the good cause.

### **Standardization approach**

The standardization approach attempts to control and coordinate real estate operations and named by O'Mara (1999).

### **Umbrella association**

The national association of The Netherlands Red Cross is referred to as umbrella association. The umbrella association is the umbrella organization of the departments and the districts and operates on national level.

The umbrella association has around 455 professional employees. The majority of them is supportive for the districts and the departments. The minority is concerned with international help. The majority of the professional employees at national layer is housed in The Hague. Few professional employees work within the country. The umbrella association has seven regional service centres within the country where professional employees of the umbrella association work to support the districts and departments.

### **Value-based approach**

The value-based approach deliberately expresses the strategic direction of the company and named by O'Mara (1999).

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## **APPENDIX 1: Background information on the Red Cross**

### **The International Red Cross**

The Red Cross its mission is to prevent and to soften human suffering anywhere, to project lives and health and ensure the respect for human being. The Red Cross is created from the desire to help, without distinction.

Worldwide, the organization acts under the same seven principles:

1. Philanthropy
2. Impartiality
3. Neutrality
4. Independence
5. Voluntariness
6. Unity
7. Universality

- The movement consists of several distinct organizations that are legally independent from each other, but are united through common basic principles, objectives, symbols, statutes and The International Committee of the Red Cross (ICRC) is a private humanitarian institution founded in 1863 in Geneva, Switzerland by Henry Dunant. Its committee existing of 25 members has a unique authority under international humanitarian law to protect the life and dignity of the victims of international and internal armed conflicts.

- The International Federation of Red Cross and Red Crescent Societies (IFRC) were founded in 1919 and today it coordinates activities between the 186 National Red Cross and Red Crescent Societies.

The National Red Cross (or Red Crescent movement in Islamic regions) exists in nearly every country in the world. The Red Cross currently has 108 million volunteers. The Red Cross is herewith the biggest aid organization in the world. Currently 186 National Societies are recognized by the ICRC and admitted as full members of the Federation. Each national entity works in its home country according to the principles of international humanitarian law and the statutes of the international federation.

### **The Netherlands Red Cross**

The Netherlands Red Cross is one of the National Red Cross associations and provides national and international emergency aid and social help. The Netherlands Red Cross has approximately 591,000 members and 161,000 registered donors. Approximately 34,000 people are active as volunteers in The Netherlands.

#### *The Hague*

The national headquarter in The Hague coordinates the tasks of The Netherlands Red Cross. About 455 professionals work at the headquarter. The headquarter primarily has a support function for the districts and departments. Also tasks as humanitarian work abroad and the coordination of international disaster relief are located in The Hague. The Netherlands Red Cross supports international programs and sends goods such as food, medicines, tents and blankets abroad where needed. The Netherlands Red Cross sends approximately 150 specialists abroad every year.

#### *Departments*

The association has 310 departments, excluding the Netherlands Antilles and Aruba, that cooperate in 66 districts.

The departments offer two types of aid assistance. Emergency aid, to diminish the impact of disasters, conflicts and accidents for the victims, and social help like language coaches, home visits, internet assistance, babysit help, coaching, sports and recreational activities to reduce loneliness and increase the ability to take care of you.



## APPENDIX 2: Context variables (O'Mara)

### External context variables

#### Competitors

The subject 'competitors' refers to the willingness of firms to compete with each other. This can be affected by the number of companies competing, the history, and relationship between companies and whether the market is stable or instable.

#### Potential entrants

Entry barriers are factors that can make it easy or difficult for outside to enter the market and compete. Government regulations, scarce raw materials, distribution channels, brand recognition, or high customer-switching costs can be barriers. However, one of the major barriers to enter the industry can be start-up costs. If they are high, payback time is enlarged. Distribution of products is a second major barrier. It may take years and great expense to develop a willing outlet.

#### Buyers

The buyers are the customers for the product produced. There are different types of buyers with different behaviours, preferences, and sources of power. *"All companies live or die according to how well they satisfy their customers. Whether your customer personally visits your company's facilities, or is affected by them only second-hand through interaction with people housed in you facilities, a clear understanding of how your customer is served is an essential starting point for developing your corporate real estate strategy and for prioritizing your actions (O'Mara, 1999:210)."*

Enhancing the right public image is important. *"A building which matches a customer's expectations of the company constantly reinforces that image in the customer's mind'. Banks look safe, all granite and brick, while advertising agencies and architects' offices present a creative, design-conscious face. (...) Conversely, inexpensive looking facilities imply a nonsense attitude that some companies want to convey (O'Mara, 1999:209)."*

#### Suppliers

Suppliers are those who supply the inputs into the products. When components of supply are easily available, suppliers do not have much power in the industry. Critical components could be labour or relationships. Labour can be critical supply component as they can be scarce and indispensable. The relationships can be important for gaining financial or political support.

#### Substitutes

Products and services substitute when they are fundamentally different but serve the same function for the buyer. If the threat of substitute products is low, there is less competition to worry about.

#### Technological dynamism

*"Driving technology is an integral part of your product or service. The first question you must ask is what specific roles technology plays in the development, manufacturing, and distribution of your product (O'Mara, 1999:223)."* After this question is answered, it is need to asses if and how the physical setting that supports the products or services is affected by technological change. Forecasting is important in this case. What kind of impact does evolving or radically changing technologies have on facility requirements?

*"Increasingly, technology is a critical tool for businesses that do not have technologically based products per se (O'Mara, 1999:227)."* Questions about enabling technologies are how technology supports the business operations, if there are alternatives, if they increase productivity and lower the overall costs and if you can accommodate present or future technologies.

### Financial resources

The ability of a company to invest in new facilities and/or to upgrade existing facilities is determined by financial resources. Financial resources can be very clear, like available cash, but also perceptual. Financial strategies can hold risks which are depending of the industry it competes within. Real estate need both operating and investment capital.

### Regulatory environment

The regulatory environment concerns regulations on hiring, safety, environmental conditions or on physical assets. *"Regulatory change reconfigures the power structure within industries by changing the rules of the game. They may place constraints on competition, or make it easier for new competitors to enter. (...) Regulation may concern company operations overall, or may be specifically targeted to control the use of physical assets and the workplace (O'Mara, 1999:229)."*

## Internal context variables

### Work process

*"Work process refers to the way tasks are physically accomplished in your organization (O'Mara, 1999:249)."* The way equipment and personnel are structured can influence productivity, quality, and safety, however also information processing, marketing, professional services, and all sorts of other office work has a process. *"Examining the physical and information processing steps your product or service goes through from creation to the customer will help you highlight the role of the physical environment and the decisions needed to be made about how an activity is housed and supported (O'Mara, 1999:249)."*

### Structures

Main question on structures is how the company achieves competitive advantage. The way the company chooses to compete, sets the context by which structural decisions should be made. *"Structure then prescribes the management level at which decisions are made, and the autonomy which exists for idiosyncratic solutions. Structure also affects the way the costs of real estate and facilities are charged back within the company (O'Mara, 1999:246)."*

### Demographics

*"Demographics refer to the profile of the people who work at your company - their age, education, and lifestyle (O'Mara, 1999:268)."* These characteristics make that there are various preferences about location, the type of environment they work in, and the amenities the building features. Facilities can increase employee satisfaction and with this impact moral and productivity.

### Senior management preference

The preference of a senior manager plays an important role in decisions concerning the work environment. As recognized leader of the company, everything they do is examined by the stakeholders for symbolic meaning. Employees can see the behaviour of the senior manager as example for their own behaviour.

### Culture

The culture transmits the behaviour of an organization. Rules, formal or informal, have a strong influence on the way people treat each other and how they relate to the organization. The physical setting can contribute to the culture by both functional and symbolic aspects.

### History

O'Mara says that the history contributes to the identity and the culture of the company. History refers to where the company was founded and by whom, and the evolving over the years. These pave the way for competitive advantages in the future.

*"Historical ties to the local community may be strong. These ties often drive the commitment to remain in a particular location, even after the original reasons for being in that location no longer serves a function (O'Mara, 1999:279)."* Corporate rituals can have a physical component as it often falls to real estate management to carry the torch.

### APPENDIX 3: Implementation context variables (Singer)

Singer (2005) did research at multinationals into the implementation of the elements of the strategic environment and organizational demands written by O'Mara in her book '*Strategy and Place*'. Below the graphical representation of the outcomes of Singer is given (figure A1). The strategic environment is in this research called 'external context', internal demands is in this research called 'internal context'.

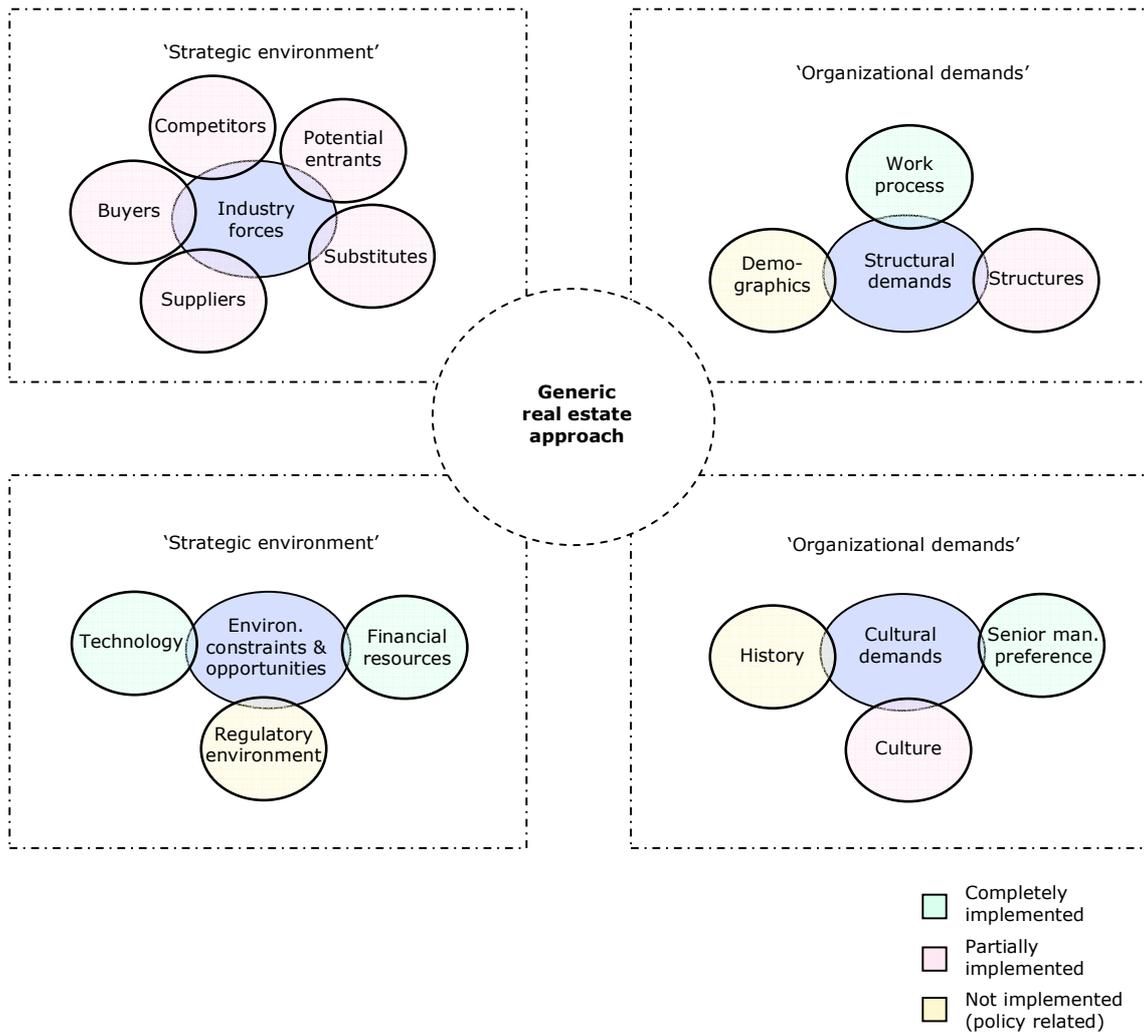


Figure A1: implementation of context variables of O'Mara at multinationals (Singer, 2005)



## **APPENDIX 4: Real estate strategies in the Positioning School**

### **Positioning schools**

The necessity for a strategy is widely recognized and strategy has grown from a hot buzzword in management in the 80s and 90s, to the very core of how organizations think nowadays. What a strategy is, is seen different in the perspectives.

Mintzberg (1998) came up with ten positioning schools of strategy formulation in his book '*Strategy Safari*'. He makes a distinction in schools of prescriptive nature, of descriptive nature and a school that integrates these two. A prescribing strategy prescribe process and context, the schools say how strategies should be created and see strategy as the outcome of the strategy design process. In the prescribing schools, the strategy designing process is based on mainly analyses and to a lesser extent on syntheses. Describing schools go into the process of strategy formulation: how strategies are created in practice. They do not see strategies as complete and distinct products but give emphasis to the continuing nature of strategy formulation.

### **Prescriptive Schools**

1. Design School: strategy formation is seen as a process of conception, matching the internal context of the organization to the external context. The strategy is designed to be the best possible fit.
2. Planning School: strategy formation is seen as a formal process that systematically follows a strict set of steps from analysis of the situation to the development and exploration of different scenarios.
3. Positioning School: strategy formation as an analytical process placing the business within the context of the industry, and try to find possibilities how the organization can gain competitive advantage within that industry. This approach is very heavily influenced by the works of Michael Porter (Harvard Business School professor) who developed some path-breaking concepts on generic strategies in the 80s that basically became the foundations of the Positioning School.

### **Descriptive Schools**

4. Entrepreneurial School: strategy formation is seen as the creation of a visionary process, taking place within the mind of the charismatic leader of the organization.
5. Cognitive School: strategy formation as a mental process and as a personalized vision: how do people perceive patterns and process information. This approach is based upon the science of brain functioning.
6. Learning School: strategy formation as a gradually emerging process by learning or adaptation. The management of an organization pays close attention to what does and does not work, and processes these learned lessons into the overall plan of action.
7. Power School: strategy formulation is seen to be a process of negotiation between power holders within the company and/or between the company and its external stakeholders.
8. Cultural School: strategy formation as a collective and cooperative process where various groups within the company are involved. The strategy developed is a reflection of the culture of the organization.
9. Environmental School: strategy formation is seen as a reactive process: a response to the challenges caused by the external context.

### **Integrative School:**

10. Configuration School: strategy formation is seen as a transforming process from one type of decision-making structure into another. In the strategy elements of the process, content, and internal and external context are combined.

The Design and Planning school do not so much emphasize the actual content of a strategy as they say that the content is unique for each organization. While the Design School and Planning Schools do not place any limits on the strategies that are possible in any given situation, the Positioning School does. In contrast to its predecessors, the Positioning School argues that only a few positions are desirable in the organizations industry: there are only a few positions where competitive advantage is gained in the long run with respect to its competitors. The school defines so called *generic strategies*. Strategy formation is therefore a selection of a generic position based on analytical calculation. Analysts play a major role in this process and feed managers who officially need to make choices on the results of their calculations.

The limitation about the Positioning School is that the focus tends to be narrow and the strategy formulation can be reduced to a formula, whereby a position is chosen from a restricted list of conditions. Therewith, the bias is towards traditional big corporate organizations.

O'Mara continues on Michael Porter (1980) his three generic strategies, namely: cost leadership, differentiation and focus, which he describes in his book 'Competitive Strategy'. Porter says that corporations need to position themselves strategically in one of these three generic strategies, based upon the external context of competition of the company. The analytical approach asks to come to a choice for a generic strategy, to choose position, and by this, offers insight in practicing strategic management. O'Mara can like Porter be placed in the Positioning School of Mintzberg.

Also Roulac continues on Porter and can be placed in the Positioning School. While Porter (1985) in his book 'Competitive Advantage' says that understanding the value chain is crucial to competitive advantage, Roulac says that corporate real estate is often the physical context of that value chain. Roulac emphasize the competitive advantage of connecting corporate real estate strategies to corporate business strategies.

## **APPENDIX 5: Variables of the real estate portfolio (Roulac and Nourse)**

This summary is based on the article '*Linking Real Estate Decisions to Corporate Strategy*' of Roulac and Nourse (1993) published in the journal of Real Estate Research.

### **Location**

Embracing broad regional location strategies including country and/or part of country, metropolitan statistical area, downtown or suburbs, the particular submarket, neighbourhood and the specific building.

### **Quantity**

The amount of space needed to provide for immediate and near-term needs as well to allow for future expansion, possible additional space needs resulting from relocation of other business units, planned or opportunistic acquisitions. Some organizations consciously control additional space beyond their anticipated needs for the purpose of speculating on future rental market conditions and/or controlling adjacent tenancies and uses.

*(This variable is covered in the research by the variable company space.)*

### **Tenancy duration**

The minimum and maximum time horizons over which the corporation's access to the space is assured which is controlled through leases, options to extend and/or buy, plus direct ownership.

*(This variable is covered in the research by the variable building character.)*

### **Identity/signage**

The message that the space conveys through signage on the building and/or in the lobby as well as the entrance to the facility, influences the perception of the space and therefore the advertising message it sends to the corporation's audience.

*(This variable is covered in the research by the variable exterior quality.)*

### **Building size/character**

Whether the business locates in a facility where it is the dominant tenant, one of many occupants of a multi-tenant building, or a minor tenant in a building dominated by another organization influences the ambiance of the work environment and also has important real estate strategy consequences.

### **Building amenities**

Amenities available in and proximate to a facility have a substantial influence on the perceptions and experiences of those working in the space.

### **Exterior quality**

The quality of landscape, building design and materials, public spaces, and building systems determine the visual appeal and influence the functionality of the space.

### **Company space**

The interior space, layout, design, finishes, furnishings, and art define the ambiance and functionality of the work environment.

### **Mechanical systems**

The heating, ventilation, and air conditioning systems as well as transportation (elevators, escalators, and moving sidewalks) influence the comfort of the work setting.

### **Information/communication systems**

The support the building facility provides for communicating and processing information largely impacts the functionality of the space and the organization's productivity.

#### Ownership rights

Which ownership rights are obtained through the transaction, including short-term rental, long-term leases, plus options to extend and/or convert these positions as well as full ownership, have critical operation and financial implications.

*(This variable is covered in the research by the variable building character.)*

#### Financing

How the financial obligations are paid through what types of financial arrangement have important financial consequences. In an ownership setting, a critical decision is what portion of the property investment is paid at the time of acquisition and what portion is financed, and of the amount financed, how it is financed.

*(This variable is covered in the research by the variable building character.)*

#### Control

The degree of control an enterprise exerts over other types of uses that may impact its enjoyment of its space is of concern since the presence of specific tenants in adjacent space can have important operating impacts.

#### Risk management

Among the risks associated with space occupancy and rights, are liability to third parties for acts and accidents at the property, responsibility for employees working in the space and financial exposure to disaster. Whether these risks are insured with third-party insurance organizations, assigned to the building and/or other third parties, or self-insured by the company, has critical operating implications.

## **APPENDIX 6: Real estate objectives (Roulac and Nourse)**

This summary is based on the article '*Linking Real Estate Decisions to Corporate Strategy*' of Roulac and Nourse (1993) published in the journal of Real Estate Research and on the reader DAS frame of De Jonge et al. (2009).

### **Minimize Occupancy Cost**

- Explicit seeking the lowest-cost decision
- Cost-consciousness

Illustration: the location of a back-office in a low cost place. As contacts with clients are not needed, prime space downtown at very high rentals is not needed.

### **Increase Flexibility**

- Minimizing occupancy costs over the long run
- Accommodate changing organizational space requirements
- Manage variability/risk associated with dramatic escalation/compression of space needs
- Favour facilities that can readily be adapted to multiple uses by corporation and others

Illustration: designing flexibility into buildings such as movable wall partitions to make adjustments possible to a new use within the business or to sell it easier. This reduces occupancy costs over the long run, although it may be increased in the short run. Special purpose buildings are avoided.

### **Promote Human Resources**

- Provide efficient environment to enhance productivity
- Recognize that environments are important elements of job satisfaction and therefore a form of compensation
- Low turnover of employees
- Seek locations convenient to employees with preferred amenities

Illustration: organizations seek to hold skilled employees by locating in places with amenities for these employees to enjoy off-work hours.

### **Promote Marketing Message**

- Real estate as physical image to advertise and attract attention
- Entice target group by meeting their needs and preferences

Illustration: fast food chains use the same symbol at each location for easy identification of the product. (can clash with objective of flexibility)

### **Promote Sales and Selling Process**

- High traffic location to attract customers
- Attractive environment to support/enhance sales

Illustration: choose a location near to the markets to serve or to appropriate access points. Or, establish a network of store locations to enhance sales and take business from competition.

### **Facilitate and Control Production, Operations, Service Delivery**

- Seek/design facilities to achieve greater efficiency or control of operations in alignment with the corporate strategy
- Favour locations and arrangements that are convenient to customers
- Select locations and layouts that are convenient to suppliers

#### Facilitate Managerial Process and Knowledge Work

- Emphasize knowledge work setting over traditional industrial paradigm
- Recognize changing character, tools used in and location of work
- Attention on how design structures will complement the doing of knowledge work
- Concepts of space can facilitate meeting effectiveness

#### Capture the Real Estate Value Creation of Business

- Real estate impacts resulting from demand created by customers, employees, and suppliers
- Profit opportunities afforded by corporate investment in its infrastructure valuable to others

Illustration: a business can create value in surrounding property by its presence because it attracts new businesses as suppliers or customers. The strategy would be to own the surrounding land or obtain special lease discounts for occupying a particular space because of the external effect on an owner's profit.

## APPENDIX 7: Interviews & respondents

Table A1 gives an overview of the interview data, interview duration and the respondents per department.

Department	Date	Duration	Respondents (by function)
De-6	17 February	1 ¼ hr	Board member
De-1	17 February	1 ½ hr	Board member
De-2	18 February	1 hr	Board member
De-3	19 February	2 hr	Secretary of board
De-9	22 February	1 ½ hr	Secretary of board
			Coordinator (unofficial board member)
			Administrative professional employee
De-15	22 February	1 ½ hr	Secretary of board
De-16	24 February	1 ½ hr	Board member
De-11	24 February	2 hr	Board member
			Coordinator of emergency aid
De-7	25 February	-	<i>Visited the former accommodation. Respondent was not there, miscommunication</i>
De-4	26 February	1 ¾ hr	Board member
De-8	1 March	2 hr	President of board
			Accommodation manager
			Accommodation manager
De-7	3 March	½ hr	Secretary of board
De-10	3 March	1 ¾ hr	President of board
De-13	4 March	2 ½ hr	Board member
De-14	17 March	1 ½ hr	Secretary of board
			Administrative professional employee
De-5	22 March	1 ½ hr	Administrative professional employee
De-12	26 March	1 ½ hr	Treasurer of board

Table A1: interview information



## **APPENDIX 8: Case selection**

The three criteria for the case selection were:

1. The ownership of not of the accommodation
2. Geographical location
3. The size of the department

For those is chose because the assumption existed that the three would influence real estate management and therefore needed to be equally represented in the cases.

### 1. Influence of selection criteria

#### **Ownership rights**

With ownership rights is meant having real estate in ownership or not.

- Having owned real estate might give more possibilities for improvement of exterior and company space and therefore possibilities of risk management.
- Having owned real estate gives possibilities to rent out space with can change the building character.

#### **Geographical location**

The physical distance in the country from a department to the umbrella association (located in The Hague) could have influence on the tensions around (de)centralization of real estate management. Departments that are located closer to the umbrella association might know more people that are working for the umbrella association and might visit more meetings that are organized in The Hague by the umbrella association for departments. The acquaintance with the umbrella association could influence the view departments have of the umbrella association or the seen (dis)advantages of (de)centralization.

#### **Size of the department**

The size of departments has influence on the financial resources of the department. The amount of financial resources departments get from the umbrella association is depending on their size. The presence of financial resources is expected to influence the possibilities for housing and therefore real estate management. It is presumed that small departments will more often choose to rent a room instead of a building and to rent it for symbolic functions because they have less financial resources than large departments. The costs per square meters can be higher for smaller departments as it is more difficult to gain advantages of scale or by packets deals. Centralization of real estate management on certain aspects may be beneficial. Small departments might have less choose in housing because of the absence of financial resources. Binding guidelines might be more difficult for them to obtain.

Note, the departments that were presumed to have no accommodation (not owned and not permanently rented) were taken of the list of which cases for interviews were picked.

### 2. Data used for selection criteria

#### **Ownership or renting**

The amount of departments The Netherlands Red Cross is very much fluctuating. Therefore, it is chosen to use the list that is made by The Netherlands Red Cross autumn 2009 on departments that were going to be part of the merger. This gave insight in the exact amount of departments at the time of the formal merger, January 1<sup>st</sup>, 2010.

A list is made of all departments that own or permanently rent their housing based on two sources:

1. Information gathered in December 2009 from the cadastre on property in ownership.
2. Information gathered of the former region-managers of the regions North, West and Middle (January 2010). By the former region-managers the list of departments of their

region is reviewed and cleared of departments that presumably do not own or permanently rent accommodation. From the departments they knew little or no information on, the president of the district was asked for information. The region-manager of the South region did not work at The Netherlands Red Cross anymore and was not willing to cooperate.

### Geographical location

The departments are geographically divided into four regions: north, middle, west and south. This division was used by The Netherlands Red Cross before the merger took place. Because the data used to make size groups is also from before the merger, it is chosen to use this former division. Besides region, the district was used as criterion. The departments are divided by The Netherlands Red Cross into 66 districts. A selection criteria was that none of the picked departments could be in a district same as an already picked department (no district could be named twice).

### Size groups

The size of the department is estimated by the following available criteria:

1. Amount of social help volunteers in 2007
2. Amount of members at the end of 2007
3. Liquid means in 2007

The 'Atlas 2007' of The Netherlands Red Cross is used as data source to make size categories, more recent data was not available. The 'Atlas 2007' uses also a geographical distinction in 4 regions and 66 districts. Except liquid means, no other relevant financial information were present at the selection process due to the fact that the departments used to have their own legal entity and did not have to report their year account to the national layer. The data picked from the Atlas to calculate the size are confirmed by a senior manager of the Red Cross to be most appropriate.

The average of all three size-criteria is estimated and three size-groups are made (table A2):

1. Amount of social help volunteers: small < 40, medium 40 – 80, large 81 >
2. Amount of members: small < 1.000, medium 1.000 – 2.000, large 2.001 >
3. Liquid means: small < 20.000, medium 20.000 – 40.000, large 40.001 >

	<b>Social help volunteers</b> <i>Small: &lt;40</i> <i>Middle: 40-80</i> <i>Big: 81&gt;</i>	<b>Members</b> <i>Small: &lt;1000</i> <i>Middle: 1000-2000</i> <i>Big: 2001&gt;</i>	<b>Liquid means</b> <i>Small: &lt;20.000</i> <i>Middle: 20.000-40.000</i> <i>Big: 40.001&gt;</i>	<b>Size</b>
Department 'A'	31	869	18.032	Small
Department 'B'	64	1681	36.541	Medium
Department 'C'	107	5314	119.001	Large

Table A2: example of division in size groups

Not all departments will fall into the same size group based on the three criteria. In that case, they are categorized on the weighed average (social help:members:means state to 1:1:2). If still uncontested, first is looked at the distance to the next size group of the criteria and if still uncontested, the criteria 'liquid means' got the predomination (table A3).

	<b>Social help volunteers</b>	<b>Members</b>	<b>Liquid means</b>	<b>Size</b>
Department 'D'	32 =small	428 =small	261.308 =big	Small + small + 2x large <b>= medium</b>
Department 'E'	29 =small	859 =small	35.495 =middle	Very small + very small + 2x just medium <b>= small</b>
Department 'F'	20 =small	500 =small	30.000 =middle	Small + small + 2x medium <b>= medium</b>

Table A3: example of weighted averages when first selection of size groups gave no outcome

### 3. Categories

As there are four regions, three size groups and departments are divided into 'owners' and 'renters' of their housing, a logic amount of case studies is twenty-four (see table A4).

	Small Rental	Small Owned	Medium Rental	Medium Owned	Large Rental	Large Owned
Region Nord	1	5	9	13	17	21
Region West	2	6	10	14	18	22
Region Middle	3	7	11	15	19	23
Region South	4	8	12	16	20	24

Table A4: example of department selection with three criteria

However, it did not seem necessary to interview twenty-four departments and also due to the time period of the research, sixteen departments were picked (eight left over). From these 16, the characteristics: ownership/renting, regions and size groups, needed to be equally represented.

From every region four departments were selected of which two departments needed to own their housing and two lease their property and of which at least one small, medium and large size department. From each size group at least five departments needed to be selected.

Table A5 shows the selection within the categories. The numbers marked in light blue are representing the selection of sixteen departments.

	Small Rental	Small Owned	Medium Rental	Medium Owned	Large Rental	Large Owned
Region Nord	1	5	9	13	17	21
Region West	2	6	10	14	18	22
Region Middle	3	7	11	15	19	23
Region South	4	8	12	16	20	24

Table A5: example of department selection within the category groups

### 4. Selection process

The following process took place to select the twenty-four cases. All department were coded.

1. Pick a department from the list
2. Note down the region of the department.
3. Note down if the property is in ownership or not.
4. Note down the amount of social help volunteers in 2007.
5. Note down the amount of members at the end of 2007.
6. Note down the amount of liquid means available in 2007.
7. Calculate the size group the department belongs to based on the previous three criteria.
8. Check if the district of the department is not the same as the district of a already selected department. If so, the process is started again at step 1.
9. Place the department in the category it belongs to. If the category is already filled, the process is started again at step 1.

As twenty-four departments are selected, eight departments functioned as back-up departments when one of the sixteen departments did not want to cooperate.

#### **Actual selection**

No department was available in category West/large/rental that did not overlap in district with one of the other selected departments (table A6). Therefore the selection criteria 'district' was neglected. This department 'De-15' is located in the same district as department 'De-14'.

	Small Rental	Small Owned	Medium Rental	Medium Owned	Large Rental	Large Owned
Region North	De-12	De-8	De-20	De-13	De-10	De-22
Region West	De-17	De-1	De-14	De-9	De-15	De-23
Region Middle	De-6	De-18	De-21	De-16	De-2	De-3
Region South	De-11	De-19	De-7	De-4	De-5	De-24

Table A6: selected cases (coded)

When the department in category North/large/owned was contacted they told they only rent accommodations per day or hour. Only their garage is in ownership. This department is replaced by 'De-13' of the category North/medium/owned.

When the department in the category North/medium/rental was contacted they told they only rent accommodations per day or hour. Only their garage is in ownership. This department is replaced by 'De-10' of the category North/large/rental.

Department 'De-64' of the category South/large/owned was not able to be contacted. This department is replaced by 'De-5' of the category South/large/rental.

Table A7 shows the interviewed cases.

	Small Rental	Small Owned	Medium Rental	Medium Owned	Large Rental	Large Owned
Region North	De-12	De-8	De-20	De-13	De-10	De-22
Region West	De-17	De-1	De-14	De-9	De-15	De-23
Region Middle	De-6	De-18	De-21	De-16	De-2	De-3
Region South	De-11	De-19	De-7	De-4	De-5	De-24

Table A7: interviewed

## APPENDIX 9: Interview set-up (in Dutch)

### Benaderingen

1. A. Hoe bent u op deze locatie/gebouw terecht gekomen? (wanneer, hoe)  
B. Zijn er ingrepen aan de gevel, het interieur, werkplekken gedaan? (wanneer, hoe)  
C. Hoe is deze situatie (besluit 'X') tot stand gekomen?  
D. Wat was het doel / wat wou u ermee bereiken?  
E. Welke factoren waren van belang?

*Hints eventueel te geven na antwoord:*

- zijn er lange termijn plannen
- wat wordt in de ledenvergadering besloten
- hoe zijn verschillende keuzen afgewogen
- is er gebruik gemaakt van het lokale netwerk
- is het altijd zo gebeurt, verloopt het altijd zo
- worden bepaalde onderdelen uitbesteed?
- wie beslist, worden leden geraadpleegd
- zijn er procedures / regels/ kaders

### Spanningen, voordelen en nadelen van centralisatie

2. A. Welke vraagstukken liggen er met betrekking tot de huisvesting?

*Hints/issues aan te dragen na antwoord:*

Karakter	Risico management	Werkruimte	Gevel	Locatie
- Kopen / huren	- Binnenklimaat (arbo eisen)	- Onderhoud	- Onderhoud	- Bereikbaarheid
- Permanent huren / per dagdeel	- Veiligheid werknemers	- Uitstraling	- Uitstraling	- Uitstraling
- Verhuren		- Verkrijgen voor symbolische waarde boven 'wensen'	- Verkrijgen voor symbolische waarde boven 'wensen'	- Verkrijgen voor symbolische waarde boven 'wensen'
- Aan wie verhuren (gezien imago)		- Ruimte tekort/overschot	- Zichtbaarheid (kleur, vlag, logo)	- Veiligheid
- Met wie delen (gezien imago)		- Geschiktheid activiteiten		
- Verbouwen		- Geschiktheid werkplekken		
		- Gas/water/elektra		

- B. Waar twijfelt u tussen?  
C. Welke oplossingen vindt u het beste?  
D. Wat wilt u bereiken?
3. A. Indien er een vraagstuk is waar het bestuur niet uitkomt, hoe wordt dit opgelost?  
B. Wat vindt u van de manier waarop 'Samen 1' huisvestingsbeheer heeft vastgelegd?  
C. Wat vindt u de kansen en de bedreigingen van 'Samen 1'?  
D. Wat is de relatie van de afdeling met het district, servicecentrum dan wel verenigingskantoor?
4. Zou u afdeling sturing willen op de genoemde vraagstukken (Waarom?)  
*Hiermee bedoel ik, zou uw afdeling het fijn vinden om m.b.t. het pand ondersteuning in de vorm van een adviseur te krijgen of op bepaalde onderwerpen richtlijnen willen krijgen? Dit om bijvoorbeeld hulp bij specialistische vraagstukken te krijgen, inkoopvoordeel te behalen of meer uniformiteit uit te stralen.*

5. A. Hoe zou gestuurd kunnen worden op deze vraagstukken? (en waarom op deze manier)

*Hints te geven na antwoord:*

- *Beleid*
- *Regels*
- *Richtlijnen*
- *Adviseur*
- *Platform*
- *Uitvoering uit handen geven aan hogere bestuurslaag*
- *Uitvoering uit handen geven aan externen*
- *Inkoop materiaal*
- *financiële waarde creëren (d.m.v. bijv. verbouwingen, onderhoudsinvesteringen)*

- B. Van waar zou gestuurd kunnen worden op deze vraagstukken? (en waarom)

*Hints te geven na antwoord:*

- *Landelijk verenigingskantoor*
- *Regionaal service centrum*
- *Districtsbestuur en leden*
- *Afdelingsbestuur en leden*

- C. Wat zijn de voor- en nadelen van het gemeenschappelijk aanpakken of centraal aanpakken van de vraagstukken?
6. Zijn er bepaalde dilemma's waar u mee zit?

#### **Doelen (+ benadering)**

7. A. Waarom hebt u (of uw voorgangers) de besluiten (zoals bovenstaand genoemd) genomen?
- B. Wilde u (of uw voorgangers) een bepaald doel bereiken met besluit 'X'?

*M.b.v. kaartjes wordt de respondent gevraagd het belang van de volgende doelen uit te leggen. De respondent dient de kaartjes in volgorde te leggen en uitleg te geven.*

- *Kosten minimaliseren*
- *Flexibiliteit verkrijgen*
- *Tevredenheid vrijwilligers*
- *Bereikbaarheid*
- *Zichtbaarheid*
- *Imago/uitstraling verbeteren*
- *Faciliteren van activiteiten van vrijwilligers*
- *Faciliteren van werkzaamheden van bestuursleden*
- *Faciliteren van werkzaamheden van beroepskrachten*
- *financiële waarde creëren (investeringen)*

#### **Context (+ benadering)**

8. A. Welke van de volgende aspecten zijn van belang in de besluitvorming? (Waarom, waarom, welke mate)

*M.b.v. kaartjes wordt de respondent gevraagd het belang van de volgende factoren in besluitvorming uit te leggen. De respondent dient de kaartjes te groeperen in de groepen 'minst, middel, meest belangrijk' en uitleg te geven.*

- *Concurrentie*
- *Wensen van hulpvragers*
- *Wensen van vrijwilligers*
- *Wensen van leden en donateurs*
- *Gebruik ICT*

- Financiële middelen.
- Wet- en regelgeving.
- Werkprocessen
- Organisatiestructuur.
- Organisationscultuur
- Afstand woonplek hulpvragers
- Afstand woonplek vrijwilligers
- Voorkeur van het bestuur
- Gebeurtenissen of keuzen in de geschiedenis van de afdeling.

B. Indien een van deze aspecten, is deze constant en betrouwbaar of is deze fluctuerend?

#### **Algemene back-up vragen**

1. Denkt u (de afdeling) in de toekomst anders om te gaan met het pand vanwege het nieuwe financiële system?
2. Zijn er aspecten die u (de afdeling) graag anders zou willen zien?
3. Wat zou volgens u (de afdeling) het huisvestingsbeleid van het Nederlandse Rode Kruis moeten zijn?
4. Werkt u (de afdeling) samen met andere afdelingen? (Waarom wel/niet?)
5. Wat is de geschiedenis van de afdeling? (Is deze nog steeds herkenbaar en waarin?)
6. Weet u (de afdeling) wat er speelt bij andere afdelingen?
7. Weet u (de afdeling) wat er speelt in het verenigingskantoor, servicecentrum of bij het districtsbestuur?
8. Voelt de afdeling zich betrokken bij het verenigingskantoor, servicecentrum of bij het districtsbestuur?
9. Bent u (of iemand van de afdeling) wel eens op het verenigingskantoor geweest?
10. Weet u waar het regionaal service centrum voor is of gaat zijn?
11. Werk de afdeling samen met andere instanties in de stad/dorp? (Denkt u aan gemeente, of andere non-profit instellingen)
12. Vraagt u (de afdeling) wel eens hulp aan andere instanties? (Zo ja, waarom)
13. Heeft de afdeling concurrentie van andere instanties?
14. Wisselt het bestuur vaak?
15. Zijn de bestuursleden vaak al langere tijd actief betrokken?
16. Zijn er veel actieve vrijwilligers?
17. Is het aantal vrijwilligers sterk wisselend of juist stabiel?
18. Is het hebben van eigen huisvesting belangrijk voor de vrijwilligers?
19. Is de afstand van het afdelingsgebouw bepalend voor vrijwilligers en hulpvragers? Indien ja, waarom?
20. Zijn er bepaalde wet- en regelgeving waarmee de afdeling rekening houdt?
21. Houdt u rekening met ARBO eisen?
22. Verschilt u financiële middelen erg per jaar?



## APPENDIX 10: Survey (in Dutch)

### Enquête - Onderzoek naar huisvesting van de afdelingen van het Nederlandse Rode Kruis

Voor u begint met de enquête wil ik u vragen de naam van de afdeling en district in te vullen. Deze gegevens worden gebruikt om na te gaan welke afdelingen de enquête nog niet ingevuld hebben zodat deze nagebeld kunnen worden.

Indien uw huisvesting gedeeld wordt met andere afdelingen van het Nederlandse Rode Kruis wil ik u vragen dit aan te geven bij de naam van de afdeling.

1	Wat is de naam van uw afdeling?	.....
2	Wat is het district van uw afdeling?	.....

3	Welke van de volgende situaties komt het meest overeen?	<i>Gebouw in eigendom met hypotheek</i>	<i>Gebouw in eigendom zonder hypotheek</i>	<i>Permanent huur gebouw</i>	<i>Permanent huur ruimte</i>	<i>Huur ruimte per dagdeel</i>	<i>Geheel vanuit thuissituatie</i>	<i>Anders</i>
		0	0	0	0	0	0	0
	<i>Indien anders, .....</i>							

*Indien u de ruimte per dagdeel huurt of geheel werkt vanuit de thuissituatie dan is deze enquête niet voor u bedoeld. Bedankt voor uw medewerking.*

*Bij de volgende vraag (vraag 4) mag u meerdere antwoorden aankruisen.*

4	Waarvoor gebruikt de afdeling de huisvesting?	<i>Bureauwerk</i>	<i>Vergaderen</i>	<i>Sociale hulp</i>	<i>Tracing</i>	<i>Noodhulp</i>	<i>EHBO</i>	<i>Cursus / training</i>	<i>Opslag</i>	<i>Anders</i>
		<input type="checkbox"/>								
	<i>Indien anders, met welke instantie(s)?:</i>									

5	Hoeveel uur per week gebruikt de afdeling het gebouw (of de ruimte)? (schatting van gemiddelde)	.....
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6 Hoe groot is het gebouw (of de ruimte) in m<sup>2</sup>?  
(schatting) .....

7	Is het gebouw (of de ruimte) verkregen of wordt het gehuurd voor symbolische waarde? (symbolische waarde betekent dat er minder geld voor de huisvesting betaald is of betaald wordt dan er op de markt betaald zou worden)	<i>Ja</i> 0	<i>Nee</i> 0	<i>Ik weet het niet</i> 0
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8	Waar is het gebouw gelegen?	<i>Centrum / centrum ring</i> 0	<i>Buitenwijk / buiten ring</i> 0	<i>Er tussen in</i> 0
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9	Hoe is de omgeving te omschrijven?	<i>Overwegend winkelomgeving</i> 0	<i>Overwegend woonomgeving</i> 0	<i>Overwegend werkomgeving</i> 0	<i>Overwegend recreatie</i> 0	<i>Mix</i> 0
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10	Werken er beroepskrachten van het Nederlandse Rode Kruis in het gebouw (of de ruimte)?	<i>Ja</i> 0	<i>Nee</i> 0
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11	Zijn er problemen met de veiligheid van de locatie?	<i>Ja, zeker</i> 0	<i>Ja, een beetje</i> 0	<i>Nee, nauwelijks</i> 0	<i>Nee, niet</i> 0
Toelichting mogelijk: waarom wel of niet?					

12	Is het gebouw goed bereikbaar voor vrijwilligers? (dan wel per fiets, auto of openbaar vervoer)	<i>Ja, zeker</i> 0	<i>Ja, redelijk</i> 0	<i>Nee, matig</i> 0	<i>Nee, niet</i> 0
Toelichting mogelijk: waarom wel of niet?					

13	Is het gebouw goed bereikbaar voor hulpvragers?	<i>Ja, zeker</i>	<i>Ja, redelijk</i>	<i>Nee, matig</i>	<i>Nee, niet</i>
		0	0	0	0
<i>Toelichting mogelijk: waarom wel of niet?</i>					

14	Zien voorbijgangers dat het Rode Kruis in het gebouw zit? (bijvoorbeeld d.m.v. logo, vlag of kleur)	<i>Ja, zeker</i>	<i>Ja, redelijk</i>	<i>Nee, matig</i>	<i>Nee, niet</i>
		0	0	0	0
<i>Toelichting mogelijk: waarom wel of niet?</i>					

15	Is er voldoende ruimte voor jullie activiteiten in het gebouw (of de ruimte)?	<i>Ja, zeker</i>	<i>Ja, redelijk</i>	<i>Nee, matig</i>	<i>Nee, niet</i>
		0	0	0	0
<i>Toelichting mogelijk: waarom wel of niet?</i>					

16	Is het gebouw (of de ruimte) geschikt voor de activiteiten?	<i>Ja, zeker</i>	<i>Ja, redelijk</i>	<i>Nee, matig</i>	<i>Nee, niet</i>
		0	0	0	0
<i>Toelichting mogelijk: waarom wel of niet?</i>					

17	Is het gebouw (of de ruimte) geschikt voor bureauwerkzaamheden? (denk aan: inrichting, meubilair, ICT, hulpmiddelen)	<i>Ja, zeker</i>	<i>Ja, redelijk</i>	<i>Nee, matig</i>	<i>Nee, niet</i>
		0	0	0	0
Toelichting mogelijk: waarom wel of niet?					

18	Zijn er problemen met het binnenklimaat van het gebouw (of de ruimte)? (temperatuur, vocht, stof, verlichting, geluid)	<i>Ja, zeker</i>	<i>Ja, een beetje</i>	<i>Nee, nauwelijks</i>	<i>Nee, niet</i>
		0	0	0	0
Toelichting mogelijk: waarom wel of niet?					

19	Zijn er problemen met de veiligheid van het gebouw (of de ruimte)? (brand- en vluchtwegen, hulpverlening)	<i>Ja, zeker</i>	<i>Ja, een beetje</i>	<i>Nee, nauwelijks</i>	<i>Nee, niet</i>
		0	0	0	0
Toelichting mogelijk: waarom wel of niet?					

20	Wordt het gebouw met andere instanties gedeeld?	<i>Ja</i>	<i>Nee</i>
		0	0

Indien nee, dan kunt u vraag 21 en 22 overslaan.

Bij de volgende vraag (vraag 21) mag u meerdere antwoorden aankruizen.

21	Met wie wordt het gebouw gedeeld?	<i>Overheid</i>	<i>Brandweer</i>	<i>Winkelier</i>	<i>Zorg &amp; welzijn instelling</i>	<i>Bloedbank</i>	<i>Woon- eenheid</i>	<i>Religieuze instantie</i>	<i>Andere Rode Kruis afdeling, district of regio</i>	<i>Anders</i>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Indien anders, met welke instantie(s)?:</i> .....									

22	Wat is de aard van de relatie?	<i>Afdeling verhuurt aan deze instantie</i>	<i>Afdeling huurt van deze instantie</i>	<i>Afdeling en instantie hebben dezelfde verhuurder</i>	<i>Anders</i>
		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<i>Indien anders:</i> .....				

De enquête is nu afgelopen. Hartelijk dank voor uw medewerking! De door uw gegeven data zullen vertrouwelijk behandeld worden. Onderstaand hebt u de mogelijkheid om toelichting te geven op de gestelde vragen of over andere kwesties die u relevant acht.

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*Indien u op de hoogte gebracht wilt worden van de resultaten van dit onderzoek, vul onderstaand uw e-mailadres in.*

Email adres	.....
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### Reflection of survey

Below a reflection is given of the use of the survey questions (table A8)

Question	Used	Concerning real estate variable	Used for	Reflection
1	Yes	-	Control of response of departments	
2	Yes	-	Control of response of departments	
3	Yes	Building character	Portfolio description + generalizability	Answers of interview group are representative for the survey group. Relations found in the research concerning this question are generalized.
4	Yes	Company space	Portfolio description + generalizability	Data relatively of low value for the research by a lack of relations found. Mainly used for gaining insight into the portfolio.
5	Yes	Company space	Portfolio description + generalizability	Question indicates the diversity of 'company space'.
6	Yes	Company space	Portfolio description + generalizability	Question indicates the diversity of 'company space'.
7	Yes	Building character	Portfolio description + generalizability	Answers of interview group are representative for the survey group. Relations found in the research concerning this question are generalized.
8	Yes	Location	Portfolio description + generalizability	Answer possibility 'in between' is difficult to define. Data relatively of low value for the research by a lack of relations found. Mainly used for gaining insight into the portfolio.
9	Yes	Location	Portfolio description + generalizability	Data relatively of low value for the research by a lack of relations found. Mainly used for gaining insight into the portfolio.
10	No	Company space		Question not appropriate. Makes no distinction in volunteers of the department or of other layers such as the districts or regional service centre that are housed in the accommodation of the department. Data gained from documentation of the umbrella association on the presence of professional employees.
11	Yes	Risk management	Portfolio description + generalizability	Question indicates that 'risk management' is not topic of centralization of REM.
12	Yes	Location	Portfolio description + generalizability	Data relatively of low value for the research by a lack of relations found and the positive view of departments on their housing situation. Mainly used for gaining insight into the portfolio.
13	Yes	Location	Portfolio description + generalizability	Data relatively of low value for the research by a lack of relations found and the positive view of departments on their housing situation. Mainly used for gaining insight into the portfolio.
14	Yes	Exterior quality	Portfolio description + generalizability	Question indicates (by comparison with observations made) that departments have a positive view on their housing situation.
15	Yes	Company space	Portfolio description + generalizability	Data relatively of low value for the research by a lack of relations found and the positive view of departments on their housing situation. Mainly used for gaining insight into the portfolio.
16	Yes	Company space	Portfolio description + generalizability	Data relatively of low value for the research by a lack of relations found and the positive view of departments on their housing situation. Mainly used for gaining insight into the portfolio.
17	No	Risk management		Question not appropriate. Makes no distinction if space is also used for desk work.

18	Yes	Risk management	Portfolio description + generalizability	Question indicates that 'risk management' is not topic of centralization of REM.
19	Yes	Risk management	Portfolio description + generalizability	Question indicates that 'risk management' is not topic of centralization of REM.
20	Yes	Building character	Portfolio description + generalizability	Question not appropriate; open for different interpretations. The question (and answer possibilities) is unclear about if renting space to others is or is not called 'sharing accommodation'. Data used for an impression of the amount of departments sharing accommodation, data of interview group is used.
21	Yes	Company space	Portfolio description + generalizability	Question indicates the diversity of 'company space'.
22	Yes	Building character	Portfolio description + generalizability	Question indicates the diversity of 'building character', generalizability of interview data.

Table A8: reflection of survey questions



## APPENDIX 11: Overview over implementation of variables

### **Organizational context**

Table A10 gives an overview of the variables of the organizations context and their presence at the departments of the interview group.

<i>De-</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	/16
<i>Volunteers - amount of volunteers</i>																	
Constant amount						x			x								2
Reducing amount	x			x						x	x		x			x	6
<i>Volunteers - characteristics of volunteers:</i>																	
Age of generation			x	x		x				x			x	x	x		7
Closed		x		x	x		x	x	x	x				x	x		11
Informal			x	x	x										x		4
Aiming to professionalize			x		x					x			x				4
<i>Network</i>																	
Local community	x		x	x	x	x	x	x	x		x	x	x	x	x	x	14
Red Cross	x	x	x		x					x							5
Board	x		x		x	x	x		x	x	x		x		x		10
<i>Municipality</i>																	
Rent from municipality		x				x	x				x	x			x		6
Subsidized rent by municipality						x	x				x	x			x		5
<i>Financial resources</i>																	
Reducing expenses					x	x		x	x	x		x		x		x	8
Increasing incomes	x		x	x					x	x			x	x	x	x	9
<i>Preference of board members</i>																	
Influence of board members	x	x	x	x		x	x		x	x	x	x	x		x	x	13

Table A10: overview of variables of the organizational context

### Real estate management – portfolio characteristics

Table A11 gives an overview of the variables of the real estate portfolio and their presence at the departments of the interview group.

De-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	/16	
<i>Building character - owned and rented accommodation</i>																		
Owned	x		x	x				x	x				x			x	7	
Rented		x			x	x	x			x	x	x		x	x		8	
<i>Building character - owned accommodation with mortgage</i>																		
Yes													x				1	
No	x		x	x				x	x							x	6	
<i>Building character - pay market value for rent</i>																		
Yes		x			x					x				x			4	
No						x	x				x	x			x		5	
<i>Building character- shared with others</i>																		
Collective RE	x	x			x	x	x			x	x	x		x	x		9	
Free-standing RE			x	x				x	x				x			x	7	
<i>Building character- renting space to others</i>																		
Yes	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	16	
<i>Company space - use of space</i>																		
Social help	x	x	x	x	x	x		x	x	x			x	x	x	x	13	
Emergency aid	x	x	x	x	x	x	x		x	x	x	x	x		x	x	14	
Desk work	x	x	x		x	x			x	x			x	x	x	x	11	
Meetings	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	16	
<i>Company space - having professional employees</i>																		
Yes	x (1)		x (2)		x (2)				x (2)					x (1)	x (1)		6	
No		x		x		x	x	x		x	x	x	x			x	10	
<i>Company space - enough space</i>																		
Yes	x	x	x	x		x	x	x	x		x	x	x	x	x	x	14	
No					x					x							2	
<i>Company space - appropriateness of space</i>																		
Yes	x	x	x	x	x	x		x	x		x	x	x	x	x	x	14	
No							x			x							2	
<i>Company space - size of accommodation</i>																		
Size in m <sup>2</sup>	300	133	500	212	375	250	50	300	400	170	78	100	289	375	278	488	269	
<i>Company space - use of accommodation</i>																		
Use in hours	5	30	10	17	50	20	8	24	24	20	10	4	15	60	40	12	22	
<i>Exterior quality - visibility for passers-by</i>																		
Good	x		x	x				x					x			x	6	
Moderately						x								x	x		3	
Poor																	0	
Not		x			x		x		x	x	x	x					7	
<i>Exterior quality - state of maintenance</i>																		
Good		x	x	x	x	x		x	x		x		x	x	x	x	12	
Medium							x					x					2	
Poor	x									x							2	
<i>Location - within city or village</i>																		
Centre (surrounding of)		x		x	x	x	x			x	x	x	x	x	x		11	
Periphery	x							x	x								3	
In between			x													x	2	

<i>Location - environment</i>																		
Work											x						1	
Residential	x		x	x	x	x	x	x	x			x	x	x	x	x	14	
Mix of functions		x															1	
<i>Location - safety of the location</i>																		
Problems				x	x											x	x	4
No problems	x	x	x			x	x	x	x	x	x	x	x	x				12
<i>Location - accessibility for volunteers</i>																		
Yes	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	16
<i>Location - accessibility for needy people</i>																		
Yes											x							1
No	x	x	x	x	x	x	x	x	x			x	x	x	x	x	x	15
<i>Risk management - problems with interior climate</i>																		
Yes								x										1
No	x	x	x	x	x	x		x	x	x	x	x	x	x	x	x	x	15
<i>Risk management - problems with interior safety</i>																		
Yes	x											x						2
No		x	x	x	x	x	x	x	x	x			x	x	x	x	x	14

Table A11: overview of variables of the real estate portfolio

### **Real estate management – approach and objectives**

Table A12 gives an overview of the variables of the approaches and objectives in real estate management and their presence at the departments of the interview group.

<i>De-</i>	1	2*	3	4	5	6	7	8	9	10*	11*	12	13	14	15	16	/16	
<i>Real estate management tasks</i>																		
Facilities	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	16
Maintenance	x		x	x	x	x	x	x	x			x	x	x		x	12	
Renovation			x														1	
New accommodation	x				x					x							3	
<i>Long term focus in real estate management</i>																		
Long term RE	x		x	x	x					x						x	6	
<i>Managing and execution</i>																		
Outsourcing			x	x					x			x	x	x	x	x	8	
Volunteers	x				x	x	x	x									5	
Accommodation manager	x		x		x			x									4	
<i>Objectives</i>																		
Appearance			x	x	x		x	x		x			x		x		8	
Facilitating board		x		x					x								3	
Facilitating professional employees			x		x				x					x	x	x	6	
Facilitating activities of volunteers	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	15	
Facilitating activities of needy people										x						x	2	
Facilitating activities of tenants			x														1	
Flexibility			x	x	x			x	x				x	x	x	x	9	

Table A12: overview of variables of real estate management

\*Landlord of departments take care of managing and execution of real estate tasks

**(De)centralization**

Table A13 gives an overview of the analysis of the cluster (de)centralization: the perspective of departments on their upper layers and the (dis)advantages of centralization of real estate management mentioned by departments.

De-	1	2	3	4	5*	6	7	8	9	10	11	12	13	14	15	16	/16
<i>District</i>																	
Positive		x				x	x		x	x							5
Neutral			x					x				x	x		x	x	6
Negative	x			x							x			x			4
<i>Umbrella association</i>																	
Positive		x							x	x							3
Neutral	x		x	x	x	x	x								x	x	8
Negative								x			x	x	x	x			5
<i>Advantages</i>																	
Assistance		x		x	x					x					x		5
Bureaucracy			x		x												2
Control										x		x		x		x	4
Core task	x		x						x	x					x		5
Financial resources		x			x		x		x		x		x		x		7
Power				x						x				x			3
Uniformity			x														1
<b>Total</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>		<b>1</b>		<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>27</b>
<i>Disadvantages</i>																	
Autonomy	x	x	x				x	x			x	x			x		8
Bureaucracy	x		x	x				x			x	x			x	x	8
Core task															x	x	2
Financial resources				x		x					x	x	x	x	x		7
Inability of umbrella association			x	x	x			x			x		x	x			7
Local conditions				x		x		x	x	x		x			x		7
Uniformity									x			x			x		3
Focus										x				x			2
<b>Total</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>44</b>

Table A13: overview of variables of (de)centralization  
 \*Department is district at the same time.

## APPENDIX 12: Analysis of (dis)advantages of different perspectives

In the theoretical framework advantages and disadvantages are named of centralization. In table A14a and table A14b these advantages and disadvantages are reflected on the empirical data gained at the local departments of The Netherlands Red Cross.

First the argument from the literature is given. After this, the argument is analysed by the advantages and disadvantages mentioned by departments. Third, the argument is analysed by the advantages and disadvantages seen in the overall analysis.

At 'comparison' the perspectives are compared with each other.

- '=' means that the perspectives are quite similar
- '≠' means that the perspectives are not similar
- '≈' means that the perspectives both plea for or against centralization but the exact argumentation is different.

At 'strategy' the overall verdict for (de)centralization of real estate management is given.

At the third column is indicated if it pleas for centralization (illustrated with '+') or pleas against centralization (illustrated with '-'). If the verdict is undecided or does not totally in accordance with the theoretical (dis)advantage this is illustrated with '~'.

One should take notice that the advantages and disadvantages from theory are derived from the public sector. The (dis)advantages relate to a wide scope of tasks of the public sector. The perspective of departments and of the overall analysis described below, always concern real estate management (of the non-profit organization, The Netherlands Red Cross).

Below the reflection of the disadvantages of centralization (interpreted as advantages of decentralization) mentioned in the theoretical framework is given:

Theory	1. Decentralization brings government as close as possible to the citizen (Smith and Shin, 1995:54).	-
Departments	Some departments say that volunteers want to do voluntary work because they feel connected to their municipality. They say that the central layer does not know the demands of departments.	-
Overall analysis	The limited involvement of volunteers and members in decision-making processes of local departments makes this argument from theory inapplicable.	~
Comparison	Theory = perspective of departments	
Strategy	~	~
Theory	2. Decentralization creates better opportunities for participation of local residents (Neven, 2002:5).	-
Departments	<i>(Not mentioned)</i>	
Overall analysis	There is hardly any participation in decision-making. Departments are internally directed, operate autonomous and members and volunteers do not exert influence.	~
Comparison	Theory ≠ overall perspective	
Strategy	~	~
Theory	3. Decentralization increases the sensitivity to local conditions and needs (Neven, 2002:4-5, Smith and Shin, 1995:53).	-
Departments	Some departments say that departments can not be centrally steered because of differences between local communities.	-
	7 departments say that centralization will harm their local ties.	~
Overall analysis	Almost all departments gain financial benefits by their local and personal network.	~
Comparison	Theory ≈ perspective of departments ≈ overall perspective	
Strategy	Decentralization of real estate management	-

Theory	4. Decentralization increases stability and unity by control of citizens on policies (Neven, 2002:5, Smith and Shin, 1995:53).	-
Departments	4 departments say central control is desirable.	+
Overall analysis	There is hardly any control of volunteers and members. Centralization is desirable because of the lack of control.	+
Comparison	Theory ≠ perspective of departments Theory ≠ overall perspective Perspective departments = overall perspective	
Strategy	Centralization of real estate management	+
Theory	5. Central policy is often too uniform as designed for different groups (Ferguson and Chandrasekharan, 2005:64).	-
Departments	2 departments fear that large departments will benefit more by centralization than small departments. They fear that the strongest link will be determinative. Some departments say that the central layer does not know the demands of the local layer and does not take notice of the individual.	-
Overall analysis	The organizational context and objectives of departments are the same, which makes uniform policies less difficult. However, the diversity in advantages and/or disadvantages seen by departments could be illustrative for central policy to be too uniform.	-
Comparison	Theory = perspective of departments Theory ≈ overall perspective Perspective of overall analysis ≠ perspective of departments	
Strategy	Decentralization of real estate management	-
Theory	6. Decentralization prevents overregulation and bureaucracies (Neven, 2002:4).	-
Departments	8 departments fear bureaucracy by centralization.	-
Overall analysis	7 departments see the inability of the central layer as disadvantage of centralization. The number of times bureaucracy or inability of the umbrella association are mentioned, gives the impression that centralization is unbeneficial.	-
Comparison	Theory = perspective of departments = overall perspective	
Strategy	Decentralization of real estate management	-
Theory	7. By decentralization larger numbers of local areas can be reached with services (Neven, 2002:4).	-
Departments	<i>(Not mentioned)</i>	
Overall analysis	<i>(Not mentioned)</i>	
Comparison	-	
Strategy	-	
Theory	8. Decentralization relieves the central government from 'routine' tasks to concentrate on core policies (Neven, 2002:5).	-
Departments	5 departments say that by centralization of certain tasks of facility management, they can concentrate on their core task (more/better services for needy people). 2 departments say that centralization of certain tasks, they are distracted from their core task.	+ -
Overall analysis	The local layer is the layer that needs to help needy people and therefore is charged with the core task. The central layer is there to support the local layer. Centralization could create room at the decentral layer to focus on the core task. However, departments do not focus that much on REM; centralization will not release much of the tasks of departments.	~
Comparison	Theory ≠ perspective of departments Theory ≠ overall perspective	
Strategy	~	~
Theory	9. Decentralization increases effectiveness because of information on target group (Bird, 1995:31, Neven, 2002:5).	-
Departments	Some departments say that communities are very different and therefore need a different treatment. This could be harmed by centralization. (However, no arguments are mentioned that concern REM.)	-
Overall analysis	<i>(Not mentioned)</i>	
Comparison	Theory = perspective of departments	
Strategy	~	~
Theory	10. Decentralization offers possibilities for creative, innovative, responsive programs (Neven, 2002:5, Smith and Shin, 1995:54).	-
Departments	3 departments say that the umbrella association is not innovative enough.	-
Overall analysis	The internal orientation of departments and their conservative culture reduces their creativity, innovativeness and responsiveness.	+
Comparison	Theory = perspective of departments Theory ≠ overall perspective Perspective departments ≠ overall perspective	
Strategy	Centralization of real estate management	+

Table A14a: disadvantages of centralization

Below the reflection of the advantages of centralization (interpreted as disadvantages of decentralization) mentioned in the theoretical framework is given:

Theory	1. Decentralization may allow functions to be captured by local elites (Crémer, Estache and Seabright, 1995:114, Neven, 2002:6).	+
Departments	<i>(Not mentioned)</i>	
Overall analysis	Board members (local elites) are decisive in REM. Volunteers and members exert little influence in REM.	+
Comparison	Theory = overall perspective	
Strategy	Centralization of real estate management	+
Theory	2. Loss of economies of scale and scope. Jurisdiction of local layers too small (Neven, 2002:6, Smith and Shin, 1995:55).	+
Departments	2 departments mention economies of scale as advantage of centralization. 4 departments say economies of scale are not present. They gain financial benefits by their local ties.	+ -
Overall analysis	Almost all departments benefit from the local ties (local scale).  There is no central strategy or policy on REM that concerns the local real estate portfolio. Departments do not cooperate with other departments concerning accommodation by which they could miss opportunities and improvement. Departments could benefit from sharing accommodation or ideas in REM. However, sharing accommodation is a seldom discussed topic. Although not fully included in this research, one could speak of a too small jurisdiction of some of the local department in housing. The theoretical argument given (Smith and Shin, 1995:55) that economies of scale are lost by the inefficient size of decentralized jurisdictions for particular activities seems to hold true.	-  +
Comparison	Theory ≠ perspective of departments Theory = / ≠ overall perspective Perspective of department = / ≠ overall perspective	
Strategy	Decentralization / centralization of real estate management	~
Theory	3. Loss of control over financial resources (Dillinger, 1995:20, Neven, 2002:5).	+
	4. Loss of a clear division of responsibilities. Need for a system of accountability (Neven, 2002:4).	+
Departments	4 departments want central control to prevent irregularities and abuse of financial spending. 8 departments mention that they want to stay autonomous; freedom in financial spending.	+ ~
Overall analysis	The low accountability of financial expenses of departments for external parties or upper layers pleas for a system of accountability.	+
Comparison	Theory = / ≠ perspective of departments Theory = overall perspective	
Strategy	Centralization of real estate management	+
Theory	5. Decentralization makes coordination and stimulation of national policies complex (Neven, 2002:6).	+
Departments	<i>(Not mentioned)</i>	
Overall analysis	There is no national policy that concerns REM nor is there a centrally set organizational strategy for departments. National policy is desirable to create awareness on the necessity of accommodation for the core task of the organization and thus, prevent unnecessary spending of financial resources.	~
Comparison	Theory ≈ overall perspective	
Strategy	~	~
Theory	6. Inadequate communication and flow of information at local layers (Neven, 2002:5).	+
Departments	<i>(Not mentioned)</i>	
Overall analysis	Departments function autonomous. Limited flows of information within the local layer or between layers. By cooperation, learning moments can be captured.	~
Comparison	Theory ≈ overall perspective	
Strategy	~	~
Theory	7. Unclear legislation caused by different regulations of layers (Neven, 2002:5).	+
Departments	<i>(Not mentioned)</i>	
Overall analysis	There is hardly any regulation at the local layer; departments are free in their choices.	~
Comparison	Theory ≈ perspective of departments	
Strategy	~	~

Theory	8. Decentralized regulators have weak incentives to take inefficiencies into account caused by overlap with other jurisdictions (Smith and Shin, 1995:54).	+
Departments	<i>(Not mentioned)</i>	
Overall analysis	There are no incentives for considering the necessity of space for the core task. Almost all departments do not consider sharing accommodation with other departments.	+
Comparison	Theory $\approx$ overall perspective	
Strategy	Centralization of real estate management	+
Theory	9. Regulatory competition between decentralized jurisdictions can be destructive (Smith and Shin, 1995:55).	+
Departments	<i>(Not mentioned)</i>	
Overall analysis	Departments do not compete nor do they cooperate with other departments or other organizations. Chances for improvements are not seen by them. The theoretical argument is out of the question in the research.	~
Comparison	Theory $\approx$ overall perspective	
Strategy	~	~
Theory	10. Weak administrative and technical capacity at local levels may result in less efficient and effective choices made (Neven, 2002:4-6, Smith and Shin, 1995:55).	+
Departments	5 departments would like to get assistance from the umbrella association. 7 departments say that the umbrella association is unable and centralization creates bureaucracy.	+ -
Overall analysis	3 departments say that they outsource maintenance because of a lack of enough volunteers. Due to the decisive role of board members, board members that are incapable for certain tasks can cause REM to be inefficient and ineffective. The lack of the right capacity could for example a lack of attention for the appearance of accommodations or suboptimal decisions in major renovations of departments.	+
Comparison	Theory $\approx$ overall perspective Theory $\neq$ perspective of departments	
Strategy	Centralization of real estate management	+

Table A14b: advantages of centralization

