

My home and my economy – a study of how purchasers of a cooperative apartment calculate

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Abstract

Housing- as well as accounting researchers have highlighted how finance and accounting aspects are linked to homes and individuals. To purchase a dwelling is one of the biggest investment in a person's life and probably the financial decision that affects the private economy most of all. This transaction has still not attracted that much attention. The theoretical point of departure for this study is how in order for the purchaser to compare dwellings, the potential objects must be made comparable. Theories on Calculative Practices encircle how such a calculation is practiced and can hereby widen the understanding of home purchases from an accounting perspective. The task for the techniques is to create comparability whereby calculation is not only seen as numerical but also involves judgements. To put it simple: calculation is understood as both quantitative and qualitative.

Keywords: *Calculation, Cooperative apartment, Middle class, Life style*

Introduction

This paper is based on a study of individual people's purchase of a cooperative apartment in an accounting context. The study deals with individual people's calculative practices with the purpose to describe and understand the purchase. Three questions are formulated. The first question inquires what support and tools are used when purchasing a cooperative apartment and how the purchaser decides the value of an apartment concerning the price. The second question involves the decisive factors for the purchase and the third question encircles the meaning and the role for the purchaser of the annual financial report from the coop housing association.

The purchasers in the study belong to the middle class and talked in a narrative way, with the result that the study approaches an everyday form of accounting practice. It is evident that the purchasers had calculated and how lifestyle and feelings were important. The calculative process is here perceived as a practice in which both numbers and aspects that can't be quantified are included (Callon, 1998; Cochoy, 2008, 2009). The study results in a model of complex and intertwined calculation that shows the different steps the purchasers take to find out what cooperative apartment they buy and the price they finally pay.

The cooperative apartment has become increasingly common in Sweden and also exists in some other countries (such as Norway for example). The turnover of cooperative apartments is high in Sweden, and are sold more frequent than detached houses. Approximately 11 % of the total

holding of co-op apartments were transacted during 2015, as compared to family homes with a transaction rate of 3.5 % (SCB, 2018).

The property or properties containing the cooperative apartments are owned collectively and organised as an association, while each apartment is controlled by the individual. In Sweden, there are approximately 26,000 cooperative associations, of which approximately 22,000 are active (BRF registry, 2016). In connection with the purchase, the individual also becomes a member of a financial association (the co-op society) and needs for example to share the debts of the association and will be affected financially by future maintenance requirements. This mirrors how individual households play an important role in the modern economy by having debt both personally and as members of a co-op housing society also taking on parts of its credit obligations.

Since a purchase of a cooperative apartment affects not only the private economy, but also creates links between the buyer and the economy of the association, individuals become intensely involved with accounting. As early as in the 1970s, Hopwood (1976; 1978; 1983; 1994) asked for more studies concerning the relationship between accounting and daily life. Because of the position a home has in people's lives, there is also good reason to specifically link accounting with the home. Jeacle (2009) is one example of a researcher who has studied people and home in different ways and has shown various examples of how accounting relates to everyday life.

Market and calculation

In order for the purchaser to compare the cooperative apartments, these objects must become comparable. Calculation makes objects comparable why calculative practices have become central in this study. Calculating is regarded not only as a numerical technique, but looked upon in a much broader light involving also judgements (Callon, 1998; Cochoy, 2008).

Studies of what is called the housing market have for a long time been based on neoclassical theory (Samuelson & Nordhaus, 2010) with the basic assumption that markets aim at equilibrium where supply and demand meet. Housing has hereby been considered as a product and rental or purchase of housing as a form of consumption (Boterman, 2012). Several of the researchers whose studies are used in in this paper see the market from a performative approach, Callon (1998) being one of them. According to him the market is dynamic with an infinite number of ways to calculate why we cannot talk about one Market Law. It is when we get close to the marketplace that we really observe the calculation. According to this position, calculation is not a matter of rationality or non-rationality but the crucial aspect is whether or not a calculation takes place (Callon & Law, 2005). The calculation does not involve *either* mathematical or numerical operations but both. The efficiency of a market is thus determined by how it makes a complex calculation possible (Callon & Muniesa, 2005).

A calculative practice forms social relationships (Miller, 2001) and control organizations (Mouritsen et al., 2009). Muniesa (2014) provides several examples of how a calculative practice also affects the reality it describe. Kornberger & Carter (2010) studied how the strategies of cities were formed by a calculative practice. Crosby & Hennebury (2015) showed how different valuation methods for determining the value of commercial real estate

had a significant impact on the city's development. Westerdahl (2015) showed a calculative practice based on real estate development in municipal housing companies. In the case of housing, there are studies by Smith et al., (2006) and Munro & Smith (2008) on bidding and purchases as well as Christie et al., (2008) linking purchase of dwelling and emotions.

Based on the theories of calculating practice two fundamental ideas form the theoretical basis of the study in this paper. The first is calculation, where Callon (1998) is fundamental. The second basic idea is the way in which concepts from sociologist Bourdieu's theoretical framework (1977, 1984, 2005) have been used. In addition to these two basic ideas, the importance of emotions is highlighted drawing on studies by Munro & Smith (2008) and Christie et al. (2008).

Bourdieu (1984, 2005) and his theories are important when discussing lifestyle and not least when it comes to dwelling. A number of researchers have taken Bourdieu as a starting point and approach housing issues based on how households consumption of housing has both a practical and symbolic meaning (Allen, 2008; Bridge, 2001, 2006; Butler & Robson, 2003; Savage 2010, Watt 2005, 2009) .

Fundamental in the theories of Bourdieu is that it is not possible to separate the physical dwelling and the individuals living there; the household as a social group. Purchasing a dwelling is therefore both an economic and social investment since it is going to be a home. Bourdieu has inspired many housing researchers and this study is not the first time his theories are used in accounting (Malsch et al., 2011). The aim with his reflexive sociology is to explain the practice, how people's actions can be studied and how rules are created on the market through social processes. Bourdieu has a broad definition of class, named fields. The basis of his framework is to look upon the social world as a construction that builds thoughts and expressions into an individual. A form of "scheme" is created in which the individual in a given social formation (friend, social network etc.) shares a set of basic perceptual systems. Using the concept of field in a housing context leads to a broader analyse than using the concept class.

People join social relations and at the same time they distance themselves from other relationships in other fields, a form of distinction (Bourdieu, 1984). The position in a field is determined by the composition and size of different forms of capital - economic, social and cultural - as well as symbolic capital and habitus (Bourdieu, 2005). Economic capital is about assets that can be measured in money, but also about knowing the rules in the economy (Bourdieu, 1986). Cultural capital is about use of language, knowledge of different cultural contexts such as movies or authors, food, etc. Social capital concerns friends and different forms of social networks. All forms of capital can be symbolic capital if it is important in the field. Habitus is both what the individual is (often unconscious) and what the individual want to be. It is partly inherited from the parents and their position in a social structure, but also created through education, friends etc.

If we want to understand how people calculate when purchasing a cooperative apartment, it is also important to understand the role of emotions. Christie et al. (2008) show the way housing is intertwined with both feelings and finances, and Munro & Smith, (2008) describe how purchasers of a dwelling had expectations of both emotional and financial rewards. This later study also makes it clear that it was the search for a home that made purchasers making a certain decision.

In summary the theoretical framework, used to build the model in this study, is based on calculation where Callon (1998) and Callon & Muniesa (2005) have a significant importance. The calculation tools used, when calculating, are based on the framework of Bourdieu (1984, 2005) and also on articles about emotions by Christie et al. (2008) and Munro & Smith, (2008). The model will be further described in a coming section.

Method

The focus in this paper on individual people in everyday life making large purchases and hereby becoming involved in calculations, has consequences for the method used. The method has primarily been inspired by Alvesson's (2003) reflexive approach to interviews and Qu & Dumay's (2011) approach to qualitative interviews based on Alvesson (2003). This reflexive approach has been used during preparation of the interviews, when the interviews were performed and when the empirical material was interpreted. Thanks to a reflexive approach, it has also been possible to use different theories that are otherwise not often used at the same time. Something that was very important during the study was not to assume something from the beginning and that lead to an unpredictable result.

The study consists of a total of 17 semi-structured interviews, based on themes, with purchasers of cooperative apartments. The purchasers belong to the middle class and bought cooperative apartments in 2007 or later. It wasn't planned from the beginning, but the gender distribution in the study proved afterwards to be quite even (15 women and 13 men) and their ages were in the range of 26 and 75 years.

Malmö was chosen for the study for the reason that it is a big city (third biggest in Sweden) and many cooperative apartments are traded every year. Malmö is located right next to Oresund. It is a city that has been characterised by many industries and it was industrialisation that made Malmö into Sweden's third largest city in the 19th century. The number of inhabitants was 318,107 on 31 December 2014. The average age was 38.6 years and 31% were born in another country (City of Malmö, 2016). There were 153,446 homes in Malmö on 31 December 2015 and of these 36% were cooperative apartments (City of Malmö, 2016).

At the same time as Malmö is a compact city, it is also a socially divided city and it can be described in two different ways. The positive side is the new Malmö based on innovative and creative values that attracts a lot of young people. At the same time, there is a downside with poverty, exclusion and tensions between different groups in the city. The most well-off areas are located along the coast in the west, while the areas in south and east are dominated by low-income residential.

The purchasers were told to speak freely, for the purpose of not taking anything for granted, so the empirical material became stories. Focus was on three themes: how they began searching and what then happened all the way until the contract was signed. The study did not have the purpose of generalising and did not claim to say how a majority of the purchasers do. The purpose was instead to show one specific marketplace. As a consequence, the concept of transferability, i.e. how the results can be transferred to other situations or objects, is important for evaluating the study and the degree to which the result can be transferred to other contexts.

Place, the physical apartment and money

Three themes emerged as the interviews were compiled:

- Location,
- The physical apartment and
- Money.

People's needs of housing change at different times in life. Each purchase is unique why the stories of the purchasers differed. There were similarities but also clear differences.

Firstly, when it comes to place, the purchasers described the choice of area at an early stage in the calculation process. They described where they could imagine themselves living and where they couldn't. The areas were geographically close as Malmö is a dense town. Areas were for example chosen for their privacy or for being central and/or close to the station. Other areas were seen as messy or too far away from the centre and so on. The areas where the interviewees had purchased cooperative apartments were mostly close to the sea in different ways. Choosing the sea and living near the sea was important for several of the purchasers for different reasons.

Secondly, as regards the specific apartments, several purchasers talked about charm. Charm meant different things for the purchasers. It could be cooperative apartments in old houses (from the fifties or older) or in newly built houses, etc. When it comes to the actual apartment, the purchasers had different requirements and needs, such as a special floor, balcony or fireplace. Then it became evident that in order for them to decide to go into a bidding situation, something more was required. They described emotions of well-being.

Finally, the aspect of money can be divided in two parts: the private economy and the economy of the association. In this study, the private economy is illustrated by a money bag that can be stretched if the purchaser wants the cooperative apartment very much. This "moneybag" is affected by previous housing career.

The purchasers had many different thoughts when it came to the use of the annual report of the association. Some of them looked upon the annual report of the association as if it was a company. They talked for example about risk. Some purchasers thought it was risky to buy which made them very careful, while others felt more secure. Some of the purchasers had a great belief in their own knowledge, and other purchasers talked about the estate agents and if they could get help from them. It was of great importance to the purchasers whether the association was new or old. For those who bought new, the plan of the future economy was assessed. It was hereby evident that debt per square metre was an example of a measure that many of them used.

The purchasers also talked about the importance of the social network for understanding the financial situation of the co-op society. It differed whether they actually did an analysis of the annual report but most of them were satisfied afterwards and argued for their purchase. The purchasers were also in several ways thinking of the possibilities later if they were to sell the cooperative apartment and some of the purchasers had already gained from previous purchases.

There were purchasers who had joined the board of the association, so as to be able to have an influence of the future of the association.

Conclusion - to calculate a home

If we talk of *one* housing market then we risk not being aware of the complexity when it comes to purchase of a dwelling. Therefore, the concept *housing marketplace* is introduced in this study as something more concrete, delimited and linked to a social meaning, as opposed to a diffuse and general "market" concept. The specific housing marketplace in the present study relates to how the purchasers acted based on their social belongings, in terms of location, the actual apartment and the money. Bourdieu's (1984, 2005) field concept is particularly useful for describing what is meant by housing marketplace. The purchasers in this study belonged to the middle class but also move between social fields and lifestyle areas. Within the field, habitus and different forms of capital become important when they choose dwelling.

It became evident, in light of the purchasers' stories that they had actually calculated. They described how they looked around, reasoned and examined different alternatives and hereby created a basis for a decision they also motivated afterwards. The analysis of how the purchasers in this study did when they purchased a cooperative apartment is illustrated through a model based on an idea of an *intertwined calculation*. The model consists of three figures and is shown as a merged analysis model (figure 1 in this paper) and explained in the following section.

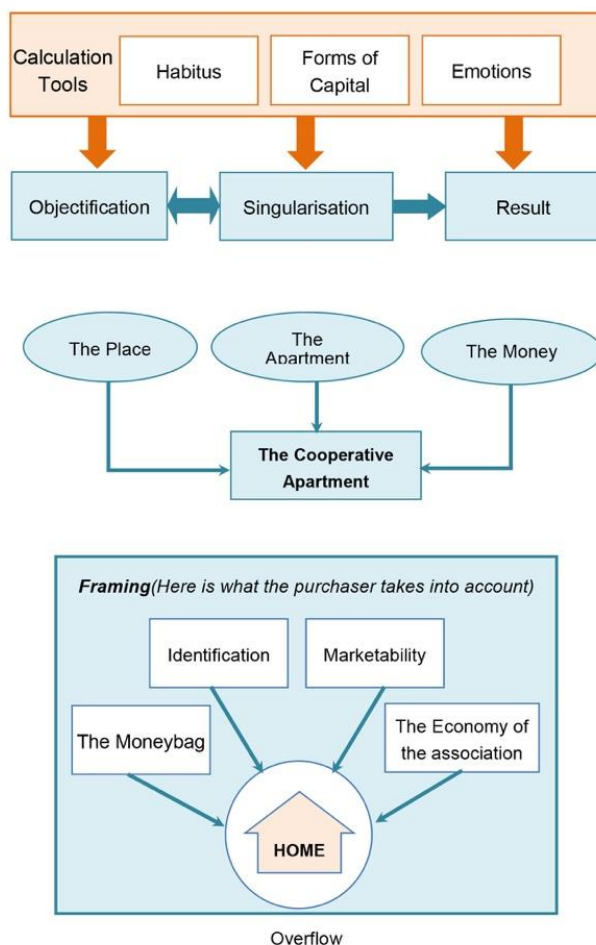


Figure 1: Merged analysis model.

Cooperative apartments are not automatically compiled so that they can be compared. Callon and Muniesa (2005) describe how goods are made calculable in *three steps* and how calculating agents exert agency (acts) in all these stages. In the study, the agents are the purchasers of the cooperative apartments. In order for the steps to take place, there is a need for an organisation of a market (i.e. a configuration) that allows a calculating market exchange so that supply and demand are clearly stated. Based on the calculation, all things taken into consideration are inserted into a frame. Things that are not considered fall outside in the form of overflow.

A presumption for calculating agents that are able to exercise agency is that different calculation tools are available (Callon, 1998). As described earlier the purchasers' calculation tools in this study are based on Bourdieu's (1984, 2005) framework and emotions are also seen as calculation tools, with inspiration from the studies conducted by Christie et al. (2008) and Munro & Smith (2008). So, when the purchasers calculate, they use the calculating tools: habitus, different forms of capital and emotions. The calculation tools are linked to each other, used one at a time or together, and the calculations are both numerical and non-numerical.

The first step is an *objectification* where different characteristics are released to become visible. Characteristics are such as, for example, when the property is built, the style of the apartment, whether it is situated close to the centre or near the sea. These characteristics are moved around and arranged in various ways. In the second step, there is a *singularisation* that leads to a "product". In this step, characteristics are put together in different ways by different purchasers and made comparable. Accordingly, when the characteristics are put together it is possible for the purchaser to compare the different cooperative apartments (Callon & Muniesa, 2005), which will be the third step that will lead to a result i.e. purchase of a cooperative apartment at a certain price. The calculation tools and the three steps are illustrated in the first figure in the model.

The second figure shows the empirical material in the three themes: the location, the apartment and the money. The third figure shows the factors that had significance for the purchasers when they were to determine the cooperative apartment and the price: home, moneybag, identification, the economy of the association and marketability. The calculation the purchasers do afterwards has been placed outside the model because it takes into account both information the purchasers knew when they were calculating in the first time and things that they have become aware of later.

That the dwelling is not only a financial investment but, above all, a social investment (Bourdieu, 2005) is shown by the purchasers in many ways. Based on the stories of the purchasers, it has become clear that the fact that the dwelling is going to become a home is an overall and fundamental factor. The factor "Home" not only interferes with the other factors but is also included when the purchasers calculate the other factors separately. For this reason, the factor home has been given a special position in the model, in relation to the other factors.

The purchase of a cooperative apartment cannot be reduced to a formula that makes it possible to calculate what the purchaser will pay or why a price has been paid. The argumentation in the study is that financial issues must be supplemented by social ones if we want to understand the calculation.

This study contributes by method, empirical material and theory to highlight the daily practice of individual people when it comes to accounting and home. The first contribution is *method*.

Interviews with purchasers are based on a few themes for the purpose of giving the purchasers the opportunity to narrate in a free way. This makes it possible to get close and to get rich stories. To let individual people, tell stories about their use of accounting is not a common method in accounting research. The second contribution is *empirical* and refers to the basis chosen for the study. This thesis shows one housing marketplace in a way that has not been done before. The third contribution is *theoretical*. The results of the study, presented as an analysis model, are based on theories with different starting points. The housing marketplace is described using Bourdieu's concepts fields and capital. The framework of the model is taken from Callon (1998) and Callon & Muniesa (2005). The calculation tools used are based on Bourdieu's (1984, 2005) framework and the inspiration to use feelings as a calculation tool comes from some articles on housing (Christie et al., 2008; Munro & Smith 2008). This combination of different theoretical approaches is a further contribution in this study.

In addition to that the study combines these different research traditions, it also provides a theoretical contribution to housing research more generally. By breaking down the various steps in the purchase, other studies taking Bourdieu as a starting point, (as for example Boterman, 2012) are deepened. These studies have not taken the calculative practice of the purchasers into account. Even in comparison with studies by Smith et al. (2006) and Munro & Smith (2008), this study is a contribution by emphasizing housing purchasers' perception of markets and the importance of the local housing marketplace. Being a purchaser of a home also gets a geographical meaning in our study. In line with Bourdieu (1984) the place is important for the purchaser to create social inherency and the surrounded environment is linked to symbolic values (for example a special view or a building type in the area).

To summarize the study shows that the housing market must be seen from a more concrete and practical view in terms of marketplaces. More research based on a calculative practice will bring new knowledge in housing research. It became evident in the study that the purchasers had calculated in the sense outlined here, and how lifestyle and feelings were important. Five factors had significance for the purchasers when they were to compare the cooperative apartments and the prices: home, moneybag, identification, the economy of the association and marketability. The study further shows that the purchase of a cooperative apartment is not only a financial investment, but above all, a social investment. The most important thing for the purchasers is to feel that they have found a home. People are dissimilar and sometimes it's small things that determine the choice of a home.

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