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Housing Co-operatives –
A Study Concerning Students
as Housing Demanders

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CONTENTS

ABSTRACT	1
1. INTRODUCTION	1
2. METHODOLOGY	2
3. EVALUATION	3
3.1. <i>Knowledge</i>	3
3.2. <i>Attitudes</i>	4
3.3. <i>Needs</i>	7
4. SUMMARY AND CONCLUSIONS	10
ACKNOWLEDEMENTS	11
REFERENCES	11

ABOUT THIS STUDY

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HOUSING CO-OPERATIVES – A STUDY CONCERNING STUDENTS AS HOUSING DEMANDERS

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ABSTRACT

The paper presents results of a primary study regarding the requirements of younger people who possibly could be members of housing co-operatives in the future. It is about the knowledge, the attitudes and the needs younger housing demanders have regarding housing co-operatives. As an element of the target group of young housing demanders students were interviewed. As a result in terms of knowledge a certain lack of information concerning co-operatives could be detected. Not rarely they've been seen nearby public utility institutions. Quite surprising were the results concerning the attitudes the students have towards housing co-operatives. Their image was not "old-fashioned" (as expected). The students were rather open-minded and attributed the housing co-operatives a very attractive combination of steadiness, authenticity and well-pricing. As a consequence marketing activities in this group seem astonishingly profitable. With regard to their needs the students prefer a good standard of accommodation. In this academic target group (probably not in the whole group of young housing demanders) a good quality of living is clearly seen more important than well-pricing, secure and self-determined living or further services offered. One problem for housing co-operatives is that students do not primarily relate them to the favoured good standard of accommodation. That seems to be a starting-point for purposeful marketing activities. In this way the analysis of the students' opinion is a basis for strategic reflections and decisions.

Keywords: Housing Co-operatives; Housing Demand.

1. INTRODUCTION

Because of serious social and economic changes housing co-operatives face new challenges. In 2004 the "Expertenkommission Wohnungsgenossenschaften" – a commission of experts appointed by the Bundesministerium für Verkehr, Bau und Wohnungswesen – made clear that it is important to develop the promising potentials of housing co-operatives especially by a purposeful marketing orientation.¹ In this context it was recommended to focus on younger people as co-operative members in the future. That seems to be important because of the fact that the average age of the members of housing co-operatives nowadays is quite high.

For this reason this study focuses on students – notably graduates – as a part of young housing demanders in the future. It concerns about three key aspects: the knowledge, the attitudes and the needs younger housing demanders have regarding housing co-operatives. The analysis of the students' opinion is a basis for strategic reflections and decisions. Therefore housing co-operatives in practice were interested in this study.

¹ See Expertenkommission Wohnungsgenossenschaften (2004), pp. 515 – 550.

2. METHODOLOGY

As mentioned before, younger housing demanders are an interesting target group for housing co-operatives in the future. Due to the fact that primary studies concerning this topic are quite rare incoming graduates of all faculties of the Nürtingen-Geislingen University were questioned as an element of the group of younger people. In the summer semester 2005 the data acquisition took place with the help of a questionnaire. The questionnaire was distributed among the students during a lecture, filled out by them and afterwards collected.

In order to find an adequate sample size we act on following assumptions: Let n be the sample size, p be the proportion of the elements in the sample which possesses the required characteristic values and q be the proportion of the elements that don't possess the featured characteristics. Then we get the standard deviation σ_p approximately from Equation (1):²

$$\sigma_p = \sqrt{\frac{p \cdot q}{n}} \quad (1)$$

We define t as assessment factor. Then the maximum allowable error e can be specified as

$$e = t \cdot \sigma_p \quad (2)$$

Thus Equation (1) and Equation (2) imply that

$$n = \frac{t^2 \cdot p \cdot q}{e^2} \quad (3)$$

Hence we do not know p and q exactly we assume the most unfavourable case of estimating them as 50 % each. Given this, we calculate the sample of being definite ± 5 % ($e = 5$) and a sureness of 95,5 % ($t = 2$). So we obtain for the adequate sample size:³

$$n = \frac{2^2 \cdot 50 \cdot 50}{5^2} = 400 \quad (4)$$

To match the required sample size $n = 400$ students were questioned.

We designed the questionnaire consisting of three parts:

- The first part examined the knowledge of the students regarding co-operatives in general.
- The second part of the questionnaire determines the attitudes students have towards housing co-operatives.
- The third part analyses the needs students have regarding housing co-operatives and housing in general.

² See Berekoven, Eckert and Ellenrieder (1999), p. 66.

³ See Berekoven, Eckert and Ellenrieder (1999), p. 67 for the restrictions of this calculation.

3. EVALUATION

3.1 Knowledge

The questionnaire started with an opening question asking the students whether they know what a co-operative is. 44 % of the students were sure to know what a co-operative is while 56 % didn't know it or didn't know it exactly. This last group was asked for the reasons for their lack of information. 36 % of this group indicated that they weren't interested in co-operatives while a majority of 66 % said that they hadn't heard much of this topic yet (multiple nomination was possible). As a consequence we assume that most of the students are rather open-minded concerning co-operatives (only few students said that they weren't interested in this topic at all) however they often face a lack of information on this subject-matter.

The next question evaluated the knowledge the students have with respect to different types of co-operatives. The best known types were cooperative banking associations (69 %), housing co-operatives (63 %) and agricultural cooperative societies (53 %). It's noticeable that cooperative banking associations were nominated quite rarely in relation to the grand relevance they actually have in German Economy. The relatively high mentioning of housing co-operatives can – to a certain amount – be attributed to an inevitable distortion by the questioning (concerning housing co-operatives). Also relatively high named were the agricultural cooperative societies. This can be attributed to different reasons (e.g. history, structural influence, marketing).

In the last question of this part of the questionnaire the students had to mark three terms they associate with co-operatives. Seven different terms were predetermined and a maximum nomination of three terms was possible. The different terms were named as following:

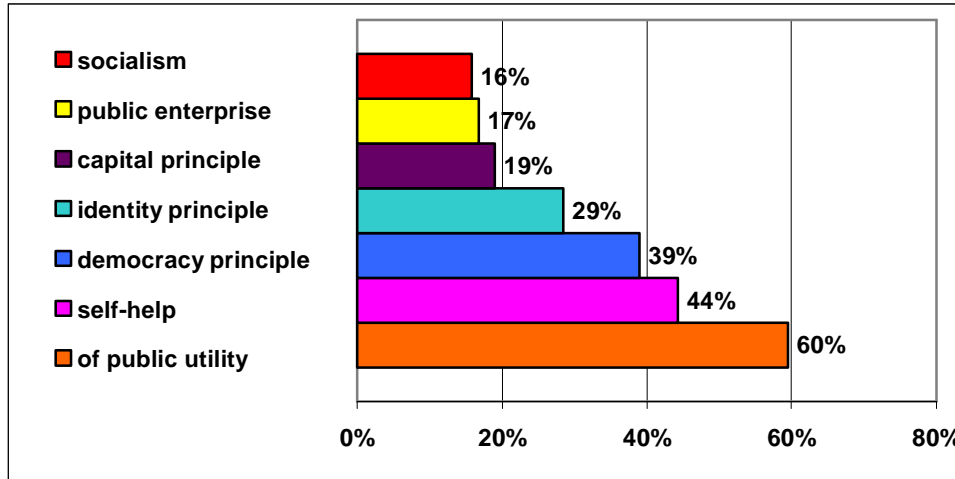


Figure 1 Terms associated with co-operatives

The given answers offer a range of interesting interpretations. According to the results of question 1 of this part we assume that the answers uncover a certain lack of information. The formal correct answers (self-help, democracy principle, identity principle) are predominantly unknown. Thus the fundamental principle of self-help is unknown by 56 % of the interviewees. 61 % of the students also don't know that the democracy principle is a basic term. Given this lack of information the question is why 44 % of the students were sure to know what a co-operative is (according to question 1). There are different possible explanations for this discrepancy. First of all it could be a bias occurring because of the fact that the interviewees won't reveal their ignorance. Another explanation could be that the interviewees have fixed preconceived opinions regarding co-operatives. The fact that a good deal of 60 % of the students sees co-operatives as institutions of public utility

could also argue for this interpretation.⁴ The result is in any case remarkable for strategic reflections. Especially in the field of public relations it should be discussed whether this maximum value can be judged positively or negatively. Finally it's a case of interpretation whether the 16 % of the students who relate co-operatives to socialism are a lot or not.

3.2 Attitudes

The second section of the questionnaire inquires the attitudes the students have towards housing co-operatives. This part of the questionnaire focuses especially on housing co-operatives and their "image" among the interviewees irrespective of the knowledge they actually have of this form of organisation. The opening question started asking the students which items they relate to housing co-operatives. Eight items were predetermined and a maximum nomination of three items was possible. The nomination of the items can be seen by looking at Figure 2:

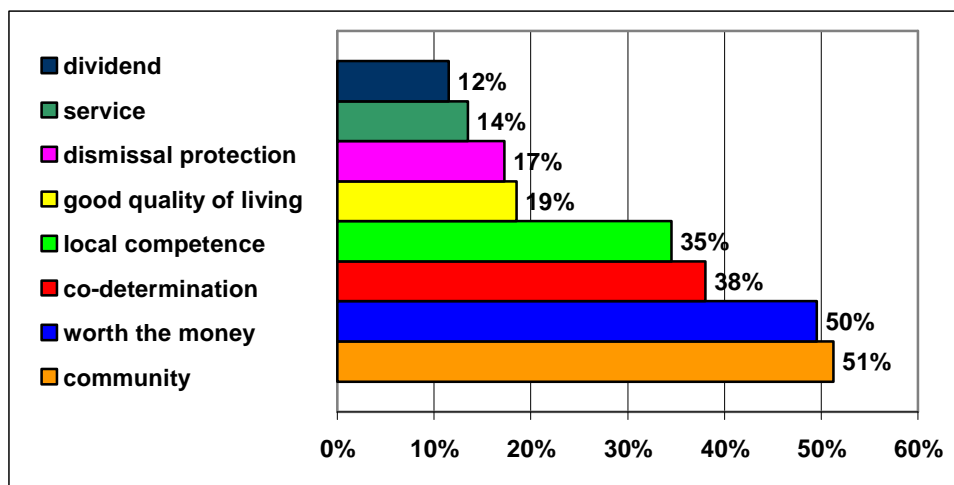


Figure 2 Items related to housing co-operatives

It's noticeable that 51 % of the interviewees relate "community" to housing co-operatives. This emphasizes strongly a traditional co-operative aspect. In respect to marketing actions it should be discussed whether the stressing of community aspects makes sense – like the slogan "Wir machen den Weg frei" used by German cooperative banking associations. But due to the fact that individualistic attitudes are especially attributed to the group of younger people a communication like that could even be counterproductive. A clear profile arises in reference to the item "worth the money". 50 % of the interviewees relate that criterion to housing co-operatives. Especially in this academic target group a clear profile like that holds also the danger of a discounter- or social housing-image. This is strengthened by the precarious fact that only 19 % relate housing co-operatives to a good quality of living. It's interesting that the unique selling proposition-items of housing co-operatives like co-determination (38 %) and dismissal protection (17 %) are not primarily seen by the students. Concerning marketing actions it raises the question whether these USP-items should be promoted for the target group. Astonishing is the relatively high nomination of the traditional item local competence (35 %). That also could be a starting-point for marketing activities (e.g. "Wir sind der Anbieter vor Ort"). Dividend payments are not primarily related to housing cooperatives (12 %). Therefore financial criteria are not primarily moving for the membership (it's rather a surplus).

⁴ It's improbable that this peak value results from the long tradition of the "Wohnungsgemeinnützigkeit" in Germany. This question was related to co-operatives in general and not only to housing co-operatives. The interviewees were also very young as the "Wohnungsgemeinnützigkeit" was abolished in 1990. Therefore they shouldn't be familiar with this historic episode.

In the second question of this part the students had to judge housing co-operatives in a 7 stepped bipolar rating scale (semantic differential). The profiles of the most informative answers are shown in Figure 3a – f:

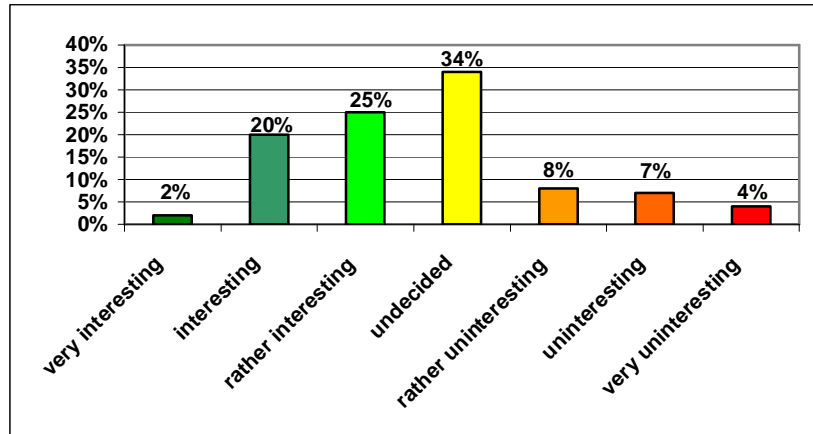


Figure 3a Rating scale interesting – uninteresting

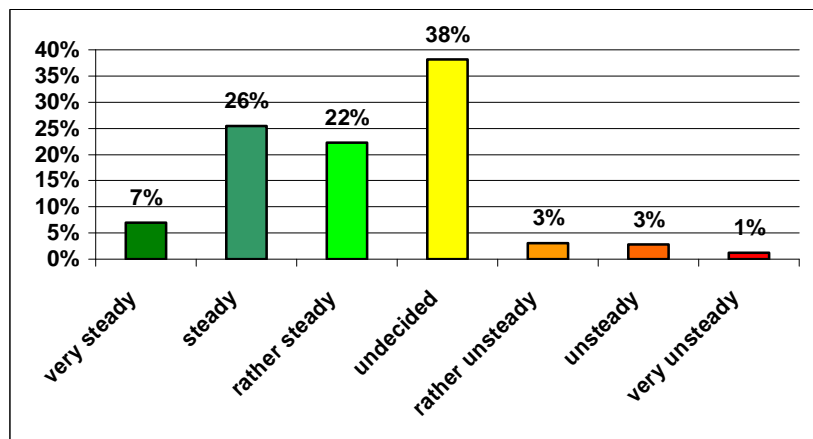


Figure 3b Rating scale steady – unsteady

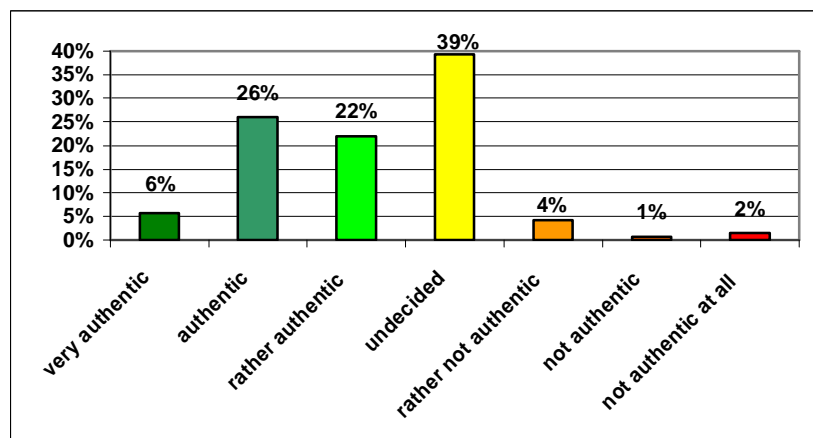


Figure 3c Rating scale authentic – not authentic

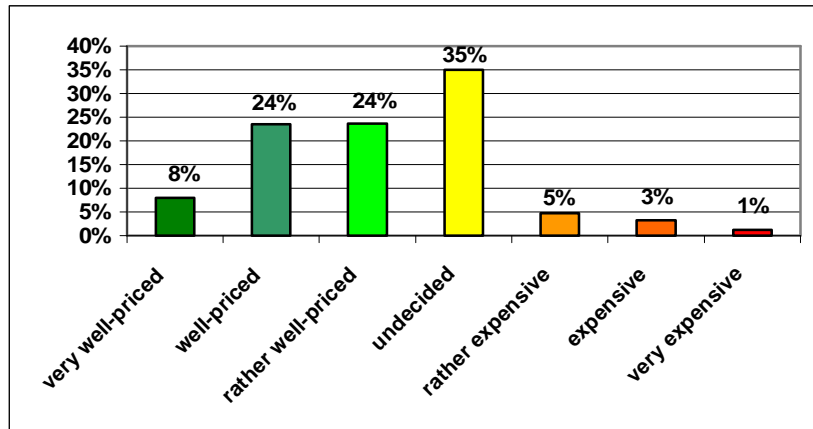


Figure 3d Rating scale well-priced – expensive

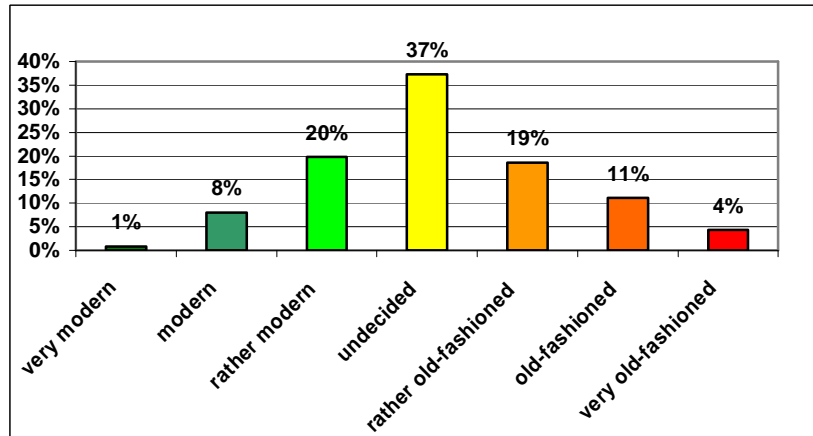


Figure 3e Rating scale modern – old-fashioned

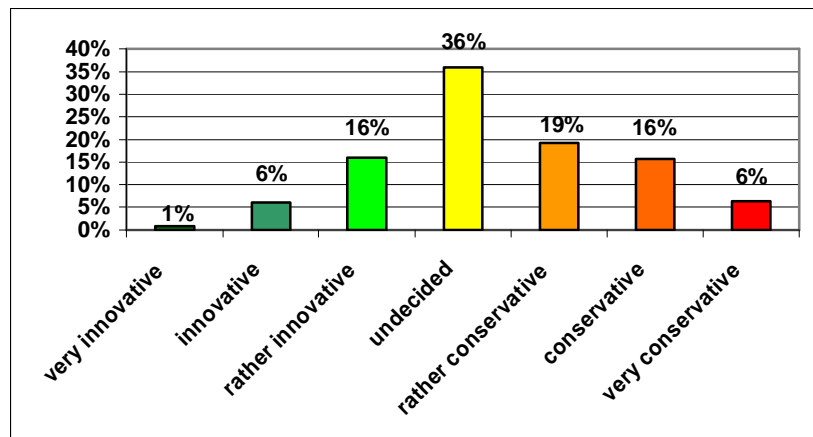


Figure 3f Rating scale innovative – conservative

As earlier supposed a big deal of the students is rather open-minded concerning housing co-operatives. Figure 3a shows that 47 % of the interviewees were either very interested, interested or rather interested in this topic. Only 19 % expressed themselves as uninterested. Therefore a large number of students should be receptive to relevant information. In Figure 3b and 3c a striking combination of steadiness and authenticity is shown: Altogether 55 % of the interviewees evaluated housing co-operatives as being steady whereas only 7 % perceived them as unsteady. 55 % of the students estimate housing co-operatives in the aggregate as authentic whereas again only 7 % perceive them as being not authentic. The students attribute housing co-operatives apparently a big deal of reliability. This constitutes a significant competitive advantage that should be utilized for communication and marketing. In case of pricing (Figure 3d) it is notable that 56 % of the students assess housing co-operatives being either very well-priced, well-priced or rather well-priced. Only 9 % of the interviewees assess them being expensive. Housing co-operatives have therefore a clear profile as an inexpensive supplier. That means an advantage in competition as well but as mentioned before it holds also the danger of being seen as a discounter. In contradiction to the prevailing (and expected) opinion the image of the housing co-operatives is primarily not old-fashioned. Only 34 % of the interviewees judge them like that (Figure 3e). On the other hand the image is not modern either. Only 29 % of the students attribute housing co-operatives a modern image whereas 37 % are undecided concerning this fact. Finally as Figure 3f shows housing co-operatives are assessed being more conservative (41%) than innovative (23 %). The innovation potentials of the housing co-operative movement weren't apparently perceived yet. Regarding the criterions of modernity and innovation housing co-operatives should therefore aim to present themselves as an up-to-date and innovative form of living.

3.3 Needs

The third and last part of the questionnaire surveys the needs students have regarding housing co-operatives and housing in general. The opening question started like this: "Assume you'll get a job in Stuttgart. Would you as well consider housing co-operatives for your house-hunting?" The answers of the students were given as following:

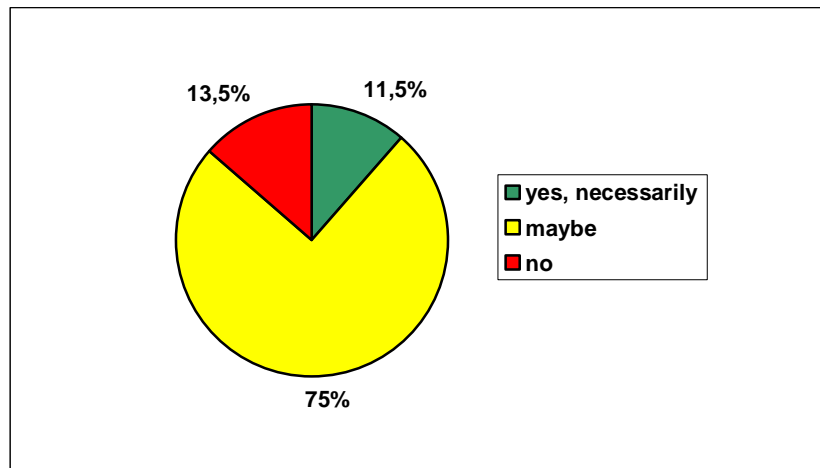


Figure 4 Housing co-operatives considered for house-hunting

The nomination underpins the results mentioned before showing a quite open and pragmatic attitude of the younger people. Only 13,5 % rejected housing co-operatives at all whereas 86,5 % of the interviewees considered housing co-operatives as an alternative for their house-hunting in general. Nevertheless only 11,5 % of the students were absolutely sure to take them into account. Therefore a big deal of 75 % of the students was undetermined. This shows a huge chance for direct communication as well as a great necessity to address to the target group.

In the next question the students were asked what source of information they would use for their house-hunting. The students had to judge different sources of information in a 5 stepped rating scale (1 = very important; 5 = less important). The nominations of the scales 1 (= very important) and 2 (= important) are shown in Figure 5:

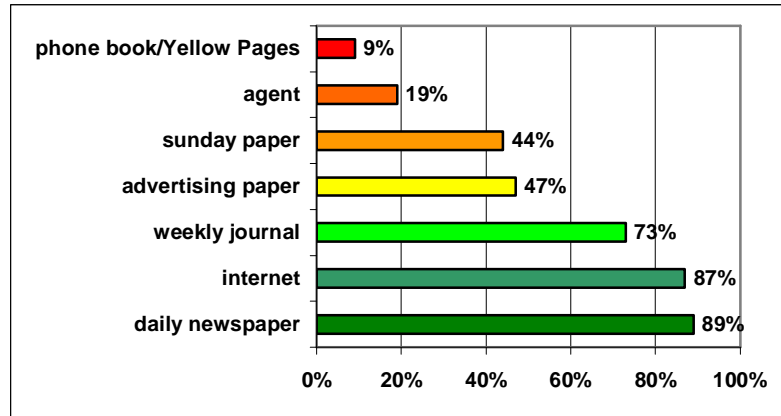


Figure 5 Preferred sources of information

It's obvious that the preferred sources of information are the daily newspaper (89 %) and the internet (87 %). The weekly journal (73 %), the advertising paper (47 %) and the sunday paper (44 %) are of mediocre importance. Rather unimportant for this target group are the agent (19 %) and the phone book / the Yellow Pages (9 %).

The third question dealt with the preferred attributes of an accommodation in general. The students had to judge five attributes by nominating them with marks (from 1 = very important; 5 = less important). In order to get a differentiated evaluation the interviewees were allowed to give each mark just once. The nomination of the marks 1 (= very important) and 2 (= important) are shown as following:

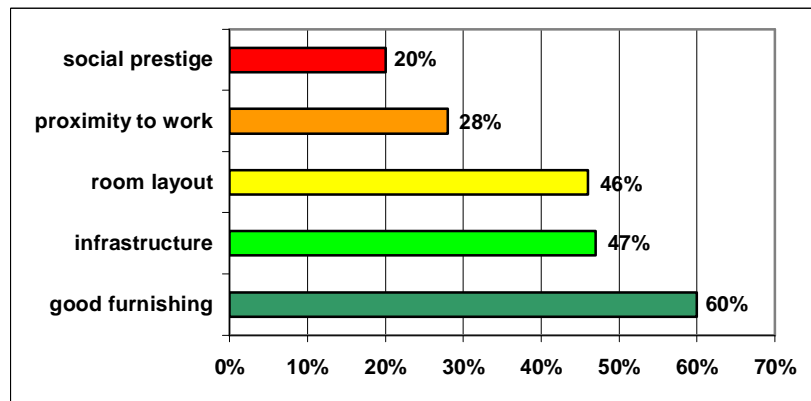


Figure 6 Preferred attributes of an accommodation

First of all the interviewees emphasize that they want a good furnishing (60 %). This highly preferred attribute is a quality feature as well as the equally high valued room layout (46 %). According to this a problem can arise for housing co-operatives because of the fact that – as mentioned before – only 19 % of the students relate them to a good quality of living. With respect to this young academic target group housing co-operatives should point out that they're also able to supply a good standard of accommodation. Highly valued as well was the criterion of infrastructure (47 %) whereas proximity to work (28 %) and social prestige (20 %) were less important. This grading can to a certain extent be attributed to the age of the interviewees. Thus it seems probable that the criteri-

ons of social prestige and proximity to work will gain importance in higher age-groups (e.g. with a higher social standing and higher opportunity costs.)

Additionally the students were asked in the next question what type of accommodation they prefer (new building/ old building). Half of them are indifferent on this topic whereas 39 % prefer clearly new building. In contrast only 11 % of the students have an explicit preference for old building.

The fifth question ought to uncover the benefits the students assess most important concerning habitation in general. Like in the third question the students had to judge 5 attributes by nominating them with marks (from 1 = very important; 5 = less important). Again they were allowed to give each mark just once in order to get a differentiated evaluation. The nomination of the marks 1 (= very important) and 2 (= important) can be seen in Figure 7:

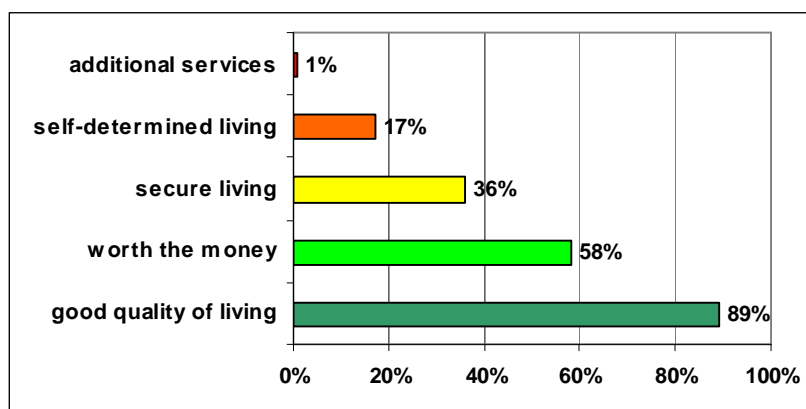


Figure 7 Important benefits concerning habitation

In their answers the students show a clear opinion. A good quality of living reigns supreme (89 %). Habitation that is worth the money is the runner-up by far (58 %). Compared to that the criteria secure living (36 %), self-determined living (17 %) and additional services (1 %) are – probably age-determined – of inferior relevance. This evident preference structure of the students bares chances and risks for housing co-operatives. The chance is that housing co-operatives are already perceived as supplier of the evidently wanted well-priced accommodations. The risk is that students (as it is known from Figure 2) do not primarily relate housing co-operatives to the favoured good standard of accommodation. The question is whether it can be managed to realize a mixture of an appealing and innovative habitation that is judged being worth the money either.

In the last question of the questionnaire the criterion of additional services was analysed. The students were asked which services they prefer in addition to the supply of housing space. Like in the second question the students had to judge different kinds of services in a 5 stepped rating scale (1 = very important; 5 = less important). The nomination of the scales 1 (= very important) and 2 (= important) are shown in Figure 8.

The poor ranking of additional services (Figure 7) makes clear that for the target group of younger people this criterion is of inferior relevance. However that's not meaningful regarding the absolute value of this criterion. Thus the supply of housework services (e.g. Kehrwoche, doing the laundry) is favoured by more than a half of the students (55 %). Beyond that a certain need concerning complaint management (44 %), day-care facilities for children (43 %) and janitor services especially in case of technical emergencies (36 %) could be detected. In this target group there is no need for a newsletter (10 %), the organisation of activities and events for members (5 %) or a member journal (3 %).

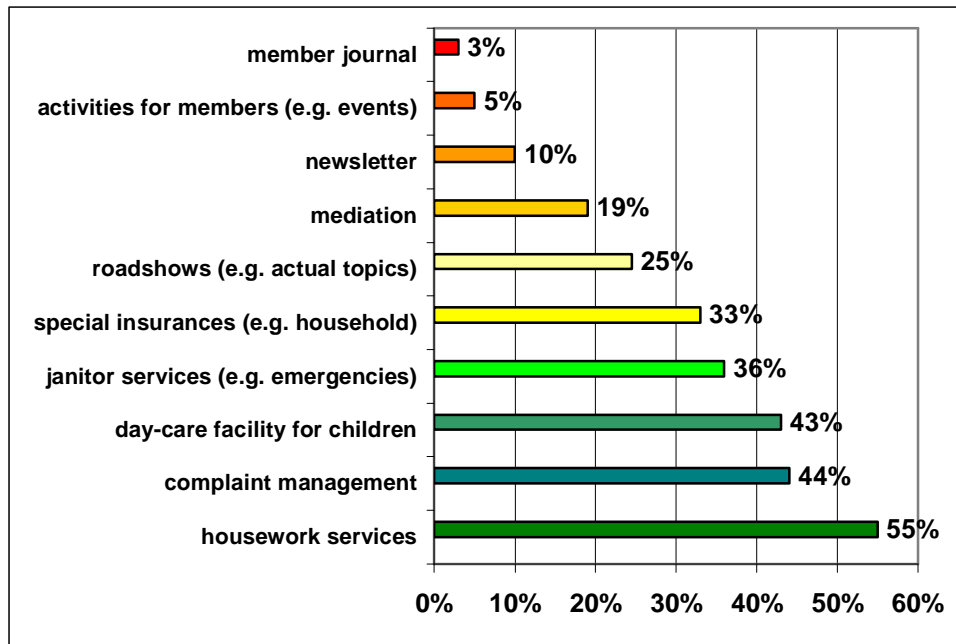


Figure 8 Additional services to the supply of housing space

4. SUMMARY AND CONCLUSIONS

This paper studied the knowledge, the attitudes and the needs younger housing demanders have regarding housing co-operatives. The evaluation of the given answers is leading to interesting conclusions. With respect to the knowledge we assume that most of the students are rather open-minded concerning co-operatives in general. However there often seems to be a lack of information. The interviewees see co-operatives often nearby institutions of public utility.

Regarding the attitudes the answers show that the students predominantly relate community and well-pricing to housing co-operatives. A good quality of living and dismissal protection is rarely connected to them. The semantic differential underpinned the interest of the students and showed a striking combination of steadiness, authenticity and well-pricing concerning housing co-operatives. The clear profile as an inexpensive supplier indeed holds the danger of being seen as a discounter. Although it is astonishing that housing co-operatives weren't seen as old-fashioned they have no modern image either. Therefore they should strengthen a communication presenting them as an up-to-date and innovative form of living.

With reference to the needs the students have it could be shown that a vast majority of the interviewees wouldn't generally reject housing co-operatives for their house-hunting. Nevertheless only few students were absolutely sure to take them into account. This shows a huge chance for marketing actions as well as a great necessity to address to the target group. Thereby the daily newspaper and the internet are the preferred sources of information. In terms of the preferred attributes of an accommodation it became clear that the students first of all want a good furnishing. With respect to the benefits concerning habitation a good quality of living reigns supreme followed by far by the criterion of well-pricing. A problem for housing co-operatives arises because the students do not primarily relate them to the favoured good standard of accommodation and quality of living. On the other hand they are already perceived as supplier of the evidently wanted well-priced accommodations. Marketing activities should start at this point trying to realize a mixture of an appealing and innovative habitation that is judged being worth the money either. At the same time the supply of sensible additional services should be reflected. The supply of housework services seems most appealing to the target group.

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