

Typology of Supervisory Boards in Housing Co-operatives in Poland

PhD dissertation written under the scientific supervision of prof. dr hab. Maria Aluchna

Maciej Szulc

SGH – Warsaw School of Economics

May 2023

SUMMARY

Cooperatives constitute a noticeable segment of the housing segment in Poland. Resources of housing cooperatives include 15 per cent of all apartments and houses in Poland, and taking into account buildings under management, the number rises to nearly $\frac{1}{3}$ of apartments. They are inhabited by 15 per cent of the country's population. The cooperatives themselves have considerable assets in the form of land and real estate, often located in the most attractive locations. Cooperatives play a large role in the housing market in other countries as well. In Germany, about 5 million people live in cooperative resources; in Austria, 5 per cent of the country's population belongs to housing cooperatives; in Sweden, 20 per cent of all housing is concentrated in housing cooperatives and, after excluding premises owned by local governments and the state, 65 per cent.

Cooperatives, including housing cooperatives, differ in the way they operate from businesses or NGOs, through their specific corporate governance – their members are both co-owners of the organization, akin to shareholders, and beneficiaries of its operation, comparable to customers; members have an equal vote, regardless of their accumulated shares and/or assets within the cooperative or the benefits they generate for the organization; only members of the cooperative can sit on its supervisory board and to do so they must be elected by cooperative members at its general meeting. These factors make the decision-making mechanisms of these entities run differently. The way they operate can also affect their market position.

Despite this, there is not much literature in the management sciences describing the functioning of supervisory boards in the cooperative sector. There is a research gap on how supervisory boards operate in the cooperative sector, what roles they play, and why.

The main objective of the dissertation was to identify the roles assumed by supervisory boards in housing cooperatives, and to build a typology of housing cooperative supervisory boards on this basis. The second objective, an applied one, was to develop characteristics of the identified types and the features of housing cooperatives in which they are likely to be found. Accordingly, the following research questions were posed:

1. What are the leading roles performed by the supervisory boards of housing cooperatives?
2. How do internal factors within supervisory boards affect the selection of leading roles?
3. What are the external factors outside the supervisory boards that influence the selection of leading roles by the supervisory boards?
4. What are the characteristics of the different types of supervisory boards in housing cooperatives distinguished based on roles?
5. What are the characteristics of housing cooperatives in which the different types of supervisory boards distinguished based on roles are present or likely to be present?

To answer them, a multiple case study methodology was used. The study included eight cases of housing cooperatives' supervisory boards.

The dissertation consists of an introduction, six chapters and a conclusion. The dissertation is accompanied by five appendices.

The first chapter introduces the features of cooperative organizations, especially housing cooperatives, and compares them with investor-oriented firms and non-for-profit organizations. It also discusses the current situation of the cooperative sector and the challenges it faces.

The second chapter presents concept of corporate governance in the cooperative sector. It discusses internal corporate governance institutions, such as intra-cooperative bodies (management, supervisory board and general meeting of members) and their powers, as well as decision-making mechanisms and related phenomena specific to cooperative organizations. External supervisory institutions, i.e. audit unions, cooperative self-government and cooperative vetting, are also described. The most important theories of organizational governance in cooperatives are also reviewed.

The third chapter presents the issue of supervisory boards, points out similarities and differences between them and boards of directors, discusses their functions and roles based on the literature, and describes the most important theories about the supervisory body. It is also indicated what tasks are set for supervisory boards in housing cooperatives by law and what powers they are given, and compares this with the situation of enterprises.

The next chapter recounts the principles of building typologies, indicates the most used typologies of supervisory boards in the corporate, cooperative and not-for-profit sectors, along with a listing of the criteria for their distinction.

The fifth chapter is devoted to a detailed description of the research methodology used and the research process. Epistemological assumptions, the chosen research paradigm and justification for the choice of research methodology are discussed. In addition, the unit of analysis, the method of selecting cases and the study participants are indicated. The research procedures used after modifications made at the pilot stage are described.

Chapter six contains the results of the research conducted. It indicates the identified roles adopted by supervisory boards, including leading roles. Internal and external factors that influence the selection of leading roles by the supervisory boards were also identified. In addition, the chapter presents the author's typology of supervisory boards of housing cooperatives, characterizes the identified types and describes the characteristics of housing cooperatives in which the occurrence of leading types of supervisory boards were observed. The chapter discusses the results obtained.

The methods used in the research process allowed to determine what roles are adopted by supervisory boards in housing cooperatives, including which roles are leading roles. The research also made it possible to identify internal and external factors influencing individual leading roles. On this basis, the author's typology of supervisory boards of housing cooperatives was proposed and the various types were described as well as characteristics of housing cooperatives in which the identified leading roles occur or are likely to occur. Thus, the research objectives set in the work were met.