

Article

Botzem, S., & Dobusch, L. (2017). Financialization as strategy: Accounting for inter-organizational value creation in the European real estate industry. *Accounting, Organizations and Society*, 59, 31-43.

Study questions

- (1) What features of financialization mentioned by [Feroohar](#) and [Turner](#) in the interviews do you recognize in the IMMOFIRM business model?
- (2) Who are the actors described in this paper? In what form do they benefit from the business model?
- (3) Figure 3 (page 37) gives four stages in the IMMOFIRM business model, described in the text. For the first and second stage, give in the table the balance sheet changes implied in the description. Also indicate in what form cash flow (receipts) is generated, and to whom. Some examples are already put into the table

IMMOFIRM		Main Bank		Receipts / cash flow	
Assets	Liabilities	Assets	Liabilities	Namely:	To:
<i>(stage 1 – filling pipeline)</i>					
Real estate	Loans equity				
...				
<i>(stage 2 – evaluating portfolio)</i>					
deposits + 85	Loans + 85	Loans + 85	Deposits + 85	fees	realtor
...	...			fees	auditor

- (4) A fifth stage, which never happened, was an IPO. What would have happened then?
- (5) Which actors lose from this business model? How much?
- (6) Why is fair value accounting pro- cyclical? What, according to one interviewee, is its problem?
- (7) how is it possible to mix profit with unrealized capital gains?
- (8) What is the “circular logic inherent in valuation practices” mentioned in the paper?
- (9) How do you know IMMOFORM has a ‘speculative’ financing profiles, in Minsky’s classification? Mention two ways in which speculative’ financing profiles may shift to Ponzi financing profiles, which are unsustainable.
- (10)What happens in this business model, and in which of the four stages, when real estate prices decline?
- (11)How, according to the authors, does the IMMOFIRM business model go beyond speculation?

Questions courtesy of Dirk Bezemer, University of Groningen, NL.