

Critical Success Factors for Real Estate Broker Business*

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Abstract

The purpose of this study is to investigate the Critical Success Factors for Real Estate Brokerage Business and how the CSFs can be prioritized. This study uses qualitative research method both primary and secondary data. In-depth interviews were conducted with 13 key informants divided into 3 groups; academics, relevant RE associations, RE brokers. In summary, the CSFs for RE brokerage business can be divided into 4 parts. Firstly, specific structure such as positive attitude, honesty, trustworthiness and exclusive listing contract. Secondly, competitive strategies, industry positions in business and geographic location such as good management, financial, HR, modern technology system. Thirdly, environmental factors such as economics and RE market trends, good networks between customers and brokers. Forth and finally, temporary factors are different. Prioritizing CFSs for RE brokerage business can be varied. In conclusion, the management of RE brokerage business will have to define CSFs that suit their organizations.

Keywords: Critical; Success Factors; Real Estate Broker; Business

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Introduction

Land supports everything in the world. Housing is built on the land and is one of the four prerequisites in human life. Some people may be able to buy residential property once in a life time. Therefore, it is important to carefully select before buying properties. In general, buyers want to buy properties at suitable price without troubles and sellers want to sell housing quickly at suitable price. Real Estate Brokerage Business is an important part to solve problems. Trustworthy, knowledge able, professional real estate brokers and agents help the real estate trading process to be smooth and fair. In return, commission is the main income of the real estate brokerage business (Greenbaum, Thakor & Boot, 2016).

Real estate brokerage business can help to stimulate the economy as a whole. Because in every transaction there would be many businesses involved. It can help public and private sectors such as people can buy, sell, rent, exchange property at convenient, secured and in an ideal location and reduce debt problems of financial institutions. (Lemma, & Negash, 2013).

Real estate brokerage businesses in Thailand have related associations such as Thai Real Estate Broker Association, Thailand Real Estate Sales and Marketing Association and Thailand Professional Qualification Institute (TPQI) which is a public organization which classify and provide certification of professional qualifications, including brokerage business. However, there are no RE brokerage business law to protect consumers and regulate Thai and foreign RE brokers which mean foreign RE brokers can work in Thailand without paying tax. The government should have policies and measures to prevent exploitation and to support the RE brokerage business.

The RE brokerage business in Thailand, Somsak Muneeppeerakul, referred to in Sapon Pornchokchai (2016) chances that a RE brokerage business will succeed may be around 20% or less. Perotti (2007) has said that 75% of licensed RE agents have to leave the RE brokerage business, and 57% of the RE brokerage firm lost money without profit and 50% of new RE brokers are faced with failure.

Therefore, the researcher is interested in studying the Critical Success Factors of real estate brokerage business in Thailand as it can be useful for the RE brokerage business and it can help to promote the professional development in the field. Additionally, it can also be useful information to those who are interested. The main questions of the study are; what are the CSFs for real estate brokerage business? and how the CSFs can be prioritized?

Literature Review

Property or Asset, Sopon Pornchokchai (2016), the director of Thai Real Estate Business School, Property can be classified into tangible assets and intangible assets. Real estate is tangible asset and immovable properties such as vacant land, commercial properties, etc.

According to the Thai Civil and Commercial Code, Section 139, Real Estate means land and property attached to the land, which is permanent or composed of the same land, and includes property rights relating to the land or property attached to the land.

Real estate brokerage business is one of the groups of professionals in real estate. Brokers are intermediaries in identifying the buyer, the seller or the lessee. The brokers represent one or both parties to help to facilitate the purchase, sale, or lease. Traditionally, commission is the main income of the RE brokerage business.

Prawit Anusiri (2016); There are two brokerage types in the market.

1. The brokers that are a member of Thai Real Estate Broker Association (TREBA). As of April 2018, there are more than 350 than the companies and there are around 800 independent agents who trained and passed the exam and have been issued ID cards by TREBA.
2. The brokers that are not a member of TREBA. There are around 600 companies and over hundred thousand independent agents in Thailand.

There are lots of real estate brokers and agents because there are no regulations and licensing.

Real estate brokerage businesses in Thailand have related associations such as Thai Real Estate Broker Association, Thailand Real Estate Sales and Marketing Association and Thailand Professional Qualification Institute (TPQI) which is a public organization which classify and provide certification of professional qualifications, including brokerage business.

The concept of "Critical Success Factors" was developed by D. Ronald Daniel, Managing Director of McKinsey & Company in 1961, and further refined by John F. Rockart between 1979 and 1981, the director of the Center for Information Systems Research at the Massachusetts Institute of Technology's Sloan School of Management in Cambridge, Massachusetts At that time, we proposed a way to use the key factors of success for efficiency and effectiveness. To manage the information needed to succeed for the executives.

Anthony, Dearden, and Vancil (1972) refer to Rockart (1979). for organization to achieve good performance, there are a few factors. “What to do right” to grow the business. If these factors are not good enough, it would result in less than expected results. CSF is an activity that should receive continued attention from the management. Continuous operational status should be measured and should have information on that activity. CSF helps to achieve organizational goals. Targeting is the end that an organization needs to reach. CSF is a necessary factor for good performance.

The results of the MIT study found that the main sources of success are the following four categories:

1. Structure of the particular industry Each business has a unique CSFs.
2. Competitive strategies, industry position and geographic location. Some companies are small, some are big, they have different goals, different geographic locations and have different CSFs.
3. Environmental factors such as GDP, political economy; these changes will affect the CSFs.
4. Temporary factors within the organization at some point of time may be some of the CSFs, such as, if the management teams passed away from a group accident, finding a new management team becomes an important factor at that time.

The same type of business can have different CSFs. There are some situations that change, CSF that senior executives focus on maybe different from time to time. It is important that managers in each organization plan to define the CSF for the success of each organization at different times and environments, such as location, strategy, and factors at different growth stages

Methodology

The first method is document research which is secondary data. From researching information such as research, books, academic articles. The second method is to collect in-depth interview data, which is the primary data directly from key informants in the real estate brokerage industry who are Thai and foreigners.

Criterion Based Selection method is used, the researcher believe that the key informants are the most proficient to provide effective information. The key informants are divided into 3 groups, total of 13 participants as follows:

1. 4 Real estate broker owners
2. 4 Related real estate broker associations
3. 5 Academic and educational institutions

Results and Discussion

In summary, the main factors of success of the business. Real estate from expert interviews.

1. The specific structure of the real estate brokerage business is a positive attitude towards the real estate broker and wants to work honestly. Respectful to be appointed exclusively. Business location and geographic location there are good management organizations such as Human Resources. Modern technology.
3. Environmental factors are economic trends. Real estate market In both domestic and foreign countries there is a good network between both the client and the broker. Case-by-case basis is the priority of the success of the brokerage business. Real estate varies. In conclusion, Rockman (1979) found that the same business could have a different CSF. In all organizations, there were some occasions of change, and some CSFs that senior management focused on were different in time. Change to Managers in each organization are the ones who plan to define CSF. There may be different priorities for CSF. Real estate brokers can be ranked. The focus is on the key success factors of real estate brokers. It is a part of the development of the brokerage business. Real estate to prosper. Furhad Waquad ,Federal Political Coordinator to United States Senator Debbie Stabenow MI and National Association of REALTORS® Instructor for CIPS, WCR & REBAC Courses(Interview)

Suggested Research

Study results Researchers have suggested the following research:

1. There should be a discussion group of relevant executives. There should be a discussion group of professional brokers who are practitioners.
2. Quantitative research should be conducted. To summarize the qualitative and quantifiable results.
3. Qualitative and quantitative research should be conducted, with the people receiving the service from the recruiter as participants in the study.

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